

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 10-K**

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the fiscal year ended December 31, 2022

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 814-00712

**BLACKROCK CAPITAL INVESTMENT CORPORATION**

(Exact Name of Registrant as Specified in Its Charter)

**Delaware**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**50 Hudson Yards New York, NY**  
(Address of Principal Executive Offices)

**20-2725151**  
(I.R.S. Employer  
Identification No.)

**10001**  
(Zip Code)

**212-810-5800**

(Registrant's Telephone Number, Including Area Code)

**40 East 52<sup>nd</sup> Street, New York, NY 10022**

(Former name or former address, if changed since last report)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

| <u>Title of each class</u>      | <u>Trading symbol(s)</u> | <u>Name of each exchange on which registered</u> |
|---------------------------------|--------------------------|--|
| Common Stock, \$0.001 par value | BKCC                     | NASDAQ Global Select Market                      |

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: None

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

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

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

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§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 | <input type="checkbox"/>            | Accelerated filer         | <input type="checkbox"/> |
| Non-Accelerated filer   | <input checked="" type="checkbox"/> | Smaller reporting company | <input type="checkbox"/> |
| Emerging growth company | <input type="checkbox"/>            |                           |                          |

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

Indicate by check mark whether the Registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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

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

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

The aggregate market value of the Registrant's common stock held by non-affiliates of the Registrant at June 30, 2022 (the last business day of the Registrant's most recently completed second quarter) was \$264.3 million based upon the last sales price reported for such date on the NASDAQ Global Select Market. For purposes of this disclosure, shares of common stock beneficially owned by executive officers and directors of the Registrant and members of their families have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily conclusive for other purposes. The Registrant has no non-voting common stock.

There were 72,571,907 shares of the Registrant's common stock outstanding at February 28, 2023.

Documents Incorporated by Reference: Portions of the Registrant's Proxy Statement relating to the Registrant's 2023 Annual Meeting of Stockholders to be filed not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K are incorporated by reference into Part III of this Report.

BLACKROCK CAPITAL INVESTMENT CORPORATION

FORM 10-K

FOR THE YEAR ENDED DECEMBER 31, 2022

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## PART I

### Summary of Risk Factors

*The risk factors described below are a summary of the principal risk factors associated with an investment in us. These are not the only risks we face. You should carefully consider these risk factors, together with the risk factors set forth in Item 1A of this Annual Report on Form 10-K and the other reports and documents filed by us with the Securities and Exchange Commission ("SEC").*

#### Risks related to our business

- Market disruptions and other geopolitical or macroeconomic events could create market volatility that negatively impacts our business, financial condition and earnings.
- Economic recessions or downturns could impair our portfolio companies and harm our operating results.
- We are subject to risks related to inflation.
- Capital markets may experience periods of disruption and instability. Such market conditions may materially and adversely affect debt and equity capital markets in the United States ("U.S.") and abroad, which may have a negative impact on our business and operations.
- Price declines and illiquidity in the corporate debt markets have adversely affected, and may in the future adversely affect, the fair value of our portfolio investments, reducing our net asset value through increased net unrealized depreciation.
- Changes in legal, tax and regulatory regimes could negatively impact our business, financial condition and earnings.
- Changes to U.S. tariff and import/export regulations may have a negative effect on our portfolio companies and, in turn, harm us.
- Uncertainty regarding the impact of the United Kingdom's departure from the European Union could negatively impact our business, financial condition and earnings.
- Rising interest rates or changes in interest rates may adversely affect the value of our portfolio investments which could have an adverse effect on our business, financial condition and results of operations.
- Changes relating to the London Interbank Offer Rate ("LIBOR") calculation process, the phase-out of LIBOR and the use of replacement rates for LIBOR may adversely affect the value of our portfolio securities.
- We may not replicate the historical performance of other investment companies and funds with which our investment professionals have been affiliated.
- We are not managed by BlackRock, but rather one of its subsidiaries and may not replicate the success of that entity or BlackRock.
- Our business model depends upon the development and maintenance of strong referral relationships with other asset managers and investment banking firms.
- The Advisor's liability is limited under the investment management agreement, and we are required to indemnify the Advisor against certain liabilities, which may lead the Advisor to act in a riskier manner on our behalf than it would when acting for its own account.
- We may suffer credit losses.
- In addition to regulatory restrictions that restrict our ability to raise capital, our debt arrangements contain various covenants which, if not complied with, could accelerate repayment of our debt, thereby materially and adversely affecting our liquidity, financial condition and results of operations.
- The disposition of our investments may result in contingent liabilities.
- Substantially all of our assets are subject to security interests under our borrowings and if we default on our obligations, we may suffer adverse consequences, including the lenders foreclosing on our assets.
- Our credit facility matures on April 23, 2025, and our outstanding notes mature on December 9, 2025, and any inability to renew, extend or replace either could adversely impact our liquidity and ability to fund new investments or maintain distributions to our stockholders.
- Incurring additional indebtedness could increase the risk in investing in shares of our common stock.
- The lack of liquidity in our investments may adversely affect our business.
- A substantial portion of our portfolio investments are recorded at fair value as determined using a consistently applied valuation process in accordance with our documented valuation policy that has been reviewed and approved by our Board of Directors and, as a result, there may be uncertainty regarding the value of our portfolio investments.
- Our use of borrowed funds to make investments exposes us to risks typically associated with leverage.
- A portion of our distributions to stockholders may include a return of stockholder capital.
- We may have difficulty paying our required distributions if we recognize income before or without receiving cash representing such income.
- To the extent "original issue discount" or OID and payment-in-kind ("PIK") interest constitute a portion of our income, we will be exposed to typical risks associated with such income being required to be included in taxable and accounting income prior to receipt of cash representing such income.
- Any unrealized losses we experience on our investment portfolio may be an indication of future realized losses, which could reduce our income available for distribution.
- Our Advisor and its affiliates and employees may have certain conflicts of interest.
- Our Management Fee may induce our Advisor to cause us to incur additional leverage.

- Our Incentive Fee structure and the formula for calculating the Incentive Fee may incentivize our Advisor to pursue speculative investments.
- We are dependent upon senior management personnel of the Advisor for our future success, and if the Advisor is unable to retain qualified personnel or if the Advisor loses any member of its senior management team, our ability to achieve our investment objective could be significantly harmed.
- The Advisor can resign on 60 days' notice, and we may not be able to find a suitable replacement within that time, resulting in a disruption in our operations that could adversely affect our financial condition, business and results of operations.
- We may in the future determine to fund a portion of our investments by issuing preferred stock, which would magnify the potential gains or losses and the risks of investing in us in the same manner as our borrowings.
- We may experience fluctuations in our periodic operating results.
- If we fail to maintain our status as a business development company ("BDC"), our business and operating flexibility could be significantly reduced.
- Because we intend to distribute substantially all of our income to our stockholders to maintain regulated investment company ("RIC") status under Subchapter M of the Internal Revenue Code of 1986 (the "Code"), we will continue to need additional capital to finance growth. If additional funds are unavailable or not available on favorable terms, our ability to grow will be impaired.
- The highly competitive market in which we operate may limit our investment opportunities.
- Our Board of Directors may change our investment objective, operating policies and strategies without prior notice or stockholder approval, the effect of which may be adverse.

### **Risks related to our investments**

- Our investments are risky and highly speculative, and we could lose all or part of our investment.
- A trading market or market value of our debt securities may fluctuate.
- We may expose ourselves to risks if we engage in hedging transactions.
- We are subject to credit risk related to investments in our portfolio companies and with our financial institutions and counterparties.
- Because our investments are generally not in publicly traded securities, there will be uncertainty regarding the value of our investments, which could adversely affect the determination of our net asset value.
- We and the Advisor may be a party to legal proceedings in connection with our investments in our portfolio companies.
- We may not be in a position to exercise control over our portfolio companies or to prevent decisions by management of our portfolio companies that could decrease the value of our investments.
- Our portfolio companies may incur debt that ranks equally with, or senior to, our investments in such companies.
- There may be circumstances in which our debt investments could be subordinated to claims of other creditors or we could be subject to lender liability claims.
- Our portfolio companies may be highly leveraged.
- Our portfolio companies may prepay loans, which prepayment may reduce stated yields in the future if capital returned cannot be invested in transactions with equal or greater expected yields.
- Concentration of our assets in an issuer, industry or sector may present more risks than if we were more broadly diversified over numerous issuers, industries and sectors of the economy.
- Our failure to make follow-on investments in our portfolio companies could impair the value of our portfolio.
- Our investments in the software, internet & catalog retail, and IT services sectors are subject to various risks, including intellectual property infringement issues and rapid technological changes, which may adversely affect our performance. Each industry contains certain industry related credit risks.
- Our investments in the financial services sector are subject to various risks including volatility and extensive government regulation.
- Our investments in foreign securities may involve significant risks in addition to the risks inherent in U.S. investments.
- The effect of global climate change may impact the operations of our portfolio companies.
- We may invest in "covenant-lite" loans, which could have limited investor protections.

### **Risks related to our operations as a BDC**

- While our ability to enter into transactions with our affiliates is restricted under the Investment Company Act of 1940 (the "1940 Act"), we have received an exemptive order from the SEC permitting certain affiliated investments subject to certain conditions. As a result, the Advisor may face conflicts of interests and investments made pursuant to the exemptive order conditions could in certain circumstances adversely affect the price paid or received by us or the availability or size of the position purchased or sold by us.
- Regulations governing our operation as a BDC may limit our ability to, and the way in which we raise additional capital, which could have a material adverse impact on our liquidity, financial condition and results of operations and may hinder the Advisor's ability to take advantage of attractive investment opportunities and to achieve our investment objective.
- Changes in the laws or regulations governing our business or the business of our portfolio companies, or changes in the interpretations thereof or newly enacted legislation and regulations, and any failure by us or our portfolio companies to comply with these laws or regulations, could have a material adverse effect on our business, results of operations or financial condition of us or our portfolio companies.

- If we do not invest a sufficient portion of our assets in qualifying assets, we could be precluded from investing in certain assets or could be required to dispose of certain assets, which could have a material adverse effect on our business, financial condition and results of operations.
- We will be subject to corporate-level U.S. federal income tax on all of our income if we are unable to qualify as a RIC under the Code, which could have a material adverse effect on our financial performance.
- There is a risk that you may not receive distributions or that our distributions may not grow over time and a portion of our distributions may be a return of capital.
- If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud. As a result, stockholders could lose confidence in our financial and other public reporting, which would harm our business and the trading price of our common stock.
- We may experience cyber-security incidents and are subject to cyber-security risks.
- The failure in cyber-security systems, as well as the occurrence of events unanticipated in our disaster recovery systems and management continuity planning could impair our ability to conduct business effectively.
- We are dependent on information systems and systems failures could significantly disrupt our business, which may, in turn, negatively affect the market price of our common stock and our ability to pay dividends.

#### **Risks related to our common stock and other securities**

- Our shares of common stock have traded at a discount from net asset value and may do so again in the future, which could limit our ability to raise additional equity capital.
- Investing in our common stock may involve an above average degree of risk.
- The market price of our common stock may fluctuate significantly.
- Stockholders will likely incur dilution if we sell or otherwise issue shares of our common stock or securities to subscribe for or convertible into shares of our common stock at prices below the then current net asset value per share of our common stock.
- Our capital-raising activities may have an adverse effect on the market price of our common stock.
- We may choose to pay dividends in our own stock, in which case you may be required to pay tax in excess of the cash you receive.
- If we issue preferred stock, the net asset value and market value of our common stock may become more volatile.
- We may in the future determine to issue preferred stock, which could adversely affect the market value of our common stock.
- Holders of any preferred stock we might issue would have the right to elect members of our Board of Directors and class voting rights on certain matters.
- Certain provisions of the Delaware General Corporation Law and our certificate of incorporation and bylaws could deter takeover attempts and have an adverse impact on the price of our common stock.
- Your interest in us may be diluted if you do not fully exercise your subscription rights in any rights offering we may conduct. In addition, if the subscription price is less than our net asset value per share, then you will experience an immediate dilution of the aggregate net asset value of your shares.
- Terms relating to redemption may materially adversely affect your return on any debt securities that we may issue.
- Our credit ratings are subject to change and may not reflect all risks of an investment in our debt securities.

#### **Item 1. Business**

##### **General**

*In this annual report in Form 10-K, except as otherwise indicated, the terms:*

*“Company,” “we,” “us,” “our,” “BlackRock Capital” and “Registrant” refer to BlackRock Capital Investment Corporation.*

*The “Advisor” or “BCIA” refers to BlackRock Capital Investment Advisors, LLC, a Delaware limited liability company and the investment manager; and “Administrator” refers to BlackRock Financial Management, Inc., an affiliate of the Advisor and administrator of the Company.*

We were incorporated on April 13, 2005, commenced operations with private funding on July 25, 2005, and completed our initial public offering on July 2, 2007. We are an externally-managed, non-diversified closed-end management investment company. We have elected to be regulated as a business development company (“BDC”) under the Investment Company Act of 1940, as amended (the “1940 Act”). In addition, for tax purposes we intend to continue to qualify as a regulated investment company (“RIC”) under the Internal Revenue Code of 1986 (the “Code”). As a BDC, we are required to comply with certain regulatory requirements. See “Regulation” for discussion of BDC regulation and other regulatory considerations. We are also registered as an investment advisor under the Investment Advisers Act of 1940, which we refer to as the “Advisers Act.”

The Company has elected to be treated as a RIC for U.S. federal income tax purposes. As a RIC, we will not be taxed on our income to the extent that we distribute such income each year and satisfy other applicable income tax requirements.

The Company’s investment objective is to generate both current income and capital appreciation through debt and equity investments. We invest primarily in middle-market companies in the form of senior debt securities and loans, and our investment portfolio may include junior

secured and unsecured debt securities and loans, each of which may include an equity component. Our strategy is to provide capital to meet our clients' current and future needs across this spectrum, creating long-term partnerships with growing middle-market companies.

## **The Advisor**

Our investment activities are managed by the Advisor. Our advisor, a wholly-owned indirect subsidiary of BlackRock, Inc. (together with its subsidiaries, including but not limited to the Advisor, "BlackRock"), is a Delaware limited liability company registered with the Securities and Exchange Commission ("SEC") as an investment advisor under the Advisers Act. BlackRock is a leading publicly traded investment management firm with \$8.6 trillion of assets under management ("AUM") at December 31, 2022. BlackRock has substantial investment and portfolio management experience, which we believe is beneficial to the Company and our stockholders. As part of the BlackRock platform, we continue to seek to enhance the risk-return profile of the Company, strengthen its distribution paying capacity and optimize the valuation for our shareholders.

Our investment activities are carried out by the Advisor, which is led by James E. Keenan, Interim Chief Executive Officer of the Company, and the BlackRock US Private Capital Group's Investment Committee (the "Investment Committee"). The voting members of the Investment Committee of the Company are currently James E. Keenan, Jason A. Mehring, R. Marshall Merriman Jr., Rajneesh Vig, Nik Singhal, and Philip M. Tseng.

## **Market Opportunity**

We believe that current market conditions present opportunities for investment in middle-market companies with attractive risk-adjusted returns for several reasons, including:

*Middle-market companies have faced increased difficulty in accessing the capital markets.* While many middle-market companies were able to raise funds by raising debt in the capital markets in the past, we believe this approach to financing has become more difficult, as transactions have increased in size to address investors' demands for greater liquidity in securities such as high yield bonds. In addition, we believe that many senior lenders have, in recent years, de-emphasized their service and product offerings to middle-market businesses in favor of lending to large corporate clients and managing large, liquid capital markets transactions.

*There is a large pool of uninvested private equity capital likely to seek additional capital to support private investments.* We believe there is a large pool of uninvested private equity capital available to middle-market companies. We expect that private equity firms will be active investors in middle-market companies and that these private equity firms will seek to supplement their equity investments with senior secured and junior loans and equity co-investments from other sources, such as us.

*Middle-market companies are increasingly seeking private sources for debt and equity capital.* We believe that many middle-market companies prefer to execute transactions with private capital providers such as us, rather than execute high-yield bond or equity transactions in the public markets, which may necessitate increased financial and regulatory compliance and reporting obligations.

*Consolidation among commercial banks has reduced the focus on middle-market business.* We believe that many senior lenders have de-emphasized their service and product offerings to middle-market companies in favor of lending to large corporate clients, managing capital markets transactions and providing other non-credit services to their customers.

## **Competitive Advantages**

We believe we possess the following competitive advantages over other capital providers to middle-market companies:

*The BlackRock Platform:* Our investment activities are carried out by the Advisor, a wholly-owned indirect subsidiary of BlackRock. BlackRock is a leading publicly traded investment management firm with \$8.6 trillion of AUM at December 31, 2022. With employees in more than 30 countries, BlackRock provides a broad range of investment and risk management services to institutional and retail clients worldwide. We believe our affiliation with BlackRock provides us with access to one of the deepest, broadest investment platforms in the financial services industry, with strategies across asset classes and investment styles all backed by our industry leading technology and risk management. BlackRock's platform provides our investment professionals with market, company and industry insights that enhances our investment and due diligence processes.

*Acquisition and Integration of Tennenbaum Capital Partners, LLC ("TCP"):* In August 2018, BlackRock completed the acquisition of TCP, a leading investment manager focused on middle market performing credit and special situations credit opportunities. We believe that the acquisition of TCP and integration of its operations has benefited the Company through increased deal flow and added industry-specific expertise, along with providing a more holistic financing solution to our borrowers. As part of the integration, three of TCP's principals joined the Investment Committee as voting members who brought vast experience and expertise in direct lending. Following the integration, our combined platform increased in scale and capabilities, which we believe helped and continues to help to add value for stockholders.

*Demonstrated ability to deploy capital consistent with our investment policies.* Since our inception, we have invested in excess of \$5.7 billion across 324 portfolio companies through December 31, 2022. We have a debt and income producing equity yield at fair value of approximately 12.0% at December 31, 2022. During 2022, we invested approximately \$231.5 million of gross assets.

*Proven transaction sourcing strategy.* Since the inception of operations, we have sourced and reviewed more than 6,700 potential investments and have a proven process through which we have invested in excess of \$5.7 billion through December 31, 2022. The Advisor identifies potential investments through its dynamic transaction origination efforts. The origination efforts include calling on financial institutions such as investment banks, commercial banks, specialty finance companies and private equity firms; as well as on advisory firms, trade associations and the owners and managers of middle-market companies with whom the investment professionals and Investment Committee members have relationships. We expect that our ability to leverage these relationships will continue to result in the referral of investment opportunities to us and provide us with a competitive advantage.

*Highly experienced investment team.* Since April 2018, our investment activities have been carried out by our Advisor, which is led by James E. Keenan, Interim Chief Executive Officer of the Company, and the Investment Committee. The voting members of the Investment Committee of the Company are currently James E. Keenan, Jason A. Mehring, R. Marshall Merriman Jr., Rajneesh Vig, Nik Singhal and Philip M. Tseng. The investment professionals, as well as members of the Investment Committee, have extensive experience in fixed income, public equity and private equity investing, and possess a broad range of transaction, financial, managerial and investment skills.

Our executive officers and directors and the employees of BlackRock and certain of its affiliates, as well as members of the Investment Committee, serve or may serve as investment advisors, officers, directors or principals of entities or investment funds that operate in the same or a related line of business as we do and/or investment funds managed by our affiliates. We note that any affiliated investment vehicle currently formed or formed in the future and managed or to be managed in the future by the Advisor or its affiliates may have overlapping investment objectives with our own and, accordingly, may invest in asset classes similar to those targeted by us. As a result, the Advisor or its affiliates may face conflicts in allocating investment opportunities between us and such other entities. Accordingly, we may not be given the opportunity to participate in certain investments made by investment funds managed by the Advisor or its affiliates. However, the Advisor and its affiliates will endeavor to allocate investment opportunities in a fair and equitable manner and consistent with applicable allocation procedures. In any such case, if the Advisor forms other affiliates in the future, we may co-invest on a concurrent basis with such other affiliates, subject to compliance with applicable regulations and regulatory guidance, as well as applicable allocation procedures. In certain circumstances, negotiated co-investments may be made only if we receive an order from the SEC permitting us to do so. While our ability to enter into transactions with our affiliates is restricted under the 1940 Act, we have received an exemptive order from the SEC permitting certain affiliated investments subject to certain conditions.

*Disciplined investment process with focus on preservation of capital.* In making investment decisions, the Advisor employs a disciplined and selective review process that focuses on, among other things, a thorough analysis of the underlying issuer's business and the performance drivers of that business, as well as an assessment of the legal and economic features of each particular investment.

*Cost-effective and high-quality infrastructure.* We benefit from the existing infrastructure and administrative capabilities of the Administrator. For providing these services, facilities and personnel, we reimburse the Administrator for our allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations under the administration agreement.

## **Operating and Regulatory Tax Structure**

Our investment activities are managed by the Advisor and supervised by our Board of Directors, a majority of whom are independent of us, the Advisor and our affiliates. The Advisor is registered as an investment adviser under the Advisers Act. Under our investment management agreement, we have agreed to pay the Advisor an annual base management fee (the "Management Fee") based on our total assets, as well as an incentive management fee (the "Incentive Fee") based on our performance. The investment management agreement also provides that we will reimburse the Advisor for costs and expenses incurred by the Advisor for administrative or operating services, office space rental, office equipment and utilities allocable to the Advisor under the investment management agreement, as well as any costs and expenses incurred by the Advisor relating to any non-investment advisory, administrative or operating services provided by the Advisor to the Company.

The Company elected to be treated for U.S. federal income tax purposes as a RIC under the Code. As a RIC, the Company generally does not have to pay corporate-level federal income taxes on any net ordinary income or capital gain that we distribute to our stockholders as dividends if we meet certain source-of-income, distribution and asset diversification requirements. The Company has elected to be regulated as a BDC under the 1940 Act. As a BDC we are required to invest at least 70% of our total assets primarily in securities of private and certain public U.S. companies (other than investment companies and certain financial institutions), cash, cash equivalents, U.S. Government securities, and other high-quality debt investments that mature in one year or less and to comply with other regulatory requirements, including limitations on our use of debt. Further, BDCs must maintain an asset coverage ratio (the ratio of total assets less total liabilities other than indebtedness to total indebtedness) of not less than 150% (200% prior to May 2, 2020) in order to incur debt or issue senior securities, meaning generally that for every dollar of debt incurred or senior securities issued, we must have one dollar and fifty cents of assets. Our existing debt arrangements also require that we maintain an asset coverage ratio of not less than 150% (200% prior to May 2, 2020), among other things.

## **Investment Strategy**

Our investment objective is to generate both current income and capital appreciation through our debt and equity investments. We invest primarily in middle-market companies and target investments that we believe provide an attractive risk-adjusted return. The term "middle-market" refers to companies with enterprise value typically between \$100 million and \$1.5 billion. Our targeted investment typically ranges between \$5 million and \$20 million, although the investment sizes may be more or less than the targeted range and the size of our investments

may grow with our capital availability. We generally seek to invest in companies that operate in a broad variety of industries and that generate positive cash flow.

Although most of our new investments are in senior secured loans to primarily U.S. private middle-market companies, our investment portfolio may include junior secured, unsecured and subordinated loans, common and preferred equity, options and warrants, credit derivatives, high-yield bonds, distressed debt and other structured securities. We may from time to time invest up to 30% of our assets opportunistically in other types of investments, including securities of other public companies and foreign securities.

The senior and junior secured loans in which we invest generally have stated terms of three to ten years and the subordinated debt investments we make generally have stated terms of up to ten years, but the expected average life of such senior and junior secured loans and subordinated debt is generally between three and seven years. However, we may invest in securities of any maturity or duration. The debt that we invest in typically is not initially rated by any rating agency, but we believe that if such investments were rated, they would be below investment grade (rated lower than “Baa3” by Moody’s Investors Service, lower than “BBB-” by Fitch Ratings or lower than “BBB-” by Standard & Poor’s). We may invest without limit in debt of any rating, as well as debt that has not been rated by any nationally recognized statistical rating organization.

## **Investment Portfolio**

At December 31, 2022, our investment portfolio of \$570.5 million (at fair value) consisted of 116 portfolio companies and was invested 98% in debt investments, primarily in senior secured debt. In aggregate, our investment portfolio was invested 94% in senior secured loans, 4% in unsecured or subordinated debt securities, 2% in equity investments and less than 1% in senior secured notes. Our average portfolio company investment at amortized cost was approximately \$5.7 million. Our largest portfolio company investment at fair value was approximately \$24.8 million and our five largest portfolio company investments by value comprised approximately 14% of our portfolio at December 31, 2022. For further details on portfolio mix by industry and type, refer to Note 5 of the consolidated financial statements.

## **Investment Process**

The Advisor’s investment process is designed to maximize its strategic advantages: a strong brand name as a specialty lender to the middle-market and diverse in-house expertise and skills. The Advisor seeks out opportunities by conducting a rigorous and disciplined investment process that combines the following characteristics:

### Deal Sourcing

As a leading middle-market corporate debt investment manager with approximately \$22.2 billion in committed capital as of December 31, 2022 (approximately 3% of which consists of the Company’s committed capital), the Advisor is active in new deal financing opportunities in the middle-market segment. However, we believe that the Advisor’s real deal flow advantage comes from the proprietary network of established relationships of its investment professionals and synergies among its professionals and portfolio companies. Members of the Advisor’s Investment Committee for the Company have long-term relationships with deal sources including investment bankers, restructuring professionals, bankruptcy attorneys, senior lenders, high yield bond specialists, research analysts, accountants, fund management teams, the Advisor’s advisory board, senior executive advisors, board members of former clients, former colleagues and other operating professionals to facilitate deal flow. The Investment Committee is currently comprised of six voting members. In total, the Investment Committee consists of approximately 64 members from the Advisor. The number of voting and non-voting members of the Investment Committee is subject to increase or decrease in the sole discretion of the Advisor. All members of the Investment Committee attend investment meetings and are encouraged to participate in discussions. In addition, members of the Investment Committee have relationships with other investors, including insurance companies, bond funds, mezzanine funds, private equity funds, hedge funds and other funds which invest in similar assets. Further, the Advisor regularly calls on both active and recently retired senior executives from the relevant industries to assist with the due diligence of potential investments. Historically, these relationships with retired senior executives have also been a valuable source of transactions and information. The Advisor anticipates that they will continue to provide future opportunities. We believe the Advisor’s strong relationships with its portfolio companies facilitate positive word-of-mouth recommendations to other companies seeking the Advisor’s expertise. The Advisor’s relationships often result in the ability to access investment opportunities earlier than many of its competitors and in some cases on an exclusive basis.

### Due Diligence Process

The foundation of the Advisor’s investment process is intensive investment research and analysis by its experienced staff of investment professionals. The Advisor’s senior professionals have worked together for numerous years and we believe that they have a superior level of credit investing knowledge relative to other credit investors. The Advisor supplements its in-house knowledge with industry experts, including CEO/CFO-level executives, with direct management experience in the industries under consideration. The Advisor prefers these industry experts to consultants because of the practical business advice that comes from having managed businesses. The Advisor rigorously and comprehensively analyzes issuers of securities of interest. The process includes a quantitative and qualitative assessment of the issuer’s business, an evaluation of its management, an analysis of the business strategy and industry trends, and an in-depth examination of the company’s capital structure, financial results and projections. The Advisor’s due diligence process includes:

- an assessment of the outlook for the industry and general macroeconomic trends;
- discussions with issuer management and other industry executives, including the assessment of management/board strengths and weaknesses;
- an analysis of the fundamental asset values and the enterprise value of the issuer;
- review of the issuer's key assets, core competencies, competitive advantages, historical and projected financial statements, capitalization, financial flexibility, debt amortization requirements, and tax, environmental, legal and regulatory contingencies;
- review of the issuer's existing credit documents, including credit agreements, indentures, intercreditor agreements, and security agreements; and
- review of documents governing the issuer, including charter, by-laws, and key contracts.

As a part of its due diligence process, the Advisor considers sustainability-related factors that can affect the future prospects of the issuer. Since sustainable investment options have the potential to offer better outcomes, the Advisor integrates sustainability considerations into the way it manages risk, constructs portfolios, designs products, and engages with companies.

### Structuring Originations

As an early non-bank participant in the leveraged loan market, we believe that loan origination is a core competency of the Advisor. Supplementing industry deal teams' experience and competency, the Advisor has a number of professionals with legal experience, including significant experience in bankruptcy and secured credit. Deal teams work with the Advisor's in-house legal specialists and outside counsel to structure over-collateralized loans with what we believe to be strong creditor protections and contractual controls over borrower operations. In many cases, the Advisor works to obtain contractual governance rights and board observer seats to protect principal and maximize post-investment returns. Deals usually include original issue discounts, upfront fees, exit fees and/or equity participations through warrants or direct equity stakes.

### Trading and Secondary Market Purchases

A key element in maximizing investment returns in secondary purchases is buying and selling investments at the best available prices. The Advisor has a dedicated trading staff for both the highly specialized traded loan market and for high-yield bonds. Through its trading operations, the Advisor maintains its established relationships with a network of broker-dealers in the debt securities markets. These relationships provide the Advisor with access to the trading dynamics of existing or potential investments and assist it in effectively executing transactions. These relationships may also lead to the early identification of potential investment opportunities for the Company.

### Portfolio Management & Monitoring

The Advisor actively monitors the financial performance of its portfolio companies and market developments. This constant monitoring permits the Advisor to update position risk assessments, seek to address potential problems early, refine exit plans, and make follow-on investment decisions quickly. We view active portfolio monitoring as a vital part of our investment process.

We consider board observation and information rights, regular dialogue with company management and sponsors, and detailed internally generated monitoring reports to be critical to our performance. We have developed a monitoring template that seeks to ensure compliance with these standards and that is used as a tool by the Investment Committee to assess investment performance relative to plan.

- Deal teams maintain contact with portfolio company management through regularly scheduled and *ad hoc* conference calls and onsite visits.
- Deal teams review portfolio company progress relative to plan and pre-determined performance benchmarks.
- Adverse or unexpected developments, as well as consequential routine updates, are reported to the Investment Committee and thoroughly discussed at regularly scheduled weekly meetings. If merited, the Investment Committee will hold ad hoc meetings as necessary to address urgent issues.
- Deal teams, with Investment Committee approval, encourage portfolio company managers to catalyze events to monetize holdings for greater return, or where needed, take corrective actions to address shortfalls to plan or benchmarks.
- All existing portfolio holdings are formally reviewed in detail by the entire Investment Committee once per quarter at the Advisor's quarterly portfolio review.

### Investment Committee and Decision Process

The Advisor's investment process is organized around the Investment Committee that provides for a centralized, repeatable decision process. The Investment Committee meets weekly and, with respect to each fund the Advisor advises, certain members of the Investment Committee are voting members. The voting members of the Investment Committee for the Company are currently James E. Keenan, Jason A. Mehring, R. Marshall Merriman, Jr., Rajneesh Vig, Nik Singhal, and Philip M. Tseng. Approval by a simple majority vote of the voting members of the Investment Committee is required for the purchase or sale of any investment. No voting member has veto power. The Advisor's investment process is designed to maximize risk-adjusted returns and preserve downside protection.

## Investment Rating System

The Advisor generally employs a grading system for our entire portfolio. The Advisor grades all loans on a scale of 1 to 4. This system is intended to reflect the performance of the borrower's business, the collateral coverage of the loans and other factors considered relevant. Generally, the Advisor assigns only one loan grade to each portfolio company for all loan investments in that portfolio company; however, the Advisor will assign multiple ratings for different investments in one portfolio company, when appropriate. The following is a description of the conditions associated with each investment rating:

**Grade 1:** Investments in portfolio companies whose performance is substantially within or above the Advisor's original base case expectations and whose risk factors are neutral to favorable to those at the time of the original investment or subsequent restructuring.

**Grade 2:** Investments in portfolio companies whose performance is materially below the Advisor's original base case expectations or risk factors have increased since the time of original investment or subsequent restructuring. No loss of investment return or principal (or invested capital) is expected.

**Grade 3:** Investments in portfolio companies whose performance is materially below the Advisor's original base case expectations or risk factors have increased materially since the time of original investment or subsequent restructuring. Some loss of investment return is expected, but no loss of principal (or invested capital) is expected.

**Grade 4:** Investments in portfolio companies whose performance is materially below the Advisor's original base case expectations or risk factors have increased substantially since the time of original investment or subsequent restructuring. Some loss of principal (or invested capital) is expected.

The Advisor monitors and, when appropriate, changes the investment ratings assigned to each investment in our portfolio. In connection with our valuation process, the Advisor and Board of Directors review these investment ratings on a quarterly basis. Our average investment rating was 1.33 at December 31, 2022 and 1.21 at December 31, 2021. The following is a distribution of the investment ratings of our portfolio companies at December 31, 2022 and 2021:

|                          | December 31,<br>2022  | December 31,<br>2021  |
|--------------------------|-----------------------|-----------------------|
| Grade 1                  | \$ 422,813,958        | \$ 474,466,652        |
| Grade 2                  | 117,689,506           | 49,356,296            |
| Grade 3                  | 9,675,397             | —                     |
| Grade 4                  | 15,936,823            | 22,579,310            |
| Not Rated <sup>(1)</sup> | 4,373,400             | 6,161,736             |
| Total investments        | <u>\$ 570,489,084</u> | <u>\$ 552,563,994</u> |

<sup>(1)</sup> Not Rated category at December 31, 2022 consists primarily of the Company's residual equity investment in Stitch Holdings, L.P. Not Rated category at December 31, 2021 consists primarily of the Company's residual equity investment in Stitch Holdings, L.P. and AGY Equity, LLC. For purposes of calculating our weighted average investment rating, the Not Rated category is excluded.

The investment rating process begins with each portfolio company or investment being initially evaluated by the investment team, led by a senior investment professional that is responsible for the portfolio company relationship. This evaluation generally is completed no less frequently than quarterly. At the Advisor's periodic and timely meetings, the transaction team presents an update on the activities of any company rated below Grade 1. Each quarter, all investment professionals attend a separate investment rating meeting. At these quarterly meetings, the investment team responsible for each portfolio investment reviews each portfolio company and suggests a rating for each investment for discussion among the investment professionals.

## Regulation

We have filed an election to be regulated as a BDC under the 1940 Act. The 1940 Act contains prohibitions and restrictions relating to transactions between BDCs and their affiliates (including any investment advisors or co-advisors), principal underwriters and affiliates of those affiliates or underwriters and requires that a majority of the directors be persons other than "interested persons," as that term is defined in the 1940 Act. In addition, the 1940 Act provides that we may not change the nature of our business so as to cease to be, or to withdraw our election as, a BDC unless approved by "a majority of our outstanding voting securities", which is defined in the 1940 Act as the lesser of a majority of the outstanding voting securities or 67% or more of the securities voting if a quorum of a majority of the outstanding voting securities is present.

We may invest up to 100% of our assets in securities acquired directly from issuers in privately negotiated transactions. With respect to such securities, we may, for the purpose of public resale, be deemed an "underwriter" as that term is defined in the Securities Act of 1933 (the "Securities Act"), or the Securities Exchange Act of 1934. We do not intend to acquire securities issued by any investment company that exceed the limits imposed by the 1940 Act. Under these limits, except for registered money market funds we generally cannot acquire more than 3% of the voting stock of any investment company, invest more than 5% of the value of our total assets in the securities of one investment company or invest more than 10% of the value of our total assets in the securities of more than one investment company. With regard to that portion of our portfolio invested in securities issued by investment companies, it should be noted that such investments might indirectly subject our

stockholders to additional expenses as they will indirectly be responsible for the costs and expenses of such companies. None of our investment policies are fundamental and any may be changed without stockholder approval.

## **Qualifying Assets**

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

- Securities purchased in transactions not involving any public offering from the issuer of such securities, which issuer (subject to certain limited exceptions) is an eligible portfolio company, or from any person who is, or has been during the preceding 13 months, an affiliated person of an eligible portfolio company, or from any other person, subject to such rules as may be prescribed by the SEC. An eligible portfolio company is defined in the 1940 Act as any issuer which:
  - o is organized under the laws of, and has its principal place of business in, the U.S.;
  - o is not an investment company (other than a small business investment company wholly owned by the BDC) or a company that would be an investment company but for certain exclusions under the 1940 Act; and
  - o satisfied either of the following:
    - has a market capitalization of less than \$250.0 million or does not have any class of securities listed on a national securities exchange; or
    - is controlled by a BDC or a group of companies including a BDC, the BDC actually exercises a controlling influence over the management or policies of the eligible portfolio company, and, as a result thereof, the BDC has an affiliated person who is a director of the eligible portfolio company.
- Securities of any eligible portfolio company which we control.
- Securities purchased in a private transaction from a U.S. issuer that is not an investment company or from an affiliated person of the issuer, or in transactions incident thereto, if the issuer is in bankruptcy and subject to reorganization or if the issuer, immediately prior to the purchase of its securities was unable to meet its obligations as they came due without material assistance other than conventional lending or financing arrangements.
- Securities of an eligible portfolio company purchased from any person in a private transaction if there is no ready market for such securities and we already own 60% of the outstanding equity of the eligible portfolio company.
- Securities received in exchange for or distributed on or with respect to securities described above, or pursuant to the exercise of warrants or rights relating to such securities.
- Cash, cash equivalents, U.S. Government securities or high-quality debt securities maturing in one year or less from the time of investment.

## **Asset Coverage Requirement**

Under Section 61(a) of the 1940 Act, prior to March 23, 2018, a BDC was generally not permitted to issue senior securities unless after giving effect thereto the BDC met a coverage ratio of total assets, less liabilities and indebtedness not represented by senior securities, to total senior securities, which includes all borrowings of the BDC, of at least 200%. On March 23, 2018, the Small Business Credit Availability Act ("SBCAA") was signed into law, which among other things, amended Section 61(a) of the 1940 Act to add a new Section 61(a)(2) that reduces the asset coverage requirement applicable to BDCs from 200% to 150% so long as the BDC meets certain disclosure requirements and obtains certain approvals. The reduced asset coverage requirement permits a BDC to have a ratio of total outstanding indebtedness to equity of 2:1 as compared to a maximum of 1:1 under the 200% asset coverage requirement.

In accordance with the 1940 Act, with certain limited exceptions, we were allowed to borrow amounts such that our asset coverage ratio, as defined in the 1940 Act, equaled at least 200% after such borrowing. Effective October 29, 2019, the Company's board of directors, including a "required majority" (as such term is defined in Section 57(o) of the 1940 Act) of our board of directors, approved the application of the modified asset coverage requirements set forth in Section 61(a)(2) of the 1940 Act, as amended by the SBCAA (the "Asset Coverage Ratio Election"), which would have resulted (had the Company not received earlier stockholder approval) in our asset coverage requirement applicable to senior securities being reduced from 200% to 150%, effective on October 29, 2020. Effective on May 2, 2020, after obtaining stockholder approval at the annual meeting of the Company's stockholders held on May 1, 2020, the Company's asset coverage requirement was reduced from 200% to 150%.

## **Managerial Assistance to Portfolio Companies**

A BDC must have been organized and have its principal place of business in the U.S. and must be operated for the purpose of making investments in the types of securities described in "Qualifying assets" above. However, in order to count portfolio securities as qualifying assets for the purpose of the 70% test, the BDC must either control the issuer of the securities or must offer to make available to the issuer of the securities significant managerial assistance. Where the BDC purchases such securities in conjunction with one or more other persons acting together, the BDC will satisfy this test if one of the other persons in the group makes available such managerial assistance, although reliance on other investors may not be the sole method by which the BDC satisfies the requirement to make available managerial assistance. Making available managerial assistance means, among other things, any arrangement whereby the BDC, through its investment manager, directors,

officers or employees, offers to provide, and, if accepted, does so provide, significant guidance and counsel concerning the management, operations or business objectives and policies of a portfolio company.

## Taxation of the Company

We have elected to be taxed as a RIC under Subchapter M of the Code. To continue to qualify as a RIC, we must, among other things, (a) derive in each taxable year at least 90 percent of our gross income from dividends, interest (including tax-exempt interest), payments with respect to certain securities loans, gains from the sale or other disposition of stock, securities or foreign currencies, other income (including but not limited to gain from options, futures and forward contracts) derived with respect to our business of investing in stock, securities or currencies, or net income derived from an interest in a “qualified publicly traded partnership” (a “QPTP”); and (b) diversify our holdings so that, at the end of each quarter of each taxable year (i) at least 50 percent of the market value of our total assets is represented by cash and cash items, U.S. Government securities, the securities of other RICs and other securities, with other securities limited, in respect of any one issuer, to an amount not greater than five percent of the value of our total assets and not more than 10 percent of the outstanding voting securities of such issuer (subject to the exception described below), and (ii) not more than 25 percent of the market value of our total assets is invested in the securities (other than U.S. Government securities and the securities of other regulated investment companies) (A) of any issuer, (B) of any two or more issuers that we control and that are determined to be engaged in the same business or similar or related trades or businesses, or (C) of one or more QPTPs. The Code provides for certain exceptions to the foregoing diversification requirements. We may generate certain income that might not qualify as good income for purposes of the 90% annual gross income requirement described above. We monitor our transactions to endeavor to prevent our disqualification as a RIC.

If we fail to satisfy the 90% annual gross income requirement or the asset diversification requirements discussed above in any taxable year, we may be eligible for relief provisions if the failures are due to reasonable cause and not willful neglect and if a penalty tax is paid with respect to each failure to satisfy the applicable requirements. Additionally, relief is provided for certain de minimis failures of the asset diversification requirements where we correct the failure within a specified period. If the applicable relief provisions are not available or cannot be met, all of our income would be subject to corporate-level U.S. federal income tax as described below. We cannot provide assurance that we would qualify for any such relief should we fail the 90% annual gross income requirement or the asset diversification requirements discussed above.

As a RIC, in any taxable year with respect to which we timely distribute at least 90% of the sum of our (i) investment company taxable income (which includes, among other items, dividends, interest and the excess of any net short-term capital gain over net long-term capital loss and other taxable income (other than any net capital gain), reduced by deductible expenses) determined without regard to the deduction for dividends and distributions paid and (ii) net tax exempt interest income (which is the excess of our gross tax exempt interest income over certain disallowed deductions) (the “Annual Distribution Requirement”), we (but not our stockholders) generally will not be subject to U.S. federal income tax on investment company taxable income and net capital gain (generally, net long-term capital gain in excess of short-term capital loss) that we distribute to our stockholders. We intend to distribute annually all or substantially all of such income on a timely basis. To the extent that we retain our net capital gain for investment or any investment company taxable income, we will be subject to U.S. federal income tax at the regular corporate income tax rates. We may choose to retain our net capital gains for investment or any investment company taxable income, and pay the associated federal corporate income tax, including the federal excise tax described below.

Certain amounts not distributed during a calendar year are subject to a nondeductible four percent U.S. federal excise tax payable by us. To avoid this tax, we would need to distribute (or be deemed to have distributed) during each calendar year an amount equal to the sum of:

- (1) at least 98 percent of our ordinary income (not taking into account any capital gains or losses) for the calendar year;
- (2) at least 98.2 percent of the amount by which our capital gains exceed our capital losses (adjusted for certain ordinary losses) for a one-year period generally ending on October 31 of the calendar year (unless an election is made by us to use our taxable year); and
- (3) certain undistributed amounts from previous years on which we paid no U.S. federal income tax.

While we intend to distribute any income and capital gains in the manner necessary to minimize imposition of the four percent federal excise tax, sufficient amounts of our taxable income and capital gains may not be distributed to avoid entirely the imposition of the tax. In that event, we will be liable for the tax only on the amount by which we do not meet the foregoing distribution requirement.

If, in any particular taxable year, we do not satisfy the Annual Distribution Requirement or otherwise were to fail to qualify as a RIC (for example, because we fail the 90% annual gross income requirement described above), and relief is not available as discussed above, all of our taxable income (including our net capital gains) will be subject to tax at regular corporate rates without any deduction for distributions to stockholders, and distributions generally will be taxable to the stockholders as ordinary dividends to the extent of our current and accumulated earnings and profits.

We may decide to be taxed as a regular corporation even if we would otherwise qualify as a RIC if we determine that treatment as a corporation for a particular year would be in our best interests.

As a RIC, we are permitted to carry forward a net capital loss to offset capital gain indefinitely. For net capital losses, the excess of our net short-term capital loss over our net long-term capital gain is treated as a short-term capital loss arising on the first day of our next taxable year and the excess of our net long-term capital loss over our net short-term capital gain is treated as a long-term capital loss arising on the first day of our next taxable year. If future capital gain is offset by carried forward capital losses, such future capital gain is not subject to fund-level U.S. federal income tax, regardless of whether they are distributed to stockholders. Accordingly, we do not expect to distribute any such offsetting capital gain. A RIC cannot carry back or carry forward any net operating losses.

## **Investment Structure**

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

### Leveraged Loans

We structure most of our new investments as secured leveraged loans. Leveraged loans are generally senior debt instruments that rank ahead of subordinated debt of the portfolio company. Leveraged loans generally have the benefit of security interests on the assets of the portfolio company, which may rank ahead of, or be junior to, other security interests.

### High-Yield Securities

The Company's portfolio currently includes high-yield securities and the Company may invest in high-yield securities in the future. The Company does not anticipate high-yield securities to be a significant part of its investment strategy. High-yield securities have historically experienced greater default rates than has been the case for investment grade securities and are generally rated below investment grade by one or more nationally recognized statistical rating organizations or will be unrated but of comparable credit quality to obligations rated below investment grade, and have greater credit and liquidity risk than more highly rated obligations. High-yield securities are generally unsecured and may be subordinate to other obligations of the obligor and are often issued in connection with leveraged acquisitions or recapitalizations in which the issuers incur a substantially higher amount of indebtedness than the level at which they had previously operated. The Company's portfolio may also include mezzanine investments which are generally unsecured and rated below investment grade. Mezzanine investments of the type in which the Company invests in are primarily privately negotiated subordinated debt securities often issued in connection with leveraged transactions, such as management buyouts, acquisitions, re-financings, recapitalizations and later stage growth capital financings, and are generally accompanied by related equity participation features such as options, warrants, preferred and common stock. In some cases, our debt investments may provide for a portion of the interest payable to be paid in kind interest. To the extent interest is paid in kind, it will be payable through the increase of the principal amount of the obligation by the amount of interest due on the then-outstanding aggregate principal amount of such obligation.

### Warrants, Options and Equity Investments

In some cases, we will also receive nominally priced warrants or options to buy a minority equity interest in the portfolio company in connection with a loan. As a result, if a portfolio company appreciates in value, we may achieve additional investment return from this equity interest. We may structure such warrants to include provisions protecting our rights as a minority-interest holder, as well as a "put," or right to sell such securities back to the issuer, upon the occurrence of specified events. In many cases, we may also seek to obtain registration rights in connection with these equity interests, which may include demand and "piggyback" registration rights. Additionally, our portfolio may consist of preferred and common equity investments, which are typically made in conjunction with loans to portfolio companies in some cases. We may also receive equity as part of a restructuring.

### Distressed Debt

The Company's portfolio currently includes certain distressed debt investments and the Company is authorized to continue to invest in the securities and other obligations of distressed and bankrupt issuers, including debt obligations that are in covenant or payment default. As of December 31, 2022, two of the Company's debt investments and one preferred stock investment were on non-accrual status. The Company does not anticipate distressed debt to be a significant part of its investment strategy. Such investments generally trade significantly below par and are considered speculative. The repayment of defaulted obligations is subject to significant uncertainties. Defaulted obligations might be repaid only after lengthy workout or bankruptcy proceedings, during which the issuer might not make any interest or other payments. Typically such workout or bankruptcy proceedings result in only partial recovery of cash payments or an exchange of the defaulted obligation for other debt or equity securities of the issuer or its affiliates, which may in turn be illiquid or speculative.

### Opportunistic Investments

Opportunistic investments may include, but are not limited to, investments in debt securities of all kinds and at all levels of the capital structure and may include equity securities of public companies that are thinly traded, emerging market debt, structured finance vehicles such as collateralized loan obligation, or CLO, funds and debt of middle-market companies located outside the U.S. We do not intend such investments to be our primary focus.

We tailor the terms of each investment to the facts and circumstances of the transaction and the prospective portfolio company, negotiating a structure that protects our rights and manages our risk while creating incentives for the portfolio company to achieve its business plan and improve its operating results. We seek to limit the downside potential of our investments by:

- requiring a total return on our investments (including both interest and potential equity appreciation) that we believe will compensate us appropriately for credit risk;

- negotiating covenants in connection with our investments that afford our portfolio companies as much flexibility in managing their businesses as possible, consistent with the preservation of our capital. Such restrictions may include affirmative and negative covenants, default penalties, lien protection, change of control provisions and board rights, including either observation or rights to a seat on the board of directors under some circumstances; and
- selecting investments that we believe have a very low probability of loss.

We expect to hold most of our investments to maturity or repayment, but we may sell some of our investments earlier if a liquidity event occurs, such as a sale, recapitalization or worsening of the credit quality of the portfolio company.

## **Competition**

A number of entities compete with us to make the types of investments that we make. We compete with other BDCs, public and private funds, commercial and investment banks, CLO funds, commercial financing companies, insurance companies, high yield investors and, to the extent they provide an alternative form of financing, private equity funds. Additionally, because competition for investment opportunities generally has increased among alternative investment vehicles, such as hedge funds, those entities have begun to invest in areas they have not traditionally invested in, including investments in middle-market companies. As a result of these new entrants, competition for investment opportunities at middle-market companies has intensified. Many of our existing and potential competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, some competitors may have a lower cost of funds and access to funding sources that are not available to us. In addition, some competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than us. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us as a BDC or the restrictions that the Code imposes on us as a RIC.

## **Investment Management Agreement**

At a special meeting of the Company's stockholders, held on February 18, 2015, the Company's stockholders approved a new investment management agreement between the Company and BlackRock Advisors, LLC ("BlackRock Advisors") to permit BlackRock Advisors to serve as the Company's investment adviser following the completion of the sale of certain assets related to managing the Company from the Previous Advisor, 52<sup>nd</sup> Street Capital Advisors LLC, formerly BlackRock Kelso Capital Advisors LLC. BlackRock Advisors is a wholly owned indirect subsidiary of BlackRock. The Transaction was completed on March 6, 2015 and, pursuant to the BlackRock Advisors Management Agreement, dated as of March 6, 2015, BlackRock Advisors began managing the Company's investment activities. Prior to the consummation of the Transaction, the Company had entered into an investment management agreement with 52<sup>nd</sup> Street Capital Advisors LLC, the Company's previous adviser.

On January 16, 2018, BlackRock Advisors assigned the BlackRock Advisors Management Agreement, dated March 6, 2015, to a wholly owned subsidiary, BCIA, the Advisor, pursuant to Rule 2a-6 of the 1940 Act and the Company entered into a new investment management agreement with BCIA (the "Previous Management Agreement").

At the annual meeting of the Company's stockholders, held on May 1, 2020, the Company's stockholders approved, among other matters, a proposal to allow the Company to increase leverage by approving the application to the Company of a minimum asset coverage ratio of 150%, pursuant to Section 61(a)(2) of the Investment Company Act of 1940, to become effective on May 2, 2020. Effective at the same time, the Company and BCIA, the Advisor, amended and restated its previous investment management agreement to reduce the Management Fee and Incentive Fees as follows: (i) the Management Fee was reduced from 1.75% of total assets to 1.50% on total assets up to 200% of net asset value and 1.0% on total assets that exceed 200% of net asset value; (ii) the Incentive Fee based on net investment income was reduced from 20% over a 7% hurdle to 17.5% over a 7% hurdle; and (iii) the Incentive Fee based on net capital gains was reduced from 20% to 17.5% (the "Current Management Agreement").

The Current Management Agreement will be in effect from year-to-year if approved annually by the Board of Directors or by the affirmative vote of the holders of a majority of outstanding voting securities, including, in either case, approval by a majority of the directors who are not interested persons. The Company's Board of Directors approved the continuation of the Current Management Agreement on October 28, 2022.

## ***Management Fee***

Under the Current Management Agreement, the Advisor, subject to the overall supervision of the Board, manages the day-to-day operations and provides the Company with investment advisory services. For providing these services, effective May 2, 2020, the Advisor receives a Management Fee at an annual rate of 1.50% of total assets up to 200% of net asset value (excluding cash and cash equivalents), including any assets acquired with the proceeds of leverage, payable quarterly in arrears based on the asset valuation as of the end of the prior quarter. Additionally, the Management Fee is calculated at 1.00% on assets that exceed 200% of net asset value of the Company. The Management Fee for any partial quarter is prorated.

For the years ended December 31, 2022, 2021 and 2020, the Company incurred \$8,311,686, \$7,784,188 and \$10,799,832, respectively, in Management Fees.

## ***Incentive Fees***

### ***(i) Quarterly Incentive Fee Based on Income***

The Current Management Agreement provides that the Advisor or its affiliates may be entitled to an Incentive Fee under certain circumstances. The Incentive Fee has two parts. The first portion is based on income other than capital gains and is calculated separately for each calendar quarter and will be paid on a quarterly basis. Effective May 2, 2020, the Incentive Fee based on income is calculated as follows:

- No Incentive Fee based on income other than capital gains for any calendar quarter in which the Pre-Incentive Fee Net Investment Income does not exceed 1.75% (7.00% annualized) of net assets attributable to common stock at the beginning of such quarter.
- 100% of the Pre-Incentive Fee Net Investment Income in any calendar quarter with respect to that portion of such Pre-Incentive Fee Net Investment Income, if any, for such calendar quarter, that exceeds 1.75% (7.00% annualized) of net assets attributable to common stock at the beginning of such quarter but is less than approximately 2.12% (8.48% annualized).
- 17.5% of the Pre-Incentive Fee Net Investment Income, if any, for any calendar quarter that exceeds approximately 2.12% (8.48% annualized) of net assets attributable to common stock at the beginning of such quarter.

Prior to May 2, 2020 (and since March 6, 2017), the Incentive Fee based on income was calculated as follows:

- No Incentive Fee based on income other than capital gains for any calendar quarter in which the Pre-Incentive Fee Net Investment Income does not exceed 1.75% (7.00% annualized) of net assets attributable to common stock at the beginning of such quarter.
- 100% of the Pre-Incentive Fee Net Investment Income in any calendar quarter with respect to that portion of such Pre-Incentive Fee Net Investment Income, if any, for such calendar quarter, that exceeds 1.75% (7.00% annualized) of net assets attributable to common stock at the beginning of such quarter but is less than approximately 2.19% (8.75% annualized).
- 20% of the Pre-Incentive Fee Net Investment Income, if any, for any calendar quarter that exceeds approximately 2.19% (8.75% annualized) of net assets attributable to common stock at the beginning of such quarter.

The calculations described above will be appropriately prorated for any period of less than a quarter and adjusted for the net proceeds from any common stock issuances and the cost of any common stock repurchases during such quarter.

The payment of any such Incentive Fee based on income otherwise earned by our Advisor will be deferred if, for the most recent four full calendar quarter period ending on or prior to the date such payment is to be made, the Annualized Rate of Return is less than 7.0% of net assets attributable to common stock at the beginning of such four quarter period as adjusted for the net proceeds from any common stock issuances and the cost of any common stock repurchases during such four full calendar quarter period, with any deferred Incentive Fees to be carried over for payment in subsequent quarterly calculation periods to the extent such payment can then be made in accordance with the investment management agreement.

For purposes of calculating the Incentive Fee, (i) “Annualized Rate of Return” is computed by reference to the sum of (i) the aggregate distributions to common stockholders for the period in question and (ii) the change in net assets attributable to common stock (before taking into account any Incentive Fees otherwise payable during such period); (ii) “net assets attributable to common stock” means total assets less indebtedness and preferred stock; and (iii) “Pre-Incentive Fee Net Investment Income” means net investment income (as determined in accordance with U.S. generally accepted accounting principles (“GAAP”)) accrued by the Company during the calendar quarter excluding any accruals for or payments in respect of the Incentive Fee.

For the years ended December 31, 2022, 2021 and 2020, the Company incurred \$3,422,362, \$249,385 and \$6,304,333, respectively, in Incentive Fees based on income. For the year ended December 31, 2021, the Advisor voluntarily waived Incentive Fees on income of \$79,383, resulting in net Incentive Fees on income of \$170,002. For the year ended December 31, 2020, the Advisor waived Incentive Fees on income of \$6,304,333, resulting in no net Incentive Fees on income for the period. As of December 31, 2022 and 2021, there was \$3,403,349 and \$170,002, respectively, of Incentive Fees payable based on income. The payment of Incentive Fee based on income of \$3,403,349 at December 31, 2022 was deferred pursuant to the Incentive Fee deferral provision discussed above.

### ***(ii) Annual Incentive Fee Based on Capital Gains***

The second portion of the Incentive Fee is based on capital gains and is calculated separately for each Annual Period. Effective May 2, 2020, our Advisor is entitled to receive an Incentive Fee based on capital gains for each Annual Period in an amount equal to 17.5% of the amount by which (1) net realized capital gains during the period, if any, exceeds (2) gross unrealized capital depreciation, if any, during the period. In calculating the portion of the Incentive Fee based on capital gains payable for any period, investments are accounted for on a security-by-security basis. In addition, the portion of the Incentive Fee based on capital gains is determined using the “period-to-period” method pursuant to which the portion of the Incentive Fee based on capital gains for any period will be based on realized capital gains for the period reduced by realized capital losses for the period and unrealized capital depreciation for the period. Prior to May 2, 2020 (and since March 6, 2017), the Incentive Fee on capital gains was calculated at an annual rate of 20%.

The Company is required under GAAP to accrue an Incentive Fee on capital gains on a hypothetical liquidation basis, based upon net realized capital gains and unrealized capital appreciation and depreciation on investments held at the end of each period. The accrued Incentive Fee on capital gains assumes all unrealized capital appreciation and depreciation is realized in order to reflect an Incentive Fee on capital gains (if any) that would be payable at each measurement date, even though unrealized capital appreciation is not permitted to be considered in

determining the Incentive Fee on capital gains actually payable for each Annual Period under the Current Management Agreement. If such amount is positive at the end of the period, an Incentive Fee on capital gains is accrued equal to 17.5% of such amount, for periods ended after May 2, 2020 (or 20%, for periods ended prior to May 2, 2020), less the amount of any Incentive Fees on capital gains already accrued during the Annual Period. If the resulting calculation amount is negative, the accrual for GAAP in a given period may result in the reduction or reversal of Incentive Fee expense on capital gains previously accrued during the Annual Period.

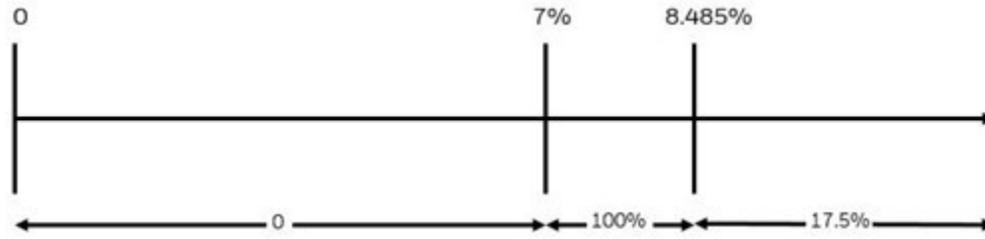
Incentive Fees on capital gains accrued (reversed) on a liquidation basis under GAAP for the years ended December 31, 2022, 2021 and 2020 were \$(1,544,569), \$1,544,569 and zero, respectively. As of December 31, 2022 and 2021, the balance of accrued Incentive Fees on capital gains was zero and \$1,544,569, respectively. However, as of December 31, 2021, no Incentive Fees on capital gains were realized and payable to the Advisor as of such date. There can be no assurance that unrealized capital appreciation and depreciation will be realized in the future, or that any accrued capital gains Incentive Fee will become payable under the Current Management Agreement. Incentive Fee amounts on capital gains actually paid by the Company will specifically exclude consideration of unrealized capital appreciation, consistent with requirements under the Advisers Act and the Current Management Agreement.

For purposes of calculating the Incentive Fee based on capital gains, “Annual Period” means the period beginning on July 1 of each calendar year, including the calendar year prior to the year in which the investment management agreement became effective, and ending on June 30 of the next calendar year. Capital gains and losses are calculated using the difference between proceeds received and either (i) fair market value at the beginning of the Annual Period or (ii) cost for investments acquired during the Annual Period. In calculating whether the portion of the Incentive Fee based on capital gains is payable with respect to any period, the Company accounts for assets on a security-by-security basis. In addition, the Company uses the “period-to-period” method pursuant to which the portion of the Incentive Fee based on capital gains for any period is based on realized capital gains for the period reduced by realized capital losses and gross unrealized capital depreciation for the period. Based on current interpretations of Section 205(b)(3) of the Investment Advisers Act of 1940 by the SEC and its staff, the calculation of unrealized depreciation for each portfolio security over a period is based on the fair value of the security at the end of the period compared to the fair value at the beginning of the period. Incentive Fees earned in any of the periods described above are not subject to modification or repayment based upon performance in a subsequent period.

The following is a graphical representation of the calculation of the portion of the Incentive Fee based on income under the Current Management Agreement (since May 2, 2020).

## Annualized Quarterly Incentive Fee Based on Income

Pre-Incentive Fee Net Investment Income  
(expressed as a percentage of the value of net assets)



Percentage of Pre-Incentive Fee Net Investment Income comprising Incentive Fee

### Examples of Incentive Fees Calculation

#### Example 1: Incentive Fee Based on Income<sup>(1)</sup>

##### Formula

The formula for the portion of the Incentive Fee based on income for any quarter can be expressed as follows:

*Incentive Fee with respect to Pre-Incentive Fee Net Investment Income* —

- When the Pre-Incentive Fee Net Investment Income for such quarter exceeds 1.75%<sup>(2)</sup> but does not exceed 2.12% = 100% x (Pre-Incentive Fee Net Investment Income – 1.75%)
- When the Pre-Incentive Fee Net Investment Income for such quarter exceeds 2.12% = 100% x (2.12% – 1.75%) + 17.5% x (Pre-Incentive Fee Net Investment Income – 2.12%)

Notwithstanding the foregoing, if the Annualized Rate of Return for the most recent four full calendar quarter period ending on or prior to the date such payment is to be made payment is less than 7.0% of the BDC's net assets attributable to common stock at the beginning of such four quarter period, adjusted for the net proceeds from any common stock issuances and the cost of any common stock repurchases during the period, the payment of such Incentive Fee will be deferred until the earliest quarter such four full calendar quarter Annualized Rate of Return requirement is satisfied. "Annualized Rate of Return" in this context is computed by reference to the sum of (i) the aggregate distributions the BDC's common stockholders during the period and (ii) the change in the BDC's net asset value attributable to common stock prior to calculation of any income or capital gain Incentive Fees during the period and does not take into account changes in the market price of the BDC's common stock.

##### Assumptions

- Management fee<sup>(3)</sup> = 0.375%
- Other expenses (legal, accounting, custodian, transfer agent, etc.)<sup>(4)</sup> = 0.0625%
- After accounting for the distribution of income during each period, there is no change in the Company's net assets

- 
- (1) The hypothetical amount of Pre-Incentive Fee Net Investment Income shown is based on a percentage of net assets attributable to common stock (defined as total assets less indebtedness and preferred stock). The example assumes that during the most recent four full calendar quarter period ending on or prior to the date the payment set forth in the example is to be made, the sum of (a) the BDC's aggregate distributions to stockholders and (b) the BDC's change in net assets attributable to common stock (defined as total assets less indebtedness and preferred stock) before taking into account any Incentive Fees accrued during the period, is at least 7.0% of the BDC's net assets attributable to common stock (defined as total assets less indebtedness and preferred stock) at the beginning of such four quarter period (as adjusted for the net proceeds from any common stock issuances and the cost of any common stock repurchases during such four full calendar period). See Alternative 4 for an example of a failure to satisfy this assumption and Alternative 5 for an example of subsequent satisfaction of this assumption.
  - (2) Represents quarterly percentage of the value of net assets attributable to common stock at the beginning of the quarter, adjusted for the net proceeds from any common stock issuances and the cost of any common stock repurchases during the quarter.
  - (3) Represents quarterly portion of an annual base management fee of 1.5% of the value of total assets.
  - (4) Expressed as a percentage of the value of net assets attributable to common stock at the beginning of the quarter, adjusted for the net proceeds from any common stock issuances and the cost of any common stock repurchases during the period.

## Alternative 1

### Additional Assumptions

- Investment Income (including interest, dividends, fees, etc.) = 1.25%
- Pre-Incentive Fee Net Investment Income  
= (investment income - (management fee + other expenses))  
= (1.25% - (0.375% + 0.0625%))  
= 0.8125%

### Conclusion

Pre-Incentive Fee Net Investment Income does not exceed the Hurdle rate, therefore there is no Incentive Fee based on income.

## Alternative 2

### Additional Assumptions

- Investment Income (including interest, dividends, fees, etc.) = 2.40%
- Pre-Incentive Fee Net Investment Income  
= (investment income - (management fee + other expenses))  
= (2.40% - (0.375% + 0.0625%))  
= 1.9625%

### Determination of Incentive Fee

Pre-Incentive Fee Net Investment Income for the quarter exceeds the Hurdle rate, therefore there is an Incentive Fee payable with respect to net income for the quarter.

- Incentive Fee Based on Income  
= 100% x the lesser of (2.12% - 1.75%) **AND** (Pre-Incentive Fee Net Investment Income - 1.75%) + the greater of 0% and 17.5% x (Pre-Incentive Fee Net Investment Income - 2.12%)  
= 100% x (1.9625% - 1.75%) + 0%  
= 100% x 0.2125%  
= 0.2125%

## Alternative 3

### Additional Assumptions

- Investment Income (including interest, dividends, fees, etc.) = 3.50%
- Pre-Incentive Fee Net Investment Income  
= (investment income - (management fee + other expenses))  
= (3.50% - (0.375% + 0.0625%))  
= 3.0625%

### Determination of Incentive Fee

Pre-Incentive Fee Net Investment Income for the quarter exceeds the Hurdle rate, therefore there is an Incentive Fee payable with respect to net income for the quarter.

- Income Based Incentive Fee  
= 100% x the lesser of (2.12% - 1.75%) **AND** (Pre-Incentive Fee Net Investment Income - 1.75%) + the greater of 0% **AND** 17.5% x (Pre-Incentive Fee Net Investment Income - 2.12%)  
= 100% x (2.12% - 1.75%) + 17.5% x (3.0625% - 2.12%)  
= 0.37% + (17.5% x 0.9425%)  
= 0.37% + 0.165%

= 0.535%

#### Alternative 4

##### *Additional Assumptions*

###### During most recently completed quarter (Q4):

- Investment Income = 3.50%
- Pre-Incentive Fee Net Investment Income  
= (investment income – (management fee + other expenses))  
= (3.50% - (0.375% + 0.0625%))  
= 3.0625%

###### During four quarter period ending with most recently completed quarter:

- Q1 Pre-Incentive Fee Net Investment Income = 1.00%
- Q2 Pre-Incentive Fee Net Investment Income = 1.00%
- Q3 Pre-Incentive Fee Net Investment Income = 1.50%
- All Pre-Incentive Fee Net Investment Income is distributed during the period.
- After accounting for the distribution of the net investment income during the period, there is no change in the BDC's net assets during the period.

##### *Determination of Incentive Fee*

###### During most recently completed quarter:

Pre-Incentive Fee Net Investment Income for the quarter exceeds the Hurdle rate, therefore there is an Incentive Fee based on income payable for the quarter.

- Incentive Fee Based on Income  
= 100% x the lesser of (2.12% – 1.75%) **AND** (Pre-Incentive Fee Net Investment Income – 1.75%) + the greater of 0% **AND** 17.5%  
x (Pre-Incentive Fee Net Investment Income – 2.12%)  
= 100% x (2.12% – 1.75%) + 17.5% x (3.0625% – 2.12%)  
= 0.37% + 0.165%  
= 0.535%

###### During four quarter period ending with most recently completed quarter:

- Annualized Rate of Return<sup>(5)</sup>  
= (Q1 Pre-Incentive Fee Net Investment Income + Q2 Pre-Incentive Fee Net Investment Income + Q3 Pre-Incentive Fee Net Investment Income + Q4 Pre-Incentive Fee Net Investment Income) + (BDC's change in net assets attributable to common stock)  
= (1.00% + 1.00% + 1.50% + 3.0625%) + (0)  
= 6.5625%

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(5) Annualized Rate of Return is measured before any calculation of Incentive Fees for income or capital gains.

##### *Conclusion*

Although an Incentive Fee is payable for such quarter, because the Annualized Rate of Return over the four quarter period is less than 7.00%, the payment is deferred until the first quarter for which the Annualized Rate of Return over the four quarter period including such subsequent quarter equals or exceeds 7.00%.

## Alternative 5

### *Additional Assumptions*

#### During most recently completed quarter (Q4):

- Investment Income = 4.00%
- Pre-Incentive Fee Net Investment Income  
= (investment income – (management fee + other expenses))  
= (4.00% - (0.375% + 0.0625%))  
= 3.5625%

#### During four quarter period ending with most recently completed quarter:

- Q1 Pre-Incentive Fee Net Investment Income = 1.00%
- Q2 Pre-Incentive Fee Net Investment Income = 1.50%
- Q3 Pre-Incentive Fee Net Investment Income = 3.00%
- All Pre-Incentive Fee Net Investment Income is distributed during the period.
- After accounting for the distribution of the Pre-Incentive Fee Net Investment Income during the period, there is no change in the BDC's net assets attributable to common stock during the period.
- Deferred income based Incentive Fee during the period = 0.60%

### *Determination of Incentive Fee*

#### During most recently completed quarter:

Pre-Incentive Fee Net Investment Income for the quarter exceeds the Hurdle rate, therefore there is an Incentive Fee based on income payable for the quarter.

- Incentive Fee Based on Income  
= 100% x the lesser of (2.12% – 1.75%) **AND** (Pre-Incentive Fee Net Investment Income – 1.75%) + the greater of 0% **AND** 17.5%  
x (Pre-Incentive Fee Net Investment Income – 2.12%)  
= 100% x (2.12% – 1.75%) + 17.5% x (3.5625% – 2.12%)  
= 0.37% + 0.2524%  
= 0.6224%

#### During four quarter period ending with most recently completed quarter:

- Annualized Rate of Return<sup>(6)</sup>  
= (Q1 Pre-Incentive Fee Net Investment Income + Q2 Pre-Incentive Fee Net Investment Income + Q3 Pre-Incentive Fee Net Investment Income + Q4 Pre-Incentive Fee Net Investment Income) + (BDC's change in net assets attributable to common stock)  
= (1.00% + 1.50% + 3.00% + 3.50%) + (0)  
= 9.00%

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(6) Annualized rate of return is measured before any calculation of Incentive Fees for income or capital gains.

### *Conclusion*

Both the current quarter income based Incentive Fee of 0.62% and the earlier deferred income based Incentive Fee of 0.60% are paid.

## **Example 2: Incentive Fee Based on Capital Gains**

### *Formula*

The formula for the capital gains portion of the Incentive Fee for each July 1 through June 30 "Annual Period" can be expressed as follows:

Incentive Fee with respect to capital gains = 17.5% x (net realized capital gains to the extent in excess of gross unrealized capital depreciation)

## Alternative 1

### *Assumptions*

- Year 1: \$20.0 million investment made in Company A (“Investment A”), and \$30.0 million investment made in Company B (“Investment B”)
- Year 2: Investment A is sold for \$50.0 million and fair value of Investment B determined to be \$32.0 million
- Year 3: fair value of Investment B determined to be \$25.0 million
- Year 4: Investment B sold for \$31.0 million

### *Determination of Incentive Fee*

The capital gains portion of the Incentive Fee, if any, would be:

- Year 1: None (No sales transactions)
- Year 2: \$5.25 million (17.5% multiplied by \$30.0 million realized capital gains on sale of Investment A)
- Year 3: None
- Year 4: \$1.05 million (17.5% multiplied by \$6.0 million realized capital gains on sale of Investment B)

## Alternative 2

### *Assumptions*

- Year 1: \$20.0 million investment made in Company A (“Investment A”), \$30.0 million investment made in Company B (“Investment B”) and \$25.0 million investment made in Company C (“Investment C”)
- Year 2: Investment A sold for \$50.0 million, fair value of Investment B determined to be \$25.0 million and fair value of Investment C determined to be \$25.0 million
- Year 3: fair value of Investment B determined to be \$27.0 million and Investment C sold for \$30.0 million
- Year 4: fair value of Investment B determined to be \$35.0 million
- Year 5: Investment B sold for \$20.0 million

### *Determination of Incentive Fee*

The capital gains portion of the Incentive Fee, if any, would be:

- Year 1: None (No sales transactions)
- Year 2: \$4.375 million (17.5% multiplied by \$25.0 million (\$30.0 million realized capital gains on Investment A less \$5.0 million unrealized capital depreciation on Investment B))
- Year 3: \$0.875 million (17.5% multiplied by \$5.0 million realized capital gains on Investment C)
- Year 4: None (No sales transactions)
- Year 5: None

## Payment of our expenses

All investment professionals and staff of the Advisor, when and to the extent engaged in providing investment advisory and management services, and the compensation and routine overhead expenses of such personnel allocable to such services (including health insurance, 401(k) plan benefits, payroll taxes and other compensation related matters), are provided and paid for by the Advisor. We bear all other costs and expenses of our operations and transactions, including those relating to:

- our organization;
- calculating our net asset value and net asset value per share (including the cost and expenses of any independent valuation firm);
- expenses, including travel expense, incurred by the Advisor or payable to third parties in performing due diligence on prospective portfolio companies, monitoring our investments and, if necessary, enforcing our rights;
- interest payable on debt, if any, incurred to finance our investments;
- the costs of all future offerings of common stock and other securities, if any;
- the base management fee and any incentive compensation;
- distributions on our shares;
- administration fees payable under our administration agreement;

- transfer agent and custody fees and expenses;
- the allocated costs incurred by our Administrator in providing managerial assistance to those portfolio companies that request it;
- amounts payable to third parties relating to, or associated with, evaluating, making and disposing of investments;
- brokerage fees and commissions;
- registration fees;
- listing fees;
- taxes;
- director fees and expenses;
- costs of preparing and filing reports or other documents with the SEC;
- the costs of any reports, proxy statements or other notices to our stockholders, including printing costs;
- costs of holding stockholder meetings;
- our fidelity bond;
- directors and officers/errors and omissions liability insurance, and any other insurance premiums;
- litigation, indemnification and other non-recurring or extraordinary expenses;
- direct costs and expenses of administration and operation, including audit and legal costs;
- dues, fees and charges of any trade association of which we are a member; and
- all other expenses reasonably incurred by us or the Administrator in connection with administering our business, such as the allocable portion of overhead under our administration agreement, including rent and other allocable portions of the cost of certain of our officers and their respective staffs.

From time to time, the Advisor may pay amounts owed by us to third party providers of goods or services. We will subsequently reimburse the Advisor for such amounts paid on our behalf.

#### *Limitation of liability and indemnification*

The Current Management Agreement provides that in the absence of willful misfeasance, bad faith, gross negligence or reckless disregard of its obligations thereunder, the Advisor is not liable to us or any of our stockholders for any act or omission by it or its employees in the supervision or management of our investment activities or for any loss sustained by us or our stockholders, and provides for indemnification by us of its members, directors, officers, employees, agents and control persons for liabilities incurred by it in connection with their services to us, subject to certain limitations and conditions.

#### *Duration and termination*

Unless earlier terminated, the Current Management Agreement will remain in effect for successive periods of twelve months, provided that each continuance is specifically approved at least annually by both (1) the vote of a majority of our Board or the vote of a majority of our outstanding voting securities and (2) the vote of a majority of the Board who are not parties to the Management Agreement or interested persons (as such term is defined in the 1940 Act) of any such party, cast in person at a meeting called for the purpose of voting on such approval. On October 28, 2022, our Board approved the Current Management Agreement for a successive twelve months. We may terminate the Current Management Agreement as a whole at any time, without the payment of any penalty, upon the vote of a majority of our Board or a majority of our outstanding voting securities or by the Advisor, on 60 days' written notice by either party to the other which can be waived by the non-terminating party. The Current Management Agreement will also immediately terminate in the event of its assignment.

#### **Administration Agreement**

We have entered into an administration agreement with the Administrator, which we refer to as the administration agreement, under which the Administrator provides certain administrative services to us. The Administrator provides services including, but not limited to, the arrangement for the services of, and the overseeing of, custodians, depositories, transfer agents, dividend disbursing agents, other stockholder servicing agents, accountants, attorneys, underwriters, brokers and dealers, corporate fiduciaries, insurers, banks, stockholders and such other persons in any such other capacity deemed to be necessary or desirable. The Administrator also makes reports to the board of its performance of obligations under the administration agreement and furnishes advice and recommendations with respect to such other aspects of our business and affairs that we determine to be desirable. The Administrator is responsible for our financial and other records that are required to be maintained and prepares all reports and other materials required by any agreement or to be filed with the Securities and Exchange Commission or any other regulatory authority, including reports on Forms 8-K, 10-Q, 10-K and periodic reports to stockholders, determining the amounts available for distribution as dividends and distributions to be paid by us to our stockholders, reviewing and implementing any share purchase programs authorized by the board, maintaining or overseeing the maintenance of our books and records as required under the 1940 Act, and maintaining (or overseeing maintenance by other persons) such other books and records required by law or for our proper operation. For providing these services, facilities and personnel, we reimburse the Administrator for expenses incurred by the Administrator in performing its obligations under the administration agreement, including our allocable portion of overhead under the administration agreement and the cost of certain of our officers and the Administrator's administrative staff and providing, at our request and on our behalf, significant managerial assistance to our portfolio companies to which we are required to provide such assistance. From time to time, the Administrator may pay

amounts owed by us to third-party providers of goods or services. We subsequently reimburse the Administrator for such amounts paid on our behalf.

## Portfolio Manager

James E. Keenan is the person primarily responsible for the day-to-day management of our portfolio.

Mr. Keenan is a Managing Director of the Advisor and is an employee of, and compensated by, the Advisor or an affiliate of the Advisor. Mr. Keenan receives no direct compensation from us.

The following table sets forth the dollar range of our common stock beneficially owned by the portfolio manager as of February 28, 2023.

| Portfolio Manager | Aggregate Dollar Range of Common Stock Owned by Portfolio Manager <sup>(1)(2)</sup> |
|-------------------|---|
| James E. Keenan   | Over \$1,000,000  |

(1) Dollar ranges are as follows: None; \$1-\$10,000; \$10,001-\$50,000; \$50,001-\$100,000; \$100,001-\$500,000; \$500,001-\$1,000,000; or over \$1,000,000.

(2) The dollar range of equity securities beneficially owned is based on the closing price of \$3.70 per share of our common stock on February 28, 2023 on the NASDAQ Global Select Market.

Such persons may not necessarily continue to hold such positions or be involved in the performance by the Advisor of its obligations to us during the entire term of the Management Agreement referred to below.

The Investment Committee's role is limited to providing oversight and guidance to compliment and supervise the Advisor's management of our investment portfolio.

## Portfolio Management

### *Portfolio Manager Compensation Overview*

The discussion below describes the portfolio managers compensation as of December 31, 2022.

BlackRock's financial arrangements with its portfolio managers, its competitive compensation and its career path emphasis at all levels reflect the value senior management places on key resources. Compensation may include a variety of components and may vary from year to year based on a number of factors. The principal components of compensation include a base salary, a performance-based discretionary bonus, participation in various benefits programs and one or more of the incentive compensation programs established by BlackRock.

Base compensation. Generally, portfolio managers receive base compensation based on their position with the firm.

Discretionary Incentive Compensation. Discretionary incentive compensation is a function of several components: the performance of BlackRock, the performance of the portfolio manager's group within BlackRock, the investment performance, including risk-adjusted returns, of the firm's AUM or supervision by that portfolio manager relative to predetermined benchmarks, and the individual's performance and contribution to the overall performance of these portfolios and BlackRock. In most cases, these benchmarks are the same as the benchmark or benchmarks against which the performance of the funds or other accounts managed by the portfolio managers are measured. Among other things, BlackRock's Chief Investment Officers make a subjective determination with respect to each portfolio manager's compensation based on the performance of the funds and other accounts managed by each portfolio manager relative to the various benchmarks. Performance of fixed income funds is measured on a pre-tax and/or after-tax basis over various time periods including 1-, 3- and 5- year periods, as applicable. The performance of Mr. Keenan is not measured against a specific benchmark.

Distribution of Discretionary Incentive Compensation. Discretionary incentive compensation is distributed to portfolio managers in a combination of cash and BlackRock, Inc. restricted stock units which vest ratably over a number of years. For some portfolio managers, discretionary incentive compensation is also distributed in deferred cash awards that notionally track the returns of select BlackRock investment products they manage and that vest ratably over a number of years. The BlackRock restricted stock units, upon vesting, will be settled in BlackRock common stock. Typically, the cash portion of the discretionary incentive compensation, when combined with base salary, represents a meaningful portion of total compensation for the portfolio managers. Paying a portion of discretionary incentive compensation in BlackRock stock puts compensation earned by a portfolio manager for a given year "at risk" based on BlackRock's ability to sustain and improve its performance over future periods. Providing a portion of discretionary incentive compensation in deferred cash awards that notionally track the BlackRock investment products they manage provides direct alignment with investment product results.

Long-Term Incentive Plan Awards — From time to time, long-term incentive equity awards are granted to certain key employees to aid in retention, align their interests with long-term shareholder interests and motivate performance. Equity awards are generally granted in the form of BlackRock restricted stock units that, once vested, settle in BlackRock common stock.

*Deferred Compensation Program* — A portion of the compensation paid to eligible U.S.-based BlackRock employees may be voluntarily deferred at their election for defined periods of time into an account that tracks the performance of certain of the firm’s investment products. Any portfolio manager who is either a managing director or director at BlackRock with compensation above a specified threshold is eligible to participate in the deferred compensation program.

Other Compensation Benefits. In addition to base compensation and discretionary incentive compensation, portfolio managers may be eligible to receive or participate in one or more of the following:

*Incentive Savings Plans* – BlackRock has created a variety of incentive savings plans in which BlackRock employees are eligible to participate, including a 401(k) plan, the BlackRock Retirement Savings Plan (“RSP”), and the BlackRock Employee Stock Purchase Plan (“ESPP”). The employer contribution components of the RSP include a company match equal to 50% of the first 8% of eligible pay contributed to the plan capped at \$5,000 per year, and a company retirement contribution equal to 3-5% of eligible compensation up to the Internal Revenue Service (“IRS”) limit. The RSP offers a range of investment options, including registered investment companies and collective investment funds managed by the firm. BlackRock contributions follow the investment direction set by participants for their own contributions or, absent participant investment direction, are invested into a target date fund that corresponds to, or is closest to, the year in which the participant attains age 65. The ESPP allows for investment in BlackRock common stock at a 5% discount on the fair market value of the stock on the purchase date. Annual participation in the ESPP is limited to the purchase of 1,000 shares of common stock or a dollar value of \$25,000 based on its fair market value on the purchase date. All of the eligible portfolio managers are eligible to participate in these plans.

#### *Potential Material Conflicts of Interest*

BlackRock has built a professional working environment, firm-wide compliance culture and compliance procedures and systems designed to protect against potential incentives that may favor one account over another. BlackRock has adopted policies and procedures that address the allocation of investment opportunities, execution of portfolio transactions, personal trading by employees and other potential conflicts of interest that are designed to ensure that all client accounts are treated equitably over time. Nevertheless, BlackRock furnishes investment management and advisory services to numerous clients in addition to the Company, and BlackRock may, consistent with applicable law, make investment recommendations to other clients or accounts (including accounts which are hedge funds or have performance or higher fees paid to BlackRock, or in which portfolio managers have a personal interest in the receipt of such fees), which may be the same as or different from those made to the Company. In addition, BlackRock, its affiliates and significant shareholders and any officer, director, shareholder or employee may or may not have an interest in the securities whose purchase and sale BlackRock recommends to the Company. BlackRock, or any of its affiliates or significant shareholders, or any officer, director, shareholder, employee or any member of their families may take different actions than those recommended to the Company by BlackRock with respect to the same securities. Moreover, BlackRock may refrain from rendering any advice or services concerning securities of companies of which any of BlackRock’s (or its affiliates’ or significant shareholders’) officers, directors or employees are directors or officers, or companies as to which BlackRock or any of its affiliates or significant shareholders or the officers, directors and employees of any of them has any substantial economic interest or possesses material non-public information. Certain portfolio managers also may manage accounts whose investment strategies may at times be opposed to the strategy utilized for the Company. It should also be noted that a portfolio manager may be managing hedge fund and/or long only accounts, or may be part of a team managing hedge fund and/or long only accounts, subject to incentive fees. Such portfolio managers may therefore be entitled to receive a portion of any incentive fees earned on such accounts. Currently, the Company’s portfolio manager is not entitled to receive a portion of incentive fees of other accounts.

As a fiduciary, BlackRock owes a duty of loyalty to its clients and must treat each client fairly. When BlackRock purchases or sells securities for more than one account, the trades must be allocated in a manner consistent with its fiduciary duties. BlackRock attempts to allocate investments in a fair and equitable manner among client accounts, with no account receiving preferential treatment. To this end, BlackRock has adopted policies that are intended to ensure reasonable efficiency in client transactions and provide BlackRock with sufficient flexibility to allocate investments in a manner that is consistent with the particular investment discipline and client base, as appropriate.

#### **Leverage**

Debt is comprised of a senior secured revolving credit facility dated as of February 19, 2016 (as amended, amended and restated, supplemented or otherwise modified from time to time, including as amended and restated by the sixth amendment thereto, dated as of April 23, 2021, the “Credit Facility”) and senior unsecured notes issued through a private placement on June 9, 2022 by the Company and due December 9, 2025 (the “2025 Private Placement Notes”). Prior to being repaid on June 15, 2022, debt also included the Company’s unsecured convertible senior notes due 2022 (the “2022 Convertible Notes”).

Effective on May 2, 2020, after obtaining stockholder approval at the annual meeting of the Company’s stockholders held on May 1, 2020, the Company’s asset coverage requirement was reduced from 200% to 150%, as set forth in Section 61(a)(2) of the 1940 Act, as amended by the Small Business Credit Availability Act.

#### **Senior Secured Revolving Credit Facility**

On April 23, 2021, the Company amended its Credit Facility. Among other items, the amendment (i) extended the maturity date on loans made under the Credit Facility from June 5, 2023 to April 23, 2025, (ii) reduced the aggregate principal amount of the commitments under the Credit Facility from \$300,000,000 to \$265,000,000, (iii) reduced the amount by which the Company may seek an increase in the commitments

under the Credit Facility (subject to satisfaction of certain conditions, including obtaining commitments) from \$375,000,000 to \$325,000,000, and (iv) revised to require a minimum shareholders' equity under the Credit Facility to the greater of (i) 33% of the total assets of the Company and its subsidiaries and (ii) \$240,000,000 plus 25% of net proceeds from the sale of equity interests by the Company its subsidiaries. Additionally, the Sixth Amendment (i) eliminated the springing maturity date that would have occurred if the 2022 Convertible Notes were not refinanced by March 16, 2022 and (ii) removed certain restrictions on repurchase or prepayment of the 2022 Convertible Notes. For further details on the Company's Credit Facility including prior amendments, refer to the Company's Form 10-K as filed with the SEC on March 3, 2021.

### **Unsecured Convertible Senior Notes Due 2022**

On June 13, 2017, the Company issued \$143,750,000 in aggregate principal amount (\$125,000,000 of the initial offering and \$18,750,000 of the underwriters' exercise of the overallotment option) of 5.00% Convertible Notes due 2022 under an indenture, dated as of June 13, 2017 (the "2022 Convertible Notes Indenture"). Net proceeds to the Company from the offering, including the exercise of the overallotment option, were approximately \$139,800,000. The 2022 Convertible Notes matured on June 15, 2022, and the Company fully repaid the aggregate outstanding \$143,720,000 principal amount (post noteholder conversion) plus outstanding accrued interest. The interest rate on the notes was 5.00% per year, payable semiannually in arrears on June 15 and December 15 of each year, commencing on December 15, 2017. Holders were able to convert their notes at their option prior to the close of business on the business day immediately preceding December 15, 2021, in integral multiples of \$1,000 principal amount, only under certain circumstances. Upon noteholder conversion, the Company was able to pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election at an initial conversion rate of 118.2173 shares of common stock per \$1,000 principal amount of notes, which is equivalent to an initial conversion price of approximately \$8.46 per share of the Company's common stock. On or after December 23, 2021, the Company was able to redeem the 2022 Convertible Notes for cash, in whole or from time to time in part, at its option in accordance with their terms. During the year ended December 31, 2022, the Company issued 3,546 shares of common stock with an aggregate value of \$30,000 to a noteholder who elected the conversion option in lieu of principal repayment pursuant to the redemption terms of the 2022 Convertible Notes Indenture.

### **Unsecured Senior Notes Due 2025**

On April 21, 2022, the Company entered into a Master Note Purchase Agreement (the "Note Purchase Agreement") governing the issuance on June 9, 2022, of \$92,000,000 in aggregate principal amount of senior unsecured notes in two tranches to qualified institutional investors in a private placement. The Company issued \$35,000,000 in aggregate principal amount of 2025 Private Placement Notes with a fixed interest rate of 5.82% with interest to be paid semi-annually on June 9 and December 9 of each year, beginning on December 9, 2022, and \$57,000,000 in aggregate principal amount of 2025 Private Placement Notes bearing interest at a rate equal to SOFR plus 3.14% with interest to be paid quarterly on March 9, June 9, September 9, and December 9 of each year, beginning on September 9, 2022. In addition, during any time that the rating assigned to the 2025 Private Placement Notes declines below investment grade, the 2025 Private Placement Notes will bear interest at a rate that is increased by 1.00%. The 2025 Private Placement Notes were issued at a closing which occurred on June 9, 2022. The 2025 Private Placement Notes will be due on December 9, 2025 unless redeemed, purchased or prepaid prior to such date by the Company or its affiliates in accordance with their terms. The Company may prepay the 2025 Private Placement Notes at its option, subject to a prepayment premium, in an amount equal to 2% on or before June 9, 2023, 1% after June 9, 2023 but on or before June 9, 2024, 0.5% after June 9, 2024 but on or before June 9, 2025 and zero after June 9, 2025. In addition, the Company will be obligated to offer to repay the 2025 Private Placement Notes at par if certain change in control events occur. The 2025 Private Placement Notes are general unsecured obligations of the Company that rank pari passu with all outstanding and future unsecured unsubordinated indebtedness issued by the Company.

In connection with the 2025 Private Placement Notes, the Company entered into a centrally cleared Interest Rate Swap to offset interest payable on the fixed rate tranche of the Notes. The notional amount of the Interest Rate Swap is \$35,000,000 and matures on June 9, 2025. Under the swap agreement, the Company receives a fixed rate of 2.633% and pays a floating interest rate of SOFR. Such payments will be due annually. For the year ended December 31, 2022, the Company did not make any periodic payments. Since the swap contract has not been designated as a hedge accounting relationship pursuant to ASC 815, "Derivatives and Hedging," both the net interest receivable and the change in the fair value of the swap contract are presented as part of the change in unrealized appreciation (depreciation) on the Consolidated Statements of Operations.

For more information on the Company's debt, see Note 4 to the Company's consolidated financial statements.

### **Dividend Reinvestment Plan**

Unless the registered owner of your common shares elects to receive cash by contacting Computershare Inc. ("Computershare"), agent for stockholders in administering our amended and restated dividend reinvestment plan (the "Plan"), all dividends declared for you in common shares of our company will be automatically reinvested by the plan agent in additional common shares of our company. If the registered owner of your common shares elects not to participate in the Plan, you will receive all dividends in cash paid by check mailed directly to you (or, if the shares are held in street or other nominee name, then to such nominee) by Computershare, as dividend disbursing agent. You may elect not to participate in the Plan and to receive all dividends in cash by sending written instructions or by contacting Computershare, as dividend disbursing agent, at the address set forth below. Participation in the Plan is completely voluntary and may be terminated or resumed at any time without penalty by contacting the plan agent before the dividend record date; otherwise such termination or resumption will be effective with respect to any subsequently declared dividend. Some brokers may automatically elect to receive cash on your behalf and may re-invest that

cash in additional common shares of our company for you. As this approach may cause you to incur brokerage charges or other transaction costs, we recommend that you consult with your broker or financial adviser. If you wish for all dividends declared on your common shares of our company to be automatically reinvested pursuant to the Plan, please contact your broker.

The plan agent will open an account for each common stockholder under the plan in the same name in which such common stockholder's common shares are registered. Whenever we declare a dividend payable in cash, non-participants in the Plan will receive cash and participants in the Plan will receive the number of common shares referred to below. The common shares will be paid to the plan agent for the participants' accounts through receipt of additional unissued but authorized common shares or treasury common shares from us, or through shares purchased on the open-market, as discussed below.

On March 6, 2018, the Board of Directors of the Company adopted amendments to the Plan. Under the terms of the amended Plan, if the Company declares a dividend or determines to make a capital gain or other distribution, the reinvestment plan agent will acquire shares for the participants' accounts, depending upon the following circumstances, (i) through receipt of additional unissued but authorized shares from the Company ("newly issued shares") and/or (ii) by purchase of outstanding shares on the open market ("open-market purchases"). If, on the dividend payment date, the last quarterly net asset value per share ("NAV") is equal to or less than the closing market price per share on such dividend payment date (such condition often referred to as a "market premium"), the reinvestment plan agent will invest the dividend amount in newly issued shares on behalf of the participants. The number of newly issued shares to be credited to each participant's account will be determined by dividing the dollar amount of the dividend by the greater of (i) the NAV or (ii) 95% of the closing market price on the dividend payment date. If, on the dividend payment date, the NAV is greater than the closing market price per share on such dividend payment date (such condition often referred to as a "market discount"), the reinvestment plan agent may, upon notice from the Company, either (a) invest the dividend amount in newly issued shares on behalf of the participants or (b) invest the dividend amount in shares acquired on behalf of the participants in open-market purchases.

On May 13, 2020, the Board of Directors of the Company adopted further amendments to the Plan. Under the terms of the amended Plan, if the Company makes a Cash/Stock Dividend, each stockholder will be required to elect whether to receive the dividend in cash or in shares of the Company's common stock ("Common Shares"), pursuant to such notices, forms or other documentation as may be provided to the stockholder by the Company (the "Election Forms"). If the stockholder is a Plan participant and elects to receive the Cash/Stock Dividend in cash, the stockholder will be deemed to have elected not to participate in the Plan solely with respect to such Cash/Stock Dividend and will receive the dividend in cash subject to any rules applicable to the distribution that may limit the portion of the dividend the Company is required to pay in cash. If the stockholder is a Plan participant and elects to receive the Cash/Stock Dividend in stock, the stockholder will receive the dividend in newly issued Common Shares. The number of newly issued Common Shares credited to the stockholders' account in either case will be determined by dividing the dollar amount of the dividend (or portion of the dividend to be paid in Common Shares) by the price per Common Share determined in accordance with the Election Forms rather than pursuant to the formula(s) otherwise applicable under the Plan. This feature of the Plan means that, under certain circumstances, we may issue shares of our common stock at a price below net asset value per share, which could cause our stockholders to experience dilution. At the Company's special meeting of stockholders held on May 3, 2022, stockholders did not approve the Company's ability to sell or otherwise issue shares of common stock at a price below its then current net asset value per share for a 12-month period expiring on the anniversary of the date of stockholder approval. We may not be able to achieve operating results that will allow us to make dividends at a specific level or to increase the amount of these distributions from time to time. Also, we may be limited in our ability to make distributions due to the asset coverage test applicable to us as a BDC under the 1940 Act and due to provisions in our existing and future debt arrangements.

The plan agent maintains all stockholders' accounts in the Plan and furnishes written confirmation of all transactions in the accounts, including information needed by stockholders for tax records. Common shares in the account of each plan participant will be held by the plan agent on behalf of the plan participant, and each stockholder proxy will include those shares purchased or received pursuant to the plan. The plan agent will forward all proxy solicitation materials to participants and vote proxies for shares held under the Plan in accordance with the instructions of the participants.

In the case of stockholders such as banks, brokers or nominees which hold shares for others who are the beneficial owners, the plan agent will administer the plan on the basis of the number of common shares certified from time to time by the record stockholder's name and held for the account of beneficial owners who participate in the Plan.

There will be no brokerage charges with respect to common shares issued directly by us. The automatic reinvestment of distributions will not relieve participants of any federal, state or local income tax that may be payable (or required to be withheld) on such distributions. Participants that request a sale of shares through the plan agent are subject to a \$2.50 sales fee and a \$0.15 per share sold brokerage commission.

We reserve the right to amend or terminate the plan. There is no direct service charge to participants in the plan; however, we reserve the right to amend the plan to include a service charge payable by the participants.

All correspondence concerning the plan should be directed to the plan agent at Computershare Inc., 462 South 4<sup>th</sup> Street, Suite 1600, Louisville, KY 40202.

## **Sarbanes-Oxley Act of 2002**

The Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") imposes a wide variety of regulatory requirements on publicly-held companies and their insiders. We have adopted procedures to comply with the Sarbanes-Oxley Act and the regulations promulgated thereunder.

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

### **The NASDAQ Global Select Market Corporate Governance Regulations**

The NASDAQ Global Select Market has adopted corporate governance regulations with which listed companies must comply. We believe we are in compliance with such corporate governance listing standards. We will continue to monitor our compliance with all future listing standards and will take actions necessary to ensure that we are in compliance therewith.

### **Privacy Principles**

We are committed to maintaining the privacy of stockholders and to safeguarding our nonpublic personal information. The following information is provided to help you understand what personal information we collect, how we protect that information and why, in certain cases, we may share information with select other parties.

Generally, we do not receive any nonpublic personal information relating to our stockholders, although certain nonpublic personal information of our stockholders may become available to us. We do not disclose any nonpublic personal information about our stockholders or former stockholders to anyone, except as permitted by law or as is necessary in order to service stockholder accounts (for example, to a transfer agent or third party administrator).

We restrict access to nonpublic personal information about our stockholders to BlackRock's employees with a legitimate business need for the information. We maintain physical, electronic and procedural safeguards designed to protect the nonpublic personal information of our stockholders.

### **Available Information**

We file with or submit to the SEC annual, quarterly and current periodic reports, proxy statements and other information meeting the informational requirements of the Securities Exchange Act of 1934 (the "Exchange Act"). This information is available free of charge by calling us at (212) 810-5800 or on our website at [www.blackrockbkcc.com](http://www.blackrockbkcc.com). The information on our website is not deemed incorporated by reference in this Annual Report. The SEC maintains an Internet site that contains reports, proxy and information statements and other information filed electronically by us with the SEC which are available at [www.sec.gov](http://www.sec.gov). Copies of these reports, proxy and information statements and other information may be obtained, after paying a duplicating fee, by electronic request at the following e-mail address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov).

## Item 1A. Risk Factors

*Investing in our securities may be speculative and involves a high degree of risk. You should carefully consider these risk factors, together with all of the other information included in this Annual Report on Form 10-K, including our consolidated financial statements and the related notes thereto. The risks set out below are not the only risks we face. If any of the following events occur, our business, financial condition and results of operations could be materially adversely affected. In such case, our net asset value and the trading price of our common stock could decline, and you may lose all or part of your investment in us.*

### Risks related to our business

***Market disruptions and other geopolitical or macroeconomic events could create market volatility that negatively impacts our business, financial condition and earnings.***

General economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, supply chain disruptions, labor shortages, energy and other resource shortages, changes in laws, trade barriers, currency exchange controls and national and international political circumstances, may have long-term negative effects on the U.S. and worldwide financial markets and economy. These conditions have resulted in, and in many cases continue to result in, greater price volatility, less liquidity, widening credit spreads and a lack of price transparency, with many securities remaining illiquid and of uncertain value. Such market conditions may adversely affect the Company, including by making valuation of some of the Company's securities uncertain and/or result in sudden and significant valuation increases or declines in the Company's holdings. If there is a significant decline in the value of the Company's portfolio, this may impact the asset coverage levels for the Company's outstanding leverage.

Risks resulting from any future debt or other economic crisis could also have a detrimental impact on the global economy, the financial condition of financial institutions and our business, financial condition and results of operation. Market and economic disruptions have affected, and may in the future affect, consumer confidence levels and spending, personal bankruptcy rates, levels of incurrence and default on consumer debt and home prices, among other factors. To the extent uncertainty regarding the U.S. or global economy negatively impacts consumer confidence and consumer credit factors, our business, financial condition and results of operations could be significantly and adversely affected. Downgrades to the credit ratings of major banks could result in increased borrowing costs for such banks and negatively affect the broader economy. Moreover, Federal Reserve policy, including with respect to certain interest rates, may also adversely affect the value, volatility and liquidity of dividend- and interest-paying securities. Market volatility, rising interest rates and/or a return to unfavorable economic conditions could impair the Company's ability to achieve its investment objective.

The occurrence of events similar to those in recent years, such as localized wars, instability, new and ongoing pandemics (such as COVID-19), epidemics or outbreaks of infectious diseases in certain parts of the world, and catastrophic events such as fires, floods, earthquakes, tornadoes, hurricanes and global health epidemics, terrorist attacks in the U.S. and around the world, social and political discord, debt crises sovereign debt downgrades, increasingly strained relations between the U.S. and a number of foreign countries, new and continued political unrest in various countries, the exit or potential exit of one or more countries from the EU or the EMU, continued changes in the balance of political power among and within the branches of the U.S. government, government shutdowns, among others, may result in market volatility, may have long term effects on the U.S. and worldwide financial markets, and may cause further economic uncertainties in the U.S. and worldwide.

In particular, the consequences of the Russian military invasion of Ukraine, the impact on inflation and increased disruption to supply chains and energy resources may impact our portfolio companies, result in an economic downturn or recession either globally or locally in the U.S. or other economies, reduce business activity, spawn additional conflicts (whether in the form of traditional military action, reignited "cold" wars or in the form of virtual warfare such as cyberattacks) with similar and perhaps wider ranging impacts and consequences and have an adverse impact on the Company's returns and net asset value. In response to the conflict between Russia and Ukraine, the U.S. and other countries have imposed sanctions or other restrictive actions against Russia, Russian-backed separatist regions in Ukraine, and certain banks, companies, government officials and other individuals in Russia and Belarus. Any of the above factors, including sanctions, export controls, tariffs, trade wars and other governmental actions, could have a material adverse effect on our business, financial condition, cash flows and results of operations and could cause the market value of our common shares and/or debt securities to decline. We have no way to predict the duration or outcome of the situation, as the conflict and government reactions are rapidly developing and beyond our control. Prolonged unrest, military activities, or broad-based sanctions could have a material adverse effect on our portfolio companies. Such consequences also may increase our funding cost or limit our access to the capital markets.

The current political climate has intensified concerns about a potential trade war between China and the U.S., as each country has imposed tariffs on the other country's products. These actions may trigger a significant reduction in international trade, the oversupply of certain manufactured goods, substantial price reductions of goods and possible failure of individual companies and/or large segments of China's export industry, which could have a negative impact on our performance. U.S. companies that source material and goods from China and those that make large amounts of sales in China would be particularly vulnerable to an escalation of trade tensions. Uncertainty regarding the outcome of the trade tensions and the potential for a trade war could cause the U.S. dollar to decline against safe haven currencies, such as the Japanese yen and the euro. Events such as these and their consequences are difficult to predict and it is unclear whether further tariffs may be imposed

or other escalating actions may be taken in the future. Any of these effects could have a material adverse effect on our business, financial condition and results of operations.

The effects described above on our portfolio companies could impact their ability to make payments on their loans on a timely basis and may impact their ability to continue making their loan payments on a timely basis or meeting their loan covenants. The inability of portfolio companies to make timely payments or meet loan covenants may in the future require us to undertake amendment actions with respect to our investments or to restructure our investments, which may include the need for us to make additional investments in our portfolio companies (including debt or equity investments) beyond any existing commitments, exchange debt for equity, or change the payment terms of our investments to permit a portfolio company to pay a portion of its interest through payment-in-kind, which would defer the cash collection of such interest and add it to the principal balance, which would generally be due upon repayment of the outstanding principal.

***Economic recessions or downturns could impair our portfolio companies and harm our operating results.***

Many of our portfolio companies may be susceptible to economic slowdowns or recessions and may be unable to repay our loans during these periods. Therefore, our non-performing assets may increase and the value of our portfolio may decrease during these periods as we are required to record the values of our investments. Adverse economic conditions also may decrease the value of collateral securing some of our loans and the value of our equity investments. Economic slowdowns or recessions could lead to financial losses in our portfolio and a decrease in revenues, net income and assets. Unfavorable economic conditions also could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events could prevent us from increasing investments and harm our operating results.

A portfolio company's failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, termination of its loans and foreclosure on its secured assets, which could trigger cross-defaults under other agreements and jeopardize our portfolio company's ability to meet its obligations under the debt securities that we hold. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting portfolio company. In addition, if one of our portfolio companies were to go bankrupt, even though we or one of our affiliates may have structured our interest in such portfolio company as senior debt, depending on the facts and circumstances, including the extent to which we actually provided managerial assistance to that portfolio company, a bankruptcy court might re-characterize our debt holding as equity and subordinate all or a portion of our claim to claims of other creditors.

Recently, central banks such as the Federal Reserve Bank have been increasing interest rates in an effort to slow the rate of inflation. There is a risk that increased interest rates may cause the economy to enter a recession. Any such recession would negatively impact the businesses in which we invest and our business. These impacts may include:

- severe declines in the market price of our securities or net asset value;
- inability of the Company to accurately or reliably value its portfolio;
- inability of the Company to comply with certain asset coverage ratios that would prevent the Company from paying dividends to our stockholders and that could result in breaches of covenants or events of default under our credit agreement or debt indentures;
- inability of the Company to pay any dividends and distributions or service its debt;
- inability of the Company to maintain its status as a RIC under the Code;
- declines in the value of our investments;
- increased risk of default or bankruptcy by the companies in which we invest;
- increased risk of companies in which we invest being unable to weather an extended cessation of normal economic activity and thereby impairing their ability to continue functioning as a going concern;
- limited availability of new investment opportunities;
- inability for us to replace our existing leverage when it becomes due or replace it on terms as favorable as our existing leverage; and
- general threats to the Company's ability to continue investment operations and to operate successfully as a BDC.

***We are subject to risks related to inflation.***

Inflation risk is the risk that the value of assets or income from investments will be worth less in the future as inflation decreases the value of money. Recently, inflation has increased to its highest level in decades, and the Federal Reserve has been raising the federal funds rate in response. Inflation rates may change frequently and significantly as a result of various factors, including unexpected shifts in the domestic or global economy and changes in economic policies, and the Company's investments may not keep pace with inflation, which may result in losses to shareholders. As inflation increases, the real value of our shares and dividends therefore may decline. In addition, during any periods of rising inflation, interest rates of any debt securities issued by the Company would likely increase, which would tend to further reduce returns to shareholders. Inflation rates may change frequently and significantly as a result of various factors, including unexpected shifts in the domestic

or global economy and changes in economic policies, and our investments may not keep pace with inflation, which may result in losses to our shareholders. This risk is greater for fixed-income instruments with longer maturities.

***Capital markets may experience periods of disruption and instability. Such market conditions may materially and adversely affect debt and equity capital markets in the U.S. and abroad, which may have a negative impact on our business and operations.***

From time to time, capital markets may experience periods of disruption and instability, which may be evidenced by a lack of liquidity in debt capital markets, write-offs in the financial services sector, re-pricing of credit risk and failure of certain major financial institutions. While the extreme volatility and disruption that U.S. and global markets experienced for an extended period of time beginning in 2007 and 2008 had, until the recent coronavirus (COVID-19) outbreak, generally subsided, uncertainty and periods of volatility still remain, and risks to a robust resumption of growth persist.

Equity capital may be difficult to raise because, subject to some limited exceptions, as a BDC, we are generally not able to issue additional shares of common stock at a price less than net asset value without first obtaining approval for such issuance from our stockholders and our independent directors. We generally seek approval from our stockholders so that we have the flexibility to issue up to 25% of our then outstanding shares of our common stock immediately prior to any such sale at a price below net asset value. We did not obtain approval at our special meeting of stockholders held on May 3, 2022, to sell or otherwise issue shares of our common stock at a price below net asset value. We are seeking such stockholder approval at a special meeting of stockholders on May 3, 2023 for the twelve month period immediately following May 3, 2023 but there can be no assurance we will obtain such approval. In addition, our ability to incur indebtedness (including by issuing preferred stock) is limited by applicable regulations such that our asset coverage ratio, as calculated in accordance with the 1940 Act, must equal at least 150% immediately after each time we incur indebtedness. The debt capital that will be available to us in the future, if at all, may be at a higher cost and on less favorable terms and conditions than our current leverage. Any inability to raise capital could have a negative effect on our business, financial condition and results of operations.

Market conditions may in the future make it difficult to extend the maturity of or refinance our existing indebtedness and any failure to do so could have a material adverse effect on our business. The debt capital that will be available to us in the future, if at all, may be at a higher cost and on less favorable terms and conditions than what we currently experience. Further, if we are unable to raise or refinance debt, then our equity investors may not benefit from the potential for increased returns on equity resulting from leverage and we may be limited in our ability to make new commitments or to fund existing commitments to our portfolio companies.

The illiquidity of our investments may make it difficult for us to sell such investments if required. As a result, we may realize significantly less than the value at which we have recorded our investments. While most of our investments are not publicly traded, applicable accounting standards require us to assume as part of our valuation process that our investments are sold in a principal market to market participants (even if we plan on holding an investment through its maturity). In addition, significant changes in the capital markets, including disruption and volatility, have had, and may in the future have, a negative effect on the valuations of our investments and on the potential for liquidity events involving our investments. An inability to raise capital, and any required sale of our investments for liquidity purposes, could have a material adverse impact on our business, financial condition and results of operations.

***Price declines and illiquidity in the corporate debt markets have adversely affected, and may in the future adversely affect, the fair value of our portfolio investments, reducing our net asset value through increased net unrealized depreciation.***

Pursuant to Rule 2a-5 under the 1940 Act, the Company's Board of Directors has designated BCIA as the Company's valuation designee (the "Valuation Designee") to perform certain fair value functions, including performing fair value determinations (see Note 2 to the Company's consolidated financial statements for further information). As a BDC, we are required to carry our investments at market value or, if no market value is ascertainable, at fair value as determined in good faith by the Valuation Designee. Decreases in the market values or fair values of our investments are recorded as unrealized depreciation, which reduces our net asset value. Depending on market conditions, we could incur substantial realized losses and may suffer additional unrealized losses in future periods, which could have a material adverse impact on our business, financial condition and results of operations.

***Changes in legal, tax and regulatory regimes could negatively impact our business, financial condition and earnings.***

Changes enacted by the current presidential administration could significantly impact the regulation of financial markets in U.S. Areas subject to potential change, amendment or repeal include trade and foreign policy, corporate tax rates, energy and infrastructure policies, the environment and sustainability, criminal and social justice initiatives, immigration, healthcare and the oversight of certain federal financial regulatory agencies and the Federal Reserve. Certain of these changes can, and have, been effectuated through executive order. For example, the current administration has taken steps to rejoin the Paris climate accord of 2015 and incentivize certain clean energy technologies, cancel the Keystone XL pipeline, provide military support to Ukraine and change immigration enforcement priorities. Other potential changes that could be pursued by the current presidential administration could include an increase in the corporate income tax rate; changes to regulatory enforcement priorities; and spending on clean energy and infrastructure. It is not possible to predict which, if any, of these actions will be taken or, if taken, their effect on the economy, securities markets or the financial stability of the U.S. The Company may be affected by governmental action in ways that are not foreseeable, and there is a possibility that such actions could have a significant adverse effect on the Company and its ability to achieve its investment objective.

Additional risks arising from the differences in expressed policy preferences among the various constituencies in the branches of the U.S. government has led in the past, and may lead in the future, to short-term or prolonged policy impasses, which could, and has, resulted in shutdowns of the U.S. federal government. U.S. federal government shutdowns, especially prolonged shutdowns, could have a significant adverse impact on the economy in general and could impair the ability of issuers to raise capital in the securities markets. Any of these effects could have a material adverse effect on our business, financial condition and results of operations.

In addition, the rules dealing with the U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department. The Tax Cuts and Jobs Act made substantial changes to the Code. Among those changes were a significant permanent reduction in the generally applicable corporate tax rate, changes in the taxation of individuals and other non-corporate taxpayers that generally but not universally reduce their taxes on a temporary basis subject to “sunset” provisions, the elimination or modification of various previously allowed deductions (including substantial limitations on the deductibility of interest and, in the case of individuals, the deduction for personal state and local taxes), certain additional limitations on the deduction of net operating losses, certain preferential rates of taxation on certain dividends and certain business income derived by non-corporate taxpayers in comparison to other ordinary income recognized by such taxpayers, and significant changes to the international tax rules. In addition, the Biden administration has indicated that it intends to modify key aspects of the Code, including by increasing corporate and individual tax rates. The effect of these and other changes is uncertain, both in terms of the direct effect on the taxation of an investment in the Company’s shares and their indirect effect on the value of the Company’s assets, the Company’s shares or market conditions generally.

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

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

***Uncertainty regarding the impact of the United Kingdom’s departure from the European Union could negatively impact our business, financial condition and earnings.***

On January 31, 2020, the United Kingdom officially withdrew from the EU, commonly referred to as “Brexit”. Following a transition period, the United Kingdom and the EU signed a Trade and Cooperation Agreement (“UK/EU Trade Agreement”), which came into full force on May 1, 2021 and set out the foundation of the economic and legal framework for trade between the United Kingdom and the EU. As the UK/EU Trade Agreement is a new legal framework, the implementation of the UK/EU Trade Agreement may result in uncertainty in its application and periods of volatility in both the United Kingdom and wider European markets. The United Kingdom’s exit from the EU is expected to result in additional trade costs and disruptions in this trading relationship. Furthermore, there is the possibility that either party may impose tariffs on trade in the future in the event that regulatory standards between the EU and the UK diverge. The terms of the future relationship may cause continued uncertainty in the global financial markets, and adversely affect our ability, and the ability of our portfolio companies, to execute our respective strategies and to receive attractive returns.

***Rising interest rates or changes in interest rates may adversely affect the value of our portfolio investments which could have an adverse effect on our business, financial condition and results of operations.***

Our debt investments are generally based on floating rates, such as London Interbank Offer Rate (“LIBOR”), EURIBOR, Secured Overnight Financing Rate (“SOFR”), the Federal Funds Rate or the Prime Rate. General interest rate fluctuations may have a substantial negative impact on our investments, the value of our common stock and our rate of return on invested capital. An increase in interest rates generally will increase the cost of borrowing for the companies in which we invest and may make them less profitable, which generally would decrease the value of our investments in them. In addition, although we generally expect to invest a limited percentage of our assets in instruments with a fixed interest rate, including subordinated loans, senior and junior secured and unsecured debt securities and loans in high yield bonds, an increase in interest rates could decrease the value of those fixed rate investments. Rising interest rates may also increase the cost of debt for our underlying portfolio companies, which could adversely impact their financial performance and ability to meet ongoing obligations to the Company. Also, an increase in interest rates available to investors could make investment in our common stock less attractive if we are not able to increase our dividend rate, which could reduce the value of our common stock.

Because we have borrowed money, and may issue preferred stock to finance investments, our net investment income depends, in part, upon the difference between the rate at which we borrow funds or pay dividends on preferred stock and the rate that our investments yield. As a result, we can offer no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income. In this period of rising interest rates, our cost of funds may increase except to the extent we have issued fixed rate debt or preferred stock, which could reduce our net investment income.

You should also be aware that a change in the general level of interest rates can be expected to lead to a change in the interest rate we receive on many of our debt investments. Accordingly, a change in the interest rate could make it easier for us to meet or exceed the performance

threshold and may result in a substantial increase in the amount of Incentive Fees payable to our Advisor with respect to the portion of the Incentive Fee based on income.

Interest rates have risen in recent months, and the risk that they may continue to do so is pronounced.

***Changes relating to the London Interbank Offer Rate ("LIBOR") calculation process, the phase-out of LIBOR and the use of replacement rates for LIBOR may adversely affect the value of our portfolio securities.***

In July 2017, the head of the United Kingdom Financial Conduct Authority announced the desire to phase out the use of LIBOR by the end of 2021. The announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. Since December 31, 2021, all sterling, euro, Swiss franc and Japanese yen LIBOR settings and the 1-week and 2-month U.S. dollar LIBOR settings have ceased to be published or are no longer representative, and after June 30, 2023, the overnight, 1-month, 3-month, 6-month and 12-month U.S. dollar LIBOR settings will cease to be published or will no longer be representative. Various financial industry groups have begun planning for the transition away from LIBOR, but there are challenges to converting certain securities and transactions to a new reference rate (e.g., the Secured Overnight Financing Rate ("SOFR"), which is intended to replace the U.S. dollar LIBOR). Neither the effect of the LIBOR transition process nor its ultimate success can yet be known.

As an alternative to LIBOR, the Financial Reporting Council, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions recommended replacing U.S. dollar LIBOR with the Secured Overnight Financing Rate ("SOFR"), a new index calculated by reference to short-term repurchase agreements, backed by Treasury securities. Abandonment of, or modifications to, LIBOR could have adverse impacts on newly issued financial instruments and any of our existing financial instruments which reference LIBOR. Given the inherent differences between LIBOR and SOFR, or any other alternative benchmark rate that may be established, there are many uncertainties regarding a transition from LIBOR, including, but not limited to, the need to amend all contracts with LIBOR as the referenced rate and how this will impact the cost of variable rate debt and certain derivative financial instruments. In addition, SOFR or other replacement rates may fail to gain market acceptance. Any failure of SOFR or alternative reference rates to gain market acceptance could adversely affect the return on, value of and market for securities linked to such rates.

Neither the effect of the LIBOR transition process nor its ultimate success can yet be known. The transition process might lead to increased volatility and illiquidity in markets for, and reduce the effectiveness of, new hedges placed against, instruments whose terms currently include LIBOR. While some existing LIBOR-based instruments may contemplate a scenario where LIBOR is no longer available by providing for an alternative rate-setting methodology, there may be significant uncertainty regarding the effectiveness of any such alternative methodologies to replicate LIBOR. Not all existing LIBOR-based instruments may have alternative rate-setting provisions and there remains uncertainty regarding the willingness and ability of issuers to add alternative rate-setting provisions in certain existing instruments. Moreover, these alternative rate-setting provisions may not be designed for regular use in an environment where LIBOR ceases to be published and may be an ineffective fallback following the discontinuation of LIBOR. On March 15, 2022, President Biden signed into law the Consolidated Appropriations Act of 2022, which among other things, provides for the use of interest rates based on SOFR in certain contracts currently based on LIBOR and a safe harbor from liability for utilizing SOFR-based interest rates as a replacement for LIBOR. The elimination of LIBOR could have an adverse impact on the market value of and/or transferability of any LIBOR-linked securities, loans, and other financial obligations or extensions of credit held by or due to us or on our overall financial condition or results of operations.

***We may not replicate the historical performance of other investment companies and funds with which our investment professionals have been affiliated.***

The 1940 Act imposes numerous constraints on the investment activities of BDCs. For example, BDCs are required to invest at least 70% of their total assets primarily in securities of U.S. private companies or thinly traded public companies (public companies with a market capitalization of less than \$250 million), cash, cash equivalents, U.S. government securities and high-quality debt investments that mature in one year or less. These constraints may hinder our Advisor's ability to take advantage of attractive investment opportunities and to achieve our investment objectives. In addition, the investment philosophy and techniques used by our Advisor may differ from those used by other investment companies and funds advised by our Advisor. Accordingly, we can offer no assurance that we will replicate the historical performance of other investment companies and funds with which our investment professionals have been affiliated, and we caution that our investment returns could be substantially lower than the returns achieved by such other companies.

***We are not managed by BlackRock, but rather one its subsidiaries and may not replicate the success of that entity or BlackRock.***

Our investment strategies differ from those of BlackRock or its affiliates. As a BDC, we are subject to certain investment restrictions that do not apply to BlackRock. Our performance may be lower or higher than the performance of other entities managed by BlackRock or its affiliates and their past performance is no guarantee of our future results.

***Our business model depends upon the development and maintenance of strong referral relationships with other asset managers and investment banking firms.***

We are substantially dependent on our informal relationships, which we use to help identify and gain access to investment opportunities. If we fail to maintain our relationships with key firms, or if we fail to establish strong referral relationships with other firms or other sources of

investment opportunities, we will not be able to grow our portfolio of investments and achieve our investment objective. In addition, persons with whom we have informal relationships are not obligated to inform us of investment opportunities, and therefore such relationships may not lead to the origination of equity or other investments. Any loss or diminishment of such relationships could effectively reduce our ability to identify attractive portfolio companies that meet our investment criteria, either for direct investments or for investments through private secondary market transactions or other secondary transactions.

***The Advisor's liability is limited under the investment management agreement, and we are required to indemnify the Advisor against certain liabilities, which may lead the Advisor to act in a riskier manner on our behalf than it would when acting for its own account.***

The Advisor has not assumed any responsibility to us other than to render the services described in the investment management agreement, and it will not be responsible for any action of our Board of Directors in declining to follow the Advisor's advice or recommendations. Pursuant to the investment management agreement, the Advisor and its members and their respective officers, managers, partners, agents, employees, controlling persons and members and any other person or entity affiliated with it will not be liable to us for their acts under the investment management agreement, absent willful misfeasance, bad faith, gross negligence or reckless disregard in the performance of their duties. We have agreed to indemnify, defend and protect the Advisor and its members and their respective officers, managers, partners, agents, employees, controlling persons and members and any other person or entity affiliated with it with respect to all damages, liabilities, costs and expenses resulting from acts of the Advisor not arising out of willful misfeasance, bad faith, gross negligence or reckless disregard in the performance of their duties under the investment management agreement. These protections may lead the Advisor to act in a riskier manner when acting on our behalf than it would when acting for its own account.

***We may suffer credit losses.***

Investment in middle-market companies is highly speculative and involves a high degree of risk of credit loss, and therefore our securities may not be suitable for someone with a low tolerance for risk. These risks are likely to increase during an economic recession.

***In addition to regulatory restrictions that restrict our ability to raise capital, our debt arrangements contain various covenants which, if not complied with, could accelerate repayment of our debt, thereby materially and adversely affecting our liquidity, financial condition and results of operations.***

The agreements governing our Credit Facility and our 2025 Private Placement Notes require us to comply with certain financial and operational covenants. These covenants include:

- restrictions on the level of indebtedness that we are permitted to incur in relation to the value of our assets;
- restrictions on our ability to incur liens; and
- maintenance of a minimum level of stockholders' equity.

As of December 31, 2022, we were in compliance with all applicable covenants for our outstanding borrowings. However, our continued compliance with these covenants depends on many factors, some of which are beyond our control. Accordingly, there are no assurances that we will continue to comply with the covenants in our debt arrangements. Failure to comply with these covenants would result in a default under these arrangements which, if we were unable to obtain a waiver from the lenders thereunder, could result in an acceleration of repayments on our debt and thereby have a material adverse impact on our business, financial condition and results of operations.

***The disposition of our investments may result in contingent liabilities.***

Most of our investments will involve private securities. In connection with the disposition of an investment in private securities, we may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of a business. We may also be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate or with respect to certain potential liabilities. These arrangements may result in contingent liabilities that ultimately yield funding obligations that must be satisfied through our return of certain distributions previously made to us. As of December 31, 2022, the Company is not aware of any contingent liabilities.

***Substantially all of our assets are subject to security interests under our borrowings and if we default on our obligations, we may suffer adverse consequences, including the lenders foreclosing on our assets.***

As of December 31, 2022, substantially all of our assets were pledged as collateral under our Credit Facility. If we default on our obligations under these debt facilities, the lenders may have the right to foreclose upon and sell, or otherwise transfer, the collateral subject to their security interests. In such event, we may be forced to sell our investments to raise funds to repay our outstanding borrowings in order to avoid foreclosure and these forced sales may be at times and at prices we would not consider advantageous. Moreover, such deleveraging of our company could significantly impair our ability to effectively operate our business in the manner in which we have historically operated. As a result, we could be forced to curtail or cease new investment activities and lower or eliminate the distributions that we pay to our stockholders.

In addition, if the lenders exercise their right to sell the assets pledged under our borrowings, such sales may be completed at distressed sale prices, thereby diminishing or potentially eliminating the amount of cash available to us after repayment of the amounts outstanding.

***Our Credit Facility matures on April 23, 2025, and our 2025 Private Placement Notes mature on December 9, 2025, and any inability to renew, extend or replace our Credit Facility or 2025 Private Placement Notes could adversely impact our liquidity and ability to fund new investments or maintain distributions to our stockholders.***

We maintain a multi-currency \$265.0 million senior secured credit facility with a group of lenders, under which we had \$162.0 million of indebtedness outstanding at December 31, 2022. Undrawn amount under our Credit Facility was \$103.0 million at December 31, 2022. The Credit Facility’s commitment may increase in size, under certain circumstances, up to a total of \$325.0 million. The Credit Facility has a stated maturity date of April 23, 2025. We maintain \$92.0 million of aggregate principal amount outstanding on 2025 Private Placement Notes which mature on December 9, 2025 unless previously repaid or redeemed in accordance with their terms. There can be no assurance that we will be able to renew, extend or replace the Credit Facility or 2025 Private Placement Notes upon its maturity on terms that are favorable to us, if at all. Our ability to renew, extend or replace the Credit Facility or 2025 Private Placement Notes will be constrained by then-current economic conditions affecting the credit markets. In the event that we are not able to renew, extend or replace the Credit Facility or 2025 Private Placement Notes at the time of its maturity, this could have a material adverse effect on our liquidity and ability to fund new investments, our ability to make distributions to our stockholders and our ability to qualify as a RIC.

***Incurring additional indebtedness could increase the risk in investing in shares of our common stock.***

As a BDC regulated under the 1940 Act, we are generally required to maintain a certain asset coverage for senior securities representing indebtedness (i.e., debt) or stock (i.e., preferred stock).

Following receipt of the necessary stockholder and Board approvals, effective May 2, 2020, the minimum asset coverage ratio requirement was reduced from 200% to 150%, pursuant to Section 61(a)(2) of the 1940 Act, as amended by the Small Business Credit Availability Act (the “SBCAA”) (i.e., from a 1:1 debt to equity ratio to a 2:1 debt to equity ratio). Therefore, we may be able to issue an increased amount of senior securities and incur additional indebtedness in the future and, therefore, your risk of an investment in shares of our common stock may increase.

If our asset coverage falls below the required limit, we will not be able to incur additional debt until we are able to comply with the asset coverage applicable to us. This could have a material adverse effect on our operations, and we may not be able to make distributions to stockholders. The actual amount of leverage that we employ will depend on our and our Board of Directors’ assessment of market and other factors at the time of any proposed borrowing. We cannot assure you that we will be able to obtain credit at all or on terms acceptable to us.

We have indebtedness outstanding pursuant to our Credit Facility and may enter into new facilities and/or may increase the size of our existing credit facilities. As of December 31, 2022, we had outstanding approximately \$92.0 million of 2025 Private Placement Notes, and \$162.0 million outstanding on our Credit Facility. Lenders under our Credit Facility and 2025 Private Placement Notes have fixed dollar claims on our assets that are superior to the claims of our common stockholders or any preferred stockholders. We have granted a security interest in our assets in connection with our Credit Facility.

In the case of a liquidation event, those lenders would receive proceeds before our stockholders. In addition, borrowings, also known as leverage, magnify the potential for gain or loss on amounts invested and, therefore, increase the risks associated with investing in our common stock. Leverage is generally considered a speculative investment technique. If the value of our assets increases, then leveraging would cause the net asset value attributable to our common stock to increase more than it otherwise would have had we not leveraged. Conversely, if the value of our assets decreases, leveraging would cause the net asset value attributable to our common stock to decline more than it otherwise would have had we not leveraged. Similarly, any increase in our revenue in excess of interest expense on our borrowed funds would cause our net income to increase more than it would without the leverage. Any decrease in our revenue would cause our net income to decline more than it would have had we not borrowed funds and could negatively affect our ability to make distributions on our common stock. Our ability to service any debt that we incur depends largely on our financial performance and is subject to prevailing economic conditions and competitive pressures.

*Illustration.* The following table illustrates the effect of leverage on returns from an investment in our common stock assuming various annual returns, net of expenses. The calculations in the table below are hypothetical and actual returns may be higher or lower than those appearing below. The calculation is based on our level of leverage at December 31, 2022, which represented borrowings equal to 43.1% of our total assets. On such date, we also had \$589.1 million in total assets; \$570.5 million in total investments; \$254.0 million in aggregate principal amount of debt outstanding; and \$318.5 million of total net assets. In order to compute the “Corresponding Return to Common Stockholders,” the “Assumed Return on Portfolio (Net of Expenses Other than Interest)” is multiplied by the total value of our investment portfolio at December 31, 2022 to obtain an assumed return to us. From this amount, interest expense (calculated by multiplying the weighted-average interest rate of 5.36% by the \$254.0 million of debt) is subtracted to determine the return available to stockholders. The return available to stockholders is then divided by the total value of our net assets at December 31, 2022 to determine the “Corresponding Return to Common Stockholders.” Actual interest payments may vary.

| <b>Assumed Return on Portfolio (Net of Expenses Other than Interest)<sup>(1)</sup></b> | <b>-10%</b>   | <b>-5%</b>    | <b>0%</b>    | <b>5%</b>   | <b>10%</b>   |
|--|---------------|---------------|--------------|-------------|--------------|
| <b>Corresponding Return to Common Stockholders</b>                                     | <b>-22.1%</b> | <b>-13.2%</b> | <b>-4.3%</b> | <b>4.7%</b> | <b>13.6%</b> |

- (1) The assumed portfolio return in the table is based on SEC regulations and is not a prediction of, and does not represent, our projected or actual performance. The table also assumes that we will maintain a constant level of leverage. The amount of leverage that we use will vary from time to time.

***The lack of liquidity in our investments may adversely affect our business.***

We make investments in private companies. A portion of these investments may be subject to legal and other restrictions on resale, transfer, pledge or other disposition or will otherwise be less liquid than publicly traded securities. The illiquidity of our investments may make it difficult for us to sell such investments if the need arises. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we have previously recorded our investments. In addition, we face other restrictions on our ability to liquidate an investment in a business entity to the extent that we or the Advisor has or could be deemed to have material non-public information regarding such business entity.

***A substantial portion of our portfolio investments are recorded at fair value as determined using a consistently applied valuation process in accordance with our documented valuation policy that has been reviewed and approved by our Board of Directors and, as a result, there may be uncertainty regarding the value of our portfolio investments.***

The debt and equity investments that we make for which market quotations are not readily available will be valued at fair value as determined using a consistently applied valuation process in accordance with our documented valuation policy that has been reviewed and approved by our Board of Directors. The Valuation Designee approves in good faith the valuation of such securities. 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 differ significantly from the values that would have been used had a readily available market value existed for such investments, and the differences could be material. Our net asset value could be adversely affected if determinations regarding the fair value of these investments were materially higher than the values ultimately realized upon the disposal of such investments.

***Our use of borrowed funds to make investments exposes us to risks typically associated with leverage.***

We borrow money and may issue additional debt securities or preferred stock to leverage our capital structure. As a result:

- our common stock is exposed to incremental risk of loss and a decrease in the value of our investments would have a greater negative impact on the value of our common stock than if we did not use leverage;
- adverse changes in interest rates could reduce or eliminate the incremental income we make with the proceeds of any leverage;
- such securities are governed by an indenture or other instrument containing covenants restricting our operating flexibility;
- we, and indirectly our stockholders, bear the cost of issuing and paying interest or making distributions on such securities;
- any convertible or exchangeable securities that we issue may have rights, preferences and privileges more favorable than those of our common stock; and
- our ability to make distributions on our common stock will be restricted if our asset coverage ratio is not at least 150% and any amounts used to service indebtedness or preferred stock may not be available for such distributions.

***A portion of our distributions to stockholders may include a return of stockholder capital.***

We intend to make distributions on a quarterly basis to our stockholders out of assets legally available for distribution. A portion of such distributions may include a return of stockholder capital. Distributions in excess of our current and accumulated earnings and profits are considered non-taxable distributions and serve to reduce the basis of our shares in the hands of the stockholders rather than being currently taxable, and as a result of the reduction of the basis of our shares, stockholders may incur additional capital gains taxes or may have lower capital losses.

***We may have difficulty paying our required distributions if we recognize income before or without receiving cash representing such income.***

In accordance with U.S. GAAP and tax regulations, we include in income certain amounts that we have not yet received in cash, such as PIK interest, which represents contractual interest added to the loan balance and due at the end of the loan term. The increases in loan balances as a result of contracted PIK arrangements are included in income for the period in which such PIK interest was received, which is often in advance of receiving cash payment. We also may be required to include in income certain other amounts that we will not receive in cash. Any warrants that we receive in connection with our debt investments are generally valued as part of the negotiation process with the particular portfolio company. As a result, a portion of the aggregate purchase price for the debt investments and warrants are allocated to the warrants that we receive. This will generally result in “original issue discount,” or OID, for tax purposes, which we must recognize as ordinary income, increasing the amounts we are required to distribute to qualify for the federal income tax benefits applicable to RICs. Because such original issue discount income would not be accompanied by cash, we would need to obtain cash from other sources to satisfy such distribution

requirements. If we are unable to obtain cash from other sources to satisfy such distribution requirements, we may fail to qualify for favorable tax treatment as a RIC and, thus, could become subject to a corporate-level income tax on all of our income. Other features of the debt instruments that we hold may also cause such instruments to generate original issue discount, resulting in a distribution requirement in excess of current cash received. Similarly, newly enacted tax legislation contains rules that may in certain other circumstances require the recognition of non-cash taxable income or may limit the deductibility of certain of our cash expenses. Since in certain cases we may recognize income before or without receiving cash representing such income or may be subject to limitations on the deductibility of cash expenses, we may have difficulty meeting the requirement to distribute at least 90% of our net ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. If we are unable to meet these distribution requirements, we will not qualify for favorable tax treatment as a RIC or, even if such distribution requirements are satisfied, we may be subject to tax on the amount that is undistributed. Accordingly, we may have to sell some of our assets, raise additional debt or equity capital or reduce new investment originations to meet these distribution requirements and avoid tax.

***To the extent OID and PIK interest constitute a portion of our income, we will be exposed to typical risks associated with such income being required to be included in taxable and accounting income prior to receipt of cash representing such income.***

Our investments may include OID instruments and PIK interest arrangements, which represents contractual interest added to a loan balance and due at the end of such loan's term. To the extent OID or PIK interest constitute a portion of our income, we are exposed to typical risks associated with such income being required to be included in taxable and accounting income prior to receipt of cash, including the following:

- The higher interest rates of OID and PIK instruments reflect the payment deferral and increased credit risk associated with these instruments, and OID and PIK instruments generally represent a significantly higher credit risk than coupon loans.
- Even if the accounting conditions for income accrual are met, the borrower could still default when our actual collection is supposed to occur at the maturity of the obligation.
- OID and PIK instruments may have unreliable valuations because their continuing accruals require continuing judgments about the collectability of the deferred payments and the value of any associated collateral. OID and PIK income may also create uncertainty about the source of our cash distributions.
- For accounting purposes, any cash distributions to stockholders representing OID and PIK income are not treated as coming from paid-in capital, even if the cash to pay them comes from offering proceeds. As a result, despite the fact that a distribution representing OID and PIK income could be paid out of amounts invested by our stockholders, the 1940 Act does not require that stockholders be given notice of this fact by reporting it as a return of capital.
- PIK interest has the effect of generating investment income at a compounding rate, thereby further increasing the Incentive Fees payable to the Advisor. Similarly, all things being equal, the deferral associated with PIK interest also decreases the loan-to-value ratio at a compounding rate.

***Any unrealized losses we experience on our investment portfolio may be an indication of future realized losses, which could reduce our income available for distribution.***

Decreases in the market values or fair values of our investments will be recorded as unrealized depreciation. Any unrealized losses in our investment portfolio could be an indication of a portfolio company's inability to meet its repayment obligations to us with respect to the affected investments. This could result in realized losses in the future and ultimately in reductions of our income available for distribution in future periods.

***Our Advisor and its affiliates and employees may have certain conflicts of interest.***

As a global provider of investment management, risk management and advisory services to institutional and retail clients, BlackRock, the Advisor and their respective affiliates (for purposes of this discussion of potential conflicts, the "BlackRock Entities"), engage in a broad spectrum of activities, including sponsoring and managing a variety of public and private investment funds, funds of funds and separate accounts across fixed income, liquidity, equity, alternative investment and real estate strategies; providing financial advisory services; providing technology infrastructure and analytics under the BlackRock Solutions® brand and engaging in certain broker-dealer activities and other activities. Although the relationships and activities of the BlackRock Entities should help enable these entities to offer attractive opportunities and services to the Company, such relationships and activities create certain inherent actual and potential conflicts of interest. In the ordinary course of business, the BlackRock Entities engage in activities where their interests or the interests of their clients may conflict with the interests of the Company, certain investors or a group of investors, or the Company's investments. The following discussion enumerates certain potential and actual conflicts of interest.

***Allocation of Investment Opportunities.*** The BlackRock Entities manage and advise numerous accounts for clients around the world, such as registered and unregistered funds and owners of separately managed accounts (collectively, "Client Accounts"). Client Accounts include funds and accounts in which the BlackRock Entities or their personnel have an interest ("BlackRock Accounts"). Certain of these Client Accounts have investment objectives, and utilize investment strategies, that are similar to the Company's. As a result, certain investments may be appropriate for the Company and also for other Client Accounts. The BlackRock Entities' allocation of investment opportunities among various Client Accounts presents inherent potential and actual conflicts of interest, particularly where an investment opportunity is limited.

These potential conflicts are exacerbated in situations where BlackRock is entitled to higher fees and incentive compensation from certain Client Accounts than from other Client Accounts (including the Company), where the portfolio managers making an allocation decision are entitled to an incentive fee, carried interest or other similar compensation from such other Client Accounts, or where there are differences in proprietary investments in the Company and other Client Accounts. The prospect of achieving higher compensation or greater investment return from another investment vehicle or separate account than from the Company provides incentives for the Advisor or other BlackRock Entities to favor the other investment vehicle or separate account over the Company when, for example, allocating investment opportunities that the Advisor believes could result in favorable performance. It is the policy of BlackRock not to make decisions based on the foregoing interests or greater fees or compensation.

Any person that owns, directly or indirectly, 5% or more of our outstanding voting securities or is managed by the Advisor will generally be an affiliate of the Company for purposes of the 1940 Act and the Company is generally prohibited from participating in certain transactions such as co-investing with, or buying or selling any security from or to, such affiliate, absent the prior approval of the Independent Directors and, in some cases, of the SEC. However, the Advisor and the funds managed by the Advisor have received an order providing an exemption from certain SEC regulations prohibiting transactions with affiliates (the "Order"). The Order requires that certain procedures be followed prior to making an investment subject to the Order and such procedures could in certain circumstances adversely affect the price paid or received by the Company or the availability or size of the position purchased or sold by the Company. The Advisor may also face conflicts of interest in making investments pursuant to the Order.

The 1940 Act also prohibits certain "joint" transactions with certain of the Company's affiliates, which could include investments in the same portfolio company (whether at the same or different times), without prior approval of the Independent Directors and, in some cases, of the SEC. The Company is prohibited from buying or selling any security from or to any person who owns more than 25% of the Company's voting securities and from or to certain of that person's affiliates, or entering into prohibited joint transactions with such persons, absent the prior approval of the SEC (other than certain limited situations pursuant to current regulatory guidance). The analysis of whether a particular transaction constitutes a joint transaction requires a review of the relevant facts and circumstances relating to the particular transaction. Similar restrictions limit the Company's ability to transact business with its officers or directors or their affiliates.

To address actual and potential conflicts associated with allocation of investments, BlackRock has developed an investment allocation policy (the "Investment Allocation Policy") and related guidelines. In addition, certain BlackRock Entities and business units have supplemental allocation policies for making allocation decisions among Client Accounts managed by such BlackRock Entities (together with the Investment Allocation Policy and related guidelines, the "Allocation Policy"). The Allocation Policy is intended to ensure that investment opportunities are allocated on a fair and equitable basis among Client Accounts over time, taking into account various factors including the Client Account's investment objective, guidelines and restrictions and other portfolio construction considerations; available capital and liquidity needs; tax, regulatory and contractual considerations; risk or investment concentration parameters; supply or demand for a security at a given price level; size of available investment; unfunded capital commitments or cash availability and liquidity requirements; leverage limitations; regulatory restrictions; contractual restrictions (including with other clients); minimum investment size; relative size; and such other factors as may be relevant to a particular transaction or Client Account. The BlackRock Entities reserve the right to allocate investment opportunities appropriate for the investment objectives of the Company and other Client Accounts in any other manner deemed fair and equitable by the BlackRock Entities consistent with the Allocation Policy, the Order and applicable law. The application of the Allocation Policy, the Order and the foregoing considerations may result in a particular Client Account, including the Company, not receiving an allocation of an investment opportunity that has been allocated to other Client Accounts following the same or similar strategy, or receiving a smaller allocation than other Client Accounts or an allocation on an other than pro rata basis. Furthermore, as the investment programs of the Company and the other applicable Client Accounts change and develop over time, additional issues and considerations may affect the Allocation Policy and the expectations of the BlackRock Entities with respect to the allocation of investment opportunities to the Company and other Client Accounts. BlackRock and the Advisor reserve the right to change the Allocation Policy and guidelines relating thereto from time to time without the consent of or notice to stockholders, subject to the disclosure requirements of applicable law.

As a general matter, it is expected the Company will participate in investments deemed appropriate for the Company's strategy and either sourced by the investment personnel directly responsible for managing the Company (though investments sourced by such personnel may also be allocated to other Client Accounts that may be managed by other investment teams) or made available for investment by the Company pursuant to the terms of the Order.

*Allocation of Expenses.* Side-by-side management by the BlackRock Entities of the Company and Client Accounts raises other potential and actual conflicts of interest, including those associated with allocating expenses attributable to the Company and one or more other Client Accounts. The Advisor and its affiliates will attempt to make such allocations on a basis that they consider to be fair and equitable to the Company under the circumstances over time and considering such factors as it deems relevant. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, e.g., in determining whether to allocate pro rata based on number of Client Accounts or proportionately in accordance with asset size, or in certain circumstances determining whether a particular expense has a greater benefit to the Company, other Client Accounts or the Advisor and/or its affiliates.

*Activities of Other Client Accounts.* The BlackRock Entities will, from time to time, be actively engaged in transactions on behalf of other Client Accounts in the same investments, securities, derivatives and other instruments in which the Company will directly or indirectly invest. Trading for certain other Client Accounts is carried out without reference to positions held directly or indirectly by the Company and may have an effect on the value or liquidity of the positions so held or may result in another Client Account having an interest in an issuer adverse to that of the Company.

Under certain circumstances and subject to the Order and applicable law, the Company may invest directly or indirectly in a transaction in which one or more other Client Accounts are expected, or seek, to participate or already have made, or concurrently will make or seek to make, an investment. The Company and the other Client Accounts may have conflicting interests and objectives in connection with such investments, including with respect to views on the operations or activities of the project or company involved, the targeted returns from the investment and the timeframe for, and method of, exiting the investment. For example, the Advisor's decisions on behalf of other Client Accounts to sell, redeem from or otherwise liquidate a security in which the Company is invested may adversely affect the Company, including by causing such investment to be less liquid or more concentrated, or by causing the Company to no longer participate in a controlling position in the investment or to lose the benefit of certain negotiated terms, including, without limitation, fee discounts. Conflicts will also arise in cases where the Company, directly or indirectly, and other Client Accounts invest in different parts of an issuer's capital structure, including circumstances in which one or more Client Accounts may own private securities or obligations of an issuer and other Client Accounts may own public securities of the same issuer. If an issuer in which the Company, directly or indirectly, and one or more other Client Accounts hold different classes of securities (or other assets, instruments or obligations issued by such issuer) encounters financial problems, decisions over the terms of any workout will raise potential conflicts of interests (including, for example, conflicts regarding the terms of recapitalizations and proposed waivers, amendments or enforcement of debt covenants). As a result, one or more Client Accounts may pursue or enforce rights with respect to a particular issuer in which the Company has directly or indirectly invested, and those activities may have an adverse effect on the Company. Because of the different legal rights associated with debt and equity of the same portfolio company, BlackRock expects to face a potential conflict of interest in respect of the advice given to, and the actions taken on behalf of, the Company versus another Client Account (e.g., the terms of debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies). For example, if the Company holds debt securities of an issuer and a Client Account directly or indirectly holds equity securities of the same issuer, then, if the issuer experiences financial or operational challenges, the Company may seek a liquidation of the issuer in which it may be paid in full, whereas the Client Account, as a direct or indirect equity holder, might prefer a reorganization that holds the potential to create value for the equity holders. Similarly, if additional capital is necessary as a result of financial or other difficulties, or to finance growth of other opportunities, subject to the Order and applicable law and regulation, a Client Account may not provide such additional capital and the Company may do so, or vice versa. In the event of an insolvency, bankruptcy or similar proceeding of an issuer, the Company may be limited (by applicable law, courts or otherwise) in the positions or actions it may be permitted to take due to other interests held or actions or positions taken by other Client Accounts. In negotiating the terms and conditions of any such investments, or any subsequent amendments or waivers, the Advisor and the other BlackRock Entities may find that their own interests, the interests of the Company and/or the interests of one or more other Client Accounts could conflict. Any of the foregoing conflicts of interest will be discussed and resolved on a case-by-case basis. The resolution of such conflicts will take into consideration the interests of the relevant parties, the circumstances giving rise to the conflict, the Order to the extent applicable and applicable law. Stockholders should be aware that conflicts will not necessarily be resolved in favor of the Company and that the Company could be adversely affected by the actions taken by BlackRock Entities on behalf of Client Accounts.

In order to avoid or reduce the conflicts that may arise in cases where the Company, directly or indirectly, and other Client Accounts invest in different parts of an issuer's capital structure, or for other reasons, the Company may choose not to invest in issuers in which other Client Accounts hold an existing investment, even if the Advisor believes such investment opportunity to be attractive and otherwise appropriate for the Company and is permitted under applicable law and regulation, which may adversely affect the performance of the Company.

Other transactions by one or more Client Accounts also may have the effect of diluting the values or prices of investments held directly or indirectly by the Company or otherwise disadvantaging the Company. This may occur when portfolio decisions regarding the Company are based on research or other information that is also used to support portfolio decisions for other Client Accounts. When a BlackRock Entity implements a portfolio decision or strategy on behalf of a Client Account other than the Company ahead of, or contemporaneously with, similar portfolio decisions or strategies for the Company (whether or not the portfolio decisions emanate from the same research analysis or other information), market impact, liquidity constraints or other factors could result in the Company receiving less favorable investment results, and the cost of implementing such portfolio decisions or strategies for the Company could increase, or the Company could otherwise be disadvantaged.

Additionally, if the Company makes an investment in a portfolio company in conjunction with an investment made by another Client Account, the Company may not invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as such other Client Account. This likely will result in differences in investment cost, investment terms, leverage and associated expenses between the Company and any other Client Account. There can be no assurance that the Company and the other Client Accounts will exit the investment at the same time or on the same terms, and there can be no assurance that the Company's return on such an investment will be the same as the returns achieved by any other Client Accounts participating in the transactions. Given the nature of these conflicts, there can be no assurance that the resolution of these conflicts will be beneficial to the Company.

The BlackRock Entities may also, in certain circumstances and subject to the Order and applicable law and regulation, pursue or enforce rights or take other actions with respect to a particular issuer or investment jointly on behalf of the Company and other Client Accounts. In such circumstances, the Company may be adversely impacted by the other Client Accounts' activities, and transactions for the Company may be impaired or effected at prices or terms that may be less favorable than would otherwise have been the case had the other Client Accounts not pursued a particular course of action with respect to the issuer or investment. For example, one or more Client Accounts may dispose of or make an in kind distribution of its portion of an investment that is also held by the Company and other Client Accounts, and such action may adversely affect the Company and such other Client Accounts that continue to hold such investment.

Conflicts may also arise because portfolio decisions made by the Advisor on behalf of the Company may benefit other BlackRock Entities or Client Accounts, including BlackRock Accounts. For example, subject to the Order and applicable law and regulation, the Company may

invest directly or indirectly in the securities, bank loans or other obligations of issuers in which a Client Account has an equity, debt or other interest, or vice versa. In certain circumstances, the Advisor may be incentivized not to undertake certain actions on behalf of the Company in connection with such investments, in view of a BlackRock Entity's or Client Account's involvement with the relevant issuer or investment. Further, the Company may also engage in investment transactions that result in other Client Accounts being relieved of obligations or otherwise divesting of investments that the Company also holds or which cause the Company to have to divest certain investments. The purchase, holding and sale of investments by the Company may enhance the profitability of another Client Account's own investments in and activities with respect to such investments.

Without limiting the generality of the foregoing, the Company may invest, directly or indirectly, in equity of investments or issuers affiliated with the BlackRock Entities or in which a BlackRock Entity or a Client Account has a direct or indirect debt or other interest, or vice versa, and may acquire such equity or debt either directly or indirectly through public or private acquisitions. Such investments may benefit the BlackRock Entities or Client Accounts. In addition, the Advisor may be incentivized not to undertake certain actions on behalf of the Company in connection with such investments, in view of a BlackRock Entity's or Client Account's involvement with the relevant issuer or investment.

Moreover, the Advisor's investment professionals, its senior management and employees 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. Accordingly, these individuals may have obligations to investors in those entities or funds, the fulfillment of which might not be in the best interests of the Company or stockholders. In addition, certain of the personnel employed by the Advisor or focused on the Company's business may change in ways that are detrimental to the Company's business.

*Transactions Between Client Accounts.* Each of the BlackRock Entities and the Advisor reserve the right to conduct cross trades between the Company and other Client Accounts in accordance with applicable legal and regulatory requirements. The Advisor may cause the Company to purchase securities or other assets from or sell securities or other assets to, or engage in other transactions with, other Client Accounts or vehicles when the Advisor believes such transactions are appropriate and in the participants' best interest, subject to applicable law and regulation. The Company may enter into "agency cross transactions," in which a BlackRock Entity may act as broker for the Company and for the other party to the transaction, to the extent permitted under applicable law and regulation and the relevant Client Account governing documents. In such cases, the Advisor and such other Client Accounts or BlackRock Entities, as applicable, may have a potentially conflicting division of loyalties and responsibilities regarding both parties to the transaction. To the extent that any provision of Section 11(a) of the Exchange Act, or any of the rules promulgated thereunder, is applicable to any transactions effected by the Advisor, such transactions will be effected in accordance with the requirements of such provisions and rules.

*Proxy Voting.* The Board of Directors has delegated to the Advisor discretion with respect to voting and consent rights of the assets of the Company. Consistent with applicable rules under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), BlackRock has adopted and implemented written proxy voting policies and procedures with respect to individual securities held by the Company that are reasonably designed: (i) to ensure that proxies are voted, consistent with its fiduciary obligations, in the best interests of Client Accounts under the circumstances over time; and (ii) to prevent conflicts of interest from influencing proxy voting decisions made on behalf of clients. Nevertheless, when votes are cast in accordance with BlackRock's proxy voting policy and in a manner that BlackRock believes to be consistent with its fiduciary obligations, actual proxy voting decisions made on behalf of one Client Account may have the effect of favoring or harming the interests of other Client Accounts, including the Company. Stockholders may receive a copy of BlackRock's proxy voting policy, upon request, and may also obtain a copy at: <http://www.blackrock.com/corporate/en-us/about-us/responsible-investment/responsible-investment-reports>.

*Investment Terms of Other Client Accounts.* The investment terms offered to other Client Accounts or to investors in other Client Accounts with similar investment objectives as the Company may be different than those applicable to our stockholders and may create conflicts. In particular, with respect to investors in other Client Accounts that are managed as dedicated funds or with respect to other Client Accounts investing through separate accounts with similar investment objectives to the Company, information sharing may, to the extent permitted under applicable law and regulation, be more extensive, detailed and timely as compared to information available to our stockholders, and the other Client Accounts' liquidity may not be subject to the restrictions that apply to our stockholders.

*Management of the Company.* In connection with the management of the Company, the Board of Directors and/or the Advisor will have the right to make certain determinations on behalf of the Company, in its discretion. Any such determinations may affect stockholders differently and some stockholders may be adversely affected by such determinations by the Board of Directors or Advisor. Stockholders may be situated differently in a number of ways, including being resident of, or organized in, various jurisdictions, being subject to different tax rules or regulatory structures and/or having different internally- or externally-imposed investment policies, restrictions or guidelines. As a result, conflicts of interest may arise in connection with decisions made by the Board of Directors or the Advisor that may be more beneficial for certain stockholders. In making determinations on behalf of the Company, including in structuring and completing investments, the Advisor intends to consider the investment and tax objectives of the Company and the stockholders as a whole, not the investment, tax or other objectives of any stockholder individually.

Subject to applicable law, including the 1940 Act, and the terms of the applicable contracts with the Company, BlackRock Entities may from time to time, and without notice to the Company or stockholders, insource or outsource to third-parties, including parties which are affiliated with BlackRock, certain processes or functions in connection with a variety of services that they provide to the Company in their administrative or other capacities. Such in-sourcing or outsourcing may give rise to potential conflicts of interest.

*Limited Access to Information; Information Advantage of Certain BlackRock Clients.* As a result of receiving client reports, service on a Client Account's advisory board, affiliation with the Advisor or otherwise, one or more BlackRock clients may have access to different information regarding the BlackRock Entities' transactions, strategies or views, and may act on such information in accounts not controlled by the BlackRock Entities, which may have a material adverse effect on the performance of the Company. The Company and its investments may also be adversely affected by market movements or by decreases in the pool of available securities or liquidity arising from purchases and sales by, as well as increases of capital in, and withdrawals of capital from, other Client Accounts and other accounts of BlackRock clients not controlled by BlackRock. These effects can be more pronounced in respect of investments with limited capacity and in thinly traded securities and less liquid markets.

Furthermore, our stockholders' rights to information regarding the Advisor or the Company generally will be limited to applicable reporting obligations and information requirements under the Exchange Act and applicable state law. It is anticipated that the Advisor and its affiliates will obtain certain types of material information from or relating to the Company's investments that will not be disclosed to stockholders because such disclosure is prohibited, including as a result of contractual, legal or similar obligations outside of BlackRock's control. Such limitations on the disclosure of such information may have adverse consequences for stockholders in a variety of circumstances and may make it difficult for a stockholder to monitor the Advisor and its performance.

*Advisor Decisions May Benefit BlackRock Entities and BlackRock Accounts.* BlackRock Entities may derive ancillary benefits from certain decisions made on behalf of the Company. While the Advisor will make decisions for the Company in accordance with its obligations to manage the Company appropriately, the fees, allocations, compensation and other benefits to the BlackRock Entities (including benefits relating to business relationships of the BlackRock Entities) may be greater as a result of certain portfolio, investment, service provider or other decisions made by the Advisor for the Company than they would have been had other decisions been made which also might have been appropriate for the Company. In addition, BlackRock Entities may invest in Client Accounts and therefore may indirectly derive ancillary benefits from certain decisions made by the Advisor. The Advisor may also make decisions and exercise discretion with respect to the Company that could benefit BlackRock Entities that have invested in the Company.

*Temporary Investments in Cash Management Products.* Subject to applicable law, the Company may invest, on a temporary basis, in short-term, high-grade assets or other cash management products, including SEC-registered investment funds (open-end or closed-end) or unregistered funds, including any such funds that are sponsored, managed or serviced by advisory BlackRock Entities. In connection with any of these investments, the Company will bear all fees pertaining to the investment, including advisory, administrative or 12b-1 fees, and no portion of any fees otherwise payable by the Company will be offset against fees payable in accordance with any of these investments (i.e., there could be "double fees" involved in making any of these investments which would not arise in connection with a stockholder's direct investment in such money market or liquidity funds, because a BlackRock Entity could receive fees with respect to both the management of the Company, on one hand, and such cash management products, on the other). In these circumstances, as well as in other circumstances in which any BlackRock Entities receive any fees or other compensation in any form relating to the provision of services, subject to the Company's Governing Documents, no accounting, repayment to the Company or offset of the Advisory Fee will be required.

*Management Responsibilities.* The employees and directors of the Advisor or its affiliates are not under any obligation to devote all of their professional time to the affairs of the Company, but will devote such time and attention to the affairs of the Company as BlackRock determines in its discretion is necessary to carry out the operations of the Company effectively. Employees and directors of the Advisor engage in other activities unrelated to the affairs of the Company, including managing or advising other Client Accounts, which presents potential conflicts in allocating management time, services and functions among the Company and other Client Accounts. These potential conflicts will be exacerbated in situations where employees may be entitled to greater incentive compensation or other remuneration from certain Client Accounts than from other Client Accounts (including the Company).

The Advisor may, subject to applicable law, utilize the personnel or services of its affiliates in a variety of ways to make available to the Company BlackRock's global capabilities. Although the Advisor believes this practice generally is in the best interests of its clients, it is possible that conflicts with respect to allocation of investment opportunities, portfolio execution, client servicing or other matters may arise due to differences in regulatory requirements in various jurisdictions, time differences or other reasons. The Advisor will seek to ameliorate any conflicts that arise and may determine not to utilize the personnel or services of a particular affiliate in circumstances where it believes the potential conflict outweighs the potential benefits.

*Investments by Directors, Officers and Employees of BlackRock Entities.* The directors, officers and employees of BlackRock Entities are permitted to buy and sell public or private securities, commingled vehicles or other investments held by the Company for their own accounts, or accounts of their family members and in which such BlackRock Entity personnel may have a pecuniary interest, including through accounts (or investments in funds) managed by BlackRock Entities, in accordance with BlackRock's personal trading policies. As a result of differing trading and investment strategies or constraints, positions taken by BlackRock Entity directors, officers, and employees may be the same as or different from, or made contemporaneously or at different times than, positions taken for the Company.

Such persons and/or investment vehicles they manage also may invest in companies in the same industries as companies in which the Company expects to invest, and may compete with the Company for investment opportunities, and their investments may compete with the Company's investments.

In addition, BlackRock personnel may serve on the boards of directors of companies in the same industries as companies in which the Company expects to invest, which can give rise to conflicting obligations and interests.

As these situations may involve potential conflicts of interest, BlackRock has adopted policies and procedures relating to personal securities transactions, insider trading and other ethical considerations. These policies and procedures are intended to identify and reduce actual conflicts of interest with clients and to resolve such conflicts appropriately if they do occur.

*Issues Relating to the Valuation of Assets.* While securities and other property held by the Company generally will be valued by reference to an independent third-party source, in certain circumstances holdings may be valued at fair value based upon the principles and methods of valuation set forth in policies adopted by the Board of Directors. Moreover, a significant portion of the assets in which the Company may directly or indirectly invest may not have a readily ascertainable market value and, subject to applicable law, may be valued at fair value based upon the principles and methods of valuation set forth in policies adopted by the Board of Directors.

*Potential Restrictions on the Advisor's Activities on Behalf of the Company.* From time to time, the Advisor expects to be restricted from purchasing or selling securities or taking other actions on behalf of the Company because of regulatory and legal requirements applicable to BlackRock Entities, other Client Accounts and/or the Advisor's internal policies designed to comply with or limit the applicability of, or which otherwise relate to, such requirements. An investment fund not advised by BlackRock Entities may not be subject to the same considerations. There may be periods when the Advisor (on behalf of the Company) may not initiate or recommend certain types of transactions, may limit or delay purchases, may sell or redeem existing investments, forego transactions or other investment opportunities, restrict or limit the exercise of rights (including voting rights), or may otherwise restrict or limit their advice with respect to securities or instruments issued by or related to issuers for which BlackRock Entities are performing advisory or other services. Such policies may restrict the Company's activities more than required by applicable law. For example, when BlackRock Entities are engaged to provide advisory or risk management services for an issuer, the Company may be prohibited from or limited in purchasing or selling interests of that issuer, particularly in cases where BlackRock Entities have or may obtain material non-public information about the issuer. Similar prohibitions or limitations could also arise if: (i) BlackRock Entity personnel serve as directors or officers of issuers, the securities or other interests of which the Company wishes to purchase or sell, (ii) the Advisor on behalf of the Company participates in a transaction (including a controlled acquisition of a U.S. public company) that results in the requirement to restrict all purchases, sales and voting of equity securities of such target issuer, or (iii) regulations, including portfolio affiliation rules or stock exchange rules, prohibit participation in offerings by an issuer when other Client Accounts have prior holdings of such issuer's securities or desire to participate in such a public offering, or where other Client Accounts have or may have short positions in such issuer's securities. However, where permitted by applicable law, and where consistent with the BlackRock Entities' policies and procedures, the BlackRock Entities may, but are not obligated to, seek to avoid such prohibitions or limitations (such as through the implementation of appropriate information barriers), and in such cases, the Advisor on behalf of the Company may purchase or sell securities or instruments that are issued by such issuers. In addition, certain activities and actions may also be considered to result in reputational risk or disadvantage for the management of the Company and/or for the Advisor and its affiliates, and the Advisor may decline or limit an investment opportunity or dispose of an existing investment as a result.

In addition, in regulated industries and in certain markets, and in certain futures and derivative transactions, there are limits on the aggregate amount of investment by affiliated investors that may not be exceeded without a regulatory filing, the grant of a license or other regulatory or corporate consent. For example, the U.S. Commodity Futures Trading Commission ("CFTC"), the U.S. commodities exchanges and certain non-U.S. exchanges have established limits referred to as "speculative position limits" or "position limits" on the maximum long or short (or, for some commodities, the gross) positions which any person or group of persons may own, hold or control in certain futures or options on futures contracts, and such rules generally require aggregation of the positions owned, held or controlled by related entities. Any such limits may prevent the Company from acquiring positions that might otherwise have been desirable or profitable. Under certain circumstances, the Advisor may restrict a purchase or sale of securities, derivative instruments or other assets on behalf of Client Accounts in anticipation of a future conflict that may arise if such purchase or sale would be made. Any such determination will take into consideration the interests of the relevant Client Accounts, the circumstances that would give rise to the future conflict and applicable law. Such determination will be made on a case by case basis.

*Other Services and Activities of the BlackRock Entities.* The BlackRock Entities (including the Advisor) will, from time to time, provide financial, consulting and other services to, and receive compensation from, an entity which is the issuer of a security or other investment held by the Company, counterparties to transactions with the Company or third parties that also provide services to the Company. In addition, the BlackRock Entities (including the Advisor) may purchase property (including securities) from, sell property (including securities) or lend funds to, or otherwise deal with, any entity which is the issuer of a security held by the Company, counterparties to transactions with the Company or third parties that also provide services to the Company. It is also likely that the Company will have multiple business relationships with and will invest in, engage in transactions with, make voting decisions with respect to, or obtain services from entities for which BlackRock Entities perform or seek to perform certain financial services. Conflicts are expected to arise in connection with the foregoing.

The BlackRock Entities may derive ancillary benefits from providing investment advisory, administrative and other services to the Company, and providing such services to the Company may enhance the BlackRock Entities' relationships with various parties, facilitate additional business development, and enable the BlackRock Entities to obtain additional business and generate additional revenue.

*Potential Restrictions and Issues Relating to Information Held by BlackRock.* The Advisor may not have access to information and personnel of all BlackRock Entities, including as a result of informational barriers constructed between different investment teams and groups within BlackRock focusing on alternative investments and otherwise. Therefore, the Advisor may not be able to manage the Company with the benefit of information held by one or more other investment teams and groups within the BlackRock Entities. However, although it is under no obligation to do so, if it is permitted to do so, the Advisor may consult with personnel on other investment teams and in other groups within BlackRock, or with persons unaffiliated with BlackRock, or may form investment policy committees composed of such personnel, and in

certain circumstances, personnel of affiliates of the Advisor may have input into, or make determinations regarding, portfolio management transactions for the Company, and may receive information regarding the Advisor's proposed investment activities for the Company that generally is not available to the public. There will be no obligation on the part of such persons to make available for use by the Company any information or strategies known to them or developed in connection with their own client, proprietary or other activities. In addition, BlackRock will be under no obligation to make available any research or analysis prior to its public dissemination.

The Advisor makes decisions for the Company based on the Company's investment program. The Advisor from time to time may have access to certain fundamental analysis, research and proprietary technical models developed by BlackRock Entities and their personnel. There will be no obligation on the part of the BlackRock Entities to make available for use by the Company, or to effect transactions on behalf of the Company on the basis of, any such information, strategies, analyses or models known to them or developed in connection with their own proprietary or other activities. In certain cases, such personnel will be prohibited from disclosing or using such information for their own benefit or for the benefit of any other person, including the Company and other Client Accounts. In other cases, fundamental analyses, research and proprietary models developed internally may be used by various BlackRock Entities and their personnel on behalf of different Client Accounts, which could result in purchase or sale transactions in the same security at different times (and could potentially result in certain transactions being made by one portfolio manager on behalf of certain Client Accounts before similar transactions are made by a different portfolio manager on behalf of other Client Accounts), or could also result in different purchase and sale transactions being made with respect to the same security. The Advisor may also effect transactions for the Company that differ from fundamental analysis, research or proprietary models issued by the BlackRock Entities or by the Advisor itself in various contexts. The foregoing transactions may negatively impact the Company and its direct and indirect investments through market movements or by decreasing the pool of available securities or liquidity, which effects can be more pronounced in thinly traded securities and less liquid markets.

The BlackRock Entities and different investment teams and groups within the Advisor have no obligation to seek information or to make available to or share with the Company any third-party manager with which the Company invests any information, research, investment strategies, opportunities or ideas known to BlackRock Entity personnel or developed or used in connection with other clients or activities. The BlackRock Entities and different investment teams and groups within the Advisor may compete with the Company or any third-party manager with which the Company invests for appropriate investment opportunities on behalf of their other Client Accounts. The results of the investment activities of the Company may differ materially from the results achieved by BlackRock Entities for other Client Accounts. BlackRock Entities may give advice and take action with respect to other Client Accounts that may compete or conflict with the advice the Advisor may give to the Company, including with respect to their view of the operations or activities of an investment, the return of an investment, the timing or nature of action relating to an investment or the method of exiting an investment.

BlackRock Entities may restrict transactions for themselves, but not for the Company, or vice versa. BlackRock Entities and certain of their personnel, including the Advisor's personnel or other BlackRock Entity personnel advising or otherwise providing services to the Company, may be in possession of information not available to all BlackRock Entity personnel, and such personnel may act on the basis of such information in ways that have adverse effects on the Company. The Company could sustain losses during periods in which BlackRock Entities and other Client Accounts achieve significant profits.

*Material, Non-Public Information.* The Advisor and its personnel may not trade for the Company or other Client Accounts or for their own benefit or recommend trading in financial instruments of a company while they are in possession of material, non-public or price sensitive information ("Inside Information") concerning such company, or disclose such Inside Information to any person not entitled to receive it. The BlackRock Entities (including the Advisor) may have access to Inside Information. The Advisor has instituted an internal information barrier policy designed to prevent securities laws violations based on access to Inside Information. Accordingly, there may be certain cases where the Advisor may be restricted from effecting purchases and/or sales of interests in securities or other financial instruments, or entering into certain transactions or exercising certain rights under such transactions on behalf of the Company and/or the other Client Accounts. There can be no assurance that the Advisor will not receive Inside Information and that such restrictions will not occur. At times, the Advisor, in an effort to avoid restriction for the Company or the other Client Accounts, may elect not to receive Inside Information, which may be relevant to the Company's portfolio, that other market participants are eligible to receive or have received and could affect decisions that would have otherwise been made.

Any partner, officer or employee of the BlackRock Entities may serve as an officer, director, advisor or in comparable management functions for the investments of other Client Accounts, and any such person may obtain Inside Information in connection therewith, or in connection with such partner's, officer's or employee's other activities in the financial markets. In an effort to manage possible risks arising from the internal sharing of material non-public information, BlackRock maintains a list of restricted securities with respect to which it has access to material non-public information and in which Client Accounts are restricted from trading. If partners, officers or employees of BlackRock obtain such material non-public information about a portfolio company which is an investment of a Client Account, the Company may be prohibited by law, policy or contract, for a period of time, from (i) unwinding a position in such company, (ii) establishing an initial position or taking any greater position in such company and/or (iii) pursuing other investment opportunities, which could impact the returns to the Company. In addition, in certain circumstances, particularly during the liquidation of a Client Account, the Company may be prohibited from trading a position that it holds, directly or indirectly, in the Client Account because BlackRock determines that one or more partners, officers or employees of BlackRock holds material non-public information with respect to one or more remaining positions held by the Client Account.

*Transactions with Certain Stockholders.* The Company is permitted to enter into transactions with certain stockholders, subject to applicable law. For example, the Advisor may be presented with opportunities to receive financing and/or other services in connection with the

Company's operations and/or the Company's investments from certain stockholders or their affiliates that are engaged in lending or related business, which subjects the Advisor to conflicts of interest.

*The Company's Use of Investment Consultants and BlackRock's Relationship with Investment Consultants.* Stockholders may work with pension or other institutional investment consultants (collectively, "Investment Consultants"). Investment Consultants provide a wide array of services to pension plans and other institutions, including assisting in the selection and monitoring of investment advisers such as the Advisor. From time to time, Investment Consultants who recommend the Advisor to, and provide oversight of the Advisor for, stockholders may also provide services to or purchase services from the BlackRock Entities. For example, the BlackRock Entities purchase certain index and performance-related databases and human resources-related information from Investment Consultants and their affiliates. The BlackRock Entities also utilize brokerage execution services of Investment Consultants or their affiliates, and BlackRock Entities personnel may attend conferences sponsored by Investment Consultants. Conversely, from time to time, the BlackRock Entities may be hired by Investment Consultants and their affiliates to provide investment management and/or risk management services, creating possible conflicts of interest.

*Other Relationships with BlackRock Entities, Clients and Market Participants.* The BlackRock Entities have developed, and will in the future develop, relationships with (or may invest in) a significant number of clients and other market participants (e.g., financial institutions, service providers, managers of investment funds, banks, brokers, advisors, joint venturers, consultants, finders (including executive finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and former employees, and current and former portfolio investment executives, as well as certain family members or close contacts of these persons), including those that may hold or may have held investments similar to the investments intended to be made by the Company, that may themselves represent appropriate investment opportunities for the Company, or that may compete with the Company for investment opportunities. Furthermore, the Advisor generally exercises its discretion to recommend to the Company or to an investment thereof that it contracts for services with such clients and market participants, and/or with other BlackRock Entities. It is difficult to predict the circumstances under which these relationships could become material conflicts for the Company, but it is possible that as a result of such relationships (or agreements with other Client Accounts) the Advisor may refrain from making all or a portion of any investment or a disposition on behalf of the Company, which may materially adversely affect the performance of the Company. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, the BlackRock Entities and/or Client Accounts and/or their affiliates. BlackRock expects to be subject to a potential conflict of interest with the Company in recommending the retention or continuation of a third-party service provider to such Company or a portfolio investment if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in the Company or one or more Client Accounts, will provide the BlackRock Entities information about markets and industries in which the BlackRock Entities operate (or are contemplating operations) or will provide other services that are beneficial to the BlackRock Entities, the Company or one or more Client Accounts. The Advisor expects to be subject to a potential conflict of interest in making such recommendations, in that Advisor has an incentive to maintain goodwill between it and clients and other market participants, while the products or services recommended may not necessarily be the best available or most cost effective to the Company or its investments.

*Legal Representation.* The Company, as well as the Advisor and/or other BlackRock Entities, have engaged several counsel to represent them. In connection with such representation, counsel has relied upon certain information furnished to them by the Advisor and the BlackRock Entities, and has not investigated or verified the accuracy or completeness of such information. Such counsel's engagement is limited to the specific matters as to which they are consulted and, therefore, there may exist facts or circumstances that could have a bearing on the Company's or BlackRock's financial condition or operations with respect to which counsel has not been consulted and for which they expressly disclaim any responsibility. Counsel has not represented and will not be representing stockholders. No independent counsel has been retained (or is expected to be retained) to represent stockholders. No attorney-client relationship exists between any counsel and any stockholder solely by such stockholder making an investment in the Company. As a result, stockholders are urged to retain their own counsel.

*Resolution of Conflicts.* Any conflicts of interest that arise between the Company or particular stockholders, on the one hand, and other Client Accounts or BlackRock Entities or affiliates thereof, on the other hand, will be discussed and resolved on a case-by-case basis by business, legal and compliance officers of the Advisor and its affiliates, as applicable. Any such discussions will take into consideration the interests of the relevant parties and the circumstances giving rise to the conflicts. Stockholders should be aware that conflicts will not necessarily be resolved in favor of the interests of the Company or any affected stockholder. There can be no assurance that any actual or potential conflicts of interest will not result in the Company receiving less favorable investment or other terms with respect to investments, transactions or services than if such conflicts of interest did not exist.

*Potential Impact on the Company.* It is difficult to predict the circumstances under which one or more of the foregoing conflicts could become material, but it is possible that such relationships could require the Company to refrain from making all or a portion of any investment or a disposition in order for BlackRock to comply with its fiduciary duties, the 1940 Act, the Advisers Act or other applicable law. The Advisor may, under certain circumstances, seek to have conflicts or transactions involving conflicts approved in accordance with the governing agreements of the Company. Copies of Part 2A of the Advisor's Form ADV, which includes additional detail regarding conflicts of interest that are relevant to BlackRock's investment management business, are available at [www.sec.gov](http://www.sec.gov) and will be provided to current and prospective stockholders upon request.

The foregoing list of potential and actual conflicts of interest does not purport to be a complete enumeration of the conflicts attendant to an investment in the Company. Additional conflicts may exist that are not presently known to the Advisor, BlackRock or their respective affiliates or are deemed immaterial. Prospective investors should consult with their independent advisors before deciding whether to invest in

the Company. In addition, as the investment program of the Company develops and changes over time, an investment in the Company may be subject to additional and different actual and potential conflicts of interest.

***Our Management Fee may induce our Advisor to cause us to incur additional leverage.***

Our Management Fee is calculated on the basis of total assets (excluding cash) including assets acquired with the proceeds of leverage. This may encourage the Advisor to use leverage to increase the aggregate amount of and the return on our investments, even when it may not be appropriate to do so, and to refrain from de-levering when it would otherwise be appropriate to do so. Under certain circumstances, the use of increased leverage may increase the likelihood of default, which would impair the value of our common stock. Given the subjective nature of the investment decisions made by our Adviser on our behalf, we will not be able to monitor this conflict of interest.

***Our Incentive Fee structure and the formula for calculating the Incentive Fee may incentivize our Advisor to pursue speculative investments.***

The Incentive Fee payable by us to the Advisor may create an incentive for the Advisor to pursue investments on our behalf that are riskier or more speculative than would otherwise be the case in the absence of such compensation arrangement. The Incentive Fee payable to the Advisor is based on two calculations (i) quarterly on income other than capital gains, if quarterly net investment income is above the specified hurdle rate and (ii) annually on capital gains, if net realized capital gains exceeds gross unrealized capital depreciation during the annual period defined in the Current Management Agreement (see Note 3 to the consolidated financial statements). The Incentive Fee payable by us to the Advisor also may induce the Advisor to invest on our behalf in instruments that have a deferred interest feature, even if such deferred payments would not provide cash necessary to enable us to pay current distributions to our stockholders. Under these investments, we would accrue interest over the life of the investment but would not receive the cash income from the investment until the end of the term, if at all. Our net investment income used to calculate the income portion of our Incentive Fee, however, will include accrued interest. Thus, a portion of this Incentive Fee would be based on income that we have not yet received in cash and may never receive in cash if the portfolio company is unable to satisfy such interest payment obligation to us. The foregoing risks could be increased because the Advisor is not obligated to reimburse us for any Incentive Fee received even if we subsequently incur losses or never receive in cash income that was previously accrued.

***We are dependent upon senior management personnel of the Advisor for our future success, and if the Advisor is unable to retain qualified personnel or if the Advisor loses any member of its senior management team, our ability to achieve our investment objective could be significantly harmed.***

The success of the Company is highly dependent on the financial and managerial expertise of the Advisor. The loss of one or more of the voting members of the Investment Committee could have a material adverse effect on the performance of the Company. Although the Advisor and the voting members of the Investment Committee devote a significant amount of their respective efforts to the Company, they actively manage investments for other clients and are not required to (and will not) devote all of their time to the Company's affairs.

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

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

***We may in the future determine to fund a portion of our investments by issuing preferred stock, which would magnify the potential gains or losses and the risks of investing in us in the same manner as our borrowings.***

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

The issuance of shares of preferred stock with dividend or conversion rights, liquidation preferences or other economic terms favorable to the holders of preferred stock could adversely affect the market price for our common stock by making an investment in the common stock less attractive. In addition, the dividends on any preferred stock we issue must be cumulative. Payment of dividends and repayment of the liquidation preference of preferred stock must take preference over any dividends or other payments to our common stockholders, and holders of preferred stock are not subject to any of our expenses or losses and are not entitled to participate in any income or appreciation in excess of their stated

preference (other than convertible preferred stock that converts into common stock). In addition, under the 1940 Act, preferred stock constitutes a “senior security” for purposes of the asset coverage test.

***We may experience fluctuations in our periodic operating results.***

We could experience fluctuations in our periodic operating results due to a number of factors, including the interest rates payable on the debt securities we acquire, the default rate on such securities, the level of our expenses (including the interest rates payable on our borrowings), the dividend rates payable on preferred stock we issue, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which we encounter competition in our markets and general economic conditions. As a result of these factors, results for any period should not be relied upon as being indicative of performance in future periods.

***If we fail to maintain our status as a BDC, our business and operating flexibility could be significantly reduced.***

We qualify as a BDC under the 1940 Act. The 1940 Act imposes numerous constraints on the operations of business development companies. For example, BDCs are prohibited from making any unqualifying investments unless at least 70% of their total assets are invested in qualifying investments which are primarily securities of private or thinly-traded U.S. companies, cash, cash equivalents, U.S. government securities and other high quality debt investments that mature in one year or less. Failure to comply with the requirements imposed on business development companies by the 1940 Act could cause the SEC to bring an enforcement action against us and/or expose us to claims of private litigants. In addition, any such failure could cause an event of default under the Leverage Program, which could have a materially adverse effect on our business, financial conditions or results of operations.

***Because we intend to distribute substantially all of our income to our stockholders to maintain our status as a RIC under the Code we will continue to need additional capital to finance growth. If additional funds are unavailable or not available on favorable terms, our ability to grow will be impaired.***

In order for the Company to qualify for the tax benefits available to RICs and to minimize payment of excise taxes, we intend to distribute to our stockholders substantially all of our annual taxable income and treat such amounts as deemed distributions to our stockholders. If we elect to treat any amounts as deemed distributions, we must pay income taxes at the corporate rate on such deemed distributions on behalf of our stockholders and our stockholders will receive a tax credit for such amounts and an increase in basis. A stockholder that is not subject to U.S. federal income tax or otherwise is not required to file a U.S. federal income tax return would be required to file a U.S. federal income tax return on the appropriate form in order to claim a refund for the taxes we paid. As a result of these requirements, we will likely need to raise capital from other sources to grow our business. Unfavorable economic or capital market conditions may increase our funding costs, limit our access to the capital markets or could result in a decision by lenders not to extend credit to us. An inability to successfully access the capital markets could limit our ability to grow our business and fully execute our business strategy and could decrease our earnings, if any.

As a BDC, we are not able to incur senior securities unless after giving effect thereto we meet a coverage ratio of total assets, less liabilities and indebtedness not represented by senior securities, to total senior securities, which includes all of our borrowings, of at least 150%. This means that for every \$100 of net assets, we may raise \$200 from senior securities, such as borrowings or issuing preferred stock. These requirements limit the amount that we may borrow.

Because we will continue to need capital to grow our investment portfolio, these limitations may prevent us from incurring debt and require us to raise additional equity at a time when it may be disadvantageous to do so. While we expect we will be able to borrow and to issue additional debt securities and expect that we will be able to issue additional equity securities, we cannot assure you that debt and equity financing will be available to us on favorable terms, or at all. In addition, as a BDC, we generally will not be permitted to issue equity securities priced below net asset value without stockholder approval. If additional funds are not available to us, we could be forced to curtail or cease new investment activities and our net asset value or common stock price could decline.

***The highly competitive market in which we operate may limit our investment opportunities.***

A number of entities compete with us to make the types of investments that we make. We compete with other BDCs, public and private funds, commercial and investment banks, commercial financing companies, and, to the extent they provide an alternative form of financing, private equity funds. Additionally, because competition for investment opportunities generally has increased among alternative investment vehicles, such as hedge funds, those entities now invest in areas in which they have not traditionally invested, including making investments in middle-market private companies. As a result of these new entrants, competition for investment opportunities intensified over the past several years and may intensify further in the future. Some of our existing and potential competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, some competitors may have a lower cost of funds and access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than us. Furthermore, many of our competitors are not subject to the regulatory restrictions and valuation requirements that the 1940 Act imposes on us as a BDC and that the Code imposes on us as a RIC. We cannot assure you that the competitive pressures we face will not have a material adverse effect on our business, financial condition and results of operations. Also, as a result of this existing and potentially increasing competition, we may not be able to take advantage of attractive investment opportunities from time to time, and we can offer no assurance that we will be able to identify and make investments that are consistent with our investment objective.

We do not seek to compete primarily based on the interest rates we offer, and we believe that some of our competitors make loans with interest rates that are comparable to or lower than the rates we offer.

We may lose investment opportunities if we do not match our competitors' pricing, terms and structure. If we match our competitors' pricing, terms and structure, we may experience decreased net interest income and increased risk of credit loss. As a result of operating in such a competitive environment, we may make investments that are on better terms to our portfolio companies than what we may have originally anticipated, which may impact our return on these investments.

***Our Board of Directors may change our investment objective, operating policies and strategies without prior notice or stockholder approval, the effect of which may be adverse.***

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

## **Risks related to our investments**

***Our investments are risky and highly speculative, and we could lose all or part of our investment.***

We invest primarily in middle-market companies primarily through leveraged loans.

*Risks Associated with middle-market companies.* Investing in private middle-market companies involves a number of significant risks, including:

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

Limited public information exists about private middle-market companies, and we expect to rely on the Advisor's investment professionals to obtain adequate information to evaluate the potential returns from investing in these companies. These companies and their financial information are not subject to the Sarbanes-Oxley Act of 2002 and other rules that govern disclosures and financial controls of public companies. If we are unable to uncover all material information about these companies, we may not make a fully informed investment decision, and we may lose money on our investment.

*Lower Credit Quality Obligations.* Most of our debt investments are likely to be in lower grade obligations. The lower grade investments in which we invest may be rated below investment grade by one or more nationally-recognized statistical rating agencies at the time of investment or may be unrated but determined by the Advisor to be of comparable quality. Debt securities rated below investment grade are commonly referred to as "junk bonds" and are considered speculative with respect to the issuer's capacity to pay interest and repay principal. The debt that we invest in typically is not rated prior to our investment by any rating agency, but we believe that if such investments were rated, they would be below investment grade (rated lower than "Baa3" by Moody's Investors Service, lower than "BBB-" by Fitch Ratings or lower than "BBB-" by Standard & Poor's). We may invest without limit in debt of any rating, as well as debt that has not been rated by any nationally recognized statistical rating organization.

Investment in lower grade investments involves a substantial risk of loss. Lower grade securities or comparable unrated securities are considered predominantly speculative with respect to the issuer's ability to pay interest and principal and are susceptible to default or decline in market value due to adverse economic and business developments. The market values for lower grade debt tend to be very volatile and are less liquid than investment grade securities. For these reasons, your investment in our company is subject to the following specific risks:

- increased price sensitivity to a deteriorating economic environment;
- greater risk of loss due to default or declining credit quality;
- adverse company specific events are more likely to render the issuer unable to make interest and/or principal payments; and
- if a negative perception of the lower grade debt market develops, the price and liquidity of lower grade securities may be depressed. This negative perception could last for a significant period of time.

Adverse changes in economic conditions are more likely to lead to a weakened capacity of a lower grade issuer to make principal payments and interest payments than an investment grade issuer. The principal amount of lower grade securities outstanding has proliferated in the past decade as an increasing number of issuers have used lower grade securities for corporate financing. An economic downturn could severely affect the ability of highly leveraged issuers to service their debt obligations or to repay their obligations upon maturity. Similarly, downturns in profitability in specific industries could adversely affect the ability of lower grade issuers in that industry to meet their obligations. The market values of lower grade debt tend to reflect individual developments of the issuer to a greater extent than do higher quality investments, which react primarily to fluctuations in the general level of interest rates. Factors having an adverse impact on the market value of lower grade debt may have an adverse effect on our net asset value and the market value of our common stock. In addition, we may incur additional expenses to the extent we are required to seek recovery upon a default in payment of principal or interest on our portfolio holdings. In certain circumstances, we may be required to foreclose on an issuer's assets and take possession of its property or operations. In such circumstances, we would incur additional costs in disposing of such assets and potential liabilities from operating any business acquired.

The secondary market for lower grade debt is unlikely to be as liquid as the secondary market for more highly rated debt, a factor which may have an adverse effect on our ability to dispose of a particular instrument. There are fewer dealers in the market for lower grade securities than investment grade obligations. The prices quoted by different dealers may vary significantly and the spread between the bid and asked price is generally larger than for higher quality instruments. Under adverse market or economic conditions, the secondary market for lower grade debt could contract further, independent of any specific adverse changes in the condition of a particular issuer, and these instruments may become highly illiquid. As a result, we could find it more difficult to sell these instruments or may be able to sell the securities only at prices lower than if such instruments were widely traded. Prices realized upon the sale of such lower rated or unrated securities, under these circumstances, may be less than the prices used in calculating our net asset value.

Since investors generally perceive that there are greater risks associated with lower grade debt of the type in which we may invest a portion of our assets, the yields and prices of such debt may tend to fluctuate more than those for higher rated instruments. In the lower quality segments of the fixed income markets, changes in perceptions of issuers' creditworthiness tend to occur more frequently and in a more pronounced manner than do changes in higher quality segments of the income securities market, resulting in greater yield and price volatility.

*Distressed Debt Securities Risk.* At times, distressed debt obligations may not produce income and may require us to bear certain extraordinary expenses (including legal, accounting, valuation and transaction expenses) in order to protect and recover our investment. Therefore, to the extent we invest in distressed debt, our ability to achieve current income for our stockholders may be diminished. We also will be subject to significant uncertainty as to when and in what manner and for what value the distressed debt we invest in will eventually be satisfied (e.g., through a liquidation of the obligor's assets, an exchange offer or plan of reorganization involving the distressed debt securities or a payment of some amount in satisfaction of the obligation). In addition, even if an exchange offer is made or plan of reorganization is adopted with respect to distressed debt we hold, there can be no assurance that the securities or other assets received by us in connection with such exchange offer or plan of reorganization will not have a lower value or income potential than may have been anticipated when the investment was made. Moreover, any securities received by us upon completion of an exchange offer or plan of reorganization may be restricted as to resale. As a result of our participation in negotiations with respect to any exchange offer or plan of reorganization with respect to an issuer of distressed debt, we may be restricted from disposing of such securities.

*Payment-in-kind Interest Risk.* Our loans may contain a payment-in-kind, or PIK, interest provision. PIK investments carry additional risk as holders of these types of securities receive no cash until the cash payment date unless a portion of such securities is sold. If the issuer defaults the Company may obtain no return on its investment. The PIK interest, computed at the contractual rate specified in each loan agreement, is added to the principal balance of the loan and recorded as interest income. To avoid the imposition of corporate-level tax on us, this non-cash source of income needs to be paid out to stockholders in cash distributions or, in the event that we determine to do so and in certain cases, in shares of our common stock, even though we have not yet collected and may never collect the cash relating to the PIK interest. As a result, we may have to distribute a taxable stock dividend to account for PIK interest even though we have not yet collected the cash.

*Preferred Stock Risk.* To the extent we invest in preferred securities, there are special risks, including:

*Deferral.* Preferred securities may include provisions that permit the issuer, at its discretion, to defer distributions for a stated period without any adverse consequences to the issuer. If we own a preferred security that is deferring its distributions, we may be required to report income for tax purposes although we have not yet received such income.

*Subordination.* Preferred securities are subordinated to bonds and other debt instruments in a company's capital structure in terms of priority to corporate income and liquidation payments, and therefore will be subject to greater credit risk than more senior debt instruments.

*Liquidity.* Preferred securities may be substantially less liquid than many other securities, such as common stocks or U.S. Government securities.

*Limited Voting Rights.* Generally, preferred security holders have no voting rights with respect to the issuing company unless preferred dividends have been in arrears for a specified number of periods, at which time the preferred security holders may elect a number of directors to the issuer's board. Generally, once all the arrearages have been paid, the preferred security holders no longer have voting rights.

*Equity Security Risk.* We may have exposure to equity securities. Although equity securities have historically generated higher average total returns than fixed-income securities over the long term, equity securities also have experienced significantly more volatility in those returns. The equity securities that we acquire may fail to appreciate and may decline in value or become worthless.

***A trading market or market value of our debt securities may fluctuate.***

In the event we issue debt securities, they may or may not have an established trading market. We cannot assure you that a trading market for debt securities will ever develop or be maintained if developed. In addition to our creditworthiness, many factors may materially adversely affect the trading market for, and market value of, debt securities we may issue. These factors include, but are not limited to, the following:

- the time remaining to the maturity of these debt securities;
- the outstanding principal amount of debt securities with terms identical to these debt securities;
- the ratings assigned by national statistical ratings agencies;
- the general economic environment;
- the supply of debt securities trading in the secondary market, if any;
- the redemption or repayment features, if any, of these debt securities;
- the level, direction and volatility of market interest rates generally; and
- market rates of interest higher or lower than rates borne by the debt securities.

You should also be aware that there may be a limited number of buyers if and when you decide to sell your debt securities. This too may materially adversely affect the market value of the debt securities or the trading market for the debt securities.

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

We may enter into hedging transactions, which could expose us to risks associated with such transactions. We may utilize instruments such as forward contracts and interest rate swaps, caps, collars and floors to seek to hedge against fluctuations in the relative values of our portfolio positions and amounts due under our debt arrangements from changes in market interest rates. Use of these hedging instruments may include counterparty credit risk. Utilizing such hedging instruments does not eliminate the possibility of fluctuations in the values of such positions and amounts due under our debt arrangements or prevent losses if the values of such positions decline. However, such hedging can establish other positions designed to gain from those same developments, thereby offsetting the decline in the value of such portfolio positions. Such hedging transactions may also limit the opportunity for gain if the values of the underlying portfolio positions should increase. Moreover, it may not be possible to hedge against an interest rate fluctuation that is so generally anticipated that we are not able to enter into a hedging transaction at an acceptable price. The Dodd-Frank Act has made broad changes to the OTC derivatives market, granted significant new authority to the CFTC and the SEC to regulate OTC derivatives (swaps and security-based swaps) and participants in these markets. The Dodd-Frank Act is intended to regulate the OTC derivatives market by requiring many derivative transactions to be cleared and traded on an exchange, expanding entity registration requirements, imposing business conduct requirements on dealers and requiring banks to move some derivatives trading units to a non-guaranteed affiliate separate from the deposit-taking bank or divest them altogether. The CFTC has implemented mandatory clearing and exchange-trading of certain OTC derivatives contracts including many standardized interest rate swaps and credit default index swaps. The CFTC continues to approve contracts for central clearing. Exchange-trading and central clearing are expected to reduce counterparty credit risk by substituting the clearinghouse as the counterparty to a swap and increase liquidity, but exchange-trading and central clearing do not make swap transactions risk-free. Uncleared swaps, such as non-deliverable foreign currency forwards, are subject to certain margin requirements that mandate the posting and collection of minimum margin amounts. This requirement may result in the portfolio and its counterparties posting higher margin amounts for uncleared swaps than would otherwise be the case. Certain rules require centralized reporting of detailed information about many types of cleared and uncleared swaps. Reporting of swap data may result in greater market transparency, but may subject a portfolio to additional administrative burdens, and the safeguards established to protect trader anonymity may not function as expected. Future CFTC or SEC rulemakings to implement the Dodd-Frank Act requirements could potentially limit or completely restrict our ability to use these instruments as a part of our investment strategy, increase the costs of using these instruments or make them less effective. Limits or restrictions applicable to the counterparties with which we engage in derivative transactions could also prevent us from using these instruments or affect the pricing or other factors relating to these instruments, or may change availability of certain investments. In addition, on October 28, 2020, the SEC adopted new regulations governing the use of derivatives by closed-end funds ("Rule 18f-4"), which the Company was required to comply with as of August 19, 2022. As a result, the Company is required to implement and comply with the Rule 18f-4 limits on the amount of derivatives the Company can enter into, eliminate the asset segregation framework previously used to comply with Section 18 of the 1940 Act, treat derivatives as senior securities so that a failure to comply with the limits would result in a statutory violation and require the Company, if the Company's use of derivatives is more than a limited specified exposure amount (10% of net assets), to establish and maintain a comprehensive derivatives risk management program and appoint a derivatives risk manager.

The success of our hedging transactions will depend on our ability to correctly predict movements and interest rates. Therefore, while we may enter into such transactions to seek to reduce interest rate risks, unanticipated changes in interest rates may result in poorer overall investment performance than if we had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio positions being hedged may vary. Moreover, for a variety of reasons, we may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings or debt arrangements being hedged. Any such imperfect correlation may prevent us from achieving the intended hedge and expose us to risk of loss.

***We are subject to credit risk related to investments in our portfolio companies and with our financial institutions and counterparties.***

The Company has investments in lower rated and comparable quality unrated senior and junior secured, unsecured and subordinated debt securities and loans, which are subject to a greater degree of credit risk than more highly rated investments. The risk of loss due to default by the issuer is significantly greater for holders of such securities and loans, particularly in cases where the investment is unsecured or subordinated to other creditors of the issuer.

The Company may be exposed to counterparty credit risk, or the risk that an entity with which the Company has unsettled or open transactions may fail to or be unable to perform on its commitments. The Company manages counterparty risk by entering into transactions only with counterparties that they believe have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties. Financial assets, which potentially expose the Company to market, issuer and counterparty credit risks, consist principally of investments in portfolio companies. The extent of the Company's exposure to market, issuer and counterparty credit risks with respect to these financial assets is generally approximated by their fair value recorded in the Consolidated Statements of Assets and Liabilities. The Company is also exposed to credit risk related to maintaining all of its cash at a major financial institution.

***Because our investments are generally not in publicly traded securities, there will be uncertainty regarding the value of our investments, which could adversely affect the determination of our net asset value.***

Our portfolio investments will generally not be in publicly traded securities. As a result, although we expect that some of our equity investments may trade on private secondary marketplaces, the fair value of our direct investments in portfolio companies will often not be readily determinable. Under the 1940 Act, investments for which there are no readily available market quotations, including securities that while listed on a private securities exchange have not actively traded, will be valued at fair value as determined using a consistently applied valuation process in accordance with our documented valuation policy that has been reviewed and approved by our board of directors. The Valuation Designee determines the value of our investments in accordance with such valuation policy. In connection with such determination, the Valuation Designee utilizes the services of an independent valuation firm, which prepares valuation reports on a quarterly basis for most of our portfolio investments that are not publicly traded or for which we do not have readily available market quotations, including securities that while listed on a private securities exchange, have not actively traded. However, the Valuation Designee retains ultimate authority as to the appropriate valuation of each such investment. The types of factors that the Valuation Designee takes into account in approving fair value with respect to such non-traded investments includes, as relevant and, to the extent available, the portfolio company's earnings, the markets in which the portfolio company does business, comparison to valuations of publicly traded companies, comparisons to recent sales of comparable companies, the discounted value of the cash flows of the portfolio company and other relevant factors. This information may not be available because it is difficult to obtain financial and other information with respect to private companies, and even where we are able to obtain such information, there can be no assurance that it is complete or accurate. Because such valuations are inherently uncertain and may be based on estimates, our determinations of fair value may differ materially from the values that would be assessed if a readily available market for these securities existed. Due to this uncertainty, our fair value determinations with respect to any non-traded investments we hold may cause our net asset value on a given date to materially understate or overstate the value that we may ultimately realize on one or more of our investments. As a result, investors purchasing our securities based on an overstated net asset value may pay a higher price than the value of our investments might warrant. Conversely, investors selling securities based on a net asset value that understates the value of our investments may receive a lower price for their securities than the value of our investments might warrant.

***We and the Advisor may be a party to legal proceedings in connection with our investments in our portfolio companies.***

From time to time, we and the Advisor may be a party to certain legal proceedings incidental to the normal course of our business, including the enforcement of our rights under contracts with our portfolio companies. While we cannot predict the outcome of these legal proceedings with certainty, we do not expect that these proceedings will have a material effect on our consolidated financial statements.

***We may not be in a position to exercise control over our portfolio companies or to prevent decisions by management of our portfolio companies that could decrease the value of our investments.***

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

In addition, we may not be in a position to control any portfolio company by investing in its debt securities. As a result, we are subject to the risk that a portfolio company in which we invest may make business decisions with which we disagree and the management of such company, as representatives of the holders of their common equity, may take risks or otherwise act in ways that do not serve our interests as debt investors.

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

The portfolio companies we invest in usually have, or may be permitted to incur, other debt that ranks equally with, or senior to, the debt securities in which we invest. By their terms, such debt instruments may provide that the holders are entitled to receive payment of interest or principal on or before the dates on which we are entitled to receive payments in respect of the debt securities in which we invest. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of debt instruments ranking senior to our investment in that portfolio company would typically be entitled to receive payment in full before we receive any distribution in respect of our investment. After repaying such senior creditors, such portfolio company may not have any remaining assets to use for repaying its obligation to us. In the case of debt ranking equally with debt securities in which we invest, we would have to share any distributions on an equal and ratable basis with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company.

Additionally, certain loans that we make to portfolio companies may be secured on a second priority basis by the same collateral securing senior secured debt of such companies. The first priority liens on the collateral will secure the portfolio company's obligations under any outstanding senior debt and may secure certain other future debt that may be permitted to be incurred by the portfolio company under the agreements governing the loans. The holders of obligations secured by the first priority liens on the collateral will generally control the liquidation of and be entitled to receive proceeds from any realization of the collateral to repay their obligations in full before us. In addition, the value of the collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from the sale or sales of all of the collateral would be sufficient to satisfy the loan obligations secured by the second priority liens after payment in full of all obligations secured by the first priority liens on the collateral. If such proceeds are not sufficient to repay amounts outstanding under the loan obligations secured by the second priority liens, then we, to the extent not repaid from the proceeds of the sale of the collateral, will only have an unsecured claim against the portfolio company's remaining assets, if any.

The rights we may have with respect to the collateral securing the loans we make to our portfolio companies with senior debt outstanding may also be limited pursuant to the terms of one or more intercreditor agreements, including agreements governing "first out" and "last out" structures, that we enter into with the holders of senior debt. Under such an intercreditor agreement, at any time that obligations that have the benefit of the first priority liens are outstanding, any of the following actions that may be taken in respect of the collateral will be in good faith under the direction of the holders of the obligations secured by the first priority liens: the ability to cause the commencement of enforcement proceedings against the collateral; the ability to control the conduct of such proceedings; the approval of amendments to collateral documents; releases of liens on the collateral; and waivers of past defaults under collateral documents. We may not have the ability to control or direct such actions, even if our rights are adversely affected.

When we are a debt or minority equity investor in a portfolio company, we are often not in a position to exert influence on the entity, and other equity holders and management of the company may make decisions that could decrease the value of our portfolio holdings.

When we make debt or minority equity investments, we are subject to the risk that a portfolio company may make business decisions with which we disagree and the other equity holders and management of such company may take risks or otherwise act in ways that do not serve our interests. As a result, a portfolio company may make decisions that could decrease the value of our investment.

We may also make unsecured loans to portfolio companies, meaning that such loans will not benefit from any interest in collateral of such companies. Liens on such portfolio companies' collateral, if any, will secure the portfolio company's obligations under its outstanding secured debt and may secure certain future debt that is permitted to be incurred by the portfolio company under its secured loan agreements. The holders of obligations secured by such liens will generally control the liquidation of, and be entitled to receive proceeds from, any realization of such collateral to repay their obligations in full before us. In addition, the value of such collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from sales of such collateral would be sufficient to satisfy our unsecured loan obligations after payment in full of all secured loan obligations. If such proceeds were not sufficient to repay the outstanding secured loan obligations, then our unsecured claims would rank equally with the unpaid portion of such secured creditors' claims against the portfolio company's remaining assets, if any.

***There may be circumstances in which our debt investments could be subordinated to claims of other creditors or we could be subject to lender liability claims.***

If one of our portfolio companies were to go bankrupt, even though we may have structured our interest as senior debt, depending on the facts and circumstances, a bankruptcy court might recharacterize our debt holding as an equity investment and subordinate all or a portion of our claim to that of other creditors. In addition, lenders can be subject to lender liability claims for actions taken by them where they become too involved in the borrower's business or exercise control over the borrower. For example, we could become subject to a lender's liability claim, if, among other things, we actually render significant managerial assistance. Additionally, these companies may not be able to get a full tax deduction for such borrowings.

***Our portfolio companies may be highly leveraged.***

Some of our portfolio companies may be highly leveraged, which may have adverse consequences to these companies and to us as an investor. These companies may be subject to restrictive financial and operating covenants and the leverage may impair these companies' ability to finance their future operations and capital needs. As a result, these companies' flexibility to respond to changing business and economic conditions and to take advantage of business opportunities may be limited. Further, a leveraged company's income and net assets will tend to increase or decrease at a greater rate than if borrowed money were not used.

***Our portfolio companies may prepay loans, which prepayment may reduce stated yields in the future if capital returned cannot be invested in transactions with equal or greater expected yields.***

Certain of the loans we make are prepayable at any time, some of them at no premium to par. We cannot predict when such loans may be prepaid. Whether a loan is prepaid will depend both on the continued positive performance of the portfolio company and the existence of favorable financing market conditions that permit such company to replace existing financing with less expensive capital. As market conditions change frequently, it is unknown when, and if, this may be possible for each portfolio company. In the case of some of these loans, having the loan prepaid early may reduce the achievable yield for the Company in the future below the current yield disclosed for our portfolio if the capital returned cannot be invested in transactions with equal or greater expected yields.

***Concentration of our assets in an issuer, industry or sector may present more risks than if we were more broadly diversified over numerous issuers, industries and sectors of the economy.***

We are classified as a non-diversified investment company within the meaning of the 1940 Act, which means that we are not limited by the 1940 Act with respect to the proportion of our assets that we may invest in securities of a single issuer. To the extent that we assume large positions in the securities of a small number of issuers, our net asset value may fluctuate to a greater extent than that of a diversified investment company as a result of changes in the financial condition or the market's assessment of the issuer. We may also be more susceptible to any single economic or regulatory occurrence than a diversified investment company.

In addition, we may, from time to time, invest a substantial portion of our assets in the securities of issuers in any single industry or sector of the economy or in only a few issuers. We cannot predict the industries or sectors in which our investment strategy may cause us to concentrate and cannot predict the level of our diversification among issuers to ensure that we satisfy diversification requirements for qualification as a RIC for U.S. federal income tax purposes. A downturn in an industry or sector in which we are concentrated would have a larger impact on us than on a company that does not concentrate in that particular industry or sector. Furthermore, the Advisor has not made and does not intend to make any determination as to the allocation of assets among different classes of securities. At any point in time we may be highly concentrated in a single type of asset, such as junior unsecured loans or distressed debt. Consequently, events which affect a particular asset class disproportionately could have an equally disproportionate effect on us.

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

Following an initial investment in a portfolio company, we may make additional investments in that portfolio company as "follow-on" investments in order to: (1) increase or maintain in whole or in part our equity ownership percentage; (2) exercise warrants, options or convertible securities that were acquired in the original or subsequent financing; or (3) attempt to preserve or enhance the value of our initial investment.

We may elect not to make follow-on investments or otherwise lack sufficient funds to make those investments. Our failure to make follow-on investments may, in some circumstances, jeopardize the continued viability of a portfolio company and our initial investment, or may result in a missed opportunity for us to increase our participation in a successful operation. Even if we have sufficient capital to make a desired follow-on investment, we may elect not to make such follow-on investment because we may not want to increase our concentration of risk, because we prefer other opportunities, because we are inhibited by compliance with BDC requirements or because we desire to maintain our tax status.

***Our investments in the Software, Internet & Catalog Retail, and IT Services sectors are subject to various risks, including intellectual property infringement issues and rapid technological changes, which may adversely affect our performance. Each industry contains certain industry related credit risks.***

General risks of companies in the Software, Internet & Catalog Retail, and IT Services sectors include intellectual property infringement liability issues, the inability to protect Internet software and other propriety technology, extensive competition and limited barriers to entry. Generally, the market for Internet software and services is categorized by rapid technological change, evolving industry standards, changes in customer requirements and frequent new product introduction and enhancements. If a portfolio company in the Internet software and services sector cannot develop new products and enhance its current products in response to technological changes and competing products, its business and operating results will be negatively affected. In addition, there has been a substantial amount of litigation in the Internet software and services relating to intellectual property rights. Regardless of whether claims that a company is infringing patents or other intellectual property have any merit, these claims are time-consuming and costly. Moreover, an Internet software and services company must monitor the unauthorized use of its intellectual property, which may be difficult and costly. A company's failure to protect its intellectual property could

put it at a disadvantage to its competitors and harm its business, results of operations and financial condition. If an internet software and services company in which we invest is unable to navigate these risks, our performance may be adversely affected.

***Our investments in the financial services sector are subject to various risks including volatility and extensive government regulation.***

These risks include the effects of changes in interest rates on the profitability of financial services companies, the rate of corporate and consumer debt defaults, price competition, governmental limitations on a company's loans, other financial commitments, product lines and other operations and recent ongoing changes in the financial services industry (including consolidations, development of new products and changes to the industry's regulatory framework). Insurance companies have additional risks, such as heavy price competition, claims activity and marketing competition, and can be particularly sensitive to specific events such as man-made and natural disasters (including weather catastrophes), terrorism, mortality risks and morbidity rates.

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

Our investment strategy contemplates that a portion of our investments may be in securities of foreign companies in order to provide diversification or to complement our U.S. investments, although we are required generally to invest at least 70% of our assets in companies organized and having their principal place of business within the U.S. and its possessions. Accordingly, we may invest on an opportunistic basis in certain non-U.S. companies, including those located in emerging markets, that otherwise meet our investment criteria. In regards to the regulatory requirements for business development companies, some of these investments may not qualify as investments in "eligible portfolio companies," and thus may not be considered "qualifying assets." "Eligible portfolio companies" generally include U.S. companies that are not investment companies and that do not have securities listed on a national exchange. If at any time less than 70% of our gross assets are comprised of qualifying assets, including as a result of an increase in the value of any non-qualifying assets or decrease in the value of any qualifying assets, we would generally not be permitted to acquire any additional non-qualifying assets until such time as 70% of our then current gross assets were comprised of qualifying assets. We would not be required, however, to dispose of any non-qualifying assets in such circumstances. In addition, investing in foreign companies, and particularly those in emerging markets, may expose us to additional risks not typically associated with investing in U.S. companies. These risks include changes in exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the U.S., higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility. These risks may be more pronounced for portfolio companies located or operating primarily in emerging markets, whose economies, markets and legal systems may be less developed. Further, we may have difficulty enforcing our rights as equity holders in foreign jurisdictions. In addition, to the extent we invest in non-U.S. companies, we may face greater exposure to foreign economic developments.

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

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

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

***We may invest in "covenant-lite" loans, which could have limited investor protections.***

We may invest in, or obtain exposure to, obligations that may be "covenant-lite," which means such obligations lack, or possess fewer, financial covenants that protect lenders. Covenant-lite agreements feature incurrence covenants, as opposed to more restrictive maintenance covenants. Under a maintenance covenant, the borrower would need to meet regular, specific financial tests, while under an incurrence covenant, the borrower only would be required to comply with the financial tests at the time it takes certain actions (e.g., issuing additional debt, paying a dividend, making an acquisition). A covenant-lite obligation contains fewer maintenance covenants than other obligations, or no maintenance covenants, and may not include terms that allow the lender to monitor the performance of the borrower and declare a default if certain criteria are breached. Furthermore, in the event of default, covenant-lite loans may exhibit diminished recovery values as the lender may not have the opportunity to negotiate with the borrower prior to default.

## Risks related to our operations as a BDC

*While our ability to enter into transactions with our affiliates is restricted under the 1940 Act, we have received an exemptive order from the SEC permitting certain affiliated investments subject to certain conditions. As a result, the Advisor may face conflicts of interests and investments made pursuant to the exemptive order conditions could in certain circumstances adversely affect the price paid or received by us or the availability or size of the position purchased or sold by us.*

Any person that owns, directly or indirectly, 5% or more of our outstanding voting securities or is managed by the Advisor will generally be our affiliate for purposes of the 1940 Act and we are generally prohibited from participating in certain transactions such as co-investing with, or buying or selling any security from or to, such affiliate, absent the prior approval of our independent directors and, in some cases, of the SEC. However, the Advisor and the funds managed by the Advisor have received an exemption from certain SEC regulations prohibiting transactions with affiliates. The exemptive order requires that certain procedures be followed prior to making an investment subject to the order and such procedures could in certain circumstances adversely affect the price paid or received by us or the availability or size of the position purchased or sold by us. The Advisor may also face conflicts of interest in making investments pursuant to the exemptive order.

The 1940 Act also prohibits certain “joint” transactions with certain of our affiliates, which could include investments in the same portfolio company (whether at the same or different times), without prior approval of our independent directors and, in some cases, of the SEC. We are prohibited from buying or selling any security from or to any person who owns more than 25% of our voting securities and from or to certain of that person’s affiliates, or entering into prohibited joint transactions with such persons, absent the prior approval of the SEC (other than certain limited situations pursuant to current regulatory guidance). The analysis of whether a particular transaction constitutes a joint transaction requires a review of the relevant facts and circumstances relating to the particular transaction. Similar restrictions limit our ability to transact business with our officers or directors or their affiliates.

*Regulations governing our operation as a BDC may limit our ability to, and the way in which we raise additional capital, which could have a material adverse impact on our liquidity, financial condition and results of operations and may hinder the Advisor’s ability to take advantage of attractive investment opportunities and to achieve our investment objective.*

Our business requires a substantial amount of capital. We may acquire additional capital from the issuance of additional shares of our common stock or from the additional issuance of senior securities (including debt and preferred stock). However, we may not be able to raise additional capital in the future on favorable terms or at all. We may issue debt securities or preferred securities, which we refer to collectively as “senior securities,” and we may borrow money from banks or other financial institutions, up to the maximum amount permitted by the 1940 Act. The 1940 Act, permits us to issue senior securities or incur indebtedness only in amounts such that our asset coverage, as defined in the 1940 Act, equals at least 150% after such issuance or incurrence. If the value of our assets declines, we may be unable to satisfy this test. If that happens, we may be required to liquidate a portion of our investments and repay a portion of our indebtedness at a time when such sales may be disadvantageous. If the value of our assets declines, we may be unable to satisfy this test. If that happens, we may be required to liquidate a portion of our investments and repay a portion of our indebtedness at a time when such sales may be disadvantageous.

- *Senior Securities.* As a result of issuing senior securities, we would also be exposed to typical risks associated with leverage, including an increased risk of loss. If we issue preferred securities they would rank “senior” to common stock in our capital structure, preferred stockholders would have separate voting rights and may have rights, preferences or privileges more favorable than those of our common stockholders. Furthermore, the issuance of preferred securities could have the effect of delaying, deferring or preventing a transaction or a change of control that might involve a premium price for our common stockholders or otherwise be in the best interests of our common stockholders.
- *Additional Common Stock.* Our Board of Directors may decide to issue common stock to finance our operations rather than issuing debt or other senior securities. As a BDC, we are generally not able to issue our common stock at a price below net asset value, or issue securities convertible into common stock, without first obtaining the required approvals from our stockholders and our independent directors. If our common stock trades at a discount to net asset value, those restrictions could adversely affect our ability to raise equity capital. Except in connection with the exercise of warrants or the conversion of convertible securities, in any such case the price at which our securities are to be issued and sold may not be less than a price, that in the determination of our Board of Directors, closely approximates the market value of such securities at the relevant time. We may also make rights offerings to our stockholders. If we raise additional capital by issuing more common stock or senior securities convertible into, or exchangeable for, our common stock, the percentage ownership of our common stockholders at that time would decrease, and our common stockholders may experience dilution.

*Changes in the laws or regulations governing our business or the business of our portfolio companies, or changes in the interpretations thereof or newly enacted legislation and regulations, and any failure by us or our portfolio companies to comply with these laws or regulations, could have a material adverse effect on our business, results of operations or financial condition of us or our portfolio companies.*

We are subject to changing rules and regulations of federal and state governments, as well as the stock exchange in which our common stock is listed. These entities, including the Public Company Accounting Oversight Board, the SEC and The Nasdaq Global Select Market, have issued a significant number of new and increasingly complex requirements and regulations over the course of the last several years and continue to develop additional regulations. Changes in the laws or regulations or the interpretations of the laws and regulations that govern

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

***If we do not invest a sufficient portion of our assets in qualifying assets, we could be precluded from investing in certain assets or could be required to dispose of certain assets, which could have a material adverse effect on our business, financial condition and results of operations.***

As a BDC, we are prohibited from acquiring any assets other than “qualifying assets” unless, at the time of and after giving effect to such acquisition, at least 70% of our total assets are qualifying assets. As of December 31, 2022, approximately \$87.9 million, or approximately 15.0%, of our adjusted total assets were not “qualifying assets.” If we do not invest a sufficient portion of our assets in qualifying assets, we will be prohibited from investing in additional non-qualifying assets, which could have a material adverse effect on our business, financial condition and results of operations. Similarly, these rules could prevent us from making follow-on investments in existing portfolio companies (which could result in the dilution of our position) or could require us to dispose of investments at inopportune times in order to come into compliance with the 1940 Act. If we need to dispose of these investments quickly, it may be difficult to dispose of such investments on favorable terms. For example, we may have difficulty in finding a buyer and, even if a buyer is found, we may have to sell the investments at a substantial loss.

***We will be subject to corporate-level U.S. federal income tax on all of our income if we are unable to qualify as a RIC under the Code, which could have a material adverse effect on our financial performance.***

Although we are currently qualified as a RIC, no assurance can be given that we will be able to maintain RIC status. To maintain RIC status and be relieved of U.S. federal income taxes on income and gains distributed to its stockholders, we generally must meet the annual distribution, source-of-income and asset diversification requirements described below.

To qualify as a RIC under the Code, we generally must meet certain source-of-income, asset diversification and annual distribution requirements. The annual distribution requirement for a RIC will generally be satisfied if we distribute at least 90% of our ordinary income and net short-term capital gain in excess of net long-term capital loss, if any, to our stockholders. Since we use debt financing, we are subject to certain asset coverage ratio requirements and other financial covenants under the terms of the our Credit Facility, and we are, in some circumstances, also subject to similar requirements under the 1940 Act. The requirements could, under certain circumstances, restrict us from making distributions necessary to qualify as a RIC. If we are unable to obtain cash from other sources, we may fail to qualify as a RIC and, thus, may be subject to corporate-level income tax. To qualify as a RIC, we generally must also meet certain asset diversification requirements at the end of each calendar quarter. Failure to meet these tests may result in our having to dispose of certain investments quickly in order to prevent the loss of RIC status. Because we anticipate that most of our investments will be in private companies, any such dispositions could be made at disadvantageous prices and may result in substantial losses.

If we fail to qualify as a RIC for any reason and become subject to corporate-level income tax, the resulting corporate-level income taxes could substantially reduce our net assets, the amount of income available for distribution and the amount of our distributions.

***There is a risk that you may not receive distributions or that our distributions may not grow over time and a portion of our distributions may be a return of capital.***

We intend to make distributions on a quarterly basis to our stockholders out of assets legally available for distribution. We cannot assure you that we will achieve investment results that will allow us to make a specified level of cash distributions or year-to-year increases in cash distributions. Our ability to pay distributions might be adversely affected by the impact of one or more of the risk factors described in this filing. Due to the asset coverage test applicable to us under the 1940 Act as a BDC, we may be limited in our ability to make distributions. Additionally, a portion of such distributions may include a return of stockholder capital. Distributions in excess of our current and accumulated earnings and profits are considered nontaxable distributions and serve to reduce the basis of our shares in the hands of the common stockholders rather than being currently taxable. As a result of the reduction of the basis of our shares, common stockholders may incur additional capital gains taxes or may have lower capital losses.

***If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud. As a result, stockholders could lose confidence in our financial and other public reporting, which would harm our business and the trading price of our common stock.***

Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations. In addition, any testing by us conducted in

connection with Section 404 of the Sarbanes-Oxley Act may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retroactive changes to our consolidated financial statements or identify other areas for further attention or improvement. Inferior internal controls could also cause investors and lenders to lose confidence in our reported financial information, which could have a negative effect on the trading price of our common stock.

***We may experience cyber-security incidents and are subject to cyber-security risks.***

Our business operations rely upon secure information technology systems for data processing, storage and reporting. Despite careful security and controls design, implementation and updating, our information technology systems could become subject to cyber-attacks. Cyber-attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through “hacking” or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Network, system, application and data breaches could result in operational disruptions or information misappropriation, which could have a material adverse effect on our business, results of operations and financial condition.

Cyber-security failures or breaches by the Advisor, any sub-adviser(s) and other service providers (including, but not limited to, accountants, custodians, transfer agents and administrators), and the issuers of securities in which we invest, have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, interference with our ability to calculate our net asset value, impediments to trading, the inability of our stockholders to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future. While we have established a business continuity plan in the event of, and risk management systems to prevent, such cyberattacks, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Furthermore, we cannot control the cyber security plans and systems put in place by our service providers and issuers in which we invest. We and our stockholders could be negatively impacted as a result.

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

The occurrence of a disaster such as a cyber-attack, a natural catastrophe, an industrial accident, a terrorist attack or war, events unanticipated in our disaster recovery systems, or a support failure from external providers, could have an adverse effect on our ability to conduct business and on our results of operations and financial condition, particularly if those events affect our computer-based data processing, transmission, storage, and retrieval systems or destroy data. If a significant number of our managers were unavailable in the event of a disaster, our ability to effectively conduct our business could be severely compromised.

We depend heavily upon computer systems to perform necessary business functions. Despite our implementation of a variety of security measures, our computer systems could be subject to cyber-attacks and unauthorized access, such as physical and electronic break-ins or unauthorized tampering. Like other companies, we may experience threats to our data and systems, including malware and computer virus attacks, unauthorized access, system failures and disruptions. If one or more of these events occurs, it could potentially jeopardize the confidential, proprietary and other information processed and stored in, and transmitted through, our computer systems and networks, or otherwise cause interruptions or malfunctions in our operations, which could result in damage to our reputation, financial losses, litigation, increased costs, regulatory penalties and/or customer dissatisfaction or loss.

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

Our business is dependent on our and third parties’ communications and information systems. Further, in the ordinary course of our business we or the Advisor may engage certain third party service providers to provide us with services necessary for our business. Any failure or interruption of those systems or services, including as a result of the termination or suspension of an agreement with any third-party service providers, could cause delays or other problems in our business activities. Our financial, accounting, data processing, backup or other operating systems and facilities may fail to operate properly or become disabled or damaged as a result of a number of factors including events that are wholly or partially beyond our control and adversely affect our business. There could be:

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

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

## Risks related to our common stock and other securities

***Our shares of common stock have traded at a discount from net asset value and may do so again in the future, which could limit our ability to raise additional equity capital.***

Shares of closed-end investment companies, including BDCs, may trade at a market discount from net asset value. This characteristic of closed-end investment companies and BDCs is separate and distinct from the risk that our net asset value per share may decline. In the past, the stocks of BDCs as an industry, including shares of our common stock, have traded below net asset value and at historic lows as a result of concerns over liquidity, leverage restrictions and distribution requirements. When our common stock is trading below its net asset value per share, we will generally not be able to issue additional shares of our common stock at its market price without first obtaining approval for such issuance from our stockholders and our independent directors. At our special meeting of stockholders held on May 3, 2022, our stockholders did not approve our ability to sell or otherwise issue shares of our common stock at a price below its then current net asset value per share for a 12-month period expiring on the anniversary of the date of stockholder approval. We intend to seek the same stockholder approval at a special meeting on May 3, 2023 for the 12-month period commencing on May 3, 2023, but there can be no assurance we will receive such approval.

***Investing in our common stock may involve an above average degree of risk.***

The investments we make in accordance with our investment objective may result in a higher amount of risk than alternative investment options and a higher risk of volatility or loss of principal. Our investments in portfolio companies involve higher levels of risk, and therefore, an investment in our common stock may not be suitable for someone with lower risk tolerance.

***The market price of our common stock may fluctuate significantly.***

The market price and liquidity of the market for our common stock may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include:

- volatility in the market price and trading volume of securities of BDCs or other companies in the sector in which we operate, which are not necessarily related to the operating performance of these companies;
- price and volume fluctuations in the overall stock market from time to time;
- changes in law, regulatory policies or tax guidelines, particularly with respect to RICs or BDCs;
- loss of RIC status;
- changes in earnings or variations in operating results;
- changes in the value of our portfolio of investments;
- any shortfall in revenue or net income or any increase in losses from levels expected by investors or securities analysts;
- departure of key personnel from the Advisor;
- operating performance of companies comparable to us;
- short-selling pressure with respect to shares of our common stock or BDCs generally;
- future sales of our securities convertible into or exchangeable or exercisable for our common stock or the conversion of such securities;
- uncertainty surrounding the strength of the U.S. economic recovery;
- general economic trends and other external factors; and
- loss of a major funding source.

***Stockholders will likely incur dilution if we sell or otherwise issue shares of our common stock or securities to subscribe for or convertible into shares of our common stock at prices below the then current net asset value per share of our common stock.***

We generally seek approval from our stockholders so that we have the flexibility to issue up to 25% of our then outstanding shares of our common stock immediately prior to any such sale at a price below net asset value. Our ability to sell or otherwise issue shares of our common stock at a price below net asset value, subject to certain limitations and determinations by our board of directors expired on May 3, 2022 and was not renewed.

In addition, we may also issue shares of common stock in certain limited circumstances under our dividend reinvestment plan and under interpretive advice issued by the Internal Revenue Service. Any sale or other issuance of shares of our common stock at a price below net asset value per share would result in an immediate dilution to the net asset value per share. This dilution would occur as a result of a proportionately greater decrease in a stockholder's interest in our earnings and assets and voting interest in us than the increase in our assets resulting from such issuance. Because the number of shares of common stock that could be so issued and the timing of any issuance is not currently known,

the actual dilutive effect cannot be predicted. Such effects may be material, and we undertake to describe material risks and dilutive effects of any offering that we make at a price below our then current net asset value in the future in a prospectus supplement issued in connection with any such offering. We cannot predict whether shares of our common stock will trade above, at or below our net asset value. If we were to sell our common stock at prices below net asset value for a sustained period of time, such sales may result in an increased risk of our common stock trading at a discount to its net asset value.

***Our capital-raising activities may have an adverse effect on the market price of our common stock.***

When we issue securities or incur debt, we generally obtain cash or cash equivalents. Any increase in our holdings of cash or cash equivalents could adversely affect the prevailing market prices for our common stock, especially if we are unable to timely deploy the capital in suitable investments. The adverse impact on the prevailing market prices for our common stock could be greater if we issue debt securities or other securities requiring the payment of interest and are unable to timely deploy the capital in suitable investments.

***We may choose to pay dividends in our own stock, in which case you may be required to pay tax in excess of the cash you receive.***

We may distribute taxable dividends that are payable to our stockholders in part through the issuance of shares of our common stock. Under certain applicable provisions of the Code and the Treasury regulations and a revenue procedure 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 his or her entire distribution in either cash or stock of the RIC, subject to a limitation that the aggregate amount of cash to be distributed to all stockholders must be at least 20% of the aggregate declared distribution. If too many stockholders elect to receive their distributions in cash, we must allocate the cash available for distribution among the stockholders electing to receive cash (with the balance of the distribution paid in shares of our common stock). If we decide to make any distributions consistent with this revenue procedure that are payable in part in our stock, U.S. taxable stockholders receiving such dividends generally will be required to include the full amount of the dividend (whether received in cash, our stock, or a combination thereof) as ordinary income (or as long-term capital gain to the extent such distribution is properly reported as a capital gain dividend) to the extent of our current and accumulated earnings and profits for U.S. federal income tax purposes. As a result, a U.S. stockholder may be required to pay tax with respect to such dividends in excess of any cash received. If a U.S. stockholder sells the stock it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our stock at the time of the sale.

Furthermore, with respect to non-U.S. stockholders, we may be required to withhold U.S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in stock. If a significant number of our stockholders determine to sell shares of our stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our stock. In addition, to the extent our stock is trading below our net asset value per share, our net asset value per share will be diluted.

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

We cannot assure you that the issuance of preferred stock would result in a higher yield or return to the holders of our common stock. The issuance of preferred stock would likely cause the net asset value and market value of our common stock to become more volatile. If the dividend rate on the preferred stock were to approach the net rate of return on our investment portfolio, the benefit of leverage to the holders of our common stock would be reduced. If the dividend rate on the preferred stock were to exceed the net rate of return on our portfolio, the leverage would result in a lower rate of return to the holders of our common stock than if we had not issued preferred stock. Any decline in the net asset value of our investment would be borne entirely by the holders of our common stock. Therefore, if the market value of our portfolio were to decline, the leverage would result in a greater decrease in net asset value to the holders of our common stock than if we were not leveraged through the issuance of preferred stock. This greater net asset value decrease would also tend to cause a greater decline in the market price of our common stock. We might be in danger of failing to maintain the required asset coverage of the preferred stock or of losing our ratings on the preferred stock or, in an extreme case, our current investment income might not be sufficient to meet the dividend requirements on the preferred stock. In order to counteract such an event, we might need to liquidate investments in order to fund a redemption of some or all of the preferred stock. In addition, we would pay (and the holders of our common stock would bear) all costs and expenses relating to the issuance and ongoing maintenance of the preferred stock, including higher Incentive Fees if our total return exceeds the dividend rate on the preferred stock. Holders of preferred stock may have different interests than holders of common stock and may at times have disproportionate influence over our affairs.

***We may in the future determine to issue preferred stock, which could adversely affect the market value of our common stock.***

The issuance of shares of preferred stock with dividend or conversion rights, liquidation preferences or other economic terms favorable to the holders of preferred stock could adversely affect the market price for our common stock by making an investment in the common stock less attractive. In addition, the dividends on any preferred stock we issue must be cumulative. Payment of dividends and repayment of the liquidation preference of preferred stock must take preference over any dividends or other payments to our common stockholders, and holders of preferred stock are not subject to any of our expenses or losses and are not entitled to participate in any income or appreciation in excess of their stated preference (other than convertible preferred stock that converts into common stock). In addition, under the 1940 Act, preferred stock constitutes a “senior security” for purposes of the asset coverage test.

***Holders of any preferred stock we might issue would have the right to elect members of our Board of Directors and class voting rights on certain matters.***

Holders of any preferred stock we might issue, voting separately as a single class, would have the right to elect two members of our Board of Directors at all times and in the event dividends become two full years in arrears would have the right to elect a majority of the directors until such arrearage is completely eliminated. In addition, preferred stockholders have class voting rights on certain matters, including changes in fundamental investment restrictions and conversion to open-end status, and accordingly can veto any changes. Restrictions imposed on the declarations and payment of dividends or other distributions to the holders of our common stock and preferred stock, both by the 1940 Act and by requirements imposed by rating agencies, might impair our ability to maintain our qualification as a RIC for federal income tax purposes. While we would intend to redeem our preferred stock to the extent necessary to enable us to distribute our income as required to maintain our qualification as a RIC, there can be no assurance that such actions could be affected in time to meet the tax requirements.

***Certain provisions of the Delaware General Corporation Law and our certificate of incorporation and bylaws could deter takeover attempts and have an adverse impact on the price of our common stock.***

The Delaware General Corporation Law, our amended certificate of incorporation and our amended and restated bylaws contain provisions that may have the effect of discouraging a third party from making an acquisition proposal for us. These anti-takeover provisions may inhibit a change in control in circumstances that could give the holders of our common stock the opportunity to realize a premium over the market price of our common stock. We have also adopted measures that may make it difficult for a third party to obtain control of us, including provisions of our amended certificate of incorporation and amended and restated bylaws dividing our Board of Directors in three classes serving staggered three-year terms, requiring the affirmative vote of the holders of 75% of the then outstanding shares of our capital stock entitled to vote to remove a director for cause, and, subject to the rights of any holders of preferred stock, filling any vacancy on our Board of Directors only by a vote of a majority of the directors then in office. The classification of our Board of Directors and the limitations on removal of directors and filling of vacancies could have the effect of making it more difficult for a third party to acquire us, or of discouraging a third party from acquiring us. Our certificate of incorporation and bylaws also provide that special meetings of the stockholders may only be called by our Board of Directors, Chairman, Chief Executive Officer or Secretary. These provisions, as well as other provisions of our amended certificate of incorporation and our amended and restated bylaws, may delay, defer or prevent a transaction or a change in control that might otherwise be in the best interests of our stockholders.

***Your interest in us may be diluted if you do not fully exercise your subscription rights in any rights offering we may conduct. In addition, if the subscription price is less than our net asset value per share, then you will experience an immediate dilution of the aggregate net asset value of your shares.***

In the event we issue subscription rights, stockholders who do not fully exercise their subscription rights should expect that they will, at the completion of a rights offering, own a smaller proportional interest in us than would otherwise be the case if they fully exercised their rights. We cannot state precisely the amount of any such dilution in share ownership because we do not know at this time what proportion of the shares will be purchased as a result of such rights offering.

In addition, if the subscription price is less than the net asset value per share of our common stock, then our stockholders would experience an immediate dilution of the aggregate net asset value of their shares as a result of the offering. The amount of any decrease in net asset value is not predictable because it is not known at this time what the subscription price and net asset value per share will be on the expiration date of a rights offering or what proportion of the shares will be purchased as a result of such rights offering. Such dilution could be substantial.

***Terms relating to redemption may materially adversely affect your return on any debt securities that we may issue.***

If your debt securities are redeemable at our option, we may choose to redeem your debt securities at times when prevailing interest rates are lower than the interest rate paid on your debt securities. In addition, if your debt securities are subject to mandatory redemption, we may be required to redeem your debt securities also at times when prevailing interest rates are lower than the interest rate paid on your debt securities. In this circumstance, you may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as your debt securities being redeemed.

***Our credit ratings are subject to change and may not reflect all risks of an investment in our debt securities.***

Our credit ratings are an assessment by third parties of our ability to pay our obligations and are subject to change. For example, our credit ratings were changed several times during the most recent fiscal year and are subject to further change. Such fluctuations in our credit ratings may adversely affect the market value of our debt securities. In addition, our credit ratings may not reflect the potential impact of risks related to market conditions generally or other factors on the market value of or trading market for the publicly issued debt securities.

#### **Item 1B. Unresolved Staff Comments**

None.

**Item 2. Properties**

We do not own any real estate or other physical properties materially important to our operation. In February 2023, our administrative and principal executive offices moved from 40 E. 52nd Street, New York, NY 10022 to 50 Hudson Yards, New York, NY 10001. We believe that our office facilities are suitable and adequate for our business as it is contemplated to be conducted.

**Item 3. Legal Proceedings**

For a discussion of the Company's legal proceedings, see Note 9, *Commitments and contingencies*, in the notes to the consolidated financial statements contained in Part II, Item 8.

**Item 4. Mine Safety Disclosures**

Not applicable

## PART II

### Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

#### Price Range of Common Stock

Our common stock began trading on June 27, 2007 and is currently traded on The NASDAQ Global Select Market under the symbol “BKCC.” The following table lists the high and low closing sale price for our common stock, the closing sale price as a percentage of net asset value, or NAV, and quarterly dividends per share in each fiscal quarter for the years ended December 31, 2022, 2021 and 2020. On December 31, 2022, the reported closing price of our common stock was \$3.62 per share.

|  | Stock Price        |                     |                    | Premium/(Discount) of<br>High Sales Price to<br>NAV <sup>(3)</sup> | Premium/(Discount) of<br>Low Sales Price to NAV <sup>(3)</sup> | Declared<br>Dividends |
|--|--------------------|---------------------|--------------------|--|--|-----------------------|
|  | NAV <sup>(1)</sup> | High <sup>(2)</sup> | Low <sup>(2)</sup> |  |  |                       |
| <b>Fiscal Year ended December 31, 2022</b> |                    |                     |                    |  |  |                       |
| First Quarter                              | \$ 4.70            | \$ 4.25             | \$ 4.00            | (10)%  | (15)%  | \$ 0.10               |
| Second Quarter                             | \$ 4.57            | \$ 4.34             | \$ 3.46            | (5)%   | (24)%  | \$ 0.10               |
| Third Quarter                              | \$ 4.56            | \$ 4.02             | \$ 3.38            | (12)%  | (26)%  | \$ 0.10               |
| Fourth Quarter                             | \$ 4.39            | \$ 3.90             | \$ 3.42            | (11)%  | (22)%  | \$ 0.10               |
| <b>Fiscal Year ended December 31, 2021</b> |                    |                     |                    |  |  |                       |
| First Quarter                              | \$ 4.35            | \$ 3.68             | \$ 2.65            | (15)%  | (39)%  | \$ 0.10               |
| Second Quarter                             | \$ 4.68            | \$ 4.43             | \$ 3.48            | (5)%   | (26)%  | \$ 0.10               |
| Third Quarter                              | \$ 4.74            | \$ 4.24             | \$ 3.81            | (11)%  | (20)%  | \$ 0.10               |
| Fourth Quarter                             | \$ 4.73            | \$ 4.35             | \$ 3.80            | (8)%   | (20)%  | \$ 0.10               |
| <b>Fiscal Year ended December 31, 2020</b> |                    |                     |                    |  |  |                       |
| First Quarter                              | \$ 5.35            | \$ 5.09             | \$ 1.47            | (5)%   | (73)%  | \$ 0.14               |
| Second Quarter                             | \$ 4.84            | \$ 3.51             | \$ 1.79            | (27)%  | (63)%  | \$ 0.10               |
| Third Quarter                              | \$ 4.24            | \$ 3.08             | \$ 2.31            | (27)%  | (46)%  | \$ 0.10               |
| Fourth Quarter                             | \$ 4.23            | \$ 3.07             | \$ 2.34            | (27)%  | (45)%  | \$ 0.10               |

- (1) NAV per share is determined as of the last day in the relevant quarter and therefore may not reflect the NAV per share on the date of the high and low sales prices. The NAVs shown are based on outstanding shares at the end of each period.
- (2) The High/Low Stock Price is calculated as of the closing price on a given day in the applicable quarter.
- (3) Calculated as the respective High/Low Stock Price minus the quarter end NAV, divided by the quarter end NAV.

#### Holders

As of February 28, 2023, there were approximately 187 holders of record of our common stock. Such number of stockholders includes institutional or omnibus accounts that hold common stock for multiple underlying investors.

#### Dividends

Our quarterly dividends, if any, are determined by our Board of Directors. Dividends are declared considering our estimate of annual taxable income available for distribution to stockholders and the amount of taxable income carried over from the prior year for distribution in the current year. We cannot assure stockholders that they will receive any dividends at all or dividends at a particular level. The following table lists the quarterly dividends per share from our common stock since November 2020:

| Dividend Amount<br>Per Share<br>Outstanding | Record Date        | Payment Date      |
|---|--------------------|-------------------|
| \$0.10                                      | November 18, 2020  | December 30, 2020 |
| \$0.10                                      | March 17, 2021     | April 7, 2021     |
| \$0.10                                      | June 16, 2021      | July 7, 2021      |
| \$0.10                                      | September 15, 2021 | October 6, 2021   |
| \$0.10                                      | December 16, 2021  | January 6, 2022   |
| \$0.10                                      | March 17, 2022     | April 7, 2022     |
| \$0.10                                      | June 16, 2022      | July 7, 2022      |
| \$0.10                                      | September 15, 2022 | October 6, 2022   |
| \$0.10                                      | December 16, 2022  | January 6, 2023   |
| \$0.10                                      | March 16, 2023     | April 6, 2023     |

Tax characteristics of all dividends are reported to stockholders on Form 1099-DIV or Form 1042-S after the end of the calendar year.

We have elected to be taxed as a RIC under Subchapter M of the Code. In order to maintain favorable RIC tax treatment, we must distribute annually to our stockholders at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, out of the assets legally available for distribution. In order to avoid certain excise taxes imposed on RICs, we must distribute during each calendar year an amount at least equal to the sum of:

- 98% of our ordinary income (not taking into account any capital gains or losses) for the calendar year;
- 98.2% of the amount by which our capital gains exceed our capital losses (adjusted for certain ordinary losses) for the one-year period generally ending on October 31 of the calendar year; and
- certain undistributed amounts from previous years on which we paid no U.S. federal income tax.

We may, at our discretion, carry forward taxable income in excess of calendar year dividends and pay a 4% excise tax on this income. If we choose to do so, all other things being equal, this would increase expenses and reduce the amounts available to be distributed to our stockholders. We will accrue excise tax on estimated taxable income as required. In addition, although we currently intend to distribute realized net capital gains (i.e., net long-term capital gains in excess of short-term capital losses), if any, at least annually, out of the assets legally available for such dividends, we may in the future decide to retain such capital gains for investment. There was no provision for federal excise taxes recorded for the years ended December 31, 2022, 2021 and 2020.

The final tax characterization of dividends is determined after the fiscal year and is reported on Form 1099 and in the Company's annual report to stockholders. Dividends can be characterized as ordinary income, capital gains and/or return of capital. To the extent that dividends exceed the Company's current and accumulated earnings and profits, the excess may be treated as a non-taxable return of capital. Dividends that exceed a Company's taxable income but do not exceed the Company's current and accumulated earnings and profits, may be classified as ordinary income which is taxable to stockholders.

The Company estimates the source of its dividends as required by Section 19(a) of the 1940 Act. On a quarterly basis, for any payment of dividends estimated to be paid from any other source other than net investment income accrued for current period or certain cumulative periods based on the Section 19(a) requirement, the Company posts a Section 19(a) notice through the Depository Trust Company's Legal Notice System and its website, as well as sends its registered stockholders a printed copy of such notice along with the dividend payment. The estimates of the source of the dividends are interim estimates based on GAAP that are subject to revision, and the exact character of the dividends for tax purposes cannot be determined until the final books and records are finalized for the calendar year. Therefore, these estimates are made solely in order to comply with the requirements of Section 19(a) of the 1940 Act and should not be relied upon for tax reporting or any other purposes and could differ significantly from the actual character of dividends for tax purposes. For the \$0.10 dividend paid on January 6, 2023, the Company noted that \$0.10 was sourced from net investment income and there was no return of capital based on book income. For the Consolidated Statements of Changes in Net Assets, sources of dividends to stockholders are adjusted on an annual basis, if necessary, and calculated in accordance with federal income tax regulations.

We maintain an "opt out" dividend reinvestment plan for our common stockholders. As a result, except as discussed below, if we declare a dividend, stockholders' cash dividends will be automatically reinvested in additional shares of our common stock, unless they specifically "opt out" of the dividend reinvestment plan as to receive cash dividends. Additionally, if the Company makes a dividend to be paid in cash or in stock at the election of stockholders as of the applicable dividend record date (a "Cash/Stock Dividend"), the terms are subject to the amended Plan dated May 13, 2020 described below (see Note 7 to the consolidated financial statements).

On March 6, 2018, the Board of Directors of the Company adopted amendments to the Company's dividend reinvestment plan (the "Plan"). Under the terms of the amended Plan, if the Company declares a dividend or determines to make a capital gain or other distribution, the reinvestment plan agent will acquire shares for the participants' accounts, depending upon the following circumstances, (i) through receipt of additional unissued but authorized shares from the Company ("newly issued shares") and/or (ii) by purchase of outstanding shares on the open market ("open-market purchases"). If, on the dividend payment date, the last quarterly net asset value per share ("NAV") is equal to or less than the closing market price per share on such dividend payment date (such condition often referred to as a "market premium"), the reinvestment plan agent will invest the dividend amount in newly issued shares on behalf of the participants. The number of newly issued shares to be credited to each participant's account will be determined by dividing the dollar amount of the dividend by the greater of (i) the NAV or (ii) 95% of the closing market price on the dividend payment date. If, on the dividend payment date, the NAV is greater than the closing market price per share on such dividend payment date (such condition often referred to as a "market discount"), the reinvestment plan agent may, upon notice from the Company, either (a) invest the dividend amount in newly issued shares on behalf of the participants or (b) invest the dividend amount in shares acquired on behalf of the participants in open-market purchases.

On May 13, 2020, the Board of Directors of the Company adopted further amendments to the Plan. Under the terms of the amended Plan, if the Company makes a Cash/Stock Dividend, each stockholder will be required to elect whether to receive the dividend in cash or in shares of the Company's common stock ("Common Shares"), pursuant to such notices, forms or other documentation as may be provided to the stockholder by the Company (the "Election Forms"). If the stockholder is a Plan participant and elects to receive the Cash/Stock Dividend in cash, the stockholder will be deemed to have elected not to participate in the Plan solely with respect to such Cash/Stock Dividend and will receive the dividend in cash subject to any rules applicable to the dividend that may limit the portion of the dividend the Company is required to pay in cash. If the stockholder is a Plan participant and elects to receive the Cash/Stock Dividend in stock, the stockholder will receive the dividend in newly issued Common Shares. The number of newly issued Common Shares credited to the stockholders' account in either case

will be determined by dividing the dollar amount of the dividend (or portion of the dividend to be paid in Common Shares) by the price per Common Share determined in accordance with the Election Forms rather than pursuant to the formula(s) otherwise applicable under the Plan. This feature of the Plan means that, under certain circumstances, we may issue shares of our common stock at a price below NAV per share, which could cause our stockholders to experience dilution. At the Company's special meeting of stockholders held on May 3, 2022, stockholders did not approve the Company's ability to sell or otherwise issue shares of common stock at a price below its then current net asset value per share for a 12-month period expiring on the anniversary of the date of stockholder approval. We may not be able to achieve operating results that will allow us to make dividends at a specific level or to increase the amount of these dividends from time to time. Also, we may be limited in our ability to make dividends due to the asset coverage test applicable to us as a BDC under the 1940 Act and due to provisions in our existing and future debt arrangements.

If we do not distribute a certain percentage of our income annually, we will suffer adverse tax consequences, including possible loss of favorable RIC tax treatment. In addition, in accordance with U.S. GAAP and tax regulations, we include in income certain amounts that we have not yet received in cash, such as payment-in-kind interest, which represents contractual interest added to the loan balance that becomes due at the end of the loan term, or the accrual of original issue or market discount. Since we may recognize income before or without receiving cash representing such income, we may have difficulty meeting the requirement to distribute at least 90% of our investment company taxable income to obtain tax benefits as a RIC and may be subject to income or excise taxes. In order to satisfy the annual distribution requirement applicable to RICs, we may have the ability to declare a large portion of a dividend in shares of our common stock instead of in cash. As long as a sufficient portion of such dividend is paid in cash and certain requirements are met, the entire dividend would generally be treated as a dividend for U.S. federal income tax purposes.

### Issuer Purchases of Equity Securities

The following table provides information regarding our purchases of our common stock for each month in the year ended December 31, 2022:

| Period         | Average Price Paid per Share <sup>(1)</sup> | Total Number of Shares Purchased | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs <sup>(2)</sup> |
|----------------|---|----------------------------------|--|---|
| January 2022   | \$ 4.14                                     | 56,894                           | 56,894   | 7,850,000   |
| February 2022  | —   | —                                | —  | 7,850,000   |
| March 2022     | 4.15  | 49,414                           | 49,414   | 7,800,586   |
| April 2022     | 4.25  | 29,202                           | 29,202   | 7,771,384   |
| May 2022       | 4.03  | 81,718                           | 81,718   | 7,689,666   |
| June 2022      | 3.67  | 309,163                          | 309,163  | 7,380,503   |
| July 2022      | 3.75  | 157,706                          | 157,706  | 7,222,797   |
| August 2022    | 3.99  | 44,573                           | 44,573   | 7,178,224   |
| September 2022 | 3.58  | 261,632                          | 261,632  | 6,916,592   |
| October 2022   | 3.62  | 318,324                          | 318,324  | 6,598,268   |
| November 2022  | —   | —                                | —  | 8,000,000 <sup>(3)</sup>  |
| December 2022  | —   | —                                | —  | 8,000,000   |
|                | <u>\$ 3.73</u>                              | <u>1,308,626</u>                 | <u>1,308,626</u>   |   |

(1) The average price paid per share includes \$0.03 of commission fees paid per share.

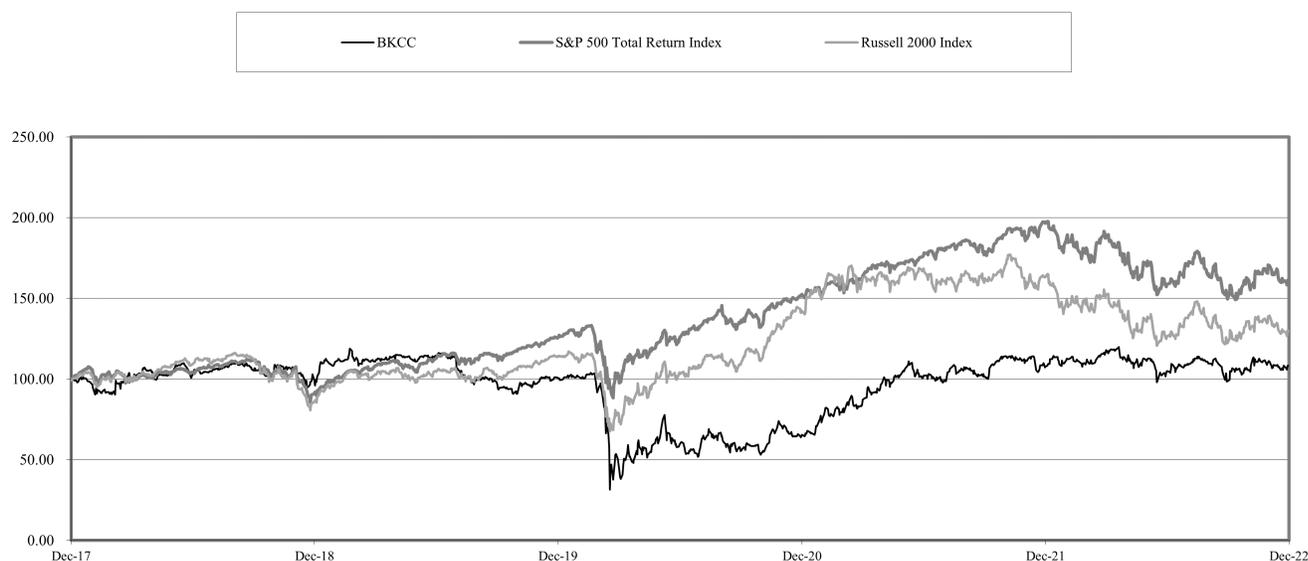
(2) See Note 7 to the consolidated financial statements for further detail.

(3) On November 2, 2021, the Company's Board of Directors authorized the Company to purchase up to a total of 8,000,000 shares, effective until the earlier of November 2, 2022 or such time that all of the authorized shares have been repurchased. On November 2, 2022, the Company's Repurchase Plan expired with 6,598,268 shares remaining unpurchased and no longer authorized for purchase. On October 28, 2022, the Company's Board of Directors adopted a new repurchase plan and authorized the Company to purchase up to a total of 8,000,000 shares, effective until the earlier of November 6, 2023 or such time that all of the authorized shares have been repurchased.

The repurchase plan does not obligate us to acquire any specific number of shares and may be discontinued at any time. We intend to fund any repurchases with available liquidity.

## Stock Performance Graph

The following graph compares the return on our common stock with that of the Standard & Poor's ("S&P") 500 Total Return Index, and the Russell 2000 Index for the period December 31, 2017 through December 31, 2022. The graph assumes that, on December 31, 2017, a person invested \$100 in each of our common stock ("BKCC" in the graph), the S&P 500 Total Return Index, and the Russell 2000 Index. The graph measures total shareholder return, which takes into account both changes in stock price and dividends. It assumes that dividends paid are invested in like securities.



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

## Fees and Expenses

The following table is intended to assist you in understanding the costs and expenses that an investor in a potential offering of our common stock would bear directly or indirectly. The following table and example should not be considered a representation of our future expenses. Actual expenses may be greater or less than shown. The following table and example represent our best estimate of the fees and expenses that we expect to incur during the next twelve months.

| <b>Stockholder Transaction Expenses</b>  |               |            |
|--|---------------|------------|
| <b>Sales Load (as a percentage of offering price)</b>                                  | — %           | (1)        |
| Offering Expenses (as a percentage of offering price)                                  | — %           | (2)        |
| Dividend Reinvestment Plan Fees  | — %           | (3)        |
| <b>Total Stockholder Transaction Expenses (as a percentage of offering price)</b>      | — %           |            |
| <b>Annual Expenses (as a Percentage of Net Assets Attributable to Common Stock)(4)</b> |               |            |
| Management Fees  | 2.46 %        | (5)        |
| Incentive Fees   | 0.56 %        | (6)        |
| Interest Payments on Borrowed Funds  | 3.89 %        | (7)        |
| Other Expenses   | 1.55 %        | (8)        |
| <b>Total Annual Expenses</b>   | <b>8.46 %</b> | <b>(9)</b> |

- (1) In the event that securities are sold to or through underwriters, a corresponding prospectus supplement will disclose the applicable sales load.
- (2) The related prospectus supplement will disclose the estimated amount of offering expenses, the offering price and the estimated offering expenses borne by us as a percentage of the offering price.
- (3) The expenses of our dividend reinvestment plan are included in "Other Expenses."
- (4) The "net assets attributable to common stock" used to calculate the percentages in this table is our average net assets of \$337.8 million for the twelve-month period ended December 31, 2022.
- (5) Management Fees used for the purpose of this table actual amounts for the year ended December 31, 2022. Effective May 2, 2020, after the annual meeting of the Company's stockholders, held on May 1, 2020, our Base Management Fee was reduced from 1.75% of total assets to 1.50% of total assets up to 200% of net asset value and 1.00% on total assets that exceed 200% (excluding cash), payable quarterly in arrears based on our total asset valuation at the end of the prior quarter. For more detailed information about the Management Fee, please see Note 3 to the consolidated financial statements.
- (6) Incentive Fees used for the purpose of this table equal the Company's actual amounts for the year ended December 31, 2022, including i) the Company's Incentive Fees based on income; and ii) Incentive Fees based on capital gains, which were reversed in accordance with GAAP for the year ended December 31, 2022. For purposes of this table, we have assumed that these fees will be payable (in the case of the incentive fees based on capital gains) and that they will remain constant, although they are based on our performance and will not be paid unless we achieve certain goals. As we cannot predict whether we will meet these thresholds, the Incentive Fee paid in future years, if any, may be substantially different than the fee earned historically. For more detailed information about the Incentive Fees, please see Note 3 to the consolidated financial statements.
- (7) "Interest Payments on Borrowed Funds" is based upon actual amounts incurred for the year ended December 31, 2022 and represents interest and other debt expenses incurred on our Credit Facility, 2025 Private Placement Notes and 2022 Convertible Notes (prior to their maturity). As of December 31, 2022, the amounts outstanding under our Credit Facility and 2025 Private Placement Notes were \$162.0 million and \$92.0 million (at par), respectively. For more detailed information about debt, please see Note 4 to the consolidated financial statements.
- (8) "Other Expenses" includes but not limited to our overhead expenses, including expenses of the Advisor reimbursable under the Company's Current Management Agreement and of the Administrator reimbursable under the administration agreement. Such expenses are based on actual amounts incurred for the year ended December 31, 2022.
- (9) "Total Annual Expenses" as a percentage of net assets attributable to common shares are higher than the total annual expenses percentage would be for a company that is not leveraged. We borrow money to leverage our net assets and increase our total assets. The SEC requires that the "Total Annual Expenses" percentage be calculated as a percentage of net assets (defined as total assets less indebtedness), rather than the total assets, including assets that have been funded with borrowed monies. If the "Total Annual Expenses" percentage were calculated instead as a percentage of total assets, our "Total Annual Expenses" would be 4.92% of total assets.

## Example

The following example illustrates the projected dollar amount of total cumulative expenses that you would pay on a \$1,000 hypothetical investment in common shares, assuming (1) a 4.50% sales load (underwriting discounts and commissions) and offering expenses totaling 0.20%, (2) total net annual expenses of 7.90% of net assets attributable to common shares as set forth in the table above (other than Incentive Fees based on income and capital gains), and (3) a 5% annual return:

|   | 1 Year | 3 Years | 5 Years | 10 Years |
|---|--------|---------|---------|----------|
| Total Expenses Incurred (gross of Incentive Fee)* | \$ 121 | \$ 263  | \$ 397  | \$ 699   |
| Total Expenses Incurred (net of Incentive Fee)**  | \$ 129 | \$ 284  | \$ 428  | \$ 743   |

\* Assumes that we will not realize any capital gains net of all realized capital losses and unrealized capital depreciation (and therefore no Incentive fee on capital gains is applied).

\*\* Assumes no unrealized capital depreciation or realized capital losses and annual returns resulting entirely from net realized capital gains (and therefore subject to a 17.5% Incentive fee on capital gains). No Incentive fee on income has been applied.

While the example assumes, as required by the SEC, a 5% annual return, our performance will vary and may result in a return greater or less than 5%. There is no incentive compensation either on income or on capital gains under our investment management agreement assuming a 5% annual return and therefore it is not included in the example. If we achieve sufficient returns on our investments, including through the realization of capital gains, to trigger an incentive compensation of a material amount, our dividends to our common stockholders and our expenses would likely be higher. In addition, the example assumes reinvestment of all dividends and distributions at net asset value.

## Item 6. Reserved

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

*The information contained in this section should be read in conjunction with our consolidated financial statements and notes thereto appearing elsewhere in this Annual Report.*

### Forward-looking statements

This report, and other statements that we may make, may contain forward-looking statements with respect to future financial or business performance, strategies or expectations. Forward-looking statements are typically identified by words or phrases such as “trend,” “opportunity,” “pipeline,” “believe,” “comfortable,” “expect,” “anticipate,” “current,” “intention,” “estimate,” “position,” “assume,” “potential,” “outlook,” “continue,” “remain,” “maintain,” “sustain,” “seek,” “achieve” and similar expressions, or future or conditional verbs such as “will,” “would,” “should,” “could,” “may” or similar expressions.

Forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Forward-looking statements speak only as of the date they are made, and we assume no duty to and do not undertake to update forward-looking statements. Actual results could differ materially from those anticipated in forward-looking statements and future results could differ materially from historical performance.

In addition to factors previously identified elsewhere in the reports BlackRock Capital Investment Corporation has filed with the Securities and Exchange Commission (the “SEC”) and those identified elsewhere in this report, including the “Risk Factors” section, the following factors, among others, could cause actual results to differ materially from forward-looking statements or historical performance:

- our future operating results;
- our business prospects and the prospects of our portfolio companies;
- the impact of investments that we expect to make;
- our contractual arrangements and relationships with third parties;
- the dependence of our future success on the general economy and its impact on the industries in which we invest;
- the financial condition of and ability of our current and prospective portfolio companies to achieve their objectives;
- our expected financings and investments;
- the adequacy of our cash resources and working capital, including our ability to obtain continued financing on favorable terms;
- the timing of cash flows, if any, from the operations of our portfolio companies;
- the impact of increased competition;
- the impact of COVID-19 on our portfolio companies and the markets in which they operate, interest rates and the economy in general;
- the ability of the Advisor to locate suitable investments for us and to monitor and administer our investments;
- changes in law and policy accompanying the new administration and uncertainty pending any such changes;
- increased geopolitical unrest, terrorist attacks or acts of war, which may adversely affect the general economy, domestic and local financial and capital markets, or the specific industries of our portfolio companies;
- changes and volatility in political, economic or industry conditions, the interest rate environment, inflation, foreign exchange rates or financial and capital markets;
- the unfavorable resolution of legal proceedings; and
- the impact of changes to tax legislation and, generally, our tax position.

### Overview

We were incorporated in Delaware on April 13, 2005 and commenced operations with private funding on July 25, 2005, and completed our initial public offering on July 2, 2007. Our investment objective is to generate both current income and capital appreciation through debt and equity investments. We invest primarily in middle-market companies in the form of senior debt securities and loans, and our investment portfolio may include junior secured and unsecured debt securities and loans, each of which may include an equity component.

We are externally managed and have elected to be regulated as a BDC under the 1940 Act. As a BDC, we are required to comply with certain regulatory requirements. For instance, we generally have to 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.

Certain items previously reported may have been reclassified to conform to the current year presentation.

## ***Investments***

Our level of investment activity can and does vary substantially from period to period depending on many factors, including the amount of debt and equity capital available to middle-market companies, the level of merger and acquisition activity, the general economic environment, the competitive environment for the types of investments we make and the level of repayment activity from our portfolio companies.

As a BDC, we generally do not acquire any assets other than “qualifying assets” specified in the 1940 Act unless, at the time the acquisition is made, at least 70% of our total assets are qualifying assets (with certain limited exceptions). Qualifying assets include investments in “eligible portfolio companies.” Under the relevant SEC rules, the term “eligible portfolio company” includes most private companies, companies whose securities are not listed on a national securities exchange, and certain public companies that have listed their securities on a national securities exchange and have a market capitalization of less than \$250 million. These rules also permit us to include as qualifying assets certain follow-on investments in companies that were eligible portfolio companies at the time of initial investment but that no longer meet the definition. As of December 31, 2022, approximately 15.0% of the total assets of the Company were not qualifying assets under Section 55(a) of the 1940 Act.

## ***Revenues***

We generate revenues primarily in the form of interest on the debt we hold, dividends on our equity interests and capital gains on the sale of warrants and other debt or equity interests that we acquire in portfolio companies. Our investments in fixed income instruments generally have an expected maturity of three to ten years, although we have no lower or upper constraint on maturity, and typically bear interest at a fixed or floating rate. Interest on our debt securities is generally payable monthly, quarterly or semi-annually. In some cases, our debt instruments and preferred stock investments may defer payments of cash interest or dividends or pay interest or dividends in-kind. Any outstanding principal amount of our debt securities and any accrued but unpaid interest will generally become due at the maturity date. In addition, we may generate revenue in the form of prepayment fees, commitment, origination, capital structuring fees, end-of-term or exit fees, for providing significant managerial assistance, and other investment related income.

## ***Expenses***

Our primary operating expenses include the payment of a Management Fee and, depending on our operating results, Incentive Fees, interest and credit facility fees, expenses reimbursable under the Current Management Agreement, professional fees, administration fees and the allocable portion of overhead under the administration agreement. The Management Fee and Incentive Fee compensate the Advisor for work in identifying, evaluating, negotiating, closing and monitoring our investments. Our Current Management Agreement with the Advisor provides that we will reimburse the Advisor for costs and expenses incurred by the Advisor for office space rental, office equipment and utilities allocable to the Advisor under the Current Management Agreement, as well as any costs and expenses incurred by the Advisor relating to any non-investment advisory, administrative or operating services provided by the Advisor to us. We bear all other costs and expenses of our operations and transactions.

## **Critical accounting policies and estimates**

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting periods presented. Although management believes these estimates and assumptions to be reasonable, actual results could differ from those estimates and such differences could be material.

Management considers the significant accounting policies important to understanding the consolidated financial statements. In addition to the discussion below, our significant accounting policies are further described in the notes to the consolidated financial statements. See Note 2 to the consolidated financial statements for a description of significant accounting policies and of recently adopted accounting pronouncements. Management considers Investments to be an area deemed a critical accounting policy as a result of the judgments necessary for management to select valuation methodologies and to select significant unobservable inputs to estimate fair value. Pursuant to Rule 2a-5 (the "Rule") under the 1940 Act, the Company's Board has designated the Advisor as the Company's Valuation Designee to perform certain fair value functions, including performing fair value determinations, and has reviewed and approved amended policies and procedures adopted by BCIA to seek to ensure compliance with the requirements of the Rule as part of such designation. The Valuation Designee will provide quarterly valuation reporting and notifications on any material valuation matters to the Board as required under the Rule (see Note 2 to the consolidated financial statements).

## Financial and operating highlights

At December 31, 2022:

Investment portfolio, at fair value: \$570.5 million  
Net assets: \$318.5 million  
Indebtedness, excluding deferred issuance costs: \$254.0 million  
Net asset value per share: \$4.39

Portfolio Activity for the Year Ended December 31, 2022:

Cost of investments during period, including PIK: \$231.5 million  
Sales, repayments and other exits during period: \$192.4 million  
Number of portfolio companies at end of period: 116

Operating Results for the Year Ended December 31, 2022:

Net investment income per share: \$0.40  
Dividends declared per share: \$0.40  
Basic earnings (loss) per share: \$0.05  
Net investment income: \$29.4 million  
Net realized and unrealized gain (loss): \$(25.9) million  
Net increase (decrease) in net assets from operations: \$3.5 million  
Net investment income per share, as adjusted<sup>1</sup>: \$0.38  
Basic earnings (loss) per share, as adjusted<sup>1</sup>: \$0.03  
Net investment income, as adjusted<sup>1</sup>: \$27.8 million  
Net increase (decrease) in net assets from operations, as adjusted<sup>1</sup>: \$1.9 million

**As Adjusted<sup>1</sup>:** The Company reports its financial results in accordance with GAAP; however, management believes evaluating the Company's ongoing operating results may be enhanced if investors have additional non-GAAP financial measures. See "Supplemental Non-GAAP information" for further information on non-GAAP financial measures and for as adjusted items, which are adjusted to remove the impact of the accrued hypothetical liquidation basis incentive fee expense reversal based on capital gains that was recorded, as required by GAAP, and to include only the incremental incentive fee based on income. Under the Current Management Agreement, incentive fee expense based on income is calculated for each calendar quarter and may be paid on a quarterly basis if certain thresholds are met. Adjusted amounts reflect the fact that no Incentive Fee on capital gains was realized and payable to the Advisor during the year ended December 31, 2022.

## Portfolio and investment activity

We invested approximately \$231.5 million, including PIK, during the year ended December 31, 2022. The new investments consisted of senior secured loans secured by first lien (\$220.5 million, or 95.3%) or second lien (\$10.7 million, or 4.6%), and equity securities (\$0.3 million, or 0.1%). Additionally, we received proceeds from sales, repayments and other exits of approximately \$192.4 million during the year ended December 31, 2022.

Concentration of our assets in an issuer, industry or sector may present certain risks. To the extent that we assume large positions in the securities of a small number of issuers, our net asset value may fluctuate to a greater extent than that of a diversified investment company as a result of changes in the financial condition or the market's assessment of the issuer. At December 31, 2022, our portfolio of \$570.5 million (at fair value) consisted of 116 portfolio companies and was invested approximately 94% in senior secured loans, 4% in unsecured or subordinated debt securities, 2% in equity investments, and less than 1% in senior secured notes. Our average investment by portfolio company at amortized cost was approximately \$5.7 million at December 31, 2022. Our largest portfolio company investment at fair value was approximately \$24.8 million and our five largest portfolio company investments at fair value comprised approximately 14% of our portfolio at December 31, 2022. At December 31, 2021, our portfolio of \$552.6 million (at fair value) consisted of 86 portfolio companies and was invested 93% in senior secured loans, 5% in unsecured or subordinated debt securities, 2% in equity investments and less than 1% in senior secured notes. Our average investment by portfolio company at amortized cost was approximately \$7.1 million at December 31, 2021. Our largest portfolio company investment at fair value was approximately \$37.3 million and our five largest portfolio company investments by value comprised approximately 21% of our portfolio at December 31, 2021.

In addition, we may, from time to time, invest a substantial portion of our assets in the securities of issuers in any single industry or sector of the economy or in only a few issuers. A downturn in an industry or sector in which we are concentrated could have a larger impact on us than on a company that does not concentrate in that particular industry or sector. Our Advisor monitors industry and sector uncertainties on an ongoing basis, including substantial regulatory challenges in the healthcare sector, volatility and extensive government regulation in the financial services sector, cyclical risks associated with the overall economy and events outside of our control, including public health crises such as COVID-19, or other geopolitical or macroeconomic events (see Item 1A. Risk Factors for further details), which may have resulted in a negative impact to certain industries, including significant reductions in demand for certain goods and services, reductions in business activity and financial transactions, supply chain interruptions and overall economic and financial market instability both globally and in the United States (see Note 5 to the consolidated financial statements), among various other industry and sector uncertainties due to certain exposures. At December 31, 2022, our top three industry concentrations at fair value consisted of Software (15.2%), Diversified Financial Services (14.5%) and Internet Software & Services (11.1%). At December 31, 2021, our top three industry concentrations at fair value consisted of Diversified Financial Services (13.6%), Internet Software & Services (11.2%) and Road & Rail (10.5%) (see Note 5 to the consolidated financial statements).

The weighted average portfolio yields at fair value and cost as of December 31, 2022 and December 31, 2021 were as follows:

|   | December 31, 2022 |       | December 31, 2021 |      |
|---|-------------------|-------|-------------------|------|
|   | Fair Value        | Cost  | Fair Value        | Cost |
| <b>Weighted Average Yield<sup>(1)</sup></b> |                   |       |                   |      |
| Total portfolio                             | 11.9%             | 10.6% | 8.5%              | 7.6% |
| Senior secured loans                        | 12.4%             | 12.4% | 9.0%              | 9.0% |
| Other debt securities                       | 3.4%              | 1.7%  | 1.9%              | 1.1% |
| Debt and income producing equity securities | 12.0%             | 11.6% | 8.7%              | 8.4% |

<sup>(1)</sup> Computed as (a) the annual stated interest rate or yield earned plus the net annual amortization of original issue discount, divided by (b) the amortized cost or at fair value of each category, as applicable. The calculation excludes exit fees that are receivable upon repayment of certain loan investments.

For the years ended December 31, 2022 and 2021 the total return based on net asset value was 2.78% and 23.57%, respectively, and the total return based on market price was 0.22% and 64.33%, respectively. Total returns are historical and are calculated by determining the percentage change in the net asset value or market price with all dividends reinvested, if any. Dividends are assumed to be reinvested in accordance with the Company's dividend reinvestment plan and do not reflect brokerage commissions.

The Advisor generally employs a grading system for our entire portfolio. The Advisor grades all loans on a scale of 1 to 4. This system is intended to reflect the performance of the borrower's business, the collateral coverage of the loans and other factors considered relevant. Generally, the Advisor assigns only one loan grade to each portfolio company for all loan investments in that portfolio company; however, the Advisor will assign multiple ratings when appropriate for different investments in one portfolio company. The following is a description of the conditions associated with each investment rating:

**Grade 1:** Investments in portfolio companies whose performance is substantially within or above the Advisor's original base case expectations and whose risk factors are neutral to favorable to those at the time of the original investment or subsequent restructuring.

**Grade 2:** Investments in portfolio companies whose performance is materially below the Advisor's original base case expectations or risk factors have increased since the time of original investment or subsequent restructuring. No loss of investment return or principal (or invested capital) is expected.

**Grade 3:** Investments in portfolio companies whose performance is materially below the Advisor's original base case expectations or risk factors have increased materially since the time of original investment or subsequent restructuring. Some loss of investment return is expected, but no loss of principal (or invested capital) is expected.

**Grade 4:** Investments in portfolio companies whose performance is materially below the Advisor's original base case expectations or risk factors have increased substantially since the time of original investment or subsequent restructuring. Some loss of principal (or invested capital) is expected.

The Advisor monitors and, when appropriate, changes the investment ratings assigned to each investment in our portfolio. In connection with our valuation process, the Advisor and Board review these investment ratings on a quarterly basis. Our weighted average investment rating was 1.33 at December 31, 2022 and 1.21 at December 31, 2021. The following is a distribution of the investment ratings of our portfolio companies, at fair value, at December 31, 2022 and December 31, 2021:

|                          | December 31,<br>2022  | December 31,<br>2021  |
|--------------------------|-----------------------|-----------------------|
| Grade 1                  | \$ 422,813,958        | \$ 474,466,652        |
| Grade 2                  | 117,689,506           | 49,356,296            |
| Grade 3                  | 9,675,397             | —                     |
| Grade 4                  | 15,936,823            | 22,579,310            |
| Not Rated <sup>(1)</sup> | 4,373,400             | 6,161,736             |
| Total investments        | <u>\$ 570,489,084</u> | <u>\$ 552,563,994</u> |

<sup>(1)</sup> The 'Not Rated' category at December 31, 2022 consists primarily of the Company's residual equity investment in Stitch Holdings, L.P. Not Rated category as of December 31, 2021 consists primarily of the Company's residual equity investments in Stitch Holdings, L.P. and AGY Equity, LLC. For purposes of calculating our weighted average investment rating, the Not Rated category is excluded.

## Results of operations

*Results comparisons are for the years ended December 31, 2022, 2021 and 2020.*

### *Investment income*

|   | Year Ended           |                      |                      |
|---|----------------------|----------------------|----------------------|
|   | December 31, 2022    | December 31, 2021    | December 31, 2020    |
| Investment income   |                      |                      |                      |
| Interest and fees on senior secured loans                   | \$ 56,809,947        | \$ 43,782,088        | \$ 40,269,786        |
| Interest and fees on other debt securities                  | 641,700              | 722,862              | 18,628,369           |
| Interest earned on short-term investments, cash equivalents | 164,623              | 5,732                | 26,846               |
| Dividends and fees on equity securities                     | 319,524              | 1,734,338            | 8,190,499            |
| Total investment income                                     | <u>\$ 57,935,794</u> | <u>\$ 46,245,020</u> | <u>\$ 67,115,500</u> |

Total investment income for the year ended December 31, 2022 increased \$11.7 million, or 25.3%, as compared to the year ended December 31, 2021. The increase was primarily due to i) a 17.0% higher average balance in senior secured loans, at amortized cost, during the year ended December 31, 2022; ii) a 9.7% increase in the weighted average yield on senior secured loans year over year as a result of a higher interest rate environment; and iii) an increase in fee and other one-time income of \$1.1 million year over year as a result of certain exited investments during the year. The increased balance of senior secured loans is primarily due to net deployments during 2021 and 2022, which were substantially all in senior secured debt. These increases are partially offset by a decrease in dividend income of \$1.4 million year over year, which is primarily attributable to the exit of BCIC Senior Loan Partners, LLC ("Senior Loan Partners") during December 2021.

Total investment income for the year ended December 31, 2021 decreased \$20.9 million, or 31.1%, as compared to the year ended December 31, 2020. The primary reasons for the decrease year over year is a \$13.1 million decrease in investment income due to our unsecured debt investment in Gordon Brothers Finance Company ("GBFC") going on non-accrual status during the second half of 2020, and a decrease in dividend income year over year. The decrease in dividend income is comprised of i) a \$4.2 million decrease from Senior Loan Partners, primarily due to the disposal of underlying portfolio company investments in Senior Loan Partners during late 2020 and throughout 2021; and ii) a \$2.3 million decrease associated with GBFC preferred stock going on non-accrual status during the second half of 2020. Excluding fee income and other income, total investment income decreased by approximately 31.6%, primarily attributable to a 22.9% decrease in the average investment portfolio for the year ended December 31, 2021, at amortized cost, as compared to the year ended December 31, 2020. The decrease in portfolio size is primarily due to desirable exits during 2020 and 2021, primarily in junior capital exposure as discussed above and other non-core assets.

## Expenses

|   | Year Ended        |                   |                   |
|---|-------------------|-------------------|-------------------|
|   | December 31, 2022 | December 31, 2021 | December 31, 2020 |
| <b>Operating expenses</b>                   |                   |                   |                   |
| Interest and other debt expenses            | \$ 13,140,402     | \$ 11,620,899     | \$ 15,584,214     |
| Management fees                             | 8,311,686         | 7,784,188         | 10,799,832        |
| Incentive fees on income                    | 3,422,362         | 249,385           | 6,304,333         |
| Incentive fees on capital gains             | (1,544,569)       | 1,544,569         | —                 |
| Administrative expenses                     | 1,407,775         | 1,354,283         | 1,457,979         |
| Professional fees                           | 836,788           | 1,100,008         | 1,964,252         |
| Insurance expense                           | 747,428           | 809,356           | 650,432           |
| Director fees                               | 613,750           | 622,500           | 652,250           |
| Investment advisor expenses                 | 103,276           | 350,000           | 350,000           |
| Other operating expenses                    | 1,525,774         | 1,011,273         | 1,433,054         |
| Total expenses, before incentive fee waiver | 28,564,672        | 26,446,461        | 39,196,346        |
| Incentive fee waiver                        | —                 | (79,383)          | (6,304,333)       |
| Total expenses, net of incentive fee waiver | \$ 28,564,672     | \$ 26,367,078     | \$ 32,892,013     |

Total expenses, net of incentive fee waiver, increased \$2.2 million, or 8.3%, for the year ended December 31, 2022 from the comparable period in 2021, primarily due to increases in incentive fees on income, interest and other debt expenses and management fees, which were partially offset by the reversal of previously accrued incentive fees on capital gains in 2022 as required by GAAP. Total expenses, net of incentive fee waiver, decreased \$6.5 million, or 19.8%, for the year ended December 31, 2021 from the comparable period in 2020, primarily due to decreases in interest and other debt expenses and management fees, which were partially offset by an increase in accrued incentive fees on capital gains in 2021 as required by GAAP.

Incentive fees on income increased approximately \$3.2 million for the year ended December 31, 2022 from the comparable period in 2021 due to higher pre-incentive net investment income in excess of the hurdle year over year. Incentive fees on income decreased approximately \$6.1 million for the year ended December 31, 2021 from the comparable period in 2020 due to less pre-incentive net investment income in excess of the hurdle year over year. For the years ended December 31, 2021 and 2020, the Advisor voluntarily waived incentive fees on income of \$0.1 million and \$6.3 million, respectively, resulting in net incentive fees of \$0.2 million and zero, respectively.

The Company is required under GAAP to accrue a hypothetical liquidation basis incentive fee on capital gains (if any), based upon net realized capital gains and unrealized capital appreciation and depreciation on investments held at the end of each reporting period. If the resulting calculation amount is negative, the accrual for GAAP in a given period may result in the reduction or reversal of incentive fees on capital gains accrued in a prior period (see Note 3 to the consolidated financial statements). It should be noted that incentive fees based on capital gains (if any) are not due and payable until the end of the annual measurement period, or every June 30. The accrual (reversal) of incentive fees on capital gains was \$(1.5) million and \$1.5 million during the years ended December 31, 2022 and 2021, respectively. As of December 31, 2022 and December 31, 2021, the balance of accrued incentive fees on capital gains was zero and \$1.5 million, respectively. However, as of December 31, 2021, no incentive fees on capital gains were realized and payable to the Advisor as of such date.

Interest and other debt expenses increased approximately \$1.5 million, or 13.1%, for the year ended December 31, 2022 from the comparable period in 2021 due to an increase in average debt outstanding year over year, and a higher interest rate environment (see Note 4 to the consolidated financial statements). Interest and other debt expenses decreased approximately \$4.0 million, or 25.4%, for the year ended December 31, 2021 from the comparable period in 2020, primarily due to a significant decrease in the average debt outstanding year over year, and a lower rate environment.

Management fees increased approximately \$0.5 million, or 6.8%, for the year ended December 31, 2022 from the comparable period in 2021 due to an increase in the total assets on which management fees are calculated (in arrears). The increase in total assets was primarily due to net deployments during 2021 and the first nine months of 2022. Management fees decreased approximately \$3.0 million, or 27.9%, for the year ended December 31, 2021 from the comparable period in 2020 due to a decline in the total assets on which management fees are calculated (in arrears), and a decrease in the management fee rate effective May 2, 2020. The decrease in total assets was primarily due to net sales, repayments and valuation depreciation during 2020.

## Net investment income

Net investment income was \$29.4 million, \$19.9 million and \$34.2 million for the years ended December 31, 2022, 2021 and 2020, respectively. For the year ended December 31, 2022, net investment income increased by approximately \$9.5 million, or 47.8%, compared to 2021, due to an increase in total investment income of \$11.7 million, partially offset by an increase in total expenses of \$2.2 million. For the year ended December 31, 2021, net investment income decreased \$14.4 million, or 41.9%, compared to 2020, due to a decrease in total investment income of \$20.9 million, partially offset by a decrease in total expenses of \$6.5 million.

### ***Net realized gain or loss***

Net realized gain (loss) was \$1.2 million, \$(19.1) million and \$(116.0) million for the years ended December 31, 2022, 2021 and 2020, respectively. Net realized gain (loss) of \$1.2 million for the year ended December 31, 2022 was primarily due to escrow proceeds received from SVP - Singer Holdings, LP and ECI Cayman Holdings, LP, which were exited during 2021 and 2018, respectively. Net realized gain (loss) of \$(19.1) million for the year ended December 31, 2021 was primarily due to a \$(22.0) million realized loss on the exit of our Senior Loan Partners investment, an \$(18.5) million realized loss on the restructure of Advanced Lighting Technologies, LLC, and exits of our investments in Red Apple Stores Inc., First Boston Construction Holdings, LLC, and Advantage Insurance Inc.; partially offset by a realized gain of \$22.0 million on the sale of SVP – Singer Holdings, LP. Net realized gain (loss) of \$(116.0) million for the year ended December 31, 2020 was primarily due to the restructure of AGY Holding Corp., resulting in a realized loss of \$(59.2) million, the sale of our equity investment in U.S. Well Services, Inc., resulting in a realized loss of \$(43.8) million, and sale of our debt investment in Sur La Table, Inc., which resulted in a realized loss of \$(12.3) million. Substantially all of the net realized losses were reflected in unrealized depreciation in prior periods.

### ***Net unrealized appreciation or depreciation***

For the year ended December 31, 2022, 2021 and 2020, the change in net unrealized appreciation or depreciation on our investments, Interest Rate Swap and foreign currency was an increase in net unrealized depreciation of \$(27.1) million, a decrease in net unrealized depreciation of \$65.7 million and an increase in net unrealized depreciation of \$(22.1) million, respectively. The increase in net unrealized depreciation for the year ended December 31, 2022 was primarily due to i) an overall increase in valuation depreciation across our portfolio due to spread widening and general market declines during the period (see Item 1A. Risk Factors), out of which our investments in Razor Group GmbH (Germany), Stitch Holdings L.P., Thras.io, LLC, Magenta Buyer, LLC, Syndigo, LLC and Zest Acquisition Corp. contributed \$(8.2) million; ii) a \$(2.5) million increase in unrealized depreciation in GBFC, net of the reversal of \$2.0 million of previously recognized depreciation on the position as a result of a paydown during the period; and iii) a \$(1.3) million increase in valuation depreciation related to our Interest Rate Swap. The decrease in net unrealized depreciation for the year ended December 31, 2021 was primarily due to i) the reversal of previously recognized depreciation of \$25.8 million, related to the exit of our investment in Senior Loan Partners; ii) the reversal of previously recognized depreciation of \$24.3 million, including foreign currency translation, related to the exits of our investments in Red Apple Stores Inc., SVP – Singer Holdings, LP, First Boston Construction Holdings, LLC, and Advantage Insurance Inc., and the restructure of Advanced Lighting Technologies, LLC; iii) decrease in valuation depreciation of \$4.2 million in our investment in St. George Warehousing & Trucking Co. of California, Inc., as well as an overall increase in valuation across our portfolio. The increase in net unrealized depreciation for the year ended December 31, 2020 was primarily due to a \$(85.4) million increase in valuation depreciation in our investments in GBFC and Senior Loan Partners, partially offset by a \$64.0 million reversal of previously recognized depreciation related to the sale of our equity investment in U.S. Well Services, Inc. and the restructure of AGY Holding Corp.

### ***Net increase or decrease in net assets resulting from operations***

The net increase or (decrease) in net assets resulting from operations for the years ended December 31, 2022, 2021 and 2020 was approximately \$3.5 million, \$66.5 million and \$(103.9) million, respectively. As compared to the year ended December 31, 2021, the decrease in 2022 is primarily due to a year over year decrease in net realized and unrealized gain (loss) of \$72.5 million, partially offset by an increase in net investment income of \$9.5 million year over year. As compared to the year ended December 31, 2020, the increase in 2021 is primarily due to an increase in net realized and unrealized gain (loss) of \$184.7 million, partially offset by a decrease in net investment income of \$14.4 million.

### ***Supplemental Non-GAAP information***

We report our financial results on a GAAP basis; however, management believes that evaluating our ongoing operating results may be enhanced if investors have additional non-GAAP basis financial measures. Management reviews non-GAAP financial measures to assess ongoing operations and, for the reasons described below, considers them to be effective indicators, for both management and investors, of our financial performance over time. Management does not advocate that investors consider such non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP.

After March 6, 2017, incentive fees based on income are calculated for each calendar quarter and may be paid on a quarterly basis if certain thresholds are met. In addition, as previously disclosed, the Advisor, in consultation with the Company's Board, had agreed to waive incentive fees based on income from March 7, 2017 to June 30, 2019. BCIA had agreed to honor such waiver. The Advisor had voluntarily waived a portion of its incentive fees based on income from July 1, 2019 through September 30, 2021.

We record our liability for incentive fee based on capital gains by performing a hypothetical liquidation basis calculation at the end of each reporting period, as required by GAAP, which assumes that all unrealized capital appreciation and depreciation is realized as of the reporting date. It should be noted that incentive fees based on capital gains (if any) are not due and payable until the end of the annual measurement period, or every June 30. The incremental incentive fee disclosed for a given period is not necessarily indicative of actual full year results. Changes in the economic environment, financial markets and other parameters used in determining such estimates could cause actual results to differ and such differences could be material. There can be no assurance that unrealized capital appreciation and depreciation will be realized in the future, or that any accrued capital gains incentive fee will become payable. Incentive fee amounts on capital gains actually paid by the Company will specifically exclude consideration of unrealized capital appreciation, consistent with requirements under the Advisers

Act and the Current Management Agreement. See Note 3 to the consolidated financial statements for a more detailed description of the Company's incentive fee.

Computations for all periods are derived from our consolidated financial statements as follows:

|  | Year Ended        |                   |                   |
|--|-------------------|-------------------|-------------------|
|  | December 31, 2022 | December 31, 2021 | December 31, 2020 |
| <b>GAAP Basis:</b>   |                   |                   |                   |
| Net Investment Income  | \$ 29,371,122     | \$ 19,877,942     | \$ 34,223,487     |
| Net Investment Income per share  | 0.40              | 0.27              | 0.49              |
| Addback: GAAP incentive fee (reversal) based on capital gains                        | (1,544,569)       | 1,544,569         | —                 |
| Addback: GAAP incentive fee based on Income net of incentive fee waiver (if any)     | 3,422,362         | 170,002           | —                 |
| <b>Pre-Incentive Fee<sup>1</sup>:</b>  |                   |                   |                   |
| Net Investment Income  | \$ 31,248,915     | \$ 21,592,513     | \$ 34,223,487     |
| Net Investment Income per share  | 0.43              | 0.29              | 0.49              |
| Less: Incremental incentive fee based on Income net of incentive fee waiver (if any) | (3,422,362)       | (170,002)         | —                 |
| <b>As Adjusted<sup>2</sup>:</b>  |                   |                   |                   |
| Net Investment Income  | \$ 27,826,553     | \$ 21,422,511     | \$ 34,223,487     |
| Net Investment Income per share  | 0.38              | 0.29              | 0.49              |

**Pre-Incentive Fee<sup>1</sup>:** Amounts are adjusted to remove all incentive fees (if any).

**As Adjusted<sup>2</sup>:** Amounts are adjusted to remove the GAAP accrual (reversal) for incentive fee based on capital gains (if any), and to include only the incremental incentive fee based on income (if any). Adjusted amounts reflect the fact that no incentive fee on capital gains was realized and payable to the Advisor during the years ended December 31, 2022, 2021 and 2020, respectively (see Note 3). Under the Current Management Agreement, incentive fee based on income is calculated for each calendar quarter and may be paid on a quarterly basis if certain thresholds are met.

### Financial condition, liquidity and capital resources

During the year ended December 31, 2022, we generated operating cash flows primarily from interest and fees received on senior secured loans and other debt securities, as well as from dispositions of selected portfolio company investments or repayments of principal. Net cash used in operating activities for the year ended December 31, 2022 was \$(24.0) million. Our use of cash from operating activities during the period primarily consisted of \$(37.4) million in net purchases of investments, excluding PIK capitalization.

Net cash provided by financing activities for the year ended December 31, 2022 was \$20.8 million. Our sources of cash from financing activities consisted of \$108.0 million in net debt borrowings under the Credit Facility and \$92.0 million from the issuance of our 2025 Private Placement Notes. Our uses of cash consisted of the \$(143.7) million repayment of our 2022 Convertible Notes, cash dividends paid to stockholders of \$(29.5) million, purchases of treasury stock of \$(4.9) million, and payments of debt issuance costs of \$(1.2) million.

During the year ended December 31, 2021, we generated operating cash flows primarily from interest and fees received on senior secured loans and other debt securities, as well as from sales of selected portfolio company investments or repayments of principal. Net cash used in operating activities for the year ended December 31, 2021 was \$(0.6) million. Our use of cash from operating activities during the period primarily consisted of \$(21.6) million in net purchases of investments, excluding PIK capitalization.

Net cash used by financing activities for the year ended December 31, 2021 was \$(10.0) million. Our uses of cash from financing activities consisted of cash dividends paid of \$(22.3) million, purchases of treasury stock of \$(2.2) million, and payment of debt issuance costs of approximately \$(0.8) million. Our source of cash from financing activities consisted of \$15.2 million in net debt borrowings under the Credit Facility.

In the normal course of business, we may enter into guarantees on behalf of portfolio companies. Under these arrangements, we would be required to make payments to third parties if the portfolio companies were to default on their related payment obligations. There were no such guarantees outstanding at December 31, 2022 and December 31, 2021. In addition, from time to time, the Company may provide for a commitment to a portfolio company for investment in an existing or new security. At December 31, 2022 and December 31, 2021, we were obligated to existing portfolio companies for unfunded commitments of \$72.1 million across 51 portfolio companies and \$49.4 million across 35 portfolio companies, respectively.

As of December 31, 2022, we have analyzed cash and cash equivalents and availability under our Credit Facility and believe that there is sufficient liquidity to meet all of our obligations, fund unfunded commitments should the need arise, and deploy capital into new and existing portfolio companies.

## Contractual obligations

A summary of our significant contractual payment obligations for the repayment of outstanding borrowings at December 31, 2022 is as follows:

|                                    | Payments Due By Period (dollars in millions) |                  |           |           |               |
|------------------------------------|--|------------------|-----------|-----------|---------------|
|                                    | Total  | Less than 1 year | 1-3 years | 3-5 years | After 5 years |
| Credit Facility <sup>(1)</sup>     | \$ 162.0                                     | \$ —             | \$ 162.0  | \$ —      | \$ —          |
| 2025 Private Placement Notes       | 92.0   | —                | 92.0      | —         | —             |
| Interest and Debt Related Payables | 0.7  | 0.7              | —         | —         | —             |

(1) At December 31, 2022, \$103.0 million remained undrawn under our Credit Facility.

## Dividends

Our quarterly dividends, if any, are determined by our Board. Dividends are declared considering our estimate of annual taxable income available for distribution to stockholders and the amount of taxable income carried over from the prior year for distribution in the current year. We cannot assure stockholders that they will receive any dividends at all or dividends at a particular level. The following table lists the quarterly dividends per share from our common stock since November 2020:

| Dividend Amount Per Share Outstanding | Record Date        | Payment Date      |
|---------------------------------------|--------------------|-------------------|
| \$0.10                                | November 18, 2020  | December 30, 2020 |
| \$0.10                                | March 17, 2021     | April 7, 2021     |
| \$0.10                                | June 16, 2021      | July 7, 2021      |
| \$0.10                                | September 15, 2021 | October 6, 2021   |
| \$0.10                                | December 16, 2021  | January 6, 2022   |
| \$0.10                                | March 17, 2022     | April 7, 2022     |
| \$0.10                                | June 16, 2022      | July 7, 2022      |
| \$0.10                                | September 15, 2022 | October 6, 2022   |
| \$0.10                                | December 16, 2022  | January 6, 2023   |
| \$0.10                                | March 16, 2023     | April 6, 2023     |

Tax characteristics of all dividends are reported to stockholders on Form 1099-DIV or Form 1042-S after the end of the calendar year.

We have elected to be taxed as a RIC under Subchapter M of the Code. In order to maintain favorable RIC tax treatment, we must distribute annually to our stockholders at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, out of the assets legally available for distribution. In order to avoid certain excise taxes imposed on RICs, we must distribute during each calendar year an amount at least equal to the sum of:

- 98% of our ordinary income (not taking into account any capital gains or losses) for the calendar year;
- 98.2% of the amount by which our capital gains exceed our capital losses (adjusted for certain ordinary losses) for the one-year period generally ending on October 31 of the calendar year; and
- certain undistributed amounts from previous years on which we paid no U.S. federal income tax.

We may, at our discretion, carry forward taxable income in excess of calendar year dividends and pay a 4% excise tax on this income. If we choose to do so, all other things being equal, this would increase expenses and reduce the amounts available to be distributed to our stockholders. We will accrue excise tax on estimated taxable income as required. In addition, although we currently intend to distribute realized net capital gains (i.e., net long-term capital gains in excess of short-term capital losses), if any, at least annually, out of the assets legally available for such dividends, we may in the future decide to retain such capital gains for investment. There was no provision for federal excise taxes recorded for the year ended December 31, 2022, 2021 and 2020.

The final tax characterization of dividends is determined after the fiscal year and is reported on Form 1099 and in the Company's annual report to stockholders. Dividends can be characterized as ordinary income, capital gains and/or return of capital. To the extent that dividends exceed the Company's current and accumulated earnings and profits, the excess may be treated as a non-taxable return of capital. Dividends that exceed a Company's taxable income but do not exceed the Company's current and accumulated earnings and profits, may be classified as ordinary income which is taxable to stockholders.

The Company estimates the source of its dividends as required by Section 19(a) of the 1940 Act. On a quarterly basis, for any payment of dividends estimated to be paid from any other source other than net investment income accrued for current period or certain cumulative periods based on the Section 19(a) requirement, the Company posts a Section 19(a) notice through the Depository Trust Company's Legal Notice System and its website, as well as sends its registered stockholders a printed copy of such notice along with the dividend payment. The estimates of the source of the dividend are interim estimates based on GAAP that are subject to revision, and the exact character of the dividends for tax purposes cannot be determined until the final books and records are finalized for the calendar year. Therefore, these estimates are made solely in order to comply with the requirements of Section 19(a) of the 1940 Act and should not be relied upon for tax reporting or any other

purposes and could differ significantly from the actual character of dividends for tax purposes. For the \$0.10 dividend per share paid on January 6, 2023, the Company noted that \$0.10 was sourced from net investment income and there was no return of capital paid based on book income. For Consolidated Statements of Changes in Net Assets, sources of dividends to stockholders will be adjusted on an annual basis, if necessary, and calculated in accordance with federal income tax regulations.

We maintain an “opt out” dividend reinvestment plan for our common stockholders. As a result, except as discussed below, if we declare a dividend, stockholders’ cash dividends will be automatically reinvested in additional shares of our common stock, unless they specifically “opt out” of the Company’s dividend reinvestment plan (the “Plan”) as to receive cash dividends. Additionally, if the Company makes a dividend to be paid in cash or in stock at the election of stockholders as of the applicable dividend record date (a “Cash/Stock Dividend”), the terms are subject to the amended Plan dated May 13, 2020 described below (see Note 7 to the consolidated financial statements).

On March 6, 2018, the Company’s Board adopted amendments to the Plan. Under the terms of the amended Plan, if the Company declares a dividend or determines to make a capital gain or other distribution, the reinvestment plan agent will acquire shares for the participants’ accounts, depending upon the following circumstances, (i) through receipt of additional unissued but authorized shares from the Company (“newly issued shares”) and/or (ii) by purchase of outstanding shares on the open market (“open-market purchases”). If, on the dividend payment date, the last quarterly net asset value per share (“NAV”) is equal to or less than the closing market price per share on such dividend payment date (such condition often referred to as a “market premium”), the reinvestment plan agent will invest the dividend amount in newly issued shares on behalf of the participants. The number of newly issued shares to be credited to each participant’s account will be determined by dividing the dollar amount of the dividend by the greater of (i) the NAV or (ii) 95% of the closing market price on the dividend payment date. If, on the dividend payment date, the NAV is greater than the closing market price per share on such dividend payment date (such condition often referred to as a “market discount”), the reinvestment plan agent may, upon notice from the Company, either (a) invest the dividend amount in newly issued shares on behalf of the participants or (b) invest the dividends amount in shares acquired on behalf of the participants in open-market purchases.

On May 13, 2020, the Company’s Board adopted further amendments to the Plan. Under the terms of the amended Plan, if the Company makes a Cash/Stock Dividend, each stockholder will be required to elect whether to receive the dividend in cash or in shares of the Company’s common stock (“Common Shares”), pursuant to such notices, forms or other documentation as may be provided to the stockholder by the Company (the “Election Forms”). If the stockholder is a Plan participant and elects to receive the Cash/Stock Dividend in cash, the stockholder will be deemed to have elected not to participate in the Plan solely with respect to such Cash/Stock Dividend and will receive the dividend in cash subject to any rules applicable to the dividend that may limit the portion of the dividend the Company is required to pay in cash. If the stockholder is a Plan participant and elects to receive the Cash/Stock Dividend in stock, the stockholder will receive the dividend in newly issued Common Shares. The number of newly issued Common Shares credited to the stockholders’ account in either case will be determined by dividing the dollar amount of the dividend (or portion of the dividend to be paid in Common Shares) by the price per Common Share determined in accordance with the Election Forms rather than pursuant to the formula(s) otherwise applicable under the Plan. This feature of the Plan means that, under certain circumstances, we may issue shares of our common stock at a price below NAV per share, which could cause our stockholders to experience dilution. At the Company’s special meeting of stockholders held on May 3, 2022, stockholders did not approve the Company’s ability to sell or otherwise issue shares of common stock at a price below its then current net asset value per share for a 12-month period expiring on the anniversary of the date of stockholder approval. We may not be able to achieve operating results that will allow us to make dividends at a specific level or to increase the amount of these dividends from time to time. Also, we may be limited in our ability to make dividends due to the asset coverage test applicable to us as a BDC under the 1940 Act and due to provisions in our existing and future debt arrangements.

If we do not distribute a certain percentage of our income annually, we will suffer adverse tax consequences, including possible loss of favorable RIC tax treatment. In addition, in accordance with U.S. GAAP and tax regulations, we include in income certain amounts that we have not yet received in cash, such as payment-in-kind interest, which represents contractual interest added to the loan balance that becomes due at the end of the loan term, or the accretion of original issue or market discount. Since we may recognize income before or without receiving cash representing such income, we may have difficulty meeting the requirement to distribute at least 90% of our investment company taxable income to obtain tax benefits as a RIC and may be subject to income or excise taxes. In order to satisfy the annual distribution requirement applicable to RICs, we may have the ability to declare a large portion of a dividend in shares of our common stock instead of in cash. As long as a sufficient portion of such dividend is paid in cash and certain requirements are met, the entire distribution would generally be treated as a dividend for U.S. federal income tax purposes.

## **Recent developments**

On February 28, 2023, the Company’s Board declared a dividend of \$0.10 per share, payable on April 6, 2023 to stockholders of record at the close of business on March 16, 2023.

Notice is hereby given in accordance with Section 23(c) of the 1940 Act that from time to time the Company may purchase shares of its common stock in the open market at prevailing market prices.

## Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are subject to financial market risks, including changes in interest rates. At December 31, 2022, 99% of our yielding debt investments, at fair value, bore interest based on floating rates, such as LIBOR, SOFR, or the Prime Rate. The interest rates on such investments generally reset by reference to the current market index after one to six months. Of those yielding floating rate debt investments, 93% contained an interest rate floor. Floating rate investments subject to a floor generally reset by reference to the current market index after one to six months only if the index exceeds the floor. Interest rate sensitivity refers to the change in our earnings that may result from changes in the level of interest rates. Since 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. The Company's Credit Facility bears interest at variable rates with a reference rate floor of 0.00%, while our 2025 Private Placement Notes were issued in two tranches, consisting of a fixed tranche and variable rate tranche with no floor. 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.

The following table shows the approximate annual increase (decrease) on net investment income of base rate changes in interest rates (considering interest rate floors for variable rate instruments) to our debt portfolio and outstanding borrowings as of December 31, 2022, assuming no changes to our investment and borrowing structure:

|  | Net<br>Investment<br>Income <sup>(1)</sup> | Net<br>Investment<br>Income<br>Per Share <sup>(1)(2)</sup> |
|--|--|--|
| Basis Point Change (\$ in millions, except per share data) |  |  |
| Up 400 basis points  | \$ 14.0                                    | \$ 0.19  |
| Up 300 basis points  | \$ 10.5                                    | \$ 0.14  |
| Up 200 basis points  | \$ 7.0                                     | \$ 0.10  |
| Up 100 basis points  | \$ 3.5                                     | \$ 0.05  |
| Down 100 basis points                                      | \$ (3.5)                                   | \$ (0.05)  |

<sup>(1)</sup> Excludes the impact of incentive fees based on income.

<sup>(2)</sup> Per share amounts based on weighted average shares outstanding for the most recent quarter.

While hedging activities may help to insulate us against adverse changes in interest rates, they also may limit our ability to participate in the beneficial interest rates with respect to our portfolio of investments. There can be no assurance that we will be able to effectively hedge our interest rate risk. Refer to Notes 2 and 4 for more information on the Company's Interest Rate Swap. Projected amounts in the table above do not include the impact of interest rate changes on the Company's Interest Rate Swap.

**Item 8. Consolidated Financial Statements and Supplementary Data**

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The accompanying notes are an integral part of these consolidated financial statements.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Blackrock Capital Investment Corporation

### Opinion on the Financial Statements

We have audited the accompanying consolidated statements of assets and liabilities of BlackRock Capital Investment Corporation and subsidiaries (the “Company”), including the consolidated schedules of investments, as of December 31, 2022 and 2021, the related consolidated statements of operations, changes in net assets, and cash flows for each of the three years in the period then ended, the consolidated financial highlights (in Note 10) for each of the five years in the period then ended, and the related consolidated notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations, changes in net assets, and cash flows for each of the three years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of investments owned as of December 31, 2022 and 2021, by correspondence with the custodian, loan agents, and borrowers; when replies were not received, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matter

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

#### *Investment Valuation — Level 3 Investments — Refer to Note 2 to the financial statements*

##### *Critical Audit Matter Description*

The Company held investments classified as Level 3 investments under accounting principles generally accepted in the United States of America. These investments included bank debt, other corporate debt, and equity, which are valued based on quotations or other affirmative pricing from independent third-party sources, or priced directly by BlackRock Capital Investment Advisors, LLC (the “Advisor”), each of which was determined using quotes and other observable market data to the extent such data are available, but which also required the use of one or more unobservable inputs significant to the valuation taken as a whole. Fair valuations of investments in each asset class are determined using one or more methodologies including market quotations, the market approach, income approach, or, in the case of recent investments, the cost approach, as appropriate. The fair value of the Company's Level 3 investments was \$526,938,781 as of December 31, 2022.

We identified the valuation of Level 3 investments as a critical audit matter because of the judgments necessary for management to select valuation methodologies and to select significant unobservable inputs to estimate the fair value. This required a high degree of audit judgement and increased effort, including the need to involve our fair value specialists who possess significant quantitative and modeling expertise, to audit and evaluate the appropriateness of these models and unobservable inputs.

The accompanying notes are an integral part of these consolidated financial statements.

*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to the valuation methodologies and unobservable inputs used by management to estimate the fair value of Level 3 investments included the following, among others:

- We evaluated the appropriateness of the selected valuation methodologies used for Level 3 investments and tested the related significant unobservable inputs by comparing these inputs to external sources. We evaluated the reasonableness of any significant changes in valuation methodologies or significant unobservable inputs for those investments from the prior year-end. For selected investments, we used the assistance of our fair value specialists.
- For selected investments, with the assistance of our fair value specialists, we developed an independent estimate of the fair value and compared our estimate to management's estimate.
- We evaluated management's ability to reasonably estimate fair value by comparing management's historical estimates to subsequent transactions, taking into account changes in market- or investment- specific conditions, where applicable.

/s/ Deloitte & Touche LLP  
Los Angeles, California  
March 1, 2023

We have served as the Company's auditor since 2005.

**BlackRock Capital Investment Corporation**  
**Consolidated Statements of Assets and Liabilities**

|  | December 31,<br>2022  | December 31,<br>2021  |
|--|-----------------------|-----------------------|
| <b>Assets</b>  |                       |                       |
| Investments at fair value:   |                       |                       |
| Non-controlled, non-affiliated investments (cost of \$569,528,145 and \$520,501,274)   | \$ 551,686,646        | \$ 526,504,945        |
| Non-controlled, affiliated investments (cost of \$3,849,638 and \$5,027,616)   | 3,574,438             | 4,131,978             |
| Controlled investments (cost of \$84,922,381 and \$89,097,765)   | 15,228,000            | 21,927,071            |
| Total investments at fair value (cost of \$658,300,164 and \$614,626,655)  | 570,489,084           | 552,563,994           |
| Cash and cash equivalents  | 9,531,190             | 12,750,121            |
| Interest, dividends and fees receivable  | 5,515,446             | 3,671,722             |
| Due from broker  | 1,946,507             | —                     |
| Deferred debt issuance costs   | 1,055,117             | 1,511,418             |
| Receivable for investments sold  | 12,096                | 690,550               |
| Prepaid expenses and other assets  | 510,706               | 788,469               |
| Total assets   | <u>\$ 589,060,146</u> | <u>\$ 571,976,274</u> |
| <b>Liabilities</b>   |                       |                       |
| Debt (net of deferred issuance costs of \$996,839 and \$425,272)   | \$ 253,003,161        | \$ 196,875,330        |
| Dividends payable  | 7,257,191             | 7,392,972             |
| Income incentive fees payable (see Note 3)   | 3,403,349             | 170,002               |
| Accrued capital gains incentive fees (see Note 3)  | —                     | 1,544,569             |
| Management fees payable  | 2,186,540             | 2,122,519             |
| Interest Rate Swap at fair value   | 1,332,299             | —                     |
| Interest and debt related payables   | 738,719               | 601,379               |
| Payable for investments purchased  | 600,391               | 11,679,798            |
| Accrued administrative expenses  | 397,299               | 384,225               |
| Accrued expenses and other liabilities   | 1,618,844             | 1,553,507             |
| Total liabilities  | <u>270,537,793</u>    | <u>222,324,301</u>    |
| Commitments and contingencies (see Note 9)   |                       |                       |
| <b>Net assets</b>  |                       |                       |
| Common stock, par value \$.001 per share, 200,000,000 common shares authorized, 84,481,797 and 84,478,251 issued and 72,571,907 and 73,876,987 outstanding | 84,482                | 84,478                |
| Paid-in capital in excess of par   | 850,199,351           | 852,360,178           |
| Distributable earnings (losses)  | (458,387,778)         | (434,303,297)         |
| Treasury stock at cost, 11,909,890 and 10,601,264 shares held  | (73,373,702)          | (68,489,386)          |
| Total net assets   | <u>318,522,353</u>    | <u>349,651,973</u>    |
| Total liabilities and net assets   | <u>\$ 589,060,146</u> | <u>\$ 571,976,274</u> |
| <b>Net assets per share</b>  | <u>\$ 4.39</u>        | <u>\$ 4.73</u>        |

The accompanying notes are an integral part of these consolidated financial statements.

**BlackRock Capital Investment Corporation**  
**Consolidated Statements of Operations**

|  | Year Ended          |                      |                         |
|--|---------------------|----------------------|-------------------------|
|  | December 31, 2022   | December 31, 2021    | December 31, 2020       |
| <b>Investment income</b>   |                     |                      |                         |
| Interest income (excluding PIK):   |                     |                      |                         |
| Non-controlled, non-affiliated investments   | \$ 54,387,478       | \$ 40,366,030        | \$ 31,426,192           |
| Non-controlled, affiliated investments   | —                   | 11,867               | 474,862                 |
| Controlled investments   | —                   | 718,571              | 19,794,470              |
| PIK interest income:   |                     |                      |                         |
| Non-controlled, non-affiliated investments   | 1,138,311           | 2,092,736            | 5,026,084               |
| Non-controlled, affiliated investments   | 456,686             | 481,800              | 461,367                 |
| Controlled investments   | —                   | —                    | 1,053,664               |
| Dividend income (excluding PIK):   |                     |                      |                         |
| Non-controlled, affiliated investments   | —                   | 71,500               | —                       |
| Controlled investments   | —                   | 1,647,661            | 8,190,499               |
| PIK dividend income:   |                     |                      |                         |
| Non-controlled, non-affiliated investments   | 319,524             | 15,177               | —                       |
| Other income:  |                     |                      |                         |
| Non-controlled, non-affiliated investments   | 1,633,795           | 839,678              | 620,705                 |
| Non-controlled, affiliated investments   | —                   | —                    | (3,055)                 |
| Controlled investments   | —                   | —                    | 70,712                  |
| <b>Total investment income</b>   | <b>57,935,794</b>   | <b>46,245,020</b>    | <b>67,115,500</b>       |
| <b>Operating expenses</b>  |                     |                      |                         |
| Interest and other debt expenses   | 13,140,402          | 11,620,899           | 15,584,214              |
| Management fees  | 8,311,686           | 7,784,188            | 10,799,832              |
| Incentive fees on income   | 3,422,362           | 249,385              | 6,304,333               |
| Incentive fees on capital gains <sup>(1)</sup>   | (1,544,569)         | 1,544,569            | —                       |
| Administrative expenses  | 1,407,775           | 1,354,283            | 1,457,979               |
| Professional fees  | 836,788             | 1,100,008            | 1,964,252               |
| Insurance expense  | 747,428             | 809,356              | 650,432                 |
| Director fees  | 613,750             | 622,500              | 652,250                 |
| Investment advisor expenses  | 103,276             | 350,000              | 350,000                 |
| Other operating expenses   | 1,525,774           | 1,011,273            | 1,433,054               |
| Total expenses, before incentive fee waiver  | 28,564,672          | 26,446,461           | 39,196,346              |
| Incentive fee waiver (see Note 3)  | —                   | (79,383)             | (6,304,333)             |
| Total expenses, net of incentive fee waiver  | 28,564,672          | 26,367,078           | 32,892,013              |
| <b>Net investment income<sup>(1)</sup></b>   | <b>29,371,122</b>   | <b>19,877,942</b>    | <b>34,223,487</b>       |
| <b>Realized and unrealized gain (loss) on investments, Interest Rate Swap and foreign currency</b> |                     |                      |                         |
| Net realized gain (loss):  |                     |                      |                         |
| Non-controlled, non-affiliated investments   | 1,196,573           | 21,408,577           | (12,941,524)            |
| Non-controlled, affiliated investments   | —                   | (7,989,591)          | (43,851,965)            |
| Controlled investments   | —                   | (32,496,018)         | (59,194,744)            |
| Net realized gain (loss)   | 1,196,573           | (19,077,032)         | (115,988,233)           |
| Net change in unrealized appreciation (depreciation):  |                     |                      |                         |
| Non-controlled, non-affiliated investments   | (23,845,171)        | 20,125,055           | (2,123,600)             |
| Non-controlled, affiliated investments   | 620,438             | 6,932,957            | 35,523,356              |
| Controlled investments   | (2,523,687)         | 38,914,666           | (55,623,040)            |
| Interest Rate Swap   | (1,332,299)         | —                    | —                       |
| Foreign currency translation   | —                   | (285,360)            | 135,427                 |
| Net change in unrealized appreciation (depreciation)   | (27,080,719)        | 65,687,318           | (22,087,857)            |
| Net realized and unrealized gain (loss)  | (25,884,146)        | 46,610,286           | (138,076,090)           |
| <b>Net increase (decrease) in net assets resulting from operations</b>                             | <b>\$ 3,486,976</b> | <b>\$ 66,488,228</b> | <b>\$ (103,852,603)</b> |
| Net investment income per share—basic <sup>(1)</sup>   | \$ 0.40             | \$ 0.27              | \$ 0.49                 |
| Earnings (loss) per share—basic <sup>(1)</sup>   | \$ 0.05             | \$ 0.90              | \$ (1.49)               |
| Weighted average shares outstanding—basic  | 73,314,124          | 74,153,145           | 69,801,849              |
| Net investment income per share—diluted <sup>(1)(2)</sup>  | \$ 0.40             | \$ 0.27              | \$ 0.49                 |
| Earnings (loss) per share—diluted <sup>(1)(2)</sup>  | \$ 0.05             | \$ 0.83              | \$ (1.49)               |
| Weighted average shares outstanding—diluted  | 81,042,705          | 91,146,882           | 86,795,585              |

<sup>(1)</sup> Net investment income and per share amounts displayed above are net of the accrual (reversal) for incentive fees on capital gains which is reflected on a hypothetical liquidation basis in accordance with GAAP for the years ended December 31, 2022 and 2021 (see Note 3).

<sup>(2)</sup> For the years ended December 31, 2022 and 2020, the impact of the hypothetical conversion of the 2022 Convertible Notes was antidilutive (see Note 8).

The accompanying notes are an integral part of these consolidated financial statements.

**BlackRock Capital Investment Corporation**  
**Consolidated Statements of Changes in Net Assets**

|  | <u>Common Stock</u>           |  | <u>Paid in Capital<br/>in Excess of Par</u> | <u>Distributable<br/>earnings (loss)</u> | <u>Treasury Stock<br/>at Cost</u> | <u>Total Net<br/>Assets</u> |
|--|-------------------------------|--|---|--|-----------------------------------|-----------------------------|
|  | <u>Shares<br/>Outstanding</u> | <u>Par<br/>Amount,<br/>Shares<br/>Issued</u> |   |  |                                   |                             |
| Balance at December 31, 2019   | 68,836,255                    | \$ 77,861                                    | \$ 849,240,398                              | \$ (351,040,023)                         | \$ (62,669,255)                   | \$ 435,608,981              |
| Issuance of common stock - stock distribution and reinvestment   | 6,616,964                     | 6,617  | 17,480,411                                  | —  | —                                 | 17,487,028                  |
| Repurchase of common stock   | (986,554)                     | —  | —   | —  | (3,627,604)                       | (3,627,604)                 |
| Net investment income  | —                             | —  | —   | 34,223,487                               | —                                 | 34,223,487                  |
| Net realized and unrealized gain (loss)  | —                             | —  | —   | (138,076,090)                            | —                                 | (138,076,090)               |
| Dividends to common stockholders, excluding tax return of capital <sup>(1)</sup>                         | —                             | —  | —   | (21,964,429)                             | —                                 | (21,964,429)                |
| Tax return of capital  | —                             | —  | (8,641,096)                                 | —  | —                                 | (8,641,096)                 |
| Balance at December 31, 2020   | <u>74,466,665</u>             | <u>\$ 84,478</u>                             | <u>\$ 858,079,713</u>                       | <u>\$ (476,857,055)</u>                  | <u>\$ (66,296,859)</u>            | <u>\$ 315,010,277</u>       |
| Repurchase of common stock   | (589,678)                     | —  | —   | —  | (2,192,527)                       | (2,192,527)                 |
| Net investment income  | —                             | —  | —   | 19,877,942                               | —                                 | 19,877,942                  |
| Net realized and unrealized gain (loss)  | —                             | —  | —   | 46,610,286                               | —                                 | 46,610,286                  |
| Dividends to common stockholders, excluding tax return of capital <sup>(1)</sup>                         | —                             | —  | —   | (22,084,873)                             | —                                 | (22,084,873)                |
| Tax return of capital  | —                             | —  | (7,569,132)                                 | —  | —                                 | (7,569,132)                 |
| Tax reclassification of stockholders' equity in accordance with generally accepted accounting principles | —                             | —  | 1,849,597                                   | (1,849,597)                              | —                                 | —                           |
| Balance at December 31, 2021   | <u>73,876,987</u>             | <u>\$ 84,478</u>                             | <u>\$ 852,360,178</u>                       | <u>\$ (434,303,297)</u>                  | <u>\$ (68,489,386)</u>            | <u>\$ 349,651,973</u>       |
| Cumulative effect of adjustment for the adoption of ASU 2020-06 <sup>(2)</sup>                           | —                             | —  | (4,337,631)                                 | 3,888,233                                | —                                 | (449,398)                   |
| Issuance of common stock from the conversion of the 2022 Convertible Notes                               | 3,546                         | 4  | 29,996                                      | —  | —                                 | 30,000                      |
| Repurchase of common stock   | (1,308,626)                   | —  | —   | —  | (4,884,316)                       | (4,884,316)                 |
| Net investment income  | —                             | —  | —   | 29,371,122                               | —                                 | 29,371,122                  |
| Net realized and unrealized gain (loss)  | —                             | —  | —   | (25,884,146)                             | —                                 | (25,884,146)                |
| Dividends to common stockholders, excluding tax return of capital <sup>(1)</sup>                         | —                             | —  | —   | (27,571,457)                             | —                                 | (27,571,457)                |
| Tax return of capital  | —                             | —  | (1,741,425)                                 | —  | —                                 | (1,741,425)                 |
| Tax reclassification of stockholders' equity in accordance with generally accepted accounting principles | —                             | —  | 3,888,233                                   | (3,888,233)                              | —                                 | —                           |
| Balance at December 31, 2022   | <u>72,571,907</u>             | <u>\$ 84,482</u>                             | <u>\$ 850,199,351</u>                       | <u>\$ (458,387,778)</u>                  | <u>\$ (73,373,702)</u>            | <u>\$ 318,522,353</u>       |

<sup>(1)</sup> Dividends for annual periods are determined in accordance with federal income tax regulations and there may be differences between book and tax amounts (see Note 2).

<sup>(2)</sup> See Notes 2 and 4 for further information related to the adoption of ASU 2020-06.

The accompanying notes are an integral part of these consolidated financial statements.

**BlackRock Capital Investment Corporation**  
**Consolidated Statements of Cash Flows**

|  | Year Ended          |                      |                      |
|--|---------------------|----------------------|----------------------|
|  | December 31, 2022   | December 31, 2021    | December 31, 2020    |
| <b>Operating activities</b>  |                     |                      |                      |
| Net increase (decrease) in net assets resulting from operations  | \$ 3,486,976        | \$ 66,488,228        | \$ (103,852,603)     |
| Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used in) operating activities: |                     |                      |                      |
| Net realized (gain) loss   | (1,196,573)         | 19,077,032           | 115,988,233          |
| Net change in unrealized (appreciation) depreciation of investments  | 25,748,420          | (65,972,678)         | 22,223,284           |
| Net change in unrealized (appreciation) depreciation on Interest Rate Swap   | 1,332,299           | —                    | —                    |
| Net change in unrealized (appreciation) depreciation on foreign currency translation   | —                   | 285,360              | (135,427)            |
| Interest and dividend income paid in kind  | (1,914,521)         | (2,589,713)          | (6,541,115)          |
| Net amortization of investment discounts and premiums  | (3,418,622)         | (2,487,926)          | (1,300,764)          |
| Amortization of deferred debt issuance costs   | 1,071,844           | 1,565,241            | 1,977,676            |
| Amortization of original issue discount on debt  | —                   | 942,208              | 890,695              |
| Changes in assets and liabilities:   |                     |                      |                      |
| Purchase of investments  | (229,891,157)       | (272,247,211)        | (137,077,906)        |
| Proceeds from disposition of investments   | 192,448,280         | 250,607,406          | 277,596,336          |
| Decrease (increase) in interest, dividends and fees receivable   | (1,544,640)         | (1,744,206)          | 3,650,987            |
| Decrease (increase) in due from broker   | (1,946,507)         | —                    | —                    |
| Decrease (increase) in receivable for investments sold   | 678,454             | 4,748,957            | (3,568,072)          |
| Decrease (increase) in prepaid expenses and other assets   | 277,763             | (379,112)            | (877,792)            |
| Increase (decrease) in payable for investments purchased   | (11,079,407)        | 2,485,881            | 1,881,417            |
| Increase (decrease) in interest and debt related payables  | 137,340             | 98,697               | (254,790)            |
| Increase (decrease) in management fees payable   | 64,021              | (190,928)            | (937,746)            |
| Increase (decrease) in income incentive fees payable   | 3,233,347           | (1,679,595)          | —                    |
| Increase (decrease) in accrued capital gains incentive fees  | (1,544,569)         | 1,544,569            | —                    |
| Increase (decrease) in accrued administrative expenses   | 13,074              | (4,839)              | 16,657               |
| Increase (decrease) in accrued expenses and other liabilities  | 65,337              | (1,109,062)          | 958,059              |
| Net cash provided by (used in) operating activities  | <u>(23,978,841)</u> | <u>(561,691)</u>     | <u>170,637,129</u>   |
| <b>Financing activities</b>  |                     |                      |                      |
| Repayment of 2022 Convertible Notes  | (143,720,000)       | —                    | —                    |
| Proceeds from issuance of 2025 Private Placement Notes   | 92,000,000          | —                    | —                    |
| Draws on Credit Facility   | 230,000,000         | 137,000,000          | 135,800,000          |
| Repayments of Credit Facility draws  | (122,000,000)       | (121,800,000)        | (271,400,000)        |
| Dividends paid to common stockholders  | (29,448,663)        | (22,261,033)         | (22,755,572)         |
| Repurchase of common shares  | (4,884,316)         | (2,192,527)          | (3,627,604)          |
| Payments of debt issuance costs  | (1,187,111)         | (767,459)            | —                    |
| Net cash provided by (used in) financing activities  | <u>20,759,910</u>   | <u>(10,021,019)</u>  | <u>(161,983,176)</u> |
| Net increase (decrease) in cash and cash equivalents   | (3,218,931)         | (10,582,710)         | 8,653,953            |
| Cash and cash equivalents at beginning of period   | 12,750,121          | 23,332,831           | 14,678,878           |
| Cash and cash equivalents at end of period   | <u>\$ 9,531,190</u> | <u>\$ 12,750,121</u> | <u>\$ 23,332,831</u> |
| <b>Supplemental cash flow information</b>  |                     |                      |                      |
| Interest payments  | \$ 11,038,096       | \$ 8,014,632         | \$ 12,322,040        |
| Tax payments   | \$ 101,056          | \$ 100,050           | \$ 108,050           |
| Share issuance — conversion of 2022 Convertible Notes  | \$ 30,000           | \$ —                 | \$ —                 |
| Share issuance — stock distribution and reinvestment   | \$ —                | \$ —                 | \$ 17,487,028        |

The accompanying notes are an integral part of these consolidated financial statements.

**BlackRock Capital Investment Corporation**  
**Consolidated Schedules of Investments**  
**December 31, 2022**

| Issuer(O/Q)                                       | Instrument                                  | Ref(E)   | Floor | Spread                 | Total Coupon | Maturity   | Principal     | Cost(A)      | Fair Value(B) | Notes   |
|---|---|----------|-------|------------------------|--------------|------------|---------------|--------------|---------------|---------|
| <b>Debt Investments</b>                           |   |          |       |                        |              |            |               |              |               |         |
| <b>Automobiles</b>                                |   |          |       |                        |              |            |               |              |               |         |
| ALCV Purchaser, Inc. (AutoLenders)                | First Lien Term Loan                        | LIBOR(Q) | 1.00% | 6.75%                  | 11.45%       | 4/15/2026  | \$ 2,301,990  | \$ 2,274,343 | \$ 2,301,990  |         |
| ALCV Purchaser, Inc. (AutoLenders)                | First Lien Revolver                         | LIBOR(Q) | 1.00% | 6.75%                  | 11.39%       | 4/15/2026  | \$ 233,430    | 231,163      | 233,430       |         |
|   |   |          |       |                        |              |            |               | 2,505,506    | 2,535,420     |         |
| <b>Building Products</b>                          |   |          |       |                        |              |            |               |              |               |         |
| Porcelain Acquisition Corporation (Paramount)     | First Lien Term Loan                        | LIBOR(Q) | 1.00% | 5.75%                  | 10.48%       | 4/30/2027  | \$ 2,514,995  | 2,475,461    | 2,530,084     |         |
| <b>Capital Markets</b>                            |   |          |       |                        |              |            |               |              |               |         |
| Pico Quantitative Trading, LLC                    | First Lien Term Loan (1.0% Exit Fee)        | SOFR(Q)  | 1.50% | 7.25%                  | 11.98%       | 2/7/2025   | \$ 500,000    | 489,418      | 505,000       |         |
| Pico Quantitative Trading, LLC                    | First Lien Incremental Term Loan            | SOFR(Q)  | 1.50% | 7.25%                  | 11.61%       | 2/7/2025   | \$ 560,228    | 540,020      | 560,228       |         |
|   |   |          |       |                        |              |            |               | 1,029,438    | 1,065,228     |         |
| <b>Commercial Services &amp; Supplies</b>         |   |          |       |                        |              |            |               |              |               |         |
| Kellermeyer Bergensons Services, LLC              | First Lien Term Loan                        | LIBOR(Q) | 1.00% | 6.00%                  | 10.41%       | 11/7/2026  | \$ 1,584,967  | 1,576,423    | 1,423,301     |         |
| Kellermeyer Bergensons Services, LLC              | First Lien Delayed Draw Term Loan A         | LIBOR(Q) | 1.00% | 6.00%                  | 10.41%       | 11/7/2026  | \$ 348,708    | 346,720      | 313,140       |         |
| Kellermeyer Bergensons Services, LLC              | First Lien Delayed Draw Term Loan B         | LIBOR(Q) | 1.00% | 6.00%                  | 10.41%       | 11/7/2026  | \$ 482,944    | 480,224      | 433,684       |         |
| Pueblo Mechanical and Controls, LLC               | First Lien Term Loan                        | SOFR(Q)  | 0.75% | 6.00%                  | 10.32%       | 8/23/2028  | \$ 1,366,200  | 1,333,250    | 1,334,367     |         |
| Pueblo Mechanical and Controls, LLC               | First Lien Delayed Draw Term Loan           | SOFR(Q)  | 0.75% | 6.00%                  | 10.49%       | 8/23/2028  | \$ 357,991    | 342,382      | 335,983       | N       |
| Pueblo Mechanical and Controls, LLC               | First Lien Revolver                         | SOFR(Q)  | 0.75% | 6.00%                  | 10.32%       | 8/23/2027  | \$ —          | (5,182)      | (5,128)       | N       |
| Thermostat Purchaser III, Inc. (Reedy Industries) | Second Lien Term Loan                       | LIBOR(Q) | 0.75% | 7.25%                  | 11.98%       | 8/31/2029  | \$ 2,615,252  | 2,581,172    | 2,432,184     |         |
| Thermostat Purchaser III, Inc. (Reedy Industries) | Second Lien Delayed Draw Term Loan          | LIBOR(Q) | 0.75% | 7.25%                  | 11.98%       | 8/31/2029  | \$ —          | (2,797)      | (31,327)      | N       |
|   |   |          |       |                        |              |            |               | 6,652,192    | 6,236,204     |         |
| <b>Construction &amp; Engineering</b>             |   |          |       |                        |              |            |               |              |               |         |
| CSG Buyer, Inc. (Core States)                     | First Lien Term Loan                        | SOFR(Q)  | 1.00% | 6.00%                  | 10.84%       | 3/31/2028  | \$ 3,275,107  | 3,209,605    | 3,157,203     |         |
| CSG Buyer, Inc. (Core States)                     | First Lien Delayed Draw Term Loan           | SOFR(Q)  | 1.00% | 6.00%                  | 10.84%       | 3/31/2028  | \$ —          | (10,731)     | (38,632)      | N       |
| CSG Buyer, Inc. (Core States)                     | First Lien Revolver                         | SOFR(Q)  | 1.00% | 6.00%                  | 10.84%       | 3/31/2028  | \$ —          | (10,731)     | (19,316)      | N       |
| Homerernew Buyer, Inc. (Project Dream)            | First Lien Term Loan                        | SOFR(S)  | 1.00% | 6.50%                  | 11.54%       | 11/23/2027 | \$ 3,565,730  | 3,482,162    | 3,448,061     |         |
| Homerernew Buyer, Inc. (Project Dream)            | First Lien Delayed Draw Term Loan           | SOFR(S)  | 1.00% | 6.50%                  | 11.36%       | 11/23/2027 | \$ 4,900,908  | 4,795,212    | 4,684,152     | N       |
| Homerernew Buyer, Inc. (Project Dream)            | First Lien Revolver                         | SOFR(M)  | 1.00% | 6.50%                  | 11.12%       | 11/23/2027 | \$ 240,763    | 224,479      | 201,038       | N       |
| Sunland Asphalt & Construction, LLC               | First Lien Term Loan                        | LIBOR(S) | 1.00% | 6.00%                  | 11.15%       | 1/13/2026  | \$ 2,474,828  | 2,442,580    | 2,420,381     |         |
| Sunland Asphalt & Construction, LLC               | First Lien Delayed Draw Term Loan           | LIBOR(S) | 1.00% | 6.00%                  | 11.15%       | 1/13/2026  | \$ 832,161    | 821,187      | 813,853       |         |
|   |   |          |       |                        |              |            |               | 14,953,763   | 14,666,740    |         |
| <b>Consumer Finance</b>                           |   |          |       |                        |              |            |               |              |               |         |
| Freedom Financial Network Funding, LLC            | First Lien Term Loan                        | SOFR(S)  | 1.00% | 9.00%                  | 13.95%       | 9/21/2027  | \$ 5,193,335  | 5,068,461    | 5,037,535     |         |
| Freedom Financial Network Funding, LLC            | First Lien Delayed Draw Term Loan           | SOFR(S)  | 1.00% | 9.00%                  | 13.95%       | 9/21/2027  | \$ —          | (20,519)     | (51,933)      | N       |
| Money Transfer Acquisition Inc.                   | First Lien Term Loan                        | SOFR(M)  | 1.00% | 8.25%                  | 12.67%       | 12/14/2027 | \$ 2,594,273  | 2,542,769    | 2,542,387     |         |
|   |   |          |       |                        |              |            |               | 7,590,711    | 7,527,989     |         |
| <b>Containers &amp; Packaging</b>                 |   |          |       |                        |              |            |               |              |               |         |
| BW Holding, Inc. (Brook & Whittle)                | Second Lien Term Loan                       | SOFR(Q)  | 0.75% | 7.50%                  | 12.05%       | 12/14/2029 | \$ 4,559,359  | 4,465,756    | 4,226,526     |         |
| PVHC Holding Corp.                                | First Lien Term Loan                        | LIBOR(Q) | 1.00% | 4.75%                  | 9.48%        | 8/2/2024   | \$ 10,178,225 | 9,299,671    | 9,771,096     |         |
|   |   |          |       |                        |              |            |               | 13,765,427   | 13,997,622    |         |
| <b>Distributors</b>                               |   |          |       |                        |              |            |               |              |               |         |
| Colony Display LLC                                | First Lien Term Loan                        | SOFR(S)  | 1.00% | 9.50%                  | 13.91%       | 6/30/2026  | \$ 2,357,384  | 2,322,817    | 2,185,295     |         |
| <b>Diversified Consumer Services</b>              |   |          |       |                        |              |            |               |              |               |         |
| Elevate Brands OpCo LLC                           | First Lien Delayed Draw Term Loan           | SOFR(Q)  | 1.00% | 8.50%                  | 13.23%       | 3/15/2027  | \$ 7,900,096  | 7,812,573    | 7,830,210     | N       |
| Fusion Holding Corp. (Finalsite)                  | First Lien Term Loan                        | SOFR(Q)  | 0.75% | 6.25%                  | 10.78%       | 9/14/2029  | \$ 3,200,924  | 3,131,854    | 3,131,144     |         |
| Fusion Holding Corp. (Finalsite)                  | First Lien Revolver                         | SOFR(Q)  | 0.75% | 6.25%                  | 10.78%       | 9/15/2027  | \$ —          | (5,534)      | (5,592)       | N       |
| Razor Group GmbH (Germany)                        | First Lien Delayed Draw Term Loan           | LIBOR(M) | 1.00% | 9.00%                  | 14.21%       | 4/30/2025  | \$ 12,653,058 | 12,727,131   | 12,176,370    | H/J/N   |
| Razor Group GmbH (Germany)                        | First Lien Sr Secured Convertible Term Loan | Fixed    | —     | 3.50% Cash + 3.50% PIK | 7.00%        | 4/30/2025  | \$ 1,638,321  | 1,638,321    | 1,762,833     | D/H/J   |
| SellerX Germany GmbH & Co. Kg (Germany)           | First Lien Delayed Draw Term Loan           | LIBOR(Q) | 1.00% | 8.00% Cash + 3.00% PIK | 15.73%       | 11/23/2025 | \$ 6,344,642  | 6,280,873    | 6,255,561     | D/H/J/N |
| Thras.io, LLC                                     | First Lien Term Loan                        | LIBOR(S) | 1.00% | 7.00%                  | 11.17%       | 12/18/2026 | \$ 7,301,869  | 7,207,747    | 6,434,771     | P       |
| Thras.io, LLC                                     | First Lien Delayed Draw Term Loan           | LIBOR(S) | 1.00% | 7.00%                  | 11.17%       | 12/18/2026 | \$ 3,060,601  | 2,995,971    | 2,373,093     | P/N     |

The accompanying notes are an integral part of these consolidated financial statements.

**BlackRock Capital Investment Corporation**  
**Consolidated Schedules of Investments—(Continued)**  
**December 31, 2022**

| Issuer(O/Q)   | Instrument                           | Ref(E)   | Floor | Spread                  | Total Coupon | Maturity   | Principal     | Cost(A)      | Fair Value(B) | Notes   |
|---|--------------------------------------|----------|-------|-------------------------|--------------|------------|---------------|--------------|---------------|---------|
| <b>Debt Investments – Continued</b>                                       |                                      |          |       |                         |              |            |               |              |               |         |
| Whele LLC (Perch)   | First Lien Incremental Term Loan     | SOFR(M)  | 1.00% | 8.50% Cash + 3.00% PIK  | 16.20%       | 10/15/2025 | \$ 6,531,157  | \$ 6,564,537 | \$ 6,067,445  | D       |
|   |                                      |          |       |                         |              |            |               | 48,353,473   | 46,025,835    |         |
| <b>Diversified Financial Services</b>                                     |                                      |          |       |                         |              |            |               |              |               |         |
| 2-10 Holdco, Inc.   | First Lien Term Loan                 | SOFR(M)  | 0.75% | 6.00%                   | 10.42%       | 3/26/2026  | \$ 6,538,915  | 6,451,642    | 6,452,601     |         |
| 2-10 Holdco, Inc.   | First Lien Revolver                  | SOFR(M)  | 0.75% | 6.00%                   | 10.42%       | 3/26/2026  | \$ —          | (3,117)      | (3,171)       | N       |
| Accordion Partners LLC  | First Lien Term Loan                 | SOFR(Q)  | 0.75% | 6.25%                   | 10.83%       | 8/29/2029  | \$ 5,356,151  | 5,240,066    | 5,216,891     |         |
| Accordion Partners LLC  | First Lien Delayed Draw Term Loan A  | SOFR(Q)  | 0.75% | 6.50%                   | 11.08%       | 8/29/2029  | \$ —          | 1,316        | (7,017)       | N       |
| Accordion Partners LLC  | First Lien Delayed Draw Term Loan B  | SOFR(Q)  | 0.75% | 6.25%                   | 10.83%       | 8/29/2029  | \$ —          | (12,562)     | (15,203)      | N       |
| Accordion Partners LLC  | First Lien Revolver                  | SOFR(Q)  | 0.75% | 6.25%                   | 10.83%       | 8/31/2028  | \$ —          | (9,941)      | (12,162)      | N       |
| Calloidine Commercial Finance, LLC  | First Lien Term Loan                 | LIBOR(Q) | 1.00% | 9.00%                   | 13.73%       | 11/3/2025  | \$ 25,000,000 | 25,000,000   | 24,775,000    |         |
| Calloidine Commercial Finance, LLC  | Subordinated Debt                    | SOFR(M)  | 0.25% | 8.50%                   | 13.14%       | 10/8/2027  | \$ 5,000,000  | 5,000,000    | 4,930,000     | S       |
| GC Champion Acquisition LLC (Numerix)                                     | First Lien Term Loan                 | SOFR(S)  | 1.00% | 6.75%                   | 11.15%       | 8/21/2028  | \$ 7,104,830  | 6,969,338    | 6,897,369     |         |
| GC Champion Acquisition LLC (Numerix)                                     | First Lien Delayed Draw Term Loan    | SOFR(S)  | 1.00% | 6.75%                   | 11.15%       | 8/21/2028  | \$ —          | (18,625)     | (57,773)      | N       |
| Gordon Brothers Finance Company   | Unsecured Debt                       | LIBOR(M) | 1.00% | 11.00%                  | 17.38%       | 10/31/2021 | \$ 37,686,148 | 37,686,148   | 15,228,000    | G/R/T   |
| Libra Solutions Intermediate Holdco, LLC et al (fka Oasis Financial, LLC) | Second Lien Term Loan                | SOFR(M)  | 1.00% | 8.50%                   | 12.93%       | 7/5/2026   | \$ 5,000,000  | 4,929,099    | 4,870,000     |         |
| Wealth Enhancement Group, LLC   | First Lien Delayed Draw Term Loan    | SOFR(S)  | 1.00% | 6.00%                   | 10.44%       | 10/4/2027  | \$ 3,475,919  | 3,453,599    | 3,298,870     | N       |
| Wealth Enhancement Group, LLC   | First Lien Revolver                  | SOFR(S)  | 1.00% | 6.00%                   | 10.44%       | 10/4/2027  | \$ —          | (1,849)      | (10,098)      | N       |
| Worldremit Group Limited (United Kingdom)                                 | First Lien Term Loan (3.0% Exit Fee) | LIBOR(Q) | 1.00% | 9.25%                   | 13.91%       | 2/11/2025  | \$ 11,300,000 | 11,160,087   | 11,085,300    | H/J     |
|   |                                      |          |       |                         |              |            |               | 105,845,201  | 82,648,607    |         |
| <b>Electrical Equipment</b>   |                                      |          |       |                         |              |            |               |              |               |         |
| Advanced Lighting Technologies, LLC                                       | Second Lien Sr Secured Notes         | LIBOR(M) | 2.00% | 16.00% PIK + 6.00% Cash | 28.33%       | 3/16/2027  | \$ 2,362,743  | 935,927      | 708,823       | D/I/R/T |
| <b>Health Care Equipment &amp; Supplies</b>                               |                                      |          |       |                         |              |            |               |              |               |         |
| Zest Acquisition Corp.  | Second Lien Term Loan                | LIBOR(M) | 1.00% | 7.00%                   | 11.39%       | 3/14/2026  | \$ 15,000,000 | 14,930,552   | 14,025,000    | P       |
| <b>Health Care Providers &amp; Services</b>                               |                                      |          |       |                         |              |            |               |              |               |         |
| INH Buyer, Inc. (IMS Health)  | First Lien Term Loan (1.5% Exit Fee) | SOFR(Q)  | 1.00% | 3.50% Cash + 3.50% PIK  | 11.68%       | 6/28/2028  | \$ 2,703,036  | 2,657,008    | 2,121,343     | D       |
| Opcor Borrower, LLC (Giving Home Health Care)                             | First Lien Term Loan                 | SOFR(Q)  | 1.00% | 6.50%                   | 11.18%       | 8/19/2027  | \$ 341,602    | 338,323      | 335,658       |         |
| Opcor Borrower, LLC (Giving Home Health Care)                             | First Lien Revolver                  | SOFR(M)  | 1.00% | 6.50%                   | 10.87%       | 8/19/2027  | \$ 6,250      | 5,958        | 5,706         | N       |
| Outcomes Group Holdings, Inc.   | Second Lien Term Loan                | LIBOR(Q) | —     | 7.50%                   | 12.23%       | 10/26/2026 | \$ 5,769,231  | 5,762,481    | 5,480,769     |         |
| Outcomes Group Holdings, Inc.   | Second Lien Term Loan                | SOFR(Q)  | 0.50% | 7.50%                   | 12.05%       | 10/26/2026 | \$ 3,538,462  | 3,491,614    | 3,361,538     |         |
| PHC Buyer, LLC (Patriot Home Care)  | First Lien Term Loan                 | SOFR(S)  | 0.75% | 6.00%                   | 10.70%       | 5/4/2028   | \$ 3,798,739  | 3,729,472    | 3,677,559     |         |
| PHC Buyer, LLC (Patriot Home Care)  | First Lien Delayed Draw Term Loan    | SOFR(S)  | 0.75% | 6.00%                   | 10.70%       | 5/4/2028   | \$ —          | (11,384)     | (46,396)      | N       |
| Team Services Group, LLC  | Second Lien Term Loan                | LIBOR(S) | 1.00% | 9.00%                   | 13.93%       | 11/13/2028 | \$ 6,554,543  | 6,393,439    | 6,161,270     |         |
|   |                                      |          |       |                         |              |            |               | 22,366,911   | 21,097,447    |         |
| <b>Health Care Technology</b>   |                                      |          |       |                         |              |            |               |              |               |         |
| Appriss Health, LLC (PatientPing)   | First Lien Term Loan                 | LIBOR(M) | 1.00% | 7.25%                   | 11.54%       | 5/6/2027   | \$ 2,868,709  | 2,826,856    | 2,710,930     |         |
| Appriss Health, LLC (PatientPing)   | First Lien Revolver                  | LIBOR(M) | 1.00% | 7.25%                   | 11.54%       | 5/6/2027   | \$ —          | (2,786)      | (10,545)      | N       |
| CareATC, Inc.   | First Lien Term Loan                 | LIBOR(Q) | 1.00% | 7.25%                   | 11.99%       | 3/14/2024  | \$ 7,664,445  | 7,608,680    | 7,541,813     |         |
| CareATC, Inc.   | First Lien Revolver                  | LIBOR(S) | 1.00% | 7.25%                   | 9.73%        | 3/14/2024  | \$ 338,074    | 336,302      | 332,665       |         |
| ESO Solutions, Inc.   | First Lien Term Loan                 | SOFR(Q)  | 1.00% | 7.00%                   | 11.59%       | 5/3/2027   | \$ 8,380,593  | 8,238,137    | 8,045,370     |         |
| ESO Solutions, Inc.   | First Lien Revolver                  | SOFR(Q)  | 1.00% | 7.00%                   | 11.59%       | 5/3/2027   | \$ —          | (8,938)      | (24,651)      | N       |
| Gainwell Acquisition Corp.  | Second Lien Term Loan                | LIBOR(Q) | 1.00% | 8.00%                   | 11.74%       | 10/2/2028  | \$ 2,016,737  | 2,008,293    | 1,899,767     |         |
| Sandata Technologies, LLC   | First Lien Term Loan                 | LIBOR(Q) | —     | 6.00%                   | 10.75%       | 7/23/2024  | \$ 4,500,000  | 4,476,424    | 4,396,500     |         |
| Sandata Technologies, LLC   | First Lien Revolver                  | LIBOR(Q) | —     | 6.00%                   | 10.29%       | 7/23/2024  | \$ 500,000    | 497,481      | 488,500       |         |
|   |                                      |          |       |                         |              |            |               | 25,980,449   | 25,380,349    |         |
| <b>Hotels, Restaurants &amp; Leisure</b>                                  |                                      |          |       |                         |              |            |               |              |               |         |
| OCM Luxembourg Baccarat Bideo S.A.R.L. (Interblock) (Slovenia)            | First Lien Term Loan                 | SOFR(Q)  | 0.75% | 6.25%                   | 10.68%       | 6/3/2027   | \$ 5,234,481  | 5,139,378    | 5,098,385     | H/J     |
| OCM Luxembourg Baccarat Bideo S.A.R.L. (Interblock) (Slovenia)            | First Lien Revolver                  | SOFR(Q)  | 0.75% | 6.25%                   | 10.68%       | 6/3/2027   | \$ —          | (7,430)      | (10,915)      | H/J/N   |
|   |                                      |          |       |                         |              |            |               | 5,131,948    | 5,087,470     |         |
| <b>Insurance</b>  |                                      |          |       |                         |              |            |               |              |               |         |
| AmeriLife Holdings, LLC   | First Lien Term Loan                 | SOFR(Q)  | 0.75% | 5.75%                   | 9.58%        | 8/31/2029  | \$ 4,121,752  | 4,043,233    | 3,952,760     |         |
| AmeriLife Holdings, LLC   | First Lien Delayed Draw Term Loan    | SOFR(S)  | 0.75% | 5.75%                   | 10.15%       | 8/31/2029  | \$ 686,959    | 670,390      | 644,711       | N       |
| AmeriLife Holdings, LLC   | First Lien Revolver                  | SOFR(Q)  | 0.75% | 5.75%                   | 9.58%        | 8/31/2028  | \$ —          | (9,728)      | (21,124)      | N       |

The accompanying notes are an integral part of these consolidated financial statements.

**BlackRock Capital Investment Corporation**  
**Consolidated Schedules of Investments—(Continued)**  
**December 31, 2022**

| Issuer(O/Q)   | Instrument  | Ref(E)         | Floor | Spread                 | Total Coupon | Maturity   | Principal     | Cost(A)      | Fair Value(B) | Notes |
|---|---|----------------|-------|------------------------|--------------|------------|---------------|--------------|---------------|-------|
| <b>Debt Investments - Continued</b>                               |   |                |       |                        |              |            |               |              |               |       |
| Integrity Marketing Acquisition, LLC                              | First Lien Incremental Term Loan                    | SOFR(M)        | 0.75% | 6.50%                  | 10.82%       | 8/27/2025  | \$ 5,167,753  | \$ 5,078,283 | \$ 5,126,411  |       |
| Integrity Marketing Acquisition, LLC                              | First Lien Incremental Revolver                     | SOFR(M)        | 0.75% | 6.50%                  | 10.82%       | 8/27/2025  | \$ —          | (396,355)    | (41,342)      | N     |
| IT Parent, LLC (Insurance Technologies)                           | First Lien Term Loan                                | LIBOR(M)       | 1.00% | 6.25%                  | 10.63%       | 10/1/2026  | \$ 1,933,651  | 1,907,627    | 1,807,963     |       |
| IT Parent, LLC (Insurance Technologies)                           | First Lien Revolver                                 | LIBOR(M)/PRIME | 1.00% | 6.25%                  | 11.21%       | 10/1/2026  | \$ 183,333    | 180,108      | 167,083       | N/U   |
| Peter C. Foy & Associates Insurance Services, LLC (PCF Insurance) | First Lien Term Loan                                | SOFR(S)        | 0.75% | 6.00%                  | 11.12%       | 11/1/2028  | \$ 852,379    | 840,617      | 814,022       |       |
| Peter C. Foy & Associates Insurance Services, LLC (PCF Insurance) | First Lien Delayed Draw Term Loan                   | SOFR(S)        | 0.75% | 6.00%                  | 11.11%       | 11/1/2028  | \$ 1,859,529  | 1,833,303    | 1,763,340     | N     |
|   |   |                |       |                        |              |            |               | 14,147,478   | 14,213,824    |       |
| <b>Internet &amp; Catalog Retail</b>                              |   |                |       |                        |              |            |               |              |               |       |
| CommerceHub, Inc.   | First Lien Term Loan                                | PRIME          | 0.75% | 5.25%                  | 12.25%       | 12/29/2027 | \$ 2,225,715  | 2,072,848    | 2,072,141     |       |
| Syndigo, LLC  | Second Lien Term Loan                               | LIBOR(S)       | 0.75% | 8.00%                  | 13.21%       | 12/14/2028 | \$ 4,673,472  | 4,617,397    | 3,598,574     |       |
|   |   |                |       |                        |              |            |               | 6,690,245    | 5,670,715     |       |
| <b>Internet Software &amp; Services</b>                           |   |                |       |                        |              |            |               |              |               |       |
| Anaconda, Inc.  | First Lien Term Loan                                | SOFR(Q)        | 1.00% | 7.50%                  | 11.86%       | 8/22/2027  | \$ 1,938,957  | 1,920,501    | 1,911,811     |       |
| Astra Acquisition Corp. (Anthology)                               | Second Lien Term Loan                               | LIBOR(M)       | 0.75% | 8.88%                  | 13.26%       | 10/25/2029 | \$ 7,164,842  | 7,034,117    | 6,376,709     |       |
| Gympass US, LLC   | First Lien Term Loan                                | SOFR(Q)        | 1.00% | 4.00% Cash + 4.00% PIK | 12.77%       | 7/8/2027   | \$ 1,922,747  | 1,905,105    | 1,890,061     | D     |
| InMoment, Inc.  | First Lien Term Loan                                | SOFR(S)        | 0.75% | 5.00% Cash + 2.50% PIK | 11.58%       | 6/8/2028   | \$ 11,460,476 | 11,247,733   | 11,195,739    | D     |
| Magenta Buyer, LLC (McAfee)                                       | First Lien Incremental Term Loan                    | Fixed          | —     | 12.00%                 | 12.00%       | 7/27/2028  | \$ 667,101    | 600,391      | 620,404       | P     |
| Magenta Buyer, LLC (McAfee)                                       | Second Lien Term Loan                               | LIBOR(Q)       | 0.75% | 8.25%                  | 12.67%       | 7/27/2029  | \$ 7,000,000  | 6,913,061    | 5,483,310     | P     |
| Persado, Inc.   | First Lien Term Loan (6.575% Exit Fee)              | SOFR(M)        | 1.80% | 7.00%                  | 11.12%       | 6/10/2027  | \$ 5,830,726  | 5,754,713    | 5,518,783     |       |
| Persado, Inc.   | First Lien Delayed Draw Term Loan (6.575% Exit Fee) | SOFR(M)        | 1.80% | 7.00%                  | 11.12%       | 6/10/2027  | \$ 1,562,500  | 1,552,329    | 1,111,570     | N     |
| Pluralsight, Inc.   | First Lien Term Loan                                | LIBOR(Q)       | 1.00% | 8.00%                  | 11.83%       | 4/6/2027   | \$ 12,069,635 | 11,881,653   | 11,598,919    |       |
| Pluralsight, Inc.   | First Lien Revolver                                 | LIBOR(M)       | 1.00% | 8.00%                  | 12.36%       | 4/6/2027   | \$ 465,183    | 451,936      | 428,899       | N     |
| Quartz Holding Company (Quick Base)                               | Second Lien Term Loan                               | LIBOR(M)       | —     | 8.00%                  | 12.38%       | 4/2/2027   | \$ 5,512,958  | 5,446,114    | 5,358,595     |       |
| Reveal Data Corporation et al                                     | First Lien FILO Term Loan                           | SOFR(S)        | 1.00% | 6.50%                  | 9.92%        | 3/9/2028   | \$ 2,814,549  | 2,752,981    | 2,721,951     |       |
| Sailpoint Technologies Holdings, Inc.                             | First Lien Term Loan                                | SOFR(M)        | 0.75% | 6.25%                  | 10.58%       | 8/16/2029  | \$ 4,111,714  | 4,031,739    | 3,987,129     |       |
| Sailpoint Technologies Holdings, Inc.                             | First Lien Revolver                                 | SOFR(M)        | 0.75% | 6.25%                  | 10.58%       | 8/16/2028  | \$ —          | (6,262)      | (9,712)       | N     |
| Spartan Bidco Pty Ltd (StarRez) (Australia)                       | First Lien Term Loan                                | SOFR(Q)        | 0.75% | 0.75% Cash + 6.50% PIK | 11.46%       | 1/24/2028  | \$ 3,845,195  | 3,774,506    | 3,736,760     | D/H/J |
| Suited Connector, LLC   | First Lien Term Loan                                | LIBOR(S)       | 1.00% | 6.00%                  | 10.92%       | 12/1/2027  | \$ 1,396,023  | 1,371,786    | 1,119,610     |       |
| Suited Connector, LLC   | First Lien Delayed Draw Term Loan                   | LIBOR(S)       | 1.00% | 6.00%                  | 10.92%       | 12/1/2027  | \$ —          | (2,185)      | (67,500)      | N     |
| Suited Connector, LLC   | First Lien Revolver                                 | LIBOR(S)       | 1.00% | 6.00%                  | 10.98%       | 12/1/2027  | \$ 227,273    | 223,453      | 182,273       |       |
|   |   |                |       |                        |              |            |               | 66,853,671   | 63,165,311    |       |
| <b>IT Services</b>  |   |                |       |                        |              |            |               |              |               |       |
| Avalara, Inc.   | First Lien Term Loan                                | SOFR(Q)        | 0.75% | 7.25%                  | 11.83%       | 10/19/2028 | \$ 2,250,000  | 2,194,940    | 2,182,500     |       |
| Avalara, Inc.   | First Lien Revolver                                 | SOFR(Q)        | 0.75% | 7.25%                  | 11.83%       | 10/19/2028 | \$ —          | (5,443)      | (6,750)       | N     |
| Ensono, Inc.  | Second Lien Term Loan B                             | LIBOR(S)       | —     | 8.00%                  | 13.15%       | 5/28/2029  | \$ 5,000,000  | 4,958,482    | 4,625,000     |       |
| Idera, Inc.   | Second Lien Term Loan                               | LIBOR(Q)       | 0.75% | 6.75%                  | 10.50%       | 2/4/2029   | \$ 2,867,296  | 2,849,793    | 2,351,183     |       |
| Madison Logic Holdings, Inc.                                      | First Lien Term Loan                                | SOFR(Q)        | 1.00% | 7.00%                  | 11.58%       | 12/29/2028 | \$ 5,008,771  | 4,858,604    | 4,858,508     |       |
| Madison Logic Holdings, Inc.                                      | First Lien Revolver                                 | SOFR(Q)        | 1.00% | 7.00%                  | 11.58%       | 12/30/2027 | \$ —          | (10,784)     | (10,784)      | N     |
|   |   |                |       |                        |              |            |               | 14,845,592   | 13,999,657    |       |
| <b>Leisure Products</b>   |   |                |       |                        |              |            |               |              |               |       |
| Peloton Interactive, Inc.   | First Lien Term Loan                                | SOFR(S)        | 0.50% | 7.00%                  | 11.76%       | 5/25/2027  | \$ 2,631,567  | 2,542,648    | 2,581,119     | J/P   |
| <b>Life Sciences Tools &amp; Services</b>                         |   |                |       |                        |              |            |               |              |               |       |
| Alcami Corporation  | First Lien Term Loan                                | SOFR(M)        | 1.00% | 7.00%                  | 11.42%       | 12/21/2028 | \$ 2,202,309  | 2,125,543    | 2,125,229     |       |
| Alcami Corporation  | First Lien Delayed Draw Term Loan                   | SOFR(M)        | 1.00% | 7.00%                  | 11.42%       | 12/21/2028 | \$ —          | (6,392)      | (6,423)       | N     |
| Alcami Corporation  | First Lien Revolver                                 | SOFR(M)        | 1.00% | 7.00%                  | 11.42%       | 12/21/2028 | \$ —          | (10,228)     | (10,277)      | N     |
|   |   |                |       |                        |              |            |               | 2,108,923    | 2,108,529     |       |
| <b>Machinery</b>  |   |                |       |                        |              |            |               |              |               |       |
| Sonny's Enterprises, LLC  | First Lien Term Loan                                | SOFR(Q)        | 1.00% | 6.75%                  | 10.99%       | 8/5/2026   | \$ 1,430,193  | 1,409,814    | 1,444,495     |       |
| Sonny's Enterprises, LLC  | First Lien Delayed Draw Term Loan                   | SOFR(Q)        | 1.00% | 6.75%                  | 10.99%       | 8/5/2026   | \$ 3,855,495  | 3,801,066    | 3,894,050     |       |
|   |   |                |       |                        |              |            |               | 5,210,880    | 5,338,545     |       |

The accompanying notes are an integral part of these consolidated financial statements.

**BlackRock Capital Investment Corporation**  
**Consolidated Schedules of Investments—(Continued)**  
**December 31, 2022**

| Issuer(O/Q)   | Instrument  | Ref(E)   | Floor | Spread                 | Total Coupon | Maturity   | Principal     | Cost(A)      | Fair Value(B) | Notes |
|---|---|----------|-------|------------------------|--------------|------------|---------------|--------------|---------------|-------|
| <b>Debt Investments - Continued</b>                 |   |          |       |                        |              |            |               |              |               |       |
| <b>Media</b>  |   |          |       |                        |              |            |               |              |               |       |
| NEP II, Inc.  | Second Lien Term Loan                             | LIBOR(M) | —     | 7.00%                  | 11.38%       | 10/19/2026 | \$ 3,131,760  | \$ 2,921,510 | \$ 2,274,441  | P     |
| Streamland Media Midco LLC                          | First Lien Term Loan                              | SOFR(Q)  | 1.00% | 6.75%                  | 11.11%       | 8/31/2023  | \$ 379,050    | 374,456      | 361,614       |       |
| Streamland Media Midco LLC                          | First Lien Delayed Draw Term Loan                 | SOFR(Q)  | 1.00% | 6.75%                  | 11.11%       | 8/31/2023  | \$ —          | (1,460)      | (5,520)       | N     |
| Terraboost Media Operating Company, LLC             | First Lien Term Loan                              | SOFR(Q)  | 1.00% | 6.50%                  | 8.14%        | 8/23/2026  | \$ 3,601,472  | 3,540,585    | 3,338,564     |       |
|   |   |          |       |                        |              |            |               | 6,835,091    | 5,969,099     |       |
| <b>Metals &amp; Mining</b>                          |   |          |       |                        |              |            |               |              |               |       |
| Kemmerer Operations, LLC (WMLP)                     | First Lien Term Loan                              | Fixed    | —     | 15.00% PIK             | 15.00%       | 6/21/2023  | \$ 1,956,190  | 1,956,190    | 1,956,190     | D/F/N |
| <b>Paper &amp; Forest Products</b>                  |   |          |       |                        |              |            |               |              |               |       |
| Alpine Acquisition Corp II (48Forty)                | First Lien Term Loan                              | SOFR(Q)  | 1.00% | 5.50%                  | 9.76%        | 11/30/2026 | \$ 10,063,709 | 9,866,133    | 9,579,644     |       |
| Alpine Acquisition Corp II (48Forty)                | First Lien Revolver                               | SOFR(Q)  | 1.00% | 5.50%                  | 9.76%        | 11/30/2026 | \$ —          | (16,709)     | (32,229)      | N     |
|   |   |          |       |                        |              |            |               | 9,849,424    | 9,547,415     |       |
| <b>Professional Services</b>                        |   |          |       |                        |              |            |               |              |               |       |
| DTI Holdco, Inc. (Epiq Systems, Inc.)               | Second Lien Term Loan                             | SOFR(Q)  | 0.75% | 7.75%                  | 11.84%       | 4/26/2030  | \$ 5,007,465  | 4,913,512    | 4,586,000     | P     |
| GI Consilio Parent, LLC                             | Second Lien Term Loan                             | LIBOR(M) | 0.50% | 7.50%                  | 11.88%       | 5/14/2029  | \$ 5,000,000  | 4,959,969    | 4,795,000     |       |
| ICIMS, Inc.   | First Lien Term Loan                              | SOFR(Q)  | 0.75% | 3.38% Cash + 3.88% PIK | 11.52%       | 8/18/2028  | \$ 11,060,029 | 10,873,218   | 10,640,854    | D     |
| ICIMS, Inc.   | First Lien Delayed Draw Term Loan                 | SOFR(Q)  | 0.75% | 3.38% Cash + 3.88% PIK | 11.52%       | 8/18/2028  | \$ —          | —            | (111,339)     | D/N   |
| ICIMS, Inc.   | First Lien Revolver                               | SOFR(Q)  | 0.75% | 6.75%                  | 11.02%       | 8/18/2028  | \$ —          | (17,307)     | (39,921)      | N     |
| JobandTalent USA, Inc. (United Kingdom)             | First Lien Term Loan (3.0% Exit Fee)              | SOFR(M)  | 1.00% | 8.75%                  | 13.19%       | 2/17/2025  | \$ 9,892,491  | 9,759,102    | 9,655,071     | H/J   |
| JobandTalent USA, Inc. (United Kingdom)             | First Lien Delayed Draw Term Loan (3.0% Exit Fee) | SOFR(M)  | 1.00% | 8.75%                  | 13.19%       | 2/17/2025  | \$ 5,300,000  | 5,234,978    | 5,172,800     | H/J   |
| RigUp, Inc.   | First Lien Delayed Draw Term Loan (4.0% Exit Fee) | LIBOR(M) | 1.50% | 7.00%                  | 11.81%       | 3/1/2024   | \$ 500,000    | 496,559      | 492,500       |       |
| TLE Holdings, LLC                                   | First Lien Term Loan                              | LIBOR(M) | 1.00% | 5.50%                  | 9.88%        | 6/28/2024  | \$ 3,820,368  | 3,583,613    | 3,658,003     |       |
| TLE Holdings, LLC                                   | First Lien Delayed Draw Term Loan                 | LIBOR(M) | 1.00% | 5.50%                  | 9.88%        | 6/28/2024  | \$ 977,931    | 917,326      | 936,369       |       |
| VT TopCo, Inc. (Veritext)                           | Second Lien Term Loan                             | LIBOR(M) | 0.75% | 6.75%                  | 11.13%       | 8/4/2026   | \$ 1,064,655  | 1,059,229    | 1,019,407     |       |
|   |   |          |       |                        |              |            |               | 41,780,199   | 40,804,744    |       |
| <b>Real Estate Management &amp; Development</b>     |   |          |       |                        |              |            |               |              |               |       |
| Greystone Affordable Housing Initiatives, LLC       | First Lien Delayed Draw Term Loan                 | LIBOR(S) | 1.25% | 6.00%                  | 9.05%        | 3/2/2026   | \$ 1,866,667  | 1,866,667    | 1,844,267     | J     |
| Greystone Select Company II, LLC (Passco)           | First Lien Term Loan                              | SOFR(M)  | 1.50% | 6.50%                  | 10.94%       | 3/21/2027  | \$ 4,661,332  | 4,576,784    | 4,577,428     |       |
| Greystone Select Company II, LLC (Passco)           | First Lien Delayed Draw Term Loan                 | SOFR(M)  | 1.50% | 6.50%                  | 10.94%       | 3/21/2027  | \$ —          | 20,817       | (121,195)     | N     |
|   |   |          |       |                        |              |            |               | 6,464,268    | 6,300,500     |       |
| <b>Road &amp; Rail</b>                              |   |          |       |                        |              |            |               |              |               |       |
| Motive Technologies, Inc. (fka Keep Truckin, Inc.)  | First Lien Term Loan                              | SOFR(S)  | 1.00% | 7.25%                  | 11.03%       | 4/8/2025   | \$ 15,000,000 | 14,848,983   | 14,895,000    |       |
| <b>Semiconductors &amp; Semiconductor Equipment</b> |   |          |       |                        |              |            |               |              |               |       |
| Emerald Technologies (U.S.) AcquisitionCo, Inc      | First Lien Term Loan                              | SOFR(M)  | 1.00% | 6.25%                  | 10.67%       | 12/29/2027 | \$ 1,899,037  | 1,865,593    | 1,785,095     | P     |
| Emerald Technologies (U.S.) AcquisitionCo, Inc      | First Lien Revolver                               | SOFR(M)  | 1.00% | 6.00%                  | 10.42%       | 12/29/2026 | \$ 330,137    | 249,986      | 268,505       | N     |
|   |   |          |       |                        |              |            |               | 2,115,579    | 2,053,600     |       |
| <b>Software</b>                                     |   |          |       |                        |              |            |               |              |               |       |
| Aerospike, Inc.                                     | First Lien Term Loan                              | LIBOR(M) | 1.00% | 7.50%                  | 11.88%       | 12/29/2025 | \$ 2,416,867  | 2,397,971    | 2,375,297     |       |
| AlphaSense, Inc.                                    | First Lien Term Loan                              | SOFR(M)  | 1.00% | 7.00%                  | 11.44%       | 3/11/2027  | \$ 8,673,018  | 8,592,729    | 8,594,961     |       |
| Aras Corporation                                    | First Lien Term Loan                              | LIBOR(Q) | 1.00% | 3.25% Cash + 3.75% PIK | 10.94%       | 4/13/2027  | \$ 4,442,604  | 4,383,120    | 4,273,786     | D     |
| Aras Corporation                                    | First Lien Revolver                               | LIBOR(S) | 1.00% | 6.50%                  | 9.50%        | 4/13/2027  | \$ 102,381    | 97,919       | 90,710        | N     |
| Backoffice Associates Holdings, LLC (Syniti)        | First Lien Term Loan                              | SOFR(Q)  | 1.00% | 7.75%                  | 12.00%       | 4/30/2026  | \$ 4,949,797  | 4,845,184    | 4,816,153     |       |
| Backoffice Associates Holdings, LLC (Syniti)        | First Lien Revolver                               | PRIME    | 1.00% | 6.75%                  | 14.25%       | 4/30/2026  | \$ 519,073    | 505,266      | 501,333       | N     |
| Bluefin Holding, LLC (BlackMountain)                | Second Lien Term Loan                             | LIBOR(Q) | —     | 7.75%                  | 12.48%       | 9/3/2027   | \$ 4,809,535  | 4,762,954    | 4,756,630     |       |
| Bonterra LLC (fka CyberGrants Holdings, LLC)        | First Lien Term Loan                              | LIBOR(Q) | 0.75% | 6.25%                  | 10.98%       | 9/8/2027   | \$ 2,833,333  | 2,798,816    | 2,746,350     |       |
| Bonterra LLC (fka CyberGrants Holdings, LLC)        | First Lien Delayed Draw Term Loan                 | LIBOR(Q) | 0.75% | 6.25%                  | 10.98%       | 9/8/2027   | \$ 54,686     | 53,168       | 46,158        | N     |
| Bonterra LLC (fka CyberGrants Holdings, LLC)        | First Lien Revolver                               | LIBOR(Q) | 0.75% | 6.25%                  | 10.98%       | 9/8/2027   | \$ 103,311    | 100,015      | 94,783        | N     |
| Elastic Path Software Inc. (Canada)                 | First Lien Term Loan                              | SOFR(Q)  | 1.00% | 7.50%                  | 11.37%       | 1/6/2026   | \$ 1,893,754  | 1,878,821    | 1,875,195     | H/J   |

The accompanying notes are an integral part of these consolidated financial statements.

**BlackRock Capital Investment Corporation**  
**Consolidated Schedules of Investments—(Continued)**  
**December 31, 2022**

| Issuer(O/Q)   | Instrument   | Ref(E)           | Floor | Spread                 | Total Coupon | Maturity   | Principal     | Cost(A)    | Fair Value(B) | Notes   |
|---|--|------------------|-------|------------------------|--------------|------------|---------------|------------|---------------|---------|
| <b>Debt Investments - Continued</b>                   |  |                  |       |                        |              |            |               |            |               |         |
| Elastic Path Software Inc. (Canada)                   | First Lien Delayed Draw Term Loan                  | SOFR(Q)          | 1.00% | 7.50%                  | 12.12%       | 1/6/2026   | \$ 961,395    | \$ 952,144 | \$ 951,973    | H/J     |
| Fusion Risk Management, Inc.                          | First Lien Term Loan                               | SOFR(Q)          | 1.00% | 3.25% Cash + 3.75% PIK | 11.40%       | 8/30/2028  | \$ 362,133    | 354,405    | 349,821       | D       |
| Fusion Risk Management, Inc.                          | First Lien Revolver                                | SOFR(Q)          | 1.00% | 6.50%                  | 10.90%       | 8/30/2028  | \$ —          | (762)      | (1,220)       | N       |
| Grey Orange Incorporated                              | First Lien Term Loan (3.75% Exit Fee)              | SOFR(Q)          | 1.00% | 7.25%                  | 12.23%       | 5/6/2026   | \$ 1,539,384  | 1,525,409  | 1,520,757     |         |
| Grey Orange Incorporated                              | First Lien Delayed Draw Term Loan (3.75% Exit Fee) | SOFR(Q)          | 1.00% | 7.25%                  | 11.55%       | 5/6/2026   | \$ 923,630    | 910,497    | 905,004       | N       |
| GTY Technology Holdings Inc.                          | First Lien Term Loan                               | SOFR(Q)          | 0.75% | 2.58% Cash + 4.30% PIK | 11.46%       | 7/9/2029   | \$ 1,958,707  | 1,922,412  | 1,896,028     | D       |
| GTY Technology Holdings Inc.                          | First Lien Delayed Draw Term Loan                  | SOFR(Q)          | 0.75% | 2.58% Cash + 4.30% PIK | 11.40%       | 7/9/2029   | \$ 1,513,252  | 1,484,207  | 1,464,827     | D       |
| GTY Technology Holdings Inc.                          | First Lien Revolver                                | SOFR(Q)          | 0.75% | 6.25%                  | 10.83%       | 7/9/2029   | \$ —          | (6,532)    | (11,160)      | N       |
| Integrate.com, Inc. (Infinity Data, Inc.)             | First Lien Term Loan                               | LIBOR(M)/SOFR(M) | 1.00% | 3.00% Cash + 3.00% PIK | 10.34%       | 12/17/2027 | \$ 1,837,108  | 1,796,699  | 1,781,995     | D/U     |
| Integrate.com, Inc. (Infinity Data, Inc.)             | First Lien Delayed Draw Term Loan                  | SOFR(M)          | 1.00% | 3.00% Cash + 3.00% PIK | 10.28%       | 12/17/2027 | \$ —          | (1,748)    | (8,000)       | D/N     |
| Integrate.com, Inc. (Infinity Data, Inc.)             | First Lien Revolver                                | SOFR(M)          | 1.00% | 6.00%                  | 10.28%       | 12/17/2027 | \$ —          | (2,208)    | (4,000)       | N       |
| JOBVITE, Inc. (Employ, Inc.)                          | First Lien Term Loan                               | SOFR(S)          | 0.75% | 8.00%                  | 10.93%       | 8/5/2028   | \$ 7,017,052  | 6,847,683  | 6,779,876     |         |
| Kaseya Inc.   | First Lien Term Loan                               | SOFR(Q)          | 0.75% | 5.75%                  | 10.33%       | 6/25/2029  | \$ 7,444,189  | 7,337,399  | 7,220,864     |         |
| Kaseya Inc.   | First Lien Delayed Draw Term Loan                  | SOFR(Q)          | 0.75% | 5.75%                  | 10.33%       | 6/25/2029  | \$ —          | (3,158)    | (13,651)      | N       |
| Kaseya Inc.   | First Lien Revolver                                | SOFR(Q)          | 0.75% | 5.75%                  | 10.33%       | 6/25/2029  | \$ —          | (6,318)    | (13,651)      | N       |
| Kong Inc.   | First Lien Term Loan                               | SOFR(M)          | 1.00% | 5.50% Cash + 3.25% PIK | 12.99%       | 11/1/2027  | \$ 2,100,294  | 2,058,551  | 2,058,288     | D       |
| Nvest, Inc. (SigFig)                                  | First Lien Term Loan                               | SOFR(S)          | 1.00% | 7.50%                  | 11.49%       | 9/15/2025  | \$ 2,349,466  | 2,318,584  | 2,289,789     |         |
| Oversight Systems, Inc.                               | First Lien Term Loan                               | LIBOR(M)         | 1.00% | 7.00%                  | 11.38%       | 9/24/2026  | \$ 1,543,315  | 1,519,175  | 1,481,582     |         |
| SEP Eiger BidCo Ltd. (Beqom) (Switzerland)            | First Lien Term Loan                               | SOFR(Q)          | 1.00% | 3.00% Cash + 3.50% PIK | 10.71%       | 5/9/2028   | \$ 5,645,032  | 5,541,077  | 5,477,375     | D/H/J   |
| SEP Eiger BidCo Ltd. (Beqom) (Switzerland)            | First Lien Revolver                                | SOFR(Q)          | 1.00% | 6.50%                  | 10.71%       | 5/9/2028   | \$ —          | (10,516)   | (17,476)      | H/J/N   |
| SEP Raptor Acquisition, Inc. (Loopio) (Canada)        | First Lien Term Loan                               | LIBOR(Q)         | 1.00% | 4.50% Cash + 3.00% PIK | 12.25%       | 3/31/2027  | \$ 3,799,349  | 3,742,283  | 3,730,961     | D/H/J   |
| SEP Raptor Acquisition, Inc. (Loopio) (Canada)        | First Lien Revolver                                | LIBOR(Q)         | 1.00% | 4.50% Cash + 3.00% PIK | 12.25%       | 3/31/2027  | \$ —          | (5,816)    | (7,373)       | D/H/J/N |
| Superman Holdings, LLC (Foundation Software)          | First Lien Term Loan                               | LIBOR(Q)         | 1.00% | 6.13%                  | 10.85%       | 8/31/2027  | \$ 4,616,646  | 4,536,715  | 4,538,163     |         |
| Superman Holdings, LLC (Foundation Software)          | First Lien Revolver                                | LIBOR(Q)         | 1.00% | 6.13%                  | 10.85%       | 8/31/2026  | \$ —          | (5,050)    | (5,601)       | N       |
| Syntellis Parent, LLC (Axiom Software)                | First Lien Term Loan                               | SOFR(M)          | 0.75% | 6.50%                  | 10.82%       | 8/2/2027   | \$ 7,652,145  | 7,502,382  | 7,422,580     |         |
| Zendesk, Inc.   | First Lien Term Loan                               | SOFR(Q)          | 0.75% | 6.50%                  | 11.04%       | 11/22/2028 | \$ 5,190,354  | 5,086,883  | 5,086,547     |         |
| Zendesk, Inc.   | First Lien Delayed Draw Term Loan                  | SOFR(Q)          | 0.75% | 6.50%                  | 11.04%       | 11/22/2028 | \$ —          | (12,739)   | (25,952)      | N       |
| Zendesk, Inc.   | First Lien Revolver                                | SOFR(Q)          | 0.75% | 6.50%                  | 11.04%       | 11/22/2028 | \$ —          | (10,499)   | (10,686)      | N       |
| Zilliant Incorporated                                 | First Lien Term Loan                               | LIBOR(M)         | 0.75% | 2.00% Cash + 4.50% PIK | 10.85%       | 12/21/2027 | \$ 1,550,239  | 1,524,752  | 1,454,124     | D       |
| Zilliant Incorporated                                 | First Lien Delayed Draw Term Loan                  | LIBOR(M)         | 0.75% | 2.00% Cash + 4.50% PIK | 10.85%       | 12/21/2027 | \$ —          | (2,442)    | (22,963)      | D/N     |
| Zilliant Incorporated                                 | First Lien Revolver                                | LIBOR(M)         | 0.75% | 6.00%                  | 10.35%       | 12/21/2027 | \$ —          | (2,458)    | (9,185)       | N       |
|   |  |                  |       |                        |              |            |               | 87,306,974 | 86,430,992    |         |
| <b>Specialty Retail</b>                               |  |                  |       |                        |              |            |               |            |               |         |
| Calceus Acquisition, Inc. (Cole Haan)                 | First Lien Term Loan B                             | LIBOR(Q)         | —     | 5.50%                  | 10.23%       | 2/12/2025  | \$ 3,678,280  | 3,399,559  | 3,387,070     | P       |
| Calceus Acquisition, Inc. (Cole Haan)                 | First Lien Sr Secured Notes                        | Fixed            | —     | 9.75%                  | 9.75%        | 2/19/2025  | \$ 1,000,000  | 984,665    | 916,000       |         |
| Hanna Andersson, LLC                                  | First Lien Term Loan                               | LIBOR(M)         | 1.00% | 6.00%                  | 10.29%       | 7/2/2026   | \$ 7,147,915  | 7,040,248  | 6,811,963     |         |
|   |  |                  |       |                        |              |            |               | 11,424,472 | 11,115,033    |         |
| <b>Technology Hardware, Storage &amp; Peripherals</b> |  |                  |       |                        |              |            |               |            |               |         |
| SumUp Holdings Luxembourg S.A.R.L. (United Kingdom)   | First Lien Delayed Draw Term Loan                  | SOFR(Q)          | 1.00% | 7.00%                  | 11.68%       | 2/17/2026  | \$ 10,842,857 | 10,679,921 | 10,452,514    | H/J     |

The accompanying notes are an integral part of these consolidated financial statements.

**BlackRock Capital Investment Corporation**  
**Consolidated Schedules of Investments—(Continued)**  
**December 31, 2022**

| Issuer(O/Q)  | Instrument                         | Ref(E)   | Floor | Spread | Total<br>Coupon | Maturity  | Principal    | Cost(A)            | Fair<br>Value(B)   | Notes |
|--|------------------------------------|----------|-------|--------|-----------------|-----------|--------------|--------------------|--------------------|-------|
| <b>Debt Investments - Continued</b>                  |                                    |          |       |        |                 |           |              |                    |                    |       |
| <b>Textiles, Apparel &amp; Luxury Goods</b>          |                                    |          |       |        |                 |           |              |                    |                    |       |
| James Perse Enterprises, Inc.                        | First Lien Term Loan               | SOFR(Q)  | 1.00% | 6.25%  | 10.93%          | 9/8/2027  | \$ 9,862,348 | \$ 9,737,884       | \$ 9,826,843       |       |
| James Perse Enterprises, Inc.                        | First Lien Revolver                | SOFR(Q)  | 1.00% | 6.25%  | 10.93%          | 9/8/2027  | \$ —         | (18,354)           | (5,301)            | N     |
|  |                                    |          |       |        |                 |           |              | 9,719,530          | 9,821,542          |       |
| <b>Trading Companies &amp; Distributors</b>          |                                    |          |       |        |                 |           |              |                    |                    |       |
| Blackbird Purchaser, Inc. (Ohio Transmission Corp.)  | Second Lien Term Loan              | LIBOR(M) | 0.75% | 7.50%  | 11.88%          | 4/8/2027  | \$ 3,539,347 | 3,480,055          | 3,391,402          |       |
| Blackbird Purchaser, Inc. (Ohio Transmission Corp.)  | Second Lien Delayed Draw Term Loan | LIBOR(M) | 0.75% | 7.50%  | 11.88%          | 4/8/2027  | \$ —         | (7,181)            | (49,315)           | N     |
|  |                                    |          |       |        |                 |           |              | 3,472,874          | 3,342,087          |       |
| <b>Wireless Telecommunication Services</b>           |                                    |          |       |        |                 |           |              |                    |                    |       |
| OpenMarket, Inc. (Infobip) (United Kingdom)          | First Lien Term Loan               | LIBOR(Q) | 0.75% | 6.25%  | 10.98%          | 9/17/2026 | \$ 4,937,500 | 4,841,489          | 4,781,475          | H/J   |
| <b>Total Debt Investments - 175.9% of Net Assets</b> |                                    |          |       |        |                 |           |              | <u>598,534,207</u> | <u>560,266,004</u> |       |

The accompanying notes are an integral part of these consolidated financial statements.

**BlackRock Capital Investment Corporation**  
**Consolidated Schedule of Investments—(Continued)**  
**December 31, 2022**

| Issuer(O/Q)  | Instrument  | Total<br>Coupon | Expiration | Shares    | Cost(A)               | Fair<br>Value(B)      | Notes   |
|--|---|-----------------|------------|-----------|-----------------------|-----------------------|---------|
| <b>Equity Securities</b>   |   |                 |            |           |                       |                       |         |
| <b>Capital Markets</b>   |   |                 |            |           |                       |                       |         |
| Marsico Holdings, LLC  | Limited Partnership/Limited Liability Company Interests |                 |            | 91,445    | \$ 1,848,077          | \$ —                  | C/I     |
| Pico Quantitative Trading Holdings, LLC                                | Warrants to Purchase Membership Units                   |                 | 2/7/2030   | 162       | 14,804                | 38,478                | C/I     |
|  |   |                 |            |           | <u>1,862,881</u>      | <u>38,478</u>         |         |
| <b>Chemicals</b>   |   |                 |            |           |                       |                       |         |
| AGY Equity, LLC  | Class A Preferred Stock                                 |                 |            | 4,195,600 | 1,139,597             | —                     | C/F/I   |
| AGY Equity, LLC  | Class B Preferred Stock                                 |                 |            | 2,936,920 | —                     | —                     | C/F/I   |
| AGY Equity, LLC  | Class C Common Stock                                    |                 |            | 2,307,580 | —                     | —                     | C/F/I   |
|  |   |                 |            |           | <u>1,139,597</u>      | <u>—</u>              |         |
| <b>Diversified Consumer Services</b>                                   |   |                 |            |           |                       |                       |         |
| Elevate Brands Holdco Inc.   | Warrants to Purchase Common Stock                       |                 | 3/14/2032  | 66,428    | —                     | 31,965                | C/I     |
| Elevate Brands Holdco Inc.   | Warrants to Purchase Preferred Stock                    |                 | 3/14/2032  | 33,214    | —                     | 25,645                | C/I     |
| MXP Prime Platform GmbH (SellerX) (Germany)                            | Warrants to Purchase Preferred Series B Shares          |                 | 11/23/2028 | 48        | —                     | 97,941                | C/H/I/J |
| PerchHQ LLC  | Warrants to Purchase Common Stock                       |                 | 10/15/2027 | 45,283    | —                     | 252,226               | C/I/L   |
| Razor Group GmbH (Germany)   | Warrants to Purchase Preferred Series A1 Shares         |                 | 4/28/2028  | 182       | —                     | 702,914               | C/H/I/J |
| Razor Group GmbH (Germany)   | Warrants to Purchase Series C Shares                    |                 | 4/28/2028  | 56        | —                     | 320,504               | C/H/I/J |
|  |   |                 |            |           | <u>—</u>              | <u>1,431,195</u>      |         |
| <b>Diversified Financial Services</b>                                  |   |                 |            |           |                       |                       |         |
| Gordon Brothers Finance Company  | Common Stock  |                 |            | 10,612    | 10,611,548            | —                     | C/G     |
| Gordon Brothers Finance Company  | Preferred Stock   | 13.50%          |            | 34,285    | 36,624,685            | —                     | C/G/R   |
| Worldremit Group Limited (United Kingdom)                              | Warrants to Purchase Series D Stock                     |                 | 2/11/2031  | 7,662     | —                     | 183,658               | C/H/I/J |
| Worldremit Group Limited (United Kingdom)                              | Warrants to Purchase Series E Stock                     |                 | 8/27/2031  | 508       | —                     | 3,678                 | C/H/I/J |
|  |   |                 |            |           | <u>47,236,233</u>     | <u>187,336</u>        |         |
| <b>Household Durables</b>  |   |                 |            |           |                       |                       |         |
| Stitch Holdings, L.P.  | Limited Partnership/Limited Liability Company Interests |                 |            | 5,910     | 5,909,910             | 4,373,400             | C/I     |
| <b>Internet Software &amp; Services</b>                                |   |                 |            |           |                       |                       |         |
| FinancialForce.com, Inc.   | Warrants to Purchase Series C Preferred Stock           |                 | 1/30/2029  | 450,000   | 100,544               | 211,350               | C/I     |
| <b>Media</b>   |   |                 |            |           |                       |                       |         |
| MBS Parent, LLC  | Limited Partnership/Limited Liability Company Interests |                 |            | 546       | —                     | —                     | C/M     |
| <b>Metals &amp; Mining</b>   |   |                 |            |           |                       |                       |         |
| Kemmerer Holdings, LLC (WMLP)  | Limited Partnership/Limited Liability Company Interests |                 |            | 8         | 753,851               | 1,618,248             | C/F/K   |
| <b>Oil, Gas &amp; Consumable Fuels</b>                                 |   |                 |            |           |                       |                       |         |
| TER Management Resources, LLC (fka ETX Energy Management Company, LLC) | Limited Partnership/Limited Liability Company Interests |                 |            | 53,815    | —                     | —                     | C       |
| Trailblazer Energy Resources, LLC (fka ETX Energy, LLC)                | Limited Partnership/Limited Liability Company Interests |                 |            | 51,119    | —                     | —                     | C/L     |
|  |   |                 |            |           | <u>—</u>              | <u>—</u>              |         |
| <b>Software</b>  |   |                 |            |           |                       |                       |         |
| Grey Orange International Inc.   | Warrants to Purchase Common Stock                       |                 | 5/6/2032   | 2,087     | —                     | 8,849                 | C/I     |
| <b>Trading Companies &amp; Distributors</b>                            |   |                 |            |           |                       |                       |         |
| Blackbird Holdco, Inc. (Ohio Transmission Corp.)                       | Preferred Stock   | 12.50% PIK      |            | 2,478     | 2,762,941             | 2,354,224             | D/I     |
| <b>Total Equity Securities - 3.2% of Net Assets</b>                    |   |                 |            |           | <u>59,765,957</u>     | <u>10,223,080</u>     |         |
| <b>Total Investments - 179.1% of Net Assets</b>                        |   |                 |            |           | <u>\$ 658,300,164</u> | <u>\$ 570,489,084</u> |         |
| <b>Cash and Cash Equivalents - 3.0% of Net Assets</b>                  |   |                 |            |           |                       | \$ 9,531,190          |         |
| <b>Total Cash and Investments - 182.1% of Net Assets</b>               |   |                 |            |           |                       | <u>\$ 580,020,274</u> |         |

**Interest Rate Swap as of December 31, 2022(V)**

|                    | Company Receives<br>Fixed | Company Pays<br>Floating | Counterparty | Maturity Date | Payment Frequency | Notional Amount | Fair Value     |
|--------------------|---------------------------|--------------------------|--------------|---------------|-------------------|-----------------|----------------|
| Interest Rate Swap | 2.633%                    | 1 Day SOFR               | CME          | 6/9/2025      | Annual            | \$ 35,000,000   | \$ (1,332,299) |

The accompanying notes are an integral part of these consolidated financial statements.

**BlackRock Capital Investment Corporation**  
**Consolidated Schedules of Investments—(Continued)**  
**December 31, 2022**

*Notes to Consolidated Schedules of Investments:*

- (A) Represents amortized cost for fixed income securities and cost for preferred and common stock, limited partnership/limited liability company interests and equity warrants/options.
- (B) Pursuant to Rule 2a-5 under the 1940 Act, the Company's Board of Directors designated the Advisor as the valuation designee to perform certain fair value functions, including performing fair value determinations. See Note 2 for further details.
- (C) Non-income producing equity securities at December 31, 2022.
- (D) Interest may be paid in cash or payment-in-kind ("PIK"), or a combination thereof which is generally at the option of the borrower. PIK earned is included in the cost basis of the security. In accordance with the Company's policy, PIK is recorded on an effective interest method.
- (E) Approximately 99.2% of the fair value of total senior secured loans in the Company's portfolio bear interest at a floating rate that may be determined by reference to the London Interbank Offered Rate ("LIBOR"), "L", Secured Overnight Financing Rate ("SOFR"), "S", or other base rate (commonly the Federal Funds Rate or the Prime Rate), "P", at the borrower's option. In addition, 94.2% of the fair value of such senior secured loans have floors of 0.50% to 1.80%. The borrower under a senior secured loan generally has the option to select from interest reset periods of one, two, three or six months and may alter that selection at the end of any reset period. The stated interest rate represents the weighted average interest rate at December 31, 2022 of all contracts within the specified loan facility. LIBOR and SOFR reset monthly (M), quarterly (Q) or semiannually (S).
- (F) Transaction and other information for "non-controlled, affiliated" investments under the Investment Company Act of 1940 (the "1940 Act"), whereby the Company owns 5% or more (but not more than 25%) of the portfolio company's outstanding voting securities, is presented in a separate table of the Consolidated Schedules of Investments.
- (G) Transaction and other information for "controlled" investments under the 1940 Act, whereby the Company owns more than 25% of the portfolio company's outstanding voting securities, is presented in a separate table of the Consolidated Schedules of Investments.
- (H) Non-U.S. company or principal place of business outside the U.S.
- (I) Security is either exempt from registration under Rule 144A of the Securities Act of 1933 (the "Securities Act"), or sale of the security is subject to certain contractual restrictions. Securities that are exempt from registration under 144A may be resold in transactions, normally to qualified institutional buyers. In aggregate, these securities represent 2.9% of the Company's net assets at December 31, 2022. The acquisition dates for restricted securities of unaffiliated issuers were as follows as of December 31, 2022:

| <b>Investment</b>   | <b>Initial Acquisition Date</b> |
|---|---------------------------------|
| Marsico Holdings, LLC, Limited Partnership/Limited Liability Company Interests              | 11/28/2007                      |
| FinancialForce.com, Warrants to Purchase Series C Preferred Stock                           | 1/30/2019                       |
| Pico Quantitative Trading Holdings, LLC, Warrants to Purchase Membership Units              | 2/7/2020                        |
| Worldremit Group Limited (United Kingdom), Warrants to Purchase Series D Stock              | 2/11/2021                       |
| Advanced Lighting Technologies, LLC, Senior Secured Notes                                   | 3/16/2021                       |
| Razor Group GmbH (Germany), Warrants to Purchase Preferred Series A1 Shares                 | 4/28/2021                       |
| Stitch Holdings, L.P., Limited Partnership Interests  | 7/30/2021                       |
| Worldremit Group Limited (United Kingdom), Warrants to Purchase Series E Stock              | 8/27/2021                       |
| MXP Prime Platform GmbH (SellerX) (Germany), Warrants to Purchase Preferred Series B Shares | 11/23/2021                      |
| Blackbird Holdco, Inc. (Ohio Transmission Corp.), Preferred Stock                           | 12/14/2021                      |
| Elevate Brands Holdco Inc., Warrants to Purchase Common Stock                               | 3/14/2022                       |
| Elevate Brands Holdco Inc., Warrants to Purchase Preferred Stock                            | 3/14/2022                       |
| Grey Orange International Inc., Warrants to Purchase Common Stock                           | 5/6/2022                        |
| PerchHQ LLC, Warrants to Purchase Common Stock  | 9/30/2022                       |
| Razor Group GmbH (Germany), Warrants to Purchase Series C Shares                            | 12/23/2022                      |

- (J) Investments that the Company has determined are not "qualifying assets" under Section 55(a) of the 1940 Act. Under the 1940 Act, we may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of our total assets. The status of these assets under the 1940 Act may be subject to change. The Company monitors the status of these assets on an ongoing basis. As of December 31, 2022, approximately 15.0% of the total assets of the Company were not qualifying assets under Section 55(a) of the 1940 Act.
- (K) The Company is the sole stockholder of BKC ASW Blocker, Inc., a consolidated subsidiary, which is the beneficiary of 5% or more (but not more than 25%) of the voting securities of Kemmerer Operations, LLC and thus non-controlled, affiliated investments.
- (L) The Company is the sole stockholder of BKC ASW Blocker, Inc., a consolidated subsidiary, which is the beneficiary of less than 5% of the voting securities of Trailblazer Energy Resources, LLC (fka ETX Energy, LLC) and PerchHQ LLC and thus non-controlled, non-affiliated investments.
- (M) The Company is the sole stockholder of BCIC-MBS, LLC, a consolidated subsidiary, which is the beneficiary of less than 5% of the voting securities of MBS Parent, LLC and thus a non-controlled, non-affiliated investment.
- (N) Position or associated portfolio company thereof has an unfunded commitment as of December 31, 2022 (see Note 9). Note that there may be additional unfunded positions which do not have a funded component at period end, and therefore are not displayed herein. Any negative balances represent unfunded commitments that were acquired and/or valued at a discount.
- (O) Unless otherwise indicated, all investments are considered Level 3 in accordance with ASC Topic 820 (see Note 2).
- (P) Investments are considered other than Level 3 in accordance with ASC Topic 820 (see Note 2).
- (Q) As of December 31, 2022, the Company generally uses Global Industry Classification Standard ("GICS") codes to identify the industry groupings. This information is unaudited.
- (R) The investment is on non-accrual status as of December 31, 2022 and therefore non-income producing. At December 31, 2022, the aggregate fair value and amortized cost of the Company's debt and preferred stock investments on non-accrual status represents 2.8% and 11.8% of the Company's debt and preferred stock investments at fair value and amortized cost, respectively.
- (S) This investment will have a first lien security interest after the senior tranches are repaid.
- (T) Total coupon includes default interest of 2.00%.
- (U) Portions of the loan bear interest using a combination of LIBOR, SOFR, and/or the Prime rate. The total coupon represents the weighted average interest rate at December 31, 2022 of all contracts within the loan facility.
- (V) Refer to Notes 2 and 4 for additional information on the Company's Interest Rate Swap.

The accompanying notes are an integral part of these consolidated financial statements.

**BlackRock Capital Investment Corporation**  
**Consolidated Schedules of Investments—(Continued)**  
**December 31, 2022**

| <b>Non-Controlled Affiliate Security<sup>(1)</sup></b> | <b>Dividends and interest income<sup>(2)</sup></b> | <b>Fair Value at December 31, 2021</b> | <b>Net realized gain (loss)<sup>(2)</sup></b> | <b>Net increase or decrease in unrealized appreciation or depreciation<sup>(2)</sup></b> | <b>Acquisitions<sup>(3)</sup></b> | <b>Dispositions<sup>(4)</sup></b> | <b>Fair Value at December 31, 2022</b> |
|--|--|--|---|--|-----------------------------------|-----------------------------------|--|
| <b>AGY Equity, LLC:</b>                                |  |  |   |  |                                   |                                   |  |
| Class A Preferred Stock                                | \$ —   | \$ 251,736                             | \$ —  | \$ (251,736)   | \$ —                              | \$ —                              | \$ —                                   |
| Class B Preferred Stock                                | —  | —                                      | —   | —  | —                                 | —                                 | —                                      |
| Class C Common Stock                                   | —  | —                                      | —   | —  | —                                 | —                                 | —                                      |
| <b>Kemmerer Operations, LLC (WMLP):</b>                |  |  |   |  |                                   |                                   |  |
| Senior Secured Loan, First Lien                        | 455,516  | 3,091,618                              | —   | —  | 346,256                           | (1,481,684)                       | 1,956,190                              |
| Delayed Draw Term Loan, First Lien                     | 1,170  | 42,550                                 | —   | —  | 1,188                             | (43,738)                          | —                                      |
| <b>Kemmerer Holdings, LLC (WMLP):</b>                  |  |  |   |  |                                   |                                   |  |
| Limited Liability Co. Interest                         | —  | 746,074                                | —   | 872,174  | —                                 | —                                 | 1,618,248                              |
| <b>Totals</b>  | <b>\$ 456,686</b>                                  | <b>\$ 4,131,978</b>                    | <b>\$ —</b>                                   | <b>\$ 620,438</b>  | <b>\$ 347,444</b>                 | <b>\$ (1,525,422)</b>             | <b>\$ 3,574,438</b>                    |

<sup>(1)</sup> The issuers of the securities listed on this schedule are considered non-controlled, affiliated investments under the 1940 Act due to the ownership by the Company of 5% to 25% of the issuers' voting securities.

<sup>(2)</sup> Amounts reported above are for the year ended December 31, 2022. Dividends and interest income also includes fee income as applicable.

<sup>(3)</sup> Acquisitions include new purchases, PIK income and amortization of original issue and market discounts, and the movement of an existing portfolio company into this category from a different category for the year ended December 31, 2022.

<sup>(4)</sup> Dispositions include decreases in the cost basis of investments, net of realized gain or loss, resulting from principal collections related to investment repayments or sales, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company out of this category into a different category for the year ended December 31, 2022.

The aggregate fair value of non-controlled, affiliated investments at December 31, 2022 represents 1.1% of the Company's net assets.

| <b>Controlled Affiliate Security<sup>(1)</sup></b> | <b>Dividends and interest income<sup>(2)</sup></b> | <b>Fair Value at December 31, 2021</b> | <b>Net realized gain (loss)<sup>(2)</sup></b> | <b>Net increase or decrease in unrealized appreciation or depreciation<sup>(2)</sup></b> | <b>Acquisitions<sup>(3)</sup></b> | <b>Dispositions<sup>(4)</sup></b> | <b>Fair Value at December 31, 2022</b> |
|--|--|--|---|--|-----------------------------------|-----------------------------------|--|
| <b>Gordon Brothers Finance Company:</b>            |  |  |   |  |                                   |                                   |  |
| Unsecured Debt                                     | \$ —   | \$ 21,927,071                          | \$ —  | \$ (2,523,687)   | \$ —                              | \$ (4,175,384)                    | \$ 15,228,000                          |
| Preferred Stock                                    | —  | —                                      | —   | —  | —                                 | —                                 | —                                      |
| Common Stock                                       | —  | —                                      | —   | —  | —                                 | —                                 | —                                      |
| <b>Totals</b>                                      | <b>\$ —</b>  | <b>\$ 21,927,071</b>                   | <b>\$ —</b>                                   | <b>\$ (2,523,687)</b>  | <b>\$ —</b>                       | <b>\$ (4,175,384)</b>             | <b>\$ 15,228,000</b>                   |

<sup>(1)</sup> The issuers of securities listed on this schedule are considered controlled affiliates under the 1940 Act due to the ownership by the Company of more than 25% of the issuers' voting securities.

<sup>(2)</sup> Amounts reported above are for the year ended December 31, 2022. Dividends and interest income also includes fee income as applicable.

<sup>(3)</sup> Acquisitions include increases in the cost basis of investments resulting from new portfolio investments, PIK interest or dividends, the amortization of unearned income, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company into this category from a different category for the year ended December 31, 2022.

<sup>(4)</sup> Dispositions include decreases in the cost basis of investments, net of realized gain or loss, resulting from principal collections related to investment repayments or sales, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company out of this category into a different category for the year ended December 31, 2022.

The aggregate fair value of controlled investments at December 31, 2022 represents 4.8% of the Company's net assets.

The accompanying notes are an integral part of these consolidated financial statements.

**BlackRock Capital Investment Corporation**  
**Consolidated Schedules of Investments—(Continued)**  
**December 31, 2021**

| Issuer(O/Q)                                       | Instrument                                  | Ref(E)   | Floor | Spread                 | Total Coupon | Maturity   | Principal     | Cost(A)      | Fair Value(B) | Notes   |
|---|---|----------|-------|------------------------|--------------|------------|---------------|--------------|---------------|---------|
| <b>Debt Investments</b>                           |   |          |       |                        |              |            |               |              |               |         |
| <b>Aerospace &amp; Defense</b>                    |   |          |       |                        |              |            |               |              |               |         |
| Unanet, Inc.                                      | First Lien Term Loan                        | LIBOR(M) | —     | 6.25%                  | 6.38%        | 5/31/2024  | \$ 6,632,653  | \$ 6,597,643 | \$ 6,632,653  |         |
| Unanet, Inc.                                      | First Lien Delayed Draw Term Loan           | LIBOR(M) | —     | 6.25%                  | 6.38%        | 5/31/2024  | \$ 1,709,184  | 1,704,021    | 1,709,184     |         |
| Unanet, Inc.                                      | First Lien Revolver                         | LIBOR(M) | —     | 6.25%                  | 6.38%        | 5/31/2024  | \$ 816,327    | 812,047      | 816,327       |         |
|   |   |          |       |                        |              |            |               | 9,113,711    | 9,158,164     |         |
| <b>Automobiles</b>                                |   |          |       |                        |              |            |               |              |               |         |
| ALCV Purchaser, Inc. (AutoLenders)                | First Lien Term Loan                        | LIBOR(M) | 1.00% | 6.75%                  | 7.75%        | 2/25/2026  | \$ 2,801,159  | 2,763,855    | 2,863,064     |         |
| ALCV Purchaser, Inc. (AutoLenders)                | First Lien Revolver                         | LIBOR(M) | 1.00% | 6.75%                  | 7.75%        | 2/25/2026  | \$ —          | (3,003)      | —             | N/S     |
|   |   |          |       |                        |              |            |               | 2,760,852    | 2,863,064     |         |
| <b>Building Products</b>                          |   |          |       |                        |              |            |               |              |               |         |
| Porcelain Acquisition Corporation (Paramount)     | First Lien Term Loan                        | LIBOR(Q) | 1.00% | 6.00%                  | 7.00%        | 4/30/2027  | \$ 2,196,481  | 2,155,551    | 2,200,874     |         |
| Porcelain Acquisition Corporation (Paramount)     | First Lien Delayed Draw Term Loan           | LIBOR(Q) | 1.00% | 6.00%                  | 7.00%        | 4/30/2027  | \$ —          | (16,832)     | 1,892         | N/S     |
|   |   |          |       |                        |              |            |               | 2,138,719    | 2,202,766     |         |
| <b>Capital Markets</b>                            |   |          |       |                        |              |            |               |              |               |         |
| Pico Quantitative Trading, LLC                    | First Lien Term Loan (1.0% Exit Fee)        | LIBOR(S) | 1.50% | 7.25%                  | 8.75%        | 2/7/2025   | \$ 500,000    | 485,090      | 505,000       |         |
| Pico Quantitative Trading, LLC                    | First Lien Incremental Term Loan            | LIBOR(M) | 1.50% | 7.25%                  | 8.75%        | 2/7/2025   | \$ 560,228    | 532,261      | 571,993       |         |
|   |   |          |       |                        |              |            |               | 1,017,351    | 1,076,993     |         |
| <b>Commercial Services &amp; Supplies</b>         |   |          |       |                        |              |            |               |              |               |         |
| Kellermeyer Bergensons Services, LLC              | First Lien Term Loan                        | LIBOR(S) | 1.00% | 5.75%                  | 6.75%        | 11/7/2026  | \$ 1,601,307  | 1,590,431    | 1,585,294     |         |
| Kellermeyer Bergensons Services, LLC              | First Lien Delayed Draw Term Loan A         | LIBOR(S) | 1.00% | 5.75%                  | 6.75%        | 11/7/2026  | \$ 352,288    | 349,723      | 348,765       |         |
| Kellermeyer Bergensons Services, LLC              | First Lien Delayed Draw Term Loan B         | LIBOR(S) | 1.00% | 5.75%                  | 6.75%        | 11/7/2026  | \$ 319,881    | 318,126      | 315,002       | S       |
| Thermostat Purchaser III, Inc. (Reedy Industries) | Second Lien Term Loan                       | LIBOR(M) | 0.75% | 7.25%                  | 8.00%        | 8/31/2029  | \$ 2,615,252  | 2,577,525    | 2,596,945     |         |
| Thermostat Purchaser III, Inc. (Reedy Industries) | Second Lien Delayed Draw Term Loan          | LIBOR(M) | 0.75% | 7.25%                  | 8.00%        | 8/31/2029  | \$ —          | (3,216)      | (3,133)       | N/S     |
|   |   |          |       |                        |              |            |               | 4,832,589    | 4,842,873     |         |
| <b>Construction &amp; Engineering</b>             |   |          |       |                        |              |            |               |              |               |         |
| Homerene Buyer, Inc. (Project Dream)              | First Lien Term Loan                        | LIBOR(Q) | 1.00% | 6.50%                  | 7.50%        | 8/10/2027  | \$ 3,189,333  | 3,110,747    | 3,106,411     |         |
| Homerene Buyer, Inc. (Project Dream)              | First Lien Delayed Draw Term Loan           | LIBOR(Q) | 1.00% | 6.50%                  | 7.50%        | 8/10/2027  | \$ —          | (23,480)     | (50,695)      | N/S     |
| Homerene Buyer, Inc. (Project Dream)              | First Lien Revolver                         | LIBOR(Q) | 1.00% | 6.50%                  | 7.50%        | 11/23/2027 | \$ —          | (20,526)     | (21,726)      | N/S     |
| PHRG Intermediate, LLC (Power Home)               | First Lien Term Loan                        | LIBOR(Q) | 0.75% | 6.00%                  | 6.75%        | 12/16/2026 | \$ 2,500,000  | 2,437,500    | 2,462,500     |         |
| Sunland Asphalt & Construction, LLC               | First Lien Term Loan                        | LIBOR(Q) | 1.00% | 6.00%                  | 7.00%        | 1/13/2026  | \$ 2,500,081  | 2,458,489    | 2,492,581     |         |
| Sunland Asphalt & Construction, LLC               | First Lien Delayed Draw Term Loan           | LIBOR(Q) | 1.00% | 6.00%                  | 7.00%        | 1/13/2026  | \$ 840,652    | 826,136      | 836,567       |         |
|   |   |          |       |                        |              |            |               | 8,788,866    | 8,825,638     |         |
| <b>Consumer Finance</b>                           |   |          |       |                        |              |            |               |              |               |         |
| Barri Financial Group, LLC                        | First Lien Term Loan                        | LIBOR(M) | 1.00% | 7.75%                  | 8.75%        | 6/30/2026  | \$ 12,356,957 | 12,098,329   | 12,480,527    |         |
| <b>Containers &amp; Packaging</b>                 |   |          |       |                        |              |            |               |              |               |         |
| BW Holding, Inc. (Brook & Whittle)                | Second Lien Term Loan                       | LIBOR(Q) | 0.75% | 7.50%                  | 8.25%        | 12/14/2029 | \$ 2,229,219  | 2,179,061    | 2,179,061     |         |
| BW Holding, Inc. (Brook & Whittle)                | Second Lien Delayed Draw Term Loan          | LIBOR(Q) | 0.75% | 7.50%                  | 8.25%        | 12/14/2029 | \$ —          | (8,708)      | (8,708)       | N/S     |
| PVHC Holding Corp.                                | First Lien Term Loan                        | LIBOR(Q) | 1.00% | 4.75%                  | 5.75%        | 8/2/2024   | \$ 10,284,525 | 8,924,440    | 9,256,073     |         |
|   |   |          |       |                        |              |            |               | 11,094,793   | 11,426,426    |         |
| <b>Distributors</b>                               |   |          |       |                        |              |            |               |              |               |         |
| Colony Display LLC                                | First Lien Term Loan                        | LIBOR(Q) | 1.00% | 6.50%                  | 7.50%        | 6/30/2026  | \$ 2,370,595  | 2,327,386    | 2,294,736     |         |
| Colony Display LLC                                | First Lien Delayed Draw Term Loan           | LIBOR(Q) | 1.00% | 6.50%                  | 7.50%        | 6/30/2026  | \$ —          | 1,182        | (38,120)      | N/S     |
|   |   |          |       |                        |              |            |               | 2,328,568    | 2,256,616     |         |
| <b>Diversified Consumer Services</b>              |   |          |       |                        |              |            |               |              |               |         |
| Razor Group GmbH (Germany)                        | First Lien Delayed Draw Term Loan           | LIBOR(M) | 1.00% | 9.00%                  | 10.00%       | 9/30/2025  | \$ 11,763,158 | 11,862,855   | 11,735,918    | H/J/S   |
| Razor Group GmbH (Germany)                        | First Lien Sr Secured Convertible Term Loan | Fixed    | —     | 3.50% Cash + 3.50% PIK | 7.00%        | 10/2/2023  | \$ 1,582,052  | 1,582,052    | 2,433,196     | D/H/J   |
| SellerX Germany GmbH & Co. Kg (Germany)           | First Lien Term Loan                        | LIBOR(Q) | 1.00% | 8.00%                  | 9.00%        | 11/23/2025 | \$ 5,537,893  | 5,484,992    | 5,511,312     | H/J     |
| SellerX Germany GmbH & Co. Kg (Germany)           | First Lien Delayed Draw Term Loan           | LIBOR(Q) | 1.00% | 8.00%                  | 9.00%        | 11/23/2025 | \$ —          | (45,728)     | (46,342)      | H/J/N/S |
| Thras.io, LLC                                     | First Lien Term Loan                        | LIBOR(Q) | 1.00% | 7.00%                  | 8.00%        | 12/18/2026 | \$ 7,376,378  | 7,261,963    | 7,302,615     | P       |
| Thras.io, LLC                                     | First Lien Delayed Draw Term Loan           | LIBOR(Q) | 1.00% | 7.00%                  | 8.00%        | 12/18/2026 | \$ 3,091,832  | 3,012,793    | 3,033,624     | P/S     |
| Whele LLC (Perch)                                 | First Lien Incremental Term Loan            | LIBOR(M) | 1.00% | 7.50%                  | 8.50%        | 10/15/2025 | \$ 6,842,404  | 6,895,074    | 6,862,932     |         |
|   |   |          |       |                        |              |            |               | 36,054,001   | 36,833,255    |         |

The accompanying notes are an integral part of these consolidated financial statements.

**BlackRock Capital Investment Corporation**  
**Consolidated Schedules of Investments—(Continued)**  
**December 31, 2021**

| Issuer(O/Q)                                   | Instrument   | Ref(E)   | Floor | Spread                  | Total Coupon | Maturity   | Principal     | Cost(A)      | Fair Value(B) | Notes   |
|---|--|----------|-------|-------------------------|--------------|------------|---------------|--------------|---------------|---------|
| <b>Debt Investments (continued)</b>           |  |          |       |                         |              |            |               |              |               |         |
| <b>Diversified Financial Services</b>         |  |          |       |                         |              |            |               |              |               |         |
| 2-10 Holdco, Inc.                             | First Lien Term Loan                               | LIBOR(Q) | 0.75% | 6.00%                   | 6.75%        | 3/26/2026  | \$ 6,605,469  | \$ 6,493,415 | \$ 6,569,138  |         |
| 2-10 Holdco, Inc.                             | First Lien Revolver                                | LIBOR(Q) | 0.75% | 6.00%                   | 6.75%        | 3/26/2026  | \$ —          | (4,073)      | (1,322)       | N/S     |
| Callodine Commercial Finance, LLC             | First Lien Term Loan                               | LIBOR(Q) | 1.00% | 9.00%                   | 10.00%       | 11/3/2025  | \$ 25,000,000 | 25,000,000   | 25,175,000    |         |
| Callodine Commercial Finance, LLC             | Delayed Draw Term Loan                             | LIBOR(Q) | 1.00% | 9.00%                   | 10.00%       | 11/3/2025  | \$ —          | —            | 56,452        | S       |
| Callodine Commercial Finance, LLC             | Subordinated Debt                                  | LIBOR(Q) | 0.25% | 8.50%                   | 8.75%        | 10/8/2026  | \$ 5,000,000  | 5,000,000    | 5,000,000     | T       |
| Gordon Brothers Finance Company               | Unsecured Debt                                     | LIBOR(M) | 1.00% | 11.00%                  | 14.00%       | 10/31/2021 | \$ 41,861,533 | 41,861,533   | 21,927,071    | G/R/U   |
| Oasis Financial, LLC                          | Second Lien Term Loan                              | LIBOR(M) | 1.00% | 8.50%                   | 9.50%        | 7/5/2026   | \$ 5,000,000  | 4,914,140    | 4,935,000     |         |
| Worldremit Group Limited (United Kingdom)     | First Lien Term Loan (3.0% Exit Fee)               | LIBOR(Q) | 1.00% | 9.25%                   | 10.25%       | 2/11/2025  | \$ 11,300,000 | 11,111,243   | 11,028,800    | H/J     |
|   |  |          |       |                         |              |            |               | 94,376,258   | 74,690,139    |         |
| <b>Diversified Telecommunication Services</b> |  |          |       |                         |              |            |               |              |               |         |
| MetroNet Systems Holdings, LLC                | Second Lien Term Loan                              | LIBOR(M) | 0.75% | 7.00%                   | 7.75%        | 6/2/2029   | \$ 1,414,105  | 1,394,246    | 1,413,680     |         |
| MetroNet Systems Holdings, LLC                | Second Lien Delayed Draw Term Loan                 | LIBOR(M) | 0.75% | 7.00%                   | 7.75%        | 6/2/2029   | \$ 2,911,392  | 2,856,898    | 2,910,518     |         |
|   |  |          |       |                         |              |            |               | 4,251,144    | 4,324,198     |         |
| <b>Electrical Equipment</b>                   |  |          |       |                         |              |            |               |              |               |         |
| Advanced Lighting Technologies, Inc.          | Second Lien Sr Secured Notes                       | LIBOR(Q) | 2.00% | 16.00% PIK + 6.00% Cash | 26.00%       | 3/16/2027  | \$ 1,976,481  | 935,927      | 652,239       | D/I/R/U |
| <b>Health Care Equipment &amp; Supplies</b>   |  |          |       |                         |              |            |               |              |               |         |
| Zest Acquisition Corp.                        | Second Lien Term Loan                              | LIBOR(M) | 1.00% | 7.00%                   | 8.00%        | 3/14/2026  | \$ 15,000,000 | 14,913,632   | 14,925,000    |         |
| <b>Health Care Providers &amp; Services</b>   |  |          |       |                         |              |            |               |              |               |         |
| INH Buyer, Inc. (IMS Health)                  | First Lien Term Loan                               | LIBOR(S) | 1.00% | 6.00%                   | 7.00%        | 6/28/2028  | \$ 2,693,250  | 2,642,028    | 2,531,655     |         |
| Outcomes Group Holdings, Inc.                 | Second Lien Term Loan                              | LIBOR(S) | —     | 7.50%                   | 7.85%        | 10/26/2026 | \$ 5,769,231  | 5,760,375    | 5,769,231     |         |
| Team Services Group, LLC                      | Second Lien Term Loan                              | LIBOR(S) | 1.00% | 9.00%                   | 10.00%       | 11/13/2028 | \$ 6,554,543  | 6,376,646    | 6,521,770     |         |
| Tempus, LLC (Epic Staffing)                   | First Lien Term Loan                               | LIBOR(Q) | 1.00% | 6.00%                   | 7.00%        | 2/5/2027   | \$ 4,050,005  | 3,977,128    | 4,090,505     |         |
| Tempus, LLC (Epic Staffing)                   | First Lien Delayed Draw Term Loan                  | LIBOR(Q) | 1.00% | 6.00%                   | 7.00%        | 2/5/2027   | \$ 1,528,379  | 1,495,592    | 1,569,223     | S       |
|   |  |          |       |                         |              |            |               | 20,251,769   | 20,482,384    |         |
| <b>Health Care Technology</b>                 |  |          |       |                         |              |            |               |              |               |         |
| Appriss Health, LLC (PatientPing)             | First Lien Term Loan                               | LIBOR(Q) | 1.00% | 7.25%                   | 8.25%        | 5/6/2027   | \$ 2,875,899  | 2,826,567    | 2,824,133     |         |
| Appriss Health, LLC (PatientPing)             | First Lien Revolver                                | LIBOR(Q) | 1.00% | 7.25%                   | 8.25%        | 5/6/2027   | \$ —          | (3,422)      | (3,451)       | N/S     |
| CareATC, Inc.                                 | First Lien Term Loan                               | LIBOR(Q) | 1.00% | 7.25%                   | 8.25%        | 3/14/2024  | \$ 8,070,508  | 7,963,784    | 8,151,213     |         |
| CareATC, Inc.                                 | First Lien Revolver                                | LIBOR(Q) | 1.00% | 7.25%                   | 8.25%        | 3/14/2024  | \$ —          | (3,141)      | —             | N/S     |
| ESO Solutions, Inc.                           | First Lien Term Loan                               | LIBOR(S) | 1.00% | 7.00%                   | 8.00%        | 5/3/2027   | \$ 6,794,312  | 6,666,863    | 6,794,312     |         |
| ESO Solutions, Inc.                           | First Lien Revolver                                | LIBOR(S) | 1.00% | 7.00%                   | 8.00%        | 5/3/2027   | \$ —          | (10,980)     | —             | N/S     |
| Gainwell Acquisition Corp.                    | Second Lien Term Loan                              | LIBOR(Q) | 1.00% | 8.00%                   | 9.00%        | 10/2/2028  | \$ 2,016,737  | 2,007,083    | 2,055,055     |         |
| Sandata Technologies, LLC                     | First Lien Term Loan                               | LIBOR(Q) | —     | 6.00%                   | 6.25%        | 7/23/2024  | \$ 4,500,000  | 4,462,694    | 4,545,000     |         |
| Sandata Technologies, LLC                     | First Lien Revolver                                | LIBOR(Q) | —     | 6.00%                   | 6.25%        | 7/23/2024  | \$ —          | (3,964)      | —             | N/S     |
|   |  |          |       |                         |              |            |               | 23,905,484   | 24,366,262    |         |
| <b>Insurance</b>                              |  |          |       |                         |              |            |               |              |               |         |
| AmeriLife Holdings, LLC                       | Second Lien Term Loan                              | LIBOR(S) | 1.00% | 8.50%                   | 9.50%        | 3/18/2028  | \$ 9,035,066  | 8,886,830    | 9,035,066     |         |
| IT Parent, LLC (Insurance Technologies)       | First Lien Term Loan                               | LIBOR(Q) | 1.00% | 6.25%                   | 7.25%        | 10/1/2026  | \$ 1,953,382  | 1,921,257    | 1,918,221     |         |
| IT Parent, LLC (Insurance Technologies)       | First Lien Revolver                                | LIBOR(Q) | 1.00% | 6.25%                   | 7.25%        | 10/1/2026  | \$ 66,667     | 62,659       | 62,167        | S       |
|   |  |          |       |                         |              |            |               | 10,870,746   | 11,015,454    |         |
| <b>Internet &amp; Catalog Retail</b>          |  |          |       |                         |              |            |               |              |               |         |
| Syndigo, LLC                                  | Second Lien Term Loan                              | LIBOR(S) | 0.75% | 8.00%                   | 8.75%        | 12/14/2028 | \$ 4,673,472  | 4,609,839    | 4,661,788     |         |
| <b>Internet Software &amp; Services</b>       |  |          |       |                         |              |            |               |              |               |         |
| Astra Acquisition Corp.                       | Second Lien Term Loan                              | LIBOR(M) | 0.75% | 8.88%                   | 9.63%        | 10/25/2029 | \$ 7,166,565  | 7,023,233    | 7,041,150     | P       |
| FinancialForce.com, Inc.                      | First Lien Delayed Draw Term Loan (3.0% Exit Fee)  | LIBOR(M) | 2.75% | 6.75%                   | 9.50%        | 2/1/2024   | \$ 15,000,000 | 14,872,703   | 15,135,000    |         |
| Magenta Buyer, LLC (McAfee)                   | Second Lien Term Loan                              | LIBOR(Q) | 0.75% | 8.25%                   | 9.00%        | 7/27/2029  | \$ 7,000,000  | 6,902,759    | 6,936,580     | P       |
| MetricStream, Inc.                            | First Lien Term Loan                               | LIBOR(Q) | 1.00% | 8.00%                   | 9.00%        | 9/28/2024  | \$ 11,002,285 | 10,842,185   | 10,683,219    |         |
| MetricStream, Inc.                            | First Lien Incremental Term Loan (3.25% Exit Fee)  | LIBOR(Q) | 1.00% | 8.00%                   | 9.00%        | 9/28/2024  | \$ 1,466,971  | 1,437,645    | 1,437,632     |         |
| Persado, Inc.                                 | First Lien Delayed Draw Term Loan (4.25% Exit Fee) | LIBOR(M) | 1.80% | 7.00%                   | 8.80%        | 2/1/2025   | \$ 1,562,500  | 1,552,233    | 1,546,875     |         |
| Pluralsight, Inc.                             | First Lien Term Loan                               | LIBOR(S) | 1.00% | 8.00%                   | 9.00%        | 4/6/2027   | \$ 12,069,635 | 11,847,614   | 12,045,495    |         |

The accompanying notes are an integral part of these consolidated financial statements.

**BlackRock Capital Investment Corporation**  
**Consolidated Schedules of Investments—(Continued)**  
**December 31, 2021**

| Issuer(O/Q)   | Instrument  | Ref(E)   | Floor | Spread                 | Total Coupon | Maturity   | Principal     | Cost(A)     | Fair Value(B) | Notes |
|---|---|----------|-------|------------------------|--------------|------------|---------------|-------------|---------------|-------|
| <b>Debt Investments (continued)</b>                       |   |          |       |                        |              |            |               |             |               |       |
| Pluralsight, Inc.   | First Lien Revolver                               | LIBOR(S) | 1.00% | 8.00%                  | 9.00%        | 4/6/2027   | \$ —          | \$ (16,344) | \$ (1,861)    | N/S   |
| Quartz Holding Company (Quick Base)                       | Second Lien Term Loan                             | LIBOR(M) | —     | 8.00%                  | 8.10%        | 4/2/2027   | \$ 5,512,958  | 5,433,497   | 5,512,958     |       |
| Suited Connector, LLC                                     | First Lien Term Loan                              | LIBOR(Q) | 1.00% | 6.00%                  | 7.00%        | 12/1/2027  | \$ 1,431,818  | 1,403,426   | 1,403,182     |       |
| Suited Connector, LLC                                     | First Lien Delayed Draw Term Loan                 | LIBOR(Q) | 1.00% | 6.00%                  | 7.00%        | 12/1/2027  | \$ —          | (3,312)     | (6,818)       | N/S   |
| Suited Connector, LLC                                     | First Lien Revolver                               | LIBOR(Q) | 1.00% | 6.00%                  | 7.00%        | 12/1/2027  | \$ 68,182     | 63,693      | 63,636        | S     |
|   |   |          |       |                        |              |            |               | 61,359,332  | 61,797,048    |       |
| <b>IT Services</b>  |   |          |       |                        |              |            |               |             |               |       |
| Ensono, Inc.  | Second Lien Term Loan B                           | LIBOR(S) | —     | 8.00%                  | 8.35%        | 5/28/2029  | \$ 5,000,000  | 4,952,045   | 5,100,000     |       |
| Idera, Inc.   | Second Lien Term Loan                             | LIBOR(S) | 0.75% | 6.75%                  | 7.50%        | 2/4/2029   | \$ 2,867,296  | 2,846,956   | 2,867,296     |       |
| Puppet, Inc.  | First Lien Term Loan (3.0% Exit Fee)              | LIBOR(Q) | 1.00% | 8.50%                  | 9.50%        | 6/19/2023  | \$ 1,000,000  | 985,601     | 983,000       |       |
|   |   |          |       |                        |              |            |               | 8,784,602   | 8,950,296     |       |
| <b>Machinery</b>  |   |          |       |                        |              |            |               |             |               |       |
| Sonny's Enterprises, LLC                                  | First Lien Term Loan                              | LIBOR(M) | 1.00% | 6.75%                  | 7.75%        | 8/5/2026   | \$ 1,444,796  | 1,418,822   | 1,473,692     |       |
| Sonny's Enterprises, LLC                                  | First Lien Delayed Draw Term Loan                 | LIBOR(M) | 1.00% | 6.75%                  | 7.75%        | 8/5/2026   | \$ 3,894,753  | 3,827,544   | 3,972,649     |       |
|   |   |          |       |                        |              |            |               | 5,246,366   | 5,446,341     |       |
| <b>Media</b>  |   |          |       |                        |              |            |               |             |               |       |
| MBS Opco, LLC   | First Lien Term Loan                              | LIBOR(Q) | 1.00% | 9.00%                  | 10.00%       | 12/29/2022 | \$ 14,400,000 | 14,400,000  | 14,400,000    |       |
| NEP II, Inc.  | Second Lien Term Loan                             | LIBOR(M) | —     | 7.00%                  | 7.10%        | 10/19/2026 | \$ 3,131,760  | 2,880,854   | 3,060,513     | P     |
|   |   |          |       |                        |              |            |               | 17,280,854  | 17,460,513    |       |
| <b>Metals &amp; Mining</b>                                |   |          |       |                        |              |            |               |             |               |       |
| Kemmerer Operations, LLC (WMLP)                           | First Lien Term Loan                              | Fixed    | —     | 15.00% PIK             | 15.00%       | 6/21/2023  | \$ 3,091,618  | 3,091,619   | 3,091,618     | D/F   |
| Kemmerer Operations, LLC (WMLP)                           | First Lien Delayed Draw Term Loan                 | Fixed    | —     | 15.00% PIK             | 15.00%       | 6/21/2023  | \$ 42,550     | 42,550      | 42,550        | D/F/S |
|   |   |          |       |                        |              |            |               | 3,134,169   | 3,134,168     |       |
| <b>Professional Services</b>                              |   |          |       |                        |              |            |               |             |               |       |
| Dude Solutions Holdings, Inc.                             | First Lien Term Loan                              | LIBOR(Q) | 1.00% | 6.25%                  | 7.25%        | 6/13/2025  | \$ 9,251,731  | 9,123,045   | 9,270,234     |       |
| Dude Solutions Holdings, Inc.                             | First Lien Revolver                               | LIBOR(Q) | 1.00% | 6.25%                  | 7.25%        | 6/13/2025  | \$ —          | (15,988)    | —             | N/S   |
| GI Consilio Parent, LLC                                   | Second Lien Term Loan                             | LIBOR(M) | 0.50% | 7.50%                  | 8.00%        | 5/14/2029  | \$ 5,000,000  | 4,953,068   | 5,050,000     |       |
| JobandTalent USA, Inc. (United Kingdom)                   | First Lien Term Loan                              | LIBOR(M) | 1.00% | 8.75%                  | 9.75%        | 2/17/2025  | \$ 9,892,491  | 9,718,436   | 9,991,416     | H/J   |
| JobandTalent USA, Inc. (United Kingdom)                   | First Lien Delayed Draw Term Loan                 | LIBOR(M) | 1.00% | 8.75%                  | 9.75%        | 2/17/2025  | \$ 5,300,000  | 5,209,445   | 5,353,000     | H/J   |
| RigUp, Inc.   | First Lien Delayed Draw Term Loan (3.5% Exit Fee) | LIBOR(M) | 1.50% | 7.00%                  | 8.50%        | 3/1/2024   | \$ 500,000    | 494,061     | 499,500       |       |
| TLE Holdings, LLC   | First Lien Term Loan                              | LIBOR(S) | 1.00% | 5.50%                  | 6.50%        | 6/28/2024  | \$ 3,860,372  | 3,483,842   | 3,532,240     |       |
| TLE Holdings, LLC   | First Lien Delayed Draw Term Loan                 | LIBOR(S) | 1.00% | 5.50%                  | 6.50%        | 6/28/2024  | \$ 988,027    | 891,658     | 904,045       |       |
| VT TopCo, Inc. (Veritext)                                 | Second Lien Term Loan                             | LIBOR(M) | 0.75% | 6.75%                  | 7.50%        | 8/17/2026  | \$ 1,064,655  | 1,057,877   | 1,064,655     |       |
|   |   |          |       |                        |              |            |               | 34,915,444  | 35,665,090    |       |
| <b>Real Estate Management &amp; Development</b>           |   |          |       |                        |              |            |               |             |               |       |
| Greystone Affordable Housing Initiatives, LLC             | First Lien Delayed Draw Term Loan                 | LIBOR(S) | 1.25% | 6.00%                  | 7.25%        | 3/2/2026   | \$ 1,866,667  | 1,866,667   | 1,866,667     | J     |
| <b>Road &amp; Rail</b>                                    |   |          |       |                        |              |            |               |             |               |       |
| Keep Truckin, Inc.  | First Lien Term Loan                              | LIBOR(S) | 1.00% | 7.25%                  | 8.25%        | 4/8/2025   | \$ 13,000,000 | 12,830,353  | 13,000,000    |       |
| St. George Warehousing & Trucking Co. of California, Inc. | First Lien Last Out Term Loan                     | LIBOR(Q) | 1.00% | 8.98%                  | 9.98%        | 4/28/2023  | \$ 37,544,921 | 37,544,921  | 37,263,334    |       |
| St. George Warehousing & Trucking Co. of California, Inc. | First Lien Last Out Delayed Draw Term Loan        | LIBOR(Q) | 1.00% | 8.98%                  | 9.98%        | 4/28/2023  | \$ 7,696,249  | 7,696,249   | 7,638,527     |       |
|   |   |          |       |                        |              |            |               | 58,071,523  | 57,901,861    |       |
| <b>Software</b>   |   |          |       |                        |              |            |               |             |               |       |
| Aerospike, Inc.   | First Lien Term Loan                              | LIBOR(M) | 1.00% | 7.50%                  | 8.50%        | 12/29/2025 | \$ 2,416,867  | 2,392,765   | 2,392,698     |       |
| Aras Corporation  | First Lien Term Loan                              | LIBOR(Q) | 1.00% | 3.25% Cash + 3.75% PIK | 8.00%        | 4/13/2027  | \$ 3,876,087  | 3,804,903   | 3,829,574     | D     |
| Aras Corporation  | First Lien Delayed Draw Term Loan                 | LIBOR(Q) | 1.00% | 3.25% Cash + 3.75% PIK | 8.00%        | 4/13/2027  | \$ 409,525    | 406,401     | 404,611       | D     |
| Aras Corporation  | First Lien Revolver                               | LIBOR(Q) | 1.00% | 6.50%                  | 7.50%        | 4/13/2027  | \$ —          | (5,415)     | (3,686)       | N/S   |
| Backoffice Associates Holdings, LLC (Syniti)              | First Lien Term Loan                              | LIBOR(S) | 1.00% | 7.75%                  | 8.75%        | 4/30/2026  | \$ 5,038,407  | 4,903,903   | 5,083,752     |       |
| Backoffice Associates Holdings, LLC (Syniti)              | First Lien Revolver                               | PRIME    | —     | 6.75%                  | 10.00%       | 4/30/2026  | \$ 164,264    | 147,108     | 164,264       | S     |
| Bluefin Holding, LLC (BlackMountain)                      | Second Lien Term Loan                             | LIBOR(Q) | —     | 7.75%                  | 7.93%        | 9/6/2027   | \$ 4,809,535  | 4,753,821   | 4,809,535     |       |
| CyberGrants Holdings, LLC                                 | First Lien Term Loan                              | LIBOR(Q) | 0.75% | 6.50%                  | 7.25%        | 9/8/2027   | \$ 2,833,333  | 2,792,694   | 2,809,817     |       |
| CyberGrants Holdings, LLC                                 | First Lien Delayed Draw Term Loan                 | LIBOR(Q) | 0.75% | 6.50%                  | 7.25%        | 9/8/2027   | \$ —          | (1,866)     | (2,306)       | N/S   |
| CyberGrants Holdings, LLC                                 | First Lien Revolver                               | LIBOR(Q) | 0.75% | 6.50%                  | 7.25%        | 9/8/2027   | \$ —          | (3,950)     | (2,306)       | N/S   |
| Integrate.com, Inc. (Infinity Data, Inc.)                 | First Lien Term Loan                              | LIBOR(Q) | 1.00% | 6.00%                  | 7.00%        | 12/17/2027 | \$ 1,506,667  | 1,476,673   | 1,476,533     |       |
| Integrate.com, Inc. (Infinity Data, Inc.)                 | First Lien Delayed Draw Term Loan                 | LIBOR(Q) | 1.00% | 6.00%                  | 7.00%        | 12/17/2027 | \$ —          | (2,630)     | (5,333)       | N/S   |

The accompanying notes are an integral part of these consolidated financial statements.

**BlackRock Capital Investment Corporation**  
**Consolidated Schedules of Investments—(Continued)**  
**December 31, 2021**

| <u>Issuer(O/Q)</u>                                     | <u>Instrument</u>                  | <u>Ref(E)</u> | <u>Floor</u> | <u>Spread</u>          | <u>Total Coupon</u> | <u>Maturity</u> | <u>Principal</u> | <u>Cost(A)</u>     | <u>Fair Value(B)</u> | <u>Notes</u> |
|--|------------------------------------|---------------|--------------|------------------------|---------------------|-----------------|------------------|--------------------|----------------------|--------------|
| <b>Debt Investments (continued)</b>                    |                                    |               |              |                        |                     |                 |                  |                    |                      |              |
| Integrate.com, Inc. (Infinity Data, Inc.)              | First Lien Revolver                | LIBOR(Q)      | 1.00%        | 6.00%                  | 7.00%               | 12/17/2027      | \$ —             | \$ (2,648)         | \$ (2,667)           | N/S          |
| Oversight Systems, Inc.                                | First Lien Term Loan               | LIBOR(M)      | 1.00%        | 7.00%                  | 8.00%               | 9/24/2026       | \$ 1,558,944     | 1,529,069          | 1,515,449            |              |
| Rhode Holdings, Inc. (Kaseya)                          | First Lien Term Loan               | LIBOR(Q)      | 1.00%        | 5.50% Cash + 1.00% PIK | 7.50%               | 5/2/2025        | \$ 5,447,060     | 5,385,185          | 5,474,295            | D            |
| Rhode Holdings, Inc. (Kaseya)                          | First Lien Delayed Draw Term Loan  | LIBOR(Q)      | 1.00%        | 5.50% Cash + 1.00% PIK | 7.50%               | 5/2/2025        | \$ 892,155       | 880,561            | 898,138              | D/S          |
| Rhode Holdings, Inc. (Kaseya)                          | First Lien Revolver                | LIBOR(Q)      | 1.00%        | 6.50%                  | 7.50%               | 5/2/2025        | \$ —             | (3,898)            | —                    | N/S          |
| SEP Raptor Acquisition, Inc. (Loopio) (Canada)         | First Lien Term Loan               | LIBOR(Q)      | 1.00%        | 7.00%                  | 8.00%               | 3/31/2027       | \$ 3,686,254     | 3,618,969          | 3,700,999            | H/J          |
| SEP Raptor Acquisition, Inc. (Loopio) (Canada)         | First Lien Revolver                | LIBOR(Q)      | 1.00%        | 7.00%                  | 8.00%               | 3/31/2027       | \$ —             | (7,173)            | —                    | H/J/N/S      |
| SEP Vulcan Acquisition, Inc. (Tasktop) (Canada)        | First Lien Term Loan               | LIBOR(Q)      | 1.00%        | 7.00%                  | 8.00%               | 3/16/2027       | \$ 3,016,305     | 2,961,731          | 3,046,468            | H/J          |
| SEP Vulcan Acquisition, Inc. (Tasktop) (Canada)        | First Lien Revolver                | LIBOR(Q)      | 1.00%        | 7.00%                  | 8.00%               | 3/16/2027       | \$ —             | (7,489)            | —                    | H/J/N/S      |
| Superman Holdings, LLC (Foundation Software)           | First Lien Term Loan               | LIBOR(Q)      | 1.00%        | 6.50%                  | 7.50%               | 8/31/2027       | \$ 4,663,724     | 4,569,238          | 4,682,378            |              |
| Superman Holdings, LLC (Foundation Software)           | First Lien Revolver                | LIBOR(Q)      | 1.00%        | 6.50%                  | 7.50%               | 8/31/2026       | \$ —             | (6,420)            | —                    | N/S          |
| Syntellis Performance Solutions, Inc. (Axiom Software) | First Lien Term Loan               | LIBOR(Q)      | 1.00%        | 7.00%                  | 8.00%               | 8/2/2027        | \$ 847,510       | 826,019            | 864,460              |              |
| Zilliant Incorporated                                  | First Lien Term Loan               | LIBOR(Q)      | 0.75%        | 6.50% PIK              | 7.25%               | 12/21/2027      | \$ 1,481,481     | 1,452,019          | 1,451,852            | D            |
| Zilliant Incorporated                                  | First Lien Delayed Draw Term Loan  | LIBOR(Q)      | 0.75%        | 6.50% PIK              | 7.25%               | 12/21/2027      | \$ —             | (3,666)            | (7,407)              | D/N/S        |
| Zilliant Incorporated                                  | First Lien Revolver                | LIBOR(Q)      | 0.75%        | 6.00%                  | 6.75%               | 12/21/2027      | \$ —             | (2,948)            | (2,963)              | N/S          |
|  |                                    |               |              |                        |                     |                 |                  | 41,852,956         | 42,578,155           |              |
| <b>Specialty Retail</b>                                |                                    |               |              |                        |                     |                 |                  |                    |                      |              |
| Calceus Acquisition, Inc. (Cole Haan)                  | First Lien Term Loan B             | LIBOR(Q)      | —            | 5.50%                  | 5.68%               | 2/12/2025       | \$ 171,349       | 164,623            | 160,782              | P            |
| Calceus Acquisition, Inc. (Cole Haan)                  | First Lien Sr Secured Notes        | Fixed         | —            | 9.75%                  | 9.75%               | 2/19/2025       | \$ 1,000,000     | 978,419            | 989,561              | S            |
| Hanna Andersson, LLC                                   | First Lien Term Loan               | LIBOR(M)      | 1.00%        | 6.25%                  | 7.25%               | 7/2/2026        | \$ 7,332,377     | 7,195,048          | 7,303,048            |              |
|  |                                    |               |              |                        |                     |                 |                  | 8,338,090          | 8,453,391            |              |
| <b>Technology Hardware, Storage &amp; Peripherals</b>  |                                    |               |              |                        |                     |                 |                  |                    |                      |              |
| SumUp Holdings Luxembourg S.A.R.L. (United Kingdom)    | First Lien Delayed Draw Term Loan  | LIBOR(Q)      | 1.00%        | 7.00%                  | 8.00%               | 2/17/2026       | \$ 5,403,099     | 5,296,171          | 5,186,242            | H/J/S        |
| <b>Textiles, Apparel &amp; Luxury Goods</b>            |                                    |               |              |                        |                     |                 |                  |                    |                      |              |
| James Perse Enterprises, Inc.                          | First Lien Term Loan               | LIBOR(S)      | 1.00%        | 6.25%                  | 7.25%               | 9/8/2027        | \$ 6,666,667     | 6,571,045          | 6,671,333            |              |
| James Perse Enterprises, Inc.                          | First Lien Revolver                | LIBOR(S)      | 1.00%        | 6.25%                  | 7.25%               | 9/8/2027        | \$ —             | 651                | —                    | S            |
| WH Buyer, LLC (Anne Klein)                             | First Lien FILO Term Loan          | LIBOR(Q)      | 1.00%        | 7.38%                  | 8.38%               | 12/31/2025      | \$ 16,426,962    | 16,314,152         | 16,591,232           |              |
|  |                                    |               |              |                        |                     |                 |                  | 22,885,848         | 23,262,565           |              |
| <b>Tobacco Related</b>                                 |                                    |               |              |                        |                     |                 |                  |                    |                      |              |
| Juul Labs, Inc.  | First Lien Term Loan               | LIBOR(Q)      | 1.50%        | 7.00%                  | 8.50%               | 8/2/2023        | \$ 13,051,497    | 12,994,616         | 12,999,291           |              |
| <b>Trading Companies &amp; Distributors</b>            |                                    |               |              |                        |                     |                 |                  |                    |                      |              |
| Blackbird Purchaser, Inc. (Ohio Transmission Corp.)    | Second Lien Term Loan              | LIBOR(Q)      | 0.75%        | 7.50%                  | 8.25%               | 4/8/2027        | \$ 3,539,347     | 3,469,160          | 3,468,560            |              |
| Blackbird Purchaser, Inc. (Ohio Transmission Corp.)    | Second Lien Delayed Draw Term Loan | LIBOR(Q)      | 0.75%        | 7.50%                  | 8.25%               | 4/8/2027        | \$ —             | (11,585)           | (23,596)             | N/S          |
|  |                                    |               |              |                        |                     |                 |                  | 3,457,575          | 3,444,964            |              |
| <b>Wireless Telecommunication Services</b>             |                                    |               |              |                        |                     |                 |                  |                    |                      |              |
| OpenMarket, Inc. (Infobip) (United Kingdom)            | First Lien Term Loan               | LIBOR(Q)      | 0.75%        | 6.25%                  | 7.00%               | 9/17/2026       | \$ 4,987,500     | 4,868,610          | 4,844,359            | H/J          |
| <b>Total Debt Investments - 154.5% of Net Assets</b>   |                                    |               |              |                        |                     |                 |                  | <u>554,695,401</u> | <u>540,074,737</u>   |              |

The accompanying notes are an integral part of these consolidated financial statements.

**BlackRock Capital Investment Corporation**  
**Consolidated Schedules of Investments—(Continued)**  
**December 31, 2021**

| Issuer(O/Q)  | Instrument  | Total Coupon | Expiration | Shares    | Cost(A)               | Fair Value(B)         | Notes   |
|--|---|--------------|------------|-----------|-----------------------|-----------------------|---------|
| <b>Equity Securities</b>                                 |   |              |            |           |                       |                       |         |
| <b>Capital Markets</b>                                   |   |              |            |           |                       |                       |         |
| Marsico Holdings, LLC                                    | Limited Partnership/Limited Liability Company Interests |              |            | 91,445    | \$ 1,848,077          | \$ —                  | C/I     |
| Pico Quantitative Trading Holdings, LLC                  | Warrants to Purchase Membership Units                   |              | 2/7/2030   | 162       | 14,804                | 58,357                | C/I     |
|  |   |              |            |           | <u>1,862,881</u>      | <u>58,357</u>         |         |
| <b>Chemicals</b>   |   |              |            |           |                       |                       |         |
| AGY Equity, LLC  | Class A Preferred Stock                                 |              |            | 4,195,600 | 1,139,597             | 251,736               | C/F/I   |
| AGY Equity, LLC  | Class B Preferred Stock                                 |              |            | 2,936,920 | —                     | —                     | C/F/I   |
| AGY Equity, LLC  | Class C Common Stock                                    |              |            | 2,307,580 | —                     | —                     | C/F/I   |
|  |   |              |            |           | <u>1,139,597</u>      | <u>251,736</u>        |         |
| <b>Diversified Consumer Services</b>                     |   |              |            |           |                       |                       |         |
| Razor Group GmbH (Germany)                               | Warrants to Purchase Preferred Series A1 Shares         |              | 4/28/2028  | 182       | —                     | 1,693,796             | C/H/I/J |
| SellerX Germany GmbH & Co. Kg (Germany)                  | Warrants to Purchase Preferred Series B Shares          |              | 11/23/2028 | 48        | —                     | 126,699               | C/H/I/J |
|  |   |              |            |           | <u>—</u>              | <u>1,820,495</u>      |         |
| <b>Diversified Financial Services</b>                    |   |              |            |           |                       |                       |         |
| Gordon Brothers Finance Company                          | Common Stock  |              |            | 10,612    | 10,611,548            | —                     | C/G     |
| Gordon Brothers Finance Company                          | Preferred Stock   | 13.50%       |            | 34,285    | 36,624,684            | —                     | C/G/R   |
| Worldremit Group Limited (United Kingdom)                | Warrants to Purchase Series D Stock                     |              | 2/11/2031  | 7,662     | —                     | 188,409               | C/H/I/J |
| Worldremit Group Limited (United Kingdom)                | Warrants to Purchase Series E Stock                     |              | 8/27/2031  | 508       | —                     | 5,446                 | C/H/I/J |
|  |   |              |            |           | <u>47,236,232</u>     | <u>193,855</u>        |         |
| <b>Household Durables</b>                                |   |              |            |           |                       |                       |         |
| Stitch Holdings, L.P.                                    | Limited Partnership/Limited Liability Company Interests |              |            | 5,910     | 5,909,910             | 5,910,000             | C/I     |
| <b>Internet Software &amp; Services</b>                  |   |              |            |           |                       |                       |         |
| FinancialForce.com, Inc.                                 | Warrants to Purchase Series C Preferred Stock           |              | 1/30/2029  | 450,000   | 100,544               | 260,550               | C/I     |
| <b>Media</b>   |   |              |            |           |                       |                       |         |
| MBS Parent, LLC  | Limited Partnership/Limited Liability Company Interests |              |            | 546       | 500,000               | 819,502               | C/M     |
| <b>Metals &amp; Mining</b>                               |   |              |            |           |                       |                       |         |
| Kemmerer Holdings, LLC (WMLP)                            | Limited Partnership/Limited Liability Company Interests |              |            | 8         | 753,850               | 746,074               | C/F/K   |
| <b>Oil, Gas &amp; Consumable Fuels</b>                   |   |              |            |           |                       |                       |         |
| ETX Energy Management Company, LLC                       | Limited Partnership/Limited Liability Company Interests |              |            | 53,815    | —                     | —                     | C       |
| ETX Energy, LLC  | Limited Partnership/Limited Liability Company Interests |              |            | 51,119    | —                     | —                     | C/L     |
|  |   |              |            |           | <u>—</u>              | <u>—</u>              |         |
| <b>Trading Companies &amp; Distributors</b>              |   |              |            |           |                       |                       |         |
| Blackbird Holdco, Inc. (Ohio Transmission Corp.)         | Preferred Stock   | 12.50% PIK   |            | 2,478     | 2,428,240             | 2,428,688             | D/I     |
| <b>Total Equity Securities - 3.6% of Net Assets</b>      |   |              |            |           | <u>59,931,254</u>     | <u>12,489,257</u>     |         |
| <b>Total Investments - 158.1% of Net Assets</b>          |   |              |            |           | <u>\$ 614,626,655</u> | <u>\$ 552,563,994</u> |         |
| <b>Cash and Cash Equivalents - 3.6% of Net Assets</b>    |   |              |            |           |                       | \$ 12,750,121         |         |
| <b>Total Cash and Investments - 161.7% of Net Assets</b> |   |              |            |           |                       | <u>\$ 565,314,115</u> |         |

*Notes to Consolidated Schedules of Investments:*

- (A) Represents amortized cost for fixed income securities and cost for preferred and common stock, limited partnership/limited liability company interests and equity warrants/options.
- (B) Fair value is determined by or under the direction of the Company's Board of Directors. See Note 2 for further details.
- (C) Non-income producing equity securities at December 31, 2021.
- (D) Interest may be paid in cash or PIK, or a combination thereof which is generally at the option of the borrower. PIK earned is included in the cost basis of the security. In accordance with the Company's policy, PIK is recorded on an effective yield basis.
- (E) Approximately 98.9% of the fair value of total senior secured loans in the Company's portfolio bear interest at a floating rate that may be determined by reference to the London Interbank Offered Rate (LIBOR), "L", or other base rate (commonly the Federal Funds Rate or the Prime Rate), "P", at the borrower's option. In addition, 92.5% of the fair value of such senior secured loans have floors of 0.25% to 2.75%. The borrower under a senior secured loan generally has the option to select from interest reset periods of one, two, three or six months and may alter that selection at the end of any reset period. The stated interest rate represents the weighted average interest rate at December 31, 2021 of all contracts within the specified loan facility.
- (F) Transaction and other information for "non-controlled, affiliated" investments under the 1940 Act, whereby the Company owns 5% or more (but not more than 25%) of the portfolio company's outstanding voting securities, is presented in a separate table in Consolidated Schedules of Investments.
- (G) Transaction and other information for "controlled" investments under the 1940 Act, whereby the Company owns more than 25% of the portfolio company's outstanding voting securities, is presented in a separate table in Consolidated Schedules of Investments.
- (H) Non-U.S. company or principal place of business outside the U.S.

The accompanying notes are an integral part of these consolidated financial statements.

**BlackRock Capital Investment Corporation**  
**Consolidated Schedules of Investments—(Continued)**  
**December 31, 2021**

- (I) Securities are either exempt from registration under Rule 144A of the Securities Act, or sale of the security is subject to certain contractual restrictions. Securities that are exempt from registration under 144A may be resold in transactions, normally to qualified institutional buyers. In aggregate, these securities represented 3.3% of the Company's net assets as of December 31, 2021. The acquisition dates for restricted securities of unaffiliated issuers were as follows as of December 31, 2021:

| <u>Investment</u>   | <u>Initial Acquisition Date</u> |
|---|---------------------------------|
| Marsico Holdings, LLC, Limited Partnership/Limited Liability Company Interests          | 11/28/2007                      |
| FinancialForce.com, Warrants to Purchase Series C Preferred Stock                       | 1/30/2019                       |
| Pico Quantitative Trading Holdings, LLC, Warrants to Purchase Membership Units          | 2/7/2020                        |
| Worldremit Group Limited (United Kingdom), Warrants to Purchase Series D Stock          | 2/11/2021                       |
| Advanced Lighting Technologies, LLC, Senior Secured Notes                               | 3/16/2021                       |
| Razor Group GmbH (Germany), Warrants to Purchase Preferred Series A1 Shares             | 4/28/2021                       |
| Stitch Holdings, L.P., Limited Partnership Interests                                    | 7/30/2021                       |
| Worldremit Group Limited (United Kingdom), Warrants to Purchase Series E Stock          | 8/27/2021                       |
| SellerX Germany GmbH & Co. Kg (Germany), Warrants to Purchase Preferred Series B Shares | 11/23/2021                      |
| Blackbird Holdco, Inc. (Ohio Transmission Corp.), Preferred Stock                       | 12/14/2021                      |

- (J) Investments that the Company has determined are not "qualifying assets" under Section 55(a) of the 1940 Act. Under the 1940 Act, we may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of our total assets. The status of these assets under the 1940 Act may be subject to change. The Company monitors the status of these assets on an ongoing basis. As of December 31, 2021, approximately 11.7% of the total assets of the Company were not qualifying assets under Section 55(a) of the 1940 Act.
- (K) The Company is the sole stockholder of BKC ASW Blocker, Inc., a consolidated subsidiary, which is the beneficiary of 5% or more (but not more than 25%) of the voting securities of Kemmerer Operations, LLC and thus non-controlled, affiliated investments.
- (L) The Company is the sole stockholder of BKC ASW Blocker, Inc., a consolidated subsidiary, which is the beneficiary of less than 5% of the voting securities of ETX Energy, LLC, and thus non-controlled, non-affiliated investments.
- (M) The Company is the sole stockholder of BCIC-MBS, LLC, a consolidated subsidiary, which is the beneficiary of less than 5% of the voting securities of MBS Parent, LLC and thus a non-controlled, non-affiliated investment.
- (N) Negative balances represent unfunded commitments that were acquired and/or valued at a discount.
- (O) Unless otherwise indicated, all investments are considered Level 3 in accordance with ASC Topic 820 (see Note 2).
- (P) Investments are considered other than Level 3 in accordance with ASC Topic 820 (see Note 2).
- (Q) As of December 31, 2021, the Company generally uses GICS codes to identify the industry groupings. This information is unaudited.
- (R) The investment is on non-accrual status as of December 31, 2021 and therefore non-income producing. At December 31, 2021, the aggregate fair value and amortized cost of the Company's debt and preferred stock investments on non-accrual status represents 4.2% and 13.4%, respectively.
- (S) Position or associated portfolio company thereof has an unfunded commitment as of December 31, 2021 (see Note 9). Note that there may be additional unfunded positions which do not have a funded component at period end, and therefore are not displayed herein.
- (T) This investment will have a first lien security interest after the senior tranches are repaid.
- (U) Total coupon includes default interest.

LIBOR resets monthly (M), quarterly (Q) or semiannually (S).

The accompanying notes are an integral part of these consolidated financial statements.

**BlackRock Capital Investment Corporation**  
**Consolidated Schedules of Investments—(Continued)**  
**December 31, 2021**

| Non-Controlled Affiliate Security <sup>(1)</sup> | Dividends or interest <sup>(2)</sup> | Fair Value at December 31, 2020 | Net realized gain (loss) | Net increase or decrease in unrealized appreciation or depreciation | Acquisitions <sup>(3)</sup> | Dispositions <sup>(4)</sup> | Fair Value at December 31, 2021 |
|--|--------------------------------------|---------------------------------|--------------------------|---|-----------------------------|-----------------------------|---------------------------------|
| Advanced Lighting Technologies, LLC:             |                                      |                                 |                          |   |                             |                             |                                 |
| Senior Secured Note, Second Lien                 | \$ —                                 | \$ —                            | \$ (1,999,678)           | \$ 2,181,306  | \$ —                        | \$ (181,628)                | \$ — †                          |
| Senior Secured Loan, First Lien                  | 13,185                               | 3,223,664                       | (3,017,339)              | 1,774,757   | —                           | (1,981,082)                 | — †                             |
| Limited Liability Co. Interest                   | —                                    | —                               | —                        | —   | —                           | —                           | — †                             |
| Warrants   | —                                    | —                               | —                        | —   | —                           | —                           | — †                             |
| Advantage Insurance Inc.:                        |                                      |                                 |                          |   |                             |                             |                                 |
| Preferred Stock                                  | —                                    | 5,720,010                       | (2,972,574)              | 2,972,574   | —                           | (5,720,010)                 | — †                             |
| Preferred Stock Series B                         | 71,500                               | —                               | —                        | —   | 3,575,000                   | (3,575,000)                 | — †                             |
| AGY Equity, LLC:                                 |                                      |                                 |                          |   |                             |                             |                                 |
| Class A Preferred Stock                          | —                                    | 1,557,200                       | —                        | (1,305,464)   | —                           | —                           | 251,736                         |
| Class B Preferred Stock                          | —                                    | —                               | —                        | —   | —                           | —                           | —                               |
| Class C Common Stock                             | —                                    | —                               | —                        | —   | —                           | —                           | —                               |
| Kemmerer Operations, LLC (WMLP):                 |                                      |                                 |                          |   |                             |                             |                                 |
| Delayed Draw Term Loan, First Lien               | 51,627                               | 284,343                         | —                        | 214,865   | 51,818                      | (508,476)                   | 42,550                          |
| Senior Secured Loan, First Lien                  | 428,855                              | 2,314,096                       | —                        | 348,845   | 428,677                     | —                           | 3,091,618                       |
| Kemmerer Holdings, LLC (WMLP):                   |                                      |                                 |                          |   |                             |                             |                                 |
| Limited Liability Co. Interest                   | —                                    | —                               | —                        | 746,074   | —                           | —                           | 746,074                         |
| Totals   | <u>\$ 565,167</u>                    | <u>\$ 13,099,313</u>            | <u>\$ (7,989,591)</u>    | <u>\$ 6,932,957</u>   | <u>\$ 4,055,495</u>         | <u>\$ (11,966,196)</u>      | <u>\$ 4,131,978</u>             |

(1) The issuers of the securities listed on this schedule are considered non-controlled, affiliated investments under the 1940 Act due to the ownership by the Company of 5% to 25% of the issuers' voting securities.

(2) Also includes fee income as applicable.

(3) Acquisitions include new purchases, PIK income and amortization of original issue and market discounts, and the movement of an existing portfolio company into this category from a different category.

(4) Dispositions include decreases in the cost basis of investments, net of realized gain or loss, resulting from principal collections related to investment repayments or sales, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company out of this category into a different category.

† Investment no longer held as of December 31, 2021.

The aggregate fair value of non-controlled, affiliated investments at December 31, 2021 represents 1.2% of the Company's net assets.

The accompanying notes are an integral part of these consolidated financial statements.

**BlackRock Capital Investment Corporation**  
**Consolidated Schedules of Investments—(Continued)**  
**December 31, 2021**

| Controlled Affiliate Security <sup>(1)</sup>    | Dividends or interest <sup>(2)</sup> | Fair Value at December 31, 2020 | Net realized gain (loss) | Net increase or decrease in unrealized appreciation or depreciation <sup>(5)</sup> | Acquisitions <sup>(3)</sup> | Dispositions <sup>(4)</sup> | Fair Value at December 31, 2021 |
|---|--------------------------------------|---------------------------------|--------------------------|--|-----------------------------|-----------------------------|---------------------------------|
| <b>BCIC Senior Loan Partners, LLC:</b>          |                                      |                                 |                          |  |                             |                             |                                 |
| Limited Liability Co. Interest                  | \$ 1,647,661                         | \$ 36,150,259                   | \$ (21,980,389)          | \$ 25,758,053  | \$ —                        | \$ (39,927,923)             | \$ — †                          |
| <b>First Boston Construction Holdings, LLC:</b> |                                      |                                 |                          |  |                             |                             |                                 |
| Subordinated Debt                               | 163,125                              | 32,625,000                      | —                        | —  | —                           | (32,625,000)                | — †                             |
| Limited Liability Co. Interest                  | —                                    | 4,557,035                       | (2,290,144)              | 3,599,215  | —                           | (5,866,106)                 | — †                             |
| <b>Gordon Brothers Finance Company:</b>         |                                      |                                 |                          |  |                             |                             |                                 |
| Unsecured Debt                                  | —                                    | 22,850,000                      | —                        | 504,323  | —                           | (1,427,252)                 | 21,927,071                      |
| Preferred Stock                                 | —                                    | —                               | —                        | —  | —                           | —                           | —                               |
| Common Stock                                    | —                                    | —                               | —                        | —  | —                           | —                           | —                               |
| <b>Red Apple Stores Inc.:</b>                   |                                      |                                 |                          |  |                             |                             |                                 |
| Senior Secured Loan, Second Lien                | 555,446                              | 14,785,933                      | (1,474,033)              | 2,016,263  | —                           | (15,328,163)                | — †                             |
| Preferred Stock                                 | —                                    | —                               | —                        | —  | —                           | —                           | — †                             |
| Common Stock                                    | —                                    | —                               | (6,751,452)              | 6,751,452  | —                           | —                           | — †                             |
| <b>Totals</b>                                   | <u>\$ 2,366,232</u>                  | <u>\$ 110,968,227</u>           | <u>\$ (32,496,018)</u>   | <u>\$ 38,629,306</u>   | <u>\$ —</u>                 | <u>\$ (95,174,444)</u>      | <u>\$ 21,927,071</u>            |

(1) The issuers of the securities listed on this schedule are considered controlled affiliates under the 1940 Act due to the ownership by the Company of more than 25% of the issuers' voting securities.

(2) Also includes fee income as applicable.

(3) Acquisitions include increases in the cost basis of investments resulting from new portfolio investments, PIK interest or dividends, the amortization of unearned income, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company into this category from a different category.

(4) Dispositions include decreases in the cost basis of investments, net of realized gain or loss, resulting from principal collections related to investment repayments or sales, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company out of this category into a different category.

(5) Net unrealized gain (loss) before taxes includes the net change in unrealized appreciation (depreciation) on controlled investments and net change in unrealized appreciation (depreciation) on foreign currency translation associated with the controlled investments. For the year ended December 31, 2021, the net change in unrealized appreciation (depreciation) and foreign currency translation associated with the Red Apple Stores Inc.'s common stock was \$285,360 and \$(285,360), respectively.

† Investment no longer held as of December 31, 2021.

The aggregate fair value of controlled investments at December 31, 2021 represents 6.3% of the Company's net assets.

**BlackRock Capital Investment Corporation**  
**Notes to Consolidated Financial Statements**

## **1. Organization**

BlackRock Capital Investment Corporation (together with its subsidiaries, the “Company”) was organized as a Delaware corporation on April 13, 2005 and was initially funded on July 25, 2005. The Company has elected to be regulated as a business development company (“BDC”) under the Investment Company Act of 1940 (the “1940 Act”). In addition, for tax purposes the Company has qualified and has elected to be treated as a regulated investment company (“RIC”) under the Internal Revenue Code of 1986 (the “Code”).

The Company’s investment objective is to generate both current income and capital appreciation through debt and equity investments. We invest primarily in middle-market companies in the form of senior debt securities and loans, and our investment portfolio may include junior secured and unsecured debt securities and loans, each of which may include an equity component.

## **2. Summary of Significant Accounting Policies**

### ***Basis of Presentation***

The accompanying consolidated financial statements are prepared in accordance with United States (“U.S.”) generally accepted accounting principles (“GAAP”). The Company is an investment company following the accounting and reporting guidance in Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 946, *Financial Services-Investment Company* (“ASC 946”).

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries, which were established to hold certain investments of the Company. The Company owns 100% of each subsidiary and, as such, the subsidiaries are consolidated into the Company’s consolidated financial statements. The subsidiaries hold investments which are treated as pass through entities for tax purposes. By investing through these 100% owned subsidiaries, the Company is able to benefit from corporate tax treatment for these entities and thereby create a tax structure that is more advantageous with respect to the RIC status of the Company. Intercompany balances and transactions are eliminated in consolidation.

Certain prior period information has been reclassified to conform to the current period presentation. The reclassification has no effect on the Company’s consolidated financial position or the consolidated results of operations as previously reported.

Expenses are recorded on an accrual basis.

### ***Use of Estimates***

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting periods presented. Although management believes these estimates and assumptions to be reasonable, actual results could differ from those estimates and such differences could be material.

### ***Investment Valuation***

Pursuant to Rule 2a-5 (the “Rule”) under the 1940 Act, the Company’s Board of Directors (the “Board”) has designated BlackRock Capital Investment Advisors, LLC (“BCIA” or the “Advisor”) as the Company’s valuation designee (the “Valuation Designee”) to perform certain fair value functions, including performing fair value determinations, and has reviewed and approved amended policies and procedures adopted by BCIA to seek to ensure compliance with the requirements of the Rule as part of such designation. The Valuation Designee will provide quarterly valuation reporting and notifications on any material valuation matters to the Board as required under the Rule.

Investments are recorded at fair value based upon the principles and methods of valuation set forth in the Valuation Designee’s policies and procedures adopted for the Company by the Board and the Valuation Designee. Securities traded on a recognized securities exchange are valued using the close price on the exchange on valuation date. Investments for which market prices from an exchange are not readily available are valued using the last available bid price or quote provided by an independent pricing service or one or more broker-dealers or market makers, unless they are deemed not to represent fair value. Debt and equity securities for which market quotations are not readily available or for which market quotations are deemed not to represent fair value are valued at fair value as determined in good faith by or under the direction of the Company’s Valuation Designee.

Because the Company expects that there will not be a readily available market for all of the investments in its portfolio, the Company expects to value a significant portion of its portfolio investments at fair value as determined in good faith by or under the direction of the Valuation Designee using a consistently applied valuation process in accordance with documented valuation policies and procedures reviewed and approved by a committee established by the Valuation Designee (the "Valuation Committee"). Due to the inherent uncertainty and subjectivity of determining the fair value of investments that do not have a readily available market value, the fair value of the Company's investments may differ significantly from the values that would have been used had a readily available market value existed for such investments and may differ materially from the values that the Company may ultimately realize, as these amounts depend on future circumstances and cannot reasonably be determined until the individual investments are actually liquidated. Such circumstances may include macroeconomic, cyclical, geopolitical and other events and conditions such as the COVID-19 pandemic and the Russian military invasion of Ukraine, rising interest rates and risks related to inflation and credit risk (see Item 1A. Risk Factors), that may significantly impact the profitability or viability of businesses in which the Company is invested, and therefore may significantly impact the return on and realizability of the Company's investments.

In addition, changes in the market environment and other events may have differing impacts on the market quotations used to value some of the Company's investments than on the fair values of the Company's investments for which market quotations are not readily available. Market quotations may be deemed not to represent fair value in certain circumstances where the Valuation Designee believes that facts and circumstances applicable to an issuer, a seller, a purchaser or the market for a particular security cause current market quotations to not reflect the fair value of the security. Examples of these events could include cases where a security trades infrequently causing a quoted purchase or sale price to become stale, where there is a "forced" sale by a distressed seller, where market quotations vary substantially among market makers, or where there is a wide bid-ask spread or significant increase in the bid-ask spread.

With respect to the Company's investments for which market quotations are not readily available or for which market quotations are deemed not to represent fair value, the Valuation Designee has approved a multi-step valuation process applied each quarter, as described below:

- (i) The quarterly valuation process begins with each portfolio company or investment being initially evaluated and rated by the investment professionals of the Valuation Designee responsible for the portfolio investment;
- (ii) The investment professionals provide recent portfolio company financial statements and other reporting materials to independent valuation firms engaged by the Valuation Designee and approved by the Valuation Committee (with the exception of statements and materials related to investments priced directly by the Valuation Designee as described in (iv) below), such firms conduct independent appraisals each quarter and their preliminary valuation conclusions are documented and discussed with senior management of the Advisor;
- (iii) The Valuation Committee reviews the preliminary valuations prepared by the independent valuation firm and the Valuation Designee, as applicable;
- (iv) The fair value of certain investments, comprising in the aggregate, less than 5% of the Company's net asset value and no more than 15% of total positions held, respectively, may be determined by the Valuation Designee in good faith without the engagement of an independent valuation firm in accordance with the Company's valuation policy; provided that if only the threshold with respect to the number of all positions valued at zero or immaterial amounts is exceeded, the Valuation Designee may request the Valuation Committee's approval to not request a fair valuation from an independent valuation firm for all such positions; and
- (v) The Valuation Designee discuss valuations and determines the fair value of each investment in the portfolio in good faith based on the input of the Valuation Committee and the respective independent valuation firms.

Those investments for which market quotations are not readily available or for which market quotations are deemed not to represent fair value are valued generally utilizing a market approach, an income approach, or both approaches, as appropriate. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities (including a business). The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. In following these approaches, the types of factors that the Company may take into account in determining the fair value of its investments include, as relevant and among other factors: available current market data, including relevant and applicable market trading and transaction comparables, applicable market yields and multiples, security covenants, call protection provisions, information rights, the nature and realizable value of any collateral, the portfolio company's ability to make payments, (e.g. non-performance risk), its earnings and discounted cash flows, the markets in which the portfolio company does business, comparisons of financial ratios of peer companies that are public, M&A comparables, the Company's principal market (as the reporting entity), any bid for a Company asset (irrespective of the perceived validity of such bid), and enterprise values. For positions acquired during the current quarter, the Valuation Designee generally believes that cost will approximate fair value. As such, an independent valuation, in certain cases, may not be obtained until the quarter-end after the quarter the investment is acquired in.

ASC 820-10, *Fair Value Measurements and Disclosures* ("ASC 820-10"), issued by the FASB, defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurements. ASC 820-10 defines fair value 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. ASC 820-10 emphasizes that valuation techniques 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 Company's assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances.

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access.

Level 2 – Valuations based on unadjusted quoted prices in markets that are not active or for which most significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement. The inputs into the determination of fair value may require significant management judgment or estimation.

Transfers between levels, if any, represent the value as of the beginning of the period of any investment where a change in the pricing level occurred from the beginning to the end of the period.

At December 31, 2022, the Company's investments were categorized as follows:

| Level | Basis for Determining Fair Value                                  | Bank Debt <sup>(1)</sup> | Other Corporate Debt <sup>(2)</sup> | Equity Securities    | Total                 |
|-------|---|--------------------------|-------------------------------------|----------------------|-----------------------|
| 1     | Quoted prices in active markets for identical assets              | \$ —                     | \$ —                                | \$ —                 | \$ —                  |
| 2     | Other direct and indirect observable market inputs <sup>(3)</sup> | 43,550,303               | —                                   | —                    | 43,550,303            |
| 3     | Valuation sources that employ significant unobservable inputs     | 494,932,878              | 21,782,823                          | 10,223,080           | 526,938,781           |
| Total |   | <u>\$ 538,483,181</u>    | <u>\$ 21,782,823</u>                | <u>\$ 10,223,080</u> | <u>\$ 570,489,084</u> |

<sup>(1)</sup> Includes senior secured loans.

<sup>(2)</sup> Includes senior secured notes, unsecured debt and subordinated debt.

<sup>(3)</sup> For example, quoted prices in inactive markets or quotes for comparable investments.

Unobservable inputs used in the fair value measurement of Level 3 investments as of December 31, 2022 included the following:

| Asset Type           | Fair Value            | Valuation Technique         | Unobservable Input        | Weighted Average Range <sup>(1)</sup><br>(Concluded Value) <sup>(2)</sup> |
|----------------------|-----------------------|-----------------------------|---------------------------|---|
| Bank Debt            | \$ 450,067,848        | Income approach             | Discount rate             | 12.9% - 13.7% (13.3%)   |
|                      | 43,102,197            | Market quotations           | Indicative bid/ask quotes | 1 (1)   |
|                      | 1,762,833             | Option Pricing Model        | Implied volatility        | 60.0% - 70.0% (65.0%)   |
| Other Corporate Debt | 21,074,000            | Income approach             | Term                      | 1.8 years - 2.8 years (2.3 years)   |
|                      | 708,823               | Market comparable companies | Discount rate             | 13.6% - 15.1% (14.3%)   |
| Equity               | 1,586,504             | Option Pricing Model        | Revenue multiples         | 0.1x - 0.2x (0.2x)  |
|                      |                       |                             | EBITDA/Revenue multiples  | 3.6x - 3.9x (3.8x)  |
|                      |                       |                             | Implied volatility        | 58.2% - 68.2% (63.2%)   |
|                      | 4,373,400             | Market comparable companies | Term                      | 1.8 years - 2.9 years (2.4 years)   |
|                      | 3,972,472             | Income approach             | EBITDA multiples          | 5.8x - 6.8x (6.3x)  |
|                      | 290,704               | Market comparable companies | Discount rate             | 20.3% - 32.8% (24.6%)   |
|                      | <u>\$ 526,938,781</u> |                             | Revenue multiples         | 2.1x - 2.3x (2.2x)  |

(1) Representing the weighted average of each significant unobservable input range at the investment level by fair value.

(2) Representing the weighted average of each significant unobservable input for concluded value at the investment level by fair value.

Certain fair value measurements may employ more than one valuation technique, with each valuation technique receiving a relative weight between 0% and 100%. Generally, a change in an unobservable input may result in a change to the value of an investment as follows:

| Input                | Impact to Value if<br>Input Increases | Impact to Value if<br>Input Decreases |
|----------------------|---------------------------------------|---------------------------------------|
| Discount rate        | Decrease                              | Increase                              |
| Revenue multiples    | Increase                              | Decrease                              |
| EBITDA multiples     | Increase                              | Decrease                              |
| Book value multiples | Increase                              | Decrease                              |
| Implied volatility   | Increase                              | Decrease                              |
| Term                 | Increase                              | Decrease                              |
| Yield                | Increase                              | Decrease                              |

Changes in investments categorized as Level 3 during the year ended December 31, 2022 were as follows:

|  | Bank Debt             | Other<br>Corporate Debt | Equity<br>Securities | Total                 |
|--|-----------------------|-------------------------|----------------------|-----------------------|
| Beginning balance                          | \$ 483,970,602        | \$ 28,568,871           | \$ 12,489,257        | \$ 525,028,730        |
| Net realized and unrealized gains (losses) | (16,007,901)          | (2,616,909)             | (2,090,442)          | (20,715,252)          |
| Acquisitions <sup>(1)</sup>                | 221,215,875           | 6,245                   | 334,701              | 221,556,821           |
| Dispositions                               | (186,361,848)         | (4,175,384)             | (510,436)            | (191,047,668)         |
| Transfers into Level 3 <sup>(2)</sup>      | 7,041,150             | —                       | —                    | 7,041,150             |
| Transfers out of Level 3 <sup>(3)</sup>    | (14,925,000)          | —                       | —                    | (14,925,000)          |
| Ending balance                             | <u>\$ 494,932,878</u> | <u>\$ 21,782,823</u>    | <u>\$ 10,223,080</u> | <u>\$ 526,938,781</u> |

Net change in unrealized appreciation/depreciation during the period on investments still held at period end (included in net realized and unrealized gains/losses, above)

|  |                 |                |                |                 |
|--|-----------------|----------------|----------------|-----------------|
|  | \$ (14,698,324) | \$ (2,632,348) | \$ (2,100,879) | \$ (19,431,551) |
|--|-----------------|----------------|----------------|-----------------|

(1) Includes payments received in kind and accretion of original issue and market discounts.

(2) Comprised of one investment that was transferred from Level 2 to Level 3 due to decreased observable market activity.

(3) Comprised of one investment that was transferred from Level 3 to Level 2 due to increased observable market activity.

At December 31, 2021, the Company's investments were categorized as follows:

| Level | Basis for Determining Fair Value                                  | Bank Debt <sup>(1)</sup> | Other Corporate Debt <sup>(2)</sup> | Equity Securities    | Total                 |
|-------|---|--------------------------|-------------------------------------|----------------------|-----------------------|
| 1     | Quoted prices in active markets for identical assets              | \$ —                     | \$ —                                | \$ —                 | \$ —                  |
| 2     | Other direct and indirect observable market inputs <sup>(3)</sup> | 27,535,264               | —                                   | —                    | 27,535,264            |
| 3     | Valuation sources that employ significant unobservable inputs     | 483,970,602              | 28,568,871                          | 12,489,257           | 525,028,730           |
| Total |   | <u>\$ 511,505,866</u>    | <u>\$ 28,568,871</u>                | <u>\$ 12,489,257</u> | <u>\$ 552,563,994</u> |

(1) Includes senior secured loans.

(2) Includes senior secured notes, unsecured debt and subordinated debt.

(3) For example, quoted prices in inactive markets or quotes for comparable investments.

Unobservable inputs used in the fair value measurement of Level 3 investments as of December 31, 2021 included the following:

| Asset Type           | Fair Value            | Valuation Technique         | Unobservable Input        | Weighted Average Range(1)<br>(Concluded Value)(2) |
|----------------------|-----------------------|-----------------------------|---------------------------|---|
| Bank Debt            | \$ 428,335,957        | Income approach             | Discount rate             | 9.0% - 9.6% (9.3%)                                |
|                      | 50,067,281            | Market quotations           | Indicative quotes         | 1 (1)   |
|                      | 3,134,168             | Market comparable companies | EBITDA multiples          | 1.0x - 1.2x (1.1x)                                |
|                      | 2,433,196             | Option Pricing Model        | Revenue multiple          | 4.5x - 5.0x (4.8x)                                |
|                      |                       |                             | Implied volatility        | 60.0% - 70.0% (65.0%)                             |
| Other Corporate Debt | 27,916,632            | Income approach             | Term                      | 2.8 years - 3.8 years (3.3 years)                 |
|                      | 652,239               | Market comparable companies | Discount rate             | 11.3% - 12.9% (12.1%)                             |
|                      | 2,333,257             | Option Pricing Model        | Revenue multiples         | 0.2x - 0.2x (0.2x)                                |
| Equity               |                       |                             | EBITDA/Revenue multiples  | 4.7x - 5.2x (4.9x)                                |
|                      |                       |                             | Implied volatility        | 57.3% - 67.0% (62.1%)                             |
|                      |                       |                             | Term                      | 2.6 years - 3.6 years (3.1 years)                 |
|                      | 7,475,576             | Market comparable companies | EBITDA multiples          | 5.2x - 5.6x (5.4x)                                |
|                      | 2,428,688             | Market quotations           | Indicative bid/ask quotes | 1 (1)   |
|                      | 251,736               | Market comparable companies | Revenue multiples         | 0.6x - 0.8x (0.7x)                                |
|                      | <u>\$ 525,028,730</u> |                             |                           |   |

(1) Representing the weighted average of each significant unobservable input range at the investment level by fair value.

(2) Representing the weighted average of each significant unobservable input for concluded value at the investment level by fair value.

Changes in investments categorized as Level 3 during the year ended December 31, 2021 were as follows:

|  | <b>Bank Debt</b>      | <b>Other<br/>Corporate Debt</b> | <b>Equity<br/>Securities</b> | <b>Total</b>          |
|--|-----------------------|---------------------------------|------------------------------|-----------------------|
| Beginning balance  | \$ 353,651,555        | \$ 61,573,500                   | \$ 12,301,429                | \$ 427,526,484        |
| Net realized and unrealized gains (losses)   | 11,220,420            | 287,700                         | 30,508,601                   | 42,016,721            |
| Acquisitions <sup>(1)</sup>  | 251,587,012           | 941,551                         | 11,913,150                   | 264,441,713           |
| Dispositions   | (127,752,607)         | (34,233,880)                    | (42,233,923)                 | (204,220,410)         |
| Transfers into Level 3   | —                     | —                               | —                            | —                     |
| Transfers out of Level 3 <sup>(2)</sup>  | (4,735,778)           | —                               | —                            | (4,735,778)           |
| Ending balance   | <u>\$ 483,970,602</u> | <u>\$ 28,568,871</u>            | <u>\$ 12,489,257</u>         | <u>\$ 525,028,730</u> |
| Net change in unrealized appreciation/depreciation during the period on investments still held at period end (included in net realized and unrealized gains/losses, above) | \$ 10,376,600         | \$ 106,071                      | \$ 2,126,724                 | \$ 12,609,395         |

(1) Includes payments received in kind and accretion of original issue and market discounts, and cost basis impact of non-cash restructures.

(2) Comprised of three investments that were transferred from Level 3 to Level 2 due to increased observable market activity.

### ***Investment Transactions***

Security transactions are accounted for on the trade date unless there are substantial conditions to the transaction. Realized gains or losses are measured by the difference between the net proceeds from the disposition and the amortized cost of the investment. Unrealized gains or losses primarily reflect the change in investment values, including the reversal of previously recorded unrealized gains or losses when gains or losses are realized. Realized gains or losses on the disposition of investments are calculated using the specific identification method.

### ***Cash and Cash Equivalents***

Cash consists of amounts held in accounts with the custodian bank. Cash equivalents include short-term liquid overnight investments with original maturities of three months or less and may not be insured by the Federal Deposit Insurance Corporation or may exceed federally insured limits. Cash equivalents are classified as Level 1 in the fair value hierarchy.

### ***Restricted Investments***

The Company may invest without limitation in instruments that are subject to legal or contractual restrictions on resale. These instruments generally may be resold to institutional investors in transactions exempt from registration or to the public if the securities are registered. Disposal of these investments may involve time-consuming negotiations and additional expense, and prompt sale at an acceptable price may be difficult. See footnotes to the Consolidated Schedules of Investments. Restricted investments, including any restricted investments in affiliates, are valued in accordance with the investment valuation policies discussed above.

### ***Foreign Currency Investments***

The Company may invest in instruments traded in foreign countries and denominated in foreign currencies. Foreign currency amounts are translated into U.S. dollars on the following basis:

- (i) market value of investment securities, other assets and liabilities—at the spot exchange rate on the last business day of the period; and
- (ii) purchases and sales of investment securities, income and expenses—at the rates of exchange prevailing on the respective dates of such transactions, income or expenses.

Although net assets and fair values are presented based on the applicable foreign exchange rates described above, the Company may not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in fair values of investments held. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

Investments denominated in foreign currencies and foreign currency transactions may involve certain considerations and risks not typically associated with those of domestic origin, including unanticipated movements in the value of the foreign currency relative to the U.S. dollar. There were no investments denominated in foreign currency as of December 31, 2022 and 2021.

### ***Derivative Instruments:***

The Company records all derivative financial instruments as either assets or liabilities at fair value on a gross basis in the Consolidated Statements of Assets and Liabilities.

#### ***Foreign Currency Forward Contracts and Warrants***

The Company may enter into forward foreign currency contracts from time to time to facilitate settlement of purchases and sales of investments denominated in foreign currencies or to help mitigate the impact that an adverse change in foreign exchange rates would have on the value of the Company's investments denominated in foreign currencies. A forward foreign currency contract is a commitment to purchase or sell a foreign currency at a future date (usually the security transaction settlement date) at a negotiated forward rate. These contracts are marked-to-market by recognizing the difference between the contract exchange rate and the current market rate as unrealized appreciation or depreciation. Realized gains or losses are recognized when contracts are settled. Risks may arise as a result of the potential inability of the counterparties to meet the terms of their contracts. The Company attempts to limit this risk by dealing with only creditworthy counterparties. There were no open forward foreign currency contracts at December 31, 2022 and 2021.

The Company holds warrants and options in certain portfolio companies in an effort to achieve additional investment return. In purchasing warrants and options, the Company bears the risk of an unfavorable change in the value of the underlying equity interest. The aggregate fair value of warrants and options as of December 31, 2022 and 2021 represented 0.6% and 0.7% of the Company's net assets, respectively.

#### ***Interest Rate Swap***

The Company entered into a centrally-cleared interest rate swap (the "Interest Rate Swap") to economically hedge the interest payable on the fixed rate tranche of the Company's 2025 Private Placement Notes (as defined below) (see Note 4). The Company is required to deposit initial margin with the broker in the form of cash in an amount that varies depending on the size and risk profile of the particular swap. Pursuant to the contract, the Company agrees to receive from or pay to the broker daily variation margin. The amounts related to the right to claim or the obligation to return cash collateral may not be used to offset amounts due under the interest rate swap contract in the normal course of settlement. Therefore, both the initial margin and variation margin paid are included as assets within Due from broker on the Consolidated Statements of Assets and Liabilities at December 31, 2022.

Changes in the fair value of the swap contract are presented as part of change in unrealized appreciation (depreciation) on the Consolidated Statements of Operations. The Interest Rate Swap is recorded at fair value and is presented as a liability on the Company's Consolidated Statements of Assets and Liabilities at December 31, 2022. Interest rate swap agreements are valued utilizing quotes received from independent pricing services or through brokers, which are derived using daily swap curves and models that incorporate a number of market data factors, such as discounted cash flows, trades and values of the underlying reference instruments. The fair value of the Interest Rate Swap is classified as Level 2 with respect to the fair value hierarchy. See Note 4 for additional information on the Company's Interest Rate Swap.

#### ***Debt Issuance Costs***

Certain costs incurred in connection with the issuance and/or extension of debt of the Company and its subsidiaries were capitalized and are being amortized on a straight-line basis over the estimated life of the respective instruments. The impact of utilizing the straight-line amortization method versus the effective-interest method is not material to the operations of the Company.

#### ***Revenue Recognition***

Interest and dividend income, including income paid in kind, is recorded on an accrual basis, when such amounts are considered collectible. Origination, structuring, closing, commitment and other upfront fees, including original issue discounts, earned with respect to capital commitments are generally amortized or accreted into interest income over the life of the respective debt investment, as are end-of-term or exit fees receivable upon repayment of a debt investment. Other fees, including certain amendment fees, prepayment fees and commitment fees on broken deals, are recognized as earned.

Certain debt investments are purchased at a discount to par as a result of the underlying credit risks and financial results of the issuer, as well as general market factors that influence the financial markets as a whole. Discounts on the acquisition of corporate bonds are generally amortized using the effective-interest or constant-yield method assuming there are no questions as to collectability. When principal payments on a loan are received in an amount in excess of the loan's amortized cost, the excess principal payments are recorded as interest income.

For loans and securities with payment-in-kind ("PIK") income, which represents contractual interest or dividends accrued and added to the principal balance and generally due at maturity, such income is accrued only to the extent that the Advisor believes that the PIK income is likely to be collected. To maintain the Company's status as a RIC, this non-cash source of income must be paid out to stockholders in the form of dividends, even though the Company has not yet collected the cash.

### *Income Taxes*

The Company intends to comply with the requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies, and to distribute substantially all of its taxable income to its shareholders. Therefore, no U.S. federal income tax provision is required.

The tax returns of the Company remain open for examination by tax authorities for a period of three years from the date they are filed. No such examinations are currently pending. Management has analyzed tax laws and regulations and their application to the Company as of December 31, 2022, inclusive of the open tax return years, and does not believe that there are any uncertain tax positions that require recognition of a tax liability in the consolidated financial statements.

The Company holds certain portfolio investments through taxable subsidiaries. Income earned and gains realized on the investment held by the taxable subsidiary are taxable to such subsidiary. A tax provision for income, if any, is shown as income tax in the Consolidated Statements of Operations for the Company. A tax provision for realized and unrealized gains is included as a reduction of realized and/or unrealized gain (loss) in the Consolidated Statements of Operations for the Company.

GAAP requires that certain components of net assets be adjusted to reflect permanent differences between financial and tax reporting. These reclassifications have no effect on net assets or net asset values per share. As of December 31, 2022 and December 31, 2021, the following permanent differences attributable to non-deductible expenses and the amortization method for the discount on the Company's 2022 Convertible Notes were reclassified to the following accounts.

|                               | December 31,<br>2022 | December 31,<br>2021 |
|-------------------------------|----------------------|----------------------|
| Paid-in capital               | \$ 3,888,233         | \$ 1,849,597         |
| Accumulated earnings (losses) | (3,888,233)          | (1,849,597)          |

The tax character of distributions paid were as follows:

|                       | December 31,<br>2022 | December 31,<br>2021 |
|-----------------------|----------------------|----------------------|
| Ordinary income       | \$ 27,571,457        | \$ 22,084,873        |
| Tax return of capital | 1,741,425            | 7,569,132            |
|                       | <u>\$ 29,312,882</u> | <u>\$ 29,654,005</u> |

As of December 31, 2022 and December 31, 2021, the tax components of accumulated net earnings (losses) were as follows:

|  | December 31,<br>2022    | December 31,<br>2021    |
|--|-------------------------|-------------------------|
| Non-expiring capital loss carryforwards <sup>(1)</sup> | \$ (401,155,603)        | \$ (402,453,454)        |
| Net unrealized gains (losses) <sup>(2)</sup>           | (57,232,175)            | (31,849,843)            |
| Total accumulated earnings (losses)                    | <u>\$ (458,387,778)</u> | <u>\$ (434,303,297)</u> |

<sup>(1)</sup> Amount available to offset future realized capital gains.

<sup>(2)</sup> The difference between book-basis and tax-basis net unrealized gains (losses) was attributable primarily to the timing and recognition of partnership income, non-deductible expenses, the accrual of income on securities in default, accounting for the Company's Interest Rate Swap, and investments in wholly owned subsidiaries.

During the year ended December 31, 2022, the Company utilized \$2,888,408 of its capital loss carryforward.

At December 31, 2022 and December 31, 2021, gross unrealized appreciation and depreciation based on the cost of the Company's investments for U.S. federal income tax purposes were as follows:

|  | December 31,<br>2022   | December 31,<br>2021   |
|--|------------------------|------------------------|
| Tax basis of investments                   | \$ 615,741,586         | \$ 573,715,741         |
| Unrealized appreciation                    | 49,398,479             | 9,337,793              |
| Unrealized depreciation                    | (95,970,114)           | (30,489,540)           |
| Net unrealized depreciation <sup>(1)</sup> | <u>\$ (46,571,635)</u> | <u>\$ (21,151,747)</u> |

<sup>(1)</sup> Includes net unrealized depreciation on the Company's Interest Rate Swap.

During the fiscal year ended December 31, 2022, the following information is provided with respect to the ordinary income dividends paid by the Company.

|  |               |
|--|---------------|
| Interest Dividends <sup>(1)</sup>                                | \$ 27,284,045 |
| Interest Related Dividends for Non-U.S. Residents <sup>(2)</sup> | \$ 24,190,416 |

<sup>(1)</sup> The Company hereby designates the above amount maximum amounts allowable as interest income eligible to be treated as a Section 163(j) interest dividend.

<sup>(2)</sup> Represents the maximum amount allowable as interest-related dividends eligible for exemption from US withholding tax for nonresident aliens and foreign corporations.

### ***Non-Accrual Loans***

Loans or debt securities are placed on non-accrual status, as a general matter, when principal or interest payments are past due 30 days or more or when there is reasonable doubt that principal or interest will be collected. Accrued interest generally is reversed when a loan or debt security is placed on non-accrual status. Interest payments received on non-accrual loans or debt securities may be recognized as income or applied to principal depending upon management's judgment. Non-accrual loans and debt securities are restored to accrual status when past due principal and interest is paid and, in management's judgment, are likely to remain current. The Company may make exceptions to this treatment if the loan has sufficient collateral value and is in the process of collection.

### ***Recently Adopted Accounting Pronouncements***

In August 2020, the FASB issued ASU No. 2020-06, "Debt-Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity," which simplifies the accounting for convertible instruments by removing the separation models for (1) convertible debt with a cash conversion feature and (2) convertible instruments with a beneficial conversion feature. As a result, after adoption, a convertible debt instrument will be accounted for as a single liability measured at its amortized cost. Additionally, ASU 2020-06 requires the application of the if-converted method to calculate the impact of convertible instruments on diluted earnings per share. ASU 2020-06 is effective for fiscal years beginning after December 15, 2021, and can be adopted on either a fully retrospective or modified retrospective basis. The Company adopted ASU 2020-06 under the modified retrospective basis as of January 1, 2022. The impact of the Company's adoption under the modified retrospective basis required a cumulative effect adjustment to opening net assets for the remaining unamortized original issue discount on the 2022 Convertible Notes, an increase to the Company's debt balance as a result of the recombination of the equity conversion component of the 2022 Convertible Notes to bring the balance to par, net of deferred issuance costs, and a lower interest expense on the Consolidated Statements of Operations. The Company's adoption of this guidance did not have a material impact on the Company's financial position, results of operations, or cash flows.

## **3. Management Fees, Incentive Fees and Other Expenses**

### ***Investment Management Agreement***

At the annual meeting of the Company's stockholders, held on May 1, 2020, the Company's stockholders approved, among other matters, a proposal to allow the Company to increase leverage by approving the application to the Company of a minimum asset coverage ratio of 150%, pursuant to Section 61(a)(2) of the Investment Company Act of 1940, to become effective on May 2, 2020. Effective at the same time, the Company and BCIA, the Advisor, amended and restated its previous investment management agreement to reduce the base management fee ("Management Fee") and incentive management fees ("Incentive Fees") as follows: (i) the Management Fee was reduced from 1.75% of total assets to 1.50% on total assets up to 200% of net asset value and 1.0% on total assets that exceed 200% of net asset value; (ii) the Incentive Fee based on net investment income was reduced from 20% over a 7% hurdle to 17.5% over a 7% hurdle; and (iii) the Incentive Fee based on net capital gains was reduced from 20% to 17.5% (the "Current Management Agreement").

The Current Management Agreement will be in effect from year-to-year if approved annually by the Board or by the affirmative vote of the holders of a majority of outstanding voting securities, including, in either case, approval by a majority of the directors who are not interested persons. The Company's Board approved the continuation of the Current Management Agreement on October 28, 2022.

## ***Management Fee***

Under the Current Management Agreement, the Advisor, subject to the overall supervision of the Board, manages the day-to-day operations and provides the Company with investment advisory services. For providing these services, effective May 2, 2020, the Advisor receives a Management Fee at an annual rate of 1.50% of total assets up to 200% of net asset value (excluding cash and cash equivalents), including any assets acquired with the proceeds of leverage, payable quarterly in arrears based on the asset valuation as of the end of the prior quarter. Additionally, the Management Fee is calculated at 1.00% on assets that exceed 200% of net asset value of the Company. Prior to May 2, 2020, the Management Fee was calculated at an annual rate of 1.75% of total assets (excluding cash and cash equivalents). The Management Fee for any partial quarter is prorated.

For the years ended December 31, 2022, 2021 and 2020, the Company incurred \$8,311,686, \$7,784,188 and \$10,799,832, respectively, in Management Fees.

## ***Incentive Fees***

### ***(i) Quarterly Incentive Fee Based on Income***

The Current Management Agreement provides that the Advisor or its affiliates may be entitled to an Incentive Fee under certain circumstances. The Incentive Fee has two parts. The first portion is based on income other than capital gains and is calculated separately for each calendar quarter and will be paid on a quarterly basis if certain circumstances are met. Effective May 2, 2020, the Incentive Fee based on income is calculated as follows:

- No Incentive Fee based on income other than capital gains for any calendar quarter in which the Pre-Incentive Fee Net Investment Income does not exceed 1.75% (7.00% annualized) of net assets attributable to common stock at the beginning of such quarter.
- 100% of the Pre-Incentive Fee Net Investment Income in any calendar quarter with respect to that portion of such Pre-Incentive Fee Net Investment Income, if any, for such calendar quarter, that exceeds 1.75% (7.00% annualized) of net assets attributable to common stock at the beginning of such quarter but is less than approximately 2.12% (8.48% annualized).
- 17.5% of the Pre-Incentive Fee Net Investment Income, if any, for any calendar quarter that exceeds approximately 2.12% (8.48% annualized) of net assets attributable to common stock at the beginning of such quarter.

Prior to May 2, 2020 (and since March 6, 2017), the Incentive Fee based on income was calculated as follows:

- No Incentive Fee based on income other than capital gains for any calendar quarter in which the Pre-Incentive Fee Net Investment Income does not exceed 1.75% (7.00% annualized) of net assets attributable to common stock at the beginning of such quarter.
- 100% of the Pre-Incentive Fee Net Investment Income in any calendar quarter with respect to that portion of such Pre-Incentive Fee Net Investment Income, if any, for such calendar quarter, that exceeds 1.75% (7.00% annualized) of net assets attributable to common stock at the beginning of such quarter but is less than approximately 2.19% (8.75% annualized).
- 20% of the Pre-Incentive Fee Net Investment Income, if any, for any calendar quarter that exceeds approximately 2.19% (8.75% annualized) of net assets attributable to common stock at the beginning of such quarter.

The calculations described above will be appropriately prorated for any period of less than a quarter and adjusted for the net proceeds from any common stock issuances and the cost of any common stock repurchases during such quarter.

The payment of any such Incentive Fee based on income otherwise earned by our Advisor will be deferred if, for the most recent four full calendar quarter period ending on or prior to the date such payment is to be made, the Annualized Rate of Return is less than 7.0% of net assets attributable to common stock at the beginning of such four quarter period as adjusted for the net proceeds from any common stock issuances and the cost of any common stock repurchases during such four full calendar quarter period, with any deferred Incentive Fees to be carried over for payment in subsequent quarterly calculation periods to the extent such payment can then be made in accordance with the investment management agreement.

For purposes of calculating the Incentive Fee, (i) “Annualized Rate of Return” is computed by reference to the sum of (x) the aggregate dividends to common stockholders for the period in question and (y) the change in net assets attributable to common stock (before taking into account any Incentive Fees otherwise payable during such period); (ii) “net assets attributable to common stock” means total assets less indebtedness and preferred stock; and (iii) “Pre-Incentive Fee Net Investment Income” means net investment income (as determined in accordance with U.S. GAAP) accrued by the Company during the calendar quarter excluding any accruals for or payments in respect of the Incentive Fee.

For the years ended December 31, 2022, 2021 and 2020, the Company incurred \$3,422,362, \$249,385 and \$6,304,333, respectively, in Incentive Fees on income. For the year ended December 31, 2021, the Advisor voluntarily waived Incentive Fees on income of \$79,383, resulting in net Incentive Fees on income of \$170,002. For the year ended December 31, 2020, the Advisor waived Incentive Fees on income of \$6,304,333, resulting in no net Incentive Fees on income for the period. As of December 31, 2022 and 2021, there was \$3,403,349 and \$170,002, respectively, of Incentive Fees payable based on income. The payment of Incentive Fee based on income of \$3,403,349 at December 31, 2022 was deferred pursuant to the Incentive Fee deferral provision discussed above.

**(ii) Annual Incentive Fee Based on Capital Gains**

The second portion of the Incentive Fee is based on capital gains and is calculated separately for each Annual Period. Effective May 2, 2020, our Advisor is entitled to receive an Incentive Fee based on capital gains for each Annual Period in an amount equal to 17.5% of the amount by which (1) net realized capital gains during the period, if any, exceeds (2) gross unrealized capital depreciation, if any, during the period. In calculating the portion of the Incentive Fee based on capital gains payable for any period, investments are accounted for on a security-by-security basis. In addition, the portion of the Incentive Fee based on capital gains is determined using the “period-to-period” method pursuant to which the portion of the Incentive Fee based on capital gains for any period will be based on realized capital gains for the period reduced by realized capital losses for the period and unrealized capital depreciation for the period. Prior to May 2, 2020 (and since March 6, 2017), the Incentive Fee on capital gains was calculated at an annual rate of 20%.

The Company is required under GAAP to accrue an Incentive Fee on capital gains on a hypothetical liquidation basis, based upon net realized capital gains and unrealized capital appreciation and depreciation on investments held at the end of each period. The accrued Incentive Fee on capital gains assumes all unrealized capital appreciation and depreciation is realized in order to reflect an Incentive Fee on capital gains (if any) that would be payable at each measurement date, even though unrealized capital appreciation is not permitted to be considered in determining the Incentive Fee on capital gains actually payable for each Annual Period under the Current Management Agreement. If such amount is positive at the end of the period, an Incentive Fee on capital gains is accrued equal to 17.5% of such amount for periods ended after May 2, 2020, (or 20%, for periods ended prior to May 2, 2020), less the amount of any Incentive Fees on capital gains already accrued during the Annual Period. If the resulting calculation amount is negative, the accrual for GAAP in a given period may result in the reduction or reversal of Incentive Fee expense on capital gains previously accrued during the Annual Period.

Incentive Fees on capital gains accrued (reversed) on a liquidation basis under GAAP for the years ended December 31, 2022, 2021 and 2020 were \$(1,544,569), \$1,544,569 and zero, respectively. As of December 31, 2022 and 2021, the balance of accrued Incentive Fees on capital gains was zero and \$1,544,569, respectively. However, as of December 31, 2021, no Incentive Fees on capital gains were realized and payable to the Advisor as of such date. There can be no assurance that unrealized capital appreciation and depreciation will be realized in the future, or that any accrued capital gains Incentive Fee will become payable under the Current Management Agreement. Incentive Fee amounts on capital gains actually paid by the Company will specifically exclude consideration of unrealized capital appreciation, consistent with requirements under the Investment Advisers Act of 1940 (the “Advisers Act”) and the Current Management Agreement.

For purposes of calculating the Incentive Fee based on capital gains, “Annual Period” means the period beginning on July 1 of each calendar year, including the calendar year prior to the year in which the investment management agreement became effective, and ending on June 30 of the next calendar year. Capital gains and losses are calculated using the difference between proceeds received and either (i) fair market value at the beginning of the Annual Period or (ii) cost for investments acquired during the Annual Period. In calculating whether the portion of the Incentive Fee based on capital gains is payable with respect to any period, the Company accounts for assets on a security-by-security basis. In addition, the Company uses the “period-to-period” method pursuant to which the portion of the Incentive Fee based on capital gains for any period is based on realized capital gains for the period reduced by realized capital losses and gross unrealized capital depreciation for the period. Based on current interpretations of Section 205(b)(3) of the Advisers Act by the SEC and its staff, the calculation of unrealized depreciation for each portfolio security over a period is based on the fair value of the security at the end of the period compared to the fair value at the beginning of the period. Incentive Fees earned in any of the periods described above are not subject to modification or repayment based upon performance in a subsequent period.

**Other Expenses**

The Company bears all expenses incurred in connection with its business, such as custodian, administrative, director fees and expenses, due diligence costs, registration and listing fees, legal, audit and tax preparation fees, costs of valuing investments, insurance costs, brokers’ and finders’ fees relating to investments, and any other transaction costs associated with the purchase and sale of investments.

**4. Debt**

Debt is comprised of a senior secured revolving credit facility dated as of February 19, 2016 (as amended, amended and restated, supplemented or otherwise modified from time to time, including as amended and restated by the sixth amendment thereto, dated as of April 23, 2021, the “Credit Facility”) and senior unsecured notes issued through a private placement on June 9, 2022 by the Company and due December 9, 2025 (the “2025 Private Placement Notes”). Prior to being repaid on June 15, 2022, debt also included the Company’s unsecured convertible senior notes due 2022 (the “2022 Convertible Notes”).

Effective on May 2, 2020, after obtaining stockholder approval at the annual meeting of the Company’s stockholders held on May 1, 2020, the Company’s asset coverage requirement was reduced from 200% to 150%, as set forth in Section 61(a)(2) of the 1940 Act, as amended by the Small Business Credit Availability Act. As of December 31, 2022 and 2021, the Company’s asset coverage was 225% and 276%, respectively.

Total debt outstanding and available at December 31, 2022 was as follows:

|   | <u>Maturity</u> | <u>Rate</u>                   | <u>Carrying Value <sup>(1)</sup></u> | <u>Available</u>              | <u>Total Capacity</u>         |
|---|-----------------|-------------------------------|--------------------------------------|-------------------------------|-------------------------------|
| Credit Facility                             | 2025            | L+2.00% <sup>(2)</sup>        | \$ 162,000,000                       | \$ 103,000,000 <sup>(3)</sup> | \$ 265,000,000 <sup>(4)</sup> |
| 2025 Private Placement Notes <sup>(1)</sup> | 2025            | Fixed/Variable <sup>(5)</sup> | 91,003,161                           | —                             | 91,003,161                    |
| Debt, net of unamortized issuance costs     |                 |                               | <u>\$ 253,003,161</u>                | <u>\$ 103,000,000</u>         | <u>\$ 356,003,161</u>         |

<sup>(1)</sup> The carrying value of 2025 Private Placement Notes was comprised of the following:

|                            | <u>December 31, 2022</u> |
|----------------------------|--------------------------|
| Principal amount of debt   | \$92,000,000             |
| Unamortized issuance costs | (996,839)                |
| Carrying value             | <u>\$91,003,161</u>      |

<sup>(2)</sup> The applicable margin for LIBOR-based borrowings could be either 2.00% or 2.25% depending on a ratio of the borrowing base to certain indebtedness. If the Company elects to borrow based on the alternate base rate, the applicable margin could be either 1.00% or 1.25% depending on a ratio of the borrowing base to certain indebtedness.

<sup>(3)</sup> Subject to borrowing base and leverage restrictions.

<sup>(4)</sup> Provides for a feature that allows the Company, under certain circumstances, to increase the size of the Credit Facility up to \$325.0 million.

<sup>(5)</sup> The 2025 Private Placement Notes were issued in two tranches, consisting of a \$35.0 million aggregate principal amount with a fixed interest rate of 5.82% and a \$57.0 million aggregate principal amount bearing interest at a rate equal to SOFR plus 3.14%.

Total debt outstanding and available at December 31, 2021 was as follows:

|   | <u>Maturity</u> | <u>Rate</u>            | <u>Carrying Value <sup>(1)</sup></u> | <u>Available</u>              | <u>Total Capacity</u>         |
|---|-----------------|------------------------|--------------------------------------|-------------------------------|-------------------------------|
| Credit Facility                         | 2025            | L+2.00% <sup>(2)</sup> | \$ 54,000,000                        | \$ 211,000,000 <sup>(3)</sup> | \$ 265,000,000 <sup>(4)</sup> |
| 2022 Convertible Notes <sup>(1)</sup>   | 2022            | 5.00%                  | 142,875,330                          | —                             | 142,875,330                   |
| Debt, net of unamortized issuance costs |                 |                        | <u>\$ 196,875,330</u>                | <u>\$ 211,000,000</u>         | <u>\$ 407,875,330</u>         |

<sup>(1)</sup> The carrying value of 2022 Convertible Notes was comprised of the following:

|   | <u>December 31, 2021</u> |
|---|--------------------------|
| Principal amount of debt                  | \$143,750,000            |
| Original issue discount, net of accretion | (449,398)                |
| Unamortized issuance costs                | (425,272)                |
| Carrying value                            | <u>\$142,875,330</u>     |

<sup>(2)</sup> The applicable margin for LIBOR-based borrowings was either 2.00% or 2.25% depending on a ratio of the borrowing base to certain indebtedness. If the Company elects to borrow based on the alternate base rate, the applicable margin could be either 1.00% or 1.25% depending on a ratio of the borrowing base to certain indebtedness.

<sup>(3)</sup> Subject to borrowing base and leverage restrictions.

<sup>(4)</sup> Provides for a feature that allows the Company, under certain circumstances, to increase the size of the Credit Facility up to \$325.0 million.

The Company's weighted average outstanding debt balance during the years ended December 31, 2022, 2021 and 2020 was \$232,532,610, \$181,797,885 and \$310,955,762, respectively. The maximum amounts borrowed during the years ended December 31, 2022, 2021 and 2020 were \$377,532,262, \$219,078,123 and \$356,304,028, respectively.

The weighted average annual interest cost, including the amortization of debt issuance cost, for the year ended December 31, 2022 was 5.36%, exclusive of commitment fees. The weighted average annual interest cost, including the amortization of original issue discount, for periods prior to January 1, 2022 (refer to the adoption of ASU 2020-06 in Note 2), and amortization of debt issuance costs, for the years ended December 31, 2021 and 2020 was 5.82% and 4.80%, respectively, exclusive of commitment fees. With respect to any unused portion of the commitments under the Credit Facility, the Company incurs an annual commitment fee of 0.40% (0.375% prior to May 22, 2020).

Total expenses related to debt for the years ended December 31, 2022, 2021 and 2020 included the following:

|  | <u>Year Ended</u>        |                          |                          |
|--|--------------------------|--------------------------|--------------------------|
|  | <u>December 31, 2022</u> | <u>December 31, 2021</u> | <u>December 31, 2020</u> |
| Stated interest expense                                | \$ 11,391,162            | \$ 8,081,899             | \$ 12,067,151            |
| Amortization of original issue discount <sup>(1)</sup> | —                        | 942,208                  | 890,695                  |
| Amortization of deferred debt issuance costs           | 1,071,844                | 1,565,241                | 1,977,676                |
| Total interest expense                                 | 12,463,006               | 10,589,348               | 14,935,522               |
| Commitment and credit facility fees                    | 677,396                  | 1,031,551                | 648,692                  |
| Total  | <u>\$ 13,140,402</u>     | <u>\$ 11,620,899</u>     | <u>\$ 15,584,214</u>     |

<sup>(1)</sup> The Company adopted ASU 2020-06 under the modified retrospective basis as of January 1, 2022 (see Note 2).

Outstanding debt is carried at amortized cost in the Consolidated Statements of Assets and Liabilities. The fair value of the Company's Credit Facility is derived by taking the average of the high and low quotes as obtained from a broker, and is classified as Level 2 with respect

to the fair value hierarchy. The fair value of the Company's 2025 Private Placement Notes is derived by an independent valuation firm, and is classified as Level 3 with respect to the fair value hierarchy. Prior to its maturity, the fair value of the Company's 2022 Convertible Notes was derived by taking the average of the high and low quotes as obtained from a broker, and was classified as Level 2.

The carrying and fair values of the Company's outstanding debt as of December 31, 2022 and 2021 were as follows:

|                              | December 31, 2022     |                       | December 31, 2021     |                       |
|------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                              | Carrying Value        | Fair Value            | Carrying Value        | Fair Value            |
| Credit Facility              | \$ 162,000,000        | \$ 146,610,000        | \$ 54,000,000         | \$ 51,300,000         |
| 2022 Convertible Notes       | —                     | —                     | 142,875,330           | 145,726,563           |
| 2025 Private Placement Notes | 91,003,161            | 89,074,810            | —                     | —                     |
| Total                        | <u>\$ 253,003,161</u> | <u>\$ 235,684,810</u> | <u>\$ 196,875,330</u> | <u>\$ 197,026,563</u> |

At December 31, 2022, the Company was in compliance with all covenants required under the Credit Facility and 2025 Private Placement Notes.

### **Senior Secured Revolving Credit Facility**

On April 23, 2021, the Company amended its Credit Facility. Among other items, the amendment (i) extended the maturity date on loans made under the Credit Facility from June 5, 2023 to April 23, 2025, (ii) reduced the aggregate principal amount of the commitments under the Credit Facility from \$300,000,000 to \$265,000,000, (iii) reduced the amount by which the Company may seek an increase in the commitments under the Credit Facility (subject to satisfaction of certain conditions, including obtaining commitments) from \$375,000,000 to \$325,000,000, and (iv) revised to require a minimum shareholders' equity under the Credit Facility to the greater of (i) 33% of the total assets of the Company and its subsidiaries and (ii) \$240,000,000 plus 25% of net proceeds from the sale of equity interests by the Company and its subsidiaries. Additionally, the Sixth Amendment (i) eliminated the springing maturity date that would have occurred if the 2022 Convertible Notes were not refinanced by March 16, 2022 and (ii) removed certain restrictions on repurchase or prepayment of the 2022 Convertible Notes. For further details on the Company's Credit Facility including prior amendments, refer to the Company's Form 10-K as filed with the SEC on March 3, 2021.

Under the Credit Facility, the Company is required to comply with various customary affirmative and restrictive covenants, including reporting requirements and financial covenants, including, without limitation, covenants related to: (a) limitations on the incurrence of additional indebtedness and liens, (b) limitations on certain investments and fundamental changes, (c) limitations on dividends and certain other restricted payments, (d) certain restrictions on subsidiaries, (e) maintaining a certain minimum shareholders' equity, (f) maintaining an asset coverage ratio of not less than 1.5:1.0, (g) maintaining a senior coverage ratio of not less than 2.0:1.0, (h) limitations on certain transactions with affiliates, (i) limitations on pledging certain unencumbered assets, and (j) limitations on the creation or existence of agreements that prohibit liens on certain properties of the Company and certain of its subsidiaries. These covenants are subject to important limitations and exceptions that are described in the Credit Facility and other loan documents. Further, amounts available to borrow under the Credit Facility (and the incurrence of certain other permitted debt) are also subject to compliance with a borrowing base that applies different advance rates to different types of assets in the Company's portfolio that are pledged as collateral. The Credit Facility is secured by a lien on substantially all of the assets of the Company and its wholly owned domestic subsidiaries, subject to certain customary exceptions.

### **Unsecured Convertible Senior Notes Due 2022**

On June 13, 2017, the Company issued \$143,750,000 in aggregate principal amount (\$125,000,000 of the initial offering and \$18,750,000 of the underwriters' exercise of the overallotment option) of 5.00% Convertible Notes due 2022 under an indenture, dated as of June 13, 2017 (the "2022 Convertible Notes Indenture"). Net proceeds to the Company from the offering, including the exercise of the overallotment option, were approximately \$139,800,000. The 2022 Convertible Notes matured on June 15, 2022, and the Company fully repaid the aggregate outstanding \$143,720,000 principal amount (post noteholder conversion) plus outstanding accrued interest. The interest rate on the notes was 5.00% per year, payable semiannually in arrears on June 15 and December 15 of each year, commencing on December 15, 2017. Holders were able to convert their notes at their option prior to the close of business on the business day immediately preceding December 15, 2021, in integral multiples of \$1,000 principal amount, only under certain circumstances. Upon noteholder conversion, the Company was able to pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election at an initial conversion rate of 118.2173 shares of common stock per \$1,000 principal amount of notes, which is equivalent to an initial conversion price of approximately \$8.46 per share of the Company's common stock. On or after December 23, 2021, the Company was able to redeem the 2022 Convertible Notes for cash, in whole or from time to time in part, at its option in accordance with their terms. During the year ended December 31, 2022, the Company issued 3,546 shares of common stock with an aggregate value of \$30,000 to a noteholder who elected the conversion option in lieu of principal repayment pursuant to the redemption terms of the 2022 Convertible Notes Indenture.

Prior to the adoption of ASU 2020-06, the Company determined that the embedded conversion options in the 2022 Convertible Notes were not required to be separately accounted for as a derivative under U.S. GAAP. In accounting for the 2022 Convertible Notes, at the time of issuance the Company estimated separate debt and equity components, and an original issue discount equal to the equity component was recorded in additional paid-in-capital in the accompanying Consolidated Statements of Assets and Liabilities. As of January 1, 2022, the Company adopted ASU 2020-06 using the modified retrospective basis. In accordance with this guidance, the Company has recombined the equity conversion component of our 2022 Convertible Notes outstanding, and before its maturity, had begun accounting for the 2022

Convertible Notes as a single liability measured at amortized cost. This resulted in a cumulative decrease to additional paid in capital of \$4,337,631, offset by a decrease to accumulated loss of \$3,888,233 as of January 1, 2022, and an increase to the carrying value of the 2022 Convertible Notes of \$449,398 (see Note 2).

The 2022 Convertible Notes contained certain covenants, which included covenants that required the Company to reserve shares of common stock for the purpose of satisfying all obligations to issue the underlying securities upon conversion of the securities and to furnish to holders of the securities upon request, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

### **Unsecured Senior Notes Due 2025**

On April 21, 2022, the Company entered into a Master Note Purchase Agreement (the “Note Purchase Agreement”) governing the issuance on June 9, 2022, of \$92,000,000 in aggregate principal amount of senior unsecured notes in two tranches to qualified institutional investors in a private placement. The Company issued \$35,000,000 in aggregate principal amount of 2025 Private Placement Notes with a fixed interest rate of 5.82% with interest to be paid semi-annually on June 9 and December 9 of each year, beginning on December 9, 2022, and \$57,000,000 in aggregate principal amount of 2025 Private Placement Notes bearing interest at a rate equal to SOFR plus 3.14% with interest to be paid quarterly on March 9, June 9, September 9, and December 9 of each year, beginning on September 9, 2022. In addition, during any time that the rating assigned to the 2025 Private Placement Notes declines below investment grade, the 2025 Private Placement Notes will bear interest at a rate that is increased by 1.00%. The 2025 Private Placement Notes were issued at a closing which occurred on June 9, 2022. The 2025 Private Placement Notes will be due on December 9, 2025 unless redeemed, purchased or prepaid prior to such date by the Company or its affiliates in accordance with their terms. The Company may prepay the 2025 Private Placement Notes at its option, subject to a prepayment premium, in an amount equal to 2% on or before June 9, 2023, 1% after June 9, 2023 but on or before June 9, 2024, 0.5% after June 9, 2024 but on or before June 9, 2025 and zero after June 9, 2025. In addition, the Company will be obligated to offer to repay the 2025 Private Placement Notes at par if certain change in control events occur. The 2025 Private Placement Notes are general unsecured obligations of the Company that rank pari passu with all outstanding and future unsecured unsubordinated indebtedness issued by the Company.

In connection with the 2025 Private Placement Notes, the Company entered into a centrally cleared Interest Rate Swap to offset interest payable on the fixed rate tranche of the Notes. The notional amount of the Interest Rate Swap is \$35,000,000 and matures on June 9, 2025. Under the swap agreement, the Company receives a fixed rate of 2.633% and pays a floating interest rate of SOFR. Such payments will be due annually. For the year ended December 31, 2022, the Company did not make any periodic payments. Since the swap contract has not been designated as a hedge accounting relationship pursuant to ASC 815, “Derivatives and Hedging,” both the net interest receivable and the change in the fair value of the swap contract are presented as part of the change in unrealized appreciation (depreciation) on the Consolidated Statements of Operations. As of December 31, 2022, the Interest Rate Swap had a fair value of \$(1,332,299) which is reflected as a liability on the Consolidated Statements of Assets and Liabilities. The fair value of the Interest Rate Swap is classified as Level 2 with respect to the fair value hierarchy. See Note 2 for further information.

The Note Purchase Agreement contains customary terms and conditions for senior unsecured notes issued in a private placement, including, without limitation, affirmative and negative covenants such as information reporting, maintenance of the Company’s status as a business development company within the meaning of the Investment Company Act of 1940, as amended, and a regulated investment company under the Internal Revenue Code of 1986, as amended, minimum shareholders’ equity, minimum asset coverage ratio, and prohibitions on certain fundamental changes of the Company. The Note Purchase Agreement also contains customary events of default with customary cure and notice periods, including, without limitation, nonpayment, incorrect representation in any material respect, breach of covenant, cross-default under other indebtedness of the Company or certain significant subsidiaries, certain judgments and orders, and certain events of bankruptcy.

## **5. Investments**

Purchases of investments, including PIK, for the years ended December 31, 2022, 2021 and 2020 totaled \$231,506,596, \$275,047,711 and \$143,538,052, respectively. Proceeds from sales, repayments and other exits of investments for the years ended December 31, 2022, 2021 and 2020 totaled \$192,448,280, \$250,607,406 and \$277,596,336, respectively.

At December 31, 2022, investments consisted of the following:

|   | <b>Cost</b>           | <b>Fair Value</b>     |
|---|-----------------------|-----------------------|
| Senior secured notes                                    | \$ 1,920,592          | \$ 1,624,823          |
| Unsecured debt  | 37,686,148            | 15,228,000            |
| Subordinated debt                                       | 5,000,000             | 4,930,000             |
| Senior secured loans:                                   |                       |                       |
| First lien  | 455,458,846           | 447,490,518           |
| Second/other priority lien                              | 98,468,621            | 90,992,663            |
| Total senior secured loans                              | <u>553,927,467</u>    | <u>538,483,181</u>    |
| Preferred stock   | 40,527,223            | 2,354,224             |
| Common stock  | 10,611,548            | —                     |
| Limited partnership/limited liability company interests | 8,511,838             | 5,991,648             |
| Equity warrants/options                                 | 115,348               | 1,877,208             |
| Total investments                                       | <u>\$ 658,300,164</u> | <u>\$ 570,489,084</u> |

At December 31, 2021, investments consisted of the following:

|   | <b>Cost</b>           | <b>Fair Value</b>     |
|---|-----------------------|-----------------------|
| Senior secured notes                                    | \$ 1,914,346          | \$ 1,641,800          |
| Unsecured debt  | 41,861,533            | 21,927,071            |
| Subordinated debt                                       | 5,000,000             | 5,000,000             |
| Senior secured loans:                                   |                       |                       |
| First lien  | 405,193,486           | 409,626,942           |
| Second/other priority lien                              | 100,726,036           | 101,878,924           |
| Total senior secured loans                              | <u>505,919,522</u>    | <u>511,505,866</u>    |
| Preferred stock   | 40,192,521            | 2,680,424             |
| Common stock  | 10,611,548            | —                     |
| Limited partnership/limited liability company interests | 9,011,837             | 7,475,576             |
| Equity warrants/options                                 | 115,348               | 2,333,257             |
| Total investments                                       | <u>\$ 614,626,655</u> | <u>\$ 552,563,994</u> |

## Industry Composition

As of December 31, 2022, the Company generally uses GICS to classify the industries of its portfolio companies. The following table shows the industry composition of the portfolio, at fair value, at December 31, 2022 and December 31, 2021 by GICS.

| Industry                                   | December 31, 2022 | December 31, 2021 |
|--|-------------------|-------------------|
| Software                                   | 15.2%             | 7.7%              |
| Diversified Financial Services             | 14.5              | 13.6              |
| Internet Software & Services               | 11.1              | 11.2              |
| Diversified Consumer Services              | 8.3               | 7.0               |
| Professional Services                      | 7.2               | 6.5               |
| Health Care Technology                     | 4.4               | 4.4               |
| Health Care Providers & Services           | 3.7               | 3.7               |
| Road & Rail                                | 2.6               | 10.5              |
| Construction & Engineering                 | 2.6               | 1.6               |
| Insurance                                  | 2.5               | 2.0               |
| Health Care Equipment & Supplies           | 2.5               | 2.7               |
| IT Services                                | 2.5               | 1.6               |
| Containers & Packaging                     | 2.5               | 2.1               |
| Specialty Retail                           | 1.9               | 1.5               |
| Technology Hardware, Storage & Peripherals | 1.8               | 0.9               |
| Textiles, Apparel & Luxury Goods           | 1.7               | 4.2               |
| Paper & Forest Products                    | 1.7               | —                 |
| Consumer Finance                           | 1.3               | 2.3               |
| Real Estate Management & Development       | 1.1               | 0.3               |
| Commercial Services & Supplies             | 1.1               | 0.8               |
| Media                                      | 1.0               | 3.3               |
| Trading Companies & Distributors           | 1.0               | 1.1               |
| Internet & Catalog Retail                  | 1.0               | 0.8               |
| Machinery                                  | 0.9               | 1.0               |
| Hotels, Restaurants & Leisure              | 0.9               | —                 |
| Wireless Telecommunication Services        | 0.8               | 0.9               |
| Household Durables                         | 0.8               | 1.1               |
| Metals & Mining                            | 0.6               | 0.7               |
| Leisure Products                           | 0.5               | —                 |
| Automobiles                                | 0.4               | 0.5               |
| Building Products                          | 0.4               | 0.4               |
| Distributors                               | 0.4               | 0.4               |
| Life Sciences Tools & Services             | 0.4               | —                 |
| Semiconductors & Semiconductor Equipment   | 0.4               | —                 |
| Capital Markets                            | 0.2               | 0.2               |
| Electrical Equipment                       | 0.1               | 0.1               |
| Tobacco Related                            | —                 | 2.4               |
| Aerospace & Defense                        | —                 | 1.7               |
| Diversified Telecommunication Services     | —                 | 0.8               |
| Chemicals                                  | —                 | —                 |
| Oil, Gas & Consumable Fuels                | —                 | —                 |
| <b>Totals</b>                              | 100.0%            | 100.0%            |

The following table shows the geographic composition of the portfolio at fair value at December 31, 2022 and December 31, 2021. The geographic composition is determined by several factors including the location of the corporate headquarters and the country of registration of the portfolio company.

| <b>Geography</b> | <b>December 31, 2022</b> | <b>December 31, 2021</b> |
|------------------|--------------------------|--------------------------|
| United States    | 85.4%                    | 88.3%                    |
| United Kingdom   | 7.2                      | 6.6                      |
| Germany          | 3.7                      | 3.9                      |
| Canada           | 1.1                      | 1.2                      |
| Switzerland      | 1.0                      | —                        |
| Slovenia         | 0.9                      | —                        |
| Australia        | 0.7                      | —                        |
| <b>Totals</b>    | <b>100.0%</b>            | <b>100.0%</b>            |

### ***Market and Credit Risk***

The Company has investments in lower rated and comparable quality unrated senior and junior secured, unsecured and subordinated debt securities and loans, which are subject to a greater degree of credit risk than more highly rated investments. The risk of loss due to default by the issuer is significantly greater for holders of such securities and loans, particularly in cases where the investment is unsecured or subordinated to other creditors of the issuer.

In the normal course of business, the Company invests in securities and enters into transactions where risks exist due to fluctuations in the market (market risk) or failure of the issuer of a security to meet all its obligations (issuer credit risk). The value of securities held by the Company may decline in response to certain events, including those directly involving the issuers whose securities are owned by the Company; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency and interest rate and price fluctuations (see Item 1A. Risk Factors for further details). The impact of epidemics and pandemics such as the coronavirus, could affect the economies of many nations, individual companies and the market in general in ways that cannot necessarily be foreseen at the present time. Similar to issuer credit risk, the Company may be exposed to counterparty credit risk, or the risk that an entity with which the Company has unsettled, or open transactions may fail to or be unable to perform on its commitments. The Company manages counterparty risk by entering into transactions only with counterparties that they believe have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties. Financial assets, which potentially expose the Company to market, issuer and counterparty credit risks, consist principally of investments in portfolio companies. The extent of the Company's exposure to market, issuer and counterparty credit risks with respect to these financial assets is generally approximated by their fair value recorded in the Consolidated Statements of Assets and Liabilities. The Company is also exposed to credit risk related to maintaining all of its cash at a major financial institution.

## **6. Other Related Party Transactions**

### ***Advisor Reimbursements***

The Current Management Agreement provides that the Company will reimburse the Advisor for costs and expenses incurred by the Advisor for administrative or operating services, office space rental, office equipment and utilities allocable to the Advisor under the investment management agreement, as well as any costs and expenses incurred by the Advisor relating to any non-investment advisory, administrative or operating services provided by the Advisor to the Company. For the years ended December 31, 2022, 2021 and 2020, the Company incurred \$103,276, \$350,000 and \$350,000 respectively, for its share of office space rental, which is included in investment advisor expenses on the Consolidated Statements of Operations.

From time to time, the Advisor and its affiliates may pay third party providers for goods or services utilized by the Company. The Company will subsequently reimburse the Advisor and its affiliates for such amounts. Reimbursements to the Advisor and their affiliates for such purposes during the years ended December 31, 2022, 2021 and 2020 were \$161,895, \$402,317 and \$361,740, respectively.

No person who is an officer, director or employee of the Advisor and who serves as a director of the Company receives any compensation from the Company for such services. Directors who are not affiliated with the Advisor receive compensation for their services and reimbursement of expenses incurred to attend meetings.

### ***Administration***

The Company also has entered into an administration agreement with BlackRock Financial Management, Inc. (the "Administrator") under which the Administrator provides certain administrative services to the Company. For providing these services, facilities and personnel, the Company reimburses the Administrator for the Company's allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations under the administration agreement, including rent and the Company's allocable portion of the cost of certain of the Company's officers and their respective staffs. For the years ended December 31, 2022, 2021 and 2020 the Company incurred \$1,407,775, \$1,354,283 and \$1,457,979, respectively, for such administrative services expenses.

## Advisor Stock Transactions

At December 31, 2022 and December 31, 2021, BCIA did not own any shares of the Company. At both December 31, 2022 and December 31, 2021, other entities affiliated with the Administrator and Advisor beneficially owned less than 1% of the Company's total shares of common stock outstanding.

### 7. Stockholders' Equity and Dividends

Dividends to common stockholders are recorded on the ex-dividend date. The amount to be paid out as a dividend is determined by the Board. Net realized capital gains, if any, generally are distributed at least annually, although the Company may decide to retain such capital gains for investment.

The Company has adopted a dividend reinvestment plan (the "Plan") that provides for reinvestment of dividends on behalf of stockholders, unless a stockholder elects to receive cash. As a result, if the Board authorizes, and the Company declares, a cash dividend, then stockholders who have not "opted out" of the dividend reinvestment plan will have their cash dividends automatically reinvested in additional shares of Common Stock, rather than receiving the cash dividends. Additionally, if the Company makes a dividend to be paid in cash or in stock at the election of stockholders as of the applicable dividend record date (a "Cash/Stock Dividend"), the terms are subject to the amended Plan dated May 13, 2020 described below.

For the years ended December 31, 2022 and 2021, declared dividends to common stockholders were as follows:

| Date Declared    | Record Date        | Payment Date    | Type    | Amount Per Share | Total Amount         | Reinvested dividends paid during quarter <sup>(1) (2)</sup> |
|------------------|--------------------|-----------------|---------|------------------|----------------------|---|
| March 1, 2022    | March 17, 2022     | April 7, 2022   | Regular | \$ 0.10          | \$ 7,380,270         | \$ 698,261  |
| April 27, 2022   | June 16, 2022      | July 7, 2022    | Regular | 0.10             | 7,363,184            | 744,840   |
| August 2, 2022   | September 15, 2022 | October 6, 2022 | Regular | 0.10             | 7,312,237            | 691,653   |
| October 28, 2022 | December 16, 2022  | January 6, 2023 | Regular | 0.10             | 7,257,191            | 736,774   |
| <b>Total</b>     |                    |                 |         | <b>\$ 0.40</b>   | <b>\$ 29,312,882</b> | <b>\$ 2,871,528</b>   |

| Date Declared    | Record Date        | Payment Date    | Type    | Amount Per Share | Total Amount         | Reinvested dividends paid during quarter <sup>(1) (2)</sup> |
|------------------|--------------------|-----------------|---------|------------------|----------------------|---|
| March 2, 2021    | March 17, 2021     | April 7, 2021   | Regular | \$ 0.10          | \$ 7,441,594         | \$ —  |
| April 28, 2021   | June 16, 2021      | July 7, 2021    | Regular | 0.10             | 7,413,594            | 541,771   |
| July 28, 2021    | September 15, 2021 | October 6, 2021 | Regular | 0.10             | 7,405,845            | 593,078   |
| November 2, 2021 | December 16, 2021  | January 6, 2022 | Regular | 0.10             | 7,392,972            | 628,043   |
| <b>Total</b>     |                    |                 |         | <b>\$ 0.40</b>   | <b>\$ 29,654,005</b> | <b>\$ 1,762,892</b>   |

(1) The Company has adopted a dividend reinvestment plan that provides for reinvestment of dividends on behalf of stockholders, unless a stockholder elects to receive cash.

(2) Dividends reinvested through purchase of shares in the open market.

On March 6, 2018, the Company's Board adopted amendments to the Plan. Under the terms of the amended Plan, if the Company declares a dividend or determines to make a capital gain or other distribution, the reinvestment plan agent will acquire shares for the participants' accounts, depending upon the following circumstances, (i) through receipt of additional unissued but authorized shares from the Company ("newly issued shares") and/or (ii) by purchase of outstanding shares on the open market ("open-market purchases"). If, on the dividend payment date, the last quarterly net asset value per share ("NAV") is equal to or less than the closing market price per share on such dividend payment date (such condition often referred to as a "market premium"), the reinvestment plan agent will invest the dividend amount in newly issued shares on behalf of the participants. The number of newly issued shares to be credited to each participant's account will be determined by dividing the dollar amount of the dividend by the greater of (i) the NAV or (ii) 95% of the closing market price on the dividend payment date. If, on the dividend payment date, the NAV is greater than the closing market price per share on such dividend payment date (such condition often referred to as a "market discount"), the reinvestment plan agent may, upon notice from the Company, either (a) invest the dividend amount in newly issued shares on behalf of the participants or (b) invest the dividend amount in shares acquired on behalf of the participants in open-market purchases.

On May 13, 2020, the Company's Board adopted further amendments to the Plan. Under the terms of the amended Plan, if the Company makes a Cash/Stock Dividend, each stockholder will be required to elect whether to receive the dividend in cash or in shares of the Company's common stock ("Common Shares"), pursuant to such notices, forms or other documentation as may be provided to the stockholder by the Company (the "Election Forms"). If the stockholder is a Plan participant and elects to receive the Cash/Stock Dividend in cash, the stockholder will be deemed to have elected not to participate in the Plan solely with respect to such Cash/Stock Dividend and will receive the dividend in cash subject to any rules applicable to the dividend that may limit the portion of the dividend the Company is required to pay in cash. If the stockholder is a Plan participant and elects to receive the Cash/Stock Dividend in stock, the stockholder will receive the dividend in newly issued Common Shares. The number of newly issued Common Shares credited to the stockholders' account in either case will be determined

by dividing the dollar amount of the dividend (or portion of the dividend to be paid in Common Shares) by the price per Common Share determined in accordance with the Election Forms rather than pursuant to the formula(s) otherwise applicable under the Plan. At the Company's special meeting of stockholders held on May 3, 2022, stockholders did not approve the Company's ability to sell or otherwise issue shares of common stock at a price below its then current net asset value per share for a 12-month period expiring on the anniversary of the date of stockholder approval.

On November 2, 2021, the Company's Board authorized the Company to purchase up to a total of 8,000,000 shares, effective until the earlier of November 2, 2022 or such time that all of the authorized shares have been repurchased (the "Company Repurchase Plan"), in accordance with the guidelines specified in Rule 10b-18 and Rule 10b5-1 of the Securities Exchange Act of 1934 (the "Exchange Act"). On November 2, 2022, authorization to repurchase the remaining 6,598,268 shares expired. On October 28, 2022, the Company's Board authorized the Company to purchase up to a total of 8,000,000 shares, commencing on November 7, 2022 and effective until the earlier of November 6, 2023 or such time that all of the authorized shares have been repurchased, subject to the terms of a share repurchase program, if in effect. As of December 31, 2022, 8,000,000 shares remained available for repurchase.

The following table summarizes the total shares repurchased and amounts paid by the Company under the Company Repurchase Plan, including broker fees, for the year ended December 31, 2022:

| December 31, 2022       | Shares Repurchased | Price Per Share | Total Cost   |
|-------------------------|--------------------|-----------------|--------------|
| Company Repurchase Plan | 1,308,626          | \$ 3.73         | \$ 4,884,316 |

The following table summarizes the total shares repurchased and amounts paid by the Company under the Company Repurchase Plan, including broker fees, for the year ended December 31, 2021:

| December 31, 2021       | Shares Repurchased | Price Per Share | Total Cost   |
|-------------------------|--------------------|-----------------|--------------|
| Company Repurchase Plan | 589,678            | \$ 3.72         | \$ 2,192,527 |

Since inception of the original repurchase plan through December 31, 2022, the Company has purchased 11,909,890 shares of its common stock on the open market for \$73,373,702, including brokerage commissions through the repurchase plan. The Company currently holds the shares it repurchased in treasury stock.

## 8. Earnings (Loss) per share

The following information sets forth the computation of basic and diluted net increase (decrease) in net assets from operations per share (earnings (loss) per share) for the years ended December 31, 2022, 2021 and 2020.

|   | Year Ended        |                   |                   |
|---|-------------------|-------------------|-------------------|
|   | December 31, 2022 | December 31, 2021 | December 31, 2020 |
| <b>Earnings (Loss) per share – basic:</b>   |                   |                   |                   |
| Net increase (decrease) in net assets resulting from operations                     | \$ 3,486,976      | \$ 66,488,228     | \$ (103,852,603)  |
| Weighted average shares outstanding – basic   | 73,314,124        | 74,153,145        | 69,801,849        |
| <b>Earnings (Loss) per share – basic</b>  | \$ 0.05           | \$ 0.90           | \$ (1.49)         |
| <b>Earnings (Loss) per share – diluted:</b>   |                   |                   |                   |
| Net increase (decrease) in net assets resulting from operations, before adjustments | \$ 3,486,976      | \$ 66,488,228     | \$ (103,852,603)  |
| Adjustments for interest on unsecured convertible senior notes <sup>(1)</sup>       | —                 | 9,064,793         | —                 |
| Net increase (decrease) in net assets resulting from operations, as adjusted        | \$ 3,486,976      | \$ 75,553,021     | \$ (103,852,603)  |
| Weighted average shares outstanding – diluted <sup>(1)</sup>                        | 73,314,124        | 91,146,882        | 69,801,849        |
| <b>Earnings (Loss) per share – diluted</b>  | \$ 0.05           | \$ 0.83           | \$ (1.49)         |

<sup>(1)</sup> The Company's 2022 Convertible Notes were repaid on their June 15, 2022 maturity (see Note 4). No adjustments for interest or incremental shares were included for the year ended December 31, 2022 because the effect would be antidilutive. Due to a net decrease in net assets from operations for the year ended December 31, 2020, no incremental shares were included because the effect would be antidilutive.

Diluted earnings per share is computed using the if-converted method, which assumes conversion of convertible securities at the beginning of the reporting period and is intended to show the maximum dilution effect to common stockholders regardless of how the conversion can occur.

## 9. Commitments and contingencies

In the normal course of business, the Company may enter into guarantees on behalf of portfolio companies. Under these arrangements, the Company would be required to make payments to third parties if the portfolio companies were to default on their related payment obligations. There were no such guarantees outstanding at December 31, 2022 and 2021. In addition, from time to time, the Company may provide for a commitment to a portfolio company for investment in an existing or new security. At December 31, 2022 and 2021, the Company had unfunded commitments of \$72.1 million across 51 portfolio companies and \$49.4 million across 35 portfolio companies, respectively. The

aggregate fair value of unfunded commitments at December 31, 2022 and 2021 was \$70.0 million and \$49.1 million, respectively. We maintain sufficient cash on hand and available borrowings to fund such unfunded commitments should the need arise.

In the normal course of business, the Company enters into contractual agreements that provide general indemnifications against losses, costs, claims and liabilities arising from the performance of individual obligations under such agreements. The Company's individual maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Company that have not yet occurred. However, based on management's experience, the Company expects the risk of loss to be remote.

From time to time, the Company and the Advisor may be a party to certain legal proceedings incidental to the normal course of its business, including the enforcement of its rights under contracts with our portfolio companies. Further, third parties may try to seek to impose liability on the Company in connection with the activities of its portfolio companies. While the Company cannot predict the outcome of these legal proceedings with certainty, we do not expect that these proceedings will have a material effect on its consolidated financial statements.

## 10. Financial highlights

The following per share data and ratios have been derived from information provided in the consolidated financial statements. The following is a schedule of financial highlights for a common share outstanding for the each of the five years in the period ended December 31, 2022:

|  | Year Ended December 31, |                |                |                |                |
|--|-------------------------|----------------|----------------|----------------|----------------|
|  | 2022                    | 2021           | 2020           | 2019           | 2018           |
| Per Share Data:  |                         |                |                |                |                |
| Net asset value, beginning of period   | \$ 4.73                 | \$ 4.23        | \$ 6.33        | \$ 7.07        | \$ 7.83        |
| Investment Operations:   |                         |                |                |                |                |
| Net investment income, before incentive fees                                   | 0.43                    | 0.29           | 0.49           | 0.64           | 0.66           |
| Incentive fees <sup>(1)</sup>  | (0.03)                  | (0.02)         | —              | (0.03)         | —              |
| Net investment income <sup>(1)</sup>   | 0.40                    | 0.27           | 0.49           | 0.61           | 0.66           |
| Net realized and unrealized gain (loss)  | (0.35)                  | 0.63           | (1.98)         | (0.71)         | (0.79)         |
| Total from investment operations   | 0.05                    | 0.90           | (1.49)         | (0.10)         | (0.13)         |
| Cumulative effect of adjustment for the adoption of ASU 2020-06 <sup>(2)</sup> |                         |                |                |                |                |
| Issuance/reinvestment of stock at prices (below) net asset value               | (0.01)                  | —              | —              | —              | —              |
| Repurchase of common stock   | —                       | —              | (0.20)         | —              | —              |
| Dividends to stockholders, excluding tax return of capital <sup>(3)</sup>      | 0.02                    | —              | 0.03           | —              | 0.09           |
| Tax return of capital  | (0.38)                  | (0.30)         | (0.32)         | (0.63)         | (0.70)         |
| Tax return of capital  | (0.02)                  | (0.10)         | (0.12)         | (0.01)         | (0.02)         |
| Total distributions  | (0.40)                  | (0.40)         | (0.44)         | (0.64)         | (0.72)         |
| Net asset value, end of period   | \$ 4.39                 | \$ 4.73        | \$ 4.23        | \$ 6.33        | \$ 7.07        |
| Market price at end of period  | \$ 3.62                 | \$ 4.00        | \$ 2.69        | \$ 4.97        | \$ 5.29        |
| Total return based on market price <sup>(4)</sup>                              | 0.22%                   | 64.33%         | (35.70)%       | 5.32%          | (4.44)%        |
| Total return based on net asset value <sup>(5)</sup>                           | 2.78%                   | 23.57%         | (20.61)%       | 0.36%          | 1.61%          |
| Shares outstanding at end of period  | 72,571,907              | 73,876,987     | 74,466,665     | 68,836,255     | 68,921,798     |
| Ratios to average net assets:  |                         |                |                |                |                |
| Operating expenses, before incentive fees                                      | 4.01%                   | 3.89%          | 4.84%          | 4.00%          | 3.90%          |
| Interest and other debt related expenses                                       | 3.89%                   | 3.47%          | 4.35%          | 3.31%          | 2.80%          |
| Total expenses, before incentive fees  | 7.90%                   | 7.36%          | 9.19%          | 7.31%          | 6.70%          |
| Incentive fees <sup>(1)</sup>  | 0.56%                   | 0.51%          | —              | 0.39%          | —              |
| Total expenses, after incentive fees   | 8.46%                   | 7.87%          | 9.19%          | 7.70%          | 6.70%          |
| Net investment income  | 8.70%                   | 5.93%          | 9.56%          | 8.91%          | 8.72%          |
| Net assets at end of period  | \$ 318,522,353          | \$ 349,651,973 | \$ 315,010,277 | \$ 435,608,981 | \$ 487,020,154 |
| Portfolio turnover rate  | 35%                     | 49%            | 21%            | 25%            | 40%            |
| Weighted average interest rate on debt <sup>(6)</sup>                          | 5.36%                   | 5.82%          | 4.80%          | 5.80%          | 5.79%          |
| Weighted average debt outstanding  | \$ 232,532,610          | \$ 181,797,885 | \$ 310,955,762 | \$ 249,099,570 | \$ 241,446,017 |
| Weighted average shares outstanding  | 73,314,124              | 74,153,145     | 69,801,849     | 68,836,590     | 71,373,570     |
| Weighted average debt per share <sup>(7)</sup>                                 | \$ 3.17                 | \$ 2.45        | \$ 4.45        | \$ 3.62        | \$ 3.38        |

- (1) For the year ended December 31, 2022, net investment income per share amount displayed above is net of incentive fees based on income of \$0.05 per share or 1.01% of average net assets, and is also net of a reversal of hypothetical liquidation basis GAAP incentive fees on capital gains of \$(0.02) per share or (0.46)% of average net assets. For the year ended December 31, 2021, net investment income per share amount displayed above is net of an accrual of hypothetical liquidation basis GAAP incentive fees on capital gains of \$0.02 per share, or 0.46% of average net assets, and is also net of incentive fees based on income (net of waiver). For the year ended December 31, 2019, net investment income per share amount displayed above is net of incentive fees based on income (net of waiver) of \$0.03 per share.

- (2) The Company adopted ASU 2020-06 under the modified retrospective basis as of January 1, 2022 (see Notes 2 and 4).

- (3) Dividends for annual periods are determined in accordance with federal income tax regulations and there may be differences between book and tax amounts (see Note 2).
- (4) Total return based on market value is calculated by determining the percentage change in market value per share during the period and assuming that the dividends are reinvested in accordance with the Company's dividend reinvestment plan.
- (5) Total return based on net asset value is calculated by determining the percentage change in net asset value per share during the period and assuming that the dividends are reinvested in accordance with the Company's dividend reinvestment plan.
- (6) Weighted average interest rate on debt includes contractual interest, amortization of debt issuance costs (see Note 4), and original issue discount for periods prior to January 1, 2022 (refer to the adoption of ASU 2020-06 in Note 2).
- (7) Weighted average debt per share is calculated as weighted average debt outstanding divided by the weighted average shares outstanding during the applicable period.

## 11. Senior Securities

Information about our senior securities is shown in the following table as of end of the last ten fiscal years and the period ended December 31, 2022. The “—” indicates information which the SEC expressly does not require to be disclosed for certain types of senior securities.

| <b>Class and Year</b>                                | <b>Total Amount Outstanding (in 000's)</b> | <b>Asset Coverage per Unit<sup>(5)</sup></b> | <b>Involuntary Liquidating Preference Per Unit<sup>(6)</sup></b> | <b>Average Market Value Per Unit<sup>(7)</sup></b> |
|--|--|--|--|--|
| <b>Credit Facility<sup>(1)</sup></b>                 |  |  |  |  |
| Fiscal Year 2022                                     | \$ 162,000                                 | \$ 2,246                                     | \$ —   | N/A  |
| Fiscal Year 2021                                     | \$ 54,000                                  | \$ 2,758                                     | \$ —   | N/A  |
| Fiscal Year 2020                                     | \$ 38,800                                  | \$ 2,706                                     | \$ —   | N/A  |
| Fiscal Year 2019                                     | \$ 174,400                                 | \$ 2,352                                     | \$ —   | N/A  |
| Fiscal Year 2018                                     | \$ 49,000                                  | \$ 3,542                                     | \$ —   | N/A  |
| Fiscal Year 2017                                     | \$ 16,000                                  | \$ 3,655                                     | \$ —   | N/A  |
| Fiscal Year 2016                                     | \$ 190,000                                 | \$ 2,754                                     | \$ —   | N/A  |
| Fiscal Year 2015                                     | \$ 60,000                                  | \$ 3,023                                     | \$ —   | N/A  |
| Fiscal Year 2014                                     | \$ 144,000                                 | \$ 2,713                                     | \$ —   | N/A  |
| Fiscal Year 2013                                     | \$ 179,000                                 | \$ 2,460                                     | \$ —   | N/A  |
| <b>Unsecured Senior Notes Due 2025<sup>(1)</sup></b> |  |  |  |  |
| Fiscal Year 2022                                     | \$ 92,000                                  | \$ 2,246                                     | \$ —   | N/A  |
| <b>Convertible Notes Due 2022<sup>(1)</sup></b>      |  |  |  |  |
| Fiscal Year 2022                                     | N/A  | N/A  | \$ —   | N/A  |
| Fiscal Year 2021                                     | \$ 143,750                                 | \$ 2,758                                     | \$ —   | N/A  |
| Fiscal Year 2020                                     | \$ 143,750                                 | \$ 2,706                                     | \$ —   | N/A  |
| Fiscal Year 2019                                     | \$ 143,750                                 | \$ 2,352                                     | \$ —   | N/A  |
| Fiscal Year 2018                                     | \$ 143,750                                 | \$ 3,542                                     | \$ —   | N/A  |
| Fiscal Year 2017                                     | \$ 143,750                                 | \$ 3,665                                     | \$ —   | N/A  |
| <b>Convertible Notes Due 2018<sup>(2)</sup></b>      |  |  |  |  |
| Fiscal Year 2022                                     | N/A  | N/A  | \$ —   | N/A  |
| Fiscal Year 2021                                     | N/A  | N/A  | \$ —   | N/A  |
| Fiscal Year 2020                                     | N/A  | N/A  | \$ —   | N/A  |
| Fiscal Year 2019                                     | N/A  | N/A  | \$ —   | N/A  |
| Fiscal Year 2018                                     | N/A  | N/A  | \$ —   | N/A  |
| Fiscal Year 2017                                     | \$ 55,041                                  | \$ 3,665                                     | \$ —   | N/A  |
| Fiscal Year 2016                                     | \$ 115,000                                 | \$ 2,754                                     | \$ —   | N/A  |
| Fiscal Year 2015                                     | \$ 115,000                                 | \$ 3,023                                     | \$ —   | N/A  |
| Fiscal Year 2014                                     | \$ 115,000                                 | \$ 2,713                                     | \$ —   | N/A  |
| Fiscal Year 2013                                     | \$ 115,000                                 | \$ 2,460                                     | \$ —   | N/A  |
| <b>Senior Secured Notes<sup>(3)</sup></b>            |  |  |  |  |
| Fiscal Year 2022                                     | N/A  | N/A  | \$ —   | N/A  |
| Fiscal Year 2021                                     | N/A  | N/A  | \$ —   | N/A  |
| Fiscal Year 2020                                     | N/A  | N/A  | \$ —   | N/A  |
| Fiscal Year 2019                                     | N/A  | N/A  | \$ —   | N/A  |
| Fiscal Year 2018                                     | N/A  | N/A  | \$ —   | N/A  |
| Fiscal Year 2017                                     | N/A  | N/A  | \$ —   | N/A  |
| Fiscal Year 2016                                     | \$ 17,000                                  | \$ 2,754                                     | \$ —   | N/A  |
| Fiscal Year 2015                                     | \$ 175,000                                 | \$ 3,023                                     | \$ —   | N/A  |
| Fiscal Year 2014                                     | \$ 175,000                                 | \$ 2,713                                     | \$ —   | N/A  |
| Fiscal Year 2013                                     | \$ 175,000                                 | \$ 2,460                                     | \$ —   | N/A  |
| <b>Term Loan<sup>(4)</sup></b>                       |  |  |  |  |
| Fiscal Year 2022                                     | N/A  | N/A  | \$ —   | N/A  |
| Fiscal Year 2021                                     | N/A  | N/A  | \$ —   | N/A  |
| Fiscal Year 2020                                     | N/A  | N/A  | \$ —   | N/A  |
| Fiscal Year 2019                                     | N/A  | N/A  | \$ —   | N/A  |
| Fiscal Year 2018                                     | N/A  | N/A  | \$ —   | N/A  |
| Fiscal Year 2017                                     | N/A  | N/A  | \$ —   | N/A  |
| Fiscal Year 2016                                     | \$ 15,000                                  | \$ 2,754                                     | \$ —   | N/A  |
| Fiscal Year 2015                                     | \$ 15,000                                  | \$ 3,023                                     | \$ —   | N/A  |
| Fiscal Year 2014                                     | \$ 15,000                                  | \$ 2,713                                     | \$ —   | N/A  |
| Fiscal Year 2013                                     | \$ 10,000                                  | \$ 2,460                                     | \$ —   | N/A  |

(1) For further information on the Company's Credit Facility, Unsecured Senior Notes Due 2025 and Convertible Notes Due 2022 (prior to their maturity), refer to Note 4 of the consolidated financial statements.

- (2) On February 19, 2013, the Company closed a private offering of \$100.0 million in aggregate principal amount of 5.50% unsecured convertible senior notes due 2018 (the “Convertible Notes”). The initial purchasers of the Convertible Notes fully exercised their overallocation option and purchased an additional \$15.0 million in aggregate principal amount of the Convertible Notes. The closing of the overallocation option took place on March 4, 2013. With the exercise of the overallocation option, a total of \$115.0 million in aggregate principal amount of the Convertible Notes was sold. Net proceeds to the Company from the offering, including the exercise of the overallocation option, were approximately \$111.3 million. The Convertible Notes were only offered to qualified institutional buyers as defined in the Securities Act of 1933, as amended (the “Securities Act”) pursuant to Rule 144A under the Securities Act. The Convertible Notes were unsecured and bore interest at a rate of 5.50% per year, payable semi-annually in arrears. In certain circumstances and during certain periods, the Convertible Notes were convertible into cash, shares of the Company’s common stock or a combination of cash and shares of the Company’s common stock, at the Company’s election, at an initial conversion rate of 86.0585 shares of common stock per \$1,000 principal amount of the Convertible Notes, which is equivalent to an initial conversion price of approximately \$11.62 per share of the Company’s common stock, subject to defined anti-dilution adjustments. The Company did not have the right to redeem the Convertible Notes prior to maturity. On September 27, 2017, the Company purchased \$60.0 million in aggregate principal amount of its existing \$115.0 million Convertible Notes pursuant to a cash tender offer at a purchase price equal to \$1,015 per \$1,000 principal amount of notes purchased, plus accrued and unpaid interest, using borrowings under the Credit Facility and cash on hand. All Convertible Notes purchased in the tender offer were retired, cancelled, and no longer outstanding under the indenture. The aggregate purchase price of the Convertible Notes was \$60.9 million, plus approximately \$0.1 million of reacquisition costs, for a total reacquisition price of \$61.0 million, excluding \$0.4 million of interest expense. The net carrying amount of the Convertible Notes purchased in the tender offer at the time of purchase was \$59.8 million, net of unamortized debt issuance costs and unamortized discount. As such, in accordance with ASC 470-50, Debt – Modifications and Extinguishments, the difference between the reacquisition price and the net carrying amount of the Convertible Notes was recorded as a \$1.3 million loss on extinguishment of debt. On February 15, 2018, the remaining Convertible Notes of \$55.0 million matured and the Company paid the principal and interest in cash.
- (3) On January 18, 2011, the Company closed a private placement issuance of \$158.0 million in aggregate principal amount of five-year, senior secured notes with a fixed interest rate of 6.50% and a maturity date of January 18, 2016, and \$17.0 million in aggregate principal amount of seven-year, senior secured notes with a fixed interest rate of 6.60% and a maturity date of January 18, 2018. The \$158.0 million five-year, senior secured notes matured on January 18, 2016 and were repaid using proceeds from the Company’s Credit Facility. On April 17, 2017, the Company redeemed the \$17.0 million aggregate principal amount of 6.60% senior secured notes due 2018, using proceeds from the Credit Facility. The notes were prepaid at 100% of the principal amount, plus accrued and unpaid interest through the prepayment date, as well as \$0.7 million make-whole premium.
- (4) On June 7, 2013, the Company entered into a Senior Secured Term Loan Credit Agreement (as amended, amended and restated, supplemented or otherwise modified from time to time, the “Term Loan”) which had an original principal amount of \$10.0 million and an initial interest rate applicable to borrowings of generally LIBOR plus an applicable margin of 3.75%. Under its most recent amendment, the Term Loan had a principal amount of \$15.0 million and a stated maturity date of March 27, 2019. The interest rate applicable to borrowings thereunder was generally LIBOR plus an applicable margin of 3.25%. On June 22, 2017, the Term Loan was repaid.
- (5) The asset coverage ratio for senior securities representing indebtedness is calculated as our consolidated total assets, less all consolidated liabilities and indebtedness not represented by senior securities, divided by senior securities representing indebtedness. This asset coverage ratio is multiplied by \$1,000 to determine the Asset Coverage Per Unit.
- (6) The amount to which such class of senior security would be entitled upon the involuntary liquidation of the issuer in preference to any security junior to it.
- (7) Not applicable, as senior securities are not registered for public trading.

## 12. Subsequent events

On February 28, 2023, the Company’s Board declared a dividend of \$0.10 per share, payable on April 6, 2023 to stockholders of record at the close of business on March 16, 2023.

The Company has reviewed subsequent events occurring through the date that these consolidated financial statements were available to be issued and determined that no subsequent events occurred requiring accrual or disclosure, except as disclosed above and elsewhere in these notes to consolidated financial statements.

## **Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

### **Item 9A. Controls and Procedures**

(a) **Evaluation of Disclosure Controls and Procedures.** The Company's management, with the participation of the Company's Interim Chief Executive Officer and Interim Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this report. Based upon such evaluation, the Company's Interim Chief Executive Officer and Interim Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of December 31, 2022, to provide assurance that information that is required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported, within the time periods specified by the SEC's rules and forms. Disclosure controls and procedures, include without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its Interim Chief Executive Officer and Interim Chief Financial Officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

(b) **Management's Report on Internal Control Over Financial Reporting.** The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act). Under the supervision and with the participation of management, including the Interim Chief Executive Officer and Interim Chief Financial Officer, the Company conducted an evaluation of the effectiveness of the Company's internal control over financial reporting based on the criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on the Company's evaluation under the framework in *Internal Control—Integrated Framework (2013)*, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2022.

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

(c) **Changes in Internal Control Over Financial Reporting.** There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during our most recently completed fiscal quarter, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

### **Item 9B. Other Information**

None.

### **Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

None.

### **PART III**

#### **Item 10. Directors, Executive Officers and Corporate Governance**

The information required by this item is contained in the Registrant's definitive Proxy Statement for its 2023 Annual Stockholders Meeting to be filed with the Securities and Exchange Commission within 120 days after December 31, 2022 and is incorporated herein by reference.

#### **Item 11. Executive Compensation**

The information required by this item is contained in the Registrant's definitive Proxy Statement for its 2023 Annual Stockholders Meeting to be filed with the Securities and Exchange Commission within 120 days after December 31, 2022 and is incorporated herein by reference.

#### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholders Matters**

The information required by this item is contained in the Registrant's definitive Proxy Statement for its 2023 Annual Stockholders Meeting to be filed with the Securities and Exchange Commission within 120 days after December 31, 2022 and is incorporated herein by reference.

#### **Item 13. Certain Relationships and Related Transactions, and Director Independence**

The information required by this item is contained in the Registrant's definitive Proxy Statement for its 2023 Annual Stockholders Meeting to be filed with the Securities and Exchange Commission within 120 days after December 31, 2022 and is incorporated herein by reference.

#### **Item 14. Principal Accountant Fees and Services**

The information required by this item is contained in the Registrant's definitive Proxy Statement for its 2023 Annual Stockholders Meeting to be filed with the Securities and Exchange Commission within 120 days after December 31, 2022 and is incorporated herein by reference.

## PART IV

### Item 15. Exhibits and Consolidated Financial Statement Schedules

#### a) Documents Filed as Part of this Report

The following reports and consolidated financial statements are set forth in Item 8:

| INDEX TO CONSOLIDATED FINANCIAL STATEMENTS  | <u>Page</u> |
|---|-------------|
| <a href="#">Report of Independent Registered Public Accounting Firm (PCAOB ID 34)</a> .....                                 | 77          |
| <a href="#">Consolidated Statements of Assets and Liabilities as of December 31, 2022 and December 31, 2021</a> .....       | 79          |
| <a href="#">Consolidated Statements of Operations for the years ended December 31, 2022, 2021 and 2020</a> .....            | 80          |
| <a href="#">Consolidated Statements of Changes in Net Assets for the years ended December 31, 2022, 2021 and 2020</a> ..... | 81          |
| <a href="#">Consolidated Statements of Cash Flows for the years ended December 31, 2022, 2021 and 2020</a> .....            | 82          |
| <a href="#">Consolidated Schedules of Investments as of December 31, 2022 and December 31, 2021</a> .....                   | 83          |
| <a href="#">Notes to Consolidated Financial Statements</a> .....  | 100         |

#### b) Exhibits

The following exhibits are filed as part of this report or hereby incorporated by reference to exhibits previously filed with the SEC:

|       |   |
|-------|---|
| 3.1   | <a href="#">Certificate of Incorporation of the Registrant (1)</a>  |
| 3.2   | <a href="#">Certificate of Amendment to the Certificate of Incorporation of the Registrant (2)</a>  |
| 3.3   | <a href="#">Amended and Restated By-laws of the Registrant (8)</a>  |
| 4.1   | <a href="#">Description of Capital Stock (9)</a>  |
| 4.2   | <a href="#">Form of Stock Certificate of the Registrant (3)</a>   |
| 10.1  | <a href="#">Second Amended and Restated Investment Management Agreement between the Registrant and BlackRock Capital Investment Advisors, LLC (10)</a>  |
| 10.2  | <a href="#">Administration Agreement between the Registrant and BlackRock Financial Management, Inc. (4)</a>  |
| 10.3  | <a href="#">Amended and Restated Dividend Reinvestment Plan (5)</a>   |
| 10.4  | <a href="#">Custodian Services Agreement between PFPC Trust Company and the Registrant (4)</a>  |
| 10.5  | <a href="#">Foreign Custody Manager Agreement among Citibank, N.A., PFPC Trust Company and the Registrant (3)</a>   |
| 10.6  | <a href="#">Sixth Amendment, dated as of April 23, 2021, by and among BlackRock Capital Investment Corporation, the subsidiary guarantors party thereto, the lender party thereto and Citibank, N.A., as administrative agent (7)</a> |
| 10.7  | <a href="#">Indenture dated as of June 13, 2017 between the Registrant as Issuer and Wilmington Trust, National Association as Trustee (6)</a>  |
| 10.8  | <a href="#">First Supplemental Indenture dated as of June 13, 2017 to the Indenture dated as of June 13, 2017 between the Registrant as Issuer and Wilmington Trust, National Association as Trustee (6)</a>                          |
| 10.9  | <a href="#">Transfer Agency and Service Agreement Among Each of the BlackRock Business Development Companies and Computershare Trust Company, N.A. and Computershare Inc. (10)</a>  |
| 10.10 | <a href="#">Master Note Purchase Agreement, dated April 21, 2022, by and among the Registrant and the Purchasers signatory thereto (11)</a>   |

|         |  |
|---------|--|
| 11      | <a href="#">Computation of Per Share Earnings (included in the notes to the financial statements contained in this report)</a>                                     |
| 14.1*   | <a href="#">Code of Ethics of the Registrant and the Advisor</a>   |
| 14.2*   | <a href="#">Code of Ethics and Business Conduct of the Registrant</a>  |
| 14.3*   | <a href="#">Code of Ethics for Chief Executive and Senior Financial Officers</a>   |
| 21.1*   | <a href="#">Subsidiaries of the Registrant</a>   |
| 23.1*   | <a href="#">Consent of Independent Registered Public Accounting Firm</a>   |
| 31.1*   | <a href="#">Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a> |
| 31.2*   | <a href="#">Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a> |
| 32*     | <a href="#">Certification of CEO and CFO Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>             |
| 101.INS | Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document. |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document   |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document  |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document   |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document  |
| 104     | Cover Page Interactive Data File (embedded within the Inline XBRL document)  |

\* Filed herewith

- (1) Previously filed with the Registrant's Registration Statement on Form 10 (Commission File No. 000-51327), as amended, originally filed on May 24, 2005.
- (2) Previously filed with the Registrant's Form 8-K dated as of March 9, 2015.
- (3) Previously filed with the Registrant's pre-effective Amendment No. 2 to the Registration Statement on Form N-2 (Commission File No. 333-141090), filed on June 14, 2007.
- (4) Previously filed with the Registrant's Form 10-K dated as of December 31, 2005.
- (5) Previously filed with the Registrant's Form 8-K dated as of May 15, 2020.
- (6) Previously filed with the Registrant's Form 8-K dated as of June 13, 2017.
- (7) Previously filed with the Registrant's Form 8-K dated as of April 29, 2021.
- (8) Previously filed with the Registrant's Form 8-K dated as of April 30, 2018.
- (9) Previously filed with the Registrant's Form 10-Q for the period ended March 31, 2020.
- (10) Previously filed with the Registrant's Form 10-K for the year ended December 31, 2020.
- (11) Previously filed with the Registrant's Form 8-K dated as of April 22, 2022.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

BLACKROCK CAPITAL INVESTMENT CORPORATION

Date: March 1, 2023

By: /s/ JAMES E. KEENAN

**James E. Keenan**  
**Interim Chief Executive Officer**

Each of the officers and directors of BlackRock Capital Investment Corporation whose signature appears below, in so signing, also makes, constitutes and appoints each of James E. Keenan and Chip Holladay, or either of them, each acting alone, his true and lawful attorneys-in-fact, with full power and substitution, for him in any and all capacities, to execute and cause to be filed with the Securities and Exchange Commission any and all amendments to the Annual Report on Form 10-K, with exhibits thereto and other documents connected therewith and to perform any acts necessary to be done in order to file such documents, and hereby ratifies and confirms all that said attorneys-in-fact or their substitute or substitutes may do or cause to be done by virtue hereof.

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

| <u>SIGNATURE</u>   | <u>TITLE</u>  | <u>DATE</u>   |
|--|---|---------------|
| <u>/s/</u><br><u>JAMES E. KEENAN</u><br><b>James E. Keenan</b>     | Interim Chief Executive Officer<br>(principal executive officer) and Chairman of the Board of Directors | March 1, 2023 |
| <u>/s/</u><br><u>NIK SINGHAL</u><br><b>Nik Singhal</b>             | President   | March 1, 2023 |
| <u>/s/</u><br><u>CHIP HOLLADAY</u><br><b>Chip Holladay</b>         | Interim Chief Financial Officer and Treasurer<br>(principal financial and accounting officer)           | March 1, 2023 |
| <u>/s/</u><br><u>JOHN R. BARON</u><br><b>John R. Baron</b>         | Director  | March 1, 2023 |
| <u>/s/</u><br><u>JERROLD B. HARRIS</u><br><b>Jerrold B. Harris</b> | Director  | March 1, 2023 |
| <u>/s/</u><br><u>WILLIAM E. MAYER</u><br><b>William E. Mayer</b>   | Director  | March 1, 2023 |
| <u>/s/</u><br><u>MERIDEE A. MOORE</u><br><b>Meridee A. Moore</b>   | Director  | March 1, 2023 |
| <u>/s/</u><br><u>MAUREEN K. USIFER</u><br><b>Maureen K. Usifer</b> | Director  | March 1, 2023 |