

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

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): August 11, 2023 (August 9, 2023)

Portman Ridge Finance Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

814-00735
(Commission
File Number)

20-5951150
(IRS Employer
Identification No.)

650 Madison Avenue, 23rd Floor
New York, New York
(Address of principal executive offices)

10022
(Zip Code)

(Registrant's telephone number, including area code): (212) 891-2880

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|--|----------------------|--|
| Common Stock, par value \$0.01 per share | PTMN | The NASDAQ Global Select Market |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

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.

Item 7.01 Regulation FD Disclosure.

On August 9, 2023, Portman Ridge Finance Corporation (the “Company”) issued a press release announcing its financial results for the fiscal quarter ended June 30, 2023. A copy of the press release is being furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference. Additionally, on August 10, 2023, the Company made available on its website, <http://www.portmanridge.com/home>, a supplemental investor presentation with respect to the second quarter 2023 earnings release. A copy of the investor presentation is being furnished as Exhibit 99.2 to this Current Report on Form 8-K and is incorporated herein by reference.

The information disclosed under this Item 7.01, including Exhibits 99.1 and 99.2 hereto, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, and shall not be deemed incorporated by reference into any filing made under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act, except as expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits:

| <u>Exhibit Number</u> | <u>Description</u> |
|-----------------------|--|
| 99.1 | Press Release, dated August 9, 2023 |
| 99.2 | Investor Presentation, dated August 10, 2023 |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document). |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PORTMAN RIDGE FINANCE CORPORATION

By: /s/ Jason T. Roos

Name: Jason T. Roos

Title: Chief Financial Officer

Date: August 11, 2023

PORTMAN

RIDGE

Portman Ridge Finance Corporation Announces Second Quarter 2023 Financial Results

August 9, 2023

Reports Strong Performance with Elevated Total Investment Income, Core Investment Income and Net Investment Income Year-over-Year, While Also Continuing Share Repurchase Program in the Second Quarter of 2023

Announces Quarterly Distribution of \$0.69 Per Share in the Third Quarter of 2023, Marking a \$0.06 per Share Increase from the \$0.63 Distribution Seen in the Third Quarter of 2022

NEW YORK, Aug. 09, 2023 (GLOBE NEWSWIRE) — Portman Ridge Finance Corporation (Nasdaq: PTMN) (the “Company” or “Portman Ridge”) announced today its financial results for the second quarter ended June 30, 2023.

Second Quarter 2023 Highlights

- **Total investment income** for the second quarter of 2023 was \$19.6 million, an increase of \$4.6 million as compared to \$15.0 million for the second quarter of 2022 and a decrease of \$0.7 million as compared to \$20.3 million for the first quarter of 2023.
- **Core investment income¹**, excluding the impact of purchase price accounting, for the second quarter of 2023 was \$19.2 million, an increase of \$5.5 million as compared to \$13.7 million for the second quarter of 2022 and a decrease of \$0.1 million as compared to \$19.3 million for the first quarter of 2023.
- **Net investment income (“NII”)** for the second quarter of 2023 was \$7.9 million (\$0.83 per share), an increase of \$2.4 million as compared to \$5.5 million (\$0.57 per share) for the second quarter of 2022 and a decrease of \$0.6 million as compared to \$8.5 million (\$0.89 per share) for the first quarter of 2023.
- **Core net investment income²** for the second quarter of 2023 was \$7.6 million (\$0.79 per share), an increase of \$2.7 million as compared to \$4.9 million (\$0.51 per share) for the second quarter of 2022 and a decrease of \$0.1 million as compared to \$7.7 million (\$0.80 per share) for the first quarter of 2023.
- **Total shares repurchased** in open market transactions under the Renewed Stock Repurchase Program during the quarter ended June 30, 2023 were 27,081 at an aggregate cost of approximately \$552 thousand.

Subsequent Events

- **Declared stockholder distribution of \$0.69 per share** for the third quarter of 2023, payable on August 31, 2023 to stockholders of record at the close of business on August 22, 2023. This is a \$0.06 per share distribution increase as compared to the third quarter of 2022. Including the distribution subsequent to the announcement of full year 2022 earnings results, total stockholder distributions for 2023 amount to \$2.06 per share.

Management Commentary

- **Ted Goldthorpe, Chief Executive Officer of Portman Ridge**, stated, “Continuing off the back of strong earnings momentum seen in the first quarter of 2023, we are pleased to announce strong financial performance for Portman Ridge in both the second quarter of 2023 and the first half of 2023 overall. Our total investment income, core investment income, and net investment income substantially increased as compared to the same three month and six month periods of last year as we continue to see the impact that rising rates have had in generating incremental revenue from our debt portfolio investments. We believe we are well-positioned to take advantage of opportunities that arise from the current market environment by continuing to be selective and resourceful in our investment decision-making. Overall, our strong performance this past quarter has allowed us to declare a dividend of \$0.69 per share, marking a \$0.06 per share distribution increase as compared to the third quarter of 2022. We believe we remain situated to continue to deliver attractive returns to our shareholders throughout the second half of 2023.”

Selected Financial Highlights

- **Total investments at fair value** as of June 30, 2023 was \$510.1 million; when excluding CLO funds, Joint Ventures, and short-term investments, these investments are spread across 27 different industries and 104 different entities with an average par balance per entity of approximately \$3.2 million.
- **Weighted average contractual interest rate** on our interest earning Debt Securities Portfolio as of June 30, 2023 was approximately 12.2%.
- **Non-accruals on debt investments**, as of June 30, 2023, were seven debt investments representing 0.8% and 2.6% of the Company's investment portfolio at fair value and amortized cost, respectively.
- **Net asset value ("NAV")** for the second quarter of 2023 was \$215.0 million (\$22.54 per share), a decrease of \$10.1 million (\$1.02 per share) as compared to \$225.1 million (\$23.56 per share) for the first quarter of 2023. The decrease in NAV was predominately driven by \$6.6 million (\$0.69 per share) of realized and unrealized losses on the CLO portfolio.
- **Par value of outstanding borrowings**, as of June 30, 2023, was \$333.7 million with an asset coverage ratio of total assets to total borrowings of 163%. On a net basis, leverage as of June 30, 2023 was 1.39x³ compared to net leverage of 1.39x³ as of March 31, 2023.

¹ Core investment income represents reported total investment income as determined in accordance with U.S. generally accepted accounting principles, or U.S. GAAP, less the impact of purchase price discount accounting in connection with the Garrison Capital Inc. ("GARS") and Harvest Capital Credit Corporation ("HCAP") mergers. Portman Ridge believes presenting core investment income and the related per share amount is useful and appropriate supplemental disclosure for analyzing its financial performance due to the unique circumstance giving rise to the purchase accounting adjustment. However, core investment income is a non-U.S. GAAP measure and should not be considered as a replacement for total investment income and other earnings measures presented in accordance with U.S. GAAP. Instead, core investment income should be reviewed only in connection with such U.S. GAAP measures in analyzing Portman Ridge's financial performance.

² Core net investment income represents reported total net investment income as determined in accordance with U.S. generally accepted accounting principles, or U.S. GAAP, less the impact of purchase price discount accounting in connection with the GARS and HCAP mergers, while also considering the impact of accretion from these mergers on expenses, such as incentive fees. Portman Ridge believes presenting core net investment income and the related per share amount is useful and appropriate supplemental disclosure for analyzing its financial performance due to the unique circumstance giving rise to the purchase accounting adjustment. However, core net investment income is a non-U.S. GAAP measure and should not be considered as a replacement for total net investment income and other earnings measures presented in accordance with U.S. GAAP. Instead, core net investment income should be reviewed only in connection with such U.S. GAAP measures in analyzing Portman Ridge's financial performance.

³ Net leverage is calculated as the ratio between (A) debt, excluding unamortized debt issuance costs, less available cash and cash equivalents, and restricted cash and (B) NAV. Portman Ridge believes presenting a net leverage ratio is useful and appropriate supplemental disclosure because it reflects the Company's financial condition net of \$35.4 million and \$46.1 million of cash and cash equivalents and restricted cash for the quarters ended June 30, 2023 and March 31, 2023, respectively. However, the net leverage ratio is a non-U.S. GAAP measure and should not be considered as a replacement for the regulatory asset coverage ratio and other similar information presented in accordance with U.S. GAAP. Instead, the net leverage ratio should be reviewed only in connection with such U.S. GAAP measures in analyzing Portman Ridge's financial condition.

Results of Operations

Operating results for the three months ended June 30, 2023 and June 30, 2022 were as follows:

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|--|--|-------------------|--------------------------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Total investment income | \$ 19,626 | \$ 15,044 | \$ 39,953 | \$ 31,988 |
| Total expenses | 11,711 | 9,522 | 23,509 | 18,558 |
| Net Investment Income | 7,915 | 5,522 | 16,444 | 13,430 |
| Net realized gain (loss) on investments | (6,471) | (13,991) | (9,556) | (19,544) |
| Net unrealized gain (loss) on investments | (4,176) | 113 | (10,136) | 2,256 |
| Tax (provision) benefit on realized and unrealized gains (losses) on investments | (164) | (77) | 407 | (517) |
| Net realized and unrealized appreciation (depreciation) on investments, net of taxes | (10,811) | (13,955) | (19,285) | (17,805) |
| Realized gains (losses) on extinguishments of debt | (218) | — | (218) | — |
| Net Increase (Decrease) in Net Assets Resulting from Operations | \$ (3,114) | \$ (8,433) | \$ (3,059) | \$ (4,375) |
| Net Increase (Decrease) In Net Assets Resulting from Operations per | | | | |
| Common Share: | | | | |
| Basic and Diluted: | \$ (0.33) | \$ (0.88) | \$ (0.32) | \$ (0.45) |
| Net Investment Income Per Common Share: | | | | |
| Basic and Diluted: | \$ 0.83 | \$ 0.57 | \$ 1.72 | \$ 1.39 |
| Weighted Average Shares of Common Stock Outstanding— | | | | |
| Basic and Diluted | 9,541,722 | 9,634,870 | 9,548,424 | 9,666,298 |

Investment Income

The composition of our investment income for the three and six months ended June 30, 2023 and June 30, 2022 was as follows:

| (\$ in thousands) | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|---|--|------------------|--------------------------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Interest from investments in debt excluding accretion | \$ 14,156 | \$ 9,275 | \$ 28,261 | \$ 19,087 |
| Purchase discount accounting | 427 | 1,303 | 1,469 | 3,115 |
| PIK Investment Income | 966 | 1,292 | 2,566 | 2,674 |
| CLO Income | 829 | 928 | 1,377 | 2,562 |
| JV Income | 2,329 | 2,071 | 4,788 | 4,179 |
| Service Fees | 919 | 175 | 1,492 | 371 |
| Investment Income | \$ 19,626 | 15,044 | \$ 39,953 | \$ 31,988 |
| Less: Purchase discount accounting | \$ (427) | \$ (1,303) | \$ (1,469) | \$ (3,115) |
| Core Investment Income | \$ 19,199 | \$ 13,741 | \$ 38,484 | \$ 28,873 |

Fair Value of Investments

The composition of our investment portfolio as of June 30, 2023 and December 31, 2022 at cost and fair value was as follows:

| (\$ in thousands) | June 30, 2023 (Unaudited) | | | December 31, 2022 | | |
|---|------------------------------|------------|------------------|------------------------|------------|------------------|
| | Cost/Amortized Cost | Fair Value | % ⁽⁴⁾ | Cost/Amortized Cost | Fair Value | % ⁽⁴⁾ |
| Security Type | | | | | | |
| Senior Secured Loan | \$ 396,674 | \$376,539 | 74 | \$ 435,856 | \$418,722 | 73 |
| Junior Secured Loan | 51,707 | 37,962 | 7 | 65,776 | 56,400 | 10 |
| Senior Unsecured Bond | 416 | 43 | 0 | 416 | 43 | 0 |
| Equity Securities | 28,901 | 20,013 | 4 | 28,848 | 21,905 | 4 |
| CLO Fund Securities | 25,577 | 12,996 | 3 | 34,649 | 20,453 | 3 |
| Asset Manager Affiliates ⁽⁵⁾ | 17,791 | — | — | 17,791 | — | — |
| Joint Ventures | 74,878 | 62,547 | 12 | 68,850 | 58,955 | 10 |
| Derivatives | 31 | — | — | 31 | — | — |
| Total | \$ 595,975 | \$510,100 | 100% | \$ 652,217 | \$576,478 | 100% |

4 Represents percentage of total portfolio at fair value

5 Represents the equity investment in the Asset Manager Affiliates

Liquidity and Capital Resources

As of June 30, 2023, the Company had \$333.7 million (par value) of borrowings outstanding at a current weighted average interest rate of 6.7%, of which \$108.0 million par value had a fixed rate and \$225.7 million par value had a floating rate. This balance was comprised of \$78.0 million of outstanding borrowings under the Senior Secured Revolving Credit Facility, \$147.7 million of 2018-2 Secured Notes due 2029, and \$108.0 million of 4.875% Notes due 2026.

As of June 30, 2023 and December 31, 2022, the fair value of investments and cash were as follows:

| (\$ in thousands) | June 30, 2023 | December 31, 2022 |
|---------------------------|---------------|-------------------|
| Security Type | | |
| Cash and cash equivalents | \$ 20,254 | \$ 5,148 |
| Restricted Cash | 15,192 | 27,983 |
| Senior Secured Loan | 376,539 | 418,722 |
| Junior Secured Loan | 37,962 | 56,400 |
| Senior Unsecured Bond | 43 | 43 |
| Equity Securities | 20,013 | 21,905 |
| CLO Fund Securities | 12,996 | 20,453 |
| Asset Manager Affiliates | — | — |
| Joint Ventures | 62,547 | 58,955 |
| Derivatives | — | — |
| Total | \$ 545,546 | \$ 609,609 |

As of June 30, 2023, the Company had unrestricted cash of \$20.3 million and restricted cash of \$15.2 million. This compares to unrestricted cash of \$11.9 million and restricted cash of \$34.2 million as of March 31, 2023. As of June 30, 2023, the Company had \$37.0 million of available borrowing capacity under the Senior Secured Revolving Credit Facility, and no remaining borrowing capacity under the 2018-2 Secured Notes.

Interest Rate Risk

The Company's investment income is affected by fluctuations in various interest rates, including LIBOR, SOFR and prime rates.

As of June 30, 2023, approximately 90.9% of our Debt Securities Portfolio at par value were either floating rate with a spread to an interest rate index such as LIBOR, SOFR or the prime rate. 79.5% of these floating rate loans contain floors ranging between 0.50% and 2.00%. We generally expect that future portfolio investments will predominately be floating rate investments.

In periods of rising or lowering interest rates, the cost of the portion of debt associated with the 4.875% Notes Due 2026 would remain the same, given that this debt is at a fixed rate, while the interest rate on borrowings under the Revolving Credit Facility would fluctuate with changes in interest rates.

Generally, the Company would expect that an increase in the base rate index for floating rate investment assets would increase gross investment income and a decrease in the base rate index for such assets would decrease gross investment income (in either case, such increase/decrease may be limited by interest rate floors/minimums for certain investment assets).

| (\$ in thousands) | Impact on net investment income from a change in interest rates at: | | |
|---------------------------|--|------------|------------|
| | 1% | 2% | 3% |
| Increase in interest rate | \$ 1,797 | \$ 3,594 | \$ 5,392 |
| Decrease in interest rate | \$ (1,797) | \$ (3,594) | \$ (5,392) |

Conference Call and Webcast

We will hold a conference call on August 10, 2023, at 9:00 am Eastern Time to discuss our second quarter 2023 financial results. To access the call, stockholders, prospective stockholders and analysts should dial (646) 307-1963 approximately 10 minutes prior to the start of the conference call and use the conference ID 3296365.

A live audio webcast of the conference call can be accessed via the Internet, on a listen-only basis on the Company's website www.portmanridge.com in the Investor Relations section under Events and Presentations. The webcast can also be accessed by clicking the following link: <https://edge.media-server.com/mmc/p/fx5skorp>. The online archive of the webcast will be available on the Company's website shortly after the call.

About Portman Ridge Finance Corporation

Portman Ridge Finance Corporation (Nasdaq: PTMN) is a publicly traded, externally managed investment company that has elected to be regulated as a business development company under the Investment Company Act of 1940. Portman Ridge's middle market investment business originates, structures, finances and manages a portfolio of term loans, mezzanine investments and selected equity securities in middle market companies. Portman Ridge's investment activities are managed by its investment adviser, Sierra Crest Investment Management LLC, an affiliate of BC Partners Advisors, LP.

Portman Ridge's filings with the Securities and Exchange Commission (the "SEC"), earnings releases, press releases and other financial, operational and governance information are available on the Company's website at www.portmanridge.com.

About BC Partners Advisors L.P. and BC Partners Credit

BC Partners is a leading international investment firm with over €40 billion of assets under management in private equity, private credit and real estate strategies. Established in 1986, BC Partners has played an active role in developing the European buyout market for three decades. Today, BC Partners executives operate across markets as an integrated team through the firm's offices in North America and Europe. Since inception, BC Partners has completed 117 private equity investments in companies with a total enterprise value of €149 billion and is currently investing its eleventh private equity fund. For more information, please visit www.bcpartners.com.

BC Partners Credit was launched in February 2017 and has pursued a strategy focused on identifying attractive credit opportunities in any market environment and across sectors, leveraging the deal sourcing and infrastructure made available from BC Partners.

Cautionary Statement Regarding Forward-Looking Statements

This press release contains forward-looking statements. The matters discussed in this press release, as well as in future oral and written statements by management of Portman Ridge Finance Corporation, that are forward-looking statements are based on current management expectations that involve substantial risks and uncertainties which could cause actual results to differ materially from the results expressed in, or implied by, these forward-looking statements.

Forward-looking statements relate to future events or our future financial performance and include, but are not limited to, projected financial performance, expected development of the business, plans and expectations about future investments and the future liquidity of the Company. We generally identify forward-looking statements by terminology such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “target,” “projects,” “outlook,” “contemplates,” “believes,” “estimates,” “predicts,” “potential” or “continue” or the negative of these terms or other similar words. Forward-looking statements are based upon current plans, estimates and expectations that are subject to risks, uncertainties, and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove to be incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements.

Important assumptions include our ability to originate new investments, and achieve certain margins and levels of profitability, the availability of additional capital, and the ability to maintain certain debt to asset ratios. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this press release should not be regarded as a representation that such plans, estimates, expectations or objectives will be achieved. Important factors that could cause actual results to differ materially from such plans, estimates or expectations include, among others, (1) uncertainty of the expected financial performance of the Company; (2) expected synergies and savings associated with merger transactions effectuated by the Company; (3) the ability of the Company and/or its adviser to implement its business strategy; (4) evolving legal, regulatory and tax regimes; (5) changes in general economic and/or industry specific conditions, including but not limited to the impact of inflation; (6) the impact of increased competition; (7) business prospects and the prospects of the Company’s portfolio companies; (8) contractual arrangements with third parties; (9) any future financings by the Company; (10) the ability of Sierra Crest Investment Management LLC to attract and retain highly talented professionals; (11) the Company’s ability to fund any unfunded commitments; (12) any future distributions by the Company; (13) changes in regional or national economic conditions, including but not limited to the impact of the COVID-19 pandemic, and their impact on the industries in which we invest; and (14) other changes in the conditions of the industries in which we invest and other factors enumerated in our filings with the SEC. The forward-looking statements should be read in conjunction with the risks and uncertainties discussed in the Company’s filings with the SEC, including the Company’s most recent Form 10-K and other SEC filings. We do not undertake to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required to be reported under the rules and regulations of the SEC.

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PORTMAN RIDGE FINANCE CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)

| | June 30, 2023 (Unaudited) | December 31, 2022 |
|---|------------------------------|-------------------|
| ASSETS | | |
| Investments at fair value: | | |
| Non-controlled/non-affiliated investments (amortized cost: 2023 - \$465,608; 2022 - \$518,699) | \$ 422,072 | \$ 483,698 |
| Non-controlled affiliated investments (amortized cost: 2023 - \$72,325; 2022 - \$75,196) | 71,411 | 73,827 |
| Controlled affiliated investments (cost: 2023 - \$58,042; 2022 - \$58,322) | 16,617 | 18,953 |
| Total Investments at Fair Value (cost: 2023 - \$595,975; 2022 - \$652,217) | \$ 510,100 | \$ 576,478 |
| Cash and cash equivalents | 20,254 | 5,148 |
| Restricted cash | 15,192 | 27,983 |
| Interest receivable | 5,245 | 4,828 |
| Receivable for unsettled trades | 1,755 | 1,395 |
| Due from affiliates | 1,896 | 930 |
| Other assets | 2,802 | 2,724 |
| Total Assets | \$ 557,244 | \$ 619,486 |
| LIABILITIES | | |
| 2018-2 Secured Notes (net of discount of: 2023 - \$938; 2022 - \$1,226) | \$ 146,734 | \$ 176,937 |
| 4.875% Notes Due 2026 (net of discount of: 2023 - \$1,467; 2022 - \$1,704; net of deferred financing costs of: 2023 - \$692; 2022 - \$818) | 105,841 | 105,478 |
| Great Lakes Portman Ridge Funding LLC Revolving Credit Facility (net of deferred financing costs of: 2023 - \$941; 2022 - \$1,107) | 77,059 | 90,893 |
| Payable for unsettled trades | 422 | 1,276 |
| Accounts payable, accrued expenses and other liabilities | 3,988 | 4,614 |
| Accrued interest payable | 3,618 | 3,722 |
| Due to affiliates | 1,021 | 900 |
| Management and incentive fees payable | 3,548 | 3,543 |
| Total Liabilities | \$ 342,231 | \$ 387,363 |
| NET ASSETS | | |
| Common stock, par value \$0.01 per share, 20,000,000 common shares authorized; 9,935,250 issued, and 9,537,236 outstanding at June 30, 2023, and 9,916,856 issued, and 9,581,536 outstanding at December 31, 2022 | \$ 95 | \$ 96 |
| Capital in excess of par value | 735,808 | 736,784 |
| Total distributable (loss) earnings | (520,890) | (504,757) |
| Total Net Assets | \$ 215,013 | \$ 232,123 |
| Total Liabilities and Net Assets | \$ 557,244 | \$ 619,486 |
| Net Asset Value Per Common Share | \$ 22.54 | \$ 24.23 |

PORTMAN RIDGE FINANCE CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share amounts)

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|--|--|-------------------|--------------------------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| INVESTMENT INCOME | | | | |
| Interest income: | | | | |
| Non-controlled/non-affiliated investments | \$ 14,786 | \$ 10,649 | \$ 29,632 | \$ 23,316 |
| Non-controlled affiliated investments | 626 | 857 | 1,475 | 1,448 |
| Total interest income | \$ 15,412 | \$ 11,506 | \$ 31,107 | \$ 24,764 |
| Payment-in-kind income: | | | | |
| Non-controlled/non-affiliated investments ⁽¹⁾ | \$ 859 | \$ 1,199 | \$ 2,386 | \$ 2,325 |
| Non-controlled affiliated investments | 107 | 73 | 180 | 329 |
| Controlled affiliated investments | — | 20 | — | 20 |
| Total payment-in-kind income | \$ 966 | \$ 1,292 | \$ 2,566 | \$ 2,674 |
| Dividend income: | | | | |
| Non-controlled affiliated investments | \$ 1,864 | \$ 1,005 | \$ 3,248 | \$ 1,950 |
| Controlled affiliated investments | 465 | 1,066 | 1,540 | 2,229 |
| Total dividend income | \$ 2,329 | \$ 2,071 | \$ 4,788 | \$ 4,179 |
| Fees and other income: | | | | |
| Non-controlled/non-affiliated investments | \$ 905 | \$ 175 | \$ 1,478 | \$ 371 |
| Non-controlled affiliated investments | 14 | — | 14 | — |
| Total fees and other income | \$ 919 | \$ 175 | \$ 1,492 | \$ 371 |
| Total investment income | \$ 19,626 | \$ 15,044 | \$ 39,953 | \$ 31,988 |
| EXPENSES | | | | |
| Management fees | \$ 1,869 | \$ 2,088 | \$ 3,822 | \$ 4,223 |
| Performance-based incentive fees | 1,680 | 1,169 | 3,488 | 2,847 |
| Interest and amortization of debt issuance costs | 6,372 | 3,889 | 12,704 | 7,233 |
| Professional fees | 699 | 879 | 1,302 | 1,724 |
| Administrative services expense | 659 | 822 | 1,330 | 1,669 |
| Other general and administrative expenses | 432 | 675 | 863 | 862 |
| Total expenses | \$ 11,711 | \$ 9,522 | \$ 23,509 | \$ 18,558 |
| NET INVESTMENT INCOME | \$ 7,915 | \$ 5,522 | \$ 16,444 | \$ 13,430 |
| REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS | | | | |
| Net realized gains (losses) from investment transactions: | | | | |
| Non-controlled/non-affiliated investments | \$ (5,267) | \$ (14,109) | \$ (8,352) | \$ (17,779) |
| Non-controlled affiliated investments | (1,124) | 118 | (1,124) | 330 |
| Controlled affiliated investments | (80) | — | (80) | — |
| Derivatives | — | — | — | (2,095) |
| Net realized gain (loss) on investments | \$ (6,471) | \$ (13,991) | \$ (9,556) | \$ (19,544) |
| Net change in unrealized appreciation (depreciation) on: | | | | |
| Non-controlled/non-affiliated investments | \$ (5,478) | \$ 4,870 | \$ (8,535) | \$ 5,699 |
| Non-controlled affiliated investments | 766 | (1,329) | 455 | (1,212) |
| Controlled affiliated investments | 536 | (3,428) | (2,056) | (4,673) |
| Derivatives | — | — | — | 2,442 |
| Net unrealized gain (loss) on investments | \$ (4,176) | \$ 113 | \$ (10,136) | \$ 2,256 |
| Tax (provision) benefit on realized and unrealized gains (losses) on investments | \$ (164) | \$ (77) | \$ 407 | \$ (517) |
| Net realized and unrealized appreciation (depreciation) on investments, net of taxes | \$ (10,811) | \$ (13,955) | \$ (19,285) | \$ (17,805) |
| Realized gains (losses) on extinguishments of debt | \$ (218) | \$ — | \$ (218) | \$ — |
| NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS | \$ (3,114) | \$ (8,433) | \$ (3,059) | \$ (4,375) |
| Net Increase (Decrease) In Net Assets Resulting from Operations per Common Share: | | | | |
| Basic and Diluted: | \$ (0.33) | \$ (0.88) | \$ (0.32) | \$ (0.45) |
| Net Investment Income Per Common Share: | | | | |
| Basic and Diluted: | \$ 0.83 | \$ 0.57 | \$ 1.72 | \$ 1.39 |
| Weighted Average Shares of Common Stock Outstanding—Basic and Diluted | 9,541,722 | 9,634,870 | 9,548,424 | 9,666,298 |

⁽¹⁾ During the three and six months ended June 30, 2023, the Company received \$191.2 thousand and \$492.4 thousand, respectively of non-recurring fee income that was paid in-kind and included in this financial statement line item.



Source: Portman Ridge Finance Corporation



2023 Q2 Earnings Presentation

August 10, 2023

Cautionary Statement Regarding Forward-Looking Statements

This presentation contains forward-looking statements. The matters discussed in this presentation, as well as in future oral and written statements by management of Portman Ridge Finance Corporation ("PTMN", "Portman Ridge" or the "Company"), that are forward-looking statements are based on current management expectations that involve substantial risks and uncertainties which could cause actual results to differ materially from the results expressed in, or implied by, these forward-looking statements.

Forward-looking statements relate to future events or our future financial performance and include, but are not limited to, projected financial performance, expected development of the business, plans and expectations about future investments, our contractual arrangements and relationships with third parties, the ability of our portfolio companies to achieve their objectives, the ability of the Company's investment adviser to attract and retain highly talented professionals, our ability to maintain our qualification as a regulated investment company and as a business development company, our compliance with covenants under our borrowing arrangements, and the future liquidity of the Company. We generally identify forward-looking statements by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "outlook", "contemplates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other similar words. Forward-looking statements are based upon current plans, estimates and expectations that are subject to risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove to be incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements.

Forward-looking statements are subject to change at any time based upon economic, market or other conditions, including with respect to the impact of the COVID-19 pandemic and its effects on the Company and its portfolio companies' results of operations and financial condition. More information on these risks and other potential factors that could affect the Company's financial results, including important factors that could cause actual results to differ materially from plans, estimates or expectations included herein, is included in the Company's filings with the Securities and Exchange Commission (the "SEC"), including in the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of the Company's most recently filed quarterly report on Form 10-Q and annual report on Form 10-K, as well as in subsequent filings. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this presentation should not be regarded as a representation by us that our plans and objectives will be achieved. We do not undertake to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required to be reported under the rules and regulations of the SEC.

Second Quarter 2023 Highlights

- **Total investment income** for the second quarter of 2023 was \$19.6 million, an increase of \$4.6 million as compared to \$15.0 million for the second quarter of 2022 and a decrease of \$0.7 million as compared to \$20.3 million for the first quarter of 2023.
- **Core total investment income⁽¹⁾**, excluding the impact of purchase price accounting, for the second quarter of 2023 was \$19.2 million, an increase of \$5.5 million as compared to \$13.7 million for the second quarter of 2022 and a decrease of \$0.1 million as compared to \$19.3 million for the first quarter of 2023.
- **Net investment income ("NII")** for the second quarter of 2023 was \$7.9 million (\$0.83 per share), an increase of \$2.4 million as compared to \$5.5 million (\$0.57 per share) for the second quarter of 2022 and a decrease of \$0.6 million as compared to \$8.5 million (\$0.89 per share) for the first quarter of 2023.
- **Core net investment income⁽²⁾** for the second quarter of 2023 was \$7.6 million (\$0.79 per share), an increase of \$2.7 million as compared to \$4.9 million (\$0.51 per share) for the second quarter of 2022 and a decrease of \$0.1 million as compared to \$7.7 million (\$0.80 per share) for the first quarter of 2023.
- **Total shares repurchased** in open market transactions under the Renewed Stock Repurchase Program during the quarter ended June 30, 2023 were 27,081 at an aggregate cost of approximately \$552 thousand.
- **Total investments at fair value** as of June 30, 2023 was \$510.1 million; when excluding CLO funds, Joint Ventures, and short-term investments, these investments are spread across 27 different industries and 104 different entities with an average par balance per entity of approximately \$3.2 million.
- **Weighted average contractual interest rate** on our interest earning Debt Securities Portfolio as of June 30, 2023 was approximately 12.2%.
- **Non-accruals on debt investments**, as of June 30, 2023, were seven debt investments representing 0.8% and 2.6% of the Company's investment portfolio at fair value and amortized cost, respectively.
- **Net asset value ("NAV")** for the second quarter of 2023 was \$215.0 million (\$22.54 per share), a decrease of \$10.1 million (\$1.02 per share) as compared to \$225.1 million (\$23.56 per share) for the first quarter of 2023. The decrease in NAV was predominately driven by \$6.6 million (\$0.69 per share) of realized and unrealized losses on the CLO portfolio.
- **Par value of outstanding borrowings**, as of June 30, 2023, was \$333.7 million with an asset coverage ratio of total assets to total borrowings of 163%. On a net basis, leverage as of June 30, 2023 was 1.39x⁽³⁾ compared to net leverage of 1.39x⁽³⁾ as of March 31, 2023.
- **Increased Stockholder distribution** from \$0.63 in the third quarter of 2022 to \$0.69 in the third quarter of 2023. Including the distribution subsequent to the announcement of full year 2022 earnings results, total stockholder distributions for 2023 amount to \$2.06 per share.

(1) Core investment income represents reported total investment income as determined in accordance with U.S. generally accepted accounting principles, or U.S. GAAP, less the impact of purchase price discount accounting in connection with the Garrison Capital Inc. ("GARS") and Harvest Capital Credit Corporation ("HCAP") mergers. Portman Ridge believes presenting core investment income and the related per share amount is useful and appropriate supplemental disclosure for analyzing its financial performance due to the unique circumstance giving rise to the purchase accounting adjustment. However, core investment income is a non-U.S. GAAP measure and should not be considered as a replacement for total investment income and other earnings measures presented in accordance with U.S. GAAP. Instead, core investment income should be reviewed only in connection with such U.S. GAAP measures in analyzing Portman Ridge's financial performance.

(2) Core net investment income represents reported total net investment income as determined in accordance with U.S. generally accepted accounting principles, or U.S. GAAP, less the impact of purchase price discount accounting in connection with the GARS and HCAP mergers, while also considering the impact of accretion from these mergers on expenses, such as incentive fees. Portman Ridge believes presenting core net investment income and the related per share amount is useful and appropriate supplemental disclosure for analyzing its financial performance due to the unique circumstance giving rise to the purchase accounting adjustment. However, core net investment income is a non-U.S. GAAP measure and should not be considered as a replacement for total net investment income and other earnings measures presented in accordance with U.S. GAAP. Instead, core net investment income should be reviewed only in connection with such U.S. GAAP measures in analyzing Portman Ridge's financial performance. See slide 8 for a presentation of Reported net investment income in comparison to Core net investment income and a reconciliation thereof.

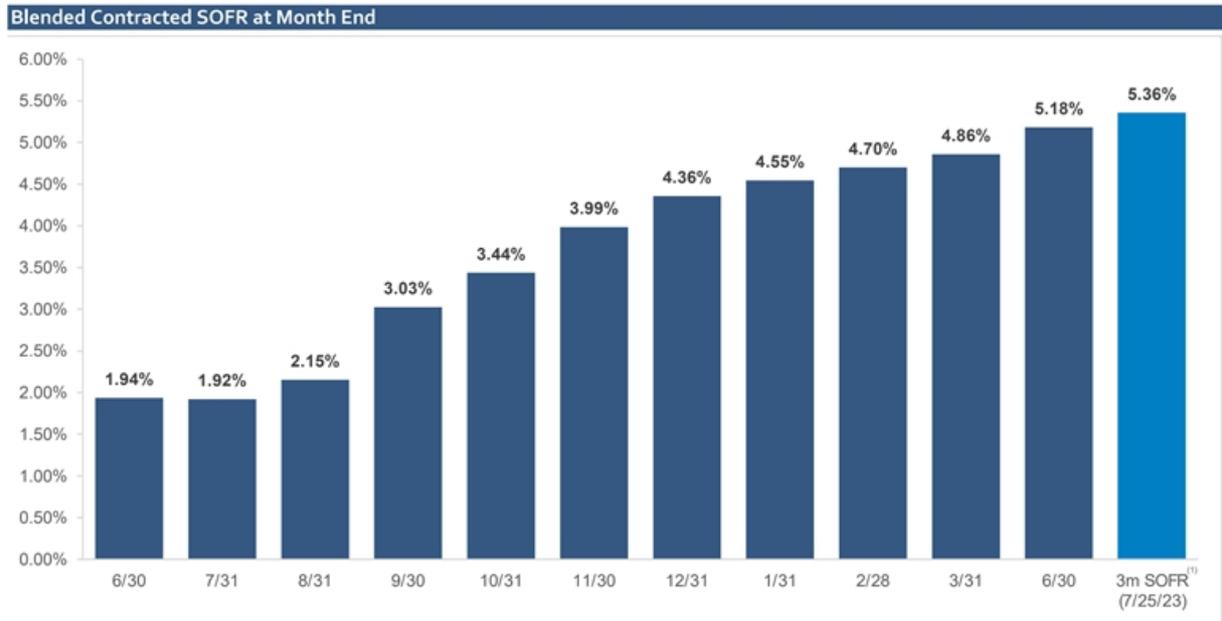
(3) Net leverage is calculated as the ratio between (A) debt, excluding unamortized debt issuance costs, less available cash and cash equivalents, and restricted cash and (B) NAV. Portman Ridge believes presenting a net leverage ratio is useful and appropriate supplemental disclosure because it reflects the Company's financial condition net of \$35.4 million and \$46.1 million of cash and cash equivalents and restricted cash for the quarters ended June 30, 2023 and March 31, 2023, respectively. However, the net leverage ratio is a non-U.S. GAAP measure and should not be considered as a replacement for the regulatory asset coverage ratio and other similar information presented in accordance with U.S. GAAP. Instead, the net leverage ratio should be reviewed only in connection with such U.S. GAAP measures in analyzing Portman Ridge's financial condition.

| (\$ in thousands) | Q1 2023 | Q2 2023 |
|--|-----------------|------------------|
| Interest from investments in debt excluding accretion | \$14,105 | \$14,156 |
| Purchase discount accounting | 1,042 | 427 |
| PIK Investment Income | 1,600 | 966 |
| CLO Income | 548 | 829 |
| JV Income | 2,459 | 2,329 |
| Service Fees | 573 | 919 |
| Investment Income | \$20,327 | \$19,626 |
| Less: Purchase discount accounting | (1,042) | (427) |
| Core investment income⁽¹⁾ | \$19,285 | \$19,199 |
| Expenses: | | |
| Management fees | 1,953 | 1,869 |
| Performance-based incentive fees | 1,808 | 1,680 |
| Interest and amortization of debt issuance costs | 6,332 | 6,372 |
| Professional fees | 603 | 699 |
| Administrative services expense | 671 | 659 |
| Other general and administrative expenses | 431 | 432 |
| Total expenses | \$11,798 | \$11,711 |
| Core net investment income⁽²⁾ | \$7,669 | \$7,563 |
| Net realized gain (loss) on investments | (3,085) | (6,471) |
| Net unrealized gain (loss) on investments | (5,960) | (4,176) |
| Tax (provision) benefit on realized and unrealized gains (losses) on investments | 571 | (164) |
| Realized gains (losses) on extinguishments of debt | - | (218) |
| Net increase/(decrease) in Core net assets resulting from operations | (\$805) | (\$3,466) |
| | | |
| Per Share | Q1 2023 | Q2 2023 |
| Core Net Investment Income | \$0.80 | \$0.79 |
| Net Realized and Unrealized Gain / (Loss) | (\$0.95) | (\$1.12) |
| Net Core Earnings | (\$0.08) | (\$0.36) |
| Distributions declared | \$0.69 | \$0.69 |
| Net Asset Value | \$23.56 | \$22.54 |

(1) Core investment income represents reported total investment income as determined in accordance with U.S. generally accepted accounting principles, or U.S. GAAP, less the impact of purchase price discount accounting in connection with the GARS and HCAP mergers. Portman Ridge believes presenting core investment income and the related per share amount is useful and appropriate supplemental disclosure for analyzing its financial performance due to the unique circumstance giving rise to the purchase accounting adjustment. However, core investment income is a non-U.S. GAAP measure and should not be considered as a replacement for total investment income and other earnings measures presented in accordance with U.S. GAAP. Instead, core investment income should be reviewed only in connection with such U.S. GAAP measures in analyzing Portman Ridge's financial performance.

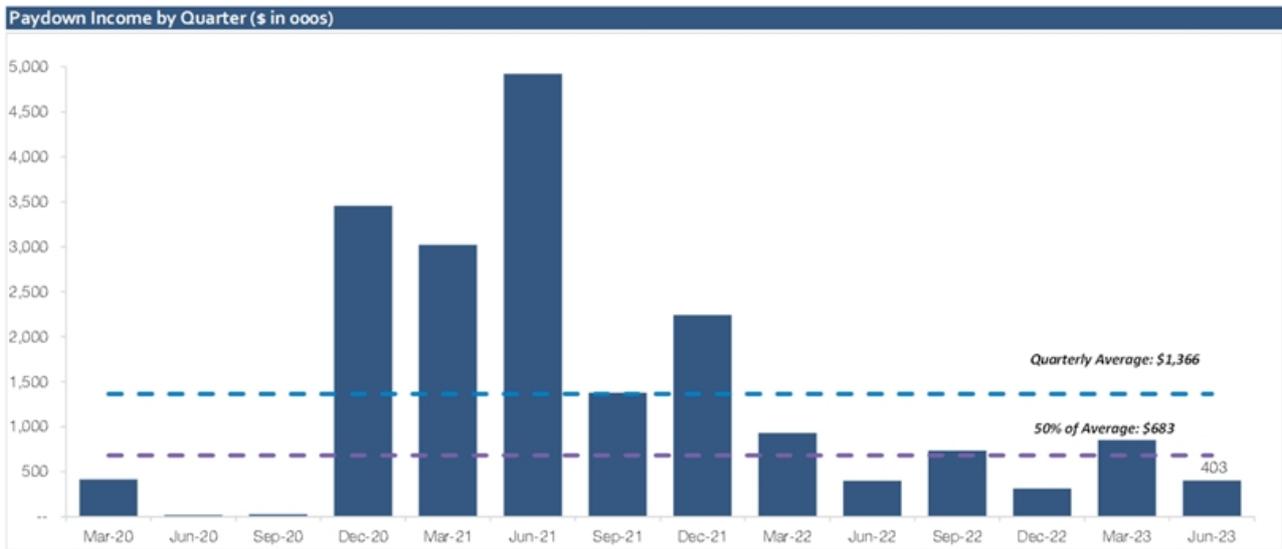
(2) Core net investment income represents reported total net investment income as determined in accordance with U.S. generally accepted accounting principles, or U.S. GAAP, less the impact of purchase price discount accounting in connection with the GARS and HCAP mergers, while also considering the impact of accretion from these mergers on expenses, such as incentive fees. Portman Ridge believes presenting core net investment income and the related per share amount is useful and appropriate supplemental disclosure for analyzing its financial performance due to the unique circumstance giving rise to the purchase accounting adjustment. However, core net investment income is a non-U.S. GAAP measure and should not be considered as a replacement for total net investment income and other earnings measures presented in accordance with U.S. GAAP. Instead, core net investment income should be reviewed only in connection with such U.S. GAAP measures in analyzing Portman Ridge's financial performance. See slide 8 for a presentation of Reported net investment income in comparison to Core net investment income and a reconciliation thereof.

- As of June 30, 2023, approximately 69% of our floating rate assets were on SOFR contract.
- If all floating rate assets as of 6/30 were reset to current 3 month benchmark rates (5.62% for LIBOR and 5.36% for SOFR), we would expect to generate an incremental ~\$484k of quarterly income.

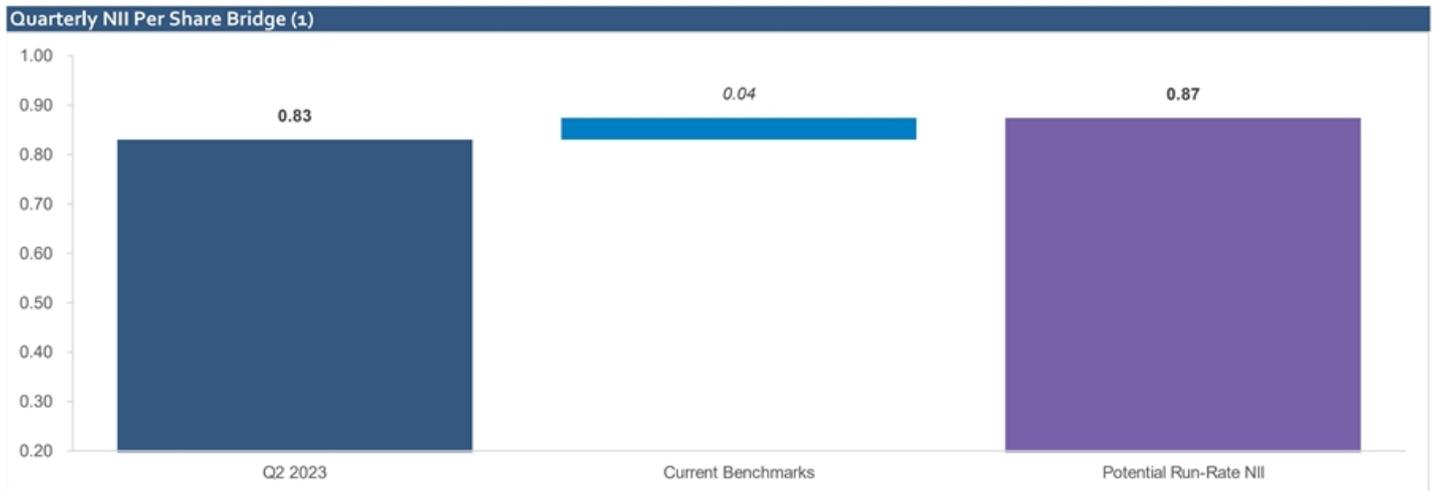


(1) 3 month SOFR per CME as of July 25, 2023.

- Over the last three years, Portman has experienced an average of \$1.4 million in income related to repayment / prepayment activity as compared to the current quarter of \$0.4 million.



- The below analysis begins with Q2 2023 net investment income and assumes no other changes to the portfolio (including accrual status of each portfolio company), investment income, professional expenses or administrative expenses other than the following:
 - Current benchmarks assumes that all assets and liabilities that have LIBOR based contracts are reset at 5.62% plus applicable spreads and all assets and liabilities that have SOFR based contracts are reset at 5.36% plus applicable spreads beginning on July 1, 2023.



(1) All per share information assumes the ending 6/30/2023 share count, including Q2 2023.

| (\$ in '000s except per share) | Q1 2023 | Q2 2023 |
|---|-----------------|-----------------|
| Interest Income: | | |
| Non-controlled/non-affiliated investments | 14,846 | 14,786 |
| Non-controlled affiliated investments | 849 | 626 |
| Total interest income | 15,695 | 15,412 |
| Payment-in-kind income: | | |
| Non-controlled/non-affiliated investments | 1,527 | 859 |
| Non-controlled affiliated investments | 73 | 107 |
| Total payment-in-kind income | 1,600 | 966 |
| Dividend income: | | |
| Non-controlled affiliated investments | 1,384 | 1,864 |
| Controlled affiliated investments | 1,075 | 465 |
| Total dividend income | 2,459 | 2,329 |
| Fees and other income: | | |
| Non-controlled/non-affiliated investments | 573 | 905 |
| Non-controlled affiliated investments | - | 14 |
| Total fees and other income | 573 | 919 |
| Reported Investment Income | \$20,327 | \$19,626 |
| Less: Purchase discount accounting | (1,042) | (427) |
| Core Investment Income | \$19,285 | \$19,199 |
| Reported | | |
| Net Investment Income | \$8,529 | \$7,915 |
| <i>NII Per Share</i> | <i>\$0.89</i> | <i>\$0.83</i> |
| Core | | |
| Net Investment Income ⁽¹⁾ | \$7,669 | \$7,563 |
| <i>NII Per Share</i> | <i>\$0.80</i> | <i>\$0.79</i> |

(1) Core net investment income represents reported total net investment income as determined in accordance with U.S. generally accepted accounting principles, or U.S. GAAP, less the impact of purchase price discount accounting in connection with the GARS and HCAP mergers, while also considering the impact of accretion from these mergers on expenses. Portman Ridge believes presenting core net investment income and the related per share amount is useful and appropriate supplemental disclosure for analyzing its financial performance due to the unique circumstance giving rise to the purchase accounting adjustment. However, core net investment income is a non-U.S. GAAP measure and should not be considered as a replacement for total net investment income and other earnings measures presented in accordance with U.S. GAAP. Instead, core net investment income should be reviewed only in connection with such U.S. GAAP measures in analyzing Portman Ridge's financial performance.

| (\$ in '000s) | Q1 2023 | Q2 2023 |
|--|------------------|------------------|
| NAV, Beginning of Period | \$232,123 | \$225,106 |
| Net Investment Income | 8,529 | 7,915 |
| Net realized gains (losses) from investment transactions | (3,085) | (6,471) |
| Net change in unrealized appreciation (depreciation) on investments | (5,960) | (4,176) |
| Tax (provision) benefit on realized and unrealized gains (losses) on investments | 571 | (164) |
| Realized gains (losses) from extinguishments of debt | - | (218) |
| Net decrease in net assets resulting from stockholder distributions | (6,495) | (6,579) |
| Stock repurchases | (792) | (553) |
| Distribution reinvestment plan | 215 | 153 |
| NAV, End of Period | \$225,106 | \$215,013 |

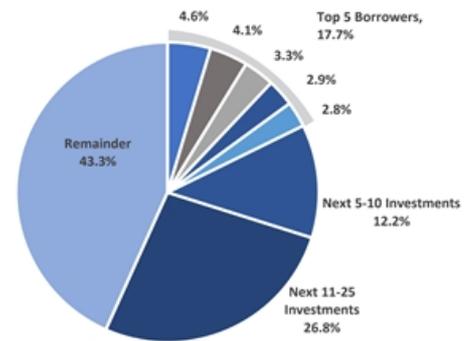
| Leverage and Asset Coverage | Q2 2022 | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 |
|-----------------------------|---------|---------|---------|---------|---------|
| Gross Leverage | 1.4x | 1.5x | 1.6x | 1.6x | 1.6x |
| Net Leverage ⁽¹⁾ | 1.2x | 1.3x | 1.5x | 1.4x | 1.4x |
| Asset Coverage | 170% | 167% | 160% | 162% | 163% |

(1) Net leverage is calculated as the ratio between (A) debt, excluding unamortized debt issuance costs, less available cash and cash equivalents, and restricted cash and (B) NAV. Portman Ridge believes presenting a net leverage ratio is useful and appropriate supplemental disclosure because it reflects the Company's financial condition net of \$35.4 million and \$46.1 million of cash and cash equivalents and restricted cash for the quarters ended June 30, 2023 and March 31, 2023, respectively. However, the net leverage ratio is a non-U.S. GAAP measure and should not be considered as a replacement for the regulatory asset coverage ratio and other similar information presented in accordance with U.S. GAAP. Instead, the net leverage ratio should be reviewed only in connection with such U.S. GAAP measures in analyzing Portman Ridge's financial condition.

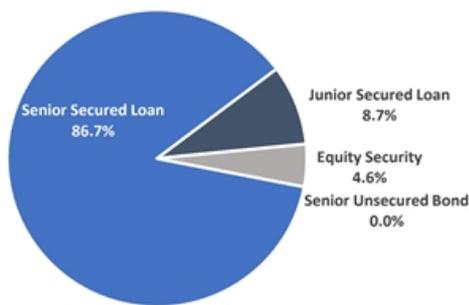
Diversified Portfolio of Assets

- 104 Debt + Equity Portfolio Investee Companies
- \$3.2mm / 1% Average Debt Position Size
- U.S Centric Investments: Nearly 100% US-Based Companies
- Focus on Non-Cyclical Industries with High FCF Generation
- Credit quality has been stable to improving during the rotation period

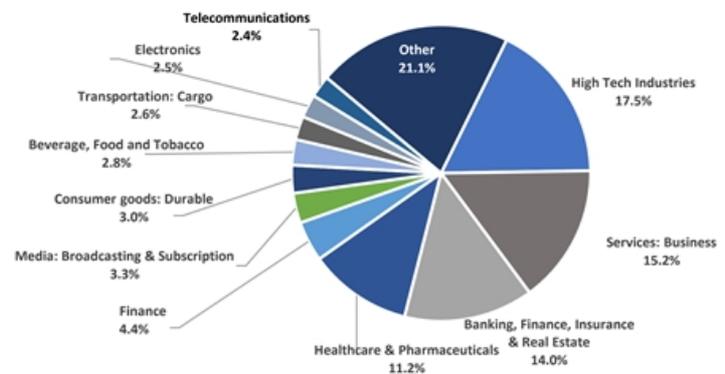
Diversification by Borrower⁽²⁾



Asset Mix⁽²⁾



Industry Diversification⁽²⁾



[1] As of June 30, 2023. Figures shown do not include short term investments, CLO holdings, F3C JV or Series A-Great Lakes Funding II LLC, and derivatives.
 [2] Shown as % of debt and equity investments at fair market value.

| (\$ in '000s) | Q2 2022 | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 |
|---|------------------|------------------|------------------|------------------|------------------|
| Portfolio Sourcing (at Fair Value): | | | | | |
| BC Partners | \$336,689 | \$351,940 | \$367,771 | \$380,061 | \$357,971 |
| Legacy KCAP | \$59,646 | \$53,666 | \$52,847 | \$44,061 | \$30,788 |
| Legacy OHA1 | \$10,365 | \$9,447 | \$9,179 | \$6,943 | \$6,765 |
| Legacy GARS | \$120,799 | \$101,948 | \$106,494 | \$95,343 | \$91,842 |
| Legacy HCAP ⁽³⁾ | \$54,011 | \$55,677 | \$40,187 | \$32,714 | \$22,854 |
| Portfolio Summary: | | | | | |
| Total portfolio, at fair value | \$581,459 | \$571,648 | \$576,478 | \$539,122 | \$510,100 |
| Total number of debt portfolio companies / Total number of investments ⁽⁴⁾ | 95 / 100 | 93 / 107 | 96 / 108 | 87 / 104 | 85 / 103 |
| Weighted Avg EBITDA of debt portfolio companies | \$76,678 | \$85,460 | \$98,260 | \$98,349 | \$99,545 |
| Average size of debt portfolio company investment, at fair value | \$3,292 | \$3,204 | \$3,046 | \$3,033 | \$2,879 |
| Weighted avg first lien / total leverage ratio (net) of debt portfolio | 4.7x / 5.3x | 4.7x / 5.3x | 4.9x / 5.4x | 5.0x / 5.5x | 4.9x / 5.5x |
| Portfolio Yields and Spreads: | | | | | |
| Weighted average yield on debt investments at par value ⁽⁵⁾ | 8.6% | 10.0% | 11.8% | 11.9% | 11.3% |
| Average Spread to LIBOR | 725 bps | 725 bps | 708 bps | 759 bps | 675 bps |
| Portfolio Activity: | | | | | |
| Beginning balance | \$567,988 | \$581,459 | \$571,648 | \$576,478 | \$539,122 |
| Purchases / draws | 70,081 | 54,635 | 43,094 | 14,878 | 15,257 |
| Exits / repayments / amortization | (46,066) | (56,496) | (21,052) | (46,158) | (36,296) |
| Gains / (losses) / accretion | (10,544) | (7,950) | (17,212) | (6,076) | (7,983) |
| Ending Balance | \$581,459 | \$571,648 | \$576,478 | \$539,122 | \$510,100 |

(1) For comparability purposes, portfolio trends metrics exclude short-term investments and derivatives.
(2) Excludes select investments where the metric is not applicable, appropriate, data is unavailable for the underlying statistic analyzed.
(3) Includes assets purchased from affiliate of HCAP's former manager in a separate transaction.
(4) CLO holdings and Joint Ventures are excluded from investment count.
(5) Excluding non-accrual and partial non-accrual investments and excluding CLO holdings and Joint Ventures.

- As of June 30, 2023, seven of the Company's debt investments were on non-accrual status and represented 0.8% and 2.6% of the Company's investment portfolio at fair value and amortized cost, respectively

| (\$ in '000s) | Q2 2022 | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 |
|--|---------|---------|---------|---------|----------|
| Investments Credit Quality – Internal Rating ⁽¹⁾ | | | | | |
| Performing | 95.3% | 95.7% | 94.3% | 95.1% | 95.1% |
| Underperforming | 4.7% | 4.3% | 5.7% | 4.9% | 4.9% |
| Investments on Non-Accrual Status | | | | | |
| Number of Non-Accrual Investments | 3 | 3 | 4 | 5 | 7 |
| Non-Accrual Investments at Cost | \$1,693 | \$1,735 | \$3,708 | \$9,317 | \$15,618 |
| Non-Accrual Investments as a % of Total Cost | 0.3% | 0.3% | 0.6% | 1.5% | 2.6% |
| Non-Accrual Investments at Fair Value | \$244 | \$238 | \$236 | \$1,682 | \$3,904 |
| Non-Accrual Investments as a % of Total Fair Value | 0.0% | 0.0% | 0.0% | 0.3% | 0.8% |

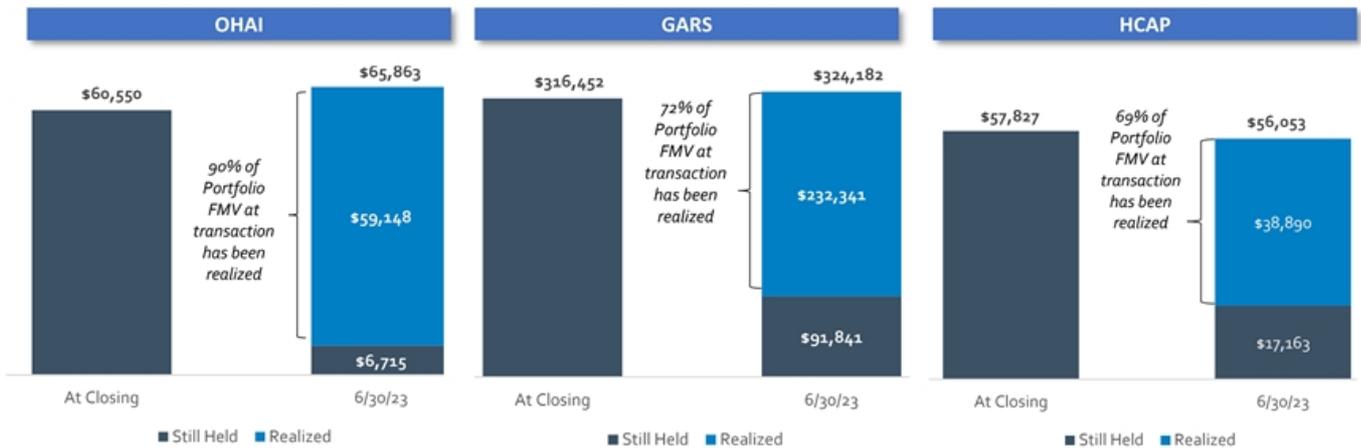
(1) Based on FMV.

| Investment Portfolio (\$ in '000s) | Q2 2022 | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Senior Secured Loan | \$414,920 | \$415,819 | \$418,722 | \$392,022 | \$376,539 |
| Junior Secured Loan | 59,147 | 61,535 | 56,400 | 50,795 | 37,962 |
| Senior Unsecured Bond | 43 | 43 | 43 | 43 | 43 |
| Equity Securities | 24,805 | 24,487 | 21,905 | 15,320 | 20,013 |
| CLO Fund Securities | 24,271 | 24,623 | 20,453 | 19,241 | 12,996 |
| Joint Ventures | 58,273 | 45,141 | 58,955 | 61,701 | 62,547 |
| Ending Balance | \$581,459 | \$571,648 | \$576,478 | \$539,122 | \$510,100 |

| Investment Portfolio (% of total) | Q2 2022 | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|
| Senior Secured Loan | 71.4% | 72.7% | 72.6% | 72.7% | 73.8% |
| Junior Secured Loan | 10.2% | 10.8% | 9.8% | 9.4% | 7.4% |
| Senior Secured Bond | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Equity Securities | 4.3% | 4.3% | 3.8% | 2.8% | 3.9% |
| CLO Fund Securities | 4.2% | 4.3% | 3.5% | 3.6% | 2.5% |
| Joint Ventures | 10.0% | 7.9% | 10.2% | 11.4% | 12.3% |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

(1) At Fair Value. Does not include activity in short-term investments and derivatives.

- Our track record demonstrates BC Partners' ability to efficiently realize the value of legacy portfolios acquired while rotating into BC Partners' sourced assets
- We remain in the process of implementing the same strategy with the acquired and fully redeemed HCAP assets but were successful in several monetizations during the quarter



Appendix

| | June 30, 2023 (Unaudited) | December 31, 2022 |
|---|------------------------------|-------------------|
| ASSETS | | |
| Investments at fair value: | | |
| Non-controlled/non-affiliated investments (amortized cost: 2023 - \$465,608; 2022 - \$518,699) | \$ 422,072 | \$ 483,698 |
| Non-controlled affiliated investments (amortized cost: 2023 - \$72,325; 2022 - \$75,196) | 71,411 | 73,827 |
| Controlled affiliated investments (cost: 2023 - \$58,042; 2022 - \$58,322) | 16,617 | 18,953 |
| Total Investments at Fair Value (cost: 2023 - \$595,975; 2022 - \$652,217) | \$ 510,100 | \$ 576,478 |
| Cash and cash equivalents | 20,254 | 5,148 |
| Restricted cash | 15,192 | 27,983 |
| Interest receivable | 5,245 | 4,828 |
| Receivable for unsettled trades | 1,755 | 1,395 |
| Due from affiliates | 1,896 | 930 |
| Other assets | 2,802 | 2,724 |
| Total Assets | \$ 557,244 | \$ 619,486 |
| LIABILITIES | | |
| 2018-2 Secured Notes (net of discount of: 2023 - \$938; 2022 - \$1,226) | \$ 146,734 | \$ 176,937 |
| 4.875% Notes Due 2026 (net of discount of: 2023 - \$1,467; 2022 - \$1,704; net of deferred financing costs of: 2023 - \$692; 2022 - \$818) | 105,841 | 105,478 |
| Great Lakes Portman Ridge Funding LLC Revolving Credit Facility (net of deferred financing costs of: 2023 - \$941; 2022 - \$1,107) | 77,059 | 90,893 |
| Payable for unsettled trades | 422 | 1,276 |
| Accounts payable, accrued expenses and other liabilities | 3,988 | 4,614 |
| Accrued interest payable | 3,618 | 3,722 |
| Due to affiliates | 1,021 | 900 |
| Management and incentive fees payable | 3,548 | 3,543 |
| Total Liabilities | \$ 342,231 | \$ 387,363 |
| NET ASSETS | | |
| Common stock, par value \$0.01 per share, 20,000,000 common shares authorized; 9,935,250 issued, and 9,537,236 outstanding at June 30, 2023, and 9,916,856 issued, and 9,581,536 outstanding at December 31, 2022 | \$ 95 | \$ 96 |
| Capital in excess of par value | 735,808 | 736,784 |
| Total distributable (loss) earnings | (520,890) | (504,757) |
| Total Net Assets | \$ 215,013 | \$ 232,123 |
| Total Liabilities and Net Assets | \$ 557,244 | \$ 619,486 |
| Net Asset Value Per Common Share | <u>\$ 22.54</u> | <u>\$ 24.23</u> |

| | For the Three Months Ended | | For the Six Months Ended | |
|--|----------------------------|-------------|--------------------------|-------------|
| | June 30, | 2022 | June 30, | 2022 |
| | 2023 | | 2023 | 2022 |
| INVESTMENT INCOME | | | | |
| Interest income: | | | | |
| Non-controlled/non-affiliated investments | \$ 14,786 | \$ 10,649 | \$ 29,632 | \$ 23,316 |
| Non-controlled affiliated investments | 626 | 857 | 1,475 | 1,448 |
| Total interest income | \$ 15,412 | \$ 11,506 | \$ 31,107 | \$ 24,764 |
| Payment-in-kind income: | | | | |
| Non-controlled/non-affiliated investments ⁽¹⁾ | \$ 859 | \$ 1,199 | \$ 2,386 | \$ 2,325 |
| Non-controlled affiliated investments | 107 | 73 | 180 | 329 |
| Controlled affiliated investments | - | 20 | - | 20 |
| Total payment-in-kind income | \$ 966 | \$ 1,292 | \$ 2,566 | \$ 2,674 |
| Dividend income: | | | | |
| Non-controlled affiliated investments | \$ 1,864 | \$ 1,005 | \$ 3,248 | \$ 1,950 |
| Controlled affiliated investments | 465 | 1,066 | 1,540 | 2,229 |
| Total dividend income | \$ 2,329 | \$ 2,071 | \$ 4,788 | \$ 4,179 |
| Fees and other income: | | | | |
| Non-controlled/non-affiliated investments | \$ 905 | \$ 175 | \$ 1,478 | \$ 371 |
| Non-controlled affiliated investments | 14 | - | 14 | - |
| Total fees and other income | \$ 919 | \$ 175 | \$ 1,492 | \$ 371 |
| Total investment income | \$ 19,626 | \$ 15,044 | \$ 39,953 | \$ 31,988 |
| EXPENSES | | | | |
| Management fees | \$ 1,869 | \$ 2,088 | \$ 3,822 | \$ 4,223 |
| Performance-based incentive fees | 1,680 | 1,169 | 3,488 | 2,847 |
| Interest and amortization of debt issuance costs | 6,372 | 3,889 | 12,704 | 7,233 |
| Professional fees | 699 | 879 | 1,302 | 1,724 |
| Administrative services expense | 659 | 822 | 1,330 | 1,669 |
| Other general and administrative expenses | 432 | 675 | 863 | 862 |
| Total expenses | \$ 11,711 | \$ 9,522 | \$ 23,509 | \$ 18,558 |
| NET INVESTMENT INCOME | \$ 7,915 | \$ 5,522 | \$ 16,444 | \$ 13,430 |
| REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS | | | | |
| Net realized gains (losses) from investment transactions: | | | | |
| Non-controlled/non-affiliated investments | \$ (5,267) | \$ (14,109) | \$ (8,352) | \$ (17,779) |
| Non-controlled affiliated investments | (1,124) | 118 | (1,124) | 330 |
| Controlled affiliated investments | (80) | - | (80) | - |
| Derivatives | - | - | - | (2,095) |
| Net realized gain (loss) on investments | \$ (6,471) | \$ (13,991) | \$ (9,556) | \$ (19,544) |
| Net change in unrealized appreciation (depreciation) on: | | | | |
| Non-controlled/non-affiliated investments | \$ (5,478) | \$ 4,870 | \$ (8,535) | \$ 5,699 |
| Non-controlled affiliated investments | 766 | (1,329) | 455 | (1,212) |
| Controlled affiliated investments | 536 | (3,428) | (2,056) | (4,673) |
| Derivatives | - | - | - | 2,442 |
| Net unrealized gain (loss) on investments | \$ (4,176) | \$ 113 | \$ (10,136) | \$ 2,256 |
| Tax (provision) benefit on realized and unrealized gains (losses) on investments | \$ (164) | \$ (77) | \$ 407 | \$ (517) |
| Net realized and unrealized appreciation (depreciation) on investments, net of taxes | \$ (10,811) | \$ (13,955) | \$ (19,285) | \$ (17,805) |
| Realized gains (losses) on extinguishments of debt | \$ (218) | \$ - | \$ (218) | \$ - |
| NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS | \$ (3,114) | \$ (8,433) | \$ (3,059) | \$ (4,375) |
| Net Increase (Decrease) in Net Assets Resulting from Operations per Common Share: | | | | |
| Basic and Diluted: | \$ (0.33) | \$ (0.88) | \$ (0.32) | \$ (0.45) |
| Net Investment Income Per Common Share: | | | | |
| Basic and Diluted: | \$ 0.83 | \$ 0.57 | \$ 1.72 | \$ 1.39 |
| Weighted Average Shares of Common Stock Outstanding—Basic and Diluted | 9,541,722 | 9,634,870 | 9,548,424 | 9,666,298 |

(1) During the three and six months ended June 30, 2023, the Company received \$191.2 thousand and \$492.4 thousand, respectively of non-recurring fee income that was paid in-kind and included in this financial statement line item.

Cash and Cash Equivalents

- Unrestricted cash and cash equivalents totaled \$20.3 million as of June 30, 2023
- Restricted cash of \$15.2 million as of June 30, 2023

Debt Summary

- As of June 30, 2023, par value of outstanding borrowings was \$333.7 million; there was \$37.0 million of available borrowing capacity under the Senior Secured Revolving Credit Facility and no available borrowing capacity under the 2018-2 Secured Notes.

| Date Declared | Record Date | Payment Date | Distribution per Share |
|---------------|--|--------------|------------------------|
| 8/9/2023 | 8/22/2023 | 8/31/2023 | \$0.69 |
| 5/10/2023 | 5/22/2023 | 5/31/2023 | \$0.69 |
| 3/9/2023 | 3/20/2023 | 3/31/2023 | \$0.68 |
| 11/8/2022 | 11/24/2022 | 12/13/2022 | \$0.67 |
| 8/9/2022 | 8/16/2022 | 9/2/2022 | \$0.63 |
| 5/10/2022 | 5/24/2022 | 6/7/2022 | \$0.63 |
| 3/10/2022 | 3/21/2022 | 3/30/2022 | \$0.63 |
| 11/3/2021 | 11/15/2021 | 11/30/2021 | \$0.62 |
| 8/4/2021 | 1 for 10 Reverse Stock Split effective 8/26/21 | | |
| 8/4/2021 | 8/17/2021 | 8/31/2021 | \$0.60 |
| 5/6/2021 | 5/19/2021 | 6/1/2021 | \$0.60 |
| 2/12/2021 | 2/22/2021 | 3/2/2021 | \$0.60 |
| 10/16/2020 | 10/26/2020 | 11/27/2020 | \$0.60 |
| 8/5/2020 | 8/17/2020 | 8/28/2020 | \$0.60 |
| 3/17/2020 | 5/7/2020 | 5/27/2020 | \$0.60 |
| 2/5/2020 | 2/18/2020 | 2/28/2020 | \$0.60 |
| 11/5/2019 | 11/15/2019 | 11/29/2019 | \$0.60 |
| 8/5/2019 | 8/12/2019 | 8/29/2019 | \$0.60 |

(1) The Company completed a Reverse Stock Split of 10 to 1 effective August 26, 2021, the distribution per share amounts have been adjusted retroactively to reflect the split for all periods presented.