



# 2022 Q1 Earnings Presentation

May 11, 2022

## **Cautionary Statement Regarding Forward-Looking Statements**

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

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

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

## Q1 2022 Highlights

- **Net asset value (“NAV”)** for the first quarter of 2022 remained relatively flat at \$278.3 million (\$28.76 per share<sup>(1)</sup>) as compared to \$280.1 million (\$28.88 per share) in the fourth quarter of 2021, despite pervasive market volatility and other macro-economic and political factors.
- **Total investment income** the first quarter of 2022 was \$16.9 million, of which \$13.0 million was attributable to interest income from the debt securities portfolio.
- **Core investment income**<sup>(2)</sup> for the first quarter of 2022, excluding the impact of purchase price accounting, was \$15.1 million.
- **Net investment income (“NII”)** for the first quarter of 2022 was \$7.9 million (\$0.82 per share).
- **Fair value of investments** totaled \$568.0 million as of March 31, 2022; when excluding CLO Funds, Joint Ventures and short-term investments, these investments are spread across 30 different industries and 116 entities with an average par balance per entity of approximately \$3.3 million.
- **Non-accruals on debt investments** as of March 31, 2022, were reduced to six from seven investments as of December 31, 2021.
- **Par value of outstanding borrowings** as of March 31, 2022 was \$352.4 million with an asset coverage ratio of total assets to total borrowings of 180%. On a net basis, leverage as of March 31, 2022 was 0.97x.<sup>(3)</sup>
- **Shares repurchased** under the Company’s Renewed Stock Repurchase program during the quarter were 22,990 for an aggregate cost of approximately \$545 thousand.

(1) NAV per share as determined in accordance with U.S. generally accepted accounting principles, or U.S. GAAP, was decreased 5 cents per share due to the impact of a one-time quarterly tax provision.

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

(3) Net leverage is calculated as the ratio between (A) debt, excluding unamortized debt issuance costs, less available cash and cash equivalents, and restricted cash and (B) NAV. Portman Ridge believes presenting a net leverage ratio is useful and appropriate supplemental disclosure because it reflects the Company’s financial condition net of \$83.6 million of cash and cash equivalents. However, the net leverage ratio is a non-U.S. GAAP measure and should not be considered as a replacement for the regulatory asset coverage ratio and other similar information presented in accordance with U.S. GAAP. Instead, the net leverage ratio should be reviewed only in connection with such U.S. GAAP measures in analyzing Portman Ridge’s financial condition.

<b>(\$ in thousands)</b>	<b>Q1 2022</b>
<b>Core investment income</b>	<b>\$15,132</b>
<b>Expenses:</b>	
Management fees	2,135
Performance-based incentive fees	1,678
Interest and amortization of debt issuance costs	3,344
Professional fees	845
Administrative services expense	847
Other general and administrative expenses	187
<b>Total expenses</b>	<b>\$9,036</b>
<b>Core net investment income</b>	<b>\$6,096</b>
Net realized gain (loss) on investments	(5,553)
Net unrealized gain (loss) on investments	2,143
Tax (provision) benefit on realized and unrealized gains (losses) on investme	(440)
<b>Net increase/(decrease) in Core net assets resulting from operations</b>	<b>\$2,246</b>
<b>Per Share</b>	<b>Q1 2022</b>
Core Net Investment Income	\$0.63
Net Realized and Unrealized Gain / (Loss)	(\$0.35)
Net Core Earnings	\$0.23
Distributions declared	\$0.63
Net Asset Value	\$28.76

(\$ in '000s except per share)	Q1 2022
<b>Interest Income:</b>	
Non-controlled/non-affiliated investments	12,667
Non-controlled affiliated investments	591
<b>Total interest income</b>	<b>13,258</b>
<b>Payment-in-kind income:</b>	
Non-controlled/non-affiliated investments	1,126
Non-controlled affiliated investments	256
<b>Total payment-in-kind income</b>	<b>1,382</b>
<b>Dividend income:</b>	
Non-controlled affiliated investments	945
Controlled affiliated investments	1,163
<b>Total dividend income</b>	<b>2,108</b>
Fees and other income	196
<b>Reported Investment Income</b>	<b>\$16,944</b>
Less: Purchase discount accounting	(1,812)
<b>Core Investment Income</b>	<b>\$15,132</b>
<b><u>Reported</u></b>	
Net Investment Income	\$7,908
<i>NII Per Share</i>	<i>\$0.82</i>
<b><u>Core</u></b>	
Net Investment Income	\$6,096
<i>NII Per Share</i>	<i>\$0.63</i>

(\$ in '000s)	Q1 2022
NAV, Beginning of Period	\$280,122
Realized Gains (Losses) from Investments	(5,553)
Unrealized Gains (Losses)	2,143
Net Investment Income	7,908
Net Decrease in Assets Resulting from Distributions	(6,111)
Tax (provision) benefit on realized and unrealized (gains) losses on investments	(440)
Private Placement and other	439
Share Repurchase	(545)
Distribution Reinvestment Plan	338
<b>NAV, End of Period</b>	<b>\$278,301</b>

Leverage and Asset Coverage	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Debt / Equity	1.4x	1.4x	1.3x	1.3x	1.3x
Asset Coverage	170%	171%	178%	178%	180%

### Cash and Cash Equivalents

- Unrestricted cash and cash equivalents totaled **\$20.5 million** at March 31, 2022
- Restricted cash of **\$63.1 million** at March 31, 2022

### Debt Summary

- As of March 31, 2022, par value of outstanding borrowings was \$352.4 million; there was \$34.4 million of available borrowing capacity under the Senior Secured Revolving Credit Facility and \$25.0 million of borrowing capacity under the 2018-2 Revolving Credit Facility.
- On April 29, 2022, the Company refinanced its Revolving Credit Facility with JP Morgan Chase as administrative agent. The amended agreement places three-month SOFR as the benchmark interest rate and reduces the applicable margin to 2.80% per annum from 2.85% per annum. Other amendments include the extension of the reinvestment period and scheduled termination date to April 29, 2025 and April 29, 2026, respectively.

(\$ in '000s)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
<b>Portfolio Sourcing (at Fair Value):</b>					
BC Partners	\$ 160,533	\$ 184,525	\$ 245,112	\$ 264,642	\$ 303,378
Legacy KCAP	\$ 100,867	\$ 92,795	\$ 92,746	\$ 78,221	\$ 68,378
Legacy OHAI	\$ 21,889	\$ 17,040	\$ 16,980	\$ 16,163	\$ 9,894
Legacy GARS	\$ 191,159	\$ 172,234	\$ 159,699	\$ 131,897	\$ 124,048
Legacy HCAP <sup>(3)</sup>	n/a	\$ 53,573	\$ 47,644	\$ 59,062	\$ 62,289
<b>Portfolio Summary:</b>					
Total portfolio, at fair value	\$ 474,447	\$ 520,168	\$ 562,181	\$ 549,985	\$ 567,988
Total number of debt portfolio companies / Total number of investments <sup>(4)</sup>	103/166	105/182	101/184	92 / 181	95 / 186
Weighted Avg EBITDA of debt portfolio companies	\$84,247	\$69,291	\$92,565	\$77,003	\$95,546
Average size of debt portfolio company investment, at fair value	\$2,765	\$2,914	\$3,138	\$3,065	\$3,082
Weighted avg first lien / total leverage ratio (net) of debt portfolio	4.1x / 4.9x	4.2x / 4.9x	4.5x / 5.3x	4.7x / 5.4 x	4.8x / 5.3x
<b>Portfolio Yields and Spreads:</b>					
Weighted average yield on debt investments at par value <sup>(5)</sup>	7.4%	8.2%	8.1%	8.3%	8.0%
Average Spread to LIBOR	658 bps	744 bps	725 bps	748 bps	727 bps
<b>Portfolio Activity:</b>					
Beginning balance	\$487,737	\$474,447	\$520,168	\$562,181	\$549,985
Purchases / draws	57,470	115,828	98,362	99,141	63,964
Exits / repayments / amortization	(80,334)	(78,963)	(64,793)	(109,351)	(47,346)
Gains / (losses) / accretion	9,575	8,637	8,444	1,986	1,385
<b>Ending Balance</b>	<b>\$ 474,447</b>	<b>\$ 520,168</b>	<b>\$ 562,181</b>	<b>\$ 549,985</b>	<b>\$ 567,988</b>

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



- As of March 31, 2022, 6 of the Company's debt investments were on non-accrual status and represented 0.2% and 1.9% of the Company's investment portfolio at fair value and amortized cost, respectively

(\$ in '000s)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
<b>Investments Credit Quality – Internal Rating <sup>(1)</sup></b>					
Performing	95.1%	95.0%	94.2%	93.6%	94.5%
Underperforming	4.9%	5.0%	5.8%	6.4%	5.5%
<b>Investments on Non-Accrual Status</b>					
Number of Non-Accrual Investments	7	8	6	7	6
Non-Accrual Investments at Cost	\$11,918	\$17,015	\$15,284	\$16,730	\$11,730
Non-Accrual Investments as a % of Total Cost	2.3%	3.3%	2.5%	2.8%	1.9%
Non-Accrual Investments at Fair Value	\$3,263	\$7,601	\$4,980	\$2,900	\$1,039
Non-Accrual Investments as a % of Total Fair Value	0.7%	1.5%	0.9%	0.5%	0.2%

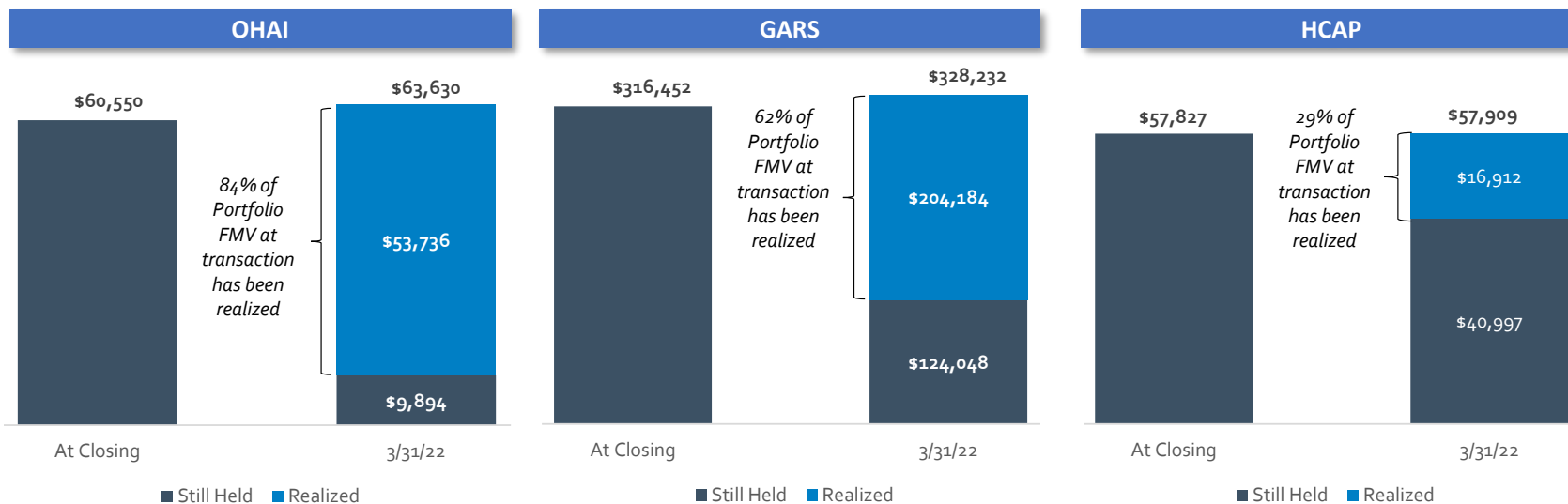
(1) Based on FMV.

Investment Portfolio (\$ in '000s)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Senior Secured Loan	\$322,363	\$351,699	\$380,961	\$364,701	\$395,062
Junior Secured Loan	64,640	67,905	74,076	70,549	60,976
Senior Unsecured Bond	42	43	43	43	43
Equity Securities	14,651	22,387	22,299	22,586	22,633
CLO Fund Securities	16,021	17,064	17,174	31,632	29,057
Joint Ventures	56,731	61,070	67,629	60,474	60,217
<b>Ending Balance</b>	<b>\$474,447</b>	<b>\$520,168</b>	<b>\$562,181</b>	<b>\$549,985</b>	<b>\$567,988</b>

Investment Portfolio (% of total)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Senior Secured Loan	67.9%	67.6%	67.8%	66.0%	69.6%
Junior Secured Loan	13.6%	13.1%	13.2%	13.0%	10.7%
Senior Secured Bond	0.0%	0.0%	0.0%	0.0%	0.0%
Equity Securities	3.1%	4.3%	4.0%	4.0%	4.0%
CLO Fund Securities	3.4%	3.3%	3.1%	6.0%	5.1%
Joint Ventures	12.0%	11.7%	12.0%	11.0%	10.6%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

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

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

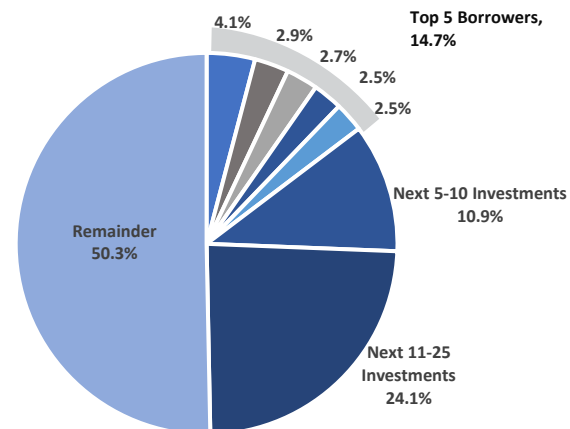


# Appendix

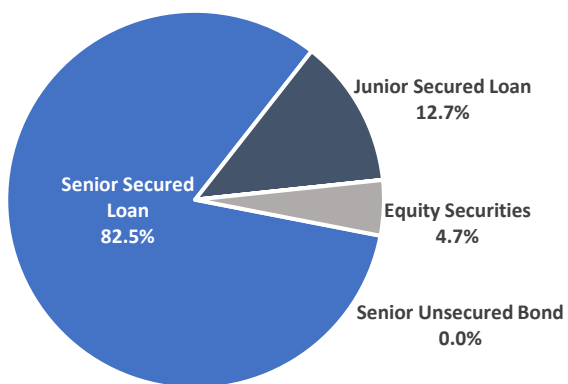
## Diversified Portfolio of Assets

- 116 Debt + Equity Portfolio Investee Companies
- \$3.3mm / 1% Average Debt Position Size
- U.S Centric Investments: Nearly 100% US-Based Companies
- Focus on Non-Cyclical Industries with High FCF Generation
- Credit quality has been stable to improving during the rotation period

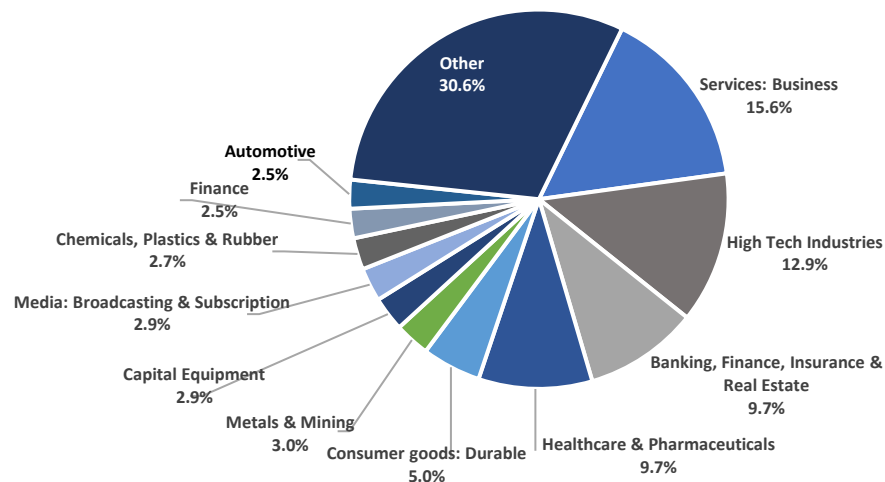
## Diversification by Borrower<sup>(2)</sup>



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



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



(1) As of March 31, 2022. Figures shown do not include short term investments, CLO holdings, F3C JV or Great Lakes JV portfolio companies, and derivatives.

(2) Shown as % of debt and equity investments at fair market value.

(in thousands, except share and per share amounts)	March 31, 2022 (Unaudited)	December 31, 2021
<b>ASSETS</b>		
Investments at fair value:		
Non-controlled/non-affiliated investments (amortized cost: 2022 - \$490,597; 2021 - \$479,153)	\$ 464,754	\$ 452,482
Non-controlled affiliated investments (amortized cost: 2022 - \$74,951; 2021 - \$74,082)	75,129	74,142
Controlled affiliated investments (cost: 2022 - \$58,142; 2021 - \$52,130)	28,128	23,361
Total Investments at Fair Value (cost: 2022 - \$623,690; 2021 - \$605,365)	568,011	549,985
Cash and cash equivalents	20,524	28,919
Restricted cash	63,094	39,421
Interest receivable	3,119	5,514
Receivable for unsettled trades	2,153	20,193
Due from affiliates	592	507
Other assets	3,365	3,762
<b>Total Assets</b>	<b>\$ 660,858</b>	<b>\$ 648,301</b>
<b>LIABILITIES</b>		
2018-2 Secured Notes (net of discount of: 2022 - \$1,358; 2021 - \$1,403)	162,504	162,460
4.875% Notes Due 2026 (net of discount of: 2022 - \$2,046; 2021 - \$2,157; net of deferred financing costs of: 2022 - \$977; 2021 - \$951)	104,977	104,892
Great Lakes Portman Ridge Funding LLC Revolving Credit Facility (net of deferred financing costs of: 2022 - \$640; 2021 - \$732)	79,930	79,839
Derivative liabilities (cost: 2021 - \$31)	-	2,412
Payable for unsettled trades	21,622	5,397
Accounts payable, accrued expenses and other liabilities	5,101	4,819
Accrued interest payable	3,325	2,020
Due to affiliates	1,286	1,799
Management and incentive fees payable	3,812	4,541
<b>Total Liabilities</b>	<b>382,557</b>	<b>368,179</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>NET ASSETS</b>		
Common stock, par value \$0.01 per share, 20,000,000 common shares authorized; 9,867,998 issued, and 9,676,705 outstanding at March 31, 2022, and 9,867,998 issued, and 9,699,695 outstanding at December 31, 2021	97	97
Capital in excess of par value	733,327	733,095
Total distributable (loss) earnings	(455,123)	(453,070)
<b>Total Net Assets</b>	<b>278,301</b>	<b>280,122</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 660,858</b>	<b>\$ 648,301</b>
NET ASSET VALUE PER COMMON SHARE <sup>(1)</sup>	\$ 28.76	\$ 28.88

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

# Income Statement (Unaudited)

(in thousands, except share and per share amounts)	For the Three Months Ended March 31,	
	2022	2021
<b>INVESTMENT INCOME</b>		
Interest income:		
Non-controlled/non-affiliated investments	\$ 12,667	\$ 14,470
Non-controlled affiliated investments	591	233
Total interest income	13,258	14,703
Payment-in-kind income:		
Non-controlled/non-affiliated investments	1,126	1,132
Non-controlled affiliated investments	256	-
Total payment-in-kind income	1,382	1,132
Dividend income:		
Non-controlled affiliated investments	945	814
Controlled affiliated investments	1,163	1,226
Total dividend income	2,108	2,040
Fees and other income	196	430
Total investment income	16,944	18,305
<b>EXPENSES</b>		
Management fees	2,135	1,793
Performance-based incentive fees	1,678	2,094
Interest and amortization of debt issuance costs	3,344	3,380
Professional fees	845	1,494
Administrative services expense	847	613
Other general and administrative expenses	187	718
Total expenses	9,036	10,092
<b>NET INVESTMENT INCOME</b>	7,908	8,213
<b>REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS</b>		
Net realized gains (losses) from investment transactions:		
Non-controlled/non-affiliated investments	(3,670)	(5,195)
Non-controlled affiliated investments	212	109
Derivatives	(2,095)	-
Net realized gain (loss) on investments	(5,553)	(5,086)
Net change in unrealized appreciation (depreciation) on:		
Non-controlled/non-affiliated investments	829	6,263
Non-controlled affiliated investments	117	331
Controlled affiliated investments	(1,245)	625
Derivatives	2,442	(474)
Net unrealized gain (loss) on investments	2,143	6,745
Tax (provision) benefit on realized and unrealized gains (losses) on investments	(440)	-
Net realized and unrealized appreciation (depreciation) on investments, net of taxes	(3,850)	1,659
Realized gains (losses) on extinguishments of debt	-	(1,835)
<b>NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS</b>	\$ 4,058	\$ 8,037
Net Increase (Decrease) In Stockholders' Equity Resulting from Operations per Common		
Basic and Diluted:	\$ 0.42	\$ 1.07
Net Investment Income Per Common Share <sup>(1)</sup> :		
Basic and Diluted:	\$ 0.82	\$ 1.09
Weighted Average Shares of Common Stock Outstanding—Basic and Diluted <sup>(1)</sup>	9,698,099	7,517,453

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

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

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