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

FORM 10-Q

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended March 31, 2024

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Commission file number: 814-01022

Logan Ridge Finance Corporation

(Exact Name of Registrant as Specified in its Charter)

Maryland	**90-0945675**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

650 Madison Avenue, 23rd Floor
New York, New York 10022
(Address of Principal Executive Offices, Including Zip Code)

(212) 891-2880
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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

Title of Each Class	Trading symbol(s)	Name of Each Exchange on Which Registered
Common Stock, par value $0.01 per share	**LRFC**	**NASDAQ Global Select Market**

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 (§232.405 of this chapter) 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	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐
		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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

The number of shares of Logan Ridge Finance Corporation's common stock, $0.01 par value, outstanding as of May 2, 2024 was 2,675,998.

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PART I. FINANCIAL INFORMATION

LOGAN RIDGE FINANCE CORPORATION
CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES
(in thousands, except share and per share data)

	As of March 31, 2024 (unaudited)	As of December 31, 2023
ASSETS		
Investments at fair value:		
Non-control/non-affiliate investments (amortized cost of $180,798 and $170,972, respectively)	$ 167,802	$ 161,880
Affiliate investments (amortized cost of $25,509 and $25,546, respectively)	32,320	27,778
Total investments at fair value (amortized cost of $206,307 and $196,518, respectively)	200,122	189,658
Cash and cash equivalents	8,335	3,893
Interest and dividend receivable	1,865	1,374
Prepaid expenses	2,013	2,163
Receivable for unsettled trades	167	—
Distribution paid in advance to transfer agent	855	—
Other assets	17	—
Total assets	$ 213,374	$ 197,088
LIABILITIES		
2026 Notes (net of deferred financing costs and original issue discount of $967 and $1,057, respectively)	$ 49,033	$ 48,943
2032 Convertible Notes (net of deferred financing costs and original issue discount of $910 and $999, respectively)	13,090	14,001
KeyBank Credit Facility (net of deferred financing costs of $897 and $982, respectively)	52,018	38,571
Management and incentive fees payable	893	869
Distribution payable	856	—
Interest and financing fees payable	1,441	949
Accounts payable and accrued expenses	1,289	833
Payable for unsettled trades	4,559	3,747
Total liabilities	$ 123,179	$ 107,913
Commitments and contingencies (Note 2)		
NET ASSETS		
Common stock, par value $0.01, 100,000,000 shares of common stock authorized, 2,675,936 and 2,674,698 shares of common stock issued and outstanding, respectively	$ 27	$ 27
Capital in excess of par value	188,430	188,405
Total distributable earnings (loss)	(98,262)	(99,257)
Total net assets	$ 90,195	$ 89,175
Total liabilities and net assets	$ 213,374	$ 197,088
Net asset value per share	$ 33.71	$ 33.34

See accompanying notes to consolidated financial statements

LOGAN RIDGE FINANCE CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share data)
(unaudited)

	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
INVESTMENT INCOME		
Interest income:		
Non-control/non-affiliate investments	$ 4,633	$ 4,604
Affiliate investments	—	164
Total interest income	4,633	4,768
Payment-in-kind interest and dividend income:		
Non-control/non-affiliate investments	336	416 [1]
Affiliate investments	17	48
Total payment-in-kind interest and dividend income	353	464
Dividend income:		
Affiliate investments	17	14
Total dividend income	17	14
Other income:		
Non-control/non-affiliate investments	—	10
Total other income	—	10
Total investment income	5,003	5,256
EXPENSES		
Interest and financing expenses	2,007	2,069
Base management fee	893	930
Directors' expense	150	135
Administrative service fees	201	257
General and administrative expenses	805	792
Total expenses	4,056	4,183
NET INVESTMENT INCOME	947	1,073
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS		
Net realized gain (loss) on investments:		
Non-control/non-affiliate investments	287	(1,506)
Net realized gain (loss) on investments	287	(1,506)
Net change in unrealized appreciation (depreciation) on investments:		
Non-control/non-affiliate investments	(3,904)	(1,250)
Affiliate investments	4,579	1,033
Net change in unrealized appreciation (depreciation) on investments	675	(217)
Total net realized and change in unrealized gain (loss) on investments	962	(1,723)
Net realized loss on extinguishment of debt	(58)	—
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	$ 1,851	$ (650)
NET INCREASE (DECREASE) IN NET ASSETS PER SHARE RESULTING FROM OPERATIONS – BASIC (SEE NOTE 9)	$ 0.69	$ (0.24)
WEIGHTED AVERAGE COMMON STOCK OUTSTANDING – BASIC (SEE NOTE 10)	2,678,342	2,710,990
NET INCREASE (DECREASE) IN NET ASSETS PER SHARE RESULTING FROM OPERATIONS – DILUTED (SEE NOTE 9)	$ 0.65	$ (0.24)
WEIGHTED AVERAGE COMMON STOCK OUTSTANDING – DILUTED (SEE NOTE 9)	3,195,740	2,710,990
DISTRIBUTIONS PAID PER SHARE	$ 0.32	$ 0.18

[1] During the three months ended March 31, 2023, the Company received $0.2 million of non-recurring fee income that was paid in-kind and included in this financial statement line item.

See accompanying notes to consolidated financial statements.

LOGAN RIDGE FINANCE CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
(in thousands, except share data)
(unaudited)

For the Three Months Ended March 31, 2024 and 2023	Common Stock Number of Shares	Common Stock Par Value	Additional Paid in Capital	Total Distributable Earnings (Loss)	Total
BALANCE, December 31, 2023	2,674,698	$ 27	$ 188,405	$ (99,257)	$ 89,175
Net investment income	—	—	—	947	947
Net realized gain on investments	—	—	—	287	287
Net realized loss on extinguishment of debt	—	—	—	(58)	(58)
Net change in unrealized appreciation on investments	—	—	—	675	675
Issuance of common stock in debt conversion	22,105	—	496	—	496
Repurchase of common stock	(20,867)	—	(471)	—	(471)
Distributions declared	—	—	—	(856)	(856)
BALANCE, March 31, 2024	2,675,936	$ 27	$ 188,430	$ (98,262)	$ 90,195
BALANCE, December 31, 2022	2,711,068	$ 27	$ 191,038	$ (96,060)	$ 95,005
Net investment income	—	—	—	1,073	1,073
Net realized loss on investments	—	—	—	(1,506)	(1,506)
Net change in unrealized depreciation on investments	—	—	—	(217)	(217)
Repurchase of common stock	(1,625)	—	(34)	—	(34)
Stock issued under dividend reinvestment plan	140	—	3	—	3
Distributions declared	—	—	—	(491)	(491)
BALANCE, March 31, 2023	2,709,583	$ 27	$ 191,007	$ (97,201)	$ 93,833

See accompanying notes to consolidated financial statements.

LOGAN RIDGE FINANCE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	For the Three Months Ended March 31, 2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net increase (decrease) in net assets resulting from operations	$ 1,851	$ (650)
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash (used in) provided by operating activities:		
Purchase of investments	(9,839)	(7,444)
Repayments and sales of investments	949	6,714
Net realized (gain) loss on investments	(287)	1,506
Net realized loss on extinguishment of debt	58	—
Net change in unrealized (appreciation) depreciation on investments	(675)	217
Payment-in-kind interest and dividends	(353)	(464)
Accretion of original issue discount on investments	(259)	(274)
Amortization of deferred financing fees and original issue discount	202	200
Changes in assets and liabilities:		
Interest and dividend receivable	(491)	369
Prepaid expenses	150	168
Receivable for unsettled trades	(167)	—
Other assets	(17)	3
Management and incentive fees payable	24	(1)
Interest and financing fees payable	492	496
Payable for unsettled trades	812	—
Accounts payable and accrued expenses	456	(206)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(7,094)	634
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of 2032 Convertible Notes	(500)	—
Borrowings under KeyBank Credit Facility	13,400	10,000
Repayments under KeyBank Credit Facility	(37)	(7,558)
Distributions paid in advance to transfer agent	(856)	(488)
Repurchase of common stock	(471)	(34)
NET CASH PROVIDED BY FINANCING ACTIVITIES	11,536	1,920
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,442	2,554
CASH AND CASH EQUIVALENTS, beginning of period	3,893	6,793
CASH AND CASH EQUIVALENTS, end of period	$ 8,335	$ 9,347
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ 1,302	$ 1,354
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING TRANSACTIONS		
Issuance of common stock on our convertible debt	$ 500	$ —
Distributions paid through dividend reinvestment plan share issuances	$ —	$ 3

See accompanying notes to consolidated financial statements.

LOGAN RIDGE FINANCE CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS
(in thousands, except for units/shares)
March 31, 2024
(unaudited)

Investment (1), (2), (3), (4), (5)	Industry	Interest Rate (+)	Reference Rate and Spread (+)	Floor (+)	Maturity	Par/Shares (++)	Cost	Fair Value	Footnotes
Investments in Non-Control, Non-Affiliate Portfolio Companies - 186.0%									
First Lien/Senior Secured Debt - 141.7%									
Accordion Partners LLC	Industrials	11.32%	SOFR + 6.02%	0.75%	08/29/2029	5,399	$ 5,303	$ 5,379	(16)
Accordion Partners LLC (Revolver)	Industrials	11.56%	SOFR + 6.25%	0.75%	08/31/2028	765	740	759	(12)(16)
Accurate Background, LLC	Information Technology	11.56%	SOFR + 6.00%	1.00%	03/26/2027	4,401	4,174	4,301	(16)
AIDC Intermediateco 2, LLC (Peak Technologies)	Information Technology	11.72%	SOFR + 6.40%	1.00%	07/22/2027	4,938	4,879	4,857	(16)
American Academy Holdings, LLC	Healthcare	16.44%	SOFR + 5.75%, 5.25% PIK	1.00%	01/01/2025	2,651	2,638	2,674	(16)
American Clinical Solutions, LLC	Healthcare	12.50%	SOFR + 7.00%, 5.50% PIK	1.00%	06/30/2025	5,845	5,845	5,347	(12)
AP Core Holdings II, LLC	Information Technology	10.94%	SOFR + 5.50%	0.75%	07/21/2027	1,094	1,085	1,074	(16)
AP Core Holdings II, LLC	Information Technology	10.94%	SOFR + 5.50%	0.75%	07/21/2027	1,250	1,239	1,226	(16)
Astro Acquisition, LLC (Cooper Machinery Services)	Industrials	10.80%	SOFR + 5.50%	1.00%	12/13/2027	2,000	1,980	1,980	(16)
BetaNXT, Inc.	Financials	11.05%	SOFR + 5.75%	—	07/02/2029	2,358	2,228	2,257	(16)
BetaNXT, Inc. (Revolver)	Financials	9.56%	SOFR + 4.25%	—	07/01/2027	181	181	162	(12)(16)
Bradshaw International, Inc.	Consumer Discretionary	11.18%	SOFR + 5.75%	1.00%	10/21/2027	495	487	488	(16)
Bradshaw International, Inc. (Revolver)	Consumer Discretionary	—	SOFR + 5.75%	1.00%	10/21/2026	—	(12)	(13)	(12)(17)
Critical Nurse Staffing, LLC	Healthcare	11.93%	SOFR + 6.50%	1.00%	10/30/2026	5,790	5,737	5,716	(16)
Critical Nurse Staffing, LLC (Revolver)	Healthcare	—	SOFR + 6.50%	1.00%	10/30/2026	—	(9)	(13)	(12)(17)
Datalink, LLC	Healthcare	12.18%	SOFR + 6.75%	1.00%	11/23/2026	5,740	5,740	5,567	(16)
Dentive, LLC	Healthcare	12.31%	SOFR + 7.00%	1.00%	12/26/2028	1,604	1,562	1,572	(12)(16)
Dentive, LLC (Revolver)	Healthcare	—	SOFR + 7.00%	1.00%	12/23/2028	—	(4)	(3)	(12)(17)
Dodge Data & Analytics LLC	Information Technology	9.78%	SOFR + 4.75%	0.50%	02/12/2029	1,474	1,458	1,219	(16)
Epic Staffing Group	Industrials	11.33%	SOFR + 6.00%	0.50%	06/28/2029	4,923	4,740	4,720	(16)
Florida Food Products, LLC	Consumer Staples	10.33%	SOFR + 5.00%	0.75%	10/18/2028	1,975	1,888	1,754	(16)
Fortis Payment Systems, LLC	Financials	11.15%	SOFR + 5.75%	1.00%	02/13/2026	1,575	1,542	1,540	(16)
Hudson Hospital OpCo, LLC	Healthcare	13.43%	SOFR + 8.00%	3.00%	11/04/2023	3,060	3,060	3,060	(16)
HUMC Opco, LLC	Healthcare	13.43%	SOFR + 8.00%	3.00%	11/04/2023	3,890	3,890	3,862	(16)
H.W. Lochner, Inc.	Industrials	12.23%	SOFR + 6.75%	1.00%	07/02/2027	914	892	899	(16)
IDC Infusion Services LLC	Healthcare	11.86%	SOFR + 6.50%	0.50%	07/07/2028	2,385	2,332	2,344	(12)(16)
IJKG OpCo, LLC	Healthcare	13.43%	SOFR + 8.00%	3.00%	11/04/2023	2,040	2,040	2,040	(16)
JO ET Holdings Limited	Information Technology	18.33%	SOFR + 6.00%, 7.00% PIK	1.00%	12/15/2026	1,147	1,137	1,147	(16)
Keg Logistics LLC	Consumer Discretionary	11.48%	SOFR + 6.00%	1.00%	11/23/2027	7,365	7,298	7,243	(16)
Keg Logistics LLC (Revolver)	Consumer Discretionary	11.48%	SOFR + 6.00%	1.00%	11/23/2027	872	864	858	
Lucky Bucks, LLC (Priority First Out)	Consumer Discretionary	12.97%	SOFR + 7.65%	1.00%	10/02/2028	184	179	185	
Lucky Bucks, LLC (Priority Second Out)	Consumer Discretionary	12.97%	SOFR + 7.65%	1.00%	10/02/2029	365	365	350	
Material Handling Systems, Inc.	Industrials	10.83%	SOFR + 5.50%	0.50%	06/08/2029	1,789	1,648	1,629	(16)
Money Transfer Acquisition Inc.	Financials	13.68%	SOFR + 8.25%	1.00%	12/14/2027	6,825	6,724	6,671	(16)
Morae Global Corporation	Information Technology	13.47%	SOFR + 8.00%	2.00%	10/26/2026	3,168	2,991	3,034	(16)
Morae Global Corporation (Revolver)	Information Technology	—	—	2.00%	10/26/2026	—	(14)	(12)	(12)(17)
Neptune BidCo US Inc.	Communication Services	10.42%	SOFR + 5.00%	0.50%	04/11/2029	1,489	1,356	1,376	(16)
Orthopaedic (ITC) Buyer, LLC	Healthcare	11.90%	SOFR + 6.50%	1.00%	07/31/2028	2,350	2,298	2,339	(12)(16)
PhyNet Dermatology LLC	Healthcare	11.99%	SOFR + 6.50%	1.00%	10/20/2029	489	478	481	(12)(16)
Premier Imaging, LLC	Healthcare	11.56%	SOFR + 6.00%	1.00%	01/02/2025	2,564	2,549	2,407	(16)
Riddell, Inc.	Consumer Discretionary	11.33%	SOFR + 6.00%	1.00%	03/29/2029	3,636	3,571	3,571	(12)(16)
RN Enterprises, LLC	Healthcare	12.09%	SOFR + 6.50%	1.00%	12/23/2025	1,998	1,975	1,926	(16)
Sequoia Healthcare Management LLC	Healthcare Management	—	—	—	11/04/2023	11,935	11,935	7,260	(7)
South Street Securities Holdings, Inc.	Financials	9.00%	—	—	09/20/2027	450	398	365	(16)
STG Logistics	Industrials	11.45%	SOFR + 6.00%	0.75%	03/24/2028	2,462	2,405	1,613	(16)
Symplr Software, Inc.	Healthcare	9.91%	SOFR + 4.50%	0.75%	12/22/2027	1,666	1,663	1,572	(16)
Synamedia Americas Holdings, Inc.	Communication Services	13.06%	SOFR + 7.75%	1.00%	12/05/2028	2,714	2,625	2,639	(16)
Tactical Air Support, Inc.	Industrials	13.97%	SOFR + 8.50%	1.00%	12/22/2028	1,714	1,674	1,667	(16)
Taoglas Group Holdings Limited	Information Technology	12.55%	SOFR + 7.25%	1.00%	02/28/2029	2,331	2,275	2,200	(16)
Taoglas Group Holdings Limited (Revolver)	Information Technology	12.57%	SOFR + 7.25%	1.00%	02/28/2029	471	455	434	(12)(16)
TransNetwork LLC	Financials	10.81%	SOFR + 5.50%	0.50%	11/20/2030	3,800	3,740	3,833	(16)
VBC Spine Opco LLC (DxTx Pain and Spine LLC)	Healthcare	13.48%	SOFR + 8.00%	2.00%	06/14/2028	1,309	1,273	1,274	(12)(16)
VBC Spine Opco LLC (DxTx Pain and Spine LLC) (Revolver)	Healthcare	13.47%	SOFR + 8.00%	2.00%	06/14/2028	145	143	143	(12)(16)
Wealth Enhancement Group, LLC	Financials	10.82%	SOFR + 5.50%	1.00%	10/02/2027	6,871	6,849	6,871	(16)
Wealth Enhancement Group, LLC (Revolver)	Financials	—	SOFR + 6.00%	1.00%	10/02/2027	—	(1)	—	(12)(17)
Total First Lien/Senior Secured Debt							134,488	127,844	
Second Lien/Senior Secured Debt - 8.3%									
American Academy Holdings, LLC	Healthcare	14.50% PIK	—	—	03/01/2028	4,282	4,219	3,838	(16)
BLST Operating Company, LLC	Online Merchandise Retailer	14.94%	SOFR + 8.50%, 13.94% PIK	1.50%	08/28/2025	1,057	1,057	999	(8)(16)
Ivanti Software, Inc.	Information Technology	12.84%	SOFR + 7.25%	0.50%	12/01/2028	3,000	2,989	2,606	(16)
Total Second Lien/Senior Secured Debt							8,265	7,443	
Subordinated Debt - 25.4%									
Eastport Holdings, LLC	Business Services	14.10%	SOFR + 8.50%	1.00%	09/29/2027	19,250	19,250	19,250	
Lucky Bucks, LLC	Consumer Discretionary	—	—	—	05/29/2028	2,503	2,229	484	(7)
Tubular Textile Machinery, Inc.	Textile Equipment Manufacturer	5.00%	—	—	10/29/2027	5,094	5,094	3,176	
Total Subordinated Debt							26,573	22,910	
Collateralized Loan Obligations - 1.8%									
JMP Credit Advisors CLO IV Ltd.	Financials	—	—	—	07/17/2029	7,891	306	286	(13)(15)
JMP Credit Advisors CLO V Ltd.	Financials	—	—	—	07/17/2030	7,320	1,395	1,362	(13)(15)
Total Collateralized Loan Obligations							1,701	1,648	
Preferred Stock and Units - 2.8%									
American Academy Holdings, LLC	Healthcare	—	—	—	—	102,261	—	141	(6)
EBSC Holdings LLC (Riddell, Inc.)	Consumer Discretionary	10.00% PIK	—	—	—	1,000	987	987	
MicroHoldco, LLC	General Industrial	—	—	—	—	740,237	749	234	(11)
Taylor Precision Products, Inc. - Series C	Household Product Manufacturer	—	—	—	—	379	758	758	
U.S. BioTek Laboratories, LLC - Class A	Testing laboratories	—	—	—	—	500	540	372	
Total Preferred Stock and Units							3,034	2,492	

See accompanying notes to consolidated financial statements.

LOGAN RIDGE FINANCE CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS - CONTINUED
(in thousands, except for units/shares)
March 31, 2024
(unaudited)

Investment (1), (2), (3), (4), (5)	Industry	Interest Rate (+)	Reference Rate and Spread (+)	Floor (+)	Maturity	Par/Shares (++)	Cost	Fair Value	Footnotes
Common Stock and Membership Units - 6.1%		—	—	—	—				
American Academy Holdings, LLC	Healthcare	—	—	—	—	0.05	—	357	(6)
American Clinical Solutions, LLC - Class A	Healthcare	—	—	—	—	6,030,384	3,198	300	(6)
Aperture Dodge 18 LLC	Financials	—	—	—	—	2,045,271	2,045	2,212	
BLST Operating Company, LLC - Class A	Online Merchandise Retailer	—	—	—	—	217,013	286	1,216	(6)
DxTx Pain and Spine LLC	Healthcare	—	—	—	—	59,312	97	97	(6)
Freedom Electronics, LLC	Electronic Machine Repair	—	—	—	—	181,818	182	300	
Lucky Bucks, LLC	Consumer Discretionary	—	—	—	—	50,066	741	777	
Morae Global Corporation - Warrants	Information Technology	—	—	—	—	1	122	152	
South Street Securities Holdings, Inc. - Warrants	Financials	—	—	—	—	567	65	54	
U.S. BioTek Laboratories, LLC - Class C	Testing laboratories	—	—	—	—	578	1	—	
Total Common Stock and Membership Units							6,737	5,465	
Total Investments in Non-Control, Non-Affiliate Portfolio Companies							180,798	167,802	
Investments in Affiliated Portfolio Companies - 35.8%^									
First Lien/Senior Secured Debt - 2.8%									
MMI Holdings, LLC	Medical Device Distributor	—	—	—	06/28/2024	2,600	2,600	2,533	(7)
Total First Lien/Senior Secured Debt							2,600	2,533	
Second Lien/Senior Secured Debt - 1.0%									
MMI Holdings, LLC	Medical Device Distributor	—	—	—	06/28/2024	400	400	360	(7)
V12 Holdings, Inc.	Data Processing & Digital Marketing	—	—	—	—	509	490	505	(11)
Total Second Lien/Senior Secured Debt							890	865	
Joint Ventures - 0.4%									
Great Lakes Funding II LLC - Series A	Financials	—	—	—	—	386	386	396	(12)(15)
Total Joint Ventures							386	396	
Preferred Stock and Units - 7.7%									
GA Communications, Inc. - Series A-1	Advertising & Marketing Services	—	—	—	—	1,998	3,476	3,772	
GreenPark Infrastructure, LLC - Series A	Industrials	—	—	—	—	400	200	200	(6)
MMI Holdings, LLC	Medical Device Distributor	—	—	—	—	1,000	1,998	710	
RAM Payment, LLC	Financial Services	6.00% PIK	—	—	—	86,000	976	2,267	(14)
Total Preferred Stock and Units							6,650	6,949	
Common Stock and Membership Units - 23.9%									
Burgaflex Holdings, LLC - Class A	Automobile Part Manufacturer	—	—	—	—	1,253,198	1,504	3,847	
Burgaflex Holdings, LLC - Class B	Automobile Part Manufacturer	—	—	—	—	1,085,073	362	2,582	
GA Communications, Inc. - Series B-1	Advertising & Marketing Services	—	—	—	—	200,000	2	371	
GreenPark Infrastructure, LLC - Series M-1	Industrials	—	—	—	—	200	69	69	(6)(12)
MMI Holdings, LLC	Medical Device Distributor	—	—	—	—	45	—	—	
Nth Degree Investment Group, LLC	Business Services	—	—	—	—	6,088,000	6,088	14,185	
Sierra Hamilton Holdings Corporation	Oil & Gas Engineering and Consulting Services	—	—	—	—	27,396,364	6,958	523	
Total Common Stock and Membership Units							14,983	21,577	
Total Investments in Affiliated Portfolio Companies^							25,509	32,320	
Total Investments - 221.9%							$ 206,307	$ 200,122	

^ As defined in the Investment Company Act of 1940, as amended (the "1940 Act"), the investment is deemed to be an "affiliated person" of the Company because the Company owns, either directly or indirectly, 5% or more of the portfolio company's outstanding voting securities.

^^ As defined in the 1940 Act, the investment is deemed to be a "controlled affiliated person" of the Company because the Company owns, either directly or indirectly, 25% or more of the portfolio company's outstanding voting securities or has the power to exercise control over management or policies of such portfolio company.

(+) Represents the actual interest rate for partially or fully funded debt in effect as of the reporting date. Variable rate loans bear interest at a rate that may be determined by the larger of the floor of the reference to SOFR or alternate base rate (commonly known as the U.S. Prime Rate ("P"), unless otherwise noted) at the borrower's option, which reset periodically based on the terms of the credit agreement. SOFR loans are typically indexed to 6 month, 3 month, or 1 month SOFR rates. As of March 31, 2024, rates for the 6 month, 3 month and 1 month SOFR are 5.39%, 5.30%, and 5.33%, respectively. As of March 31, 2024, P was 8.50%. For investments with multiple reference rates or alternate base rates, the interest rate shown is the weighted average interest rate in effect at March 31, 2024.

(++) Par amount is presented for debt investments, while the number of shares or units owned is presented for equity investments.

(1) All investments valued using unobservable inputs (Level 3), unless otherwise noted.

(2) The fair value of each of the Company's investments is determined in good faith using significant unobservable inputs by the Investment Adviser in its role as "valuation designee" in accordance with Rule 2a-5 under the 1940 Act, pursuant to valuation policies and procedures that have been approved by the Company's board of directors (the "Board").

(3) All debt investments are income producing, unless otherwise noted. Equity and warrant investments are non-income producing, unless otherwise noted.

(4) Percentages are based on net assets as of March 31, 2024.

(5) 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.

(6) Investment is held through our Taxable Subsidiary (See Note 1).

(7) Non-accrual investment.

(8) 1.0% of interest rate payable in cash. The remainder of interest rate payable is either in cash or paid-in-kind at borrower's election.

(9) Not used.

(10) Not used.

(11) The investment has been exited or sold. The residual value reflects estimated earnout, escrow, or other proceeds expected post-closing.

(12) The Company has an unfunded loan or investment commitment to the portfolio company at March 31, 2024. (See Note 2).

(13) Collateralized loan obligations ("CLO" or "CLO's") are entitled to periodic distributions which are generally equal to the remaining cash flow of the payments made by the underlying fund's investments less contractual payments to debt holders and fund expenses. The estimated annualized effective yield indicated is based upon a current projection of the amount and timing of these distributions. Such projections are updated on a quarterly basis and the estimated effective yield is adjusted prospectively.

(14) The equity investment is income producing, based on rate disclosed.

(15) The investment is treated as a non-qualifying asset under Section 55(a) of the 1940 Act. Under the 1940 Act, we may not acquire any non-qualifying asset unless, at the time the acquisition is made, qualifying assets represent at least 70% of our total assets. As of March 31, 2024, qualifying assets represent 99% of the Company's total assets and non-qualifying assets represent 1% of the Company's total assets.

(16) All or a portion of this security is pledged as collateral under the KeyBank Credit Facility and held through the Company's wholly-owned subsidiary Capitala Business Lending, LLC.

(17) The negative cost is the result of the capitalized discount being greater than the principal amount outstanding on the loan.

See accompanying notes to consolidated financial statements.

LOGAN RIDGE FINANCE CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS
(in thousands, except for units/shares)
December 31, 2023

Investment (1), (2), (3), (4), (5)	Industry	Interest Rate (+)	Reference Rate and Spread (+)	Floor (+)	Maturity	Par/Shares (++)	Cost	Fair Value	Footnotes
Investments in Non-Control, Non-Affiliate Portfolio Companies - 181.5%									
First Lien/Senior Secured Debt - 136.2%									
Accordion Partners LLC	Industrials	11.60%	SOFR + 6.25%	0.75%	08/29/2029	5,413	$ 5,312	$ 5,410	(16)
Accordion Partners LLC (Revolver)	Industrials	—	SOFR + 6.25%	0.75%	08/31/2028	—	(27)	(2)	(12)(17)
Accurate Background, LLC	Information Technology	11.61%	SOFR + 6.00%	1.00%	03/26/2027	4,413	4,166	4,242	(16)
AIDC Intermediateco 2, LLC (Peak Technologies)	Information Technology	11.80%	SOFR + 6.40%	1.00%	07/22/2027	4,950	4,887	4,879	(16)
American Academy Holdings, LLC	Healthcare	16.47%	SOFR + 5.75%, 5.25% PIK	1.00%	01/01/2025	2,619	2,605	2,635	(16)
American Clinical Solutions, LLC	Healthcare	12.50%	SOFR + 7.00%, 5.50% PIK	1.00%	06/30/2025	5,516	5,516	5,037	(12)
AP Core Holdings II, LLC	Information Technology	10.97%	SOFR + 5.50%	0.75%	07/21/2027	1,109	1,099	1,089	(16)
AP Core Holdings II, LLC	Information Technology	10.97%	SOFR + 5.50%	0.75%	07/21/2027	1,250	1,239	1,223	(16)
BetaNXT, Inc.	Financials	11.10%	SOFR + 5.75%	—	07/02/2029	2,364	2,232	2,269	(16)
BetaNXT, Inc. (Revolver)	Financials	9.60%	SOFR + 4.25%	—	07/01/2027	45	45	27	(12)
Bradshaw International, Inc.	Consumer Discretionary	11.21%	SOFR + 5.75%	1.00%	10/21/2027	496	488	482	(16)
Bradshaw International, Inc. (Revolver)	Consumer Discretionary	—	SOFR + 5.75%	1.00%	10/21/2026	—	(13)	(25)	(12)(17)
Critical Nurse Staffing, LLC	Healthcare	12.03%	SOFR + 6.50%	1.00%	10/30/2026	5,805	5,747	5,718	(16)
Critical Nurse Staffing, LLC (Revolver)	Healthcare	—	SOFR + 6.50%	1.00%	10/30/2026	—	(10)	(15)	(12)(17)
Datalink, LLC	Healthcare	12.21%	SOFR + 6.75%	1.00%	11/23/2026	5,779	5,779	5,779	(16)
Dentive, LLC	Healthcare	12.35%	SOFR + 7.00%	1.00%	12/26/2028	1,459	1,418	1,428	(12)(16)
Dentive, LLC (Revolver)	Healthcare	12.39%	SOFR + 7.00%	1.00%	12/23/2028	39	34	35	(12)
Dodge Data & Analytics LLC	Information Technology	10.25%	SOFR + 4.75%	0.50%	02/12/2029	1,478	1,461	1,165	(16)
Epic Staffing Group	Industrials	11.36%	SOFR + 6.00%	0.50%	06/28/2029	4,935	4,751	4,726	(16)
Florida Food Products, LLC	Consumer Staples	10.36%	SOFR + 5.00%	0.75%	10/18/2028	1,980	1,888	1,737	(16)
Hudson Hospital OpCo, LLC	Healthcare	13.43%	SOFR + 8.00%	3.00%	11/04/2023	3,060	3,060	3,060	(16)
HUMC Opco, LLC	Healthcare	13.43%	SOFR + 8.00%	3.00%	11/04/2023	3,890	3,890	3,855	(16)
H.W. Lochner, Inc.	Industrials	12.31%	SOFR + 6.75%	1.00%	07/02/2027	917	893	902	(16)
IDC Infusion Services LLC	Healthcare	11.98%	SOFR + 6.50%	0.50%	07/07/2028	2,196	2,140	2,147	(12)(16)
IJKG OpCo, LLC	Healthcare	13.43%	SOFR + 8.00%	3.00%	11/04/2023	2,040	2,040	2,040	(16)
JO ET Holdings Limited	Information Technology	18.38%	SOFR + 6.00%, 7.00% PIK	1.00%	12/15/2026	1,130	1,118	1,127	(16)
Keg Logistics LLC	Consumer Discretionary	11.53%	SOFR + 6.00%	1.00%	11/23/2027	7,384	7,312	7,125	(16)
Keg Logistics LLC (Revolver)	Consumer Discretionary	11.53%	SOFR + 6.00%	1.00%	11/23/2027	872	864	842	
Lucky Bucks, LLC (Priority First Out)	Consumer Discretionary	13.03%	SOFR + 7.65%	1.00%	10/02/2028	184	180	186	
Lucky Bucks, LLC (Priority Second Out)	Consumer Discretionary	13.03%	SOFR + 7.65%	1.00%	10/02/2029	366	366	350	
Material Handling Systems, Inc.	Industrials	10.89%	SOFR + 5.50%	0.50%	06/08/2029	1,975	1,812	1,755	(16)
Money Transfer Acquisition Inc.	Financials	13.71%	SOFR + 8.25%	1.00%	12/14/2027	6,825	6,717	6,654	(16)
Morae Global Corporation	Information Technology	13.53%	SOFR + 8.00%	2.00%	10/26/2026	3,188	2,985	3,037	(16)
Morae Global Corporation (Revolver)	Information Technology	—	SOFR + 8.00%	2.00%	10/26/2026	—	(16)	(14)	(12)(17)
Neptune BidCo US Inc.	Communication Services	10.51%	SOFR + 5.00%	0.50%	04/11/2029	1,493	1,353	1,367	(16)
Orthopaedic (ITC) Buyer, LLC	Healthcare	11.95%	SOFR + 6.50%	1.00%	07/31/2028	2,356	2,301	2,345	(12)(16)
PhyNet Dermatology LLC	Healthcare	11.99%	SOFR + 6.50%	1.00%	10/20/2029	490	478	483	(12)(16)
Premier Imaging, LLC	Healthcare	11.61%	SOFR + 6.00%	1.00%	01/02/2025	2,570	2,554	2,471	(16)
RN Enterprises, LLC	Healthcare	12.05%	SOFR + 6.50%	1.00%	12/23/2025	1,983	1,957	1,926	(16)
Sequoia Healthcare Management LLC	Healthcare Management	—	—	—	11/04/2023	11,935	11,935	9,465	(7)
South Street Securities Holdings, Inc.	Financials	9.00%	—	—	09/20/2027	450	394	361	(16)
STG Logistics	Industrials	11.50%	SOFR + 6.00%	0.75%	03/24/2028	2,469	2,408	1,827	(16)
Symplr Software, Inc.	Healthcare	9.98%	SOFR + 4.50%	0.75%	12/22/2027	1,670	1,667	1,502	(16)
Synamedia Americas Holdings, Inc.	Communication Services	13.10%	SOFR + 7.75%	1.00%	12/05/2028	2,759	2,663	2,662	(16)
Tactical Air Support, Inc.	Industrials	13.96%	SOFR + 8.50%	1.00%	12/22/2028	1,714	1,672	1,671	(12)(16)
Taoglas Group Holdings Limited	Information Technology	12.60%	SOFR + 7.25%	1.00%	02/28/2029	2,337	2,277	2,194	(16)
Taoglas Group Holdings Limited (Revolver)	Information Technology	12.54%	SOFR + 7.16%	1.00%	02/28/2029	383	367	344	(12)
TransNetwork LLC	Financials	10.85%	SOFR + 5.50%	0.50%	11/20/2030	3,810	3,747	3,747	(16)
VBC Spine Opco LLC (DxTx Pain and Spine LLC)	Healthcare	13.54%	SOFR + 8.00%	2.00%	06/14/2028	1,313	1,275	1,287	(12)(16)
VBC Spine Opco LLC (DxTx Pain and Spine LLC) (Revolver)	Healthcare	13.52%	SOFR + 8.00%	2.00%	06/14/2028	48	46	47	(12)(16)
Wealth Enhancement Group, LLC	Financials	11.11%	SOFR + 5.75%	1.00%	10/02/2027	6,889	6,866	6,889	(16)
Wealth Enhancement Group, LLC (Revolver)	Financials	—	SOFR + 6.00%	1.00%	10/02/2027	—	(1)	—	(12)(17)
Total First Lien/Senior Secured Debt							125,937	121,493	
Second Lien/Senior Secured Debt - 7.9%									
American Academy Holdings, LLC	Healthcare	14.50% PIK	—	—	03/01/2028	4,133	4,066	3,663	(16)
BLST Operating Company, LLC	Online Merchandise Retailer	13.96%	SOFR + 8.50%, 12.96% PIK	1.50%	08/28/2025	1,023	1,023	959	(8)(16)
Ivanti Software, Inc.	Information Technology	12.91%	SOFR + 7.25%	0.50%	12/01/2028	3,000	2,989	2,435	(16)
Total Second Lien/Senior Secured Debt							8,078	7,057	
Subordinated Debt - 26.4%									
Eastport Holdings, LLC	Business Services	14.14%	SOFR + 8.50%	1.00%	09/29/2027	19,250	19,250	19,215	
Lucky Bucks, LLC	Consumer Discretionary	—	—	—	05/29/2028	2,557	2,229	473	(7)
Tubular Textile Machinery, Inc.	Textile Equipment Manufacturer	5.00%	—	—	10/29/2027	5,094	5,094	3,860	
Total Subordinated Debt							26,573	23,548	
Collateralized Loan Obligations - 1.8%									
JMP Credit Advisors CLO IV Ltd.	Financials	22.05%	—	—	07/17/2029	7,891	293	293	(13)(15)
JMP Credit Advisors CLO V Ltd.	Financials	27.86%	—	—	07/17/2030	7,320	1,307	1,307	(13)(15)
Total Collateralized Loan Obligations							1,600	1,600	
Preferred Stock and Units - 1.5%									
American Academy Holdings, LLC	Healthcare	—	—	—	—	102,261	—	136	(6)
MicroHoldco, LLC	General Industrial	—	—	—	—	740,237	749	212	(11)
Taylor Precision Products, Inc. - Series C	Household Product Manufacturer	—	—	—	—	379	758	758	
U.S. BioTek Laboratories, LLC - Class A	Testing Laboratories	—	—	—	—	500	540	238	
Total Preferred Stock and Units		—	—	—	—		2,047	1,344	

See accompanying notes to consolidated financial statements.

LOGAN RIDGE FINANCE CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS - CONTINUED
(in thousands, except for units/shares)
December 31, 2023

Investment (1), (2), (3), (4), (5)	Industry	Interest Rate (+)	Reference Rate and Spread (+)	Floor (+)	Maturity	Par/Shares (++)	Cost	Fair Value	Footnotes
Common Stock and Membership Units - 7.7%		—	—	—	—				
American Academy Holdings, LLC	Healthcare	—	—	—	—	0.05	—	345	(6)
American Clinical Solutions, LLC - Class A	Healthcare	—	—	—	—	6,030,384	3,198	1,913	(6)
Aperture Dodge 18 LLC	Financials	—	—	—	—	2,045,271	2,045	2,158	
BLST Operating Company, LLC - Class A	Online Merchandise Retailer	—	—	—	—	217,013	286	1,136	(6)
DxTx Pain and Spine LLC	Healthcare	—	—	—	—	59,312	97	97	(6)
Freedom Electronics, LLC	Electronic Machine Repair	—	—	—	—	181,818	182	245	
Lucky Bucks, LLC	Consumer Discretionary	—	—	—	—	50,066	741	747	
Morae Global Corporation - Warrants	Information Technology	—	—	—	—	1	122	139	
South Street Securities Holdings, Inc. - Warrants	Financials	—	—	—	—	567	65	58	
U.S. BioTek Laboratories, LLC - Class C	Testing Laboratories	—	—	—	—	578	1	—	
Total Common Stock and Membership Units							6,737	6,838	
Total Investments in Non-Control, Non-Affiliate Portfolio Companies							170,972	161,880	
Investments in Affiliated Portfolio Companies - 31.2%^									
First Lien/Senior Secured Debt - 2.8%									
MMI Holdings, LLC	Medical Device Distributor	—	—	—	06/28/2024	2,600	2,600	2,514	(7)
Total First Lien/Senior Secured Debt							2,600	2,514	
Second Lien/Senior Secured Debt - 1.0%									
MMI Holdings, LLC	Medical Device Distributor	—	—	—	06/28/2024	400	400	352	(7)
V12 Holdings, Inc.	Data Processing & Digital Marketing	—	—	—	—	509	490	509	(11)
Total Second Lien/Senior Secured Debt							890	861	
Joint Ventures - 0.5%									
Great Lakes Funding II LLC - Series A	Financials	—	—	—	—	440	440	450	(12)(15)
Total Joint Ventures							440	450	
Preferred Stock and Units - 7.6%									
GA Communications, Inc. - Series A-1	Advertising & Marketing Services	—	—	—	—	1,998	3,476	3,540	
GreenPark Infrastructure, LLC - Series A	Industrials	—	—	—	—	400	200	200	(6)
MMI Holdings, LLC	Medical Device Distributor	—	—	—	—	1,000	1,998	559	
RAM Payment, LLC	Financial Services	6.00% PIK	—	—	—	86,000	959	2,445	(14)
Total Preferred Stock and Units							6,633	6,744	
Common Stock and Membership Units - 19.3%									
Burgaflex Holdings, LLC - Class A	Automobile Part Manufacturer	—	—	—	—	1,253,198	1,504	3,090	
Burgaflex Holdings, LLC - Class B	Automobile Part Manufacturer	—	—	—	—	1,085,073	362	2,420	
GA Communications, Inc. - Series B-1	Advertising & Marketing Services	—	—	—	—	200,000	2	620	
GreenPark Infrastructure, LLC - Series M-1	Industrials	—	—	—	—	200	69	69	(6)(12)
MMI Holdings, LLC	Medical Device Distributor	—	—	—	—	45	—	—	
Nth Degree Investment Group, LLC	Business Services	—	—	—	—	6,088,000	6,088	10,340	
Sierra Hamilton Holdings Corporation	Oil & Gas Engineering and Consulting Services	—	—	—	—	27,396,364	6,958	670	
Total Common Stock and Membership Units							14,983	17,209	
Total Investments in Affiliated Portfolio Companies^							25,546	27,778	
Total Investments - 212.7%							$ 196,518	$ 189,658	

^ As defined in the 1940 Act, the investment is deemed to be an "affiliated person" of the Company because the Company owns, either directly or indirectly, 5% or more of the portfolio company's outstanding voting securities.

^^ As defined in the 1940 Act, the investment is deemed to be a “controlled affiliated person” of the Company because the Company owns, either directly or indirectly, 25% or more of the portfolio company's outstanding voting securities or has the power to exercise control over management or policies of such portfolio company.

(+) Represents the actual interest rate for partially or fully funded debt in effect as of the reporting date. Variable rate loans bear interest at a rate that may be determined by the larger of the floor of the reference to SOFR, or alternate base rate at the borrower's option, which reset periodically based on the terms of the credit agreement. SOFR loans are typically indexed to 6 month, 3 month, or 1 month SOFR rates. As of December 31, 2023, rates for the 6 month, 3 month, and 1 month SOFR are 5.16%, 5.33% and 5.35%, respectively. For investments with multiple reference rates or alternate base rates, the interest rate shown is the weighted average interest rate in effect at December 31, 2023.

(++) Par amount is presented for debt investments, while the number of shares or units owned is presented for equity investments.

(1) All investments valued using unobservable inputs (Level 3), unless otherwise noted.

(2) The fair value of each of the Company’s investments is determined in good faith using significant unobservable inputs by the Adviser in its role as “valuation designee” in accordance with Rule 2a-5 under the 1940 Act, pursuant to valuation policies and procedures that have been approved by the Company’s board of directors (the “Board”).

(3) All debt investments are income producing, unless otherwise noted. Equity and warrant investments are non-income producing, unless otherwise noted.

(4) Percentages are based on net assets as of December 31, 2023.

(5) 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.

(6) Investment is held through our Taxable Subsidiary (See Note 1).

(7) Non-accrual investment.

(8) 1.0% interest rate payable in cash. 9.0% interest rate payable in cash or paid-in-kind at borrower's election.

(9) Not used.

(10) Not used.

(11) The investment has been exited or sold. The residual value reflects estimated earnout, escrow, or other proceeds expected post-closing.

(12) The Company has an unfunded loan or investment commitment to the portfolio company at December 31, 2023. (See Note 2).

(13) Collateralized loan obligations ("CLO" or "CLO's") are entitled to periodic distributions which are generally equal to the remaining cash flow of the payments made by the underlying fund’s investments less contractual payments to debt holders and fund expenses. The estimated annualized effective yield indicated is based upon a current projection of the amount and timing of these distributions. Such projections are updated on a quarterly basis and the estimated effective yield is adjusted prospectively.

(14) The equity investment is income producing, based on rate disclosed.

(15) The investment is treated as a non-qualifying asset under Section 55(a) of the 1940 Act. Under the 1940 Act, we may not acquire any non-qualifying asset unless, at the time the acquisition is made, qualifying assets represent at least 70% of our total assets. As of December 31, 2023, qualifying assets represent 99% of the Company’s total assets and non-qualifying assets represent 1% of the Company’s total assets.

(16) All or a portion of this security is pledged as collateral under the KeyBank Credit Facility and held through the Company's wholly-owned subsidiary Capitala Business Lending, LLC.

(17) The negative cost is the result of the capitalized discount being greater than the principal amount outstanding on the loan.

See accompanying notes to consolidated financial statements.

Note 1. Organization

Logan Ridge Finance Corporation (“Logan Ridge”, the “Company”, “we”, “us”, and “our”) is an externally managed non-diversified closed-end management investment company incorporated in Maryland on February 21, 2013. The Company has elected to be regulated as a business development company (“BDC”) under the Investment Company Act of 1940, as amended (the “1940 Act”). The Company commenced operations on May 24, 2013 and completed its initial public offering (“IPO”) on September 30, 2013. The Company is managed by Mount Logan Management LLC (the “Investment Adviser”), an investment adviser that is registered as an investment adviser under the Investment Advisers Act of 1940, as amended, and BC Partners Management LLC (the “Administrator”) provides the administrative services necessary for the Company to operate. For United States (“U.S.”) federal income tax purposes, the Company has elected to be treated, and intends to comply with the requirements to continue to qualify annually, as a regulated investment company (“RIC”) under subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”).

The Company’s investment objective is to generate both current income and capital appreciation through debt and equity investments. The Company offers customized financing to business owners, management teams, and financial sponsors for change of ownership transactions, recapitalizations, strategic acquisitions, business expansion, and other growth initiatives. The Company invests in first lien loans, and, to a lesser extent, second lien loans and equity securities issued by lower middle-market and traditional middle-market companies.

The Company was formed for the purpose of: (i) acquiring, through a series of transactions, an investment portfolio from the following entities: CapitalSouth Partners Fund I Limited Partnership (“Fund I”); CapitalSouth Partners Fund II Limited Partnership (“Fund II”); CapitalSouth Partners Fund III, L.P. (“Fund III Parent”); CapitalSouth Fund III, L.P. (f/k/a CapitalSouth Partners SBIC Fund III, L.P.) (“Fund III”); and CapitalSouth Partners Florida Sidecar Fund I, L.P. (“Florida Sidecar” and, collectively with Fund I, Fund II, Fund III, and Fund III Parent, the “Legacy Funds”); (ii) raising capital in the IPO and (iii) continuing and expanding the business of the Legacy Funds by making additional debt and equity investments in lower middle-market and traditional middle-market companies.

On September 24, 2013, the Company acquired 100% of the limited partnership interests in Fund II, Fund III, and Florida Sidecar and each of their respective general partners, as well as certain assets from Fund I and Fund III Parent, in exchange for an aggregate of 8,974,420 shares of the Company’s common stock (the “Formation Transactions”). Fund II, Fund III, and Florida Sidecar became the Company’s wholly owned subsidiaries. Fund II and Fund III retained their small business investment company (“SBIC”) licenses, continued to hold their existing investments at the time of the IPO and have continued to make new investments. The IPO consisted of the sale of 4,000,000 shares of the Company’s common stock at a price of $20.00 per share, resulting in net proceeds to the Company of $74.25 million, after deducting underwriting fees and commissions totaling $4.0 million and offering expenses totaling $1.75 million. The other costs of the IPO were borne by the limited partners of the Legacy Funds. During the fourth quarter of 2017, Florida Sidecar transferred all of its assets to the Company and was legally dissolved as a standalone partnership. On March 1, 2019, Fund II repaid its outstanding debentures guaranteed by the SBA (the “SBA-guaranteed debentures”) and relinquished its SBIC license. On June 10, 2021, Fund III repaid its SBA-guaranteed debentures and relinquished its SBIC license. Accordingly, as of March 31, 2024 and December 31, 2023, there were no SBA-guaranteed debentures outstanding.

The Company has formed, and expects to continue to form, certain consolidated taxable subsidiaries (the “Taxable Subsidiaries”), which are taxed as corporations for U.S. federal income tax purposes. The Taxable Subsidiaries allow the Company to make equity investments in companies organized as pass-through entities while continuing to satisfy the requirements of a RIC under the Code.

Capitala Business Lending, LLC (“CBL”), a wholly-owned subsidiary of the Company, was established on October 30, 2020, for the sole purpose of holding certain investments pledged as collateral under the Company's line of credit with KeyBank National Association (the “KeyBank Credit Facility”). See Note 6 for more details about the KeyBank Credit Facility. The financial statements of CBL are consolidated with those of Logan Ridge Finance Corporation.

Definitive Agreement

On April 20, 2021, Capitala Investment Advisors, LLC (“Capitala”), the Company’s former investment adviser, entered into a definitive agreement (the “Definitive Agreement”) with the Investment Adviser and Mount Logan Capital Inc. (“MLC”), both affiliates of BC Partners Advisors L.P. (“BC Partners”) for U.S. regulatory purposes, whereby Mount Logan acquired certain assets related to Capitala’s business of providing investment management services to the Company (the “Transaction”), through which the Investment Adviser became the Company’s investment adviser pursuant to an investment advisory agreement (the “Investment Advisory Agreement”) with the Company. At a special meeting of the Company’s stockholders (the “Special Meeting”) held on May 27, 2021, the Company’s stockholders approved the Investment Advisory Agreement. The transactions contemplated by the Definitive Agreement closed on July 1, 2021 (the “Closing”). Unless earlier terminated in accordance with its terms, the Investment Advisory Agreement will remain in effect from year to year if approved annually by the Board or by a majority of our outstanding voting securities, including, in either case, by a majority of our directors who are not “interest persons” as such term is defined in Section 2(a)(19) of the 1940 Act (“Independent Directors”). The Board most recently approved the renewal of the Investment Advisory Agreement at a meeting on May 7, 2024.

As part of the Transaction, the Investment Adviser entered into a two-year contractual fee waiver (the “Fee Waiver”) with the Company to waive, to the extent necessary, any capital gains fee under the Investment Advisory Agreement that exceeds what would have been paid to Capitala in the aggregate over such two-year period under the prior advisory agreement. The Fee Waiver expired at the end of the two-year period.

On the date of the Closing, the Company changed its name from Capitala Finance Corp. to Logan Ridge Finance Corporation and on July 2, 2021, the Company’s common stock began trading on the NASDAQ Global Select Market under the symbol “LRFC.”

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The Company is considered an investment company as defined in Accounting Standards Codification (“ASC”) Topic 946 — Financial Services — Investment Companies (“ASC 946”). The accompanying unaudited consolidated financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles (“U.S. GAAP”) for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Article 6 and Article 10 of Regulation S-X. Accordingly, certain disclosures accompanying our annual consolidated financial statements prepared in accordance with U.S. GAAP have been omitted. The consolidated financial statements of the Company include the accounts of the Company and its wholly owned subsidiaries, including Fund II, Fund III, CBL, and the Taxable Subsidiaries.

The Company’s financial statements as of March 31, 2024 and December 31, 2023 and for the periods ended March 31, 2024 and 2023 are presented on a consolidated basis. The effects of all intercompany transactions between the Company and its subsidiaries (Fund II, Fund III, CBL, and the Taxable Subsidiaries) have been eliminated in consolidation. All financial data and information included in these consolidated financial statements have been presented on the basis described above.

In the opinion of management, the consolidated financial statements reflect all adjustments that are necessary for the fair presentation of financial results as of and for the periods presented.

The current period's results of operations are not necessarily indicative of results that ultimately may be achieved for the year. Additionally, the unaudited consolidated financial statements and notes should be read in conjunction with the audited consolidated financial statements and notes thereto appearing in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, filed with the U.S. Securities and Exchange Commission ("SEC") on March 26, 2024.

Use of Estimates in the Preparation of Financial Statements

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates under different assumptions and conditions. The most significant estimates in the preparation of the consolidated financial statements are investment valuation, revenue recognition and income taxes.

Consolidation

As provided under ASC 946, the Company will generally not consolidate its investment in a company other than a substantially wholly owned investment company subsidiary or a controlled operating company whose business consists of providing services to the Company. Accordingly, the Company consolidated the results of the Company's wholly owned investment company subsidiaries (Fund II, Fund III, CBL, and the Taxable Subsidiaries) in its consolidated financial statements.

Cash and Cash Equivalents

The Company considers cash equivalents to be highly liquid investments with original maturities of three months or less at the date of purchase. The Company deposits its cash in financial institutions, and, at times, such balances may be in excess of the Federal Deposit Insurance Corporation insurance limits.

Investment Classification

In accordance with the provisions of the 1940 Act, the Company classifies its investments by level of control. As defined in the 1940 Act, "Control Investments" are investments in those companies that the Company is deemed to "Control." "Affiliate Investments" are investments in those companies that are "Affiliated Companies" of the Company, as defined in the 1940 Act, other than Control Investments. "Non-Control/Non-Affiliate Investments" are those investments that are neither Control Investments nor Affiliate Investments. Generally, under the 1940 Act, the Company is deemed to control a company in which it has invested if the Company owns more than 25% of the voting securities of such company and/or has greater than 50% representation on its board or has the power to exercise control over management or policies of such portfolio company. The Company is deemed to be an affiliate of a company in which the Company has invested if it owns 5% or more of the voting securities of such company.

Valuation of Investments

Investment transactions are recorded on the trade date. Realized gains or losses on investments are calculated using the specific identification method as the difference between the net proceeds received (excluding prepayment fees, if any) and the amortized cost basis of the investment without regard to unrealized appreciation or depreciation previously recognized, and include investments charged off during the period, net of recoveries. Net change in unrealized appreciation or depreciation reflects the change in portfolio investment values during the reporting period, including any reversal of previously recorded unrealized appreciation or depreciation when gains or losses are recognized.

Investments for which market quotations are available are typically valued at those market quotations. To validate market quotations, the Company will utilize a number of factors to determine if the quotations are representative of fair value, including the source and number of the quotations.

Debt that is not publicly traded but for which there are external pricing sources available as of the valuation date is valued using independent broker-dealer, market maker quotations or independent pricing services. The valuation committee, comprised of members of the Investment Adviser, (the "Valuation Committee") subjects these quotes to various criteria including, but not limited to, the number and quality of quotes, the deviation among the quotes and information derived from analyzing the Company's own transactions in such investments throughout the reporting period. Generally, such investments are categorized in Level 2 of the fair value hierarchy, unless the Valuation Committee determines that the quality, quantity or deviation among quotes warrants significant adjustment to the inputs utilized.

The Board has designated the Investment Adviser as its "valuation designee" pursuant to Rule 2a-5 under the 1940 Act, and in that role the Investment Adviser is responsible for performing fair value determinations relating to all of the Company's investments, including periodically assessing and managing any material valuation risks and establishing and applying fair value methodologies, in accordance with valuation policies and procedures that have been approved by the Board. The Board remains ultimately responsible for fair value determinations under the 1940 Act and satisfies its responsibility through oversight of the valuation designee in accordance with Rule 2a-5. Investments that are not publicly traded or whose market prices are not readily available, as is expected to be the case for substantially all of the Company's investments, are valued at fair value as determined in good faith by the Investment Adviser, based on, among other things, input of independent third-party valuation firm(s).

The Investment Adviser undertakes a multi-step valuation process, which includes, among other procedures, the following:

- The Company's quarterly valuation process begins with each portfolio company or investment being initially valued using certain inputs, among others, provided by the investment professionals responsible for the portfolio investment in conjunction with the Company's portfolio management team. The Company utilizes an independent valuation firm to provide valuation on each material illiquid security at least once every trailing 12-month period;
- Preliminary valuations are reviewed and discussed with management of the Investment Adviser and investment professionals; and
- the Investment Adviser will review the valuations and determine the fair value of each investment. Valuations that are not based on readily available market quotations will be valued in good faith based on, among other things, the input of, where applicable, third parties.

As part of the valuation process, the Investment Adviser may consider other information and may use valuation methods including but not limited to (i) market quotes for similar investments, (ii) recent trading activity, (iii) discounting forecasted cash flows of the investment, (iv) models that consider the implied yields from comparable debt, (v) third-party appraisal, (vi) sale negotiations and purchase offers received from independent parties and (vii) estimated value of underlying assets to be received in liquidation or restructuring.

Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may fluctuate from period to period. Additionally, the fair value of such investments may differ significantly from the values that would have been used had a ready market existed for such investments and may differ materially from the values that may ultimately be realized. Further, such investments are generally less liquid than publicly traded securities and may be subject to contractual and other restrictions on resale. If the Company were required to liquidate a portfolio investment in a forced or liquidation sale, it could realize amounts that are different from the amounts presented and such differences could be material.

In addition, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different than the unrealized gains or losses reflected herein.

Under existing accounting guidance, fair value is defined as the price that the Company would receive upon selling an investment or pay to transfer a liability in an orderly transaction to a market participant in the principal or most advantageous market for the investment. This accounting guidance emphasizes valuation techniques that maximize the use of observable market inputs and minimize the use of unobservable inputs. Inputs refer broadly to the assumptions that market participants would use in pricing an asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances.

The Company classifies the inputs used to measure these fair values into the following hierarchy as defined by current accounting guidance:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that are accessible to the Company.

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: Significant inputs that are unobservable for an asset or liability.

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. Investments for which no external pricing sources are available as of the valuation date are included in Level 3 of the fair value hierarchy.

As a practical expedient, the Company uses net asset value ("NAV") as the fair value for its equity investment in Great Lakes Funding II LLC ("Great Lakes II Joint Venture"). The Great Lakes II Joint Venture records its underlying investments at fair value on a quarterly basis in accordance with the 1940 Act and U.S. GAAP.

Enterprise Value Waterfall Approach

The enterprise value waterfall approach determines an enterprise value based on earnings before interest, tax, depreciation, and amortization ("EBITDA") multiples of publicly traded companies that are considered similar to the subject portfolio company. The Company considers a variety of items in determining a reasonable pricing multiple, including, but not limited to, operating results, budgeted projections, growth, size, risk, profitability, leverage, management depth, diversification, market position, supplier or customer dependence, asset utilization, liquidity metrics, and access to capital markets. EBITDA of the portfolio company is adjusted for non-recurring items in order to reflect a normalized level of earnings that is representative of future earnings. In certain instances, the Company may also utilize revenue multiples to determine enterprise value. When available, the Company may assign a pricing multiple or value its investments based on the value of recent investment transactions in the subject portfolio company or offers to purchase the portfolio company. The enterprise value is adjusted for financial instruments with seniority to the Company's ownership and for the effect of any instrument which may dilute the Company's investment in the portfolio company. The adjusted enterprise value is then apportioned based on the seniority and privileges of the Company's investments within the portfolio company.

Income Approach

The income approach utilizes a discounted cash flow methodology in which the Company estimates fair value based on the present value of expected cash flows discounted at a market rate of interest. The determination of a discount rate, or required rate of return, takes into account the portfolio company's fundamentals and perceived credit risk. Because the majority of the Company's portfolio companies do not have a public credit rating, determining a discount rate often involves assigning an implied credit rating based on the portfolio company's operating metrics compared to average metrics of similar publicly rated debt. Operating metrics include, but are not limited to, EBITDA, interest coverage, leverage ratios, return on capital, and debt to equity ratios. The implied credit rating is used to assign a base discount rate range based on publicly available yields on similarly rated debt securities. The Company may apply a premium to the discount rate utilized in determining fair value when performance metrics and other qualitative information indicate that there is an additional level of uncertainty about collectability of cash flows.

Asset Approach

The asset approach values an investment based on the value of the underlying collateral securing the investment.

Revenue Recognition

The Company's revenue recognition policies are as follows:

Interest income and payment-in-kind ("PIK") interest income: Interest income is recorded on the accrual basis to the extent that such amounts are expected to be collected. The Company has loans in the portfolio that contain a PIK interest provision. PIK interest, which represents contractually deferred interest added to the loan balance that is generally due at maturity, is recorded on an accrual basis to the extent that such amounts are expected to be collected. PIK interest is not accrued if the Company does not expect the issuer to be able to pay all principal and interest when due.

Non-accrual investments: Management reviews all loans that become 90 days or more past due, or when there is reasonable doubt that principal or interest will be collected, for possible placement on non-accrual status. When the Company otherwise does not expect the borrower to be able to service its debt and other obligations, the Company will place the loan on non-accrual status and will generally cease recognizing interest income and PIK interest on that loan for financial reporting purposes. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management's judgment. The Company writes off any previously accrued and uncollected interest when it is determined that interest is no longer considered collectible. Non-accrual loans are returned to accrual status when the borrower's financial condition improves such that management believes current interest and principal payments are expected to be collected. As of March 31, 2024, we had debt investments in three portfolio companies on non-accrual status with an aggregate amortized cost of $17.2 million and an aggregate fair value of $10.6 million, which represented 8.3% and 5.3% of the investment portfolio, respectively. As of December 31, 2023, we had debt investments in three portfolio companies on non-accrual status with aggregate amortized cost of $17.2 million and an aggregate fair value of $12.8 million, which represented 8.7% and 6.8% of the investment portfolio, respectively.

Gains and losses on investment sales: Realized gains and losses on investments are recognized using the specific identification method.

Dividend income and payment-in-kind dividends: Dividend income is recognized on the date dividends are declared. The Company holds preferred equity investments in the portfolio that contain a PIK dividend provision. PIK dividends, which represent contractually deferred dividends added to the equity balance, are recorded on the accrual basis to the extent that such amounts are expected to be collected. The Company will typically cease accrual of PIK dividends when the fair value of the equity investment is less than the cost basis of the investment or when it is otherwise determined by management that PIK dividends are unlikely to be collected. If management determines that a decline in fair value is temporary in nature and PIK dividends are more likely than not to be collected, management may elect to continue accruing PIK dividends.

Original issue discount: Discounts received to par on loans purchased are capitalized and accreted into income over the life of the loan. Any remaining discount is accreted into income upon prepayment of the loan.

Other income: Origination fees (to the extent services are performed to earn such income), amendment fees, consent fees, and other fees associated with investments in portfolio companies are recognized as income when they are earned. Prepayment penalties received by the Company for debt instruments repaid prior to maturity date are recorded as income upon receipt.

General and Administrative Expenses

General and administrative expenses are accrued as incurred. The Company's administrative expenses include personnel and overhead expenses allocable to the Company paid by and reimbursed to the Administrator under an administration agreement between the Company and the Administrator (the "Administration Agreement"). Other operating expenses such as legal and audit fees and director and officer insurance are generally paid directly by the Company.

Deferred Financing Fees

Costs incurred to issue the Company's debt obligations are capitalized and are amortized over the term of the debt agreements under the effective interest method. Deferred financing fees are presented as a direct deduction from the carrying amount of the corresponding debt liability in the consolidated statements of assets and liabilities.

Earnings Per Share

The Company's earnings per share ("EPS") amounts have been computed based on the weighted-average number of shares of the Company's common stock outstanding for the period. Basic EPS is computed by dividing net increase (decrease) in net assets resulting from operations by the weighted average number of shares of the Company's common stock outstanding during the period of computation. Diluted EPS is computed by dividing net increase (decrease) in net assets resulting from operations, adjusted for the change in net assets resulting from the exercise of the dilutive shares, by the weighted average number of shares of the Company's common stock assuming all potentially dilutive shares had been issued. Diluted EPS reflects the potential dilution, using the as-if-converted method for convertible debt, which could occur if all potentially dilutive securities were exercised.

Commitments and Contingencies

As of March 31, 2024 and December 31, 2023, the Company had the following unfunded commitments to existing portfolio companies (dollars in thousands):

Portfolio Company	Investment	March 31, 2024	December 31, 2023
Accordion Partners LLC (Revolver)	First Lien/Senior Secured Debt	$ 765	1,531
American Clinical Solutions, LLC[(1)]	First Lien/Senior Secured Debt	250	250
BetaNXT, Inc. (Revolver)	First Lien/Senior Secured Debt	272	408
Bradshaw International, Inc. (Revolver)	First Lien/Senior Secured Debt	922	922
Critical Nurse Staffing, LLC (Revolver)	First Lien/Senior Secured Debt	1,000	1,000
Dentive, LLC[(1)]	First Lien/Senior Secured Debt	196	344
Dentive, LLC (Revolver)	First Lien/Senior Secured Debt	187	148
Fortis Payment Systems, LLC	First Lien/Senior Secured Debt	425	N/A
Great Lakes Funding II LLC - Series A	Joint Venture	109	55
GreenPark Infrastructure, LLC - Series M-1	Common Stock and Membership Units	732	732
IDC Infusion Services, LLC[(1)]	First Lien/Senior Secured Debt	604	799
Morae Global Corporation (Revolver)	First Lien/Senior Secured Debt	292	292
Orthopaedic (ITC) Buyer, LLC[(1)]	First Lien/Senior Secured Debt	638	638
PhyNet Dermatology LLC[(1)]	First Lien/Senior Secured Debt	259	259
Riddell, Inc.[(1)]	First Lien/Senior Secured Debt	364	N/A
Tactical Air Support, Inc.[(1)]	First Lien/Senior Secured Debt	286	286
Taoglas Group Holdings Limited (Revolver)	First Lien/Senior Secured Debt	174	261
VBC Spine Opco, LLC (DxTx Pain and Spine LLC)[(1)]	First Lien/Senior Secured Debt	713	713
VBC Spine Opco, LLC (DxTx Pain and Spine LLC) (Revolver)	First Lien/Senior Secured Debt	—	97
Wealth Enhancement Group, LLC (Revolver)	First Lien/Senior Secured Debt	438	438
Total Unfunded Commitments		$ 8,626	$ 9,173

(1) Delayed-draw term loan.

In the ordinary course of business, the Company may enter into contracts or agreements that contain indemnifications or warranties. Future events could occur that could lead to the execution of these provisions against the Company. Based on its history and experience, management believes that the likelihood of such an event is remote.

In the ordinary course of business, the Company may directly or indirectly be a defendant or plaintiff in legal actions with respect to bankruptcy, insolvency, or other types of proceedings. Such lawsuits may involve claims that could adversely affect the value of certain financial instruments owned by the Company or result in direct losses to the Company. The nature of litigation can make it difficult to predict the impact a particular lawsuit will have on the Company. There are many reasons that the Company cannot make these assessments, including, among others, one or more of the following: the proceeding is in its early stages; the damages sought are unspecified, unsupportable, unexplained or uncertain; discovery has not started or is not complete; there are significant facts in dispute; and there are other parties who may share in any ultimate liability.

In management's opinion, no direct losses with respect to litigation contingencies were probable as of March 31, 2024 and December 31, 2023. Management is of the opinion that the ultimate resolution of such claims, if any, will not materially affect the Company's business, financial position, results of operations, or liquidity. Furthermore, in management's opinion, it is not possible to estimate a range of reasonably possible losses with respect to litigation contingencies.

Income Taxes

The Company has elected to be treated for U.S. federal income tax purposes and intends to comply with the requirements to qualify annually as a RIC under subchapter M of the Code and, among other things, intends to make the requisite distributions to its stockholders which will relieve the Company from U.S. federal income taxes.

In order to qualify as a RIC, among other requirements, the Company is required to timely distribute to its stockholders at least 90.0% of its investment company taxable income, as defined by the Code, for each fiscal tax year. The Company may be subject to a nondeductible U.S. federal excise tax of 4.0% on undistributed income if it does not distribute at least 98.0% of its ordinary income in any calendar year and 98.2% of its capital gain net income for each one-year period ending on October 31.

Depending on the level of taxable income earned in an excise tax year, the Company may choose to carry forward taxable income in excess of current year dividend distributions into the next excise tax year and pay a 4.0% 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 dividend distributions for U.S. federal excise tax purposes, the Company accrues excise tax, if any, on estimated excess taxable income as taxable income is earned. Since the Company's IPO, the Company has not accrued or paid excise tax.

The tax years ended December 31, 2023, 2022, 2021 and 2020 remain subject to examination by U.S. federal, state, and local tax authorities. No material interest expense or penalties have been assessed for the three months ended March 31, 2024 and 2023. If the Company was required to recognize interest and penalties, if any, related to unrecognized tax benefits this would be recognized as income tax expense in the consolidated statements of operations.

For U.S. federal income tax purposes, as of March 31, 2024, the aggregate net unrealized depreciation for all securities was $11.0 million. As of March 31, 2024, gross unrealized appreciation was $16.0 million and gross unrealized depreciation was $27.0 million. The aggregate cost of securities for U.S. federal income tax purposes was $211.1 million as of March 31, 2024. For U.S. federal income tax purposes, as of December 31, 2023, the aggregate net unrealized depreciation for all securities was $11.5 million. As of December 31, 2023, gross unrealized appreciation was $11.1 million and gross unrealized depreciation was $22.6 million. The aggregate cost of securities for U.S. federal income tax purposes was $201.2 million as of December 31, 2023.

The Company's Taxable Subsidiaries record deferred tax assets or liabilities related to temporary book versus tax differences on the income or loss generated by the underlying equity investments held by the Taxable Subsidiaries. As of both March 31, 2024 and December 31, 2023, the Company recorded a net deferred tax asset of zero. For both the three months ended March 31, 2024 and 2023, the Company recorded a tax provision of zero. As of March 31, 2024 and December 31, 2023, the valuation allowance on the Company's deferred tax asset was $4.3 million and $3.9 million, respectively. During the three months ended March 31, 2024, the Company recognized an increase in the valuation allowance of $0.4 million. During the three months ended March 31, 2023, there was no change in the valuation allowance recognized by the Company.

In accordance with certain applicable U.S. Treasury regulations and guidance issued by the Internal Revenue Service, a RIC may treat a distribution of its own stock as fulfilling its RIC distribution requirements if each stockholder may elect to receive its entire distribution in either cash or stock of the RIC, subject to a limitation on the aggregate amount of cash to be distributed to all stockholders, which limitation must be at least 20.0% of the aggregate declared distribution. If too many stockholders elect to receive cash, the cash available for distribution must be allocated among the stockholders electing to receive cash (with the balance of the distribution paid in stock). In no event will any stockholder, electing to receive cash, receive 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 these and certain other requirements are met, for U.S. federal income tax purposes, the amount of the dividend paid in stock will be equal to the amount of cash that could have been received instead of stock.

ASC Topic 740 — *Income Taxes* ("ASC 740"), provides guidance for how uncertain tax positions should be recognized, measured, presented, and disclosed in the financial statements. ASC 740 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" to be sustained by the applicable tax authority. Tax positions deemed to meet a "more-likely-than-not" threshold would be recorded as a tax benefit or expense in the current period. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the consolidated statements of operations. As of March 31, 2024 and December 31, 2023, there were no uncertain tax positions.

The Company is required to determine whether a tax position of the Company is more-likely-than-not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. De-recognition of a tax benefit previously recognized could result in the Company recording a tax liability that could negatively impact the Company's net assets.

Distributions

Distributions to the Company's common stockholders are recorded on the record date. The amount to be paid out as a dividend is determined by the Board. Net capital gains, if any, are generally distributed at least annually, although we may decide to retain such capital gains for reinvestment.

The Company has adopted an "opt out" dividend reinvestment plan ("DRIP") for the Company's common stockholders. As a result, if the Company declares a distribution, then stockholders' cash distributions will be automatically reinvested in additional shares of the Company's common stock unless a stockholder specifically "opts out" of our DRIP. If a stockholder opts out, that stockholder will receive cash distributions. Although distributions paid in the form of additional shares of our common stock will generally be subject to U.S. federal, state, and local taxes in the same manner as cash distributions, stockholders participating in the Company's DRIP will not receive any corresponding cash distributions with which to pay any such applicable taxes.

Company Investment Risk, Concentration of Credit Risk and Liquidity Risk

The Investment Adviser has broad discretion in making investments for the Company. Investments will generally consist of debt and equity instruments that may be affected by business, financial market, or legal uncertainties. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Company's activities and the value of its investments. In addition, the value of the Company's portfolio may fluctuate as the general level of interest rates fluctuate.

The value of the Company's investments may be detrimentally affected to the extent, among other things, that a borrower defaults on its obligations, there is insufficient collateral and/or there are extensive legal and other costs incurred in collecting on a defaulted loan. The value of the Company's investments may also be detrimentally affected to the extent observable primary or secondary market yields for similar instruments issued by comparable companies increase materially or risk premiums in the market between smaller companies, such as our borrowers, and those for which market yields are observable increase materially.

The Investment Adviser may attempt to minimize this risk by maintaining low debt-to-liquidation values with each debt investment and the collateral underlying the debt investment.

The Company's assets may, at any time, include securities and other financial instruments or obligations that are illiquid or thinly traded, making purchase or sale of such securities and financial instruments at desired prices or in desired quantities difficult. Furthermore, the sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to value any such investments accurately.

Note 3. Investments and Fair Value Measurements

The Company's investment objective is to generate both current income and capital appreciation through debt and equity investments. The Company offers customized financing to business owners, management teams, and financial sponsors for change of ownership transactions, recapitalizations, strategic acquisitions, business expansion, and other growth initiatives. The Company invests in first lien loans, and, to a lesser extent, second lien loans and equity securities issued by lower middle-market and traditional middle-market companies. As of March 31, 2024, our portfolio consisted of investments in 62 portfolio companies with a fair value of approximately $200.1 million. As of December 31, 2023, our portfolio consisted of investments in 60 portfolio companies with a fair value of approximately $189.7 million.

Most of the Company's debt investments are structured as first lien loans. First lien loans may contain some minimum amount of principal amortization, excess cash flow sweep feature, prepayment penalties, or any combination of the foregoing. First lien loans are secured by a first priority lien in existing and future assets of the borrower and may take the form of term loans, delayed draw facilities, or revolving credit facilities. Unitranche debt, a form of first lien loan, typically involves issuing one debt security that blends the risk and return profiles of both senior secured and subordinated debt, bifurcating the loan into a first-out tranche and last-out tranche. As of March 31, 2024 and December 31, 2023, none of the fair value of our first lien loans consisted of last-out loans.

The Company also invests in debt instruments structured as second lien loans. Second lien loans are loans which have a second priority security interest in all or substantially all of the borrower's assets, and in some cases, may be subject to the interruption of cash interest payments upon certain events of default, at the discretion of the first lien lender.

During the three months ended March 31, 2024, we made approximately $9.8 million of investments and had approximately $0.9 million in repayments and sales, resulting in net deployment of approximately $8.9 million for the period. During the three months ended March 31, 2023, the Company made approximately $7.4 million of investments and had approximately $6.7 million in repayments and sales, resulting in net deployment of approximately $0.7 million for the period.

As of March 31, 2024, the Company's Investment Adviser approved the fair value of the Company's investment portfolio of approximately $200.1 million in good faith in accordance with the Company's valuation procedures. The Company's Investment Adviser approved the fair value of the Company's investment portfolio as of March 31, 2024 with input from third-party valuation firms and the Investment Adviser, as valuation designee, based on information known or knowable as of the valuation date, including trailing and forward looking data.

The composition of our investments as of March 31, 2024, at amortized cost and fair value was as follows (dollars in thousands):

	Investments at Amortized Cost	Amortized Cost Percentage of Total Portfolio	Investments at Fair Value	Fair Value Percentage of Total Portfolio
First Lien Debt	$ 137,088	66.5 %	$ 130,377	65.2 %
Second Lien Debt	9,155	4.4 %	8,308	4.2 %
Subordinated Debt	26,573	12.9 %	22,910	11.4 %
Collateralized Loan Obligations	1,701	0.8 %	1,648	0.8 %
Joint Venture	386	0.2 %	396	0.2 %
Equity	31,404	15.2 %	36,483	18.2 %
Total	$ 206,307	100.0 %	$ 200,122	100.0 %

The composition of our investments as of December 31, 2023, at amortized cost and fair value was as follows (dollars in thousands):

	Investments at Amortized Cost	Amortized Cost Percentage of Total Portfolio	Investments at Fair Value	Fair Value Percentage of Total Portfolio
First Lien Debt	$ 128,537	65.4 %	$ 124,007	65.4 %
Second Lien Debt	8,968	4.6 %	7,918	4.2 %
Subordinated Debt	26,573	13.5 %	23,548	12.4 %
Collateralized Loan Obligations	1,600	0.8 %	1,600	0.8 %
Joint Venture	440	0.2 %	450	0.2 %
Equity	30,400	15.5 %	32,135	17.0 %
Total	$ 196,518	100.0 %	$ 189,658	100.0 %

The following table shows the portfolio composition by industry grouping at fair value as of March 31, 2024 and December 31, 2023 (dollars in thousands):

	March 31, 2024		December 31, 2023	
	Investments at Fair Value	Percentage of Total Portfolio	Investments at Fair Value	Percentage of Total Portfolio
Healthcare	$ 47,040	23.5 %	47,934	25.3 %
Business Services	33,435	16.7 %	29,555	15.6 %
Financials	26,009	13.0 %	24,213	12.8 %
Information Technology	22,239	11.1 %	21,860	11.5 %
Industrials	18,915	9.5 %	16,558	8.7 %
Consumer Discretionary	14,930	7.4 %	10,180	5.4 %
Healthcare Management	7,260	3.6 %	9,465	5.0 %
Automobile Part Manufacturer	6,430	3.2 %	5,510	2.9 %
Advertising & Marketing Services	4,143	2.1 %	4,160	2.2 %
Communication Services	4,015	2.0 %	4,029	2.1 %
Medical Device Distributor	3,602	1.8 %	3,425	1.8 %
Textile Equipment Manufacturer	3,176	1.6 %	3,860	2.0 %
Financial Services	2,267	1.1 %	2,445	1.3 %
Online Merchandise Retailer	2,215	1.1 %	2,095	1.1 %
Consumer Staples	1,754	0.9 %	1,737	0.9 %
Household Product Manufacturer	758	0.4 %	758	0.4 %
Oil & Gas Engineering and Consulting Services	523	0.3 %	670	0.4 %
Data Processing & Digital Marketing	505	0.3 %	509	0.3 %
Testing Laboratories	372	0.2 %	238	0.1 %
Electronic Machine Repair	300	0.1 %	245	0.1 %
General Industrial	234	0.1 %	212	0.1 %
Total	$ 200,122	100.0 %	$ 189,658	100.0 %

As noted above, the Company values all investments in accordance with Rule 2a-5 under the 1940 Act and ASC 820. ASC 820 requires enhanced disclosures about assets and liabilities that are measured and reported at fair value. As defined in ASC 820, fair value is 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.

ASC 820 establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability of inputs used in measuring investments at fair value. Market price observability is affected by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Based on the observability of the inputs used in the valuation techniques, the Company is required to provide disclosures on fair value measurements according to the fair value hierarchy. The fair value hierarchy ranks the observability of the inputs used to determine fair values. Investments carried at fair value are classified and disclosed in one of the following three categories:

- Level 1 — Valuations based on quoted prices in active markets for identical assets or liabilities that the Company has the ability to access.
- Level 2 — Valuations based on inputs other than quoted prices in active markets, which are either directly or indirectly observable.
- Level 3 — Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The Company employs the valuation policy approved by the Board that is consistent with ASC 820 (see Note 2). Consistent with the Company's valuation policy, the Company evaluates the source of inputs, including any markets in which its investments are trading, in determining fair value.

In estimating the fair value of portfolio investments, the Company starts with the cost basis of the investment, which includes amortized original issue discount and PIK income, if any. The transaction price is typically the best estimate of fair value at inception. When evidence supports a subsequent change to the carrying value from the original transaction price, adjustments are made to reflect the expected fair values.

The following table presents the fair value measurements of investments, by major class, as of March 31, 2024, according to the fair value hierarchy (dollars in thousands):

	Fair Value Measurements				
	Level 1	**Level 2**	**Level 3**	**NAV**	**Total**
First Lien Debt	$ —	$ —	$ 130,377	$ —	$ 130,377
Second Lien Debt	—	—	8,308	—	8,308
Subordinated Debt	—	—	22,910	—	22,910
Collateralized Loan Obligations	—	—	1,648	—	1,648
Joint Venture	—	—	—	396	396
Equity	—	—	36,483	—	36,483
Total	$ —	$ —	$ 199,726	$ 396	$ 200,122

The following table presents fair value measurements of investments, by major class, as of December 31, 2023, according to the fair value hierarchy (dollars in thousands):

	Fair Value Measurements				
	Level 1	**Level 2**	**Level 3**	**NAV**	**Total**
First Lien Debt	$ —	$ —	$ 124,007	$ —	$ 124,007
Second Lien Debt	—	—	7,918	—	7,918
Subordinated Debt	—	—	23,548	—	23,548
Collateralized Loan Obligations	—	—	1,600	—	1,600
Joint Venture	—	—	—	450	450
Equity	—	—	32,135	—	32,135
Total	$ —	$ —	$ 189,208	$ 450	$ 189,658

The following table provides a reconciliation of the beginning and ending balances for investments that use Level 3 inputs for the three months ended March 31, 2024 (dollars in thousands):

	First Lien Debt	**Second Lien Debt**	**Subordinated Debt**	**Collateralized Loan Obligations**	**Equity**	**Total**
Balance as of January 1, 2024	$ 124,007	$ 7,918	$ 23,548	$ 1,600	$ 32,135	$ 189,208
Repayments/sales	(889)	—	—	(6)	—	(895)
Purchases	8,852	—	—	—	987	9,839
Payment-in-kind interest and dividends accrued	153	183	—	—	17	353
Accretion of original issue discount	147	5	—	107	—	259
Net realized gain on investments	287	—	—	—	—	287
Net change in unrealized appreciation (depreciation) on investments	(2,180)	202	(638)	(53)	3,344	675
Balance as of March 31, 2024	$ 130,377	$ 8,308	$ 22,910	$ 1,648	$ 36,483	$ 199,726

The following table provides a reconciliation of the beginning and ending balances for investments that use Level 3 inputs for the three months ended March 31, 2023 (dollars in thousands):

	First Lien Debt	**Second Lien Debt**	**Subordinated Debt**	**Collateralized Loan Obligations**	**Equity**	**Total**
Balance as of January 1, 2023	$ 136,896	$ 6,464	$ 25,851	$ 4,972	$ 29,006	$ 203,189
Repayments/sales	(6,529)	—	—	(97)	(87)	(6,713)
Purchases	7,388	—	—	—	—	7,388
Payment-in-kind interest and dividends accrued	268	145	2	—	49	464
Accretion of original issue discount	131	16	—	127	—	274
Net realized (loss) gain on investments	—	—	—	(1,593)	87	(1,506)
Net change in unrealized (depreciation) appreciation on investments	(591)	150	(1,157)	798	585	(215)
Balance as of March 31, 2023	$ 137,563	$ 6,775	$ 24,696	$ 4,207	$ 29,640	$ 202,881

The net change in unrealized appreciation (depreciation) on investments held was $0.7 million and $(0.1) million for the three months ended March 31, 2024 and 2023, respectively, and is included in net change in unrealized appreciation (depreciation) on investments on the consolidated statements of operations.

The valuation techniques and significant unobservable inputs used in recurring Level 3 fair value measurements of assets as of March 31, 2024 were as follows:

	Fair Value (in millions)	Valuation Technique	Unobservable Input	Range of Input (Weighted Average)[2]
First lien debt	$ 11.5	Market	Broker/Dealer Quotes	N/A
First lien debt	118.9	Income	Required Rate of Return	7.4% – 22.5% (12.5%)
Second lien debt	2.6	Market	Broker/Dealer Quotes	N/A
Second lien debt	5.7	Income	Required Rate of Return	2.0% – 19.8% (16.1%)
Subordinated debt	19.3	Income	Required Rate of Return	13.8%
Subordinated debt	0.5	Enterprise Market Value	EBITDA Multiple	4.5x
Subordinated debt	3.2	Enterprise Market Value	Revenue Multiple	0.7x
Collateralized Loan Obligations	1.6	Income	Discount Margin	22.3% – 23.8% (23.6%)
Equity	0.1	Income	Stock Price Time to Exit (Years) Volatility	$96.90 2.0 35.0%
Equity	35.6	Enterprise Market Value and Asset[1]	EBITDA Multiple	2.3x – 18.3x (6.9x)
Equity	0.8	Enterprise Market Value	Revenue Multiple	0.3x – 1.6x (0.7x)
	$ 199.7			

(1) $1.0 million in equity was valued using the asset approach.
(2) The weighted averages disclosed in the table above were weighted by their relative fair value.

The valuation techniques and significant unobservable inputs used in recurring Level 3 fair value measurements of assets as of December 31, 2023 were as follows:

	Fair Value (in millions)	Valuation Technique	Unobservable Input	Range of Input (Weighted Average)[2]
First lien debt	$ 9.9	Market	Broker/Dealer Quotes	N/A
First lien debt	114.1	Income	Required Rate of Return	7.8% – 30.0% (13.5%)
Second lien debt	2.4	Market	Broker/Dealer Quotes	N/A
Second lien debt	5.5	Income	Required Rate of Return	2.2% – 17.9% (15.7%)
Subordinated debt	19.2	Income	Required Rate of Return	11.0%
Subordinated debt	0.5	Enterprise Market Value	EBITDA Multiple	4.5x
Subordinated debt	3.9	Enterprise Market Value	Revenue Multiple	0.5x
Collateralized Loan Obligations	1.6	Income	Discount Margin	22.4% – 24.1% (23.8%)
Equity	0.1	Income	Stock Price Time to Exit (Years) Volatility	$102.49 2.0 35.0%
Equity	29.5	Enterprise Market Value and Asset[1]	EBITDA Multiple	2.3x – 18.0x (6.6x)
Equity	2.5	Enterprise Market Value	Revenue Multiple	0.3x – 1.2x (0.9x)
	$ 189.2			

(1) $1.0 million in equity was valued using the asset approach.
(2) The weighted averages disclosed in the table above were weighted by their relative fair value.

The significant unobservable inputs used in the valuation of the Company’s investments are required rate of return, EBITDA multiples, revenue multiples, discount margin, stock price, projected time to exit and volatility. Changes in any of these unobservable inputs could have a significant impact on the Company’s estimate of fair value. An increase (decrease) in the required rate of return or discount margin will result in a lower (higher) estimate of fair value, respectively, while an increase (decrease) in adjusted EBITDA or revenue multiples, stock price, projected time to exit (option-pricing model) or volatility will result in a higher (lower) estimate of fair value, respectively.

Great Lakes Funding II LLC

In August 2022, the Company invested in the Great Lakes II Joint Venture, a joint venture with an investment strategy to underwrite and hold senior, secured unitranche loans made to middle-market companies. The Company treats its investment in the Great Lakes II Joint Venture as a joint venture since an affiliate of the Investment Adviser controls a 50% voting interest in the Great Lakes II Joint Venture.

The Great Lakes II Joint Venture is a Delaware series limited liability company, and pursuant to the terms of the Great Lakes Funding II LLC Limited Liability Company Agreement (the “Great Lakes II LLC Agreement”), prior to the end of the investment period with respect to each series established under the Great Lakes II LLC Agreement, each member of the predecessor series would be offered the opportunity to roll its interests into any subsequent series of the Great Lakes II Joint Venture. The Company does not pay any advisory fees in connection with its investment in the Great Lakes II Joint Venture. Certain other funds managed by the Investment Adviser or its affiliates have also invested in the Great Lakes II Joint Venture.

The fair value of the Company’s investment in the Great Lakes II Joint Venture at March 31, 2024 and December 31, 2023 was $0.4 million and $0.5 million, respectively. Fair value has been determined utilizing the net asset value as a practical expedient pursuant to U.S. GAAP. Pursuant to the terms of the Great Lakes II LLC Agreement, the Company generally may not effect any direct or indirect sale, transfer, assignment, hypothecation, pledge or other disposition of or encumbrance upon its interests in the Great Lakes II Joint Venture, except that the Company may sell or otherwise transfer its interests with the consent of the managing members of the Great Lakes II Joint Venture or to an affiliate or a successor to substantially all of the assets of the Company.

As of March 31, 2024, the Company has an unfunded commitment to the Great Lakes II Joint Venture of $0.1 million.

Note 4. Transactions With Affiliated Companies

During the three months ended March 31, 2024, the Company had investments in portfolio companies designated as affiliates under the 1940 Act. Transactions with affiliates were as follows (dollars in thousands):

Company[(4)]	Type of Investment	Principal Amount	Amount of Interest, Fees or Dividends Credited to Income[(1)]	December 31, 2023 Fair Value	Gross Additions[(2)]	Gross Reductions[(3)]	Realized Gain/(Loss)	Unrealized Appreciation (Depreciation)	March 31, 2024 Fair Value
Affiliate investments									
Burgaflex Holdings, LLC	Common Stock Class A (1,253,198 shares)	$ —	$ —	$ 3,090	$ —	$ —	$ —	$ 757	$ 3,847
Burgaflex Holdings, LLC	Common Stock Class B (1,085,073 shares)	—	—	2,420	—	—	—	162	2,582
			—	5,510	—	—	—	919	6,429
GA Communications, Inc.	Series A-1 Preferred Stock (1,998 shares)	—	—	3,540	—	—	—	232	3,772
GA Communications, Inc.	Series B-1 Common Stock (200,000 shares)	—	—	620	—	—	—	(249)	371
			—	4,160	—	—	—	(17)	4,143
Great Lakes Funding II LLC	Series A	—	17	450	—	(54)	—	—	396
			17	450	—	(54)	—	—	396
GreenPark Infrastructure, LLC	Series A (400 Units)	—	—	200	—	—	—	—	200
GreenPark Infrastructure, LLC	Series M-1 (200 Units)	—	—	69	—	—	—	—	69
			—	269	—	—	—	—	269
MMI Holdings, LLC	First Lien Debt (Due 6/28/24)	2,600	—	2,514	—	—	—	19	2,533
MMI Holdings, LLC	Second Lien Debt (Cash, Due 6/28/24)	400	—	352	—	—	—	8	360
MMI Holdings, LLC[(5)]	Preferred Units (1,000 units)	—	—	559	—	—	—	151	710
			—	3,425	—	—	—	178	3,603
Nth Degree Investment Group, LLC	Membership Units (6,088,000 units)	—	—	10,340	—	—	—	3,845	14,185
			—	10,340	—	—	—	3,845	14,185
RAM Payment, LLC[(5)]	Preferred Units (86,000 units, 6.00% PIK Dividend)	—	17	2,445	17	—	—	(195)	2,267
			17	2,445	17	—	—	(195)	2,267
Sierra Hamilton Holdings Corporation	Common Stock (27,396,364 shares)	—	—	670	—	—	—	(147)	523
			—	670	—	—	—	(147)	523
V12 Holdings, Inc.	Second Lien Debt	509	—	509	—	—	—	(4)	505
			—	509	—	—	—	(4)	505
Total Affiliate investments			$ 34	$ 27,778	$ 17	$ (54)	$ —	$ 4,579	$ 32,320

(1) Represents the total amount of interest, original issue discount, fees and dividends credited to income for the portion of the year an investment was included in Affiliate or Control categories, respectively.
(2) Gross additions include increases in the cost basis of investments resulting from new portfolio investments, follow-on investments, accrued PIK and accretion of original issue discount. Gross additions also include transfers into Affiliate or Control classification.
(3) Gross reductions include decreases in the cost basis of investments resulting from principal repayments and sales. Gross reductions also include transfers out of Affiliate or Control classification.
(4) All debt investments are income producing. Equity and warrant investments are non-income producing, unless otherwise noted.
(5) The equity investment is income producing, based on rate disclosed.

During the year ended December 31, 2023, the Company had investments in portfolio companies designated as affiliates under the 1940 Act. Transactions with affiliates were as follows (dollars in thousands):

Company[4]	Type of Investment	Principal Amount	Amount of Interest, Fees or Dividends Credited to Income[1]	December 31, 2022 Fair Value	Gross Additions[2]	Gross Reductions[3]	Realized Gain/(Loss)	Unrealized Appreciation (Depreciation)	December 31, 2023 Fair Value
Affiliate investments									
Burgaflex Holdings, LLC	Common Stock Class A (1,253,198 shares)	$ —	$ —	$ 2,802	$ —	$ —	$ —	$ 288	$ 3,090
Burgaflex Holdings, LLC	Common Stock Class B (1,085,073 shares)	—	—	2,190	—	—	—	230	2,420
			—	4,992	—	—	—	518	5,510
GA Communications, Inc.	Series A-1 Preferred Stock (1,998 shares)	—	—	3,562	—	(1)	—	(21)	3,540
GA Communications, Inc.	Series B-1 Common Stock (200,000 shares)	—	—	—	—	—	—	620	620
			—	3,562	—	(1)	—	599	4,160
Great Lakes Funding II LLC	Series A	—	68	403	82	(56)	—	21	450
			68	403	82	(56)	—	21	450
GreenPark Infrastructure, LLC	Series A (400 Units)	—	—	200	—	—	—	—	200
GreenPark Infrastructure, LLC	Series M-1 (200 Units)	—	—	69	—	—	—	—	69
			—	269	—	—	—	—	269
MMI Holdings, LLC	First Lien Debt (12.00% Cash, Due 6/28/24)	2,600	(316)	2,600	—	—	—	(86)	2,514
MMI Holdings, LLC	Second Lien Debt (6.00% Cash, Due 6/28/24)	400	(13)	400	12	—	—	(60)	352
MMI Holdings, LLC[5]	Preferred Units (1,000 units, 8.00% PIK Dividend)	—	94	1,360	94	—	—	(895)	559
MMI Holdings, LLC	Common Membership Units (45 units)	—	—	—	—	—	—	—	—
			(235)	4,360	106	—	—	(1,041)	3,425
Nth Degree Investment Group, LLC	Membership Units (6,088,000 units)	—	—	5,320	—	—	—	5,020	10,340
			—	5,320	—	—	—	5,020	10,340
RAM Payment, LLC	First Lien Debt (10.43% Cash (1 month LIBOR + 5.00%), 1.50% Floor), Due 1/4/24)	—	27	939	—	(939)	—	—	—
RAM Payment, LLC	First Lien Debt (13.76% Cash, Due 1/4/24)	—	132	2,547	—	(2,547)	—	—	—
RAM Payment, LLC[5]	Preferred Units (86,000 units, 6.00% PIK Dividend)	—	68	3,165	68	(244)	—	(544)	2,445
			227	6,651	68	(3,730)	—	(544)	2,445
Sierra Hamilton Holdings Corporation	Second Lien Debt (15.00% PIK, Due 9/12/23)	—	1	4	—	(4)	—	—	—
Sierra Hamilton Holdings Corporation	Common Stock (27,396,364 shares)	—	—	254	—	—	—	416	670
			1	258	—	(4)	—	416	670
V12 Holdings, Inc.	Second Lien Debt	509	—	509	—	—	—	—	509
			—	509	—	—	—	—	509
Total Affiliate investments			$ 61	$ 26,324	$ 256	$ (3,791)	$ —	$ 4,989	$ 27,778

(1) Represents the total amount of interest, original issue discount, fees and dividends credited to income for the portion of the year an investment was included in Affiliate or Control categories, respectively.
(2) Gross additions include increases in the cost basis of investments resulting from new portfolio investments, follow-on investments, accrued PIK and accretion of original issue discount. Gross additions also include transfers into Affiliate or Control classification.
(3) Gross reductions include decreases in the cost basis of investments resulting from principal repayments and sales. Gross reductions also include transfers out of Affiliate or Control classification.
(4) All debt investments are income producing. Equity and warrant investments are non-income producing, unless otherwise noted.
(5) The equity investment is income producing, based on rate disclosed.

Note 5. Agreements and Related Party Transactions

Investment Advisory Agreement

On July 1, 2021, the Company entered into the Investment Advisory Agreement with the Investment Adviser, which was approved by the Company's stockholders on May 27, 2021. Unless earlier terminated in accordance with its terms, the Investment Advisory Agreement will remain in effect from year to year if approved annually by the Board or by a majority of our Independent Directors. The Board most recently approved the renewal of the Investment Advisory Agreement at a meeting on May 7, 2024. Subject to the overall supervision of the Board, the Investment Adviser manages our day-to-day operations and provides investment advisory and management services to us. Under the terms of the Investment Advisory Agreement, the Investment Adviser:

- determines the composition of our portfolio, the nature and timing of the changes to our portfolio, and the manner of implementing such changes;
- identifies, evaluates, and negotiates the structure of the investments we make (including performing due diligence on our prospective portfolio companies);
- closes and monitors the investments we make; and
- provides us with other investment advisory, research, and related services as we may from time to time require.

The Investment Adviser's services under the Investment Advisory Agreement are not exclusive, and it is free to furnish similar services to other entities so long as its services to us are not impaired.

The Investment Advisory Agreement provides that, absent willful misfeasance, bad faith, or negligence in the performance of its duties or by reason of the reckless disregard of its duties and obligations, the Investment Adviser and its officers, managers, partners, agents, employees, controlling persons, members, and any other person or entity affiliated with it are entitled to indemnification from the Company for any damages, liabilities, costs, and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of our Investment Adviser's services under the Investment Advisory Agreement or otherwise as Investment Adviser for the Company.

Pursuant to the Investment Advisory Agreement, the Company has agreed to pay the Investment Adviser a fee for investment advisory and management services consisting of two components — a base management fee and an incentive fee.

The base management fee is calculated at an annual rate of 1.75% of the gross assets, which are the total assets reflected on the consolidated statements of assets and liabilities and includes any borrowings for investment purposes. Although the Company does not anticipate making significant investments in derivative financial instruments, the fair value of any such investments, which will not necessarily equal their notional value, will be included in the calculation of gross assets. For services rendered under the Investment Advisory Agreement, the base management fee is payable quarterly in arrears. The base management fee is calculated based on the average value of the gross assets at the end of the two most recently completed calendar quarters, and appropriately adjusted for any share issuances or repurchases during the current calendar quarter.

The incentive fee consists of the following two parts:

The first part of the incentive fee is calculated and payable quarterly in arrears based on the 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, 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 our Administrator, and any interest expense and dividends paid on any issued and outstanding preferred stock, but excluding the 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 PIK interest 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 2.0% per quarter (8.0% annualized). The Company pays the Investment Adviser an incentive fee with respect to the pre-incentive fee net investment income in each calendar quarter as follows:

- no incentive fee in any calendar quarter in which the pre-incentive fee net investment income does not exceed the hurdle of 2.0%;
- 100% of the 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 2.5% in any calendar quarter (10.0% annualized). The Company refers to this portion of the pre-incentive fee net investment income (which exceeds the hurdle but is less than 2.5%) as the "catch-up." The "catch-up" is meant to provide the Investment Adviser with 20% of the pre-incentive fee net investment income as if a hurdle did not apply if this net investment income exceeds 2.5% in any calendar quarter; and
- 20% of the amount of the pre-incentive fee net investment income, if any, that exceeds 2.5% in any calendar quarter (10.0% annualized) is payable to the 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 the Investment Adviser).

The second part of the incentive fee is determined and payable in arrears as of the end of each calendar year, commencing on December 31, 2021, and equals 20.0% of the Company's realized capital gains, if any, on a cumulative basis with respect to each of the investments in the Company's portfolio from the fiscal quarter ending on or immediately prior to July 1, 2021 through the end of each calendar year beginning with the calendar year ending December 31, 2021, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis from September 30, 2021 through the end of each calendar year beginning with the calendar year ending December 31, 2021, less the aggregate amount of any previously paid capital gain fees under the Investment Advisory Agreement. Any realized capital gains, realized capital losses and unrealized capital depreciation with respect to the Company's portfolio as of the end of the fiscal quarter ending on or immediately prior to July 1, 2021 are excluded from the calculations of the capital gains fee. In the event that the Investment Advisory Agreement terminates as of a date that is not a calendar year end, the termination date shall be treated as though it were a calendar year end for purposes of calculating and paying a capital gains fee.

The Company will defer cash payment of the portion of any incentive fee otherwise earned by the Investment Adviser that would, when taken together with all other incentive fees paid to the Investment Adviser during the most recent 12 full calendar month period ending on or prior to the date such payment is to be made, exceed 20% of the sum of (a) the pre-incentive fee net investment income during such period, (b) the net unrealized appreciation or depreciation during such period and (c) the net realized capital gains or losses during such period. Any deferred incentive fees will be carried over for payment in subsequent calculation periods to the extent such payment is payable under the Investment Advisory Agreement. As of March 31, 2024 and December 31, 2023, the Company did not have incentive fees payable to the Investment Adviser related to fees earned in prior years but deferred under the incentive fee deferral mechanism.

As part of the Transaction, the Investment Adviser entered into the Fee Waiver with the Company to waive, to the extent necessary, any capital gains fee under the Investment Advisory Agreement that exceeds what would have been paid to Capitala in the aggregate over such two-year period under the prior advisory agreement. The Fee Waiver expired at the end of the two-year period.

For the three months ended March 31, 2024 and 2023, the Company incurred \$0.9 million and \$0.9 million in base management fees, respectively. The Company did not an earn incentive fee related to pre-incentive fee net investment income or capital gains for the three months ended March 31, 2024 and 2023.

As of March 31, 2024 and December 31, 2023, the Company had \$0.9 million and \$0.9 million, respectively, of management and incentive fees payable to the Investment Adviser. These amounts are reflected in the accompanying consolidated statements of assets and liabilities under the caption “Management and incentive fees payable.”

Administration Agreement

On July 1, 2021, the Company entered into the Administration Agreement, pursuant to which the Administrator has agreed to furnish the Company with office facilities, equipment and clerical, bookkeeping, and record keeping services at such facilities. The Administrator also performs or oversees the performance of the required administrative services, which include, among other things, being responsible for the financial records that the Company is required to maintain and preparing reports to our stockholders. In addition, the Administrator assists in determining and publishing the net asset value, oversees the preparation and filing of the tax returns and the printing and dissemination of reports to the stockholders, and generally oversees the payment of the expenses and the performance of administrative and professional services rendered to the Company by others.

Payments under the Administration Agreement are equal to an amount based upon the allocable portion of the Administrator’s overhead in performing its obligations under the Administration Agreement, including rent, the fees and expenses associated with performing compliance functions, and the allocable portion of the compensation of the chief financial officer, the chief compliance officer, and their respective administrative support staff. Under the Administration Agreement, the Administrator will also provide, on the Company’s behalf, managerial assistance to those portfolio companies that request such assistance. Unless terminated earlier in accordance with its terms, the Administration Agreement was renewed on May 9, 2023 for a period of one year effective July 1, 2023 and will remain in effect until July 1, 2024. It will remain in effect from year-to-year thereafter if approved annually by the Board. To the extent that the Administrator outsources any of its functions, the Company will pay the fees associated with such functions on a direct basis without any incremental profit to our Administrator. Stockholder approval is not required to amend the Administration Agreement.

For the three months ended March 31, 2024 and 2023, the Company accrued \$0.2 million and \$0.3 million, respectively, for the Company’s allocable portion of the Administrator’s overhead.

The Administration Agreement provides that, absent willful misfeasance, bad faith, or negligence in the performance of its duties or by reason of the reckless disregard of its duties and obligations, our Administrator and its officers, managers, partners, agents, employees, controlling persons, members, and any other person or entity affiliated with it are entitled to indemnification from the Company for any damages, liabilities, costs, and expenses (including reasonable attorneys’ fees and amounts reasonably paid in settlement) arising from the rendering of our Administrator’s services under the Administration Agreement or otherwise as Administrator for the Company.

Co-investment Exemptive Relief

As a BDC, the Company is subject to certain regulatory restrictions in making its investments. For example, BDCs generally are not permitted to co-invest with certain affiliated entities in transactions originated by the BDC or its affiliates in the absence of an exemptive order from the SEC. However, BDCs are permitted to, and may, simultaneously co-invest in transactions where price is the only negotiated term. On April 10, 2023, superseding a prior exemptive order granted on October 23, 2018, the SEC issued an order granting an application for exemptive relief to us and certain of our affiliates that allows BDCs managed by the Investment Adviser, including Logan Ridge, to co-invest, subject to the satisfaction of certain conditions, in certain private placement transactions, with other funds managed by the Investment Adviser or its affiliates, certain proprietary accounts of the Investment Adviser or its affiliates and any future funds that are advised by the Investment Adviser or its affiliated investment advisers.

Under the terms of the exemptive order, in order for the Company to participate in a co-investment transaction a “required majority” (as defined in Section 57(0) of the 1940 Act) of the Company's independent directors must conclude that (i) the terms of the proposed transaction, including the consideration to be paid, are reasonable and fair to the Company and its stockholders and do not involve overreaching with respect of the Company or its stockholders on the part of any person concerned, and (ii) the proposed transaction is consistent with the interests of the Company's stockholders and is consistent with the Company's investment objectives and strategies and certain criteria established by the Board.

Trade with Affiliated Funds

There were no transactions subject to Rule 17a-7 under the 1940 Act during the three months ended March 31, 2024 and 2023.

Potential Conflicts of Interest

The members of the senior management and investment teams of the Investment Adviser serve or may serve as officers, directors or principals of entities that operate in the same or a related line of business as the Company does, or of investment vehicles managed by the same personnel. In serving in these multiple and other capacities, they may have obligations to other clients or investors in those entities, the fulfillment of which may or may not be in the Company's best interests or in the best interest of the Company's stockholders. The Company's investment objectives may overlap with the investment objectives of such investment funds, accounts or other investment vehicles.

Note 6. Borrowings

2026 Notes

On October 29, 2021, the Company issued $50.0 million in aggregate principal amount of 5.25% fixed-rate notes due October 30, 2026 (the “2026 Notes”) pursuant to a supplemental indenture with U.S. Bank National Association (the “Trustee”), which supplements that certain base indenture, dated as of June 16, 2014. The 2026 Notes were issued in a private placement exempt from registration under the Section 4(a)(2) of the Securities Act of 1933, as amended (the “Securities Act”). The net proceeds to the Company were approximately $48.8 million, after deducting estimated offering expenses. The Notes will mature on October 30, 2026 and may be redeemed in whole or in part at the Company's option at any time or from time to time at the redemption prices set forth in the Indenture. The Notes bear interest at a rate of 5.25% per year payable semi-annually on April 30 and October 30 of each year, commencing on April 30, 2022, subject to a step up of 0.75% per annum to the extent the Notes are downgraded below Investment Grade by a National Recognized Statistical Rating Organization (“NSRSO”) or the Notes no longer maintain a rating from an NSRSO. On March 28, 2024, the Company obtained a BB+ rating from a NRSRO with respect to the Notes, leading to the Notes bearing interest at a rate of 6.00% per year. The Notes are general unsecured obligations of the Company that rank senior in right of payment to all of the Company's existing and future indebtedness that is expressly subordinated in right of payment to the Notes, rank pari passu with all existing and future unsecured unsubordinated indebtedness issued by the Company, rank effectively junior to any of the Company's secured indebtedness (including unsecured indebtedness that the Company later secures) to the extent of the value of the assets securing such indebtedness, and rank structurally junior to all existing and future indebtedness (including trade payables) incurred by the Company's subsidiaries, financing vehicles or similar facilities.

In July 2022, pursuant to the requirements of a registration rights agreements entered into in connection with the offering described above, the Company completed an exchange offer pursuant to which all of the outstanding 2026 Notes were exchanged for notes with substantially identical terms, but that are registered under the Securities Act (which notes are also referred to herein as the “2026 Notes”).

As of March 31, 2024 and December 31, 2023, the Company had $50.0 million and $50.0 million, respectively in 2026 Notes outstanding.

The following table summarizes the interest expense, deferred financing costs, average outstanding balance, and average stated interest rate on the 2026 Notes for the three months ended March 31, 2024 and 2023 (dollars in thousands):

	For the Three Months Ended March 31,	
	2024	2023
Interest expense	$ 706	$ 706
Deferred financing costs	41	38
Total interest and financing expenses	$ 747	$ 744
Average outstanding balance	$ 50,000	$ 50,000
Average stated interest rate	5.25 %	5.25 %

2032 Convertible Notes

On April 1, 2022, the Company issued $15.0 million in aggregate principal amount of 5.25% fixed-rate convertible notes due April 1, 2032 (the “2032 Convertible Notes”).

The 2032 Convertible Notes are convertible, at the holder’s option and at any time on or prior to the close of business on the business day immediately preceding the maturity date, into such number of shares of the Company’s common stock as is equal to the principal balance of the notes being converted on such date divided by the “Conversion Price,” as described below. The Company will not issue more than 539,503 shares of common stock in the aggregate under the purchase agreement governing the 2032 Convertible Notes (the “Purchase Agreement”); however, such number of shares may be adjusted from time to time to give effect to any forward or reverse stock splits with respect to the common stock as well as any further adjustments described in the purchase agreement. The “Conversion Price” will be equal to the average “Closing Sale Price” for the five “Trading Days” immediately prior to the relevant “Conversion Date,” as those terms are defined in the Purchase Agreement, subject to certain anti-dilutive provisions, as further described in the Purchase Agreement. No holder of a 2032 Convertible Note will be entitled to convert any such note or portion thereof if such conversion would result in more than $7,500,000 in principal amount of 2032 Convertible Notes being converted in any such calendar quarter. The Company has determined that the embedded conversion option in the 2032 Convertible Notes is not required to be separately accounted for as a derivative under U.S. GAAP.

On March 28, 2024, the Company obtained a BB+ rating from a Nationally Recognized Statistical Rating Organization (“NRSRO”) with respect to the 2032 Convertible Notes. The 2032 Convertible Notes have a fixed interest rate of 5.25% per annum payable semi-annually on March 31 and September 30 of each year, commencing on September 30, 2022, subject to a step up of 0.75% per annum to the extent that the 2032 Convertible Notes are downgraded below Investment Grade by an NRSRO or the 2032 Convertible Notes no longer maintain a rating from an NRSRO. Starting on March 28, 2024, as a result of the rating downgrade, the 2032 Convertible Notes have a fixed interest rate of 6.00% per annum. The Company will also be required to pay an additional interest rate of 2.0% per annum (x) on any overdue payment of interest and (y) during the continuance of an “Event of Default.” The Company intends to use the net proceeds from the offering of the 2032 Convertible Notes for general corporate purposes, which may include repaying outstanding indebtedness, making opportunistic investments and paying corporate expenses. In addition, on the occurrence of a “Change in Control Repurchase Event” or “Delisting Event,” as defined in the Purchase Agreement, the Company will generally be required to make an offer to purchase the outstanding 2032 Convertible Notes at a price equal to 100% of the principal amount of such 2032 Convertible Notes plus accrued and unpaid interest to the repurchase date. The 2032 Convertible Notes are redeemable prior to maturity. No “sinking fund” is provided for the 2032 Convertible Notes.

During the quarter ended March 31, 2024, the Company converted $1.0 million in outstanding principal amount of the 2032 Convertible Notes. Of the $1.0 million that was converted, $0.5 million was paid in cash and $0.5 million was converted into 22,105 shares of the Company’s common stock at a rate of $22.61 per principal amount, in accordance with a Notice of Exercise of Conversion.

As of March 31, 2024 and December 31, 2023, the Company had $14.0 million and $15.0 million, respectively, in 2032 Convertible Notes outstanding.

The following table summarizes the interest expense, deferred financing costs, average outstanding balance, and average stated interest rate on the 2032 Convertible Notes for the three months ended March 31, 2024 and 2023 (dollars in thousands):

	For the Three Months Ended March 31,	
	2024	**2023**
Interest expense	$ 212	$ 223
Deferred financing costs	3	3
Total interest and financing expenses	$ 215	$ 226
Average outstanding balance	$ 14,272	$ 15,000
Average stated interest rate	5.25 %	5.25 %

KeyBank Credit Facility

On October 30, 2020, CBL, a direct, wholly owned, consolidated subsidiary of the Company entered into the KeyBank Credit Facility with the investment adviser at the time, as collateral manager, the lenders from time to time parties thereto (each a "Lender"), KeyBank National Association, as administrative agent, and U.S. Bank National Association, as custodian. The KeyBank Credit Facility was amended on May 10, 2022 and October 20, 2022. Under the KeyBank Credit Facility, the Lenders have agreed to extend credit to CBL in an aggregate principal amount of up to $75.0 million as of May 10, 2022, with an uncommitted accordion feature that allows the Company to borrow up to an additional $125.0 million. The KeyBank Credit Facility matures on May 10, 2027, unless there is an earlier termination or event of default. The period during which the Lenders may make loans to CBL under the KeyBank Credit Facility commenced on October 30, 2020 and will continue through May 10, 2025, unless there is an earlier termination or event of default. Borrowings under the KeyBank Credit Facility bear interest at 1M Term SOFR plus 2.90% during the 3-year revolving period and 3.25% thereafter, with a 0.40% 1M Term SOFR floor. CBL will also pay an unused commitment fee at a rate of (1) 1.00% if utilization is less than or equal to 30.0%, (2) 0.65% if utilization is greater than 30.0% but less than or equal to 60.0%, or (3) 0.35% if utilization is greater than 60.0%, per annum on the unutilized portion of the aggregate commitments under the KeyBank Credit Facility. As of March 31, 2024 and December 31, 2023, there were draws of $52.9 million and $39.6 million, respectively, on the KeyBank Credit Facility. The KeyBank Credit Facility includes customary affirmative and negative covenants, including certain limitations on the incurrence of additional indebtedness and liens, as well as usual and customary events of default for revolving credit facilities of this nature. As of March 31, 2024 and December 31, 2023, assets pledged to secure the KeyBank Credit Facility had a fair value of $121.7 million and $111.2 million, respectively.

The following table summarizes the interest expense, deferred financing costs, unused commitment fees, average outstanding balance, and average stated interest rate on the KeyBank Credit Facility for the three months ended March 31, 2024 and 2023 (dollars in thousands):

	For the Three Months Ended March 31,	
	2024	**2023**
Interest expense	$ 914	$ 996
Deferred financing costs	85	84
Unused commitment fees	46	19
Total interest and financing expenses	$ 1,045	$ 1,099
Average outstanding balance	$ 43,450	$ 53,219
Average stated interest rate	8.24 %	7.42 %

Financial Instruments Disclosed, But Not Carried, At Fair Value

The following table presents the outstanding principal and fair value of the Company's financial liabilities disclosed, but not carried, at fair value as of March 31, 2024, and the level of each financial liability within the fair value hierarchy (dollars in thousands):

	Outstanding Principal	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
2026 Notes	$ 50,000	$ 45,250	$ —	$ —	$ 45,250
2032 Convertible Notes	14,000	12,792	—	—	12,792
KeyBank Credit Facility	52,915	52,915	—	—	52,915
Total	$ 116,915	$ 110,957	$ —	$ —	$ 110,957

The following table presents the outstanding principal and fair value of the Company's financial liabilities disclosed, but not carried, at fair value as of December 31, 2023, and the level of each financial liability within the fair value hierarchy (dollars in thousands):

	Outstanding Principal	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
2026 Notes	$ 50,000	$ 45,250	$ —	$ —	$ 45,250
2032 Convertible Notes	15,000	13,705	—	—	13,705
KeyBank Credit Facility	39,553	39,553	—	—	39,553
Total	$ 104,553	$ 98,508	$ —	$ —	$ 98,508

Note 7. Directors' Fees

Our Independent Directors receive an annual fee of $50,000. They also receive $5,000 plus reimbursement of reasonable out-of-pocket expenses incurred in connection with attending each Board meeting and $5,000 plus reimbursement of reasonable out-of-pocket expenses incurred in connection with attending each committee meeting. In addition, the chairman of the audit committee receives an annual fee of $10,000 and each chairman of any other committee receives an annual fee of $5,000 for their additional services, if any, in these capacities. For the three months ended March 31, 2024, the Company recognized directors' expense of $0.2 million. For the three months ended March 31, 2023, the Company recognized directors' expense of $0.1 million. No compensation is expected to be paid to directors who are "interested persons" of the Company, as such term is defined in Section 2(a)(19) of the 1940 Act.

Note 8. Stockholders' Equity

On March 6, 2023, the Company's Board authorized a share repurchase program, whereby the Company could repurchase up to an aggregate of $5.0 million of its outstanding shares of common stock in the open market. The repurchase program did not obligate the Company to acquire any specific number of shares, and all repurchases were made in accordance with SEC Rule 10b-18 and accomplished through a Rule 10b5-1 plan, which set certain restrictions on the method, timing, price and volume of share repurchases. On March 11, 2024, the Board authorized the extension of the share repurchase program for an additional year and increased the aggregate available balance to $5.0 million. Unless extended or discontinued by the Board, the repurchase program will terminate on March 31, 2025. The repurchase program may be extended, modified or discontinued at any time for any reason without prior notice.

During the three months ended March 31, 2024, the Company repurchased 20,867 of its outstanding shares under the share repurchase program at an aggregate cost of approximately $0.5 million. During the three months ended March 31, 2023, the Company repurchased 1,625 of its outstanding shares under the share repurchase program at an aggregate cost of approximately $34 thousand.

During the three months ended March 31, 2024, the Company did not issue any shares of common stock under its DRIP. During the three months ended March 31, 2023, the Company issued 140 shares of common stock under its DRIP.

During the three months ended March 31, 2024, the 2032 Note Convertible Noteholders elected to convert $0.5 million par of the 2032 Convertible Notes into 22,105 shares of common stock pursuant to the Note Purchase Agreement at a rate of $22.61 per principal amount, in accordance with a Notice of Exercise of Conversion. There were no such conversion during the three months ended March 31, 2023.

The total number of shares of the Company's common stock outstanding as of March 31, 2024 and December 31, 2023 was 2,675,936 and 2,674,698, respectively.

Note 9. Earnings Per Share

In accordance with the provisions of ASC Topic 260 - *Earnings per Share* ("ASC 260"), basic earnings per share is computed by dividing earnings available to common stockholders by the weighted average number of shares of the Company's common stock outstanding during the period. Other potentially dilutive shares of the Company's common stock, and the related impact to earnings, are considered when calculating diluted earnings per share. For the three months ended March 31, 2024 and 2023, 0.5 million and 0.5 million, respectively, in convertible shares related to the 2032 Convertible Notes were considered anti-dilutive.

The following information sets forth the computation of the weighted average basic and diluted net increase (decrease) in net assets per share resulting from operations for the three months ended March 31, 2024 and 2023 (dollars in thousands, except share and per share data):

	For the Three Months Ended March 31,	
	2024[(1)]	**2023[(2)]**
Net increase (decrease) in net assets resulting from operations - basic	$ 1,851	$ (650)
Weighted average common stock outstanding – basic	2,678,342	2,710,990
Net increase (decrease) in net assets per share from operations - basic	$ 0.69	$ (0.24)
Net (decrease) increase in net assets resulting from operations - basic	$ 1,851	$ (650)
Adjustment for interest on the 2032 Convertible Notes and incentive fees, net	212	—
Adjusted net (decrease) increase in net assets resulting from operations - diluted	$ 2,063	$ (650)
Weighted average common stock outstanding – basic	2,678,342	2,710,990
Adjustment for dilutive effect of the 2032 Convertible Notes	517,398	—
Adjusted weighted average common stock outstanding - diluted	3,195,740	2,710,990
Net (decrease) increase in net assets per share resulting from operations - diluted	$ 0.65	$ (0.24)

(1) In applying the if-converted method, conversion is not assumed for purposes of computing diluted earnings per share if the effect would be anti-dilutive. For the three months ended March 31, 2024, conversion of the 2032 Convertible Notes into 0.5 million shares was assumed as the effect on diluted earnings per share would be dilutive.

(2) In applying the if-converted method, conversion is not assumed for purposes of computing diluted earnings per share if the effect would be anti-dilutive. For the three months ended March 31, 2023, conversion of the 2032 Convertible Notes into 0.5 million shares was not assumed as the effect on diluted earnings per share would be anti-dilutive.

Note 10. Distributions

The Company's distributions are recorded on the record date. Stockholders have the option to receive payment of the distribution in cash, shares of the Company's common stock, or a combination of cash and shares of common stock. Tax characteristics of all distributions paid are reported to stockholders on Form 1099 after the end of the calendar year. Accordingly, distributions may be subject to reclassification based on future dividends and operating results and will not be determined until the end of the year.

The following table summarizes the Company's distribution declarations for the three months ended March 31, 2024 (dollars in thousands, except share and per share data):

Date Declared	Record Date	Payment Date	Amount Per Share	Cash Distribution	DRIP Shares Issued	DRIP Share Value
March 11, 2024	March 25, 2024	April 2, 2024	$ 0.32	$ 856	—	—
Total Distributions Declared and Distributed for 2024			$ 0.32	$ 856	—	$ —

The following table summarizes the Company's distribution declarations for the three months ended March 31, 2023 (dollars in thousands, except share and per share data):

Date Declared	Record Date	Payment Date	Amount Per Share	Cash Distribution	DRIP Shares Issued	DRIP Share Value
March 6, 2023	March 20, 2023	March 31, 2023	$ 0.18	$ 488	140	$ 3
Total Distributions Declared and Distributed for 2023			$ 0.18	$ 488	140	$ 3

Note 11. Financial Highlights

The following is a schedule of financial highlights for the three months ended March 31, 2024 and 2023 (dollars in thousands, except share and per share data):

	For the Three Months Ended March 31, 2024	2023
Per share data:		
Net asset value at beginning of period	$ 33.34	$ 35.04
Net investment income[1]	0.35	0.40
Net realized gain (loss) on investments[1]	0.11	(0.56)
Net change in unrealized (depreciation) on investments[1]	0.25	(0.08)
Net realized (loss) on extinguishment of debt[1]	(0.02)	—
Dilutive effect of common stock issuance[1]	(0.08)	—
Distributions - net investment income	(0.32)	(0.18)
Accretive effect of common stock repurchases[1]	0.08	0.01
Net asset value at end of year	$ 33.71	$ 34.63
Net assets at end of period	$ 90,195	$ 93,833
Shares outstanding at end of period	2,675,936	2,709,583
Per share market value at end of period	$ 22.49	$ 20.80
Total return based on market value[2]	0.97 %	(6.13)%
Ratio/Supplemental data:		
Ratio of net investment income (loss) to average net assets	4.25 %	4.61 %
Ratio of interest and financing expenses to average net assets	8.94 %	8.89 %
Ratio of other operating expenses to average net assets	9.25 %	9.08 %
Ratio of total expenses including tax provision, net of fee waivers to average net assets[3]	18.19 %	17.97 %
Portfolio turnover rate[4]	0.49 %	3.30 %
Average debt outstanding[5]	$ 107,722	$ 118,219
Average debt outstanding per common share[1]	$ 40.22	$ 43.61
Asset coverage ratio per unit[6]	$ 1,760	$ 1,747

(1) Based on daily weighted average balance of shares of the Company's common stock outstanding during the period.
(2) Total investment return is calculated assuming a purchase of shares of the Company's common stock at the current market value on the first day and a sale at the current market value on the last day of the period reported. Dividends and distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under the Company's DRIP. Total investment return does not reflect brokerage commissions. Total investment returns covering less than a full period are not annualized.
(3) Ratio is annualized.
(4) Portfolio turnover rate is calculated using the lesser of year-to-date sales or year-to-date purchases over the average of the invested assets at fair value. Portfolio turnover rates that cover less than a full period are not annualized.
(5) Based on the daily weighted average balance of debt outstanding during the period.
(6) Asset coverage per unit is the ratio of the carrying value of our total consolidated assets, less all liabilities and indebtedness not represented by senior securities, to the aggregate amount of senior securities representing indebtedness. Asset coverage per unit is expressed in terms of dollar amounts per $1,000 of indebtedness.

Note 12. Subsequent Events

Management has evaluated subsequent events through the date of issuance of the consolidated financial statements included herein. There have been no subsequent events that occurred during such period that would be required to be recognized in the consolidated financial statements as of March 31, 2024, other than as set forth below.

On April 2, 2024, the Company prepaid $2.0 million of the aggregate principal amount outstanding of the 2032 Notes, together with accrued and unpaid interest.

On May 7, 2024, the Company's Board of Directors approved a distribution of $0.33 per share, payable on May 31, 2024 to stockholders of record as of May 21, 2024.

Item 2. 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 related notes thereto appearing elsewhere in this Quarterly Report on Form 10-Q.

Except as otherwise indicated, the terms "we", "us", "our", the "Company", "Logan Ridge" and "LRFC" refer to Logan Ridge Finance Corporation.

Forward-Looking Statements

This Quarterly Report on Form 10-Q, including Management's Discussion and Analysis of Financial Condition and Results of Operations, contains forward-looking statements that involve substantial risks and uncertainties. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates and projections about the Company, our current and prospective portfolio investments, our industry, our beliefs, and our assumptions. Words such as "anticipates," "expects," "intends," "plans," "will," "may," "continue," "believes," "seeks," "estimates," "would," "could," "should," "targets," "projects," and variations of these words and similar expressions are intended to identify forward-looking statements.

Some of the statements in this Quarterly Report on Form 10-Q constitute forward-looking statements, which relate to future events or our performance or financial condition. The forward-looking statements contained in this Quarterly Report on Form 10-Q involve risks and uncertainties, including statements as to:

- our future operating results;
- our business prospects and the prospects of our portfolio companies, including our and their ability to achieve our respective objectives;
- 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;
- our expected financings and investments;
- the adequacy of our cash resources and working capital; and
- the timing of cash flows, if any, from the operations of our portfolio companies.

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 or repay their borrowings, 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;
- geopolitical instability and volatility in the global markets caused by events such as the deterioration in the bilateral relationship between the U.S. and China, the military conflict between Russia and Ukraine, and the military conflict between Israel and Hamas;
- uncertain effects due to the discontinuation of LIBOR and due to the transition to SOFR;
- interest rate volatility could adversely affect our results, particularly if we use leverage as part of our investment strategy; and
- the risks, uncertainties and other factors we identify in "Risk Factors" and elsewhere in this Quarterly Report on Form 10-Q.

Although we believe that the assumptions on which these forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and as a result, the forward-looking statements based on those assumptions also could be inaccurate. Important assumptions include our ability to originate new loans and investments, certain margins and levels of profitability, and the availability of additional capital. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this Quarterly Report on Form 10-Q should not be regarded as a representation by us that our plans and objectives will be achieved. These risks and uncertainties include those described or identified in "Risk Factors" and elsewhere in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 and in this Quarterly Report on Form 10-Q. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this Quarterly Report on Form 10-Q. We undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events, or otherwise, unless required by law or U.S. Securities and Exchange Commission ("SEC") rule or regulation.

Overview

We are a Maryland corporation that has elected to be regulated as a business development company ("BDC") under the Investment Company Act of 1940, as amended (the "1940 Act"). Our investment objective is to generate both current income and capital appreciation through debt and equity investments. We are managed by Mount Logan Management LLC (the "Investment Adviser"), and BC Partners Management LLC (the "Administrator") provides the administrative services necessary for us to operate.

We provide capital to lower and traditional middle-market companies in the United States ("U.S."), with a non-exclusive emphasis on the Southeast, Southwest, and Mid-Atlantic regions. We invest primarily in companies with a history of earnings growth and positive cash flow, proven management teams, products or services with competitive advantages, and industry-appropriate margins. We primarily invest in companies with between \$5.0 million and \$50.0 million in trailing twelve-month earnings before interest, tax, depreciation, and amortization ("EBITDA").

We invest in first lien loans and, to a lesser extent, second lien loans and equity securities issued by lower middle-market and traditional middle-market companies.

As a BDC, we are required to comply with certain regulatory requirements. For instance, we generally must invest at least 70% of our total assets in "qualifying assets," including securities of private or thinly traded public U.S. companies, cash, cash equivalents, U.S. government securities and high-quality debt investments that mature in one year or less. In addition, we are only allowed to borrow money such that our asset coverage, as defined in the 1940 Act, equals at least 150%, if certain requirements are met, after such borrowing, with certain limited exceptions. As of March 31, 2024, our asset coverage ratio was 176%. To maintain our regulated investment company ("RIC") status, we must meet specified source-of-income and asset diversification requirements. To maintain our RIC tax treatment under subchapter

M of the Internal Revenue Code of 1986, as amended (the “Code”) for U.S. federal income tax purposes, we must 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, for the taxable year.

Corporate History

We commenced operations on May 24, 2013 and completed our initial public offering (“IPO”) on September 30, 2013. The Company was formed for the purpose of (i) acquiring, through a series of transactions, an investment portfolio from the following entities: CapitalSouth Partners Fund I Limited Partnership (“Fund I”); CapitalSouth Partners Fund II Limited Partnership (“Fund II”); CapitalSouth Partners Fund III, L.P. (“Fund III Parent”); CapitalSouth Fund III, L.P. (f/k/a CapitalSouth Partners SBIC Fund III, L.P.) (“Fund III”) and CapitalSouth Partners Florida Sidecar Fund I, L.P. (“Florida Sidecar” and, collectively with Fund I, Fund II, Fund III and Fund III Parent, the “Legacy Funds”); (ii) raising capital in the IPO and (iii) continuing and expanding the business of the Legacy Funds by making additional debt and equity investments in lower middle-market and traditional middle-market companies.

On September 24, 2013, the Company acquired 100% of the limited partnership interests in Fund II, Fund III, and Florida Sidecar and each of their respective general partners, as well as certain assets from Fund I and Fund III Parent, in exchange for an aggregate of 8,974,420 shares of the Company’s common stock (the “Formation Transactions”). Fund II, Fund III, and Florida Sidecar became the Company’s wholly owned subsidiaries. Fund II and Fund III retained their small business investment company (“SBIC”) licenses issued by the U.S. Small Business Administration (“SBA”), and continued to hold their existing investments at the time of IPO and have continued to make new investments after the IPO. The IPO consisted of the sale of 4,000,000 shares of the Company’s common stock at a price of $20.00 per share resulting in net proceeds to the Company of $74.25 million, after deducting underwriting fees and commissions totaling $4.0 million and offering expenses totaling $1.75 million. The other costs of the IPO were borne by the limited partners of the Legacy Funds. During the fourth quarter of 2017, Florida Sidecar transferred all of its assets to the Company and was legally dissolved as a standalone partnership. On March 1, 2019, Fund II repaid its outstanding debentures guaranteed by the SBA (“SBA-guaranteed debentures”) and relinquished its SBIC license. On June 10, 2021, Fund III repaid its SBA-guaranteed debentures and relinquished its SBIC license. Accordingly, as of March 31, 2024 and December 31, 2023, there were no SBA-guaranteed debentures outstanding.

At the time of the Formation Transactions, our portfolio consisted of: (1) approximately $326.3 million in investments; (2) an aggregate of approximately $67.1 million in cash, interest receivable and other assets; and (3) liabilities of approximately $202.2 million of SBA-guaranteed debentures payable. Fund III, our subsidiary, was licensed under the SBIC Act until June 10, 2021 and has elected to be regulated as BDC under the 1940 Act. Fund II, our subsidiary, was licensed under the SBIC Act until March 1, 2019 and has elected to be regulated as a BDC under the 1940 Act.

The Company has formed and expects to continue to form certain consolidated taxable subsidiaries (the ‘‘Taxable Subsidiaries’’), which are taxed as corporations for U.S. federal income tax purposes. The Taxable Subsidiaries allow the Company to make equity investments in companies organized as pass-through entities while continuing to satisfy the requirements of a RIC under the Code.

Capitala Business Lending, LLC (“CBL”), a wholly-owned subsidiary of ours, was established on October 30, 2020, for the sole purpose of holding certain investments pledged as collateral under a senior secured revolving credit agreement with KeyBank National Association (the “KeyBank Credit Facility”). See “Financial Condition, Liquidity and Capital Resources” for more details. The financial statements of CBL are consolidated with those of Logan Ridge Finance Corporation.

In addition, we evaluate strategic opportunities available to us, including mergers with unaffiliated funds and affiliated funds, divestures, spin-offs, joint ventures and other similar transactions from time to time. An example of an opportunity we are currently in the initial stages of evaluating is a potential merger with one or more of our affiliated 1940 Act funds, which may result in the use of an exchange ratio other than NAV-for-NAV (including but not limited to relative market price) in connection therewith.

Definitive Agreement

On April 20, 2021, Capitala Investment Advisors, LLC (“Capitala”), the Company’s former investment adviser, entered into a definitive agreement (the “Definitive Agreement”) with the Investment Adviser and Mount Logan Capital Inc. (“MLC”), both affiliates of BC Partners Advisors L.P. (“BC Partners”) for U.S. regulatory purposes, whereby Mount Logan acquired certain assets related to Capitala’s business of providing investment management services to the Company (the “Transaction”), through which the Investment Adviser became the Company’s investment adviser pursuant to an investment advisory agreement (the “Investment Advisory Agreement”) with the Company. At a special meeting of the Company’s stockholders (the “Special Meeting”) held on May 27, 2021, the Company’s stockholders approved the Investment Advisory Agreement. The transactions contemplated by the Definitive Agreement closed on July 1, 2021 (the “Closing”).

As part of the Transaction, the Investment Adviser entered into a two-year contractual fee waiver (the “Fee Waiver”) with the Company to waive, to the extent necessary, any capital gains fee under the Investment Advisory Agreement that exceeds what would have been paid to Capitala in the aggregate over such two-year period under the prior advisory agreement.

On the date of the Closing, the Company changed its name from Capitala Finance Corp. to Logan Ridge Finance Corporation and on July 2, 2021, the Company’s common stock began trading on the NASDAQ Global Select Market under the symbol “LRFC.”

Basis of Presentation

The Company is considered an investment company as defined in Accounting Standards Codification (“ASC”) Topic 946 — *Financial Services — Investment Companies* (“ASC 946”). The accompanying unaudited consolidated financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles (“U.S. GAAP”) for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Article 6 and Article 10 of Regulation S-X. Accordingly, certain disclosures accompanying our annual consolidated financial statements prepared in accordance with U.S. GAAP have been omitted. The consolidated financial statements of the Company include the accounts of the Company and its wholly owned subsidiaries, including Fund II, Fund III, CBL, and the Taxable Subsidiaries.

The Company’s financial statements as of March 31, 2024 and December 31, 2023 and for the periods ended March 31, 2024 and 2023 are presented on a consolidated basis. The effects of all intercompany transactions between the Company and its subsidiaries (Fund II, Fund III, CBL, and the Taxable Subsidiaries) have been eliminated in consolidation. All financial data and information included in these consolidated financial statements have been presented on the basis described above. In the opinion of management, the consolidated financial statements reflect all adjustments that are necessary for the fair presentation of financial results as of and for the periods presented.

The current period’s results of operations are not necessarily indicative of results that ultimately may be achieved for the year. Additionally, the unaudited consolidated financial statements and notes should be read in conjunction with the audited consolidated financial statements and notes thereto appearing in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on March 26, 2024.

Consolidation

As provided under ASC 946, the Company will generally not consolidate its investment in a company other than an investment company subsidiary or a controlled operating company whose business consists of providing services to the Company. Accordingly, the Company consolidated the results of the Company's wholly owned investment company subsidiaries (Fund II, Fund III, CBL, and the Taxable Subsidiaries) in its consolidated financial statements.

Revenues

We generate revenue primarily from the periodic cash interest we collect on our debt investments. In addition, most of our debt investments offer the opportunity to participate in a borrower's equity performance through warrant participation, direct equity ownership, or otherwise, which we expect to result in revenue in the form of dividends and/or capital gains. Further, we may generate revenue in the form of commitment fees, origination fees, amendment fees, diligence fees, monitoring fees, fees for providing managerial assistance and possibly consulting fees and performance-based fees. These fees will be recognized as they are earned.

Expenses

Our primary operating expenses include the payment of investment advisory fees to our Investment Adviser, our allocable portion of overhead and other expenses incurred by our Administrator in performing its obligations under an administration agreement between us and the Administrator (the "Administration Agreement") and other operating expenses as detailed below. Our investment advisory fee will compensate our Investment Adviser for its work in identifying, evaluating, negotiating, closing, monitoring, and servicing our investments. We will bear all other expenses of our operations and transactions, including (without limitation):

- the cost of our organization;
- 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 (such as legal, accounting, and travel expenses incurred in connection 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;
- costs associated with our reporting and compliance obligations under the 1940 Act, the Securities Exchange Act of 1934, as amended (the "Exchange Act"), other applicable federal and state securities laws and ongoing stock exchange listing fees;
- federal, state and local taxes;
- independent directors' fees and expenses;
- brokerage commissions;
- costs of proxy statements, stockholders' reports and other communications with stockholders;
- fidelity bond, directors' and officers' liability insurance, errors and omissions liability insurance and other insurance premiums;
- direct costs and expenses of administration, including printing, mailing, telephone and staff;
- fees and expenses associated with independent audits and outside legal costs; and
- all other expenses incurred by either our Administrator 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 our Administrator in performing its obligations under the Administration Agreement, including rent, the fees and expenses associated with performing compliance functions, and our allocable portion of any costs of compensation and related expenses of our chief compliance officer, our chief financial officer, and their respective administrative support staff.

Critical Accounting Policies and Use of Estimates

In the preparation of our consolidated financial statements and related disclosures, we have adopted various accounting policies that govern the application of U.S. GAAP. Our significant accounting policies are described in Note 2 to the consolidated financial statements. While all of these policies are important to understanding our consolidated financial statements, certain accounting policies and estimates are considered critical due to their impact on the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses for the periods covered by such consolidated financial statements. We have identified investment valuation, revenue recognition, and income taxes as our most critical accounting estimates. We continuously evaluate our estimates, including those related to the matters described below. Because of the nature of the judgments and assumptions we make, actual results could materially differ from those estimates under different assumptions or conditions. A discussion of our critical accounting policies follows.

Valuation of Investments

Investment transactions are recorded on the trade date. Realized gains or losses on investments are calculated using the specific identification method as the difference between the net proceeds received (excluding prepayment fees, if any) and the amortized cost basis of the investment without regard to unrealized appreciation or depreciation previously recognized, and include investments charged off during the period, net of recoveries. Net change in unrealized appreciation or depreciation reflects the change in portfolio investment values during the reporting period, including any reversal of previously recorded unrealized appreciation or depreciation when gains or losses are recognized.

Investments for which market quotations are available are typically valued at those market quotations. To validate market quotations, the Company will utilize a number of factors to determine if the quotations are representative of fair value, including the source and number of the quotations.

Debt that is not publicly traded but for which there are external pricing sources available as of the valuation date is valued using independent broker-dealer, market maker quotations or independent pricing services. The valuation committee, comprised of members of the Investment Adviser, (the "Valuation Committee") subjects these quotes to various criteria including, but not limited to, the number and quality of quotes, the deviation among the quotes and information derived from analyzing the Company's own transactions in such investments throughout the reporting period. Generally, such investments are categorized in Level 2 of the fair value hierarchy, unless the Valuation Committee determines that the quality, quantity or deviation among quotes warrants significant adjustment to the inputs utilized.

The Board has designated the Investment Adviser as its "valuation designee" pursuant to Rule 2a-5 under the 1940 Act, and in that role the Investment Adviser is responsible for performing fair value determinations relating to all of the Company's investments, including periodically assessing and managing any material valuation risks and establishing and applying fair value methodologies, in accordance with valuation policies and procedures that have been approved by the Board. The Board remains ultimately responsible for fair value determinations under the 1940 Act and satisfies its responsibility through oversight of the valuation designee in accordance with Rule 2a-5. Investments that are not publicly traded or whose market prices are not readily available, as is expected to be the case for substantially all of the Company's investments, are valued at fair value as determined in good faith by the Investment Adviser, based on, among other things, input of independent third-party valuation firm(s).

The Investment Adviser undertakes a multi-step valuation process, which includes, among other procedures, the following:

- The Company's quarterly valuation process begins with each portfolio company or investment being initially valued using certain inputs, among others, provided by the investment professionals responsible for the portfolio investment in conjunction with the Company's portfolio management team. The Company utilizes an independent valuation firm to provide valuation on each material illiquid security at least once every trailing 12-month period,
- Preliminary valuations are reviewed and discussed with management of the Investment Adviser and investment professionals; and
- the Investment Adviser will review the valuations and determine the fair value of each investment. Valuations that are not based on readily available market quotations will be valued in good faith based on, among other things, the input of, where applicable, third parties.

As part of the valuation process, the Investment Adviser may consider other information and may use valuation methods including but not limited to (i) market quotes for similar investments, (ii) recent trading activity, (iii) discounting forecasted cash flows of the investment, (iv) models that consider the implied yields from comparable debt, (v) third party appraisal, (vi) sale negotiations and purchase offers received from independent parties and (vii) estimated value of underlying assets to be received in liquidation or restructuring.

Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may fluctuate from period to period. Additionally, the fair value of such investments may differ significantly from the values that would have been used had a ready market existed for such investments and may differ materially from the values that may ultimately be realized. Further, such investments are generally less liquid than publicly traded securities and may be subject to contractual and other restrictions on resale. If the Company were required to liquidate a portfolio investment in a forced or liquidation sale, it could realize amounts that are different from the amounts presented and such differences could be material.

In addition, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different than the unrealized gains or losses reflected herein.

Under existing accounting guidance, fair value is defined as the price that the Company would receive upon selling an investment or pay to transfer a liability in an orderly transaction to a market participant in the principal or most advantageous market for the investment. This accounting guidance emphasizes valuation techniques that maximize the use of observable market inputs and minimize the use of unobservable inputs. Inputs refer broadly to the assumptions that market participants would use in pricing an asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances.

The Company classifies the inputs used to measure these fair values into the following hierarchy as defined by current accounting guidance:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that are accessible to the Company.

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: Significant inputs that are unobservable for an asset or liability.

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. Investments for which no external pricing sources are available as of the valuation date are included in Level 3 of the fair value hierarchy.

As a practical expedient, the Company uses net asset value ("NAV") as the fair value for its equity investment in Great Lakes Funding II LLC ("Great Lakes II Joint Venture"). The Great Lakes II Joint Venture records its underlying investments at fair value on a quarterly basis in accordance with the 1940 Act and U.S. GAAP.

Valuation Techniques

Enterprise Value Waterfall Approach

The enterprise value waterfall approach determines an enterprise value based on EBITDA multiples of publicly traded companies that are considered similar to the subject portfolio company. The Company considers a variety of items in determining a reasonable pricing multiple, including, but not limited to, operating results, budgeted projections, growth, size, risk, profitability, leverage, management depth, diversification, market position, supplier or customer dependence, asset utilization, liquidity metrics, and access to capital markets. EBITDA of the portfolio company is adjusted for non-recurring items in order to reflect a normalized level of earnings that is representative of future earnings. In certain instances, the Company may also utilize revenue multiples to determine enterprise value. When available, the Company may assign a pricing multiple or value its investments based on the value of recent investment transactions in the subject portfolio company or offers to purchase the portfolio company. The enterprise value is adjusted for financial instruments with seniority to the Company's ownership and for the effect of any instrument which may dilute the Company's investment in the portfolio company. The adjusted enterprise value is then apportioned based on the seniority and privileges of the Company's investments within the portfolio company.

Income Approach

The income approach utilizes a discounted cash flow methodology in which the Company estimates fair value based on the present value of expected cash flows discounted at a market rate of interest. The determination of a discount rate, or required rate of return, takes into account the portfolio company's fundamentals and perceived credit risk. Because the majority of the Company's portfolio companies do not have a public credit rating, determining a discount rate often involves assigning an implied credit rating based on the portfolio company's operating metrics compared to average metrics of similar publicly rated debt. Operating metrics include, but are not limited to, EBITDA, interest coverage, leverage ratio, return on capital, and debt to equity ratios. The implied credit rating is used to assign a base discount rate range based on publicly available yields on similarly rated debt securities. The Company may apply a premium to the discount rate utilized in determining fair value when performance metrics and other qualitative information indicate that there is an additional level of uncertainty about collectability of cash flows.

Asset Approach

The asset approach values an investment based on the value of the underlying collateral securing the investment.

Revenue Recognition

The Company's revenue recognition policies are as follows:

Interest income and payment-in-kind ("PIK") interest income: Interest income is recorded on the accrual basis to the extent that such amounts are expected to be collected. The Company has loans in the portfolio that contain a PIK interest provision. PIK interest, which represents contractually deferred interest added to the loan balance that is generally due at maturity, is recorded on the accrual basis to the extent that such amounts are expected to be collected. PIK interest is not accrued if the Company does not expect the issuer to be able to pay all principal and interest when due.

Non-accrual investments: Management reviews all loans that become 90 days or more past due, or when there is reasonable doubt that principal or interest will be collected, for possible placement on non-accrual status. When the Company otherwise does not expect the borrower to be able to service its debt and other obligations, the Company will place the loan on non-accrual status and will generally cease recognizing interest income and PIK interest on that loan for financial reporting purposes. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management's judgment. The Company writes off any previously accrued and uncollected interest when it is determined that interest is no longer considered collectible. Non-accrual loans are returned to accrual status when the borrower's financial condition improves such that management believes current interest and principal payments are expected to be collected.

Gains and losses on investment sales and paydowns: Realized gains and losses on investments are recognized using the specific identification method.

Dividend income and payment-in-kind dividends: Dividend income is recognized on the date dividends are declared. The Company holds preferred equity investments in the portfolio that contain a PIK dividend provision. PIK dividends, which represent contractually deferred dividends added to the equity balance, are recorded on the accrual basis to the extent that such amounts are expected to be collected. The Company will typically cease accrual of PIK dividends when the fair value of the equity investment is less than the cost basis of the investment or when it is otherwise determined by management that PIK dividends are unlikely to be collected. If management determines that a decline in fair value is temporary in nature and PIK dividends are more likely than not to be collected, management may elect to continue accruing PIK dividends.

Original issue discount: Discounts received to par on loans purchased are capitalized and accreted into income over the life of the loan. Any remaining discount is accreted into income upon prepayment of the loan.

Other income: Origination fees (to the extent services are performed to earn such income), amendment fees, consent fees and other fees associated with investments in portfolio companies are recognized as income when they are earned. Prepayment penalties received by the Company for debt instruments repaid prior to the maturity date are recorded as income upon receipt.

Income Taxes

Prior to the Formation Transactions, the Legacy Funds were treated as partnerships for U.S. federal, state and local income tax purposes and, therefore, no provision has been made in the accompanying consolidated financial statements for federal, state or local income taxes. In accordance with the partnership tax law requirements, each partner would include their respective components of the Legacy Funds' taxable profits or losses, as shown on their Schedule K-1 in their respective tax or information returns. The Legacy Funds are disregarded entities for tax purposes prior to and post the Formation Transactions.

The Company has elected to be treated for U.S. federal income tax purposes and intends to comply with the requirement to qualify annually as a RIC under subchapter M of the Code and, among other things, intends to make the requisite distributions to its stockholders which will relieve the Company from U.S. federal income taxes.

In order to qualify as a RIC, among other requirements, the Company is required to timely distribute to its stockholders at least 90.0% of its investment company taxable income, as defined by the Code, for each fiscal tax year. The Company may be subject to a nondeductible U.S. federal excise tax of 4.0% on undistributed income if it does not distribute at least 98.0% of its ordinary income in any calendar year and 98.2% of its capital gain net income for each one-year period ending on October 31.

Depending on the level of taxable income earned in an excise tax year, the Company may choose to carry forward taxable income in excess of current year dividend distributions into the next excise tax year and pay a 4.0% 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 dividend distributions for U.S. federal excise tax purposes, the Company accrues excise tax, if any, on estimated excess taxable income as taxable income is earned. Since the Company's IPO, the Company has not accrued or paid excise tax.

The tax years ended December 31, 2023, 2022, 2021 and 2020 remain subject to examination by U.S. federal, state, and local tax authorities. No material interest expense or penalties have been assessed for the periods ended March 31, 2024 and 2023. If the Company was required to recognize interest and penalties, if any, related to unrecognized tax benefits this would be recognized as income tax expense in the consolidated statements of operations.

The Company's Taxable Subsidiaries record deferred tax assets or liabilities related to temporary book versus tax differences on the income or loss generated by the underlying equity investments held by the Taxable Subsidiaries. As of both March 31, 2024 and December 31, 2023, the Company recorded a net deferred tax asset of zero. For both the three months ended March 31, 2024 and 2023, the Company recorded a tax provision of zero. As of March 31, 2024 and December 31, 2023, the valuation allowance on the Company's deferred tax asset was $4.3 million and $3.9 million, respectively. During the three months ended March 31, 2024, the Company recognized an increase in the valuation allowance of $0.4 million. During the three months ended March 31, 2023, there was no change in the valuation allowance recognized by the Company.

In accordance with certain applicable U.S. treasury regulations and private letter rulings issued by the Internal Revenue Service, a RIC may treat a distribution of its own stock as fulfilling its RIC distribution requirements if each stockholder may elect to receive its entire distribution in either cash or stock of the RIC, subject to a limitation on the aggregate amount of cash to be distributed to all stockholders, which limitation must be at least 20.0% of the aggregate declared distribution. If too many stockholders elect to receive cash, each stockholder electing to receive cash will receive a pro rata amount of cash (with the balance of the distribution paid in stock). In no event will any stockholder, electing to receive cash, receive less than 20.0% of its entire distribution in cash. If these and certain other requirements are met, for U.S. federal income tax purposes, the amount of the dividend paid in stock will be equal to the amount of cash that could have been received instead of stock.

ASC Topic 740 — *Income Taxes* ("ASC 740"), provides guidance for how uncertain tax positions should be recognized, measured, presented, and disclosed in the consolidated financial statements. ASC 740 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's U.S. federal income tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions deemed to meet a "more-likely-than-not" threshold would be recorded as a tax benefit or expense in the current period. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the consolidated statements of operations. As of March 31, 2024 and December 31, 2023, there were no uncertain tax positions.

The Company is required to determine whether a tax position of the Company is more-likely-than-not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. De-recognition of a tax benefit previously recognized could result in the Company recording a tax liability that could negatively impact the Company's net assets.

U.S. GAAP provides guidance on thresholds, measurement, de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition that is intended to provide better financial statement comparability among different entities.

The Company has concluded that it was not necessary to record a liability for any such tax positions as of March 31, 2024 and December 31, 2023. However, the Company's conclusions regarding this policy may be subject to review and adjustment at a later date based on factors including, but not limited to, ongoing analyses of, and changes to, tax laws, regulations and interpretations thereof.

Portfolio and Investment Activity

The Company's investment objective is to generate both current income and capital appreciation through debt and equity investments. The Company offers customized financing to business owners, management teams and financial sponsors for change of ownership transactions, recapitalizations, strategic acquisitions, business expansion and other growth initiatives. The Company invests primarily in first lien loans, and, to a lesser extent, second lien loans and equity securities issued by lower middle-market companies and traditional middle-market companies. As of March 31, 2024, our portfolio consisted of investments in 62 portfolio companies with a fair value of approximately $200.1 million. As of December 31, 2023, our portfolio consisted of investments in 60 portfolio companies with a fair value of approximately $189.7 million.

Most of the Company's debt investments are structured as first lien loans. First lien loans may contain some minimum amount of principal amortization, excess cash flow sweep feature, prepayment penalties, or any combination of the foregoing. First lien loans are secured by a first priority lien in existing and future assets of the borrower and may take the form of term loans, delayed draw facilities, or revolving credit facilities. Unitranche debt, a form of first lien loan, typically involves issuing one debt security that blends the risk and return profiles of both senior secured and subordinated debt, bifurcating the loan into a first-out tranche and last-out tranche. As of March 31, 2024, none of the fair value of our first lien loans consisted of last-out loans. As of December 31, 2023, none of the fair value of our first lien loans consisted of last-out loans. In some cases, first lien loans may be subordinated, solely with respect to the payment of cash interest, to an asset based revolving credit facility.

The Company also invests in debt instruments structured as second lien loans. Second lien loans are loans which have a second priority security interest in all or substantially all of the borrower's assets, and in some cases, may be subject to the interruption of cash interest payments upon certain events of default, at the discretion of the first lien lender.

During the three months ended March 31, 2024, we made approximately $9.8 million of investments and had approximately $0.9 million in repayments and sales, resulting in net deployment of approximately $8.9 million for the period. During the three months ended March 31, 2023, we made approximately $7.4 million of investments and had approximately $6.7 million in repayments and sales, resulting in net deployment of approximately $0.7 million for the period.

As of March 31, 2024, our debt investment portfolio, which represented 80.8% of the fair value of our total portfolio, had a weighted average annualized yield of approximately 11.4% (excluding income from non-accruals and collateralized loan obligations). As of March 31, 2024, 11.5% of the fair value of our debt investment portfolio was bearing a fixed rate of interest. As of December 31, 2023, our debt investment portfolio, which represented 82.0% of the fair value of our total portfolio, had a weighted average annualized yield of approximately 11.1% (excluding income from non-accruals and collateralized loan obligations). As of December 31, 2023, 13.6% of the fair value of our debt investment portfolio was bearing a fixed rate of interest.

The weighted average annualized yield is calculated based on the effective interest rate as of period end, divided by the fair value of our debt investments. The weighted average annualized yield of our debt investments is not the same as a return on investment for our stockholders but, rather, relates to a portion of our investment portfolio and is calculated before the payment of all of our fees and expenses. There can be no assurance that the weighted average annualized yield will remain at its current level.

As of March 31, 2024, the Company's Adviser approved the fair value of the Company's investment portfolio of approximately $200.1 million in good faith in accordance with the Company's valuation procedures. The Company's Adviser approved the fair value of the Company's investment portfolio as of March 31, 2024 with input from third-party valuation firms and the Investment Adviser, as valuation designee, based on information known or knowable as of the valuation date, including trailing and forward looking data.

As of March 31, 2024, we had debt investments in three portfolio companies on non-accrual status with an aggregate amortized cost of $17.2 million and an aggregate fair value of $10.6 million, which represented 8.3% and 5.3% of the investment portfolio, respectively. As of December 31, 2023, we had debt investments in three portfolio companies on non-accrual status with aggregate amortized cost of $17.2 million and an aggregate fair value of $12.8 million, which represented 8.7% and 6.8% of the investment portfolio, respectively.

The following table summarizes the amortized cost and the fair value of investments as of March 31, 2024 (dollars in thousands):

	Investments at Amortized Cost	Amortized Cost Percentage of Total Portfolio	Investments at Fair Value	Fair Value Percentage of Total Portfolio
First Lien Debt	$ 137,088	66.5 %	$ 130,377	65.2 %
Second Lien Debt	9,155	4.4 %	8,308	4.2 %
Subordinated Debt	26,573	12.9 %	22,910	11.4 %
Collateralized Loan Obligations	1,701	0.8 %	1,648	0.8 %
Joint Venture	386	0.2 %	396	0.2 %
Equity	31,404	15.2 %	36,483	18.2 %
Total	$ 206,307	100.0 %	$ 200,122	100.0 %

The following table summarizes the amortized cost and the fair value of investments as of December 31, 2023 (dollars in thousands):

	Investments at Amortized Cost	Amortized Cost Percentage of Total Portfolio	Investments at Fair Value	Fair Value Percentage of Total Portfolio
First Lien Debt	$ 128,537	65.4 %	$ 124,007	65.4 %
Second Lien Debt	8,968	4.6 %	7,918	4.2 %
Subordinated Debt	26,573	13.5 %	23,548	12.4 %
Collateralized Loan Obligations	1,600	0.8 %	1,600	0.8 %
Joint Venture	440	0.2 %	450	0.2 %
Equity	30,400	15.5 %	32,135	17.0 %
Total	$ 196,518	100.0 %	$ 189,658	100.0 %

The following table shows the portfolio composition by industry grouping at fair value as of March 31, 2024 and December 31, 2023 (dollars in thousands):

	March 31, 2024		December 31, 2023	
	Investments at Fair Value	Percentage of Total Portfolio	Investments at Fair Value	Percentage of Total Portfolio
Healthcare	$ 47,040	23.5 %	47,934	25.3 %
Business Services	33,435	16.7 %	29,555	15.6 %
Financials	26,009	13.0 %	24,213	12.8 %
Information Technology	22,239	11.1 %	21,860	11.5 %
Industrials	18,915	9.5 %	16,558	8.7 %
Consumer Discretionary	14,930	7.4 %	10,180	5.4 %
Healthcare Management	7,260	3.6 %	9,465	5.0 %
Automobile Part Manufacturer	6,430	3.2 %	5,510	2.9 %
Advertising & Marketing Services	4,143	2.1 %	4,160	2.2 %
Communication Services	4,015	2.0 %	4,029	2.1 %
Medical Device Distributor	3,602	1.8 %	3,425	1.8 %
Textile Equipment Manufacturer	3,176	1.6 %	3,860	2.0 %
Financial Services	2,267	1.1 %	2,445	1.3 %
Online Merchandise Retailer	2,215	1.1 %	2,095	1.1 %
Consumer Staples	1,754	0.9 %	1,737	0.9 %
Household Product Manufacturer	758	0.4 %	758	0.4 %
Oil & Gas Engineering and Consulting Services	523	0.3 %	670	0.4 %
Data Processing & Digital Marketing	505	0.3 %	509	0.3 %
Testing Laboratories	372	0.2 %	238	0.1 %
Electronic Machine Repair	300	0.1 %	245	0.1 %
General Industrial	234	0.1 %	212	0.1 %
Total	$ 200,122	100.0 %	$ 189,658	100.0 %

Results of Operations

Operating results for the three months ended March 31, 2024 and 2023 were as follows (dollars in thousands):

	For the Three Months Ended March 31,	
	2024	2023
Total investment income	$ 5,003	$ 5,256
Total expenses	4,056	4,183
Net investment income	947	1,073
Net realized gain (loss) on investments	287	(1,506)
Net change in unrealized appreciation (depreciation) on investments	675	(217)
Net realized loss on extinguishment of debt	(58)	—
Net increase (decrease) in net assets resulting from operations	$ 1,851	$ (650)

Investment income

The composition of our investment income for the three months ended March 31, 2024 and 2023 was as follows (dollars in thousands):

	For the Three Months Ended March 31,	
	2024	2023
Interest income	$ 4,633	$ 4,768
Payment-in-kind interest	353	464
Dividend income	17	14
Other income	—	10
Total investment income	$ 5,003	$ 5,256

The income reported as interest income, PIK interest, and PIK dividend income is generally based on the stated rates as disclosed in our consolidated schedules of investments. Accretion of discounts received for purchased loans are included in interest income as an adjustment to yield. As a general rule, our interest income, PIK interest, and PIK dividend income are recurring in nature.

We also generate fee income primarily through origination fees charged for new investments, and secondarily via amendment fees, consent fees, prepayment penalties, and other fees. While fee income is typically non-recurring for each investment, most of our new investments include an origination fee; as such, fee income is dependent upon our volume of directly originated investments and the fee structure associated with those investments.

We earn dividends on certain equity investments within our investment portfolio. As noted in our consolidated schedules of investments, some investments are scheduled to pay a periodic dividend, though these recurring dividends do not make up a significant portion of our total investment income. We may receive, and have received, more substantial one-time dividends from our equity investments.

For the three months ended March 31, 2024, total investment income decreased $0.3 million, or 4.8%, compared to the three months ended March 31, 2023. The decrease from the prior period was primarily driven by an decrease in interest income from $4.8 million for the three months ended March 31, 2023 to $4.6 million for the three months ended March 31, 2024. The decrease in interest income is primarily due to a smaller interest earning debt portfolio for the three months ended March 31, 2024 compared to the three months ended March 31, 2023.

PIK income decreased from $0.5 million for the three months ended March 31, 2023 to $0.4 million for the three months ended March 31, 2024. The decrease in PIK income during the three months ended March 31, 2024 compared to the same period in prior year was primarily due to a decrease in investments with non-recurring fee income of $0.2 million that was paid in-kind.

Operating expenses

The composition of our expenses for the three months ended March 31, 2024 and 2023 was as follows (dollars in thousands):

	For the Three Months Ended March 31,	
	2024	2023
Interest and financing expenses	$ 2,007	$ 2,069
Base management fee	893	930
Directors' fees	150	135
Administrative service fees	201	257
General and administrative expenses	805	792
Total expenses	$ 4,056	$ 4,183

For the three months ended March 31, 2024, operating expenses decreased by $0.1 million, or 3.0%, compared to the three months ended March 31, 2023. Interest and financing expenses decreased from $2.1 million for the three months ended March 31, 2023 to $2.0 million for the three months ended March 31, 2024 primarily due to a lower average outstanding balance on our credit facility during the three months ended March 31, 2024 compared to the three months ended March 31, 2023. Administrative service fees decreased from $0.3 million for the three months ended March 31, 2023 to $0.2 million for the three months ended March 31, 2024, primarily due to lower administrative services costs incurred by the Company's Administrator in the current year.

Net realized gain (loss) on sales of investments

During the three months ended March 31, 2024, we recognized $0.3 million of net realized gains on our portfolio investments. During the three months ended March 31, 2023, we recognized $1.5 million of net realized losses on our portfolio investments.

Net change in unrealized appreciation (depreciation) on investments

Net change in unrealized appreciation (depreciation) on investments reflects the net change in the fair value of our investment portfolio. For the three months ended March 31, 2024, we recognized $0.7 million of net change in unrealized appreciation on investments. For the three months ended March 31, 2023, we recognized $0.2 million of net change in unrealized depreciation on investments.

Changes in net assets resulting from operations

For the three months ended March 31, 2024, we recorded a net increase in net assets resulting from operations of $1.9 million. Based on the weighted average shares of common stock outstanding for the three months ended March 31, 2024, our basic and diluted per share net increase in net assets resulting from operations was $0.69 and $0.65, respectively.

For the three months ended March 31, 2023, we recorded a net decrease in net assets resulting from operations of $0.7 million. Based on the weighted average shares of common stock outstanding for the three months ended March 31, 2023, our basic and diluted per share net decrease in net assets resulting from operations was $0.24.

Financial Condition, Liquidity and Capital Resources

We use and intend to use existing cash primarily to originate investments in new and existing portfolio companies, pay distributions to our stockholders, and repay indebtedness.

Since our IPO, we have raised approximately $136.0 million in net proceeds from equity offerings through March 31, 2024.

KeyBank Credit Facility

On October 30, 2020, Capitala Business Lending, LLC (“CBL”), a direct, wholly owned, consolidated subsidiary of the Company, entered into a senior secured revolving credit agreement (“the KeyBank Credit Facility”) with the investment adviser at the time, as collateral manager, the lenders from time to time parties thereto (each, a “Lender”), KeyBank National Association, as administrative agent, and U.S. Bank National Association, as custodian. The KeyBank Credit Facility was amended on May 10, 2022 and October 20, 2022. Under the KeyBank Credit Facility, the Lenders have agreed to extend credit to CBL in an aggregate principal amount of up to $75.0 million as of May 10, 2022, with an uncommitted accordion feature that allows the Company to borrow up to an additional $125.0 million. The KeyBank Credit Facility matures on May 10, 2027, unless there is an earlier termination or event of default. The period during which the Lenders may make loans to CBL under the KeyBank Credit Facility commenced on October 30, 2020 and will continue through May 10, 2025, unless there is an earlier termination or event of default. Borrowings under the KeyBank Credit Facility bear interest at 1M Term SOFR plus 2.90% during the 3-year revolving period and 3.25% thereafter, with a 0.40% 1M Term SOFR floor. CBL will also pay an unused commitment fee at a rate of (1) 1.00% if utilization is less than or equal to 30.0%, (2) 0.65% if utilization is greater than 30.0% but less than or equal to 60.0%, or (3) 0.35% if utilization is greater than 60.0%, per annum on the unutilized portion of the aggregate commitments under the KeyBank Credit Facility. As of March 31, 2024, there were draws of $52.9 million on the KeyBank Credit Facility. The KeyBank Credit Facility includes customary affirmative and negative covenants, including certain limitations on the incurrence of additional indebtedness and liens, as well as usual and customary events of default for revolving credit facilities of this nature. As of March 31, 2024, assets pledged to secure the KeyBank Credit Facility had a fair value of $121.7 million.

2032 Convertible Notes

On April 1, 2022, the Company issued $15.0 million in aggregate principal amount of 5.25% fixed-rate convertible notes due April 1, 2032 (the “2032 Convertible Notes”).

The 2032 Convertible Notes are convertible, at the holder's option and at any time on or prior to the close of business on the business day immediately preceding the maturity date, into such number of shares of the Company's common stock as is equal to the principal balance of the notes being converted on such date divided by the "Conversion Price," as described below. The Company will not issue more than 539,503 shares of common stock in the aggregate under the purchase agreement governing the 2032 Convertible Notes (the "Purchase Agreement"); however, such number of shares may be adjusted from time to time to give effect to any forward or reverse stock splits with respect to the common stock as well as any further adjustments described in the purchase agreement. The "Conversion Price" will be equal to the average "Closing Sale Price" for the five "Trading Days" immediately prior to the relevant "Conversion Date," as those terms are defined in the Purchase Agreement, subject to certain anti-dilutive provisions, as further described in the Purchase Agreement. No holder of a 2032 Convertible Note will be entitled to convert any such note or portion thereof if such conversion would result in more than $7,500,000 in principal amount of 2032 Convertible Notes being converted in any such calendar quarter. The Company has determined that the embedded conversion option in the 2032 Convertible Notes is not required to be separately accounted for as a derivative under U.S. GAAP.

The Company obtained an Investment Grade rating from a Nationally Recognized Statistical Rating Organization ("NRSRO") with respect to the 2032 Convertible Notes. The 2032 Convertible Notes have a fixed interest rate of 5.25% per annum payable semi-annually on March 31 and September 30 of each year, commencing on September 30, 2022, subject to a step up of 0.75% per annum to the extent that the 2032 Convertible Notes are downgraded below Investment Grade by an NRSRO or the 2032 Convertible Notes no longer maintain a rating from an NRSRO. The Company will also be required to pay an additional interest rate of 2.0% per annum (x) on any overdue payment of interest and (y) during the continuance of an "Event of Default." The Company intends to use the net proceeds from the offering of the 2032 Convertible Notes for general corporate purposes, which may include repaying outstanding indebtedness, making opportunistic investments and paying corporate expenses. In addition, on the occurrence of a "Change in Control Repurchase Event" or "Delisting Event," as defined in the Purchase Agreement, the Company will generally be required to make an offer to purchase the outstanding 2032 Convertible Notes at a price equal to 100% of the principal amount of such 2032 Convertible Notes plus accrued and unpaid interest to the repurchase date. The 2032 Convertible Notes are redeemable prior to maturity. No "sinking fund" is provided for the 2032 Convertible Notes.

During the quarter ended March 31, 2024, the Company converted $1.0 million in outstanding principal amount of the 2032 Convertible Notes. Of the $1.0 million that was converted, $0.5 million was paid in cash and $0.5 million was converted into shares of the Company's common stock at a rate of $22.61 per principal amount, in accordance with a Notice of Exercise of Conversion.

As of March 31, 2024, the Company had $14.0 million in 2032 Convertible Notes outstanding.

2026 Notes

On October 29, 2021, the Company issued $50.0 million in aggregate principal amount of 5.25% fixed rate notes due October 30, 2026 (the "2026 Notes") pursuant to a supplemental indenture with U.S. Bank National Association (the "Trustee"), which supplements that certain base indenture, dated as of June 16, 2014. The 2026 Notes were issued in a private placement exempt from registration under the Section 4(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"). The net proceeds to the Company were approximately $48.8 million, after deducting estimated offering expenses. The Notes will mature on October 30, 2026 and may be redeemed in whole or in part at the Company's option at any time or from time to time at the redemption prices set forth in the Indenture. The Notes bear interest at a rate of 5.25% per year payable semi-annually on April 30 and October 30 of each year, commencing on April 30, 2022. The Notes are general unsecured obligations of the Company that rank senior in right of payment to all of the Company's existing and future indebtedness that is expressly subordinated in right of payment to the Notes, rank *pari passu* with all existing and future unsecured unsubordinated indebtedness issued by the Company, rank effectively junior to any of the Company's secured indebtedness (including unsecured indebtedness that the Company later secures) to the extent of the value of the assets securing such indebtedness, and rank structurally junior to all existing and future indebtedness (including trade payables) incurred by the Company's subsidiaries, financing vehicles or similar facilities.

In July 2022, pursuant to the requirements of a registration rights agreements entered into in connection with the offering described above, the Company completed an exchange offer pursuant to which all of the outstanding 2026 Notes were exchanged for notes with substantially identical terms, but that are registered under the Securities Act (which notes are also referred to herein as the "2026 Notes").

As of March 31, 2024, the Company had approximately $50.0 million in aggregate principal amount of 2026 Notes outstanding.

Asset Coverage Ratio

We are only allowed to borrow money such that our asset coverage, as defined in the 1940 Act, equals at least 150% if certain requirements are met, after such borrowing, with certain limited exceptions. As of March 31, 2024, our asset coverage ratio was 176%. If our asset coverage ratio falls below 150% due a decline in the fair market of our portfolio, we may be limited in our ability to raise additional debt.

Cash and Cash Equivalents

As of March 31, 2024, we had $8.3 million in cash and cash equivalents.

Contractual Obligations

We have entered into two contracts under which we have material future commitments: the Investment Advisory Agreement, pursuant to which the Investment Adviser serves as our investment adviser, and the Administration Agreement, pursuant to which our Administrator agrees to furnish us with certain administrative services necessary to conduct our day-to-day operations. Payments under the Investment Advisory Agreement in future periods will be equal to: (1) a percentage of the value of our gross assets; and (2) an incentive fee based on our performance. Payments under the Administration Agreement will occur on an ongoing basis as expenses are incurred on our behalf by our Administrator.

The Investment Advisory Agreement and the Administration Agreement are each terminable by either party without penalty upon 60 days' written notice to the other. If either of these agreements is terminated, the costs we incur under new agreements may increase. In addition, we will likely incur significant time and expense in locating alternative parties to provide the services we expect to receive under both our Investment Advisory Agreement and our Administration Agreement. Any new investment advisory agreement would also be subject to approval by our stockholders.

A summary of our significant contractual payment obligations as of March 31, 2024 are as follows (dollars in millions):

	Contractual Obligations Payments Due by Period				
	Less Than 1 Year	1 – 3 Years	3 – 5 Years	More Than 5 Years	Total
2026 Notes	$ —	$ 50.0	$ —	$ —	$ 50.0
2032 Convertible Notes	—	—	—	14.0	14.0
KeyBank Credit Facility	—	—	52.9	—	52.9
Total Contractual Obligations	$ —	$ 50.0	$ 52.9	$ 14.0	$ 116.9

Distributions

In order to qualify as a RIC and to avoid corporate-level U.S. federal income tax on the income we timely distribute to our stockholders, we are required to distribute at least 90% of our net ordinary income and our net short-term capital gains in excess of net long-term capital losses, if any, to our stockholders on an annual basis. Additionally, we must distribute an amount at least equal to the sum of 98% of our net ordinary income (during the calendar year) plus 98.2% of our net capital gain income (during each 12-month period ending on October 31) plus any net ordinary income and capital gain net income that we recognized for preceding years, but were not distributed during such years, and on which we paid no U.S. federal income tax to avoid a U.S. federal excise tax. We made quarterly distributions to our stockholders for the first four full quarters subsequent to our IPO. To the extent we had income available, we made monthly distributions to our stockholders from October 30, 2014 until March 30, 2020. As announced on April 1, 2020, distributions, if any, will be made on a quarterly basis effective for the second quarter of 2020. Our stockholder distributions, if any, will be determined by our Board on a quarterly basis. Any distributions to our stockholders will be declared out of assets legally available for distribution. For the three months ended March 31, 2024, the Company declared a distribution of $0.32 per share to stockholders of record as of March 25, 2024. For the three months ended March 31, 2023, the Company made a distribution of $0.18 per share to the stockholders of record as of March 20, 2023.

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 our distributions from time to time, and from time to time we may decrease the amount of our distributions. In addition, we may be limited in our ability to make distributions due to the asset coverage requirements applicable to us as a BDC under the 1940 Act. If we do not distribute a certain percentage of our income annually, we will suffer adverse tax consequences, including the possible loss of our qualification as a RIC under Subchapter M of the Code. We cannot assure stockholders that they will receive any distributions.

To the extent our taxable earnings fall below the total amount of our distributions for that fiscal year, a portion of those distributions may be deemed a return of capital to our stockholders for U.S. federal income tax purposes. Thus, the source of a distribution to our stockholders may be the original capital invested by the stockholder rather than our income or gains. Stockholders should read any written disclosure accompanying any stockholder distribution carefully and should not assume that the source of any distribution is our ordinary income or capital gains.

We have adopted an “opt out” dividend reinvestment plan (“DRIP”) 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 a stockholder specifically “opts out” of our DRIP. If a stockholder opts out, that stockholder will receive cash distributions. Although distributions paid in the form of additional shares of our common stock will generally be subject to U.S. federal, state, and local taxes in the same manner as cash distributions, stockholders participating in our DRIP will not receive any corresponding cash distributions with which to pay any such applicable taxes.

Tax characteristics of all distributions paid are reported to stockholders on Form 1099 after the end of the calendar year. Distributions may be subject to reclassification based on future dividends and operating results and will not be determined until the end of the year.

Related Parties

On July 1, 2021, we entered into the Investment Advisory Agreement with the Investment Adviser. The Company is externally managed by the Investment Adviser, an affiliate of BC Partners, pursuant to the Investment Advisory Agreement. Mr. Goldthorpe, an interested member of the Board, has a direct or indirect pecuniary interest in the Investment Adviser. The Investment Adviser is a registered investment adviser under the Investment Advisers Act of 1940, as amended. The Investment Adviser is an affiliate of BC Partners Advisors L.P. for U.S. regulatory purposes. Mount Logan Capital Inc. is the ultimate control person of the Investment Adviser.

Under the Investment Advisory Agreement, fees payable to the Investment Adviser equal (i) the Base Management Fee and (ii) the Incentive Fee. Unless earlier terminated as described below, the Investment Advisory Agreement will remain in effect from year-to-year if approved annually by a majority of the Board or by the holders of a majority of the outstanding shares, and, in each case, a majority of the independent directors.

Pursuant to the Administration Agreement, the Administrator provides administrative services to the Company necessary for the operations of the Company, which include providing to the Company office facilities, equipment and clerical, bookkeeping and record keeping services at such facilities and such other services as the Administrator, subject to review by the Board, shall from time to time deem to be necessary or useful to perform its obligations under the applicable Administration Agreement. The Administrator also provides to the Company portfolio collection functions for and is responsible for the financial and other records that the Company is required to maintain and prepares, prints and disseminates reports to the Company's stockholders and reports and all other materials filed with the SEC.

For providing these services, facilities and personnel, the Company reimburses the Administrator the allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations under the Administration Agreement, including the Company's allocable portion of the costs of compensation and related expenses of its chief financial officer and chief compliance officer and their respective staffs.

On April 10, 2023, superseding a prior exemptive order granted on October 23, 2018, the SEC issued an order granting an application for exemptive relief to us and certain of our affiliates that allows BDCs managed by the Investment Adviser, including Logan Ridge, to co-invest, subject to the satisfaction of certain conditions, in certain private placement transactions, with other funds managed by the Investment Adviser or its affiliates, certain proprietary accounts of the Investment Adviser or its affiliates and any future funds that are advised by the Investment Adviser or its affiliated investment advisers. Under the terms of the exemptive order, in order for Logan Ridge to participate in a co-investment transaction, a “required majority” (as defined in Section 57(0) of the 1940 Act) of Logan Ridge's independent directors must conclude that (i) the terms of the proposed transaction, including the consideration to be paid, are reasonable and fair to Logan Ridge and its stockholders and do not involve overreaching with respect of Logan Ridge or its stockholders on the part of any person concerned, and (ii) the proposed transaction is consistent with the interests of Logan Ridge's stockholders and is consistent with Logan Ridge's investment objectives and strategies and certain criteria established by the Board. We believe this relief may not only enhance our ability to further our investment objectives and strategies, but may also increase favorable investment opportunities for us, in part by allowing us to participate in larger investments, together with our co-investment affiliates, than would be available to us in the absence of such relief.

Prior to July 1, 2021, we were party to an administration agreement with our then administrator, Capitala Advisors Corp. As administrator, Capitala Advisors Corp. provided us with the office facilities and administrative services necessary to conduct our day-to-day operations. On July 1, 2021, we entered into a new

Administration Agreement with our current Administrator, BC Partners Management LLC. Pursuant to the terms of the Administration Agreement, our Administrator provides us with the office facilities and administrative services necessary to conduct our day-to-day operations.

Off-Balance Sheet Arrangements

As of March 31, 2024 and December 31, 2023, the Company had the following outstanding unfunded commitments to existing portfolio companies (dollars in thousands):

Portfolio Company	Investment	March 31, 2024	December 31, 2023
Accordion Partners LLC (Revolver)	First Lien/Senior Secured Debt	$ 765	1,531
American Clinical Solutions, LLC[(1)]	First Lien/Senior Secured Debt	250	250
BetaNXT, Inc. (Revolver)	First Lien/Senior Secured Debt	272	408
Bradshaw International, Inc. (Revolver)	First Lien/Senior Secured Debt	922	922
Critical Nurse Staffing, LLC (Revolver)	First Lien/Senior Secured Debt	1,000	1,000
Dentive, LLC[(1)]	First Lien/Senior Secured Debt	196	344
Dentive, LLC (Revolver)	First Lien/Senior Secured Debt	187	148
Fortis Payment Systems, LLC	First Lien/Senior Secured Debt	425	N/A
Great Lakes Funding II LLC - Series A	Joint Venture	109	55
GreenPark Infrastructure, LLC - Series M-1	Common Stock and Membership Units	732	732
IDC Infusion Services, LLC[(1)]	First Lien/Senior Secured Debt	604	799
Morae Global Corporation (Revolver)	First Lien/Senior Secured Debt	292	292
Orthopaedic (ITC) Buyer, LLC[(1)]	First Lien/Senior Secured Debt	638	638
PhyNet Dermatology LLC[(1)]	First Lien/Senior Secured Debt	259	259
Riddell, Inc.[(1)]	First Lien/Senior Secured Debt	364	N/A
Tactical Air Support, Inc.[(1)]	First Lien/Senior Secured Debt	286	286
Taoglas Group Holdings Limited (Revolver)	First Lien/Senior Secured Debt	174	261
VBC Spine Opco, LLC (DxTx Pain and Spine LLC)[(1)]	First Lien/Senior Secured Debt	713	713
VBC Spine Opco, LLC (DxTx Pain and Spine LLC) (Revolver)	First Lien/Senior Secured Debt	—	97
Wealth Enhancement Group, LLC (Revolver)	First Lien/Senior Secured Debt	438	438
Total Unfunded Commitments		$ 8,626	$ 9,173

(1) Delayed-draw term loan.

We have no other off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Recent Developments

On April 2, 2024, the Company prepaid $2.0 million of the aggregate principal amount outstanding of the 2032 Notes, together with accrued and unpaid interest.

On May 7, 2024, the Company's Board of Directors approved a distribution of $0.33 per share, payable on May 31, 2024 to stockholders of record as of May 21, 2024.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are subject to financial market risks, including changes in interest rates. Changes in interest rates may affect both our cost of funding and our interest income from portfolio investments and cash and cash equivalents.

We may hedge against interest rate fluctuations by using standard hedging instruments such as futures, options, and forward contracts subject to the requirements of the 1940 Act. For the three months ended March 31, 2024, we did not engage in hedging activities.

As of March 31, 2024, we held 52 securities bearing a variable rate of interest. Our variable rate investments represent approximately 88.5% of the fair value of our total debt investments. As of March 31, 2024, none of our variable rate securities were yielding interest at a rate equal to the established interest rate floor. As of March 31, 2024, we had $52.9 million outstanding on our KeyBank Credit Facility, which has a variable rate of interest at one-month SOFR + 2.90%, subject to an interest rate floor of 0.40%. As of March 31, 2024, all of our other interest paying liabilities, consisting of $50.0 million in 2026 Notes and $14.0 million in 2032 Convertible Notes, were bearing interest at a fixed rate.

Interest rate sensitivity refers to the change in earnings that may result from changes in the level of interest rates. 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 addition, in a prolonged low interest rate environment, including a reduction of LIBOR 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.

Based on our March 31, 2024 consolidated statements of assets and liabilities, the following table shows the annual impact on net income (excluding the potential related incentive fee impact) of base rate changes in interest rates (considering interest rate floors for variable rate securities) assuming no changes in our investment and borrowing structure (dollars in thousands):

Basis Point Change	Increase (decrease) in interest income	(Increase) decrease in interest expense	Increase (decrease) in net income
Up 300 basis points	$ 4,495	$ (1,610)	$ 2,885
Up 200 basis points	2,997	(1,073)	1,924
Up 100 basis points	1,498	(537)	961
Down 100 basis points	(1,498)	537	(961)
Down 200 basis points	(2,997)	1,073	(1,924)
Down 300 basis points	$ (4,434)	$ 1,610	$ (2,824)

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

As of March 31, 2024 (the end of the period covered by this report), we, including our Chief Executive Officer 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 Exchange Act). Based on that evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that, due to a material weakness in the Company's internal control over financial reporting as disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, that continued to exist as of March 31, 2024, our disclosure controls and procedures were not effective to provide reasonable assurance that information required to be disclosed in 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 Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Specifically, as previously disclosed, in March 2024, we identified a material weakness in our internal controls over financial reporting related to our failure to satisfy the requirements to maintain our special tax status as a RIC for the years ended December 31, 2020, December 31, 2021 and December 31, 2022. Notably, 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.

We have continued the process of, and are focused on, further enhancing effective internal control measures to improve our internal control over financial reporting and to remediate the identified material weakness. Management continues to undertake certain corrective actions to remediate the control deficiencies identified above, including incorporation of additional controls over the data used regarding the calculation of the gross income test for purposes of evaluating the Company's qualification as a RIC. We believe our planned actions to enhance our processes and controls will address this material weakness, but these actions are subject to ongoing management evaluation, and we will need a period of execution to demonstrate remediation. We are committed to the continuous improvement of our internal control over financial reporting and will continue to diligently review our internal control over financial reporting.

(b) Changes in Internal Controls Over Financial Reporting

Other than the remediation efforts described above, there were no changes in our internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We and our subsidiaries are not currently subject to any material legal proceedings, nor, to our knowledge, is any material legal proceeding threatened against us or our subsidiaries. From time to time, we, or our 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. Our business is also subject to extensive regulation, which may result in regulatory proceedings against us.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (the "Annual Report on Form 10-K"), which could materially affect our business, financial condition and/or operating results. The risks described in the Annual Report on Form 10-K are not the only risks we face. Additional risks and uncertainties that are not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results. There have been no material changes from the risk factors set forth in the Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

We did not engage in any sales of unregistered securities or issue any common stock under our DRIP during the three months ended March 31, 2024.

The following table sets forth information regarding repurchases of shares of our common stock three months ended March 31, 2024.

Period	Total Number of Shares Purchased	Average Price per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs (in millions)[(1)]
January 1, 2024 through January 31, 2024	7,394	$ 22.72	7,394	$ 4.1
February 1, 2024 through February 29, 2024	7,415	22.46	7,415	3.9
March 1, 2024 through March 31, 2024	6,058	22.38	6,058	4.9
Total	20,867		20,867	

(1) On March 6, 2023, the Company's Board of Directors authorized a share repurchase program, whereby the Company could repurchase up to an aggregate of $5.0 million of its outstanding shares of common stock in the open market. The repurchase program did not obligate the Company to acquire any specific number of shares, and all repurchases were made in accordance with SEC Rule 10b-18 and accomplished through a Rule 10b5-1 plan, which set certain restrictions on the method, timing, price and volume of share repurchases. On March 11, 2024, the Board authorized the extension of the share repurchase program for an additional year and increased the aggregate available balance to $5.0 million. Unless extended or discontinued by the Board, the repurchase program will terminate on March 31, 2025. The repurchase program may be extended, modified or discontinued at any time for any reason without prior notice.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. 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 of Document
3.1	Articles of Amendment and Restatement[(1)]
3.2	Articles of Amendment[(2)]
3.3	Certificate of Limited Partnership of CapitalSouth Partners Fund II Limited Partnership[(3)]
3.4	Certificate of Limited Partnership of CapitalSouth Fund III, L.P. (f/k/a CapitalSouth Partners SBIC Fund III, L.P.)[(4)]
3.5	Bylaws[(5)]
3.6	Form of Amended and Restated Limited Partnership Agreement of CapitalSouth Partners Fund II Limited Partnership[(6)]
3.7	Form of Amended and Restated Agreement of Limited Partnership of Certificate of Limited Partnership of CapitalSouth Fund III, L.P. (f/k/a CapitalSouth Partners SBIC Fund III, L.P.)[(7)]
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)
101.INS	Inline XBRL Instance Document (filed herewith)
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents (filed herewith)
104	Cover Page Interactive Data File (embedded within the Inline XBRL document) (filed herewith)

(1) Incorporated by reference to Exhibit a.1 to the Company's Pre-Effective Amendment No. 1 to Form N-2, filed on September 9, 2013.
(2) Incorporated by reference to Exhibit 3.1 to the Company's Form 8-K, filed on August 4, 2020.
(3) Incorporated by reference to Exhibit a.2 to the Company's Pre-Effective Amendment No. 2 to Form N-2, filed on September 17, 2013.
(4) Incorporated by reference to Exhibit a.3 to the Company's Pre-Effective Amendment No. 2 to Form N-2, filed on September 17, 2013.
(5) Incorporated by reference to Exhibit b.1 to the Company's Pre-Effective Amendment No. 1 to Form N-2, filed on September 9, 2013.
(6) Incorporated by reference to Exhibit 2.a to the Company's Pre-Effective Amendment No. 5 to Form N-2, filed on September 24, 2013.
(7) Incorporated by reference to Exhibit 2.b to the Company's Pre-Effective Amendment No. 5 to Form N-2, filed on September 24, 2013.

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 thereunto duly authorized.

		Logan Ridge Finance Corporation
Date: May 8, 2024	By	/s/ Ted Goldthorpe Ted Goldthorpe Chief Executive Officer and President *(Principal Executive Officer)*
Date: May 8, 2024	By	/s/ Brandon Satoren Brandon Satoren Chief Financial Officer *(Principal Financial Officer and Principal Accounting Officer)*

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13A-14 OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Ted Goldthorpe, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Logan Ridge Finance Corporation;

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 consolidated 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 officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in the 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, 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 officer 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.

Date: May 8, 2024

/s/ Ted Goldthorpe
Ted Goldthorpe
Chief Executive Officer and President
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13A-14 OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Brandon Satoren, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Logan Ridge Finance Corporation;

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 consolidated 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 officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in the 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, 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 officer 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.

Date: May 8, 2024

/s/ Brandon Satoren
Brandon Satoren
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Ted Goldthorpe, Chief Executive Officer and President, in connection with the Quarterly Report of Logan Ridge Finance Corporation (the “Company”) on Form 10-Q for the quarterly period ended March 31, 2024, as filed with the U.S. Securities and Exchange Commission on the date hereof (the “Quarterly Report”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Quarterly 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 Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 8, 2024

/s/ Ted Goldthorpe
Ted Goldthorpe
Chief Executive Officer and President
(Principal Executive Officer)

Exhibit 32.2

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Brandon Satoren, Chief Financial Officer, in connection with the Quarterly Report of Logan Ridge Finance Corporation (the "Company") on Form 10-Q for the quarterly period ended March 31, 2024, as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Quarterly Report"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Quarterly 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 Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 8, 2024

/s/ Brandon Satoren
Brandon Satoren
Chief Financial Officer
(Principal Financial Officer)