



# 2021 Q1 Earnings Presentation

May 7, 2021

## 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.

## Quarter Ended March 31, 2021

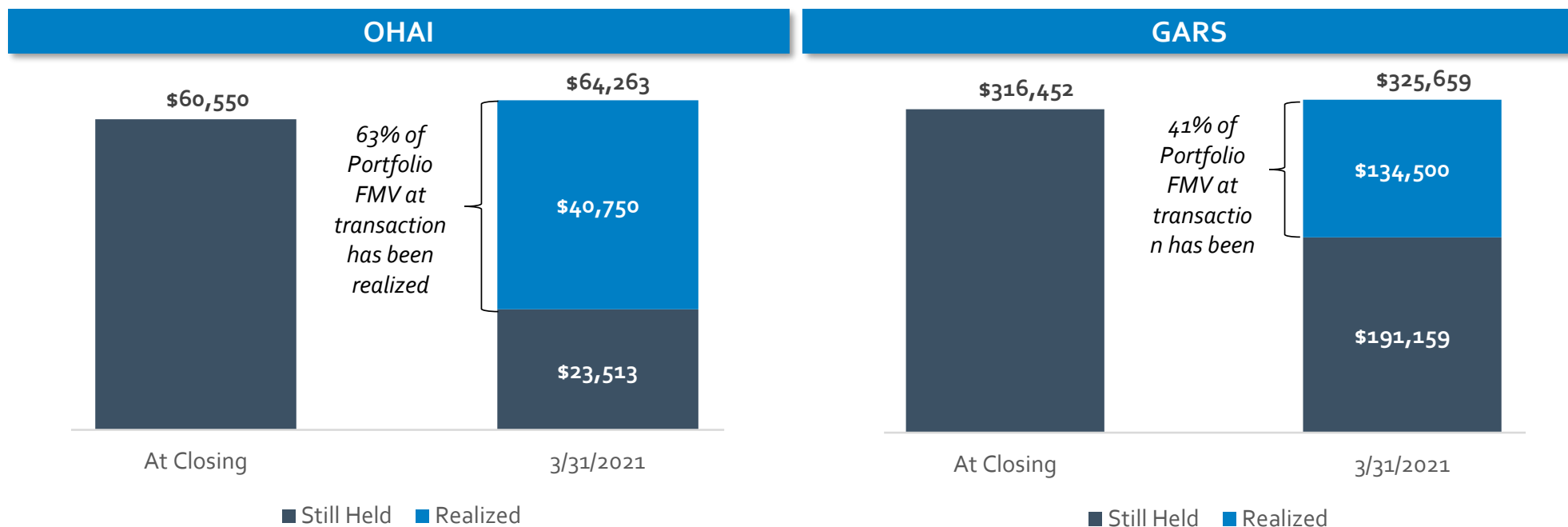
- Net investment income for the quarter was \$0.11 per share, or \$8.2 million.
- Net asset value (“NAV”) per share increased 1.4% to \$2.92 per share from \$2.88 per share quarter-to-quarter, reflecting the continuation of general economic improvement and the overall yield tightening environment.
- The fair value of the Company's investments including derivatives totaled \$473 million, of which the Company's debt securities portfolio totaled \$387 million and was comprised of investments in 103 portfolio companies. Investments on non-accrual status were 0.7% and 2.3% of the Company's investment portfolio at fair value and amortized cost, respectively, compared to 0.8% and 2.4% as of December 31, 2020.
- During the first quarter, the Company acquired approximately \$50 million par value of investment portfolio assets. Also, during the quarter, the Company received approximately \$68 million in sale and repayment proceeds, which includes a \$0.8 million increase relative to the carrying value of those assets sold. Of this activity, \$30.3 million was the result of proactive sales (inclusive of a \$0.2 million increase relative to carrying value).
- Net leverage<sup>(1)</sup> was 1.1x as of March 31, 2021, down from 1.4x as of December 31, 2020, driven primarily by the repayment of \$88.0 million of 2018-2 Secured Notes due 2029 during the quarter.
- The quarterly distribution for the first quarter was \$0.06 per share and was paid on March 2, 2021.
- On March 11, 2021, the Board approved a \$10 million stock repurchase program with substantially the same terms as the prior program, which expired on March 5, 2021. The new program expires on March 31, 2022.
- Subsequent to quarter-end, on April 30, 2021, the Company issued \$80 million in aggregate principal amount of 4.875% unsecured notes due 2026 (the “Notes”) in a private placement offering. Also on April 30, 2021, the Company notified the trustee for the 6.125% unsecured notes due 2022 of its election to redeem in full the aggregate amount outstanding of \$76.7 million. The Company expects the redemption to be completed on May 30, 2021.

(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) net asset value.

## Quarter Ended March 31, 2021 (cont'd)

- Subsequent to quarter-end, on May 6, 2021, the Company entered into a securities purchase agreement (the "Purchase Agreement") with certain affiliates of the Company's investment adviser for the sale of 1,381,305 shares of the Company's common stock at the net asset value per share of the Company's common stock. These sales are being made in accordance with the terms of the agreement that the Company entered into in connection with its externalization in 2019, which require the Company's investment adviser and/or its affiliates to use up to \$10 million of the incentive fee actually paid by the Company to the investment adviser prior to the second anniversary of the closing of the externalization transaction to buy newly issued shares of the Company's common stock at the net asset value per share of the common stock.
- On December 23, the Company entered into an Agreement and Plan of Merger (the "HCAP Merger Agreement") with Harvest Capital Credit Corporation, a publicly traded business development company ("HCAP"). The transaction continues to be on track to close in the second quarter of 2021.

Our track record demonstrates BC Partners' ability to efficiently realize its value while rotating into BC Partners' sourced assets



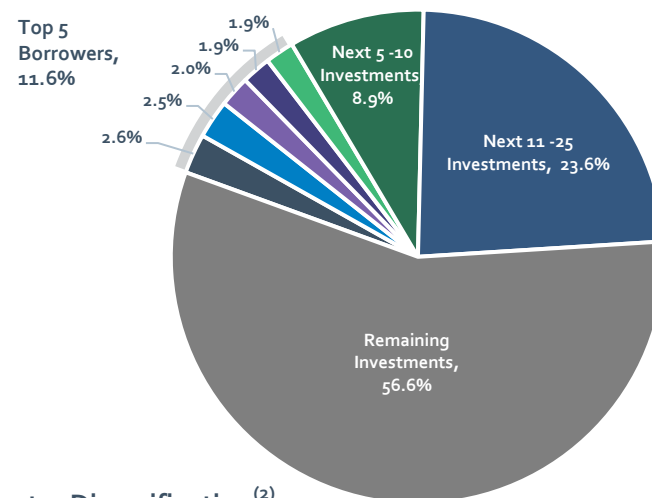
A full year after the merger with OHA, we have realized over 60% of its portfolio's FMV, decreasing exposure to legacy assets while preserving value

Despite the GARS transaction having closed in Q4 2020, we have already realized and rotated out of 41% of the portfolio's FMV – materially de-risking the transaction

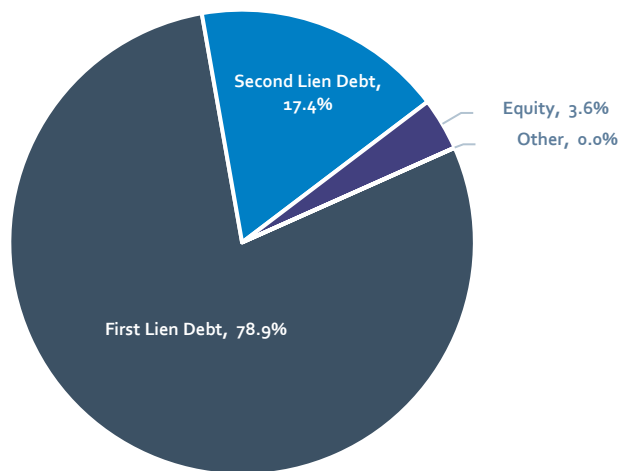
## Diversified Portfolio of Assets

- 103 Debt Portfolio Companies and 140 Separate Securities
- \$2.8mm / 1% Average Debt Position Size
- U.S Centric Investments: 100% US-Based Companies
- Focus on Non-Cyclical Industries with High FCF Generation
- Credit quality has been stable during the rotation period

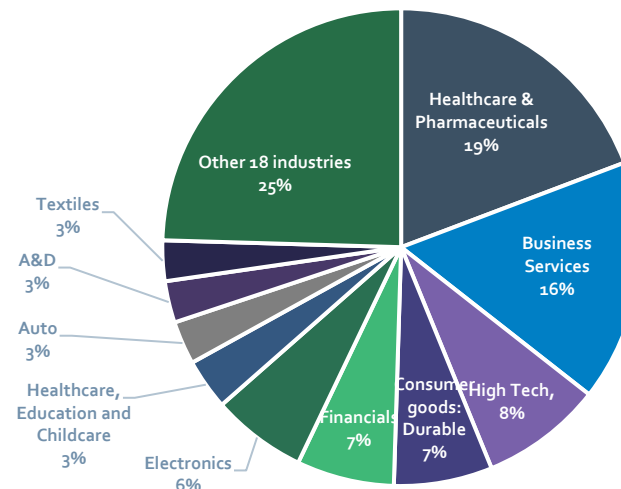
## Diversification by Borrower<sup>(2)</sup>



## Asset Mix<sup>(2)</sup>



## Industry Diversification<sup>(2)</sup>



1. As of March 31, 2021. Figures shown do not include short term investments, CLO holdings, F3C JV or Great Lakes JV portfolio companies  
 2. Shown as % of debt, equity and derivatives investments at fair market value

(\$ in '000s)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
<b>Total investment income</b>	\$7,754	\$7,314	\$7,787	\$19,909	\$18,305
<b>Expenses:</b>					
Management fees	1,012	1,008	1,044	1,515	1,793
Performance-based incentive fees <sup>(1)</sup>	102	455	572	3,729	2,094
Interest and amortization of debt issuance costs	2,350	2,395	2,240	3,299	3,380
Operating expenses	1,627	1,311	1,235	2,428	2,825
<b>Total expenses</b>	<b>5,090</b>	<b>5,169</b>	<b>5,090</b>	<b>10,971</b>	<b>10,092</b>
Management and performance-based incentive fees waived	(102)	(455)	--	--	--
<b>Net expenses</b>	<b>4,988</b>	<b>4,714</b>	<b>5,090</b>	<b>10,971</b>	<b>10,092</b>
<b>Net investment income</b>	<b>\$2,766</b>	<b>\$2,600</b>	<b>\$2,696</b>	<b>\$8,938</b>	<b>\$8,213</b>
Net realized gain/(loss) on investments	(1,048)	(882)	(1,890)	11,425	(5,086)
Net change in unrealized (loss)/gain on investments	(30,925)	1,565	7,512	28,661	6,745
Realized loss on debt extinguishment	-	-	-	-	-
<b>Net (decrease)/increase in net assets resulting from operations</b>	<b>\$(29,059)</b>	<b>\$3,283</b>	<b>\$8,319</b>	<b>\$49,023</b>	<b>\$8,037</b>
<b>Per Share</b>					
Net Investment Income	\$0.06	\$0.06	\$0.06	\$0.14	\$0.11
Net Realized and Unrealized Gain / (Loss)	(\$0.71)	\$0.02	\$0.13	\$0.61	\$0.02
Net Earnings	(\$0.65)	\$0.07	\$0.19	\$0.74	\$0.11
Distributions declared	\$0.06	\$0.06	\$0.06	\$0.06	\$0.06
Net Asset Value	\$2.69	\$2.71	\$2.85	\$2.88	\$2.92

1. Net of incentive fee waivers of \$102 thousand and \$455 thousand in Q1 and Q2 2020, respectively. All incentive fees earned through March 31, 2021 will be re-invested in newly issued stock at NAV.

# Net Asset Value Rollforward

(\$ in '000s)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
NAV, Beginning of Period	\$152,199	\$120,370	\$120,714	\$125,946	\$216,264
Realized Gains (Losses) from Investments	(1,048)	(882)	(1,890)	(131) <sup>(1)</sup>	(5,086)
Unrealized Gains (Losses)	(30,924)	1,565	7,512	(206) <sup>(1)</sup>	6,745
Net Investment Income	2,766	2,600	2,697	8,938	8,213
Net Decrease in Assets Resulting from Distributions	(2,653)	(2,656)	(2,631)	(2,610)	(4,446)
Realized Gains (Losses) from Extinguishment of Debt	154	0	--	--	(1,835)
Day One Impact of Mergers	--	--	--	83,754 <sup>(2)</sup>	--
Share Repurchase	(123)	(284)	(456)	--	--
Reinvestment of Incentive Fees	--	--	--	572	--
<b>NAV, End of Period</b>	<b>\$120,370</b>	<b>\$120,714</b>	<b>\$125,946</b>	<b>\$216,264</b>	<b>\$219,855</b>
<b>Leverage and Asset Coverage</b>					
Debt / Equity	1.0X	1.3X	1.4X	1.7X	1.4X
Asset Coverage	188%	167%	172%	156%	170%

1. Excluding gains from merger activity.  
2. Impact includes merger transaction costs.



Investment Portfolio (\$ in '000s)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
First Lien Debt	\$113,429	\$124,884	\$121,605	\$328,845	\$316,911
Second Lien Debt	83,926	78,366	79,851	75,807	70,090
Equity Securities	8,046	9,538	9,703	13,945	14,651
CLO Fund Securities	19,671	16,892	18,792	19,583	16,021
Joint Ventures	41,475	43,926	46,832	49,349	56,731
Other	3,313	5,050	2,077	208	42
<b>Ending Balance</b>	<b>\$269,859</b>	<b>\$278,655</b>	<b>\$278,860</b>	<b>\$487,737</b>	<b>\$474,447</b>
Investment Portfolio (% of total)					
First Lien Debt	42.0%	44.8%	43.6%	67.4%	66.8%
Second Lien Debt	31.1%	28.1%	28.6%	15.5%	14.8%
Equity Securities	3.0%	3.4%	3.5%	2.9%	3.1%
CLO Fund Securities	7.3%	6.1%	6.7%	4.0%	3.4%
Joint Ventures	15.4%	15.8%	16.8%	10.1%	12.0%
Other	1.2%	1.8%	0.7%	0.0%	0.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

1. At Fair Value. Does not include activity in short-term investments.

(\$ in '000s)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
<b>Portfolio Sourcing (at Fair Value):</b>					
BC Partners	\$133,315	\$149,246	\$148,289	\$151,522	\$160,533
Legacy GARS	n/a	n/a	n/a	\$209,710	\$191,159
Legacy KCAP	\$106,241	\$100,653	\$104,023	\$102,993	\$100,867
Legacy OHAI	\$30,303	\$28,757	\$26,547	\$23,513	\$21,889
<b>Portfolio Summary:</b>					
Total portfolio, at fair value	\$269,859	\$278,655	\$278,860	\$487,737	\$474,447
Total number of debt portfolio companies / Total number of investments <sup>2</sup>	65 / 102	68 / 108	65 / 102	109 / 171	103/166
Weighted Avg EBITDA of debt portfolio companies	\$122,900	\$132,350	\$92,500	\$78,150	\$84,250
Average size of debt portfolio company investment, at fair value	\$3,088	\$3,072	\$3,147	\$2,829	\$2,765
Average size of investment, at fair value	\$2,046	\$2,017	\$2,091	\$2,470	\$2,440
Weighted avg first lien net leverage ratio of debt portfolio	4.3X	4.4X	4.4X	4.1X	4.1X
Weighted avg total net leverage ratio of debt portfolio	5.4X	5.5X	5.5X	4.9X	4.9X
<b>Portfolio Yields and Spreads:</b>					
Weighted average yield on debt investments at par value <sup>3</sup>	8.2%	7.7%	7.9%	7.6%	7.4%
Average Spread to LIBOR	685 bps	681 bps	715 bps	679 bps	658 bps
<b>Portfolio Activity:</b>					
Beginning balance	\$273,690	\$269,859	\$278,655	\$278,860	\$487,737
Purchases / draws	44,959	37,920	5,852	311,070	88,331
Exits / repayments / amortization	(16,818)	(29,807)	(11,133)	(154,185)	(103,315)
Gains / (losses) / accretion	(31,973)	683	5,485	51,992	1,694
<b>Ending Balance</b>	<b>\$269,859</b>	<b>\$278,655</b>	<b>\$278,860</b>	<b>\$487,737</b>	<b>\$474,447</b>

1. For comparability purposes, portfolio trends metrics exclude short-term investments

2. CLO holdings and Joint Ventures are excluded from investment count.

3. Excluding non-accrual and partial non-accrual investments and excluding CLO holdings and Joint Ventures.

(\$ in '000s)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
<b>Investments Credit Quality – Internal Rating <sup>(1)</sup></b>					
Performing	91.6%	91.8%	95.8%	94.5%	95.1%
Underperforming	8.4%	8.2%	4.2%	5.5%	4.9%
<b>Investments on Non-Accrual Status</b>					
Number of Non-Accrual Investments	9	9	8	8	7
Non-Accrual Investments at Cost	\$24,674	\$21,458	\$11,764	\$12,860	\$11,918
Non-Accrual Investments as a % of Total Cost	6.9%	5.9%	3.2%	2.4%	2.3%
Non-Accrual Investments at Fair Value	\$13,816	\$10,325	\$3,788	\$3,843	\$3,263
Non-Accrual Investments as a % of Total Fair Value	4.8%	3.7%	1.3%	0.8%	0.7%

1. Based on FMV.

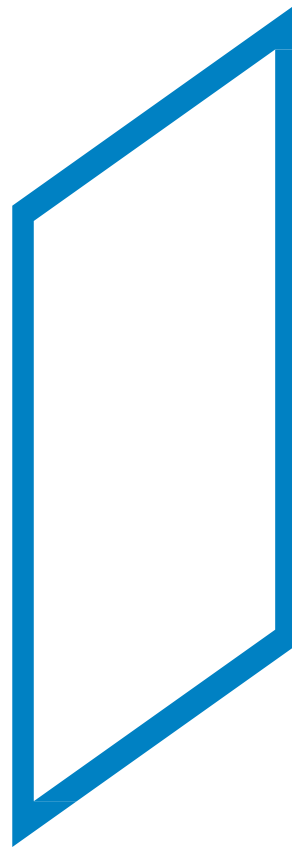
## Cash and Cash Equivalents

- Unrestricted cash and cash equivalents totaled **\$30.8 million** at March 31, 2021
- Restricted cash of **\$28.5 million** at March 31, 2021

## Debt Summary

- On February 22, the Company repaid \$88.0 million of the 2018-2 Secured Notes due 2029
- On March 8, the Company received a corporate investment grade rating of BBB- with a stable outlook from Egan-Jones
- Subsequent to quarter-end, on April 30, the Company closed a private placement offering of \$80 million in aggregate principal amount of 4.875% senior unsecured notes due 2026; also on April 30, the Company notified the trustee for the 6.125% Unsecured Notes due 2022 of its election to redeem in full the outstanding balance

<i>(\$ millions)</i>	<b>Total Committed Amount</b>	<b>Principal Amount Outstanding (At 3/31/21)</b>	<b>Maturity Date</b>
Corporate Secured Revolving Facility	\$115	\$69.1	12/18/23
6.125% Unsecured Notes (publicly traded: KCAPL)	n/a	\$76.7	9/30/22
2018-2 Secured Notes	\$276.9	\$163.8	11/20/29
<b>Total Debt</b>		<b>\$309.6</b>	



# Appendix

(\$ in '000s, except per share data)	1Q 2020	2Q 2020	3Q 2020	4Q 2020	1Q 2021
<b>INVESTMENT INCOME</b>					
Interest from investments in debt securities	4,580	4,814	4,517	14,300	14,086
Payment-in-kind investment income	309	382	434	2,092	1,132
Interest from short-term investments	15	-	-	-	-
Investment income on CLO Fund Securities managed by affiliates	1,073	833	587	728	-
Investment income on CLO Fund Securities managed by non-affiliates	117	88	42	72	617
Investment income - Joint Ventures	1,577	1,001	2,182	2,151	2,039
Capital structuring service fees	82	197	24	565	430
<b>Total Investment Income</b>	<b>7,754</b>	<b>7,314</b>	<b>7,787</b>	<b>19,909</b>	<b>18,305</b>
<b>EXPENSES</b>					
Management Fees	1,012	1,008	1,044	1,515	1,793
Performance-based incentive fees	102	455	572	3,729	2,094
Interest Expense	2,350	2,395	2,240	3,299	3,380
Other Operating Expenses	1,627	1,111	1,235	2,428	2,825
<b>Total Expenses</b>	<b>5,090</b>	<b>5,169</b>	<b>5,090</b>	<b>10,971</b>	<b>10,092</b>
Management and performance-based incentive fees waived	(102)	(455)	-	-	-
<b>Net Expenses</b>	<b>4,988</b>	<b>4,714</b>	<b>5,090</b>	<b>10,971</b>	<b>10,092</b>
<b>Net Investment Income</b>	<b>2,766</b>	<b>2,600</b>	<b>2,697</b>	<b>8,938</b>	<b>8,213</b>
<b>REALIZED AND UNREALIZED GAIN ON INVESTMENTS</b>					
Net realized (gain) loss on investment transactions	(1,048)	(882)	(1,890)	11,425	(5,086)
Unrealized gains (loss) on debt securities investments	(10,778)	2,280	4,553	23,757	(2,240)
Unrealized gains (loss) on equity securities investments	(278)	352	337	1,237	1,349
Unrealized gains (loss) on non-affiliate CLO equity investments	(571)	(284)	363	77	6,902
Unrealized gains (loss) on affiliate CLO equity investments	(11,162)	(2,579)	1,573	1,088	-
Unrealized gains (loss) on Joint Venture investment	(8,109)	2,308	1,146	2,578	1,208
Unrealized gains (loss) on Derivatives	(26)	(512)	(462)	(76)	(474)
<b>Net Realized and Unrealized Gain on Investments</b>	<b>(31,973)</b>	<b>683</b>	<b>5,622</b>	<b>40,086</b>	<b>1,660</b>
Net realized gain (loss) on extinguishment of debt	154	0	-	-	(1,835)
<b>Net Increase in Stockholders' Equity from Ops</b>	<b>(29,053)</b>	<b>3,284</b>	<b>8,319</b>	<b>49,023</b>	<b>8,037</b>
Basic and Diluted Shares - Weighted Average	44,823	44,611	44,418	65,984	75,175
<b>Net Investment Income</b>	<b>2,766</b>	<b>2,600</b>	<b>2,697</b>	<b>8,938</b>	<b>8,213</b>
<b>Basic and Diluted Shares</b>	<b>\$ 0.06</b>	<b>\$ 0.06</b>	<b>\$ 0.06</b>	<b>\$ 0.14</b>	<b>\$ 0.11</b>

(\$ in '000s, except per share data)	1Q 2020	2Q 2020	3Q 2020	4Q 2020	1Q 2021
<b>ASSETS</b>					
Total Investments at Fair Value	\$272,484	\$281,295	\$290,113	\$487,737	\$474,447
Cash	403	414	677	6,990	30,844
Restricted Cash	4,728	11,398	4,907	75,913	28,452
Interest Receivable	921	1,909	1,927	2,973	2,888
Receivable for Unsettled Trades	3,344	9,503	1,847	25,108	14,143
Due from Affiliates	288	170	187	357	853
Other Assets	1,201	1,641	1,509	1,100	1,202
<b>Total Assets</b>	<b>\$283,370</b>	<b>\$306,331</b>	<b>\$301,167</b>	<b>\$600,178</b>	<b>\$552,830</b>
<b>LIABILITIES</b>					
6.125% Notes Due 2022	\$75,326	\$75,372	\$75,518	\$75,668	\$76,725
2018-2 Secured Notes	-	-	-	249,418	162,327
Great Lakes Portman Ridge Funding LLC Revolving Credit Facility	55,699	97,040	93,132	48,223	68,065
Derivatives	59	571	1,033	1,109	1,583
Payable for Open Trades	26,572	7,366	-	-	13,881
Accounts Payable & Accrued Expenses	2,303	2,919	2,327	2,878	3,557
Due to Affiliates	2,031	1,342	1,596	1,375	2,372
Management and incentive fees payable	1,011	1,008	1,615	5,244	4,465
<b>Total Liabilities</b>	<b>163,000</b>	<b>185,617</b>	<b>175,221</b>	<b>383,915</b>	<b>332,975</b>
<b>Total Net Assets</b>	<b>120,370</b>	<b>120,714</b>	<b>125,946</b>	<b>216,264</b>	<b>219,855</b>
<b>Total Liabilities and Net Assets</b>	<b>\$283,370</b>	<b>\$306,331</b>	<b>\$301,167</b>	<b>\$600,178</b>	<b>\$552,830</b>
Shares Outstanding	44,726	44,495	44,169	75,164	75,175
<b>Net Asset Value per Share</b>	<b>\$ 2.69</b>	<b>\$ 2.71</b>	<b>\$ 2.85</b>	<b>\$ 2.88</b>	<b>\$ 2.92</b>

# Regular Distribution Information

Date Declared	Record Date	Payment Date	Distribution per Share
5/6/2021	5/19/2021	6/1/2021	\$0.06
2/12/2021	2/22/2021	3/2/2021	\$0.06
10/16/2020	10/26/2020	11/27/2020	\$0.06
8/5/2020	8/17/2020	8/28/2020	\$0.06
3/17/2020	5/7/2020	5/27/2020	\$0.06
2/5/2020	2/18/2020	2/28/2020	\$0.06
11/5/2019	11/15/2019	11/29/2019	\$0.06
8/5/2019	8/12/2019	8/29/2019	\$0.06



## BC PARTNERS CREDIT: A FULL CREDIT CYCLE INVESTMENT PLATFORM

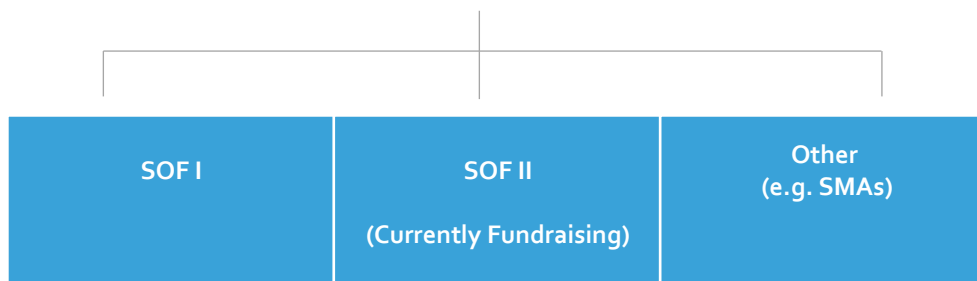
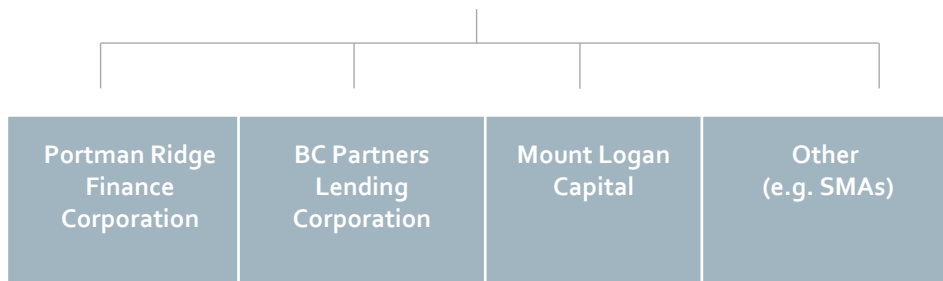
	<p><b>2017</b> FOUNDED PLATFORM</p>	<p><b>18</b> INVESTMENT PROFESSIONALS</p>	<p><b>17</b> AVG. YEARS OF EXPERIENCE OF SENIOR INVESTMENT TEAM</p>	<p><b>c. \$4.2bn<sup>1</sup></b> IN AUM ACROSS CREDIT PLATFORM</p>
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### Yield: \$3.3bn in AUM

- Direct lending focused on less competitive segments of the U.S. middle-market
- Balanced portfolio of sponsor-backed and non-sponsor companies
- Proprietary sourcing channels
- High current income generation

### Opportunistic: \$950m in AUM

- Mandate to invest where other capital is retrenching due to limited duration and regulatory restrictions
- Ability to invest across the capital structure
- Price opportunities with adequate compensation for risk and illiquidity
- Mix of current income and price appreciation



1. Reflects commitments to commingled funds, IMAs, signed term sheets. Figures are subject to completion of certain agreements