

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM _____ TO _____
COMMISSION FILE NUMBER: 814-00754

SLR INVESTMENT CORP.

(Exact name of registrant as specified in its charter)

Maryland
(State of Incorporation)

500 Park Avenue
New York, N.Y.
(Address of principal executive offices)

26-1381340
(I.R.S. Employer
Identification Number)

10022
(Zip Code)

Registrant's telephone number, including area code: (212) 993-1670

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, par value \$0.01 per share	SLRC	The NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes No

If securities are registered pursuant to Section 12(b) of the Exchange Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act) Yes No

The aggregate market value of common stock held by non-affiliates of the Registrant on June 30, 2023 based on the closing price on that date of \$14.27 on the NASDAQ Global Select Market was approximately \$716.5 million. For the purposes of calculating this amount only, all directors and executive officers of the Registrant have been treated as affiliates. There were 54,554,634 shares of the Registrant's common stock outstanding as of February 23, 2024.

Auditor Firm Id: 185

Auditor Name: KPMG LLP

Auditor Location: New York, NY

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PART I

Item 1. Business

SLR Investment Corp. (the “Company”, “SLRC”, “we” or “our”), a Maryland corporation formed in November 2007, is a closed-end, externally managed, non-diversified management investment company that has elected to be regulated as a business development company (“BDC”) under the Investment Company Act of 1940, as amended (the “1940 Act”). Furthermore, as the Company is an investment company, it continues to apply the guidance in FASB Accounting Standards Codification (“ASC”) Topic 946. In addition, for U.S. federal income tax purposes, the Company has elected to be treated, and intends to qualify annually, as a regulated investment company (“RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”).

In February 2010, we completed our initial public offering and a concurrent private offering of shares to our senior management team.

We invest primarily in privately held U.S. middle-market companies, where we believe the supply of primary capital is limited and the investment opportunities are most attractive. Our investment objective is to generate both current income and capital appreciation through debt and equity investments. We invest primarily in leveraged middle-market companies in the form of senior secured loans, financing leases and to a lesser extent, unsecured loans and equity securities. We define “middle market” to refer to companies with annual revenues typically between \$50 million and \$1 billion. From time to time, we may also invest directly in the debt and equity of public companies that are thinly traded and such investments will not be limited to any minimum or maximum market capitalization. In addition, we may invest in foreign markets, including emerging markets. Our business is focused primarily on the direct origination of investments through portfolio companies or their financial sponsors. Our investments generally range between \$5 million and \$100 million each, although we expect that this investment size will vary proportionately with the size of our capital base and/or with strategic initiatives.

In addition, we may invest a portion of our portfolio in other types of investments, which we refer to as opportunistic investments, which are not our primary focus but are intended to enhance our overall returns. These investments may include, but are not limited to, direct investments in public companies that are not thinly traded and securities of leveraged companies located in select countries outside of the United States. The securities that we invest in are typically rated below investment grade. Securities rated below investment grade are often referred to as “leveraged loans,” “high yield” or “junk” securities, and may be considered “high risk” compared to debt instruments that are rated investment grade. In addition, some of our debt investments will not fully amortize during their lifetime, which means that a borrower may be unable to payoff its debt due to bankruptcy or other reasons and therefore we may write-off such debt investment prior to its scheduled maturity. Upon such an occurrence, we may realize a loss or a substantial amount of unpaid principal and interest due upon maturity.

Our investment activities are managed by SLR Capital Partners, LLC (“SLR Capital Partners” or the “Investment Adviser”) and supervised by our board of directors (the “Board” or “board of directors”), a majority of whom are non-interested, as such term is defined in section 2(a)(19) of the 1940 Act. SLR Capital Management, LLC (“SLR Capital Management”) provides the administrative services necessary for us to operate.

On April 1, 2022, we acquired SLR Senior Investment Corp., a Maryland corporation (“SUNS”), pursuant to that certain Agreement and Plan of Merger (the “Merger Agreement”), dated as of December 1, 2021, by and among us, SUNS, Solstice Merger Sub, Inc., a Maryland corporation and our wholly-owned subsidiary (“Merger Sub”), and, solely for the limited purposes set forth therein, the Investment Adviser. Pursuant to the Merger Agreement, Merger Sub merged with and into SUNS, with SUNS continuing as the surviving company and as SUNS’s wholly-owned subsidiary (the “Merger”) and, immediately thereafter, SUNS merged with and into us,

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with us continuing as the surviving company (together with the Merger, the “Mergers”). In accordance with the terms of the Merger Agreement, at the effective time of the Merger, each outstanding share of SUNS’s common stock was converted into the right to receive 0.7796 shares of our common stock (with SUNS’s stockholders receiving cash in lieu of fractional shares of our common stock). As a result of the Mergers, we issued an aggregate of 12,511,825 shares of our common stock to former SUNS stockholders.

As of December 31, 2023, our investment portfolio totaled \$2.2 billion and our net asset value was \$986.6 million. Our portfolio was comprised of debt and equity investments in 151 portfolio companies.

SLR Capital Partners

SLR Capital Partners, our investment adviser, is controlled and led by Michael S. Gross, our Chairman and Co-Chief Executive Officer, and Bruce Spohler, our Co-Chief Executive Officer and Chief Operating Officer. They are supported by a team of investment professionals. SLR Capital Partners’ investment team has extensive experience in leveraged lending and private equity, as well as significant contacts with financial sponsors.

In addition, SLR Capital Partners currently serves as investment adviser to private funds and managed accounts as well as to SCP Private Credit Income BDC LLC, an unlisted BDC that primarily invests in first lien loans to upper middle market private leveraged companies, SLR HC BDC LLC, an unlisted BDC that primarily invests in first lien healthcare cash flow loans and life science loans, and SLR Private Credit BDC II LLC, an unlisted BDC focused on first lien senior secured floating rate loans. As of February 23, 2024, Mr. Gross and Mr. Spohler beneficially owned, either directly or indirectly, approximately 8.0% of our outstanding common stock.

Mr. Gross has over 30 years of experience in the private equity, distressed debt and mezzanine (i.e., actually or structurally subordinated) lending businesses and has been involved in originating, structuring, negotiating, consummating and managing private equity, distressed debt and mezzanine lending transactions. Prior to his current role as our Chairman, Co-Chief Executive Officer and President, Mr. Gross founded Apollo Investment Corporation, a publicly traded BDC. He served as its chairman from February 2004 to July 2006 and its chief executive officer from February 2004 to February 2006. Under his management, Apollo Investment Corporation raised approximately \$930 million in gross proceeds in an initial public offering in April 2004, built a dedicated investment team and infrastructure and invested approximately \$2.3 billion in over 65 companies in conjunction with 50 different private equity sponsors. Mr. Gross is also a founder and a former senior partner of Apollo Global Management, a leading private equity firm. During his tenure at Apollo Global Management, Mr. Gross was a member of the investment committee that was responsible for overseeing more than \$13 billion of investments in over 150 companies.

Mr. Gross also has served on the boards of directors of more than 20 public and private companies. As a result, Mr. Gross has developed an extensive network of private equity sponsor relationships as well as relationships with management teams of public and private companies, investment bankers, attorneys and accountants that we believe should provide us with significant business opportunities.

We also rely on the over 30 years of experience of Mr. Spohler, who has served as our Chief Operating Officer and a partner of SLR Capital Partners since its inception and as Co-Chief Executive Officer since June 2019. Previously, Mr. Spohler was a managing director and a former co-head of U.S. Leveraged Finance for CIBC World Markets. He held numerous senior roles at CIBC World Markets, including serving on the U.S. Management Committee, Global Executive Committee and the Deals Committee, which approves all of CIBC World Markets’ U.S. corporate finance debt capital decisions. During Mr. Spohler’s tenure, he was responsible for senior loan, high yield and mezzanine origination and execution, as well as CIBC World Markets’ below investment grade loan portfolio in the United States. As a co-head of U.S. Leveraged Finance, Mr. Spohler oversaw over 300 capital raising and merger and acquisition transactions, comprising over \$40 billion in market capitalization.

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SLR Capital Partners' senior investment professionals have been active participants in the primary and secondary leveraged credit markets throughout their careers. They have effectively managed portfolios of senior secured, distressed and mezzanine debt as well as other investment types. The depth of their prior experience and credit market experience has led them through various stages of the economic cycle as well as several market disruptions.

SLR Capital Management

Pursuant to an administration agreement (the "Administration Agreement"), SLR Capital Management furnishes us with office facilities, equipment and clerical, bookkeeping and record keeping services at such facilities. Under the Administration Agreement, SLR Capital Management also performs, or oversees the performance of, our required administrative services, which include, among other things, being responsible for the financial records which we are required to maintain and preparing reports to our stockholders. In addition, SLR Capital Management assists us in determining and publishing our net asset value, oversees the preparation and filing of our tax returns and the printing and dissemination of reports to our stockholders, and generally oversees the payment of our expenses and the performance of administrative and professional services rendered to us by others. SLR Capital Management also provides managerial assistance, if any, on our behalf to those portfolio companies that request such assistance.

License Agreement

We have entered into a license agreement with SLR Capital Partners pursuant to which SLR Capital Partners has agreed to grant us a non-exclusive, royalty-free license to use the name "SLR" and "SOLAR". Under this agreement, we have a right to use the SLR and SOLAR name for so long as the Third Amended and Restated Investment Advisory and Management Agreement (the "Advisory Agreement") with our investment adviser is in effect. Other than with respect to this limited license, we will have no legal right to the "SLR" or "SOLAR" name.

Market Opportunity

The Company invests directly and indirectly in leveraged middle-market companies, including in senior secured loans, and to a lesser extent, unsecured loans and equity securities. We believe that the size of this market, coupled with leveraged companies' need for flexible sources of capital at attractive terms and rates, creates an attractive investment environment for us.

- *Middle-market companies continue to face increasing difficulty in accessing the capital markets.* While many middle-market companies were formerly able to raise funds by issuing high-yield bonds, we believe this approach to financing has become more difficult in recent years as institutional investors have sought to invest in larger, more liquid offerings. In addition, many private finance companies that historically financed their lending and investing activities through securitization transactions have lost that source of funding and reduced lending significantly. Moreover, consolidation of lenders and market participants and the illiquid nature of investments have resulted in fewer middle-market lenders and market participants.
- *There is a large pool of uninvested private equity capital likely to seek additional capital to support their investments.* We believe there is more than \$500 billion of uninvested private equity capital seeking debt financing to support acquisitions.
- *The significant amount of debt maturing through 2025 should provide additional demand for capital.* A high volume of financings are expected to mature over the next few years. We believe that this supply of prospective lending opportunities coupled with a lack of available credit in the middle-market lending space may offer attractive risk-adjusted returns to investors. Risk-adjusted return compares returns against the amount of risk incurred. The term "risk-adjusted return" does not imply that an investment is no risk or low risk.

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- *Investing in private middle-market debt provides an attractive risk reward profile.* In general, terms for illiquid, middle-market subordinated debt have been more attractive than those for larger corporations which are typically more liquid. We believe this is because fewer institutions are able to invest in illiquid asset classes.

Therefore, we believe that there is an attractive opportunity to invest in leveraged middle-market companies, including in senior secured loans, unitranche loans and to a lesser extent, unsecured loans and equity securities, and that we are well positioned to serve this market.

Competitive Advantages and Strategy

We believe that we have the following competitive advantages over other providers of financing to leveraged companies.

Management Experience

As managing partner, Mr. Gross has principal management responsibility for SLR Capital Partners, to which he currently dedicates substantially all of his time. Mr. Gross has over 30 years of experience in leveraged finance, private equity and distressed debt investing. Mr. Spohler, our Co-Chief Executive Officer, Chief Operating Officer and a partner of SLR Capital Partners, has over 30 years of experience in evaluating and executing leveraged finance transactions.

Investment Capacity

The proceeds from our public offerings and the Concurrent Private Placement, the borrowing capacities under the senior secured credit facility led by Citibank, N.A. (the "Credit Facility") and the SUNS SPV LLC senior secured credit facility (the "SPV Credit Facility"), our \$125 million of unsecured notes due 2024 (the "2024 Unsecured Notes"), our \$85 million of unsecured notes due 2025 (the "2025 Unsecured Notes"), our \$75 million of unsecured notes due 2026 (the "2026 Unsecured Notes"), our \$50 million of unsecured senior notes due 2027 (the "2027 Unsecured Notes"), our \$135 million of unsecured notes due 2027 (the "2027 Series F Unsecured Notes"), the available capital at our significant subsidiaries and the expected repayments of existing portfolio company investments provide us with a substantial amount of capital available for deployment into new investment opportunities. We believe we are well positioned for the current marketplace.

The Company's Leverage

As of December 31, 2023, we had total outstanding borrowings of approximately \$1.2 billion. Under the provisions of the 1940 Act, we are permitted to issue senior securities in amounts such that our asset coverage ratio, as defined in the 1940 Act, equals at least 150% of gross assets less all liabilities and indebtedness not represented by senior securities, after each issuance of senior securities. As of December 31, 2023, our asset coverage ratio was 183.4%. We believe our relatively low level of leverage provides us with a competitive advantage as proceeds from our investments are available for reinvestment as opposed to being consumed by debt repayment. We may increase our relative level of debt in the future. However, we do not currently anticipate operating with a substantial amount of debt relative to our total assets.

Proprietary Sourcing and Origination

We believe that SLR Capital Partners' senior investment professionals' longstanding relationships with financial sponsors, commercial and investment banks, management teams and other financial intermediaries provide us with a strong pipeline of proprietary origination opportunities. We expect to continue leveraging the relationships Mr. Gross established while sourcing and originating investments at Apollo Investment Corporation as well as the financial sponsor relationships Mr. Spohler developed while he was a co-head of CIBC World Markets' U.S. Leveraged Finance Group.

Versatile Transaction Structuring and Flexibility of Capital

We believe SLR Capital Partners' senior investment team's broad experience and ability to draw upon its extensive experience enable us to identify, assess and structure investments successfully across all levels of a company's capital structure and to manage potential risk and return at all stages of the economic cycle. The attempt to manage risk does not imply low risk or no risk. While we are subject to significant regulation as a BDC, we are not subject to many of the regulatory limitations that govern traditional lending institutions such as banks. As a result, we believe that we can be more flexible than such lending institutions in selecting and structuring investments, adjusting investment criteria, transaction structures and, in some cases, the types of securities in which we invest.

Emphasis on Achieving Strong Risk-Adjusted Returns

SLR Capital Partners uses a structured investment and risk management process that emphasizes research and analysis. SLR Capital Partners seeks to build our portfolio on a "bottom-up" basis, choosing and sizing individual positions based on their relative risk/reward profiles as a function of the associated downside risk, volatility, correlation with the existing portfolio and liquidity. At the same time, SLR Capital Partners takes into consideration a variety of factors in managing our portfolio and imposes portfolio-based risk constraints promoting a more diverse portfolio of investments and limiting issuer and industry concentration. We do not pursue short-term origination targets. We believe this approach enables us to build an attractive investment portfolio that meets our return and value criteria over the long term. We believe it is critical to conduct extensive due diligence on investment targets. In evaluating new investments we, through SLR Capital Partners, conduct a rigorous due diligence process.

Dedication of Resources to Industries with Substantial Information Flow

We dedicate our investing resources to industries characterized by strong cash flow and in which SLR Capital Partners' investment professionals have deep investment experience. As a result of their investment experience, Messrs. Gross and Spohler, together with SLR Capital Partners' other senior investment professionals, have long-term relationships with management consultants and management teams in the industries we target, as well as substantial information concerning those industries.

Longer Investment Horizon

Unlike private equity and venture capital funds, we will not be subject to standard periodic capital return requirements. Such requirements typically stipulate that the capital of these funds, together with any capital gains on such invested funds, can only be invested once and must be returned to investors after a pre-agreed time period. We believe that our flexibility to make investments with a long-term view and without the capital return requirements of traditional private investment vehicles provides us with the opportunity to generate favorable returns relative to the risks of our invested capital and enables us to be a better long-term partner for our portfolio companies.

Investments

The Company seeks to create a diverse portfolio that includes senior secured loans, and to a lesser extent unsecured loans and equity securities by investing approximately \$5 million to \$100 million of capital, on average, in the securities of leveraged companies, including middle-market companies. We expect that this investment size will vary with the size of our capital base and/or for strategic initiatives. Structurally, unsecured loans usually rank subordinate in priority of payment to senior debt, such as senior bank debt. As such, other creditors may rank senior to us in the event of insolvency. However, unsecured loans rank senior to common and preferred equity in a borrower's capital structure. Due to its higher risk profile and often less restrictive covenants as compared to senior loans, unsecured loans generally earn a higher return than senior secured loans.

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In addition to senior secured loans and unsecured loans, we may invest a portion of our portfolio in opportunistic investments, which are not our primary focus, but are intended to enhance our returns to our investors. These investments may include direct investments in public companies that are not thinly traded and securities of leveraged companies located in select countries outside of the United States. The securities that we invest in are typically rated below investment grade. Securities rated below investment grade are speculative and are often referred to as “leveraged loans,” “high yield” or “junk” securities, and may be considered “high risk” compared to debt instruments that are rated investment grade. In addition, some of our debt investments will not fully amortize during their lifetime, which means that a borrower may be unable to payoff its debt due to bankruptcy or other reasons and therefore we may write-off such debt investment prior to its scheduled maturity. Upon such an occurrence, we may realize a loss or a substantial amount of unpaid principal and interest due upon maturity. We may invest up to 30% of our total assets in such opportunistic investments, including loans issued by non-U.S. issuers, subject to compliance with our regulatory obligations as a BDC under the 1940 Act.

We have and will continue to borrow funds to make investments. As a result, we will be exposed to the risks of leverage, which may be considered a speculative investment technique. The use of leverage magnifies the potential for loss on amounts invested and therefore increases the risks associated with investing in our securities. In addition, the costs associated with our borrowings, including any increase in management fees payable to our investment adviser, SLR Capital Partners, will be borne by our common stockholders.

Moreover, we may acquire investments in the secondary market and, in analyzing such investments, we will seek to employ a substantially similar analytical process as we use for our primary investments.

We may utilize instruments such as forward contracts, currency options and interest rate swaps, caps, collars and floors to seek to hedge against fluctuations in the relative values of our portfolio positions from changes in currency exchange rates and market interest rates. Hedging against a decline in the values of our portfolio positions does not eliminate the possibility of fluctuations in the values of such positions or prevent losses if the values of such positions decline. However, such hedging can establish other positions designed to gain from those same developments, thereby offsetting the decline in the value of such portfolio positions. Such hedging transactions may also limit the opportunity for gain if the values of the underlying portfolio positions should increase. It may not be possible to hedge against an exchange rate or interest rate fluctuation that is so generally anticipated that we are not able to enter into a hedging transaction at an acceptable price. Moreover, for a variety of reasons, we may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Any such imperfect correlation may prevent us from achieving the intended hedge and expose us to risk of loss. In addition, it may not be possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities is likely to fluctuate as a result of factors not related to currency fluctuations.

Our principal focus is to provide senior secured loans to leveraged companies in a variety of industries. We generally seek to target companies that generate positive cash flows and/or have substantial assets that secure our loans. We generally seek to invest in companies from the broad variety of industries in which our investment adviser has direct experience.

The following is a representative list of the industries in which we may invest:

- Aerospace & Defense
- Air Freight & Logistics
- Airlines
- Asset Management
- Automobiles
- Auto Components
- Household & Personal Products
- Industrial Conglomerates
- Insurance
- Internet & Catalog Retail
- Internet Software & Services
- IT Services

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- Auto Parts & Equipment
- Biotechnology
- Building Products
- Capital Markets
- Chemicals
- Commercial Services & Supplies
- Communications Equipment
- Construction & Engineering
- Consumer Finance
- Containers & Packaging
- Distributors
- Diversified Consumer Services
- Diversified Financial Services
- Diversified Real Estate Activities
- Diversified Telecommunications Services
- Education Services
- Energy Equipment & Services
- Food Products
- Food & Staples Retailing
- Footwear
- Health Care Equipment & Supplies
- Health Care Facilities
- Health Care Providers & Services
- Health Care Technology
- Hotels, Restaurants & Leisure
- Leisure Equipment & Products
- Life Sciences Tools & Services
- Machinery
- Media
- Metals & Mining
- Multiline Retail
- Multi-Sector Holdings
- Oil, Gas & Consumable Fuels
- Packaged Foods & Meats
- Paper & Forest Products
- Personal Products
- Pharmaceuticals
- Professional Services
- Research & Consulting Services
- Road & Rail
- Software
- Specialty Retail
- Textiles, Apparel & Luxury Goods
- Thrifts & Mortgage Finance
- Trading Companies & Distributors
- Transportation Infrastructure
- Water Utilities
- Wireless Telecommunications Services

We may also invest in other industries if we are presented with attractive opportunities.

We may invest, to the extent permitted by law, in the securities and instruments of other investment companies, including private funds. We may also participate in negotiated co-investment transactions with certain affiliates, each of whose investment adviser is SLR Capital Partners, or an investment adviser controlling, controlled by or under common control with SLR Capital Partners and is registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the “Advisers Act”), in a manner consistent with our investment objective, positions, policies, strategies and restrictions as well as regulatory requirements and other pertinent factors, and pursuant to the conditions of the most recent exemptive order obtained from the Securities and Exchange Commission (the “SEC”) on June 13, 2017 (the “Exemptive Order”). Pursuant to the Exemptive Order, we are permitted to co-invest with our affiliates if a “required majority” (as defined in Section 57(o) of the 1940 Act) of our independent directors make certain conclusions in connection with a co-investment transaction, including, but not limited to, that (1) the terms of the potential co-investment transaction, including the consideration to be paid, are reasonable and fair to us and our stockholders and do not involve overreaching in

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respect of us or our stockholders on the part of any person concerned, and (2) the potential co-investment transaction is consistent with the interests of our stockholders and is consistent with our then-current investment objective and strategies.

At December 31, 2023, our portfolio consisted of 151 portfolio companies and was invested 32.5% in cash flow senior secured loans, 27.8% in asset-based senior secured loans / SLR Credit Solutions (“SLR Credit”) / SLR Healthcare ABL / SLR Business Credit, 23.0% in equipment senior secured financings / SLR Equipment Finance (“SLR Equipment”) / Kingsbridge Holdings, LLC (“KBH”) and 16.7% in life science senior secured loans, in each case, measured at fair value. We expect that our portfolio will continue to include primarily senior secured loans, financing leases and to a lesser extent, unsecured loans and equity securities. In addition, we also expect to invest a portion of our portfolio in opportunistic investments, which are not our primary focus, but are intended to enhance our risk-adjusted returns to stockholders. These investments may include, but are not limited to, securities of public companies and debt and equity securities of companies located outside of the United States.

While our primary investment objective is to maximize current income and capital appreciation through investments in U.S. senior and subordinated loans, other debt securities and equity, we may also invest a portion of the portfolio in opportunistic investments, including foreign securities.

Listed below are our top ten portfolio companies and industries based on their fair value and represented as a percentage of total assets as of December 31, 2023 and December 31, 2022:

TOP TEN PORTFOLIO COMPANIES AND INDUSTRIES AS OF DECEMBER 31, 2023

<u>Portfolio Company</u>	<u>% of Total Assets</u>
SLR Credit Solutions*	11.3%
Kingsbridge Holdings, LLC*	9.4%
SLR Equipment Finance*	4.9%
SLR Business Credit*	3.6%
Arcutis Biotherapeutics, Inc.	2.7%
Outset Medical, Inc.	1.8%
SLR Senior Lending Program LLC*	1.7%
Enhanced Capital Group, LLC	1.7%
BridgeBio Pharma, Inc.	1.6%
Vapotherm, Inc.	1.5%

* Denotes investments in which we are deemed to exercise a controlling influence over the management or policies of a company, as defined in the 1940 Act, due to beneficially owning, either directly or through one or more controlled companies, more than 25% of the outstanding voting securities of the investment.

<u>Industry</u>	<u>% of Total Assets</u>
Diversified Financial Services	18.7%
Multi-Sector Holdings	14.8%
Health Care Providers & Services	11.2%
Health Care Equipment & Supplies	6.5%
Pharmaceuticals	4.9%
Biotechnology	3.1%
Software	3.0%
Insurance	2.5%
Diversified Consumer Services	1.9%
Commercial Services & Supplies	1.9%

TOP TEN PORTFOLIO COMPANIES AND INDUSTRIES AS OF DECEMBER 31, 2022

Portfolio Company	% of Total Assets
SLR Credit Solutions*	11.4%
Kingsbridge Holdings, LLC*	9.0%
SLR Equipment Finance*	5.0%
SLR Business Credit*	3.5%
Arcutis Biotherapeutics, Inc.	2.7%
BridgeBio Pharma, Inc.	1.6%
Foundation Consumer Brands, LLC	1.4%
Enhanced Capital Group, LLC	1.4%
Outset Medical, Inc.	1.4%
Vapotherm, Inc.	1.4%

* Denotes investments in which we are deemed to exercise a controlling influence over the management or policies of a company, as defined in the 1940 Act, due to beneficially owning, either directly or through one or more controlled companies, more than 25% of the outstanding voting securities of the investment.

Industry	% of Total Assets
Diversified Financial Services	18.2%
Multi-Sector Holdings	14.4%
Health Care Providers & Services	6.4%
Health Care Equipment & Supplies	5.4%
Pharmaceuticals	4.5%
Software	3.6%
Insurance	3.5%
Biotechnology	3.2%
Diversified Consumer Services	2.2%
Media	1.6%

Set forth below is a brief description of each portfolio company in which we have made an investment that represents 5% or greater of our total assets as of December 31, 2023.

SLR Credit Solutions

We invested in SLR Credit as an independent commercial finance company that provides primarily senior secured loans for both asset-based and cash flow financings to middle-market companies. Its team of experienced, responsive professionals has underwritten, closed and managed more than \$20 billion in secured debt commitments across a wide range of industries. As of December 31, 2023, SLR Credit had 31 funded commitments to 26 different issuers with total funded loans of approximately \$406.6 million on total assets of \$438.4 million. SLR Credit's competitors include other specialty finance companies and small banks. As with most finance companies, SLR Credit is exposed to interest rate risk, which it mostly mitigates by issuing loans with floating rates.

Kingsbridge Holdings, LLC

On November 3, 2020, the Company acquired 87.5% of the equity securities of KBH through KBH Topco LLC ("KBHT"), a Delaware corporation. KBH is a residual focused independent mid-ticket lessor of equipment primarily to U.S. investment grade companies. The Company invested \$216.6 million to effect the transaction, of which \$136.6 million was invested to acquire 87.5% of KBHT's equity and \$80.0 million in KBH's debt. The existing management team of KBH committed to continuing to lead KBH after the transaction. Post the

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transaction, the Company owns 87.5% of KBHT equity and the KBH management team owns the remaining 12.5% of KBHT's equity. As of December 31, 2023, KBHT had total assets of \$857.3 million.

Investment Selection Process

SLR Capital Partners is committed to and utilizes a value-oriented investment philosophy with a focus on the preservation of capital and a commitment to managing downside exposure.

Portfolio Company Characteristics.

We have identified several criteria that we believe are important in identifying and investing in prospective portfolio companies. These criteria provide general guidelines for our investment decisions; however, not all of these criteria will be met by each prospective portfolio company in which we choose to invest.

Stable Earnings and Strong Free Cash Flow. We seek to invest in companies that have demonstrated stable earnings through economic cycles. We target companies that can de-lever through consistent generation of cash flows rather than relying solely on growth to service and repay our loans.

Value Orientation. Our investment philosophy places a premium on fundamental analysis from an investor's perspective and has a distinct value orientation. We focus on companies in which we can invest at relatively low multiples of operating cash flow and that are profitable at the time of investment on an operating cash flow basis.

Value of Assets. The prospective value of the assets, if any, that collateralize the loans in which we invest, is an important factor in our credit analysis. Our analysis emphasizes both tangible assets, such as accounts receivable, inventory, equipment and real estate, and intangible assets, such as intellectual property, customer lists, networks and databases. In some of our transactions, the company's fundings may be derived from a borrowing base determined by the value of the company's assets.

Strong Competitive Position in Industry. We seek to invest in target companies that have developed leading market positions within their respective markets and are well positioned to capitalize on growth opportunities. We seek companies that demonstrate significant competitive advantages versus their competitors, which we believe should help to protect their market position and profitability.

Diversified Customer and Supplier Base. We seek to invest in businesses that have a diversified customer and supplier base. We believe that companies with a diversified customer and supplier base are generally better able to endure economic downturns, industry consolidation, changing business preferences and other factors that may negatively impact their customers, suppliers and competitors.

Exit Strategy. We predominantly invest in companies that provide multiple alternatives for an eventual exit. We look for opportunities that provide an exit typically within three years of the initial capital commitment.

We generally seek companies that we believe will have or provide a steady stream of cash flow to repay our loans and reinvest in their respective businesses. We believe that such internally generated cash flow, leading to the payment of our interest, and the repayment of our principal, represents a key means by which we will be able to exit from our investments over time.

In addition, we also seek to invest in companies whose business models and expected future cash flows or cash positions offer attractive exit possibilities. These companies include candidates for strategic acquisition by other industry participants and companies that may repay our investments through an initial public offering of common stock or another capital market transaction. We underwrite our investments on a held-to-maturity basis, but expensive capital is often repaid prior to stated maturity.

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Experienced and Committed Management. We generally require that portfolio companies have an experienced management team. We also require portfolio companies have in place proper incentives to induce management to succeed and to act in concert with our interests as investors, including having significant equity interests.

Strong Sponsorship. We generally aim to invest alongside other sophisticated investors. We typically seek to partner with successful financial sponsors who have historically generated high returns. We believe that investing in these sponsors' portfolio companies enables us to benefit from their direct involvement and due diligence.

SLR Capital Partners' investment team works in concert with sponsors to proactively manage investment opportunities by acting as a partner throughout the investment process. We actively focus on the middle-market financial sponsor community, with a particular focus on the upper-end of the middle-market (sponsors with equity funds of \$500 million to \$5 billion). We favor such sponsors because they typically:

- buy larger companies with strong business franchises;
- invest significant amounts of equity in their portfolio companies;
- value flexibility and creativity in structuring their transactions;
- possess longer track records over multiple investment funds;
- have a deeper management bench;
- have better ability to withstand downturns; and
- possess the ability to support portfolio companies with additional capital.

We divide our coverage of these sponsors among our more senior investment professionals, who are responsible for day-to-day interaction with financial sponsors. Our coverage approach aims to act proactively, consider all investments in the capital structure, provide quick feedback, deliver on commitments, and are constructive throughout the life cycle of an investment.

Due Diligence

Our "private equity" approach to credit investing typically incorporates extensive in-depth due diligence often alongside the private equity sponsor. In conducting due diligence, we will use publicly available information as well as information from relationships with former and current management teams, consultants, competitors and investment bankers. We believe that our due diligence methodology allows us to screen a high volume of potential investment opportunities on a consistent and thorough basis.

Our due diligence typically includes:

- review of historical and prospective financial information;
- review and valuation of assets;
- research relating to the company's management, industry, markets, products and services and competitors;
- on-site visits;
- discussions with management, employees, customers or vendors of the potential portfolio company;
- review of senior loan documents; and
- background investigations.

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We also expect to evaluate the private equity sponsor making the investment. Further, due to SLR Capital Partners' considerable repeat business with sponsors, we have direct experience with the management teams of many sponsors. A private equity sponsor is typically the controlling stockholder upon completion of an investment and as such is considered critical to the success of the investment. The equity sponsor is evaluated along several key criteria, including:

- investment track record;
- industry experience;
- capacity and willingness to provide additional financial support to the company through additional capital contributions, if necessary; and
- reference checks.

Throughout the due diligence process, a deal team is in constant dialogue with the management team of the company in which we are considering investing to ensure that any concerns are addressed as early as possible through the process and that unsuitable investments are filtered out before considerable time has been invested.

Upon the completion of due diligence and a decision to proceed with an investment in a company, the investment professionals leading the investment present the investment opportunity to SLR Capital Partners' investment committee, which then determines whether to pursue the potential investment. Additional due diligence with respect to any investment may be conducted on our behalf by attorneys and independent accountants prior to the closing of the investment, as well as other outside advisers, as appropriate.

The Investment Committee

All new investments are required to be approved by a consensus of the investment committee of SLR Capital Partners, which is led by Messrs. Gross and Spohler. The members of SLR Capital Partners' investment committee receive no compensation from us. Such members may be employees or partners of SLR Capital Partners and may receive compensation or profit distributions from SLR Capital Partners.

Investment Structure

Once we determine that a prospective portfolio company is suitable for investment, we work with the management of that company and its other capital providers, including senior, junior and equity capital providers, to structure an investment. We negotiate among these parties to agree on how our investment is expected to perform relative to the other capital in the portfolio company's capital structure.

The Company seeks to create a diverse portfolio that includes senior secured loans and to a lesser extent, unsecured loans and equity securities by investing approximately \$5 million to \$100 million of capital. With respect to our senior secured loans, we seek to obtain security interests in the assets of our portfolio companies that serve as collateral in support of the repayment of these loans. This collateral may take the form of first or second priority liens on the assets of a portfolio company.

We structure our unsecured loans primarily subordinated loans that provide for relatively high, fixed or floating interest rates that provide us with significant current interest income. These loans typically have interest-only payments in the early years, with amortization of principal, if any, deferred to the later years of the unsecured loans. In some cases, we may enter into loans that, by their terms, convert into equity or additional debt securities or defer payments of interest for the first few years after our investment. Also, in some cases, our unsecured loans may be collateralized by a subordinated lien on some or all of the assets of the borrower.

Typically, our senior secured and unsecured loans have final maturities of five to ten years. However, we expect that our portfolio companies often may repay these loans early, generally within three to four years from

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the date of initial investment. In some cases and when available, we seek to structure these loans with prepayment premiums to capture foregone interest.

In the case of our senior secured and unsecured loan investments, we tailor the terms of the investment to the facts and circumstances of the transaction and the prospective portfolio company, negotiating a structure that protects our rights and manages our risk while creating incentives for the portfolio company to achieve its business plan and improve its profitability. For example, in addition to seeking a senior or fulcrum position in the capital structure of our portfolio companies, we will seek to limit the downside potential of our investments by:

- requiring a total return on our investments (including both interest and potential capital appreciation) that compensates us for credit risk;
- incorporating “put” rights and call protection into the investment structure; and
- negotiating covenants in connection with our investments that afford our portfolio companies as much flexibility in managing their businesses as possible, consistent with preservation of our capital. Such restrictions may include affirmative and negative covenants, default penalties, lien protection, change of control provisions and board rights, including either observation or participation rights.

Our investments may include equity features, such as warrants or options to buy a minority interest in the portfolio company. Any warrants we receive with our debt securities generally require only a nominal cost to exercise, and thus, as a portfolio company appreciates in value, we may achieve additional investment return from this equity interest. We may structure the warrants to provide provisions protecting our rights as a minority interest holder, as well as puts, or rights to sell such securities back to the company, upon the occurrence of specified events. In many cases, we also obtain registration rights in connection with these equity securities, which may include demand and “piggyback” registration rights. In addition, we may from time to time make direct equity investments in portfolio companies.

We generally seek to hold most of our investments to maturity or repayment, but will sell our investments earlier, including if a liquidity event takes place such as the sale or recapitalization of a portfolio company.

Ongoing Relationships with Portfolio Companies

SLR Capital Partners monitors our portfolio companies on an ongoing basis. SLR Capital Partners monitors the financial trends of each portfolio company to determine if it is meeting its business plan and to assess the appropriate course of action for each company.

SLR Capital Partners has several methods of evaluating and monitoring the performance and fair value of our investments, which include the following:

- Assessment of success in adhering to each portfolio company’s business plan and compliance with covenants;
- Periodic and regular contact with portfolio company management and, if appropriate, the financial or strategic sponsor, to discuss financial position, requirements and accomplishments;
- Comparisons to other SLR invested portfolio companies in the industry, if any;
- Attendance at and participation in board meetings; and
- Review of monthly and quarterly financial statements and financial projections for portfolio companies.

In addition to various risk management and monitoring tools, SLR Capital Partners also uses an investment rating system to characterize and monitor our expected level of returns on each investment in our portfolio.

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We use an investment rating scale of 1 to 4. The following is a description of the conditions associated with each investment rating:

Investment Rating	Summary Description
1	Involves the least amount of risk in our portfolio, the portfolio company is performing above expectations, and the trends and risk factors are generally favorable (including a potential exit)
2	Risk that is similar to the risk at the time of origination, the portfolio company is performing as expected, and the risk factors are neutral to favorable; all new investments are initially assessed a grade of 2
3	The portfolio company is performing below expectations, may be out of compliance with debt covenants, and requires procedures for closer monitoring
4	The investment is performing well below expectations and is not anticipated to be repaid in full

SLR Capital Partners monitors and, when appropriate, changes the investment ratings assigned to each investment in our portfolio. As of December 31, 2023 and December 31, 2022 the weighted average investment rating on the fair market value of our portfolio was a 2. In connection with our valuation process, SLR Capital Partners reviews these investment ratings on a quarterly basis.

Valuation Procedures

In December 2020, the SEC adopted Rule 2a-5 under the 1940 Act addressing fair valuation of fund investments. The rule sets forth requirements for good faith determinations of fair value, as well as for the performance of fair value determinations, including related oversight and reporting obligations. The rule also defines “readily available market quotations” for purposes of the definition of “value” under the 1940 Act, and the SEC noted that this definition will apply in all contexts under the 1940 Act. The Company complies with Rule 2a-5’s valuation requirements.

We conduct the valuation of our assets, pursuant to which our net asset value is determined, at all times consistent with U.S. generally accepted accounting principles (“GAAP”) and the 1940 Act. The Board will (1) periodically assess and manage valuation risks; (2) establish and apply fair value methodologies; (3) test fair value methodologies; (4) oversee and evaluate third-party pricing services, as applicable; (5) oversee the reporting required by Rule 2a-5 under the 1940 Act; and (6) maintain recordkeeping requirements under Rule 2a-5.

It is anticipated that in respect of many of the Company’s assets, readily available market quotations will not be obtainable and that such assets will be valued at fair value. A market quotation is readily available for a security only when that quotation is a quoted price (unadjusted) in active markets for identical investments that the Company can access at the measurement date, provided that a quotation will not be readily available if it is not reliable. If the Company anticipates using a market quotation for a security, it will also monitor for circumstances that may necessitate the use of fair value, such as significant events that may cause concern over the reliability of a market quotation.

Under procedures established by the Board, we value investments, including certain senior secured debt, subordinated debt and other debt securities with maturities greater than 60 days, for which market quotations are readily available and deemed to represent fair value under GAAP, at such market quotations (unless they are deemed not to represent fair value). A market quotation is readily available for a security only when that quotation is a quoted price (unadjusted) in active markets for identical investments that the Company can access at the measurement date, provided that a quotation will not be readily available if it is not reliable. If the Company anticipates using a market quotation for a security, it will also monitor for circumstances that may necessitate the use of fair value, such as significant events that may cause concern over the reliability of a market

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quotation. We attempt to obtain market quotations from at least two brokers or dealers (if available, otherwise from a principal market maker or a primary market dealer or other independent pricing service). We utilize mid-market pricing as a practical expedient for fair value unless a different point within the range is more representative. If and when market quotations are deemed not to represent fair value, we may utilize independent third-party valuation firms to assist us in determining the fair value of material assets. Accordingly, such investments go through our multi-step valuation process as described below. In each such case, independent valuation firms, that may from time to time be engaged by the Board, consider observable market inputs together with significant unobservable inputs in arriving at their valuation recommendations. Debt investments with maturities of 60 days or less shall each be valued at cost plus accreted discount, or minus amortized premium, which is expected to approximate fair value, unless such valuation, in the judgment of the Investment Adviser, does not represent fair value, in which case such investments shall be valued at fair value as determined in good faith by or under the direction of the Board. Investments that are not publicly traded or whose market quotations are not readily available are valued at fair value as determined in good faith by or under the direction of the Board. Such determination of fair values involves subjective judgments and estimates.

With respect to investments for which market quotations are not readily available or when such market quotations are deemed not to represent fair value under GAAP, the Board has approved a multi-step valuation process each quarter, as described below:

- (1) our quarterly valuation process begins with each portfolio company or investment being initially valued by the investment professionals of the Investment Adviser responsible for the portfolio investment;
- (2) preliminary valuation conclusions are then documented and discussed with senior management of the Investment Adviser;
- (3) independent valuation firms engaged by the Board conduct independent appraisals and review the Investment Adviser's preliminary valuations and make their own independent assessment for all material assets;
- (4) the audit committee of the Board reviews the preliminary valuation of the Investment Adviser and that of the independent valuation firm and responds to the valuation recommendation of the independent valuation firm, if any, to reflect any comments; and
- (5) the Board discusses valuations and determines the fair value of each investment in our portfolio in good faith based on the input of the Investment Adviser, the respective independent valuation firm, if any, and the audit committee.

The valuation principles set forth above may be modified from time to time, in whole or in part, as determined by the Board in its sole discretion.

Investments in all asset classes are valued utilizing a market approach, an income approach, or both approaches, as appropriate. However, in accordance with ASC 820-10, certain investments that qualify as investment companies in accordance with ASC 946 may be valued using net asset value as a practical expedient for fair value. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities (including a business). The income approach uses valuation approaches to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. In following these approaches, the types of factors that we may take into account in fair value pricing our investments include, as relevant: available current market data, including relevant and applicable market trading and transaction comparables, applicable market yields and multiples, security covenants, call protection provisions, the nature and realizable value of any collateral, the portfolio company's ability to make payments, its earnings and discounted cash flows, the markets in which the portfolio company does business, comparisons of financial ratios of peer companies that are public, M&A comparables, our principal market (as the reporting entity) and enterprise values, among other factors. When available, broker quotations and/or quotations provided

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by pricing services are considered as an input in the valuation process. For the fiscal year ended December 31, 2023, there has been no change to the Company's valuation approaches or techniques and the nature of the related inputs considered in the valuation process.

ASC Topic 820 classifies the inputs used to measure these fair values into the following hierarchy:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities, accessible by the Company at the measurement date.

Level 2: Quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active, or other observable inputs other than quoted prices.

Level 3: Unobservable inputs for the asset or liability.

In all cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to each investment. The exercise of judgment is based in part on our knowledge of the asset class and our prior experience.

Competition

Our primary competitors provide financing to middle-market companies and include other business development companies, commercial and investment banks, commercial financing companies and, to the extent they provide an alternative form of financing, private equity funds. Additionally, alternative investment vehicles, such as hedge funds, frequently invest in middle-market companies. As a result, competition for investment opportunities at middle-market companies can be intense. While many middle-market companies were previously able to raise senior debt financing through traditional large financial institutions, we believe this approach to financing will become more difficult as implementation of U.S. and international financial reforms limits the capacity of large financial institutions to hold non-investment grade leveraged loans on their balance sheets. We believe that many of these financial institutions have de-emphasized their service and product offerings to middle-market companies in particular.

Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, some competitors may have a lower cost of funds and access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than us. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us as a BDC. We use the industry information available to Messrs. Gross and Spohler and the other investment professionals of SLR Capital Partners to assess investment risks and determine appropriate pricing for our investments in portfolio companies. In addition, we believe that the relationships of Messrs. Gross and Spohler and the other investment professionals of our investment adviser enable us to learn about, and compete effectively for, financing opportunities with attractive leveraged companies in the industries in which we seek to invest.

Staffing

We do not currently have any employees. Mr. Gross, our Chairman and Co-Chief Executive Officer and President, and Mr. Spohler, our Co-Chief Executive Officer and Chief Operating Officer and board member, are managing members and senior investment professionals of, and have financial and controlling interests in, SLR Capital Partners. In addition, Mr. Shiraz Kajee, our Chief Financial Officer and Treasurer, serves as the Chief Financial Officer for SLR Capital Partners. Guy Talarico, our Chief Compliance Officer and Secretary, serves as the Chief Compliance Officer and General Counsel for SLR Capital Partners.

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Our day-to-day investment operations are managed by SLR Capital Partners. Based upon its needs, SLR Capital Partners may hire additional investment professionals. In addition, we will reimburse SLR Capital Management for the allocable portion of overhead and other expenses incurred by it in performing its obligations under the Administration Agreement, including rent, and the allocable portion of the cost of the company's chief compliance officer and chief financial officer and their respective staffs.

Sarbanes-Oxley Act of 2002

The Sarbanes-Oxley Act of 2002 imposes a wide variety of regulatory requirements on publicly-held companies and their insiders. Many of these requirements affect us. For example:

- pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended (the "1934 Act"), our Co-Chief Executive Officers and Chief Financial Officer must certify as to the accuracy of the financial statements contained in our periodic reports;
- pursuant to Item 307 of Regulation S-K, our periodic reports must disclose our conclusions about the effectiveness of our disclosure controls and procedures;
- pursuant to Rule 13a-15 of the 1934 Act, our management is required to prepare an annual report regarding its assessment of our internal control over financial reporting and to obtain an audit of the effectiveness of internal control over financial reporting performed by our independent registered public accounting firm; and
- pursuant to Item 308 of Regulation S-K and Rule 13a-15 of the 1934 Act, our periodic reports must disclose whether there were significant changes in our internal controls over financial reporting or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

The Sarbanes-Oxley Act of 2002 requires us to review our current policies and procedures to determine whether we comply with the Sarbanes-Oxley Act of 2002 and the regulations promulgated thereunder. We will continue to monitor our compliance with all regulations that are adopted under the Sarbanes-Oxley Act of 2002 and will take actions necessary to ensure that we are in compliance therewith.

Business Development Company Regulations

A BDC is regulated by the 1940 Act. A BDC must be organized in the United States for the purpose of investing in or lending to primarily private companies and making significant managerial assistance available to those investments that constitute qualifying assets (as discussed below). A BDC may use capital provided by public stockholders and from other sources to make long-term, private investments in businesses. A BDC provides stockholders the ability to retain the liquidity of a publicly-traded stock while sharing in the possible benefits, if any, of investing in primarily privately owned companies.

We may not change the nature of our business so as to cease to be, or withdraw our election as, a BDC unless authorized by vote of a majority of our outstanding voting securities, as required by the 1940 Act. A majority of the outstanding voting securities of a company is defined under the 1940 Act as the lesser of: (a) 67% or more of such company's voting securities present at a meeting if more than 50% of the outstanding voting securities of such company are present or represented by proxy, or (b) more than 50% of the outstanding voting securities of such company. We do not anticipate any substantial change in the nature of our business.

As with other companies regulated by the 1940 Act, a BDC must adhere to certain substantive regulatory requirements. A majority of our directors must be persons who are not interested persons, as that term is defined in the 1940 Act. Additionally, we are required to provide and maintain a bond issued by a reputable fidelity insurance company to protect the BDC. Furthermore, as a BDC, we are prohibited from protecting any director or officer against any liability to us or our stockholders arising from willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of such person's office.

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As a BDC, we are required to meet an asset coverage ratio, reflecting the value of our total assets to our total senior securities, which include all of our borrowings and any preferred stock we may issue in the future, of at least 150%. We may also be prohibited under the 1940 Act from knowingly participating in certain transactions with our affiliates without the prior approval of our directors who are not interested persons and, in some cases, prior approval by the SEC.

We are generally not able to issue and sell our common stock at a price below net asset value per share without annual stockholder approval. We may, however, sell our common stock, or warrants, options or rights to acquire our common stock, at a price below the then-current net asset value of our common stock if the Board determines that such sale is in our best interests and the best interests of our stockholders, and our stockholders approve such sale. At this time, we do not have stockholder approval for such sales.

As a BDC, we were substantially limited in our ability to co-invest in privately negotiated transactions with affiliated funds until we obtained an exemptive order from the SEC. The Exemptive Order permits us to participate in negotiated co-investment transactions with certain affiliates, each of whose investment adviser is an investment adviser that controls, is controlled by or is under common control with SLR Capital Partners and is registered as an investment adviser under the Advisers Act, in a manner consistent with our investment objective, positions, policies, strategies and restrictions as well as regulatory requirements and other pertinent factors, and pursuant to the conditions to the Exemptive Order. If we are unable to rely on the Exemptive Order for a particular opportunity, such opportunity will be allocated first to the entity whose investment strategy is the most consistent with the opportunity being allocated, and second, if the terms of the opportunity are consistent with more than one entity's investment strategy, on an alternating basis. Although our investment professionals will endeavor to allocate investment opportunities in a fair and equitable manner, we and our common stockholders could be adversely affected to the extent investment opportunities are allocated among us and other investment vehicles managed or sponsored by, or affiliated with, our executive officers, directors and members of our investment adviser.

We will be periodically examined by the SEC for compliance with the federal securities laws, including the 1940 Act.

Qualifying Assets

Under the 1940 Act, a BDC may not acquire any asset other than assets of the type listed in Section 55(a) of the 1940 Act, which are referred to as qualifying assets, unless, at the time the acquisition is made, qualifying assets represent at least 70% of the BDC's total assets. The principal categories of qualifying assets relevant to our business are the following:

(1) Securities purchased in transactions not involving any public offering from the issuer of such securities, which issuer (subject to certain limited exceptions) is an eligible portfolio company, or from any person who is, or has been during the preceding 13 months, an affiliated person of an eligible portfolio company, or from any other person, subject to such rules as may be prescribed by the SEC. An eligible portfolio company is defined in the 1940 Act as any issuer which:

- (a) is organized under the laws of, and has its principal place of business in, the United States;
- (b) is not an investment company (other than a small business investment company wholly owned by the BDC); and
- (c) satisfies any of the following:
 - i. does not have any class of securities that is traded on a national securities exchange;
 - ii. has a class of securities listed on a national securities exchange, but has an aggregate market value of outstanding voting and non-voting common equity of less than \$250 million;

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iii. is controlled by a BDC or a group of companies including a BDC and the BDC has an affiliated person who is a director of the eligible portfolio company; or

iv. is a small and solvent company having total assets of not more than \$4.0 million and capital and surplus of not less than \$2.0 million.

(2) Securities of any eligible portfolio company which we control, which, as defined by the 1940 Act, is presumed to exist where a BDC beneficially owns more than 25% of the outstanding voting securities of the portfolio company.

(3) Securities purchased in a private transaction from a U.S. issuer that is not an investment company or from an affiliated person of the issuer, or in transactions incident thereto, if the issuer is in bankruptcy and subject to reorganization or if the issuer, immediately prior to the purchase of its securities, was unable to meet its obligations as they came due without material assistance other than conventional lending or financing arrangements.

(4) Securities of an eligible portfolio company purchased from any person in a private transaction if there is no ready market for such securities and we already own 60% of the outstanding equity of the eligible portfolio company.

(5) Securities received in exchange for or distributed on or with respect to securities described in (1) through (4) above, or pursuant to the exercise of warrants or rights relating to such securities.

(6) Cash, cash equivalents, U.S. government securities or high-quality debt securities maturing in one year or less from the time of investment.

(7) Office furniture and equipment, interests in real estate and leasehold improvements and facilities maintained to conduct the business operations of the BDC, deferred organization and operating expenses, and other noninvestment assets necessary and appropriate to its operations as a BDC, including notes of indebtedness of directors, officers, employees, and general partners held by a BDC as payment for securities of such company issued in connection with an executive compensation plan described in Section 57(j) of the 1940 Act.

Under Section 55(b) of the 1940 Act, the value of a BDC's assets shall be determined as of the date of the most recent financial statements filed by such company with the SEC pursuant to Section 13 of the 1934 Act, and shall be determined no less frequently than annually.

Significant Managerial Assistance to Portfolio Companies

As a BDC, we offer, and must provide upon request, significant managerial assistance to our portfolio companies that constitute qualifying assets. This assistance could involve, among other things, monitoring the operations of our portfolio companies, participating in board and management meetings, consulting with and advising officers of portfolio companies and providing other organizational and financial guidance. We may also receive fees for these services. SLR Capital Management provides such managerial assistance, if any, on our behalf to portfolio companies that request this assistance.

Temporary Investments

Pending investment in other types of "qualifying assets," as described above, our investments may consist of cash, cash equivalents, U.S. government securities or high-quality investment grade debt securities maturing in one year or less from the time of investment, which we refer to, collectively, as temporary investments, so that 70% of our assets are qualifying assets. Typically, we will invest in U.S. Treasury bills or in repurchase agreements, provided that such repurchase agreements are fully collateralized by cash or securities issued by the U.S. government or its agencies. A repurchase agreement involves the purchase by an investor, such as us, of a

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specified security and the simultaneous agreement by the seller to repurchase it at an agreed-upon future date and at a price that is greater than the purchase price by an amount that reflects an agreed-upon interest rate. There is no percentage restriction on the proportion of our assets that may be invested in such repurchase agreements. However, if more than 25% of our total assets constitute repurchase agreements from a single counterparty, we would not meet the diversification tests in order to qualify as a RIC for U.S. federal income tax purposes. Thus, we do not intend to enter into repurchase agreements with a single counterparty in excess of this limit. SLR Capital Partners will monitor the creditworthiness of the counterparties with which we enter into repurchase agreement transactions.

Senior Securities

We are permitted, under specified conditions, to issue multiple classes of indebtedness and one class of stock senior to our common stock if our asset coverage, as defined in the 1940 Act, is at least equal to 150% immediately after each such issuance. In addition, while certain senior securities remain outstanding, we may be required to make provisions to prohibit any distribution to our stockholders or the repurchase of such securities or shares unless we meet the applicable asset coverage ratios at the time of the distribution or repurchase. We may also borrow amounts up to 5% of the value of our total assets for temporary purposes without regard to asset coverage. We may borrow money, which would magnify the potential for gain or loss on amounts invested and may increase the risk of investing in us.

Code of Ethics

We and SLR Capital Partners have each adopted a code of ethics pursuant to Rule 17j-1 under the 1940 Act and Rule 204A-1 under the Advisers Act, respectively, that establishes procedures for personal investments and restricts certain transactions by our personnel. Our codes of ethics generally do not permit investments by our employees in securities that may be purchased or held by us. Each code of ethics is available on the EDGAR Database on the SEC's Internet site at <http://www.sec.gov>. You may also obtain copies of the codes of ethics, after paying a duplicating fee, by electronic request at the following Email address: publicinfo@sec.gov.

Compliance Policies and Procedures

We and our investment adviser have adopted and implemented written policies and procedures reasonably designed to detect and prevent violation of the federal securities laws. We are required to review these compliance policies and procedures annually for their adequacy and the effectiveness of their implementation and to designate a chief compliance officer to be responsible for their administration. Guy Talarico currently serves as our Chief Compliance Officer.

Proxy Voting Policies and Procedures

We have delegated our proxy voting responsibility to the Investment Adviser. A summary of the Proxy Voting Policies and Procedures of the Investment Adviser are set forth below. The guidelines are reviewed periodically by the Investment Adviser and our independent directors, and, accordingly, are subject to change.

As an investment adviser registered under the Advisers Act, SLR Capital Partners has a fiduciary duty to act solely in the best interests of its clients. As part of this duty, it recognizes that it must vote securities held by its clients in a timely manner free of conflicts of interest. These policies and procedures for voting proxies for investment advisory clients are intended to comply with Section 206 of, and Rule 206(4)-6 under, the Advisers Act.

Our investment adviser votes proxies relating to our portfolio securities in the best interest of our stockholders. SLR Capital Partners reviews on a case-by-case basis each proposal submitted for a proxy vote to determine its impact on our investments. Although it generally votes against proposals that may have a negative

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impact on our investments, it may vote for such a proposal if there exists compelling long-term reasons to do so. The proxy voting decisions of our investment adviser are made by the senior investment professionals who are responsible for monitoring each of our investments. To ensure that our vote is not the product of a conflict of interest, it requires that: (i) anyone involved in the decision making process disclose to a managing member of SLR Capital Partners any potential conflict that he or she is aware of and any contact that he or she has had with any interested party regarding a proxy vote, and (ii) employees involved in the decision making process or vote administration are prohibited from revealing how we intend to vote on a proposal in order to reduce any attempted influence from interested parties.

You may obtain information about how we voted proxies by making a written request for proxy voting information to: SLR Capital Partners, LLC, 500 Park Avenue, New York, NY 10022.

Privacy Principles

We endeavor to maintain the privacy of our recordholders and to safeguard their non-public personal information. The following information is provided to help you understand what personal information we collect, how we protect that information and why, in certain cases, we may share such information with select other parties.

Generally, we will not receive any non-public personal information about the recordholders of the common stock of the Company, although certain of our recordholders' non-public information may become available to us. The non-public personal information that we may receive falls into the following categories:

- Information we receive from recordholders, whether we receive it orally, in writing or electronically. This includes recordholders' communications to us concerning their investment;
- Information about recordholders' transaction history with us; and
- Other general information that we may obtain about recordholders, such as demographic and contact information such as address.

We disclose non-public person information about recordholders:

- to our affiliates (such as SLR and our administrator) and their employees for everyday business purposes;
- to our service providers (such as our accountants, attorneys, custodians, transfer agent, underwriter and proxy solicitors) and their employees as is necessary to service recordholder accounts or otherwise provide the applicable service;
- to comply with court orders, subpoenas, lawful discovery requests, or other legal or regulatory requirements; or
- as allowed or required by applicable law or regulation.

When the Company shares non-public recordholder personal information referred to above, the information is made available for limited business purposes and under controlled circumstances designed to protect our recordholders' privacy. The Company does not permit use of recordholder information for any non-business or marketing purpose, nor does the Company permit third parties to rent, sell, trade or otherwise release or disclose information to any other party.

The Company's service providers, such as SLR, its administrator, and its transfer agent, are required to maintain physical, electronic, and procedural safeguards to protect recordholder non-public personal information; to prevent unauthorized access or use; and to dispose of such information when it is no longer required.

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Personnel of affiliates may access recordholder information only for business purposes. The degree of access is based on the sensitivity of the information and on personnel need for the information to service a recordholder's account or comply with legal requirements.

If a recordholder ceases to be a recordholder, we will adhere to the privacy policies and practices as described above. We may choose to modify our privacy policies at any time. Before we do so, we will notify recordholders and provide a description of our privacy policy.

Taxation as a Regulated Investment Company

As a BDC, we elected to be treated, and intend to qualify annually, as a RIC under Subchapter M of the Code. As a RIC, we generally will not have to pay corporate-level U.S. federal income taxes on any ordinary income or capital gains that we timely distribute to our stockholders as dividends. To continue to qualify as a RIC, we must, among other things, meet certain source-of-income and asset diversification requirements (as described below). In addition, to qualify for RIC tax treatment we must distribute to our stockholders, for each taxable year, at least 90% of our "investment company taxable income," which generally is our ordinary income plus the excess of our realized net short-term capital gains over our realized net long-term capital losses (the "Annual Distribution Requirement"). If we qualify as a RIC and satisfy the Annual Distribution Requirement, then we will not be subject to U.S. federal income tax on the portion of our investment company taxable income and net capital gain (i.e., realized net long-term capital gains in excess of realized net short-term capital losses) we distribute (or are deemed to distribute) to stockholders. We will be subject to U.S. federal income tax at the regular corporate rates on any ordinary income or capital gain not distributed (or deemed not distributed) to our stockholders.

We will be subject to a 4% nondeductible U.S. federal excise tax on certain undistributed income unless we distribute in a timely manner an amount at least equal to the sum of (1) 98% of our ordinary income for each calendar year, (2) 98.2% of our capital gain net income for the one-year period ending October 31 in that calendar year and (3) any ordinary income and net capital gains that we recognized in preceding years, but were not distributed during such years, and on which we paid no U.S. federal income tax (the "Excise Tax Avoidance Requirement").

In order to qualify as a RIC for U.S. federal income tax purposes, we must, among other things:

- at all times during each taxable year, have in effect an election to be treated as a BDC under the 1940 Act;
- derive in each taxable year at least 90% of our gross income from (a) dividends, interest, payments with respect to certain securities loans, gains from the sale of stock or other securities or currencies, or other income derived with respect to our business of investing in such stock, securities or currencies and (b) net income derived from an interest in a "qualified publicly traded partnership;" and
- diversify our holdings so that at the end of each quarter of the taxable year:
 - at least 50% of the value of our assets consists of cash, cash equivalents, U.S. government securities, securities of other RICs, and other securities if such other securities of any one issuer do not represent more than 5% of the value of our assets or more than 10% of the outstanding voting securities of the issuer; and
 - no more than 25% of the value of our assets is invested in (i) the securities, other than U.S. government securities or securities of other RICs, of one issuer, (ii) the securities of two or more issuers that are controlled, as determined under applicable tax rules, by us and that are engaged in the same or similar or related trades or businesses or (iii) the securities of one or more "qualified publicly traded partnerships."

We may be required to recognize taxable income in circumstances in which we do not receive cash. For example, if we hold debt obligations that are treated under applicable tax rules as having original issue discount

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(such as debt instruments with payment-in-kind (“PIK”) income or, in certain cases, increasing interest rates or debt instruments issued with warrants), we must include in income each year a portion of the original issue discount that accrues over the life of the obligation, regardless of whether cash representing such income is received by us in the same taxable year. Because any original issue discount accrued will be included in our investment company taxable income for the year of accrual, we may be required to make a distribution to our stockholders in order to satisfy the Annual Distribution Requirement, even though we will not have received any corresponding cash amount.

Because we may use debt financing, we will be subject to certain asset coverage ratio requirements under the 1940 Act and financial covenants under loan and credit agreements that could, under certain circumstances, restrict us from making distributions necessary to satisfy the Annual Distribution Requirement. If we are unable to obtain cash from other sources or are otherwise limited in our ability to make distributions, we could fail to qualify for RIC tax treatment and thus become subject to corporate-level U.S. federal income tax.

Certain of our investment practices may be subject to special and complex U.S. federal income tax provisions that may, among other things: (i) disallow, suspend or otherwise limit the allowance of certain losses or deductions; (ii) convert lower taxed long-term capital gain into higher taxed short-term capital gain or ordinary income; (iii) convert an ordinary loss or a deduction into a capital loss (the deductibility of which is more limited); (iv) cause us to recognize income or gain without a corresponding receipt of cash; (v) adversely affect the time as to when a purchase or sale of securities is deemed to occur; (vi) adversely alter the characterization of certain complex financial transactions; and (vii) produce income that will not be qualifying income for purposes of the 90% gross income test described above. We will monitor our transactions and may make certain tax elections in order to mitigate the potential adverse effect of these provisions.

Gain or loss realized by us from the sale or exchange of warrants acquired by us as well as any loss attributable to the lapse of such warrants generally will be treated as capital gain or loss. The treatment of such gain or loss as long-term or short-term will depend on how long we have held a particular warrant. Upon the exercise of a warrant acquired by us, our tax basis in the stock purchased under the warrant will equal the sum of the amount paid for the warrant plus the strike price paid on the exercise of the warrant.

Failure to Qualify as a Regulated Investment Company

If we were unable to qualify for treatment as a RIC, we would be subject to U.S. federal income tax on all of our taxable income at regular corporate rates. We would not be able to deduct distributions to stockholders, nor would distributions be required. Such distributions would be taxable to our stockholders as dividends and, provided certain holding period and other requirements were met, could qualify for treatment as “qualified dividend income” in the hands of non-corporate stockholders (and thus eligible for the current 20% maximum rate) to the extent of our current and accumulated earnings and profits. Subject to certain limitations under the Code, corporate distributees would be eligible for the dividends received deduction. Distributions in excess of our current and accumulated earnings and profits would be treated first as a return of capital to the extent of the stockholder’s tax basis, and any remaining distributions would be treated as a capital gain. To requalify as a RIC in a subsequent taxable year, we would be required to satisfy the RIC qualification requirements for that year and dispose of any earnings and profits from any year in which we failed to qualify as a RIC. Subject to a limited exception applicable to RICs that qualified as such under Subchapter M of the Code for at least one year prior to disqualification and that requalify as a RIC no later than the second year following the non-qualifying year, we could be subject to tax on any unrealized net built-in gains in the assets held by us during the period in which we failed to qualify as a RIC that are recognized within the subsequent five years, unless we made a special election to pay corporate-level U.S. federal income tax on such built-in gain at the time of our requalification as a RIC.

Investment Advisory Fees

Pursuant to the Advisory Agreement, we have agreed to pay SLR Capital Partners a fee for investment advisory and management services consisting of two components — a base management fee and a performance-based incentive fee.

On April 1, 2022, in connection with the consummation of the Mergers, we entered into a letter agreement (the “Letter Agreement”) pursuant to which the Investment Adviser voluntarily agreed to a permanent 25 basis point reduction of the annual base management fee rate payable by us to the Investment Adviser pursuant to the Advisory Agreement. Following the Letter Agreement, the base management fee is now determined by taking the average value of the Company’s gross assets at the end of the two most recently completed calendar quarters calculated at an annual rate of 1.50% on gross assets up to 200% of the Company’s total net assets as of the immediately preceding quarter end and 1.00% on gross assets that exceed 200% of the Company’s total net assets as of the immediately preceding quarter end. For purposes of computing the base management fee, gross assets exclude temporary assets acquired at the end of each fiscal quarter for purposes of preserving investment flexibility in the next fiscal quarter. Temporary assets include, but are not limited to, U.S. treasury bills, other short-term U.S. government or government agency securities, repurchase agreements or cash borrowings.

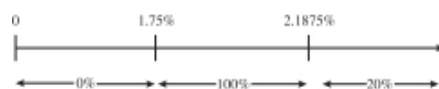
The performance-based incentive fee has two parts, as follows: one is calculated and payable quarterly in arrears based on our pre-incentive fee net investment income for the immediately preceding calendar quarter. For this purpose, pre-incentive fee net investment income means interest income, dividend income and any other income (including any other fees (other than fees for providing managerial assistance), such as commitment, origination, structuring, diligence and consulting fees or other fees that we receive from portfolio companies) accrued during the calendar quarter, minus our operating expenses for the quarter (including the base management fee, expenses payable under the Administration Agreement to SLR Capital Management, and any interest expense and dividend paid on any issued and outstanding preferred stock, but excluding the performance-based incentive fee). Pre-incentive fee net investment income includes, in the case of investments with a deferred interest feature (such as original issue discount, debt instruments with pay in kind income and zero coupon securities), accrued income that we have not yet received in cash. Pre-incentive fee net investment income does not include any realized capital gains, computed net of all realized capital losses or unrealized capital appreciation or depreciation. Pre-incentive fee net investment income, expressed as a rate of return on the value of our net assets at the end of the immediately preceding calendar quarter, is compared to a hurdle of 1.75% per quarter (7.00% annualized). Our net investment income used to calculate this part of the incentive fee is also included in the amount of our gross assets used to calculate the 1.50% base management fee. We pay SLR Capital Partners an incentive fee with respect to our pre-incentive fee net investment income in each calendar quarter as follows:

- no performance-based incentive fee in any calendar quarter in which our pre-incentive fee net investment income does not exceed the hurdle of 1.75%;
- 100% of our pre-incentive fee net investment income with respect to that portion of such pre-incentive fee net investment income, if any, that exceeds the hurdle but is less than 2.1875% in any calendar quarter (8.75% annualized). We refer to this portion of our pre-incentive fee net investment income (which exceeds the hurdle but is less than 2.1875%) as the “catch-up.” The “catch-up” is meant to provide our investment adviser with 20% of our pre-incentive fee net investment income as if a hurdle did not apply if this net investment income exceeds 2.1875% in any calendar quarter; and
- 20% of the amount of our pre-incentive fee net investment income, if any, that exceeds 2.1875% in any calendar quarter (8.75% annualized) is payable to SLR Capital Partners (once the hurdle is reached and the catch-up is achieved, 20% of all pre-incentive fee investment income thereafter is allocated to SLR Capital Partners).

The following is a graphical representation of the calculation of the income-related portion of the performance-based incentive fee:

Quarterly Incentive Fee Based on Net Investment Income

**Pre-incentive fee net investment income
(expressed as a percentage of the value of net assets)**



**Percentage of pre-incentive fee net investment income
allocated to SLR Capital Partners**

These calculations are appropriately pro-rated for any period of less than three months. You should be aware that a rise in the general level of interest rates can be expected to lead to higher interest rates applicable to our debt investments. Accordingly, an increase in interest rates would make it easier for us to meet or exceed the incentive fee hurdle rate and may result in a substantial increase of the amount of incentive fees payable to our investment adviser with respect to pre-incentive fee net investment income.

The second part of the incentive fee is determined and payable in arrears as of the end of each calendar year (or upon termination of the Advisory Agreement, as of the termination date), and equals 20% of our realized capital gains, if any, on a cumulative basis from inception through the end of each calendar year, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fees with respect to each of the investments in our portfolio.

Examples of Quarterly Incentive Fee Calculation

Example 1: Income Related Portion of Incentive Fee (*):

Alternative 1:

Assumptions

Investment income (including interest, dividends, fees, etc.) = 1.25%
Hurdle rate⁽¹⁾ = 1.75%
Management fee⁽²⁾ = 0.375%
Other expenses (legal, accounting, custodian, transfer agent, etc.)⁽³⁾ = 0.20%
Pre-incentive fee net investment income
(investment income – (management fee + other expenses)) = 0.675%
Pre-incentive net investment income does not exceed hurdle rate, therefore there is no incentive fee.

Alternative 2:

Assumptions

Investment income (including interest, dividends, fees, etc.) = 2.70%
Hurdle rate⁽¹⁾ = 1.75%
Management fee⁽²⁾ = 0.375%
Other expenses (legal, accounting, custodian, transfer agent, etc.)⁽³⁾ = 0.20%
Pre-incentive fee net investment income
(investment income – (management fee + other expenses)) = 2.125%

(*) The hypothetical amount of pre-incentive fee net investment income shown is based on a percentage of total net assets.

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$$\begin{aligned} \text{Incentive fee} &= 100\% \times \text{pre-incentive fee net investment income, subject to the "catch-up"}^{(4)} \\ &= 100\% \times (2.125\% - 1.75\%) \\ &= 0.375\% \end{aligned}$$

Alternative 3:

Assumptions

$$\begin{aligned} \text{Investment income (including interest, dividends, fees, etc.)} &= 3.00\% \\ \text{Hurdle rate}^{(1)} &= 1.75\% \\ \text{Management fee}^{(2)} &= 0.375\% \\ \text{Other expenses (legal, accounting, custodian, transfer agent, etc.)}^{(3)} &= 0.20\% \\ \text{Pre-incentive fee net investment income} \\ \text{(investment income - (management fee + other expenses))} &= 2.425\% \\ \text{Incentive fee} &= 20\% \times \text{pre-incentive fee net investment income, subject to "catch-up"}^{(4)} \\ \text{Incentive fee} &= 100\% \times \text{"catch-up"} + (20\% \times (\text{pre-incentive fee net investment income} - 2.1875\%)) \\ \text{Catch-up} &= 2.1875\% - 1.75\% \\ &= 0.4375\% \\ \text{Incentive fee} &= (100\% \times 0.4375\%) + (20\% \times (2.425\% - 2.1875\%)) \\ &= 0.4375\% + (20\% \times 0.2375\%) \\ &= 0.4375\% + 0.0475\% \\ &= 0.485\% \end{aligned}$$

(1) Represents 7% annualized hurdle rate.

(2) Represents 1.50% annualized management fee.

(3) Excludes organizational and offering expenses.

(4) The "catch-up" provision is intended to provide our investment adviser with an incentive fee of 20% on all of our pre-incentive fee net investment income as if a hurdle rate did not apply when our net investment income exceeds 2.1875% in any calendar quarter.

Example 2: Capital Gains Portion of Incentive Fee:

Alternative 1:

Assumptions

- Year 1: \$20 million investment made in Company A ("Investment A"), and \$30 million investment made in Company B ("Investment B")
- Year 2: Investment A sold for \$50 million and fair market value ("FMV") of Investment B was determined to be \$32 million
- Year 3: FMV of Investment B determined to be \$25 million
- Year 4: Investment B sold for \$31 million

The capital gains portion of the incentive fee would be:

- Year 1: None
- Year 2: Capital gains incentive fee of \$6 million (\$30 million realized capital gains on the sale of Investment A multiplied by 20%)
- Year 3: None

\$5 million (20% multiplied by (\$30 million cumulative capital gains less \$5 million cumulative capital depreciation)) less \$6 million (previous capital gains fee paid in Year 2)

- Year 4: Capital gains incentive fee of \$200,000

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\$6.2 million (\$31 million cumulative realized capital gains multiplied by 20%) less \$6 million (capital gains fee taken in Year 2)

Alternative 2:

Assumptions

- Year 1: \$20 million investment made in Company A (“Investment A”), \$30 million investment made in Company B (“Investment B”) and \$25 million investment made in Company C (“Investment C”)
- Year 2: Investment A sold for \$50 million, FMV of Investment B determined to be \$25 million and FMV of Investment C determined to be \$25 million
- Year 3: FMV of Investment B determined to be \$27 million and Investment C sold for \$30 million
- Year 4: FMV of Investment B determined to be \$24 million
- Year 5: Investment B sold for \$20 million

The capital gains incentive fee, if any, would be:

- Year 1: None
- Year 2: \$5 million capital gains incentive fee

20% multiplied by \$25 million (\$30 million realized capital gains on Investment A less unrealized capital depreciation on Investment B)

- Year 3: \$1.4 million capital gains incentive fee⁽¹⁾

\$6.4 million (20% multiplied by \$32 million (\$35 million cumulative realized capital gains less \$3 million unrealized capital depreciation)) less \$5 million capital gains fee received in Year 2

- Year 4: None
- Year 5: None

\$5 million (20% multiplied by \$25 million (cumulative realized capital gains of \$35 million less realized capital losses of \$10 million)) less \$6.4 million cumulative capital gains fee paid in Year 2 and Year 3

⁽¹⁾ As illustrated in Year 3 of Alternative 2 above, if the Company were to be wound up on a date other than December 31 of any year, the Company may have paid aggregate capital gain incentive fees that are more than the amount of such fees that would be payable if the Company had been wound up on December 31 of such year.

Payment of Our Expenses

All investment professionals of the Investment Adviser and their respective staffs, when and to the extent engaged in providing investment advisory and management services, and the compensation and routine overhead expenses of such personnel allocable to such services, are provided and paid for by SLR Capital Partners. We bear all other costs and expenses of our operations and transactions, including (without limitation):

- the cost of our organization and public offerings;
- the cost of calculating our net asset value, including the cost of any third-party valuation services;
- the cost of effecting sales and repurchases of our shares and other securities;
- interest payable on debt, if any, to finance our investments;

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- fees payable to third parties relating to, or associated with, making investments, including fees and expenses associated with performing due diligence reviews of prospective investments and advisory fees;
- transfer agent and custodial fees;
- fees and expenses associated with marketing efforts;
- federal and state registration fees, any stock exchange listing fees;
- federal, state and local taxes;
- independent directors' fees and expenses;
- brokerage commissions;
- fidelity bond, directors and officers errors and omissions liability insurance and other insurance premiums;
- direct costs and expenses of administration, including printing, mailing, long distance telephone and staff;
- fees and expenses associated with independent audits and outside legal costs;
- costs associated with our reporting and compliance obligations under the 1940 Act and applicable federal and state securities laws; and
- all other expenses incurred by either SLR Capital Management or us in connection with administering our business, including payments under the Administration Agreement that will be based upon our allocable portion of overhead and other expenses incurred by SLR Capital Management in performing its obligations under the Administration Agreement, including rent, the fees and expenses associated with performing compliance functions, and our allocable portion of the costs of compensation and related expenses of our chief compliance officer and our chief financial officer and their respective staffs.

Available Information

The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The address of that site is (<http://www.sec.gov>).

Our internet address is www.slrinvestmentcorp.com. We make available free of charge on our website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Information contained on our website is not incorporated by reference into this annual report on Form 10-K, and you should not consider information contained on our website to be part of this annual report on Form 10-K.

Summary Risk Factors

Risks Relating to Our Investments

- We operate in a highly competitive market for investment opportunities.
- Our investments are very risky and highly speculative.
- The lack of liquidity in our investments may make it difficult for us to dispose of our investments at a favorable price, which may adversely affect our ability to meet our investment objectives.

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- Our portfolio may be concentrated in a limited number of portfolio companies and industries, which will subject us to a risk of significant loss if any of these companies performs poorly or defaults on its obligations under any of its debt instruments or if there is a downturn in a particular industry.
- Economic sanction laws in the United States and other jurisdictions may prohibit us and our affiliates from transacting with certain countries, individuals and companies.
- If we cannot obtain additional capital because of either regulatory or market price constraints, we could be forced to curtail or cease our new lending and investment activities, our net asset value could decrease and our level of distributions and liquidity could be affected adversely.
- We may suffer a loss if a portfolio company defaults on a loan and the underlying collateral is not sufficient.
- Prepayments of our debt investments by our portfolio companies could adversely impact our results of operations and reduce our return on equity.
- We may be exposed to higher risks with respect to our investments that include original issue discount or PIK interest.

Risks Relating to an Investment in Our Securities

- Our shares may trade at a substantial discount from net asset value and may continue to do so over the long term.
- Our common stock price may be volatile and may decrease substantially.
- Our business and operation could be negatively affected if we become subject to any securities litigation or stockholder activism, which could cause us to incur significant expense, hinder execution of investment strategy and impact our stock price.
- If the current period of capital market disruption and instability continues for an extended period of time, there is a risk that investors in our equity securities may not receive distributions consistent with historical levels or at all or that our distributions may not grow over time and a portion of our distributions may be a return of capital.
- Due to disruptions in the economy, we may reduce or defer our dividends and choose to incur U.S. federal excise tax in order to preserve cash and maintain flexibility.
- We may choose to pay distributions in our own common stock, in which case our stockholders may be required to pay U.S. federal income taxes in excess of the cash distributions they receive.
- Sales of substantial amounts of our common stock in the public market may have an adverse effect on the market price of our common stock.
- The net asset value per share of our common stock may be diluted if we issue or sell shares of our common stock at prices below the then current net asset value per share of our common stock or securities to subscribe for or convertible into shares of our common stock.
- To the extent we use debt or preferred stock to finance our investments, changes in interest rates will affect our cost of capital and net investment income.
- Our stock repurchase program could affect the price of our common stock and increase volatility and may be suspended or terminated at any time, which may result in a decrease in the trading price of our common stock.

Risks Relating to Our Business and Structure

- We are dependent upon SLR Capital Partners' key personnel for our future success.

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- Our business model depends to a significant extent upon strong referral relationships with financial sponsors, and the inability of the senior investment professionals of our Investment Adviser to maintain or develop these relationships, or the failure of these relationships to generate investment opportunities, could adversely affect our business.
- Our financial condition and results of operations will depend on SLR Capital Partners' ability to manage our future growth effectively by identifying, investing in and monitoring companies that meet our investment criteria.
- We may need to raise additional capital to grow because we must distribute most of our income.
- Any failure on our part to maintain our status as a BDC would reduce our operating flexibility and we may be limited in our investment choices as a BDC.
- Regulations governing our operation as a BDC affect our ability to, and the way in which we will, raise additional capital. As a BDC, the necessity of raising additional capital may expose us to risks, including the typical risks associated with leverage.
- We have and will continue to borrow money, which would magnify the potential for loss on amounts invested and may increase the risk of investing in us.
- It is likely that the terms of any current or future long-term or revolving credit or warehouse facility we may enter into in the future could constrain our ability to grow our business.
- There will be uncertainty as to the value of our portfolio investments, which may impact our net asset value.
- There are significant potential conflicts of interest, including SLR Capital Partners' management of other investment funds such as SCP Private Credit Income BDC LLC, SLR HC BDC LLC, and SLR Private Credit BDC II LLC, which could impact our investment returns, and an investment in SLR Investment Corp. is not an investment in SCP Private Credit Income BDC LLC, SLR HC BDC LLC, or SLR Private Credit BDC II LLC.
- We may be obligated to pay our Investment Adviser incentive compensation even if we incur a loss.
- Our incentive fee may induce SLR Capital Partners to pursue speculative investments.
- We may become subject to corporate-level U.S. federal income tax if we are unable to qualify and maintain our qualification for tax treatment as a regulated investment company under Subchapter M of the Code.
- The failure in cyber security systems, as well as the occurrence of events unanticipated in our disaster recovery systems and management continuity planning could impair our ability to conduct business effectively.
- Our business is subject to increasingly complex corporate governance, public disclosure and accounting requirements that could adversely affect our business and financial results.

Item 1A. Risk Factors.

Before you invest in our securities, you should be aware of various risks, including those described below. You should carefully consider these risk factors, together with all of the other information included in this annual report on Form 10-K before you decide whether to make an investment in our securities. The risks described in this document and set out below are not the only risks we face. If any of the following events occur, our business, financial condition and results of operations could be materially adversely affected. In such case, our net asset value and the trading price of our common stock could decline or the value of our preferred stock, debt securities, subscription rights or warrants may decline, and you may lose all or part of your investment.

Risks Relating to Our Investments

We operate in a highly competitive market for investment opportunities.

A number of entities compete with us to make the types of investments that we target in leveraged companies. We compete with other BDCs, public and private funds, commercial and investment banks, commercial financing companies and, to the extent they provide an alternative form of financing, private equity funds. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, some competitors may have a lower cost of funds and access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments than we have, which could allow them to consider a wider variety of investments and establish more relationships and offer better pricing and a more flexible structure than we are able to do. Furthermore, many of our potential competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us as a BDC. If we are unable to source attractive investments, we may hold a greater percentage of our assets in cash and cash equivalents than anticipated, which could impact potential returns on our portfolio. We cannot assure you that the competitive pressures we face will not have a material adverse effect on our business, financial condition and results of operations. Also, as a result of this competition, we may not be able to take advantage of attractive investment opportunities from time to time, and we can offer no assurance that we will be able to identify and make investments that are consistent with our investment objective.

Participants in our industry compete on several factors, including price, flexibility in transaction structure, customer service, reputation, market knowledge and speed in decision-making. We do not seek to compete primarily based on the interest rates we will offer, and we believe that some of our competitors may make loans with interest rates that will be comparable to or lower than the rates we offer. We may lose investment opportunities if we do not match our competitors' pricing, terms and structure. However, if we match our competitors' pricing, terms and structure, we may experience decreased net interest income and increased risk of credit loss.

Our investments are very risky and highly speculative.

We invest primarily in leveraged middle-market companies in the form of senior secured loans, financing leases and to a lesser extent, unsecured loans and equity securities.

Senior Secured Loans. When we make a senior secured term loan investment in a portfolio company, we generally take a security interest in the available assets of the portfolio company, including the equity interests of its subsidiaries, which we expect to help mitigate the risk that we will not be repaid. However, there is a risk that the collateral securing our loans may decrease in value over time, may be difficult to sell in a timely manner, may be difficult to appraise and may fluctuate in value based upon the success of the business and market conditions, including as a result of the inability of the portfolio company to raise additional capital, and, in some circumstances, our lien could be subordinated to claims of other creditors. In addition, deterioration in a portfolio company's financial condition and prospects, including its inability to raise additional capital, may be accompanied by deterioration in the value of the collateral for the loan. Consequently, the fact that a loan is secured does not guarantee that we will receive principal and interest payments according to the loan's terms, or at all, or that we will be able to collect on the loan should we be forced to enforce our remedies.

Unsecured

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Loans and Preferred Securities. Our unsecured and preferred investments are generally subordinated to senior loans and are generally unsecured. As such, other creditors may rank senior to us in the event of an insolvency. This may result in an above average amount of risk and loss of principal.

Equity Investments. When we invest in senior secured loans, unitranche loans, unsecured loans or preferred securities, we may acquire common equity securities as well. In certain other unique circumstances we may also make equity investments in businesses that make senior loans and/or leases, such as our investments in Kingsbridge Holdings, LLC, SLR Credit Solutions, SLR Equipment Finance, SLR Business Credit and SLR Healthcare ABL. In addition, we may invest directly in the equity securities of portfolio companies without limitation as to market capitalization. For instance, we may invest in thinly traded companies, the prices of which may be subject to erratic market movement. Our goal is ultimately to exit such equity interests and realize gains upon our disposition of such interests. However, the equity interests we receive may not appreciate in value and, in fact, may decline in value. Accordingly, we may not be able to realize gains from our equity interests, and any gains that we do realize on the disposition of any equity interests may not be sufficient to offset any other losses we experience.

In addition, investing in middle-market companies involves a number of significant risks, including:

- these companies may have limited financial resources and may be unable to meet their obligations under their debt securities that we hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of us realizing any guarantees we may have obtained in connection with our investment;
- they typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns;
- they are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on our portfolio company and, in turn, on us;
- they generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position. In addition, our executive officers, directors and our Investment Adviser may, in the ordinary course of business, be named as defendants in litigation arising from our investments in the portfolio companies; and
- they may have difficulty accessing the capital markets to meet future capital needs, which may limit their ability to grow or to repay their outstanding indebtedness upon maturity.

The lack of liquidity in our investments may make it difficult for us to dispose of our investments at a favorable price, which may adversely affect our ability to meet our investment objectives.

We generally make investments in private companies. We invest and expect to continue investing in companies whose securities have no established trading market and whose securities are and will be subject to legal and other restrictions on resale or whose securities are and will be less liquid than are publicly-traded securities. Investments purchased by us that are liquid at the time of purchase may subsequently become illiquid due to events relating to the issuer of the investments, market events, economic conditions or investor perceptions. The illiquidity of our investments may make it difficult for us to sell such investments if the need arises. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we have previously recorded our investments. As a result, we do not expect to achieve liquidity in our investments in the near-term. However, to maintain our qualification as a BDC and as a RIC, we may have to dispose of investments if we do not satisfy one or more of the applicable criteria under the respective regulatory frameworks. Domestic and foreign markets are complex and interrelated, so that events in one sector of the world

markets or economy, or in one geographical region, can reverberate and have materially negative consequences for other markets, economic or regional sectors in a manner that may not be foreseen and which may negatively impact the liquidity of our investments and materially harm our business. In addition, we may face other restrictions on our ability to liquidate an investment in a portfolio company to the extent that we have material non-public information regarding such portfolio company.

Our portfolio may be concentrated in a limited number of portfolio companies and industries, which will subject us to a risk of significant loss if any of these companies performs poorly or defaults on its obligations under any of its debt instruments or if there is a downturn in a particular industry.

Our portfolio may be concentrated in a limited number of portfolio companies and industries. For example, as of December 31, 2023, our investments in SLR Credit Solutions, Kingsbridge Holdings, LLC and SLR Equipment Finance comprised 11.3%, 9.4% and 4.9%, respectively, of our total assets and our investments in diversified financial services and multi-sector holdings industries comprised 18.7% and 14.8%, respectively, of our total assets. Beyond the asset diversification requirements associated with our qualification as a RIC under Subchapter M of the Code, we do not have fixed guidelines for diversification, and while we are not targeting any specific industries, our investments may be concentrated in relatively few industries or portfolio companies. As a result, the aggregate returns we realize may be significantly adversely affected if a small number of investments perform poorly or if we need to write down the value of any one investment. Additionally, a downturn in any particular industry in which we are invested could also significantly impact the aggregate returns we realize.

Our investments in securities rated below investment grade are speculative in nature and are subject to additional risk factors such as the increased possibility of default, illiquidity of the security, and changes in value based on changes in interest rates.

The securities that we invest in are typically rated below investment grade. Securities rated below investment grade are speculative and are often referred to as “leveraged loans,” “high yield” or “junk” securities, and may be considered “high risk” compared to debt instruments that are rated investment grade. High yield securities are regarded as having predominantly speculative characteristics with respect to the issuer’s capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk exposure to adverse conditions. In addition, high yield securities generally offer a higher current yield than that available from higher grade issues, but typically involve greater risk. These securities are especially sensitive to adverse changes in general economic conditions, to changes in the financial condition of their issuers and to price fluctuation in response to changes in interest rates. During periods of economic downturn or rising interest rates, such as the recent economic period, issuers of below investment grade instruments may experience financial stress that could adversely affect their ability to make payments of principal and interest and increase the possibility of default. The secondary market for high yield securities may not be as liquid as the secondary market for more highly rated securities. In addition, many of our debt investments will not fully amortize during their lifetime, which means that a borrower may be unable to payoff its debt due to bankruptcy or other reasons and therefore we may write-off such debt investment prior to its scheduled maturity. Upon such an occurrence, we may realize a loss or a substantial amount of unpaid principal and interest due upon maturity.

Price declines and illiquidity in the corporate debt markets have adversely affected, and may continue to adversely affect, the fair value of our portfolio investments, reducing our net asset value through increased net unrealized depreciation. Any unrealized depreciation that we experience on our loan portfolio may be an indication of future realized losses, which could reduce our income available for distribution and could adversely affect our ability to service our outstanding borrowings.

As a BDC, we are required to carry our investments at market value or, if no market value is ascertainable, at fair value as determined in good faith by or under the direction of our board of directors. Decreases in the market values or fair values of our investments are recorded as unrealized depreciation. Any unrealized depreciation in our loan portfolio could be an indication of a portfolio company’s inability to meet its repayment obligations to us with respect to the affected loans. This could result in realized losses in the future and ultimately in reductions

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of our income available for distribution in future periods and could materially adversely affect our ability to service our outstanding borrowings. Depending on market conditions, we could incur substantial losses in future periods, which could further reduce our net asset value and have a material adverse impact on our business, financial condition and results of operations.

Economic sanction laws in the United States and other jurisdictions may prohibit us and our affiliates from transacting with certain countries, individuals and companies.

Economic sanction laws in the United States and other jurisdictions may prohibit us or our affiliates from transacting with certain countries, individuals and companies. In the United States, the U.S. Department of the Treasury's Office of Foreign Assets Control administers and enforces laws, executive orders and regulations establishing U.S. economic and trade sanctions, which prohibit, among other things, transactions with, and the provision of services to, certain non-U.S. countries, territories, entities and individuals. These types of sanctions may significantly restrict or completely prohibit investment activities in certain jurisdictions, and if we, our portfolio companies or other issuers in which we invest were to violate any such laws or regulations, we may face significant legal and monetary penalties.

The Foreign Corrupt Practices Act, or FCPA, and other anti-corruption laws and regulations, as well as anti-boycott regulations, may also apply to and restrict our activities, our portfolio companies and other issuers of our investments. If an issuer or we were to violate any such laws or regulations, such issuer or we may face significant legal and monetary penalties. The U.S. government has indicated that it is particularly focused on FCPA enforcement, which may increase the risk that an issuer or us becomes the subject of such actual or threatened enforcement. In addition, certain commentators have suggested that private investment firms and the funds that they manage may face increased scrutiny and/or liability with respect to the activities of their underlying portfolio companies. As such, a violation of the FCPA or other applicable regulations by us or an issuer of our portfolio investments could have a material adverse effect on us. We are committed to complying with the FCPA and other anti-corruption laws and regulations, as well as anti-boycott regulations, to which it is subject. As a result, we may be adversely affected because of our unwillingness to enter into transactions that violate any such laws or regulations.

If we cannot obtain additional capital because of either regulatory or market price constraints, we could be forced to curtail or cease our new lending and investment activities, our net asset value could decrease and our level of distributions and liquidity could be affected adversely.

Our ability to secure additional financing and satisfy our financial obligations under indebtedness outstanding from time to time will depend upon our future operating performance, which is subject to the prevailing general economic and credit market conditions, including interest rate levels and the availability of credit generally, and financial, business and other factors, many of which are beyond our control. The worsening of current economic and capital market conditions could have a material adverse effect on our ability to secure financing on favorable terms, if at all.

If we are unable to obtain debt capital, then our equity investors will not benefit from the potential for increased returns on equity resulting from leverage to the extent that our investment strategy is successful and we may be limited in our ability to make new commitments or fundings to our portfolio companies.

We may suffer a loss if a portfolio company defaults on a loan and the underlying collateral is not sufficient.

In the event of a default by a portfolio company on a secured loan, we will only have recourse to the assets collateralizing the loan. If the underlying collateral value is less than the loan amount, we will suffer a loss. In addition, we sometimes make loans that are unsecured, which are subject to the risk that other lenders may be directly secured by the assets of the portfolio company. In the event of a default, those collateralized lenders would have priority over us with respect to the proceeds of a sale of the underlying assets. In cases described

above, we may lack control over the underlying asset collateralizing our loan or the underlying assets of the portfolio company prior to a default, and as a result the value of the collateral may be reduced by acts or omissions by owners or managers of the assets.

In the event of bankruptcy of a portfolio company, we may not have full recourse to its assets in order to satisfy our loan, or our loan may be subject to equitable subordination. In addition, certain of our loans are subordinate to other debt of the portfolio company. If a portfolio company defaults on our loan or on debt senior to our loan, or in the event of a portfolio company bankruptcy, our loan will be satisfied only after the senior debt receives payment. Where debt senior to our loan exists, the presence of inter-creditor arrangements may limit our ability to amend our loan documents, assign our loans, accept prepayments, exercise our remedies (through “standstill” periods) and control decisions made in bankruptcy proceedings relating to the portfolio company. Bankruptcy and portfolio company litigation can significantly increase collection losses and the time needed for us to acquire the underlying collateral in the event of a default, during which time the collateral may decline in value, causing us to suffer further losses.

If the value of the collateral underlying our loan declines or interest rates increase during the term of our loan, a portfolio company may not be able to obtain the necessary funds to repay our loan at maturity through refinancing. Decreasing collateral value and/or periods of increasing interest rates, such as the recent economic period, may hinder a portfolio company’s ability to refinance our loan because the underlying collateral cannot satisfy the debt service coverage requirements necessary to obtain new financing. If a borrower is unable to repay our loan at maturity, we could suffer a loss which may adversely impact our financial performance.

The business, financial condition and results of operations of our portfolio companies could be adversely affected by worldwide economic conditions, as well as political and economic conditions in the countries in which they conduct business.

The business and operating results of our portfolio companies may be impacted by worldwide economic conditions, such as the economic impact that the COVID-19 pandemic, certain regional bank failures, an inflationary economic environment, the Russian invasion of Ukraine and the ongoing war in the Middle East have imposed, and may continue to impose, on the U.S. and worldwide economy. Any deterioration of general economic conditions may lead to significant declines in corporate earnings or loan performance, and the ability of corporate borrowers to service their debt, any of which could trigger a period of global economic slowdown, and have an adverse impact on our performance and financial results, and the value and the liquidity of our investments. In an economic downturn, we could have non-performing assets or an increase in non-performing assets, and we would anticipate that the value of our portfolio would decrease during these periods. For instance, concerns of economic slowdown in China and other emerging markets and signs of deteriorating sovereign debt conditions in Europe could lead to disruption and instability in the global financial markets. The significant debt in the United States and European countries is expected to hinder growth in those countries for the foreseeable future. In the future, the U.S. government may not be able to meet its debt payments unless the federal debt ceiling is raised. If legislation increasing the debt ceiling is not enacted, as needed, and the debt ceiling is reached, the U.S. federal government may stop or delay making payments on its obligations. Any default by the U.S. government on its obligations or any prolonged U.S. government shutdown could negatively impact the U.S. economy and our portfolio companies. Multiple factors relating to the international operations of some of our portfolio companies and to particular countries in which they operate could negatively impact their business, financial condition and results of operations. In addition, concerns over the United States’ debt ceiling and budget-deficit have driven downgrades by rating agencies to the U.S. government’s credit rating. Downgrades by rating agencies to the U.S. government’s credit rating or concerns about its credit and deficit levels in general could cause interest rates and borrowing costs to rise, which may negatively impact both the perception of credit risk associated with our debt portfolio and our ability to access the debt markets on favorable terms. In addition, a decreased U.S. government credit rating, any default by the U.S. government on its obligations, or any prolonged U.S. government shutdown, could create broader financial turmoil and uncertainty, which may weigh heavily on our financial performance and the value of our common stock. U.S. debt ceiling and budget deficit concerns have increased the possibility of additional credit-rating downgrades and economic slowdowns or a recession in the U.S.

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Some of the products of our portfolio companies are developed, manufactured, assembled, tested or marketed outside the United States. Any conflict or uncertainty in these countries, including due to natural disasters, public health concerns (including the global COVID-19 pandemic), political unrest or safety concerns, could harm their business, financial condition and results of operations. In addition, if the government of any country in which their products are developed, manufactured or sold sets technical or regulatory standards for products developed or manufactured in or imported into their country that are not widely shared, it may lead some of their customers to suspend imports of their products into that country, require manufacturers or developers in that country to manufacture or develop products with different technical or regulatory standards and disrupt cross-border manufacturing, marketing or business relationships which, in each case, could harm their businesses.

Our failure to make follow-on investments in our portfolio companies could impair the value of our portfolio.

Following an initial investment in a portfolio company, we may make additional investments in that portfolio company as “follow-on” investments, in order to: (i) increase or maintain in whole or in part our ownership percentage; (ii) exercise warrants, options or convertible securities that were acquired in the original or subsequent financing; or (iii) attempt to preserve or enhance the value of our investment. We may elect not to make follow-on investments or otherwise lack sufficient funds to make those investments. We will have the discretion to make any follow-on investments, subject to the availability of capital resources. The failure to make follow-on investments may, in some circumstances, jeopardize the continued viability of a portfolio company and our initial investment, or may result in a missed opportunity for us to increase our participation in a successful operation. Even if we have sufficient capital to make a desired follow-on investment, we may elect not to make a follow-on investment because we may not want to increase our concentration of risk, either because we prefer other opportunities or because we are subject to BDC requirements that would prevent such follow-on investments or the desire to maintain our RIC tax treatment.

Where we do not hold controlling equity interests in our portfolio companies, we may not be in a position to exercise control over our portfolio companies or to prevent decisions by management of our portfolio companies that could decrease the value of our investments.

Although we hold controlling equity positions in some of our portfolio companies, we do not currently hold controlling equity positions in the majority of our portfolio companies. As a result, we are subject to the risk that a portfolio company in which we do not have a controlling interest may make business decisions with which we disagree, and that the management and/or stockholders of such portfolio company may take risks or otherwise act in ways that are adverse to our interests. Due to the lack of liquidity of the debt and equity investments that we typically hold in our portfolio companies, we may not be able to dispose of our investments in the event we disagree with the actions of a portfolio company and may therefore suffer a decrease in the value of our investments.

Prepayments of our debt investments by our portfolio companies could adversely impact our results of operations and reduce our return on equity.

We are subject to the risk that the investments we make in our portfolio companies may be prepaid prior to maturity. When this occurs, we may reduce our borrowings outstanding or reinvest these proceeds in temporary investments, pending their future investment in new portfolio companies. These temporary investments, if any, will typically have substantially lower yields than the debt investment being prepaid and we could experience significant delays in reinvesting these amounts. Any future investment in a new portfolio company may also be at lower yields than the debt investment that was prepaid. As a result, our results of operations could be materially adversely affected if one or more of our portfolio companies elect to prepay amounts owed to us. Additionally, prepayments could negatively impact our return on equity, which could result in a decline in the market price of our common stock.

We may choose to waive or defer enforcement of covenants in the debt securities held in our portfolio, which may cause us to lose all or part of our investment in these companies.

We structure the debt investments in our portfolio companies to include business and financial covenants placing affirmative and negative obligations on the operation of the company’s business and its financial condition.

However, from time to time we may elect to waive breaches of these covenants, including our right to payment, or waive or defer enforcement of remedies, such as acceleration of obligations or foreclosure on collateral, depending upon the financial condition and prospects of the particular portfolio company. These actions may reduce the likelihood of our receiving the full amount of future payments of interest or principal and be accompanied by a deterioration in the value of the underlying collateral as many of these companies may have limited financial resources, may be unable to meet future obligations and may go bankrupt. This could negatively impact our ability to pay distributions, could adversely affect our results of operation and financial condition and cause the loss of all or part of your investment.

In addition, some of the loans in which we may invest may be “covenant-lite” loans. We use the term “covenant-lite” loans to refer generally to loans that do not have a complete set of financial maintenance covenants.

Generally, “covenant-lite” loans provide borrower companies more freedom to negatively impact lenders because their covenants are incurrence-based, which means they are only tested and can only be breached following an affirmative action of the borrower, rather than by a deterioration in the borrower’s financial condition. Accordingly, to the extent we invest in “covenant-lite” loans, we may have fewer rights against a borrower and may have a greater risk of loss on such investments as compared to investments in or exposure to loans with financial maintenance covenants.

Our loans could be subject to equitable subordination by a court which would increase our risk of loss with respect to such loans.

Courts may apply the doctrine of equitable subordination to subordinate the claim or lien of a lender against a borrower to claims or liens of other creditors of the borrower, when the lender or its affiliates is found to have engaged in unfair, inequitable or fraudulent conduct. The courts have also applied the doctrine of equitable subordination when a lender or its affiliates is found to have exerted inappropriate control over a client, including control resulting from the ownership of equity interests in a client. We have made direct equity investments or received warrants in connection with loans. Payments on one or more of our loans, particularly a loan to a client in which we may also hold an equity interest, may be subject to claims of equitable subordination. If we were deemed to have the ability to control or otherwise exercise influence over the business and affairs of one or more of our portfolio companies resulting in economic hardship to other creditors of that company, this control or influence may constitute grounds for equitable subordination and a court may treat one or more of our loans as if it were unsecured or common equity in the portfolio company. In that case, if the portfolio company were to liquidate, we would be entitled to repayment of our loan on a pro-rata basis with other unsecured debt or, if the effect of subordination was to place us at the level of common equity, then on an equal basis with other holders of the portfolio company’s common equity only after all of its obligations relating to its debt and preferred securities had been satisfied.

An investment strategy focused primarily on privately held companies presents certain challenges, including the lack of available information about these companies, a dependence on the talents and efforts of only a few key portfolio company personnel and a greater vulnerability to economic downturns.

We invest primarily in privately held companies. Generally, little public information exists about these companies, and we are required to rely on the ability of SLR Capital Partners’ investment professionals to obtain adequate information to evaluate the potential returns from investing in these companies. If we are unable to uncover all material information about these companies, we may not make a fully informed investment decision, and we may lose money on our investments. Also, smaller privately held companies frequently have less diverse product lines and smaller market presence than larger competitors. These factors could adversely affect our investment returns as compared to companies investing primarily in the securities of public companies.

Our portfolio companies may incur debt that ranks equally with, or senior to, our investments in such companies.

We invest primarily in leveraged middle-market companies in the form of senior secured loans, financing leases and to a lesser extent, unsecured loans and equity securities. Our portfolio companies typically have, or may be permitted to incur, other debt that ranks equally with, or senior to, the debt securities in which we invest. By their terms, such debt instruments may provide that the holders are entitled to receive payment of interest or principal on or before the dates on which we are entitled to receive payments in respect of the debt securities in which we invest. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of debt instruments ranking senior to our investment in that portfolio company would typically be entitled to receive payment in full before we receive any distribution in respect of our investment. After repaying such senior creditors, such portfolio company may not have any remaining assets to use for repaying its obligation to us. In the case of debt ranking equally with debt securities in which we invest, we would have to share on an equal basis any distributions with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company. Any such limitations on the ability of our portfolio companies to make principal or interest payments to us, if at all, may reduce our net asset value and have a negative material adverse impact to our business, financial condition and results of operation.

Our investments in foreign securities may involve significant risks in addition to the risks inherent in U.S. investments.

Our investment strategy contemplates potential investments in debt securities of foreign companies, including emerging market companies. Investing in foreign companies may expose us to additional risks not typically associated with investing in U.S. companies. These risks include changes in exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility. These risks may be more pronounced for portfolio companies located or operating primarily in emerging markets, whose economies, markets and legal systems may be less developed.

Although most of our investments will be U.S. dollar-denominated, any investments denominated in a foreign currency will be subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation, and political developments. We may employ hedging techniques to minimize these risks, but we can offer no assurance that we will, in fact, hedge currency risk, or that if we do, such strategies will be effective.

We may expose ourselves to risks if we engage in hedging transactions.

If we engage in hedging transactions, we may expose ourselves to risks associated with such transactions. We may utilize instruments such as forward contracts, currency options and interest rate swaps, caps, collars and floors to seek to hedge against fluctuations in the relative values of our portfolio positions from changes in currency exchange rates and market interest rates. Hedging against a decline in the values of our portfolio positions does not eliminate the possibility of fluctuations in the values of such positions or prevent losses if the values of such positions decline. However, such hedging can establish other positions designed to gain from those same developments, thereby offsetting the decline in the value of such portfolio positions. Such hedging transactions may also limit the opportunity for gain if the values of the underlying portfolio positions should increase. It may not be possible to hedge against an exchange rate or interest rate fluctuation that is so generally anticipated that we are not able to enter into a hedging transaction at an acceptable price.

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The success of our hedging transactions will depend on our ability to correctly predict movements in currencies and interest rates. Therefore, while we may enter into such transactions to seek to reduce currency exchange rate and interest rate risks, unanticipated changes in currency exchange rates or interest rates may result in poorer overall investment performance than if we had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio positions being hedged may vary. Moreover, for a variety of reasons, we may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Any such imperfect correlation may prevent us from achieving the intended hedge and expose us to risk of loss. In addition, it may not be possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities is likely to fluctuate as a result of factors not related to currency fluctuations. To the extent we engage in hedging transactions, we also face the risk that counterparties to the derivative instruments we hold may default, which may expose us to unexpected losses from positions where we believed that our risk had been appropriately hedged.

Our Investment Adviser may not be able to achieve the same or similar returns as those achieved for other funds it currently manages or by our senior investment professionals while they were employed at prior positions.

Our Investment Adviser manages other funds, including other BDCs, and may manage other entities in the future. The track record and achievements of these other entities are not necessarily indicative of future results that will be achieved by our Investment Adviser because these other entities may have investment objectives and strategies that differ from ours. Additionally, although in the past our senior investment professionals held senior positions at a number of investment firms, their track record and achievements are not necessarily indicative of future results that will be achieved by our Investment Adviser. In their roles at such other firms, our senior investment professionals were part of investment teams, and they were not solely responsible for generating investment ideas. In addition, such investment teams arrived at investment decisions by consensus.

We may be exposed to higher risks with respect to our investments that include original issue discount or PIK interest.

Zero-coupon bonds pay interest only at maturity rather than at intervals during the life of the security. Deferred interest rate bonds generally provide for a period of delay before the regular payment of interest begins. PIK securities are debt obligations that pay “interest” in the form of other debt obligations, instead of in cash. Each of these instruments is normally issued and traded at a deep discount from face value. Zero-coupon bonds, deferred interest rate bonds and PIKs allow an issuer to avoid or delay the need to generate cash to meet current interest payments and, as a result, may involve greater credit risk than bonds that pay interest currently or in cash. In addition, such investments experience greater volatility in market value due to changes in interest rates than debt obligations that provide for regular payments of interest.

To the extent we invest in original issue discount instruments, including PIK, zero coupon bonds, and debt securities with attached warrants, investors will be exposed to the risks associated with the inclusion of such non-cash income in taxable and accounting income prior to receipt of cash, including the following:

- The interest payments deferred on a PIK loan are subject to the risk that the borrower may default when the deferred payments are due in cash at the maturity of the loan;
- The interest rates on PIK loans are higher to reflect the time-value of money on deferred interest payments and the higher credit risk of borrowers who may need to defer interest payments;
- PIK instruments may have unreliable valuations because the accruals require judgments about ultimate collectability of the deferred payments and the value of the associated collateral;
- An election to defer PIK income payments by adding them to principal increases our gross assets and, thus, increases future base fees to the Investment Adviser and, because income payments will then be

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payable on a larger principal amount, the PIK election also increases the Investment Adviser's future income incentive fees at a compounding rate;

- Market prices of original issue discount instruments are more volatile because they are affected to a greater extent by interest rate changes than instruments that pay interest periodically in cash;
- The deferral of interest on a PIK loan increases its loan-to-value ratio, which is a measure of the riskiness of a loan; and
- Original issue discount creates the risk of non-refundable cash payments to the Investment Adviser based on non-cash accruals that may never be realized.

Risks Relating to an Investment in Our Securities

Our shares may trade at a substantial discount from net asset value and may continue to do so over the long term.

Shares of BDCs may trade at a market price that is less than the net asset value that is attributable to those shares. The possibility that our shares of common stock will trade at a substantial discount from net asset value over the long term is separate and distinct from the risk that our net asset value will decrease. We cannot predict whether shares of our common stock will trade above, at or below our net asset value in the future. If our common stock trades below its net asset value, we will generally not be able to issue additional shares or sell our common stock at its market price without first obtaining the approval for such issuance from our stockholders and our independent directors. If additional funds are not available to us, we could be forced to curtail or cease our new lending and investment activities, and our net asset value could decrease and our level of distributions could be impacted.

Our common stock price may be volatile and may decrease substantially.

The trading price of our common stock may fluctuate substantially. The price of our common stock that will prevail in the market may be higher or lower than the price you pay, depending on many factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include, but are not limited to, the following:

- price and volume fluctuations in the overall stock market from time to time;
- investor demand for our shares;
- significant volatility in the market price and trading volume of securities of BDCs or other companies in our sector, which are not necessarily related to the operating performance of these companies;
- exclusion of our common stock from certain market indices, such as the Russell 2000 Financial Services Index, which could reduce the ability of certain investment funds to own our common stock and put short-term selling pressure on our common stock;
- changes in regulatory policies or tax guidelines with respect to RICs or BDCs;
- failure to qualify as a RIC, or the loss of RIC tax treatment;
- any shortfall in revenue or net income or any increase in losses from levels expected by investors or securities analysts;
- changes, or perceived changes, in the value of our portfolio investments;
- departures of SLR Capital Partners' key personnel;
- operating performance of companies comparable to us;
- changes in the prevailing interest rates;

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- loss of a major funding source; or
- general economic conditions and trends and other external factors.

Our businesses may be adversely affected by litigation and regulatory proceedings.

From time to time, we may be subject to legal actions as well as various regulatory, governmental and law enforcement inquiries, investigations and subpoenas. In any such claims or actions, demands for substantial monetary damages may be asserted against us and may result in financial liability or an adverse effect on our reputation among investors. In connection with acquisitions of, and investments in, businesses complementary to our business, we have been and may be in the future subject to securities litigation or stockholder activism in connection with such acquisitions or investments. Securities litigation and stockholder activism, including potential proxy contests, could result in substantial costs and divert management's and our board of directors' attention and resources from our business. We may be unable to accurately estimate our exposure to litigation risk when we record balance sheet reserves for probable loss contingencies. As a result, any reserves we establish to cover any settlements or judgments may not be sufficient to cover our actual financial exposure, which may have a material impact on our results of operations or financial condition. In regulatory enforcement matters, claims for disgorgement, the imposition of penalties and the imposition of other remedial sanctions are possible.

If the current period of capital market disruption and instability continues for an extended period of time, there is a risk that investors in our equity securities may not receive distributions consistent with historical levels or at all or that our distributions may not grow over time and a portion of our distributions may be a return of capital.

We intend to make distributions on a quarterly basis to our stockholders out of assets legally available for distribution. We cannot assure you that we will achieve investment results that will allow us to make a specified level of cash distributions. Our ability to pay distributions might be adversely affected by the impact of one or more of the risk factors described in this annual report on Form 10-K. If we violate certain covenants under our existing or future credit facilities or other leverage, we may be limited in our ability to make distributions. If we declare a distribution and if more stockholders opt to receive cash distributions rather than participate in our dividend reinvestment plan, we may be forced to sell some of our investments in order to make cash distribution payments. To the extent we make distributions to stockholders that include a return of capital, such portion of the distribution essentially constitutes a return of the stockholder's investment. Although such return of capital may not be taxable, such distributions would generally decrease a stockholder's basis in our common stock and may therefore increase such stockholder's tax liability for capital gains upon the future sale of such stock. A return of capital distribution may cause a stockholder to recognize a capital gain from the sale of our common stock even if the stockholder sells its shares for less than the original purchase price.

As a RIC, if we do not distribute a certain percentage of our income annually, we may suffer adverse tax consequences, including possibly losing the U.S. federal income tax benefits allowable to RICs. We cannot assure you that you will receive distributions at a particular level or at all.

In certain cases, we may recognize income before or without receiving the accompanying cash. Depending on the amount of noncash income, this could result in difficulty satisfying the annual distribution requirement applicable to RICs. Accordingly, we may have to sell some portfolio investments at times it would not consider advantageous, raise additional debt or equity capital or reduce new investments to meet these distribution requirements.

Due to disruptions in the economy, we may reduce or defer our dividends and choose to incur U.S. federal excise tax in order to preserve cash and maintain flexibility.

In order to maintain our tax treatment as a RIC, we must distribute to stockholders for each taxable year at least 90% of our investment company taxable income (i.e., net ordinary income plus realized net short-term capital

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gains in excess of realized net long-term capital losses). If we qualify for taxation as a RIC, we generally will not be subject to corporate-level US federal income tax on our investment company taxable income and net capital gains (i.e., realized net long-term capital gains in excess of realized net short-term capital losses) that we timely distribute to stockholders. We will be subject to a 4% U.S. federal excise tax on undistributed earnings of a RIC unless we distribute each calendar year at least the sum of (i) 98.0% of our ordinary income for the calendar year, (ii) 98.2% of our capital gains in excess of capital losses for the one-year period ending on October 31 of the calendar year, and (iii) any ordinary income and net capital gains that were recognized for preceding years, but were not distributed during such years and on which we paid no U.S. federal income tax. Any net operating losses that we incur in periods during which we qualify as a RIC will not offset net capital gains (i.e., net realized long-term capital gains in excess of net realized short-term capital losses) that we are otherwise required to distribute, and we cannot pass such net operating losses through to our stockholders. In addition, net operating losses that we carry over to a taxable year in which we qualify as a RIC normally cannot offset ordinary income or capital gains.

Under the Code, we may satisfy certain of our RIC distributions with dividends paid after the end of the current year. In particular, if we pay a distribution in January of the following year that was declared in October, November, or December of the current year and is payable to stockholders of record in the current year, the dividend will be treated for all US federal income tax purposes as if it were paid on December 31 of the current year. In addition, under the Code, we may pay dividends, referred to as “spillover dividends,” that are paid during the following taxable year that will allow us to maintain our qualification for taxation as a RIC and eliminate our liability for corporate-level U.S. federal income tax. Under these spillover dividend procedures, we may defer distribution of income earned during the current year until December of the following year. For example, we may defer distributions of income earned during 2024 until as late as December 31, 2025. If we choose to pay a spillover dividend, we will incur the 4% U.S. federal excise tax on some or all of the distribution.

Due to events such as the COVID-19 pandemic, certain regional bank failures, the Russian invasion of Ukraine, the ongoing war in the Middle East or other disruptions in the economy, such as the recent inflationary environment, we may take certain actions with respect to the timing and amounts of our distributions in order to preserve cash and maintain flexibility. For example, we may reduce our dividends and/or defer dividends to the following taxable year. If we defer our dividends, we may choose to utilize the spillover dividend rules discussed above and incur the 4% U.S. federal excise tax on such amounts. To further preserve cash, we may combine these reductions or deferrals of dividends with one or more distributions that are payable partially in our stock as discussed below under “*We may choose to pay distributions in our own stock, in which case our stockholders may be required to pay U.S. federal income taxes in excess of the cash distributions they receive.*”

We may choose to pay distributions in our own common stock, in which case our stockholders may be required to pay U.S. federal income taxes in excess of the cash distributions they receive.

We may distribute taxable distributions that are payable in part in shares of our common stock. Under certain applicable provisions of the Code and the published guidance, distributions of a publicly offered RIC that are in cash or in shares of stock at the election of stockholders may be treated as taxable distributions. The Internal Revenue Service has issued a revenue procedure indicating that this rule will apply if the total amount of cash to be distributed is not less than 20% of the total distribution. Under this revenue procedure, if too many stockholders elect to receive their distributions in cash, the cash available for distribution must be allocated among the stockholders electing to receive cash (with the balance of distributions paid in stock). In no event will any stockholder electing to receive cash, receive less than the lesser of (a) the portion of the distribution such stockholder has elected to receive in cash or (b) an amount equal to his or her entire distribution times the percentage limitation on cash available for distribution. If we decide to make any distributions consistent with this revenue procedure that are payable in part in our stock, taxable stockholders receiving such distributions will be required to include the full amount of the distribution (whether received in cash, our stock, or a combination thereof) as ordinary income (or as long-term capital gain to the extent such distribution is properly reported as a capital gain distribution) to the extent of our current and accumulated earnings and profits for U.S. federal

income tax purposes. As a result, a U.S. stockholder may be required to pay tax with respect to such distributions in excess of any cash received. If a U.S. stockholder sells the stock it receives as a distribution in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the distribution, depending on the market price of our stock at the time of the sale. Furthermore, with respect to non-U.S. stockholders, we may be required to withhold U.S. tax with respect to such distributions, including in respect of all or a portion of such distribution that is payable in stock. If a significant number of our stockholders determine to sell shares of our stock in order to pay taxes owed on distributions, it may put downward pressure on the trading price of our stock.

Sales of substantial amounts of our common stock in the public market may have an adverse effect on the market price of our common stock.

The shares of our common stock beneficially owned by each of Messrs. Gross and Spohler immediately prior to completion of our initial public offering, including any shares that are attributable to such shares issued pursuant to our dividend reinvestment plan, are no longer subject to lock-up restrictions that each of Messrs. Gross and Spohler agreed to in connection with our initial public offering, and are generally available for resale without restriction, subject to the provisions of Rule 144 promulgated under the Securities Act of 1933, as amended (the “Securities Act”). In addition, on November 30, 2010, Messrs. Gross and Spohler jointly acquired 115,000 shares of our common stock in a private placement transaction conducted in accordance with Regulation D under the Securities Act. Such shares are generally available for resale without restriction, subject to the provisions of Rule 144 promulgated under the Securities Act. Sales of substantial amounts of our common stock, or the availability of such common stock for sale, could adversely affect the prevailing market prices for our common stock. If this occurs and continues, it could impair our ability to raise additional capital through the sale of securities should we desire to do so.

We may be unable to invest the net proceeds raised from any offerings on acceptable terms or allocate net proceeds from any offering of our securities in ways with which you may not agree.

We cannot assure you that we will be able to find enough appropriate investments that meet our investment criteria or that any investment we complete using the proceeds from any securities offering will produce a sufficient return. Until we identify new investment opportunities, we intend to either invest the net proceeds of future offerings in cash equivalents, U.S. government securities and other high-quality debt investments that mature in one year or less or use the net proceeds from such offerings to reduce then-outstanding obligations.

We have significant flexibility in investing the net proceeds of any offering of our securities and may use the net proceeds from an offering in ways with which you may not agree or for purposes other than those contemplated at the time of the offering.

The net asset value per share of our common stock may be diluted if we issue or sell shares of our common stock at prices below the then current net asset value per share of our common stock or securities to subscribe for or convertible into shares of our common stock.

We will generally not be able to issue additional shares or sell our common stock at its market price without first obtaining the approval for such issuance from our stockholders and our independent directors. Any offering of our common stock that requires stockholder approval must occur, if at all, within one year after receiving such stockholder approval. At our 2011 Annual Stockholders Meeting, our stockholders authorized us to sell or otherwise issue warrants or securities to subscribe for or convertible into shares of our common stock subject to certain limitations (including, without limitation, that the number of shares issuable does not exceed 25% of our then outstanding common stock and that the exercise or conversion price thereof is not, at the date of issuance, less than the market value per share of our common stock). Such authorization has no expiration.

We may also use newly issued shares to implement our dividend reinvestment plan, whether our shares are trading at a premium or at a discount to our then current net asset value per share. Any decision to issue or sell

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shares of our common stock below our then current net asset value per share or securities to subscribe for or convertible into shares of our common stock would be subject to the determination by our board of directors that such issuance or sale is in our and our stockholders' best interests.

If we were to issue or sell shares of our common stock below our then current net asset value per share, such issuances or sales would result in an immediate dilution to the net asset value per share of our common stock.

This dilution would occur as a result of the issuance or sale of shares at a price below the then current net asset value per share of our common stock and a proportionately greater decrease in the stockholders' interest in our earnings and assets and their voting interest in us than the increase in our assets resulting from such issuance or sale. Because the number of shares of common stock that could be so issued and the timing of any issuance is not currently known, the actual dilutive effect cannot be predicted.

In addition, if we issue warrants or securities to subscribe for or convertible into shares of our common stock, subject to certain limitations, the exercise or conversion price per share could be less than net asset value per share at the time of exercise or conversion (including through the operation of anti-dilution protections).

Because we would incur expenses in connection with any issuance of such securities, such issuance could result in a dilution of the net asset value per share at the time of exercise or conversion. This dilution would include reduction in net asset value per share as a result of the proportionately greater decrease in the stockholders' interest in our earnings and assets and their voting interest than the increase in our assets resulting from such issuance.

Further, if our current stockholders do not purchase any shares to maintain their percentage interest, regardless of whether such offering is above or below the then current net asset value per share, their voting power will be diluted. For example, if we sell an additional 10% of our common stock at a 5% discount from net asset value, a stockholder who does not participate in that offering for its proportionate interest will suffer net asset value dilution of up to 0.5% or \$5 per \$1,000 of net asset value.

Similarly, all distributions declared in cash payable to stockholders that are participants in our dividend reinvestment plan are automatically reinvested in shares of our common stock. As a result, stockholders that opt out of the dividend reinvestment plan may experience dilution over time. Stockholders who do not elect to receive distributions in shares of common stock may experience accretion to the net asset value of their shares if our shares are trading at a premium and dilution if our shares are trading at a discount. The level of accretion or discount would depend on various factors, including the proportion of our stockholders who participate in the plan, the level of premium or discount at which our shares are trading and the amount of the distribution payable to a stockholder.

If we issue preferred stock, the net asset value and market value of our common stock may become more volatile.

We cannot assure you that the issuance of preferred stock would result in a higher yield or return to the holders of the common stock. The issuance of preferred stock would likely cause the net asset value and market value of the common stock to become more volatile. If the distribution rate on the preferred stock were to approach the net rate of return on our investment portfolio, the benefit of leverage to the holders of the common stock would be reduced. If the distribution rate on the preferred stock were to exceed the net rate of return on our portfolio, the leverage would result in a lower rate of return to the holders of common stock than if we had not issued preferred stock. Any decline in the net asset value of our investments would be borne entirely by the holders of common stock. Therefore, if the market value of our portfolio were to decline, the leverage would result in a greater decrease in net asset value to the holders of common stock than if we were not leveraged through the issuance of preferred stock. This greater net asset value decrease would also tend to cause a greater decline in the market price for the common stock. We might be in danger of failing to maintain the required asset coverage of the preferred stock or of losing our ratings on the preferred stock or, in an extreme case, our current investment

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income might not be sufficient to meet the distribution requirements on the preferred stock. In order to counteract such an event, we might need to liquidate investments in order to fund a redemption of some or all of the preferred stock. In addition, we would pay (and the holders of common stock would bear) all costs and expenses relating to the issuance and ongoing maintenance of the preferred stock, including higher advisory fees if our total return exceeds the distribution rate on the preferred stock. Holders of preferred stock may have different interests than holders of common stock and may at times have disproportionate influence over our affairs.

Our board of directors is authorized to reclassify any unissued shares of common stock into one or more classes of preferred stock, which could convey special rights and privileges to its owners.

Under Maryland General Corporation Law and our charter, our board of directors is authorized to classify and reclassify any authorized but unissued shares of stock into one or more classes of stock, including preferred stock. Prior to issuance of shares of each class or series, the board of directors is required by Maryland law and our charter to set the preferences, conversion or other rights, voting powers, restrictions, limitations as to other distributions, qualifications and terms or conditions of redemption for each class or series. Thus, the board of directors could authorize the issuance of shares of preferred stock with terms and conditions which could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for holders of our common stock or otherwise be in their best interest. The cost of any such reclassification would be borne by our existing common stockholders. The issuance of shares of preferred stock convertible into shares of common stock might also reduce the net income and net asset value per share of our common stock upon conversion, provided, that we will only be permitted to issue such convertible preferred stock to the extent we comply with the requirements of Section 61 of the 1940 Act, including obtaining common stockholder approval. These effects, among others, could have an adverse effect on your investment in our common stock.

Certain matters under the 1940 Act require the separate vote of the holders of any issued and outstanding preferred stock. For example, holders of preferred stock would vote separately from the holders of common stock on a proposal to cease operations as a BDC. In addition, the 1940 Act provides that holders of preferred stock are entitled to vote separately from holders of common stock to elect two preferred stock directors. In the event distributions become two full years in arrears, holders of any preferred stock would have the right to elect a majority of the directors until such arrearage is completely eliminated. Preferred stockholders also have class voting rights on certain matters, including changes in fundamental investment restrictions and conversion to open-end status, and accordingly can veto any such changes. Restrictions imposed on the declarations and payment of distributions to the holders of our common stock and preferred stock, both by the 1940 Act and by requirements imposed by rating agencies or the terms of our credit facilities, might impair our ability to maintain our qualification for tax treatment as a RIC for U.S. federal income tax purposes. While we would intend to redeem our preferred stock to the extent necessary to enable us to distribute our income as required to maintain our qualification as a RIC, there can be no assurance that such actions could be effected in time to meet the tax requirements.

To the extent we use debt or preferred stock to finance our investments, changes in interest rates will affect our cost of capital and net investment income.

To the extent we borrow money, or issue preferred stock, to make investments, our net investment income will depend, in part, upon the difference between the rate at which we borrow funds or pay distributions on preferred stock and the rate at which we invest those funds. In addition, many of our debt investments and borrowings have floating interest rates that reset on a periodic basis, and many of our investments are subject to interest rate floors. As a result, we can offer no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income in the event we use debt to finance our investments. In periods of rising interest rates, such as the recent economic period, our cost of funds have increased, and could continue to increase, because the interest rates on the amounts borrowed under our credit facilities or certain other financing arrangements are typically floating, except to the extent we issue fixed rate debt or preferred stock, which could reduce our net investment income, and the interest rate on investments with an interest rate

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floor (such as a SOFR floor) above current levels will not increase until interest rates exceed the applicable floor. We expect that our long-term fixed-rate investments will generally be financed with equity and long-term debt.

We may use interest rate risk management techniques in an effort to limit our exposure to interest rate fluctuations. Such techniques may include various interest rate hedging activities to the extent permitted by the 1940 Act. These activities could limit our ability to participate in the benefits of lower interest rates with respect to the hedged borrowings. Adverse developments resulting from changes in interest rates or hedging transactions could have a material adverse effect on our business, financial condition and results of operations.

You should also be aware that the rise in the general level of interest rates can be expected to lead to higher interest rates applicable to our debt investments. Accordingly, such increase in interest rates makes it easier for us to meet or exceed the incentive fee hurdle rate and may result in a substantial increase of the amount of incentive fees payable to our Investment Adviser with respect to our pre-incentive fee net investment income. Also, an increase in interest rates available to investors could make an investment in our common stock less attractive if we are not able to increase our distribution rate, which could reduce the value of our common stock.

We may in the future determine to fund a portion of our investments with preferred stock, which would magnify the potential for loss and the risks of investing in us in a similar way as our borrowings.

Preferred stock, which is another form of leverage, has the same risks to our common stockholders as borrowings because the distributions on any preferred stock we issue must be cumulative. Payment of such distributions and repayment of the liquidation preference of such preferred stock must take preference over any distributions or other payments to our common stockholders, and preferred stockholders are not subject to any of our expenses or losses and are not entitled to participate in any income or appreciation in excess of their stated preference.

Our stock repurchase program could affect the price of our common stock and increase volatility and may be suspended or terminated at any time, which may result in a decrease in the trading price of our common stock.

On May 9, 2023, our board of directors most recently extended our share repurchase program (the “Program”), under which we can repurchase up to \$50 million shares of our outstanding common stock. Under the Program, purchases can be made at management’s discretion from time to time in open-market transactions, in accordance with all applicable securities laws and regulations, at prices below the Company’s NAV as reported in its most recently published consolidated financial statements. We have in the past, and could in the future, enter into a plan to repurchase shares of our common stock pursuant to the Program in a manner intended to comply with the requirements of Rule 10b5-1 under the 1934 Act.

The Program is discretionary and whether purchases will be made under the Program and how much will be purchased at any time is uncertain and dependent on prevailing market prices and trading volumes, all of which we cannot predict. These activities could have the effect of maintaining the market price of our common stock or retarding a decline in the market price of the common stock, and, as a result, the price of our common stock could be higher than the price that otherwise might exist in the open market. Repurchases pursuant to the Program could affect the price of our common stock and increase its volatility. The existence of the Program could also cause the price of our common stock to be higher than it would be in the absence of such a program and could potentially reduce the market liquidity for our common stock. There can be no assurance that any stock repurchases will enhance stockholder value because the market price of our common stock could decline below the levels at which we repurchased such shares. Any failure to repurchase shares after we have announced our intention to do so could negatively impact our reputation and investor confidence in us and could negatively impact our stock price. Although the Program is intended to enhance long-term stockholder value, short-term stock price fluctuations could reduce the Program’s effectiveness.

Risks Relating to Our Business and Structure

We are dependent upon SLR Capital Partners' key personnel for our future success.

We depend on the diligence, skill and network of business contacts of Messrs. Gross and Spohler, who serve as the managing partners of SLR Capital Partners and who lead SLR Capital Partners' investment team. Messrs. Gross and Spohler, together with the other dedicated investment professionals available to SLR Capital Partners, evaluate, negotiate, structure, close and monitor our investments. Our future success will depend on the diligence, skill, network of business contacts and continued service of Messrs. Gross and Spohler and the other investment professionals available to SLR Capital Partners. We cannot assure you that unforeseen business, medical, personal or other circumstances would not lead any such individual to terminate his relationship with us. The loss of Mr. Gross or Mr. Spohler, or any of the other senior investment professionals who serve on SLR Capital Partners' investment team, could have a material adverse effect on our ability to achieve our investment objective as well as on our financial condition and results of operations. In addition, we can offer no assurance that SLR Capital Partners will remain our Investment Adviser.

The senior investment professionals of SLR Capital Partners are and may in the future become affiliated with entities engaged in business activities similar to those intended to be conducted by us, and may have conflicts of interest in allocating their time. We expect that Messrs. Gross and Spohler will dedicate a significant portion of their time to the activities of SLR Investment Corp.; however, they may be engaged in other business activities which could divert their time and attention in the future. Specifically, Mr. Gross serves as Co-Chief Executive Officer and President of SCP Private Credit Income BDC LLC, SLR HC BDC LLC, and SLR Private Credit BDC II LLC. In addition, Mr. Spohler serves as Co-Chief Executive Officer and Chief Operating Officer of SCP Private Credit Income BDC LLC, SLR HC BDC LLC, and SLR Private Credit BDC II LLC.

Our business model depends to a significant extent upon strong referral relationships with financial sponsors, and the inability of the senior investment professionals of our Investment Adviser to maintain or develop these relationships, or the failure of these relationships to generate investment opportunities, could adversely affect our business.

We expect that the principals of our Investment Adviser will maintain and develop their relationships with financial sponsors, and we will rely to a significant extent upon these relationships to provide us with potential investment opportunities. If the senior investment professionals of our Investment Adviser fail to maintain their existing relationships or develop new relationships with other sponsors or sources of investment opportunities, we will not be able to grow our investment portfolio. In addition, individuals with whom the senior investment professionals of our Investment Adviser have relationships are not obligated to provide us with investment opportunities, and, therefore, there is no assurance that such relationships will generate investment opportunities for us. If our Investment Adviser is unable to source investment opportunities, we may hold a greater percentage of our assets in cash and cash equivalents than anticipated, which could impact potential returns on our portfolio.

A disruption in the capital markets and the credit markets could negatively affect our business.

As a BDC, we must maintain our ability to raise additional capital for investment purposes. Without sufficient access to the capital markets or credit markets, we may be forced to curtail our business operations or we may not be able to pursue new business opportunities. Disruptive conditions in the financial industry and the impact of new legislation in response to those conditions could restrict our business operations and could adversely impact our results of operations and financial condition.

If the fair value of our assets declines substantially, we may fail to maintain the asset coverage ratios imposed upon us by the 1940 Act and our existing credit facilities. Any such failure could result in an event of default and all of our debt being declared immediately due and payable and would affect our ability to issue senior securities, including borrowings, and pay distributions, which could materially impair our business operations. Our liquidity could be impaired further by an inability to access the capital markets or to draw on our credit facilities. For

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example, we cannot be certain that we will be able to renew our existing credit facilities as they mature or to consummate new borrowing facilities to provide capital for normal operations, including new originations. Reflecting concern about the stability of the financial markets, many lenders and institutional investors have reduced or ceased providing funding to borrowers. This market turmoil and tightening of credit have led to increased market volatility and widespread reduction of business activity generally.

If we are unable to renew or replace our existing credit facilities and consummate new facilities on commercially reasonable terms, our liquidity will be reduced significantly. If we consummate new facilities but are then unable to repay amounts outstanding under such facilities and are declared in default or are unable to renew or refinance these facilities, we would not be able to initiate significant originations or to operate our business in the normal course. These situations may arise due to circumstances that we may be unable to control, such as inaccessibility to the credit markets, a severe decline in the value of the U.S. dollar, a further economic downturn or an operational problem that affects third parties or us, and could materially damage our business. Moreover, we are unable to predict when economic and market conditions may become more favorable. Even if such conditions improve broadly and significantly over the long term, adverse conditions in particular sectors of the financial markets could adversely impact our business.

Our financial condition and results of operations will depend on SLR Capital Partners' ability to manage our future growth effectively by identifying, investing in and monitoring companies that meet our investment criteria.

Our ability to achieve our investment objective and to grow depends on SLR Capital Partners' ability to identify, invest in and monitor companies that meet our investment criteria. Accomplishing this result on a cost-effective basis is largely a function of SLR Capital Partners' structuring of the investment process, its ability to provide competent, attentive and efficient services to us and its ability to access financing for us on acceptable terms. The investment team of SLR Capital Partners has substantial responsibilities under the Advisory Agreement, and they may also be called upon to provide managerial assistance to our portfolio companies as the principals of our administrator. In addition, the members of SLR Capital Partners' investment team have similar responsibilities with respect to the management of other investment portfolios, including the investment portfolios of SCP Private Credit Income BDC LLC, SLR HC BDC LLC, and SLR Private Credit BDC II LLC. Such demands on their time may distract them or slow our rate of investment. In order to grow, we and SLR Capital Partners will need to retain, train, supervise and manage new investment professionals. However, we can offer no assurance that any such investment professionals will contribute effectively to the work of the Investment Adviser. Any failure to manage our future growth effectively could have a material adverse effect on our business, financial condition and results of operations.

We may need to raise additional capital to grow because we must distribute most of our income.

We may need additional capital to fund growth in our investments. We expect to issue equity securities and expect to borrow from financial institutions in the future. A reduction in the availability of new capital could limit our ability to grow. We must distribute at least 90% of our investment company taxable income to our stockholders to maintain our tax treatment as a RIC. As a result, any such cash earnings may not be available to fund investment originations. We expect to borrow from financial institutions and issue additional debt and equity securities. If we fail to obtain funds from such sources or from other sources to fund our investments, it could limit our ability to grow, which may have an adverse effect on the value of our securities. In addition, as a BDC, our ability to borrow or issue additional preferred stock may be restricted if our total assets are less than 150% of our total borrowings and preferred stock.

Any failure on our part to maintain our status as a BDC would reduce our operating flexibility and we may be limited in our investment choices as a BDC.

The 1940 Act imposes numerous constraints on the operations of BDCs. For example, BDCs are required to invest at least 70% of their total assets in specified types of securities, primarily in private companies or thinly-

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traded U.S. public companies, cash, cash equivalents, U.S. government securities and other high quality debt investments that mature in one year or less. Furthermore, any failure to comply with the requirements imposed on BDCs by the 1940 Act could cause the SEC to bring an enforcement action against us and/or expose us to claims of private litigants. In addition, upon approval of a majority of our stockholders, we may elect to withdraw our status as a BDC. If we decide to withdraw our election, or if we otherwise fail to qualify, or maintain our qualification, as a BDC, we may be subject to the substantially greater regulation under the 1940 Act as a closed-end investment company. Compliance with such regulations would significantly decrease our operating flexibility, and could have a material adverse effect on our business, financial condition and results of operations.

Regulations governing our operation as a BDC affect our ability to, and the way in which we will, raise additional capital. As a BDC, the necessity of raising additional capital may expose us to risks, including the typical risks associated with leverage.

In order to satisfy the tax requirements applicable to a RIC, to avoid payment of excise taxes and to minimize or avoid payment of income taxes, we intend to distribute to our stockholders substantially all of our ordinary income and realized net capital gains except for certain realized net long-term capital gains, which we may retain, pay applicable income taxes with respect thereto and elect to treat as deemed distributions to our stockholders. We may issue debt securities or preferred stock and/or borrow money from banks or other financial institutions, which we refer to collectively as “senior securities,” up to the maximum amount permitted by the 1940 Act. Under the provisions of the 1940 Act, we had been permitted, as a BDC, to issue senior securities in amounts such that our asset coverage ratio, as defined in the 1940 Act, equals at least 200% of gross assets less all liabilities and indebtedness not represented by senior securities, after each issuance of senior securities. However, our stockholders have approved a resolution permitting us to be subject to a 150% asset coverage ratio effective as of October 12, 2018. If the value of our assets declines, we may be unable to satisfy the asset coverage test. If that happens, we may be required to sell a portion of our investments and, depending on the nature of our leverage, repay a portion of our indebtedness at a time when such sales may be disadvantageous. Also, any amounts that we use to service our indebtedness would not be available for distributions to our common stockholders. Furthermore, as a result of issuing senior securities, we would also be exposed to typical risks associated with leverage, including an increased risk of loss. In addition, because our management fee is calculated as a percentage of our gross assets, which includes any borrowings for investment purposes, the management fee expenses will increase if we incur additional indebtedness.

As of December 31, 2023, we had \$507.0 million outstanding under the Credit Facility, composed of \$407.0 million of revolving credit and \$100.0 million outstanding of term loans, and \$206.3 million outstanding under our SPV Credit Facility. We also had \$135.0 million outstanding of the Series F 2027 Unsecured Notes, \$50.0 million outstanding of the 2027 Unsecured Notes, \$75.0 million outstanding of the 2026 Unsecured Notes, \$85.0 million outstanding of the 2025 Unsecured Notes, and \$125.0 million outstanding of the 2024 Unsecured Notes. If we issue preferred stock, the preferred stock would rank “senior” to common stock in our capital structure, preferred stockholders would generally vote together with common stockholders but would have separate voting rights on certain matters and might have other rights, preferences, or privileges more favorable than those of our common stockholders, and the issuance of preferred stock could have the effect of delaying, deferring or preventing a transaction or a change of control that might involve a premium price for holders of our common stock or otherwise be in your best interest.

We are not generally able to issue and sell our common stock at a price below net asset value per share. We may, however, sell our common stock, or warrants, options or rights to acquire our common stock, at a price below the then-current net asset value per share of our common stock if our board of directors determines that such sale is in the best interests of SLR Investment Corp. and its stockholders, and our stockholders approve such sale. In any such case, the price at which our securities are to be issued and sold may not be less than a price that, in the determination of our board of directors, closely approximates the market value of such securities (less any distributing commission or discount). If we raise additional funds by issuing more common stock or senior

securities convertible into, or exchangeable for, our common stock, then the percentage ownership of our stockholders at that time will decrease, and you might experience dilution. This dilution would occur as a result of a proportionately greater decrease in a stockholder's interest in our earnings and assets and voting interest in us than the increase in our assets resulting from such issuance. Because the number of future shares of common stock that may be issued below our net asset value per share and the price and timing of such issuances are not currently known, we cannot predict the actual dilutive effect of any such issuance. We cannot determine the resulting reduction in our net asset value per share of any such issuance. We also cannot predict whether shares of our common stock will trade above, at or below our net asset value.

Our credit ratings may not reflect all risks of an investment in our debt securities.

Our credit ratings are an assessment by third parties of our ability to pay our obligations. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of our publicly issued debt securities. Our credit ratings, however, may not reflect the potential impact of risks related to market conditions generally or other factors discussed above on the market value of, or trading market for, any publicly issued debt securities.

Our stockholders may experience dilution in their ownership percentage if they opt out of our dividend reinvestment plan.

All distributions declared in cash payable to stockholders that are participants in our dividend reinvestment plan are automatically reinvested in shares of our common stock. In the event we issue new shares in connection with our dividend reinvestment plan, our stockholders that do not elect to receive distributions in shares of common stock may experience dilution in their ownership percentage over time as a result of such issuance.

We have and will continue to borrow money, which would magnify the potential for loss on amounts invested and may increase the risk of investing in us.

We borrow money as part of our business plan. Borrowings, also known as leverage, magnify the potential for loss on amounts invested and, therefore, increase the risks associated with investing in our securities. As of December 31, 2023, we had \$507.0 million outstanding under the Credit Facility, composed of \$407.0 million of revolving credit and \$100.0 million outstanding of term loans, and \$206.3 million outstanding under our SPV Credit Facility. We also had \$135.0 million outstanding of the Series F 2027 Unsecured Notes, \$50.0 million outstanding of the 2027 Unsecured Notes, \$75.0 million outstanding of the 2026 Unsecured Notes, \$85.0 million outstanding of the 2025 Unsecured Notes, and \$125.0 million outstanding of the 2024 Unsecured Notes. We may borrow from and issue senior debt securities to banks, insurance companies and other lenders in the future. Lenders of these senior securities, including the Credit Facility, the SPV Credit Facility, the Series F 2027 Unsecured Notes, the 2027 Unsecured Notes, the 2026 Unsecured Notes, the 2025 Unsecured Notes, and the 2024 Unsecured Notes, will have fixed dollar claims on our assets that are superior to the claims of our common stockholders, and we would expect such lenders to seek recovery against our assets in the event of a default. If the value of our assets increases, then leveraging would cause the net asset value attributable to our common stock to increase more sharply than it would have had we not leveraged. Conversely, if the value of our assets decreases, leveraging would cause net asset value to decline more sharply than it otherwise would have had we not leveraged. Similarly, any decrease in our income would cause net income to decline more sharply than it would have had we not borrowed. Also, any increase in our income in excess of interest payable on the borrowed funds would cause our net investment income to increase more than it would without the leverage, while any decrease in our income would cause net investment income to decline more sharply than it would have had we not borrowed. Such a decline could also negatively affect our ability to make distribution payments on our common stock, scheduled debt payments or other payments related to our securities. Leverage is generally considered a speculative investment technique. Our ability to service any debt that we incur will depend largely on our financial performance and will be subject to prevailing economic conditions and competitive pressures. Moreover, as the management fee payable to our Investment Adviser, SLR Capital Partners, will be payable

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based on our gross assets, including those assets acquired through the use of leverage, SLR Capital Partners will have a financial incentive to incur leverage which may not be consistent with our stockholders' interests. In addition, our common stockholders will bear the burden of any increase in our expenses as a result of leverage, including any increase in the management fee payable to SLR Capital Partners.

As a BDC, we had generally been required to meet a coverage ratio of total assets to total borrowings and other senior securities, which include all of our borrowings and any preferred stock that we may issue in the future, of at least 200%. However, our stockholders have approved a resolution permitting us to be subject to a 150% asset coverage ratio effective as of October 12, 2018. Even though we are subject to a 150% asset coverage ratio effective as of October 12, 2018, contractual leverage limitations under our existing credit facilities or future borrowings may limit our ability to incur additional indebtedness. On August 28, 2019, we entered into the Credit Agreement, which was amended on December 28, 2021, which permits 150% asset coverage. Some of our wholly and/or substantially owned portfolio companies, including Kingsbridge Holdings, LLC, SLR Credit Solutions, SLR Equipment Finance, SLR Business Credit and SLR Healthcare ABL, may incur significantly more leverage than we can but we do not consolidate Kingsbridge Holdings, LLC, SLR Credit Solutions, SLR Equipment Finance, SLR Business Credit and SLR Healthcare ABL and their leverage is non-recourse to us. Additionally, the Credit Facility and the SPV Credit Facility require us to comply with certain financial and other restrictive covenants including maintaining an asset coverage ratio of not less than 150% at any time. Failure to maintain compliance with these covenants could result in an event of default and all of our debt being declared immediately due and payable. If this ratio declines below 150%, we may not be able to incur additional debt and could be required by law to sell a portion of our investments to repay some debt when it is disadvantageous to do so, which could have a material adverse effect on our operations, and we may not be able to make distributions. The amount of leverage that we employ will depend on our Investment Adviser's and our board of directors' assessment of the market and other factors at the time of any proposed borrowing. We cannot assure you that we will be able to obtain credit at all or on terms acceptable to us.

In addition, our credit facilities impose, and any other debt facility into which we may enter would likely impose, financial and operating covenants that restrict our business activities, including limitations that could hinder our ability to finance additional loans and investments or to make the distributions required to maintain RIC tax treatment under Subchapter M of the Code.

The debt securities that we may issue will be governed by an indenture or other instrument containing covenants restricting our operating flexibility. We, and indirectly our stockholders, bear the cost of issuing and servicing such debt securities. Any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of our common stock.

Illustration. The following table illustrates the effect of leverage on returns from an investment in our common stock assuming various annual returns on our portfolio, net of interest expense. The calculations in the table below are hypothetical and actual returns may be higher or lower than those appearing in the table below.

	Assumed total return (net of interest expense)				
	(10)%	(5)%	0%	5%	10%
Corresponding return to stockholder(1)	(32.6)%	(19.8)%	(7.1)%	5.7%	18.5%

(1) Assumes \$2.5 billion in total assets (inclusive of temporary cash assets of \$332 million) and \$1.2 billion in total debt outstanding, which reflects our total assets and total debt outstanding as of December 31, 2023, and a cost of funds of 5.88%. Excludes non-leverage related expenses.

In order for us to cover our annual interest payments on our outstanding indebtedness at December 31, 2023, we must achieve annual returns on our December 31, 2023 total assets of at least 2.8%.

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It is likely that the terms of any current or future long-term or revolving credit or warehouse facility we may enter into in the future could constrain our ability to grow our business.

Our current lenders have, and any future lender or lenders may have, fixed dollar claims on our assets that are senior to the claims of our stockholders and, thus, will have a preference over our stockholders with respect to our assets in the collateral pool. Our current credit facilities and borrowings also subject us to various financial and operating covenants, including, but not limited to, maintaining certain financial ratios and minimum tangible net worth amounts. Future credit facilities and borrowings will likely subject us to similar or additional covenants. In addition, we may grant a security interest in our assets in connection with any such credit facilities and borrowings.

Our credit facilities generally contain customary default provisions such as a minimum net worth amount, a profitability test, and a restriction on changing our business and loan quality standards. In addition, our credit facilities require or are expected to require the repayment of all outstanding debt on the maturity, which may disrupt our business and potentially the business of our portfolio companies that are financed through our credit facilities. An event of default under our credit facilities would likely result, among other things, in termination of the availability of further funds under our credit facilities and accelerated maturity dates for all amounts outstanding under our credit facilities, which would likely disrupt our business and, potentially, the business of the portfolio companies whose loans we finance through our credit facilities. This could reduce our revenues and, by delaying any cash payment allowed to us under our credit facilities until the lender has been paid in full, reduce our liquidity and cash flow and impair our ability to grow our business and maintain RIC tax treatment.

The terms of future available financing may place limits on our financial and operational flexibility. If we are unable to obtain sufficient capital in the future, we may be forced to reduce or discontinue our operations, not be able to make new investments, or otherwise respond to changing business conditions or competitive pressures.

Our quarterly and annual operating results are subject to fluctuation as a result of the nature of our business, and if we fail to achieve our investment objective, the net asset value of our common stock may decline.

We could experience fluctuations in our quarterly and annual operating results due to a number of factors, some of which are beyond our control, including, but not limited to, the interest rate payable on the debt securities that we acquire, the default rate on such securities, the level of our expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, changes in our portfolio composition, the degree to which we encounter competition in our markets, market volatility in our publicly traded securities and the securities of our portfolio companies, and general economic conditions. As a result of these factors, results for any period should not be relied upon as being indicative of performance in future periods. In addition, any of these factors could negatively impact our ability to achieve our investment objectives, which may cause our net asset value of our common stock to decline.

Our investments may be in portfolio companies that may have limited operating histories and financial resources.

We expect that our portfolio will continue to consist of investments that may have relatively limited operating histories. These companies may be particularly vulnerable to U.S. and foreign economic downturns such as the U.S. recession that began in mid-2007, the European financial crisis, and the COVID-19 related economic downturn, may have more limited access to capital and higher funding costs, may have a weaker financial position and may need more capital to expand or compete. These businesses also may experience substantial variations in operating results. They may face intense competition, including from companies with greater financial, technical and marketing resources. Furthermore, some of these companies do business in regulated industries and could be affected by changes in government regulation. Accordingly, these factors could impair their cash flow or result in other events, such as bankruptcy, which could limit their ability to repay their obligations to us, and may adversely affect the return on, or the recovery of, our investment in these companies.

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We cannot assure you that any of our investments in our portfolio companies will be successful. Our portfolio companies compete with larger, more established companies with greater access to, and resources for, further development in these new technologies. Therefore, we may lose our entire investment in any or all of our portfolio companies.

There will be uncertainty as to the value of our portfolio investments, which may impact our net asset value.

A large percentage of our portfolio investments are in the form of securities that are not publicly traded. The fair value of securities and other investments that are not publicly traded may not be readily determinable. We value these securities on a quarterly basis in accordance with our valuation policy, which is at all times consistent with GAAP. Our board of directors will (1) periodically assess and manage valuation risks; (2) establish and apply fair value methodologies; (3) test fair value methodologies; (4) oversee and evaluate third-party pricing services; (5) oversee the reporting required by Rule 2a-5 under the 1940 Act; and (6) maintain recordkeeping requirements under Rule 2a-5. Our board of directors utilizes the services of third-party valuation firms to aid it in determining the fair value of material assets. The board of directors discusses valuations and determines the fair value in good faith based on the input of our Investment Adviser and, when utilized, the respective third-party valuation firms. The factors that may be considered in fair value pricing our investments include the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings, the markets in which the portfolio company does business, comparisons to publicly traded companies, discounted cash flow and other relevant factors. Because such valuations, and particularly valuations of private securities and private companies, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, our determinations of fair value may differ materially from the values that would have been used if a ready market for these securities existed. Our net asset value could be adversely affected if our determinations regarding the fair value of our investments were materially higher than the values that we ultimately realize upon the disposal of such securities.

Our equity ownership in a portfolio company may represent a control investment. Our ability to exit an investment in a timely manner because we are in a control position or have access to inside information in the portfolio company could result in a realized loss on the investment.

If we obtain a control investment in a portfolio company our ability to divest ourselves from a debt or equity investment could be restricted due to illiquidity in a private stock, limited trading volume on a public company's stock, inside information on a company's performance, insider blackout periods, or other factors that could prohibit us from disposing of the investment as we would if it were not a control investment. Additionally, we may choose not to take certain actions to protect a debt investment in a control investment portfolio company. As a result, we could experience a decrease in the value of our portfolio company holdings and potentially incur a realized loss on the investment.

There are significant potential conflicts of interest, including SLR Capital Partners' management of other investment funds such as SCP Private Credit Income BDC LLC, SLR HC BDC LLC, and SLR Private Credit BDC II LLC, which could impact our investment returns, and an investment in SLR Investment Corp. is not an investment in SCP Private Credit Income BDC LLC, SLR HC BDC LLC, or SLR Private Credit BDC II LLC.

Our executive officers and directors, as well as the current and future partners of our Investment Adviser, SLR Capital Partners, may serve as officers, directors or principals of entities that operate in the same or a related line of business as we do. For example, SLR Capital Partners presently serves as the Investment Adviser to (i) SCP Private Credit Income BDC LLC, an unlisted BDC that focuses on investing primarily in senior secured loans, including non-traditional asset-based loans and first lien loans, (ii) SLR HC BDC LLC, an unlisted BDC whose principal focus is to invest directly and indirectly in senior secured loans and other debt instruments typically to middle market companies within the healthcare industry, and (iii) SLR Private Credit BDC II LLC, an unlisted BDC whose principal focus is to invest in first lien senior secured floating rate loans primarily to upper middle

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market leveraged companies with EBITDA between approximately \$25 million and \$250 million that have significant free cash flow and are in non-cyclical industries in which the Investment Adviser has significant experience. In addition, Michael S. Gross, our Chairman, Co-Chief Executive Officer and President, Bruce Spohler, our Co-Chief Executive Officer and Chief Operating Officer and board member, and Shiraz Y. Kajee, our Chief Financial Officer, serve in similar capacities for SCP Private Credit Income BDC LLC, SLR HC BDC LLC, and SLR Private Credit BDC II LLC. Accordingly, they may have obligations to investors in those entities, the fulfillment of which obligations might not be in the best interests of us or our stockholders. In addition, we note that any affiliated investment vehicle formed in the future and managed by our Investment Adviser or its affiliates may, notwithstanding different stated investment objectives, have overlapping investment objectives with our own and, accordingly, may invest in asset classes similar to those targeted by us. As a result, SLR Capital Partners may face conflicts in allocating investment opportunities between us and such other entities. Although SLR Capital Partners will endeavor to allocate investment opportunities in a fair and equitable manner, it is possible that, in the future, we may not be given the opportunity to participate in investments made by investment funds managed by our Investment Adviser or an investment manager affiliated with our Investment Adviser. In any such case, when SLR Capital Partners identifies an investment, it will be forced to choose which investment fund should make the investment.

As a BDC, we were substantially limited in our ability to co-invest in privately negotiated transactions with affiliated funds until we obtained an exemptive order from the SEC. The most recent exemptive order, received on June 13, 2017 (the “Exemptive Order”), permits us to participate in negotiated co-investment transactions with certain affiliates, each of whose investment adviser is an investment adviser that controls, is controlled by or is under common control with SLR Capital Partners and is registered as an Investment Adviser under the Advisers Act, in a manner consistent with our investment objective, positions, policies, strategies and restrictions as well as regulatory requirements and other pertinent factors, and pursuant to the conditions to the Exemptive Order. If we are unable to rely on the Exemptive Order for a particular opportunity, such opportunity will be allocated first to the entity whose investment strategy is the most consistent with the opportunity being allocated, and second, if the terms of the opportunity are consistent with more than one entity’s investment strategy, on an alternating basis. Although our investment professionals will endeavor to allocate investment opportunities in a fair and equitable manner, we and our common stockholders could be adversely affected to the extent investment opportunities are allocated among us and other investment vehicles managed or sponsored by, or affiliated with, our executive officers, directors and members of our Investment Adviser.

SLR Capital Partners and certain investment advisory affiliates may determine that an investment is appropriate for us and for one or more of those other funds. In such event, depending on the availability of such investment and other appropriate factors, SLR Capital Partners or its affiliates may determine that we should invest side-by-side with one or more other funds. Any such investments will be made only to the extent permitted by applicable law and interpretive positions of the SEC and its staff, and consistent with SLR Capital Partners’ allocation procedures. Related party transactions may occur among SLR Investment Corp., SLR Credit Solutions, Equipment Operating Leases LLC, Loyer Capital LLC, SLR Equipment Finance, SLR Business Credit, SLR Healthcare ABL, SLR Senior Lending Program LLC and SLR Senior Lending Program SPV LLC. These transactions may occur in the normal course of business. No administrative or other fees are paid to SLR Capital Partners by SLR Credit Solutions, Equipment Operating Leases LLC, Loyer Capital LLC, SLR Equipment Finance, SLR Business Credit, SLR Healthcare ABL, SLR Senior Lending Program LLC and SLR Senior Lending Program SPV LLC.

In the ordinary course of our investing activities, we pay management and incentive fees to SLR Capital Partners and reimburse SLR Capital Partners for certain expenses it incurs. As a result, investors in our common stock will invest on a “gross” basis and receive distributions on a “net” basis after expenses, resulting in a lower rate of return than an investor might achieve through direct investments. Accordingly, there may be times when the management team of SLR Capital Partners has interests that differ from those of our stockholders, giving rise to a conflict.

We entered into an amended and restated royalty-free license agreement on February 25, 2021 with our Investment Adviser, pursuant to which our Investment Adviser has granted us a non-exclusive license to use the marks “SOLAR” and “SLR.” Under the license agreement, we have the right to use the “SLR Investment” name for so long as SLR Capital Partners or one of its affiliates remains our Investment Adviser. In addition, we pay SLR Capital Management, an affiliate of SLR Capital Partners, our allocable portion of overhead and other expenses incurred by SLR Capital Management in performing its obligations under the Administration Agreement, including rent, the fees and expenses associated with performing compliance functions, and our allocable portion of the compensation of our chief compliance officer and our chief financial officer and their respective staffs. These arrangements create conflicts of interest that our board of directors must monitor.

Our ability to enter into transactions involving derivatives and financial commitment transactions may be limited.

Through comprehensive new global regulatory regimes impacting derivatives (e.g., the Dodd-Frank Act, European Market Infrastructure Regulation (“EMIR”), Markets in Financial Investments Regulation (“MIFIR”)/Markets in Financial Instruments Directive (“MIFID II”)), certain over-the-counter derivatives transactions in which we may engage are either now or will soon be subject to various requirements, such as mandatory central clearing of transactions which include additional margin requirements and in certain cases trading on electronic platforms, pre-and post-trade transparency reporting requirements and mandatory bi-lateral exchange of initial margin for non-cleared swaps. The Dodd-Frank Act also created new categories of regulated market participants, such as “swap dealers,” “security-based swap dealers,” “major swap participants,” and “major security-based swap participants” who are subject to significant new capital, registration, recordkeeping, reporting, disclosure, business conduct and other regulatory requirements. The EU and some other jurisdictions are implementing similar requirements. Because these requirements are new and evolving (and some of the rules are not yet final), their ultimate impact remains unclear. However, even if we are not located in a particular jurisdiction or directly subject to the jurisdiction’s derivatives regulations, we may still be impacted to the extent we enter into a derivatives transaction with a regulated market participant or counterparty that is organized in that jurisdiction or otherwise subject to that jurisdiction’s derivatives regulations.

Based on information available as of the date of this annual report on Form 10-K, the effect of such requirements will be likely to (directly or indirectly) increase our overall costs of entering into derivatives transactions. In particular, new margin requirements, position limits and significantly higher capital charges resulting from new global capital regulations, even if not directly applicable to us, may cause an increase in the pricing of derivatives transactions entered into by market participants to whom such requirements apply or affect our overall ability to enter into derivatives transactions with certain counterparties. Such new global capital regulations and the need to satisfy the various requirements by counterparties are resulting in increased funding costs and increased overall transaction costs and are significantly affecting balance sheets, thereby resulting in changes to financing terms and potentially impacting our ability to obtain financing. Administrative costs, due to new requirements such as registration, recordkeeping, reporting, and compliance, even if not directly applicable to us, may also be reflected in our derivatives transactions. New requirements to trade certain derivatives transactions on electronic trading platforms and trade reporting requirements may lead to (among other things) fragmentation of the markets, higher transaction costs or reduced availability of derivatives, and/or a reduced ability to hedge, all of which could adversely affect the performance of certain of our trading strategies. In addition, changes to derivatives regulations may impact the tax and/or accounting treatment of certain derivatives, which could adversely impact us.

In November 2020, the SEC adopted new rules regarding the ability of a BDC (or a registered investment company) to use derivatives and other transactions that create future payment or delivery obligations. BDCs that use derivatives would be subject to a value-at-risk leverage limit, certain other derivatives risk management program and testing requirements and requirements related to board reporting. These new requirements would apply unless the BDC qualified as a “limited derivatives user,” as defined in the SEC’s adopted rules. A BDC that enters into reverse repurchase agreements or similar financing transactions would need to aggregate the

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amount of indebtedness associated with the reverse repurchase agreements or similar financing transactions and could either (i) comply with the asset coverage requirements of the Section 18 of the 1940 Act when engaging in reverse repurchase agreements or (ii) choose to treat such agreements as derivative transactions under the adopted rule. Under the adopted rule, a BDC may enter into an unfunded commitment agreement that is not a derivatives transaction, such as an agreement to provide financing to a portfolio company, if the BDC has a reasonable belief, at the time it enters into such an agreement, that it will have sufficient cash and cash equivalents to meet its obligations with respect to all of its unfunded commitment agreements, in each case as it becomes due. If the BDC cannot meet this test, it is required to treat unfunded commitments as a derivatives transaction subject to the requirements of the rule. Collectively, these requirements may limit our ability to use derivatives and/or enter into certain other financial contracts.

We may be obligated to pay our Investment Adviser incentive compensation even if we incur a loss.

Our Investment Adviser will be entitled to incentive compensation for each fiscal quarter in an amount equal to a percentage of the excess of our pre-incentive fee net investment income for that quarter (before deducting incentive compensation) above a performance threshold for that quarter. Accordingly, since the performance threshold is based on a percentage of our net asset value, decreases in our net asset value make it easier to achieve the performance threshold. Our pre-incentive fee net investment income for incentive compensation purposes excludes realized and unrealized capital losses or depreciation that we may incur in the fiscal quarter, even if such capital losses or depreciation result in a net loss on our statement of operations for that quarter.

Thus, we may be required to pay SLR Capital Partners incentive compensation for a fiscal quarter even if there is a decline in the value of our portfolio or we incur a net loss for that quarter.

Our incentive fee may induce SLR Capital Partners to pursue speculative investments.

The incentive fee payable by us to SLR Capital Partners may create an incentive for SLR Capital Partners to pursue investments on our behalf that are riskier or more speculative than would be the case in the absence of such compensation arrangement. The incentive fee payable to our Investment Adviser is calculated based on a percentage of our return on invested capital. This may encourage our Investment Adviser to use leverage to increase the return on our investments. Under certain circumstances, the use of leverage may increase the likelihood of default, which would impair the value of our common stock. In addition, our Investment Adviser receives the incentive fee based, in part, upon net capital gains realized on our investments. Unlike that portion of the incentive fee based on income, there is no hurdle rate applicable to the portion of the incentive fee based on net capital gains. As a result, our Investment Adviser may have a tendency to invest more capital in investments that are likely to result in capital gains as compared to income producing securities. Such a practice could result in our investing in more speculative securities than would otherwise be the case, which could result in higher investment losses, particularly during economic downturns.

The incentive fee payable by us to our Investment Adviser also may induce SLR Capital Partners to invest on our behalf in instruments that have a deferred interest feature, even if such deferred payments would not provide the cash necessary to enable us to pay current distributions to our stockholders. Under these investments, we would accrue interest over the life of the investment but would not receive the cash income from the investment until the end of the term. Our net investment income used to calculate the income portion of our investment fee, however, includes accrued interest. Thus, a portion of this incentive fee would be based on income that we have not received in cash. In addition, the “catch-up” portion of the incentive fee may encourage SLR Capital Partners to accelerate or defer interest payable by portfolio companies from one calendar quarter to another, potentially resulting in fluctuations in timing and distribution amounts.

We may invest, to the extent permitted by law, in the securities and instruments of other investment companies, including private funds, and, to the extent we so invest, will bear our ratable share of any such investment company’s expenses, including management and performance fees. We will also remain obligated to pay

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management and incentive fees to SLR Capital Partners with respect to the assets invested in the securities and instruments of other investment companies. With respect to each of these investments, each of our stockholders will bear his or her share of the management and incentive fee of SLR Capital Partners as well as indirectly bearing the management and performance fees and other expenses of any investment companies in which we invest.

We may become subject to corporate-level U.S. federal income tax if we are unable to qualify and maintain our qualification for tax treatment as a regulated investment company under Subchapter M of the Code.

Although we have elected to be treated as a RIC under Subchapter M of the Code, no assurance can be given that we will continue to be able to qualify for and maintain RIC tax treatment. To maintain RIC tax treatment under the Code, we must meet the following annual distribution, income source and asset diversification requirements on an ongoing basis.

- The Annual Distribution Requirement for a RIC will be satisfied if we distribute to our stockholders on an annual basis at least 90% of our net ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. Because we may use debt financing, we are subject to certain asset coverage ratio requirements under the 1940 Act and financial covenants under loan and credit agreements that could, under certain circumstances, restrict us from making distributions necessary to satisfy the Annual Distribution Requirement. If we are unable to obtain cash from other sources, we could fail to qualify for RIC tax treatment and become subject to corporate-level U.S. federal income tax.
- The income source requirement will be satisfied if we obtain at least 90% of our income for each year from certain passive investments, including interest, dividends, gains from the sale of stock or securities, or similar sources.
- The asset diversification requirement will be satisfied if we meet certain asset diversification requirements at the end of each quarter of our taxable year. Failure to meet those requirements may result in our having to dispose of certain investments quickly in order to prevent the loss of RIC tax treatment. Because most of our investments will be relatively illiquid, any such dispositions could be made at disadvantageous prices and could result in substantial losses.

If we fail to qualify for RIC tax treatment for any reason and become subject to corporate income tax, the resulting corporate taxes could substantially reduce our net assets, the amount of income available for distribution and the amount of our distributions. Such a failure could have a material adverse effect on us, the net asset value of our common stock and the total return, if any, obtainable from your investment in our common stock.

We may have difficulty satisfying the Annual Distribution Requirement in order to qualify and maintain RIC tax treatment if we recognize income before or without receiving cash representing such income.

In accordance with GAAP and tax requirements, we include in income certain amounts that we have not yet received in cash, such as contractual PIK interest, which represents contractual interest added to a loan balance and due at the end of such loan's term. In addition to the cash yields received on our loans, in some instances, certain loans may also include any of the following: end-of-term payments, exit fees, balloon payment fees or prepayment fees. The increases in loan balances as a result of contractual PIK arrangements are included in income for the period in which such PIK interest was accrued, which is often in advance of receiving a cash payment, and are separately identified on our statements of cash flows. We also may be required to include in income certain other amounts prior to receiving the related cash.

Any warrants that we receive in connection with our debt investments will generally be valued as part of the negotiation process with the particular portfolio company. As a result, a portion of the aggregate purchase price

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for the debt investments and warrants will be allocated to the warrants that we receive. This will generally result in “original issue discount” for U.S. federal income tax purposes, which we must recognize as ordinary income, increasing the amount that we are required to distribute to qualify for the U.S. federal income tax benefits applicable to RICs. Because these warrants generally will not produce distributable cash for us at the same time as we are required to make distributions in respect of the related original issue discount, we would need to obtain cash from other sources or to pay a portion of our distributions using shares of newly issued common stock, consistent with Internal Revenue Service requirements, to satisfy the Annual Distribution and Excise Tax Avoidance requirements.

Other features of the debt instruments that we hold may also cause such instruments to generate original issue discount, resulting in a distribution requirement in excess of current cash interest received. Since in certain cases we may recognize income before or without receiving cash representing such income, we may have difficulty meeting the RIC tax requirement to distribute at least 90% of our net ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. Under such circumstances, we may have to sell some of our investments at times we would not consider advantageous, raise additional debt or equity capital or reduce new investment originations to meet these distribution requirements. If we are unable to obtain cash from other sources and are otherwise unable to satisfy such distribution requirements, we may fail to qualify for the U.S. federal income tax benefits allowable to RICs and, thus, become subject to a corporate-level U.S. federal income tax on all our income.

Provisions of the Maryland General Corporation Law and of our charter and bylaws could deter takeover attempts and have an adverse impact on the price of our common stock.

The Maryland General Corporation Law and our charter and bylaws contain provisions that may discourage, delay or make more difficult a change in control of SLR Investment Corp. or the removal of our directors. We are subject to the Maryland Business Combination Act, subject to any applicable requirements of the 1940 Act. Our board of directors has adopted a resolution exempting from the Maryland Business Combination Act any business combination between us and any other person, subject to prior approval of such business combination by our board of directors, including approval by a majority of our disinterested directors. If the resolution exempting business combinations is repealed or our board of directors does not approve a business combination, the Maryland Business Combination Act may discourage third parties from trying to acquire control of us and increase the difficulty of consummating such an offer. Our bylaws exempt from the Maryland Control Share Acquisition Act (the “Control Share Act”) acquisitions of our stock by any person. If we amend our bylaws to repeal the exemption from the Control Share Act, the Control Share Act also may make it more difficult for a third party to obtain control of us and increase the difficulty of consummating such a transaction. The SEC staff has rescinded its position that, under the 1940 Act, an investment company may not avail itself of the Control Share Act. As a result, we will amend our bylaws to be subject to the Control Share Act only if our board of directors determines that it would be in our best interests.

We have also adopted measures that may make it difficult for a third party to obtain control of us, including provisions of our charter classifying our board of directors in three classes serving staggered three-year terms, and authorizing our board of directors to classify or reclassify shares of our stock in one or more classes or series, to cause the issuance of additional shares of our stock and to amend our charter without stockholder approval to increase or decrease the number of shares of stock that we have authority to issue. These provisions, as well as other provisions of our charter and bylaws, may delay, defer or prevent a transaction or a change in control that might otherwise be in the best interests of our stockholders.

The foregoing provisions are expected to discourage certain coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of us to negotiate first with our board of directors. However, these provisions may deprive a stockholder of the opportunity to sell such stockholder’s shares at a premium to a potential acquirer. We believe that the benefits of these provisions outweigh the potential disadvantages of discouraging any such acquisition proposals because, among other things, the negotiation of

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such proposals may improve their terms. Our board of directors has considered both the positive and negative effects of the foregoing provisions and determined that they are in the best interest of our stockholders.

Our bylaws designate the Circuit Court for Baltimore City, Maryland as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders and provide that claims relating to causes of action under the Securities Act may only be brought in federal district courts, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or agents, if any, and could discourage lawsuits against us and our directors, officers and agents, if any.

Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Circuit Court for Baltimore City, Maryland, or, if that court does not have jurisdiction, the United States District Court for the District of Maryland, Northern Division, will be the sole and exclusive forum for (a) any Internal Corporate Claim, as such term is defined in the MGCL, (b) any derivative action or proceeding brought on our behalf (other than actions arising under federal securities laws), (c) any action asserting a claim of breach of any duty owed by any of our directors, officers or other agents to us or to our stockholders, (d) any action asserting a claim against us or any of our directors, officers or other agents arising pursuant to any provision of the MGCL or our charter or bylaws or (e) any other action asserting a claim against us or any of our directors, officers or other employees that is governed by the internal affairs doctrine. With respect to any proceeding described in the foregoing sentence that is in the Circuit Court for Baltimore City, Maryland, our stockholders consent to the assignment of the proceeding to the Business and Technology Case Management Program pursuant to Maryland Rule 16-308 or any successor thereof. None of the foregoing actions, claims or proceedings may be brought in any court sitting outside the State of Maryland unless we consent in writing to such court. Our bylaws do not apply to lawsuits asserting claims brought to enforce a duty or liability arising exclusively under the Securities Act, the 1934 Act, or the 1940 Act, or any other claim for which the federal courts have exclusive jurisdiction.

Unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America shall, to the fullest extent permitted by law, be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. This paragraph does not apply to claims arising exclusively under the 1934 Act or the 1940 Act, or any other claim for which the federal courts have exclusive jurisdiction. These exclusive forum provisions may limit the ability of our stockholders to bring a claim in a judicial forum that such stockholders find favorable for disputes with us or our directors, officers, or agents, if any, which may discourage such lawsuits against us and our directors, officers, and agents, if any. Alternatively, if a court were to find the choice of forum provisions contained in our bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could materially adversely affect our business, financial condition, and operating results. For example, under the Securities Act, federal courts have concurrent jurisdiction over all suits brought to enforce any duty or liability created by the Securities Act, and investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder.

The failure in cyber security systems, as well as the occurrence of events unanticipated in our disaster recovery systems and management continuity planning could impair our ability to conduct business effectively.

The occurrence of a disaster, such as a cyber-attack against us or against a third party that has access to our data or networks, a natural catastrophe, an industrial accident, failure of our disaster recovery systems, or consequential employee error, could have an adverse effect on our ability to communicate or conduct business, negatively impacting our operations and financial condition. This adverse effect can become particularly acute if those events affect our electronic data processing, transmission, storage, and retrieval systems, or impact the availability, integrity, or confidentiality of our data.

We depend heavily upon computer systems to perform necessary business functions. We rely on the Investment Adviser's enterprise-wide cybersecurity program, to protect its information, including due oversight of the

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cybersecurity programs of our key service providers and processes for the assessment, identification, and management of material risks from cybersecurity threats, including those associated with the use of third-party service providers. Despite the Investment Adviser's implementation of a variety of security measures, our computer systems, networks, and data, like those of other companies, could be subject to cyber-attacks and unauthorized access, use, alteration, or destruction, such as from physical and electronic break-ins or unauthorized tampering. If one or more of these events occurs, it could potentially jeopardize the confidential, proprietary, and other information processed, stored in, and transmitted through our computer systems and networks. Such an attack could cause interruptions or malfunctions in our operations, which could result in financial losses, litigation, regulatory penalties, client dissatisfaction or loss, reputational damage, and increased costs associated with mitigation of damages and remediation. If unauthorized parties gain access to such information and technology systems, they may be able to steal, publish, delete or modify private and sensitive information, including nonpublic personal information related to stockholders (and their beneficial owners) and material nonpublic information. The systems the Investment Adviser has implemented to manage risks relating to these types of events could prove to be inadequate and, if compromised, could become inoperable for extended periods of time, cease to function properly or fail to adequately secure private information. Breaches such as those involving covertly introduced malware, impersonation of authorized users and industrial or other espionage may not be identified even with sophisticated prevention and detection systems, potentially resulting in further harm and preventing them from being addressed appropriately. The failure of these systems or of disaster recovery plans for any reason could cause significant interruptions in our and our Investment Adviser's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to stockholders, material nonpublic information and other sensitive information in our possession.

A disaster or a disruption in the infrastructure that supports our business, including a disruption involving electronic communications or other services used by us or third parties with whom we conduct business, or directly affecting our headquarters, could have a material adverse impact on our ability to continue to operate our business without interruption and to protect us, insofar as is practicable, from the hazards of cybersecurity threats and vulnerabilities in accordance with applicable legal requirements and guidance. Our disaster recovery programs may not be sufficient to mitigate the harm that may result from such a disaster or disruption. In addition, insurance and other safeguards might only partially reimburse us for our losses, if at all.

Although we are not currently aware of any cyber-attacks or other incidents that, individually or in the aggregate, have materially affected, or would reasonably be expected to materially affect, its operations or financial condition, there has been an increase in the frequency and sophistication of the cyber and security threats faced in the marketplace. Cyber-attacks and other security threats could originate from a wide variety of sources, including cyber criminals, nation state hackers, hacktivists and other outside or inside parties. We may be a target for attacks because, as a specialty finance company, we hold confidential and other sensitive information, including price information, about existing and potential investments. Further, we are dependent on third-party vendors for hosting hardware, software and data processing systems that we do not control. We also rely on third-party service providers for certain aspects of its business, including for certain information systems, technology and administration of our portfolio companies and compliance matters. While we rely on the cybersecurity strategy and policies implemented by the Investment Adviser, our reliance on the Investment Adviser and third-party service providers removes certain cybersecurity functions from outside of the Company's immediate control, and cyber-attacks on the Investment Adviser, on us or on third-party service providers could adversely affect us, our business, and our reputation. The costs related to cyber-attacks or other security threats or disruptions may not be fully insured or indemnified by others, including by our third-party providers. As our reliance on computer hardware and software systems, data processing systems, and other technology has increased, so have the risks posed to such systems, both those the Investment Adviser controls and those provided by third-party vendors. Cyber-attacks may originate from a wide variety of sources, and while the Investment Adviser has implemented processes, procedures, and internal controls designed to mitigate cybersecurity risks and cyber-attacks, these measures do not guarantee that a cyber-attack will not occur or that our financial results, operations, or confidential information, personal, or other sensitive information will not be

negatively impacted by such an incident, especially because the techniques of threat actors change frequently and are often not recognized until launched. The Investment Adviser relies on industry accepted security measures and technology to securely maintain confidential and proprietary information maintained on its information systems, as well as on policies and procedures to protect against the unauthorized or unlawful disclosure of confidential, personal, or other sensitive information. Although the Investment Adviser takes protective measures and endeavors to strengthen its computer systems, software, technology assets, and networks to prevent and address potential cyber-attacks, there can be no assurance that any of these measures prove effective. The Investment Adviser expects to be required to devote increasing levels of funding and resources, which may in part be allocated to us, to comply with evolving cybersecurity and privacy laws and regulations and to continually monitor and enhance its cybersecurity procedures and controls. In addition, we, the Investment Adviser, the Administrator, or their employees, if any, may also be the target of fraudulent emails or other targeted attempts to gain unauthorized access to confidential, personal, or other sensitive information. The result of any cyber-attack or other security incidents may include disrupted operations, misstated or unreliable financial data, fraudulent transfers or requests for transfers of money, liability for stolen information (including personal information), investigations, misappropriation of assets, increased cybersecurity protection and insurance costs, litigation and damage to our business relationships, regulatory fines or penalties, or other adverse effects on our business, financial condition or results of operations. The Investment Adviser may be required to expend significant additional resources to modify its protective measures and to investigate and remediate vulnerabilities or other exposures arising from operational and security risks related to cyber-attacks. The rapid evolution and increasing prevalence of artificial intelligence technologies may also increase cybersecurity risks.

Third parties with which we do business may also be sources of cybersecurity or other technological risk. We outsource certain functions and these relationships allow for the storage and processing of our information, as well as client, counterparty, employee, and borrower information. While we engage in actions to reduce our exposure resulting from outsourcing, ongoing threats may result in unauthorized access, loss, exposure, destruction, or other cybersecurity incident that affects our data, resulting in increased costs and other consequences as described above.

In addition, cybersecurity has become a top priority for global lawmakers and regulators around the world, and some jurisdictions have proposed or enacted laws requiring companies to notify regulators and individuals of data security breaches involving certain types of personal data. In particular, state and federal laws and regulations related to cybersecurity compliance continue to evolve and change, which may require substantial investments in new technology, software and personnel, which could affect the Company's profitability. These changes may also result in enhanced and unforeseen consequences for cyber-related breaches and incidents, which may further adversely affect the Company's profitability. If we fail to comply with the relevant and increasing laws and regulations, we could suffer financial losses, a disruption of our businesses, liability to investors, regulatory intervention or reputational damage.

Policies of remote working, whether by the Investment Adviser, the Administrator, us or by our or their respective service providers, could strain technology resources, introduce operational risks and otherwise heighten the risks described above. Remote working environments may be less secure and more susceptible to hacking attacks, including phishing and social engineering attempts.

We, our Investment Adviser and our portfolio companies are subject to risks associated with cyber-attacks.

Cybersecurity risks are exacerbated by the rapidly increasing volume of highly sensitive data, including our proprietary business information, personal information of the Investment Adviser's employees, our investors and others, and other sensitive information that the Investment Adviser collects, processes, and stores in its data centers and on its networks or those of third-party service providers. The secure processing, maintenance, and transmission of this information are critical to our operations.

There is a risk that encryption and other protective measures against cyber-attacks may be circumvented, particularly to the extent that new computing technologies increase the speed and computing power available.

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Even the most well-protected information, networks, systems and facilities remain potentially vulnerable because the techniques used in such attempted security breaches evolve and generally are not recognized until launched against a target, and in some cases are designed not to be detected and, in fact, may not be detected. A significant actual or potential theft, loss, corruption, exposure, fraudulent use or misuse of investor or other personal information, proprietary business data or other sensitive information, whether by third parties or as a result of malfeasance by the Investment Adviser's employees or otherwise, non-compliance with applicable contractual or other legal obligations regarding such data or intellectual property or a violation of applicable privacy and security policies with respect to such data could result in significant investigation, remediation and other costs, fines, penalties, litigation or regulatory actions against the Company and significant reputational harm, any of which could harm our business and results of operations. Cybersecurity risks require continuous and increasing attention and other resources from the Investment Adviser to, among other actions, identify and quantify these risks and upgrade and expand the Investment Adviser's technologies, systems and processes to adequately address such risks. Such attention diverts time and other resources from other activities and there is no assurance that the Investment Adviser's efforts will be effective.

Cybersecurity incidents may adversely impact us and our stockholders. There is no guarantee that we, the Investment Adviser, and/or their respective service providers will be successful in protecting against cybersecurity incidents.

We can be highly dependent on information systems and systems failures could significantly disrupt our business, which may, in turn, negatively affect the market price of our common stock and our ability to pay distributions.

Our business is highly dependent upon our and third parties' communications and information systems. Any failure or interruption of those systems, including as a result of the termination of an agreement with any third-party service providers, could cause delays or other problems in our activities. Our financial, accounting, data processing, backup or other operating systems and facilities may fail to operate properly or become disabled or damaged as a result of a number of factors including events that are wholly or partially beyond our control and adversely affect our business.

There could be:

- sudden electrical or telecommunications outages;
- natural disasters such as earthquakes, tornadoes and hurricanes;
- events arising from local or larger scale political or social matters, including terrorist acts; and
- cyber-attacks.

These events, in turn, could have a material adverse effect on our operating results and negatively affect the market price of our common stock and our ability to pay distributions to our stockholders.

Communications with stockholders may be delivered electronically and there may be certain costs and possible risks associated with such electronic delivery. Moreover, the Investment Adviser cannot provide any assurance that these communication methods are secure and will not be responsible for any computer viruses, problems or malfunctions resulting from the use of such communication methods.

Our board of directors may change our investment objective, operating policies and strategies without prior notice or stockholder approval.

Our board of directors has the authority to modify or waive certain of our operating policies and strategies without prior notice (except as required by the 1940 Act) and without stockholder approval. However, absent stockholder approval, we may not change the nature of our business so as to cease to be, or withdraw our election as a BDC. We cannot predict the effect any changes to our current operating policies and strategies would have on our business, operating results and the value of our stock. Nevertheless, the effects may adversely affect our business and impact our ability to make distributions.

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Our business is subject to increasingly complex corporate governance, public disclosure and accounting requirements that could adversely affect our business and financial results.

We are subject to changing rules and regulations of federal and state government as well as the stock exchange on which our common stock is listed. These entities, including the Public Company Accounting Oversight Board, the SEC and the NASDAQ Stock Market, have issued a significant number of new and increasingly complex requirements and regulations over the course of the last several years and continue to develop additional regulations and requirements in response to laws enacted by Congress. Our efforts to comply with these existing requirements, or any revised or amended requirements, have resulted in, and are likely to continue to result in, an increase in expenses and a diversion of management's time from other business activities.

Changes in laws or regulations governing our operations may adversely affect our business.

Changes in the laws or regulations, or the interpretations of the laws and regulations, which govern BDCs, RICs or non-depository commercial lenders could significantly affect our operations and our cost of doing business. We are subject to federal, state and local laws and regulations and are subject to judicial and administrative decisions that affect our operations, including our loan originations, maximum interest rates, fees and other charges, disclosures to portfolio companies, the terms of secured transactions, collection and foreclosure procedures, and other trade practices. If these laws, regulations or decisions change, or if we expand our business into jurisdictions that have adopted more stringent requirements than those in which we currently conduct business, then we may have to incur significant expenses in order to comply or we may have to restrict our operations. In addition, if we do not comply with applicable laws, regulations and decisions, then we may lose licenses needed for the conduct of our business and be subject to civil fines and criminal penalties, any of which could have a material adverse effect upon our business results of operations or financial condition.

Changes to United States tariff and import/export regulations may have a negative effect on our portfolio companies and, in turn, harm us.

There has been ongoing discussion and commentary regarding potential significant changes to United States trade policies, treaties and tariffs. The current administration, along with Congress, has created significant uncertainty about the future relationship between the United States and other countries with respect to the trade policies, treaties and tariffs. These developments, or the perception that any of them could occur, may have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global trade and, in particular, trade between the impacted nations and the United States. Any of these factors could depress economic activity and restrict our portfolio companies' access to suppliers or customers and have a material adverse effect on their business, financial condition and results of operations, which in turn would negatively impact us.

Our Investment Adviser can resign on 60 days' notice, and we may not be able to find a suitable replacement within that time, resulting in a disruption in our operations that could adversely affect our financial condition, business and results of operations.

Our Investment Adviser has the right, under the Advisory Agreement, to resign at any time upon 60 days written notice, whether we have found a replacement or not. If our Investment Adviser resigns, we may not be able to find a new investment adviser or hire internal management with similar experience and ability to provide the same or equivalent services on acceptable terms within 60 days, or at all. If we are unable to do so quickly, our operations are likely to experience a disruption, our financial condition, business and results of operations as well as our ability to pay distributions are likely to be adversely affected and the market price of our shares may decline. In addition, the coordination of our internal management and investment activities is likely to suffer if we are unable to identify and reach an agreement with a single institution or group of executives having the experience possessed by our Investment Adviser and its affiliates. Even if we are able to retain comparable management, whether internal or external, the integration of such management and their lack of familiarity with

our investment objective may result in additional costs and time delays that may adversely affect our financial condition, business and results of operations.

General Risk Factors

Volatility or a prolonged disruption in the credit markets could materially damage our business.

We are required to record our assets at fair value, as determined in good faith by our board of directors, in accordance with our valuation policy. As a result, volatility in the capital markets may have a material adverse effect on our valuations and our net asset value, even if we hold investments to maturity. Volatility or dislocation in the capital markets may depress our stock price below our net asset value per share and create a challenging environment in which to raise equity and debt capital. These conditions could continue for a prolonged period of time or worsen in the future. While these conditions persist, we and other companies in the financial services sector may have to access, if available, alternative markets for debt and equity capital. Equity capital may be difficult to raise because, subject to some limited exceptions which apply to us, as a BDC we are generally not able to issue additional shares of our common stock at a price less than net asset value without first obtaining approval for such issuance from our stockholders and our independent directors. Any offering of our common stock that requires stockholder approval must occur, if at all, within one year after receiving such stockholder approval. In addition, our ability to incur indebtedness (including by issuing preferred stock) is limited by applicable regulations such that our asset coverage, as defined in the 1940 Act, must equal at least 150% immediately after each time we incur indebtedness. The debt capital that will be available, if at all, may be at a higher cost and on less favorable terms and conditions in the future. Any inability to raise capital could have a negative effect on our business, financial condition and results of operations.

Additionally, our ability to incur indebtedness is limited by the asset coverage ratio for a BDC, as defined under the 1940 Act. Declining portfolio values negatively impact our ability to borrow additional funds because our net asset value is reduced for purposes of the asset coverage ratio. If the fair value of our assets declines substantially, we may fail to maintain the asset coverage ratio stipulated by the 1940 Act, which could, in turn, cause us to lose our status as a BDC and materially impair our business operations. A lengthy disruption in the credit markets could also materially decrease demand for our investments.

The significant disruption in the capital markets experienced in the past, including the disruption caused by the COVID-19 pandemic, certain regional bank failures, an inflationary economic environment, the Russian invasion of Ukraine and the ongoing war in the Middle East, have had, and may in the future have, a negative effect on the valuations of our investments and on the potential for liquidity events involving our investments. The debt capital that may be available to us in the future may be at a higher cost and have less favorable terms and conditions than those currently in effect. If our financing costs increase and we have no increase in interest income, then our net investment income will decrease. A prolonged inability to raise capital may require us to reduce the volume of investments we originate and could have a material adverse impact on our business, financial condition and results of operations. This may also increase the probability that other structural risks will negatively impact us. These situations may arise due to circumstances that we may be unable to control, such as a lengthy disruption in the credit markets, a severe decline in the value of the U.S. dollar, a sharp economic downturn or recession or an operational problem that affects third parties or us, and could materially damage our business, financial condition and results of operations.

Global economic, regulatory and market conditions may adversely affect our business, results of operations and financial condition, including our revenue growth and profitability.

We and our portfolio companies are subject to regulation by laws at the U.S. federal, state and local levels. These laws and regulations, as well as their interpretation, could change from time to time, including as the result of interpretive guidance or other directives from the U.S. President and others in the executive branch, and new laws, regulations and interpretations could also come into effect. Any such new or changed laws or regulations could have a material adverse effect on our business, and political uncertainty could increase regulatory uncertainty in the near term.

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The effects of legislative and regulatory proposals directed at the financial services industry or affecting taxation, could negatively impact the operations, cash flows or financial condition of us and our portfolio companies, impose additional costs on us or our portfolio companies, intensify the regulatory supervision of us or our portfolio companies or otherwise adversely affect our business or the business of our portfolio companies. In addition, if we do not comply with applicable laws and regulations, we could lose any licenses that we then hold for the conduct of business and could be subject to civil fines and criminal penalties.

Over the last several years, there also has been an increase in regulatory attention to the extension of credit outside of the traditional banking sector, raising the possibility that some portion of the non-bank financial sector will be subject to new regulation. While it cannot be known at this time whether any regulation will be implemented or what form it will take, increased regulation of non-bank credit extension could negatively impact our operations, cash flows or financial condition, impose additional costs on us, intensify the regulatory supervision of us or otherwise adversely affect our business, financial condition and results of operations.

Although we cannot predict the impact, if any, of these changes to our business, they could adversely affect our business, financial condition, operating results and cash flows. Until we know what policy changes are made and how those changes impact business and the business of our competitors over the long term, we will not know if, overall, it will benefit from them or be negatively affected by them.

Deterioration in the economic conditions in the Eurozone and other regions or countries globally and the resulting instability in global financial markets may pose a risk to our business. Financial markets have been affected at times by a number of global macroeconomic events, including the following: large sovereign debts and fiscal deficits of several countries in Europe and in emerging markets jurisdictions, levels of non-performing loans on the balance sheets of European banks, the effect of the United Kingdom leaving the European Union, instability in the Chinese capital markets and the COVID-19 pandemic.

Various social and political circumstances in the U.S. and around the world (including wars and other forms of conflict, terrorist acts, security operations and catastrophic events such as fires, floods, earthquakes, tornadoes, hurricanes and global health epidemics), may also contribute to increased market volatility and economic uncertainties or deterioration in the U.S. and worldwide. Such events, including rising trade tensions between the United States and China, other uncertainties regarding actual and potential shifts in U.S. and foreign, trade, economic and other policies with other countries, the large-scale invasion of Ukraine by Russia that began in February 2022 and resulting sanctions or other restrictive actions that the United States and other countries have imposed against Russia, the COVID-19 pandemic, certain regional bank failures, an inflationary environment and the ongoing war in the Middle East, could adversely affect our business, financial condition or results of operations. These market and economic disruptions could negatively impact the operating results of our portfolio companies.

In addition, Russia's invasion of Ukraine and corresponding events have had, and could continue to have, severe adverse effects on regional and global economic markets. Following Russia's actions, various governments, including the United States, have issued broad-ranging economic sanctions against Russia, including, among other actions, a prohibition on doing business with certain Russian companies, large financial institutions, officials and oligarchs; a commitment by certain countries and the European Union to remove selected Russian banks from the Society for Worldwide Interbank Financial Telecommunications, the electronic banking network that connects banks globally; and restrictive measures to prevent the Russian Central Bank from undermining the impact of the sanctions. The duration of hostilities and the vast array of sanctions and related events (including cyberattacks and espionage) cannot be predicted. Furthermore, the conflict between the two nations and the varying involvement of the United States and other NATO countries could preclude prediction as to their ultimate adverse impact on global economic and market conditions, and, as a result, presents material uncertainty and risk with respect to markets globally, which pose potential adverse risks to us and the performance of our investments and operations, and our ability to achieve our investment objectives. Additionally, to the extent that third parties, investors, or related customer bases have material operations or assets in Russia or Ukraine, they

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may have adverse consequences related to the ongoing conflict. Any such market disruptions could affect our portfolio companies' operations and, as a result, could have a material adverse effect on our business, financial condition and results of operations.

Additionally, the Federal Reserve raised the Federal Funds Rate in 2022 and in 2023. Although the Federal Reserve left its benchmark rates steady in the fourth quarter of 2023, it has indicated that additional rate increases in the future may be necessary to mitigate inflationary pressures and there can be no assurance that the Federal Reserve will not make upward adjustments to the federal funds rate in 2024 the future. However, there are reports that the Federal Reserve may begin to cut the benchmark rates in 2024. These developments, along with the United States government's credit and deficit concerns, global economic uncertainties and market volatility and the impacts of COVID-19, could cause interest rates to be volatile, which may negatively impact our ability to access the debt markets and capital markets on favorable terms.

Events outside of our control, including the COVID-19 public health crises, could negatively affect our portfolio companies and our results of our operations.

Periods of market volatility have occurred and could continue to occur in response to pandemics or other events outside of our control. These types of events have adversely affected and could continue to adversely affect operating results for us and for our portfolio companies. For example, the COVID-19 pandemic has adversely impacted global commercial activity and contributed to significant volatility in the equity and debt markets. The COVID-19 pandemic and restrictive measures taken to contain or mitigate its spread have caused, and may continue to cause, business shutdowns, or the re-introduction of business shutdowns, cancellations of events and restrictions on travel, significant reductions in demand for certain goods and services, reductions in business activity and financial transactions, supply chain interruptions, labor shortages, increased inflationary pressure and overall economic and financial market instability both globally and in the United States. Many states, including those in which we and portfolio companies in which we invest may operate, have previously issued orders requiring the closure of, or certain restrictions on the operation of, certain businesses. The ultimate duration and severity of the COVID-19 pandemic, including COVID-19 variants, remain uncertain.

Despite actions of the U.S. federal government and foreign governments, the uncertainty surrounding the COVID-19 pandemic, including uncertainty regarding existing or future variants and other factors, has contributed to significant volatility in the global public equity markets and global debt capital markets.

The continued uncertainty related to the sustainability and pace of economic recovery in the U.S. and globally could have a negative impact on our business.

Our business is directly influenced by the economic cycle, and could be negatively impacted by a downturn in economic activity in the U.S. as well as globally. Fiscal and monetary actions taken by U.S. and non-U.S. government and regulatory authorities could have a material adverse impact on our business. To the extent uncertainty regarding the U.S. or global economy, including as a result of the global COVID-19 pandemic, negatively impacts consumer confidence and consumer credit factors, our business, financial condition and results of operations could be adversely affected. Moreover, Federal Reserve policy, including with respect to certain interest rates and the decision to end its quantitative easing policy, along with the general policies of the current Presidential administration, may also adversely affect the value, volatility and liquidity of dividend-and interest-paying securities. Market volatility, periods of rising interest rates, such as the recent economic period, and/or a return to unfavorable economic conditions could adversely affect our business.

There is uncertainty surrounding potential legal, regulatory and policy changes by new presidential administrations in the United States that may directly affect financial institutions and the global economy.

The current administration has called for significant changes to U.S. trade, healthcare, immigration, foreign and government regulatory policy. In this regard, there is significant uncertainty with respect to legislation, regulation

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and government policy at the federal level, as well as the state and local levels. Recent events have created a climate of heightened uncertainty and introduced new and difficult-to-quantify macroeconomic and political risks with potentially far-reaching implications. There has been a corresponding meaningful increase in the uncertainty surrounding interest rates, inflation, foreign exchange rates, trade volumes and fiscal and monetary policy. To the extent the U.S. Congress or the current administration implements changes to U.S. policy, those changes may impact, among other things, the U.S. and global economy, international trade and relations, unemployment, immigration, corporate taxes, healthcare, the U.S. regulatory environment, inflation and other areas. Although we cannot predict the impact, if any, of these changes to our business, they could adversely affect our business, financial condition, operating results and cash flows. Until we know what policy changes are made and how those changes impact our business and the business of our competitors over the long term, we will not know if, overall, we will benefit from them or be negatively affected by them.

The alternative reference rates that have replaced LIBOR in our credit arrangements and other financial instruments may not yield the same or similar economic results as LIBOR over the life of such transactions.

The London Interbank Offered Rate (“LIBOR”) is an index rate that historically was widely used in lending transactions and was a common reference rate for setting the floating interest rate on private loans. LIBOR was typically the reference rate used in floating-rate loans extended to our portfolio companies.

The ICE Benchmark Administration (“IBA”) (the entity that is responsible for calculating LIBOR) ceased providing overnight, one, three, six and twelve months USD LIBOR tenors on June 30, 2023. In addition, the United Kingdom’s Financial Conduct Authority (“FCA”), which oversees the IBA, now prohibits entities supervised by the FCA from using LIBORs, including USD LIBOR, except in very limited circumstances.

In the United States, the Secured Overnight Financing Rate (“SOFR”) is the preferred alternative rate for LIBOR. SOFR is a measure of the cost of borrowing cash overnight, collateralized by U.S. Treasury securities, and is based on directly observable U.S. Treasury-backed repurchase transactions. SOFR is published by the Federal Reserve Bank of New York each U.S. Government Securities Business Day, for transactions made on the immediately preceding U.S. Government Securities Business Day. Alternative reference rates that may replace LIBOR, including SOFR for USD transactions, may not yield the same or similar economic results as LIBOR over the lives of such transactions.

As of the filing date of this Annual Report on Form 10-K, many of our loans that referenced LIBOR have been amended to reference the forward-looking term rate published by CME Group Benchmark Administration Limited based on SOFR (“CME Term SOFR”) or CME Term SOFR plus a fixed spread adjustment. CME Term SOFR rates are forward-looking rates that are derived by compounding projected overnight SOFR rates over one, three, and six months taking into account the values of multiple consecutive, executed, one-month and three-month CME Group traded SOFR futures contracts and, in some cases, over-the-counter SOFR Overnight Indexed Swaps as an indicator of CME Term SOFR reference rate values. CME Term SOFR and the inputs on which it is based are derived from SOFR. Since CME Term SOFR is a relatively new market rate, there will likely be no established trading market for credit agreements or other financial instruments when they are issued, and an established market may never develop or may not be liquid. Market terms for instruments referencing CME Term SOFR rates may be lower than those of later-issued CME Term SOFR indexed instruments. Similarly, if CME Term SOFR does not prove to be widely used, the trading price of instruments referencing CME Term SOFR may be lower than those of instruments indexed to indices that are more widely used. Further, the composition and characteristics of SOFR and CME Term SOFR are not the same as those of LIBOR. Even with the application of a fixed spread adjustment, LIBOR and CME Term SOFR will not have the same composition and characteristics, and there can be no assurance that the replacement rate, as so adjusted, will be a direct substitute for LIBOR.

There can be no guarantee that SOFR will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in loans referencing SOFR. If the manner in which SOFR or CME

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Term SOFR is calculated is changed, that change may result in a reduction of the amount of interest payable on such loans and the trading prices of the SOFR Loans. In addition, there can be no guarantee that loans referencing SOFR or CME Term SOFR will continue to reference those rates until maturity or that, in the future, our loans will reference benchmark rates other than CME Term SOFR. Should any of these events occur, our loans, and the yield generated thereby, could be affected. Specifically, the anticipated yield on our loans may not be fully realized and our loans may be subject to increased pricing volatility and market risk.

Inflation and a rising interest rate environment may adversely affect the business, results of operations and financial condition of us and our portfolio companies.

The recent macroeconomic environment is characterized by record-high inflation, supply chain challenges, labor shortages, high interest rates, foreign currency exchange volatility, volatility in global capital markets and growing recession risk. The risks associated with the Company's and our portfolio companies' businesses are more severe during periods of economic slowdown or recession.

Any disruptions in the capital markets, as a result of inflation and a rising interest environment or otherwise, may increase the spread between the yields realized on risk-free and higher risk securities and can result in illiquidity in parts of the capital markets, significant write-offs in the financial sector and re-pricing of credit risk in the broadly syndicated market. These and any other unfavorable economic conditions could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us.

In addition, market conditions (including inflation, supply chain issues and decreased consumer demand) have adversely impacted, and could in the future further impact, the operations of certain of our portfolio companies. If the financial results of middle-market companies, like those in which we invest, experience deterioration, it could ultimately lead to difficulty in meeting debt service requirements and an increase in defaults, and further deterioration in market conditions will further depress the outlook for those companies. Further, adverse economic conditions decreased and may in the future decrease the value of collateral securing some of our loans and the value of our equity investments. Such conditions have required and may in the future require us to modify the payment terms of our investments, including changes in PIK interest provisions and/or cash interest rates. The performance of certain of our portfolio companies has been, and in the future may be, negatively impacted by these economic or other conditions, which can result in our receipt of reduced interest income from our portfolio companies and/or realized and unrealized losses related to our investments, and, in turn, may adversely affect distributable income and have a material adverse effect on our results of operations.

Inflation may cause the real value of our investments to decline.

Inflation risk results from the variation in the value of cash flows from a security due to inflation, as measured in terms of purchasing power. We are exposed to inflation risk with respect to any fixed rate investments that we make, if any, because the interest rate the issuer has to pay us is fixed for the life of the security. To the extent that interest rates reflect the expected inflation rate, floating rate loans have a lower level of inflation risk.

Adverse developments affecting the financial services industry, such as actual events or concerns involving liquidity, defaults or non-performance by financial institutions or transactional counterparties could have a material adverse effect on us, the Investment Adviser and our portfolio companies.

Cash not held in custody accounts and held by us, our Investment Adviser and by our portfolio companies in non-interest-bearing and interest-bearing operating accounts could, at times, exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. If such banking institutions were to fail, we, our Investment Adviser, or our portfolio companies could lose all or a portion of those amounts held in excess of such insurance limits. In addition, actual events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these

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kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems, which could adversely affect our, our Investment Adviser's and our portfolio companies' business, financial condition, results of operations, or prospects.

Although we and our Investment Adviser assess our and our portfolio companies' banking and financing relationships as we believe necessary or appropriate, our and our portfolio companies' access to funding sources and other credit arrangements in amounts adequate to finance or capitalize current and projected future business operations could be significantly impaired by factors that affect the financial institutions with which we, our Investment Adviser or our portfolio companies have arrangements directly or the financial services industry or economy in general. These factors could include, among others, events such as liquidity constraints or failures, the ability to perform obligations under various types of financial, credit or liquidity agreements or arrangements, disruptions or instability in the financial services industry or financial markets, or concerns or negative expectations about the prospects for companies in the financial services industry. These factors could involve financial institutions or financial services industry companies with which we, our Investment Adviser or our portfolio companies have financial or business relationships, but could also include factors involving financial markets or the financial services industry generally.

In addition, investor concerns regarding the U.S. or international financial systems could result in less favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources, thereby making it more difficult for us, our Investment Adviser, or our portfolio companies to acquire financing on acceptable terms or at all.

Technological innovations and industry disruptions may negatively impact us.

Technological innovations have disrupted traditional approaches in multiple industries and can permit younger companies to achieve success and in the process disrupt markets and market practices. We can provide no assurance that new businesses and approaches will not be created that would compete with us and/or our portfolio companies or alter the market practices in which SLR Capital Partners and its affiliates and us have been designed to function within and on which we depend on for our investment return. New approaches could damage our investments, disrupt the market in which we operate and subject us to increased competition, which could materially and adversely affect our business, financial condition and results of investments.

We are subject to risks associated with artificial intelligence and machine learning technology.

Recent technological advances in artificial intelligence and machine learning technology ("Machine Learning Technology") pose risks to us and our portfolio companies. We and our portfolio companies could be exposed to the risks of Machine Learning Technology if third-party service providers or any counterparties use Machine Learning Technology in their business activities. We and the Investment Adviser are not in a position to control the use of Machine Learning Technology in third-party products or services. Use of Machine Learning Technology could include the input of confidential information in contravention of applicable policies, contractual or other obligations or restrictions, resulting in such confidential information becoming part accessible by other third-party Machine Learning Technology applications and users. Machine Learning Technology and its applications continue to develop rapidly, and we cannot predict the risks that may arise from such developments.

Machine Learning Technology is generally highly reliant on the collection and analysis of large amounts of data, and it is not possible or practicable to incorporate all relevant data into the model that Machine Learning Technology utilizes to operate. Certain data in such models will inevitably contain a degree of inaccuracy and error and could otherwise be inadequate or flawed, which would be likely to degrade the effectiveness of Machine Learning Technology. To the extent we or our portfolio companies are exposed to the risks of Machine Learning Technology use, any such inaccuracies or errors could adversely impact us or our portfolio companies.

We are subject to risks related to corporate social responsibility.

Our business (including that of our portfolio companies) faces increasing public scrutiny related to environmental, social and governance (“ESG”) activities, which are increasingly considered to contribute to reducing a company’s operational risk, market risk and reputational risk, which may in turn impact the long-term sustainability of a company’s performance. A variety of organizations measure the performance of companies on ESG topics, and the results of these assessments are widely publicized. In addition, investment in funds that specialize in companies that perform well in such assessments are increasingly popular, and major institutional investors have publicly emphasized the importance of such ESG ratings and measures to their investment decisions. We risk damage to our brand and reputation if we fail to act responsibly in a number of areas, including, but not limited to, diversity, equity and inclusion, human rights, climate change, environmental stewardship, support for local communities, corporate governance, transparency and consideration of ESG factors in our investment processes. Adverse incidents with respect to ESG activities could impact the value of our brand, our relationship with existing and future portfolio companies, the cost of our operations and relationships with investors, all of which could adversely affect our business and results of operations.

However, regional and investor specific sentiment may differ in what constitutes a material positive or negative ESG corporate practice. There is no guarantee that the Company’s ESG and sustainability practices will uniformly fit every investor’s definition of best practices for all environmental, social and governance considerations across geographies and investor types. If we do not successfully manage expectations across varied stakeholder interests, it could erode stakeholder trust, impact our reputation and constrain our investment opportunities.

There is also a growing regulatory interest across jurisdictions in improving transparency regarding the definition, measurement and disclosure of ESG factors in order to allow investors to validate and better understand sustainability claims. For example, the SEC has proposed, or has announced that it is working on proposals for, rules that, among other matters, would establish a framework for reporting of climate-related risks, corporate and fund carbon emissions, broad diversity and capital management. At this time, there is uncertainty regarding the scope of such proposals or when they would become effective (if at all). In 2021, the SEC established an enforcement task force to look into ESG practices and disclosures by public companies and investment managers and has started to bring enforcement actions based on ESG disclosures not matching actual investment processes. Further, in 2022 the SEC issued a proposed rule regarding the enhancement and standardization of mandatory climate-related disclosures for investors that would mandate extensive disclosure of climate-related data, risks and opportunities for certain public companies.

We and our portfolio companies are subject to the risk that similar measures might be introduced in other jurisdictions in the future. Additionally, compliance with any new laws or regulations increases our regulatory burden and could make compliance more difficult and expensive, affect the manner in which we or our portfolio companies conduct our businesses and adversely affect our profitability.

The effect of global climate change may impact the operations of our portfolio companies.

There may be evidence of global climate change. Climate change creates physical and financial risk and some of our portfolio companies may be adversely affected by climate change. For example, the needs of customers of energy companies vary with weather conditions, primarily temperature and humidity. To the extent weather conditions are affected by climate change, energy use could increase or decrease depending on the duration and magnitude of any changes. Increases in the cost of energy could adversely affect the cost of operations of our portfolio companies if the use of energy products or services is material to their business. A decrease in energy use due to weather changes may affect some of our portfolio companies’ financial condition, through decreased revenues. Extreme weather conditions in general require more system backup, adding to costs, and can contribute to increased system stresses, including service interruptions. Energy companies could also be affected by the potential for lawsuits against or taxes or other regulatory costs imposed on greenhouse gas emitters, based on links drawn between greenhouse gas emissions and climate change.

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In December 2015, the United Nations, of which the U.S. is a member, adopted a climate accord with the long-term goal of limiting global warming and the short-term goal of significantly reducing greenhouse gas emissions. As a result, some of our portfolio companies may become subject to new or strengthened regulations or legislation, which could increase their operating costs and/or decrease their revenues.

We cannot predict how changes in tax law will affect us, our investments, or our stockholders, and any such legislation could adversely affect our business.

Legislative or other actions relating to taxes could have a negative effect on us. The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the Internal Revenue Service and the U.S. Treasury Department. New legislation and any other tax law developments, including new or revised U.S. Treasury regulations, administrative interpretations or court decisions, could negatively and perhaps retroactively affect our ability to qualify for tax treatment as a RIC or the U.S. federal income tax consequences to us and our stockholders, or could have other adverse consequences. Investors are urged to consult with their tax advisor regarding tax legislative, regulatory, or administrative developments and proposals and their potential effect on an investment in our common stock.

Uncertainty about U.S. government initiatives could negatively impact our business, financial condition and results of operations.

The U.S. government has recently called for significant changes to U.S. trade, healthcare, immigration, foreign and government regulatory policy. In this regard, there is significant uncertainty with respect to legislation, regulation and government policy at the federal level, as well as the state and local levels. Recent events have created a climate of heightened uncertainty and introduced new and difficult-to-quantify macroeconomic and political risks with potentially far-reaching implications. There has been a corresponding meaningful increase in the uncertainty surrounding interest rates, inflation, foreign exchange rates, trade volumes and fiscal and monetary policy. To the extent the U.S. Congress or the current administration implements changes to U.S. policy, those changes may impact, among other things, the U.S. and global economy, international trade and relations, unemployment, immigration, corporate taxes, healthcare, the U.S. regulatory environment, inflation and other areas.

A particular area identified as subject to potential change, amendment or repeal includes the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the “Dodd-Frank Act,” including the Volcker Rule and various swaps and derivatives regulations, credit risk retention requirements and the authorities of the Federal Reserve, the Financial Stability Oversight Council and the SEC. Given the uncertainty associated with the manner in which and whether the provisions of the Dodd-Frank Act will be implemented, repealed, amended, or replaced, the full impact such requirements will have on our business, results of operations or financial condition is unclear. The changes resulting from the Dodd-Frank Act or any changes to the regulations already implemented thereunder may require us to invest significant management attention and resources to evaluate and make necessary changes in order to comply with new statutory and regulatory requirements. Failure to comply with any such laws, regulations or principles, or changes thereto, may negatively impact our business, results of operations or financial condition. While we cannot predict what effect any changes in the laws or regulations or their interpretations would have on us as a result of recent financial reform legislation, these changes could be materially adverse to us and our stockholders.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Risk Management and Strategy

We recognize the importance of assessing, identifying, and managing material risks from cybersecurity threats, as such term is defined in Item 106(a) of Regulation S-K. These risks include, among other things, operational risks, financial loss, intellectual property theft, fraud, extortion, loss of sensitive data, harm to individuals including stockholders, violation of privacy or security laws, increased costs associated with mitigation of damages and remediation, and other legal and reputational risks. We have implemented several cybersecurity processes and controls to aid in our efforts to assess, identify, and manage such material risks.

We rely on the Investment Adviser's enterprise-wide cybersecurity program to protect our information, including due oversight of the cybersecurity programs of our key service providers and processes for the assessment, identification, and management of material risks from cybersecurity threats, including those associated with the use of third-party service providers. The Investment Adviser considers such cybersecurity threats as part of its broader risk management framework, and its cybersecurity program is designed to, among other things, protect us, insofar as is practicable, from the hazards of cybersecurity threats and vulnerabilities in accordance with applicable legal requirements and guidance. The Investment Adviser collaborates with third-party subject-matter experts, as necessary, to identify and assess material cybersecurity threat risks and evaluate and test its cybersecurity protections, including through continuous network and endpoint monitoring, employee anti-phishing training, vulnerability assessments, and penetration testing to inform the Investment Adviser's risk identification and assessment. The Investment Adviser also performs due diligence reviews on third-parties that have access to our systems, data, or facilities that house such systems or data and continually monitors cybersecurity threat risks identified through such diligence.

Together with management, the Board has designated an Information Security Group ("ISG") to monitor issues relating to cybersecurity and work with the Investment Adviser's third-party Information Technology ("IT") service provider to evaluate potential cyber risk vulnerabilities. While its composition may change over time, the ISG currently consists of our Chief Financial Officer and Chief Compliance Officer. The ISG, together with the Investment Adviser's third-party IT service provider, annually reviews the cyber risks applicable to our business and the measures established by the Investment Adviser and other service providers to protect against those risks and recommends changes or enhancements, as necessary. The Investment Adviser's management and the third-party IT service provider also monitor the Investment Adviser's network to identify internal and external cybersecurity threats and vulnerabilities in order to determine any steps that should be taken to protect information stored on the Investment Adviser's network and promptly inform the ISG of any identified cybersecurity threats or vulnerabilities. The ISG also makes inquiries of the Investment Adviser's management and the third-party IT service provider regarding such efforts.

Material Impact of Cybersecurity Risks

The potential impact of risks from cybersecurity threats on us are assessed on an ongoing basis, and how such risks could materially affect our business strategy, operational results, or financial condition are regularly evaluated. During the reporting period, we did not identify any risks from cybersecurity threats, including as a result of previous cybersecurity incidents, that we believe have materially affected, or are reasonably likely to materially affect, our business strategy, operational results, or financial condition. We further describe cybersecurity risks that we face in "The failure in cyber security systems, as well as the occurrence of events unanticipated in our disaster recovery systems and management continuity planning could impair our ability to conduct business effectively" and "We, our Investment Adviser and our portfolio companies are subject to risks associated with cyber-attacks" under "Item 1A. Risk Factors" of this annual report on Form 10-K.

Governance

The Board has overall responsibility for risk oversight, including risks related to cybersecurity threats. The Board is aware of the critical nature of managing these risks and has sought to establish oversight mechanisms to ensure effective governance in managing risks associated with cybersecurity and appropriate review of the protections provided to us by the Investment Adviser.

In conducting its duties, the ISG relies on the experience and expertise of the Investment Adviser's third-party IT service provider, which includes, among other things, over two decades of managing network security for companies, a track record of collaborating with management teams on incident response and threat mitigation, and, through various partnerships, vetting and implementing cutting-edge cybersecurity technologies. The ISG will provide a report, at least annually, to the entire Board regarding our cybersecurity threat risk management and strategy processes covering topics such as data security posture, results from third-party assessments, progress towards pre-determined risk mitigation-related goals, the Investment Adviser's incident response plan, and cybersecurity threat risks or incidents and developments, as well as the steps the Investment Adviser's management has taken to respond to and mitigate such risks. The Investment Adviser's incident response plan provides guidelines for responding to cyber incidents and facilitates coordination across multiple operational functions of the Investment Adviser. The incident response plan includes notification to the ISG and, depending on its nature, escalation to the Board, if appropriate. The Board is also encouraged to engage with the ISG on cybersecurity topics at other times, and material cybersecurity threats and risks are also considered by the Board in relation to other important matters that come before it.

Item 2. Properties

Our offices are located at 500 Park Avenue, New York, New York 10022, and are provided by SLR Capital Management in accordance with the terms of the Administration Agreement. We believe that our office facilities are suitable and adequate for our business as it is presently conducted.

Item 3. Legal Proceedings

We and our consolidated subsidiaries are not currently subject to any material legal proceedings, nor, to our knowledge, is any material legal proceeding threatened against us or our consolidated subsidiaries. From time to time, we and our consolidated subsidiaries may be a party to certain legal proceedings in the ordinary course of business, including proceedings relating to the enforcement of our rights under contracts with our portfolio companies. While the outcome of these legal proceedings cannot be predicted with certainty, we do not expect that these proceedings will have a material effect upon our financial condition or results of operations.

Item 4. Mine Safety Disclosures

Not applicable.

PART II**Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities****Common Stock**

Our common stock is traded on the NASDAQ Global Select Market under the symbol “SLRC”. The following table sets forth, for each fiscal quarter during the last two fiscal years, the net asset value (“NAV”) per share of our common stock, the high and low closing sales prices for our common stock, such sales prices as a percentage of NAV per share and distributions per share.

	NAV ⁽¹⁾	Price Range		Premium or (Discount) of High Closing Price to NAV ⁽²⁾	Premium or (Discount) of Low Closing Price to NAV ⁽²⁾	Declared Distributions ⁽³⁾
		High	Low			
Fiscal 2023						
Fourth Quarter	\$18.09	\$15.43	\$14.14	(14.7)%	(21.8)%	\$ 0.41
Third Quarter	18.06	15.60	14.22	(13.6)	(21.3)	0.41
Second Quarter	17.98	15.20	13.59	(15.5)	(24.4)	0.41
First Quarter	18.04	16.00	14.12	(11.3)	(21.7)	0.41
Fiscal 2022						
Fourth Quarter	\$18.33	\$15.03	\$12.50	(18.0)%	(31.8)%	\$ 0.41
Third Quarter	18.37	15.76	12.32	(14.2)	(32.9)	0.41
Second Quarter	18.53	18.19	14.17	(1.8)	(23.5)	0.41
First Quarter	19.56	19.26	17.68	(1.5)	(9.6)	0.41

⁽¹⁾ NAV per share is determined as of the last day in the relevant quarter and therefore may not reflect the NAV per share on the date of the high and low sales prices. The net asset values shown are based on outstanding shares at the end of each period.

⁽²⁾ Calculated as of the respective high or low closing price divided by NAV and subtracting 1.

⁽³⁾ Represents the cash distribution for the specified quarter.

On February 23, 2024, the last reported sales price of our common stock was \$14.89 per share. As of February 23, 2024, we had 19 stockholders of record.

Shares of BDCs may trade at a market price that is less than the value of the net assets attributable to those shares. The possibility that our shares of common stock will trade at a discount from net asset value or at premiums that are unsustainable over the long term is separate and distinct from the risk that our net asset value will decrease. Since our IPO on February 9, 2010, our shares of common stock have traded at both a discount and a premium to the net assets attributable to those shares. As of February 23, 2024, our shares of common stock traded at a discount equal to approximately 17.7% of the net assets attributable to those shares based upon our net asset value as of December 31, 2023. It is not possible to predict whether the shares offered hereby will trade at, above, or below net asset value.

DISTRIBUTIONS

Tax characteristics of all distributions will be reported to stockholders on Form 1099 after the end of the calendar year. Future quarterly distributions, if any, will be determined by the Board. We expect that our distributions to stockholders will generally be from accumulated net investment income, from net realized capital gains or non-taxable return of capital, if any, as applicable.

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We have elected to be taxed as a RIC under Subchapter M of the Code. To maintain our RIC tax treatment, we must distribute at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, out of the assets legally available for distribution. In addition, although we currently intend to distribute realized net capital gains (*i.e.*, net long-term capital gains in excess of short-term capital losses), if any, at least annually, out of the assets legally available for such distributions, we may in the future decide to retain such capital gains for investment.

We maintain an “opt out” dividend reinvestment plan for our common stockholders. As a result, if we declare a distribution, then stockholders’ cash distributions will be automatically reinvested in additional shares of our common stock, unless they specifically “opt out” of the dividend reinvestment plan so as to receive cash distributions.

We may not be able to achieve operating results that will allow us to make distributions at a specific level or to increase the amount of these distributions from time to time. In addition, due to the asset coverage test applicable to us as a business development company, we may in the future be limited in our ability to make distributions. Also, our revolving credit facility may limit our ability to declare distributions if we default under certain provisions. If we do not distribute a certain percentage of our income annually, we will suffer adverse tax consequences, including possible loss of the tax benefits available to us as a regulated investment company. In addition, in accordance with GAAP and tax regulations, we include in income certain amounts that we have not yet received in cash, such as contractual payment-in-kind income, which represents contractual income added to the loan balance that becomes due at the end of the loan term, or the accrual of original issue or market discount. Since we may recognize income before or without receiving cash representing such income, we may have difficulty meeting the requirement to distribute at least 90% of our investment company taxable income to obtain tax benefits as a regulated investment company.

With respect to the distributions to stockholders, income from origination, structuring, closing and certain other upfront fees associated with investments in portfolio companies are treated as taxable income and accordingly, distributed to stockholders.

We cannot assure stockholders that they will receive any distributions at a particular level.

All distributions declared in cash payable to stockholders that are participants in our dividend reinvestment plan are generally automatically reinvested in shares of our common stock. As a result, stockholders that do not participate in the dividend reinvestment plan may experience dilution over time. Stockholders who do not elect to receive distributions in shares of common stock may experience accretion to the net asset value of their shares if our shares are trading at a premium and dilution if our shares are trading at a discount. The level of accretion or discount would depend on various factors, including the proportion of our stockholders who participate in the plan, the level of premium or discount at which our shares are trading and the amount of the distribution payable to a stockholder.

Recent Sales of Unregistered Securities

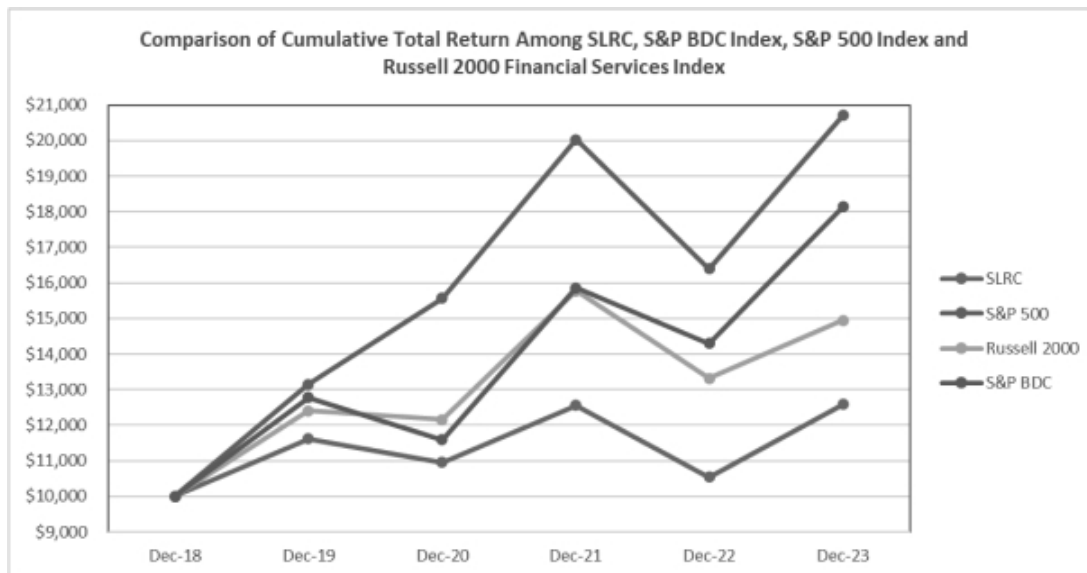
None.

Issuer Purchases of Equity Securities

None.

STOCK PERFORMANCE GRAPH

This graph compares the cumulative total return on our common stock with that of the Standard & Poor’s BDC Index, Standard & Poor’s 500 Stock Index and the Russell 2000 Financial Services Index, for the period from December 31, 2018 through December 31, 2023. The graph assumes that a person invested \$10,000 in each of the following: our common stock (SLRC), the S&P BDC Index, the S&P 500 Index, and the Russell 2000 Financial Services Index. The graph measures total stockholder return, which takes into account both changes in stock price and dividends. It assumes that dividends paid are invested in additional shares of the same class of equity securities at the frequency with which dividends are paid of such securities during the applicable fiscal year.



The graph and other information furnished under this Part II Item 5 of this Form 10-K shall not be deemed to be “soliciting material” or to be “filed” with the SEC or subject to Regulation 14A or 14C, or to the liabilities of Section 18 of the 1934 Act. The stock price performance included in the above graph is not necessarily indicative of future stock price performance.

FEES AND EXPENSES

The following table is intended to assist an investor in understanding the costs and expenses that you will bear directly or indirectly. We caution you that some of the percentages indicated in the table below are estimates and may vary. Except where the context suggests otherwise, whenever this report contains a reference to fees or expenses paid by “us” or “SLRC,” or that “we” will pay fees or expenses, you will indirectly bear such fees or expenses as an investor in SLR Investment Corp.

Stockholder transaction expenses:	
Sales load (as a percentage of offering price)	— % ⁽¹⁾
Offering expenses (as a percentage of offering price)	— % ⁽²⁾
Dividend reinvestment plan expenses	— % ⁽³⁾
Total stockholder transaction expenses (as a percentage of offering price)	— % ⁽²⁾
Annual expenses (as a percentage of net assets attributable to common stock)	
⁽⁴⁾ :	
Base management fee	3.21% ⁽⁵⁾
Incentive fees payable under the Advisory Agreement (up to 20%)	2.27% ⁽⁶⁾
Interest payments on borrowed funds	7.35% ⁽⁷⁾
Acquired fund fees and expenses	0.35% ⁽⁸⁾
Other expenses (estimated)	1.08% ⁽⁹⁾
Total annual expenses	14.26%

⁽¹⁾ In the event that the shares of common stock are sold to or through underwriters, a corresponding prospectus supplement will disclose the applicable sales load and the “Example” will be updated accordingly.

⁽²⁾ The prospectus supplement corresponding to each offering will disclose the applicable offering expenses and total stockholder transaction expenses.

⁽³⁾ The expenses of the dividend reinvestment plan are included in “other expenses.”

⁽⁴⁾ Annual Expenses are presented in this manner because common stockholders will bear all costs of running the Company.

⁽⁵⁾ Our 1.50% base management fee under the Advisory Agreement (giving effect to the Letter Agreement) is based on our gross assets, which is defined as all the assets of SLRC, excluding temporary assets, including those acquired using borrowings for investment purposes, and assumes our gross assets remain consistent with gross assets for the fiscal year ended December 31, 2023. The base management fee is reduced to 1.00% on gross assets that exceed 200% of total net assets as of the immediately preceding quarter.

⁽⁶⁾ Assumes that annual incentive fees earned by our investment adviser, SLR Capital Partners, remain consistent with the incentive fees earned by SLR Capital Partners for the fiscal year ended December 31, 2023. The incentive fee consists of two parts:

The first part, which is payable quarterly in arrears, equals 20% of the excess, if any, of our “Pre-Incentive Fee Net Investment Income” that exceeds a 1.75% quarterly (7.00% annualized) hurdle rate, which we refer to as the Hurdle, subject to a “catch-up” provision measured at the end of each calendar quarter. The first part of the incentive fee is computed and paid on income that may include interest that is accrued but not yet received in cash. The operation of the first part of the incentive fee for each quarter is as follows:

- no incentive fee is payable to our investment adviser in any calendar quarter in which our Pre-Incentive Fee Net Investment Income does not exceed the Hurdle of 1.75%;
- 100% of our Pre-Incentive Fee Net Investment Income with respect to that portion of such Pre-Incentive Fee Net Investment Income, if any, that exceeds the Hurdle but is less than 2.1875% in any calendar quarter (8.75% annualized) is payable to our investment adviser. We refer to this portion of our Pre-Incentive Fee Net Investment Income (which exceeds the Hurdle but is less than 2.1875%) as the “catch-up.” The “catch-up” is meant to provide our investment adviser with 20% of our

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Pre-Incentive Fee Net Investment Income, as if a Hurdle did not apply when our Pre-Incentive Fee Net Investment Income exceeds 2.1875% in any calendar quarter; and

- 20% of the amount of our Pre-Incentive Fee Net Investment Income, if any, that exceeds 2.1875% in any calendar quarter (8.75% annualized) is payable to our investment adviser (once the Hurdle is reached and the catch-up is achieved, 20% of all Pre-Incentive Fee Investment Income thereafter is allocated to our investment adviser).

The second part of the incentive fee equals 20% of our “Incentive Fee Capital Gains,” if any, which equals our realized capital gains on a cumulative basis from inception through the end of each calendar year, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fees. The second part of the incentive fee is payable, in arrears, at the end of each calendar year (or upon termination of the Advisory Agreement, as of the termination date).

- (7) We have historically and will in the future borrow funds from time to time to make investments to the extent we determine that the economic situation is conducive to doing so. The costs associated with our outstanding borrowings are indirectly borne by our investors. For purposes of this section, we have computed interest expense using the average consolidated balance outstanding for borrowings during the fiscal year ended December 31, 2023. We used SOFR or a similar base rate on December 31, 2023 and the interest rate on the Credit Facility, the SPV Credit Facility, the 2027 Series F Unsecured Notes, the 2027 Unsecured Notes, the 2026 Unsecured Notes, the 2025 Unsecured Notes and the 2024 Unsecured Notes on December 31, 2023. We have also included, as applicable, the estimated market discount or amortization of fees incurred in establishing the Credit Facility, the SPV Credit Facility, the 2027 Series F Unsecured Notes, the 2027 Unsecured Notes, the 2026 Unsecured Notes, the 2025 Unsecured Notes and the 2024 Unsecured Notes as of December 31, 2023. Additionally, we included the estimated cost of commitment fees for unused balances on the Credit Facility and the SPV Credit Facility. As of December 31, 2023, we had \$507.0 million outstanding under the Credit Facility, \$206.3 million outstanding under the SPV Credit Facility and \$135 million, \$50 million, \$75 million, \$125 million and \$85 million outstanding under the 2027 Series F Unsecured Notes, the 2027 Unsecured Notes, the 2026 Unsecured Notes, the 2025 Unsecured Notes and the 2024 Unsecured Notes, respectively. We may also issue preferred stock, subject to our compliance with applicable requirements under the 1940 Act, although we have no immediate intention to do so.
- (8) The holders of shares of our common stock indirectly bear the expenses of our investment in SLR Senior Lending Program LLC (“SSLP”). No management fee is charged on our investments in SSLP in connection with the administrative services provided to SSLP. Future expenses for SSLP may be substantially higher or lower because certain expenses may fluctuate over time.
- (9) “Other expenses” are based on estimated amounts for the current fiscal year, which considers the amounts incurred for the fiscal year ended December 31, 2023 and include our overhead expenses, including payments under our Administration Agreement based on our allocable portion of overhead and other expenses incurred by SLR Capital Management in performing its obligations under the Administration Agreement.

Example

The following example demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common stock. In calculating the following expense amounts, we have assumed that our annual operating expenses would remain at the levels set forth in the table above and have excluded performance-based incentive fees. As such, the below example is based on an annual expense ratio of 11.99%. See Note 7 above for additional information regarding certain

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assumptions regarding our level of leverage. In the event that shares are sold to or through underwriters, a corresponding prospectus supplement will restate this example to reflect the applicable sales load.

	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
You would pay the following expenses on a \$1,000 investment, assuming a 5% annual return	\$ 120	\$ 335	\$ 521	\$ 884

The example and the expenses in the tables above should not be considered a representation of our future expenses, and actual expenses may be greater or less than those shown. While the example assumes, as required by the SEC, a 5% annual return, our performance will vary and may result in a return greater or less than 5%. The incentive fee under the Advisory Agreement, which, assuming a 5% annual return, would either not be payable or would have an insignificant impact on the expense amounts shown above, is not included in the example. This illustration assumes that we will not realize any capital gains (computed net of all realized capital losses and unrealized capital depreciation) in any of the indicated time periods. If we achieve sufficient returns on our investments, including through the realization of capital gains, to trigger an incentive fee of a material amount, our expenses and returns to our investors would be higher. For example, if we assumed that we received our 5% annual return completely in the form of net realized capital gains on our investments, computed net of all cumulative unrealized depreciation on our investments, the projected dollar amount of total cumulative expenses set forth in the above illustration would be as follows:

	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
You would pay the following expenses on a \$1,000 investment, assuming a 5% annual return	\$ 130	\$ 359	\$ 554	\$ 919

In addition, the example assumes no sales load. Also, while the example assumes reinvestment of all distributions at net asset value, participants in our dividend reinvestment plan will receive a number of shares of our common stock, determined by dividing the total dollar amount of the distribution payable to a participant by the market price per share of our common stock at the close of trading on the distribution payment date, which may be at, above or below net asset value unless the company makes open market purchases and the shares received will be determined based on the average price paid by our agent, plus commissions.

Item 6. Reserved

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The information contained in this section should be read in conjunction with our Consolidated Financial Statements and notes thereto appearing elsewhere in this report.

Some of the statements in this report constitute forward-looking statements, which relate to future events or our future performance or financial condition. The forward-looking statements contained herein involve risks and uncertainties, including statements as to:

- our future operating results, including our ability to achieve objectives;
- our business prospects and the prospects of our portfolio companies;
- the impact of investments that we expect to make;
- our contractual arrangements and relationships with third parties;
- the dependence of our future success on the general economy and its impact on the industries in which we invest;
- the impact of any protracted decline in the liquidity of credit markets on our business;

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- the ability of our portfolio companies to achieve their objectives;
- the valuation of our investments in portfolio companies, particularly those having no liquid trading market;
- market conditions and our ability to access alternative debt markets and additional debt and equity capital;
- our expected financings and investments;
- the adequacy of our cash resources and working capital;
- the timing of cash flows, if any, from the operations of our portfolio companies;
- the ability of the Investment Adviser to locate suitable investments for us and to monitor and administer our investments;
- the ability of the Investment Adviser to attract and retain highly talented professionals;
- the ability of the Investment Adviser to adequately allocate investment opportunities among the Company and its other advisory clients;
- any conflicts of interest posed by the structure of the management fee and incentive fee to be paid to the Investment Adviser;
- changes in political, economic or industry conditions, relations between the United States, Russia, Ukraine and other nations, the interest rate environment, certain regional bank failures or conditions affecting the financial and capital markets;
- the escalating conflict in the Middle East;
- changes in the general economy, slowing economy, rising inflation, risk of recession and risks in respect of a failure to increase the U.S. debt ceiling; and
- our ability to anticipate and identify evolving market expectations with respect to environmental, social and governance matters, including the environmental impacts of our portfolio companies' supply chains and operations.

These statements are not guarantees of future performance and are subject to risks, uncertainties, and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements, including without limitation:

- an economic downturn could impair our portfolio companies' ability to continue to operate, which could lead to the loss of some or all of our investments in such portfolio companies;
- a contraction of available credit and/or an inability to access the equity markets could impair our lending and investment activities;
- interest rate volatility could adversely affect our results, particularly because we use leverage as part of our investment strategy;
- currency fluctuations could adversely affect the results of our investments in foreign companies, particularly to the extent that we receive payments denominated in foreign currency rather than U.S. dollars; and
- the risks, uncertainties and other factors we identify in Item 1A. — Risk Factors contained in this Annual Report on Form 10-K for the year ended December 31, 2023 and in our other filings with the SEC.

We generally use words such as “anticipates,” “believes,” “expects,” “intends” and similar expressions to identify forward-looking statements. Our actual results could differ materially from those projected in the forward-looking statements for any reason, including any factors set forth in “Risk Factors” and elsewhere in this report.

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We have based the forward-looking statements included in this report on information available to us on the date of this report, and we assume no obligation to update any such forward-looking statements. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through reports that we in the future may file with the SEC, including any annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.

Overview

SLR Investment Corp. (the “Company”, “SLRC”, “we” or “our”), a Maryland corporation formed in November 2007, is a closed-end, externally managed, non-diversified management investment company that has elected to be regulated as a business development company (“BDC”) under the Investment Company Act of 1940, as amended (the “1940 Act”). Furthermore, as the Company is an investment company, it continues to apply the guidance in the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 946. In addition, for U.S. federal income tax purposes, the Company has elected to be treated as a regulated investment company (“RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”).

On February 9, 2010, we priced our initial public offering, selling 5.68 million shares of our common stock. Concurrent with our initial public offering, Michael S. Gross, our Chairman, Co-Chief Executive Officer and President, and Bruce Spohler, our Co-Chief Executive Officer and Chief Operating Officer, collectively purchased an additional 0.6 million shares of our common stock through a private placement transaction exempt from registration under the Securities Act of 1933, as amended.

We invest primarily in privately held U.S. middle-market companies, where we believe the supply of primary capital is limited and the investment opportunities are most attractive. Our investment objective is to generate both current income and capital appreciation through debt and equity investments. We invest primarily in leveraged middle-market companies in the form of senior secured loans, financing leases and to a lesser extent, unsecured loans and equity securities. From time to time, we may also invest in public companies that are thinly traded. Our business is focused primarily on the direct origination of investments through portfolio companies or their financial sponsors. Our investments generally range between \$5 million and \$100 million each, although we expect that this investment size will vary proportionately with the size of our capital base and/or with strategic initiatives. Our investment activities are managed by SLR Capital Partners, LLC (the “Investment Adviser”) and supervised by our board of directors (the “Board”), a majority of whom are non-interested, as such term is defined in the 1940 Act. SLR Capital Management, LLC (the “Administrator”) provides the administrative services necessary for us to operate.

In addition, we may invest a portion of our portfolio in other types of investments, which we refer to as opportunistic investments, which are not our primary focus but are intended to enhance our overall returns. These investments may include, but are not limited to, direct investments in public companies that are not thinly traded and securities of leveraged companies located in select countries outside of the United States.

Recent Developments

On February 27, 2024, the Board declared a quarterly distribution of \$0.41 per share payable on March 28, 2024 to holders of record as of March 14, 2024.

Investments

Our level of investment activity can and does vary substantially from period to period depending on many factors, including the amount of debt and equity capital available to middle market companies, the level of merger and acquisition activity for such companies, the general economic environment and the competitive

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environment for the types of investments we make. As a BDC, we must not acquire any assets other than “qualifying assets” specified in the 1940 Act unless, at the time the acquisition is made, at least 70% of our total assets are qualifying assets (with certain limited exceptions). Qualifying assets include investments in “eligible portfolio companies.” The definition of “eligible portfolio company” includes certain public companies that do not have any securities listed on a national securities exchange and companies whose securities are listed on a national securities exchange but whose market capitalization is less than \$250 million.

Revenue

We generate revenue primarily in the form of interest and dividend income from the securities we hold and capital gains, if any, on investment securities that we may sell. Our debt investments generally have a stated term of three to seven years and typically bear interest at a floating rate usually determined on the basis of a benchmark Secured Overnight Financing Rate (“SOFR”), commercial paper rate, or the prime rate. Interest on our debt investments is generally payable monthly or quarterly but may be bi-monthly or semi-annually. In addition, our investments may provide payment-in-kind (“PIK”) income. Such amounts of accrued PIK income are added to the cost of the investment on the respective capitalization dates and generally become due at maturity of the investment or upon the investment being called by the issuer. We may also generate revenue in the form of commitment, origination, structuring fees, fees for providing managerial assistance and, if applicable, consulting fees, etc.

Expenses

All investment professionals of the Investment Adviser and their respective staffs, when and to the extent engaged in providing investment advisory and management services, and the compensation and routine overhead expenses of such personnel allocable to such services, are provided and paid for by the Investment Adviser. We bear all other costs and expenses of our operations and transactions, including (without limitation):

- the cost of our organization and public offerings;
- the cost of calculating our net asset value, including the cost of any third-party valuation services;
- the cost of effecting sales and repurchases of our shares and other securities;
- interest payable on debt, if any, to finance our investments;
- fees payable to third parties relating to, or associated with, making investments, including fees and expenses associated with performing due diligence reviews of prospective investments and advisory fees;
- transfer agent and custodial fees;
- fees and expenses associated with marketing efforts;
- federal and state registration fees, any stock exchange listing fees;
- federal, state and local taxes;
- independent directors’ fees and expenses;
- brokerage commissions;
- fidelity bond, directors and officers errors and omissions liability insurance and other insurance premiums;
- direct costs and expenses of administration, including printing, mailing, long distance telephone and staff;
- fees and expenses associated with independent audits and outside legal costs;

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- costs associated with our reporting and compliance obligations under the 1940 Act and applicable federal and state securities laws; and
- all other expenses incurred by either SLR Capital Management or us in connection with administering our business, including payments under the Administration Agreement that will be based upon our allocable portion of overhead and other expenses incurred by SLR Capital Management in performing its obligations under the Administration Agreement, including rent, the fees and expenses associated with performing compliance functions, and our allocable portion of the costs of compensation and related expenses of our chief compliance officer and our chief financial officer and their respective staffs.

We expect our general and administrative operating expenses related to our ongoing operations to increase moderately in dollar terms. During periods of asset growth, we generally expect our general and administrative operating expenses to decline as a percentage of our total assets and increase during periods of asset declines. Incentive fees, interest expense and costs relating to future offerings of securities, among others, may also increase or reduce overall operating expenses based on portfolio performance, interest rate benchmarks, and offerings of our securities relative to comparative periods, among other factors.

Macroeconomic Environment

Credit markets showed resilience in 2023 in the face of persistent but declining inflationary pressures and higher interest rates. The U.S. economy grew during the year and central banks have postured toward lower interest rates. The year ended with uncertainties around the economy and geopolitical issues.

Portfolio and Investment Activity

During the year ended December 31, 2023, we invested approximately \$812 million across over 85 portfolio companies. This compares to investing approximately \$610 million across over 75 portfolio companies for the year ended December 31, 2022. Investments sold, prepaid or repaid during the year ended December 31, 2023 totaled approximately \$750 million versus approximately \$532 million for the year ended December 31, 2022.

At December 31, 2023, our portfolio consisted of 151 portfolio companies and was invested 32.5% in cash flow senior secured loans, 27.8% in asset-based senior secured loans / SLR Credit Solutions (“SLR Credit”) / SLR Healthcare ABL / SLR Business Credit, 23.0% in equipment senior secured financings / SLR Equipment Finance (“SLR Equipment”) / Kingsbridge Holdings, LLC (“KBH”) and 16.7% in life science senior secured loans, in each case, measured at fair value, versus 139 portfolio companies invested 30.8% in cash flow senior secured loans, 30.0% in asset-based senior secured loans / SLR Credit, 23.7% in equipment senior secured financings / SLR Equipment / KBH, and 15.5% in life science senior secured loans, in each case, measured at fair value, at December 31, 2022.

At December 31, 2023, 78.7% or \$1.67 billion of our income producing investment portfolio* is floating rate and 21.3% or \$450.6 million is fixed rate, measured at fair value. At December 31, 2022, 77.7% or \$1.61 billion of our income producing investment portfolio* is floating rate and 22.3% or \$464.5 million is fixed rate, measured at fair value. As of December 31, 2023 and 2022, we had one and two issuers on non-accrual status, respectively.

* We have included SLR Credit Solutions, SLR Equipment Finance, SLR Healthcare ABL, SLR Business Credit and Kingsbridge Holdings, LLC within our income producing investment portfolio.

SLR Credit Solutions

On December 28, 2012, we acquired an equity interest in Crystal Capital Financial Holdings LLC (“Crystal Financial”) for \$275 million in cash. Crystal Financial owned approximately 98% of the outstanding ownership

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interest in SLR Credit Solutions (“SLR Credit”), f/k/a Crystal Financial LLC. The remaining financial interest was held by various employees of SLR Credit, through their investment in Crystal Management LP. SLR Credit had a diversified portfolio of 23 loans having a total par value of approximately \$400 million at November 30, 2012 and a \$275 million committed revolving credit facility. On July 28, 2016, the Company purchased Crystal Management LP’s approximately 2% equity interest in SLR Credit for approximately \$5.7 million. Upon the closing of this transaction, the Company holds 100% of the equity interest in SLR Credit. On September 30, 2016, Crystal Capital Financial Holdings LLC was dissolved. As of December 31, 2023, total commitments to the revolving credit facility are \$300 million.

As of December 31, 2023, SLR Credit had 31 funded commitments to 26 different issuers with total funded loans of approximately \$406.6 million on total assets of \$438.4 million. As of December 31, 2022, SLR Credit had 29 funded commitments to 25 different issuers with total funded loans of approximately \$439.5 million on total assets of \$460.7 million. As of December 31, 2023 and December 31, 2022, the largest loan outstanding totaled \$30.0 million and \$33.4 million, respectively. For the same periods, the average exposure per issuer was \$15.6 million and \$17.6 million, respectively. SLR Credit’s credit facility, which is non-recourse to the Company, had approximately \$218.9 million and \$224.3 million of borrowings outstanding at December 31, 2023 and December 31, 2022, respectively. For the years ended December 31, 2023 and 2022, SLR Credit had net income of \$6.5 million and \$7.5 million, respectively, on gross income of \$57.8 million and \$30.3 million, respectively. Due to timing and non-cash items, there may be material differences between GAAP net income and cash available for distributions. As such, and subject to fluctuations in SLR Credit’s funded commitments, the timing of originations, and the repayments of financings, the Company cannot guarantee that SLR Credit will be able to maintain consistent dividend payments to us. SLR Credit’s consolidated financial statements for the fiscal years ended December 31, 2023 and December 31, 2022 are attached as an exhibit to this annual report on Form 10-K.

SLR Equipment Finance

On July 31, 2017, we acquired a 100% equity interest in NEF Holdings, LLC, which conducts its business through its wholly-owned subsidiary Nations Equipment Finance, LLC. Effective February 25, 2021, Nations Equipment Finance, LLC and its related companies are doing business as SLR Equipment Finance (“SLR Equipment”). SLR Equipment is an independent equipment finance company that provides senior secured loans and leases primarily to U.S. based companies. We invested \$209.9 million in cash to effect the transaction, of which \$145.0 million was invested in the equity of SLR Equipment through our wholly-owned consolidated taxable subsidiary NEFCORP LLC and our wholly-owned consolidated subsidiary NEFPASS LLC and \$64.9 million was used to purchase certain leases and loans held by SLR Equipment through NEFPASS LLC. Concurrent with the transaction, SLR Equipment refinanced its existing senior secured credit facility into a \$150.0 million non-recourse facility with an accordion feature to expand up to \$250.0 million. In September 2019, SLR Equipment amended the facility, increasing commitments to \$214.0 million with an accordion feature to expand up to \$314.0, million and extended the maturity date of the facility to July 31, 2023. In June 2023, the facility was amended to extend the maturity date to January 31, 2024, with updated commitments totaling \$152.1 million, effective August 1, 2023.

As of December 31, 2023, SLR Equipment had 150 funded equipment-backed leases and loans to 62 different customers with a total net investment in leases and loans of approximately \$203.7 million on total assets of \$254.7 million. As of December 31, 2022, SLR Equipment had 131 funded equipment-backed leases and loans to 59 different customers with a total net investment in leases and loans of approximately \$190.8 million on total assets of \$241.8 million. As of December 31, 2023 and December 31, 2022, the largest position outstanding totaled \$17.9 million and \$19.3 million, respectively. For the same periods, the average exposure per customer was \$3.3 million and \$3.2 million, respectively. SLR Equipment’s credit facility, which is non-recourse to the Company, had approximately \$137.2 million and \$115.0 million of borrowings outstanding at December 31, 2023 and December 31, 2022, respectively. For the years ended December 31, 2023 and 2022, SLR Equipment had net losses of \$6.4 million and \$2.9 million, respectively, on gross income of \$19.6 million and \$20.4 million,

respectively. Due to timing and non-cash items, there may be material differences between GAAP net income and cash available for distributions. As such, and subject to fluctuations in SLR Equipment's funded commitments, the timing of originations, and the repayments of financings, the Company cannot guarantee that SLR Equipment will be able to maintain consistent dividend payments to us. SLR Equipment's consolidated financial statements for the fiscal years ended December 31, 2023 and December 31, 2022 are attached as an exhibit to this annual report on Form 10-K.

Kingsbridge Holdings, LLC

On November 3, 2020, the Company acquired 87.5% of the equity securities of Kingsbridge Holdings, LLC ("KBH") through KBH Topco LLC ("KBHT"), a Delaware corporation. KBH is a residual focused independent mid-ticket lessor of equipment primarily to U.S. investment grade companies. The Company invested \$216.6 million to effect the transaction, of which \$136.6 million was invested to acquire 87.5% of KBHT's equity and \$80.0 million in KBH's debt. The existing management team of KBH committed to continuing to lead KBH after the transaction. Following the transaction, the Company owns 87.5% of KBHT equity and the KBH management team owns the remaining 12.5% of KBHT's equity.

As of December 31, 2023 and 2022, KBHT had total assets of \$857.3 million and \$777.2 million, respectively. For the same periods, debt recourse to KBHT totaled \$249.8 million and \$222.1 million, respectively, and non-recourse debt totaled \$367.1 million and \$353.1 million, respectively. None of the debt is recourse to the Company. For the years ended December 31, 2023 and December 31, 2022, KBHT had net income of \$9.1 million and \$13.3 million, respectively, on gross income of \$327.4 million and \$298.8 million, respectively. Due to timing and non-cash items, there may be material differences between GAAP net income and cash available for distributions. As such, and subject to fluctuations in KBHT's funded commitments, the timing of originations, and the repayments of financings, the Company cannot guarantee that KBHT will be able to maintain consistent dividend payments to us. KBHT's consolidated financial statements for the years ended December 31, 2023 and December 31, 2022 are attached as an exhibit to this annual report on Form 10-K.

SLR Healthcare ABL

SUNS acquired an equity interest in SLR Healthcare ABL, f/k/a Gemino Healthcare Finance, LLC ("SLR Healthcare") on September 30, 2013. SLR Healthcare is a commercial finance company that originates, underwrites, and manages primarily secured, asset-based loans for small and mid-sized companies operating in the healthcare industry. SUNS initial investment in SLR Healthcare ABL was approximately \$32.8 million. The management team of SLR Healthcare co-invested in the transaction and continues to lead SLR Healthcare. As of December 31, 2023, SLR Healthcare's management team and the Company own approximately 7% and 93% of the equity in SLR Healthcare, respectively. SLRC acquired SLR Healthcare in connection with the Mergers on April 1, 2022. Effective with an amendment dated August 24, 2023, SLR Healthcare has a \$150 million non-recourse credit facility, which is expandable to \$200 million under its accordion facility. The maturity date of this facility is March 31, 2026.

SLR Healthcare currently manages a highly diverse portfolio of directly-originated and underwritten senior-secured commitments. As of December 31, 2023, the portfolio totaled approximately \$255.0 million of commitments with a total net investment in loans of \$111.3 million on total assets of \$118.6 million. As of December 31, 2022, the portfolio totaled approximately \$242.1 million of commitments with a total net investment in loans of \$92.4 million on total assets of \$108.7 million. At December 31, 2023, the portfolio consisted of 42 issuers with an average balance of approximately \$2.6 million versus 41 issuers with an average balance of approximately \$2.3 million at December 31, 2022. All of the commitments in SLR Healthcare's portfolio are floating-rate, senior-secured, cash-pay loans. SLR Healthcare's credit facility, which is non-recourse to us, had approximately \$84.7 million and \$77.0 million of borrowings outstanding at December 31, 2023 and December 31, 2022, respectively. For the years ended December 31, 2023 and 2022, SLR Healthcare had net income of \$5.5 million and \$3.5 million, respectively, on gross income of \$17.9 million and \$11.6 million,

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respectively. Due to timing and non-cash items, there may be material differences between GAAP net income and cash available for distributions. SLR Healthcare's consolidated financial statements for the fiscal years ended December 31, 2023 and December 31, 2022 are attached as an exhibit to this annual report on Form 10-K.

SLR Business Credit

SUNS acquired 100% of the equity interests of North Mill Capital LLC ("NMC") on October 20, 2017. NMC is a leading asset-backed lending commercial finance company that provides senior secured asset-backed financings to U.S. based small-to-medium-sized businesses primarily in the manufacturing, services and distribution industries. SUNS invested approximately \$51.0 million to effect the transaction. Subsequently, SUNS contributed 1% of its equity interest in NMC to ESP SSC Corporation. Immediately thereafter, SUNS and ESP SSC Corporation contributed their equity interests to NorthMill LLC ("North Mill"). On May 1, 2018, North Mill merged with and into NMC, with NMC being the surviving company. SUNS and ESP SSC Corporation then owned 99% and 1% of the equity interests of NMC, respectively. The management team of NMC continues to lead NMC. On June 28, 2019, North Mill Holdco LLC ("NM Holdco"), a newly formed entity and ESP SSC Corporation acquired 100% of Summit Financial Resources, a Salt Lake City-based provider of asset-backed financing to small and medium-sized businesses. As part of this transaction, SUNS 99% interest in the equity of NMC was contributed to NM Holdco. This approximately \$15.5 million transaction was financed with borrowings on NMC's credit facility. Effective February 25, 2021, NMC and its related companies are doing business as SLR Business Credit. On June 3, 2021, NMC acquired 100% of Fast Pay Partners LLC, a Los Angeles-based provider of asset-backed financing to digital media companies. The transaction purchase price of approximately \$66.7 million was financed with equity from SUNS of \$19.0 million and borrowings on NMC's credit facility of \$47.7 million. SLRC acquired SLR Business Credit in connection with the Mergers on April 1, 2022.

SLR Business Credit currently manages a highly diverse portfolio of directly-originated and underwritten senior-secured commitments. As of December 31, 2023, the portfolio totaled approximately \$610.9 million of commitments, of which \$273.5 million were funded, on total assets of \$315.3 million. As of December 31, 2022, the portfolio totaled approximately \$603.4 million of commitments, of which \$286.0 million were funded, on total assets of \$332.2 million. At December 31, 2023, the portfolio consisted of 102 issuers with an average balance of approximately \$2.7 million versus 108 issuers with an average balance of approximately \$2.6 million at December 31, 2022. NMC has a senior credit facility with a bank lending group for \$285.3 million which expires on November 13, 2025. Borrowings are secured by substantially all of NMC's assets. NMC's credit facility, which is non-recourse to us, had approximately \$222.9 million and \$214.4 million of borrowings outstanding at December 31, 2023 and December 31, 2022, respectively. For the years ended December 31, 2023, 2022 and 2021, SLR Business Credit had net income (loss) of (\$9.5) million, \$3.9 million, and \$7.3 million, respectively, on gross income of \$38.1 million, \$29.4 million, and \$24.0 million, respectively. Due to timing and non-cash items, there may be material differences between GAAP net income and cash available for distributions. As such, and subject to fluctuations in SLR Business Credit's funded commitments, the timing of originations, and the repayments of financings, the Company cannot guarantee that SLR Business Credit will be able to maintain consistent dividend payments to us. SLR Business Credit's consolidated financial statements for the fiscal years ended December 31, 2023 and December 31, 2022 are attached as an exhibit to this annual report on Form 10-K.

Stock Repurchase Program

On May 9, 2023, our Board authorized an extension of a program for the purpose of repurchasing up to \$50 million of our outstanding shares of common stock. Under the repurchase program, we may, but are not obligated to, repurchase shares of our outstanding common stock in the open market from time to time provided that we comply with our code of ethics and the guidelines specified in Rule 10b-18 of the 1934 Act, including certain price, market volume and timing constraints. In addition, any repurchases will be conducted in accordance with the 1940 Act. Unless further amended or extended by our Board, we expect the repurchase program to be in place until the earlier of May 10, 2024 or until \$50 million of our outstanding shares of common

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stock have been repurchased. The timing and number of additional shares to be repurchased will depend on a number of factors, including market conditions. There are no assurances that we will engage in any repurchases beyond what is reported herein. For the fiscal year ended December 31, 2023, the Company repurchased 746 shares at an average price of approximately \$14.02 per share, inclusive of commissions. The total dollar amount of shares repurchased for the fiscal year ended December 31, 2023 was \$0.01 million. During the fiscal year ended December 31, 2022, the Company repurchased 217,271 shares at an average price of approximately \$13.98 per share, inclusive of commissions. The total dollar amount of shares repurchased for the fiscal year ended December 31, 2022 was \$3.0 million.

SLR Senior Lending Program LLC

On October 12, 2022, the Company entered into an amended and restated limited liability company agreement with Sunstone Senior Credit L.P. (the “Investor”) to create a joint venture vehicle, SLR Senior Lending Program LLC (“SSLP”). SSLP is expected to invest primarily in senior secured cash flow loans. The Company and the Investor each have made initial equity commitments of \$50 million, resulting in a total equity commitment of \$100 million. Investment decisions and all material decisions in respect of SSLP must be approved by representatives of the Company and the Investor.

On December 1, 2022, SSLP commenced operations. On December 12, 2022, SSLP as servicer and SLR Senior Lending Program SPV LLC (“SSLP SPV”), a newly formed wholly owned subsidiary of SSLP, as borrower entered into a \$100 million senior secured revolving credit facility (the “SSLP Facility”) with Goldman Sachs Bank USA acting as administrative agent. On October 20, 2023, the SSLP Facility was expanded to \$150 million. The SSLP Facility is scheduled to mature on December 12, 2027. The SSLP Facility generally bears interest at a rate of SOFR plus 3.25%. SSLP and SSLP SPV, as applicable, have made certain customary representations and warranties, and are required to comply with various covenants, including leverage restrictions, reporting requirements and other customary requirements for similar credit facilities. The SSLP Facility also includes usual and customary events of default for credit facilities of this nature. As of December 31, 2023 and December 31, 2022, borrowings outstanding on the SSLP Facility totaled \$106.9 million and \$0, respectively.

As of December 31, 2023 and December 31, 2022, the Company and the Investor had contributed combined equity capital in the amount of \$85.8 million and \$19.0 million, respectively. As of December 31, 2023 and December 31, 2022, the Company and the Investor’s combined remaining commitments to SSLP totaled \$14.2 million and \$81.0 million, respectively. The Company, along with the Investor, controls the funding of SSLP, and SSLP may not call the unfunded commitments of the Company or the Investor without approval of both the Company and the Investor.

As of December 31, 2023 and December 31, 2022, SSLP had total assets of \$195.9 million and \$19.1 million, respectively. For the same periods, SSLP’s portfolio consisted of floating rate senior secured loans to 32 and 7 different borrowers, respectively. For the year ended December 31, 2023 and the period December 1, 2022 (commencement of operations) through December 31, 2022, SSLP invested \$188.7 million in 32 portfolio companies and \$18.1 million in 7 portfolio companies, respectively. For the same periods, investments prepaid totaled \$21.1 million and \$0.1 million, respectively.

SSLP Portfolio as of December 31, 2023 (dollar amounts in thousands)

Description	Industry	Spread Above Index ⁽¹⁾		Interest Rate ⁽²⁾	Maturity Date	Par Amount	Cost	Fair Value ⁽³⁾
		Floor						
Aegis Toxicology Sciences Corporation ⁽⁴⁾	Health Care Providers & Services	S+550	1.00%	11.13%	5/9/25	\$ 2,947	\$ 2,947	\$ 2,947
Alkeme Intermediary Holdings, LLC ⁽⁴⁾	Insurance	S+650	1.00%	11.96%	10/28/26	3,017	2,934	3,017
All States Ag Parts, LLC ⁽⁴⁾	Trading Companies & Distributors	S+600	1.00%	11.61%	9/1/26	2,133	2,133	2,133
Apex Service Partners, LLC	Diversified Consumer Services	S+700	1.00%	11.87%	10/24/30	4,905	4,784	4,783
Atria Wealth Solutions, Inc. ⁽⁴⁾	Diversified Financial Services	S+650	1.00%	11.97%	5/31/24	2,468	2,468	2,468
BayMark Health Services, Inc. ⁽⁴⁾	Health Care Providers & Services	S+500	1.00%	10.61%	6/11/27	4,033	4,033	4,033
CC SAG Holdings Corp. ⁽⁴⁾	Diversified Consumer Services	S+575	0.75%	11.22%	6/29/28	8,969	8,969	8,969
CVAUSA Management, LLC ⁽⁴⁾	Health Care Providers & Services	S+650	1.00%	11.74%	5/22/29	5,412	5,251	5,412
ENS Holdings III Corp. & ES Opco USA LLC ⁽⁴⁾	Trading Companies & Distributors	S+475	1.00%	10.20%	12/31/25	1,086	1,086	1,086
Erie Construction Mid-west, LLC	Building Products	S+475	1.00%	10.20%	7/30/27	8,457	8,457	8,457
Fertility (ITC) Investment Holdco, LLC ⁽⁴⁾	Health Care Providers & Services	S+650	1.00%	11.97%	1/3/29	5,955	5,791	5,955
Foundation Consumer Brands, LLC ⁽⁴⁾	Personal Products	S+625	1.00%	11.79%	2/12/27	8,641	8,641	8,641
GSM Acquisition Corp. ⁽⁴⁾	Leisure Equipment & Products	S+500	1.00%	10.47%	11/16/26	8,541	8,541	8,541
Higginbotham Insurance Agency, Inc. ⁽⁴⁾	Insurance	S+550	1.00%	10.96%	11/25/28	7,573	7,573	7,573
High Street Buyer, Inc.	Insurance	S+575	0.75%	11.25%	4/16/28	7,604	7,604	7,604
iCMS, Inc. ⁽⁴⁾	Software	S+725	0.75%	12.62%	8/18/28	3,089	3,066	3,089
Kaseya, Inc. ⁽⁴⁾	Software	S+600	0.75%	11.38%	6/23/29	9,058	9,058	9,058
Kid Distro Holdings, LLC ⁽⁴⁾	Software	S+550	1.00%	11.00%	10/1/27	8,939	8,939	8,939
Maxor Acquisition, Inc. ⁽⁴⁾	Health Care Providers & Services	S+675	1.00%	12.48%	3/1/29	6,120	5,940	6,120
ONS MSO, LLC ⁽⁴⁾	Health Care Providers & Services	S+625	1.00%	11.62%	7/8/26	5,922	5,784	5,922
Pinnacle Treatment Centers, Inc. ⁽⁴⁾	Health Care Providers & Services	S+650	1.00%	11.95%	1/2/26	6,951	6,951	6,951
Plastics Management, LLC ⁽⁴⁾	Health Care Providers & Services	S+500	1.00%	10.45%	8/18/27	5,637	5,471	5,637
RQM+ Corp. ⁽⁴⁾	Life Sciences Tools & Services	S+575	1.00%	11.36%	8/12/26	5,955	5,955	5,955
RxSense Holdings LLC ⁽⁴⁾	Diversified Consumer Services	S+500	1.00%	10.48%	3/13/26	8,968	8,968	8,968
SunMed Group Holdings, LLC ⁽⁴⁾	Health Care Equipment & Supplies	S+550	0.75%	10.96%	6/16/28	8,948	8,948	8,948
The Townsend Company, LLC ⁽⁴⁾	Commercial Services & Supplies	S+625	1.00%	11.61%	8/15/29	3,642	3,555	3,642
Tilley Distribution, Inc. ⁽⁴⁾	Trading Companies & Distributors	S+600	1.00%	11.50%	12/31/26	5,850	5,850	5,850
Ultimate Baked Goods Midco LLC ⁽⁴⁾	Packaged Foods & Meats	S+625	1.00%	11.71%	8/13/27	8,954	8,954	8,865
United Digestive MSO Parent, LLC ⁽⁴⁾	Health Care Providers & Services	S+675	1.00%	12.25%	3/30/29	3,411	3,311	3,411
Urology Management Holdings, Inc. ⁽⁴⁾	Health Care Providers & Services	S+650	1.00%	11.93%	6/15/26	3,179	3,102	3,155
Vessco Midco Holdings, LLC ⁽⁴⁾	Water Utilities	S+450	1.00%	9.96%	11/2/26	4,304	4,304	4,304
West-NR Parent, Inc. ⁽⁴⁾	Insurance	S+625	1.00%	11.70%	12/27/27	6,822	6,691	6,822
							<u>\$186,059</u>	<u>\$187,255</u>

- (1) Floating rate instruments accrue interest at a predetermined spread relative to an index, typically the SOFR. These instruments are typically subject to a SOFR floor.
- (2) Floating rate debt investments typically bear interest at a rate determined by reference to the SOFR (“S”), and which typically reset monthly, quarterly or semi-annually. For each debt investment we have provided the current interest rate in effect as of December 31, 2023.
- (3) Represents the fair value in accordance with ASC Topic 820. The determination of such fair value is not included in the Board’s valuation process described elsewhere herein.
- (4) The Company also holds this security on its Consolidated Statements of Assets and Liabilities.

SSLP Portfolio as of December 31, 2022 (dollar amounts in thousands)

Description	Industry	Spread Above		Interest Rate ⁽²⁾	Maturity Date	Par Amount	Cost	Fair Value ⁽³⁾
		Index ⁽¹⁾	Floor					
Atria Wealth Solutions, Inc. ⁽⁴⁾	Diversified Financial Services	S+600	1.00%	10.84%	2/29/24	\$ 2,494	\$ 2,494	\$ 2,494
BayMark Health Services, Inc. ⁽⁴⁾	Health Care Providers & Services	L+500	1.00%	9.73%	6/11/27	2,992	2,992	2,992
ENS Holdings III Corp. & ES Opco USA LLC ⁽⁴⁾	Trading Companies & Distributors	L+475	1.00%	9.43%	12/31/25	1,097	1,097	1,097
Foundation Consumer Brands, LLC ⁽⁴⁾	Personal Products	L+550	1.00%	10.15%	2/12/27	2,963	2,963	2,963
High Street Buyer, Inc. ⁽⁴⁾	Insurance	L+600	0.75%	10.73%	4/16/28	2,494	2,494	2,494
Ivy Fertility Services, LLC ⁽⁴⁾	Health Care Providers & Services	L+625	1.00%	10.39%	2/25/26	3,000	3,000	3,030
Kid Distro Holdings, LLC ⁽⁴⁾	Software	L+575	1.00%	10.48%	10/1/27	2,992	2,992	2,992
							<u>\$18,032</u>	<u>\$18,062</u>

- (1) Floating rate instruments accrue interest at a predetermined spread relative to an index, typically the LIBOR or SOFR. These instruments are typically subject to a LIBOR or SOFR floor.
- (2) Floating rate debt investments typically bear interest at a rate determined by reference to either the LIBOR (“L”) or SOFR (“S”), and which typically reset monthly, quarterly or semi-annually. For each debt investment we have provided the current interest rate in effect as of December 31, 2022.
- (3) Represents the fair value in accordance with ASC Topic 820. The determination of such fair value is not included in the Board’s valuation process described elsewhere herein.
- (4) The Company also holds this security on its Consolidated Statements of Assets and Liabilities.

Below is certain summarized financial information for SSLP as of December 31, 2023 and December 31, 2022, for the year ended December 31, 2023 and for the period December 1, 2022 (commencement of operations) through December 31, 2022:

	December 31, 2023	December 31, 2022
Selected Balance Sheet Information for SSLP		
(in thousands):		
Investments at fair value (cost \$186,059 and \$18,032, respectively)	\$ 187,255	\$ 18,062
Cash and other assets.	8,613	1,043
Total assets	<u>\$ 195,868</u>	<u>\$ 19,105</u>
Debt outstanding (\$106,900 and \$0 face amounts, respectively, reported net of unamortized debt issuance costs of \$1,697 and \$0, respectively)	\$ 105,203	\$ —
Distributions payable	1,900	—
Interest payable and other credit facility related expenses	551	165
Accrued expenses and other payables	416	89
Total liabilities	<u>\$ 108,070</u>	<u>\$ 254</u>
Members’ equity	<u>\$ 87,798</u>	<u>\$ 18,851</u>
Total liabilities and members’ equity	<u>\$ 195,868</u>	<u>\$ 19,105</u>

	Year ended December 31, 2023	For the Period December 1, 2022 (commencement of operations) through December 31, 2022
Selected Income Statement Information for SSLP (in thousands):		
Interest income	\$ 10,209	\$ 152
Service fees*	\$ 224	\$ 4
Interest and other credit facility expenses	6,517	166
Organizational costs	—	73
Other general and administrative expenses	195	88
Total expenses	<u>\$ 6,936</u>	<u>\$ 331</u>
Net investment income (loss).	<u>\$ 3,273</u>	<u>\$ (179)</u>
Realized gain on investments	30	—
Net change in unrealized gain on investments	1,166	30
Net realized and unrealized gain on investments	<u>1,196</u>	<u>30</u>
Net income (loss).	<u>\$ 4,469</u>	<u>\$ (149)</u>

* Service fees are included within the Company’s Consolidated Statements of Operations as other income.

Critical Accounting Policies

The preparation of consolidated financial statements and related disclosures in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and revenues and expenses during the periods reported. Actual results could materially differ from those estimates. We have identified the following items as critical accounting policies. Within the context of these critical accounting policies and disclosed subsequent events herein, we are not currently aware of any other reasonably likely events or circumstances that would result in materially different amounts being reported.

Valuation of Portfolio Investments

In December 2020, the SEC adopted Rule 2a-5 under the 1940 Act addressing fair valuation of fund investments. The rule sets forth requirements for good faith determinations of fair value, as well as for the performance of fair value determinations, including related oversight and reporting obligations. The rule also defines “readily available market quotations” for purposes of the definition of “value” under the 1940 Act, and the SEC noted that this definition will apply in all contexts under the 1940 Act. The Company complies with Rule 2a-5’s valuation requirements.

We conduct the valuation of our assets, pursuant to which our net asset value is determined, at all times consistent with GAAP and the 1940 Act. The Board will (1) periodically assess and manage valuation risks; (2) establish and apply fair value methodologies; (3) test fair value methodologies; (4) oversee and evaluate third-party pricing services, as applicable; (5) oversee the reporting required by Rule 2a-5 under the 1940 Act; and (6) maintain recordkeeping requirements under Rule 2a-5.

It is anticipated that in respect of many of the Company’s assets, readily available market quotations will not be obtainable and that such assets will be valued at fair value. A market quotation is readily available for a security only when that quotation is a quoted price (unadjusted) in active markets for identical investments that

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the Company can access at the measurement date, provided that a quotation will not be readily available if it is not reliable. If the Company anticipates using a market quotation for a security, it will also monitor for circumstances that may necessitate the use of fair value, such as significant events that may cause concern over the reliability of a market quotation.

Our valuation procedures are set forth in more detail in Note 2(b) to the Company's Consolidated Financial Statements. Determination of fair value involves subjective judgments and estimates. Accordingly, the notes to our consolidated financial statements express the uncertainty with respect to the possible effect of such valuations, and any change in such valuations, on our consolidated financial statements.

Revenue Recognition

The Company records dividend income and interest, adjusted for amortization of premium and accretion of discount, on an accrual basis. Investments that are expected to pay regularly scheduled interest and/or dividends in cash are generally placed on non-accrual status when principal or interest/dividend cash payments are past due 30 days or more (90 days or more for equipment financing) and/or when it is no longer probable that principal or interest/dividend cash payments will be collected. Such non-accrual investments are restored to accrual status if past due principal and interest or dividends are paid in cash, and in management's judgment, are likely to continue timely payment of their remaining interest or dividend obligations. Interest or dividend cash payments received on investments may be recognized as income or applied to principal depending upon management's judgment. Some of our investments may have contractual PIK income. PIK income computed at the contractual rate, as applicable, is accrued and reflected as a receivable up to the capitalization date. PIK investments offer issuers the option at each payment date of making payments in cash or in additional securities. When additional securities are received, they typically have the same terms, including maturity dates and interest rates as the original securities issued. On these payment dates, the Company capitalizes the accrued interest or dividends receivable (reflecting such amounts as the basis in the additional securities received). PIK generally becomes due at the maturity of the investment or upon the investment being called by the issuer. At the point the Company believes PIK is not expected to be realized, the PIK investment will be placed on non-accrual status. When a PIK investment is placed on non-accrual status, the accrued, uncapitalized interest or dividends is reversed from the related receivable through interest or dividend income, respectively. The Company does not reverse previously capitalized PIK income. Upon capitalization, PIK is subject to the fair value estimates associated with their related investments. PIK investments on non-accrual status are restored to accrual status if the Company again believes that PIK is expected to be realized. Loan origination fees, original issue discount, and market discounts are capitalized and amortized into income using the effective interest method. Upon the prepayment of a loan, any unamortized loan origination fees are recorded as interest income. We record prepayment premiums on loans and other investments as interest income when we receive such amounts. Capital structuring fees are recorded as other income when earned.

The typically higher yields and interest rates on PIK securities, to the extent we invested, reflects the payment deferral and increased credit risk associated with such instruments and that such investments may represent a significantly higher credit risk than coupon loans. PIK securities may have unreliable valuations because their continuing accruals require continuing judgments about the collectability of the deferred payments and the value of any associated collateral. PIK income has the effect of generating investment income and increasing the incentive fees payable at a compounding rate. In addition, the deferral of PIK income also increases the loan-to-value ratio at a compounding rate. PIK securities create the risk that incentive fees will be paid to the Investment Adviser based on non-cash accruals that ultimately may not be realized, but the Investment Adviser will be under no obligation to reimburse the Company for these fees. For the fiscal years ended December 31, 2023 and 2022, capitalized PIK income totaled \$11.1 million and \$4.3 million, respectively.

Net Realized Gain or Loss and Net Change in Unrealized Gain or Loss

We generally measure realized gain or loss by the difference between the net proceeds from the repayment or sale and the amortized cost basis of the investment, without regard to unrealized appreciation or depreciation

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previously recognized, but considering unamortized origination or commitment fees and prepayment penalties. The net change in unrealized gain or loss reflects the change in portfolio investment values during the reporting period, including the reversal of previously recorded unrealized gain or loss, when gains or losses are realized. Gains or losses on investments are calculated by using the specific identification method.

Income Taxes

SLRC, a U.S. corporation, has elected to be treated, and intends to qualify annually, as a RIC under Subchapter M of the Code. In order to qualify for U.S. federal income taxation as a RIC, the Company is required, among other things, to timely distribute to its stockholders at least 90% of investment company taxable income, as defined by the Code, for each year. Depending on the level of taxable income earned in a given tax year, we may choose to carry forward taxable income in excess of current year distributions into the next tax year and pay a nondeductible 4% U.S. federal excise tax on such income, as required. To the extent that the Company determines that its estimated current year annual taxable income will be in excess of estimated current year distributions, the Company accrues an estimated excise tax, if any, on estimated excess taxable income.

Recent Accounting Pronouncements

None.

RESULTS OF OPERATIONS

Results comparisons are for the fiscal years ended December 31, 2023 and December 31, 2022. Results for the fiscal year ended December 31, 2021 can be found in Item 7 of the Company's report on Form 10-K filed on February 28, 2023, which is incorporated by reference herein.

Investment Income

For the fiscal years ended December 31, 2023 and 2022, gross investment income totaled \$229.3 million and \$177.5 million, respectively. The increase in gross investment income for the year over year period was primarily due to net growth of the income producing portfolio as well as an increase in index rates.

Expenses

Net expenses totaled \$137.2 million and \$101.1 million, respectively, for the fiscal years ended December 31, 2023 and 2022, of which \$54.6 million and \$45.1 million, respectively, were base management fees and performance-based incentive fees and \$72.5 million and \$46.1 million, respectively, were interest and other credit facility expenses. Other general and administrative expenses totaled \$10.6 million and \$11.5 million, respectively, for the fiscal years ended December 31, 2023 and 2022. Over the same periods, \$0.5 million and \$1.5 million of performance-based incentive fees were waived. Expenses generally consist of management and performance-based incentive fees, interest and other credit facility expenses, administrative services fees, insurance expenses, legal fees, directors' fees, transfer agency fees, printing and proxy expenses, audit and tax services expenses, and other general and administrative expenses. Interest and other credit facility expenses generally consist of interest, unused fees, agency fees and loan origination fees, if any, among others. The increase in expenses for the year over year period was primarily due to higher management fees, incentive fees and interest expense on a larger portfolio. Additionally, there was an increase in index rates on borrowings.

Net Investment Income

The Company's net investment income totaled \$92.1 million and \$76.4 million, or \$1.69 and \$1.48, per average share, respectively, for the fiscal years ended December 31, 2023 and 2022.

Net Realized Loss

The Company had investment sales and prepayments totaling approximately \$750 million and \$532 million, respectively, for the fiscal years ended December 31, 2023 and 2022. Net realized losses over the same periods were \$28.0 million and \$36.5 million, respectively. Net realized losses for fiscal year 2023 were primarily related to our investment in American Teleconferencing Services, Ltd. Net realized losses for fiscal year 2022 were primarily related to the exit of our investment in PhyMed Management, LLC.

Net Change in Unrealized Gain (Loss)

For the fiscal years ended December 31, 2023 and 2022, net change in unrealized gain (loss) on the Company's assets and liabilities totaled \$12.3 million and (\$21.5) million, respectively. Net unrealized gain for the fiscal year ended December 31, 2023 is primarily due to the reversal of previously recognized unrealized depreciation on our investment in American Teleconferencing Services, Ltd. as well as appreciation in the value of our investments in Alimera Sciences, Inc., SLR Healthcare ABL and SLR Senior Lending Program LLC, among others, partially offset by depreciation in the value of our investments in SLR-AMI Topco Blocker, LLC (f/k/a AmeriMark), KBH Topco, LLC and SLR Credit Solutions, among others. Net unrealized loss for the fiscal year ended December 31, 2022 is primarily due to depreciation in the value of our investments in American Teleconferencing Services, Ltd., RD Holdco, Inc., SLR Credit Solutions and SLR Equipment Finance, among others, partially offset by the reversal of previously recognized unrealized depreciation on our investment in PhyMed Management LLC as well as appreciation on the value of our investments in SLR Business Credit and KBH Topco, LLC in addition to unrealized appreciation on assets acquired in the Mergers due to the accounting treatment of the purchase discount.

Net Increase in Net Assets From Operations

For the fiscal years ended December 31, 2023 and 2022, the Company had a net increase in net assets resulting from operations of \$76.4 million and \$18.3 million, respectively. For the fiscal years ended December 31, 2023 and 2022, earnings per average share were \$1.40 and \$0.35, respectively.

LIQUIDITY AND CAPITAL RESOURCES

The Company's liquidity and capital resources are generated and generally available through its Credit Facility and SPV Credit Facility (as defined below), the 2024 Unsecured Notes, the 2025 Unsecured Notes, the 2026 Unsecured Notes, the 2027 Unsecured Notes and the 2027 Series F Unsecured Notes (collectively the "Debt Instruments"), through cash flows from operations, investment sales, prepayments of senior and subordinated loans, income earned on investments and cash equivalents, and periodic follow-on equity and/or debt offerings. As of December 31, 2023, we had a total of \$246.8 million of unused borrowing capacity under the Credit Facility and SPV Credit Facility, subject to borrowing base limits.

We may from time to time issue equity and/or debt securities in either public or private offerings. The issuance of such securities will depend on future market conditions, funding needs and other factors and there can be no assurance that any such issuance will occur or be successful. The primary uses of existing funds and any funds raised in the future is expected to be for investments in portfolio companies, repayment of indebtedness, cash distributions to our stockholders, or for other general corporate purposes.

Debt

On April 1, 2022, we entered into an assumption agreement (the "CF Assumption Agreement"), effective as of the closing of the Mergers. The CF Assumption Agreement relates to our assumption of the Revolving Credit Facility, originally entered into on August 26, 2011 (as amended from time to time, the "SPV Credit Facility"), by and among SUNS SPV LLC (the "SUNS SPV"), a wholly-owned subsidiary of SUNS, acting as borrower, Citibank, N.A., acting as administrative agent and collateral agent, and the other parties thereto. Currently,

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subsequent to an August 29, 2023 amendment, the commitment under the SPV Credit Facility is \$275 million; however, the commitment can also be expanded up to \$600 million. The stated interest rate on the SPV Credit Facility is SOFR plus 2.00%-2.50% with no SOFR floor requirement and the current final maturity date is June 1, 2026. The SPV Credit Facility is secured by all of the assets held by SUNS SPV. Under the terms of the SPV Credit Facility and related transaction documents, we as successor to SUNS, and SUNS SPV, as applicable, have made certain customary representations and warranties, and are required to comply with various covenants, including leverage restrictions, reporting requirements and other customary requirements for similar credit facilities. The SPV Credit Facility also includes usual and customary events of default for credit facilities of this nature. At December 31, 2023, outstanding USD equivalent borrowings under the SPV Credit Facility totaled \$206.3 million.

On April 1, 2022, we entered into an assumption agreement (the “Note Assumption Agreement”), effective as of the closing of the Mergers. The Note Assumption Agreement relates to our assumption of \$85 million in aggregate principal amount of five-year, 3.90% senior unsecured notes, due March 31, 2025 and other obligations of SUNS under the Note Purchase Agreement, dated as of March 31, 2020 (the “Note Purchase Agreement”), among SUNS and certain institutional investors. Interest on the 2025 Unsecured Notes is due semi-annually on March 31 and September 30. Pursuant to the Note Assumption Agreement, we expressly assumed on behalf of SUNS the due and punctual payment of the principal of (and premium, if any) and interest on all the 2025 Unsecured Notes outstanding, and the due and punctual performance and observance of every covenant and every condition of the Note Purchase Agreement, to be performed or observed by SUNS.

On January 6, 2022, the Company closed a private offering of \$135 million of the 2027 Series F Unsecured Notes with a fixed interest rate of 3.33% and a maturity date of January 6, 2027. Interest on the 2027 Series F Unsecured Notes is due semi-annually on January 6 and July 6. The 2027 Series F Unsecured Notes were issued in a private placement only to qualified institutional buyers.

On December 28, 2021, the Company closed on Amendment No. 1 to its August 28, 2019 senior secured credit agreement (the “Credit Facility”). Following the amendment, a \$25 million November 2022 upsizing and a \$40 million August 2023 commitment expiration, the Credit Facility is composed of \$585 million of revolving credit and \$100 million of term loans. Borrowings generally bear interest at a rate per annum equal to the base rate plus a range of 1.75%-2.00% or the alternate base rate plus 0.75%-1.00%. The Credit Facility has a 0% floor and matures in December 2026 and includes ratable amortization in the final year. The Credit Facility may be increased up to \$800 million with additional new lenders or an increase in commitments from current lenders. The Credit Facility contains certain customary affirmative and negative covenants and events of default. In addition, the Credit Facility contains certain financial covenants that among other things, require the Company to maintain a minimum stockholder’s equity and a minimum asset coverage ratio. At December 31, 2023, outstanding USD equivalent borrowings under the Credit Facility totaled \$507.0 million, composed of \$407.0 million of revolving credit and \$100.0 million of term loans.

On September 14, 2021, the Company closed a private offering of \$50 million of the 2027 Unsecured Notes with a fixed interest rate of 2.95% and a maturity date of March 14, 2027. Interest on the 2027 Unsecured Notes is due semi-annually on March 14 and September 14. The 2027 Unsecured Notes were issued in a private placement only to qualified institutional buyers.

On December 18, 2019, the Company closed a private offering of \$125 million of the 2024 Unsecured Notes with a fixed interest rate of 4.20% and a maturity date of December 15, 2024. Interest on the 2024 Unsecured Notes is due semi-annually on June 15 and December 15. The 2024 Unsecured Notes were issued in a private placement only to qualified institutional buyers.

On December 18, 2019, the Company closed a private offering of \$75 million of the 2026 Unsecured Notes with a fixed interest rate of 4.375% and a maturity date of December 15, 2026. Interest on the 2026 Unsecured Notes is due semi-annually on June 15 and December 15. The 2026 Unsecured Notes were issued in a private placement only to qualified institutional buyers.

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On November 22, 2017, we issued \$75 million in aggregate principal amount of publicly registered 2023 Unsecured Notes for net proceeds of \$73.8 million. Interest on the 2023 Unsecured Notes was paid semi-annually on January 20 and July 20, at a fixed rate of 4.50% per year, commencing on January 20, 2018. The 2023 Unsecured Notes were repaid in full at maturity on January 20, 2023.

Certain covenants on our issued debt may restrict our business activities, including limitations that could hinder our ability to finance additional loans and investments or to make the distributions required to maintain our status as a RIC under Subchapter M of the Code. At December 31, 2023, the Company was in compliance with all financial and operational covenants required by the Debt Instruments.

Cash Equivalents

We deem certain U.S. Treasury bills, repurchase agreements and other high-quality, short-term debt securities as cash equivalents. The Company makes purchases that are consistent with its purpose of making investments in securities described in paragraphs 1 through 3 of Section 55(a) of the 1940 Act. From time to time, including at or near the end of each fiscal quarter, we consider using various temporary investment strategies for our business. One strategy includes taking proactive steps by utilizing cash equivalents as temporary assets with the objective of enhancing our investment flexibility pursuant to Section 55 of the 1940 Act. More specifically, from time to time we may purchase U.S. Treasury bills or other high-quality, short-term debt securities at or near the end of the quarter and typically close out the position on a net cash basis subsequent to quarter end. We may also utilize repurchase agreements or other balance sheet transactions, including drawing down on the Credit Facility, as deemed appropriate. The amount of these transactions or such drawn cash for this purpose is excluded from total assets for purposes of computing the asset base upon which the management fee is determined. We held a face amount of \$335 million in cash equivalents as of December 31, 2023.

Contractual Obligations

A summary of our significant contractual payment obligations is as follows as of December 31, 2023:

Payments Due by Period (in millions)

	Total	Less than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Revolving credit facilities (1)	\$613.3	\$ —	\$ 613.3	\$ —	\$ —
Unsecured senior notes	470.0	125.0	160.0	185.0	—
Term loans	100.0	—	100.0	—	—

(1) As of December 31, 2023, we had a total of \$246.8 million of unused borrowing capacity under our revolving credit facilities, subject to borrowing base limits.

Under the provisions of the 1940 Act, we are permitted, as a BDC, to issue senior securities in amounts such that our asset coverage ratio, as defined in the 1940 Act, equals at least 150% of gross assets less all liabilities and indebtedness not represented by senior securities, after each issuance of senior securities. If the value of our assets declines, we may be unable to satisfy the asset coverage test. If that happens, we may be required to sell a portion of our investments and, depending on the nature of our leverage, repay a portion of our indebtedness at a time when such sales may be disadvantageous. Also, any amounts that we use to service our indebtedness would not be available for distributions to our common stockholders. Furthermore, as a result of issuing senior securities, we would also be exposed to typical risks associated with leverage, including an increased risk of loss.

We have also entered into two contracts under which we have future commitments: the Advisory Agreement, pursuant to which the Investment Adviser has agreed to serve as our investment adviser, and the Administration Agreement, pursuant to which the Administrator has agreed to furnish us with the facilities and administrative services necessary to conduct our day-to-day operations and provide on our behalf managerial

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assistance to those portfolio companies to which we are required to provide such assistance. Payments under the Advisory Agreement are equal to (1) a percentage of the value of our average gross assets and (2) a two-part incentive fee. Payments under the Administration Agreement are equal to an amount based upon our allocable portion of the Administrator's overhead in performing its obligations under the Administration Agreement, including rent, technology systems, insurance and our allocable portion of the costs of our chief financial officer and chief compliance officer and their respective staffs. Either party may terminate each of the Advisory Agreement and Administration Agreement without penalty upon 60 days written notice to the other. See note 3 to our Consolidated Financial Statements.

On July 31, 2017, the Company, NEFPASS LLC and NEFCORP LLC entered into a servicing agreement. NEFCORP LLC was engaged to provide NEFPASS LLC with administrative services related to the loans and capital leases held by NEFPASS LLC. NEFPASS LLC may terminate this agreement upon 30 days written notice to NEFCORP LLC.

On October 7, 2022, the Company committed \$50 million to SSLP and entered into a servicing agreement. SSLP engaged and retained the Company to provide certain administrative services relating to the facilities, supplies and necessary ongoing overhead support services for the operation of SSLP's ongoing business affairs in exchange for a fee.

Senior Securities

Information about our senior securities is shown in the following table (in thousands) as of each year ended December 31 for the past ten years, unless otherwise noted. The "—" indicates information which the SEC expressly does not require to be disclosed for certain types of senior securities.

Class and Year	Total Amount Outstanding(1)	Asset Coverage Per Unit(2)	Involuntary Liquidating Preference Per Unit(3)	Average Market Value Per Unit(4)
Credit Facility				
Fiscal 2023	\$ 407,000	\$ 631	—	N/A
Fiscal 2022	293,000	513	—	N/A
Fiscal 2021	222,500	552	—	N/A
Fiscal 2020	126,000	421	—	N/A
Fiscal 2019	42,900	182	—	N/A
Fiscal 2018	96,400	593	—	N/A
Fiscal 2017	245,600	1,225	—	N/A
Fiscal 2016	115,200	990	—	N/A
Fiscal 2015	207,900	1,459	—	N/A
Fiscal 2014	—	—	—	N/A
Fiscal 2013	—	—	—	N/A
SPV Credit Facility				
Fiscal 2023	206,250	320	—	N/A
Fiscal 2022	155,200	272	—	N/A
2022 Unsecured Notes				
Fiscal 2022	—	—	—	N/A
Fiscal 2021	150,000	372	—	N/A
Fiscal 2020	150,000	501	—	N/A
Fiscal 2019	150,000	638	—	N/A
Fiscal 2018	150,000	923	—	N/A
Fiscal 2017	150,000	748	—	N/A
Fiscal 2016	50,000	430	—	N/A

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<u>Class and Year</u>	<u>Total Amount Outstanding(1)</u>	<u>Asset Coverage Per Unit(2)</u>	<u>Involuntary Liquidating Preference Per Unit(3)</u>	<u>Average Market Value Per Unit(4)</u>
2022 Tranche C Notes				
Fiscal 2022	—	—	—	N/A
Fiscal 2021	21,000	52	—	N/A
Fiscal 2020	21,000	70	—	N/A
Fiscal 2019	21,000	89	—	N/A
Fiscal 2018	21,000	129	—	N/A
Fiscal 2017	21,000	105	—	N/A
2023 Unsecured Notes				
Fiscal 2023	—	—	—	N/A
Fiscal 2022	75,000	131	—	N/A
Fiscal 2021	75,000	186	—	N/A
Fiscal 2020	75,000	250	—	N/A
Fiscal 2019	75,000	319	—	N/A
Fiscal 2018	75,000	461	—	N/A
Fiscal 2017	75,000	374	—	N/A
2024 Unsecured Notes				
Fiscal 2023	125,000	194	—	N/A
Fiscal 2022	125,000	219	—	N/A
Fiscal 2021	125,000	309	—	N/A
Fiscal 2020	125,000	417	—	N/A
Fiscal 2019	125,000	531	—	N/A
2025 Unsecured Notes				
Fiscal 2023	85,000	132	—	N/A
Fiscal 2022	85,000	149	—	N/A
2026 Unsecured Notes				
Fiscal 2023	75,000	116	—	N/A
Fiscal 2022	75,000	131	—	N/A
Fiscal 2021	75,000	186	—	N/A
Fiscal 2020	75,000	250	—	N/A
Fiscal 2019	75,000	319	—	N/A
2027 Unsecured Notes				
Fiscal 2023	50,000	77	—	N/A
Fiscal 2022	50,000	88	—	N/A
Fiscal 2021	50,000	124	—	N/A
2027 Series F Unsecured Notes				
Fiscal 2023	135,000	209	—	N/A
Fiscal 2022	135,000	237	—	N/A
2042 Unsecured Notes				
Fiscal 2017	—	—	—	N/A
Fiscal 2016	100,000	859	—	\$ 1,002
Fiscal 2015	100,000	702	—	982
Fiscal 2014	100,000	2,294	—	943
Fiscal 2013	100,000	2,411	—	934
Senior Secured Notes				
Fiscal 2017	—	—	—	N/A
Fiscal 2016	75,000	645	—	N/A
Fiscal 2015	75,000	527	—	N/A
Fiscal 2014	75,000	1,721	—	N/A
Fiscal 2013	75,000	1,808	—	N/A

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<u>Class and Year</u>	<u>Total Amount Outstanding(1)</u>	<u>Asset Coverage Per Unit(2)</u>	<u>Involuntary Liquidating Preference Per Unit(3)</u>	<u>Average Market Value Per Unit(4)</u>
Term Loans				
Fiscal 2023	100,000	155	—	N/A
Fiscal 2022	100,000	175	—	N/A
Fiscal 2021	100,000	248	—	N/A
Fiscal 2020	75,000	250	—	N/A
Fiscal 2019	75,000	319	—	N/A
Fiscal 2018	50,000	308	—	N/A
Fiscal 2017	50,000	250	—	N/A
Fiscal 2016	50,000	430	—	N/A
Fiscal 2015	50,000	351	—	N/A
Fiscal 2014	50,000	1,147	—	N/A
Fiscal 2013	50,000	1,206	—	N/A
NEFPASS Facility				
Fiscal 2021	—	—	—	N/A
Fiscal 2020	30,000	100	—	N/A
Fiscal 2019	30,000	128	—	N/A
Fiscal 2018	30,000	185	—	N/A
SSLP Facility				
Fiscal 2019	—	—	—	N/A
Fiscal 2018	53,785	331	—	N/A
Total Senior Securities				
Fiscal 2023	\$ 1,183,250	\$ 1,834	—	N/A
Fiscal 2022	1,093,200	1,915	—	N/A
Fiscal 2021	818,500	2,029	—	N/A
Fiscal 2020	677,000	2,259	—	N/A
Fiscal 2019	593,900	2,525	—	N/A
Fiscal 2018	476,185	2,930	—	N/A
Fiscal 2017	541,600	2,702	—	N/A
Fiscal 2016	390,200	3,354	—	N/A
Fiscal 2015	432,900	3,039	—	N/A
Fiscal 2014	225,000	5,162	—	N/A
Fiscal 2013	225,000	5,425	—	N/A

- (1) Total amount of each class of senior securities outstanding (in thousands) at the end of the period presented.
- (2) The asset coverage ratio for a class of senior securities representing indebtedness is calculated as our consolidated total assets, less all liabilities and indebtedness not represented by senior securities, divided by all senior securities representing indebtedness. This asset coverage ratio is multiplied by one thousand to determine the Asset Coverage Per Unit. In order to determine the specific Asset Coverage Per Unit for each class of debt, the total Asset Coverage Per Unit is allocated based on the amount outstanding in each class of debt at the end of the period. As of December 31, 2023, asset coverage was 183.4%.
- (3) The amount to which such class of senior security would be entitled upon the involuntary liquidation of the issuer in preference to any security junior to it.
- (4) Not applicable except for the 2042 Unsecured Notes which were publicly traded. The Average Market Value Per Unit is calculated by taking the daily average closing price during the period and dividing it by twenty-five dollars per share and multiplying the result by one thousand to determine a unit price per thousand consistent with Asset Coverage Per Unit. The average market value for the fiscal 2016, 2015, 2014 and 2013 periods was \$100,175, \$98,196, \$94,301 and \$93,392, respectively.

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The following is a schedule of financial highlights for the respective years:

	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Per Share Data: (a)					
Net asset value, beginning of year	\$ 21.81	\$ 21.74	\$ 20.79	\$ 22.05	\$ 22.50
Net investment income	1.77	1.62	1.68	1.52	1.56
Net realized and unrealized gain (loss)	(0.19)	0.05	0.84	(1.18)	(0.43)
Net increase in net assets resulting from operations	1.58	1.67	2.52	0.34	1.13
Distributions to stockholders (see note 8a):					
From net investment income	—	(1.60)	(1.60)	(1.60)	(1.55)
From net realized gains	—	—	—	—	—
From return of capital	(1.64)	—	—	—	(0.05)
Anti-dilution	—	—	0.03	—	0.02
Net asset value, end of year	\$ 21.75	\$ 21.81	\$ 21.74	\$ 20.79	\$ 22.05
Per share market value, end of year	\$ 19.19	\$ 20.21	\$ 20.82	\$ 16.43	\$ 18.01
Total Return(b)	2.77%	4.47%	37.49%	(0.29)%	(13.58)%
Net assets, end of year	\$ 919,171	\$ 921,605	\$ 918,507	\$ 882,698	\$ 936,568
Shares outstanding, end of year	42,260,826	42,260,826	42,248,525	42,464,762	42,465,162
Ratios to average net assets:					
Net investment income	8.10%	7.43%	7.91%	6.94%	6.93%
Operating expenses	5.83%	5.80%	6.25%	3.84%*	4.24%
Interest and other credit facility expenses**	2.67%	2.35%	2.73%	1.68%	1.50%
Total expenses	8.50%	8.15%	8.98%	5.52%*	5.74%
Average debt outstanding	\$ 508,445	\$ 414,264	\$ 495,795	\$ 262,341	\$ 225,000
Portfolio turnover ratio	39.3%	24.9%	31.0%	13.0%	53.7%

(a) Calculated using the average shares outstanding method.

(b) Total return is based on the change in market price per share during the year and takes into account distributions, if any, reinvested in accordance with the dividend reinvestment plan. Total return does not include a sales load.

* The ratio of operating expenses to average net assets and the ratio of total expenses to average net assets is shown net of a voluntary incentive fee waiver (see note 3). For the year ended December 31, 2015, the ratios of operating expenses to average net assets and total expenses to average net assets would be 4.02% and 5.70%, respectively, without the voluntary incentive fee waiver.

** Ratios shown without the non-recurring costs associated with the amendments and establishment of the Credit Facility and 2022 Unsecured Notes would be 2.67%, 2.29%, 2.39%, 1.68% and 1.50%, respectively for the years shown.

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Off-Balance Sheet Arrangements

From time to time and in the normal course of business, the Company may make unfunded capital commitments to current or prospective portfolio companies. Typically, the Company may agree to provide delayed-draw term loans or, to a lesser extent, revolving loan or equity commitments. These unfunded capital commitments always take into account the Company's liquidity and cash available for investment, portfolio and issuer diversification, and other considerations. Accordingly, the Company had the following unfunded capital commitments at December 31, 2023 and December 31, 2022, respectively:

<i>(in millions)</i>	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
SLR Credit Solutions*	\$ 44.3	\$ 44.3
Orthopedic Care Partners Management, LLC	20.8	1.6
Southern Orthodontic Partners Management, LLC	17.9	1.9
Ardelyx, Inc.	15.9	7.8
CVAUSA Management, LLC	10.2	—
BDG Media, Inc.	10.1	3.5
iCIMS, Inc.	9.8	11.4
Retina Midco, Inc.	9.4	—
Alkeme Intermediate Holdings, LLC	8.5	—
SPAR Marketing Force, Inc.	8.3	1.3
SLR Senior Lending Program LLC*	7.1	40.5
Copper River Seafoods, Inc.	7.1	3.6
Legacy Service Partners, LLC	5.4	—
Peter C. Foy & Associates Insurance Services, LLC	5.1	1.1
West-NR Parent, Inc.	5.0	—
Luxury Asset Capital, LLC	4.5	7.5
One Touch Direct, LLC	4.1	3.1
DeepIntent, Inc.	3.9	3.1
United Digestive MSO Parent, LLC	3.9	—
Kaseya, Inc.	3.8	3.9
The Townsend Company, LLC	3.3	—
Vertos Medical, Inc.	3.3	—
AMF Levered II, LLC	3.2	—
Foundation Consumer Brands, LLC	3.0	3.0
UVP Management, LLC	2.9	—
Kid Distro Holdings, LLC	2.7	2.7
Erie Construction Mid-west, LLC	2.4	1.3
Ultimate Baked Goods Midco LLC	2.4	1.6
Basic Fun, Inc	2.1	2.7
SLR Equipment Finance*	2.1	1.0
Bayside Opco, LLC	2.1	—
SunMed Group Holdings, LLC	1.6	0.8
Urology Management Holdings, Inc.	1.5	—
SLR Healthcare ABL*	1.4	1.4
RxSense Holdings LLC	1.3	1.3
Tilley Distribution, Inc.	1.2	0.5
SCP Eye Care, LLC	1.0	2.8
GSM Acquisition Corp.	0.9	0.8
Medrina, LLC	0.8	—
Pinnacle Treatment Centers, Inc.	0.6	1.7
High Street Buyer, Inc.	0.6	0.3

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	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
<i>(in millions)</i>		
ENS Holdings III Corp, LLC	0.6	0.1
CC SAG Holdings Corp. (Spectrum Automotive)	0.5	20.7
Crewline Buyer, Inc.	0.5	—
Exactcare Parent, Inc.	0.4	—
WCI-BXC Purchaser, LLC	0.3	—
All States Ag Parts, LLC	0.3	0.1
Vessco Midco Holdings, LLC	0.3	3.9
TAUC Management, LLC	0.3	0.3
Outset Medical, Inc.	—	35.1
Apeel Technology, Inc.	—	32.8
Human Interest, Inc.	—	20.1
Glooko, Inc.	—	17.9
World Insurance Associates, LLC	—	17.1
Spectrum Pharmaceuticals, Inc.	—	8.8
Arcutis Biotherapeutics, Inc.	—	8.4
Atria Wealth Solutions, Inc.	—	8.2
Accession Risk Management Group, Inc.	—	7.5
Cerapedics, Inc.	—	6.7
Maurices, Incorporated	—	4.3
Meditrina, Inc.	—	3.4
Plastics Management, LLC	—	2.4
Pediatric Home Respiratory Services, LLC	—	1.8
Ivy Fertility Services, LLC	—	1.6
Composite Technology Acquisition Corp.	—	1.5
NAC Holdings Corporation	—	1.5
Montefiore Nyack Hospital	—	1.0
Enverus Holdings, Inc.	—	1.0
American Teleconferencing Services, Ltd.	—	1.1
BayMark Health Services, Inc.	—	0.4
Total Commitments	<u>\$ 248.7</u>	<u>\$ 364.2</u>

* The Company controls the funding of these commitments and may cancel them at its discretion

The credit agreements of the above loan commitments contain customary lending provisions and/or are subject to the respective portfolio company's achievement of certain milestones that allow relief to the Company from funding obligations for previously made commitments in instances where the underlying company experiences materially adverse events that affect the financial condition or business outlook for the company. Since these commitments may expire without being drawn upon, unfunded commitments do not necessarily represent future cash requirements or future earning assets for the Company. As of December 31, 2023 and December 31, 2022, the Company had sufficient cash available and/or liquid securities available to fund its commitments and had reviewed them for any appropriate fair value adjustment.

In the normal course of business, we invest or trade in various financial instruments and may enter into various investment activities with off-balance sheet risk, which may include forward foreign currency contracts. Generally, these financial instruments represent future commitments to purchase or sell other financial instruments at specific terms at future dates. These financial instruments contain varying degrees of off-balance sheet risk whereby changes in the market value or our satisfaction of the obligations may exceed the amount recognized in our Consolidated Statements of Assets and Liabilities.

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Distributions

The following table reflects the cash distributions per share on our common stock for the two most recent fiscal years and the current fiscal year to date:

Date Declared	Record Date	Payment Date	Amount
Fiscal 2024			
February 27, 2024	March 14, 2024	March 28, 2024	\$ 0.41
Total 2024			<u>\$ 0.41</u>
Fiscal 2023			
November 7, 2023	December 14, 2023	December 28, 2023	\$ 0.41
September 5, 2023	September 20, 2023	September 28, 2023	0.136667
August 8, 2023	August 18, 2023	August 30, 2023	0.136667
July 5, 2023	July 20, 2023	August 1, 2023	0.136667
June 1, 2023	June 20, 2023	June 29, 2023	0.136667
May 10, 2023	May 24, 2023	June 1, 2023	0.136667
April 4, 2023	April 20, 2023	May 2, 2023	0.136667
February 28, 2023	March 23, 2023	April 4, 2023	0.136667
February 2, 2023	February 16, 2023	March 1, 2023	0.136667
January 10, 2023	January 26, 2023	February 2, 2023	0.136667
Total 2023			<u>\$ 1.64</u>
Fiscal 2022			
December 6, 2022	December 22, 2022	January 5, 2023	\$ 0.136667
November 2, 2022	November 17, 2022	December 1, 2022	0.136667
October 5, 2022	October 20, 2022	November 2, 2022	0.136667
September 2, 2022	September 20, 2022	October 4, 2022	0.136667
August 2, 2022	August 18, 2022	September 1, 2022	0.136667
July 6, 2022	July 21, 2022	August 2, 2022	0.136667
June 3, 2022	June 23, 2022	July 5, 2022	0.136667
May 3, 2022	May 19, 2022	June 2, 2022	0.136667
April 4, 2022	April 21, 2022	May 3, 2022	0.136667
March 1, 2022	March 18, 2022	April 1, 2022	0.41
Total 2022			<u>\$ 1.64</u>

Tax characteristics of all distributions will be reported to stockholders on Form 1099 after the end of the calendar year. Future quarterly distributions, if any, will be determined by the Board. We expect that our distributions to stockholders will generally be from accumulated net investment income, from net realized capital gains or non-taxable return of capital, if any, as applicable.

We have elected to be taxed as a RIC under Subchapter M of the Code. To maintain our RIC tax treatment, we must distribute at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, out of the assets legally available for distribution. In addition, although we currently intend to distribute realized net capital gains (*i.e.*, net long-term capital gains in excess of short-term capital losses), if any, at least annually, out of the assets legally available for such distributions, we may in the future decide to retain such capital gains for investment.

We maintain an “opt out” dividend reinvestment plan for our common stockholders. As a result, if we declare a distribution, then stockholders’ cash distributions will be automatically reinvested in additional shares of our common stock, unless they specifically “opt out” of the dividend reinvestment plan so as to receive cash distributions.

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We may not be able to achieve operating results that will allow us to make distributions at a specific level or to increase the amount of these distributions from time to time. In addition, due to the asset coverage test applicable to us as a business development company, we may in the future be limited in our ability to make distributions. Also, the Credit Facility may limit our ability to declare distributions if we default under certain provisions. If we do not distribute a certain percentage of our income annually, we will suffer adverse tax consequences, including possible loss of the tax benefits available to us as a RIC. In addition, in accordance with GAAP and tax regulations, we include in income certain amounts that we have not yet received in cash, such as contractual payment-in-kind income, which represents contractual income added to the loan balance that becomes due at the end of the loan term, or the accrual of original issue or market discount. Since we may recognize income before or without receiving cash representing such income, we may have difficulty meeting the requirement to distribute at least 90% of our investment company taxable income to obtain tax benefits as a RIC.

With respect to the distributions to stockholders, income from origination, structuring, closing and certain other upfront fees associated with investments in portfolio companies are treated as taxable income and accordingly, distributed to stockholders.

Related Parties

We have entered into a number of business relationships with affiliated or related parties, including the following:

- We have entered into the Advisory Agreement with the Investment Adviser. Mr. Gross, our Chairman, Co-Chief Executive Officer and President, and Mr. Spohler, our Co-Chief Executive Officer, Chief Operating Officer and board member, are managing members and senior investment professionals of, and have financial and controlling interests in, the Investment Adviser. In addition, Mr. Kajee, our Chief Financial Officer and Treasurer, serves as the Chief Financial Officer for the Investment Adviser and Mr. Talarico, our Chief Compliance Officer and Secretary, serves as Partner, General Counsel and Chief Compliance Officer for the Investment Adviser.
- The Administrator provides us with the office facilities and administrative services necessary to conduct day-to-day operations pursuant to our Administration Agreement. We reimburse the Administrator for the allocable portion of overhead and other expenses incurred by it in performing its obligations under the Administration Agreement, including rent, the fees and expenses associated with performing compliance functions, and the compensation of our chief compliance officer, our chief financial officer and their respective staffs.
- We have entered into a license agreement with the Investment Adviser, pursuant to which the Investment Adviser has granted us a non-exclusive, royalty-free license to use the licensed marks “SOLAR” and “SLR”.

The Investment Adviser may also manage other funds in the future that may have investment mandates that are similar, in whole and in part, with ours. For example, the Investment Adviser presently serves as investment adviser to SCP Private Credit Income BDC LLC, an unlisted BDC that focuses on investing primarily in senior secured loans, including non-traditional asset-based loans and first lien loans, SLR HC BDC LLC, an unlisted BDC whose principal focus is to invest directly and indirectly in senior secured loans and other debt instruments typically to middle market companies within the healthcare industry, and SLR Private Credit BDC II LLC, an unlisted BDC focused on first lien senior secured floating rate loans. In addition, Michael S. Gross, our Chairman, Co-Chief Executive Officer and President, Bruce Spohler, our Co-Chief Executive Officer and Chief Operating Officer, Shiraz Kajee, our Chief Financial Officer and Treasurer, and Guy F. Talarico, our Chief Compliance Officer and Secretary, serve in similar capacities for SCP Private Credit Income BDC LLC, SLR HC BDC LLC and SLR Private Credit BDC II LLC. The Investment Adviser and certain investment advisory affiliates may determine that an investment is appropriate for us and for one or more of those other funds. In such event, depending on the availability of such investment and other appropriate factors, the Investment Adviser or

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its affiliates may determine that we should invest side-by-side with one or more other funds. Any such investments will be made only to the extent permitted by applicable law and interpretive positions of the SEC and its staff, and consistent with the Investment Adviser's allocation procedures. On June 13, 2017, the Investment Adviser received an exemptive order that permits the Company to participate in negotiated co-investment transactions with certain affiliates, in a manner consistent with the Company's investment objective, positions, policies, strategies and restrictions as well as regulatory requirements and other pertinent factors, and pursuant to various conditions (the "Exemptive Order"). If the Company is unable to rely on the Exemptive Order for a particular opportunity, such opportunity will be allocated first to the entity whose investment strategy is the most consistent with the opportunity being allocated, and second, if the terms of the opportunity are consistent with more than one entity's investment strategy, on an alternating basis. Although the Investment Adviser's investment professionals will endeavor to allocate investment opportunities in a fair and equitable manner, the Company and its stockholders could be adversely affected to the extent investment opportunities are allocated among us and other investment vehicles managed or sponsored by, or affiliated with, our executive officers, directors and members of the Investment Adviser.

Related party transactions may occur among us, SLR Senior Lending Program LLC, SLR Senior Lending Program SPV LLC, SLR Credit, Equipment Operating Leases LLC, KBH, Loyer Capital LLC, SLR Business Credit, SLR Healthcare ABL and SLR Equipment. These transactions may occur in the normal course of business. No administrative or other fees are paid to the Investment Adviser by SLR Senior Lending Program LLC, SLR Senior Lending Program SPV LLC, SLR Credit, Equipment Operating Leases LLC, KBH, Loyer Capital LLC, SLR Business Credit, SLR Healthcare ABL or SLR Equipment.

In addition, we have adopted a formal code of ethics that governs the conduct of our officers and directors. Our officers and directors also remain subject to the duties imposed by both the 1940 Act and the Maryland General Corporation Law.

Item 7A. Quantitative and Qualitative Disclosure About Market Risk

We are subject to financial market risks, including changes in interest rates. Uncertainty with respect to interest rates, inflationary pressures, risks in respect of a failure to increase the U.S. debt ceiling or a downgrade in the U.S. credit rating, the war between Ukraine and Russia, certain regional bank failures, an inflationary environment, the ongoing war in the Middle East and health epidemics and pandemics introduced significant volatility in the financial markets, and the effects of this volatility have materially impacted and could continue to materially impact our market risks. Because we fund a portion of our investments with borrowings, our net investment income is affected by the difference between the rate at which we invest and the rate at which we borrow. As a result, there can be no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income. In a low interest rate environment, including a reduction of SOFR to zero, the difference between the total interest income earned on interest earning assets and the total interest expense incurred on interest bearing liabilities may be compressed, reducing our net interest income and potentially adversely affecting our operating results. Conversely, in a rising interest rate environment, such as the recent economic environment, such difference could potentially increase thereby increasing our net investment income. During the fiscal year ended December 31, 2023, certain investments in our comprehensive investment portfolio had floating interest rates. These floating rate investments were primarily based on floating SOFR and typically have durations of one to three months after which they reset to current market interest rates. Additionally, some of these investments have floors. The Company also has revolving credit facilities that are generally based on floating SOFR. Assuming no changes to our balance sheet as of December 31, 2023 and no new defaults by portfolio companies, a hypothetical one percent decrease in SOFR on our comprehensive floating rate assets and liabilities would decrease our net investment income by six cents per average share over the next twelve months. Assuming no changes to our balance sheet as of December 31, 2023 and no new defaults by portfolio companies, a hypothetical one percent increase in SOFR on our comprehensive floating rate assets and liabilities would increase our net investment income by approximately six cents per average share over the next twelve months. However, we may hedge against interest rate fluctuations from time to time by using

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standard hedging instruments such as futures, options, swaps and forward contracts subject to the requirements of the 1940 Act. While hedging activities may insulate us against adverse changes in interest rates, they may also limit our ability to participate in any benefits of certain changes in interest rates with respect to our portfolio of investments. At December 31, 2023, we had no interest rate hedging instruments outstanding on our balance sheet.

Increase (Decrease) in SOFR	(1.00%)	1.00%
Increase (Decrease) in Net Investment Income Per Share Per Year	\$(0.06)	\$0.06

We may also have exposure to foreign currencies through various investments. These investments are converted into U.S. dollars at the balance sheet date, exposing us to movements in foreign exchange rates. In order to reduce our exposure to fluctuations in foreign exchange rates, we may borrow from time to time in such currencies under our multi-currency revolving credit facility or enter into forward currency or similar contracts.

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Item 8. Financial Statements and Supplementary Data

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MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting, and for performing an assessment of the effectiveness of internal control over financial reporting as of December 31, 2023. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

Management performed an assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2023 based upon criteria in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on our assessment, management determined that the Company's internal control over financial reporting was effective as of December 31, 2023 based upon criteria in *Internal Control – Integrated Framework (2013)* issued by COSO.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2023 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
SLR Investment Corp.:

Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting

We have audited the accompanying consolidated statements of assets and liabilities, including the consolidated schedules of investments, of SLR Investment Corp. (and subsidiaries) (the Company), as of December 31, 2023 and 2022, the related consolidated statements of operations, changes in net assets, and cash flows for each of the years in the three-year period ended December 31, 2023, and the related notes (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023 based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying management's report on internal control over financial reporting. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our procedures included confirmation of securities owned as of December 31, 2023 and 2022, by correspondence with the custodian, portfolio companies or agents. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Fair value of investments

As described in Notes 2 and 6 to the consolidated financial statements, the Company measures its investments at fair value. Investments are valued using a market approach, an income approach, or both approaches, as applicable. In determining the fair value of investments classified as Level 3, the Company makes subjective judgments and estimates using unobservable inputs.

We identified the assessment of the fair value of such investments as a critical audit matter. A high degree of auditor judgment was required to assess the Company's fair value assumptions. Specifically, subjective auditor judgment was required to assess the (1) credit risk associated with the borrower and its ability to make interest and principal payments for debt investments and (2) selection of comparable companies and the financial performance multiples of such comparable companies used in the market approach for equity investments. Additionally, the involvement of valuation professionals with specialized skills and knowledge was required to assist in evaluating the Company's fair value estimates.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's process to measure the fair value of investments, including controls related to the development of the above assumptions. For recently purchased investments we evaluated changes in the borrowers assessed credit risk and market yields from the purchase date to the fair value measurement date. We evaluated the Company's ability to estimate fair value by comparing dispositions to the Company's most recent fair value estimate prior to the disposition. We also involved valuation professionals with specialized skills and knowledge, who for certain investments, developed estimates of fair value by assessing available market information using market yields of comparable companies of similar credit risk for debt investments fair valued using an income approach, and financial performance multiples of comparable companies for equity investments fair valued using a market approach, and compared the results to the Company's fair value estimates.

/s/ KPMG LLP

We have served as the Company's auditor since 2007.

New York, New York
February 27, 2024

SLR INVESTMENT CORP.
CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES
(in thousands, except share amounts)

	December 31, 2023	December 31, 2022
Assets		
Investments at fair value:		
Companies less than 5% owned (cost: \$1,260,205 and \$1,312,701, respectively)	\$ 1,271,442	\$ 1,289,082
Companies 5% to 25% owned (cost: \$60,064 and \$0, respectively)	44,250	—
Companies more than 25% owned (cost: \$870,128 and \$821,886, respectively)	839,074	797,594
Cash	11,864	10,743
Cash equivalents (cost: \$332,290 and \$417,590, respectively)	332,290	417,590
Dividends receivable	11,768	11,192
Interest receivable	11,034	9,706
Receivable for investments sold	1,538	1,124
Prepaid expenses and other assets	608	664
Total assets	\$ 2,523,868	\$ 2,537,695
Liabilities		
Debt (\$1,183,250 and \$1,093,200 face amounts, respectively, reported net of unamortized debt issuance costs of \$5,473 and \$7,202, respectively. See notes 6 and 7)	\$ 1,177,777	\$ 1,085,998
Payable for investments and cash equivalents purchased	332,290	417,611
Distributions payable	—	7,481
Management fee payable (see note 3)	8,027	7,964
Performance-based incentive fee payable (see note 3)	5,864	5,422
Interest payable (see note 7)	7,535	7,943
Administrative services payable (see note 3)	1,969	1,488
Other liabilities and accrued expenses	3,767	4,057
Total liabilities	\$ 1,537,229	\$ 1,537,964
Commitments and contingencies (see note 15)		
Net Assets		
Common stock, par value \$0.01 per share, 200,000,000 and 200,000,000 common shares authorized, respectively, and 54,554,634 and 54,555,380 shares issued and outstanding, respectively	\$ 546	\$ 546
Paid-in capital in excess of par (see note 2f)	1,117,930	1,162,569
Accumulated distributable net loss (see note 2f)	(131,837)	(163,384)
Total net assets	\$ 986,639	\$ 999,731
Net Asset Value Per Share	\$ 18.09	\$ 18.33

See notes to consolidated financial statements.

SLR INVESTMENT CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share amounts)

	Year ended December 31,		
	2023	2022	2021
INVESTMENT INCOME:			
Interest:			
Companies less than 5% owned	\$ 163,589	\$ 121,491	\$ 86,122
Companies 5% to 25% owned	2,058	—	—
Companies more than 25% owned	11,627	9,515	11,354
Dividends:			
Companies less than 5% owned	—	—	133
Companies more than 25% owned	45,986	44,383	37,564
Other income:			
Companies less than 5% owned	5,802	2,116	4,157
Companies 5% to 25% owned	26	—	—
Companies more than 25% owned	224	—	24
Total investment income	<u>229,312</u>	<u>177,505</u>	<u>139,354</u>
EXPENSES:			
Management fees (see note 3)	31,661	29,982	28,277
Performance-based incentive fees (see note 3)	22,898	15,097	10,309
Interest and other credit facility expenses (see note 7)	72,507	46,087	29,876
Administrative services expense (see note 3)	5,899	5,401	5,575
Other general and administrative expenses	4,756	6,099	4,390
Total expenses	<u>137,721</u>	<u>102,666</u>	<u>78,427</u>
Performance-based incentive fees waived (see note 3)	(500)	(1,527)	—
Net expenses	<u>137,221</u>	<u>101,139</u>	<u>78,427</u>
Net investment income	<u>\$ 92,091</u>	<u>\$ 76,366</u>	<u>\$ 60,927</u>
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND CASH EQUIVALENTS:			
Net realized gain (loss) on investments and cash equivalents:			
Companies less than 5% owned	\$ (27,602)	\$ (36,485)	\$ 26
Companies more than 25% owned	(381)	—	—
Net realized gain (loss) on investments and cash equivalents	<u>(27,983)</u>	<u>(36,485)</u>	<u>26</u>
Net change in unrealized gain (loss) on investments:			
Companies less than 5% owned	20,425	(2,909)	(10,500)
Companies 5% to 25% owned	(1,384)	—	—
Companies more than 25% owned	(6,761)	(18,630)	9,113
Net change in unrealized gain (loss) on investments	<u>12,280</u>	<u>(21,539)</u>	<u>(1,387)</u>
Net realized and unrealized loss on investments and cash equivalents	<u>(15,703)</u>	<u>(58,024)</u>	<u>(1,361)</u>
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$ 76,388</u>	<u>\$ 18,342</u>	<u>\$ 59,566</u>
EARNINGS PER SHARE (see note 5)	<u>\$ 1.40</u>	<u>\$ 0.35</u>	<u>\$ 1.41</u>

See notes to consolidated financial statements.

SLR INVESTMENT CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
(in thousands, except share amounts)

	Year ended December 31,		
	2023	2022	2021
Increase (decrease) in net assets resulting from operations:			
Net investment income	\$ 92,091	\$ 76,366	\$ 60,927
Net realized gain (loss)	(27,983)	(36,485)	26
Net change in unrealized gain (loss)	12,280	(21,539)	(1,387)
Net increase in net assets resulting from operations	<u>76,388</u>	<u>18,342</u>	<u>59,566</u>
Distributions to stockholders (see note 8a):			
From distributable earnings	(89,470)	(57,594)	(41,221)
From return of capital	—	(27,099)	(28,087)
Net distributions to stockholders	<u>(89,470)</u>	<u>(84,693)</u>	<u>(69,308)</u>
Capital transactions (see note 16):			
Issuance of common stock	—	226,839	—
Repurchases of common stock	(10)	(3,038)	—
Net increase (decrease) in net assets resulting from capital transactions	<u>(10)</u>	<u>223,801</u>	<u>—</u>
Total increase (decrease) in net assets	(13,092)	157,450	(9,742)
Net assets at beginning of year	999,731	842,281	852,023
Net assets at end of year	<u>\$986,639</u>	<u>\$ 999,731</u>	<u>\$842,281</u>
Capital share activity (see note 16):			
Issuance of common stock	—	12,511,825	—
Repurchases of common stock	(746)	(217,271)	—
Net increase (decrease) from capital share activity	<u>(746)</u>	<u>12,294,554</u>	<u>—</u>

See notes to consolidated financial statements.

SLR INVESTMENT CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year ended December 31,		
	2023	2022	2021
Cash Flows from Operating Activities:			
Net increase in net assets resulting from operations	\$ 76,388	\$ 18,342	\$ 59,566
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by (used in) operating activities:			
Net realized (gain) loss on investments and cash equivalents	27,983	36,485	(26)
Net change in unrealized (gain) loss on investments	(12,280)	21,539	1,387
Deferred financing costs/market discount	2,114	2,227	2,019
(Increase) decrease in operating assets:			
Purchase of investments	(774,888)	(609,645)	(596,256)
Proceeds from disposition of investments	713,643	531,389	468,532
Net accretion of discount on investments	(11,932)	(9,850)	(6,087)
Capitalization of payment-in-kind income	(11,113)	(4,282)	(7,592)
Collections of payment-in-kind income	497	1,286	1,411
Receivable for investments sold	(414)	254	(1,123)
Interest receivable	(1,328)	(3,185)	(43)
Dividends receivable	(576)	(2,164)	(1,101)
Prepaid expenses and other assets	56	(97)	4
Cash and other net assets acquired in Mergers	—	3,640	—
Increase (decrease) in operating liabilities:			
Payable for investments and cash equivalents purchased	(85,321)	97,570	(59,997)
Management fee payable	63	529	900
Performance-based incentive fee payable	442	3,558	1,072
Administrative services expense payable	481	(1,201)	743
Interest payable	(408)	3,451	1,076
Other liabilities and accrued expenses	(290)	1,213	414
Net Cash Provided by (Used in) Operating Activities	<u>(76,883)</u>	<u>91,059</u>	<u>(135,101)</u>
Cash Flows from Financing Activities:			
Cash distributions paid	(96,951)	(94,539)	(69,308)
Proceeds from unsecured borrowings	—	134,914	49,936
Repayment of unsecured borrowings	(75,000)	(171,000)	—
Proceeds from secured borrowings	1,059,665	844,002	812,132
Repayments of secured borrowings	(895,000)	(696,000)	(723,500)
Repurchase of common stock	(10)	(3,038)	—
Net Cash Provided by (Used in) Financing Activities	<u>(7,296)</u>	<u>14,339</u>	<u>69,260</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(84,179)	105,398	(65,841)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	428,333	322,935	388,776
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 344,154</u>	<u>\$ 428,333</u>	<u>\$ 322,935</u>
Supplemental disclosure of cash flow information:			
Cash paid for interest	\$ 72,915	\$ 42,636	\$ 28,800
Issuance of shares in connection with the Mergers ⁽¹⁾	—	226,839	—

(1) On April 1, 2022, in connection with the Mergers (as defined in Note 1 “Organization”), the Company acquired net assets of \$244,691 for the total stock consideration of \$226,839.

See notes to consolidated financial statements.

SLR INVESTMENT CORP.
CONSOLIDATED SCHEDULE OF INVESTMENTS
December 31, 2023
(in thousands, except share/unit amounts)

Description	Industry	Spread Above Index ⁽⁷⁾	Floor	Interest Rate ⁽¹⁾	Acquisition Date	Maturity Date	Par Amount	Cost	Fair Value
Senior Secured Loans — 129.5%									
First Lien Bank Debt/Senior Secured Loans									
Accession Risk Management Group, Inc. (f/k/a RSC Acquisition, Inc.)	Insurance	S+550	0.75%	11.00%	4/1/2022	11/1/2029	\$ 6,958	\$ 6,932	\$ 6,932
Aegis Toxicology Sciences Corporation(16)	Health Care Providers & Services	S+550	1.00%	11.13%	5/7/2018	5/9/2025	13,360	13,188	13,360
Alkeme Intermediary Holdings, LLC	Insurance	S+650	1.00%	11.96%	9/20/2023	10/28/2026	8,514	8,277	8,514
All States Ag Parts, LLC(16)	Trading Companies & Distributors	S+600	1.00%	11.61%	4/1/2022	9/1/2026	2,063	2,036	2,063
Atria Wealth Solutions, Inc.(16)	Diversified Financial Services	S+650	1.00%	11.97%	9/14/2018	5/31/2024	16,243	16,159	16,243
Basic Fun, Inc.(16)	Specialty Retail	S+650	1.00%	12.14%	10/30/2020	7/2/2024	2,150	2,145	2,150
BayMark Health Services, Inc.(16)	Health Care Providers & Services	S+500	1.00%	10.61%	4/1/2022	6/11/2027	8,265	8,016	8,265
Bayside Opco, LLC(27)	Healthcare Providers & Services	S+725 ⁽¹¹⁾	1.00%	12.75%	5/31/2023	5/31/2026	19,415	19,415	19,415
Bayside Parent, LLC(27)	Healthcare Providers & Services	S+1000 ⁽¹¹⁾	1.00%	15.50%	5/31/2023	5/31/2026	5,153	5,153	5,153
BDG Media, Inc.	Media	P+525	5.50%	13.75%	7/18/2022	7/31/2025	7,854	7,854	7,854
CC SAG Holdings Corp. (Spectrum Automotive)(16)	Diversified Consumer Services	S+575	0.75%	11.22%	6/29/2021	6/29/2028	30,510	30,031	30,510
Copper River Seafoods, Inc.	Food Products	P+275	—	11.25%	12/1/2023	4/23/2025	4,949	4,949	4,949
Crewline Buyer, Inc.	IT Services	S+675	1.00%	12.10%	11/8/2023	11/8/2030	5,084	4,958	4,957
CVAUSA Management, LLC(16)	Health Care Providers & Services	S+650	1.00%	11.74%	5/22/2023	5/22/2029	17,366	16,873	17,366
DeepIntent, Inc.	Media	P+175	—	10.25%	12/1/2023	3/25/2025	21,067	21,067	21,067
Enhanced Permanent Capital, LLC(3)	Capital Markets	S+700	1.00%	12.44%	12/29/2020	12/29/2025	42,521	41,864	42,521
ENS Holdings III Corp. & ES Opco USA LLC (Bluefin)(16)	Trading Companies & Distributors	S+475	1.00%	10.20%	4/1/2022	12/31/2025	4,505	4,398	4,505
Exactcare Parent, Inc.	Health Care Providers & Services	S+650	1.00%	11.89%	11/3/2023	11/5/2029	3,228	3,140	3,139
Fertility (ITC) Investment Holdco, LLC	Health Care Providers & Services	S+650	1.00%	11.97%	1/4/2023	1/3/2029	22,596	22,000	22,596
Foundation Consumer Brands, LLC(16)	Personal Products	S+625	1.00%	11.79%	2/12/2021	2/12/2027	26,726	26,181	26,726
GSM Acquisition Corp.	Leisure Equipment & Products	S+500	1.00%	10.47%	4/1/2022	11/16/2026	2,371	2,296	2,371

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Description	Industry	Spread Above Index ⁽⁷⁾	Floor	Interest Rate ⁽¹⁾	Acquisition Date	Maturity Date	Par Amount	Cost	Fair Value
Senior Secured Loans (continued)									
Higginbotham Insurance Agency, Inc.(16)	Insurance	S+550	1.00%	10.96%	4/1/2022	11/25/2028	\$ 21,210	\$21,210	\$21,210
Human Interest Inc	Internet Software & Services	S+785	1.00%	13.19%	6/30/2022	7/1/2027	20,104	19,943	20,104
iCIMS, Inc.	Software	S+725	0.75%	12.10% ⁽²⁶⁾	8/18/2022	8/18/2028	31,059	30,642	31,059
Kaseya, Inc.(16)	Software	S+600	0.75%	10.86% ⁽¹⁴⁾	6/22/2022	6/23/2029	24,519	24,215	24,519
Kid Distro Holdings, LLC (Distro Kid) (16)	Software	S+550	1.00%	11.00%	9/24/2021	10/1/2027	20,207	19,934	20,207
Kingsbridge Holdings, LLC(2)	Multi-Sector Holdings	S+700	1.00%	12.52%	12/21/2018	12/21/2024	96,000	95,897	96,000
Logix Holding Company, LLC(16)	Communications Equipment	P+475	1.00%	13.25%	9/14/2018	12/22/2024	14,009	13,613	13,729
Luxury Asset Capital, LLC(16)	Thriffs & Mortgage Finance	S+675	1.00%	12.21%	7/15/2022	7/15/2027	30,500	30,032	30,500
Maxor Acquisition, Inc.(16)	Health Care Providers & Services	S+675	1.00%	12.48%	3/1/2023	3/1/2029	17,604	17,128	17,604
Medrina, LLC	Health Care Providers & Services	S+625	1.00%	11.67%	10/20/2023	10/20/2029	2,410	2,351	2,350
NSPC Intermediate Corp. (National Spine)	Health Care Providers & Services	S+800	1.00%	13.53%	4/1/2022	2/13/2026	2,216	2,143	2,216
One Touch Direct, LLC.	Commercial Services & Supplies	P+75	—	9.25%	12/1/2023	3/31/2025	4,915	4,915	4,915
ONS MSO, LLC	Health Care Providers & Services	S+625	1.00%	11.62%	2/10/2023	7/8/2026	28,110	27,454	28,110
Orthopedic Care Partners Management, LLC	Health Care Providers & Services	S+650	1.00%	12.11%	8/17/2022	5/16/2024	5,488	5,470	5,488
Peter C. Foy & Associates Insurance Services, LLC(16)	Insurance	S+600	0.75%	11.47%	4/1/2022	11/1/2028	16,877	16,636	16,539
Pinnacle Treatment Centers, Inc.(16)	Health Care Providers & Services	S+650	1.00%	11.86%	1/22/2020	1/2/2026	22,687	22,405	22,687
Plastics Management, LLC(16)	Health Care Providers & Services	S+500	1.00%	10.45%	4/1/2022	8/18/2027	17,140	16,488	17,140
Retina Midco, Inc.(16)	Health Care Providers & Services	S+575	1.00%	11.38%	12/18/2023	1/31/2026	28,146	27,592	27,583
RQM+ Corp.(16)	Life Sciences Tools & Services	S+575	1.00%	11.36%	8/20/2021	8/12/2026	23,636	23,327	23,636
RxSense Holdings LLC(16)	Diversified Consumer Services	S+500	1.00%	10.48%	4/1/2022	3/13/2026	2,656	2,573	2,656
SCP Eye Care, LLC	Health Care Providers & Services	S+575	1.00%	11.17%	10/6/2022	10/5/2029	10,015	9,728	10,015
SHO Holding I Corporation (Shoes for Crews)(16)	Footwear	S+523	1.00%	10.87%	4/1/2022	4/27/2024	5,658	5,557	5,092

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Description	Industry	Spread Above Index ⁽⁷⁾	Floor	Interest Rate ⁽¹⁾	Acquisition Date	Maturity Date	Par Amount	Cost	Fair Value
Senior Secured Loans (continued)									
Southern Orthodontic Partners Management, LLC(16)	Health Care Providers & Services	S+625	1.00%	11.72%	6/3/2022	1/27/2026	\$ 15,545	\$ 15,300	\$ 15,545
SPAR Marketing Force, Inc	Media	P+190	—	10.40%	12/1/2023	10/10/2024	8,461	8,461	8,461
Stryten Resources LLC	Auto Parts & Equipment	S+800	1.00%	13.47%	8/11/2021	10/12/2026	25,659	25,341	26,044
SunMed Group Holdings, LLC(16)	Health Care Equipment & Supplies	S+550	0.75%	10.96%	6/16/2021	6/16/2028	14,982	14,676	14,982
TAUC Management, LLC(16)	Health Care Providers & Services	P+450	1.00%	13.00%	4/1/2022	2/12/2027	6,891	6,646	6,409
The Townsend Company, LLC(16)	Commercial Services & Supplies	S+625	1.00%	11.61%	8/17/2023	8/15/2029	10,276	10,030	10,276
Tilley Distribution, Inc.(16)	Trading Companies & Distributors	S+600	1.00%	11.50%	4/1/2022	12/31/2026	3,808	3,663	3,808
Ultimate Baked Goods Midco LLC (Rise Baking)(16)	Packaged Foods & Meats	S+625	1.00%	10.96%	8/12/2021	8/13/2027	26,359	25,811	26,095
United Digestive MSO Parent, LLC	Health Care Providers & Services	S+675	1.00%	12.25%	3/30/2023	3/30/2029	9,812	9,544	9,812
Urology Management Holdings, Inc	Health Care Providers & Services	S+650	1.00%	11.93%	2/7/2023	6/15/2026	9,205	8,983	9,136
UVP Management, LLC	Health Care Providers & Services	S+625	1.00%	11.75%	9/18/2023	9/15/2025	16,922	16,550	16,499
Vessco Midco Holdings, LLC	Water Utilities	P+350	1.00%	12.00%	4/1/2022	11/2/2026	15	15	15
WCI-BXC Purchaser, LLC	Distributors	S+625	1.00%	11.64%	11/6/2023	11/6/2030	2,904	2,833	2,832
West-NR Parent, Inc.(16)	Insurance	S+625	1.00%	11.70%	8/1/2023	12/27/2027	9,015	8,848	9,015
Total First Lien Bank Debt/Senior Secured Loans								\$862,886	\$872,944
Second Lien Asset-Based Senior Secured Loans									
AMF Levered II, LLC	Diversified Financial Services	S+705	1.00%	12.52%	12/24/2021	8/21/2028	29,925	\$ 29,474	\$ 29,326
FGI Worldwide LLC	Diversified Financial Services	S+650	1.00%	11.86%	4/17/2023	4/17/2028	8,206	8,023	8,206
								\$ 37,497	\$ 37,532
Second Lien Bank Debt/Senior Secured Loans									
RD Holdco, Inc.** (2)	Diversified Consumer Services	S+975 ⁽¹¹⁾	1.00%	—	12/23/2013	10/12/2026	15,654	\$ 12,297	\$ 7,827

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Description	Industry	Spread Above Index ⁽⁷⁾	Floor	Interest Rate ⁽¹⁾	Acquisition Date	Maturity Date	Par Amount	Cost	Fair Value
Senior Secured Loans (continued)									
First Lien Life Science Senior Secured Loans									
Alimera Sciences, Inc.(16)	Pharmaceuticals	S+515	4.60%	10.50%	12/31/2019	5/1/2028	\$ 34,738	\$ 34,945	\$ 37,274
Arcutis Biotherapeutics, Inc.(3)	Pharmaceuticals	S+745	0.10%	12.90%	12/22/2021	1/1/2027	66,849	68,169	68,186
Ardelyx, Inc.(3)	Pharmaceuticals	S+795	1.00%	13.32%	2/23/2022	3/1/2027	17,228	17,306	17,766
BridgeBio Pharma, Inc.(3)	Biotechnology	—	—	9.00% ⁽²²⁾	11/17/2021	11/17/2026	40,753	40,567	40,854
Cerapedics, Inc.	Biotechnology	S+620	2.75%	11.55%	12/27/2022	1/1/2028	36,156	36,260	36,156
Glooko, Inc.(16)	Health Care Technology	S+790	0.10%	13.35%	9/30/2021	10/1/2026	9,927	10,010	10,373
Meditrina, Inc.	Health Care Equipment & Supplies	S+550	3.45%	10.85%	12/20/2022	12/1/2027	3,367	3,374	3,401
Neuronetics, Inc.(16)	Health Care Equipment & Supplies	S+565	3.95%	11.00%	3/2/2020	3/29/2028	30,878	30,921	30,878
OmniGuide Holdings, Inc. (13)	Health Care Equipment & Supplies	S+580	5.31%	11.25%	7/30/2018	11/1/2025	24,500	24,874	24,623
Outset Medical, Inc.(3)(16)	Health Care Equipment & Supplies	S+515	2.75%	10.50%	11/3/2022	11/1/2027	44,727	44,837	44,839
Vapotherm, Inc.	Health Care Equipment & Supplies	S+930	1.00%	14.75% ⁽²⁴⁾	2/18/2022	2/1/2027	37,670	38,094	38,235
Vertos Medical, Inc.	Health Care Equipment & Supplies	S+515	4.75%	10.50%	6/14/2023	7/1/2028	6,651	6,604	6,651
Total First Lien Life Science Senior Secured Loans								\$ 355,961	\$ 359,236
Total Senior Secured Loans								\$1,268,641	\$1,277,539

Description	Industry	Interest Rate ⁽¹⁾	Acquisition Date	Maturity Date	Par Amount	Cost	Fair Value
Equipment Financing — 26.0%							
A&A Crane and Rigging, LLC (10)	Commercial Services & Supplies	7.78%	3/27/2023	3/27/2028	\$ 69	\$ 69	\$ 69
Aero Operating LLC (10)	Commercial Services & Supplies	8.47-9.64%	2/12/2021	3/1/2025-11/1/2026	1,345	1,343	1,343
AFG Dallas III, LLC (10)	Diversified Consumer Services	10.00-11.29%	8/11/2022	8/11/2026-3/1/2027	1,099	1,099	1,099
Air Methods Corporation (10)	Airlines	7.08-7.13%	11/3/2021	11/3/2026-11/23/2026	3,103	3,142	3,103
AmeriMex International, Inc. (10)	Commercial Services & Supplies	10.00%	3/29/2019	10/15/2024	381	381	385
Bazzini, LLC (10)	Food & Staples Retailing	10.46%	12/23/2022	1/1/2028	1,985	2,043	1,985
Boart Longyear Company (10)	Metals & Mining	8.31-10.44%	5/28/2020	7/1/2024-10/7/2026	2,447	2,447	2,447
Bowman Energy Solutions, LLC (10)	Commercial Services & Supplies	7.42%	7/1/2022	7/1/2026	114	114	114
C-Port/Stone LLC (10)	Oil, Gas & Consumable Fuels	8.54%	10/7/2022	11/1/2027	6,247	6,098	6,060

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Description	Industry	Interest Rate ⁽¹⁾	Acquisition Date	Maturity Date	Par Amount	Cost	Fair Value
Equipment Financing (continued)							
Capital City Jet Center, Inc. (10)	Airlines	10.00%	4/4/2018	6/22/2026	\$ 1,242	\$ 1,242	\$ 1,242
Carolina's Contracting, LLC (10)	Diversified Consumer Services	8.40-8.72%	3/7/2023	3/7/2028-5/18/2028	3,523	3,554	3,523
CKD Holdings, Inc. (10)	Road & Rail	8.10-8.60%	9/22/2022	3/22/2026-9/22/2027	2,863	2,863	2,863
Clubcorp Holdings, Inc. (10)	Hotels, Restaurants & Leisure	9.36-13.01%	5/27/2021	4/1/2025-5/1/2028	6,461	6,461	6,461
Complete Equipment Rentals, LLC (10)	Commercial Services & Supplies	6.75-7.15%	3/23/2023	4/1/2028-6/1/2028	1,837	1,810	1,806
Dongwon Autopart Technology Inc. (10)	Auto Components	7.96%	2/2/2021	1/1/2026	1,266	1,277	1,266
Double S Industrial Contractors, Inc. (10)	Commercial Services & Supplies	8.60%	7/28/2023	8/1/2027	112	112	112
Drillers Choice, Inc. (10)	Commercial Services & Supplies	8.00-10.08%	10/31/2022	11/1/2027-6/1/2029	1,873	1,875	1,873
Energy Drilling Services, LLC (10)	Diversified Consumer Services	6.58-9.16%	8/26/2022	11/9/2025-9/1/2027	1,076	1,076	1,076
Environmental Protection & Improvement Company, LLC (10)	Road & Rail	8.25%	9/30/2020	10/1/2027	4,564	4,585	4,564
Equipment Operating Leases, LLC (2)(12)	Multi-Sector Holdings	8.37%	4/27/2018	4/27/2025	3,381	3,381	3,296
Extreme Steel Crane & Rigging, LLC (10)	Commercial Services & Supplies	9.52%	3/3/2023	3/3/2027	847	854	847
First American Commercial Bancorp, Inc. (10)	Diversified Financial Services	7.50-9.02%	10/28/2021	10/1/2026-3/1/2027	2,279	2,281	2,279
First National Capital, LLC (10)	Diversified Financial Services	9.00%	11/5/2021	7/1/2026	5,290	5,290	5,290
Georgia Jet, Inc. (10)	Airlines	8.00%	12/4/2017	1/4/2024	25	25	25
GMT Corporation (10)	Machinery	10.71%	10/23/2018	1/1/2026	3,813	3,816	3,813
Hawkeye Contracting Company, LLC (10)	Construction & Engineering	10.50%	10/8/2021	11/1/2025	689	689	689
HTI Logistics Corporation (10)	Commercial Services & Supplies	9.69-9.94%	11/15/2018	5/1/2024-9/1/2025	153	153	149
International Automotive Components Group, North America, Inc. (10)	Auto Components	7.95%	6/23/2021	6/23/2025	3,787	3,801	3,711
Kool Pak, LLC (10)	Road & Rail	8.58%	2/5/2018	3/1/2024	29	29	29
Loc Performance Products, LLC (10)	Machinery	10.50%	12/29/2022	6/1/2027	636	636	636
Loyer Capital LLC (2)(12)	Multi-Sector Holdings	8.73-11.52%	5/16/2019	5/16/2024-9/25/2024	7,500	7,500	7,361
Lux Credit Consultants, LLC (10)	Road & Rail	8.28-12.09%	6/17/2021	12/1/2024-12/1/2026	10,911	10,911	10,911
Lux Vending, LLC (10)	Consumer Finance	12.46-13.26%	8/20/2021	8/20/2024-11/1/2024	632	636	632

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Description	Industry	Interest Rate ⁽¹⁾	Acquisition Date	Maturity Date	Par Amount	Cost	Fair Value
Equipment Financing (continued)							
Miranda Logistics Enterprise, Inc. (10)	Construction & Engineering	7.69%	4/14/2023	4/14/2028	\$ 787	\$ 787	\$ 787
Mountain Air Helicopters, Inc. (10)	Commercial Services & Supplies	10.00%	7/31/2017	2/28/2025	248	247	248
Nimble Crane LLC (10)	Commercial Services & Supplies	9.18%	7/13/2023	7/13/2028	934	934	934
No Limit Construction Services, LLC (10)	Commercial Services & Supplies	7.73%	5/5/2023	6/1/2028	118	118	118
Ozzies, Inc. (10)	Commercial Services & Supplies	10.72%	12/23/2022	1/1/2027	1,621	1,668	1,621
PCX Aerostructures LLC (10)	Aerospace & Defense	9.32%	11/23/2022	12/1/2028	2,311	2,311	2,311
Rane Light Metal Castings Inc. (10)	Machinery	10.00%	6/1/2020	6/1/2024	56	56	56
Rango, Inc. (10)	Commercial Services & Supplies	9.33%	9/24/2019	11/1/2024	573	583	563
Rayzor's Edge LLC (10)	Diversified Consumer Services	7.69-8.27%	5/19/2023	5/18/2030-6/30/2030	711	711	711
RH Land Construction, LLC & Harbor Dredging LA, Inc. (10)	Construction & Engineering	8.08%	5/10/2023	5/10/2026	114	114	114
Royal Express Inc. (10)	Road & Rail	9.53%	1/17/2019	2/1/2024	148	148	148
Rotten Rock Hardscaping & Tree Service (10)	Diversified Consumer Services	8.21%	12/6/2022	12/6/2027	204	204	204
Rutt Services, LLC (10)	Commercial Services & Supplies	8.95%	8/11/2023	8/11/2030	1,176	1,179	1,176
Signet Marine Corporation (10)	Transportation Infrastructure	8.50%	10/31/2022	10/1/2029	12,272	12,310	12,272
SLR Equipment Finance(2)	Multi-Sector Holdings	8.50%	1/24/2022	1/27/2024	3,850	3,850	3,850
Smiley Lifting Solutions, LLC(10)	Commercial Services & Supplies	7.82-8.61%	6/30/2022	9/15/2026-6/27/2030	5,945	5,945	5,945
ST Coaches, LLC (10)	Road & Rail	8.50%	7/31/2017	1/25/2025	583	583	583
Star Coaches Inc. (10)	Road & Rail	8.42%	3/9/2018	4/1/2025	2,327	2,327	2,211
Superior Transportation, Inc. (10)	Road & Rail	10.22-10.63%	7/31/2017	1/1/2026	2,279	2,279	2,279
The Smedley Company & Smedley Services, Inc. (10)..	Commercial Services & Supplies	4.07%	7/31/2017	1/15/2028	1,397	1,397	1,270
Trinity Equipment, Inc. (10)	Commercial Services & Supplies	8.78-8.93%	5/4/2023	5/4/2028-5/19/2028	1,345	1,345	1,345
Trinity Equipment Rentals, Inc. (10)	Commercial Services & Supplies	7.94-8.75%	10/8/2021	11/1/2024-12/1/2026	361	361	361
U.S. Crane & Rigging, LLC (10)	Commercial Services & Supplies	8.73%-10.92%	12/23/2022	3/1/2027-9/1/2028	2,574	2,574	2,574
Up Trucking Services, LLC (10)	Road & Rail	11.21%	3/23/2018	8/1/2024	208	209	208

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Description	Industry	Interest Rate ⁽¹⁾	Acquisition Date	Maturity Date	Par Amount	Cost	Fair Value
Equipment Financing (continued)							
Waste Pro of Florida, Inc. & Waste Pro USA, Inc. (10)	Commercial Services & Supplies	9.17%	4/18/2023	4/18/2028	\$ 8,915	\$ 9,057	\$ 8,915
Wind River Environmental, LLC (10)	Diversified Consumer Services	8.43-10.00%	7/31/2019	8/1/2024-10/5/2025	311	311	311
Womble Company, Inc. (10)	Energy Equipment & Services	9.11%	12/27/2019	1/1/2025	210	210	206
Worldwide Flight Services, Inc. (10)	Transportation Infrastructure	8.32-9.93%	9/23/2022	9/23/2027-8/16/2028	3,053	3,097	3,053
Zamborelli Enterprises Pacific Southern Foundation (10)	Diversified Consumer Services	8.91%	12/7/2022	1/1/2027	566	570	566
					Shares/Units		
SLR Equipment Finance Equity Interests (2)(9)(17)*	Multi-Sector Holdings		7/31/2017		200	145,000	120,820
Total Equipment Financing						\$282,078	\$256,819

Par Amount							
Preferred Equity – 0.4%							
SOINT, LLC (2)(3)(4)	Aerospace & Defense	5.00% ⁽¹¹⁾	6/8/2012	6/30/2025	—	\$ 5,178	\$ 3,801

Description	Industry	Acquisition Date	Shares/Units	Cost	Fair Value
Common Equity/Equity Interests/Warrants—62.5%					
Assertio Holdings, Inc. (8)*	Pharmaceuticals	7/31/2023	12,510	\$ 51	\$ 13
aTyr Pharma, Inc. Warrants *	Pharmaceuticals	11/18/2016	2,932	36	—
Bayside Parent, LLC (27)*	Health Care Providers & Services	5/31/2023	6,526	11,411	3,815
CardioFocus, Inc. Warrants *	Health Care Equipment & Supplies	3/31/2017	90	51	—
Centrexion Therapeutics, Inc. Warrants *	Pharmaceuticals	6/28/2019	289,102	136	45
Conventus Orthopaedics, Inc. Warrants *	Health Care Equipment & Supplies	6/15/2016	157,500	65	—
Delphinus Medical Technologies, Inc. Warrants *	Health Care Equipment & Supplies	8/18/2017	444,388	74	80
Essence Group Holdings Corporation (Lumeris) Warrants *	Health Care Technology	3/22/2017	260,000	129	327
KBH Topco LLC (Kingsbridge) (2)(5)(18).	Multi-Sector Holdings	11/3/2020	73,500,000	136,596	142,000
Meditrina, Inc. Warrants *	Health Care Equipment & Supplies	12/20/2022	29,366	23	19
NSPC Holdings, LLC (National Spine) *	Health Care Providers & Services	2/13/2023	207,043	657	—
RD Holdco, Inc. (Rug Doctor) (2)*	Diversified Consumer Services	12/23/2013	231,177	15,683	—
RD Holdco, Inc. (Rug Doctor) Class B (2)*	Diversified Consumer Services	12/23/2013	522	5,216	—
Senseonics Holdings, Inc. (3)(8)*	Health Care Equipment & Supplies	7/25/2019	469,353	235	268
SLR-AMI Topco Blocker, LLC (15)(27)*	Internet & Catalog Retail	6/16/2023	—	24,085	15,867
SLR Business Credit (2)(3)(19)	Diversified Financial Services	4/1/2022	100	81,583	90,370
SLR Credit Solutions (2)(3)(20)	Diversified Financial Services	12/28/2012	280,303	80,737	284,000

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Common Equity/Equity Interests/Warrants (continued)					
SLR Healthcare ABL (2)(3)(21)	Diversified Financial Services	4/1/2022	32,839	\$ 34,335	\$ 35,850
SLR Senior Lending Program LLC (2)(3)(25)	Asset Management	12/1/2022	—	42,875	43,899
SLR Healthcare ABL (2)(3)(21)	Diversified Financial Services	4/1/2022	32,839	34,335	35,850
Vapotherm, Inc. Warrants*	Health Care Equipment & Supplies	2/18/2022	78,287	319	3
Venus Concept Ltd. Warrants* (f/k/a Restoration Robotics)	Health Care Equipment & Supplies	5/10/2018	2,230	152	—
Vertos Medical, Inc. Warrants*	Health Care Equipment & Supplies	6/14/2023	161,761	51	51
Total Common Equity/Equity Interests/Warrants				\$ 634,500	\$ 616,607
Total Investments (6) — 218.4%				\$ 2,190,397	\$ 2,154,766

Description	Industry	Acquisition Date	Maturity Date	Par Amount		
Cash Equivalents — 33.7%						
U.S. Treasury Bill	Government	12/29/2023	2/27/2024	\$ 335,000	\$ 332,290	\$ 332,290
Total Investments & Cash Equivalents — 252.1%					\$ 2,522,687	\$ 2,487,056
Liabilities in Excess of Other Assets — (152.1%)						(1,500,417)
Net Assets — 100.0%						\$ 986,639

- (1) Floating rate debt investments typically bear interest at a rate determined by reference to the Secured Overnight Financing Rate (“SOFR” or “S”) or the prime index rate (“PRIME” or “P”), and which typically reset monthly, quarterly or semi-annually. For each debt investment we have provided the current rate of interest, or in the case of leases the current implied yield, in effect as of December 31, 2023.
- (2) Denotes investments in which we are deemed to exercise a controlling influence over the management or policies of a company, as defined in the Investment Company Act of 1940, as amended (the “1940 Act”), due to beneficially owning, either directly or through one or more controlled companies, more than 25% of the outstanding voting securities of the investment. Transactions during the year ended December 31, 2023 in these controlled investments are as follows:

Name of Issuer	Fair Value at December 31, 2022	Gross Additions	Gross Reductions	Realized Loss	Change in Unrealized Gain (Loss)	Fair Value at December 31, 2023	Interest/Dividend/Other Income
Equipment Operating Leases, LLC	\$ 3,741	\$ —	\$ (456)	\$ —	\$ 11	\$ 3,296	\$ 304
Kingsbridge Holdings, LLC	80,000	16,000	—	—	(96)	96,000	10,320
KBH Topco, LLC (Kingsbridge)	148,444	—	—	—	(6,444)	142,000	13,125
Loyer Capital LLC	7,361	—	—	—	—	7,361	755
RD Holdco, Inc. (Rug Doctor, common equity)	—	—	—	—	—	—	—
RD Holdco, Inc. (Rug Doctor, class B)..	—	—	—	—	—	—	—
RD Holdco, Inc. (Rug Doctor, warrants)..	—	—	—	(381)	381	—	—
RD Holdco, Inc. (debt)	6,521	506	—	—	800	7,827	—
SLR Business Credit	89,370	—	—	—	1,000	90,370	7,000

See notes to consolidated financial statements.

SLR INVESTMENT CORP.
CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)
December 31, 2023
(in thousands, except share/unit amounts)

Name of Issuer	Fair Value at December 31, 2022	Gross Additions	Gross Reductions	Realized Loss	Change in Unrealized Gain (Loss)	Fair Value at December 31, 2023	Interest/ Dividend/ Other Income
SLR Credit Solutions	288,760	—	—	—	(4,760)	284,000	20,000
SLR Equipment Finance (equity)	120,820	—	—	—	—	120,820	—
SLR Equipment Finance (debt)	5,000	3,850	(5,000)	—	—	3,850	248
SLR Healthcare ABL	34,350	—	—	—	1,500	35,850	4,360
SLR Senior Lending Program LLC	9,426	33,375	—	—	1,098	43,899	1,474
SOINT, LLC	3,801	251	—	—	(251)	3,801	251
	<u>\$ 797,594</u>	<u>\$ 53,982</u>	<u>\$ (5,456)</u>	<u>\$ (381)</u>	<u>\$ (6,761)</u>	<u>\$ 839,074</u>	<u>\$ 57,837</u>

- (3) Indicates assets that the Company believes may not represent “qualifying assets” under Section 55(a) of the 1940 Act. If we fail to invest a sufficient portion of our assets in qualifying assets, we could be prevented from making follow-on investments in existing portfolio companies or could be required to dispose of investments at inappropriate times in order to comply with the 1940 Act. As of December 31, 2023, on a fair value basis, non-qualifying assets in the portfolio represented 26.6% of the total assets of the Company.
- (4) The Company’s investment in SOINT, LLC includes a one dollar investment in common shares.
- (5) Kingsbridge Holdings, LLC is held through KBH Topco LLC, a Delaware corporation.
- (6) Aggregate net unrealized appreciation for U.S. federal income tax purposes is \$2,567; aggregate gross unrealized appreciation and depreciation for U.S. federal tax purposes is \$97,678 and \$95,111, respectively, based on a tax cost of \$2,152,199. Unless otherwise noted, all of the Company’s investments are pledged as collateral against the borrowings outstanding on the senior secured credit facility. The Company generally acquires its investments in private transactions exempt from registration under the Securities Act of 1933, as amended (the “Securities Act”). These investments are generally subject to certain limitations on resale, and may be deemed to be “restricted securities” under the Securities Act. All investments are Level 3 unless otherwise indicated.
- (7) Floating rate instruments accrue interest at a predetermined spread relative to an index, typically the SOFR or PRIME rate. These instruments are often subject to a SOFR or PRIME rate floor.
- (8) Denotes a Level 1 investment.
- (9) SLR Equipment Finance is held through NEFCORP LLC, a wholly-owned consolidated taxable subsidiary and NEFPASS LLC, a wholly-owned consolidated subsidiary.
- (10) Indicates an investment that is wholly held by the Company through NEFPASS LLC.
- (11) Interest is paid in kind (“PIK”).
- (12) Denotes a subsidiary of SLR Equipment Finance.
- (13) OmniGuide Holdings, Inc., Domain Surgical, Inc. and OmniGuide, Inc. are co-borrowers.
- (14) Kaseya, Inc. may elect to defer up to 2.50% of the coupon as PIK.
- (15) Through this entity and other intermediate entities, the Company owns approximately 7.3% of the underlying common units of ASC Holdco, LLC, a joint venture which owns certain assets of the former Amerimark Interactive, LLC.
- (16) Indicates an investment that is wholly or partially held by the Company through its wholly-owned financing subsidiary SUNS SPV LLC (the “SUNS SPV”). Such investments are pledged as collateral under the Senior Secured Revolving SPV Credit Facility (the “SPV Credit Facility”) (see Note 7 to the consolidated financial statements) and are not generally available to creditors, if any, of the Company.
- (17) See note 11 to the consolidated financial statements.

See notes to consolidated financial statements.

SLR INVESTMENT CORP.
CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)
December 31, 2023
(in thousands, except share/unit amounts)

- (18) See note 12 to the consolidated financial statements.
(19) See note 14 to the consolidated financial statements.
(20) See note 10 to the consolidated financial statements.
(21) See note 13 to the consolidated financial statements.
(22) BridgeBio Pharma, Inc. may elect to defer up to 3.00% of the coupon as PIK.
(23) The Company became an Affiliated Person to Bayside Opco, LLC and Bayside Parent, LLC on May 31, 2023 and to AmeriMark Intermediate Holdings, LLC and SLR- AMI Topco Blocker, LLC on June 16, 2023.
(24) Vapotherm, Inc. may elect to defer up to 9.00% of the coupon as PIK.
(25) See note 18 to the consolidated financial statements.
(26) iCIMS, Inc. may elect to defer up to 3.875% of the coupon as PIK.
(27) Denotes investments in which we are an “Affiliated Person” but do not exercise a controlling influence, as defined in the 1940 Act, due to beneficially owning, either directly or through one or more controlled companies, more than 5% but less than 25% of the outstanding voting securities of the investment. Transactions during the year ended December 31, 2023 (beginning with the date at which the Company became an Affiliated Person) in these affiliated investments are as follows:

<u>Name of Issuer</u>	<u>Fair Value at Date of Affiliation(23)</u>	<u>Gross Additions</u>	<u>Gross Reductions</u>	<u>Realized Gain (Loss)</u>	<u>Change in Unrealized Gain (Loss)</u>	<u>Fair Value at December 31, 2023</u>	<u>Interest Income</u>
Oldco AI, LLC (f/k/a AmeriMark)	\$ —	\$ 1,270	\$ (1,270)	\$ —	\$ —	\$ —	\$ 194
Oldco AI, LLC (f/k/a AmeriMark)	9,371	—	(17,070) ^a	—	7,699	—	—
Bayside Opco, LLC	846	21	(867)	—	—	—	44
Bayside Opco, LLC	18,224	1,191	—	—	—	19,415	1,399
Bayside Parent, LLC (loan)	4,773	380	—	—	—	5,153	447
Bayside Parent, LLC (equity)	4,681	—	—	—	(866)	3,815	—
SLR-AMI Topco Blocker, LLC	7,014	17,070 ^a	—	—	(8,217)	15,867	—
	<u>\$44,909</u>	<u>\$19,932</u>	<u>\$(19,207)</u>	<u>\$—</u>	<u>\$(1,384)</u>	<u>\$44,250</u>	<u>\$2,084</u>

a Includes contribution of basis from Oldco AI, LLC to SLR-AMI Topco Blocker, LLC.

* Non-income producing security.

** Investment is on non-accrual status.

See notes to consolidated financial statements.

SLR INVESTMENT CORP.
CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)
December 31, 2023
(in thousands)

Industry Classification	Percentage of Total Investments (at fair value) as of December 31, 2023
Diversified Financial Services (includes SLR Credit Solutions, SLR Business Credit and SLR Healthcare ABL)	21.9%
Multi-Sector Holdings (includes Kingsbridge Holdings, LLC, SLR Equipment Finance, Equipment Operating Leases, LLC and Loyer Capital LLC)	17.3%
Health Care Providers & Services	13.2%
Health Care Equipment & Supplies	7.6%
Pharmaceuticals	5.7%
Biotechnology	3.6%
Software	3.5%
Insurance	2.9%
Diversified Consumer Services	2.3%
Commercial Services & Supplies	2.2%
Asset Management	2.1%
Capital Markets	2.0%
Media	1.7%
Thriffs & Mortgage Finance	1.4%
Personal Products	1.3%
Packaged Foods & Meats	1.2%
Auto Parts & Equipment	1.2%
Road & Rail	1.1%
Life Sciences Tools & Services	1.1%
Internet Software & Services	0.9%
Internet & Catalog Retail	0.7%
Transportation Infrastructure	0.7%
Communications Equipment	0.7%
Health Care Technology	0.5%
Trading Companies & Distributors	0.5%
Hotels, Restaurants & Leisure	0.3%
Aerospace & Defense	0.3%
Oil, Gas & Consumable Fuels	0.3%
Footwear	0.2%
Auto Components	0.2%
IT Services	0.2%
Food Products	0.2%
Machinery	0.2%
Airlines	0.2%
Distributors	0.1%
Metals & Mining	0.1%
Leisure Equipment & Products	0.1%
Specialty Retail	0.1%
Food & Staples Retailing	0.1%
Construction & Engineering	0.1%
Consumer Finance	0.0%
Energy Equipment & Services	0.0%
Water Utilities	0.0%
Total Investments	<u><u>100.0%</u></u>

See notes to consolidated financial statements.

SLR INVESTMENT CORP.
CONSOLIDATED SCHEDULE OF INVESTMENTS
December 31, 2022
(in thousands, except share/unit amounts)

Description	Industry	Spread Above Index ⁽⁷⁾	Floor	Interest Rate ⁽¹⁾	Acquisition Date	Maturity Date	Par Amount	Cost	Fair Value
Senior Secured Loans —124.6%									
First Lien Bank Debt/Senior Secured Loans									
Aegis Toxicology Sciences Corporation(16)	Health Care Providers & Services	L+550	1.00%	10.09%	5/7/2018	5/9/2025	\$ 17,103	\$16,793	\$17,103
All State Ag Parts, LLC(16)	Trading Companies & Distributors	S+575	1.00%	10.19%	4/1/2022	9/1/2026	4,197	4,081	4,197
American Teleconferencing Services, Ltd.**	Communications Equipment	L+650	1.00%	—	5/5/2016	9/9/2021	36,135	25,926	—
American Teleconferencing Services, Ltd.**	Communications Equipment	L+650	1.00%	—	9/17/2021	1/31/2023	6,405	6,254	224
AmeriMark Intermediate Holdings, LLC(14)	Internet & Catalog Retail	L+800	1.00%	14.77%	7/28/2021	10/15/2026	24,087	23,711	22,882
Apex Services Partners, LLC(16)	Diversified Consumer Services	S+525	1.00%	9.80%	8/31/2022	7/31/2025	14,021	13,644	14,021
Atria Wealth Solutions, Inc.(16)	Diversified Financial Services	S+600	1.00%	10.84%	9/14/2018	2/29/2024	8,149	8,107	8,149
Basic Fun, Inc.(16)	Specialty Retail	L+550	1.00%	10.27%	10/30/2020	10/30/2023	2,162	2,152	2,162
BayMark Health Services, Inc.(16)	Health Care Providers & Services	L+500	1.00%	9.73%	4/1/2022	6/11/2027	9,432	9,078	9,432
BDG Media, Inc	Media	L+900	0.25%	13.17%	7/18/2022	4/27/2023	14,454	14,454	14,454
CC SAG Holdings Corp. (Spectrum Automotive)(16)	Diversified Consumer Services	L+575	0.75%	10.48%	6/29/2021	6/29/2028	20,427	20,057	20,427
Composite Technology Acquisition Corp.(16)	Building Products	L+475	1.00%	9.73%	4/1/2022	2/1/2025	10,386	9,983	10,386
Copper River Seafoods, Inc.	Food Products	P+275	—	10.25%	8/31/2022	4/23/2025	8,405	8,405	8,405
DeepIntent, Inc	Media	P+175	—	9.25%	10/12/2022	3/25/2025	16,951	16,951	16,951
Enhanced Permanent Capital, LLC(3)	Capital Markets	L+700	1.00%	10.13%	12/29/2020	12/29/2025	35,205	34,496	35,205
ENS Holdings III Corp. & ES Opco USA LLC (Bluefin)(16)..	Trading Companies & Distributors	S+475	1.00%	9.43%	4/1/2022	12/31/2025	4,978	4,804	4,978
Enverus Holdings, Inc. (fka Drilling Info Holdings)(16)	IT Services	L+450	—	8.88%	4/1/2022	7/30/2025	11,598	11,129	11,598
Erie Construction Mid-west, LLC(16)	Building Products	S+475	1.00%	9.79%	4/1/2022	7/30/2027	8,915	8,580	8,915
Foundation Consumer Brands, LLC(16)	Personal Products	L+550	1.00%	10.15%	2/12/2021	2/12/2027	35,273	34,421	35,273
GSM Acquisition Corp.(16)	Leisure Equipment & Products	S+500	1.00%	9.03%	4/1/2022	11/16/2026	11,022	10,562	10,912
Higginbotham Insurance Agency, Inc.(16)	Insurance	L+525	0.75%	9.63%	4/1/2022	11/25/2026	6,223	5,994	6,223
High Street Buyer, Inc.(16)	Insurance	L+600	0.75%	10.73%	4/1/2022	4/16/2028	5,188	4,900	5,188

See notes to consolidated financial statements.

SLR INVESTMENT CORP.
CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)
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(in thousands, except share/unit amounts)

Description	Industry	Spread Above Index ⁽⁷⁾	Floor	Interest Rate ⁽¹⁾	Acquisition Date	Maturity Date	Par Amount	Cost	Fair Value
Senior Secured Loans (continued)									
Human Interest Inc	Internet Software & Services	S+785	1.00%	11.97%	6/30/2022	7/1/2027	\$ 20,104	\$ 19,783	\$ 20,104
iCIMS, Inc.	Software	S+725	0.75%	11.52% ⁽²⁶⁾	8/18/2022	8/18/2028	32,084	31,548	31,522
Ivy Fertility Services, LLC	Health Care Providers & Services	L+625	1.00%	10.39%	12/22/2021	2/25/2026	30,092	29,415	30,393
Kaseya, Inc.(16)	Software	S+575	0.75%	10.33%	6/22/2022	6/23/2029	32,426	31,966	32,426
Kid Distro Holdings, LLC (Distro Kid)(16)	Software	L+575	1.00%	10.48%	9/24/2021	10/1/2027	26,452	26,015	26,452
Kingsbridge Holdings, LLC(2)	Multi-Sector Holdings	L+700	1.00%	10.75%	12/21/2018	12/21/2024	80,000	79,800	80,000
KORE Wireless Group, Inc.(16)	Wireless Telecommunication Services	S+550	—	10.08%	12/21/2018	12/21/2024	23,588	23,123	23,588
Logix Holding Company, LLC(16)	Communications Equipment	L+575	1.00%	10.13%	9/14/2018	12/22/2024	14,009	13,246	13,449
Luxury Asset Capital, LLC(16)	Thrifts & Mortgage Finance	S+675	1.00%	10.99%	7/15/2022	7/15/2027	27,500	26,991	27,500
Maurices, Incorporated(16)	Specialty Retail	S+675	1.00%	8.74%	8/27/2021	6/1/2024	7,808	7,678	7,808
Montefiore Nyack Hospital	Health Care Providers & Services	L+495	—	9.72%	8/9/2022	11/15/2024	3,966	3,966	3,966
NAC Holdings Corporation (Jaguar)(16)	Insurance	S+525	1.00%	9.45%	7/30/2021	9/28/2024	28,603	28,214	28,603
National Spine and Pain Centers, LLC	Health Care Providers & Services	L+500	1.00%	7.31%	4/1/2022	6/2/2024	2,681	2,564	2,547
One Touch Direct, LLC	Commercial Services & Supplies	P+75	—	8.25%	4/3/2020	3/30/2024	4,431	4,431	4,431
Orthopedic Care Partners Management, LLC	Health Care Providers & Services	S+650	1.00%	10.91%	8/17/2022	5/16/2024	3,111	3,092	3,111
Pediatric Home Respiratory Services, LLC	Health Care Providers & Services	S+625	1.00%	10.67%	8/19/2022	12/4/2024	1,327	1,309	1,313
Peter C. Foy & Associates Insurance Services, LLC	Insurance	S+600	0.75%	10.44%	4/1/2022	11/1/2028	10,854	10,699	10,854
PhyNet Dermatology LLC	Health Care Providers & Services	S+625 ⁽¹⁵⁾	1.00%	9.81%	9/5/2018	8/16/2024	14,458	14,420	14,458
Pinnacle Treatment Centers, Inc.(16)	Health Care Providers & Services	S+650	1.00%	10.57%	1/22/2020	1/2/2026	27,997	27,528	27,367
Plastics Management, LLC(16)	Health Care Providers & Services	S+500	1.00%	9.89%	4/1/2022	8/18/2027	9,491	9,161	9,491
PPT Management Holdings, LLC(16)	Health Care Providers & Services	L+850 ⁽¹¹⁾	1.00%	12.83%	9/14/2018	1/30/2023	32,163	31,987	25,827
RQM+ Corp.(16)	Life Sciences Tools & Services	S+575	1.00%	10.97%	8/20/2021	8/12/2026	26,823	26,455	26,823
RSC Acquisition, Inc.(16)	Insurance	S+550	0.75%	9.26%	4/1/2022	11/1/2026	6,985	6,813	6,985
RxSense Holdings LLC(16)	Diversified Consumer Services	L+500	1.00%	9.41%	4/1/2022	3/13/2026	11,775	11,357	11,775

See notes to consolidated financial statements.

SLR INVESTMENT CORP.
CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)
December 31, 2022
(in thousands, except share/unit amounts)

Description	Industry	Spread Above Index ⁽⁷⁾	Floor	Interest Rate ⁽¹⁾	Acquisition Date	Maturity Date	Par Amount	Cost	Fair Value
Senior Secured Loans (continued)									
SCP Eye Care, LLC	Health Care Providers & Services	S+575	1.00%	9.46%	10/6/2022	10/5/2029	\$ 8,314	\$ 8,050	\$ 8,044
SHO Holding I Corporation (Shoes for Crews)(16)	Footwear	L+523	1.00%	9.66%	4/1/2022	4/27/2024	5,704	5,361	5,419
Southern Orthodontic Partners Management, LLC(16)	Health Care Providers & Services	S+600	1.00%	10.77%	6/3/2022	1/27/2026	1,399	1,387	1,399
SPAR Marketing Force, Inc	Media	P+95	—	8.45%	7/18/2022	10/10/2024	9,162	9,162	9,162
Stryten Resources LLC	Auto Parts & Equipment	S+800	1.00%	12.44%	8/11/2021	10/12/2026	25,922	25,506	25,922
SunMed Group Holdings, LLC(16)	Health Care Equipment & Supplies	L+575	0.75%	10.48%	6/16/2021	6/16/2028	24,953	24,446	24,953
TAUC Management, LLC(16)	Health Care Providers & Services	L+525	1.00%	9.98%	4/1/2022	2/12/2027	6,899	6,585	6,864
Tilley Distribution, Inc.(16)	Trading Companies & Distributors	S+550	1.00%	10.14%	4/1/2022	12/31/2026	9,996	9,527	9,996
Ultimate Baked Goods Midco LLC (Rise Baking)(16)	Packaged Foods & Meats	L+650	1.00%	10.88%	8/12/2021	8/13/2027	24,789	24,038	24,789
Vessco Midco Holdings, LLC(16)	Water Utilities	L+450	1.00%	7.87%	4/1/2022	11/2/2026	1,728	1,668	1,728
World Insurance Associates, LLC(16)	Insurance	S+575	1.00%	9.31%	4/1/2022	4/1/2026	31,624	30,785	30,359
Total First Lien Bank Debt/Senior Secured Loans								<u>\$912,558</u>	<u>\$886,513</u>
Second Lien Asset-Based Senior Secured Loans									
ACRES Commercial Mortgage, LLC	Diversified Financial Services	S+705	1.00%	11.38%	12/24/2021	8/21/2028	29,925	\$ 29,398	\$ 29,925
Second Lien Bank Debt/Senior Secured Loans									
RD Holdco, Inc.** (2)	Diversified Consumer Services	S+975 ⁽¹⁾	1.00%	—	12/23/2013	10/12/2026	13,043	\$ 11,791	\$ 6,521

See notes to consolidated financial statements.

SLR INVESTMENT CORP.
CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)
December 31, 2022
(in thousands, except share/unit amounts)

Description	Industry	Spread Above Index ⁽⁷⁾	Floor	Interest Rate ⁽¹⁾	Acquisition Date	Maturity Date	Par Amount	Cost	Fair Value
Senior Secured Loans (continued)									
First Lien Life Science Senior Secured Loans									
Alimera Sciences, Inc.(16)	Pharmaceuticals	L+765	1.78%	11.82%	12/31/2019	7/1/2024	\$ 23,159	\$ 23,894	\$ 24,433
Apeel Technology, Inc.	Biotechnology	S+625	1.00%	8.75%	6/29/2022	6/1/2027	3,643	3,620	3,643
Arcutis Biotherapeutics, Inc.(3)	Pharmaceuticals	L+745	0.10%	11.62%	12/22/2021	1/1/2027	66,849	67,077	67,685
Ardelyx, Inc.(3)	Pharmaceuticals	L+795	0.10%	12.12%	2/23/2022	3/1/2027	9,475	9,437	9,499
BridgeBio Pharma, Inc.(3)	Biotechnology	—	—	9.00% ⁽²²⁾	11/17/2021	11/17/2026	39,839	39,340	39,839
Centrexion Therapeutics, Inc.	Pharmaceuticals	L+725	2.45%	11.42%	6/28/2019	1/1/2024	11,844	12,372	12,555
Cerapedics, Inc.	Biotechnology	S+620	2.75%	10.52%	12/27/2022	1/1/2028	26,939	26,874	26,872
Glooko, Inc.(16)	Health Care Technology	L+790	0.10%	12.07%	9/30/2021	10/1/2026	15,883	15,867	15,922
Meditrina, Inc.	Health Care Equipment & Supplies	S+550	3.45%	9.82%	12/20/2022	12/1/2027	3,367	3,338	3,359
Neuronetics, Inc.(16)	Health Care Equipment & Supplies	L+765	1.66%	11.82%	3/2/2020	2/28/2025	18,012	18,450	19,003
OmniGuide Holdings, Inc. (13).	Health Care Equipment & Supplies	L+1405	0.10%	18.22% ⁽²³⁾	7/30/2018	7/1/2023	19,201	19,380	19,777
Outset Medical, Inc.(3)	Health Care Equipment & Supplies	S+515	2.75%	9.33%	11/3/2022	11/1/2027	35,084	34,880	34,820
Spectrum Pharmaceuticals, Inc. (16)	Biotechnology	S+570	2.30%	9.88%	9/21/2022	9/1/2027	10,525	10,406	10,420
Vapotherm, Inc.	Health Care Equipment & Supplies	S+830	1.00%	12.58% ⁽²⁴⁾	2/18/2022	2/1/2027	34,455	34,270	34,628
Total First Lien Life Science Senior Secured Loans								\$ 319,205	\$ 322,455
Total Senior Secured Loans								<u>\$1,272,952</u>	<u>\$1,245,414</u>

Description	Industry	Interest Rate ⁽¹⁾	Acquisition Date	Maturity Date	Par Amount	Cost	Fair Value
Equipment Financing — 26.6%							
Aero Operating LLC (10)	Commercial Services & Supplies	8.47-9.64%	2/12/2021	3/1/2025-12/1/2026	\$ 2,264	\$ 2,262	\$ 2,262
AFG Dallas III, LLC (10)	Diversified Consumer Services	10.00%	8/11/2022	8/11/2026-8/29/2026	1,036	1,036	1,036
Air Methods Corporation (10)	Airlines	7.08-7.13%	11/3/2021	11/3/2026-11/23/2026	3,600	3,660	3,600

See notes to consolidated financial statements.

SLR INVESTMENT CORP.
CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)
December 31, 2022
(in thousands, except share/unit amounts)

Description	Industry	Interest Rate ⁽¹⁾	Acquisition Date	Maturity Date	Par Amount	Cost	Fair Value
Equipment Financing (continued)							
AmeraMex International, Inc. (10)	Commercial Services & Supplies	10.00%	3/29/2019	9/15/2024	\$ 1,059	\$ 1,059	\$ 1,069
Bazzini, LLC (10)	Food & Staples Retailing	10.46%	12/23/2022	1/1/2028	2,365	2,440	2,365
Boart Longyear Company (10)	Metals & Mining	8.31-10.44%	5/28/2020	7/1/2024-10/7/2026	4,568	4,568	4,568
Bowman Energy Solutions, LLC (10)	Commercial Services & Supplies	7.42%	7/1/2022	8/1/2026	153	153	153
C-Port/Stone LLC (10)	Oil, Gas & Consumable Fuels	8.54%	10/7/2022	11/1/2027	6,708	6,514	6,507
Capital City Jet Center, Inc. (10)	Airlines	10.00%	4/4/2018	10/4/2023-6/22/2026	2,241	2,241	2,214
Champion Air, LLC (10)	Airlines	10.00%	3/19/2018	1/1/2023	1,055	1,055	1,055
CKD Holdings, Inc. (10)	Road & Rail	8.10-8.60%	9/22/2022	3/22/2026-9/22/2027	3,690	3,690	3,690
Clubcorp Holdings, Inc. (10)	Hotels, Restaurants & Leisure	9.36-13.01%	5/27/2021	4/1/2025-1/1/2028	6,539	6,539	6,539
Dongwon Autopart Technology Inc. (10)	Auto Components	7.96%	2/2/2021	1/1/2026	1,828	1,849	1,828
Drillers Choice, Inc. (10)	Commercial Services & Supplies	8.00%	10/31/2022	11/1/2027	1,589	1,589	1,589
EasyPak, LLC (10)	Containers & Packaging	9.01%	1/6/2021	1/1/2024	276	276	276
Energy Drilling Services, LLC (10)	Diversified Consumer Services	6.58-9.16%	8/26/2022	12/9/2025-9/1/2027	1,321	1,321	1,295
Environmental Protection & Improvement Company, LLC (10)	Road & Rail	8.25%	9/30/2020	10/1/2027	5,270	5,300	5,270
Equipment Operating Leases, LLC (2)(12)	Multi-Sector Holdings	8.37%	4/27/2018	4/27/2025	3,837	3,837	3,741
First American Commercial Bancorp, Inc. (10)	Diversified Financial Services	7.50-9.02%	10/28/2021	10/1/2026-3/1/2027	2,938	2,941	2,938
First National Capital, LLC. (10)	Diversified Financial Services	9.00%	11/5/2021	8/1/2026	7,116	7,116	7,116
Freightsol LLC (10)	Road & Rail	12.51-12.89%	4/9/2019	11/1/2023	779	784	779
Garda CL Technical Services, Inc. (10)	Commercial Services & Supplies	8.30-8.77%	3/22/2018	6/5/2023-10/5/2023	469	469	468
Georgia Jet, Inc. (10)	Airlines	8.00%	12/4/2017	1/4/2024	425	425	425
GMT Corporation (10)	Machinery	10.71%	10/23/2018	1/1/2026	4,801	4,806	4,801
Hawkeye Contracting Company, LLC (10)	Construction & Engineering	10.50%	10/8/2021	11/1/2025	997	997	997
HTI Logistics Corporation. (10)	Commercial Services & Supplies	9.69-9.94%	11/15/2018	5/1/2024-9/1/2025	290	290	283
International Automotive Components Group, North America, Inc. (10)	Auto Components	7.95%	6/23/2021	6/23/2025	6,072	6,109	5,951
Kool Pak, LLC (10)	Road & Rail	8.58%	2/5/2018	3/1/2024	194	194	194
Loc Performance Products, LLC (10)	Machinery	10.50%	12/29/2022	6/1/2027	767	767	767
Loyer Capital LLC (2)(12)	Multi-Sector Holdings	8.73-11.52%	5/16/2019	5/16/2024-9/25/2024	7,500	7,500	7,361
Lux Credit Consultants, LLC (10)	Road & Rail	8.28-12.09%	6/17/2021	12/1/2024-12/1/2026	16,411	16,411	16,411

See notes to consolidated financial statements.

SLR INVESTMENT CORP.
CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)
December 31, 2022
(in thousands, except share/unit amounts)

Description	Industry	Interest Rate ⁽¹⁾	Acquisition Date	Maturity Date	Par Amount	Cost	Fair Value
Equipment Financing (continued)							
Lux Vending, LLC (10)	Consumer Finance	12.46-13.26%	8/20/2021	8/20/2024-10/1/2024	\$ 1,638	\$ 1,663	\$ 1,638
Mountain Air Helicopters, Inc. (10)	Commercial Services & Supplies	10.00%	7/31/2017	2/28/2025	369	368	369
Ozzies, Inc. (10)	Commercial Services & Supplies	10.72%	12/23/2022	1/1/2027	2,005	2,072	2,005
PCX Aerostructures LLC (10)	Aerospace & Defense	9.32%	11/23/2022	12/1/2028	2,658	2,658	2,658
Rane Light Metal Castings Inc. (10)	Machinery	10.00%	6/1/2020	6/1/2024	159	159	159
Rango, Inc. (10)	Commercial Services & Supplies	9.33-9.79%	9/24/2019	4/1/2023-11/1/2024	1,940	1,960	1,904
Royal Coach Lines, Inc.(10)	Road & Rail	9.56%	11/21/2019	8/1/2025	849	849	775
Royal Express Inc. (10)	Road & Rail	9.53%	1/17/2019	2/1/2024	428	431	428
Rotten Rock Hardscaping & Tree Service (10)	Diversified Consumer Services	8.21%	12/6/2022	12/6/2027	245	245	245
Signet Marine Corporation (10)	Transportation Infrastructure	8.50%	10/31/2022	7/1/2029	14,102	14,152	14,102
SLR Equipment Finance(2)	Multi-Sector Holdings	8.50%	1/24/2022	1/24/2023	5,000	5,000	5,000
Smiley Lifting Solutions, LLC(10)	Commercial Services & Supplies	7.82-8.28%	6/30/2022	9/15/2026-12/29/2029	4,139	4,139	4,139
ST Coaches, LLC (10)	Road & Rail	8.47-8.58%	7/31/2017	7/1/2023-1/25/2025	1,521	1,521	1,459
Star Coaches Inc. (10)	Road & Rail	8.42%	3/9/2018	4/1/2025	2,887	2,887	2,591
Superior Transportation, Inc. (10)	Road & Rail	10.22-10.63%	7/31/2017	1/1/2026	3,369	3,369	3,369
The Smedley Company & Smedley Services, Inc. (10)..	Commercial Services & Supplies	4.07%	7/31/2017	1/15/2028	1,706	1,706	1,706
Trinity Equipment Rentals, Inc. (10)	Commercial Services & Supplies	7.94-8.75%	10/8/2021	11/1/2024-12/1/2026	577	577	577
U.S. Crane & Rigging, LLC (10)	Commercial Services & Supplies	10.92%	12/23/2022	3/1/2027	2,005	2,005	2,005
Up Trucking Services, LLC (10)	Road & Rail	11.21%	3/23/2018	8/1/2024	469	473	469
Wind River Environmental, LLC (10)	Diversified Consumer Services	8.43-10.00%	7/31/2019	8/1/2024-10/5/2025	604	605	604
Womble Company, Inc. (10)	Energy Equipment & Services	9.11%	12/27/2019	1/1/2025	386	386	371
Worldwide Flight Services, Inc. (10)	Transportation Infrastructure	8.32-9.36%	9/23/2022	9/23/2027-10/28/2027	304	308	304
Zamborelli Enterprises Pacific Southern Foundation (10)	Diversified Consumer Services	8.91%	12/7/2022	1/1/2027	707	714	707
					Shares/Units		
SLR Equipment Finance Equity Interests (2)(9)(17)*Multi-Sector Holdings			7/31/2017		200	145,000	120,820
Total Equipment Financing						\$ 291,445	\$ 265,952

See notes to consolidated financial statements.

SLR INVESTMENT CORP.
CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)
December 31, 2022
(in thousands, except share/unit amounts)

Description	Industry	Interest Rate ⁽¹⁾	Acquisition Date	Maturity Date	Par Amount	Cost	Fair Value
Preferred Equity — 0.4%							
SOINT, LLC (2)(3)(4)	Aerospace & Defense	5.00% ⁽¹⁾	6/8/2012	6/30/2023	49,273	\$4,927	\$3,801

Description	Industry	Acquisition Date	Shares/ Units	Cost	Fair Value
Common Equity/Equity Interests/Warrants—57.1%					
aTyr Pharma, Inc. Warrants *	Pharmaceuticals	11/18/2016	6,347	\$ 106	\$ —
CardioFocus, Inc. Warrants *	Health Care Equipment & Supplies	3/31/2017	90	51	—
Centrexion Therapeutics, Inc. Warrants *	Pharmaceuticals	6/28/2019	289,102	136	82
Conventus Orthopaedics, Inc. Warrants *	Health Care Equipment & Supplies	6/15/2016	157,500	65	—
Delphinus Medical Technologies, Inc. Warrants *	Health Care Equipment & Supplies	8/18/2017	444,388	74	103
Essence Group Holdings Corporation (Lumeris) Warrants *	Health Care Technology	3/22/2017	260,000	129	366
KBH Topco LLC (Kingsbridge) (2)(5)(18).	Multi-Sector Holdings	11/3/2020	73,500,000	136,596	148,444
Meditrina, Inc. Warrants *	Health Care Equipment & Supplies	12/20/2022	29,366	23	23
RD Holdco, Inc. (Rug Doctor) (2)*	Diversified Consumer Services	12/23/2013	231,177	15,683	—
RD Holdco, Inc. (Rug Doctor) Class B (2)*	Diversified Consumer Services	12/23/2013	522	5,216	—
RD Holdco, Inc. (Rug Doctor) Warrants (2)*	Diversified Consumer Services	12/23/2013	30,370	381	—
Senseonics Holdings, Inc. (3)(8)*	Health Care Equipment & Supplies	7/25/2019	469,353	235	483
SLR Business Credit (2)(3)(19)	Diversified Financial Services	4/1/2022	100	81,583	89,370
SLR Credit Solutions (2)(3)(20)	Diversified Financial Services	12/28/2012	280,303	280,737	288,760
SLR Healthcare ABL (2)(3)(21)	Diversified Financial Services	4/1/2022	32,839	34,335	34,350
SLR Senior Lending Program LLC (2)(3)(25)	Asset Management	12/1/2022	—	9,500	9,426
Spectrum Pharmaceuticals, Inc. Warrants *	Biotechnology	9/21/2022	159,470	51	15
Vapotherm, Inc. Warrants*	Health Care Equipment & Supplies	2/18/2022	36,996	210	87
Venus Concept Ltd. Warrants* (f/k/a Restoration Robotics)	Health Care Equipment & Supplies	5/10/2018	33,430	152	—
Total Common Equity/Equity Interests/Warrants				\$ 565,263	\$ 571,509
Total Investments (6) — 208.7%				\$2,134,587	\$2,086,676

Description	Industry	Acquisition Date	Maturity Date	Par Amount		
Cash Equivalents — 41.8%						
U.S. Treasury Bill	Government	12/30/2022	2/23/2023	\$ 420,000	\$ 417,590	\$ 417,590
Total Investments & Cash Equivalents —250.5%				\$ 2,552,177	\$ 2,504,266	
Liabilities in Excess of Other Assets — (150.5%)						(1,504,535)
Net Assets — 100.0%					\$ 999,731	

(1) Floating rate debt investments typically bear interest at a rate determined by reference to the London Interbank Offered Rate (“LIBOR” or “L”), the Secured Overnight Financing Rate (“SOFR” or “S”) or the

See notes to consolidated financial statements.

SLR INVESTMENT CORP.
CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)
December 31, 2022
(in thousands, except share/unit amounts)

prime index rate (“PRIME” or “P”), and which typically reset monthly, quarterly or semi-annually. For each debt investment we have provided the current rate of interest, or in the case of leases the current implied yield, in effect as of December 31, 2022.

- (2) Denotes investments in which we are deemed to exercise a controlling influence over the management or policies of a company, as defined in the Investment Company Act of 1940, as amended (“1940 Act”), due to beneficially owning, either directly or through one or more controlled companies, more than 25% of the outstanding voting securities of the investment. Transactions during the year ended December 31, 2022 in these controlled investments are as follows:

Name of Issuer	Fair Value at December 31, 2021	Gross Additions	Gross Reductions	Realized Gain (Loss)	Change in Unrealized Gain (Loss)	Interest/ Dividend Income	Fair Value at December 31, 2022
Equipment Operating Leases, LLC	\$ 18,939	\$ —	\$ 15,833	\$ —	\$ 635	\$ 749	\$ 3,741
Kingsbridge Holdings, LLC	80,000	—	—	—	(87)	7,402	80,000
KBH Topco, LLC (Kingsbridge)	145,996	—	—	—	2,448	15,225	148,444
Loyer Capital LLC	10,725	—	3,500	—	136	1,003	7,361
RD Holdco, Inc. (Rug Doctor, common equity)	—	—	—	—	—	—	—
RD Holdco, Inc. (Rug Doctor, class B)..	5,216	—	—	—	(5,216)	—	—
RD Holdco, Inc. (Rug Doctor, warrants)..	—	—	—	—	—	—	—
RD Holdco, Inc. (debt)	11,829	685	—	—	(5,280)	(18)	6,521
SLR Business Credit	—	81,583	—	—	7,787	5,150	89,370
SLR Credit Solutions	298,766	—	—	—	(10,006)	20,500	288,760
SLR Equipment Finance (equity)	129,102	—	—	—	(8,282)	—	120,820
SLR Equipment Finance (debt)	—	5,000	—	—	—	379	5,000
SLR Healthcare ABL	—	34,335	—	—	15	2,595	34,350
SLR Senior Lending Program LLC	—	9,500	—	—	(74)	—	9,426
SOAGG LLC	1,121	—	447	—	(674)	647	—
SOINT, LLC	4,509	266	942	—	(32)	266	3,801
	<u>\$ 706,203</u>	<u>\$131,369</u>	<u>\$ 20,722</u>	<u>\$ —</u>	<u>\$ (18,630)</u>	<u>\$53,898</u>	<u>\$ 797,594</u>

- (3) Indicates assets that the Company believes may not represent “qualifying assets” under Section 55(a) of the 1940 Act. If we fail to invest a sufficient portion of our assets in qualifying assets, we could be prevented from making follow-on investments in existing portfolio companies or could be required to dispose of investments at inappropriate times in order to comply with the 1940 Act. As of December 31, 2022, on a fair value basis, non-qualifying assets in the portfolio represented 24.2% of the total assets of the Company.
- (4) The Company’s investment in SOINT, LLC includes a one dollar investment in common shares.
- (5) Kingsbridge Holdings, LLC is held through KBH Topco LLC, a Delaware corporation.
- (6) Aggregate net unrealized appreciation for U.S. federal income tax purposes is \$17,187; aggregate gross unrealized appreciation and depreciation for U.S. federal tax purposes is \$161,053 and \$143,866, respectively, based on a tax cost of \$2,069,489. Unless otherwise noted, all of the Company’s investments

See notes to consolidated financial statements.

SLR INVESTMENT CORP.
CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)
December 31, 2022
(in thousands)

are pledged as collateral against the borrowings outstanding on the senior secured credit facility. The Company generally acquires its investments in private transactions exempt from registration under the Securities Act of 1933, as amended (the “Securities Act”). These investments are generally subject to certain limitations on resale, and may be deemed to be “restricted securities” under the Securities Act. All investments are Level 3 unless otherwise indicated.

- (7) Floating rate instruments accrue interest at a predetermined spread relative to an index, typically the LIBOR, SOFR or PRIME rate. These instruments are often subject to a LIBOR, SOFR or PRIME rate floor.
 - (8) Denotes a Level 1 investment.
 - (9) SLR Equipment Finance is held through NEFCORP LLC, a wholly-owned consolidated taxable subsidiary and NEFPASS LLC, a wholly-owned consolidated subsidiary.
 - (10) Indicates an investment that is wholly held by the Company through NEFPASS LLC.
 - (11) Interest is paid in kind (“PIK”).
 - (12) Denotes a subsidiary of SLR Equipment Finance.
 - (13) OmniGuide Holdings, Inc., Domain Surgical, Inc. and OmniGuide, Inc. are co-borrowers.
 - (14) AmeriMark Interactive, LLC, AmeriMark Direct LLC, AmeriMark Intermediate Sub, Inc., L.T.D. Commodities LLC, Dr. Leonard’s Healthcare Corp. and Amerimark Intermediate Holdings, LLC are each co-Borrowers. Amerimark may elect to defer up to 8.00% of the coupon as PIK.
 - (15) Spread is 5.75% Cash / 0.50% PIK.
 - (16) Indicates an investment that is wholly or partially held by the Company through its wholly-owned financing subsidiary SUNS SPV LLC (the “SUNS SPV”). Such investments are pledged as collateral under the Senior Secured Revolving SPV Credit Facility (the “SPV Credit Facility”) (see Note 7 to the consolidated financial statements) and are not generally available to creditors, if any, of the Company.
 - (17) See note 11 to the consolidated financial statements.
 - (18) See note 12 to the consolidated financial statements.
 - (19) See note 14 to the consolidated financial statements.
 - (20) See note 10 to the consolidated financial statements.
 - (21) See note 13 to the consolidated financial statements.
 - (22) BridgeBio Pharma, Inc. may elect to defer up to 3.00% of the coupon as PIK.
 - (23) OmniGuide Holdings, Inc. may elect to defer up to 10.00% of the coupon as PIK.
 - (24) Vapotherm, Inc. may elect to defer up to 8.00% of the coupon as PIK.
 - (25) See note 18 to the consolidated financial statements.
 - (26) iCIMS, Inc. may elect to defer up to 3.875% of the coupon as PIK.
- * Non-income producing security.
** Investment is on non-accrual status.

See notes to consolidated financial statements.

SLR INVESTMENT CORP.
CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)
December 31, 2022
(in thousands)

Industry Classification	Percentage of Total Investments (at fair value) as of December 31, 2022
Diversified Financial Services (includes SLR Credit Solutions, SLR Business Credit and SLR Healthcare ABL)	22.1%
Multi-Sector Holdings (includes Kingsbridge Holdings, LLC, SLR Equipment Finance, Equipment Operating Leases, LLC and Loyer Capital LLC)	17.5%
Health Care Providers & Services	7.7%
Health Care Equipment & Supplies	6.6%
Pharmaceuticals	5.5%
Software	4.3%
Insurance	4.2%
Biotechnology	3.9%
Diversified Consumer Services	2.7%
Media	1.9%
Road & Rail	1.7%
Personal Products	1.7%
Capital Markets	1.7%
Thrifts & Mortgage Finance	1.3%
Life Sciences Tools & Services	1.3%
Auto Parts & Equipment	1.2%
Packaged Foods & Meats	1.2%
Wireless Telecommunication Services	1.1%
Commercial Services & Supplies	1.1%
Internet & Catalog Retail	1.1%
Internet Software & Services	1.0%
Building Products	0.9%
Trading Companies & Distributors	0.9%
Health Care Technology	0.8%
Transportation Infrastructure	0.7%
Communications Equipment	0.7%
IT Services	0.6%
Leisure Equipment & Products	0.5%
Specialty Retail	0.5%
Asset Management	0.5%
Food Products	0.4%
Auto Components	0.4%
Airlines	0.3%
Hotels, Restaurants & Leisure .	0.3%
Oil, Gas & Consumable Fuels	0.3%
Aerospace & Defense	0.3%
Machinery	0.3%
Footwear	0.3%
Metals & Mining	0.2%
Food & Staples Retailing	0.1%
Water Utilities	0.1%
Consumer Finance	0.1%
Construction & Engineering	0.0%
Energy Equipment & Services	0.0%
Containers & Packaging	0.0%
Total Investments	<u>100.0%</u>

See notes to consolidated financial statements.

SLR INVESTMENT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023
(in thousands, except share amounts)

Note 1. Organization

SLR Investment Corp. (the “Company”, “SLRC”, “we”, “us” or “our”), a Maryland corporation formed in November 2007, is a closed-end, externally managed, non-diversified management investment company that has elected to be regulated as a business development company (“BDC”) under the Investment Company Act of 1940, as amended (the “1940 Act”). Furthermore, as the Company is an investment company, it continues to apply the guidance in FASB Accounting Standards Codification (“ASC”) Topic 946. In addition, for U.S. federal income tax purposes, the Company has elected to be treated, and intends to qualify annually, as a regulated investment company (“RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”).

On February 9, 2010, the Company priced its initial public offering, selling 5.68 million shares of common stock, including the underwriters’ over-allotment, at a price of \$18.50 per share. Concurrent with this offering, the Company’s senior management purchased an additional 600,000 shares through a private placement, also at \$18.50 per share.

The Company’s investment objective is to maximize both current income and capital appreciation through debt and equity investments. The Company directly and indirectly invests primarily in leveraged middle market companies in the form of senior secured loans, financing leases and to a lesser extent, unsecured loans and equity securities. From time to time, we may also invest in public companies that are thinly traded.

On April 1, 2022, we acquired SLR Senior Investment Corp., a Maryland corporation (“SUNS”), pursuant to that certain Agreement and Plan of Merger (the “Merger Agreement”), dated as of December 1, 2021, by and among us, SUNS, Solstice Merger Sub, Inc., a Maryland corporation and our wholly-owned subsidiary (“Merger Sub”), and, solely for the limited purposes set forth therein, SLR Capital Partners, LLC (the “Investment Adviser”). Pursuant to the Merger Agreement, Merger Sub merged with and into SUNS, with SUNS continuing as the surviving company and as SUNS’s wholly-owned subsidiary (the “Merger”) and, immediately thereafter, SUNS merged with and into us, with us continuing as the surviving company (together with the Merger, the “Mergers”). In accordance with the terms of the Merger Agreement, at the effective time of the Merger, each outstanding share of SUNS’s common stock was converted into the right to receive 0.7796 shares of our common stock (with SUNS’s stockholders receiving cash in lieu of fractional shares of our common stock). As a result of the Mergers, we issued an aggregate of 12,511,825 shares of our common stock to former SUNS stockholders.

Note 2. Significant Accounting Policies

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles (“GAAP”), and include the accounts of the Company and certain wholly-owned subsidiaries. The consolidated financial statements reflect all adjustments and reclassifications which, in the opinion of management, are necessary for the fair presentation of the results of the operations and financial condition for the periods presented. All significant intercompany balances and transactions have been eliminated. Certain prior period amounts may have been reclassified to conform to the current period presentation.

The preparation of consolidated financial statements in conformity with GAAP and pursuant to the requirements for reporting on Form 10-K and Regulation S-X, as appropriate, also requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reported periods. Changes in the economic environment, financial markets and any other parameters used in determining these estimates could cause actual results to differ materially.

SLR INVESTMENT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
December 31, 2023
(in thousands, except share amounts)

In the opinion of management, all adjustments, which are of a normal recurring nature, considered necessary for the fair presentation of financial statements, have been included.

The significant accounting policies consistently followed by the Company are:

- (a) Investment transactions are accounted for on the trade date.
- (b) Under procedures established by the board of directors (the “Board”), we value investments, including certain senior secured debt, subordinated debt and other debt securities with maturities greater than 60 days, for which market quotations are readily available and deemed to represent fair value under GAAP, at such market quotations (unless they are deemed not to represent fair value). A market quotation is readily available for a security only when that quotation is a quoted price (unadjusted) in active markets for identical investments that the Company can access at the measurement date, provided that a quotation will not be readily available if it is not reliable. If the Company anticipates using a market quotation for a security, it will also monitor for circumstances that may necessitate the use of fair value, such as significant events that may cause concern over the reliability of a market quotation. We attempt to obtain market quotations from at least two brokers or dealers (if available, otherwise from a principal market maker or a primary market dealer or other independent pricing service). We utilize mid-market pricing as a practical expedient for fair value unless a different point within the range is more representative. If and when market quotations are deemed not to represent fair value, we may utilize independent third-party valuation firms to assist us in determining the fair value of material assets. Accordingly, such investments go through our multi-step valuation process as described below. In each such case, independent valuation firms, that may from time to time be engaged by the Board, consider observable market inputs together with significant unobservable inputs in arriving at their valuation recommendations. Debt investments with maturities of 60 days or less shall each be valued at cost plus accreted discount, or minus amortized premium, which is expected to approximate fair value, unless such valuation, in the judgment of the Investment Adviser, does not represent fair value, in which case such investments shall be valued at fair value as determined in good faith by or under the direction of the Board. Investments that are not publicly traded or whose market quotations are not readily available are valued at fair value as determined in good faith by or under the direction of the Board. Such determination of fair values involves subjective judgments and estimates.

With respect to investments for which market quotations are not readily available or when such market quotations are deemed not to represent fair value under GAAP, the Board has approved a multi-step valuation process each quarter, as described below:

- (1) our quarterly valuation process begins with each portfolio company or investment being initially valued by the investment professionals of the Investment Adviser responsible for the portfolio investment;
- (2) preliminary valuation conclusions are then documented and discussed with senior management of the Investment Adviser;
- (3) independent valuation firms engaged by the Board conduct independent appraisals and review the Investment Adviser’s preliminary valuations and make their own independent assessment for all material assets;
- (4) the audit committee of the Board reviews the preliminary valuation of the Investment Adviser and that of the independent valuation firm and responds to the valuation recommendation of the independent valuation firm, if any, to reflect any comments; and

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- (5) the Board discusses valuations and determines the fair value of each investment in our portfolio in good faith based on the input of the Investment Adviser, the respective independent valuation firm, if any, and the audit committee.

The valuation principles set forth above may be modified from time to time, in whole or in part, as determined by the Board in its sole discretion. The Board will also (1) periodically assess and manage valuation risks; (2) establish and apply fair value methodologies; (3) test fair value methodologies; (4) oversee and evaluate third-party pricing services, as applicable; (5) oversee the reporting required by Rule 2a-5 under the 1940 Act; and (6) maintain recordkeeping requirements under Rule 2a-5.

Investments in all asset classes are valued utilizing a market approach, an income approach, or both approaches, as appropriate. However, in accordance with ASC 820-10, certain investments that qualify as investment companies in accordance with ASC 946 may be valued using net asset value as a practical expedient for fair value. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities (including a business). The income approach uses valuation approaches to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. In following these approaches, the types of factors that we may take into account in fair value pricing our investments include, as relevant: available current market data, including relevant and applicable market trading and transaction comparables, applicable market yields and multiples, security covenants, call protection provisions, the nature and realizable value of any collateral, the portfolio company's ability to make payments, its earnings and discounted cash flows, the markets in which the portfolio company does business, comparisons of financial ratios of peer companies that are public, M&A comparables, our principal market (as the reporting entity) and enterprise values, among other factors. When available, broker quotations and/or quotations provided by pricing services are considered as an input in the valuation process. For the fiscal year ended December 31, 2023, there has been no change to the Company's valuation approaches or techniques and the nature of the related inputs considered in the valuation process.

ASC Topic 820 classifies the inputs used to measure these fair values into the following hierarchy:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities, accessible by the Company at the measurement date.

Level 2: Quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active, or other observable inputs other than quoted prices.

Level 3: Unobservable inputs for the asset or liability.

In all cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to each investment. The exercise of judgment is based in part on our knowledge of the asset class and our prior experience.

- (c) Gains or losses on investments are calculated by using the specific identification method.
- (d) The Company records dividend income and interest, adjusted for amortization of premium and accretion of discount, on an accrual basis. Loan origination fees, original issue discount, and market

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discounts are capitalized and we amortize such amounts into income using the effective interest method. Upon the prepayment of a loan, any unamortized loan origination fees are recorded as interest income. We record call premiums received on loans repaid as interest income when we receive such amounts. Capital structuring fees, amendment fees, consent fees, and any other non-recurring fee income as well as a management fee and other fee income for services rendered, if any, are recorded as other income when earned.

- (e) The Company intends to comply with the applicable provisions of the Code pertaining to RICs to make distributions of taxable income sufficient to relieve it of substantially all U.S. federal income taxes. The Company, at its discretion, may carry forward taxable income in excess of calendar year distributions and pay a 4% excise tax on this income. The Company will accrue excise tax on such estimated excess taxable income as appropriate.
- (f) Book and tax basis differences relating to stockholder distributions and other permanent book and tax differences are typically reclassified among the Company's capital accounts. In addition, the character of income and gains to be distributed is determined in accordance with income tax regulations that may differ from GAAP; accordingly, at December 31, 2023, \$44,629 was reclassified on our balance sheet between accumulated distributable net loss and paid-in capital in excess of par. Total earnings and net asset value are not affected.
- (g) Distributions to common stockholders are recorded as of the record date. The amount to be paid out as a distribution is determined by the Board. Net realized capital gains, if any, are generally distributed or deemed distributed at least annually.
- (h) In accordance with Regulation S-X and ASC Topic 810—*Consolidation*, the Company consolidates its interest in controlled investment company subsidiaries, financing subsidiaries and certain wholly-owned holding companies that serve to facilitate investment in portfolio companies. In addition, the Company may also consolidate any controlled operating companies substantially all of whose business consists of providing services to the Company.
- (i) The accounting records of the Company are maintained in U.S. dollars. Any assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the rate of exchange of such currencies against U.S. dollars on the date of valuation. The Company will not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations would be included with the net unrealized gain or loss from investments. The Company's investments in foreign securities, if any, may involve certain risks, including without limitation: foreign exchange restrictions, expropriation, taxation or other political, social or economic risks, all of which could affect the market and/or credit risk of the investment. In addition, changes in the relationship of foreign currencies to the U.S. dollar can significantly affect the value of these investments in terms of U.S. dollars and therefore the earnings of the Company.
- (j) In accordance with ASC 835-30, the Company reports origination and other expenses related to certain debt issuances as a direct deduction from the carrying amount of the debt liability. Applicable expenses are deferred and amortized using either the effective interest method or the straight-line method over the stated life. The straight-line method may be used on revolving facilities and/or when it approximates the effective yield method.
- (k) The Company may enter into forward exchange contracts in order to hedge against foreign currency risk. These contracts are marked-to-market by recognizing the difference between the contract

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exchange rate and the current market rate as unrealized appreciation or depreciation. Realized gains or losses are recognized when contracts are settled.

- (l) The Company records expenses related to shelf registration statements and applicable equity offering costs as prepaid assets. These expenses are typically charged as a reduction of capital upon the sale of shares or expensed, in accordance with ASC 946-20-25.
- (m) Investments that are expected to pay regularly scheduled interest in cash are generally placed on non-accrual status when principal or interest cash payments are past due 30 days or more (90 days or more for equipment financing) and/or when it is no longer probable that principal or interest cash payments will be collected. Such non-accrual investments are restored to accrual status if past due principal and interest are paid in cash, and in management's judgment, are likely to continue timely payment of their remaining principal and interest obligations. Cash interest payments received on such investments may be recognized as income or applied to principal depending on management's judgment.
- (n) The Company defines cash equivalents as securities that are readily convertible into known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only securities with a maturity of three months or less would qualify, with limited exceptions. The Company believes that certain U.S. Treasury bills, repurchase agreements and other high-quality, short-term debt securities would qualify as cash equivalents.

Note 3. Agreements

The Company has entered into the Third Amended and Restated Investment Advisory and Management Agreement (the "Advisory Agreement") with the Investment Adviser, under which the Investment Adviser manages the day-to-day operations of, and provides investment advisory services to the Company. For providing these services, the Investment Adviser receives a fee from the Company, consisting of two components—a base management fee and a performance-based incentive fee. On April 1, 2022, in connection with the consummation of the Mergers, the Company entered into a letter agreement (the "Letter Agreement") pursuant to which the Investment Adviser voluntarily agreed to a permanent 25 basis point reduction of the annual base management fee rate payable by the Company to the Investment Adviser pursuant to the Advisory Agreement. Following the Letter Agreement, the base management fee is determined by taking the average value of the Company's gross assets at the end of the two most recently completed calendar quarters calculated at an annual rate of 1.50% on gross assets up to 200% of the Company's total net assets as of the immediately preceding quarter end and 1.00% on gross assets that exceed 200% of the Company's total net assets as of the immediately preceding quarter end. For purposes of computing the base management fee, gross assets exclude temporary assets acquired at the end of each fiscal quarter for purposes of preserving investment flexibility in the next fiscal quarter. Temporary assets include, but are not limited to, U.S. Treasury bills, other short-term U.S. government or government agency securities, repurchase agreements or cash borrowings.

The performance-based incentive fee has two parts, as follows: one part is calculated and payable quarterly in arrears based on the Company's pre-incentive fee net investment income for the immediately preceding calendar quarter. For this purpose, pre-incentive fee net investment income means interest income, dividend income and any other income (including any other fees (other than fees for providing managerial assistance), such as commitment, origination, structuring, diligence and consulting fees or other fees that we receive from portfolio companies) accrued during the calendar quarter, minus the Company's operating expenses for the quarter (including the base management fee, any expenses payable under the Administration Agreement, and any interest expense and distributions paid on any issued and outstanding preferred stock, but excluding the

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performance-based incentive fee). Pre-incentive fee net investment income does not include any realized capital gains or losses, or unrealized capital appreciation or depreciation. Pre-incentive fee net investment income, expressed as a rate of return on the value of the Company's net assets at the end of the immediately preceding calendar quarter, is compared to the hurdle rate of 1.75% per quarter (7% annualized). The Company pays the Investment Adviser a performance-based incentive fee with respect to the Company's pre-incentive fee net investment income in each calendar quarter as follows: (1) no performance-based incentive fee in any calendar quarter in which the Company's pre-incentive fee net investment income does not exceed the hurdle rate; (2) 100% of the Company's pre-incentive fee net investment income with respect to that portion of such pre-incentive fee net investment income, if any, that exceeds the hurdle rate but is less than 2.1875% in any calendar quarter; and (3) 20% of the amount of the Company's pre-incentive fee net investment income, if any, that exceeds 2.1875% in any calendar quarter. These calculations are appropriately pro-rated for any period of less than three months.

The second part of the performance-based incentive fee is determined and payable in arrears as of the end of each calendar year (or upon termination of the Advisory Agreement, as of the termination date), and will equal 20% of the Company's cumulative realized capital gains less cumulative realized capital losses, unrealized capital depreciation (unrealized depreciation on a gross investment-by-investment basis at the end of each calendar year) and all net capital gains upon which prior performance-based capital gains incentive fee payments were previously made to the Investment Adviser. For financial statement purposes, the second part of the performance-based incentive fee is accrued based upon 20% of cumulative net realized gains and net unrealized capital appreciation. No accrual was required for the fiscal years ended December 31, 2023, 2022 and 2021.

For the fiscal years ended December 31, 2023, 2022 and 2021, the Company recognized \$31,661, \$29,982 and \$28,277, respectively, in base management fees and \$22,898, \$15,097 and \$10,309, respectively, in performance-based incentive fees. For the fiscal years ended December 31, 2023, 2022 and 2021, \$500, \$1,527 and \$0, respectively, of such performance-based incentive fees were waived. The Investment Adviser has agreed to waive incentive fees resulting from income earned due to the accretion of purchase discount allocated to investments acquired as a result of the Mergers. Fees waived pursuant to the above are not subject to recoupment by the Investment Adviser.

The Company has also entered into an Administration Agreement with SLR Capital Management, LLC (the "Administrator") under which the Administrator provides administrative services to the Company. For providing these services, facilities and personnel, the Company reimburses the Administrator for the Company's allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations under the Administration Agreement, including rent. The Administrator will also provide, on the Company's behalf, managerial assistance to those portfolio companies to which the Company is required to provide such assistance. The Company typically reimburses the Administrator on a quarterly basis.

For the fiscal years ended December 31, 2023, 2022 and 2021, the Company recognized expenses under the Administration Agreement of \$5,899, \$5,401 and \$5,575, respectively. No managerial assistance fees were accrued or collected for the fiscal years ended December 31, 2023, 2022 and 2021.

Note 4. Net Asset Value Per Share

At December 31, 2023, the Company's total net assets and net asset value per share were \$986,639 and \$18.09, respectively. This compares to total net assets and net asset value per share at December 31, 2022 of \$999,731 and \$18.33, respectively.

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Note 5. Earnings Per Share

The following table sets forth the computation of basic and diluted net increase in net assets per share resulting from operations, pursuant to ASC 260-10, for the years ended December 31, 2023, 2022 and 2021:

	Year ended December 31, 2023	Year ended December 31, 2022	Year ended December 31, 2021
<u>Earnings per share (basic & diluted)</u>			
Numerator—net increase in net assets resulting from operations:	\$ 76,388	\$ 18,342	\$ 59,566
Denominator—weighted average shares:	54,554,638	51,680,522	42,260,826
Earnings per share:	\$ 1.40	\$ 0.35	\$ 1.41

Note 6. Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a framework for measuring fair value that includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs to valuations used to measure fair value into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The levels of the fair value hierarchy are as follows:

Level 1. Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Company has the ability to access.

Level 2. Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:

- a) Quoted prices for similar assets or liabilities in active markets;
- b) Quoted prices for identical or similar assets or liabilities in non-active markets;
- c) Pricing models whose inputs are observable for substantially the full term of the asset or liability; and
- d) Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability.

Level 3. Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's and, if applicable, an independent third-party valuation firm's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

When the inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement in its entirety. For example, a Level 3 fair value measurement may include inputs that are observable (Levels 1 and 2) and unobservable (Level 3).

Gains and losses for assets and liabilities categorized within the Level 3 table below may include changes in fair value that are attributable to both observable inputs (Levels 1 and 2) and unobservable inputs (Level 3).

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A review of fair value hierarchy classifications is conducted on a quarterly basis. Changes in the observability of valuation inputs may result in a reclassification for certain financial assets or liabilities. Such reclassifications involving Level 3 assets and liabilities are reported as transfers in/out of Level 3 as of the end of the quarter in which the reclassifications occur. Within the fair value hierarchy tables below, cash and cash equivalents are excluded but could be classified as Level 1.

The following tables present the balances of assets and liabilities measured at fair value on a recurring basis, as of December 31, 2023 and December 31, 2022:

Fair Value Measurements
As of December 31, 2023

	Level 1	Level 2	Level 3	Measured at Net Asset Value*	Total
Assets:					
Senior Secured Loans	\$ —	\$ —	\$1,277,539	\$ —	\$1,277,539
Equipment Financing	—	—	256,819	—	256,819
Preferred Equity	—	—	3,801	—	3,801
Common Equity/Equity Interests/Warrants	281	—	572,427	43,899	616,607
Total Investments	<u>\$ 281</u>	<u>\$ —</u>	<u>\$2,110,586</u>	<u>\$ 43,899</u>	<u>\$2,154,766</u>

Fair Value Measurements
As of December 31, 2022

	Level 1	Level 2	Level 3	Measured at Net Asset Value*	Total
Assets:					
Senior Secured Loans	\$ —	\$ —	\$1,245,414	\$ —	\$1,245,414
Equipment Financing	—	—	265,952	—	265,952
Preferred Equity	—	—	3,801	—	3,801
Common Equity/Equity Interests/Warrants	483	—	561,600	9,426	571,509
Total Investments	<u>\$ 483</u>	<u>\$ —</u>	<u>\$2,076,767</u>	<u>\$ 9,426</u>	<u>\$2,086,676</u>

* In accordance with ASC 820-10, certain investments that are measured using the net asset value per share (or its equivalent) as a practical expedient for fair value have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Consolidated Statements of Assets and Liabilities. The portfolio investment in this category is SSLP. See Note 18 for more information on this investment, including its investment strategy and the Company's unfunded equity commitment to SSLP. This investment is not redeemable by the Company absent an election by the members of the entity to liquidate all investments and distribute the proceeds to the members.

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The following table provides a summary of the changes in fair value of Level 3 assets for the year ended December 31, 2023, as well as the portion of gains or losses included in income attributable to unrealized gains or losses related to those assets still held at December 31, 2023:

Fair Value Measurements Using Level 3 Inputs

	<u>Senior Secured Loans</u>	<u>Equipment Financing</u>	<u>Preferred Equity</u>	<u>Common Equity/ Equity Interests/ Warrants</u>	<u>Total</u>
Fair value, December 31, 2022	\$ 1,245,414	\$265,952	\$ 3,801	\$ 561,600	\$2,076,767
Total gains or losses included in earnings:					
Net realized loss	(26,108)	—	—	(451)	(26,559)
Net change in unrealized gain (loss)	36,436	234	(251)	(24,985)	11,434
Purchase of investment securities*	729,964	35,585	251	36,314	802,114
Proceeds from dispositions of investment securities	(708,167)	(44,952)	—	(51)	(753,170)
Transfers in/out of Level 3	—	—	—	—	—
Fair value, December 31, 2023	<u>\$ 1,277,539</u>	<u>\$256,819</u>	<u>\$ 3,801</u>	<u>\$ 572,427</u>	<u>\$2,110,586</u>
Unrealized gains (losses) for the period relating to those Level 3 assets that were still held by the Company at the end of the period:					
Net change in unrealized gain (loss)	<u>\$ 31,484</u>	<u>\$ 234</u>	<u>\$ (251)</u>	<u>\$ (24,985)</u>	<u>\$ 6,482</u>

* Includes PIK capitalization and accretion of discount.

While the Company has not made an election to apply the fair value option of accounting to any of its current debt obligations, if the Company's debt obligations were carried at fair value at December 31, 2023, the fair value of the Credit Facility, SPV Credit Facility, 2024 Unsecured Notes, 2025 Unsecured Notes, 2026 Unsecured Notes, 2027 Unsecured Notes and 2027 Series F Unsecured Notes would be \$507,000, \$206,250, \$122,813, \$82,663, \$71,438, \$45,500 and \$124,875, respectively.

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The following table provides a summary of the changes in fair value of Level 3 assets for the year ended December 31, 2022, as well as the portion of gains or losses included in income attributable to unrealized gains or losses related to those assets still held at December 31, 2022:

Fair Value Measurements Using Level 3 Inputs

	<u>Senior Secured Loans</u>	<u>Equipment Financing</u>	<u>Preferred Equity</u>	<u>Common Equity/ Interests/ Warrants</u>	<u>Total</u>
Fair value, December 31, 2021	\$ 939,690	\$273,795	\$ 5,630	\$ 450,381	\$1,669,496
Total gains or losses included in earnings:					
Net realized gain (loss)	(36,244)	—	—	6	(36,238)
Net change in unrealized loss	(8,065)	(6,924)	(706)	(5,048)	(20,743)
Purchase of investment securities(1)(2)	796,389	84,168	266	116,272	997,095
Proceeds from dispositions of investment securities	(446,356)	(85,087)	(1,389)	(11)	(532,843)
Transfers in/out of Level 3	—	—	—	—	—
Fair value, December 31, 2022	<u>\$ 1,245,414</u>	<u>\$265,952</u>	<u>\$ 3,801</u>	<u>\$ 561,600</u>	<u>\$2,076,767</u>
Unrealized losses for the period relating to those Level 3 assets that were still held by the Company at the end of the period:					
Net change in unrealized loss	<u>\$ (8,920)</u>	<u>\$ (6,924)</u>	<u>\$ (706)</u>	<u>\$ (5,048)</u>	<u>\$ (21,598)</u>

(1) Includes positions acquired from SUNS as a result of the Mergers.

(2) Includes PIK capitalization and accretion of discount.

The following table shows a reconciliation of the beginning and ending balances for fair valued liabilities measured using significant unobservable inputs (Level 3) for the year ended December 31, 2022:

<u>2022 Unsecured Notes</u>	<u>For the year ended December 31, 2022</u>
Beginning fair value	\$ 150,000
Net realized (gain) loss	—
Net change in unrealized (gain) loss	—
Borrowings	—
Repayments	(150,000)
Transfers in/out of Level 3	—
Ending fair value	<u>\$ —</u>

The Company made an election to apply the fair value option of accounting to the 2022 Unsecured Notes, in accordance with ASC 825-10. On May 8, 2022, the borrowings were repaid in full. While the Company has not made an election to apply the fair value option of accounting to any of its other debt obligations, if the Company's debt obligations were carried at fair value at December 31, 2022, the fair value of the Credit Facility, SPV Credit Facility, 2023 Unsecured Notes, 2024 Unsecured Notes, 2025 Unsecured Notes, 2026 Unsecured

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Notes, 2027 Unsecured Notes and 2027 Series F Unsecured Notes would be \$393,000, \$155,200, \$75,000, \$118,750, \$79,688, \$68,250, \$42,875 and \$118,125, respectively.

Quantitative Information about Level 3 Fair Value Measurements

The Company typically determines the fair value of its performing debt investments utilizing a yield analysis. In a yield analysis, a price is ascribed for each investment based upon an assessment of current and expected market yields for similar investments and risk profiles. Additional consideration is given to current contractual interest rates, relative maturities and other key terms and risks associated with an investment. Among other factors, a significant determinant of risk is the amount of leverage used by the portfolio company relative to the total enterprise value of the company, and the rights and remedies of our investment within each portfolio company.

Significant unobservable quantitative inputs typically used in the fair value measurement of the Company’s Level 3 assets and liabilities primarily reflect current market yields, including indices, and readily available quotes from brokers, dealers, and pricing services as indicated by comparable assets and liabilities, as well as enterprise values, returns on equity and earnings before income taxes, depreciation and amortization (“EBITDA”) multiples of similar companies, and comparable market transactions for equity securities.

Quantitative information about the Company’s Level 3 asset and liability fair value measurements as of December 31, 2023 is summarized in the table below:

	Asset or Liability	Fair Value at December 31, 2023	Principal Valuation Technique/Methodology	Unobservable Input	Range (Weighted Average)
Senior Secured Loans	Asset	\$ 1,269,712	Income Approach	Market Yield	10.0% – 45.5% (13.2%)
		\$ 7,827	Recovery Analysis	Recoverable Amount	N/A
Equipment Financing	Asset	\$ 135,999	Income Approach	Market Yield	8.5% – 9.3% (9.3%)
		\$ 120,820	Market Multiple ⁽¹⁾	Comparable Multiple	1.2x-1.5x (1.4x)
Preferred Equity	Asset	\$ 3,801	Income Approach	Market Yield	5.0% – 5.0% (5.0%)
Common Equity/Equity Interests/Warrants	Asset	\$ 162,207	Market Multiple ⁽²⁾	Comparable Multiple	5.5x – 11.3x (9.5x)
		\$ 410,220	Market Approach	Return on Equity	7.1% – 34.8% (10.6%)

(1) Includes \$120,820 of investments valued using an implied multiple.

(2) Includes \$525 of investments valued using a Black-Scholes model and \$161,682 of investments valued using an EBITDA multiple.

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Quantitative information about the Company's Level 3 asset and liability fair value measurements as of December 31, 2022 is summarized in the table below:

	Asset or Liability	Fair Value at December 31, 2022	Principal Valuation Technique/Methodology	Unobservable Input	Range (Weighted Average)
Senior Secured Loans	Asset	\$ 1,212,842	Income Approach	Market Yield	9.4% – 18.2% (12.0%)
		\$ 32,572	Market Multiple ⁽¹⁾	Comparable Multiple	0.1x-21.4x (12.4x)
Equipment Financing	Asset	\$ 145,132	Income Approach	Market Yield	8.5% – 9.7% (9.7%)
		\$ 120,820	Market Multiple ⁽²⁾	Comparable Multiple	1.1x-1.4x (1.2x)
Preferred Equity	Asset	\$ 3,801	Income Approach	Market Yield	5.0% – 5.0% (5.0%)
Common Equity/Equity Interests/Warrants	Asset	\$ 149,120	Market Multiple ⁽³⁾	Comparable Multiple	7.8x – 9.8x (8.8x)
		\$ 412,480	Market Approach	Return on Equity	6.6% – 35.2% (9.2%)

- (1) Investments are valued using a sum-of-the parts analysis, using expected revenue multiples for certain segments of the businesses and expected EBITDA multiples for certain segments of the businesses.
- (2) Includes \$120,820 of investments valued using an implied multiple.
- (3) Includes \$676 of investments valued using a Black-Scholes model and \$148,444 of investments valued using an EBITDA multiple.

Significant increases or decreases in any of the above unobservable inputs in isolation, including unobservable inputs used in deriving bid-ask spreads, if applicable, could result in significantly lower or higher fair value measurements for such assets and liabilities. Generally, an increase in market yields or decrease in EBITDA multiples may result in a decrease in the fair value of certain of the Company's investments.

Note 7. Debt

Our debt obligations consisted of the following as of December 31, 2023 and December 31, 2022:

Facility	December 31, 2023		December 31, 2022	
	Face Amount	Carrying Value	Face Amount	Carrying Value
Credit Facility	\$ 507,000	\$ 503,358 ⁽¹⁾	\$ 393,000	\$ 388,254 ⁽¹⁾
SPV Credit Facility	206,250	205,357 ⁽²⁾	155,200	154,302 ⁽²⁾
2023 Unsecured Notes	—	—	75,000	74,979 ⁽³⁾
2024 Unsecured Notes	125,000	124,711 ⁽⁴⁾	125,000	124,421 ⁽⁴⁾
2025 Unsecured Notes	85,000	84,781 ⁽⁵⁾	85,000	84,613 ⁽⁵⁾
2026 Unsecured Notes	75,000	74,616 ⁽⁶⁾	75,000	74,498 ⁽⁶⁾
2027 Unsecured Notes	50,000	49,966 ⁽⁷⁾	50,000	49,953 ⁽⁷⁾
2027 Series F Unsecured Notes	135,000	134,988 ⁽⁸⁾	135,000	134,978 ⁽⁸⁾
	<u>\$1,183,250</u>	<u>\$ 1,177,777</u>	<u>\$1,093,200</u>	<u>\$ 1,085,998</u>

- (1) Carrying Value equals the Face Amount net of unamortized debt issuance costs of \$3,642 and \$4,746 as of December 31, 2023 and December 31, 2022, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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- (2) Carrying Value equals the Face Amount net of unamortized market discount of \$893 and \$898 as of December 31, 2023 and December 31, 2022, respectively.
- (3) Carrying Value equals the Face Amount net of unamortized debt issuance costs of \$21 as of December 31, 2022.
- (4) Carrying Value equals the Face Amount net of unamortized debt issuance costs of \$289 and \$579 as of December 31, 2023 and December 31, 2022, respectively.
- (5) Carrying Value equals the Face Amount net of unamortized market discount of \$219 and \$387 as of December 31, 2023 and December 31, 2022, respectively.
- (6) Carrying Value equals the Face Amount net of unamortized debt issuance costs of \$384 and \$502 as of December 31, 2023 and December 31, 2022, respectively.
- (7) Carrying Value equals the Face Amount net of unamortized debt issuance costs of \$34 and \$47 as of December 31, 2023 and December 31, 2022, respectively.
- (8) Carrying Value equals the Face Amount net of unamortized debt issuance costs of \$12 and \$22 as of December 31, 2023 and December 31, 2022, respectively.

Unsecured Notes

On April 1, 2022, the Company entered into an assumption agreement (the “Note Assumption Agreement”), effective as of the closing of the Mergers. The Note Assumption Agreement relates to the Company’s assumption of \$85,000 in aggregate principal amount of five-year, 3.90% senior unsecured notes, due March 31, 2025 (the “2025 Unsecured Notes”) and other obligations of SUNS under the Note Purchase Agreement, dated as of March 31, 2020 (the “Note Purchase Agreement”), among SUNS and certain institutional investors. Interest on the 2025 Unsecured Notes is due semi-annually on March 31 and September 30. Pursuant to the Note Assumption Agreement, the Company expressly assumed on behalf of SUNS the due and punctual payment of the principal of (and premium, if any) and interest on all the 2025 Unsecured Notes outstanding, and the due and punctual performance and observance of every covenant and every condition of the Note Purchase Agreement, to be performed or observed by SUNS.

On January 6, 2022, the Company closed a private offering of \$135,000 of the 2027 Series F Unsecured Notes with a fixed interest rate of 3.33% and a maturity date of January 6, 2027. Interest on the 2027 Series F Unsecured Notes is due semi-annually on January 6 and July 6. The 2027 Series F Unsecured Notes were issued in a private placement only to qualified institutional buyers.

On September 14, 2021, the Company closed a private offering of \$50,000 of the 2027 Unsecured Notes with a fixed interest rate of 2.95% and a maturity date of March 14, 2027. Interest on the 2027 Unsecured Notes is due semi-annually on March 14 and September 14. The 2027 Unsecured Notes were issued in a private placement only to qualified institutional buyers.

On December 18, 2019, the Company closed a private offering of \$125,000 of the 2024 Unsecured Notes with a fixed interest rate of 4.20% and a maturity date of December 15, 2024. Interest on the 2024 Unsecured Notes is due semi-annually on June 15 and December 15. The 2024 Unsecured Notes were issued in a private placement only to qualified institutional buyers.

On December 18, 2019, the Company closed a private offering of \$75,000 of the 2026 Unsecured Notes with a fixed interest rate of 4.375% and a maturity date of December 15, 2026. Interest on the 2026 Unsecured Notes is due semi-annually on June 15 and December 15. The 2026 Unsecured Notes were issued in a private placement only to qualified institutional buyers.

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On November 22, 2017, the Company issued \$75,000 in aggregate principal amount of publicly registered 2023 Unsecured Notes for net proceeds of \$73,846. Interest on the 2023 Unsecured Notes was paid semi-annually on January 20 and July 20, at a fixed rate of 4.50% per year, commencing on January 20, 2018. The 2023 Unsecured Notes were repaid in full on the maturity date, January 20, 2023.

Revolving and Term Loan Facilities

On April 1, 2022, the Company entered into an assumption agreement (the “CF Assumption Agreement”), effective as of the closing of the Mergers. The CF Assumption Agreement relates to the Company’s assumption of the Revolving Credit Facility, originally entered into on August 26, 2011 (as amended from time to time, the “SPV Credit Facility”), by and among SUNS SPV LLC (the “SUNS SPV”), a wholly-owned subsidiary of SUNS, acting as borrower, Citibank, N.A., acting as administrative agent and collateral agent, and the other parties thereto. Currently, subsequent to an August 29, 2023 amendment, the commitment under the SPV Credit Facility is \$275,000; however, the commitment can also be expanded up to \$600,000. The stated interest rate on the SPV Credit Facility is SOFR plus 2.00%-2.50% with no SOFR floor requirement and the current final maturity date is June 1, 2026. The SPV Credit Facility is secured by all of the assets held by SUNS SPV. Under the terms of the SPV Credit Facility and related transaction documents, the Company as successor to SUNS, and SUNS SPV, as applicable, have made certain customary representations and warranties and are required to comply with various covenants, including leverage restrictions, reporting requirements and other customary requirements for similar credit facilities. The SPV Credit Facility also includes usual and customary events of default for credit facilities of this nature. At December 31, 2023, outstanding USD equivalent borrowings under the SPV Credit Facility totaled \$206,250.

On December 28, 2021, the Company closed on Amendment No. 1 to its August 28, 2019 senior secured credit agreement (the “Credit Facility”). Following the amendment, a \$25,000 November 2022 upsizing and a \$40,000 August 2023 commitment expiration, the Credit Facility is now composed of \$585,000 of revolving credit and \$100,000 of term loans. Borrowings generally bear interest at a rate per annum equal to the base rate plus a range of 1.75%-2.00% or the alternate base rate plus 0.75%-1.00%. The Credit Facility has a 0% floor, matures in December 2026 and includes ratable amortization in the final year. The Credit Facility may be increased up to \$800,000 with additional new lenders or an increase in commitments from current lenders. The Credit Facility contains certain customary affirmative and negative covenants and events of default. In addition, the Credit Facility contains certain financial covenants that, among other things, require the Company to maintain a minimum stockholder’s equity and a minimum asset coverage ratio. At December 31, 2023, outstanding USD equivalent borrowings under the Credit Facility totaled \$507,000, composed of \$407,000 of revolving credit and \$100,000 of term loans.

Certain covenants on our issued debt may restrict our business activities, including limitations that could hinder our ability to finance additional loans and investments or to make the distributions required to maintain our status as a RIC under Subchapter M of the Code.

The average annualized interest cost for all borrowings for the years ended December 31, 2023 and December 31, 2022 was 5.88% and 4.09%, respectively. These costs are exclusive of other credit facility expenses such as unused fees, agency fees and other prepaid expenses related to establishing and/or amending the Credit Facility, the SPV Credit Facility, the 2023 Unsecured Notes, the 2024 Unsecured Notes, the 2025 Unsecured Notes, the 2026 Unsecured Notes, the 2027 Unsecured Notes and the 2027 Series F Unsecured Notes (collectively the “Debt Instruments”), if any. The maximum amounts borrowed on the Debt Instruments during the year ended December 31, 2023 and December 31, 2022 were \$1,273,200 and \$1,164,200, respectively.

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Note 8(a). Income Tax Information and Distributions to Stockholders

The tax character of distributions for the fiscal years ended December 31, 2023, 2022 and 2021 were as follows (1):

	2023		2022		2021	
Ordinary income	\$89,470	100.0%	\$50,113	59.2%	\$41,221	59.5%
Capital gains	—	0.0%	—	0.0%	—	0.0%
Return of capital	—	0.0%	27,099	32.0%	28,087	40.5%
Distributions recognized in subsequent year	—	0.0%	7,481	8.8%	—	0.0%
Total distributions	\$89,470	100.0%	\$84,693	100.0%	\$69,308	100.0%

As of December 31, 2023, 2022 and 2021 the total accumulated earnings (loss) on a tax basis were as follows (1):

	2023	2022	2021
Undistributed ordinary income	\$ 1,793	\$ —	\$ —
Undistributed long-term net capital gains	—	—	—
Total undistributed net earnings	1,793	—	—
Post-October capital losses	—	—	—
Capital loss carryforward	(138,561) ²	(127,348) ²	(68,857)
Other book/tax temporary differences	2,364	(53,223)	2,332
Net unrealized appreciation	2,567	17,187	19,495
Total tax accumulated loss	<u>\$(131,837)</u>	<u>\$(163,384)</u>	<u>\$(47,030)</u>

- (1) Tax information for the fiscal years ended December 31, 2023, 2022 and 2021 are/were estimates and are not final until the Company files its tax returns, typically in September or October each year.
- (2) Includes capital loss carryforward acquired from the Mergers which is subject to limitations under IRC Sections 381-384.

The Company recognizes in its consolidated financial statements the tax effect of a tax position when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. To the best of our knowledge, we did not have any uncertain tax positions that met the recognition or measurement criteria of ASC 740-10-25 nor did we have any unrecognized tax benefits as of the periods presented herein. Although we file federal and state tax returns, our major tax jurisdiction is federal. Our tax returns for each of our federal tax years since 2020 remain subject to examination by the Internal Revenue Service and the state department of revenue. The capital loss carryforwards shown above do not expire.

Note 8(b). Other Tax Information (unaudited)

For the fiscal years ended December 31, 2023, 2022 and 2021, 0.00%, 0.00% and 0.32%, respectively, of the ordinary distributions paid during the year were eligible for qualified dividend income treatment and the dividends received deduction for corporate stockholders. For the fiscal years ended December 31, 2023, 2022, and 2021, 90.05%, 88.05% and 93.05%, respectively, of each of the ordinary distributions paid during the year represent interest-related dividends. For the fiscal years ended December 31, 2023, 2022 and 2021, none of the distributions represent short-term capital gains dividends.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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Note 9. Financial Highlights

The following is a schedule of financial highlights for the respective years:

	Year ended December 31, 2023	Year ended December 31, 2022	Year ended December 31, 2021	Year ended December 31, 2020	Year ended December 31, 2019
Per Share Data: (a)					
Net asset value, beginning of year	\$ 18.33	\$ 19.93	\$ 20.16	\$ 21.44	\$ 21.75
Net investment income	1.69	1.48	1.44	1.40	1.71
Net realized and unrealized loss	(0.29)	(1.13)*	(0.03)	(1.04)	(0.38)
Net increase in net assets resulting from operations	1.40	0.35	1.41	0.36	1.33
Issuance of common stock in connection with the Mergers	—	(0.33)	—	—	—
Anti-dilution	—	0.02	—	—	—
Distributions to stockholders (see note 8a):					
From distributable earnings	(1.64)	(1.12)	(0.98)	(1.15)	(1.55)
From return of capital	—	(0.52)	(0.66)	(0.49)	(0.09)
Net asset value, end of year	<u>\$ 18.09</u>	<u>\$ 18.33</u>	<u>\$ 19.93</u>	<u>\$ 20.16</u>	<u>\$ 21.44</u>
Per share market value, end of year	\$ 15.03	\$ 13.91	\$ 18.43	\$ 17.51	\$ 20.62
Total Return(b)	19.42%	(16.09%)	14.66%	(5.72%)	16.22%
Net assets, end of year	\$ 986,639	\$ 999,731	\$ 842,281	\$ 852,023	\$ 905,880
Shares outstanding, end of year	54,554,634	54,555,380	42,260,826	42,260,826	42,260,826
Ratios to average net assets:					
Net investment income	9.33%	7.76%	7.13%	6.93%	7.83%
Operating expenses	6.56%**	5.60%**	5.68%	4.14%	5.76%
Interest and other credit facility expenses	7.34%	4.68%	3.50%	3.18%	3.13%
Total expenses	<u>13.90%**</u>	<u>10.28%**</u>	<u>9.18%</u>	<u>7.32%</u>	<u>8.89%</u>
Average debt outstanding	\$ 1,171,816	\$ 994,578	\$ 703,670	\$ 556,104	\$ 561,249
Portfolio turnover ratio	35.1%	27.4%	29.9%	26.0%	24.1%

(a) Calculated using the average shares outstanding method, except for the issuance of common stock in connection with the Mergers, which reflects the actual amount per share for the applicable period.

(b) Total return is based on the change in market price per share during the year and takes into account distributions, if any, reinvested in accordance with the dividend reinvestment plan. Total return does not include a sales load.

* The amount shown may not correspond with the aggregate amount for the period as it includes the effect of the timing of the Mergers.

** The ratio of operating expenses to average net assets and the ratio of total expenses to average net assets is shown net of the performance-based incentive fee waiver (see note 3). For the years ended December 31, 2023 and December 31, 2022, the ratios of operating expenses to average net assets would be 6.60% and 5.75%, respectively, and the ratios of total expenses to average net assets would be and 13.95% and 10.43%, respectively, without the performance-based incentive fee waiver.

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Note 10. SLR Credit Solutions

On December 28, 2012, we acquired an equity interest in Crystal Capital Financial Holdings LLC (“Crystal Financial”) for \$275,000 in cash. Crystal Financial owned approximately 98% of the outstanding ownership interest in SLR Credit Solutions (“SLR Credit”), f/k/a Crystal Financial LLC. The remaining financial interest was held by various employees of SLR Credit, through their investment in Crystal Management LP. SLR Credit had a diversified portfolio of 23 loans having a total par value of approximately \$400,000 at November 30, 2012 and a \$275,000 committed revolving credit facility. On July 28, 2016, the Company purchased Crystal Management LP’s approximately 2% equity interest in SLR Credit for approximately \$5,737. Upon the closing of this transaction, the Company holds 100% of the equity interest in SLR Credit. On September 30, 2016, Crystal Capital Financial Holdings LLC was dissolved. As of December 31, 2023, total commitments to the revolving credit facility are \$300,000.

As of December 31, 2023, SLR Credit had 31 funded commitments to 26 different issuers with total funded loans of approximately \$406,554 on total assets of \$438,422. As of December 31, 2022, SLR Credit had 29 funded commitments to 25 different issuers with total funded loans of approximately \$439,484 on total assets of \$460,683. As of December 31, 2023 and December 31, 2022, the largest loan outstanding totaled \$30,000 and \$33,420, respectively. For the same periods, the average exposure per issuer was \$15,637 and \$17,579, respectively. SLR Credit’s credit facility, which is non-recourse to the Company, had approximately \$218,878 and \$224,325 of borrowings outstanding at December 31, 2023 and December 31, 2022, respectively. For the years ended December 31, 2023, 2022 and 2021 SLR Credit had net income of \$6,476, \$7,521 and \$14,164, respectively, on gross income of \$57,800, \$30,324 and \$33,993, respectively. Due to timing and non-cash items, there may be material differences between GAAP net income and cash available for distributions. SLR Credit’s consolidated financial statements for the fiscal years ended December 31, 2023 and December 31, 2022 are attached as an exhibit to this annual report on Form 10-K.

Note 11. SLR Equipment Finance

On July 31, 2017, we acquired a 100% equity interest in NEF Holdings, LLC, which conducts its business through its wholly-owned subsidiary Nations Equipment Finance, LLC. Effective February 25, 2021, Nations Equipment Finance, LLC and its related companies are doing business as SLR Equipment Finance (“SLR Equipment”). SLR Equipment is an independent equipment finance company that provides senior secured loans and leases primarily to U.S. based companies. We invested \$209,866 in cash to effect the transaction, of which \$145,000 was invested in the equity of SLR Equipment through our wholly-owned consolidated taxable subsidiary NEFCORP LLC and our wholly-owned consolidated subsidiary NEFPASS LLC and \$64,866 was used to purchase certain leases and loans held by SLR Equipment through NEFPASS LLC. Concurrent with the transaction, SLR Equipment refinanced its existing senior secured credit facility into a \$150,000 non-recourse facility with an accordion feature to expand up to \$250,000. In September 2019, SLR Equipment amended the facility, increasing commitments to \$213,957 with an accordion feature to expand up to \$313,957 and extended the maturity date of the facility to July 31, 2023. In June 2023, the facility was amended to extend the maturity date to January 31, 2024, with updated commitments totaling \$152,147, effective August 1, 2023.

As of December 31, 2023, SLR Equipment had 150 funded equipment-backed leases and loans to 62 different customers with a total net investment in leases and loans of approximately \$203,674 on total assets of \$254,656. As of December 31, 2022, SLR Equipment had 131 funded equipment-backed leases and loans to 59 different customers with a total net investment in leases and loans of approximately \$190,830 on total assets of \$241,813. As of December 31, 2023 and December 31, 2022, the largest position outstanding totaled \$17,943 and

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\$19,259, respectively. For the same periods, the average exposure per customer was \$3,285 and \$3,234, respectively. SLR Equipment's credit facility, which is non-recourse to the Company, had approximately \$137,178 and \$114,977 of borrowings outstanding at December 31, 2023 and December 31, 2022, respectively. For the years ended December 31, 2023, 2022 and 2021, SLR Equipment had net losses of \$6,385, \$2,867 and \$9,729, respectively on gross income of \$19,608, \$20,380 and \$22,931, respectively. Due to timing and non-cash items, there may be material differences between GAAP net income and cash available for distributions. SLR Equipment's consolidated financial statements for the fiscal years ended December 31, 2023 and December 31, 2022 are attached as an exhibit to this annual report on Form 10-K.

Note 12. Kingsbridge Holdings, LLC

On November 3, 2020, the Company acquired 87.5% of the equity securities of Kingsbridge Holdings, LLC ("KBH") through KBH Topco LLC ("KBHT"), a Delaware corporation. KBH is a residual focused independent mid-ticket lessor of equipment primarily to U.S. investment grade companies. The Company invested \$216,596 to effect the transaction, of which \$136,596 was invested to acquire 87.5% of KBHT's equity and \$80,000 in KBH's debt. The existing management team of KBH committed to continuing to lead KBH after the transaction. Following the transaction, the Company owns 87.5% of KBHT equity and the KBH management team owns the remaining 12.5% of KBHT's equity.

As of December 31, 2023 and December 31, 2022, KBHT had total assets of \$857,346 and \$777,151, respectively. For the same periods, debt recourse to KBHT totaled \$249,807 and \$222,094, respectively, and non-recourse debt totaled \$367,082 and \$353,128, respectively. None of the debt is recourse to the Company. For the years ended December 31, 2023, 2022 and 2021, KBHT had net income of \$9,065, \$13,287 and \$12,151, respectively, on gross income of \$327,363, \$298,760 and \$245,889, respectively. Due to timing and non-cash items, there may be material differences between GAAP net income and cash available for distributions. As such, and subject to fluctuations in KBHT's funded commitments, the timing of originations, and the repayments of financings, the Company cannot guarantee that KBHT will be able to maintain consistent dividend payments to us. KBHT's consolidated financial statements for the fiscal years ended December 31, 2023 and December 31, 2022 are attached as an exhibit to this annual report on Form 10-K.

Note 13. SLR Healthcare ABL

SUNS acquired an equity interest in SLR Healthcare ABL, f/k/a Geminio Healthcare Finance, LLC ("SLR Healthcare"), on September 30, 2013. SLR Healthcare is a commercial finance company that originates, underwrites, and manages primarily secured, asset-based loans for small and mid-sized companies operating in the healthcare industry. SUNS initial investment in SLR Healthcare ABL was \$32,839. The management team of SLR Healthcare co-invested in the transaction and continues to lead SLR Healthcare. As of December 31, 2023, SLR Healthcare's management team and the Company own approximately 7% and 93% of the equity in SLR Healthcare, respectively. SLRC acquired SLR Healthcare in connection with the Mergers on April 1, 2022. Effective upon an amendment dated August 24, 2023, SLR Healthcare has a \$150,000 non-recourse credit facility, which is expandable to \$200,000 under its accordion facility. The maturity date of this facility is March 31, 2026.

SLR Healthcare currently manages a highly diverse portfolio of directly-originated and underwritten senior-secured commitments. As of December 31, 2023, the portfolio totaled approximately \$255,000 of commitments with a total net investment in loans of \$111,264 on total assets of \$118,563. As of December 31, 2022, the portfolio totaled approximately \$242,106 of commitments with a total net investment in loans of \$92,383 on total

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assets of \$108,705. At December 31, 2023, the portfolio consisted of 42 issuers with an average balance of approximately \$2,649 versus 41 issuers with an average balance of approximately \$2,253 at December 31, 2022. All of the commitments in SLR Healthcare's portfolio are floating-rate, senior-secured, cash-pay loans. SLR Healthcare's credit facility, which is non-recourse to us, had approximately \$84,700 and \$77,000 of borrowings outstanding at December 31, 2023 and December 31, 2022, respectively. For the years ended December 31, 2023, 2022 and 2021, SLR Healthcare had net income of \$5,458, \$3,475 and \$662, respectively, on gross income of \$17,886, \$11,593 and \$10,052, respectively. Due to timing and non-cash items, there may be material differences between GAAP net income and cash available for distributions. SLR Healthcare's consolidated financial statements for the fiscal years ended December 31, 2023 and December 31, 2022 are attached as an exhibit to this annual report on Form 10-K.

Note 14. SLR Business Credit

SUNS acquired 100% of the equity interests of North Mill Capital LLC ("NMC") on October 20, 2017. NMC is a leading asset-backed lending commercial finance company that provides senior secured asset-backed financings to U.S. based small-to-medium-sized businesses primarily in the manufacturing, services and distribution industries. SUNS invested approximately \$51,000 to effect the transaction. Subsequently, SUNS contributed 1% of its equity interest in NMC to ESP SSC Corporation. Immediately thereafter, SUNS and ESP SSC Corporation contributed their equity interests to NorthMill LLC ("North Mill"). On May 1, 2018, North Mill merged with and into NMC, with NMC being the surviving company. SUNS and ESP SSC Corporation then owned 99% and 1% of the equity interests of NMC, respectively. The management team of NMC continues to lead NMC. On June 28, 2019, North Mill Holdco LLC ("NM Holdco"), a newly formed entity and ESP SSC Corporation acquired 100% of Summit Financial Resources, a Salt Lake City-based provider of asset-backed financing to small and medium-sized businesses. As part of this transaction, SUNS 99% interest in the equity of NMC was contributed to NM Holdco. This approximately \$15,500 transaction was financed with borrowings on NMC's credit facility. Effective February 25, 2021, NMC and its related companies are doing business as SLR Business Credit. On June 3, 2021, NMC acquired 100% of Fast Pay Partners LLC, a Los Angeles-based provider of asset-backed financing to digital media companies. The transaction purchase price of \$66,671 was financed with equity from SUNS of \$19,000 and borrowings on NMC's credit facility of \$47,671. SLRC acquired SLR Business Credit in connection with the Mergers on April 1, 2022.

SLR Business Credit currently manages a highly diverse portfolio of directly-originated and underwritten senior-secured commitments. As of December 31, 2023, the portfolio totaled approximately \$610,949 of commitments, of which \$273,541 were funded, on total assets of \$315,335. As of December 31, 2022, the portfolio totaled approximately \$603,432 of commitments, of which \$286,006 were funded, on total assets of \$332,247. At December 31, 2023, the portfolio consisted of 102 issuers with an average balance of approximately \$2,681 versus 108 issuers with an average balance of approximately \$2,648 at December 31, 2022. NMC has a senior credit facility with a bank lending group for \$285,307 which expires on November 13, 2025. Borrowings are secured by substantially all of NMC's assets. NMC's credit facility, which is non-recourse to us, had approximately \$222,917 and \$214,425 of borrowings outstanding at December 31, 2023 and December 31, 2022, respectively. For the years ended December 31, 2023, 2022 and 2021, SLR Business Credit had net income (loss) of (\$9,488), \$3,940, and \$7,295, respectively, on gross income of \$38,143, \$29,433, and \$24,021, respectively. Due to timing and non-cash items, there may be material differences between GAAP net income and cash available for distributions. As such, and subject to fluctuations in SLR Business Credit's funded commitments, the timing of originations, and the repayments of financings, the Company cannot guarantee that SLR Business Credit will be able to maintain consistent dividend payments to us. SLR Business Credit's consolidated financial statements for the fiscal years ended December 31, 2023 and December 31, 2022 are attached as an exhibit to this annual report on Form 10-K.

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Note 15. Commitments and Contingencies

Off-Balance Sheet Arrangements

The Company had unfunded debt and equity commitments to various revolving and delayed-draw term loans as well as to SLR Credit and SLR Healthcare. The total amount of these unfunded commitments as of December 31, 2023 and December 31, 2022 is \$248,692 and \$364,163, respectively, comprised of the following:

	December 31, 2023	December 31, 2022
SLR Credit Solutions*	\$ 44,263	\$ 44,263
Orthopedic Care Partners Management, LLC	20,770	1,620
Southern Orthodontic Partners Management, LLC	17,861	1,918
Ardelyx, Inc.	15,875	7,752
CVAUSA Management, LLC	10,164	—
BDG Media, Inc.	10,146	3,546
iCIMS, Inc.	9,858	11,435
Retina Midco, Inc.	9,382	—
Alkeme Intermediate Holdings, LLC	8,531	—
SPAR Marketing Force, Inc.	8,339	1,338
SLR Senior Lending Program LLC*	7,125	40,500
Copper River Seafoods, Inc.	7,051	3,595
Legacy Service Partners, LLC	5,368	—
Peter C. Foy & Associates Insurance Services, LLC	5,062	1,094
West-NR Parent, Inc.	5,043	—
Luxury Asset Capital, LLC	4,500	7,500
One Touch Direct, LLC	4,085	3,069
DeepIntent, Inc.	3,933	3,049
United Digestive MSO Parent, LLC	3,909	—
Kaseya, Inc.	3,768	3,936
The Townsend Company, LLC	3,330	—
Vertos Medical, Inc.	3,325	—
AMF Levered II, LLC	3,177	—
Foundation Consumer Brands, LLC	3,009	3,009
UVP Management, LLC	2,869	—
Kid Distro Holdings, LLC	2,650	2,650
Erie Construction Mid-west, LLC	2,403	1,248
Ultimate Baked Goods Midco LLC	2,356	1,636
Basic Fun, Inc.	2,150	2,675
SLR Equipment Finance*	2,150	1,000
Bayside Opco, LLC	2,093	—
SunMed Group Holdings, LLC	1,621	843
Urology Management Holdings, Inc.	1,510	—
SLR Healthcare ABL*	1,400	1,400
RxSense Holdings LLC	1,250	1,250
Tilley Distribution, Inc.	1,158	525
SCP Eye Care, LLC	983	2,771
GSM Acquisition Corp	862	784

SLR INVESTMENT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Medrina, LLC	826	—
Pinnacle Treatment Centers, Inc.	643	1,745
High Street Buyer, Inc.	631	327
ENS Holdings III Corp, LLC	576	144
CC SAG Holdings Corp. (Spectrum Automotive)	548	20,670
Crewline Buyer, Inc.	530	—
Exactcare Parent, Inc.	352	—
WCI-BXC Purchaser, LLC	332	—
All States Ag Parts, LLC	321	135
Vessco Midco Holdings, LLC	310	3,892
TAUC Management, LLC	294	294
Outset Medical, Inc.	—	35,084
Apeel Technology, Inc.	—	32,786
Human Interest, Inc.	—	20,104
Glooko, Inc.	—	17,868
World Insurance Associates, LLC	—	17,117
Spectrum Pharmaceuticals, Inc.	—	8,771
Arcutis Biotherapeutics, Inc.	—	8,356
Atria Wealth Solutions, Inc.	—	8,215
Accession Risk Management Group, Inc.	—	7,498
Cerapedics, Inc.	—	6,735
Maurices, Incorporated	—	4,314
Meditrina, Inc.	—	3,367
Plastics Management, LLC	—	2,424
Pediatric Home Respiratory Services, LLC	—	1,805
Ivy Fertility Services, LLC	—	1,571
Composite Technology Acquisition Corp.	—	1,537
NAC Holdings Corporation	—	1,479
Montefiore Nyack Hospital	—	1,034
Enverus Holdings, Inc.	—	1,004
American Teleconferencing Services, Ltd.	—	1,090
BayMark Health Services, Inc.	—	391
Total Commitments	<u>\$ 248,692</u>	<u>\$ 364,163</u>

* The Company controls the funding of these commitments and may cancel them at its discretion.

The credit agreements of the above loan commitments contain customary lending provisions and/or are subject to the respective portfolio company's achievement of certain milestones that allow relief to the Company from funding obligations for previously made commitments in instances where the underlying company experiences materially adverse events that affect the financial condition or business outlook for the company. Since these commitments may expire without being drawn upon, unfunded commitments do not necessarily represent future cash requirements or future earning assets for the Company. As of December 31, 2023 and December 31, 2022, the Company had sufficient cash available and/or liquid securities available to fund its commitments and had reviewed them for any appropriate fair value adjustment.

SLR INVESTMENT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
December 31, 2023
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Note 16. Capital Share Transactions

As of December 31, 2023 and December 31, 2022, 200,000,000 shares of \$0.01 par value capital stock were authorized.

Transactions in capital stock were as follows:

	Shares		Amount	
	For the year ended December 31, 2023	For the year ended December 31, 2022	For the year ended December 31, 2023	For the year ended December 31, 2022
Shares issued in connection with the Mergers	—	12,511,825	\$ —	\$ 226,839
Shares repurchased	(746)	(217,271)	(10)	(3,038)
Net increase (decrease)	<u>(746)</u>	<u>12,294,554</u>	<u>\$ (10)</u>	<u>\$ 223,801</u>

Note 17. Stock Repurchase Program

On May 9, 2023, our Board authorized an extension of a program for the purpose of repurchasing up to \$50,000 of our outstanding shares of common stock. Under the repurchase program, we may, but are not obligated to, repurchase shares of our outstanding common stock in the open market from time to time provided that we comply with our code of ethics and the guidelines specified in Rule 10b-18 of the 1934 Act, including certain price, market volume and timing constraints. In addition, any repurchases will be conducted in accordance with the 1940 Act. Unless further amended or extended by our Board, we expect the repurchase program to be in place until the earlier of May 10, 2024 or until \$50,000 of our outstanding shares of common stock have been repurchased. The timing and number of additional shares to be repurchased will depend on a number of factors, including market conditions. There are no assurances that we will engage in any repurchases beyond what is reported herein. For the fiscal year ended December 31, 2023, the Company repurchased 746 shares at an average price of approximately \$14.02 per share, inclusive of commissions. The total dollar amount of shares repurchased for the fiscal year ended December 31, 2023 was \$10. During the fiscal year ended December 31, 2022, the Company repurchased 217,271 shares at an average price of approximately \$13.98 per share, inclusive of commissions. The total dollar amount of shares repurchased for the fiscal year ended December 31, 2022 was \$3,038.

Note 18. SLR Senior Lending Program LLC

On October 12, 2022, the Company entered into an amended and restated limited liability company agreement with Sunstone Senior Credit L.P. (the “Investor”) to create a joint venture vehicle, SLR Senior Lending Program LLC (“SSLP”). SSLP is expected to invest primarily in senior secured cash flow loans. The Company and the Investor each have made initial equity commitments of \$50,000, resulting in a total equity commitment of \$100,000. Investment decisions and all material decisions in respect of SSLP must be approved by representatives of the Company and the Investor.

On December 1, 2022, SSLP commenced operations. On December 12, 2022, SSLP as servicer and SLR Senior Lending Program SPV LLC (“SSLP SPV”), a newly formed wholly owned subsidiary of SSLP, as borrower entered into a \$100,000 senior secured revolving credit facility (the “SSLP Facility”) with Goldman

SLR INVESTMENT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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Sachs Bank USA acting as administrative agent. On October 20, 2023, the SSLP Facility was expanded to \$150,000. The SSLP Facility is scheduled to mature on December 12, 2027. The SSLP Facility generally bears interest at a rate of SOFR plus 3.25%. SSLP and SSLP SPV, as applicable, have made certain customary representations and warranties and are required to comply with various covenants, including leverage restrictions, reporting requirements and other customary requirements for similar credit facilities. The SSLP Facility also includes usual and customary events of default for credit facilities of this nature. As of December 31, 2023 and December 31, 2022, borrowings outstanding on the SSLP Facility totaled \$106,900 and \$0, respectively.

As of December 31, 2023 and December 31, 2022, the Company and the Investor had contributed combined equity capital in the amount of \$85,750 and \$19,000, respectively. As of December 31, 2023 and December 31, 2022, the Company and the Investor's combined remaining commitments to SSLP totaled \$14,250 and \$81,000, respectively. The Company, along with the Investor, controls the funding of SSLP, and SSLP may not call the unfunded commitments of the Company or the Investor without approval of both the Company and the Investor.

As of December 31, 2023 and December 31, 2022, SSLP had total assets of \$195,868 and \$19,105, respectively. For the same periods, SSLP's portfolio consisted of floating rate senior secured loans to 32 and 7 different borrowers, respectively. For the year ended December 31, 2023 and the period December 1, 2022 (commencement of operations) through December 31, 2022, SSLP invested \$188,741 in 32 portfolio companies and \$18,100 in 7 portfolio companies, respectively. For the same periods, investments prepaid totaled \$21,070 and \$68, respectively.

SSLP Portfolio as of December 31, 2023

<u>Description</u>	<u>Industry</u>	<u>Spread Above Index⁽¹⁾</u>	<u>Floor</u>	<u>Interest Rate⁽²⁾</u>	<u>Maturity Date</u>	<u>Par Amount</u>	<u>Cost</u>	<u>Fair Value⁽³⁾</u>
Aegis Toxicology Sciences Corporation ⁽⁴⁾	Health Care Providers & Services	S+550	1.00%	11.13%	5/9/25	\$2,947	\$2,947	\$2,947
Alkeme Intermediary Holdings, LLC ⁽⁴⁾	Insurance	S+650	1.00%	11.96%	10/28/26	3,017	2,934	3,017
All States Ag Parts, LLC ⁽⁴⁾	Trading Companies & Distributors	S+600	1.00%	11.61%	9/1/26	2,133	2,133	2,133
Apex Service Partners, LLC	Diversified Consumer Services	S+700	1.00%	11.87%	10/24/30	4,905	4,784	4,783
Atria Wealth Solutions, Inc. ⁽⁴⁾	Diversified Financial Services	S+650	1.00%	11.97%	5/31/24	2,468	2,468	2,468
BayMark Health Services, Inc. ⁽⁴⁾	Health Care Providers & Services	S+500	1.00%	10.61%	6/11/27	4,033	4,033	4,033
CC SAG Holdings Corp. ⁽⁴⁾	Diversified Consumer Services	S+575	0.75%	11.22%	6/29/28	8,969	8,969	8,969
CVAUSA Management, LLC ⁽⁴⁾	Health Care Providers & Services	S+650	1.00%	11.74%	5/22/29	5,412	5,251	5,412
ENS Holdings III Corp. & ES Opco USA LLC ⁽⁴⁾	Trading Companies & Distributors	S+475	1.00%	10.20%	12/31/25	1,086	1,086	1,086
Erie Construction Mid-west, LLC	Building Products	S+475	1.00%	10.20%	7/30/27	8,457	8,457	8,457

SLR INVESTMENT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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Description	Industry	Spread Above Index ⁽¹⁾	Floor	Interest Rate ⁽²⁾	Maturity Date	Par Amount	Cost	Fair Value ⁽³⁾
Fertility (ITC) Investment Holdco, LLC ⁽⁴⁾	Health Care Providers & Services	S+650	1.00%	11.97%	1/3/29	\$5,955	\$ 5,791	\$ 5,955
Foundation Consumer Brands, LLC ⁽⁴⁾	Personal Products	S+625	1.00%	11.79%	2/12/27	8,641	8,641	8,641
GSM Acquisition Corp. ⁽⁴⁾	Leisure Equipment & Products	S+500	1.00%	10.47%	11/16/26	8,541	8,541	8,541
Higginbotham Insurance Agency, Inc. ⁽⁴⁾	Insurance	S+550	1.00%	10.96%	11/25/28	7,573	7,573	7,573
High Street Buyer, Inc.	Insurance	S+575	0.75%	11.25%	4/16/28	7,604	7,604	7,604
iCIMS, Inc. ⁽⁴⁾	Software	S+725	0.75%	12.62%	8/18/28	3,089	3,066	3,089
Kaseya, Inc. ⁽⁴⁾	Software	S+600	0.75%	11.38%	6/23/29	9,058	9,058	9,058
Kid Distro Holdings, LLC ⁽⁴⁾	Software	S+550	1.00%	11.00%	10/1/27	8,939	8,939	8,939
Maxor Acquisition, Inc. ⁽⁴⁾	Health Care Providers & Services	S+675	1.00%	12.48%	3/1/29	6,120	5,940	6,120
ONS MSO, LLC ⁽⁴⁾	Health Care Providers & Services	S+625	1.00%	11.62%	7/8/26	5,922	5,784	5,922
Pinnacle Treatment Centers, Inc. ⁽⁴⁾	Health Care Providers & Services	S+650	1.00%	11.95%	1/2/26	6,951	6,951	6,951
Plastics Management, LLC ⁽⁴⁾	Health Care Providers & Services	S+500	1.00%	10.45%	8/18/27	5,637	5,471	5,637
RQM+ Corp. ⁽⁴⁾	Life Sciences Tools & Services	S+575	1.00%	11.36%	8/12/26	5,955	5,955	5,955
RxSense Holdings LLC ⁽⁴⁾	Diversified Consumer Services	S+500	1.00%	10.48%	3/13/26	8,968	8,968	8,968
SunMed Group Holdings, LLC ⁽⁴⁾	Health Care Equipment & Supplies	S+550	0.75%	10.96%	6/16/28	8,948	8,948	8,948
The Townsend Company, LLC ⁽⁴⁾	Commercial Services & Supplies	S+625	1.00%	11.61%	8/15/29	3,642	3,555	3,642
Tilley Distribution, Inc. ⁽⁴⁾	Trading Companies & Distributors	S+600	1.00%	11.50%	12/31/26	5,850	5,850	5,850
Ultimate Baked Goods Midco LLC ⁽⁴⁾	Packaged Foods & Meats	S+625	1.00%	11.71%	8/13/27	8,954	8,954	8,865
United Digestive MSO Parent, LLC ⁽⁴⁾	Health Care Providers & Services	S+675	1.00%	12.25%	3/30/29	3,411	3,311	3,411
Urology Management Holdings, Inc. ⁽⁴⁾	Health Care Providers & Services	S+650	1.00%	11.93%	6/15/26	3,179	3,102	3,155
Vessco Midco Holdings, LLC ⁽⁴⁾	Water Utilities	S+450	1.00%	9.96%	11/2/26	4,304	4,304	4,304
West-NR Parent, Inc. ⁽⁴⁾	Insurance	S+625	1.00%	11.70%	12/27/27	6,822	6,691	6,822
							<u>\$186,059</u>	<u>\$187,255</u>

(1) Floating rate instruments accrue interest at a predetermined spread relative to an index, typically the SOFR. These instruments are typically subject to a SOFR floor.

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- (2) Floating rate debt investments typically bear interest at a rate determined by reference to the SOFR (“S”), and which typically reset monthly, quarterly or semi-annually. For each debt investment we have provided the current interest rate in effect as of December 31, 2023.
- (3) Represents the fair value in accordance with ASC Topic 820. The determination of such fair value is not included in the Board’s valuation process described elsewhere herein.
- (4) The Company also holds this security on its Consolidated Statements of Assets and Liabilities.

SSLP Portfolio as of December 31, 2022

Description	Industry	Spread Above Index⁽¹⁾	Floor	Interest Rate⁽²⁾	Maturity Date	Par Amount	Cost	Fair Value⁽³⁾
Atria Wealth Solutions, Inc. ⁽⁴⁾	Diversified Financial Services	S+600	1.00%	10.84%	2/29/24	\$2,494	\$ 2,494	\$ 2,494
BayMark Health Services, Inc. ⁽⁴⁾	Health Care Providers & Services	L+500	1.00%	9.73%	6/11/27	2,992	2,992	2,992
ENS Holdings III Corp. & ES Opco USA LLC ⁽⁴⁾	Trading Companies & Distributors	L+475	1.00%	9.43%	12/31/25	1,097	1,097	1,097
Foundation Consumer Brands, LLC ⁽⁴⁾	Personal Products	L+550	1.00%	10.15%	2/12/27	2,963	2,963	2,963
High Street Buyer, Inc. ⁽⁴⁾	Insurance	L+600	0.75%	10.73%	4/16/28	2,494	2,494	2,494
Ivy Fertility Services, LLC ⁽⁴⁾	Health Care Providers & Services	L+625	1.00%	10.39%	2/25/26	3,000	3,000	3,030
Kid Distro Holdings, LLC ⁽⁴⁾	Software	L+575	1.00%	10.48%	10/1/27	2,992	2,992	2,992
							<u>\$18,032</u>	<u>\$18,062</u>

- (1) Floating rate instruments accrue interest at a predetermined spread relative to an index, typically the LIBOR or SOFR. These instruments are typically subject to a LIBOR or SOFR floor.
- (2) Floating rate debt investments typically bear interest at a rate determined by reference to either the LIBOR (“L”) or SOFR (“S”), and which typically reset monthly, quarterly or semi-annually. For each debt investment we have provided the current interest rate in effect as of December 31, 2022.
- (3) Represents the fair value in accordance with ASC Topic 820. The determination of such fair value is not included in the Board’s valuation process described elsewhere herein.
- (4) The Company also holds this security on its Consolidated Statements of Assets and Liabilities.

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Below is certain summarized financial information for SSLP as of December 31, 2023 and December 31, 2022, for the year ended December 31, 2023 and for the period December 1, 2022 (commencement of operations) through December 31, 2022:

	December 31, 2023	December 31, 2022
Selected Balance Sheet Information for SSLP:		
Investments at fair value (cost \$186,059 and \$18,032, respectively)	\$ 187,255	\$ 18,062
Cash and other assets	8,613	1,043
Total assets	<u>\$ 195,868</u>	<u>\$ 19,105</u>
Debt outstanding (\$106,900 and \$0 face amounts, respectively, reported net of unamortized debt issuance costs of \$1,697 and \$0, respectively)	\$ 105,203	\$ —
Distributions payable	1,900	—
Interest payable and other credit facility related expenses	551	165
Accrued expenses and other payables	416	89
Total liabilities	<u>\$ 108,070</u>	<u>\$ 254</u>
Members' equity	<u>\$ 87,798</u>	<u>\$ 18,851</u>
Total liabilities and members' equity	<u>\$ 195,868</u>	<u>\$ 19,105</u>

	Year ended December 31, 2023	For the Period December 1, 2022 (commencement of operations) through December 31, 2022
Selected Income Statement Information for SSLP:		
Interest income	\$ 10,209	\$ 152
Service fees*	\$ 224	\$ 4
Interest and other credit facility expenses	6,517	166
Organizational costs	—	73
Other general and administrative expenses	195	88
Total expenses	<u>\$ 6,936</u>	<u>\$ 331</u>
Net investment income (loss)	<u>\$ 3,273</u>	<u>\$ (179)</u>
Realized gain on investments	30	—
Net change in unrealized gain on investments	1,166	30
Net realized and unrealized gain on investments	<u>1,196</u>	<u>30</u>
Net income (loss)	<u>\$ 4,469</u>	<u>\$ (149)</u>

* Service fees are included within the Company's Consolidated Statements of Operations as other income.

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Note 19. Subsequent Events

The Company has evaluated the need for disclosures and/or adjustments resulting from subsequent events through the date the consolidated financial statements were issued.

On February 27, 2024, the Board declared a quarterly distribution of \$0.41 per share payable on March 28, 2024 to holders of record as of March 14, 2024.

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Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

As of December 31, 2023 (the end of the period covered by this report), we, including our Co-Chief Executive Officers and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the 1934 Act). Based on that evaluation, our management, including the Co-Chief Executive Officers and Chief Financial Officer, concluded that our disclosure controls and procedures were effective and provided reasonable assurance that information required to be disclosed in our periodic SEC filings is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Co-Chief Executive Officers and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. However, in evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of such possible controls and procedures.

(b) Management's Report on Internal Control Over Financial Reporting

Management's Report on Internal Control Over Financial Reporting, which appears in Item 8 of this Form 10-K, is incorporated by reference herein.

(c) Attestation Report of the Independent Registered Public Accounting Firm

Our independent registered public accounting firm, KPMG LLP, has issued an attestation report on the Company's internal control over financial reporting, which is set forth above under the heading "Report of Independent Registered Public Accounting Firm" in Item 8.

(d) Changes in Internal Controls Over Financial Reporting

Management has not identified any change in the Company's internal control over financial reporting that occurred during the fourth fiscal quarter of 2023 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information

Rule 10b5-1 Trading Plans

During the fiscal year ended December 31, 2023, none of our directors or officers (as defined in Rule 16a-1(f) under the 1934 Act) adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the 1934 Act or any "non-Rule 10b5-1 trading arrangement" as defined in Item 408(c) of Regulation S-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not Applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information about Directors

Certain information with respect to each of the current directors is set forth below, including their names, ages, a brief description of their recent business experience, including present occupations and employment, certain directorships that each person holds, the year in which each person became a director of the Company, and a discussion of their particular experience, qualifications, attributes or skills that lead us to conclude that such individual should serve as a director of the Company, in light of the Company’s business and structure. There were no legal proceedings of the type described in Item 401(f) of Regulation S-K in the past 10 years against any of the directors or officers of the Company and none are currently pending. There is no arrangement or understanding between any of the Company’s directors or officers pursuant to which they were selected as directors or officers and the Company or any other person or entity.

Mr. Gross is an “interested person” of the Company as defined in the 1940 Act due to his position as Co-Chief Executive Officer and President of the Company and a managing member of SLR Capital Partners, LLC (“SLR Capital Partners”), the Company’s investment adviser. Mr. Spohler is an “interested person” of the Company as defined in the 1940 Act due to his position as Co-Chief Executive Officer and Chief Operating Officer of the Company and a managing member of SLR Capital Partners, the Company’s investment adviser. Each of Ms. Roberts, Mr. Wachter, Mr. Hochberg and Mr. Potter is not an “interested person” of the Company as defined in the 1940 Act.

<u>Name, Address and Age(1)</u>	<u>Position(s) Held with Company</u>	<u>Terms of Office and Length of Time Served</u>	<u>Principal Occupation(s) During Past 5 Years</u>	<u>Number of Portfolios in Fund Complex Overseen by Director(2)</u>	<u>Other Directorships Held by Director or Nominee for Director During Past 5 Years That Are Not Part of the Fund Complex</u>
Interested Director Michael S. Gross, 62	Chairman of the Board of Directors, Co-Chief Executive Officer and President.	Class III Director since 2007; Term expires 2024.	Co-Chief Executive Officer of SLR Investment Corp. and SCP Private Credit Income BDC LLC since June 2019, of SLR HC BDC LLC since September 2020 and of SLR Private Credit BDC II LLC since April 2022, and President of SLR Investment Corp. since 2007, of SCP Private Credit Income BDC LLC since 2018, of SLR HC BDC LLC since 2020 and of SLR Private Credit BDC II LLC since 2022; Sole Chief Executive Officer of SLR Investment Corp. (February 2007-June 2019), and of SCP Private Credit Income BDC LLC (June 2018- June 2019). Previously, Co-Chief Executive Officer and President of SLR Senior Investment Corp.	4	Chairman of the Board of Directors of Global Ship Lease Inc. Previously Chairman of the Board of Directors of SLR Senior Investment Corp., where he served from 2010 to April 2022.

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Mr. Gross' intimate knowledge of the business and operations of SLR Capital Partners, extensive familiarity with the financial industry and the investment management process in particular, and experience as a director of other public and private companies not only gives the board of directors valuable insight but also positions him well to continue to serve as the Chairman of our board of directors.

<u>Name, Address and Age(1)</u>	<u>Position(s) Held with Company</u>	<u>Terms of Office and Length of Time Served</u>	<u>Principal Occupation(s) During Past 5 Years</u>	<u>Number of Portfolios in Fund Complex Overseen by Director(2)</u>	<u>Other Directorships Held by Director or Nominee for Director During Past 5 Years That Are Not Part of the Fund Complex</u>
Interested Director Bruce Spohler, 63	Co-Chief Executive Officer, Chief Operating Officer and Director	Class II Director since 2009; Term expires 2026.	Co-Chief Executive Officer of SLR Investment Corp. and SCP Private Credit Income BDC LLC since June 2019, of SLR HC BDC LLC since September 2020 and of SLR Private Credit BDC II LLC since April 2022; Chief Operating Officer of SLR Investment Corp. since February 2007, of SCP Private Credit Income BDC LLC since June 2018, of SLR HC BDC LLC since September 2020 and of SLR Private Credit BDC II LLC since April 2022.	4	Previously a member of the board of directors of SLR Senior Investment Corp., where he served from 2010 to April 2022.

Mr. Spohler's depth of experience in managerial positions in investment management, leveraged finance and financial services, as well as his intimate knowledge of the Company's business and operations, gives the board of directors valuable industry-specific knowledge and experience on these and other matters.

<u>Name, Address and Age(1)</u>	<u>Position(s) Held with Company</u>	<u>Terms of Office and Length of Time Served</u>	<u>Principal Occupation(s) During Past 5 Years</u>	<u>Number of Portfolios in Fund Complex Overseen by Director(2)</u>	<u>Other Directorships Held by Director or Nominee for Director During Past 5 Years That Are Not Part of the Fund Complex</u>
Independent Director Steven Hochberg, 62	Director	Class II Director since 2007; Term expires 2026.	Operating Partner of Deerfield Management, a healthcare investment firm, since 2022. Partner of Deerfield Management from 2013 to 2021. Co-Founder and Manager of Ascent Biomedical Ventures, a venture capital firm focused on early stage investment and development of biomedical companies, since 2004. Co-Founder and Co-General Partner of Triatomic Capital, a technology focused venture capital firm, since 2022.	4	Since 2011, Mr. Hochberg had been the Chairman of the Board of Continuum Health Partners until its merger with Mount Sinai in 2013, where he is a Vice Chairman of Mount Sinai Health System, a non-profit healthcare integrated delivery system in New York City. Director of a number of private healthcare companies and the Cardiovascular

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<u>Name, Address and Age(1)</u>	<u>Position(s) Held with Company</u>	<u>Terms of Office and Length of Time Served</u>	<u>Principal Occupation(s) During Past 5 Years</u>	<u>Number of Portfolios in Fund Complex Overseen by Director(2)</u>	<u>Other Directorships Held by Director or Nominee for Director During Past 5 Years That Are Not Part of the Fund Complex</u>
					Research Foundation, an organization focused on advancing new technologies and education in the field of cardiovascular medicine. Previously a member of the board of directors of SLR Senior Investment Corp., where he served from 2011 to April 2022.

Mr. Hochberg’s varied experience in investing in medical technology companies provides the board of directors with particular knowledge of this field, and his role as chairman of other companies’ board of directors brings the perspective of a knowledgeable corporate leader.

<u>Name, Address and Age(1)</u>	<u>Position(s) Held with Company</u>	<u>Terms of Office and Length of Time Served</u>	<u>Principal Occupation(s) During Past 5 Years</u>	<u>Number of Portfolios in Fund Complex Overseen by Director(2)</u>	<u>Other Directorships Held by Director or Nominee for Director During Past 5 Years That Are Not Part of the Fund Complex</u>
Independent Director Leonard A. Potter, 62	Director	Class III Director since 2009; Term expires 2024.	President and Chief Investment Officer of Wildcat Capital Management, LLC since 2011; Senior Managing Director of Vida Ventures I and II, each a biotech venture fund, since 2017; Managing Director of Soros Private Equity at Soros Fund Management LLC from 2002 to 2009.	4	Director of Hilton Grand Vacations Inc. since 2017, of SuRo Capital Corp. since 2011, and of several private companies. Previously a member of the board of directors of SLR Senior Investment Corp., where he served from 2011 to April 2022.

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Mr. Potter's experience practicing as a corporate lawyer provides valuable insight to the board of directors on regulatory and risk management issues. In addition, his tenure in private equity and other investments and service as a director of both public and private companies provide industry-specific knowledge and experience to the board of directors.

<u>Name, Address and Age(1)</u>	<u>Position(s) Held with Company</u>	<u>Terms of Office and Length of Time Served</u>	<u>Principal Occupation(s) During Past 5 Years</u>	<u>Number of Portfolios in Fund Complex Overseen by Director(2)</u>	<u>Other Directorships Held by Director or Nominee for Director During Past 5 Years That Are Not Part of the Fund Complex</u>
Independent Director David S. Wachter, 60	Director	Class I Director since 2007; Term expires 2025.	Founding Partner and Managing Partner of W Capital Partners, a private equity fund manager, since 2001.	4	Previously a member of the board of directors of SLR Senior Investment Corp., where he served from 2011 to April 2022.

Mr. Wachter's extensive knowledge of private equity and investment banking provides the board of directors with the valuable insight of an experienced financial manager.

<u>Name, Address and Age(1)</u>	<u>Position(s) Held with Company</u>	<u>Terms of Office and Length of Time Served</u>	<u>Principal Occupation(s) During Past 5 Years</u>	<u>Number of Portfolios in Fund Complex Overseen by Director</u>	<u>Other Directorships Held by Director or Nominee for Director During Past 5 Years That Are Not Part of the Fund Complex</u>
Independent Director Andrea C. Roberts, 67	Director	Class I Director since 2023; Term expires 2025.	Co-Founder and Managing Director of Genesis Capital Corporation, an investment banking firm, since 1994; President and sole owner of Orbis Associates, Inc., a consulting firm providing consulting services to Genesis Capital Corporation on an exclusive basis, since 1994.	1	Director of Trinity Episcopal School from 2019 to 2022.

Ms. Roberts' extensive knowledge of investment banking and asset-based financing provides the board of directors with the valuable insight of an experienced financial manager.

(1) The business address of the director nominees and other directors is c/o SLR Investment Corp., 500 Park Avenue, New York, New York 10022.

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- (2) The Company is part of a “Fund Complex,” as that term is defined in Schedule 14A and Regulation 14A under the 1934 Act. Messrs. Gross, Spohler, Hochberg, Potter and Wachter each also have served as directors of SCP Private Credit Income BDC LLC, SLR HC BDC LLC and SLR Private Credit BDC II LLC since 2018, 2020 and 2022, respectively, which are investment companies that have each elected to be regulated as a business development company (“BDC”) and are part of the Fund Complex. Mr. Gross has served as Chairman of SCP Private Credit Income BDC LLC, SLR HC BDC LLC and SLR Private Credit BDC II LLC since 2018, 2020 and 2022, respectively. Mr. Potter also serves as a director of SuRo Capital Corp., which is a closed-end management investment company that has elected to be regulated as a BDC.

Information about Executive Officers Who Are Not Directors

The following information, as of December 31, 2023, pertains to our executive officers who are not directors of the Company.

<u>Name, Address, and Age⁽¹⁾</u>	<u>Position(s) Held with Company</u>	<u>Number of Portfolios in Fund Complex Overseen by Officer</u>	<u>Principal Occupation(s) During Past 5 Years</u>
Shiraz Y. Kajee, 44	Chief Financial Officer and Treasurer	4	Chief Financial Officer and Treasurer of the Company, SCP Private Credit Income BDC LLC, SLR HC BDC LLC and SLR Private Credit BDC II LLC since April 2023. From December 2015 through March 2023, Mr. Kajee served as a Managing Director at New Mountain Capital, L.L.C., which included serving as Chief Financial Officer and Treasurer of New Mountain Finance Corporation since 2015, of NMF SLF I, Inc. since 2019, of New Mountain Guardian III BDC, L.L.C. since 2019 and of New Mountain Guardian IV BDC, L.L.C. since 2022.
Guy Talarico, 68	Chief Compliance Officer and Secretary	4	Chief Compliance Officer of the Company since July 2008, chief compliance officer of SCP Private Credit Income BDC LLC since June 2018, chief compliance officer of SLR HC BDC LLC since September 2020, and chief compliance officer of SLR Private Credit BDC II LLC since April 2022. Secretary of the Company, SCP Private Credit Income BDC LLC, SLR HC BDC LLC and SLR Private Credit BDC II LLC since November 2023; Mr. Talarico currently serves as General Counsel and Chief Compliance Officer for SLR Capital Partners, LLC since May 2023. In addition, Mr. Talarico previously served as the chief compliance officer of SLR Senior Investment Corp. from December 2010 until April 2022. Mr. Talarico previously served as managing director of ACA Group, LLC (successor to Foreside Consulting Services LLC, and ultimate successor to Alaric Compliance Services, LLC, which he founded in December 2005). Mr. Talarico holds a B.S. ChE from Lehigh University, an M.B.A. from Fairleigh Dickinson University and a J.D. from New York Law School.

- (1) The business address of the executive officers is c/o SLR Investment Corp., 500 Park Avenue, New York, New York 10022.

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Our common stock is listed on the NASDAQ Global Select Market under the symbol “SLRC.”

Audit Committee

The Audit Committee operates pursuant to a charter approved by our board of directors, a copy of which is available on our website at <http://www.slrinvestmentcorp.com>. The charter sets forth the responsibilities of the Audit Committee. The Audit Committee’s responsibilities include selecting the independent registered public accounting firm for the Company, reviewing with such independent registered public accounting firm the planning, scope and results of their audit of the Company’s financial statements, pre-approving the fees for services performed, reviewing with the independent registered public accounting firm the adequacy of internal control systems, reviewing the Company’s annual financial statements and periodic filings and receiving the Company’s audit reports and financial statements. The Audit Committee also establishes guidelines and makes recommendations to our board of directors regarding the valuation of our investments. The Audit Committee is responsible for aiding our board of directors in determining the fair value of debt and equity securities that are not publicly traded or for which current market values are not readily available. The board of directors and Audit Committee utilize the services of nationally recognized third-party valuation firms to help determine the fair value of these securities. The Audit Committee is currently composed of Messrs. Hochberg, Wachter and Potter and Ms. Roberts, all of whom are considered independent under the rules of the NASDAQ Stock Market and are not “interested persons” of the Company as that term is defined in Section 2(a)(19) of the 1940 Act. Mr. Hochberg serves as Chairman of the Audit Committee. Our board of directors has determined that Mr. Hochberg is an “audit committee financial expert” as that term is defined under Item 407 of Regulation S-K, as promulgated under the 1934 Act. Mr. Hochberg meets the current independence and experience requirements of Rule 10A-3 of the 1934 Act.

Communication with the Board of Directors

Stockholders with questions about the Company are encouraged to contact the Company’s investor relations department. However, if stockholders believe that their questions have not been addressed, they may communicate with the Company’s board of directors by sending their communications to SLR Investment Corp., c/o Guy Talarico, Secretary, 500 Park Avenue, New York, New York 10022. All stockholder communications received in this manner will be delivered to one or more members of the board of directors.

Code of Ethics

The Company has adopted a code of ethics that applies to, among others, its senior officers, including its Co-Chief Executive Officers and its Chief Financial Officer, as well as every officer, director and employee of the Company. The Company’s code of ethics can be accessed via its website at <http://www.slrinvestmentcorp.com>. The Company intends to disclose amendments to or waivers from a required provision of the code of ethics on Form 8-K.

Nomination of Directors

There have been no material changes to the procedures by which stockholders may recommend nominees to our Board of Directors implemented since the filing of our Proxy Statement for our 2023 Annual Meeting of Stockholders.

Item 11. Executive Compensation

Compensation of Executive Officers

None of our officers receives direct compensation from the Company. As a result, we do not engage any compensation consultants. Mr. Gross, our Co-Chief Executive Officer and President, and Mr. Spohler, our

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Co-Chief Executive Officer and Chief Operating Officer, through their ownership interest in SLR Capital Partners, our investment adviser, are entitled to a portion of any profits earned by SLR Capital Partners, which includes any fees payable by us to SLR Capital Partners under the terms of the Advisory Agreement, less expenses incurred by SLR Capital Partners in performing its services under the Advisory Agreement. Messrs. Gross and Spohler do not receive any additional compensation from SLR Capital Partners in connection with the management of our portfolio.

Mr. Kajee, our Chief Financial Officer and Treasurer, and Mr. Talarico, our Chief Compliance Officer and Secretary, are paid by the Investment Adviser, subject to reimbursement by us of an allocable portion of such compensation for services rendered by such persons to the Company.

Compensation of Directors

The following table sets forth the compensation of the Company's directors, for the year ended December 31, 2023.

Name	Fees Earned or Paid in Cash ⁽¹⁾	Stock Awards ⁽²⁾	All Other Compensation	Total
Interested Directors				
Michael S. Gross	—	—	—	—
Bruce Spohler	—	—	—	—
Independent Directors				
Steven Hochberg	\$ 133,000	—	—	\$ 133,000
David S. Wachter	\$ 128,000	—	—	\$ 128,000
Leonard A. Potter	\$ 128,000	—	—	\$ 128,000
Andrea C. Roberts ⁽³⁾	\$ 41,239	—	—	\$ 41,239

- (1) For a discussion of the independent directors' compensation, see below.
- (2) We do not maintain a stock or option plan, non-equity incentive plan or pension plan for our directors. However, our independent directors have the option to receive all or a portion of the directors' fees to which they would otherwise be entitled in the form of shares of our common stock issued at a price per share equal to the greater of our then current net asset value per share or the market price at the time of payment. No shares were issued to any of our independent directors in lieu of cash during 2023.
- (3) Ms. Roberts was appointed to the board of directors on August 28, 2023.

Our independent directors' annual fee is \$100,000. The independent directors also receive \$2,500 (\$1,500 if participating telephonically) plus reimbursement of reasonable out-of-pocket expenses incurred in connection with attending each board meeting and \$1,000 plus reimbursement of reasonable out-of-pocket expenses incurred in connection with each committee meeting attended. In addition, the Chairman of the Audit Committee receives an annual fee of \$7,500, the Chairman of the Nominating and Corporate Governance Committee receives an annual fee of \$2,500 and the Chairman of the Compensation Committee receives an annual fee of \$2,500. Further, we purchase directors' and officers' liability insurance on behalf of our directors and officers. In addition, no compensation was paid to directors who are interested persons of the Company as defined in the 1940 Act.

Compensation Committee

The Compensation Committee operates pursuant to a charter approved by our board of directors, a copy of which is available on our website at <http://www.slrinvestmentcorp.com>. The charter sets forth the responsibilities of the Compensation Committee. The Compensation Committee is responsible for reviewing and recommending for approval to our board of directors the Advisory Agreement and the Administration Agreement. In addition,

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although we do not directly compensate our executive officers currently, to the extent that we do so in the future, the Compensation Committee would also be responsible for reviewing and evaluating their compensation and making recommendations to the board of directors regarding their compensation. Lastly, the Compensation Committee would produce a report on our executive compensation practices and policies for inclusion in our proxy statement if required by applicable proxy rules and regulations and, if applicable, make recommendations to the board of directors with matters related to compensation generally. The Compensation Committee has the authority to engage compensation consultants and to delegate their duties and responsibilities to a member or to a subcommittee of the Compensation Committee. The members of the Compensation Committee are Messrs. Hochberg, Wachter and Potter and Ms. Roberts, all of whom are considered independent under the rules of the NASDAQ Stock Market and are not “interested persons” of the Company as that term is defined in Section 2(a)(19) of the 1940 Act. Mr. Potter serves as Chairman of the Compensation Committee.

Compensation Committee Interlocks and Insider Participation

During fiscal year 2023 none of the Company’s executive officers served on the board of directors (or a compensation committee thereof or other board committee performing equivalent functions) of any entities that had one or more executive officers serve on the Compensation Committee of the Company or on the Board of Directors of the Company. No member of the Compensation Committee had any relationship requiring disclosure under any paragraph of Item 404 of Regulation S-K.

Compensation Committee Report

Currently, none of our executive officers are compensated by the Company, and as such the Company is not required to produce a report on executive officer compensation for inclusion in our annual report on Form 10-K.

Clawback Policy

While the Company, as an externally-managed business development company under the 1940 Act, currently neither pays nor has any plans to pay or otherwise award incentive-based compensation to its executive officers, the Board adopted our Clawback Policy, effective November 6, 2023 (the “Clawback Policy”), in accordance with Rule 10D-1 of the 1934 Act and Nasdaq listing standards. The Clawback Policy applies to current and former covered executive officers of the Company and is administered by the Compensation Committee. In the event the Company is required to prepare an accounting restatement to correct material noncompliance with any financial reporting requirement under U.S. federal securities laws, including restatements that correct an error in previously issued financial statements that is material to the previously issued financial statements or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period, it is the Company’s policy to recover erroneously awarded incentive-based compensation, if any, received by its executive officers. The recovery of such compensation applies regardless of whether an executive officer engaged in misconduct or otherwise caused or contributed to the requirement for a restatement.

During the fiscal year ended December 31, 2023 and continuing through the date of this Annual Report on Form 10-K, we were not required to prepare an accounting restatement that required recovery of erroneously awarded compensation under the Clawback Policy nor was there an outstanding balance as of December 31, 2023 of erroneously awarded compensation to be recovered under the Clawback Policy from a prior restatement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth, as of February 23, 2024, the beneficial ownership of each current director, the nominees for directors, the Company’s executive officers, each person known to us to beneficially own 5% or more of the outstanding shares of our common stock, and the executive officers and directors as a group.

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Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to the securities. Ownership information for those persons who beneficially own 5% or more of our shares of common stock is based upon reports filed by such persons with the SEC and other information obtained from such persons, if available.

Unless otherwise indicated, the Company believes that each beneficial owner set forth in the table has voting and investment power and has the same address as the Company. Our address is 500 Park Avenue, New York, New York 10022.

<u>Name and Address of Beneficial Owner</u>	<u>Number of Shares Owned Beneficially(1)</u>	<u>Percentage of Class(2)</u>
Interested Directors		
Michael S. Gross(3)(4)	3,829,913	7.0%
Bruce Spohler(3)	3,516,273	6.4%
Independent Directors		
Steven Hochberg	2,742	*
Leonard A. Potter	14,872	*
David S. Wachter	53,494	*
Andrea C. Roberts	—	—
Executive Officers		
Shiraz Y. Kajee	7,500	*
Guy Talarico	31,899	*
All executive officers and directors as a group (8 persons)		
	4,458,780	8.2%
Thornburg Investment Management Inc.(5)	4,338,599	8.0%

* Represents less than one percent.

- (1) Beneficial ownership has been determined in accordance with Rule 13d-3 under the 1934 Act. Assumes no other purchases or sales of our common stock since the most recently available SEC filings. This assumption has been made under the rules and regulations of the SEC and does not reflect any knowledge that we have with respect to the present intent of the beneficial owners of our common stock listed in this table.
- (2) Based on a total of 54,554,634 shares of the Company's common stock issued and outstanding as of February 23, 2024.
- (3) Includes 1,285,013 shares held by Solar Capital Investors, LLC and 715,000 shares held by Solar Capital Investors II, LLC, 355,107 shares held by Solar Senior Capital Investors, LLC and 77 shares held by SLR Capital Management, LLC, a portion of each which may be deemed to be indirectly beneficially owned by Michael S. Gross, by Bruce Spohler and a grantor retained annuity trust ("GRAT") setup by and for Mr. Gross by virtue of their collective ownership interest therein. Also includes 642,716 shares held by Solar Capital Partners Employee Stock Plan LLC, which is controlled by SLR Capital Partners, LLC. Mr. Gross and Mr. Spohler may be deemed to beneficially own a portion of the shares held by Solar Capital Partners Employee Stock Plan LLC by virtue of their collective ownership interest in SLR Capital Partners, LLC. Each of Mr. Gross and Mr. Spohler disclaim beneficial ownership of any shares of our common stock directly held by Solar Capital Partners Employee Stock Plan LLC, Solar Capital Investors, LLC, Solar Capital Investors II, LLC, Solar Senior Capital Investors, LLC and SLR Capital Management, LLC, except to the extent of their respective pecuniary interest therein. Also includes 199,466 shares held in a trust of which Bruce Spohler became co-trustee in which he and certain members of his immediate family are beneficiaries (the "Spohler Trust") and 243,021 shares held by a limited liability company in which he owns a pro rata interest (the "Spohler LLC"). Mr. Spohler disclaims beneficial ownership of the shares in the Spohler Trust and the Spohler LLC.
- (4) Includes 152,166 shares directly held by Michael S. Gross' profit sharing plan (the "Profit Sharing Plan"). Mr. Gross may be deemed to directly beneficially own these shares as the sole participant in the Profit

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Sharing Plan. Also includes 117,617 shares held by certain trusts for the benefit of family members for which Mr. Gross serves as trustee (the "Family Trusts"). The total includes 334,428 shares held by the GRAT. Mr. Gross may be deemed to directly beneficially own these shares by virtue of his control with respect to the Family Trusts, and disclaims beneficial ownership of the securities held by the Family Trusts except to the extent of his pecuniary interest therein.

- (5) *Based upon information contained in the Schedule 13G filed February 9, 2024 by Thornburg Investment Management Inc. Such securities are held by certain investment vehicles controlled and/or managed by Thornburg Investment Management Inc. or its affiliates. The address for Thornburg Investment Management Inc. is 2300 North Ridgetop Road, Santa Fe, New Mexico 87506.*

Set forth below is the dollar range of equity securities beneficially owned by each of our directors as of February 24, 2023. The Company is part of a "Fund Complex," as that term is defined in Schedule 14A and Regulation 14A under the 1934 Act. For purposes of this Annual Report on Form 10-K, the term Fund Complex includes the Company, SCP Private Credit Income BDC LLC, SLR HC BDC LLC and SLR Private Credit BDC II LLC.

Name of Director	Dollar Range of Equity Securities Beneficially Owned in the Company(1)(2)	Dollar Range of Equity Securities Beneficially Owned in the Fund Complex(1)(2)(3)
Interested Directors		
Michael S. Gross	Over \$ 100,000	Over \$ 100,000
Bruce Spohler	Over \$ 100,000	Over \$ 100,000
Independent Directors		
Steven Hochberg	\$10,001- \$50,000	\$10,001- \$50,000
Leonard A. Potter	Over \$ 100,000	Over \$ 100,000
David S. Wachter	Over \$ 100,000	Over \$ 100,000
Andrea C. Roberts	None	None

(1) *The dollar ranges are: None, \$1-\$10,000, \$10,001-\$50,000, \$50,001-\$100,000, or Over \$100,000.*

(2) *The dollar range of equity securities beneficially owned in us is based on the closing price for our common stock of \$14.89 on February 23, 2024 on the NASDAQ Global Select Market. Beneficial ownership has been determined in accordance with Rule 16a-1(a)(2) of the 1934 Act.*

(3) *The dollar range of equity securities in the Fund Complex beneficially owned by directors of the Company, if applicable, is the total dollar range of equity securities in the Company beneficially owned by the directors, as no director has beneficial ownership of SCP Private Credit Income BDC LLC, SLR HC BDC LLC or SLR Private Credit BDC II LLC.*

Item 13. Certain Relationships and Related Transactions, and Director Independence

We have entered into the Advisory Agreement with SLR Capital Partners. Mr. Gross, our Chairman, Co-Chief Executive Officer and President, and Mr. Spohler, our Co-Chief Executive Officer, Chief Operating Officer and board member, are managing members and senior investment professionals of, and have financial and controlling interests in, SLR Capital Partners. In addition, Mr. Kajee, our Chief Financial Officer and Treasurer, serves as the Chief Financial Officer for SLR Capital Partners, and Mr. Talarico, our Chief Compliance Officer and Secretary serves as General Counsel and Chief Compliance Officer for SLR Capital Partners.

SLR Capital Partners and its affiliates may also manage other funds in the future that may have investment mandates that are similar, in whole and in part, with ours. For example, SLR Capital Partners presently serves as investment adviser to private funds and managed accounts as well as to SCP Private Credit Income BDC LLC, an unlisted BDC, which focuses on investing primarily in senior secured loans, including non-traditional asset-based loans and first lien loans, SLR HC BDC LLC, an unlisted BDC whose principal focus is to invest directly and

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indirectly in senior secured loans and other debt instruments typically to middle market companies within the healthcare industry, and SLR Private Credit BDC II LLC, an unlisted BDC whose principal focus is to investment in first lien senior secured floating rate loans primarily to upper middle market leveraged companies with EBITDA between approximately \$25 million and \$250 million that have significant free cash flow and are in non-cyclical industries in which the Investment Adviser has significant experience. In addition, Michael S. Gross, our Chairman and Co-Chief Executive Officer, Bruce Spohler, our Co-Chief Executive Officer and Chief Operating Officer, Shiraz Y. Kajee, our Chief Financial Officer, and Guy F. Talarico, our Chief Compliance Officer and Secretary, serve in similar capacities for SCP Private Credit Income BDC LLC, SLR HC BDC LLC and SLR Private Credit BDC II LLC.

SLR Capital Partners and certain investment advisory affiliates may determine that an investment is appropriate for us and for one or more of those other funds. In such event, depending on the availability of such investment and other appropriate factors, SLR Capital Partners or its affiliates may determine that we should invest side-by-side with one or more other funds. Any such investments will be made only to the extent permitted by applicable law and interpretive positions of the SEC and its staff, and consistent with SLR Capital Partners' allocation procedures.

Related party transactions may occur among us, SLR Senior Lending Program LLC, SLR Senior Lending Program SPV LLC, SLR Credit, Equipment Operating Leases LLC, KBH, Loyer Capital LLC, SLR Business Credit, SLR Healthcare ABL and SLR Equipment. These transactions may occur in the normal course of business. No administrative or other fees are paid to the Investment Adviser by SLR Senior Lending Program LLC, SLR Senior Lending Program SPV LLC, SLR Credit, Equipment Operating Leases LLC, KBH, Loyer Capital LLC, SLR Business Credit, SLR Healthcare ABL or SLR Equipment.

In addition, we have adopted a formal code of ethics that governs the conduct of our officers and directors. Our officers and directors also remain subject to the duties imposed by both the 1940 Act and the Maryland General Corporation Law.

Regulatory restrictions limit our ability to invest in any portfolio company in which any affiliate currently has an investment. The Company obtained its most recent exemptive order from the SEC on June 13, 2017 (the "Exemptive Order"). The Exemptive Order permits us to participate in negotiated co-investment transactions with certain affiliates, each of whose investment adviser is an investment adviser that controls, is controlled by or is under common control with SLR Capital Partners and is registered as an investment adviser under the Advisers Act, in a manner consistent with our investment objective, positions, policies, strategies and restrictions as well as regulatory requirements and other pertinent factors, and pursuant to the conditions to the Exemptive Order. We believe that it will be advantageous for us to co-invest with funds managed by SLR Capital Partners where such investment is consistent with the investment objectives, investment positions, investment policies, investment strategy, investment restrictions, regulatory requirements and other pertinent factors applicable to us.

We have entered into a license agreement with SLR Capital Partners, pursuant to which SLR Capital Partners has agreed to grant us a non-exclusive, royalty-free license to use the names "SLR" and "SOLAR". In addition, pursuant to the terms of the Administration Agreement, SLR Capital Management provides us with the office facilities and administrative services necessary to conduct our day-to-day operations.

Board Consideration of the Advisory Agreement

Our board of directors determined at a meeting held on October 25, 2023 to approve the Advisory Agreement between the Company and SLR Capital Partners. In reliance on certain exemptive relief provided by the SEC, the Board ratified the approval of the Investment Management Agreement at its next in-person meeting held on November 6, 2023. In its consideration of the approval of the Advisory Agreement, the board of directors focused on information it had received relating to, among other things:

- the nature, extent and quality of advisory services to be rendered, including information about the investment performance of the Company relative to its stated objectives and in comparison to the

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performance of the Company's peer group and relevant market indices, and concluded that such services are satisfactory and the Company's investment performance is reasonable;

- the experience and qualifications of the personnel of SLR Capital Partners providing such services, including information about the backgrounds of the investment personnel, the allocation of responsibilities among such personnel and the process by which investment decisions are made, and concluded that SLR Capital Partners' personnel have extensive experience and are well qualified;
- the current fee structure, the existence of any fee waivers, and the Company's anticipated expense ratios in relation to those of other investment companies having comparable investment policies and limitations, and concluded that the proposed fee structure is reasonable;
- the fees charged by SLR Capital Partners to the Company, to SCP Private Credit Income BDC LLC, to SLR HC BDC LLC and to SLR Private Credit BDC II LLC, and comparative data regarding the advisory fees charged by other investment advisers to similar investment companies, and concluded that the fees to be charged by SLR Capital Partners to the Company are reasonable;
- the direct and indirect costs, including for personnel and office facilities, that may be incurred by SLR Capital Partners and its affiliates in performing services for the Company and the basis of determining and allocating these costs, and concluded that the direct and indirect costs, including the allocation of such costs, are reasonable;
- possible economies of scale arising from the Company's size and/or anticipated growth, and the extent to which such economies of scale are reflected in the advisory fees charged by SLR Capital Partners to the Company, and concluded that some economies of scale may be possible in the future;
- other possible benefits to SLR Capital Partners and its affiliates arising from their relationships with the Company, and concluded that all such other benefits were not material to SLR Capital Partners and its affiliates; and
- possible alternative fee structures or bases for determining fees, and concluded that the Company's current fee structure and bases for determining fees are satisfactory.

Based on the information reviewed and the discussions detailed above, the board of directors, including a majority of the directors who are not "interested persons" as defined in the 1940 Act, concluded that the fees payable to SLR Capital Partners pursuant to the Advisory Agreement were reasonable, and comparable to the fees paid by other management investment companies with similar investment objectives, in relation to the services to be provided. The board of directors did not assign relative weights to the above factors or the other factors considered by it. Individual members of the board of directors may have given different weights to different factors.

Director Independence

In accordance with rules of the NASDAQ Stock Market, our board of directors annually determines each director's independence. We do not consider a director independent unless the board of directors has determined that he has no material relationship with us. We monitor the relationships of our directors and officers through a questionnaire each director completes no less frequently than annually and updates periodically as information provided in the most recent questionnaire changes.

Our governance guidelines require any director who has previously been determined to be independent to inform the Chairman of the board of directors, the Chairman of the Nominating and Corporate Governance Committee and our Secretary of any change in circumstance that may cause his status as an independent director to change. The board of directors limits membership on the Audit Committee, the Nominating and Corporate Governance Committee and the Compensation Committee to independent directors.

In order to evaluate the materiality of any such relationship, the board of directors uses the definition of director independence set forth in the rules promulgated by the NASDAQ Stock Market. Rule 5605(a)(2)

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provides that a director of a BDC shall be considered to be independent if he or she is not an “interested person” of such BDC, as defined in Section 2(a)(19) of the 1940 Act.

The board of directors has determined that each of the directors is independent and has no relationship with us, except as a director and stockholder, with the exception of Michael S. Gross, as a result of his positions as the Co-Chief Executive Officer and President of the Company and a Managing Member of SLR Capital Partners, and Bruce Spohler, as a result of his positions as the Co-Chief Executive Officer and Chief Operating Officer of the Company and a Managing Member of SLR Capital Partners.

Indemnification Agreements

We have entered into indemnification agreements with our directors. The indemnification agreements are intended to provide our directors the maximum indemnification permitted under Maryland law and the 1940 Act. Each indemnification agreement provides that SLR Capital shall indemnify the director who is a party to the agreement (an “Indemnitee”), including the advancement of legal expenses, if, by reason of his or her corporate status, the Indemnitee is, or is threatened to be, made a party to or a witness in any threatened, pending, or completed proceeding, to the maximum extent permitted by Maryland law and the 1940 Act.

Item 14. Principal Accountant Fees and Services

KPMG LLP has advised us that neither the firm nor any present member or associate of it has any material financial interest, direct or indirect, in the Company or its affiliates.

Table below in thousands

	Fiscal Year Ended December 31, 2023	Fiscal Year Ended December 31, 2022
Audit Fees	\$ 803.0	\$ 828.1
Audit-Related Fees	—	—
Tax Fees	186.6	166.3
All Other Fees	—	20.0
Total Fees:	\$ 989.6	\$ 1,014.4

Audit Fees: Audit fees consist of fees for professional services rendered for the audit of our year-end financial statements and quarterly reviews and services that are normally provided by KPMG LLP in connection with statutory and regulatory filings.

Audit-Related Fees: Audit-related services consist of fees for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported under “Audit Fees.” These services include attest services that are not required by statute or regulation and consultations concerning financial accounting and reporting standards.

Tax Services Fees: Tax services fees consist of fees for professional tax services. These services also include assistance regarding federal, state, and local tax compliance.

All Other Fees: Other fees would include fees for products and services other than the services reported above.

Pre-Approval Policy

The Audit Committee has established a pre-approval policy that describes the permitted audit, audit-related, tax and other services to be provided by KPMG LLP, the Company’s independent registered public accounting

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firm (“KPMG”). The policy requires that the Audit Committee pre-approve the audit and non-audit services performed by the independent auditor in order to assure that the provision of such service does not impair the auditor’s independence.

Any requests for audit, audit-related, tax and other services that have not received general pre-approval must be submitted to the Audit Committee for specific pre-approval, irrespective of the amount, and cannot commence until such approval has been granted. Normally, pre-approval is provided at regularly scheduled meetings of the Audit Committee. However, the Audit Committee may delegate pre-approval authority to one or more of its members. The member or members to whom such authority is delegated shall report any pre-approval decisions to the Audit Committee at its next scheduled meeting. The Audit Committee does not delegate its responsibilities to pre-approve services performed by the independent registered public accounting firm to management. During the fiscal year ended December 31, 2023, the Audit Committee pre-approved 100% of the services described in this policy.

PART IV

Item 15. Exhibit and Financial Statement Schedules

a. Documents Filed as Part of this Report

The following reports and consolidated financial statements are set forth in Item 8:

	<u>Page</u>
Management's Report on Internal Control Over Financial Reporting	107
Report of Independent Registered Public Accounting Firm	108
Consolidated Statements of Assets and Liabilities as of December 31, 2023 and 2022	111
Consolidated Statements of Operations for the years ended December 31, 2023, 2022 and 2021	112
Consolidated Statements of Changes in Net Assets for the years ended December 31, 2023, 2022 and 2021	113
Consolidated Statements of Cash Flows for the years ended December 31, 2023, 2022 and 2021	114
Consolidated Schedules of Investments as of December 31, 2023 and 2022	115
Notes to Consolidated Financial Statements	136

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b. Exhibits

The following exhibits are filed as part of this report or hereby incorporated by reference to exhibits previously filed with the SEC:

Exhibit Number	Description
2.1	<u>Agreement and Plan of Merger among SLR Investment Corp., SLR Senior Investment Corp., Solstice Merger Sub, Inc. and SLR Capital Partners, LLC (for the limited purposes set forth therein), dated as of December 1, 2021(14)</u>
3.1	<u>Articles of Amendment and Restatement(1)</u>
3.2	<u>Articles of Amendment (13)</u>
3.3	<u>Second Amended and Restated Bylaws(14)</u>
4.1	<u>Form of Common Stock Certificate(2)</u>
4.2	<u>Indenture, dated as of November 16, 2012, between the Registrant and U.S. Bank National Association as trustee(5)</u>
4.3	<u>Second Supplemental Indenture, dated November 22, 2017, relating to the 4.50% Notes due 2023, between the Registrant and U.S. Bank National Association as trustee, including the Form of 4.50% Notes due 2023(8)</u>
4.4	<u>Description of Securities(17)</u>
10.1	<u>Dividend Reinvestment Plan(1)</u>
10.2	<u>Form of Senior Secured Credit Agreement dated as of August 28, 2019 (as amended December 28, 2021) among SLR Investment Corp., Citibank, N.A., as Administrative Agent, the lenders party thereto, JPMorgan Chase Bank, N.A., as syndication agent, and Citibank, N.A., J.P. Morgan Securities LLC, and Sumitomo Mitsui Banking Corporation as Joint Lead Bookrunners and Joint Lead Arrangers(15)</u>
10.3	<u>Third Amended and Restated Investment Advisory and Management Agreement by and between the Registrant and SLR Capital Partners, LLC(9)</u>
10.4	<u>Form of Custodian Agreement(7)</u>
10.5	<u>Amended and Restated Administration Agreement by and between Registrant and SLR Capital Management, LLC(6)</u>
10.6	<u>Form of Indemnification Agreement by and between Registrant and each of its directors(1)</u>
10.7	<u>First Amended and Restated Trademark License Agreement by and between Registrant and SLR Capital Partners, LLC(13)</u>
10.8	<u>Form of Share Purchase Agreement by and between Registrant and SLR Capital Investors II, LLC(2)</u>
10.9	<u>Form of Registration Rights Agreement(3)</u>
10.10	<u>Form of Subscription Agreement(3)</u>
10.11	<u>Form of Note Purchase Agreement by and between the Registrant and the lenders party thereto(10)</u>
10.12	<u>Form of First Supplement to Note Purchase Agreement by and between the Registrant and the lenders party thereto(10)</u>
10.13	<u>Form of Second Supplement to Note Purchase Agreement by and between the Registrant and the lenders party thereto(10)</u>

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<u>Exhibit Number</u>	<u>Description</u>
10.14	<u>Form of Third Supplement to Note Purchase Agreement by and between the Registrant and the lenders party thereto(10)</u>
10.15	<u>Form of Fifth Supplement to Note Purchase Agreement(16)</u>
10.16	<u>Form of Contribution Agreement, dated as of August 26, 2011, by and between SUNS SPV LLC, as the contributee, and SLR Senior Investment Corp., as the contributor(4)</u>
10.17	<u>Form of Loan and Servicing Agreement, dated as of August 26, 2011 (as amended through the Eleventh Amendment dated as of August 29, 2023), by and among SUNS SPV LLC, as the borrower, SLR Investment Corp., as the servicer and the transferor, each of the conduit lenders from time to time party thereto, each of the liquidity banks from time to time party thereto, each of the lender agents from time to time party thereto, Citibank, N.A., as the administrative agent and collateral agent, and Wells Fargo Bank, N.A., as the account bank, the backup servicer and the collateral custodian (21)</u>
10.18	<u>Letter Agreement, dated as of April 1, 2022, between SLR Investment Corp. and SLR Capital Partners, LLC(18)</u>
10.19	<u>Credit Facility Assumption Agreement, dated as of April 1, 2022, by SLR Investment Corp.(18)</u>
10.20	<u>Assumption Agreement, dated as of April 1, 2022, made by SLR Investment Corp. for the benefit of the holders of Notes issued under the Note Purchase Agreement(18)</u>
10.21	<u>Note Purchase Agreement, dated as of March 31, 2020, between SLR Senior Investment Corp. and the purchasers party thereto(18)</u>
10.22	<u>Form of SLR Senior Lending Program LLC Amended and Restated Limited Liability Company Agreement, dated as of October 7, 2022, by and between SLR Investment Corp. and Sunstone Senior Credit L.P.(19)</u>
14.2	<u>Code of Business Conduct(6)</u>
19.1	<u>Joint Code of Ethics and Insider Trading Policy(20)</u>
21.1	<u>Subsidiaries of SLR Investment Corp.*</u>
23.1	<u>Consent of Independent Registered Public Accounting Firm*</u>
23.2	<u>Consent of Independent Auditor*</u>
23.3	<u>Consent of Independent Auditor*</u>
23.4	<u>Consent of Independent Auditor*</u>
23.5	<u>Consent of Independent Auditor*</u>
23.6	<u>Consent of Independent Auditor*</u>
31.1	<u>Certification of Co-Chief Executive Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended.*</u>
31.2	<u>Certification of Co-Chief Executive Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended.*</u>
31.3	<u>Certification of Chief Financial Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended.*</u>
32.1	<u>Certification of Co-Chief Executive Officer pursuant to Section 906 of The Sarbanes-Oxley Act of 2002.*</u>

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<u>Exhibit Number</u>	<u>Description</u>
32.2	Certification of Co-Chief Executive Officer pursuant to Section 906 of The Sarbanes-Oxley Act of 2002.*
32.3	Certification of Chief Financial Officer pursuant to Section 906 of The Sarbanes-Oxley Act of 2002.*
97.1	Clawback Policy*
99.1	Crystal Financial LLC (A Delaware Limited Liability Company) Consolidated Financial Statements for the years ended December 31, 2023 and December 31, 2022*
99.2	NEF Holdings, LLC and Subsidiaries (A Limited Liability Company) Consolidated Financial Statements for the years ended December 31, 2023 and December 31, 2022*
99.3	KBH Topco, LLC (A Delaware Limited Liability Company) Consolidated Financial Statements for the years ended December 31, 2023 and December 31, 2022*
99.4	Gemino Healthcare Finance, LLC and Subsidiary Consolidated Financial Statements years ended December 31, 2023 and December 31, 2022*
99.5	North Mill Holdco LLC and Subsidiaries Consolidated Financial Report years ended December 31, 2023 and December 31, 2022*
99.6	Report of Independent Registered Public Accounting Firm on Supplemental Information*
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document*
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents*
104	Cover Page Interactive Data File – The cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document

- (1) Previously filed in connection with SLR Investment Corp.’s registration statement on Form N-2 Pre-Effective Amendment No. 7 (File No. 333-148734) filed on January 7, 2010.
- (2) Previously filed in connection with SLR Investment Corp.’s registration statement on Form N-2 (File No 333-148734) filed on February 9, 2010.
- (3) Previously filed in connection with SLR Investment Corp.’s report on Form 8-K filed on November 29, 2010.
- (4) Previously filed in connection with SLR Senior Investment Corp.’s report on Form 8-K (File No. 814-00849) filed on August 31, 2011.
- (5) Previously filed in connection with SLR Investment Corp.’s registration statement on Form N-2 Post-Effective Amendment No. 6 (File No. 333-172968) filed on November 16, 2012.
- (6) Previously filed in connection with SLR Investment Corp.’s registration statement on Form N-2 Post-Effective Amendment No. 10 (File No. 333-172968) filed on November 12, 2013.
- (7) Previously filed in connection with SLR Investment Corp.’s report on Form 10-K filed on February 25, 2014.
- (8) Previously filed in connection with SLR Investment Corp.’s registration statement on Form N-2 Post-Effective Amendment No. 5 (File No. 333-194870) filed on November 22, 2017.
- (9) Previously filed in connection with SLR Investment Corp.’s report on Form 10-Q filed on August 6, 2018.

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- (10) Previously filed in connection with SLR Investment Corp.'s report on Form 10-K filed on February 20, 2020.
 - (11) Previously filed in connection with SLR Senior Investment Corp.'s report on Form 10-Q (File No. 814-00849) filed on May 7, 2020.
 - (12) Previously filed in connection with SLR Investment Corp.'s report on Form 10-K filed on February 24, 2021.
 - (13) Previously filed in connection with SLR Investment Corp.'s report on Form 8-K filed on February 25, 2021.
 - (14) Previously filed in connection with SLR Investment Corp.'s report on Form 8-K filed on December 1, 2021.
 - (15) Previously filed in connection with SLR Investment Corp.'s report on Form 8-K filed on January 3, 2022.
 - (16) Previously filed in connection with SLR Investment Corp.'s report on Form 8-K filed on January 12, 2022.
 - (17) Previously filed in connection with SLR Investment Corp.'s report on Form 10-K filed on March 1, 2022.
 - (18) Previously filed in connection with SLR Investment Corp.'s report on Form 8-K filed on April 1, 2022.
 - (19) Previously filed in connection with SLR Investment Corp.'s report on Form 8-K filed on October 12, 2022.
 - (20) Previously filed in connection with SLR Investment Corp.'s report on Form 10-K filed on February 28, 2023.
 - (21) Previously filed in connection with SLR Investment Corp.'s report on Form 8-K filed on August 30, 2023.
- * Filed herewith.

c. Consolidated Financial Statement Schedules

Separate Financial Statements of Subsidiaries Not Consolidated:

Consolidated Financial Statements for Crystal Financial LLC's (A Delaware Limited Liability Company) years ended December 31, 2023 and December 31, 2022 are attached as Exhibit 99.1 hereto.

Consolidated Financial Statements for NEF Holdings, LLC's (A Delaware Limited Liability Company) years ended December 31, 2023 and December 31, 2022 are attached as Exhibit 99.2 hereto.

Consolidated Financial Statements for KBH Topco LLC's (A Delaware Limited Liability Company) years ended December 31, 2023 and December 31, 2022 are attached as Exhibit 99.3 hereto.

Consolidated Financial Statements for Gemino Healthcare Finance, LLC and Subsidiary year ended December 31, 2023 and December 31, 2022 are attached as Exhibit 99.4 hereto.

Consolidated Financial Statements for North Mill Holdco LLC year ended December 31, 2023 and December 31, 2022 are attached as Exhibit 99.5 hereto.

Item 16. Form 10-K Summary

None.

Subsidiaries of SLR Investment Corp.

The following list sets forth our consolidated subsidiaries, the state or country under whose laws the subsidiaries are organized, and the percentage of voting securities or membership interests owned by us in each such subsidiary:

NEFCORP LLC (Delaware) – 100%

NEFPASS LLC (Delaware) – 100%

ESP SSC Corporation (Delaware) – 100%

SUNS SPV LLC (Delaware) – 100%

The subsidiaries listed above are consolidated for financial reporting purposes. We may also be deemed to control certain portfolio companies.

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statement on Form N-2 of SLR Investment Corp. of our report dated February 27, 2024, with respect to the consolidated financial statements and the effectiveness of internal control over financial reporting, which appears in the annual report on Form 10-K of SLR Investment Corp. for the year ended December 31, 2023, and to the use of our report dated February 27, 2024 on the senior securities table included herein as an exhibit to the Form 10-K. We also consent to the reference to our firm under the heading “Controls and Procedures” in the Form 10-K.

/s/ KPMG LLP

New York, New York
February 27, 2024

CONSENT OF INDEPENDENT AUDITOR

SLR Investment Corp.
New York, New York

We consent to the incorporation by reference in the Registration Statement (No. 333-255662) on Form N-2 of SLR Investment Corp. of our report dated February 9, 2024, relating to the consolidated financial statements of KBH Topco, LLC, appearing in this Annual Report on Form 10-K of SLR Investment Corp. dated February 27, 2024.

/s/ FGMK, LLC

Bannockburn, Illinois
February 27, 2024

Consent of Independent Auditor

We hereby consent to the incorporation by reference of our report dated February 14, 2024 on the consolidated financial statements of NEF Holdings, LLC and Subsidiaries, which report appears in the annual report on Form 10-K of SLR Investment Corp. dated February 27, 2024, in the Registration Statement on Form N-2 (No. 333-255662) of SLR Investment Corp.

/s/ Baker Tilly US, LLP

Philadelphia, Pennsylvania
February 27, 2024

Consent of Independent Auditor

We hereby consent to the incorporation by reference of our report dated February 14, 2024 on the consolidated financial statements of Crystal Financial LLC, which report appears in the annual report on Form 10-K of SLR Investment Corp. dated February 27, 2024, in the Registration Statement on Form N-2 (No. 333-255662) of SLR Investment Corp.

/s/ Baker Tilly US, LLP

Philadelphia, Pennsylvania
February 27, 2024

Consent of Independent Auditor

We hereby consent to the incorporation by reference of our report dated February 15, 2024 on the consolidated financial statements of Gemino Healthcare Finance, LLC, which report appears in the annual report on Form 10-K of SLR Investment Corp. dated February 27, 2024, in the Registration Statement on Form N-2 (No. 333-255662) of SLR Investment Corp.

/s/ Baker Tilly US, LLP

Philadelphia, Pennsylvania
February 27, 2024

Consent of Independent Auditor

We consent to the incorporation by reference in the Registration Statement (No. 333-255662) on Form N-2 of SLR Investment Corp. of our report dated February 23, 2024, relating to the consolidated financial statements of North Mill Holdco LLC and Subsidiaries, appearing in this Annual Report on Form 10-K of SLR Investment Corp. for the year ended December 31, 2023.

/s/ RSM US LLP

Philadelphia, Pennsylvania
February 27, 2024

Certification Pursuant to Section 302
Certification of Co-Chief Executive Officer

I, Michael S. Gross, certify that:

1. I have reviewed this annual report on Form 10-K of SLR Investment Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated this 27th day of February 2024.

By: /s/ MICHAEL S. GROSS

Michael S. Gross
Co-Chief Executive Officer

Certification Pursuant to Section 302
Certification of Co-Chief Executive Officer

I, Bruce J. Spohler, certify that:

1. I have reviewed this annual report on Form 10-K of SLR Investment Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated this 27th day of February 2024.

By: /s/ BRUCE J. SPOHLER

Bruce J. Spohler
Co-Chief Executive Officer

Certification Pursuant to Section 302
Certification of Chief Financial Officer

I, Shiraz Y. Kajee, certify that:

1. I have reviewed this annual report on Form 10-K of SLR Investment Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated this 27th day of February 2024.

By: /s/ SHIRAZ Y. KAJEE

Shiraz Y. Kajee
Chief Financial Officer

Certification of Co-Chief Executive Officer
Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)

In connection with the Annual Report on Form 10-K for the year ended December 31, 2023 (the "Report") of SLR Investment Corp. (the "Registrant"), as filed with the Securities and Exchange Commission on the date hereof, I, Michael S. Gross, the Co-Chief Executive Officer of the Registrant, hereby certify, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ MICHAEL S. GROSS

Name: Michael S. Gross

Date: February 27, 2024

Certification of Co-Chief Executive Officer
Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)

In connection with the Annual Report on Form 10-K for the year ended December 31, 2023 (the "Report") of SLR Investment Corp. (the "Registrant"), as filed with the Securities and Exchange Commission on the date hereof, I, Bruce J. Spohler, the Co-Chief Executive Officer of the Registrant, hereby certify, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ BRUCE J. SPOHLER

Name: Bruce J. Spohler

Date: February 27, 2024

Certification of Chief Financial Officer
Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)

In connection with the Annual Report on Form 10-K for the year ended December 31, 2023 (the "Report") of SLR Investment Corp. (the "Registrant"), as filed with the Securities and Exchange Commission on the date hereof, I, Shiraz Y. Kajee, the Chief Financial Officer of the Registrant, hereby certify, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ SHIRAZ Y. KAJEE

Name: Shiraz Y. Kajee

Date: February 27, 2024

SLR INVESTMENT CORP.
CLAWBACK POLICY
EFFECTIVE NOVEMBER 6, 2023

1. **Purpose.** The purpose of this SLR Investment Corp. (the “Company”) Clawback Policy (this “Policy”) is to enable the Company to recover Erroneously Awarded Compensation from Covered Executive Officers in the event that the Company is required to prepare an Accounting Restatement. The Company, as an externally-managed business development company under the Investment Company Act of 1940, as amended, currently neither pays nor has any plans to pay or otherwise award Incentive-Based Compensation to Covered Executive Officers, but nevertheless has designed and implemented this Policy to comply with, and shall be interpreted to be consistent with, Section 10D of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), Rule 10D-1 promulgated under the Exchange Act (“Rule 10D-1”) and Listing Rule 5608 of the corporate governance rules of The Nasdaq Stock Market (“Nasdaq”) (the “Listing Standards”). The Listing Standards require the Company to adopt this Policy regardless of whether Incentive-Based Compensation is paid or otherwise awarded by the Company to Covered Executive Officers. Unless otherwise defined in this Policy, capitalized terms shall have the meaning ascribed to such terms in Section 2.
2. **Definitions.** As used in this Policy, the following capitalized terms shall have the meanings set forth below.
 - a. “Accounting Restatement” means an accounting restatement of the Company’s financial statements due to the Company’s material noncompliance with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements (i.e., a “Big R” restatement), or to correct an error that is not material to the previously issued financial statements, but that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (i.e., a “little r” restatement).
 - b. “Accounting Restatement Date” means the earlier to occur of: (i) the date the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if the Board’s action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement and (ii) the date a court, regulator, or other legally authorized body directs the Company to prepare an Accounting Restatement.
 - c. “Applicable Period” means, with respect to any Accounting Restatement, the three completed fiscal years immediately preceding the date on which the Company is required to prepare an Accounting Restatement, as well as any transition period (that results from a change in the Company’s fiscal year) within or immediately following those three completed fiscal years (except that a transition period that comprises a period of at least nine months shall count as a completed fiscal year).
 - d. “Board” means the board of directors of the Company.

- e. “Code” means the U.S. Internal Revenue Code of 1986, as amended. Any reference to a section of the Code or regulation thereunder includes such section or regulation, any valid regulation or other official guidance promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing, or superseding such section or regulation.
- f. “Covered Executive Officer” means an individual who is currently or previously served as the Company’s principal executive officer, principal financial officer, principal accounting officer (or, if there is no such accounting officer, the controller), vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), an officer who performs (or performed) a policy-making function, or any other person who performs (or performed) similar policy-making functions for the Company or is an executive officer of the Company identified pursuant to 17 CFR 229.401(b). An executive officer of the Company’s parent or subsidiary is deemed a “Covered Executive Officer” if the executive officer performs (or performed) such policy making functions for the Company.
- g. “Erroneously Awarded Compensation” means, in the event of an Accounting Restatement, the amount of Incentive-Based Compensation previously received that exceeds the amount of Incentive-Based Compensation that otherwise would have been received had it been determined based on the restated amounts in such Accounting Restatement, and must be computed without regard to any taxes paid by the relevant Covered Executive Officer; provided, however, that for Incentive-Based Compensation based on stock price or total stockholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in an Accounting Restatement: (i) the amount of Erroneously Awarded Compensation must be based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total stockholder return upon which the Incentive-Based Compensation was received and (ii) the Company must maintain documentation of the determination of that reasonable estimate and provide such documentation to the Stock Exchange.
- h. “Financial Reporting Measure” means any measure that is determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements and any measure that is derived wholly or in part from such measure. Financial Reporting Measures include, but are not limited to, the following (and any measures derived from the following): the Company stock price; total shareholder return; revenues; net income; operating income; profitability of one or more reportable segments; financial ratios (e.g., accounts receivable turnover and inventory turnover rates); earnings before interest, taxes, depreciation and amortization; funds from operations and adjusted funds from operations; liquidity measures (e.g., working capital, operating cash flow); return measures (e.g., return on invested capital, return on assets); earnings measures (e.g., earnings per share); sales per square foot or same store sales, where sales is subject to an Accounting Restatement; revenue per user, or average revenue per user, where revenue is subject to an Accounting Restatement; cost per employee, where cost is subject to an Accounting Restatement; any of such financial reporting measures relative to a peer group, where the Company’s financial reporting measure is subject to an Accounting Restatement; and tax basis income. A Financial Reporting Measure is not required to be presented within the Company’s financial statements or included in a filing with the U.S. Securities and Exchange Commission to qualify as a “Financial Reporting Measure.”

- i. **“Incentive-Based Compensation”** means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure. Incentive-Based Compensation is deemed “received” for purposes of this Policy in the Company’s fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant of such Incentive-Based Compensation occurs after the end of that period.
3. **Administration.** This Policy shall be administered by the Compensation Committee of the Board (the “**Compensation Committee**”). For purposes of this Policy, the body charged with administering this Policy shall be referred to herein as the “**Administrator**.” The Administrator is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate or advisable for the administration of this Policy, in each case, to the extent permitted under the Listing Standards and in compliance with (or pursuant to an exemption from the application of) Section 409A of the Code. All determinations and decisions made by the Administrator pursuant to the provisions of this Policy shall be final, conclusive and binding on all persons, including the Company, its affiliates, its stockholders and Covered Executive Officers, and need not be uniform with respect to each person covered by this Policy.

In the administration of this Policy, the Administrator is authorized and directed to consult with the full Board or such other committees of the Board as may be necessary or appropriate as to matters within the scope of such other committee’s responsibility and authority. Subject to any limitation at applicable law, the Administrator may authorize and empower any officer or employee of the Company to take any and all actions necessary or appropriate to carry out the purpose and intent of this Policy (other than with respect to any recovery under this Policy involving such officer or employee). Any action or inaction by the Administrator with respect to a Covered Executive Officer under this Policy in no way limits the Administrator’s decision to act or not to act with respect to any other Covered Executive Officer under this Policy or under any similar policy, agreement or arrangement, nor shall any such action or inaction serve as a waiver of any rights the Company may have against any Covered Executive Officer other than as set forth in this Policy.
4. **Application.** This Policy applies to all Incentive-Based Compensation received by a person: (a) after beginning service as a Covered Executive Officer; (b) who served as a Covered Executive Officer at any time during the performance period for such Incentive-Based Compensation; (c) while the Company had a listed class of securities on a national securities exchange; and (d) during the Applicable Period. For the avoidance of doubt, Incentive-Based Compensation that is subject to both a Financial Reporting Measure vesting condition and a service-based vesting condition shall be considered received when the relevant Financial Reporting Measure is achieved, even if the Incentive-Based Compensation continues to be subject to the service-based vesting condition.
5. **Recovery Requirement.** In the event of an Accounting Restatement, the Company must recover Erroneously Awarded Compensation reasonably promptly, in amounts determined pursuant to this Policy. The Company’s obligation to recover Erroneously Awarded Compensation is not dependent on the filing of restated financial statements. Recovery under this Policy with respect to a Covered Executive Officer shall not require the finding of any misconduct by such Covered Executive Officer or such Covered Executive Officer being found responsible for the accounting error leading to an Accounting Restatement. In the event of an Accounting Restatement, the method for recouping Erroneously Awarded Compensation shall be determined by the Administrator in its sole and absolute discretion, to the extent permitted under the Listing Standards and in compliance with (or pursuant to an exemption from the application of) Section 409A of the Code.

Recovery may include, without limitation, (i) reimbursement of all or a portion of any incentive compensation award, (ii) cancellation of incentive compensation awards and (iii) any other method authorized by applicable law or contract.

The Company is authorized and directed pursuant to this Policy to recover Erroneously Awarded Compensation in compliance with this Policy unless the Compensation Committee has determined that recovery would be impracticable solely for the following limited reasons, and subject to the following procedural and disclosure requirements:

- a. The direct expenses paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered. Before reaching such conclusion, the Administrator must make a reasonable attempt to recover such Erroneously Awarded Compensation, document such reasonable attempt(s) to recover, and provide that documentation to Nasdaq;
 - b. Recovery would violate home country law where that law was adopted prior to November 28, 2022. Before reaching such conclusion, the Administrator must obtain an opinion of home country counsel, acceptable to Nasdaq, that recovery would result in such a violation, and must provide such opinion to Nasdaq; or
 - c. Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of Section 401(a)(13) or Section 411(a) of the Code.
6. Prohibition on Indemnification and Insurance Reimbursement. The Company is prohibited from indemnifying any Covered Executive Officer against the loss of any Erroneously Awarded Compensation. Further, the Company is prohibited from paying or reimbursing a Covered Executive Officer for the cost of purchasing insurance to cover any such loss. The Company is also prohibited from entering into any agreement or arrangement whereby this Policy would not apply or fail to be enforced against a Covered Executive Officer.
 7. Required Policy-Related Filings. The Company shall file all disclosures with respect to this Policy in accordance with the requirements of the federal securities laws, including disclosures required by U.S. Securities and Exchange Commission filings. A copy of this Policy and any amendments hereto shall be posted on the Company's website and filed as an exhibit to the Company's annual report on Form 10-K.
 8. Amendment; Termination. The Board may amend this Policy from time to time in its sole and absolute discretion and shall amend this Policy as it deems necessary to reflect the Listing Standards or to comply with (or maintain an exemption from the application of) Section 409A of the Code. The Board may terminate this Policy at any time; provided, that the termination of this Policy would not cause the Company to violate any federal securities laws, rules promulgated by the U.S. Securities and Exchange Commission or the Listing Standards.
 9. Effective Date. This Policy shall be effective as of November 6, 2023 (the "Effective Date"). The terms of this Policy shall apply to any Incentive-Based Compensation that is received by Covered Executive Officers on or after the Effective Date, even if such Incentive-Based Compensation was approved, awarded or granted to Covered Executive Officers prior to the Effective Date.
 10. Other Recovery Obligations; General Rights. The Board intends that this Policy shall be applied to the fullest extent of the law. To the extent that the application of this Policy would provide for recovery of Incentive-Based Compensation that the Company already recovered pursuant to Section 304 of the Sarbanes-Oxley Act or other recovery obligations, any such amount recovered from a Covered Executive Officer will be credited to any recovery required under this Policy in respect of such Covered Executive Officer.

This Policy shall not limit the rights of the Company to take any other actions or pursue other remedies that the Company may deem appropriate under the circumstances and under applicable law, in each case, to the extent permitted under the Listing Standards and in compliance with (or pursuant to an exemption from the application of) Section 409A of the Code.

This Policy is binding and enforceable against all Covered Executive Officers and their beneficiaries, heirs, executors, administrators or other legal representatives.

**Crystal Financial LLC
dba SLR Credit Solutions
(A Delaware Limited Liability Company)
Consolidated Financial Statements
Years Ended December 31, 2023 and 2022**

Crystal Financial LLC dba SLR Credit Solutions
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Years Ended December 31, 2023 and 2022

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Independent Auditors' Report

To the Board of Managers and Member of
Crystal Financial LLC

Opinion

We have audited the consolidated financial statements of Crystal Financial LLC dba SLR Credit Solutions (the Company), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations, changes in member's equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Baker Tilly US, LLP

Philadelphia, Pennsylvania
February 14, 2024

Crystal Financial LLC dba SLR Credit Solutions
Consolidated Balance Sheets
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets:		
Cash and cash equivalents	\$ 4,155,344	\$ 1,455,691
Restricted cash	14,204,878	20,631,283
Loan interest and fees receivable	3,853,372	5,935,984
Loans	406,553,535	439,484,085
Less: Unearned fee income	(7,437,788)	(7,117,828)
Allowance for credit losses	(9,448,619)	(9,130,536)
Total loans, net	389,667,128	423,235,721
Property and equipment, net	16,469	16,022
Goodwill	5,156,542	5,156,542
Investment in Crystal Financial SBIC LP	—	2,575,336
Other assets	21,368,095	1,676,876
Total assets	<u>\$438,421,828</u>	<u>\$460,683,455</u>
Liabilities:		
Revolving credit facility, net	\$215,343,743	\$222,093,034
Accrued expenses	5,872,387	3,660,447
Distributions payable	5,000,000	5,000,000
Other liabilities	6,525,994	3,469,397
Collateral held for borrower obligations	9,783,573	17,193,751
Total liabilities	<u>242,525,697</u>	<u>251,416,629</u>
Commitments and Contingencies (see Note 8)		
Member's equity:		
Class A units	279,191,400	279,191,400
Accumulated deficit	(83,295,269)	(69,924,574)
Total member's equity	<u>195,896,131</u>	<u>209,266,826</u>
Total liabilities and member's equity	<u>\$438,421,828</u>	<u>\$460,683,455</u>

The accompanying notes are an integral part of these consolidated financial statements.

Crystal Financial LLC dba SLR Credit Solutions
Consolidated Statements of Operations
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Net interest income:		
Interest income	\$57,823,000	\$35,062,888
Interest expense	<u>20,308,902</u>	<u>8,873,508</u>
Net interest income	37,514,098	26,189,380
Provision for credit losses	<u>17,481,887</u>	<u>4,923,481</u>
Net interest income after provision for credit losses	<u>20,032,211</u>	<u>21,265,899</u>
Operating expenses:		
Compensation and benefits	10,517,444	6,551,451
Depreciation and amortization	12,628	12,808
General and administrative expenses	<u>3,008,930</u>	<u>1,820,712</u>
Total operating expenses	<u>13,539,002</u>	<u>8,384,971</u>
Other income (loss):		
(Loss) from equity method investment	(22,796)	(4,738,951)
Realized (loss) on investment in equity securities	—	(620,223)
Total other income (loss), net	<u>(22,796)</u>	<u>(5,359,174)</u>
Realized (loss) gain from foreign currency transactions, net	69,572	(121,552)
Unrealized (loss) gain from foreign currency translations, net	<u>(64,164)</u>	<u>120,547</u>
Net income	<u>\$ 6,475,821</u>	<u>\$ 7,520,749</u>

The accompanying notes are an integral part of these consolidated financial statements.

Crystal Financial LLC dba SLR Credit Solutions
Consolidated Statements of Changes in Member's Equity
Years Ended December 31, 2023 and 2022

	<u>Class A Units</u>	<u>Accumulated Deficit</u>	<u>Total Member's Equity</u>
Balance, December 31, 2021	\$279,191,400	\$ (56,945,323)	\$ 222,246,077
Distributions	—	(20,500,000)	(20,500,000)
Net income	—	7,520,749	7,520,749
Balance, December 31, 2022	279,191,400	(69,924,574)	209,266,826
Cumulative effect of adopting new accounting standard (see Note 2)	—	153,484	153,484
Distributions	—	(20,000,000)	(20,000,000)
Net income	—	6,475,821	6,475,821
Balance, December 31, 2023	<u>\$279,191,400</u>	<u>\$ (83,295,269)</u>	<u>\$ 195,896,131</u>

The accompanying notes are an integral part of these consolidated financial statements.

Crystal Financial LLC dba SLR Credit Solutions
Consolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Net income	\$ 6,475,821	\$ 7,520,749
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	17,481,887	4,923,481
Accretion of original issue discount	(869,532)	(369,719)
Depreciation	12,628	12,808
Amortization of debt issuance costs	961,665	1,134,607
Paid-in-kind interest and fee income	(925,689)	(895,655)
Loss from equity method investment	22,796	4,738,951
Unrealized loss (gain) on foreign currency transactions	64,271	(122,735)
Realized loss on foreign currency transactions	7,709	121,141
Write down of amounts classified as other assets	282,107	496,604
Net change in loan interest and fees receivable	1,706,725	(2,227,312)
Net change in other assets	(2,164,850)	731,670
Net change in unearned fees	686,448	1,514,751
Net change in accrued expenses	2,213,631	(1,997,388)
Net change in other liabilities	2,957,432	2,233,179
Net cash provided by operating activities	<u>28,913,049</u>	<u>17,815,132</u>
Cash flows from investing activities:		
Purchases of property and equipment	(13,075)	(13,922)
Investment in term loans	(193,501,153)	(205,566,011)
Repayment of term loans	176,268,136	73,952,547
Lending on revolving lines of credit, net	17,836,797	(24,676,942)
Distributions received from Crystal Financial SBIC LP	2,552,540	1,027,010
Net change in collateral held for borrower obligations	(7,410,178)	3,326,200
Net cash used in investing activities	<u>(4,266,933)</u>	<u>(151,951,118)</u>
Cash flows from financing activities:		
Net borrowings (repayments) on revolving credit facility	(6,103,274)	124,200,000
Distributions to members	(20,000,000)	(21,000,000)
Payment of debt issuance costs	(2,265,869)	(1,876,134)
Payment of finance lease obligations	(3,725)	(4,440)
Net cash (used in) provided by financing activities	<u>(28,372,868)</u>	<u>101,319,426</u>
Net change in cash, cash equivalents, and restricted cash	<u>(3,726,752)</u>	<u>(32,816,560)</u>
Cash, cash equivalents, and restricted cash at beginning of year	22,086,974	54,903,534
Cash, cash equivalents and restricted cash at end of year	<u>\$ 18,360,222</u>	<u>\$ 22,086,974</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 19,253,926</u>	<u>\$ 6,744,449</u>
Supplemental disclosure of non-cash investing and financing activities:		
Use of loan to obtain equity interest in joint venture (see Note 3)	\$ 17,808,297	\$ —
Right-of-use assets obtained in exchange for new operating lease liabilities	<u>\$ 2,818,752</u>	<u>\$ 1,696,309</u>

The accompanying notes are an integral part of these consolidated financial statements.

Crystal Financial LLC dba SLR Credit Solutions
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022

1. Organization

Crystal Financial LLC (“Crystal Financial” or the “Company”), along with its wholly owned subsidiary, Crystal Financial SPV LLC (“Crystal Financial SPV”), is a commercial finance company based in Boston, Massachusetts, that primarily originates, underwrites, and manages secured debt to middle market companies within various industries. The Company was formed in the state of Delaware on March 18, 2010. During 2021, the Company executed a dba filing to do business using the name SLR Credit Solutions.

At December 31, 2023 and 2022, SLR Investment Corp. (“SLR”) owns 100% of the outstanding ownership units of the Company.

2. Summary of Significant Accounting Policies

The following is a summary of significant accounting policies adopted by the Company:

Basis of Accounting

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary Crystal Financial SPV. All inter-company investments, accounts and transactions have been eliminated in these consolidated financial statements.

Use of Estimates

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements as well as the reported amounts of revenues and expenses during the reporting period. Estimates most susceptible to change include the allowance for credit losses and the valuation of intangible assets as determined during impairment testing. Actual results could differ materially from those estimates.

Cash, Cash Equivalents, and Restricted Cash

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash includes all deposits held at banks. Deposits in excess of amounts insured by the Federal Deposit Insurance Corporation (“FDIC”) are exposed to loss in the event of nonperformance by the institution. The Company has had cash deposits in excess of the FDIC insurance coverage and has not experienced any losses on such accounts.

Restricted cash consists of interest and fees collected on those loans held within Crystal Financial SPV that serve as collateral against the Company’s outstanding line of credit. Upon receipt, these funds are restricted from the Company’s access until the fifteenth of the following month. Also included in restricted cash may be funds that serve as collateral against loans outstanding to certain borrowers as well as funds that serve as collateral to outstanding letters of credit

2. Summary of Significant Accounting Policies...continued

Cash, Cash Equivalents, and Restricted Cash...continued

In accordance with Financial Accounting Standards Board (“FASB”) Accounting Standard Codification (“ASC”) 230, *Statement of Cash Flows*, the Company presents the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash in the consolidated statements of cash flows. Accordingly, amounts generally described as restricted cash will be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the consolidated statements of cash flows.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheet that sum to the total of the same such amounts shown in the consolidated statements of cash flows.

	December 31,	
	2023	2022
Cash and cash equivalents	\$ 4,155,344	\$ 1,455,691
Restricted cash	14,204,878	20,631,283
Total cash, cash equivalents, and restricted cash shown in the consolidated statements of cash flows	<u>\$18,360,222</u>	<u>\$22,086,974</u>

Loans

The Company typically classifies all loans as held to maturity. Loans funded by the Company are recorded at the amount of unpaid principal, net of unearned fees, discounts and the allowance for credit losses in the Company’s consolidated balance sheets.

Interest income is recorded on the accrual basis in accordance with the terms of the respective loan. Generally, interest is not accrued on loans with interest or principal payments 90 days or greater past due or on other loans when management believes collection is doubtful. Loans considered impaired, as defined below, are non-accruing. When a loan is placed on nonaccrual status, all interest previously accrued, but not collected, is reversed against current interest income and all future proceeds received will generally be applied against principal or interest, in the judgment of management. Interest on loans classified as nonaccrual is accounted for on the cash basis or cost-recovery method, until qualifying for return to accrual status. Loans are generally returned to accrual status when all of the principal and interest amounts contractually due are brought current and future payments are reasonably assured. There were no loans on nonaccrual status at December 31, 2023 and one loan on nonaccrual status at December 31, 2022. The loan on nonaccrual status at December 31, 2022 is the same loan classified as Criticized, as defined by the Company’s Loan Loss Policy, in the Allowance for Credit Losses footnote (see Note 3).

Allowance for Credit Losses

Effective January 1, 2023, the Company adopted Accounting Standards Update (“ASU”) 2016-13, *Financial Instruments–Credit Losses (ASC 326): Measurement of Credit Losses on Financial Instruments*, as amended (“ASU 2016-13”). ASU 2016-13 replaces the incurred loss methodology with an expected loss methodology, referred to as the current expected credit loss (“CECL”) methodology. The Company adopted ASU 2016-13 using the modified retrospective method. Results for 2023 are presented in accordance with ASU 2016-13 while prior period amounts continue to be reported in accordance with previously applicable accounting standards. The Company recorded a net increase to member’s equity of \$153,484 as of the adoption date for the cumulative effect of adopting ASU 2016-13.

2. Summary of Significant Accounting Policies...continued

Allowance for Credit Losses...continued

The allowance for credit losses reflects our current estimate of potential losses inherent in the loan portfolio at year end. Changes to the allowance are recognized through net income in the consolidated statements of operations. While ASU 2016-13 does not require any particular method for determining the allowance for credit losses, it does specify that the reserve should be based on relevant information about past events, including, but not limited to, historical loss rates, current portfolio composition, market conditions, and reasonable and supportable forecasts for the duration of each respective loan.

The Company's portfolio consists of both revolving and term loans. The loans are further classified as either "Pass" or "Criticized." These classifications are a direct result of the internal risk ratings assigned to each loan during regular loan review meetings. All loans in the Company's portfolio with similar risk characteristics are individually reviewed when determining the risk rating for each loan. Internal risk ratings are derived upon consideration of various factors related to both the borrower and the borrower's facility, with those factors related to the borrower's facility being the key determinant of the overall risk rating. A lower internal risk rating represents less risk while a higher internal risk rating represents more risk. Risk factors of the borrower that are considered include asset and earnings quality, historical and projected financial performance, borrowing liquidity and/or access to capital. Risk factors of the facility that are considered include collateral coverage and the facility's position within the overall capital structure. Loans rated below a certain threshold are classified as "Pass" and loans rated above a certain threshold are classified as "Criticized."

The allowance for credit losses on loans classified as "Pass" is assessed using historical loss data, the expected weighted-average remaining maturity of the portfolio, and a qualitative economic view. The Company also reviews trends in the weighted-average risk rating of the portfolio in order to determine whether risk characteristics of the current portfolio, relative to the historical portfolio, could signal a greater risk of expected loss.

In accordance with CECL, the Company's allowance for credit losses may be adjusted to reflect management's assessment of current and future economic conditions that may impact the performance of the borrowers. The assessment includes, but is not limited to, unemployment rates, interest rates, expectations of inflation and/or recession, as well as various other macroeconomic factors that could impact the likelihood of potential credit losses during a loan's anticipated term.

Specific allowances for credit losses are generally applied to loans classified as "Criticized." Generally, these loans are deemed to be impaired and are typically measured based on a comparison of the recorded carrying value of the loan to the present value of the loan's expected cash flow using the loan's effective interest rate, the loan's estimated market price, or the estimated fair value of the underlying collateral, if the loan is collateral-dependent. Loans are charged off against the allowance at the earlier of either the substantial completion of the liquidation of assets securing the loan, or when senior management deems the loan to be permanently impaired.

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due in accordance with the contractual terms of the loan agreement. All loans are individually evaluated for impairment according to the Company's normal loan review process, including overall credit evaluation, nonaccrual status and payment experience. Loans identified as impaired are further evaluated to determine the estimated extent of impairment.

2. Summary of Significant Accounting Policies...continued

Goodwill

The Company typically assesses goodwill for impairment at the end of each fiscal year using a qualitative assessment.

Goodwill recognized in business combinations is assigned to the reporting units that are expected to benefit from the combination as of the acquisition date. Goodwill is not amortized; rather goodwill is tested annually for impairment or more frequently upon the occurrence of certain events or substantive changes in circumstances. The Company has elected to perform a qualitative assessment to determine if an impairment is more likely than not to have occurred. If the conclusion is supported that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then the Company would not need to perform a quantitative impairment test. If the conclusion cannot be supported, or if the Company does not elect to do the qualitative assessment, then the Company will perform a quantitative assessment. If a quantitative goodwill impairment assessment is performed, the Company utilizes a combination of market and income valuation approaches. If the fair value of a reporting unit is less than its carrying value, an impairment loss is recorded to the extent that the fair value of the reporting unit is less than its carrying value. No impairment of goodwill resulted from the annual impairment testing in 2023 or 2022.

Debt Issuance Costs

Debt issuance costs represent fees and other direct incremental costs incurred in connection with the Company's borrowings against its revolving credit facility (see Note 5). These amounts are amortized using the straight-line method into earnings as interest expense ratably over the contractual term of the facility. Net unamortized debt issuance costs totaled \$3,534,603 and \$2,232,090 at December 31, 2023 and 2022 and are recorded as a direct deduction in the carrying amount of the revolving credit facility on the accompanying consolidated balance sheets.

Fee Income Recognition

Certain loans in the Company's portfolio have been issued at a discount. Income related to the accretion of these discounts totaled \$869,532 and \$369,719 during the years ended December 31, 2023 and 2022, respectively.

Nonrefundable loan fees and costs associated with the origination or purchase of loans are deferred and included in loans, net, in the consolidated balance sheets. These commitment fees, as well as certain other fees charged to borrowers, such as amendment and prepayment fees, are recorded in interest income, after receipt, over the remaining life of the loan using a method which approximates the interest method. Unused line fees are recorded in interest income when received. Unamortized fees totaling \$7,437,788 and \$7,117,828 are recorded as unearned fee income on the accompanying consolidated balance sheets at December 31, 2023 and 2022, respectively.

Property and Equipment

Property and equipment are carried at cost. Such items are depreciated or amortized on a straight-line basis over the following useful lives:

Furniture and fixtures	5-7 years
Computer equipment	3-5 years
Computer software	3 years
Leasehold improvements	shorter of remaining lease term or the asset's estimated useful life

2. Summary of Significant Accounting Policies...continued

Lease Accounting

The Company adopted Accounting Standards Update 2016-02, *Leases (ASC 842)* (“ASU 2016-02”) effective January 1, 2022 using the modified retrospective approach. The Company leases office space and equipment under various operating and finance lease agreements. The leases have varying terms and may include escalation clauses or lease concessions. Lease expense for operating leases is recognized on a straight-line basis over the lease term. Depreciation expense for finance leases is recognized over either the useful life of the asset or the lease term based on the terms of the lease agreement and is recorded as a component of depreciation and amortization on the consolidated statements of operations.

The Company recognizes a right-of-use asset and a lease liability in the consolidated balance sheets as of December 31, 2023 and 2022 for those leases classified as operating or finance leases with a term in excess of twelve months. The lease term is determined at lease commencement and includes any noncancellable period for which the Company has the right to use the underlying asset together with any periods covered by an option to extend the lease, if it is reasonably certain that the Company will exercise the option to extend. The initial determination of the lease liability is calculated as the net present value of the lease payments not yet paid. The discount rate used to determine the present value is the rate implicit in the lease, if present, or if not present, the Company’s incremental borrowing rate. The incremental borrowing rate is defined as the rate that reflects the amount of interest that would have to be paid to borrow funds on a collateralized basis over a similar term to the lease in a similar economic environment. Lease payments include fixed payments less any lease incentives available to the Company plus variable lease payments (see Note 5). During 2023, the right-of-use asset and lease liability were increased by \$2,818,752 as a result of a lease modification and extension.

Investment in Equity Securities

The Company accounts for equity securities in accordance with the guidance set forth in *Financial Instruments (ASC 825)*. The Company obtained an equity interest in an entity formed to acquire certain assets of a former borrower during the year ended December 31, 2023 (see Note 3) and elected the measurement alternative set forth in FASB ASC 321-10. The measurement alternative is optional and may be applied to equity securities without a readily determinable fair value. In accordance with the measurement alternative, the interest is recorded at cost, less impairment, plus or minus any changes resulting from observable price changes in orderly transactions for identical or similar investments of the same issuer. No impairment or price changes were recorded on the equity interest during the year ended December 31, 2023. The Company recorded a realized loss on LLC units outstanding totaling \$620,223 during the year ended December 31, 2022.

Foreign Currency

The functional currency of the Company is the US Dollar. At December 31, 2023, the Company has two loans denominated in foreign currency in its portfolio. The Company had one loan denominated in a foreign currency in its portfolio at December 31, 2022. The Company also has the ability to borrow foreign currency denominated funds under its revolving line of credit (see Note 5). Gains and losses arising from exchange rate fluctuations on transactions denominated in currencies other than the US Dollar are included in earnings as incurred. The Company recorded unrealized losses on foreign currency translations totaling \$64,164 during the year ended December 31, 2023 and unrealized gains on foreign currency translations totaling \$120,547 during the year ended December 31, 2022. Realized gains totaling \$69,572 and realized losses totaling \$121,552 were recorded during the years ended December 31, 2023 and December 31, 2022, respectively.

Distributions

Distributions to members are recorded as of the date of declaration and are approved by the Company’s Board of Managers. Distributions totaling \$5,000,000 were declared by the Company at both December 31, 2023 and 2022 but were not paid until the following year.

2. Summary of Significant Accounting Policies...continued

Income Taxes

The Company is a single member LLC treated as a disregarded entity for tax purposes. The sole member of Crystal Financial is individually liable for the taxes, if any.

The Company applies the provisions set forth in *Accounting for Uncertainty in Income Taxes (ASC 740-10)*. ASC 740-10 provides a comprehensive model for the recognition, measurement and disclosure of uncertain income tax positions. The Company recognizes the tax effect of certain tax positions when it is more likely than not that the tax position will be sustained upon examination, based solely on the technical merits of the tax position. As of December 31, 2023, the Company does not have any uncertain tax positions that meet the recognition or measurement criteria of ASC 740-10.

As a disregarded entity, the Company has no obligation to file a U.S. federal return for tax periods beginning after July 28, 2016, the date the Company became a disregarded entity for tax purposes. The Company does however continue to file certain state tax returns. As of December 31, 2023, the Company is subject to examination by various state tax authorities for tax years beginning after December 31, 2019.

Recently Issued Accounting Pronouncements

In March 2020, the FASB issued Accounting Standards Update 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* ("ASU 2020-04"). The guidance provides optional expedients and exceptions for applying GAAP to contract modifications, hedging relationships and other transactions, subject to meeting certain criteria, that reference LIBOR or another reference rate expected to be discontinued because of the reference rate reform. In December 2022, the FASB issued ASU 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848* ("ASU 2022-06"). ASU 2022-06 deferred the sunset date of ASU 2020-04 to December 31, 2024. The Company has been successful in modifying outstanding loan receivable agreements and its outstanding debt facility in order to replace references to the London Inter-Bank Offered Rate ("LIBOR") with the Secured Overnight Financing Rate ("SOFR") or another alternative reference rate. Application of this pronouncement has not had a material impact on the Company's consolidated financial statements taken as a whole.

3. Allowance for Credit Losses

There are no individually evaluated loans and no interest or principal payments outstanding as of December 31, 2023. At December 31, 2022, one loan with an aggregate principal balance outstanding of \$800,000, was deemed to be impaired. The loan was fully reserved for at December 31, 2022. Although not being accrued for at December 31, 2022, interest on the impaired loan was paid-in-kind and therefore there are no interest payments due at December 31, 2022.

During 2023, the Company placed a loan with outstanding principal of \$37,232,381 on non-accrual. The loan was restructured and the Company used \$17,808,297 of the outstanding loan balance to purchase an equity ownership in an entity formed to acquire certain assets of the borrower during the bankruptcy process. After applying cash repayments received, the remaining loan balance was written-off in accordance with ASU 2016-13. The equity ownership is deemed to be a variable interest entity of the Company, however it is not subject to consolidation (see Note 9) and is recorded as a component of other assets on the accompanying consolidated balance sheet as of December 31, 2023.

Depending on the assigned internal risk rating, loans are classified as either Pass or Criticized. Generally, once a loan is classified as Criticized, the loan is individually evaluated and a specific reserve analysis is required. There are no loans classified as Criticized at December 31, 2023. One loan, totaling \$800,000 is classified as Criticized at December 31, 2022.

Crystal Financial LLC dba SLR Credit Solutions
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022

3. Allowance for Credit Losses...continued

The Company also maintains an allowance on unfunded revolver and delayed draw term loan commitments. At December 31, 2023 and 2022, an allowance of \$516,768 and \$422,834, respectively, was recorded relating to these commitments. This amount is recorded as a component of other liabilities on the Company's consolidated balance sheets with changes recorded in the provision for credit losses on the Company's consolidated statements of operations. The methodology for determining the allowance for unfunded revolver and delayed draw term loan commitments is consistent with the methodology used for determining the allowance for credit losses, with the exception that only the portion of the outstanding commitment expected to be drawn is applied against the unfunded commitments.

The summary of changes in the allowance for credit losses relating to funded commitments for the years ended December 31, 2023 and 2022 is as follows:

	Year Ended December 31, 2023		
	<u>Revolvers</u>	<u>Term Loans</u>	<u>Total</u>
Allowance for credit losses:			
Beginning balance, prior to adoption of ASU 2016-13	\$629,962	\$ 8,500,574	\$ 9,130,536
Impact of adopting ASU 2016-13	(16,684)	(136,800)	(153,484)
Provision for credit losses	43,311	17,344,643	17,387,954
Loans charged-off	—	(16,916,387)	(16,916,387)
Ending allowance for credit losses	<u>\$656,589</u>	<u>\$ 8,792,030</u>	<u>\$ 9,448,619</u>
	Year Ended December 31, 2022		
	<u>Revolvers</u>	<u>Term Loans</u>	<u>Total</u>
Allowance for credit losses:			
Beginning balance,	\$ 79,186	\$ 7,752,756	\$ 7,831,942
Provision for credit losses	550,776	4,428,489	4,979,265
Loans charged-off	—	(3,680,671)	(3,680,671)
Ending allowance for credit losses	<u>\$629,962</u>	<u>\$ 8,500,574</u>	<u>\$ 9,130,536</u>

The Company's primary credit quality indicator is its internal risk ratings, which are used to determine whether a loan should be classified as "Pass" or "Criticized." The following table presents the net book value of the Company's loan portfolio as of December 31, 2023, by year of origination, loan type, and risk classification.

Crystal Financial LLC dba SLR Credit Solutions
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022

3. Allowance for Credit Losses...continued

December 31, 2023

	Net Book Value of Loans Receivable by Year of Origination					Revolving Loans Amortized Cost Basis	Total
	2023	2022	2021	Prior			
Revolvers							
Pass	\$ —	\$ —	\$ —	\$ —	\$ 26,058,783	\$ 26,058,783	
Criticized	—	—	—	—	—	—	
Total revolvers	—	—	—	—	26,058,783	26,058,783	
Term loans							
Pass	168,134,079	90,866,630	48,117,243	65,939,012	—	373,056,964	
Criticized	—	—	—	—	—	—	
Total term loans	168,134,079	90,866,630	48,117,243	65,939,012	—	373,056,964	
Total loans receivable	<u>\$168,134,079</u>	<u>\$90,866,630</u>	<u>\$48,117,243</u>	<u>\$65,939,012</u>	<u>\$ 26,058,783</u>	<u>399,115,747</u>	
Allowance for credit losses						(9,448,619)	
Loans receivable, net						<u>\$389,667,128</u>	
Loans charged-off	<u>\$ —</u>	<u>\$ —</u>	<u>\$16,916,387</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 16,916,387</u>	

4. Property and Equipment

The cost basis of the Company's property and equipment as well as the accumulated depreciation at December 31, 2023 and 2022, are as follows:

	December 31,	
	2023	2022
Furniture and fixtures	\$ 26,954	\$ 26,954
Computer equipment	232,272	223,675
Computer software	20,846	20,629
	\$280,072	\$271,258
Less: Accumulated depreciation	(263,603)	(255,236)
	<u>\$16,469</u>	<u>\$16,022</u>

Finance lease assets totaling \$25,907 and \$17,310 are included as a component of computer equipment in the above schedule at December 31, 2023 and 2022, respectively.

Depreciation expense of \$12,628 and \$12,808 was recognized during the years ended December 31, 2023 and 2022.

5. Debt Obligations and Financings

Revolving Credit Facility

On May 12, 2011, the Company entered into a Loan Financing and Servicing Agreement (the “Credit Agreement”) in the form of a revolving credit facility.

The Company has the ability to borrow funds denominated in certain foreign currencies under the facility. The maximum amount available to be borrowed in foreign denominated currencies is the US Dollar equivalent of \$120,000,000. During 2023 and 2022, the Company incurred fees and expenses totaling \$2,264,178 and \$1,876,134 in connection with certain amendments to the credit facility. These costs were deferred and are being amortized on a straight-line basis over the contractual term of the Credit Agreement as an adjustment to interest expense.

At December 31, 2023, the amount available to be borrowed under the facility is the lesser of (a) \$300,000,000 or (b) the amount calculated and available per the Borrowing Base, as defined in the amended Credit Agreement. Borrowings on the facility bear interest at a rate of 2.95% plus the Lenders’ cost of funds, as defined in the Credit Agreement. The applicable cost of funds varies depending on the currency in which the funds are borrowed. At December 31, 2023, the effective rates were between 8.29% and 8.42%. The Company also pays an undrawn fee on unfunded commitments and an administrative agent fee.

The revolving credit facility is comprised of the following at December 31, 2023 and 2022:

	December 31,	
	2023	2022
Principal borrowings	\$218,878,346	\$224,325,124
Unamortized debt issuance costs	(3,534,603)	(2,232,090)
Revolving credit facility, net	<u>\$215,343,743</u>	<u>\$222,093,034</u>

The credit facility terminates on the earlier of August 15, 2027 or upon the occurrence of a Facility Termination Event, as defined in the amended Credit Agreement.

Commencing on February 15, 2026 and continuing every three months until the facility’s termination date, the Company may be required to make principal pay-downs on certain amounts outstanding. The amount to be paid down is contingent upon the future amount outstanding as well as the amount of future non-mandatory prepayments made on the credit facility.

Cash, as well as those of the Company’s loans that are held within Crystal Financial SPV, serve as collateral against the facility. The Company has made certain customary representations and warranties under the facility, and is required to comply with various covenants, reporting requirements, and other customary requirements for similar credit facilities. The Credit Agreement includes usual and customary events of default for credit facilities of this nature. The Company is in compliance with all covenants at December 31, 2023 and 2022.

5. Debt Obligations and Financings...continued

Leases

The Company has recorded a right-of-use asset and a lease liability for the Company's operating lease totaling \$3,318,438 and \$3,306,627, respectively, at December 31, 2023 and \$1,081,490 and \$1,121,552, respectively, at December 31, 2022. The operating lease right-of-use asset and liability are recorded as a component of other assets and other liabilities on the accompanying consolidated balance sheets. The lease has a weighted average remaining lease term of 6.01 years and a weighted average discount rate of 3.50%.

The cost of the Company's operating lease totaled \$657,878 and \$666,033 during the years ended December 31, 2023 and December 31, 2022 respectively.

As of December 31, 2023, future minimum lease commitments under the lease include:

	<u>Operating Lease</u>
2024	\$ 493,502
2025	597,824
2026	609,624
2027	621,688
2028	677,959
Thereafter	690,463
Total lease payments	<u>3,691,060</u>
Less: interest expense	(384,433)
Lease liability balance	<u>\$ 3,306,627</u>

6. Related Party Activity

On March 15, 2013, Crystal Financial committed \$50,750,000 of capital to Crystal Financial SBIC LP (the "Fund") in exchange for a 65.91% limited partner interest. Crystal Financial SBIC LP was established to operate as a small business investment company under the Small Business Investment Company ("SBIC") Act. The Fund ceased operations and was dissolved effective December 20, 2023.

Certain of the managing members of the Fund's general partner, Crystal SBIC GP LLC (the "General Partner"), are also members of Crystal Financial's management team. Crystal Financial and the General Partner entered into a Services Agreement whereby Crystal Financial provided certain administrative services to the General Partner in exchange for a waiver of the quarterly management fee that it owed to the General Partner.

The Company accounted for its limited partner interest in the Fund as an equity method investment in the accompanying consolidated financial statements (see Note 9). Crystal Financial did not make any contributions to the Fund during 2023 or 2022. Cash distributions from the Fund totaled \$2,552,540 and \$1,027,010 during 2023 and 2022, respectively. In accordance with the equity method of accounting, the Company was allocated net losses from the Fund totaling \$22,796 for the year ended December 31, 2023 and \$4,738,951 for the year ended December 31, 2022. These amounts represent the Company's allocation of the Fund's net loss in accordance with the Fund's Limited Partnership Agreement. Prior to being dissolved, Crystal Financial's investment in the Fund was recorded as Investment in Crystal Financial SBIC LP in the accompanying consolidated balance sheets and its share of earnings and losses were recorded as losses from equity method investee on the consolidated statements of operations.

The Company may co-invest with SLR in certain loans and investments. These transactions occur in the normal course of business.

7. Member’s Capital

Crystal Financial has issued limited liability company interests, referred to as Class A Units. Each unit entitles its holder to one vote on all matters submitted to a vote of the members. At December 31, 2023 and 2022, the Company has 280,303 outstanding Class A Units, all of which are owned by SLR.

8. Commitments and Contingencies

The Company is party to financial instruments with off-balance sheet risk including unfunded revolver and delayed draw term loan commitments to certain borrowers.

Under the revolving credit and delayed draw term loans, aggregate unfunded commitments total \$74,645,250 and \$72,109,377 at December 31, 2023 and 2022, respectively. These agreements have fixed expiration dates. The revolving credit agreements typically require payment of a monthly fee equal to a certain percentage times the unused portion of the revolving line of credit. As the unfunded commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The amount of credit that can be extended under each of the revolving credit agreements and delayed draw term loan agreements is typically limited to the borrower’s available collateral, which is used in calculating the borrower’s borrowing base at the time of a respective draw.

9. Variable Interest Entity

In accordance with US GAAP, the Company evaluates (a) whether it holds a variable interest in an entity, (b) whether the entity is a variable interest entity (“VIE”) and (c) whether the Company is the primary beneficiary of the VIE.

In evaluating whether or not Crystal Financial SBIC LP is a VIE of the Company, it is noted that the Limited Partnership Agreement of Crystal Financial SBIC LP does not permit a simple majority of the limited partners to exercise kick-out rights, and therefore these rights are deemed to not be substantive. Accordingly, Crystal Financial SBIC LP is deemed to be a VIE. In assessing whether or not the VIE should be consolidated, it was determined that substantially all of the VIE’s activities are not conducted on behalf of Crystal Financial or its de facto agents. Accordingly, the Company does not consolidate Crystal Financial SBIC LP in the accompanying consolidated financial statements.

As part of a loan restructuring (see Note 3), the Company obtained a 10.2% ownership interest in a joint venture operating company during 2023. It was determined that the Company has a variable interest in the joint venture. The Company does not have the individual power to direct the joint venture’s activities and it does not share disproportionately in the obligation to absorb potential losses or the right to receive expected returns of the joint venture. Accordingly, it was determined that the Company is not the primary beneficiary and the VIE is not consolidated in the accompanying consolidated financial statements.

The following table sets forth the information with respect to the unconsolidated VIEs in which the Company holds a variable interest as of December 31, 2023 and 2022.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Equity interest included in Other assets on the consolidated balance sheets	\$ 17,808,297	\$ —
Equity interest included in Investment in Crystal Financial SBIC LP on the consolidated balance sheets	—	2,575,336
Maximum risk of loss (1)	17,808,297	24,458,650

(1) includes the equity investment the Company has made, or could be required to make

10. Fair Value of Financial Instruments

Fair Value Measurements (Topic 820) establishes a three-level hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1- inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2- inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3- inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

There were no financial assets or financial liabilities measured at fair value on a recurring basis at December 31, 2023 or December 31, 2022.

Financial instruments that are not recorded at fair value on a recurring basis consist of cash, restricted cash, interest receivable, loans receivable, investment in Crystal Financial SBIC LP, collateral held for borrower obligations and the revolving credit facility. Due to the short-term nature of the Company's cash, restricted cash, interest receivable, and collateral held for borrower obligations, the carrying value approximates fair value.

The Company's loans receivable are recorded at outstanding principal, net of any deferred fees and costs, unamortized purchase discounts and the allowance for credit losses. If the Company elected the fair value option, the estimated fair value of the Company's loans receivable would be derived using among other things, a discounted cash flow methodology that considers various factors including the type of loan and related collateral, current market yields for similar debt investments, estimated cash flows, as well as a discount rate that reflects the Company's assessment of risk inherent in the cash flow estimates.

If the Company elected the fair value option, the estimated fair value of the Company's investment in Crystal Financial SBIC LP at December 31, 2022 and the revolving credit facility at December 31, 2023 and 2022, would approximate the carrying value. The fair value is estimated based on consideration of current market interest rates for similar debt instruments.

Crystal Financial LLC dba SLR Credit Solutions
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022

10. Fair Value of Financial Instruments...continued

The following table presents the carrying amounts, estimated fair values, and placement in the fair value hierarchy of the Company's long-term financial instruments, at December 31, 2023 and 2022.

December 31, 2023

	Carrying Amount	Estimated Fair Value	Fair Value Measurements		
			Level 1	Level 2	Level 3
Financial assets:					
Loans receivable	\$406,553,535	\$406,553,535	\$ —	\$ —	406,553,535
Financial liabilities:					
Revolving credit facility	218,878,346	218,878,346	—	—	218,878,346

December 31, 2022

	Carrying Amount	Estimated Fair Value	Fair Value Measurements		
			Level 1	Level 2	Level 3
Financial assets:					
Loans receivable	\$439,484,085	\$438,684,085	\$ —	\$ —	\$438,684,085
Investment in Crystal Financial SBIC LP	2,575,336	2,575,336	—	—	2,575,336
Financial liabilities:					
Revolving credit facility	224,325,124	224,325,124	—	—	224,325,124

11. Subsequent Events

The Company has evaluated subsequent events through February 14, 2024, the date which the financial statements were available to be issued.

CONSOLIDATED FINANCIAL STATEMENTS

NEF Holdings, LLC and Subsidiaries

(A Limited Liability Company)

Years ended December 31, 2023 and December 31, 2022

With Independent Auditors' Report

NEF Holdings, LLC and Subsidiaries
Consolidated Financial Statements
Years ended December 31, 2023 and December 31, 2022

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Independent Auditors' Report

To the Board of Managers and Members of
NEF Holdings, LLC and Subsidiaries

Opinion

We have audited the consolidated financial statements of NEF Holdings, LLC and Subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations, comprehensive income/(loss), changes in member's capital, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022 and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

Baker Tilly US, LLP, trading as Baker Tilly, is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Philadelphia, Pennsylvania
February 14, 2024

NEF Holdings, LLC and Subsidiaries
Consolidated Balance Sheets
At December 31, 2023 and December 31, 2022
(In Thousands)

	<u>2023</u>	<u>2022</u>
Assets		
Cash	\$ 13,789	\$ 12,639
Restricted cash	71	71
Financing receivables:		
Financing receivables, gross	207,091	195,726
Allowance for credit losses on financing receivables	(3,417)	(4,896)
Financing receivables, net	<u>203,674</u>	<u>190,830</u>
Equipment off lease, net of impairment	1,665	—
Fixed assets, net	278	325
Goodwill	29,832	29,832
Other assets	5,388	8,116
Total assets	<u>\$254,697</u>	<u>\$241,813</u>
Liabilities and Members' Capital		
Liabilities:		
Senior secured credit facility, net	\$ 138,071	\$ 115,371
Loans from affiliate	14,734	16,342
Accounts payable and accrued expenses	1,998	2,705
Good faith deposits	518	606
Other liabilities	3,554	3,761
Total liabilities	<u>158,875</u>	<u>138,785</u>
Members' capital:		
Members' capital	95,822	103,028
Total members' capital	<u>95,822</u>	<u>103,028</u>
Total liabilities & members' capital	<u>\$254,697</u>	<u>\$241,813</u>

See accompanying notes to the consolidated financial statements.

NEF Holdings, LLC and Subsidiaries

Consolidated Statements of Operations

For the Years ended December 31, 2023 and December 31, 2022

(In Thousands)

	<u>2023</u>	<u>2022</u>
Net operating income:		
Interest income	\$16,334	\$14,944
Interest expense	<u>10,732</u>	<u>6,938</u>
Net interest income	5,602	8,006
Other income	<u>3,284</u>	<u>5,436</u>
Net operating income	8,886	13,442
Provision for credit losses and impairments of equipment off lease	<u>2,861</u>	<u>4,137</u>
Net operating income after provisions and impairments	6,025	9,305
Expenses:		
Compensation and benefits	8,748	8,437
General and administrative expenses	3,036	3,311
Lease and loan restructuring costs	551	338
Depreciation and amortization	<u>75</u>	<u>86</u>
Total expenses	<u>12,410</u>	<u>12,172</u>
Net income/(loss)	<u>\$ (6,385)</u>	<u>\$ (2,867)</u>

See accompanying notes to the consolidated financial statements.

NEF Holdings, LLC and Subsidiaries

Consolidated Statements of Comprehensive Income/(Loss)

For the Years ended December 31, 2023 and December 31, 2022

(In Thousands)

	2023	2022
Net income/(loss)	<u>\$(6,385)</u>	<u>\$(2,867)</u>
Other comprehensive income/(loss):		
Derivative instruments designated and qualifying as cash flow hedges:		
Unrealized holding gain/(loss) arising during the year	(754)	1,194
Reclassification adjustment for losses/(gains) included in net income/(loss)	67	(98)
Total other comprehensive income/(loss)	<u>(687)</u>	<u>1,096</u>
Total comprehensive income/(loss)	<u><u>\$(7,072)</u></u>	<u><u>\$(1,771)</u></u>

See accompanying notes to the consolidated financial statements.

NEF Holdings, LLC and Subsidiaries

Consolidated Statements of Changes in Members' Capital

For the Years ended December 31, 2023 and December 31, 2022

(In Thousands)

Members' capital at December 31, 2021	\$105,089
Capital distributions	(290)
Other comprehensive income/(loss)	1,096
Net income/(loss)	<u>(2,867)</u>
Members' capital at December 31, 2022	\$103,028
Capital distributions	(134)
Other comprehensive income/(loss)	(687)
Net income/(loss)	<u>(6,385)</u>
Members' capital at December 31, 2023	<u>\$ 95,822</u>

See accompanying notes to the consolidated financial statements.

NEF Holdings, LLC and Subsidiaries
Consolidated Statements of Cash Flows

For the Years ended December 31, 2023 and December 31, 2022
(In Thousands)

	2023	2022
Cash flows from operating activities		
Net income/(loss)	\$ (6,385)	\$ (2,867)
Adjustments to reconcile net income/(loss) to net cash provided by/(used in) operating activities:		
Provision for credit losses and impairments of equipment off lease	2,861	4,137
Depreciation	75	86
Amortization of deferred financing costs	549	482
Amortization of upfront fees received and initial direct costs paid	311	370
Change in interest rate derivative value	725	(462)
Changes in operating assets and liabilities:		
(Increase)/Decrease in other assets	(117)	1,126
(Increase)/Decrease in interest receivable	80	(23)
Increase/(Decrease) in interest payable	277	403
Increase/(Decrease) in accounts payable and accrued expenses	(707)	(973)
Increase/(Decrease) in good faith deposits	(88)	(392)
Increase/(Decrease) in other liabilities	102	(1,740)
Net cash provided by/(used in) operating activities	<u>(2,317)</u>	<u>147</u>
Cash flows from investing activities		
Investments in secured loans and direct finance leases	(95,623)	(66,760)
Collections of principal on secured loans and direct finance leases	78,350	85,096
Initial direct costs paid	(528)	(326)
Proceeds from sales of equipment on lease	—	1,200
Proceeds from sales of equipment off lease	1,163	1,824
Cash from sale of NEF Auto Transport assets	—	150
Cash flows from (purchases)/sales of fixed assets	(28)	(33)
Net cash provided by/(used in) investing activities	<u>(16,666)</u>	<u>21,151</u>
Cash flows from financing activities		
Borrowings on credit facility and loans from affiliate	121,754	87,542
Repayments on credit facility and loans from affiliate	(101,160)	(104,900)
Payment of credit facility closing fees	(327)	—
Capital distributions	(134)	(290)
Net cash provided by/(used in) financing activities	<u>20,133</u>	<u>(17,648)</u>
Net increase/(decrease) in cash and restricted cash	1,150	3,650
Cash and restricted cash at the beginning of period	12,710	9,060
Cash and restricted cash at the end of period	<u>\$ 13,860</u>	<u>\$ 12,710</u>
Supplemental disclosures of cash flow information		
Interest paid	<u>\$ 9,180</u>	<u>\$ 5,967</u>

See accompanying notes to the consolidated financial statements

1. Organization and Business

NEF Holdings, Inc. was organized on June 7, 2013 as a Delaware corporation and commenced its operations in June 2013. Effective January 1, 2014, NEF Holdings, Inc. converted from a corporation to a limited liability company ("LLC"), NEF Holdings, LLC ("NEF Holdings"), pursuant to Section 18-214 of the Limited Liability Act in the State of Delaware. Subsequent to the close of business on July 31, 2017, NEF Holdings was acquired by SLR Investment Corp., formerly Solar Capital Ltd. ("SLR").

As of December 31, 2023 and December 31, 2022, NEF Holdings had five wholly-owned subsidiaries: Nations Fund I, LLC ("Fund I"), Nations Equipment Finance, LLC ("NEF"), Equipment Operating Leases, LLC ("EOL"), NEF Auto Transport, LLC ("NEF Auto Transport") and Loyer Capital LLC ("Loyer Capital") (collectively, the "Company"). The Company is headquartered in Wilton, Connecticut.

Nations Fund I, Inc. was organized on September 17, 2010 as a Delaware corporation. Effective January 1, 2014, Nations Fund I, Inc. converted from a corporation to a LLC, Nations Fund I, LLC, pursuant to Section 18-214 of the Limited Liability Act in the State of Delaware. Fund I is a commercial equipment finance company that provides term loans and leases primarily to middle market and privately held companies. Fund I focuses on direct origination of loans and equipment leases secured by equipment collateral, such as trailers, trucks, transportation and construction equipment.

NEF was organized as a LLC under the laws of the State of Delaware and commenced operations on August 24, 2010. NEF, doing business as SLR Equipment Finance, serves as the investment manager for the Company. Services provided by NEF include, among other things, identifying, structuring and negotiating transactions, monitoring, advising and managing investments, exercising control rights, options or warrants, liquidating investments, cash management, accounting, tax, compliance and legal services.

NEF Investments, LLC, a wholly owned subsidiary of NEF Holdings, was organized as a Delaware LLC on January 22, 2018. On April 18, 2018, NEF Investments' LLC agreement was amended which changed the company's name to Equipment Operating Leases, LLC. EOL is a commercial equipment finance company that provides term loans and leases primarily to middle market and privately held companies.

NEF Auto Transport was organized as a LLC under the laws of the State of Delaware and commenced operations in December 2018 through the acquisition of a former customer. NEF Auto Transport was an auto transport carrier providing direct auto-hauling services. As discussed in note 3, in February 2022 the Company sold substantially all of the assets of NEF Auto Transport and ceased operations.

Loyer Capital was organized as a LLC under the laws of the State of Delaware and commenced operations in May 2019. Loyer Capital is a commercial equipment finance company that provides term loans and leases primarily to middle market and privately held companies.

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). These consolidated financial statements include the accounts of NEF Holdings and its wholly owned subsidiaries, Fund I, NEF, EOL, Loyer Capital and NEF Auto Transport. All significant intercompany balances and transactions are eliminated in consolidation. Certain amounts in the prior period financial statements have been reclassified to conform to the current year’s presentation.

Use of Estimates

The presentation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that impact the amounts reported in the consolidated financial statements and accompanying notes. Such estimates and assumptions are subject to change in the future as additional information becomes available or as circumstances are modified. Actual results could differ materially from these estimates. Management’s estimates and assumptions are used in estimating an allowance for credit losses on financing receivables, impairments of equipment off lease, useful lives of leasing equipment and fixed assets, fair values of unguaranteed residual values, intangible assets and fair values of assets acquired and liabilities assumed.

Cash

At December 31, 2023 and December 31, 2022, the Company’s cash balance totaled \$13,860, and \$12,710, respectively. Included in the Company’s cash balance as of December 31, 2023 and December 31, 2022 is restricted cash of \$71, which is maintained in connection with the lease of the Company’s office space.

Financing Receivables

Included in financing receivables in the consolidated balance sheets are the Company’s net investments in direct financing leases and secured loans.

Net investment in direct finance leases is reported net of unearned income, deferred non-refundable fees and initial direct costs associated with their origination, and inclusive of guaranteed and unguaranteed residual values. Direct finance leases are usually long-term in nature, typically ranging for a period of three to seven years and include either a nominal or fair market value purchase option at the end of the lease term. Non-refundable fees received and initial direct costs incurred associated with the origination of direct finance leases are deferred and are recognized as an adjustment to interest income over the contractual life of the direct finance leases using the interest method.

Secured loans are reported at the principal amount outstanding, net of non-refundable fees, initial direct costs and accrued interest. These fees and initial direct costs are deferred and recognized as an adjustment to interest income over the contractual life of the loans using the interest method.

Income Recognition

The Company recognizes revenue in accordance with the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Codification (“ASC”) 606, *Revenue from Contracts with Customers*, which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The core principle of the revenue model is for an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. While this guidance replaced most existing revenue recognition guidance in U.S. GAAP, ASC 606 is not applicable to financial instruments and, therefore, does not impact most of the Company’s revenues.

2. Summary of Significant Accounting Policies (continued)

Income Recognition (continued)

For direct finance leases, the difference between the cost of the equipment and the total finance lease receivable plus, where applicable, the unguaranteed or guaranteed residual value is recorded as unearned income. Unearned income is amortized as earned income over the term of the transaction using the interest method. For the years ended December 31, 2023 and December 31, 2022, interest income from direct financing leases totaled \$11,543 and \$9,504, respectively, which is included in interest income in the consolidated statements of operations. For secured loans, interest income is recorded on the accrual basis in accordance with the terms of the respective loan. For the years ended December 31, 2023 and December 31, 2022, interest income from secured loans totaled \$4,791 and \$5,440, respectively, which is included in interest income in the consolidated statements of operations.

The Company's revenue recognition pattern for revenue streams within the scope of ASC 606 include fees for providing administrative and collateral monitoring services, which are earned ratably over the period in which the services are provided, and revenues associated with its auto-hauling operations (see note 3). Such revenues are recognized when evidence of an arrangement exists, the performance obligations are satisfied, collections are probable and the price is fixed or determinable. With respect to the Company's auto-hauling operations, the sole performance obligation is deemed to be satisfied at a single point in time, that is, when the customer takes physical possession of the automobile.

Other Income

Amounts in other income in the consolidated statements of operations primarily include gains on sales of equipment, fees charged for early terminations of financing arrangements, other miscellaneous fees earned in connection with the administration of such financing arrangements and net impacts of foreign currency translation. Also included in other income in the consolidated statements of operations for the year ended December 31, 2022 are the revenues and cost of sales associated with the Company's auto-hauling business, which was sold in February 2022 (see note 3).

Fixed Assets

Fixed assets consist of furniture and fixtures, software, computers, leasehold improvements, automobiles, telephone and office equipment and auto hauling trucks, and are stated at cost less accumulated depreciation and amortization. Expenditures for repairs and maintenance that do not extend the useful life of the asset are expensed as incurred and are included in general and administrative expenses in the Company's consolidated statements of operations.

Depreciation and amortization of fixed assets are calculated using the straight-line method over their respective useful lives, and recorded in depreciation and amortization in the consolidated statements of operations.

	Useful Life (Years)
Furniture and fixtures	7
Telephone	7
Office equipment	5
Automobile	5
Auto hauling trucks	5
Computers	3
Software	Lesser of 5 years or license period
Leasehold improvements	Lesser of the useful life of the asset or lease term

2. Summary of Significant Accounting Policies (continued)

Good Faith Deposits

Good faith deposits represent cash received from the Company's customers, when the proposal for a potential transaction is signed. These deposits are used to pay expenses such as third-party appraisals, document fees and travel and related costs incurred by the Company in connection with the origination of the transaction. If the deposit exceeds the expenses incurred by the Company, the excess amount may be refundable to the customer. If the expenses incurred exceed the deposits received, the Company's customers are liable for the overage. Such overages are included in other assets on the consolidated balance sheets. In the event the Company approves a transaction with a customer and the customer elects not to pursue the transaction, the Company recognizes any remaining good faith deposit into income, as allowed by the agreed upon terms of the signed proposal. Such amounts are included in other income in the consolidated statements of operations.

In certain instances, the Company incurs costs to restructure financing receivables, which are in excess of the customer's good faith deposit, such as legal fees and other expenses associated with the repossession and liquidation of equipment. If these costs are deemed not collectable from the Company's customers, then such costs are expensed and recorded as lease and loan restructuring costs on the consolidated statements of operations.

Allowance for Credit Losses on Financing Receivables

In June 2016, the FASB issued ASU 2016-13 – *Financial Instruments – Credit Losses*. This ASU requires companies to broaden the information considered in developing its expected credit loss estimates on financing receivables measured either individually or collectively. In November 2019, the FASB issued ASU 2019-10, *Financial Instruments – Credit Losses*, which delayed the effective date of ASU 2016-13 and made the adoption effective for the Company for the fiscal year beginning after December 15, 2022. The Company adopted this guidance on January 1, 2023 using the modified retrospective approach, which did not have a material impact on its consolidated balance sheets and consolidated statements of operations, however expanded the disclosure requirements surrounding this topic.

The Company maintains an allowance for credit losses on financing receivables at a level sufficient to absorb credit losses expected to arise over the life of the financing receivables, as of the date of the consolidated financial statements. The Company's financing receivables are all secured by the underlying collateral. Additionally, the Company looks to three forms of repayment in analyzing the risk of loss associated with underwriting an individual transaction, namely, cash flows of the obligor's existing operations, the value of the underlying collateral securing the financing receivable and where applicable, the potential for repayment from a personal or corporate guarantor.

In determining its allowance for credit losses on financing receivables, the Company considers numerous factors including forward looking industry benchmarks and equipment trends, type of financing receivable, credit quality of its customer, historical loss rates, collateral coverage, and remaining term to maturity of the financing arrangement, which are reviewed and updated, as appropriate, on an ongoing basis. The Company's application of its credit loss policy is applied on an individual transaction basis.

Individually identified non-performing secured loans and direct finance leases are measured based on the specific circumstances of the transaction and a specific allowance for credit loss is established, if necessary. Amounts determined to be uncollectible are charged directly to provision for credit losses in the consolidated statements of operations.

2. Summary of Significant Accounting Policies (continued)

Allowance for Credit Losses on Financing Receivables (continued)

The Company classifies a financing receivable as delinquent when it is overdue by more than 60 days. As of December 31, 2023, financing receivables with an outstanding balance of \$0, \$21, and \$0 were between 61-90 days past due, 91-120 days past due and greater than 120 days past due, respectively. As of December 31, 2022, financing receivables with an outstanding balance of \$0, \$0, and \$22,995 were between 61-90 days past due, 91-120 days past due and greater than 120 days past due, respectively.

Non-Accrual Financing Receivables

Income recognition is generally suspended for financing receivables after 90 days of non-payment, or if full recovery becomes doubtful based on the assessment by the Company. Income recognition is resumed when financing receivables are less than 90 days past due. At December 31, 2023 and December 31, 2022, financing receivables with an outstanding balance of \$17,943 and \$22,995, respectively, were on non-accrual of income.

Equipment on Lease

Leasing equipment is comprised of equipment under operating leases. Leasing equipment is recorded at cost and depreciated on a straight-line basis over the estimated useful life of the equipment. Income is recorded on a straight-line basis over the term of the lease which is included in interest income in the consolidated statements of operations.

The estimated useful lives and residual values of the Company's leasing equipment are based on independent third-party appraisals and management's judgment. The Company reviews its depreciation policies on a regular basis to determine whether changes have taken place that would suggest that a change in its depreciation policies, useful lives of its equipment or the assigned residual values is warranted. At December 31, 2023, and December 31, 2022 the Company had no leasing equipment under operating leases.

Leasing equipment is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recovered. Key indicators of impairment on leasing equipment include, among other factors, a sustained decrease in operating profitability, a sustained decrease in utilization, or indications of technological obsolescence.

Equipment off Lease

Equipment off lease arises when the Company repossesses collateral that secured a financing receivable in a customer default scenario. Such equipment is intended to be sold and is classified as assets held for sale, in accordance with the provisions of ASC 360, *Property, Plant & Equipment*. At the time of repossession, the financing receivable is transferred to equipment off lease at the lower of cost or fair value. At December 31, 2023 and December 31, 2022, equipment off lease totaled \$1,665 and \$0, respectively, in the consolidated balance sheets.

A review for impairment of equipment off lease is performed at least annually or when events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. During the years ended December 31, 2023 and December 31, 2022, the Company recorded impairment charges of \$2,683 and \$2,571, respectively, which are included in provision for credit losses and impairments of equipment off lease on the consolidated statements of operations.

2. Summary of Significant Accounting Policies (continued)

Derivative Instruments

The Company manages exposure to interest rates through the use of interest rate caps traded in the over-the-counter markets with other financial institutions. The Company does not enter into derivative financial instruments for speculative purposes. Derivative instruments are recognized at fair value and included in other assets in the consolidated balance sheets.

Interest rate caps are used to manage the Company's interest rate exposure on its senior secured credit facility. At December 31, 2023 and December 31, 2022, such derivatives had notional amounts of \$15,000 and \$45,000, respectively, and fair values of \$452 and \$1,865, respectively, which are included in other assets in the consolidated balance sheets. For the years ended December 31, 2023 and December 31, 2022, changes in fair value of interest rate caps totaled (\$1,413) and \$1,558, respectively.

The Company designated certain of these interest rate caps as highly effective hedges. On the date the derivative contract is entered into, the Company formally documents the relationships between the hedging instrument and the hedged item, as well as its risk management objective and strategy for undertaking various hedge transactions. Hedge effectiveness is measured at the hedge's inception and, on an on-going basis, to determine whether the derivatives are highly effective in offsetting the changes in cash flows of the hedged item.

At December 31, 2023, as mentioned above, the Company held one interest rate cap that was deemed highly effective that had a notional value of \$15,000 and a fair value of \$452. At December 31, 2022, the Company held two interest rate caps that were deemed highly effective that had a notional value of \$30,000 and a fair value of \$1,206. Changes in fair values of interest rate caps, which were deemed highly effective during the years ended December 31, 2023 and December 31, 2022, totaled (\$754) and \$1,194, respectively and are included in other comprehensive income, offset by reclassification gains/(losses) into earnings of (\$67) and \$98, respectively. Reclassifications into earnings are included in interest expense in the consolidated statements of operations. At December 31, 2023, the Company did not hold any interest rate caps that were not deemed highly effective. At December 31, 2022, the Company also held an interest rate cap that was not deemed highly effective that had a notional value of \$15,000 and a fair value of \$659. Changes in fair values of interest rate caps, which were not deemed highly effective, totaled \$659 and \$462 for the years ended December 31, 2023 and December 31, 2022, respectively, and are included in interest expense in the consolidated statements of operations.

Debt

Senior secured credit facility represents the Company's principal balance under its long-term revolver, which is carried at amortized cost, along with the related accrued interest payable, net of unamortized deferred financing costs.

Loans from affiliate represent the Company's unpaid principal balance on term loans, along with the related accrued interest payable to SLR, a related party, as described in note 1. Maturity dates range from January 27, 2024 through April 27, 2025 and carry interest rates ranging from 8.37% to 11.52%. Future scheduled principal payments on loans from affiliate are \$11,846 in 2024, and \$2,884 in 2025.

Deferred Financing Costs

Deferred financing costs represent fees and other incremental costs incurred in connection with the financing of the Company's senior secured credit facility. Such costs are amortized using the straight-line method into earnings over the contractual term of the facility. The unamortized balance of such costs are included as a reduction to the senior secured credit facility balance.

2. Summary of Significant Accounting Policies (continued)

Contingencies and Commitments

The Company may be subject to various legal proceedings, claims, and litigation, either asserted or unasserted that arise in the ordinary course of business. The Company records accruals for contingent losses when such losses are probable and reasonably estimable. In the event that estimates or assumptions prove to differ from actual results, adjustments are made in subsequent periods to reflect more current information. Legal fees are expensed as incurred.

Financial Asset Transfers

The Company accounts for transfers of financial assets under FASB ASC 860, *Transfers and Servicing*, utilizing a control oriented, financial components approach to financial asset transfer transactions whereby the Company: (1) recognizes the financial and servicing assets it controls and the liabilities it has incurred; (2) derecognizes financial assets when control has been surrendered; and (3) derecognizes liabilities once they are extinguished. Control is considered to have been surrendered only if: (i) the transferred assets have been isolated from the Company and its creditors, even in the event of bankruptcy or other receivership; (ii) the purchaser has the right to pledge or exchange the transferred assets, or, is a qualifying special purpose entity (as defined) and the holders of beneficial interests in that entity have the right to pledge or exchange those interests; and (iii) the Company does not maintain effective control over the transferred assets through an agreement which both entitles and obligates it to repurchase or redeem those assets prior to maturity, or through an agreement which both entitles or obligates it to repurchase or redeem those assets if they were not readily obtainable elsewhere. If any of these conditions are not met, the Company accounts for the transfer as a secured borrowing.

Foreign Currencies

Assets and liabilities recorded in foreign currencies are translated at the exchange rate on the date of the consolidated balance sheets. Income and expenses are translated at average rates of exchange prevailing during the year. Translation adjustments resulting from this process, which totaled \$4 and (\$19) for the years ended December 31, 2023 and December 31, 2022, respectively, are recorded in other income in the consolidated statements of operations. At December 31, 2023 and December 31, 2022, the Company had cash, financing receivables and debt denominated in the Canadian dollar.

Income Taxes

The Company is a LLC and has elected to be taxed as a partnership. Accordingly, the Company is not subject to federal or state income taxes. Taxable income, losses and deductions flow through to the Company's members.

Fair Value Measurement

Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction at the measurement date. In determining fair value of financial instruments and intangibles, the Company uses various valuation approaches, which utilize certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk to the valuation technique. The inputs can be readily observable, market corroborated or generally unobservable internal inputs. The Company utilizes valuation techniques that rely on both observable and unobservable inputs.

2. Summary of Significant Accounting Policies (continued)

Leases

The Company accounts for leases in accordance with ASC 842, *Leases*. Included in other assets and other liabilities on the consolidated balance sheets as of December 31, 2023 and December 31, 2022, are right of use assets and corresponding lease obligations, associated with the Company's office spaces, of \$2,958 and \$3,267, respectively. The Company paid \$385 and \$456 for the years ended December 31, 2023 and December 31, 2022, respectively, for such leases. The Company's aggregate scheduled remaining contractual payments under these leases are \$393, \$401, \$409, \$417, \$425 and \$1,212 for 2024, 2025, 2026, 2027, 2028 and thereafter, respectively.

Goodwill and Intangible Asset

Goodwill represents the excess of consideration paid for the Company over the fair value of the related assets acquired and liabilities assumed from the acquisition of the Company on July 31, 2017, as discussed in note 1. As discussed in note 3, in connection with the acquisition of the assets of one of its former customers, the Company acquired an intangible asset related to customer relationships with a five year useful life. For the years ended December 31, 2023 and December 31, 2022, the Company recorded no amortization expense. In February 2022, the Company sold substantially all of the assets of NEF Auto Transport, including the intangible asset related to customer relationships of \$767 (see note 3).

The Company assesses goodwill for impairment, annually or more frequently if events or changes in circumstances occur, by comparing the carrying value to its fair value. If the fair value is less than the carrying value, an impairment charge is recorded in that period. Goodwill recognized in business combinations is assigned to the reporting units that are expected to benefit from the combination as of the acquisition date. Goodwill is not amortized; rather goodwill is tested annually for impairment or more frequently upon the occurrence of certain events or substantive changes in circumstances. The Company has the option to perform a qualitative assessment to determine if an impairment is more likely than not to have occurred. If the conclusion is supported that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then the Company would not need to perform a quantitative impairment test. If the conclusion cannot be supported, or if the Company does not elect to do the qualitative assessment, then the Company will perform a quantitative assessment. If a quantitative goodwill impairment test is performed, the Company utilizes a combination of market and income valuation approaches. If the fair value of a reporting unit is less than its carrying value, an impairment loss is recorded to the extent that the fair value of the reporting unit is less than its carrying value. No impairment of goodwill resulted from the annual impairment assessment in 2023 or 2022.

3. Business Combinations

On December 11, 2018, the Company, through its wholly owned subsidiary NEF Auto Transport, acquired the assets of a privately held auto transport hauler. The entity, which was one of the Company's former customers, was acquired out of bankruptcy in satisfaction of all of the amounts due to the Company. Total consideration of \$7,082 (of which \$250 was in the form of cash) was allocated to the fair value of the identifiable assets acquired and liabilities assumed. In connection with the acquisition, the Company recorded an intangible asset of \$3,950, which was included in other assets in the consolidated balance sheets, net of accumulated amortization.

On January 17, 2019, the Company, through its wholly owned subsidiary NEF Auto Transport, acquired a privately owned auto transport carrier based in Enumclaw, Washington. Total consideration of \$975 was allocated to the fair value of the identifiable assets acquired and liabilities assumed, which included cash of \$33, receivables of \$197, fixed assets of \$788, other assets of \$37, and payables of \$80.

NEF Holdings, LLC and Subsidiaries
Notes to the Consolidated Financial Statements (continued)
(In Thousands)

3. Business Combinations (continued)

During 2019, the Company integrated the operations of both auto transport carriers to form one business and reporting unit. For the year ended December 31, 2022 such operations generated net losses of \$17, which included revenues of \$517 and direct costs of \$534.

In February 2022, the Company sold substantially all of the assets of NEF Auto Transport for gross proceeds of \$2,850, which included \$150 of cash at closing and the remainder in the form of a note from the buyer which is included in financing receivables in the consolidated balance sheets. The assets sold included auto hauling trucks and ancillary equipment of \$1,683 and an intangible asset related to customer relationships of \$767. Subsequent to the sale, the Company ceased all operations of NEF Auto Transport.

4. Financing Receivables

Net investment in direct finance leases consists of the following at December 31, 2023 and December 31, 2022:

	<u>2023</u>	<u>2022</u>
Gross finance lease receivables	\$ 137,344	\$ 106,866
Guaranteed residuals	11,386	15,108
Unguaranteed residuals	10,340	12,088
Unearned income	(27,208)	(22,537)
Deferred non-refundable fees collected	(167)	(281)
Deferred initial direct costs paid	682	480
	<u>132,377</u>	<u>111,724</u>
Allowance for credit losses on direct finance leases	(2,246)	(3,460)
Total net investment in direct finance leases	<u>\$130,131</u>	<u>\$108,264</u>

Secured loans, net, consist of the following at December 31, 2023 and December 31, 2022:

	<u>2023</u>	<u>2022</u>
Secured loans, principal	\$74,240	\$83,318
Accrued interest receivable	257	336
Total secured loans, gross	74,497	83,654
Deferred non-refundable fees collected	(3)	(54)
Deferred initial direct costs paid	220	402
	<u>74,714</u>	<u>84,002</u>
Allowance for credit losses on secured loans	(1,171)	(1,436)
Total secured loans, net	<u>\$73,543</u>	<u>\$82,566</u>

NEF Holdings, LLC and Subsidiaries
Notes to the Consolidated Financial Statements (continued)
(In Thousands)

4. Financing Receivables (continued)

Aggregate scheduled payments, contractual maturities including guaranteed residuals and unguaranteed residuals by year on the fixed and floating rate secured loans and direct finance leases at December 31, 2023, are as follows:

	2024	2025	2026	2027	2028	Thereafter	Total
Secured loans:							
Fixed Rate	\$35,217	\$11,015	\$13,393	\$ 8,168	\$ 2,654	\$ 401	\$ 70,848
Floating Rate	3,392	—	—	—	—	—	3,392
Direct Finance Leases	39,422	43,150	35,191	17,583	13,581	10,143	159,070
Total	\$78,031	\$54,165	\$48,584	\$25,751	\$16,235	\$ 10,544	\$233,310

5. Allowance for Credit Losses on Financing Receivables

Allowance for credit losses on financing receivables was as follows for the years ended:

	2023		
	Direct Finance Leases	Secured Loans	Total
Balance at beginning of year	\$ 3,460	\$1,436	\$ 4,896
General provision for credit losses	445	(267)	178
Specific provision for credit losses	—	—	—
Charge offs	(1,659)	—	(1,659)
Foreign currency translation adjustments	—	2	2
Balance at end of year	<u>\$ 2,246</u>	<u>\$1,171</u>	<u>\$ 3,417</u>
	2022		
	Direct Finance Leases	Secured Loans	Total
Balance at beginning of year	\$ 1,983	\$1,356	\$3,339
General provision for credit losses	(182)	89	(93)
Specific provision for credit losses	1,659	—	1,659
Charge offs	—	—	—
Foreign currency translation adjustments	—	(9)	(9)
Balance at end of year	<u>\$ 3,460</u>	<u>\$1,436</u>	<u>\$4,896</u>

As of December 31, 2023 and December 31, 2022, the Company maintained a general allowance for credit losses of \$3,417 and \$3,237, respectively. As of December 31, 2023 and December 31, 2022, the Company maintained an allowance for credit losses on specifically identified accounts of \$0 and \$1,659 on financing receivables of \$0 and \$4,318, respectively. The Company has no material off balance sheet credit exposures at December 31, 2023 and December 31, 2022 which would require additional allowances for credit losses.

NEF Holdings, LLC and Subsidiaries
Notes to the Consolidated Financial Statements (continued)
(In Thousands)

6. Fixed Assets, net

At December 31, 2023 and December 31, 2022, fixed assets, net consists of the following:

	<u>2023</u>	<u>2022</u>
Leasehold improvements	\$ 153	\$ 153
Furniture and fixtures	141	141
Computers	47	35
Software	46	30
Office equipment	45	45
Automobile	—	59
Fixed assets, gross	432	463
Accumulated depreciation	(154)	(138)
Fixed assets, net	<u>\$ 278</u>	<u>\$ 325</u>

Depreciation and amortization expense related to fixed assets totaled \$75 and \$86 for the years ended December 31, 2023 and December 31, 2022, respectively. For the years ending 2024, 2025, 2026 and thereafter, the Company will recognize annual amortization expense related to software of \$11, \$5, \$4, and \$4, respectively.

7. Senior Secured Credit Facility

Senior secured credit facility consists of the following at December 31, 2023 and December 31, 2022:

	<u>2023</u>	<u>2022</u>
Senior secured credit facility, principal	\$ 137,178	\$ 114,977
Accrued interest payable	950	674
Unamortized deferred financing costs	(57)	(280)
Total senior secured credit facility	<u>\$ 138,071</u>	<u>\$ 115,371</u>

At December 31, 2023 and December 31, 2022, Fund I maintained a revolving credit facility (the “Facility”) which consists of two separate revolvers, one for U.S. dollars and one for Canadian dollars. At December 31, 2022, the total availability on the U.S. dollar revolver was \$180,000 and the total availability on the Canadian dollar revolver was the lesser of CAD 45,000 and the U.S. dollar equivalent of \$33,957. Interest was based on London Interbank Offering Rate (“LIBOR”), plus an applicable margin. The applicable margin ranged from 2.25% to 2.50%, based on Fund I’s leverage ratio. The leverage ratio represents the ratio of the outstanding balance of the Facility to Fund I’s total member’s capital, as described in the Facility agreement. The Facility had a contractual maturity date of July 31, 2023, with the principal payable in full at maturity, but was extended to January 31, 2024. At December 31, 2023, the total availability on the U.S. dollar revolver was \$147,620 and the total availability on Canadian dollar revolver was the lesser of CAD 6,000 and the U.S. dollar equivalent of \$4,528. In connection with the extension of the Facility, interest was adjusted to one month term Secured Overnight Financing Rate (“SOFR”) plus an applicable margin ranging from 2.65% to 2.90%, based on Fund I’s leverage ratio. All assets of Fund I are pledged as collateral under the Facility. Fund I is also required to pay a 0.375% per annum unused line fee. The Facility requires Fund I and the Company to maintain certain periodic financial covenants surrounding capitalization, cash flow and default, delinquency and charge-off ratios. The Company provides a limited guaranty to the Facility for all interest, fees and expenses that cannot otherwise be charged to Fund I. The Company refinanced the Facility subsequent to December 31, 2023 (see note 13).

8. Employee Compensation and Benefit Plans

As of December 31, 2023, the Company employed personnel at its headquarters in Wilton, Connecticut and regional offices throughout the United States. Employee compensation and benefits are comprised of base salaries, discretionary bonuses, health care benefits, employer 401(k) contributions and payroll taxes. As a part of their employment agreements, certain members of senior management are eligible for an annual bonus amount, which is calculated as a percentage of their annual salaries, based on certain financial performance metrics, as described in their employment agreements.

Effective August 1, 2017, the Company formed a Long-Term Incentive Plan (“LTIP”) that provides for an annual bonus pool to certain members of senior management based on the Company achieving certain performance criteria.

The Company sponsors a 401(k) plan, where the Company contributes a defined percentage of employees’ annual earnings up to the maximum annual contribution amount as determined by the Internal Revenue Service.

9. Fair Value of Financial Instruments

FASB ASC 820, *Fair Value Measurements* (“ASC 820”), establishes a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect management’s market assumptions.

These two types of inputs create the following fair value hierarchy:

Level 1 – Quoted prices for identical instruments in active markets.

Level 2 – Observable inputs other than quoted prices in active markets for identical assets and liabilities, such as interest rates and foreign exchange rates that are observable at commonly quoted intervals. Financial assets utilizing Level 2 inputs include interest rate caps.

Level 3 – Unobservable inputs.

As of December 31, 2023 and December 31, 2022, the Company measured its interest rate caps at fair value on a recurring basis. Total fair value of such derivative instruments as of December 31, 2023 and December 31, 2022 was \$452 and \$1,865, respectively, which was classified as Level 2 in the fair value hierarchy by the Company. The fair value of interest rate caps are measured using discounted cash flow calculations based on observable inputs from the relevant interest/exchange rate curves in effect at December 31, 2023 and December 31, 2022.

ASC 820 also requires that the Company disclose estimated fair values for its financial instruments. No quoted market exists for the Company’s financial instruments. Therefore, fair value estimates are based on judgments, risk characteristics of various financial instruments and other factors. Changes in these assumptions could significantly affect the estimates.

The Company estimates the carrying amounts of cash approximated its fair values as of December 31, 2023 and December 31, 2022. Since there is no liquid secondary market for the Company’s financing receivables, the Company estimates the fair value of its secured loans and net investment in direct finance leases by comparing the average yield of the portfolio to recent issuances of similar loans and leases. As of December 31, 2022, the Company estimated the fair value of its financial liabilities based on the Company’s review of the terms of the Facility, and an indication of potential refinance terms, and recent transactions of loans from affiliate. As of December 31, 2023, the Company estimated the fair value of its financial liabilities based on the terms of its new senior secured credit facility, closed in January 2024 (see note 13), and recent transactions of loans from affiliate.

NEF Holdings, LLC and Subsidiaries
Notes to the Consolidated Financial Statements (continued)
(In Thousands)

9. Fair Value of Financial Instruments (continued)

The carrying amount and estimated fair values of the Company's financial instruments at December 31, 2023 and December 31, 2022 were as follows:

	2023		2022	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Financial assets:				
Cash and restricted cash	\$ 13,860	\$ 13,860	\$ 12,710	\$ 12,710
Net investment in direct finance leases	130,131	129,717	108,264	108,130
Secured loans, net	73,543	72,455	82,566	81,157
Total financing receivables, net of allowances	203,674	202,172	190,830	189,287
Financial liabilities:				
Senior secured credit facility, net	\$138,071	\$137,254	\$115,371	\$115,371
Loans from Affiliate	14,734	14,764	16,342	16,482

10. Concentration of Credit Risk

Financing receivables subject the Company to credit risk. The Company monitors its portfolios by evaluating each of the customer's financial condition and collateral. The Company's maximum exposure to credit risk at December 31, 2023 and December 31, 2022, without considering the underlying collateral, is represented by the carrying value of the financing receivables in the consolidated balance sheets. The Company monitors its financing receivables for geographic concentrations.

The following table reflects such concentrations as of December 31, 2023 and December 31, 2022:

Geographic Concentration

2023		2022	
Texas	\$ 51,616	Texas	\$ 32,153
Colorado	18,710	New York	23,935
New York	18,097	Colorado	22,564
Louisiana	12,212	Louisiana	16,759
Missouri	11,782	Kentucky	13,635
Pennsylvania	11,521	Missouri	13,301
California	9,600	Tennessee	8,032
Massachusetts	7,232	Pennsylvania	6,883
Connecticut	7,118	British Columbia (Canada)	6,440
Michigan	7,068	Florida	6,377
Tennessee	6,249	Washington	4,678
Kentucky	6,202	Wisconsin	4,520
Florida	5,636	Maine	4,318
Other U.S. states / Canada	34,048	Other U.S. states / Canada	32,131
Total financing receivables, gross	\$207,091	Total financing receivables, gross	\$195,726

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters. Typically, the Company obtains access to collateral either through direct ownership or by a first lien security interest.

NEF Holdings, LLC and Subsidiaries
Notes to the Consolidated Financial Statements (continued)
(In Thousands)

10. Concentration of Credit Risk (continued)

The Company also monitors its financing receivables for collateral concentrations. The following tables reflect such concentrations as of December 31, 2023 and December 31, 2022:

Collateral Concentrations

	<u>2023</u>		<u>2022</u>
Crane	\$ 18,951	Tractors	\$ 23,051
Barge rigs	17,943	Barge rigs	18,283
Package sorting equipment	17,845	Trucks	13,947
Truck	17,671	Loaders	13,732
Tractor	16,005	Barges	13,224
Loader	11,325	Aircraft	12,671
Flight simulator	9,603	Package sorting equipment	11,439
All other	97,748	All other	89,379
Total financing receivables, gross	<u>\$207,091</u>	Total financing receivables, gross	<u>\$195,726</u>

At December 31, 2023 and December 31, 2022, the Company had financing receivables outstanding to one customer that approximated 9% of total financing receivables for each period.

11. Contingencies and Commitments

As of December 31, 2023, the Company had a U.S. and a Canadian revolver financing arrangement with a total outstanding balance of \$3,419 and CAD 600, respectively, which are included in financing receivables, net in the consolidated balance sheets. As of December 31, 2022, the Company had a U.S. and a Canadian revolver financing arrangements with a total outstanding balance of \$3,593 and CAD 637 respectively, which are included in financing receivables, net in the consolidated balance sheets. The Company's maximum commitments under the U.S. and Canadian revolvers were \$4,000 and CAD 1,500, respectively, for both years ending December 31, 2023 and December 31, 2022.

12. Members' Capital

At December 31, 2023 and December 31, 2022, NEFCORP owns 100 Class A units and NEFPASS owns 100 Class B units, which represent the entire capital of the Company.

13. Subsequent Events

The Company has evaluated subsequent events through February 14, 2024, the issuing date of the consolidated financial statements.

In January 2024, the Company closed a three year \$225,000 U.S. dollar and Canadian dollar credit facility which matures in January 2027.

KBH Topco, LLC

Consolidated Financial Statements and
Independent Auditor's Report

December 31, 2023 and 2022

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The accompanying notes are an integral part of these statements.

INDEPENDENT AUDITOR'S REPORT

To the Management of
KBH Topco, LLC

Opinion

We have audited the accompanying consolidated financial statements of KBH Topco, LLC, which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of KBH Topco, LLC as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of KBH Topco, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about KBH Topco, LLC's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

The accompanying notes are an integral part of these statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of KBH Topco, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about KBH Topco, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

FGMK, LLC

Bannockburn, Illinois
February 9, 2024

KBH TOPCO, LLC
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

ASSETS

	<u>2023</u>	<u>2022</u>
Cash	\$ 12,979,548	\$ 6,155,829
Accounts receivable, net	37,377,361	15,652,128
Inventory, prepaid expenses, deposits and other assets	9,381,750	6,277,886
Investment in sales-type and direct finance leases, net	193,150,746	79,084,973
Equipment under operating leases at cost, net of accumulated depreciation of \$184,363,355 and \$144,939,920 as of December 31, 2023 and 2022, respectively	464,828,305	530,350,075
Equipment used in operations at cost, net of accumulated depreciation of \$506,201 and \$313,469 as of December 31, 2023 and 2022, respectively	431,557	541,173
Right-of-use assets, real estate used in operations	3,832,264	3,724,781
Goodwill	135,364,402	135,364,402
	<u>\$857,345,933</u>	<u>\$777,151,247</u>

LIABILITIES AND MEMBERS' EQUITY

LIABILITIES		
Accounts payable and accrued expenses	\$ 35,963,023	\$ 15,685,699
Leased equipment accounts payable	40,156,963	19,879,045
Customer deposits and advanced payments	4,594,454	2,361,870
Lease liabilities, real estate used in operations	3,931,718	3,795,511
Distributions payable	3,000,000	4,500,000
Deferred income tax liability	12,619,496	9,637,123
Secured borrowings	33,964,128	63,134,022
Notes payable—Recourse	151,240,882	135,252,630
Notes payable—Non-recourse	335,684,049	296,835,798
Senior secured debt—Related-party	96,000,000	80,000,000
	717,154,713	631,081,698
MEMBERS' EQUITY	<u>140,191,220</u>	<u>146,069,549</u>
	<u>\$857,345,933</u>	<u>\$777,151,247</u>

The accompanying notes are an integral part of these statements.

KBH TOPCO, LLC

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
REVENUE		
Leasing revenues	\$181,103,563	\$177,594,714
Sales of equipment and software	134,690,606	111,468,003
Transfers of financial assets	4,501,729	3,619,883
Service revenues	1,562,161	1,365,200
Other income	5,504,656	4,712,363
	<u>327,362,715</u>	<u>298,760,163</u>
DIRECT LEASING EXPENSES AND COST OF GOODS AND SERVICES SOLD		
Depreciation of equipment	81,839,325	83,870,441
Interest expense—Recourse debt	10,016,422	5,964,426
Interest expense—Secured borrowings	2,808,125	4,093,820
Interest expense—Non-recourse debt	17,485,490	10,547,276
Interest expense—Senior secured debt—related party	10,223,852	7,315,080
Cost of goods and services sold	146,228,929	128,513,108
	<u>268,602,143</u>	<u>240,304,151</u>
GROSS MARGIN	58,760,572	58,456,012
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	46,422,636	40,326,719
INCOME BEFORE INCOME TAX PROVISION	12,337,936	18,129,293
INCOME TAX PROVISION	3,272,511	4,841,905
NET INCOME	9,065,425	13,287,388
OTHER COMPREHENSIVE INCOME (LOSS)		
Foreign currency translation adjustment	56,246	(386,031)
COMPREHENSIVE INCOME	<u>\$ 9,121,671</u>	<u>\$ 12,901,357</u>

The accompanying notes are an integral part of these statements.

KBH TOPCO, LLC

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

YEARS ENDED DECEMBER 31, 2023 AND 2022

	Common Units		Accumulated Other Comprehensive Income (loss)	Total
	Units	Amount		
BALANCE—JANUARY 1, 2022	84,000,000	\$ 150,478,967	\$ 89,225	\$ 150,568,192
Net income	—	13,287,388	—	13,287,388
Other comprehensive loss	—	—	(386,031)	(386,031)
Distributions	—	(17,400,000)	—	(17,400,000)
BALANCE—DECEMBER 31, 2022	84,000,000	146,366,355	(296,806)	146,069,549
Net income	—	9,065,425	—	9,065,425
Other comprehensive income	—	—	56,246	56,246
Distributions	—	(15,000,000)	—	(15,000,000)
BALANCE—DECEMBER 31, 2023	84,000,000	\$ 140,431,780	\$ (240,560)	\$ 140,191,220

The accompanying notes are an integral part of these statements.

KBH TOPCO, LLC

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 9,065,425	\$ 13,287,388
Adjustments to reconcile net income to net cash provided by operating activities:		
Sales-type and direct finance lease receipts	52,731,072	33,708,587
Earned income from sales-type and direct finance leases	(12,841,348)	(4,375,939)
Depreciation and amortization	82,041,915	84,031,835
Non-cash lease expense, real estate used in operations	993,866	733,593
Provision for impairments and net loss on sale of equipment held for	13,734,794	14,430,739
Deferred income taxes	2,982,373	4,594,732
Changes in operating assets and liabilities:		
Accounts receivable	(21,725,233)	851,409
Prepaid expenses, deposits and other assets	766,698	859,297
Accounts payable and accrued expenses	20,277,324	1,845,197
Customer deposits and advanced payments	2,232,584	(4,239,005)
Lease liabilities, real estate used in operations	(965,142)	(662,863)
Net Cash Provided By Operating Activities	<u>149,294,328</u>	<u>145,064,970</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in sales-type and direct finance leases	(126,383,456)	(30,745,196)
Purchases of equipment under operating leases	(80,587,790)	(200,232,804)
Proceeds from sales of equipment and software	39,376,953	68,007,509
Purchases of equipment used in operations	(99,171)	(200,167)
Net Cash Used In Investing Activities	<u>(167,693,464)</u>	<u>(163,170,658)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on secured borrowings	(29,169,894)	(39,219,558)
Proceeds from notes payable—Recourse	313,995,962	326,431,257
Principal payments on notes payable—Recourse	(298,007,710)	(316,272,863)
Proceeds from notes payable—Non-recourse	157,017,711	196,829,996
Principal payments on notes payable—Non-recourse	(118,169,460)	(133,271,087)
Proceeds from senior secured debt—Related-party	16,000,000	—
Distributions paid	(16,500,000)	(16,900,000)
Net Cash Provided By Financing Activities	<u>25,166,609</u>	<u>17,597,745</u>
EFFECTS OF CURRENCY TRANSLATION	56,246	(386,031)
NET CHANGE IN CASH	6,823,719	(893,974)
CASH—BEGINNING OF YEAR	6,155,829	7,049,803
CASH—END OF YEAR	<u>\$ 12,979,548</u>	<u>\$ 6,155,829</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	<u>\$ 40,339,063</u>	<u>\$ 27,710,221</u>

The accompanying notes are an integral part of these statements.

KBH TOPCO, LLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Financial Reporting. The accompanying consolidated financial statements include the accounts of KBH Topco, LLC, a Delaware limited liability company (“KBHT”) formed on October 29, 2020, and its wholly-owned subsidiaries (each organized as either a Nevada limited liability company or a Delaware limited liability company), collectively referred to as the “Company.” All significant intercompany accounts and transactions have been eliminated in consolidation. In November 2020, 87.50% of the Company was acquired by SLR Investment Corp. f/k/a Solar Capital Ltd. (“SLR”).

Description of Business. The Company leases, rents, sells, manages, and remarkets technology, industrial, healthcare, and other general equipment and software. Their customers are located throughout the United States, Canada, France, Spain, and Italy.

Management Estimates and Assumptions. The preparation of these consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could materially differ from those estimates. Significant estimates and assumptions are used for, but not limited to: (1) estimated useful lives and residual values of equipment under operating, sales-type and direct finance leases; (2) classification of leases; (3) impairment of equipment under operating leases; (4) impairment of goodwill; (5) revenue recognition; (6) allowance for credit losses; and (7) valuation of net deferred income tax assets or liabilities. Future events and their effects cannot be predicted with certainty; accordingly, accounting estimates require the exercise of judgment. Accounting estimates used in the preparation of these consolidated financial statements change as new events occur, as more experience is acquired, as additional information is obtained, and as the operating environment changes.

Concentration of Credit Risk. The Company regularly maintains bank balances that exceed Federal Deposit Insurance Corporation limits.

Adoption of Recent Accounting Pronouncements. During 2023, the Company adopted new accounting guidance related to the measurement of estimated credit losses on accounts receivable and investment in sales-type and direct finance leases in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 326-20, *Financial Instruments — Credit Losses* (FASB ASC 326-20). FASB ASC 326-20 requires the Company to estimate expected credit losses over the life of its financial assets as of the reporting date based on relevant information about past events, current conditions, and reasonable and supportable forecasts. The Company monitors its lessees’ performance and its lease exposure on an ongoing basis and assesses the performance of residual values based on historical results.

Leases—Lessor. The Company adopted FASB ASC 842, *Leases*, on January 1, 2022. The standard modifies the accounting, presentation and disclosures for both lessors and lessees. The Company elected the optional transition method to apply the transition provisions from the effective date of adoption, which requires the Company to report the cumulative effect of the standard on the date of adoption with no changes to the prior period balances. There was no cumulative effect to beginning members’ equity as of January 1, 2022, from the adoption of FASB ASC 842. Pursuant to the practical expedients, the Company elected not to reassess: (i) whether expired or existing contracts are or contain leases, (ii) the lease classification for any expired or existing leases, or (iii) initial direct costs for any existing leases.

Leases not classified as a sales-type or direct finance lease are classified as operating leases. If a lease meets one or more of the following five criteria at lease commencement, the lease is classified as a sales-type lease:

- The lease transfers ownership of the underlying asset to the lessee by the end of the lease term;
- The lease grants the lessee an option to purchase the underlying asset that the lessee is reasonably certain to exercise;
- The lease term is for a major part of the remaining estimated economic life of the underlying asset;
- The present value of the sum of the lease payments and any residual value guaranteed by the lessee that is not already reflected in the lease payments equals or exceeds substantially all of the fair value of the underlying asset; or
- The underlying asset is of such a specialized nature that it is expected to have no alternative use to the lessor at the end of the lease.

(Continued)

KBH TOPCO, LLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Concluded). *Lessor Accounting* – When none of the sales-type lease criteria have been met, leases are classified as operating leases unless both of the following criteria are met, in which case the lessor shall classify the leases as direct finance leases: (1) the present value of the sum of the lease payments and any residual value guaranteed by the lessee and/or third party unrelated to the lessor equals or exceeds substantially all of the fair value of the underlying asset and (2) it is probable that the lessor will collect the lease payments plus any amount necessary to satisfy a residual value guarantee.

Residual Values – The estimated residual values of equipment at the end of the useful life are recorded at the inception of each lease. The estimated residual values vary as a percentage of the original equipment cost and depend upon the equipment type. Residual values for sales-type and direct finance leases are recorded at their net present value and the unearned income is amortized over the life of the lease using the effective interest method. The residual values for operating leases are included in the leased equipment's net book value. The Company manages and evaluates residual value risk by performing periodic reviews and any impairment, other than temporary, is recorded in the period in which the impairment is determined. No upward revision of residual values is made subsequent to lease inception.

Property taxes paid by the lessor which are reimbursed by the lessee are considered to be lessor costs of owning the asset and are recorded gross with revenue in other income and expense in selling, general and administrative expenses. The Company elected a lessor accounting policy to exclude sales taxes and other similar taxes on lease revenue-producing transactions collected from the lessee from revenue and expenses.

Lessor accounting was not fundamentally changed by FASB ASC 842 and remains similar to FASB ASC 840 and did not have a significant impact on classification of leases between sales-type, direct finance and operating.

Revenue Recognition. The Company recognizes revenue in accordance with the following accounting standards: (1) FASB ASC 842, *Leases*, (2) FASB ASC 860, *Transfers and Servicing*, and (3) FASB ASC 606, *Revenue from Contracts with Customers*.

Revenue from Leasing Transactions under FASB ASC 842 – The Company accounts for certain leasing revenues in accordance with FASB ASC 842. The accounting for revenue is different depending on the type of lease.

For sales-type and direct finance leases, the Company records the net investment in leases, which consists of the sum of the minimum lease payments, initial direct costs, and unguaranteed residual value for sales-type leases and guaranteed residual value for direct finance leases (gross investment) less the unearned income. Revenue for sales-type and direct finance leases is recognized as the unearned income is amortized over the life of the lease using the effective interest method. For operating leases, rental amounts are accrued on a straight-line basis over the lease term and are recognized as leasing revenue.

Leasing revenues consist of rentals due under operating leases and the amortization of unearned income on sales-type and direct finance leases. Equipment under operating leases is recorded at cost and depreciated on a straight-line basis over the useful life.

Revenue from the Transfer of Financial Assets under FASB ASC 860—The Company enters into arrangements to transfer the contractual payments due under sales-type and direct finance leases, which are accounted for in accordance with FASB ASC 860. These transfers are accounted for as either a pledge of collateral in a secured borrowing or a sale. For transfers accounted for as a secured borrowing, the corresponding investments serve as collateral for recourse and non-recourse notes payable. For transfers accounted for as sales, the Company derecognizes the carrying value of the asset transferred plus any liability and recognizes a net gain or loss on the sale, which are presented as transfers of financial assets in the consolidated statements of comprehensive income.

(Continued)

KBH TOPCO, LLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued). *Revenue from Sales of Equipment, Software and Services under FASB ASC 606*—Under FASB ASC 606, revenue is recognized when the Company satisfies its performance obligations, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

Revenue from contracts with customers is measured based on the consideration specified in the contract with the customer, and excludes any sales incentives and amounts collected on behalf of third parties. Contracts with customers may include multiple promises that are distinct performance obligations. For such arrangements, the Company allocates the transaction price to each performance obligation based on its relative standalone selling price. A performance obligation is a promise in a contract to transfer a distinct good or service to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. The amount of revenue recognized reflects the consideration the Company expects to be entitled to in exchange for such goods or services. After completion of the performance obligation, the Company has an unconditional right to consideration as outlined in the contract.

Service Revenues - The Company maintains service contracts for maintenance and repair services to customers for the customer owned equipment. The Company's arrangement is typically a single performance obligation comprised of a series of distinct services that are substantially the same and that have the same pattern of transfer. The Company typically recognizes sales from these services on a straight-line basis over the period services are provided. Payments are typically due within 30 days after an invoice is sent to the customer. Invoices for services are typically sent in advance.

Equipment and Software Sales - The Company sells equipment and software to both current lessees and third parties for leased equipment, brokerage of equipment, and lease transaction sales. Sales revenue is recorded at the amount of gross consideration received. Revenue is recognized at a point in time when the Company satisfies its performance obligations. Payments are typically due upon receipt of the invoice. Invoices for equipment and software sales are typically sent in advance.

The Company has adopted certain practical expedients under FASB ASC 606 with significant items disclosed herein. The Company has elected to apply the portfolio approach practical expedient allowed under FASB ASC 606 to evaluate contracts with customers that share the same revenue recognition patterns as the result of evaluating them as a group will have substantially the same result as evaluating them individually.

Disaggregation of Revenue - The table below summarizes the Company's revenues as presented in the consolidated statement of comprehensive income for the year ended December 31, 2023 by revenue type and by the applicable accounting standard:

	Year Ended December 31, 2023			Total
	FASB ASC 842	FASB ASC 860	FASB ASC 606	
Operating lease revenues	\$168,262,215	\$ —	\$ —	\$168,262,215
Sales-type and direct finance lease revenues	12,841,348	—	—	12,841,348
Sales of equipment and software	—	—	134,690,606	134,690,606
Transfers of financial assets	—	4,501,729	—	4,501,729
Service revenues	—	—	1,562,161	1,562,161
Other income	5,060,610	—	444,046	5,504,656
Total revenue	\$186,164,173	\$ 4,501,729	\$136,696,813	\$327,362,715

Total revenue subject to FASB ASC 606 recognized at a point in time and over time was \$135,134,652 and \$1,562,161, respectively, for the year ended December 31, 2023.

(Continued)

KBH TOPCO, LLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Concluded). *Disaggregation of Revenue (Concluded)* - The table below summarizes the Company's revenues as presented in the consolidated statement of comprehensive income for the year ended December 31, 2022 by revenue type and by the applicable accounting standard:

	Year Ended December 31, 2022			Total
	FASB ASC 842	FASB ASC 860	FASB ASC 606	
Operating lease revenues	\$173,218,775	\$ —	\$ —	\$173,218,775
Sales-type and direct finance lease revenues	4,375,939	—	—	4,375,939
Sales of equipment and software	—	—	111,468,003	111,468,003
Transfers of financial assets	—	3,619,883	—	3,619,883
Service revenues	—	—	1,365,200	1,365,200
Other income	4,580,006	—	132,357	4,712,363
Total revenue	\$182,174,720	\$ 3,619,883	\$112,965,560	\$298,760,163

Total revenue subject to FASB ASC 606 recognized at a point in time and over time was \$111,600,360 and \$1,365,200, respectively, for the year ended December 31, 2022.

Accounts Receivable. Accounts receivable represent customer obligations, which include base monthly, quarterly, and annual rentals due under the terms of each respective customer's lease and equipment sales. The carrying amount of accounts receivable is reduced by an allowance for credit losses. Gross accounts receivable were \$37,812,925 and \$15,814,867 as of December 31, 2023 and December 31, 2022, respectively.

Allowance for Credit Losses. The Company's allowance for credit losses represents the estimate of expected credit losses related to accounts receivable and investment in sales-type and direct finance leases. The Company pools its accounts receivable and investment in sales-type and direct finance leases based on similar risk characteristics, such as geographic location, business channel, and other account data. To estimate the allowance for credit losses, the Company leverages information on historical losses, asset-specific risk characteristics, current conditions, and reasonable and supportable forecasts of future conditions. Account balances are written off against the allowance when the Company deems the amount is uncollectible. The allowance for credit losses related to accounts receivable was \$435,564 and \$162,739 as of December 31, 2023 and January 1, 2023, respectively. The allowance for doubtful accounts prior to the adoption of FASB ASC 326-20 was \$162,739 as of December 31, 2022. There was no allowance for credit losses related to investment in sales-type and direct finance leases.

Depreciation and Amortization. Depreciation provisions for revenue-producing equipment are computed using the straight-line method over the related useful life of the equipment, after giving effect to an estimated residual value. The useful lives for leased equipment range from approximately six and ten years. For other equipment used in operations, depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets, ranging from approximately three to eight years and was \$202,590 and \$161,394 for the years ended December 31, 2023 and 2022, respectively.

Goodwill. Goodwill represents the excess of the consideration paid over the estimated fair value of the net assets acquired in a business combination. The Company performs an annual impairment test for goodwill at the entity level. There were no impairment charges or triggering events for the years ended December 31, 2023 or 2022.

(Continued)

KBH TOPCO, LLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign Operations. The functional currencies for the consolidated foreign operations are the Canadian dollar and Euro. The translation of the applicable foreign currencies into U.S. dollars is performed for monetary balance sheet accounts using current exchange rates in effect at the balance sheet date and for revenue and expense accounts using a weighted average exchange rate during the period. Nonmonetary balance sheet accounts and related revenue, expense, gain and loss accounts are remeasured using historical rates to produce the same results as if the items had been initially recorded in U.S. dollars. The gains or losses resulting from such translation of the Canadian dollar and Euro are included as a component of accumulated other comprehensive income in members' equity. Assets located outside the United States and subject to foreign currency denominated transactions totaled \$9,821,459 and \$9,008,605 as of December 31, 2023 and 2022, respectively.

Leases – Lessee. Operating lease right-of-use assets and operating lease liabilities are recognized at the present value of the future lease payments, generally for the base non-cancelable lease term, at the lease commencement date for each lease. The Company has elected a policy to use a risk-free rate as the discount rate used to determine the present value of the future lease payments because the interest rate implicit in most of the Company's leases is not readily determinable. The Company's lease agreements may contain lease and non-lease components. Variable lease payments are not included in the measurement of the right-of-use asset and lease liability, and they are recognized as lease expense is incurred.

Leases may contain options to renew or terminate lease terms. The exercise of these lease options is generally at the Company's sole discretion and included in the right-of-use asset and lease liability. The Company elected to apply the short-term lease measurement and recognition exemption to its leases where applicable.

Variable lease payments predominantly relate to variable operating expenses including common area maintenance, property taxes and other operating expenses. The Company records the amortization of the right-of-use asset and the interest accretion on the lease liability for operating leases as a component of selling, general, and administrative expenses in the statement of comprehensive income.

When lease agreements provide allowances for leasehold improvements, the Company assesses whether it is the owner of the leasehold improvements for accounting purposes. When the Company concludes that it is the owner, it capitalizes the leasehold improvement assets and recognizes the related amortization expense on a straight-line basis over the lesser of the related lease term, including renewals that are reasonably assured of being exercised, or the estimated useful life of the asset. Additionally, the Company recognizes the amounts of allowances to be received from the lessor as a reduction of the lease liability and the associated right-of-use asset. When the Company concludes that it is not the owner, the payments that the Company makes towards the leasehold improvements are accounted for as a component of the lease payments.

Income Taxes. The Company was formed as a limited liability company and elected to be taxed as a C-Corporation. Deferred income taxes are provided using the liability method whereby deferred income tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred income tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred income tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred income tax assets will not be realized. Deferred income tax assets and liabilities are adjusted for the effects of the changes in tax laws and rates at the date of enactment. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred income tax assets and liabilities.

KBHT's wholly-owned subsidiaries are disregarded entities for income tax purposes. Their operations are combined with the operations of KBHT and reported together in one income tax return.

(Continued)

KBH TOPCO, LLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Fair Value Measurements. Fair value accounting guidance defines fair value, establishes a framework for measuring fair value under GAAP, and expands disclosures about fair value measurements for both financial and non-financial assets. It also provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1. Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

Level 2. Inputs to the valuation methodology include the following:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3. Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Certain assets are measured at fair value on a nonrecurring basis subsequent to initial recognition. These assets are not measured at fair value on an ongoing basis but are subject to fair value adjustments only under certain circumstances, as GAAP does not permit the recording of unrealized appreciation of equipment held for sale and leased equipment.

In certain circumstances, these assets were written down to estimated fair value when it is determined that net realizable value is below cost. Adjustments to write down certain equipment held for sale and leased equipment to their net realizable value totaled approximately \$10,121,000 and \$15,900,000 for the years ended December 31, 2023 and 2022, respectively, and are included within cost of goods and services sold on the consolidated statements of comprehensive income. Equipment held for sale totaled approximately \$7,300,000 and \$3,400,000 as December 31, 2023 and 2022, respectively, and is included within inventory, prepaid expenses, deposits and other assets on the consolidated balance sheets.

Reclassification. Certain reclassifications were made to the 2022 financial statements to conform with the 2023 presentation. Such reclassifications had no impact on previously reported consolidated net income or members' equity.

KBH TOPCO, LLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – INVESTMENT IN SALES-TYPE AND DIRECT FINANCE LEASES, NET

The investment in sales-type and direct finance leases consisted of the following as of December 31:

	2023	2022
Minimum lease payments	\$207,187,336	\$79,264,530
Estimated residual value	40,196,048	10,415,588
Subtotal	247,383,384	89,680,118
Less: Unearned lease income	54,232,638	10,595,145
Investment in sales-type and direct finance leases, net	<u>\$193,150,746</u>	<u>\$79,084,973</u>

As of December 31, 2023 and 2022, there were \$28,493,846 and \$-0- of investment in sales-type and direct finance leases in leased equipment accounts payable, respectively.

NOTE 3 – FUTURE MINIMUM LEASE PAYMENTS TO BE RECEIVED

Approximate future minimum lease payments to be received under the terms of the non-cancelable operating, sales-type and direct finance leases as of December 31, 2023 were as follows:

Year Ending December 31	Sales-type and direct finance	Operating	Total
2024	\$ 82,103,000	\$ 117,827,000	\$ 199,930,000
2025	56,659,000	88,301,000	144,960,000
2026	25,143,000	55,905,000	81,048,000
2027	19,389,000	32,180,000	51,569,000
2028	11,366,000	17,842,000	29,208,000
Thereafter	12,527,000	8,067,000	20,594,000
Total minimum lease payments	<u>207,187,000</u>	<u>\$320,122,000</u>	<u>\$527,309,000</u>
Less: Unearned Income	54,232,000		
Sales-type and direct finance lease receivable, at present value	<u>\$152,955,000</u>		

NOTE 4 – DEBT

Secured Borrowings. The Company enters into arrangements to transfer the contractual payments due under sales-type, direct finance and operating leases. Due to the rights retained on certain lease participations sold, the Company is deemed to have retained effective control over these leases and therefore these transfers are accounted for as secured borrowings. As of December 31, 2023, the Company has secured borrowing agreements totaling \$33,964,128 of which \$2,565,988 was recourse and \$31,398,140 was non-recourse. As of December 31, 2022, secured borrowing agreements totaled \$63,134,022 of which \$6,841,422 was recourse and \$56,292,600 was non-recourse. These secured borrowing agreements have various maturity dates through 2029 and interest rates ranging from 3.20% and 5.28%. The investment in sales-type and direct finance leases and the equipment under operating leases pledged under these secured borrowing agreements were \$599,204 and \$55,555,542, respectively, as of December 31, 2023 and \$1,616,955 and \$79,928,883, respectively, as of December 31, 2022.

(Continued)

KBH TOPCO, LLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 – DEBT (Continued)

Secured Borrowings (Concluded). Principal payments on secured borrowings as of December 31, 2023 were due as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2024	\$24,526,899
2025	7,181,474
2026	2,198,557
2027	19,066
2028	19,066
Thereafter	19,066
	<u>\$33,964,128</u>

Notes Payable—Recourse. The Company has recourse borrowing arrangements with various financial institutions with \$151,240,882 and \$135,252,630 of recourse debt outstanding as of December 31, 2023 and 2022, respectively. Various rate structures for each line pricing exist, based upon either the U.S. prime rate (8.50% at December 31, 2023, “Prime”) plus a spread, or based upon 30-day Secured Overnight Financing Rate (“SOFR”) plus a spread, or the like term swap rate for the investment period, plus 2.50% to 4.50%. Borrowings are collateralized by either a first lien on the equipment and assignment of rent or a second lien on the equipment representing the leased equipment’s residual values.

Under a \$30,000,000 facility, maturing in August 2025, principal payments are determined by the maturities of the underlying equipment leases, of which \$19,351,128 and \$19,738,090 was outstanding as of December 31, 2023 and 2022, respectively. Balances are priced at Prime plus 1.50%, with a floor of 5.00%. Outstanding balances as of December 31, 2023 were due between January 2024 and September 2029. The debt agreement includes covenants for minimum tangible net worth and leverage. Additionally, there is a \$1,000,000 guidance facility available for lease equipment residual values, where the financial institution has been assigned rents under notes payable non-recourse, of which \$663,456 and \$213,446 was outstanding as of December 31, 2023 and 2022, respectively.

Under a \$65,000,000 facility maturing in July 2024, secured by a first lien on the equipment, with principal payments due based on the following schedule: the first two months of borrowing are interest only, after which 1.00% of the original principal is due on the first of each month, and then at six months from the date of the individual borrowing for the purchase of the equipment, the remaining principal balance is due. On this facility, \$36,268,984 and \$28,903,069 was outstanding as of December 31, 2023 and 2022, respectively. Additionally, prior to December 2023, \$10,000,000 of this facility was able to be used for borrowings on a term basis, secured by a first lien on the equipment representing the leased equipment’s residual values and assignment of rent, of which \$-0- and \$471,312 was outstanding as of December 31, 2023 and 2022, respectively. The debt agreement includes covenants for minimum tangible net worth.

Under a \$50,000,000 facility maturing in November 2024, principal payments are due based on the following schedule: the first two months of borrowing are interest only, after which 1.00% of the original principal is due on the first of each month, and then at six months from the date of the individual borrowing for the purchase of the equipment, the remaining principal balance is due. On this facility, \$35,075,304 and \$27,944,804 was outstanding as of December 31, 2023 and 2022, respectively. Additionally, \$10,000,000 of this facility is able to be used for borrowings on a term basis, secured by a second lien on the equipment representing the leased equipment’s residual values, of which \$4,553,140 and \$6,580,105 was outstanding as of December 31, 2023 and 2022, respectively. The debt agreement includes covenants for minimum tangible net worth.

(Continued)

KBH TOPCO, LLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 – DEBT (Continued)

Notes Payable—Recourse (Continued). Under a \$27,000,000 facility, subject to annual review, borrowings are collateralized by either a first lien on the equipment and assignment of rents or a second lien on the equipment representing the leased equipment's residual values subject to a cap on residuals of \$8,000,000. On this facility, \$1,887,946 and \$3,154,227 was outstanding as of December 31, 2023 and 2022, respectively. Outstanding balances as of December 31, 2023 were due between January 2024 and June 2028.

Under an additional facility, borrowings are collateralized by a combination of first lien on the equipment and assignment of rents and a second lien on the equipment representing the leased equipment's residual values. On this facility, \$362,743 and \$481,950 was outstanding as of December 31, 2023 and 2022, respectively. Outstanding balances as of December 31, 2023 were due between January 2024 and May 2027.

Under a \$10,000,000 facility, subject to annual review, borrowings are collateralized by a combination of first lien on the equipment and assignment of rents and a second lien on the equipment representing the leased equipment's residual values. Rates are determined at the time of discounting based on the underlying lease term. On this facility, \$3,483,057 and \$2,703,153 was outstanding as of December 31, 2023 and 2022, respectively. Outstanding balances as of December 31, 2023 were due between January 2024 and May 2028. Management is currently in the processes of renewing this facility with the financial institution.

Under a \$15,000,000 facility, subject to annual review, borrowings are collateralized by a combination of first lien on the equipment and assignment of rents and a second lien on the equipment representing the leased equipment's residual values. On this facility, \$7,140,817 and \$3,681,997 was outstanding as of December 31, 2023 and 2022, respectively. Additionally, \$9,000,000 of this facility is able to be used for borrowings collateralized by the Company's equipment leases with a subsidiary, secured by both the rental stream and equipment residual values. On this portion of the facility, \$3,974,649 and \$4,026,637 was outstanding as of December 31, 2023 and 2022, respectively. Outstanding balances as of December 31, 2023 were due between January 2024 and December 2028. The guidance line includes covenants for minimum net worth.

Under a \$3,000,000 facility, subject to annual review, borrowings are collateralized by a combination of first lien on the equipment and assignment of rents and a second lien on the equipment representing the leased equipment's residual values. On this facility, \$2,365,787 and \$1,984,246 was outstanding as of December 31, 2023 and 2022, respectively. Outstanding balances as of December 31, 2023 were due between January 2024 and December 2028.

Under an additional facility, the Company has borrowed either funding against lease stream payments or equity residual in equipment. The periodic payments are determined by the underlying equipment lease streams and/or residual values of equipment, with both interest rate and principal payments being determined at the time of line draw by the financial institution. Rates on borrowings from this facility range from 200 to 450 basis points over the like term swap rate at the time of borrowing, with \$5,368,251 and \$8,271,743 outstanding as of December 31, 2023 and 2022, respectively. Borrowings for equity residuals are priced at 2.00% over the corresponding non-recourse stream rate for the underlying transaction. Outstanding balances as of December 31, 2023 were due between January 2024 and March 2028. There are additional loans with this financial institution of which \$308,397 and \$288,855 was outstanding as of December 31, 2023 and 2022, respectively.

The Company has a borrowing arrangement collateralized by a first lien on the equipment and assignment of rents on a pool of lease transactions totaling \$110,782,280 and \$87,920,095 outstanding as of December 31, 2023 and 2022, respectively, at a borrowing rate ranging from 4.18% to 6.39%. Of the total transactions, \$21,362,208 and \$15,270,372 as of December 31, 2023 and 2022, respectively, is secured on a recourse basis for a portion of the equipment's residual values. The recourse portion of this transaction will amortize with cash flow from residual values. Management estimates that this obligation will fully amortize by November 2030. An additional \$13,000,000 was provided on a recourse basis at 5.52% of which \$9,075,015 and \$11,538,624 was outstanding as of December 31, 2023 and 2022, respectively.

(Continued)

KBH TOPCO, LLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 – DEBT (Continued)

Notes Payable—Recourse (Concluded). Principal payments on recourse notes payable as of December 31, 2023 were due as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2024	\$ 95,841,520
2025	16,948,566
2026	11,131,376
2027	8,196,931
2028	14,465,301
Thereafter	4,657,188
	<u>\$151,240,882</u>

Notes Payable—Non-Recourse. Non-recourse notes payable are collateralized by the assignment of rent and the equipment value under lease. The financial institutions and a related party have a first lien on the underlying leased equipment with no further recourse against the Company in the event of default by lessee. Interest rates range from 1.5% to 12.0%. Under these arrangements, each lease is financed under a separate borrowing. Non-recourse debt and related interest expense is paid by funds from assigned committed term lease payments with various financial institutions. The outstanding balance was \$335,684,049 and \$296,835,798 as of December 31, 2023 and 2022, respectively, of which \$21,976,624 and \$11,376,355 with an average interest rate of 9.23% was due to a related party under common control as of December 31, 2023 and 2022, respectively.

Principal payments on non-recourse notes payable as of December 31, 2023 were due as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2024	\$105,847,540
2025	76,965,841
2026	59,040,199
2027	44,319,887
2028	31,509,976
Thereafter	18,000,606
	<u>\$335,684,049</u>

Senior Secured Debt—Related-Party. The Company has a recourse senior secured debt facility with SLR. The facility was amended in 2023 to allow the Company to borrow up to \$96,000,000. The interest rate on the facility is SOFR plus 7.00%. Interest payments are due quarterly until maturity in December 2024. The debt is collateralized by a subordinated lien on the Company's leased assets and the Company's outstanding rollover equity interests. The debt agreement includes covenants for minimum tangible net worth and leverage. The outstanding balance including accrued interest was \$96,000,000 and \$80,000,000 as of December 31, 2023 and 2022, respectively. Related-party interest expense was approximately \$10,224,000 and \$7,315,000 for the years ended December 31, 2023 and 2022, respectively.

KBH TOPCO, LLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 – MEMBERS' EQUITY

All members of the Company have the same rights, preferences, and privileges. Profits, losses, and distributions are allocated in accordance with the Operating Agreement.

The Company has two classes of units: Common units and Preferred units. There were no Preferred units issued and outstanding as of December 31, 2023 and 2022.

NOTE 6 – OPERATING LEASES

The Company leases various facilities under the terms of non-cancelable operating leases which expire from June 2024 through July 2028 which call for monthly rental payments ranging from approximately \$2,000 to \$30,000 per month. The Company does not believe it will exercise the options to extend the leases. The office leases generally require the Company to pay taxes, insurance, utilities, and maintenance costs in addition to base rent.

The components of lease expense were as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Fixed operating lease cost	\$ 1,130,177	\$ 733,593
Variable and short-term lease costs	300,922	419,623
Total lease expense	<u>\$ 1,431,099</u>	<u>\$ 1,153,216</u>

Other information related to lease was as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Weighted-average remaining lease term (in years)	3.96	4.69
Weighted-average discount rate	3.26%	2.89%

Cash flows related to leases were as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 1,101,453	\$ 662,863
Supplemental disclosure of cash flow information:		
Right-of-use assets obtained in exchange for operating lease obligations	\$ 1,101,349	\$ 4,395,457

(Continued)

KBH TOPCO, LLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 – OPERATING LEASES (Continued)

Approximate future maturities of lease liabilities under non-cancelable operating leases were as follows as of December 31, 2023:

<u>Year Ending December 31</u>	<u>Amount</u>
2024	\$1,125,000
2025	1,014,000
2026	947,000
2027	879,000
2028	241,000
	<u>4,206,000</u>
Less: Imputed interest	274,000
	<u>\$3,932,000</u>

NOTE 7 – INCOME TAXES

A reconciliation of the statutory federal income tax rate and effective rate of the benefit for (provision from) income taxes is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Federal statutory rate	21.0%	21.0%
State income taxes, net of federal benefit	5.05	6.08
Deferred true up	(0.05)	(0.13)
Permanent items	0.52	(0.24)
Effective tax rate	<u>26.52%</u>	<u>26.71%</u>

The income tax provision consisted of the following components for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Deferred	\$2,982,373	\$4,594,732
Current	290,138	247,173
	<u>\$3,272,511</u>	<u>\$4,841,905</u>

(Continued)

KBH TOPCO, LLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 – INCOME TAXES (Concluded)

The Company's deferred income tax assets and liabilities consisted of the following components as of December 31:

	2023	2022
Deferred income tax asset (liability)		
Depreciation and amortization	\$(34,229,411)	\$(30,452,940)
Allowance for doubtful accounts	112,407	41,998
Interest expense carryforward	3,372,581	3,431,247
Net operating loss	18,124,927	17,342,572
Net deferred income tax liability	<u>\$(12,619,496)</u>	<u>\$ (9,637,123)</u>

The Company has a pre-tax net operating loss ("NOL") carryforward of \$14,749,274 for Federal tax purposes as of December 31, 2023. The Company has apportioned after-tax state NOLs of up to \$3,375,653 as of December 31, 2023 with the earliest expiration date in 2028.

NOTE 8 – LITIGATION

From time to time, the Company is subject to litigation arising in the ordinary course of business. It is the opinion of the Company's management that any claims pending are either covered by insurance or that there is no material exposure to the Company in connection with any proceedings.

NOTE 9 – SUBSEQUENT EVENTS

Management has evaluated all known subsequent events from December 31, 2023 through February 9, 2024, the date the accompanying consolidated financial statements were available to be issued and is not aware of any material subsequent events occurring during this period.

Gemino Healthcare Finance, LLC
d/b/a SLR Healthcare ABL

Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

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Years Ended December 31, 2023 and 2022

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Independent Auditors' Report

To the Board of Managers of
Gemino Healthcare Finance, LLC and Subsidiary

Opinion

We have audited the consolidated financial statements of Gemino Healthcare Finance, LLC and Subsidiary d/b/a SLR Healthcare ABL (the Company), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations, changes in members' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Baker Tilly US, LLP

Philadelphia, Pennsylvania
February 15, 2024

Gemino Healthcare Finance, LLC d/b/a SLR Healthcare ABLConsolidated Balance Sheets
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Assets		
Cash and cash equivalents	\$ 38,417	\$ 9,319,837
Loans receivable, net	111,264,256	92,383,159
Accrued interest receivable	1,456,919	1,181,464
Goodwill	5,663,531	5,663,531
Furniture and equipment, net	34,642	35,725
Other assets	105,652	121,706
Total assets	<u>\$118,563,417</u>	<u>\$108,705,422</u>
Liabilities and Members' Equity		
Liabilities		
Credit facility, net	\$ 83,101,563	\$ 76,639,027
Accounts payable and accrued expenses	4,158,427	2,929,111
Dividend payable	1,495,058	529,029
Total liabilities	<u>88,755,048</u>	<u>80,097,167</u>
Members' equity		
Units, \$1,000 par value, issued and outstanding 35,259 and 35,264, respectively	32,808,874	32,814,339
Accumulated deficit	<u>(3,000,505)</u>	<u>(4,206,084)</u>
Total members' equity	<u>29,808,369</u>	<u>28,608,255</u>
Total liabilities and members' equity	<u>\$118,563,417</u>	<u>\$108,705,422</u>

See notes to consolidated financial statements

Gemino Healthcare Finance, LLC d/b/a SLR Healthcare ABLConsolidated Statements of Operations
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Interest income:		
Interest income	\$13,610,602	\$7,919,047
Interest expense	6,498,804	3,191,098
Net interest income	7,111,798	4,727,949
Provision for loan losses	<u>81,159</u>	<u>117,149</u>
Net interest income after provision for loan losses	7,030,639	4,610,800
Other income	<u>4,275,023</u>	<u>3,673,619</u>
Operating expenses:		
Compensation and benefits	4,896,205	3,934,044
Depreciation and amortization	21,193	22,248
General and administrative	930,490	853,453
Total operating expenses	5,847,888	4,809,745
Net income	<u>\$ 5,457,774</u>	<u>\$3,474,674</u>

See notes to consolidated financial statements

Gemino Healthcare Finance, LLC d/b/a SLR Healthcare ABLConsolidated Statements of Changes in Members' Equity
Years Ended December 31, 2023 and 2022

Balance at December 31, 2021	\$28,856,140
Capital distributions	(6,444)
Dividends declared	(3,716,115)
Net income	<u>3,474,674</u>
Balance at December 31, 2022	\$28,608,255
Cumulative effect of adopting new accounting standard (see Note 2)	429,211
Capital distributions	(5,465)
Dividends declared	(4,681,406)
Net income	<u>5,457,774</u>
Balance at December 31, 2023	<u>\$29,808,369</u>

See notes to consolidated financial statements

Gemino Healthcare Finance, LLC d/b/a SLR Healthcare ABLConsolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Net income	\$ 5,457,774	\$ 3,474,674
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	21,193	22,248
Amortization of deferred origination fees and costs	(614,190)	(421,113)
Amortization of debt issuance costs	526,642	240,649
Provision for loan losses	81,159	117,149
Changes in assets and liabilities:		
Increase in accrued interest receivable	(275,455)	(517,337)
Decrease (increase) in other assets	16,054	(48,752)
Increase in deferred origination fees and costs	718,061	721,951
Increase in accounts payable and accrued expenses	1,229,316	437,931
Net cash provided by operating activities	<u>7,160,554</u>	<u>4,027,400</u>
Cash Flows from Investing Activities		
Increase in loans receivable	(18,636,916)	(11,197,577)
Purchase of furniture and equipment	(20,110)	(43,654)
Net cash used in investing activities	<u>(18,657,026)</u>	<u>(11,241,231)</u>
Cash Flows from Financing Activities		
Proceeds from credit facility	7,700,000	17,000,000
Debt issuance costs	(1,764,106)	—
Dividends	(3,715,377)	(3,716,144)
Capital distributions	(5,465)	(6,444)
Net cash provided by financing activities	<u>2,215,052</u>	<u>13,277,412</u>
Net (decrease) increase in cash and cash equivalents	<u>(9,281,420)</u>	<u>6,063,581</u>
Cash and cash equivalents, beginning of the year	<u>9,319,837</u>	<u>3,256,256</u>
Cash and cash equivalents, end of the year	<u>\$ 38,417</u>	<u>\$ 9,319,837</u>
Supplemental Disclosure of Cash Flow Information		
Interest paid	<u>\$ 5,808,623</u>	<u>\$ 2,669,380</u>

See notes to consolidated financial statements

1. Description of Business

Gemino Healthcare Finance, LLC is a Delaware limited liability company formed in December 2006. In February 2021, the Company filed a d/b/a in the name of SLR Healthcare ABL (“SLR Healthcare”). SLR Healthcare is a commercial finance company that originates, underwrites and manages primarily secured, asset-based loans for small and mid-sized companies operating across the U.S. in the healthcare industry. SLR Healthcare’s loans are primarily in the form of revolving lines of credit, secured by accounts receivable of the borrowers. The accounts receivable serving as collateral are primarily third party obligations from government payers, such as Medicare or Medicaid, and commercial insurers.

In certain cases, SLR Healthcare may provide senior term loan financing, including real estate financing to qualified borrowers in addition to a revolving line of credit. Senior term loans, including real estate loans are typically secured by accounts receivable and all other assets of the borrowers, such as inventory, equipment and real estate.

Gemino Healthcare Funding, LLC (“Gemino Funding”) is a wholly-owned special purpose limited liability company that purchases and holds certain eligible loans and related property from SLR Healthcare (collectively, the “Company”).

On September 30, 2013, SLR Senior Investment Corp. formerly known as Solar Senior Capital Ltd. (“SLR Senior”), a Maryland corporation, acquired a controlling interest in SLR Healthcare. On April 1, 2022, SLR Senior merged with the surviving affiliated entity, SLR Investment Corp. (“SLR Investment”), a Maryland corporation. The remaining interest of SLR Healthcare is held by the management team of SLR Healthcare.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of SLR Healthcare and Gemino Funding. All significant intercompany balances have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and to report amounts of revenues and expenses during the reporting period. Actual results could differ materially from these estimates. The allowance for credit losses represents an estimate that is particularly susceptible to material change.

Cash and Cash Equivalents

Cash and cash equivalents include funds deposited with financial institutions and short-term, liquid investments in money market accounts with original maturities of three months or less.

2. Summary of Significant Accounting Policies...continued

Loans Receivable

Loans receivable that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at their outstanding unpaid principal balances less the allowance for credit losses and any deferred fees or costs.

Commitment terms of the Company's financing agreements generally range from two to five years with interest charged on a floating rate basis. Funding under revolving loan commitments is subject to the Company's estimation of the value of the accounts receivable pledged as collateral.

Revenue Recognition

Income on loans receivable is recognized using the simple interest method. Revolving loan origination fees and costs are deferred and amortized on a straight-line basis over the terms of the related loan commitments as an adjustment to interest income on loans. Term loan origination fees and costs are deferred and amortized using either the effective interest method or the straight-line method over the life of the loan as an adjustment to interest income. The straight-line method may be used for term loan facilities when it approximates the effective interest method. Other fees, such as unused balance and collateral monitoring fees, are recognized when the services are provided. Termination fees are recognized when a loan is terminated. These other fees are included in other income.

The accrual of interest on loans is discontinued at the time the loan is 90 days delinquent unless the loan is adequately secured. Typically, loans are placed on non-accrual or charged off at an earlier date if collection of principal or interest is considered doubtful. When a loan is placed on non-accrual status, all interest previously accrued, but not collected, is reversed against current interest income and all future proceeds received will generally be applied against principal or interest, in the judgment of management. Loans are returned to accrual status when all principal and interest amounts contractually due are reasonably assured.

The Company recognizes revenue in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers*, which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The core principle of the revenue model is for an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

ASC 606 is not applicable to financial instruments and, therefore, does not impact the Company's revenues. The Company has evaluated the nature of its contracts with customers and fully satisfies its performance obligations on its contracts as services are rendered and the transaction prices are typically fixed; they are charged either on a periodic basis or based on activity.

2. Summary of Significant Accounting Policies... continued

Impaired Loans

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due in accordance with the contractual terms of the loan agreement. Loans are evaluated for impairment by the Company based on an ongoing analysis of each borrower's repayment capacity, the value of the collateral support and the strength of any guarantees. Loans identified as impaired are further evaluated to determine the estimated extent of impairment.

Allowance for Credit Losses

Effective January 1, 2023, the Company adopted Accounting Standards Update ("ASU") 2016-13, *Financial Instruments – Credit Losses (Topic 326)*. ASU 2016-13 requires a current expected credit loss ("CECL") measurement to estimate the allowance for credit losses replacing the estimate of probable credit losses inherent in the loan portfolio. The Company adopted ASU 2016-13 using the modified retrospective method. Results for 2023 are presented in accordance with ASU 2016-13 while prior period amounts continue to be reported in accordance with previously applicable accounting standards. Upon adoption, the Company recognized an overall decrease in the allowance for credit losses of approximately \$429,000 as a cumulative effect adjustment from a change in accounting policies, which increased Members' equity.

The allowance for credit losses reflects the Company's current estimate of potential credit losses in the loan portfolio at year end. The CECL methodology is based on relevant information about past events, including, but not limited to, historical loss experience, current portfolio composition, market conditions and reasonable and supportable forecasts that affect the collectability of the reported loan balances for the duration of each respective loan. Increases and decreases to the allowance for credit losses are recorded through the Provision for loan losses in the Consolidated Statements of Operations.

The Company's portfolio currently consists of revolving lines of credit. All loans in the Company's portfolio are individually evaluated when determining the risk rating for each loan. A lower internal risk rating represents less risk while a higher internal risk rating represents more risk. Credit risk ratings for each borrower are established based on certain qualitative and quantitative factors including an assessment of management and strategy, historical and projected repayment capacity, collateral coverage and performance, financial condition and sponsorship, strength of guarantees and any contingencies.

The allowance for credit losses on loans classified as "Pass" is assessed using historical loss experience, the expected weighted-average remaining maturity of the portfolio, adjusted for expected prepayments, and a qualitative economic view. The Company also reviews trends in the weighted-average risk of the portfolio to determine whether risk characteristics of the current portfolio, relative to the historical portfolio, could signal a greater risk of expected loss. In accordance with CECL, the Company's allowance for credit losses may be adjusted to reflect management's assessment of current and future economic conditions that may impact the performance of each borrower. The assessment includes, but is not limited to, unemployment rates, interest rates, expectations of inflation and/or recession, as well as various other macroeconomic factors that could impact the likelihood of potential credit losses during a loan's anticipated term.

2. Summary of Significant Accounting Policies...continued

Allowance for Credit Losses...continued

Specific allowances for credit losses are generally applied to certain loans classified as "Substandard." Generally, these loans are deemed to be impaired and are typically measured based on a comparison of the recorded carrying value of the loan to the present value of the loan's expected cash flow using the loan's effective interest rate, the loan's estimated market price or the estimated fair value of the underlying collateral, if the loan is collateral-dependent combined with the strength of any guarantee arrangements. Specific allowances are recorded when the discounted cash flows, collateral value, or aggregate market price of the impaired loan is lower than the carrying value of that loan.

Loans are charged off when collection is questionable and when the Company can no longer justify maintaining the loan as an asset on the consolidated balance sheets. Loans qualify for charge off when, after thorough analysis, all possible sources of collection are determined to be insufficient to repay the loan. These include impairment of potential future cash flow, value of collateral and/or financial strength of guarantors. Recoveries of previous charge-offs are recorded when received. For the years ended December 31, 2023 and 2022, there were no recoveries of previous charge-offs.

Goodwill

Goodwill arose from the acquisition of the Company on September 30, 2013 (Note 1). Goodwill represents the excess of the purchase price over the fair value of those acquired net assets. Goodwill is not amortized, but instead is reviewed for impairment annually typically in December of each year or more frequently upon the occurrence of certain events or substantive changes in circumstances. The Company assesses goodwill for impairment by comparing the carrying value of the Company to its fair value. The Company has the option to perform a qualitative assessment to determine if an impairment is more likely than not to have occurred. If the conclusion is supported that it is more likely than not that the fair value is less than its carrying amount, then the Company would need to perform a quantitative impairment test. If the conclusion cannot be supported, or if the Company does not elect to do the qualitative assessment, then the Company will perform a quantitative assessment. If a quantitative goodwill impairment assessment is performed, the Company utilizes a combination of market and income valuation approaches. No impairment of goodwill resulted for the years ended December 31, 2023 and 2022, respectively.

Furniture and Equipment

Furniture and equipment are recorded at cost, net of accumulated depreciation, and are depreciated on a straight-line basis over their estimated useful lives ranging from three to five years.

Debt Issuance Costs

The Company reports origination and other costs related to debt issuances as a direct deduction from the carrying amount of the debt liability. These expenses are deferred and amortized using either the effective interest method or the straight-line method over the stated life as an adjustment to interest expense. The straight-line method may be used on revolving facilities when it approximates the effective interest method.

2. Summary of Significant Accounting Policies...continued

Income Taxes

The Company is not subject to federal or state income taxes. Members of the Company have elected to report the taxable income or loss on their individual tax returns. Accordingly, no provision for income taxes has been recorded in the accompanying consolidated financial statements.

The Company applies authoritative guidance relating to the accounting for uncertain tax positions. Accordingly, a provision for uncertain tax positions and related penalties and interest is recognized when it is more-likely-than-not, based on the technical merits, that the tax position will not be realized or sustained upon examination by the appropriate taxing authority. Management determined there were no tax uncertainties that met the recognition threshold in 2023 and 2022.

The Company files both federal and state income tax returns. The Company remains subject to examination by taxing authorities for the years 2020 and after.

Accounting Standard Adopted in 2023

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting (ASU 2020-04)*. ASU 2020-04 provided optional, temporary relief to ease the burden of accounting for reference rate reform activities that affect contractual modifications of floating rate financial instruments indexed to interbank rates. Modifications of qualifying contracts are accounted for as the continuation of an existing contract rather than as a new contract. The Company modified its outstanding loans receivable and credit facility agreements by replacing references to the London Inter-Bank Offered Rate ("LIBOR") with the Secured Overnight Financing Rate ("SOFR") or another alternative reference rate. There was no impact to the consolidated financial statements as a result of adopting ASU 2020-04.

3. Loans Receivable

The following table shows the composition of loans receivable, net as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Revolving loans receivable	\$ 112,835,755	\$ 94,198,839
Less allowance for credit losses	(605,751)	(953,803)
Less deferred origination fees and costs, net	(965,748)	(861,877)
Loans receivable, net	<u>\$ 111,264,256</u>	<u>\$ 92,383,159</u>

4. Allowance for Credit Losses and Recorded Investment in Loans Receivables

The following table summarizes the activity in the allowance for credit losses by revolving loans for the respective years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 953,803	\$ 836,654
Cumulative effect of adopting ASU 2016-13	(429,211)	—
Provision for loan losses	81,159	117,149
Ending balance	<u>\$ 605,751</u>	<u>\$ 953,803</u>
Collectively evaluated for impairment	<u>\$ 605,751</u>	<u>\$ 952,745</u>
Individually evaluated for impairment	<u>\$ —</u>	<u>\$ 1,058</u>

The following table presents revolving loans collectively and individually evaluated for impairment at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Revolving loans	<u>\$ 112,835,755</u>	<u>\$ 94,198,839</u>
Collectively evaluated for impairment	<u>\$ 112,835,755</u>	<u>\$ 94,093,002</u>
Individually evaluated for impairment	<u>\$ —</u>	<u>\$ 105,837</u>

The following table summarizes the non-accrual revolving loans at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Recorded investment	<u>\$ —</u>	<u>\$ 105,837</u>
Unpaid principal	<u>\$ —</u>	<u>\$ 105,837</u>
Related allowance	<u>\$ —</u>	<u>\$ 1,058</u>

4. Allowance for Credit Losses and Recorded Investment in Loans Receivables...continued

Credit Quality Indicators

The following table summarizes the loan portfolio by the Company's internal credit rating (scale: 1 to 7) as of December 31, 2023 and 2022: Loans with a rating of 4 or better generally pose minimal risk to the Company as they exhibit, among other things, one or more of the following attributes: (1) secured collateral position; (2) satisfactory cash flows; and (3) history of timely payment of debt obligations. Loans credit rated below 4 are considered "watchlist" loans; an overall degree of risk exists with these loans that warrants management's review each quarter.

	December 31,	
	2023	2022
Rated 4 or better	\$107,346,528	\$88,001,460
Rated 5	5,489,227	6,091,542
Rated 6	—	105,837
Total revolving loans	<u>\$112,835,755</u>	<u>\$94,198,839</u>

5. Furniture and Equipment

Furniture and equipment are comprised of the following at December 31, 2023 and 2022:

	2023	2022
Computer software and equipment	\$ 156,947	\$ 136,837
Furniture and fixtures	41,032	41,032
Leasehold improvement	21,551	21,551
Total	219,530	199,420
Less accumulated depreciation	(184,888)	(163,695)
Furniture and equipment, net	<u>\$ 34,642</u>	<u>\$ 35,725</u>

Depreciation expense was \$21,193 and \$22,248 for the years ended December 31, 2023 and 2022, respectively.

6. Debt

On May 27, 2016, the Company entered into a four-year, non-recourse \$125,000,000 secured revolving credit facility. Effective with an amendment dated August 24, 2023, the credit facility was increased to \$150,000,000, which is expandable to \$200,000,000 under its accordion feature. The maturity date of the credit facility is March 31, 2026. Under the terms of the credit facility, the Company has made certain customary representations and warranties, and is required to comply with various covenants, including financial and reporting requirements and other customary requirements for similar credit facilities. The credit facility also includes usual and customary events of default for credit facilities of this nature.

Amounts available to borrow under the credit facility are also subject to compliance with a borrowing base that applies different advance rates to different types of assets in the Company's portfolio that are pledged as collateral. As of December 31, 2023 and 2022, there were principal borrowings of \$84,700,000 and \$77,000,000 outstanding, respectively, under the credit facility which is collateralized by eligible loans and related securities.

Interest on the credit facility accrues at a variable rate per annum of one-month Term SOFR plus 2.85% and one-month LIBOR plus 2.25%, respectively, approximating 8.21% and 6.64% at December 31, 2023 and 2022, respectively. The Company also pays other customary loan fees for the credit facility.

The credit facility is comprised of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Principal borrowings	\$84,700,000	\$77,000,000
Unamortized debt issuance costs	(1,598,437)	(360,973)
Credit facility, net	<u>\$83,101,563</u>	<u>\$76,639,027</u>

7. Commitments and Concentrations

At December 31, 2023 and 2022, the Company has committed facilities to its borrowers totaling approximately \$255,000,000 and \$242,106,000, respectively, of which approximately \$142,164,000 and \$147,907,000, respectively, was unused. Borrowers may borrow up to the lesser of (i) the committed facility or (ii) the underlying collateral value multiplied by the advance rate. Of the unused committed facility amount at December 31, 2023 and 2022, borrowers could borrow up to approximately \$53,284,000 and \$43,954,000, respectively. As of December 31, 2023 and 2022, the Company had sufficient cash available and/or availability under its credit facility to fund its commitments.

At December 31, 2023, the Company had one loan approximating 24% of the total loans receivable and at December 31, 2022, the Company had two loans approximating 16% and 12% of the total loans receivable, respectively.

8. Employee Benefit Plans

The Company sponsors a 401(k) savings plan, where the Company contributes a defined percentage of employees' earnings up to the maximum contribution amount as determined by the Internal Revenue Service.

The Company formed a Long-Term Incentive Plan ("LTIP") that provides for an annual bonus pool to employees based on the Company achieving certain performance criteria.

9. Fair Value Disclosure

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The following information should not be interpreted as an estimate of the fair value of the entire Company, since a fair value calculation is only provided for a limited portion of the Company's assets and liabilities. Assets and liabilities measured at fair value on a recurring basis are summarized in the table below at December 31, 2023 and 2022.

	2023	
	Carrying Value	Fair Value
Financial assets:		
Cash and cash equivalents (Level 1)	\$ 38,417	\$ 38,417
Loans receivable, net (Level 3)	111,264,256	112,230,004
Financial liabilities:		
Credit facility, net (Level 2)	83,101,563	84,700,000
	2022	
	Carrying Value	Fair Value
Financial assets:		
Cash and cash equivalents (Level 1)	\$ 9,319,837	\$ 9,319,837
Loans receivable, net (Level 3)	92,383,159	93,245,036
Financial liabilities:		
Credit facility, net (Level 2)	76,639,027	77,000,000

10. Related Parties

Employees of an affiliated entity provide marketing, sales and legal services to the Company for which the Company reimburses the affiliated entity. Such reimbursements have been included in compensation and benefits expenses.

In August 2022, the Company sold a participation in a loan agreement to SLR Investment for a total commitment of \$5,000,000 and the outstanding loans receivable balance at December 31, 2022 was \$3,966,336. This participation was redeemed by the Company from SLR Investment during September 2023.

11. Subsequent Events

The Company evaluated subsequent events for recognition or disclosure through February 15, 2024, which was the date the consolidated financial statements were available to be issued.

**North Mill Holdco LLC
and Subsidiaries**

Consolidated Financial Report
December 31, 2023

North Mill Holdco LLC and Subsidiaries

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Independent Auditor's Report

Audit Committee
North Mill Holdco LLC

Opinion

We have audited the consolidated financial statements of North Mill Holdco LLC and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the related consolidated statements of operations, members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 3 to the financial statements, the Company adopted Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments—Credit Losses (Topic 326)*, using the modified retrospective transition method. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

/s/ RSM US LLP

Philadelphia, Pennsylvania
February 23, 2024

North Mill Holdco LLC and Subsidiaries

Consolidated Balance Sheets

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash	\$ 20,229,478	\$ 7,396,967
Finance receivables:		
Loans receivable	168,427,831	154,062,897
Less: unearned fee income	103,286	284,640
	<u>168,324,545</u>	<u>153,778,257</u>
Accounts receivable	105,113,189	131,942,768
Less: allowance for uncollectible finance receivables	2,328,391	1,834,061
Finance receivables, net	<u>271,109,343</u>	<u>283,886,964</u>
Goodwill	19,242,729	36,187,729
Accrued interest receivable	2,158,775	1,735,159
Other assets	335,799	256,914
Furniture and equipment, net	604,124	545,337
Right of use asset	1,654,855	2,238,007
Total assets	<u>\$ 315,335,103</u>	<u>\$ 332,247,077</u>
Liabilities and Members' Equity		
Liabilities:		
Credit facility payable, net of issuance costs (Note 7)	\$ 222,061,862	\$ 213,141,607
Due to factoring clients	25,073,717	34,200,052
Accounts payable and accrued expenses	4,928,206	3,401,465
Lease liability	1,654,855	2,238,007
Total liabilities	<u>253,718,640</u>	<u>252,981,131</u>
Commitments (Note 8)		
Members' equity	<u>61,616,463</u>	<u>79,265,946</u>
Total liabilities and members' equity	<u>\$ 315,335,103</u>	<u>\$ 332,247,077</u>

See notes to consolidated financial statements.

North Mill Holdco LLC and Subsidiaries**Consolidated Statements of Operations**

Years Ended December 31, 2023 and 2022

	Year Ended December 31, 2023	Year Ended December 31, 2022
Interest and finance charges	\$ 33,700,679	\$ 26,815,365
Less: interest expense	15,047,895	8,306,061
Net interest income	18,652,784	18,509,304
Service fees and other finance charges	4,442,246	2,617,984
Net interest and other non-interest income	23,095,030	21,127,288
Provision (credit) for uncollectible finance receivables	(453,120)	—
Net interest income after provision (credit) for uncollectible finance receivables	23,548,150	21,127,288
Expenses:		
Personnel	12,384,594	9,984,711
Acquisition expenses	—	3,699,997
Impairment of goodwill	16,945,000	—
General and administrative	3,266,764	3,048,501
Legal and professional fees	439,601	453,413
	33,035,959	17,186,622
Net (loss) income	\$ (9,487,809)	\$ 3,940,666

See notes to consolidated financial statements.

North Mill Holdco LLC and Subsidiaries

Consolidated Statements of Members' Equity

Years Ended December 31, 2023 and 2022

Balance, January 1, 2022	\$77,103,196
Net income	3,940,666
SLR contributions	5,000,000
Distribution to members	(6,777,916)
Balance, December 31, 2022	79,265,946
Cumulative change in accounting principle (see note 3)	(1,085,173)
Net loss	(9,487,809)
Distribution to members	(7,076,501)
Balance, December 31, 2023	<u>\$61,616,463</u>

See notes to consolidated financial statements.

North Mill Holdco LLC and Subsidiaries

Consolidated Statements of Cash Flows

Years Ended December 31, 2023 and 2022

	Year Ended December 31, 2023	Year Ended December 31, 2022
Cash flows from operating activities:		
Net (loss) income	\$ (9,487,809)	\$ 3,940,666
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Provision (credit) for uncollectible finance receivables	(453,120)	—
Depreciation	182,428	149,413
Amortization of deferred financing costs	495,283	367,771
Impairment of goodwill	16,945,000	—
Changes in assets and liabilities:		
(Increase) decrease in:		
Accrued interest receivable	(423,616)	(889,598)
Other assets	(78,884)	72,915
Increase (decrease) in:		
Unearned fee income	(181,354)	248,713
Accounts payable and accrued expenses	1,526,741	1,371,381
Due to factoring clients	(9,126,335)	6,255,447
Net cash (used in) provided by operating activities	(601,666)	11,516,708
Cash flows from investing activities:		
Decrease (increase) in finance receivables, net	12,326,922	(37,353,685)
Purchases of furniture and equipment	(241,215)	(412,744)
Net cash provided by (used in) investing activities	12,085,707	(37,766,429)
Cash flows from financing activities:		
Net proceeds from credit facility payable	8,491,955	31,173,335
SLR contributions	—	5,000,000
Payment of debt issuance costs	(66,984)	(936,160)
Distribution to members	(7,076,501)	(6,777,916)
Net cash provided by financing activities	1,348,470	28,459,259
Net increase in cash	12,832,511	2,209,538
Cash:		
Beginning	7,396,967	5,187,429
Ending	<u>\$ 20,229,478</u>	<u>\$ 7,396,967</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 14,027,175</u>	<u>\$ 6,993,995</u>
Non-Cash Disclosure:		
Cumulative change in accounting principle	\$ (1,085,173)	\$ —
Right of use asset and lease liability	<u>—</u>	<u>1,451,570</u>

See notes to consolidated financial statements.

Note 1. Nature of the Business

The operations of North Mill Holdco LLC (“Holdco”) and Subsidiaries (collectively, the Company) consist primarily of those financial activities common to the commercial asset-based finance industry.

Holdco, a subsidiary of SLR Investment Corp. (“SLR”), was formed on May 17, 2019 in connection with the acquisition of Summit Financial Resources, LLC (“Summit”).

North Mill Capital LLC (“NMC”) was formed as a single-member Delaware limited liability company on August 18, 2010 and commenced operations on October 29, 2010. SLR acquired a controlling interest in NMC on October 20, 2017. SLR contributed its interests in NMC to Holdco on June 28, 2019. NMC is a wholly owned subsidiary of Holdco.

NMC is a specialty finance company engaged in providing asset-based commercial financing to small and medium-sized businesses. The Company’s core business is providing and servicing loans ranging from \$200,000 to \$40,000,000 secured by accounts receivable, inventory, and equipment. Borrowers are located throughout the United States.

PrinSource Capital Companies, LLC, a wholly owned subsidiary of NMC, and their wholly owned subsidiary Partner Plus, LLC (collectively, “PrinSource”), were acquired by NMC on December 30, 2011. Summit was acquired by Holdco on June 28, 2019. PrinSource, Summit, and SLR Digital Finance LLC (“Digital Finance”) (Note 2) provide financial services through the funding and financing of working capital assets, primarily accounts receivable and inventory.

Note 2: Acquisition

In connection with NMC’s acquisition of Digital Finance on June 3, 2021, an additional earn out payment of \$3,699,997 was made in 2022 and was based on reaching certain loan balances for a six month period subsequent to the acquisition date. The payment has been recorded as acquisition expense in the accompanying consolidated statements of operations.

Note 3: Significant Accounting Policies

Significant accounting policies are as follows:

Principles of consolidation: The financial statements include the accounts of NMC and its subsidiaries. All material intercompany accounts and transactions have been eliminated in consolidation.

Revenue recognition: The Company recognizes interest and fee income in accordance with ASC 310, *Receivables* and ASC 825, *Interest*. Interest income is recognized as earned based on the terms of the underlying loan agreement. Fees received for the origination of loans are deferred and amortized into income over the contractual lives of the loans and annual fees received for loans are deferred and amortized into income over a twelve-month period using the straight-line method, which approximates the effective interest rate method. Unamortized amounts are recognized as income at the time that loans are paid in full. Interest income on loans receivable is recognized using the interest method. Interest and fee income are accrued based on the outstanding loan balance and charged monthly to the loan balance as earned, except in instances that a reasonable doubt exists as to the collectability of interest, in which case the accrual of income may be suspended.

The Company recognizes and measures revenue recognition on other fee income in accordance with ASC 606, *Revenue from Contracts With Customers*. Other fee income, which includes wire transfers, field examination charges, late reporting fees and other items charged to borrowers, is recognized as charged.

Cash: The Company maintains its cash balances at several financial institutions which at various times during the year have exceeded the threshold for insurance provided by the Federal Deposit Insurance Corporation.

Loans receivable: The Company's portfolio consists of asset based loans. The loans are further classified as either performing or non-performing. The Company provides asset-based financing primarily in the form of revolving credit facilities collateralized by the borrower's assets, including, but not limited to, accounts receivable, inventory, equipment and general intangibles. The loan term is generally two years and management has the intention and ability to hold until maturity or payoff. Provisions for credit losses for finance receivables are charged to operations in amounts sufficient to maintain the allowance for uncollectible finance receivables at an amount considered adequate to cover the estimated losses of principal and accrued interest in the existing loan portfolio. The Company's charge-off policy is based on a loan-by-loan review for all receivables. Management periodically evaluates the adequacy of the allowance for uncollectible finance receivables by reviewing credit loss experience, change in size and character of credit risks, the value of collateral and general economic conditions. Loans are charged off against the allowance when management determines that there is insufficient collateral to support the loan and believes that it is no longer probable that principal and/or interest payments will be collected. These loans can be affected by economic conditions.

Accounts receivable: Accounts receivable consist of factored receivables including factored receivables specifically for digital media companies. As of December 31, 2023 and 2022, the factored receivables portfolio is \$20,258,992 and \$31,087,439 and the factored receivables specifically for digital media companies portfolio balance is \$84,854,197 and \$100,855,329, both of which comprise the balance of accounts receivable on the consolidated balance sheets of \$105,113,189 and \$131,942,768, respectively. Accounts receivable are stated at cost, net of an allowance for uncollectible finance receivables. The allowance for uncollectible finance receivables is based on management's assessment of the collectability of specific customer accounts, the aging of the accounts receivable, historical experience and other currently available evidence. If there is a deterioration of a major customer's credit worthiness or actual defaults are higher than the historical experience, management's estimates of the recoverability of amounts due to the Company could be adversely affected. These receivables can be affected by economic conditions.

Allowance for credit losses: On January 1, 2023, the Company adopted ASU 2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including loan and accounts receivables. The method utilized by the Company to estimate expected credit losses is the weighted average maturity ("WARM") methodology which contemplates expected losses at a pool-level, utilizing historic loss information.

Results for reporting periods beginning after January 1, 2023 are presented under ASC 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP. There was an adjustment to retained earnings of \$1,085,173 as a result of adoption ASC 326.

In accordance with CECL, the Company's allowance for loan losses may be adjusted to reflect management's assessment of current and future economic conditions that may impact the performance of the borrowers, historical charge-offs, trends in loan volumes, industry concentrations including providing working capital facilities to digital media companies, the weighted average maturity of the loan portfolio, and the likelihood of funding unfunded commitments.

The cumulative loss rate used as the basis for the estimate of credit losses for asset based loans, factored receivables, and factored receivables specifically for digital media companies is comprised of the Company's historical loss experience from 2010 to 2023. As of December 31, 2023, the Company expects that the markets in which it operates will experience stable economic conditions, low level of future charge-offs and delinquencies, low to medium level of originations, and low to medium geographic and industry concentrations over the next two years. Management adjusted the historical loss experience for these expectations. No reversion adjustments were necessary, as the starting point for the Company's estimate was a cumulative loss rate covering the expected contractual term of the portfolio.

When the Company determines there is insufficient collateral to support an outstanding loan or accounts receivable balance and believes it is no longer probable that principal and/or interest payments will be collected, the Company will place the loan on non-accrual status. Such non-accrual loans may be restored to accrual status if past due principal and interest are paid in cash, and, in management's judgment, are likely to continue.

Participation funding: The Company enters into participation funding and servicing arrangements with other lending institutions whereby the other institutions pay the Company a processing fee for servicing financing arrangements that the other institutions have entered into with their customers. Under these arrangements, the Company, as the participant, assumes the risk related to their percentage share of the arrangement. The Company pays the lending institutions a pro rata percentage of the fee income earned. The arrangements are presented in finance receivables in the accompanying consolidated balance sheet net of the amount due to the institution.

The Company enters into participation funding arrangements with third-party lending institutions, whereby those institutions participate in loans originated by the Company. These arrangements are used by the Company to manage risk associated with loans and accounts receivable that may potentially exceed funding limits. Transfers of financial assets are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when: the assets have been isolated from the Company – put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other receivership; the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets; and the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity or the ability to unilaterally cause the holder to return specific assets, other than through a cleanup call.

Furniture and Equipment: Property and equipment acquired in acquisitions is initially recorded at fair value. Additions are recorded at cost and stated net of accumulated depreciation. Depreciation and amortization are provided using the straight-line method over the estimated lives of the assets, which is generally three to five years for equipment and ten years for furniture and fixtures.

Debt issuance costs: Costs incurred in connection with the placement of the revolving credit facility have been capitalized and recorded as a reduction to the note payable on the balance sheets. These costs are amortized as interest expense over the life of the facility using the effective interest method or straight line method if it approximates the effective interest method.

Impairment of long-lived assets: The Company reviews long-lived assets, including furniture and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. An impairment loss would be recognized when undiscounted future cash flows expected to result from the use of the asset and its eventual disposition is less than the carrying amount. No impairments have occurred to date.

Goodwill: Goodwill represents the excess of consideration paid for an acquired business over the fair value of the related assets acquired and liabilities assumed. Goodwill arose from the acquisition of the Company on October 20, 2017, Summit, and Digital Finance (Note 2). The Company is required to assess its goodwill for impairment annually, or more frequently if events or changes in circumstances indicate impairment may have occurred. The Company assesses goodwill for impairment by comparing the carrying value of the Company to its fair value. If the fair value were less than the carrying value, an impairment loss would be recorded for the difference between the fair value and carrying value. The Company determines the fair value of the entity using a weighting of fair values derived from the income approach and market approach valuation methodologies. The income approach uses the discounted cash flow method and the market approach uses the guideline public company method. If the Company determines the fair value of the entity's goodwill is less than its carrying value, an impairment loss is recognized and reflected in the consolidated statements of operations. For the year ended December 31, 2023, the Company performed an interim and annual impairment test resulting in an impairment charge \$16,945,000 and has been recorded as impairment of goodwill in the consolidated statements of operations. The impairment charge was caused by the measurement of discounting cash flows of future earnings resulting in a value less than the Company's carrying value as the estimated growth in the loan portfolio and corresponding revenues were not sufficient to support its current carrying value. There was no impairment in 2022. Changes in the carrying amount of goodwill is as follows:

Goodwill as of January 1, 2022	\$ 36,187,729
Impairment loss	—
Goodwill as of December 31, 2022	<u>36,187,729</u>
Impairment loss	<u>(16,945,000)</u>
Goodwill as of December 31, 2023	<u>\$ 19,242,729</u>

Income taxes: No provision has been made for income taxes, if any, as these are the obligation of the members. The Company files income tax returns as a partnership in the U.S. federal jurisdiction and in various state jurisdictions.

The Company applies authoritative guidance relating to the accounting for uncertain tax positions. Accordingly, a provision for uncertain tax positions and related penalties and interest is recognized when it is more likely-than-not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more-likely-than-not means a likelihood or more than 50%. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances, and information available at the reporting date and is subject to management's judgment.

Interest rate risk: Inherent in the Company's principal business activities is the potential for the Company to assume interest rate risks that result from differences in the maturities and re-pricing characteristics of certain assets and liabilities.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ materially from those estimates.

Leases: The Company recognizes and measures its leases in accordance with FASB ASC 842, *Leases*. The Company is a lessee in several non-cancellable operating leases for office space. The Company determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Company recognizes a right of use (ROU) asset and a lease liability asset, initially and subsequently, based on the present value of its future lease payments. The discount rate is the implicit rate, if it is readily determinable, or otherwise the Company uses its incremental borrowing rate. The implicit rates of the Company's leases are not readily determinable and accordingly, the Company uses an incremental borrowing rate based on the information available at the commencement date for all leases. The Company's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment. The Company used a weighted average discount rate of 3.00% and the weighted average remaining lease terms is 3.27 years. The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepared (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized.

Subsequent events: The Company has evaluated its subsequent events (events occurring after December 31, 2023) through February 23, 2024, which represents the date the financial statements were available to be issued, and determined that there were no material subsequent events requiring adjustment to, or disclosure in the consolidated financial statements for the year ended December 31, 2023.

Recent Accounting Pronouncement:

In January 2017, the FASB issued ASU 2017-04, *Simplifying the Test for Goodwill Impairment* (Topic 350), which simplifies how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. ASU 2017-04 is effective for annual or any interim goodwill impairment tests in fiscal year 2023, with early adoption permitted for annual or interim tests performed on testing dates after January 1, 2017. The amendments included in this ASU are to be applied prospectively. Implementation of this new standard did not have a material impact on the Company's consolidated financial statements.

In January 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting, March 2020*, to provide temporary optional expedients and exceptions to the U.S. GAAP guidance on contract modifications and hedge accounting to ease the financial reporting burdens of the expected market transition from LIBOR and other interbank offered rates to alternative reference rates, such as the Secured Overnight Financing Rate. Entities can elect not to apply certain modification accounting requirements to contracts affected by what the guidance calls “reference rate reform” if certain criteria are met. An entity that makes this election would not have to remeasure the contracts at the modification date or reassess a previous accounting determination. Also, entities can elect various optional expedients that would allow them to continue applying hedge accounting for hedging relationships affected by reference rate reform if certain criteria are met, and can make a one-time election to sell and/or reclassify held-to-maturity debt securities that reference an interest rate affected by reference rate reform. In December 2022, the FASB issued ASU 2022-06, *Reference Rate Reform (Topic 848), Deferral of the Sunset date of Topic 848*, which defers the sunset date in Topic 848 from December 31, 2022 to December 31, 2024. The amendments in this ASU apply to all entities (subject to meeting certain criteria) that have contracts, hedging relationships, or other transactions that reference the London Interbank Offered Rate (LIBOR) or another reference rate expected to be discontinued because of reference rate reform. The Company is currently evaluating the impact the adoption of the standard will have on the Company’s financial position and results of operations.

Note 4. Fair Value of Financial Instruments

FASB ASC 820, *Fair Value Measurements* (“ASC 820”), establishes a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect management’s market assumptions.

These two types of inputs create the following fair value hierarchy:

Level 1 – Quoted prices for identical instruments in active markets.

Level 2 – Observable inputs other than quoted prices in active markets for identical assets and liabilities, such as interest rates and foreign exchange rates that are observable at commonly quoted intervals. Financial assets utilizing Level 2 inputs include currency swaps and interest rate caps.

Level 3 – Unobservable inputs.

ASC 820 also requires that the Company disclose estimated fair values for its financial instruments. No quoted market exists for the Company’s financial instruments. Therefore, fair market estimates are based on judgments, risk characteristics of various financial instruments and other factors. Changes in these assumptions could significantly affect the estimates.

The Company estimates the carrying amounts of cash approximated its fair value as of December 31, 2023 and 2022. Since there is no liquid secondary market for the Company’s financing receivables, the Company estimated the fair value of its secured loans by comparing the average yield of the portfolio to recent issuances of similar loans. The Company has determined that the secured loans and credit facility payable are considered level three under the fair value hierarchy described above.

The carrying amount and estimated fair values of the Company's financial instruments at December 31, 2023 and 2022 were as follows:

	December 31, 2023		December 31, 2022	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Financial assets:				
Cash	\$ 20,229,478	\$ 20,229,478	\$ 7,396,967	\$ 7,396,967
Finance receivables:				
Net of allowance	271,109,343	271,109,343	283,886,964	283,886,964
Liabilities:				
Credit facility payable	\$ 222,061,862	\$ 222,061,862	\$ 213,141,607	\$ 213,141,607

Note 5. Loans and Accounts Receivable and Allowance for Uncollected Finance Receivables

Loans receivable at December 31, 2023 and 2022 consist of revolving lines of credit to commercial customers that range from one to three years and are secured by accounts receivable, inventory and equipment. There are commitments to borrowers that are dependent on the borrowing base. The commitments are generally limited to 85% of the collateral being presented.

Changes in the allowance for credit losses for loans receivable and accounts receivable are as follows:

	Loans Receivable	Accounts Receivable	Accounts Receivable - Digital	Total
Balance, January 1, 2022	\$1,726,973	\$ 22,283	\$ 84,805	\$1,834,061
Provision for uncollectible finance receivables	—	—	—	—
Balance, December 31, 2022, prior to adoption of ASC 326	1,726,973	22,283	84,805	1,834,061
Impact of adopting ASC 326	896,474	59,186	129,513	1,085,173
Provision (credit) for uncollectible finance receivables	(379,941)	(39,177)	(34,003)	(453,121)
Net charge offs	(137,722)	—	—	(137,722)
Balance, December 31, 2023	\$2,105,784	\$ 42,292	\$180,315	\$2,328,391

The Company has implemented and adheres to an internal review system and credit loss allowance methodology designed to provide for the detection of problem receivables and an adequate allowance to cover credit losses. At least quarterly, a risk rating is assigned to individual balances. Management assigns a higher risk rating when they determine that their credit exposure has increased. Management assigns these risk ratings based on a number of factors including, but not limited to, the profitability, cash flow position, tangible net worth, strength of collateral performance and coverage, the probability of a loss being realized and results of internal audits and verifications related to each specific receivable.

The Company's credit risk rating system has nine grades, with each grade corresponding to a progressively greater risk of default. Risk ratings of (1) through (6) are performing categories and risk ratings of (7) through (9) are non-performing categories. Non-performing credits are: a (7) rated credit has a potential weakness which, if uncorrected, may result in a deterioration of the repayment prospects or inadequately protect the Company's credit position at some time in the future; (8) loans are credits that have a well-defined weakness or weaknesses that jeopardize the full repayment of the debt or make collection or liquidation in full highly questionable and improbable, when considering existing facts, conditions, and values. Loans rated (9) are considered uncollectible and of such little value that their continuance as assets is not warranted.

Loans receivable that are classified as performing loans are \$168,427,832 and \$154,062,897 as of December 31, 2023 and 2022, respectively. There were no loans receivable classified as non-performing as of December 31, 2023 and 2022.

Accounts receivables that are classified as performing are \$105,113,189 and \$131,942,768 as of December 31, 2023 and 2022, respectively. There were no accounts receivable classified as non-performing as of December 31, 2023 and 2022.

The Company typically classifies all loans as held to maturity.

A loan is considered non-performing when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments in accordance with the contractual terms of the loan. Factors considered in determining non-performing loans and accounts receivable include payment status, collateral value and the probability of collecting payments when due. The significance of payment delays and/or shortfalls is determined on a case-by-case basis. All circumstances surrounding the loan are taken into account. Such factors include the length of the delinquency, the underlying reasons and the borrower's prior payment record. These factors are considered on a loan-by-loan basis.

Accrued interest receivable totaled \$2,158,775 at December 31, 2023 and was reported on the consolidated balance sheets and is excluded from the estimate of credit losses. The accrual of accrued interest is in accordance with the non-accrual policy as stated in Note 3.

NMC did not have any loans or accounts receivable that are non-performing, modified, or past due 30 days or more as of December 31, 2023 and December 31, 2022.

Note 6. Furniture and Equipment

Furniture and equipment consists of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Furniture and fixtures	\$ 457,122	\$ 457,122
Equipment	<u>2,379,622</u>	<u>2,138,407</u>
	2,836,744	2,595,529
Accumulated depreciation	<u>2,232,620</u>	<u>2,050,192</u>
	<u>\$ 604,124</u>	<u>\$ 545,337</u>

Depreciation expense was \$182,428 for the year ended December 31, 2023 and \$149,413 for the year ended December 31, 2022.

Note 7. Credit Facility Payable

The Company has entered into a \$285,307,000 credit facility which expires November 13, 2025. Borrowings are secured by substantially all of the Company's assets. Interest on borrowings under the facility is payable monthly and is based on the SOFR plus an applicable margin, as defined. The interest rate was 7.69 percent as of December 31, 2023 and 6.22 percent as of December 2022. Outstanding borrowings under the credit facility are generally limited to 85 percent of eligible receivables, less any reserves established by the bank, as defined. The Company is required to maintain specified financial ratios and to comply with other covenants. The balance outstanding under this credit facility was \$222,917,160 at December 31, 2023 and \$214,425,205 at December 31, 2022. Credit facility payable as of December 31, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Outstanding borrowings	\$222,917,160	\$214,425,205
Less: debt issuance costs, net of accumulated amortization of \$2,227,641 and \$1,732,358, respectively	855,298	1,283,598
	<u>\$222,061,862</u>	<u>\$213,141,607</u>

Total interest expense related to credit facility payable was \$14,314,816 and \$7,837,581 for the years ended December 31, 2023 and 2022, respectively. Amortization of deferred costs of \$495,283 and \$367,771, fees on the unused commitment of \$225,796 and \$88,709, and loan administration fees of \$12,000 and \$12,000 for the years ended December 31, 2023 and 2022, respectively, are included in interest expense in the Consolidated Statements of Operations.

Note 8. Commitments

Employment agreements: The Company has entered into service agreements with certain members of management. Annual base compensation due under these agreements is included in personnel expenses in the consolidated statements of operations. The annual base compensation is subject to review and adjustment by the Company. The employees are also eligible to receive bonus compensation at the discretion of the Board of Managers. The agreements can be terminated by either the Company or the employees at any time upon written notice. Certain additional amounts may be paid to the employees, contingent upon the circumstances surrounding the termination, as defined in the service agreements.

Operating lease: The Company rents its office space under non-cancelable operating leases that expire through December 2027. Base rents due under the leases escalate throughout the term of the leases. These leases generally contain renewal options but the Company is not reasonably certain to exercise these options. The optionable periods are not included in determining the lease term and the associated payments under the renewal options are excluded from lease payments.

The total minimum rental commitment at December 31, 2023, is due as follows:

Years ending December 31:

2024	\$ 548,135
2025	512,349
2026	492,379
2027	208,377
Total lease commitments	<u>1,761,240</u>
Less: interest	(106,385)
Present value of lease liability	<u>\$1,654,855</u>

Rent expense was \$677,446 and \$586,007 for the years ended December 31, 2023 and 2022, respectively.

Unfunded Commitments: Commitments under loan and finance receivable facilities aggregated \$610,948,740 at December 31, 2023, of which \$337,407,720 were unfunded. Advances relating to these unfunded commitments were limited to those facilities with available collateral which aggregated \$78,759,635. At December 31, 2022, total commitments were \$603,432,040, of which \$317,426,375 were unfunded. Advances relating to these unfunded commitments were limited to those facilities with available collateral which aggregated \$79,474,864.

Note 9. Related Party Transactions

NMC has sold participations in several loan agreements to SLR and its affiliates. The participations sold for a total commitment of \$114.5 million and the amount outstanding at December 31, 2023 was \$84.0 million. At December 31, 2022, participations sold were \$68 million and the amount outstanding was \$53.4 million.

Report of Independent Registered Public Accounting Firm on Supplemental Information

To the Stockholders and Board of Directors
SLR Investment Corp.:

We have audited and reported separately herein on the consolidated financial statements of SLR Investment Corp. (and subsidiaries) (the Company) as of December 31, 2023 and December 31, 2022 and for each of the years in the three-year period ended December 31, 2023.

We have also previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of assets and liabilities of the Company, including the consolidated schedules of investments, as of December 31, 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014, and the related consolidated statements of operations, changes in net assets, and cash flows for the years ended December 31, 2020, 2019, 2018, 2017, 2016, 2015 and 2014, (none of which is presented herein), and we expressed unqualified opinions on those consolidated financial statements.

The senior securities table included in Part II, Item 7 of the Annual Report on Form 10-K of the Company for the year ended December 31, 2023, under the caption "Senior Securities" (the Senior Securities Table) has been subjected to audit procedures performed in conjunction with the audit of the Company's respective consolidated financial statements. The Senior Securities Table is the responsibility of the Company's management. Our audit procedures included determining whether the Senior Securities Table reconciles to the respective consolidated financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the Senior Securities Table. In forming our opinion on the Senior Securities Table, we evaluated whether the Senior Securities Table, including its form and content, is presented in conformity with the instructions to Form N-2. In our opinion, the Senior Securities Table is fairly stated, in all material respects, in relation to the respective consolidated financial statements as a whole.

/s/ KPMG LLP

New York, New York
February 27, 2024