

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

---

**FORM 10-Q**

---

(Mark One)

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

For the quarterly period ended September 30, 2023

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: 814-01154

---

**AUDAX CREDIT BDC INC.**  
(Exact name of registrant as specified in its charter)

---

**DELAWARE**  
(State or other jurisdiction of  
incorporation or organization)

**47-3039124**  
(I.R.S. Employer  
Identification No.)

**101 HUNTINGTON AVENUE  
BOSTON, MASSACHUSETTS**  
(Address of principal executive office)

**02199**  
(Zip Code)

**(617) 859-1500**  
(Registrant's telephone number, including area code)

**Not Applicable**  
(Former name, former address and former fiscal year, if changed since last report)

---

Securities registered pursuant to Section 12(b) of the Act:  
None.

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 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 12 b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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

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

The registrant had 44,518,983 shares of common stock, par value \$0.001 per share, outstanding as of November 13, 2023.

**AUDAX CREDIT BDC INC.**  
**TABLE OF CONTENTS**

**PART I. FINANCIAL INFORMATION:**

**Item 1. Financial Statements**

Statements of Assets and Liabilities as of September 30, 2023 (unaudited) and December 31, 2022	2
Statements of Operations for the three and nine months ended September 30, 2023 (unaudited) and 2022 (unaudited)	3
Statements of Changes in Net Assets for the three and nine months ended September 30, 2023 (unaudited) and 2022 (unaudited)	4
Statements of Cash Flows for the three and nine months ended September 30, 2023 (unaudited) and 2022 (unaudited)	5
Schedules of Investments as of September 30, 2023 (unaudited) and December 31, 2022	6
Notes to Financial Statements (unaudited)	15

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

Overview	36
Results of Operations	38
Financial Condition, Liquidity and Capital Resources	40

**Item 3. Quantitative and Qualitative Disclosures About Market Risk** 46

**Item 4. Controls and Procedures** 47

**PART II. OTHER INFORMATION:**

**Item 1. Legal Proceedings** 48

**Item 1A. Risk Factors** 48

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds** 49

**Item 3. Defaults Upon Senior Securities** 49

**Item 4. Mine Safety Disclosures** 49

**Item 5. Other Information** 49

**Item 6. Exhibits** 49

**SIGNATURES** 50

**Audax Credit BDC Inc.**  
**Statements of Assets and Liabilities**  
**September 30, 2023 and December 31, 2022**  
**(Expressed in U.S. Dollars)**

	<u>September 30, 2023</u> <u>(unaudited)</u>	<u>December 31, 2022</u>
<b>Assets</b>		
Investments, at fair value		
Non-Control/Non-Affiliate investments (Cost of \$398,962,118 and \$427,700,856, respectively)	\$ 391,223,496	\$ 420,828,658
Cash and cash equivalents	29,252,094	15,923,163
Interest receivable	2,421,293	2,421,871
Receivable from investments sold	-	4,415,431
Receivable from bank loan repayment	27,421	61,072
Other assets	56,250	-
<b>Total Assets</b>	<u>\$ 422,980,554</u>	<u>\$ 443,650,195</u>
<b>Liabilities</b>		
Payable for short-term borrowings <sup>(a)</sup>	\$ -	\$ 13,178,611
Payable for investments purchased	2,241,489	-
Fees due to investment advisor, net of waivers <sup>(b)</sup>	1,259,114	1,137,309
Fee due to administrator <sup>(b)</sup>	66,250	66,250
Accrued expenses and other liabilities	526,851	790,347
<b>Total Liabilities</b>	<u>\$ 4,093,704</u>	<u>\$ 15,172,517</u>
Commitments and contingencies <sup>(c)</sup>		
<b>Net Assets</b>		
Common stock, \$0.001 par value per share, 100,000,000 shares authorized, 44,518,983 and 46,376,461 shares issued and outstanding, respectively	\$ 44,519	\$ 46,376
Capital in excess of par value	420,442,145	437,955,965
Total distributable loss	(1,599,814)	(9,524,663)
<b>Total Net Assets</b>	<u>\$ 418,886,850</u>	<u>\$ 428,477,678</u>
<b>Net Asset Value per Share of Common Stock at End of Period</b>	\$ 9.41	\$ 9.24
Shares Outstanding	44,518,983	46,376,461

(a) Refer to Note 8-*Borrowings* for additional information.

(b) Refer to Note 4-*Related Party Transactions* for additional information.

(c) Refer to Note 9-*Commitments and Contingencies* for additional information.

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

**Audax Credit BDC Inc.**  
**Statements of Operations**  
**(Expressed in U.S. Dollars)**  
**(unaudited)**

	<b>Three Months Ended</b> <b>September 30, 2023</b>	<b>Three Months Ended</b> <b>September 30, 2022</b>	<b>Nine Months Ended</b> <b>September 30, 2023</b>	<b>Nine Months Ended</b> <b>September 30, 2022</b>
<b>Investment Income</b>				
Interest income				
Non-Control/Non-Affiliate	\$ 10,798,191	\$ 8,067,475	\$ 31,370,065	\$ 19,519,603
Other	87,639	10,850	213,217	11,630
Total interest income	10,885,830	8,078,325	31,583,282	19,531,233
Other income				
Non-Control/Non-Affiliate	121,841	196,474	193,094	374,849
Total income	11,007,671	8,274,799	31,776,376	19,906,082
<b>Expenses</b>				
Base management fee <sup>(a)</sup>	\$ 1,022,684	\$ 1,174,798	\$ 3,215,515	\$ 3,295,451
Incentive fee <sup>(a)</sup>	1,487,402	1,027,544	4,234,793	2,201,758
Interest expense <sup>(b)</sup>	27,390	322,175	446,070	458,976
Professional fees	190,921	134,052	402,827	426,588
Directors' fees	63,750	60,000	191,250	180,000
Administrative fee <sup>(a)</sup>	66,250	66,250	198,750	198,750
Other expenses	79,267	79,077	217,501	236,011
Expenses before waivers from investment adviser and administrator	2,937,664	2,863,896	8,906,706	6,997,534
Base management fee waivers <sup>(a)</sup>	(357,939)	(411,179)	(1,125,430)	(1,153,408)
Incentive fee waivers <sup>(a)</sup>	(893,033)	(771,274)	(2,671,096)	(1,809,582)
Total expenses, net of waivers	1,686,692	1,681,443	5,110,180	4,034,544
<b>Net Investment Income</b>	<b>9,320,979</b>	<b>6,593,356</b>	<b>26,666,196</b>	<b>15,871,538</b>
<b>Realized and Unrealized (Loss) Gain on Investments</b>				
Net realized (loss) gain on investments	(22,470)	93,515	(179,719)	431,080
Net change in unrealized appreciation (depreciation) on investments	934,462	71,842	(866,424)	(4,599,524)
Net realized and unrealized gain (loss) on investments	911,992	165,357	(1,046,143)	(4,168,444)
<b>Net Increase in Net Assets Resulting from Operations</b>	<b>\$ 10,232,971</b>	<b>\$ 6,758,713</b>	<b>\$ 25,620,053</b>	<b>\$ 11,703,094</b>
<b>Basic and Diluted per Share of Common Stock:</b>				
Net investment income	\$ 0.21	\$ 0.14	\$ 0.60	\$ 0.36
Net increase in net assets resulting from operations	\$ 0.23	\$ 0.15	\$ 0.57	\$ 0.26
Weighted average shares of common stock outstanding basic and diluted	45,150,215	45,789,768	44,710,583	44,439,981

<sup>(a)</sup> Refer to Note 4-Related Party Transactions for additional information

<sup>(b)</sup> Refer to Note 8-Borrowings for additional information.

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

**Audax Credit BDC Inc.**  
**Statements of Changes in Net Assets**  
**(Expressed in U.S. Dollars)**  
**(unaudited)**

---

	<b>Nine Months Ended September 30, 2023</b>	<b>Nine Months Ended September 30, 2022</b>
<b>Operations</b>		
Net investment income	\$ 26,666,196	\$ 15,871,538
Net realized (loss) gain on investments	(179,719)	431,080
Net change in unrealized depreciation on investments	(866,424)	(4,599,524)
Net increase in net assets resulting from operations	<u>25,620,053</u>	<u>11,703,094</u>
<b>Distributions:</b>		
Distributions of ordinary income to common stockholders <sup>(a)</sup>	<u>(17,695,204)</u>	<u>(8,739,352)</u>
Total distributions	<u>(17,695,204)</u>	<u>(8,739,352)</u>
<b>Capital Share Transactions:</b>		
Issuance of common stock	30,000,000	85,000,000
Repurchases of common stock	(47,515,735)	(35,000,000)
Reinvestment of common stock	<u>58</u>	<u>27</u>
Net (decrease) increase in net assets from capital share transactions	(17,515,677)	50,000,027
<b>Net (Decrease) Increase in Net Assets</b>	(9,590,828)	52,963,769
<b>Net Assets, Beginning of Period</b>	<u>428,477,678</u>	<u>373,947,334</u>
<b>Net Assets, End of Period</b>	<u>\$ 418,886,850</u>	<u>\$ 426,911,103</u>

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

**Audax Credit BDC Inc.**  
**Statements of Cash Flows**  
**(Expressed in U.S. Dollars)**  
**(unaudited)**

	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
<b>Cash flows from operating activities:</b>		
Net increase in net assets resulting from operations	\$ 25,620,053	\$ 11,703,094
Adjustments to reconcile net increase in net assets from operations to net cash provided by (used in) operating activities:		
Net realized loss (gain) on investments	179,719	(431,080)
Net change in unrealized depreciation on investments	866,424	4,599,524
Accretion of original issue discount interest and payment-in-kind interest	(693,623)	(712,849)
Decrease in receivable from investments sold	4,415,431	-
Decrease (increase) in interest receivable	578	(914,370)
Decrease increase in receivable from bank loan repayment	33,651	(78,181)
Increase in other assets	(56,250)	(52,500)
(Decrease) increase in accrued expenses and other liabilities	(263,496)	287,675
Increase in fee due to administrator <sup>(a)</sup>	-	66,250
Increase in fees due to investment advisor <sup>(a)</sup>	121,805	1,176,273
Increase (decrease) in payable for investments purchased	2,241,489	(37,263,085)
Investment activity:		
Investments purchased	(42,408,257)	(94,344,641)
Proceeds from investments sold	34,263,233	4,047,932
Repayment of bank loans	37,397,666	52,253,887
Total investment activity	29,252,642	(38,042,822)
Net cash provided by (used in) operating activities	61,718,423	(59,662,071)
<b>Cash flows from financing activities:</b>		
Issuance of shares of common stock	30,000,000	85,000,000
Repurchases of shares of common stock	(47,515,735)	(35,000,000)
Short-term borrowings <sup>(b)</sup>	-	18,681,667
Distributions paid to common stockholders	(17,695,146)	(8,739,325)
Repayments of short-term borrowings <sup>(b)</sup>	(13,178,611)	-
Net cash (used in) provided by financing activities	(48,389,492)	59,942,342
Net increase in cash and cash equivalents	13,328,931	280,271
<b>Cash and cash equivalents:</b>		
Cash and cash equivalents, beginning of period	15,923,163	11,058,796
Cash and cash equivalents, end of period	\$ 29,252,094	\$ 11,339,067
<b>Supplemental cash flow information</b>		
Interest paid on short-term financing	\$ 578,108	\$ 261,872
<b>Supplemental non-cash information</b>		
Issuance of common shares in connection with dividend reinvestment plan	\$ 58	\$ 27
Payment-in-kind ("PIK") interest income	\$ 157,370	\$ 211,758

<sup>(a)</sup> Refer to Note 4-*Related Party Transactions* for additional information

<sup>(b)</sup> Refer to Note 8-*Borrowings* for additional information.

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









# Audax Credit BDC Inc.

## Schedule of Investments (Continued)

### As of September 30, 2023

#### (Expressed in U.S. Dollars)

#### (unaudited)

Portfolio Investments (a) (b) (c) (d) (e) (f)	Footnote Reference	Investment Type	Index (%)	Spread	Interest Rate	Acquisition Date	Maturity Date	PurShares	Amortized Cost	Market Value
<b>EQUITY AND PREFERRED SHARES, NON-CONTROL/NON-AFFILIATE INVESTMENTS - (1.2%) (g)</b>										
<b>(h)</b>										
<i>Healthcare &amp; Pharmaceuticals</i>										
Mads - Assembly	(j) (p) (q)	Class A Units				5/3/2023		\$ 217	\$ 217,391	\$ 253,516
OrthoNebraska	(j) (p) (r)	Class A Units				7/31/2023		24,245	242,452	242,452
InterMed	(j) (p) (s)	Class A Units				12/22/2022		2,484	248,380	200,052
RevHealth	(j) (p) (t)	Class A-1 Units				7/22/2022		20,548	205,479	172,002
Ivy Rehab	(p) (u)	Class A Units				3/11/2022		100	100,000	106,777
<i>Services: Business</i>										
InnovateMR	(j) (p) (v)	Class A Units				12/16/2021		387	387,311	470,817
Industrial Services Group	(j) (p) (w)	Class A Units				12/7/2022		238	238,095	231,287
Liberty Group	(j) (p) (x)	Series A Preferred Units				6/6/2022		113,636	113,636	158,867
VC3	(j) (p) (y)	Class A Units				9/16/2022		9,617	38,423	34,101
<i>High Tech Industries</i>										
PracticeTek	(j) (p) (z)	Class A Units				11/22/2021		615,631	648,053	674,090
Golden Source	(j) (p) (aa)	Class A Units				3/25/2022		117,371	117,371	205,629
<i>Services: Consumer</i>										
GMI Supply	(j) (p) (ab)	Class A Units				6/30/2023		272,422	272,422	272,422
Ned Stevens 2022-2	(j) (p) (ac)	Class B Common Units				11/1/2022		261	261,438	233,196
<i>Beverage, Food &amp; Tobacco</i>										
Hisho Sushi	(j) (p) (ad)	Class A Units				4/7/2022		25,000	250,000	426,164
<i>Environmental Industries</i>										
Alliance Environmental Group	(j) (p) (ae)	A-1 Preferred Units				9/30/2019		331	331,126	283,916
Vortex	(j) (p) (af)	LP Common Units				9/1/2023		127	126,506	126,506
<i>Construction &amp; Building</i>										
A1 Garage Door Service	(j) (p) (ag)	Class A Common Units				12/22/2022		273	272,727	360,322
<i>Chemicals, Plastics &amp; Rubber</i>										
Vetteks	(p) (ah)	Series A Units				12/22/2020		1,651	165,138	293,094
<i>Automotive</i>										
Engine & Transmission Exchange	(j) (p) (ai)	Class A-1 Units				5/26/2023		211,268	211,268	240,885
<i>Banking, Finance, Insurance &amp; Real Estate</i>										
Cherry Bekaert	(j) (p) (aj)	Class A Units				6/30/2022		129,870	129,870	202,820
Beta+	(p) (ak)	Class A-2 Common Stock				9/15/2023		2,470	24,700	24,700
<i>Media: Advertising, Printing &amp; Publishing</i>										
MediaRadar	(j) (p) (al)	Class A-1 Units				9/16/2022		74,074	74,074	50,411
<i>Total Equity and Preferred Shares</i>									\$ 4,675,860	\$ 5,264,926
<b>Total Portfolio Investments (am)</b>									<b>\$ 398,962,118</b>	<b>\$ 391,223,496</b>

(\*) The majority of the investments bear interest at a rate that may be determined by reference to the London Interbank Offered Rate ("LIBOR" or "L") or Secured Overnight Financing Rate ("SOFR" or "S").

(a) All companies are located in the United States of America, unless otherwise noted.  
(b) Interest rate percentages represent actual interest rates as of September 30, 2023, which are indexed to the noted reference rate. The referenced rates are subject to interest floors which can vary based on contractual agreements with the borrower.

(c) All loans are income-producing, unless otherwise noted.

(d) All investments are qualifying assets under Section 55(a) of the Investment Company Act of 1940, as amended (the "1940 Act") unless otherwise noted.

(e) All investments are exempt from registration under the Securities Act of 1933 (the "Securities Act"), and may be deemed to be "restricted securities" under the Securities Act.  
(f) Unless indicated otherwise, all of our investments are valued using Level 3 inputs within the FASB Accounting Standard Codification ("ASC") Topic 820, "Fair Value Measurements and Disclosures" ("ASC 820") fair value hierarchy. Refer to Note 3 - Investments in the accompanying Notes to Financial Statements for additional information.

(g) Percentages are calculated using fair value of investments over net assets.

(h) As defined in 1940 Act, the Company is not deemed to be an "Affiliated Person" or "Control" of this portfolio company because it neither owns 5% or more of the portfolio company's outstanding voting securities nor has the power to exercise control over the management or policies of such portfolio company (including through a management agreement).

(i) The negative cost, if applicable, is the result of the capitalized discount being greater than the principal amount outstanding on the unfunded loan commitment.

(j) Three of our affiliated funds, Audax Direct Lending Solutions Fund - A, L.P., Audax Direct Lending Solutions Fund - C, L.P., and Audax Direct Lending Solutions Fund - D, L.P., co-invested with us in this portfolio company pursuant to an exemptive order granted by the U.S. Securities and Exchange Commission.

(k) Investment was valued using Level 2 inputs within the ASC 820 fair value hierarchy. Refer to Note 3 - Investments in the accompanying Notes to Financial Statements for additional information.

(l) The Company headquarters for UDG is located in Ireland.

(m) Investment is non-accrual

(n) The Company headquarters for Integro is located in United Kingdom.

(o) The Company headquarters for Intertape Polymer is located in Canada.

(p) Investment is non-income producing.

(q) Represents an investment in APD MA Equity Blocker, L.P., a holding company, made through an affiliated equity aggregator vehicle.

(r) Represents an investment in APD OrthoNebraska Equity Blocker, L.P., a holding company, made through an affiliated equity aggregator vehicle.

(s) Represents an investment in APD IMD Equity, L.P., a holding company, made through an affiliated equity aggregator vehicle.

(t) Represents an investment in APD RH Equity Blocker, L.P., a holding company, made through an affiliated equity aggregator vehicle.

(u) Represents an investment in APD IVY Equity Blocker, L.P., a holding company, made through an affiliated equity aggregator vehicle.

(v) Represents an investment in APD INN Equity, L.P., a holding company, made through an affiliated equity aggregator vehicle.

(w) Represents an investment in APD ISO Equity Blocker, L.P., a holding company, made through an affiliated equity aggregator vehicle.

(x) Represents an investment in APD TLG Equity, L.P., a holding company, made through an affiliated equity aggregator vehicle.

(y) Represents an investment in APD VC3 Equity, L.P., a holding company, made through an affiliated equity aggregator vehicle.

(z) Represents an investment in APD Peak Equity, L.P., a holding company, made through an affiliated equity aggregator vehicle.

(aa) Represents an investment in APD GMI Equity, L.P., a holding company, made through an affiliated equity aggregator vehicle.

(ab) Represents an investment in APD GMI Parent Holding Blocker, L.P., a holding company, made through an affiliated equity aggregator vehicle.

(ac) Represents an investment in APD NS Equity, L.P., a holding company, made through an affiliated equity aggregator vehicle.

(ad) Represents an investment in APD Sushi Equity Blocker, L.P., a holding company, made through an affiliated equity aggregator vehicle.

(ae) Represents an investment in APD AEG Equity Blocker, L.P., a holding company, made through an affiliated equity aggregator vehicle.

(af) Represents an investment in APD VTX Equity Blocker, L.P., a holding company, made through an affiliated equity aggregator vehicle.

(ag) Represents an investment in APD GAR Equity, L.P., a holding company, made through an affiliated equity aggregator vehicle.

(ah) Represents an investment in APD VERT Equity, L.P., a holding company, made through an affiliated equity aggregator vehicle.

(ai) Represents an investment in APD ETE Equity Aggregator, L.P., a holding company, made through an affiliated equity aggregator vehicle.

(aj) Represents an investment in APD CRA Equity Blocker, L.P., a holding company, made through an affiliated equity aggregator vehicle.

(ak) Represents an investment in Bookhorn Parent, Inc., a holding company for the investment in Beta+.

(al) Represents an investment in APD MDR Equity, L.P., a holding company, made through an affiliated equity aggregator vehicle.

(am) At September 30, 2023, the cost of investments for income tax purposes was \$398,962,118, the gross unrealized depreciation for federal tax purposes was \$10,640,066, the gross unrealized appreciation for federal income tax purposes was \$2,901,444, and the net unrealized depreciation was \$7,738,622.

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

# Audax Credit BDC Inc.

## Schedule of Investments

### As of December 31, 2022

(Expressed in U.S. Dollars)

Portfolio Investments <sup>(a) (b) (c) (d) (e) (f)</sup>	Footnote Reference	Investment Type	Index (%)	Spread	Interest Rate	Acquisition Date	Maturity Date	Par/Shares	Amortized Cost	Market Value
<b>BANK LOANS - NON-CONTROL/NON-AFFILIATE INVESTMENTS - (97.4%)</b> <sup>(g)(h)</sup>										
<i>Healthcare &amp; Pharmaceuticals</i>										
American Vision Partners	(i)	Unitranche Initial Term Loan	L+	5.75%	10.52%	9/22/2021	9/30/2027	\$ 4,948,401	\$ 4,879,828	\$ 4,856,470
RevHealth	(i)	Unitranche Initial Term Loan	S-	5.75%	10.34%	7/22/2022	7/22/2028	4,270,120	4,188,380	4,150,791
Radiology Partners		Senior Secured Term B Loan (First Lien)	L+	4.25%	9.02%	6/28/2018	7/9/2025	4,215,792	4,360,152	3,863,383
Young Innovations		Senior Secured Initial Term Loan (First Lien)	L+	4.00%	8.77%	11/6/2017	11/7/2024	3,716,210	3,710,302	3,674,403
PharMedQuest	(i)	Unitranche Term A Loan	S+	5.50%	10.09%	11/6/2019	11/6/2024	3,280,898	3,270,149	3,273,829
Zest Dental	(j)	Senior Secured Initial Term Loan (First Lien)	L+	3.50%	8.27%	5/30/2018	3/14/2025	3,222,954	3,231,080	3,222,954
InHealth Medical Alliance		Unitranche Initial Term Loan	S+	3.50% (3.50% PIK)	8.09%	6/25/2021	6/28/2028	3,473,575	3,444,004	3,126,218
IntraMed	(i) (j)	Unitranche Initial Term Loan	S+	6.50%	11.09%	12/22/2022	12/24/2029	3,023,758	2,937,365	2,948,144
Waystar		Senior Secured Initial Term Loan (First Lien)	L+	4.00%	8.77%	9/19/2019	10/22/2026	2,919,950	2,914,826	2,905,550
Advancing Eyecare		Senior Secured Initial Term Loan	S+	5.75%	10.34%	5/27/2022	6/29/2029	2,531,655	2,465,577	2,525,326
Premise Health		Senior Secured Initial Term Loan (First Lien)	S+	3.50%	8.09%	7/10/2025	2,259,008	2,262,783	2,253,361	
Soliant		Senior Secured Initial Term Loan	L+	4.00%	8.77%	3/26/2021	3/31/2028	2,115,249	2,100,146	2,115,249
nThrive		Senior Secured Initial Loan (Second Lien)	L+	6.75%	11.52%	11/19/2021	12/17/2029	2,000,000	1,975,615	1,977,500
CPS	(i)	Unitranche Closing Date Term Loan	L+	5.75%	10.52%	5/18/2022	6/1/2028	1,953,546	1,948,936	1,945,105
Gastro Health		Senior Secured Initial Term Loan (First Lien)	L+	4.50%	9.27%	7/2/2021	7/3/2028	1,974,288	1,964,641	1,919,995
Upstream Rehabilitation		Senior Secured August 2021 Incremental Term Loan (First Lien)	S+	4.25%	8.84%	10/24/2019	11/20/2026	1,951,531	1,949,032	1,917,379
Avallign Technologies		Senior Secured Initial Term Loan (First Lien)	S+	4.50%	9.09%	12/19/2018	12/22/2025	1,920,000	1,916,944	1,886,600
Therapy Brands		Senior Secured Initial Term Loan	L+	4.00%	8.77%	5/12/2021	5/18/2028	1,863,262	1,855,208	1,835,313
Advanced Diabetes Supply		Senior Secured First Incremental Term Loan	S+	5.25%	9.84%	7/13/2021	12/30/2027	1,853,637	1,837,653	1,835,101
Press Ganey	(j)	Senior Secured Initial Term Loan (First Lien)	L+	3.50%	8.27%	7/23/2019	7/24/2026	1,935,000	1,938,010	1,778,391
Blue Cloud		Senior Secured Closing Date Term Loan	S+	5.00%	9.59%	12/13/2021	1/21/2028	1,488,750	1,467,872	1,470,141
Quantum Health		Senior Secured Amendment No. 1 Refinancing Term Loan (First Lien)	L+	4.50%	9.27%	12/18/2020	12/22/2027	1,477,500	1,459,860	1,460,878
Mission Vet Partners		Senior Secured Initial Term Loan (First Lien)	L+	4.00%	8.77%	12/5/2021	4/27/2028	1,481,250	1,468,364	1,447,922
Sympli		Senior Secured Initial Term Loan (First Lien)	S+	4.50%	9.09%	11/23/2020	12/22/2027	1,473,750	1,456,190	1,342,955
Ivy Rehab		Senior Secured Initial Term Loan (First Lien)	S+	4.75%	9.34%	3/11/2022	4/23/2029	1,147,092	1,124,711	1,132,753
Solis Mammography		Senior Secured Initial Term Loan (First Lien)	L+	4.75%	9.52%	4/1/2021	4/17/2028	1,069,941	1,061,811	1,061,916
Tecomet		Senior Secured 2017 Term Loan (First Lien)	L+	3.50%	8.27%	1/10/2019	5/1/2024	1,143,735	1,143,669	1,034,162
Solis Mammography		Senior Secured Initial Term Loan (Second Lien)	L+	8.00%	12.77%	4/1/2021	4/16/2029	1,000,000	987,505	992,500
Micro Merchant Systems		Unitranche Initial Term Loan	S+	5.75%	10.34%	3/2/2022	12/14/2027	992,500	982,465	990,019
Wedgewood		Senior Secured Initial Term Loan	L+	4.25%	9.02%	2/24/2021	3/31/2028	987,500	979,070	987,500
nThrive		Senior Secured Initial Term Loan (First Lien)	L+	4.00%	8.77%	11/19/2021	12/18/2028	992,500	988,500	982,575
Allied Benefit Systems		Senior Secured Initial Term B Loan	L+	4.50%	9.27%	10/21/2020	11/18/2026	980,000	969,646	980,000
Forefront		Senior Secured Closing Date Term Loan	S+	4.25%	8.84%	3/23/2022	4/1/2029	978,236	963,181	988,454
Epic Staffing Group		Senior Secured Initial Term Loan	S+	6.00%	10.59%	6/27/2022	6/28/2029	821,454	763,696	819,400
UDG	(k)	Senior Secured Initial Dollar Term Loan (First Lien)	L+	4.25%	9.02%	8/6/2021	8/19/2028	631,875	626,966	624,766
ImageFirst		Senior Secured Initial Term Loan	L+	4.50%	9.27%	4/26/2021	4/27/2028	604,773	602,336	600,237
MyEyeDe		Senior Secured Initial Term Loan (First Lien)	L+	4.25%	9.02%	8/2/2019	8/31/2026	521,312	518,666	515,447
Western Dental		Senior Secured 2022 Incremental Term Loan	L+	5.25%	10.02%	6/21/2022	8/18/2028	497,500	488,274	485,063
AccentCare		Senior Secured 2021 Term Loan (First Lien)	L+	4.00%	8.77%	6/15/2021	6/22/2026	492,500	492,500	480,188
MediRisk	(j)	Senior Secured Initial Term Loan (First Lien)	L+	3.75%	8.52%	4/1/2021	5/10/2028	493,750	489,558	467,234
RMP & MedA/Rx		Senior Secured Term Loan	L+	4.50%	9.27%	2/6/2021	2/6/2025	465,625	462,043	462,133
Press Ganey	(j)	Senior Secured 2020 Incremental Term Loan (First Lien)	L+	3.75%	8.52%	10/1/2020	7/24/2026	491,269	487,720	451,508
RMP & MedA/Rx		Senior Secured Term Loan (First Lien)	L+	4.25%	9.02%	2/27/2017	2/6/2025	397,482	397,490	394,501
Blue Cloud		Senior Secured Revolving Credit Loan	S+	5.00%	9.59%	12/14/2022	1/21/2028	50,000	50,000	49,375
CPS	(i)	Senior Secured Revolving Credit Loan	L+	5.75%	10.52%	6/1/2028	-	-	(714)	-
Ivy Rehab		Senior Secured Revolving Credit Loan (First Lien)	S+	4.75%	9.34%	3/11/2022	4/21/2028	-	(3,367)	-
InterMed	(i) (j)	Senior Secured Revolving Credit Loan	S+	6.50%	11.09%	12/22/2022	12/24/2028	-	(21,598)	-
<i>Services - Business</i>										
LegalShield	(j)	Senior Secured Initial Term Loan (First Lien)	L+	3.75%	8.52%	12/7/2021	12/15/2028	4,466,250	4,426,965	4,305,152
InnovateMR	(i)	Unitranche Initial Term Loan	L+	5.50%	10.27%	12/16/2021	1/20/2028	4,200,101	4,134,245	4,200,101
CoAdvantage	(j)	Senior Secured Initial Term Loan (First Lien)	L+	5.00%	9.77%	9/26/2019	9/23/2025	3,870,000	3,849,940	3,870,000
RevSpring	(l)	Senior Secured Initial Term Loan (First Lien)	L+	4.00%	8.77%	10/5/2018	10/11/2025	3,840,000	3,837,742	3,840,000
Eliassen		Unitranche Initial Term Loan	S+	5.75%	10.34%	3/31/2022	4/7/2028	3,361,944	3,309,152	3,345,135
Veritek	(j)	Senior Secured Initial Term Loan (First Lien)	L+	3.50%	8.27%	8/14/2018	8/1/2025	3,079,058	3,064,961	3,079,058
Discovery Education		Unitranche Initial Term Loan (First Lien)	S+	5.75%	10.34%	3/25/2022	4/6/2029	2,992,500	2,945,651	2,970,056
Fluorwerk		Senior Secured Incremental Term Loan	S+	4.75%	9.34%	9/25/2018	10/1/2024	2,873,288	2,863,535	2,851,738
The Facilities Group		Unitranche Initial Term Loan	L+	5.75%	10.52%	12/10/2021	11/30/2027	2,726,358	2,700,991	2,705,911
Industrial Services Group	(i)	Unitranche Initial Term Loan	S+	6.25%	10.84%	12/7/2022	12/7/2028	2,761,905	2,657,619	2,640,476
CoolSys		Senior Secured Closing Date Initial Term Loan	L+	4.75%	9.52%	8/4/2021	8/11/2028	2,564,375	2,538,048	2,513,088
Service Logic		Senior Secured Closing Date Initial Term Loan (First Lien)	L+	4.00%	8.77%	10/23/2020	10/29/2027	2,535,569	2,516,126	2,510,213
Duff & Phelps	(j)	Senior Secured Initial Dollar Term Loan (First Lien)	S+	3.75%	8.34%	3/6/2020	4/9/2027	2,437,500	2,422,596	2,282,499
TRC Companies		Senior Secured Initial Term Loan (Second Lien)	L+	11.52%	11/19/2021	12/7/2029	2,000,000	1,980,000	1,980,000	
Liberty Group	(i)	Unitranche Initial Term Loan	S+	5.75%	10.34%	6/9/2022	6/9/2028	1,945,114	1,906,873	1,919,735
Vareqy		Senior Secured Initial Term Loan	L+	6.00%	10.77%	11/2/2020	11/3/2027	1,960,000	1,916,318	1,911,000
InnovateMR	(i)	Unitranche First Amendment Term Loan	S+	5.50%	10.09%	12/23/2022	1/20/2028	1,891,019	1,832,654	1,891,019
ECS Software	(j)	Senior Secured Initial Term Loan (First Lien)	L+	3.75%	8.52%	9/17/2020	11/9/2027	1,960,000	1,953,585	1,886,500
Mediacoast	(j)	Senior Secured Initial Term Loan	L+	3.50%	8.27%	12/9/2021	12/15/2028	1,985,000	1,967,596	1,822,726
Insight Global	(j)	Unitranche Closing Date Term Loan	L+	6.00%	10.77%	9/22/2021	9/22/2028	1,481,250	1,454,671	1,481,250
Addison Group		Senior Secured Initial Term Loan	S+	4.25%	8.84%	1/19/2022	12/29/2028	1,488,750	1,485,425	1,477,584

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



# Audax Credit BDC Inc.

## Schedule of Investments (Continued)

### As of December 31, 2022

(Expressed in U.S. Dollars)

Portfolio Investments <sup>(a) (b) (c) (d) (e) (f)</sup>	Footnote Reference	Investment Type	Index <sup>(*)</sup>	Spread	Interest Rate	Acquisition Date	Maturity Date	Par/Shares	Amortized Cost	Market Value
<b>BANK LOANS: NON-CONTROL/NON-AFFILIATE INVESTMENTS <sup>(b)</sup> (Continued):</b>										
<i>Capital Equipment</i>										
Flow Works	(j)	Senior Secured Initial Term Loan (First Lien)	S+	5.75%	10.34%	3/1/2022	12/27/2028	\$ 3,980,000	\$ 3,856,250	\$ 3,980,000
Tank Holding	(l)	Unitranche Initial Term Loan	S+	6.00%	10.59%	3/25/2022	3/31/2028	3,980,000	3,907,511	3,970,650
Inskolite		Senior Secured 2021 Refinancing Term Loan (First Lien)	L+	4.00%	8.77%	12/12/2018	12/15/2025	3,841,575	3,807,287	3,624,446
Excelsior		Unitranche Closing Date Euro Term Loan	L+	5.75%	10.52%	6/15/2022	8/12/2029	2,969,565	3,013,358	2,987,293
Burke Porter Group	(i)	Senior Secured Closing Date Term Loan	S+	6.00%	10.59%	9/30/2022	7/29/2029	2,333,333	2,271,028	2,310,000
MW Industries	(j)	Senior Secured 2018 New Term Loan (First Lien)	L+	3.75%	8.52%	4/20/2018	9/30/2024	2,037,048	2,037,048	2,037,048
Flow Control Group	(j)	Senior Secured Initial Term Loan (First Lien)	L+	3.75%	8.52%	3/17/2021	3/31/2028	1,666,204	1,663,888	1,588,626
Radwell		Unitranche Initial Term Loan	S+	5.75%	10.34%	3/11/2022	4/1/2029	1,492,500	1,469,422	1,492,500
Edward Don		Senior Secured Initial Term Loan	L+	4.25%	9.02%	6/26/2018	7/2/2025	1,370,943	1,369,445	1,350,378
Therm O Disc		Senior Secured Initial Term Loan (First Lien)	S+	6.00%	10.59%	5/26/2022	5/31/2029	997,500	923,600	952,513
Cleaver Brooks		Senior Secured Initial Term Loan	L+	5.75%	10.34%	7/18/2022	7/31/2028	993,750	974,648	988,781
TriMark		Senior Secured Second Amendment Tranche B Loan (Super Senior Priority)	L+	3.50%	8.27%	1/31/2022	8/28/2024	963,589	963,589	684,148
Calligan	(j)	Senior Secured 2022 Refinancing Term B Loan	L+	3.75%	8.52%	6/17/2021	7/31/2028	559,688	556,920	528,555
Infinite Electronics		Senior Secured Initial Term Loan (First Lien)	L+	3.25%	8.02%	2/24/2021	3/2/2028	492,500	491,568	491,269
Daravant	(j)	Senior Secured Incremental Amendment No. 5 Term Loan (First Lien)	L+	3.75%	8.52%	3/5/2020	5/19/2028	487,500	487,500	472,799
SPX Flow	(j)	Senior Secured Term Loan	S+	4.50%	9.09%	3/18/2022	4/5/2029	498,750	478,053	467,134
Burke Porter Group	(i)	Senior Secured Revolving Credit Loan	S+	4.00%	8.11/2022	7/29/2028	54,991	44,586	54,441	
Tank Holding		Senior Secured Revolving Credit Loan	S+	6.00%	10.59%	3/25/2022	3/31/2028	24,615	21,682	24,554
Cleaver Brooks		Senior Secured Revolving Loan	S+	5.75%	10.34%	7/21/2022	7/31/2028	15,385	12,923	15,308
Radwell		Senior Secured Revolving Loan	S+	5.75%	10.34%	3/11/2022	4/1/2028	-	(1,200)	-
<i>Aerospace &amp; Defense</i>										
HDT Global		Senior Secured Initial Term Loan	L+	5.75%	10.52%	6/30/2021	7/8/2027	3,237,500	3,146,132	3,132,281
StandardAero	(j)	Senior Secured 2020 Term B-1 Loan	L+	3.50%	8.27%	1/24/2019	4/6/2026	3,237,691	3,233,062	3,094,520
CPI International		Unitranche Initial Term Loan	S+	5.50%	10.09%	5/18/2022	10/6/2029	3,000,000	2,933,703	2,977,500
Aerotech		Senior Secured Tranche 3 Term Loan (First Lien)	S+	4.00%	8.59%	2/10/2022	2/15/2029	1,990,000	1,980,482	1,990,000
Consolidated Precision Products		Senior Secured Initial Term Loan (Second Lien)	L+	7.75%	12.52%	5/10/2018	4/30/2026	2,000,000	2,005,563	1,920,000
Whitcraft		Unitranche Initial Term Loan	L+	6.00%	10.77%	3/6/2020	4/3/2023	1,942,344	1,936,382	1,864,650
StandardAero	(j)	Senior Secured 2020 Term B-2 Loan	L+	3.50%	8.27%	1/24/2019	4/6/2026	1,740,694	1,738,206	1,663,720
Tromair		Senior Secured Initial Term Loan (First Lien)	L+	5.75% (PIK)	10.52%	9/30/2016	9/8/2023	1,344,845	1,343,776	1,291,051
Peraton	(j)	Senior Secured Term B Loan (First Lien)	L+	3.75%	8.52%	2/23/2021	2/1/2028	964,612	960,887	943,714
API Technologies		Senior Secured Initial Term Loan (First Lien)	L+	4.25%	9.02%	1/15/2020	5/9/2026	969,849	951,105	872,864
BlueHalo		Unitranche Initial Term Loan	L+	6.00%	10.77%	11/17/2021	10/31/2025	494,014	487,514	488,457
Novartis Group		Senior Secured Initial Term Loan	S+	5.50%	10.09%	1/24/2020	1/27/2027	481,818	478,783	477,000
Consolidated Precision Products		Senior Secured Initial Term Loan (First Lien)	L+	3.75%	8.52%	7/18/2019	4/30/2025	483,082	481,741	463,759
BlueHalo		Senior Secured Revolving Loan	L+	6.00%	10.77%	11/17/2021	10/31/2025	91,486	89,997	90,456
<i>Chemicals, Plastics &amp; Rubber</i>										
DuBois Chemicals		Senior Secured Term Loan (Second Lien) - 2019	L+	8.50%	13.27%	10/8/2019	9/30/2027	3,000,000	2,981,878	2,985,000
Verrellus		Senior Secured Initial Term Loan	S+	5.75%	10.34%	12/18/2020	12/22/2027	2,962,613	2,902,499	2,910,767
Spectrum Plastics		Senior Secured Closing Date Term Loan (First Lien)	L+	3.25%	8.02%	1/26/2018	1/31/2025	2,600,325	2,604,902	2,574,322
Unifrax	(j)	Senior Secured USD Term Loan (First Lien)	L+	3.75%	8.52%	11/5/2018	12/12/2025	2,401,203	2,382,882	2,142,329
Boyd Corp		Senior Secured Initial Term Loan (Second Lien)	L+	6.75%	11.52%	8/16/2018	9/6/2026	2,000,000	2,001,368	1,995,000
USALCO		Unitranche Term Loan A	L+	6.00%	10.77%	10/26/2021	10/19/2027	1,980,000	1,962,805	1,960,200
DuBois Chemicals		Senior Secured Term Loan B (First Lien)	L+	4.50%	9.27%	10/8/2019	9/30/2026	1,759,343	1,734,161	1,746,148
Vantage Specialty Chemicals	(j)	Senior Secured Closing Date Term Loan (First Lien)	L+	3.50%	8.27%	11/30/2018	10/26/2026	957,179	950,212	936,958
Ascensus Specialties		Senior Secured Initial Term Loan	L+	4.25%	9.02%	12/3/2021	6/30/2028	493,722	485,722	488,785
Boyd Corp		Senior Secured Initial Term Loan (First Lien)	L+	3.50%	8.27%	11/7/2018	9/6/2025	487,277	469,149	486,059
Polytek		Senior Secured Term Loan	S+	5.75%	10.34%	12/25/2020	9/20/2024	490,119	485,649	465,613
USALCO		Senior Secured Revolving Loan	L+	6.00%	10.77%	10/26/2021	10/19/2026	137,097	133,871	135,726
Verrellus		Senior Secured Revolving Credit Loan	S+	5.75%	10.34%	12/18/2020	12/22/2025	-	(101,30)	-
<i>Transportation: Cargo</i>										
Evans Network		Senior Secured Initial Term Loan (First Lien)	L+	4.25%	9.02%	8/6/2021	8/19/2028	3,636,735	3,601,783	3,636,735
Capstone Logistics		Senior Secured Closing Date Term Loan (First Lien)	L+	4.75%	9.52%	11/12/2020	11/12/2027	2,095,641	2,079,357	2,095,641
AIT Worldwide Logistics		Senior Secured Initial Term Loan (First Lien)	L+	4.75%	9.52%	12/9/2021	4/6/2028	1,975,000	1,970,660	1,897,545
St. George Logistics		Senior Secured Initial Term Loan	S+	6.00%	10.59%	4/28/2022	3/24/2026	1,492,500	1,471,706	1,492,500
Worldwide Express	(j)	Senior Secured Initial Term Loan (First Lien)	L+	4.00%	8.77%	7/23/2021	7/26/2028	1,485,000	1,475,223	1,363,831
FLS Transportation		Senior Secured Term B Loan	L+	5.25%	10.02%	4/14/2022	12/15/2028	1,217,391	1,206,381	1,217,391
Omni Logistics		Senior Secured Initial Term Loan (First Lien)	L+	5.00%	9.77%	11/24/2021	12/30/2026	1,148,217	1,137,659	1,136,735
Migmat		Senior Secured Initial Term Loan (First Lien)	L+	5.50%	10.27%	3/11/2022	12/29/2028	954,107	936,858	954,107
Odyssey Logistics	(j)	Senior Secured New Term Loan (First Lien)	L+	4.00%	8.77%	11/20/2018	10/12/2024	4,191	4,183	4,110
FLS Transportation		Senior Secured Revolving Credit Loan	L+	5.25%	10.02%	4/14/2022	12/17/2027	-	(889)	-
Omni Logistics		Senior Secured Revolving Credit Loan (First Lien)	L+	5.00%	9.77%	11/24/2021	12/30/2025	-	(1,119)	-
<i>Services: Consumer</i>										
Ned Stevens 2022-2	(i)	Unitranche Initial Term Loan	S+	6.75%	11.34%	11/1/2022	11/1/2029	3,553,922	3,422,937	3,411,765
A Place For Mom		Senior Secured Term Loan	L+	4.50%	9.27%	7/28/2017	2/10/2026	2,208,078	2,208,116	2,163,017
Smart Start		Senior Secured Term B Loan (Second Lien)	L+	7.75%	12.52%	12/10/2021	12/16/2029	2,000,000	1,967,924	1,975,000
Smart Start		Senior Secured Term B Loan (First Lien)	L+	4.50%	9.27%	12/10/2021	12/16/2028	1,980,000	1,967,493	1,957,725
FallBloom		Senior Secured Initial Term Loan (First Lien)	S+	4.25%	8.84%	12/10/2021	12/15/2028	1,492,500	1,479,301	1,477,575
Teaching Strategies		Senior Secured Initial Term Loan (First Lien)	S+	3.75%	8.34%	8/19/2021	8/31/2028	990,000	980,710	982,575
Spring Education	(j)	Senior Secured Initial Term Loan (First Lien)	L+	4.00%	8.77%	7/26/2018	7/30/2025	957,500	956,472	937,838
Aegis Sciences		Senior Secured Initial Term Loan (2018) (First Lien)	L+	5.50%	10.27%	5/4/2018	5/9/2025	605,234	602,154	605,234
Ned Stevens 2022-2	(i)	Senior Secured Revolving Loan	S+	6.75%	11.34%	11/1/2022	11/1/2029	-	(10,154)	-
<i>Beverage, Food &amp; Tobacco</i>										
Betcher Industries		Senior Secured Initial Term Loan (Second Lien)	S+	7.25%	11.84%	12/13/2021	12/14/2029	2,500,000	2,477,592	2,450,000
Sovos Brands		Senior Secured Initial Term Loan (First Lien)	L+	3.50%	8.27%	6/8/2021	6/8/2028	2,033,001	2,033,001	2,033,001
Betcher Industries		Senior Secured Initial Term Loan (First Lien)	S+	4.00%	8.59%	12/13/2021	12/14/2028	1,985,000	1,965,440	1,945,300
Hisho Sushi	(i)	Unitranche Term Loan	S+	6.00%	10.59%	4/7/2022	5/18/2028	1,847,857	1,811,445	1,835,156
Dessert Holdings		Senior Secured Initial Term Loan (First Lien)	L+	4.00%	8.77%	6/7/2021	6/9/2028	1,761,792	1,750,148	1,735,365
Monogram Foods		Senior Secured Initial Term Loan	L+	4.00%	8.77%	8/13/2021	8/28/2028	990,000	981,323	965,250
Hisho Sushi	(i)	Senior Secured Revolving Loan	S+	6.00%	10.59%	4/7/2022	5/18/2028	28,571	27,905	28,575

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

# Audax Credit BDC Inc.

## Schedule of Investments (Continued)

### As of December 31, 2022

(Expressed in U.S. Dollars)

Portfolio Investments <sup>(a) (b) (c) (d) (e) (f)</sup>	Footnote Reference	Investment Type	Index (*)	Spread	Interest Rate	Acquisition Date	Maturity Date	Par/Shares	Amortized Cost	Market Value
<b>BANK LOANS: NON-CONTROL/NON-AFFILIATE INVESTMENTS <sup>(g)</sup> (Continued):</b>										
<i>Automotive</i>										
BBB Industries		Senior Secured Initial Term Loan (First Lien)	S+	5.25%	9.84%	6/30/2022	7/31/2029	\$ 3,000,000	\$ 2,713,911	\$ 2,857,500
Highline		Senior Secured Initial Term Loan (First Lien)	L+	4.50%	9.27%	10/29/2020	11/9/2027	2,813,523	2,759,164	2,764,286
Rough Country		Senior Secured Initial Term Loan (First Lien)	L+	3.50%	8.27%	7/26/2021	7/28/2028	1,975,000	1,970,698	1,965,125
Tank Hero		Senior Secured Initial Term Loan	L+	3.75%	8.52%	1/20/2021	1/31/2028	1,473,750	1,473,750	1,366,443
Innovative XCcessories		Senior Secured Initial Term Loan	L+	4.25%	9.02%	2/27/2020	3/5/2027	786,124	785,092	691,789
Safe Fleet		Initial Term Loan (Second Lien)	S+	6.75%	11.34%	2/23/2022	2/2/2026	500,000	500,000	495,000
Wheel Pros		Senior Secured Initial Term Loan (First Lien)	L+	4.50%	9.27%	4/23/2021	5/11/2028	493,750	489,984	380,681
<i>Construction &amp; Building</i>										
A1 Garage Door Service	(i) (j)	Unitranche Term Loan A	S+	6.50%	11.09%	12/22/2022	12/23/2028	1,826,446	1,762,273	1,771,653
Tangent		Senior Secured Closing Date Term Loan (First Lien)	L+	4.75%	9.52%	10/2/2019	11/30/2027	1,781,392	1,774,395	1,768,032
PlayPower		Senior Secured Initial Term Loan	L+	5.50%	10.27%	5/10/2019	5/8/2026	1,737,472	1,737,472	1,563,725
PlayCore		Senior Secured Initial Term Loan (Second Lien)	L+	7.75%	12.52%	2/7/2020	9/29/2025	1,500,000	1,480,817	1,500,000
Specialty Products & Insulation		Senior Secured Tranche B-1 Term Loan	S+	5.25%	9.84%	3/16/2022	12/21/2027	994,023	984,887	994,023
Dodge Construction Network		Senior Secured Initial Term Loan (First Lien)	S+	4.75%	9.34%	2/10/2022	2/23/2029	995,000	981,676	987,538
PlayCore		Senior Secured Initial Term Loan (First Lien)	L+	3.75%	8.52%	9/18/2017	9/30/2024	946,930	945,987	946,930
Acuren		Senior Secured Initial Term Loan	L+	4.25%	9.02%	1/17/2020	1/23/2027	473,783	472,348	473,783
Hoffman Southwest		Senior Secured Initial Term Loan	L+	5.50%	10.27%	5/16/2019	8/14/2023	422,238	425,188	421,183
A1 Garage Door Service	(i) (j)	Senior Secured Revolving Loan	S+	6.50%	11.09%	12/22/2022	12/23/2028	-	(8,264)	-
<i>Environmental Industries</i>										
Alliance Environmental Group	(i)	Unitranche Initial Term Loan	L+	6.00%	10.77%	12/30/2021	12/30/2027	4,115,728	4,046,325	3,959,048
Denali Water Solutions		Senior Secured Closing Date Term Loan	L+	4.25%	9.02%	3/18/2021	3/27/2028	1,970,000	1,952,515	1,935,525
Keter Environmental Services		Unitranche Closing Date Term Loan	L+	6.50%	11.27%	11/5/2021	10/29/2027	495,000	490,704	492,525
Denali Water Solutions		Senior Secured Amendment No. 3 Term Loan	S+	4.63%	9.21%	5/5/2022	3/27/2028	497,500	481,376	488,794
Alliance Environmental Group	(i)	Senior Secured Revolving Loan	L+	6.00%	10.77%	12/30/2021	12/30/2027	314,570	307,947	302,594
Keter Environmental Services		Senior Secured Revolving Loan	L+	6.50%	11.27%	11/5/2021	10/29/2027	27,360	26,585	27,223
<i>Consumer Goods: Non-durable</i>										
Hoffmaster Group		Senior Secured Tranche B-1 Term Loan (First Lien)	L+	4.00%	8.77%	11/9/2016	11/21/2023	2,368,573	2,367,209	2,321,201
Augusta Sportswear		Senior Secured Initial Term Loan	S+	5.50%	10.09%	11/2/2016	4/25/2025	2,001,028	1,999,579	1,991,023
Hoffmaster Group		Senior Secured Initial Term Loan (Second Lien)	L+	9.50%	14.27%	2/7/2020	11/21/2024	1,250,000	1,250,000	1,221,875
<i>Wholesale</i>										
Carlisle FoodService		Senior Secured Initial Term Loan (First Lien)	L+	3.00%	7.77%	3/16/2018	3/20/2025	3,809,768	3,810,380	3,771,670
<i>Media: Advertising, Printing &amp; Publishing</i>										
MediaRadar	(i)	Unitranche Closing Date Term A Loan	S+	6.00%	10.59%	5/23/2022	7/22/2028	1,832,444	1,788,565	1,756,837
Amira		Unitranche Legacy Term Loan	FIXED	6.50% PIK	6.50%	12/20/2016	12/20/2024	2,266,689	2,263,320	952,010
MediaRadar	(i)	Senior Secured Revolving Loan	S+	6.00%	10.59%	9/16/2022	7/22/2028	-	(7,407)	-
<i>Hotels, Gaming &amp; Leisure</i>										
Northstar		Senior Secured Term Loan	L+	7.25% (1.00% PIK)	12.02%	5/8/2017	6/7/2024	1,294,954	1,294,954	1,252,868
Auto Europe		Senior Secured Initial Dollar Term Loan	S+	5.00%	9.59%	10/19/2016	10/21/2023	1,119,231	1,117,283	895,385
<i>Metals &amp; Mining</i>										
Dynatrac (A&A)		Senior Secured Term B Loan	L+	4.50%	9.27%	8/16/2019	9/30/2024	1,689,870	1,680,609	1,689,870
<i>Forest Products &amp; Paper</i>										
Laparex		Senior Secured Initial Term Loan (First Lien)	L+	4.50%	9.27%	7/29/2019	7/31/2026	1,451,250	1,443,028	1,451,250
<i>Utilities: Electric</i>										
Systems Control		Senior Secured Initial Term Loan	L+	4.50%	9.27%	6/15/2021	3/28/2025	1,475,482	1,473,812	1,442,284
<i>Retail</i>										
Varsity Brands	(j)	Senior Secured Third Amendment Extended Term Loan (First Lien)	L+	3.50%	8.27%	10/17/2018	12/15/2026	957,221	960,242	925,274
StubHub		Senior Secured USD Term B Loan	L+	3.50%	8.27%	1/31/2020	2/12/2027	485,000	483,510	465,600
<i>Utilities: Water</i>										
Aegion		Senior Secured Initial Term Loan	L+	4.75%	9.52%	4/1/2021	5/17/2028	987,499	983,463	970,217
<i>Energy: Electricity</i>										
Franklin Energy		Senior Secured Term B Loan (First Lien)	L+	4.00%	8.77%	8/14/2019	8/14/2026	967,500	965,978	948,150
<i>Consumer Goods: Durable</i>										
Careismatic		Senior Secured Initial Term Loan (First Lien)	L+	3.25%	8.02%	1/22/2021	1/6/2028	492,500	491,455	472,800
Total Bank Loans									\$ 424,399,110	\$ 417,174,660

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

# Audax Credit BDC Inc.

## Schedule of Investments (Continued)

### As of December 31, 2022

#### (Expressed in U.S. Dollars)

Portfolio Investments <sup>(a) (b) (c) (d) (e) (f)</sup>	Footnote Reference	Investment Type	Index <sup>(*)</sup>	Spread	Interest Rate	Acquisition Date	Maturity Date	Par/Shares	Amortized Cost	Market Value
<b>EQUITY AND PREFERRED SHARES: NON-</b>										
<b>CONTROL/NON-AFFILIATE INVESTMENTS - (0.9%) <sup>(g) (h)</sup>:</b>										
<i>Services: Business</i>										
InnovateMR	(i) (p) (q)	Class A Units				12/16/2021		\$ 387	387,311	503,132
Industrial Services Group	(i) (p) (r)	Class A Units				12/7/2022		238.10	238,095	238,095
Liberty Group	(i) (p) (s)	Series A-Preferred Units				6/6/2022		113,636.36	113,636	151,883
VC3	(i) (p) (t)	Class A Units				9/16/2022		7,499.03	29,846	29,846
<i>High Tech Industries</i>										
PracticeTek	(i) (p) (u)	Class A Units				11/22/2021		344,833.35	377,255	377,815
Golden Source	(i) (p) (v)	Class A Units				3/25/2022		117,370.89	117,371	180,475
<i>Healthcare &amp; Pharmaceuticals</i>										
InterMed	(i) (p) (w)	Class A Units				12/22/2022		2,484.00	248,380	248,380
RevHealth	(i) (p) (x)	Class A-1 Units				7/22/2022		20,547.95	205,479	200,873
Ivy Rehab	(i) (p) (y)	Class A Units				3/11/2022		100.00	100,000	74,010
<i>Beverage, Food &amp; Tobacco</i>										
Hisho Sushii	(i) (p) (z)	Class A Units				4/7/2022		25,000.00	250,000	317,845
<i>Environmental Industries</i>										
Alliance Environmental Group	(i) (p) (aa)	A-1 Preferred Units				9/30/2019		331.13	331,126	311,970
<i>Construction &amp; Building</i>										
A1 Garage Door Service	(i) (p) (ab)	Class A Common Units				12/22/2022		272.73	272,727	272,727
<i>Services: Consumer</i>										
Ned Stevens	(i) (p) (ac)	Class B Common Units				11/1/2022		261.44	261,438	261,438
<i>Chemicals, Plastics &amp; Rubber</i>										
Vertellus	(i) (p) (ad)	Series A Units				12/22/2020		1,651.00	165,138	253,318
<i>Banking, Finance, Insurance &amp; Real Estate</i>										
Cherry Bekaert	(i) (p) (ae)	Class A Units				6/30/2022		129,870.13	129,870	159,143
<i>Media: Advertising, Printing &amp; Publishing</i>										
MediaRadar	(i) (p) (af)	Class A-1 Units				9/16/2022		74,074.07	74,074	73,048
<i>Total Equity and Preferred Shares</i>									\$ 3,301,746	\$ 3,653,998
<b>Total Portfolio Investments <sup>(h) (i)</sup></b>									<b>\$ 427,700,856</b>	<b>\$ 420,828,658</b>

- (\*) The majority of the investments bear interest at a rate that may be determined by reference to the London Interbank Offered Rate ("LIBOR" or "L") or Secured Overnight Financing Rate ("SOFR" or "S").
- (a) All companies are located in the United States of America, unless otherwise noted.
- (b) Interest rate percentages represent actual interest rates as of December 31, 2022, which are indexed to the noted reference rate. The referenced rates are subject to interest floors which can vary based on contractual agreements with the borrower.
- (c) All loans are income-producing, unless otherwise noted.
- (d) All investments are qualifying assets under Section 55(a) of the Investment Company Act of 1940, as amended (the "1940 Act") unless otherwise noted.
- (e) All investments are exempt from registration under the Securities Act of 1933 (the "Securities Act"), and may be deemed to be "restricted securities" under the Securities Act.
- (f) Unless indicated otherwise, all of our investments are valued using Level 3 inputs within the FASB Accounting Standard Codification ("ASC") Topic 820, "Fair Value Measurements and Disclosures" ("ASC 820") fair value hierarchy. Refer to Note 3 – Investments in the accompanying Notes to Financial Statements for additional information.
- (g) Percentages are calculated using fair value of investments over net assets.
- (h) As defined in 1940 Act, the Company is not deemed to be an "Affiliated Person" or "Control" this portfolio company because it neither owns 5% or more of the portfolio company's outstanding voting securities nor has the power to exercise control over the management or policies of such portfolio company (including through a management agreement).
- (i) Three of our affiliated funds, Audax Direct Lending Solutions Fund - A, L.P., Audax Direct Lending Solutions Fund - C, L.P., and Audax Direct Lending Solutions Fund - D, L.P., co-invested with us in this portfolio company pursuant to an exemptive order granted by the U.S. Securities and Exchange Commission.
- (j) Investment was valued using Level 2 inputs within the ASC 820 fair value hierarchy. Refer to Note 3 – Investments in the accompanying Notes to Financial Statements for additional information.
- (k) The Company headquarters for UGI is located in Ireland.
- (l) All or portion of this security has an open position related to short-term borrowings, as described in footnote 8.
- (m) The Company headquarters for Sophos is located in United Kingdom.
- (n) The Company headquarters for Intertape Polymer is located in Canada.
- (o) The Company headquarters for Integro is located in the United Kingdom.
- (p) Investment is non-income producing.
- (q) Represents an investment in APD INN Equity, L.P., a holding company, made through an affiliated equity aggregator vehicle.
- (r) Represents an investment in APD ISG Equity Blocker, L.P., a holding company, made through an affiliated equity aggregator vehicle.
- (s) Represents an investment in APD TLG Equity, L.P., a holding company, made through an affiliated equity aggregator vehicle.
- (t) Represents an investment in APD VCI Equity, L.P., a holding company, made through an affiliated equity aggregator vehicle.
- (u) Represents an investment in APD Pck Equity, L.P., a holding company, made through an affiliated equity aggregator vehicle.
- (v) Represents an investment in APD Gol Equity, L.P., a holding company, made through an affiliated equity aggregator vehicle.
- (w) Represents an investment in APD IMD Equity, L.P., a holding company, made through an affiliated equity aggregator vehicle.
- (x) Represents an investment in APD RH Equity Blocker, L.P., a holding company, made through an affiliated equity aggregator vehicle.
- (y) Represents an investment in APD IVY Equity Blocker, L.P., a holding company, made through an affiliated equity aggregator vehicle.
- (z) Represents an investment in APD Sash Equity Blocker, L.P., a holding company, made through an affiliated equity aggregator vehicle.
- (aa) Represents an investment in APD AEG Equity Blocker, L.P., a holding company, made through an affiliated equity aggregator vehicle.
- (ab) Represents an investment in APD GAR Equity, L.P., a holding company, made through an affiliated equity aggregator vehicle.
- (ac) Represents an investment in APD NS Equity, L.P., a holding company, made through an affiliated equity aggregator vehicle.
- (ad) Represents an investment in APD VERT Equity, L.P., a holding company, made through an affiliated equity aggregator vehicle.
- (ae) Represents an investment in APD CBA Equity Blocker, L.P., a holding company, made through an affiliated equity aggregator vehicle.
- (af) Represents an investment in APD MOR Equity, L.P., a holding company, made through an affiliated equity aggregator vehicle.
- (ag) At December 31, 2022, the cost of investments for income tax purposes was \$427,700,856, the gross unrealized depreciation for federal tax purposes was \$9,092,100, the gross unrealized appreciation for federal income tax purposes was \$2219,902, and the net unrealized depreciation was \$6,872,198.

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



**Audax Credit BDC Inc.**  
**Notes to Financial Statements**  
**September 30, 2023**  
**(unaudited)**

---

**Note 1. Organization**

Audax Credit BDC Inc. (the “Company”) is a Delaware corporation that was formed on January 29, 2015. The Company is an externally managed, closed-end, non-diversified management investment company that has elected to be treated as a business development company (“BDC”) under the Investment Company Act of 1940, as amended (the “1940 Act”). In addition, effective with the Company’s taxable year ended December 31, 2015, the Company has elected to be treated for federal income tax purposes and intends to comply with the requirements to qualify annually, as a regulated investment company (“RIC”) under Subchapter M of the U.S. Internal Revenue Code of 1986, as amended (the “Code”).

The Company commenced business operations on July 8, 2015, the date on which the Company made its first investment. The Company was formed for the purpose of investing primarily in the debt of leveraged, non-investment grade middle market companies, with the principal objective of generating income and capital appreciation. The Company’s investment strategy is to invest primarily in first lien senior secured loans and selectively in second lien loans to middle market companies.

Audax Management Company (NY), LLC (the “Adviser”) is the investment adviser of the Company. The Adviser is registered as an investment adviser with the U.S. Securities and Exchange Commission (the “SEC”) under the Investment Advisers Act of 1940, as amended.

**Note 2. Significant Accounting Policies**

***Basis of Presentation***

As an investment company, the accompanying financial statements of the Company are prepared in accordance with the investment company accounting and reporting guidance of ASC Topic 946, “*Financial Services – Investment Companies*,” as amended (“ASC Topic 946”), which incorporates the requirements for reporting on Form 10-Q and Articles 6 and 10 of Regulation S-X, as well as generally accepted accounting principles in the United States of America (“GAAP”).

Certain financial information that is normally included in annual financial statements, including certain financial statement footnotes, prepared in accordance with GAAP, is not required for interim reporting purposes and has been condensed or omitted herein. Accordingly, certain disclosures accompanying annual financial statements prepared in accordance with GAAP are omitted. In the opinion of management of the Company, the unaudited financial results included herein contain all adjustments, consisting solely of normal accruals, considered necessary for the fair presentation of financial statements for the interim period included herein. The current period’s results of operations are not necessarily indicative of the operating results to be expected for future periods. The accounting records of the Company are maintained in U.S. dollars.

***Use of Estimates***

The preparation of financial statements in conformity with GAAP requires management of the Company to make estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Changes in the economic environment, financial markets and any other parameters used in determining these estimates could cause actual results to differ, and these differences could be material.

***Cash and Cash Equivalents***

Cash and cash equivalents are stated at fair value. The Company considers all highly liquid investments purchased with maturities of three months or less and money market mutual funds to be cash equivalents. No cash equivalent balances were held as of September 30, 2023 and December 31, 2022. At such dates, cash was not subject to any restrictions on withdrawal.

### ***Expenses***

The Company is responsible for investment expenses, legal expenses, auditing fees and other expenses related to the Company's operations. Such fees and expenses, including expenses initially incurred by the Adviser, may be reimbursed by the Company.

### ***Investment Valuation Policy***

On December 3, 2020, the SEC announced that it adopted Rule 2a-5 under the 1940 Act (the "Valuation Rule"), which established an updated regulatory framework for determining fair value in good faith for purposes of the 1940 Act. Pursuant to the Valuation Rule, which became effective on September 8, 2022, the Company's Board of Directors (the "Board of Directors") designated the Adviser as the Company's valuation designee (the "Valuation Designee") to perform fair value determinations relating to the value of the Company's assets for which market quotations are not readily available in good faith. Such valuation by the Valuation Designee must be made in good faith and may be based on, among other things, the input of independent third-party valuation firms, where applicable. The Valuation Designee's valuation process is subject to the Board of Directors' oversight.

In accordance with the 1940 Act, the Board of Directors has the ultimate responsibility for reviewing the good faith fair value determination of the Company's investments for which market quotations are not readily available based on the Company's investment valuation policy (the "Policy") and for overseeing the Valuation Designee. Such review and oversight include receiving written fair value determinations and supporting materials provided by the Valuation Designee and any independent third-party valuation firms as may be used by the Valuation Designee or the Board of Directors from time to time.

As part of the valuation process, the Valuation Designee may take into account the following types of factors, if relevant, in determining the fair value of the Company's investments: applicable market yields and multiples; security covenants; call protection provisions; information rights; comparisons of financial ratios of the portfolio companies that issued such private equity securities to peer companies that are public; comparable merger and acquisition transactions; the nature and realizable value of any collateral; the portfolio company's ability to make payments and its earnings and discounted cash flow; available current market data, including relevant and applicable markets in which the portfolio company does business; and other relevant factors. When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, the Valuation Designee will consider the pricing indicated by the external event in its valuation of the portfolio investment.

The Valuation Designee utilizes the following multi-step process in determining fair value for the Company's investments for which market quotations are not "readily available":

- The Adviser's investment professionals responsible for the portfolio investment and other senior members of the Adviser's investment and management team, with oversight from the Adviser's finance team, will make initial valuations of each investment;
- The Adviser's investment professionals and management team, with oversight by the Adviser's finance and compliance team, will document the preliminary valuation conclusions and oversee sample testing of valuations with third-party valuation agents;
- The preliminary valuation conclusions will be presented to the valuation committees for consideration;
- The valuation committees will discuss the recommended valuations and determine, in good faith, the fair value of each investment;
- The valuation determinations of the valuation committees will be presented to the risk committee and then shared with the Company's CEO and CFO; and
- The Adviser will provide certain quarterly and annual reports to the Board of Directors.

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 the 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. In addition, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different from the valuations currently assigned.

The Valuation Designee determines fair value in good faith for all Company investments without readily available market quotations by using methodologies consistent with the principles of the valuation approaches set forth in *Financial Accounting Standards Board Accounting Standards Codification 820* (“ASC 820”), Section 2(a)(41) of the 1940 Act and Rule 2a-5 thereunder.

ASC 820 defines fair value as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.” Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same – to estimate the price when an orderly transaction to sell the asset or transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

ASC 820 establishes a hierarchal disclosure framework which ranks the observability of inputs used in measuring financial instruments at fair value. The observability of inputs is impacted by a number of factors, including the type of financial instruments and their specific characteristics. Financial instruments with readily available quoted prices, or for which fair value can be measured from quoted prices in active markets, generally will have a higher degree of market price observability and a lesser degree of judgment applied in determining fair value.

The three-level hierarchy for fair value measurement is defined as follows:

*Level 1* — Inputs to the valuation methodology are quoted prices available in active markets for identical financial instruments as of the measurement date. The types of financial instruments in this category include unrestricted securities, including equities and derivatives, listed in active markets. The Company does not adjust the quoted price for these instruments, even in situations where the Company holds a large position, and a sale could reasonably be expected to impact the quoted price.

*Level 2* — Inputs to the valuation methodology are quoted prices in markets that are not active or for which all significant inputs are either directly or indirectly observable as of the measurement date. The types of financial instruments in this category include less liquid and restricted securities listed in active markets, securities traded in markets that are not active, government and agency securities, and certain over-the-counter derivatives where the fair value is based on observable inputs.

*Level 3* — Inputs to the valuation methodology are unobservable and significant to the overall fair value measurement, and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. The types of financial instruments in this category include investments in privately held entities, non-investment grade residual interests in securitizations, collateralized loan obligations, and certain over-the-counter derivatives where the fair value is based on unobservable inputs.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given financial instrument is based on the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the financial instrument.

Pursuant to the framework set forth above, the Valuation Designee values securities traded in active markets on the measurement date by multiplying the exchange closing price of such traded securities/instruments by the quantity of shares or amount of the instrument held. The Valuation Designee may also obtain quotes with respect to certain of its investments from pricing services, brokers or dealers' quotes, or counterparty marks in order to value liquid assets that are not traded in active markets.

Pricing services aggregate, evaluate and report pricing from a variety of sources including observed trades of identical or similar securities, broker or dealer quotes, model-based valuations and internal fundamental analysis and research. When doing so, the Valuation Designee determines whether the quote obtained is sufficient in accordance with GAAP to determine the fair value of the security. If determined adequate, the Valuation Designee uses the quote obtained.

Securities that are illiquid or for which the pricing source does not provide a valuation or methodology or provides a valuation or methodology that, in the judgment of the Valuation Designee, does not represent fair value, are each valued as of the measurement date using all techniques appropriate under the circumstances and for which sufficient data are available. These valuation techniques vary by investment but include comparable public market valuations, comparable precedent transaction valuations and discounted cash flow analyses. Inputs for these valuation techniques include relative credit information, observed market movement, industry sector information, and other market data, which may include benchmarking of comparable securities, issuer spreads, reported trades, and reference data, such as market research publications, when available.

Investment performance data utilized are the most recently available as of the measurement date, which in many cases may reflect up to a one quarter lag in information.

Securities for which market quotations are not readily available or for which a pricing source is not sufficient may include the following:

- private placements and restricted securities that do not have an active trading market;
- securities whose trading has been suspended or for which market quotes are no longer available;
- debt securities that have recently gone into default and for which there is no current market;
- securities whose prices are stale; and
- securities affected by significant events.

Subject to the oversight of the Board of Directors, the Valuation Designee has the overall responsibility for the implementation and monitoring of the Company's pricing policies to ensure fair, accurate and current valuations.

Determination of fair value involves subjective judgments and estimates. Accordingly, these notes to the Company's financial statements express the uncertainty with respect to the possible effect of such valuations, and any change in such valuations, on the Company's financial statements.

Security transactions are recorded on the trade date (the date the order to buy or sell is executed or, in the case of privately issued securities, the closing date, which is when all terms of the transactions have been defined).

Realized gains and losses on investments are determined based on the identified cost method.

Refer to Note 3 — *Investments* for additional information regarding fair value measurements and the Company's application of ASC 820.

### ***Interest Income Recognition***

Interest income, adjusted for amortization of premium, acquisition costs, and amendment fees and the accretion of original issue discount (“OID”), are recorded on an accrual basis to the extent that such amounts are expected to be collected. Generally, when a loan becomes 120 days or more past due, or if the Company’s qualitative assessment indicates that the debtor is unable to service its debt or other obligations, the Company will place the loan on non-accrual status and cease recognizing interest income on that loan for financial reporting purposes until the borrower has demonstrated the ability and intent to pay contractual amounts due. However, the Company will remain contractually entitled to this interest. Interest payments received on non-accrual loans are restored to accrual status when past due principal and interest are paid and, in management’s judgment, are likely to remain current or, due to a restructuring, the interest income is deemed to be collectible. As of September 30, 2023, the Company held two investments on non-accrual, which represented 0.93% and 0.29% of the Company’s total portfolio at cost and fair market value, respectively. As of December 31, 2022, the Company held one investment on non-accrual, which represented 0.53% and 0.23% of the Company’s total portfolio at cost and fair market value, respectively.

The Company currently holds loans in the portfolio that contain OID and that contain payment-in-kind (“PIK”) provisions. The Company recognizes OID for loans originally issued at a discount and recognizes the income over the life of the obligation based on an effective yield calculation. PIK interest, computed at the contractual rate specified in a loan agreement, is added to the principal balance of a loan and recorded as income over the life of the obligation. Therefore, the actual collection of PIK income may be deferred until the time of debt principal repayment. To maintain the ability to be taxed as a RIC, the Company may need to pay out of both OID and PIK non-cash income amounts in the form of distributions, even though the Company has not yet collected the cash on either.

As of September 30, 2023, the Company held 232 investments in loans with OID. The Company accrued OID income of \$186,765 and \$536,253 for the three and nine months ended September 30, 2023, respectively. The unamortized balance of OID on debt investments as of September 30, 2023 totaled \$4,625,842. As of December 31, 2022, the Company held 239 investments in loans with OID. The Company accrued OID income of \$157,869 and \$302,788 for the three and six months ended June 30, 2022, respectively. The unamortized balance of OID investments as of December 31, 2022, totaled \$4,510,014.

As of September 30, 2023, the Company held four investments which had a PIK interest component. The Company recorded \$35,806 and \$157,370 in PIK interest income for the three and nine months ended September 30, 2023, respectively. As of September 30, 2022, the Company held five investments which had a PIK interest component. The Company recorded \$142,626 and \$211,758 of PIK interest income for three and nine months ended September 30, 2022, respectively, which is included in interest income within the accompanying statement of operations.

As of September 30, 2023 and December 31, 2022, the Company held \$29,252,094 and \$15,923,163 in cash and cash equivalents, respectively. For the three and nine months ended September 30, 2023, the Company earned \$87,639 and \$213,217, respectively, of interest income related to cash, which is included in other interest income within the accompanying statement of operations. For the three and nine months ended September 30, 2022, the Company earned \$10,850 and \$11,630, respectively, of interest income related to cash, which is included in other interest income within the accompanying statement of operations.

### ***Other Income Recognition***

The Company generally records prepayment fees and amendment fees upon receipt of cash or as soon as the Company becomes aware of the prepayment or amendment.

Dividend income on equity investments is accrued to the extent that such amounts are expected to be collected and if the Company has the option to collect such amounts in cash.

Prepayment fees, amendment fees and dividend income are accrued in other income in the accompanying statements of operations.

For the three and nine months ended September 30, 2023, the Company accrued \$121,841 and \$193,094 of other income, respectively, related to amendment fees. For the three and nine months ended September 30, 2022, the Company accrued \$196,474 and \$374,849 of other income, respectively, related to amendment fees.

#### ***New Accounting Pronouncements***

In March 2020, FASB issued Accounting Standards Update No. 2020-04 (“ASU 2020-04”), “Reference Rate Reform (Topic 848)”. In response to concerns about structural risks of interbank offered rates, and particularly the risk of cessation of the London Interbank Offered Rate (“LIBOR”), regulators have undertaken reference rate reform initiatives to identify alternative reference rates that are more observable, or transaction based and less susceptible to manipulation. ASU 2020-04 provides optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. ASU 2020-04 is elective and applies to all entities, subject to meeting certain criteria, that have contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. The amendments are effective as of March 12, 2020 through December 31, 2024. Management is currently evaluating the impact of the guidance.

### **Note 3. Investments**

#### *Fair Value*

In accordance with ASC 820, the fair value of the Company’s investments is determined to be the price that would be received for an investment in a current sale, assuming an orderly transaction between willing market participants on the measurement date. This fair value definition focuses on exit price in the principal, or most advantageous, market and prioritizes, within a measurement of fair value, the use of market-based inputs over entity-specific inputs. ASC 820 also establishes the three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of a financial instrument as of the measurement date as described in Note–2 – *Significant Accounting Policies*.

As of September 30, 2023, \$266,007,664 of the Company’s investments were valued using unobservable inputs, and \$125,215,832 were valued using observable inputs. During the nine months ended September 30, 2023, \$15,642,437 transferred into Level 3 due to a decrease in observable prices in the market and \$76,667,971 transferred out of Level 3 due to the liquidity in the market and transparency of inputs.

As of December 31, 2022, \$339,976,294 of the Company’s investments were valued using unobservable inputs, and \$80,852,364 were valued using observable inputs. During the nine months ended September 30, 2022, \$124,403,117 were transferred into Level 3 due to a decrease in observable prices in the market and \$6,219,807 were transferred out of Level 3 due to the liquidity in the market and transparency of inputs.

The following table presents the Company’s investments carried at fair value as of September 30, 2023 and December 31, 2022, by caption on the Company’s accompanying statements of assets and liabilities and by security type.

	<b>Assets at Fair Value as of September 30, 2023</b>			
	Level 1	Level 2	Level 3	Total
First Lien Debt	\$ -	\$ 117,949,748	\$ 142,562,788	\$ 260,512,536
Unitranche Debt	-	5,442,514	100,914,495	106,357,009
Second Lien Debt	-	1,823,570	17,265,455	19,089,025
Equity and Preferred Shares	-	-	5,264,926	5,264,926
Total	<u>\$ -</u>	<u>\$ 125,215,832</u>	<u>\$ 266,007,664</u>	<u>\$ 391,223,496</u>

<b>Assets at Fair Value as of December 31, 2022</b>				
	Level 1	Level 2	Level 3	Total
First Lien Debt	\$ -	\$ 75,132,547	\$ 220,893,916	\$ 296,026,463
Unitranche Debt	-	4,719,817	91,865,688	96,585,505
Second Lien Debt	-	1,000,000	23,562,691	24,562,691
Equity and Preferred Shares	-	-	3,653,999	3,653,999
Total	<u>\$ -</u>	<u>\$ 80,852,364</u>	<u>\$ 339,976,294</u>	<u>\$ 420,828,658</u>

In accordance with ASC 820, the following table provides quantitative information about the Level 3 fair value measurements of the Company's investments as of September 30, 2023. The weighted average calculations in the table below are based on the fair value balances for all debt related calculations for the particular input.

<b>As of September 30, 2023</b>						
	Fair Value	Valuation Technique	Unobservable Inputs <sup>(1)</sup>	Range <sup>(2)</sup>	Weighted Average <sup>(3)</sup>	
First Lien Debt	\$ 126,580,113	Matrix Pricing	Senior Leverage	2.08x - 11.41x	5.06x	
			Total Leverage	2.08x - 11.41x	5.79x	
			Interest Coverage	0.50x - 4.42x	1.64x	
			Debt Service Coverage	0.40x - 3.45x	1.36x	
			TEV Coverage	0.70x - 8.06x	2.38x	
			Liquidity	20.02% - 1097.80%	137.01%	
			Spread Comparison	350bps - 750bps	500bps	
			First Lien Debt	15,982,676	Market Analysis	Senior Leverage
Total Leverage	3.79x - 14.24x	9.09x				
Interest Coverage	0.00x - 1.71x	1.15x				
Debt Service Coverage	0.00x - 1.49x	0.95x				
TEV Coverage	0.50x - 15.49x	1.51x				
Liquidity	12.75% - 434.25%	63.98%				
Spread Comparison	0bps - 575bps	447bps				
Unitranche Debt	97,362,565	Matrix Pricing				Senior Leverage
			Total Leverage	3.28x - 8.30x	6.00x	
			Interest Coverage	0.63x - 2.74x	1.59x	
			Debt Service Coverage	0.58x - 2.07x	1.37x	
			TEV Coverage	0.00x - 4.12x	2.17x	
			Liquidity	37.22% - 257.40%	120.98%	
			Spread Comparison	525bps - 700bps	594bps	
			Unitranche Debt	3,551,930	Market Analysis	Senior Leverage
Total Leverage	10.55x - 33.01x	12.68x				
Interest Coverage	0.09x - 0.76x	0.69x				
Debt Service Coverage	0.07x - 0.70x	0.64x				
TEV Coverage	0.23x - 1.03x	0.96x				
Liquidity	49.37% - 79.03%	76.21%				
Spread Comparison	0bps - 350bps	317bps				
Second Lien Debt	16,715,000	Matrix Pricing				Senior Leverage
			Total Leverage	5.87x - 16.32x	8.01x	
			Interest Coverage	0.40x - 2.03x	1.32x	
			Debt Service Coverage	0.33x - 1.69x	1.09x	
			TEV Coverage	0.77x - 2.05x	1.54x	
			Liquidity	47.11% - 321.60%	136.28%	
			Spread Comparison	675bps - 850bps	747bps	
			<b>Total</b>	<b><u>\$ 260,192,284</u></b>		

(1) For any portfolio company, the unobservable input "Liquidity" is a fraction, expressed as a percentage, the numerator of which is the sum of the company's undrawn revolving credit facility capacity plus cash, and the denominator of which is the total amount that may be borrowed under the company's revolving credit facility. The unobservable input "Spread Comparison" is a comparison of the spread over the referenced rate for each investment to the spread over the referenced rate for general leveraged loan transactions.

(2) Each range represents the variance of outputs from calculating each statistic for each portfolio company within a specific credit seniority. The range may be a single data point when there is only one company represented in a specific credit seniority.

(3) Inputs are weighted based on the fair value of the investments included in the range.

The table above does not include \$5,815,380 of debt, equity and preferred shares which management values using other unobservable inputs, such as earnings before interest, taxes, depreciation and amortization (“EBITDA”) and EBITDA multiples, as well as other qualitative information, including company specific information.

In accordance with ASC 820, the following table provides quantitative information about the Level 3 fair value measurements of the Company’s investments as of December 31, 2022. The weighted average calculations in the table below are based on the fair value balances for all debt related calculations for the particular input.

<u>As of December 31, 2022</u>					
	<u>Fair Value</u>	<u>Valuation Technique</u>	<u>Unobservable Inputs<sup>(1)</sup></u>	<u>Range<sup>(2)</sup></u>	<u>Weighted Average<sup>(3)</sup></u>
First Lien Debt	\$ 187,013,801	Matrix Pricing	Senior Leverage	0.48x - 23.60x	5.18x
			Total Leverage	0.48x - 28.27x	6.13x
			Interest Coverage	0.67x - 18.90x	2.25x
			Debt Service Coverage	0.49x - 12.05x	1.86x
			TEV Coverage	0.71x - 19.41x	2.40x
			Liquidity	13.86% - 426.46%	126.31%
			Spread Comparison	300bps - 675bps	449bps
First Lien Debt	33,651,417	Market Analysis	Senior Leverage	2.63x - 49.62x	7.92x
			Total Leverage	2.63x - 49.62x	9.43x
			Interest Coverage	(0.13)x - 3.62x	1.79x
			Debt Service Coverage	(0.19)x - 2.83x	1.47x
			TEV Coverage	0.16x - 3.42x	1.83x
			Liquidity	22.80% - 811.22%	137.00%
			Spread Comparison	350bps - 725bps	449bps
Unitranche Debt	87,787,461	Matrix Pricing	Senior Leverage	4.63x - 12.00x	6.22x
			Total Leverage	4.73x - 12.00x	6.31x
			Interest Coverage	0.60x - 2.88x	1.95x
			Debt Service Coverage	0.53x - 2.28x	1.62x
			TEV Coverage	0.96x - 6.58x	2.14x
			Liquidity	64.00% - 293.80%	141.30%
			Spread Comparison	500bps - 650bps	580bps
Unitranche Debt	4,078,227	Market Analysis	Senior Leverage	12.92x - 14.48x	13.28x
			Total Leverage	12.92x - 14.48x	13.28x
			Interest Coverage	0.40x - 0.85x	0.74x
			Debt Service Coverage	0.35x - 0.74x	0.65x
			TEV Coverage	0.53x - 0.84x	0.77x
			Liquidity	48.28% - 86.73%	77.75%
			Spread Comparison	350bps - 650bps	420bps
Second Lien Debt	23,562,691	Matrix Pricing	Senior Leverage	3.26x - 10.92x	6.95x
			Total Leverage	3.26x - 10.92x	6.95x
			Interest Coverage	0.67x - 3.82x	1.87x
			Debt Service Coverage	0.58x - 3.25x	1.55x
			TEV Coverage	1.08x - 2.85x	1.79x
			Liquidity	62.88% - 262.14%	135.17%
			Spread Comparison	675bps - 950bps	758bps

**Total \$ 336,093,597**

- (1) For any portfolio company, the unobservable input "Liquidity" is a fraction, expressed as a percentage, the numerator of which is the sum of the company's undrawn revolving credit facility capacity plus cash, and the denominator of which is the total amount that may be borrowed under the company's revolving credit facility. The unobservable input "Spread Comparison" is a comparison of the spread over the referenced rate for each investment to the spread over the referenced rate for general leveraged loan transactions.
- (2) Each range represents the variance of outputs from calculating each statistic for each portfolio company within a specific credit seniority. The range may be a single data point when there is only one company represented in a specific credit seniority.
- (3) Inputs are weighted based on the fair value of the investments included in the range.



The table above does not include \$3,882,697 of debt, equity and preferred shares which management values using other unobservable inputs, such as EBITDA and EBITDA multiples, as well as other qualitative information, including company specific information.

Fair value measurements can be sensitive to changes in one or more of the valuation inputs. Changes in market yields, discounts rate, leverage, EBITDA or EBITDA multiples (or revenue or revenue multiples), each in isolation, may change the fair value of certain of the Company's investments. Generally, an increase or decrease in market yields, discount rates or leverage or an increase/decrease in EBITDA or EBITDA multiples (or revenue or revenue multiples) may result in a corresponding decrease or increase, respectively, in the fair value of certain of the Company's investments.

The following tables provide the changes in fair value, broken out by security type, during the nine months ended September 30, 2023 and 2022 for all investments for which the Company determines fair value using unobservable (Level 3) factors.

<b>Nine Months Ended September 30, 2023</b>	<b>First Lien Debt</b>	<b>Unitranche Debt</b>	<b>Second Lien Debt</b>	<b>Equity and Preferred Shares</b>	<b>Total</b>
Fair Value as of December 31, 2022	\$ 220,893,916	\$ 91,865,688	\$ 23,562,691	\$ 3,653,999	\$ 339,976,294
Transfers into Level 3	9,922,620	4,719,817	1,000,000	-	15,642,437
Transfers out of Level 3	(74,672,971)	-	(1,995,000)	-	(76,667,971)
Total gains:					
Net realized (loss) gain <sup>(a)</sup>	(247,541)	68,373	18,682	-	(160,486)
Net unrealized (depreciation) appreciation <sup>(b)</sup>	(1,237,752)	(70,337)	(1,588,354)	236,816	(2,659,627)
New investments, repayments and settlements: <sup>(c)</sup>					
Purchases	17,110,574	10,563,552	-	1,374,111	29,048,237
Settlements/repayments	(14,014,509)	(6,516,089)	(3,750,000)	-	(24,280,598)
Net amortization of premiums, PIK, discounts and fees	248,228	283,491	17,436	-	549,155
Sales	(15,439,777)	-	-	-	(15,439,777)
<b>Fair Value as of September 30, 2023</b>	<b>\$ 142,562,788</b>	<b>\$ 100,914,495</b>	<b>\$ 17,265,455</b>	<b>\$ 5,264,926</b>	<b>\$ 266,007,664</b>

(a) Included in net realized (loss) gain on the accompanying *Statement of Operations* for the nine ended September 30, 2023.

(b) Included in net change in unrealized appreciation (depreciation) on the accompanying *Statement of Operations* for the nine months ended September 30, 2023.

(c) Includes increases in the cost basis of investments resulting from portfolio investments, the amortization of discounts, and PIK, as well as decreases in the costs basis of investments resulting from principal repayments or sales, the amortization of premiums and acquisition costs and other cost-basis adjustments.

<b>Nine Months Ended September 30, 2022</b>	<b>First lien debt</b>	<b>Unitranche debt</b>	<b>Second lien debt</b>	<b>Equity and Preferred Shares</b>	<b>Total</b>
Fair Value as of December 31, 2021	\$ 118,049,277	\$ 19,092,768	\$ 14,701,508	\$ 1,346,357	\$ 153,189,910
Transfers into Level 3	98,776,437	17,189,450	8,437,230	-	124,403,117
Transfers out of Level 3	(5,222,307)	-	(997,500)	-	(6,219,807)
Total gains:					
Net realized gain <sup>(a)</sup>	230,389	38,731	5,583	107,938	382,641
Net unrealized (depreciation) appreciation <sup>(b)</sup>	(397,896)	(464,832)	525	162,334	(699,869)
New investments, repayments and settlements: <sup>(c)</sup>					
Purchases	25,853,721	31,063,583	2,440,000	931,878	60,289,182
Settlements/repayments	(30,160,159)	(2,808,227)	(1,000,000)	-	(33,968,386)
Net amortization of premiums, PIK, discounts and fees	331,039	216,346	21,369	-	568,754
Sales	(360,400)	-	-	(188,450)	(548,850)
<b>Fair Value as of September 30, 2022</b>	<b>\$ 207,100,101</b>	<b>\$ 64,327,819</b>	<b>\$ 23,608,715</b>	<b>\$ 2,360,057</b>	<b>\$ 297,396,692</b>

(a) Included in net realized gain (loss) on the accompanying *Statement of Operations* for the nine months ended September 30, 2022.

(b) Included in net change in unrealized appreciation (depreciation) on the accompanying *Statement of Operations* for the nine months ended September 30, 2022.

(c) Includes increases in the cost basis of investments resulting from portfolio investments, the amortization of discounts, and PIK, as well as decreases in the costs basis of investments resulting from principal repayments or sales, the amortization of premiums and acquisition costs and other cost-basis adjustments.

The change in unrealized value attributable to investments still held at September 30, 2023 and 2022 was (\$3,354,895) and \$(754,851), respectively.

### Investment Activities

The Company held a total of 242 investments with an aggregate fair value of \$391,223,496 as of September 30, 2023. During the nine months ended September 30, 2023, the Company invested in 27 new investments for a combined \$32,885,316 and in existing investments for a combined \$9,522,941. The Company also received \$37,397,666 in repayments from investments and \$34,263,233 from investments sold during the nine months ended September 30, 2023.

The Company held a total of 252 investments with an aggregate fair value of \$420,828,658 as of December 31, 2022. During the nine months ended September 30, 2022, the Company invested in 105 new investments for a combined \$85,123,197 and in existing investments for a combined \$9,221,444. The Company also received \$52,253,887 in repayments from investments and \$4,047,932 from investments sold during the nine months ended September 30, 2022.

### Investment Concentrations

As of September 30, 2023, the Company's investment portfolio consisted of investments in 210 companies located in 34 states across 25 different industries, with an aggregate fair value of \$391,223,496. The five largest investments at fair value as of September 30, 2023 totaled \$24,467,085 or 6.25% of the Company's total investment portfolio as of such date. As of September 30, 2023, the Company's average investment was \$1,648,604 at cost.

As of December 31, 2022, the Company's investment portfolio consisted of investments in 222 companies located in 37 states across 25 different industries, with an aggregate fair value of \$420,828,658. The five largest investments at fair value as of December 31, 2022 totaled \$24,910,205, or 5.92%, of the Company's total investment portfolio as of such date. As of December 31, 2022, the Company's average investment was \$1,697,226 at cost.

The following table outlines the Company's investments by security type as of September 30, 2023 and December 31, 2022:

	<b>September 30, 2023</b>			
	<b>Cost</b>	<b>Percentage of Total Investments</b>	<b>Fair Value</b>	<b>Percentage of Total Investments</b>
		\$		\$
First Lien Debt	265,449,012	66.54%	260,512,536	66.58%
Unitranche Debt	107,883,859	27.04%	106,357,009	27.19%
Second Lien Debt	20,953,387	5.25%	19,089,025	4.88%
Total Debt Investments	394,286,258	98.83%	385,958,570	98.65%
Equity and Preferred Shares	4,675,860	1.17%	5,264,926	1.35%
Total Equity Investments	4,675,860	1.17%	5,264,926	1.35%
<b>Total Investments</b>	<b>\$ 398,962,118</b>	<b>100.00%</b>	<b>\$ 391,223,496</b>	<b>100.00%</b>

  

	<b>December 31, 2022</b>			
	<b>Cost</b>	<b>Percentage of Total Investments</b>	<b>Fair Value</b>	<b>Percentage of Total Investments</b>
		\$		\$
First Lien Debt	301,685,656	70.54%	296,026,463	70.34%
Unitranche Debt	98,045,938	22.92%	96,585,505	22.95%
Second Lien Debt	24,667,515	5.77%	24,562,691	5.84%
Total Debt Investments	424,399,109	99.23%	417,174,659	99.13%
Equity and Preferred Shares	3,301,747	0.77%	3,653,999	0.87%
Total Equity Investments	3,301,747	0.77%	3,653,999	0.87%
<b>Total Investments</b>	<b>\$ 427,700,856</b>	<b>100.00%</b>	<b>\$ 420,828,658</b>	<b>100.00%</b>

Investments at fair value consisted of the following industry classifications as of September 30, 2023 and December 31, 2022:

Industry	September 30, 2023		December 31, 2022	
	Fair Value	Percentage of Total Investments	Fair Value	Percentage of Total Investments
Healthcare & Pharmaceuticals	\$ 74,497,721	19.04 %	\$ 74,735,672	17.76 %
Services: Business	66,797,749	17.07	69,269,858	16.46
High Tech Industries	38,594,810	9.87	51,379,328	12.21
Banking, Finance, Insurance & Real Estate	32,717,287	8.36	32,865,053	7.81
Containers, Packaging & Glass	31,463,851	8.04	33,987,694	8.08
Capital Equipment	25,124,912	6.42	28,019,443	6.66
Chemicals, Plastics & Rubber	15,565,308	3.98	19,080,225	4.53
Aerospace & Defense	14,580,298	3.73	21,269,972	5.05
Services: Consumer	14,183,332	3.63	13,773,067	3.27
Transportation: Cargo	13,838,397	3.54	13,798,595	3.28
Automotive	13,637,043	3.49	10,520,824	2.50
Environmental Industries	9,985,340	2.55	7,517,679	1.79
Beverage, Food & Tobacco	9,323,128	2.38	11,310,292	2.69
Wholesale	8,459,233	2.16	3,771,670	0.90
Construction & Building	7,846,943	2.01	10,699,594	2.54
Hotels, Gaming & Leisure	2,291,637	0.59	2,148,253	0.51
Media: Advertising, Printing & Publishing	2,115,577	0.54	2,781,895	0.66
Consumer Goods: Non-Durable	1,976,015	0.51	5,534,099	1.32
Metals & Mining	1,675,662	0.43	1,689,870	0.40
Utilities: Electric	1,463,864	0.37	1,442,284	0.34
Forest Products & Paper	1,425,600	0.36	1,451,250	0.34
Retail	1,387,518	0.35	1,390,874	0.33
Utilities: Water	977,040	0.25	970,217	0.23
Energy: Electricity	936,000	0.24	948,150	0.23
Consumer Goods: Durable	359,231	0.09	472,800	0.11
	<u>\$ 391,223,496</u>	<u>100.00 %</u>	<u>\$ 420,828,658</u>	<u>100.00 %</u>

Investments at fair value were included in the following geographic regions of the United States as of September 30, 2023 and December 31, 2022:

Geographic Region	September 30, 2023		December 31, 2022	
	Fair Value	Percentage of Total Investments	Fair Value	Percentage of Total Investments
Midwest	\$ 105,211,350	26.89 %	\$ 99,995,134	23.76 %
Northeast	93,173,576	23.82	97,037,723	23.06
Southeast	49,796,958	12.73	54,739,431	14.77
West	50,445,700	12.89	54,750,013	13.01
Southwest	46,104,424	11.78	62,170,072	13.01
East	33,349,531	8.52	36,228,410	8.61
South	6,847,284	1.75	4,420,172	1.87
Northwest	3,579,530	0.92	3,606,809	0.86
Other(a)	2,715,143	0.69	7,880,894	1.05
<b>Total Investments</b>	<u>\$ 391,223,496</u>	<u>100.00 %</u>	<u>\$ 420,828,658</u>	<u>100.00 %</u>

(a) The Company headquarters for UDG is located in Ireland. The Company headquarters for Intertape Polymer is located in Canada. The Company headquarters Integro is located in the United Kingdom.

The geographic region indicates the location of the headquarters of the Company’s portfolio companies. A portfolio company may have a number of other business locations in other geographic regions.

*Investment Principal Repayments*

The following table summarizes the contractual principal repayments and maturity of the Company’s investment portfolio by fiscal year, assuming no voluntary prepayments, as of September 30, 2023:

<u>For the Fiscal Years Ending December 31:</u>	<u>Amount</u>
2023	2,347,687
2024	24,307,148
2025	39,568,361
2026	46,675,173
2027	72,694,410
Thereafter	213,319,321
<b>Total contractual repayments</b>	<b>398,912,100</b>
Adjustments to cost basis on debt investments <sup>(a)</sup>	(4,625,842)
<b>Total Cost Basis of Debt Investments Held at September 30, 2023:</b>	<b>\$ 394,286,258</b>

(a) Adjustment to cost basis related to unamortized balance of OID investments.

**Note 4. Related Party Transactions**

*Investment Advisory Agreement*

The Company has entered into an investment advisory agreement (the “Investment Advisory Agreement”) with the Adviser. In accordance with the Investment Advisory Agreement, the Company pays the Adviser certain fees as compensation for its services, such fees consisting of a base management fee and an incentive fee (the “Incentive Fee”). The services the Adviser provides to the Company, subject to the overall supervision of the Board of Directors, include managing the day-to-day operations of, and providing investment services to, the Company. The Company also entered into a management fee waiver agreement with the Adviser (the “Waiver Agreement”), which the Company or the Adviser may terminate upon 60 days’ prior written notice.

*Management Fee*

The base management fee is calculated at an annual rate of 1.0% of the Company’s average gross assets including cash and any temporary investments in cash-equivalents, including U.S. government securities and other high-quality investment grade debt investments that mature in 12 months or less from the date of investment, payable quarterly in arrears on a calendar quarter basis.

Pursuant to the Waiver Agreement, the Adviser has agreed to waive the right to receive the base management fee to the extent necessary so that the base management fee payable under the Investment Advisory Agreement equals, and is calculated in the same manner as if, the base management fee otherwise payable by the Company were calculated at an annual rate equal to 0.65% (instead of an annual rate of 1.00%).

For the three and nine months ended September 30, 2023, the Company recorded base management fees of \$1,022,684 and \$3,215,515, respectively, and waivers to the base management fees of \$357,939 and \$1,125,430, respectively, as set forth within the accompanying statements of operations. For the three and nine months ended September 30, 2022, the Company recorded base management fees of \$1,174,798 and \$3,295,451, respectively, and waivers to the base management fees of \$411,179 and \$1,153,408, respectively, as set forth within the accompanying statements of operations.

### ***Incentive Fee***

The Incentive Fee has two parts, as follows: the first part of the Incentive Fee is calculated and payable quarterly in arrears based on the Company's pre-incentive fee net investment income for the immediately preceding calendar quarter. For this purpose, pre-incentive fee net investment income means interest income, dividend income and any other income (including any other fees (other than fees for providing managerial assistance), such as commitment, origination, structuring, diligence and consulting fees or other fees that the Company receives from portfolio companies) accrued during the calendar quarter, minus the Company's operating expenses accrued for the quarter (including the base management fee, expenses payable under the Administration Agreement (as defined below) and any interest expense on any credit facilities or outstanding debt and dividends paid on any issued and outstanding preferred stock, but excluding the Incentive Fee).

The Company determines pre-incentive fee net investment income in accordance with GAAP, including, in the case of investments with a deferred interest feature, such as debt instruments with PIK interest, OID securities and accrued income that the Company has not yet received in cash. Pre-incentive fee net investment income does not include any realized capital gains, computed net of all realized capital losses or unrealized capital appreciation or depreciation. Pre-incentive fee net investment income, expressed as a rate of return on the value of the Company's net assets at the end of the immediately preceding calendar quarter, is compared to a hurdle of 1.0% per quarter (4.0% annualized). The Company determines its average gross assets during each fiscal quarter and calculates the base management fee payable with respect to such amount at the end of each fiscal quarter. As a result, a portion of the Company's net investment income is included in its gross assets for the period between the date on which such income is earned and the date on which such income is distributed. Therefore, the Company's net investment income used to calculate part of the Incentive Fee is also included in the amount of the Company's gross assets used to calculate the 1.0% annual base management fee. The Company pays its Adviser an Incentive Fee with respect to its pre-incentive fee net investment income in each calendar quarter as follows:

- no amount is paid on the income-portion of the Incentive Fee in any calendar quarter in which the Company's pre-incentive fee net investment income does not exceed the hurdle of 1.0% (4.0% annualized);
- 100% of the Company's pre-incentive fee net investment income with respect to that portion of such pre-incentive fee net investment income, if any, that exceeds the hurdle rate but is less than 1.1765 % in any calendar quarter (4.706% annualized). The Company refers to this portion of its pre-incentive fee net investment income (which exceeds the hurdle rate but is less than 1.1765%) as the "catch-up" provision. The catch-up is meant to provide the Adviser with 15.0% of the pre-incentive fee net investment income as if a hurdle rate did not apply if net investment income exceeds 1.1765% in any calendar quarter (4.706% annualized); and
- 15.0% of the amount of the Company's pre-incentive fee net investment income, if any, that exceeds 1.1765% in any calendar quarter (4.706% annualized) is payable to the Adviser.

These calculations shall be appropriately pro-rated for any period of less than three months and adjusted for any issuance or repurchases during the current period.

Pursuant to the Waiver Agreement, the Adviser has agreed to waive its right to receive the Incentive Fee on pre-incentive fee net investment income to the extent necessary so that such Incentive Fee equals, and is calculated in the same manner as, the corresponding Incentive Fee on pre-incentive fee net investment income, if such Incentive Fee (i) were calculated based upon the Adviser receiving 10.0% (instead of 15.0%) of the applicable pre-incentive fee net investment income and (ii) did not include any "catch-up" feature in favor of the Adviser.

The second part of the Incentive Fee is determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Advisory Agreement, as of the termination date), and equals 15.0% of the Company's realized capital gains, if any, on a cumulative basis from June 16, 2015, the effective date of the Company's registration statement on Form 10 (file no. 000-55426), through the end of

each calendar year, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain Incentive Fees with respect to each of the investments in the Company's portfolio.

Pursuant to the Waiver Agreement, the Adviser has agreed to waive the right to receive the Incentive Fee on capital gains to the extent necessary so that such portion of the Incentive Fee equals, and is calculated in the same manner as, the corresponding Incentive Fee on capital gains, if such portion of the Incentive Fee were calculated based upon the Adviser receiving 10.0% (instead of 15.0%).

In addition, pursuant to the Waiver Agreement, the Adviser has agreed to waive the right to receive both components of the Incentive Fee to the extent necessary so that it does not receive Incentive Fees which are attributable to income and gains of the Company that exceed an annualized rate of 12.0% in any calendar quarter.

The waivers from the Adviser will remain effective until terminated earlier by either party upon 60 days' prior written notice.

Under the Investment Advisory Agreement, we do not pay any Capital Gains Incentive Fee in respect of unrealized capital appreciation in our portfolio. However, under U.S. generally accepted accounting principles, or GAAP, we are required to accrue for the Capital Gain Incentive Fee on a quarterly basis as if such unrealized capital appreciation were realized in full at the end of each period. If the Capital Gain Incentive Fee Base, adjusted as required by GAAP to include unrealized appreciation, is positive at the end of a period, then GAAP and the terms of the Investment Advisory Agreement require us to accrue a capital gain incentive fee equal to 20% of such amount, less the aggregate amount of actual capital gain incentive fees paid or capital gain incentive fees accrued under GAAP in all prior periods. If such amount is negative, then there is no accrual for such period. The resulting accrual under GAAP for a capital gain incentive fee payable in any period will result in additional expense if such cumulative amount is greater than in the prior period, or in a reversal of previously recorded expense if such cumulative amount is less than in the prior period. We can offer no assurance that any unrealized capital appreciation will be realized in the future.

For the three and nine months ended September 30, 2023, the Company recorded incentive fees related to net investment income of \$1,487,402 and \$4,234,793, respectively. Offsetting the incentive fees were waivers of the incentive fees of \$893,033 and \$2,671,096 for the three and nine months ended September 30, 2023, respectively, as set forth within the accompanying statements of operations. For the three and nine months ended September 30, 2022, the Company recorded incentive fees related to net investment income of \$1,027,544 and \$2,201,758, respectively. Offsetting the incentive fees were waivers of the incentive fees of \$771,274 and \$1,809,582 for the three and nine months ended September 30, 2022, respectively, as set forth within the accompanying statements of operations.

#### ***Administration Agreement and Administrative Fee***

The Company has also entered into an administration agreement (the "Administration Agreement") with Audax Management Company, LLC (the "Administrator") pursuant to which the Administrator provides administrative services to the Company. Under the Administration Agreement, the Administrator performs, or oversees the performance of administrative services necessary for the operation of the Company, which include being responsible for the financial records which the Company is required to maintain and prepare reports filed with the SEC. In addition, the Administrator assists in determining and publishing the Company's net asset value, oversees the preparation and filing of the Company's tax returns and the printing and dissemination of reports to the Company's stockholders, and generally oversees the payment of the Company's expenses and the performance of administrative and professional services rendered to the Company by others. The Company reimburses the Administrator for its allocable portion of the costs and expenses incurred by the Administrator for overhead in performance by the Administrator of its duties under the Administration Agreement, including the cost of facilities, office equipment and the Company's allocable portion of cost of compensation and related expenses of its Chief Financial Officer and Chief Compliance Officer and their respective staffs, as well as any costs and expenses incurred by the Administrator relating to any administrative or operating services provided by the Administrator to the Company. Such costs are reflected as an administrative fee in the accompanying statements of operations.

The Company has also entered into a fee waiver agreement with the Administrator, pursuant to which the Administrator may waive, in whole or in part, its entitlement to receive reimbursements from the Company.

The Company accrued administrative fees of \$66,250 and \$198,750 for the three and nine months ended September 30, 2023, respectively, as set forth within the accompanying statements of operations. The Company accrued administrative fees of \$66,250 and \$198,750 for the three and nine months ended September 30, 2022, respectively, as set forth within the accompanying statements of operations.

**Related Party Fees**

Fees due to related parties as of September 30, 2023 and December 31, 2022 on the Company’s accompanying statements of assets and liabilities were as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>
Net base management fee due to Adviser	\$ 664,745	\$ 732,900
Net incentive fee due to Adviser	594,369	404,409
<b>Total fees due to Adviser, net of waivers</b>	<u>1,259,114</u>	<u>1,137,309</u>
Fee due to Administrator, net of waivers	66,250	66,250
<b>Total Related Party Fees Due</b>	<u>\$ 1,325,364</u>	<u>\$ 1,203,559</u>

**Note 5. Net Increase in Net Assets Resulting from Operations Per Share of Common Stock:**

The following table sets forth the computation of basic and diluted net increase in net assets resulting from operations per weighted average share of the Company’s common stock, par value \$0.001 per share (the “Common Stock”), for the three and nine months ended September 30, 2023 and 2022:

	<u>Three Months Ended September 30, 2023</u>	<u>Three Months Ended September 30, 2022</u>	<u>Nine Months Ended September 30, 2023</u>	<u>Nine Months Ended September 30, 2022</u>
Numerator for basic and diluted net increase in net assets resulting from operations per common share	\$ 10,232,971	\$ 6,758,713	\$ 25,620,053	\$ 11,703,094
Denominator for basic and diluted weighted average common shares	45,150,215	45,789,768	44,710,583	44,439,981
<b>Basic and diluted net increase in net assets resulting from operations per common share</b>	<u>\$ 0.23</u>	<u>\$ 0.15</u>	<u>\$ 0.57</u>	<u>\$ 0.26</u>

**Note 6. Income Tax**

The Company has elected to be regulated as a BDC under the 1940 Act, as well as elected to be treated, and intends to comply with the requirements to qualify annually, as a RIC under Subchapter M of the Code. As a RIC, the Company generally is not subject to corporate-level U.S. federal income taxes on any ordinary income or capital gains that it timely distributes as dividends for U.S. federal income tax purposes to its stockholders. To qualify to be treated as a RIC, the Company is required to meet certain source of income and asset diversification requirements, and to timely distribute dividends out of assets legally available for distributions to its stockholders of an amount generally equal to at least 90% of the sum of its net ordinary income and net short-term capital gains in excess of net long-term capital losses, if any (i.e., “investment company taxable income,” determined without regard to any deduction for dividends paid), for each taxable year. The amount to be paid out as distributions to the Company’s stockholders is determined by the Board of Directors and is based on management’s estimate of the fiscal year earnings. Based on that estimate, the Company intends to make the requisite distributions to its stockholders, which will generally relieve the Company from corporate-level U.S. federal income taxes. Although the Company currently intends to distribute its net capital gains (i.e., net long-term capital gains in excess of net short-term capital losses), if any, recognized in respect of each taxable year as dividends out of the Company’s assets legally available for distribution, the Company in the future may decide to retain for investment and be subject to entity-level income tax on such net capital gains. Additionally, depending on the level of taxable income earned in a taxable year, the Company may choose to carry forward taxable income in excess of current year distributions into the next taxable year and incur a 4% excise tax on such income, as required. To the extent that the Company determines that its estimated current year annual taxable income will be in excess

of estimated current year distributions, the Company will accrue an excise tax, if any, on estimated excess taxable income as such excess taxable income is earned.

The determination of the tax attributes of the Company's distributions, including distributions in connection with tender offers, are made annually at the end of the Company's taxable year, based upon the Company's taxable income for the full taxable year and distributions paid for the full taxable year. Therefore, a determination made on an interim basis may not be representative of the actual tax attributes of distributions for a full taxable year. The actual tax characteristics of distributions to stockholders will be reported to the Company's stockholders subject to information reporting after the close of each calendar.

U.S. GAAP requires adjustments to certain components of net assets to reflect permanent differences between financial and tax reporting. These adjustments have no effect on net asset value per share. For the year ended December 31, 2022 and 2021, the Company recorded the following adjustments for permanent book to tax differences to reflect their tax characteristics. The adjustments only change the classification in net assets in the statements of assets and liabilities. During the year ended December 31, 2022 and 2021, the Company reclassified for book purposes amounts arising from permanent book/tax differences primarily related to distribution redesignations and return of capital distributions.

	<u>Year Ended</u> <u>December 31, 2022</u>	<u>Year Ended</u> <u>December 31, 2021</u>
Capital in excess of par value	\$ -	\$ -
Accumulated net investment income	(430)	-
Accumulated net realized gain (loss)	430	-

At December 31, 2022 and 2021, the components of distributable taxable earnings as detailed below differ from the amounts reflected in the Company's statements of assets and liabilities by temporary book/tax differences primarily arising from amortization of organizational expenditures.

	<u>As of December 31,</u> <u>2022</u>	<u>As of December 31,</u> <u>2021</u>
Other temporary book/tax differences	\$ (152,362)	\$ (172,677)
Net tax basis unrealized depreciation	(6,872,198)	(1,238,244)
Accumulated net realized loss	(2,500,103)	(3,353,867)
Components of tax distributable (loss) earnings at period end	<u>\$ (9,524,663)</u>	<u>\$ (4,764,788)</u>

Certain losses incurred by the Company after October 31 of a taxable year are deemed to arise on the first business day of the Company's next taxable year. The Company did not incur such losses after October 31 of the Company's taxable year ended December 31, 2022.

Capital losses are generally eligible to be carried forward indefinitely and retain their status as short-term or long-term in the manner originally incurred by the Company. As of December 31, 2022, the Company has long-term capital loss carryforward of \$2,500,103. The Company has evaluated tax positions it has taken, expects to take, or that are otherwise relevant to the Company for purposes of determining whether any relevant tax positions would "more-likely-than-not" be sustained by the applicable tax authority in accordance with ASC Topic 740, "Income Taxes," as modified by ASC Topic 946. The Company has analyzed such tax positions and has concluded that no unrecognized tax benefits should be recorded for uncertain tax positions for taxable years that may be open. The Company is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next twelve months. The Company's U.S. federal tax returns for fiscal years 2020, 2021, and 2022 remain subject to examination by the Internal Revenue Service. The Company records tax positions that are not deemed to meet a more-likely-than-not threshold as tax expenses as well as any applicable penalties or interest associated with such positions. During each of the years ended December 31, 2022, 2021, and 2020, no tax expense or any related interest or penalties were incurred.



## Note 7. Equity

An investor made capital commitments to the Company in the amounts set forth below as of the date opposite each capital commitment:

Amount	Date
\$140,000,000	June 23, 2015
\$50,000,000	December 2, 2016
\$100,000,000	On December 7, 2017
\$40,000,000	March 22, 2019
\$30,000,000	September 23, 2019
\$11,200,000	March 20, 2020
\$8,900,000	May 28, 2021
\$110,000,000	December 15, 2021
\$30,000,000	June 13, 2023

As of September 30, 2023, there were no remaining unfunded capital commitments by the Company's investors.

The number of shares of Common Stock issued and outstanding as of September 30, 2023 and December 31, 2022, were 44,518,983 and 46,376,461, respectively.

The following table details the activity of Stockholders' Equity for the three and nine months ended September 30, 2023 and 2022:

	Common Stock	Capital in Excess of Par Value	Total Distributable (Loss) Earnings	Total Stockholders' Equity
<b>Three Months Ended September 30, 2023</b>				
Balance as of June 30, 2023	\$ 43,159	\$ 407,609,250	\$ (11,482,795)	\$ 396,169,614
Net investment income	-	-	9,320,979	9,320,979
Net realized loss from investment transactions	-	-	(22,470)	(22,470)
Net change in unrealized appreciation on investments	-	-	934,462	934,462
Issuance of shares	3,268	29,996,732	-	30,000,000
Repurchase of shares	(1,908)	(17,513,827)	-	(17,515,735)
Distributions to Stockholders	-	349,990	(349,990)	-
Balance as of September 30, 2023	\$ 44,519	\$ 420,442,145	\$ (1,599,814)	\$ 418,886,850
<b>Nine Months Ended September 30, 2023</b>				
Balance as of December 31, 2022	\$ 46,376	\$ 437,955,965	\$ (9,524,663)	\$ 428,477,678
Net investment income	-	-	26,666,196	26,666,196
Net realized loss from investment transactions	-	-	(179,719)	(179,719)
Net change in unrealized depreciation on investments	-	-	(866,424)	(866,424)
Issuance of shares	3,268	29,996,732	-	30,000,000
Repurchase of shares	(5,125)	(47,510,610)	-	(47,515,735)
Distributions to Stockholders	-	-	(17,695,204)	(17,695,204)
Reinvested Dividends	-	58	-	58
Balance as of September 30, 2023	\$ 44,519	\$ 420,442,145	\$ (1,599,814)	\$ 418,886,850
<b>Three Months Ended September 30, 2022</b>				
Balance as of June 30, 2022	\$ 43,697	\$ 413,668,452	\$ (8,559,759)	\$ 405,152,390
Net investment income	-	-	6,593,356	6,593,356
Net realized gain from investment transactions	-	-	93,515	93,515
Net change in unrealized appreciation on investments	-	-	71,842	71,842
Issuance of shares	3,236	29,996,764	-	30,000,000
Repurchase of shares	(1,618)	(14,998,382)	-	(15,000,000)
Balance as of September 30, 2022	\$ 45,315	\$ 428,666,834	\$ (1,801,046)	\$ 426,911,103

<u>Nine Months Ended September 30, 2022</u>	<u>Common Stock</u>	<u>Capital in Excess of Par Value</u>	<u>Total Distributable (Loss) Earnings</u>	<u>Total Stockholders' Equity</u>
Balance as of December 31, 2021	\$ 39,961	\$ 378,672,161	\$ (4,764,788)	\$ 373,947,334
Net investment income	-	-	15,871,538	15,871,538
Net realized gain from investment transactions	-	-	431,080	431,080
Net change in unrealized depreciation on investments	-	-	(4,599,524)	(4,599,524)
Issuance of shares	9,092	84,990,908	-	85,000,000
Repurchase of shares	(3,738)	(34,996,262)	-	(35,000,000)
Distributions to Stockholders	-	-	(8,739,352)	(8,739,352)
Reinvested Dividends	-	27	-	27
Balance as of September 30, 2022	\$ 45,315	\$ 428,666,834	\$ (1,801,046)	\$ 426,911,103

## Note 8. Borrowings

### *Short-Term Borrowings*

From time to time, the Company finances the purchase of certain investments through repurchase agreements. In the repurchase agreements, the Company enters into a trade to sell an investment and contemporaneously enters into a trade to buy the same investment back on a specified date in the future with the same counterparty. Investments sold under repurchase agreements are accounted for as collateralized borrowings as the sale of the investment does not qualify for sale accounting under ASC Topic 860—Transfers and Servicing and remains as an investment on the Statement of Assets and Liabilities. The Company uses repurchase agreements as a short-term financing alternative. As of September 30, 2023, the Company had no short-term borrowing outstanding. For the three and nine months ended September 30, 2023, the Company recorded interest expense in connection with short-term borrowings of \$27,390 and \$446,070, respectively. As of September 30, 2022, the Company had short-term borrowings outstanding of \$18,681,667. For the three and nine months ended September 30, 2022, the Company recorded interest expense in connection with short-term borrowings of \$322,175 and \$458,976, respectively. As of December 31, 2022, the Company had short-term borrowings outstanding of \$13,178,611.

## Note 9. Commitments and Contingencies

The Company may enter into certain credit agreements that include loan commitments where all or a portion of such commitment may be unfunded. The Company is generally obligated to fund the unfunded loan commitments at the borrowers' discretion. Funded portions of credit agreements are presented on the accompanying schedule of investments. Unfunded loan commitments and funded portions of credit agreements are fair valued and unrealized appreciation or depreciation, if any, have been included in the accompanying statements of assets and liabilities and statements of operations.

The following table summarizes the Company’s significant contractual payment obligations as of September 30, 2023 and December 31, 2022:

Investment	Investment Type	Index (*)	Spread	Interest Rate	Maturity	Industry	September 30, 2023	December 31, 2022
EdgeCo	Senior Secured Delayed Draw Term Loan (First Lien)	S-	4.75%	10.15%	6/1/2026	Banking, Finance, Insurance & Real Estate	\$ 972,000	\$ 1,200,000
VC3	Senior Secured Delayed Draw Term Loan D	S-	5.25%	10.65%	3/12/2027	Services: Business	962,900	1,176,922
Golden Source	Senior Secured Delayed Draw Term Loan	S-	5.50%	10.90%	5/12/2028	Services: Business	938,967	938,967
OrthoNebraska	Senior Secured Delayed Draw Term Loan	S-	6.50%	11.90%	7/31/2027	Healthcare & Pharmaceuticals	914,913	-
InterMed	Senior Secured Delayed Draw Term Loan	S-	6.50%	11.90%	12/24/2029	Healthcare & Pharmaceuticals	863,931	863,931
InterMed	Senior Secured Revolving Loan	S-	6.50%	11.90%	12/24/2028	Healthcare & Pharmaceuticals	863,931	846,172
Industrial Services Group	Senior Secured Delayed Draw Term Loan	S-	6.25%	11.65%	12/7/2028	Services: Business	853,333	1,428,571
Discovery Education	Senior Secured Delayed Draw Term Loan (First Lien)	S-	5.75%	11.15%	4/6/2029	Services: Business	807,692	718,563
Vortex	Senior Secured Delayed Draw Term Loan	S-	6.00%	11.40%	9/4/2029	Environmental Industries	743,223	-
CFI International	Senior Secured Delayed Draw Term Loan	S-	5.50%	10.90%	10/6/2024	Aerospace & Defense	718,563	687,983
Ned Stevens 2022-2	Senior Secured Delayed Draw Term Loan	S-	6.75%	12.15%	11/1/2029	Services: Consumer	700,630	807,692
Minds + Assembly	Senior Secured Revolving Loan	S-	6.50%	11.90%	5/3/2029	Healthcare & Pharmaceuticals	683,230	-
Akra	Senior Secured 2022 Delayed Draw Term Loan	S-	6.50%	11.90%	9/30/2028	Banking, Finance, Insurance & Real Estate	540,000	1,173,333
Engine & Transmission Exchange	Senior Secured Revolving Loan	S-	6.50%	11.90%	5/25/2029	Automotive	513,078	-
Industrial Services Group	Senior Secured Revolving Loan	S-	6.25%	11.65%	12/7/2028	Services: Business	510,476	513,699
Elassens	Senior Secured Initial Delayed Draw Term Loan	S-	5.75%	11.15%	4/7/2028	Services: Business	507,407	625,344
GME Supply	Senior Secured Revolving Loan	S-	6.25%	11.65%	7/5/2027	Wholesale	502,934	-
Golden Source	Senior Secured Revolving Loan	S-	5.50%	10.90%	5/12/2028	Services: Business	469,484	469,484
Advancing Eyecare	Senior Secured Initial Delayed Draw Term Loan	S-	5.75%	11.15%	6/29/2029	Healthcare & Pharmaceuticals	462,000	462,000
OrthoNebraska	Senior Secured Revolving Loan	S-	6.50%	11.90%	7/31/2027	Healthcare & Pharmaceuticals	457,457	-
RevHealth	Senior Secured Revolving Loan	S-	5.75%	11.15%	7/22/2028	Healthcare & Pharmaceuticals	457,192	308,344
GME Supply	Senior Secured Delayed Draw Term Loan	S-	6.25%	11.65%	7/5/2027	Wholesale	420,862	-
PracticeTek	Senior Secured Delayed Draw Term Loan	S-	5.50%	10.90%	11/23/2027	High Tech Industries	372,137	1,889,313
Micro Merchant Systems	Senior Secured Delayed Draw Term Loan	S-	5.75%	11.15%	12/14/2027	Healthcare & Pharmaceuticals	370,370	370,370
Vortex	Senior Secured Revolving Loan	S-	6.00%	11.40%	9/4/2029	Environmental Industries	369,988	-
InnovateMR	Senior Secured Revolving Loan	S-	6.00%	11.40%	1/20/2028	Services: Business	365,388	365,388
PracticeTek	Senior Secured Revolving Loan	S-	5.50%	10.90%	11/25/2027	High Tech Industries	357,824	357,824
Ned Stevens 2022-2	Senior Secured Revolving Loan	S-	6.75%	12.15%	11/1/2029	Services: Consumer	338,469	338,469
Venclius	Senior Secured Revolving Credit Loan	S-	5.75%	11.15%	12/22/2025	Chemicals, Plastics & Rubber	325,012	486,239
USALCO	Senior Secured Revolving Loan	S-	6.00%	11.40%	10/19/2026	Chemicals, Plastics & Rubber	306,452	204,545
Paragon Films	Senior Secured Delayed Draw Term Loan (First Lien)	S-	5.00%	10.40%	12/16/2028	Containers, Packaging & Glass	297,030	297,030
MediaRadar	Senior Secured Revolving Loan	S-	6.00%	11.40%	7/22/2028	Media: Advertising, Printing & Publishing	296,296	296,296
Blue Cloud	Senior Secured Delayed Draw Term Loan	S-	5.50%	10.90%	1/21/2028	Healthcare & Pharmaceuticals	296,000	400,000
Certy Partners	Senior Secured Initial Revolving Loan	S-	6.50%	11.90%	7/27/2028	Banking, Finance, Insurance & Real Estate	286,738	-
Beta+	Senior Secured Revolving Credit Loan	S-	4.25%	9.65%	7/1/2027	Banking, Finance, Insurance & Real Estate	276,289	276,289
A1 Garage Door Service	Senior Secured Revolving Loan	S-	6.50%	11.90%	12/25/2028	Construction & Building	275,482	275,482
Whiterift	Senior Secured Revolving Credit Loan	S-	7.00%	12.40%	2/15/2029	Aerospace & Defense	267,857	-
Accolite	Senior Secured Initial DDTL Loan	S-	6.00%	11.40%	4/10/2029	Services: Business	250,000	-
Discovery Education	Senior Secured Revolving Credit Loan (First Lien)	S-	5.75%	11.15%	4/7/2028	Services: Business	230,769	230,769
Liberty Group	Senior Secured Delayed Draw Term Loan	S-	5.75%	11.15%	6/9/2028	Services: Business	204,545	200,001
Radwell	Senior Secured Delayed Draw Term Loan	S-	6.53%	11.92%	4/1/2029	Capital Equipment	200,011	185,484
Burke Porter Group	Senior Secured Revolving Credit Loan	S-	6.00%	11.40%	7/29/2028	Capital Equipment	198,769	286,738
A1 Garage Door Service	Senior Secured Closing Date Delayed Draw Term Loan	S-	6.50%	11.90%	12/25/2028	Construction & Building	194,518	571,429
Alliance Environmental Group	Senior Secured Delayed Draw Term Loan	S-	6.00%	11.40%	12/30/2027	Environmental Industries	182,119	177,273
Liberty Group	Senior Secured Revolving Loan	S-	5.75%	11.15%	6/9/2028	Services: Business	181,818	227,273
Ivy Rehab	Senior Secured Revolving Credit Loan (First Lien)	S-	4.75%	10.15%	4/21/2028	Healthcare & Pharmaceuticals	168,350	168,350
EPIC Insurance	Senior Secured Revolving Loan	S-	5.25%	10.65%	9/30/2027	Banking, Finance, Insurance & Real Estate	161,841	161,841
Integro	Senior Secured Tenth Amendment Delayed Draw Loan	S-	(12.25% PIK)	17.40%	5/8/2023	Banking, Finance, Insurance & Real Estate	161,041	-
Chery Bekaert	Senior Secured Revolving Credit Loan	S-	5.50%	10.90%	6/30/2028	Banking, Finance, Insurance & Real Estate	160,283	431,530
Blue Cloud	Senior Secured Revolving Loan	S-	5.50%	10.90%	1/21/2028	Healthcare & Pharmaceuticals	158,636	182,119
Hisho Sushi	Senior Secured Revolving Credit Loan	S-	6.00%	11.40%	5/18/2028	Beverage, Food & Tobacco	142,857	111,111
Industrial Physics	Senior Secured Delayed Draw Term Loan	S-	6.25%	11.65%	7/31/2029	Containers, Packaging & Glass	142,857	-
The Facilities Group	Senior Secured Delayed Draw Term Loan	S-	5.75%	11.15%	11/30/2027	Services: Business	137,861	266,185
Insight Global	Senior Secured Revolving Loan	S-	6.00%	11.40%	9/22/2027	Services: Business	134,178	80,507
Cleaver Brooks	Senior Secured Revolving Loan	S-	5.75%	11.15%	7/31/2028	Capital Equipment	123,077	113,834
Health Management Associates	Senior Secured Delay Draw Term Loan	S-	6.25%	11.65%	3/31/2029	Services: Business	120,782	-
Community Brands	Senior Secured Delayed Draw Term Loan	S-	5.75%	11.15%	2/24/2028	Banking, Finance, Insurance & Real Estate	117,647	118,154
Omni Logistics	Senior Secured Revolving Credit Loan (First Lien)	S-	5.00%	10.40%	12/30/2025	Transportation: Cargo	113,834	117,647
Micro Merchant Systems	Senior Secured Revolving Loan	S-	5.75%	11.15%	12/14/2027	Healthcare & Pharmaceuticals	111,111	114,286
Industrial Physics	Senior Secured Revolving Credit Loan	S-	6.25%	11.65%	7/31/2028	Containers, Packaging & Glass	107,759	-
Epic Staffing Group	Senior Secured Delayed Draw Term Loan	S-	6.00%	11.40%	6/28/2029	Healthcare & Pharmaceuticals	104,338	174,419
FLS Transportation	Senior Secured Revolving Credit Loan	S-	5.25%	10.65%	12/17/2027	Transportation: Cargo	88,889	107,692
VC3	Senior Secured Revolving Credit	S-	5.25%	10.65%	3/12/2027	Services: Business	76,923	76,923
Applied Adhesives	Senior Secured Revolving Loan	S-	4.75%	10.15%	3/12/2027	Containers, Packaging & Glass	71,111	71,414
BlueHalo	Senior Secured Revolving Loan	S-	6.50%	11.90%	10/31/2025	Aerospace & Defense	70,386	16,556
Keter Environmental Services	Senior Secured Revolving Loan	S-	6.50%	11.90%	10/29/2027	Environmental Industries	68,400	50,160
Ansira	Senior Secured New Delayed Draw Term Loan	S-	(6.50% PIK)	6.50%	12/20/2024	Media: Advertising, Printing & Publishing	66,388	88,889
Radwell	Senior Secured Revolving Loan	S-	6.75%	12.15%	4/1/2028	Capital Equipment	63,999	79,998
CPS	Senior Secured Revolving Credit Loan	S-	5.25%	10.65%	6/1/2028	Healthcare & Pharmaceuticals	59,988	68,750
Community Brands	Senior Secured Revolving Loan	S-	5.75%	11.15%	2/24/2028	Banking, Finance, Insurance & Real Estate	58,824	58,824
Health Management Associates	Senior Secured Revolving Loan	S-	6.25%	11.65%	3/31/2029	Services: Business	56,838	-
Alliance Environmental Group	Senior Secured Revolving Loan	S-	6.00%	11.40%	12/30/2027	Environmental Industries	49,669	17,551
S&P Engineering Solutions	Senior Secured Revolving Credit Loan	S-	7.00%	12.40%	5/2/2029	Services: Business	49,020	-
Tank Holding	Senior Secured Revolving Credit Loan	S-	5.75%	11.15%	3/31/2028	Capital Equipment	32,000	161,041
Chery Bekaert	Senior Secured Delayed Draw Term Loan	S-	5.50%	10.90%	6/30/2028	Banking, Finance, Insurance & Real Estate	-	629,630
CoolSys	Senior Secured Delayed Draw Term Loan	S-	4.75%	10.15%	8/11/2028	Services: Business	-	468,278
Evans Network	Senior Secured Delayed Draw Term Loan (First Lien)	S-	4.25%	9.65%	8/19/2028	Transportation: Cargo	-	326,531
EPIC Insurance	Senior Secured Delayed Draw Term Loan	S-	5.25%	10.65%	9/29/2028	Banking, Finance, Insurance & Real Estate	-	21,877
Forefront	Senior Secured Delayed Draw Term Loan	S-	4.25%	9.65%	4/1/2029	Healthcare & Pharmaceuticals	-	7,786
Ivy Rehab	Senior Secured Delayed Draw Term Loan (First Lien)	S-	4.75%	10.15%	4/25/2029	Healthcare & Pharmaceuticals	-	176,471
Omni Logistics	Senior Secured Tranche 2 DDTL (First Lien)	S-	5.00%	10.40%	12/30/2026	Transportation: Cargo	-	71,111
Magnate	Senior Secured Delayed Draw Term Loan (First Lien)	S-	5.50%	10.90%	12/29/2028	Transportation: Cargo	-	36,607
Applied Adhesives	Senior Secured Delayed Draw Term Loan	S-	4.75%	10.15%	3/12/2027	Containers, Packaging & Glass	-	27,721
							\$ 24,286,401	\$ 24,258,010

Unfunded commitments represent all amounts unfunded as of September 30, 2023 and December 31, 2022. These amounts may or may not be funded to the borrowing party now or in the future.

## Note 10. Financial Highlights

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
<b>Per Share Data:</b>				
Net asset value, beginning of period	\$ 9.18	\$ 9.27	\$ 9.24	\$ 9.36
Net investment income <sup>(a)</sup>	0.21	0.14	0.60	0.36
Net realized (loss) gain on investments and change in unrealized depreciation on investments <sup>(a)(b)</sup>	0.02	0.01	(0.03)	(0.10)
Net increase in net assets resulting from operations	<u>\$ 0.23</u>	<u>\$ 0.15</u>	<u>\$ 0.57</u>	<u>\$ 0.26</u>
Effect of equity capital activity				
Distributions to stockholders from net investment income <sup>(a)</sup>	-	-	(0.39)	(0.20)
Distributions to stockholders from return of capital <sup>(a)</sup>	-	-	(0.01)	-
Net asset value at end of period	<u>\$ 9.41</u>	<u>\$ 9.42</u>	<u>\$ 9.41</u>	<u>\$ 9.42</u>
Total return <sup>(c)</sup>	2.51 %	1.62 %	6.28 %	2.78 %
Shares of common stock outstanding at end of period	44,518,983	45,314,885	44,518,983	45,314,885
<b>Statement of Assets and Liabilities Data:</b>				
Net assets at end of period	\$ 418,886,850	\$ 426,911,103	\$ 418,886,850	\$ 426,911,103
Average net assets <sup>(d)</sup>	403,742,026	424,590,597	411,268,074	414,120,178
<b>Ratio/Supplemental Data:</b>				
Ratio of gross expenses to average net assets - annualized <sup>(e)</sup>	2.89 %	2.68 %	2.90 %	2.26 %
Ratio of net expenses to average net assets - annualized <sup>(f)</sup>	1.66 %	1.57 %	1.66 %	1.30 %
Ratio of net investment income to average net assets - annualized	9.16 %	6.16 %	8.67 %	5.12 %
Portfolio turnover <sup>(g)</sup>	8.77 %	0.92 %	8.64 %	0.95 %

(a) Based on weighted average basic per share of Common Stock data.

(b) The per share amount varies from the net realized and unrealized gain (loss) for the period because of the timing of sales of fund shares and the per share amount of realized and unrealized gains and losses at such time.

(c) Total return is based on the change in net asset value during the respective periods. Total return also takes into account dividends and distributions, if any, reinvested in accordance with the Company's dividend reinvestment plan.

(d) Average net assets are computed using the average balance of net assets at the end of each month of the reporting period.

(e) Ratio of gross expenses to average net assets is computed using expenses before waivers from the Adviser and Administrator.

(f) Ratio of net expenses to average net assets is computed using total expenses net of waivers from the Adviser and Administrator.

(g) Not annualized.

## Note 11. Indemnification

In the normal course of business, the Company may enter into certain contracts that provide a variety of indemnities. The Company's maximum exposure under these indemnities is unknown. The Company does not consider it necessary to record a liability in this regard.

## Note 12. Subsequent Events

Subsequent to September 30, 2023 through November 13, 2023, the Company invested \$13,826,494 at cost in 30 different portfolio companies.

## ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*In this quarterly report on Form 10-Q, except where the context suggests otherwise, the terms “we,” “us,” “our” and the “Company” refer to Audax Credit BDC Inc. The information contained in this section should be read in the conjunction with the financial statements and notes to the financial statements appearing elsewhere in this quarterly report.*

This quarterly report and other statements contain forward-looking statements that involve substantial risks and uncertainties. Such statements involve known and unknown risks, uncertainties and other factors and undue reliance should not be placed thereon. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates and projections about our company, our current and prospective portfolio investments, our industry, our beliefs and our assumptions. Words such as “anticipates,” “expects,” “intends,” “plans,” “will,” “may,” “continue,” “believes,” “seeks,” “estimates,” “would,” “could,” “should,” “targets,” “projects,” and variations of these words and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements, including:

- our future operating results;
- our business prospects and the prospects of our portfolio companies;
- changes in political, economic or industry conditions, rising interest rates and conditions affecting the financial and capital markets, which could result in changes to the value of our assets;
- the state of and changes in the general economy, including a possible slowdown in the economy;
- the risk of recession;
- the impact of fluctuations in interest rates and foreign exchange rates on our business and our portfolio companies;
- rising levels of inflation, and its impact on us, on our portfolio companies and on the industries in which we invest;
- general price and volume fluctuations in the stock markets;
- uncertainty surrounding global financial stability, including the liquidity of certain banks;
- uncertainty surrounding financial and political stability of the United States, the United Kingdom, the European Union, the Middle East and China, and the war between Russia and Ukraine;
- the ability of our portfolio companies to achieve their objectives;
- the timing of cash flows, if any, from the operations of our portfolio companies;
- the ability of our Adviser to locate suitable investments for us and to monitor and administer our investments;
- risk associated with possible disruptions in our operations or the economy generally;
- the effect of investments that we expect to make;
- our contractual arrangements and relationships with third parties;
- actual and potential conflicts of interest with Adviser and its affiliates;
- the dependence of our future success on the general economy and its effect on the industries in which we invest;
- the adequacy of our financing sources and working capital;
- the ability of our Adviser and its affiliates to attract and retain highly talented professionals;
- our ability to qualify and maintain our qualification as a BDC and as a RIC; and
- the risks, uncertainties and other factors we identify under “Item 1A. Risk Factors” and elsewhere in our Annual Report on Form 10-K filed on March 20, 2023 (file no. 814-01154) (the “Annual Report”).

Although we believe that the assumptions on which these forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and as a result, the forward-looking statements based on those assumptions also could be inaccurate. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this quarterly report should not be regarded as a representation by us that our plans and objectives will be achieved. These risks and uncertainties include those described or identified in the section entitled

“Item 1A. Risk Factors” of this quarterly report and our Annual Report as well as risk factors described or identified in other filings we may make with the SEC from time to time. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this quarterly report. Moreover, we assume no duty and do not undertake to update the forward-looking statements. The forward-looking statements and projections contained in this quarterly report are excluded from the safe harbor protection provided by Section 27A of the Securities Act and provided by Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

## **OVERVIEW**

Audax Credit BDC Inc. is a Delaware corporation that was formed on January 29, 2015. We are an externally managed, closed-end, non-diversified management investment company that has elected to be treated as a BDC under the 1940 Act. In addition, we have elected to be treated for U.S. federal income tax purposes and intends to comply with the requirements to qualify annually, as a RIC under Subchapter M of the Code.

Our investment objective is to generate current income and, to a lesser extent, long-term capital appreciation. We intend to meet our investment objective by investing primarily in senior secured debt of privately owned U.S. middle market companies. We intend to invest at least 80% of our net assets plus the amount of any borrowings in “credit instruments,” which we define as any fixed income instruments.

Although we have no present intention of doing so, we may decide to incur leverage. If we do incur leverage, however, we anticipate that it will be used in limited circumstances and on a short-term basis for purposes such as funding distributions. As a BDC, we are limited in our use of leverage under the 1940 Act. Under the 1940 Act, a BDC generally is required to maintain asset coverage of 200% for senior securities representing indebtedness (such as borrowings from banks or other financial institutions) or stock (such as preferred stock). The Small Business Credit Availability Act (the “SBCAA”), which was signed into law on March 23, 2018, provides that a BDC's required asset coverage under the 1940 Act may be reduced from 200% (i.e., \$1 of debt outstanding for each \$1 of equity) to 150% (i.e., \$2 of debt outstanding for each \$1 of equity). This reduction in asset coverage permits a BDC to double the amount of leverage it may utilize, subject to certain approval, timing and reporting requirements, including either stockholder approval or approval of a majority of the directors who are not “interested persons” (as defined in the 1940 Act) of the BDC and who have no financial interest in the arrangement. In addition, as a non-traded BDC, if we receive the relevant approval to increase our authorized leverage, we will be required to offer our stockholders the opportunity to sell their shares of Common Stock over the next year following the calendar quarter in which the approval was obtained. In determining whether to use leverage, we will analyze the maturity, covenants and interest rate structure of the proposed borrowings, as well as the risks of such borrowings within the context of our investment outlook and the impact of leverage on our investment portfolio. The amount of any leverage that we will employ as a BDC will be subject to oversight by our Board of Directors.

We generate revenue in the form of interest on the debt securities that we hold in our portfolio companies. The senior debt we invest in generally has stated terms of three to ten years. Our senior debt investments generally bear interest at a floating rate. Interest on debt securities is generally payable quarterly or semiannually. In some cases, some of our investments may provide for deferred interest payments or PIK interest. The principal amount of the debt securities and any accrued but unpaid interest generally will become due at the maturity date. In addition, we may generate revenue in the form of commitment and other fees in connection with transactions, although we do not expect to do so. OID as well as market discount and premium are accreted and amortized in determining our interest income. We record any prepayment premiums on loans and debt securities as income.

## **PORTFOLIO COMPOSITION AND INVESTMENT ACTIVITY**

### *Portfolio Composition*

The fair value of our investments, comprised of syndicated loans and equity, as of September 30, 2023, was approximately \$391,223,496 and held in 210 portfolio companies as of September 30, 2023. The fair value of our

investments, comprised of syndicated loans and equity, as of December 31, 2022, was approximately \$420,828,658 and held in 222 portfolio companies as of December 31, 2022.

During the nine months ended September 30, 2023, we invested in 27 new syndicated investments for a combined \$32,885,316 and in existing investments for a combined \$9,522,941. We also received \$37,397,666 in repayments from investments and \$34,263,233 from investments sold during the nine months ended September 30, 2023. During the nine months ended September 30, 2022, we invested in 105 new investments for a combined \$85,123,197 and in existing investments for a combined \$9,221,444. We also received \$52,253,887 in repayments from investments and \$4,047,932 from investments sold during the nine months ended September 30, 2022.

In addition, for the three and nine months ended September 30, 2023, we had a change in unrealized appreciation (depreciation) of approximately \$934,462 and \$(866,424) respectively, and realized losses of \$22,470 and \$179,719, respectively. In addition, for the three and nine months ended September 30, 2022, we had a change in unrealized appreciation (depreciation) of approximately \$71,842 and \$(4,599,524) respectively, and realized gains of \$93,515 and \$431,080, respectively.

Our investment activity for the nine months ended September 30, 2023 and 2022, is presented below:

	<b>Nine Months Ended September 30, 2023</b>	<b>Nine Months Ended September 30, 2022</b>
Beginning investment portfolio, at fair value	\$ 420,828,658	\$ 403,054,374
Investments in new portfolio investments	32,885,316	85,123,197
Investments in existing portfolio investments	9,522,941	9,221,444
Principal repayments	(37,397,666)	(52,253,887)
Proceeds from investments sold	(34,263,233)	(4,047,932)
Change in premiums, discounts and amortization	693,623	712,849
Net change in unrealized depreciation on investments	(866,424)	(4,599,524)
Realized (loss) gain on investments	(179,719)	431,080
Ending portfolio investment activity, at fair value	<u>\$ 391,223,496</u>	<u>\$ 437,641,601</u>
Number of portfolio investments	242	257
Average investment amount, at cost	\$ 1,648,604	\$ 1,725,601
Percentage of investments at floating rates	99.17% %	100.00 %

As of September 30, 2023 and December 31, 2022, our entire portfolio consisted of non-controlled/non-affiliated investments.

## RECENT DEVELOPMENTS

Subsequent to September 30, 2023 through November 13, 2023, the Company invested \$13,826,494 at cost in 30 different portfolio companies.

## RESULTS OF OPERATIONS

The net increase or decrease in net assets from operations may vary substantially from period to period as a result of various factors, including the recognition of realized gains and/or losses and net change in unrealized appreciation and depreciation.

### Revenue

Total investment income for the three and nine months ended September 30, 2023 and 2022 is presented in the table below.

	<u>Three Months Ended September 30, 2023</u>	<u>Three Months Ended September 30, 2022</u>	<u>Nine Months Ended September 30, 2023</u>	<u>Nine Months Ended September 30, 2022</u>
Total interest income from non-controlled/non-affiliated investments	\$ 10,798,191	\$ 8,067,475	\$ 31,370,065	\$ 19,519,603
Total other interest income	87,639	10,850	213,217	11,630
Total other income	121,841	196,474	193,094	374,849
Total investment income	<u>\$ 11,007,671</u>	<u>\$ 8,274,799</u>	<u>\$ 31,776,376</u>	<u>\$ 19,906,082</u>

Total investment income for the three months ended September 30, 2023 increased to \$11,007,671 from \$8,274,799 for the three months ended September 30, 2022, and was driven by the increase in LIBOR and SOFR. Total investment income for the nine months ended September 30, 2023 increased to \$31,776,376 from \$19,906,082 for the nine months ended September 30, 2022, and was driven by an increase in LIBOR and SOFR. As of September 30, 2023 and 2022, the size of our debt portfolio was \$394,286,258 and \$440,936,825 at amortized cost, respectively, with total debt principal amount outstanding of \$398,912,100 and \$445,300,644, respectively.

### Expenses

Total expenses net of waivers for the three and nine months ended September 30, 2023 and 2022, were as follows:

	<u>Three Months Ended September 30, 2023</u>	<u>Three Months Ended September 30, 2022</u>	<u>Nine Months Ended September 30, 2023</u>	<u>Nine Months Ended September 30, 2022</u>
Base management fee <sup>(a)</sup>	\$ 1,022,684	\$ 1,174,798	\$ 3,215,515	\$ 3,295,451
Incentive fee <sup>(a)</sup>	1,487,402	1,027,544	4,234,793	2,201,758
Interest expense <sup>(b)</sup>	27,390	322,175	446,070	458,976
Professional fees	190,921	134,052	402,827	426,588
Directors' fees	63,750	60,000	191,250	180,000
Administrative fee <sup>(a)</sup>	66,250	66,250	198,750	198,750
Other expenses	79,267	79,077	217,501	236,011
Total expenses	<u>2,937,664</u>	<u>2,863,896</u>	<u>8,906,706</u>	<u>6,997,534</u>
Base management fee waivers <sup>(a)</sup>	(357,939)	(411,179)	(1,125,430)	(1,153,408)
Incentive fee waivers <sup>(a)</sup>	(893,033)	(771,274)	(2,671,096)	(1,809,582)
Total expenses, net of waivers	<u>\$ 1,686,692</u>	<u>\$ 1,681,443</u>	<u>\$ 5,110,180</u>	<u>\$ 4,034,544</u>

(a) Refer to Note 4-Related Party Transactions within the financial statements for a description of the relevant fees.

(b) Refer to Note 8-Borrowings within the financial statements for a description of the relevant expenses.

The decrease in base management fees before waivers for the three months ended September 30, 2023 in comparison to the three months ended September 30, 2022 was driven by our decreasing average gross assets balance. For the three months ended September 30, 2023 and 2022, we accrued gross base management fees before waivers of \$1,022,684 and \$1,174,798, respectively. Offsetting those fees, we recognized base management fee waivers of \$357,939 and \$411,179 for three months ended September 30, 2023 and 2022, respectively. The decrease in base management fees before waivers for the nine months ended June 30, 2023 in comparison to the nine months ended September 30, 2022 was driven by our decreasing average gross assets balance. For the nine months ended September 30, 2023 and 2022, we accrued gross base management fees before waivers of \$3,215,515 and



\$3,295,451, respectively. Offsetting those fees, we recognized base management fee waivers of \$1,125,430 and \$1,153,408 for nine months ended September 30, 2023 and 2022, respectively.

The increase in incentive fees before waivers for the three and nine months ended September 30, 2023 in comparison to the three and nine months ended September 30, 2022 was driven by our increase in net investment income. For the three and nine months ended September 30, 2023, we accrued incentive fees related to net investment income before waivers of \$1,487,402 and \$4,234,793, respectively. Offsetting those fees, we recognized incentive fee waivers of \$893,033 and \$2,671,096, respectively. For the three and nine months ended September 30, 2022, we accrued incentive fees related to net investment income before waivers of \$1,027,544 and \$2,201,758, respectively. Offsetting those fees, we recognized incentive fee waivers of \$771,274 and \$1,809,582, respectively.

Additionally, we accrued \$66,250 and \$198,750 of administrative fees for each of the three and nine month periods ended September 30, 2023 and 2022, respectively. Refer to Note 4 — *Related Party Transactions* in the notes accompanying our financial statements for more information related to base management fees, incentive fees and waivers.

During the three and nine months ended September 30, 2023, we incurred professional fees of \$190,921 and \$402,827, respectively, related to audit fees, tax fees, and legal fees. During the three and nine months ended September 30, 2022, we incurred professional fees of \$134,052 and \$426,588, respectively, related to audit fees, tax fees, and legal fees.

During the three and nine months ended September 30, 2023, we incurred expenses related to fees paid to our independent directors of \$63,750 and \$191,250, respectively. During the three and nine months ended September 30, 2022, we incurred expenses related to fees paid to our independent directors of \$60,000 and \$180,000, respectively.

During the three and nine months ended September 30, 2023, we incurred interest expense of \$27,390 and \$446,070, respectively, in connection with our short-term borrowings. During the three and nine months ended September 30, 2022, we incurred interest expense of \$322,175 and \$458,976, respectively, in connection with our short-term borrowings. Refer to Note 8 — *Borrowings* in the notes accompanying our financial statements for more information related to interest expense.

### ***Realized and Unrealized Gains and Losses***

We recognized \$(22,470) and \$93,515 in net realized (losses) gains for the three months ended September 30, 2023 and 2022, respectively. We recognized \$(179,719) and \$431,080 in net realized (losses) gains for the nine months ended September 30, 2023 and 2022, respectively.

Net change in unrealized appreciation (depreciation) on investments for the three and nine months ended September 30, 2023 and 2022 was as follows:

<u>Type</u>	<u>Three Months Ended September 30, 2023</u>	<u>Three Months Ended September 30, 2022</u>	<u>Nine Months Ended September 30, 2023</u>	<u>Nine Months Ended September 30, 2022</u>
First Lien Debt	\$ 1,029,823	\$ 538,619	\$ 714,263	\$ (4,590,221)
Unitranche Debt	71,738	(706,854)	(57,966)	(334,777)
Second Lien Debt	(239,746)	(36,679)	(1,759,537)	(21,050)
Equity and Preferred Shares	72,647	276,756	236,816	346,524
Net change in unrealized appreciation (depreciation) on investments	<u>\$ 934,462</u>	<u>\$ 71,842</u>	<u>\$ (866,424)</u>	<u>\$ (4,599,524)</u>

Net change in unrealized appreciation (depreciation) on investments during the three and nine months ended September 30, 2023 and 2022 was primarily due to the change in the results and financial position of the portfolio companies.

## FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

We generate cash primarily from the net proceeds of any offering of shares of our Common Stock, from cash flows from interest and fees earned from our investments, and from principal repayments and proceeds from sales of our investments. Our primary use of cash is investments in portfolio companies, payments of our expenses and cash distributions to our stockholders. As of September 30, 2023 and December 31, 2022, we had cash of \$29,252,094 and \$15,923,163, respectively.

### *Operating Activities*

Net cash provided by operating activities for the nine months ended September 30, 2023 was \$61,718,423. The primary operating activities during this period were investments in portfolio companies. The Company invested \$32,885,316 in new portfolio investments and \$9,522,941 in existing portfolio investments during the nine months ended September 30, 2023. This was offset by repayments of bank loans and sales of investments of \$37,397,666 and \$34,263,233, respectively. Net cash used in operating activities for the nine months ended September 30, 2022 was \$59,662,071. The primary operating activities during this period were investments in portfolio companies. The Company invested \$85,123,197 in new portfolio investments and \$9,221,444 in existing portfolio investments during the nine months ended September 30, 2022. This was offset by repayments of bank loans and sales of investments of \$52,253,887 and \$4,047,932, respectively.

As of September 30, 2023, we had 74 investments with unfunded commitments of \$24,286,401. As of December 31, 2022, we had 66 investments with unfunded commitments of \$24,258,010. We believe that, as of both September 30, 2023 and December 31, 2022, we had sufficient assets to adequately cover any obligations under our unfunded commitments.

The following table summarizes our total portfolio activity during the nine months ended September 30, 2023 and 2022:

	<b>Nine Months Ended September 30, 2023</b>	<b>Nine Months Ended September 30, 2022</b>
Beginning investment portfolio	\$ 420,828,658	\$ 403,054,374
Investments in new portfolio investments	32,885,316	85,123,197
Investments in existing portfolio investments	9,522,941	9,221,444
Principal repayments	(37,397,666)	(52,253,887)
Proceeds from sales of investments	(34,263,233)	(4,047,932)
Net change in unrealized depreciation on investments	(866,424)	(4,599,524)
Net realized (loss) gain on investments	(179,719)	431,080
Net change in premiums, discounts and amortization	693,623	712,849
<b>Investment Portfolio, at Fair Value</b>	<b>\$ 391,223,496</b>	<b>\$ 437,641,601</b>

### *Financing Activities*

Net cash used in our financing activities for the nine months ended September 30, 2023 was \$48,389,492, which consisted of \$30,000,000 in issuances of 3,267,974 shares to our stockholders, \$47,515,735 in repurchases of 5,125,458 shares to our stockholders in connection with the Tender Offer during the period, \$13,178,611 in connection with repayments of our short-term borrowings during the period, and \$17,695,146 of distributions paid to our common stockholders during the period. Net cash provided by our financing activities for the nine months ended September 30, 2022 was \$59,942,342, which consisted of \$85,000,000 from issuances of 9,092,488 shares to our stockholders, in connection with our capital calls during the period and \$18,681,667 in connection with our short-term borrowings during the period. This was partially offset by \$35,000,000 in repurchases of 3,739,014 shares to our stockholders, in connection to the tender offer during the period and \$8,739,325 in distributions payable to stockholders.

### ***Equity Activity***

An investor made capital commitments to us in the amounts set forth below as of the date opposite each capital commitment:

<b>Amount</b>	<b>Date</b>
\$140,000,000	June 23, 2015
\$50,000,000	December 2, 2016
\$100,000,000	On December 7, 2017
\$40,000,000	March 22, 2019
\$30,000,000	September 23, 2019
\$11,200,000	March 20, 2020
\$8,900,000	May 28, 2021
\$110,000,000	December 15, 2021
\$30,000,000	June 13, 2023

As of September 30, 2023, there were no remaining unfunded capital commitments by the Company's investors.

The number of shares of Common Stock issued and outstanding as of September 30, 2023 and December 31, 2022, were 44,518,983 and 46,376,461, respectively.

### ***Distributions to Stockholders – Common Stock Distributions***

We have elected to be treated, and intends to comply with the requirements to qualify annually, as a RIC for U.S. federal income tax purposes. As a RIC, we generally are not subject to corporate-level U.S. federal income taxes on ordinary income or capital gains that we timely distribute as dividends for U.S. federal income tax purposes to our stockholders. To qualify to be taxed as a RIC and thus avoid corporate-level income tax on the income that we distribute as dividends to our stockholders, we are required to distribute dividends to our stockholders each taxable year generally of an amount at least equal to 90% of our investment company taxable income, determined without regard to the deduction for any dividends paid. To avoid a 4% excise tax on undistributed earnings, we are required to distribute dividends to our stockholders in respect of each calendar year of an amount at least equal to the sum of (i) 98% of our ordinary income (taking into account certain deferrals and elections) for such calendar year, (ii) 98.2% of our capital gain net income, adjusted for certain ordinary losses, for the one-year period ending October 31 of that calendar year and (iii) any income or capital gains recognized, but not distributed, in preceding calendar years and on which we incurred no federal income tax. We intend to make distributions to stockholders on an annual basis of substantially all of our net investment income. Although we intend to make distributions of net realized capital gains, if any, at least annually, out of assets legally available for such distributions, we may in the future decide to retain such capital gains for investment. In addition, the extent and timing of special dividends, if any, will be determined by our Board of Directors and will largely be driven by portfolio specific events and tax considerations.

We may fund our cash distributions from any sources of funds available, including offering proceeds, borrowings, net investment income from operations, capital gains proceeds from the sale of assets, non-capital gains proceeds from the sale of assets, dividends or other distributions paid to us on account of preferred and common equity investments in portfolio companies and fee waivers from our Adviser. Our distributions may exceed our earnings, especially during the period before we have substantially invested the proceeds from an offering. As a result, a portion of the distributions may represent a return of capital for U.S. federal income tax purposes. Thus, the source of a distribution to our stockholders may be the original capital invested by the stockholder rather than our income or gains. In addition, we may be limited in our ability to make distributions due to the asset coverage test for borrowings applicable to us as a BDC under the 1940 Act. We declared distributions of \$17,695,204, or \$0.410 per

share during the three and nine months ended September 30, 2023. We declared distributions of \$8,739,352, or \$0.200 per share during the three and nine months ended September 30, 2022.

The determination of the tax attributes of our distributions is made annually at the end of our taxable year, based upon our taxable income for the full taxable year and distributions paid for the full taxable year. Therefore, estimates made on an interim basis may not be representative of the actual tax attributes of distributions for a full year. The actual tax characteristics of distributions to stockholders will be reported to stockholders subject to information reporting after the close of each calendar year on Form 1099-DIV.

### ***Related Party Fees***

For the three months ended September 30, 2023 and 2022, we recorded base management fees of \$1,022,684 and \$1,174,798, respectively. Offsetting these fees were waivers to the base management fees of \$357,939 and \$411,179, respectively, as set forth within the accompanying statements of operations. For the nine months ended September 30, 2023 and 2022, we recorded base management fees of \$3,215,515 and \$3,295,451, respectively. Offsetting those fees were waivers to the base management fees of \$1,125,430 and \$1,153,408, respectively, as set forth within the accompanying statements of operations.

For the three months ended September 30, 2023 and 2022, we recorded incentive fees of \$1,487,402 and \$1,027,544, respectively. Offsetting these waivers to the incentive fees of \$893,033 and \$771,274, respectively, as set forth within the accompanying statements of operations. For the nine months ended September 30, 2023 and 2022, we recorded incentive fees of \$4,234,793 and \$2,201,758, respectively. Offsetting those fees were waivers to the incentive fees of \$2,671,096 and \$1,809,582, respectively, as set forth within the accompanying statements of operations.

For both the three months ended September 30, 2023 and 2022, we recorded administrative fees of \$66,250, as set forth within the accompanying statements of operations. For both the nine months ended June 30, 2023 and 2022, we recorded administrative fees of \$198,750, as set forth within the accompanying statements of operations.

Fees due to related parties as of September 30, 2023 and December 31, 2022 on our accompanying statements of assets and liabilities were as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>
Net base management fee due to Adviser	\$ 664,745	\$ 732,900
Net incentive fee due to Adviser	594,369	404,409
<b>Total fees due to Adviser, net of waivers</b>	<u>1,259,114</u>	<u>1,137,309</u>
Fee due to Administrator, net of waivers	66,250	66,250
<b>Total Related Party Fees Due</b>	<u>\$ 1,325,364</u>	<u>\$ 1,203,559</u>

### ***Tender Offers***

To provide our stockholders with limited liquidity, we may, in the absolute discretion of our Board of Directors, conduct a tender offer. Our tenders for the shares of Common Stock, if any, would be conducted on such terms as may be determined by our Board of Directors and in accordance with the requirements of applicable law, including Section 23(c) of the 1940 Act and Regulation M under the Exchange Act.

On January 9, 2023, the Company issued a Tender Offer to repurchase \$15,000,000 worth of Common Stock from the Stockholder. The Offer was accepted on February 7, 2023. On March 27, 2023, the Company issued a Tender Offer to repurchase \$15,000,000 worth of Common Stock from the Stockholder. The Offer was accepted on April 24, 2023. On July 12, 2023, the Company issued a Tender Offer to repurchase \$17,515,735 worth of Common Stock from the Stockholder. The Offer was accepted on August 9, 2023.

## CRITICAL ACCOUNTING POLICIES

This discussion of our operations is based upon our financial statements, which are prepared in accordance with GAAP. The preparation of these financial statements requires our management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses.

Changes in the economic environment, financial markets and any other parameters used in determining such estimates could cause actual results to differ. In addition to the discussion below, we describe our critical accounting policies in the notes to our financial statements.

### *Valuation of Investments*

We conduct the valuation of our investments, pursuant to which our net asset value is determined, at all times consistent with GAAP and the 1940 Act. Our Board of Directors, with the assistance of our Audit Committee, determines the fair value of our investments, for investments with a public market and for investments with no readily available public market, on at least a quarterly basis, in accordance with the terms of ASC 820. Our valuation procedures are set forth in more detail below.

ASC 820 defines fair value as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.” Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same – to estimate the price when an orderly transaction to sell the asset or transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

ASC 820 establishes a hierarchal disclosure framework which ranks the observability of inputs used in measuring financial instruments at fair value. The observability of inputs is impacted by a number of factors, including the type of financial instruments and their specific characteristics. Financial instruments with readily available quoted prices, or for which fair value can be measured from quoted prices in active markets, generally will have a higher degree of market price observability and a lesser degree of judgment applied in determining fair value.

The three-level hierarchy for fair value measurement is defined as follows:

*Level 1* — Inputs to the valuation methodology are quoted prices available in active markets for identical financial instruments as of the measurement date. The types of financial instruments in this category include unrestricted securities, including equities and derivatives, listed in active markets. We do not adjust the quoted price for these instruments, even in situations where we hold a large position, and a sale could reasonably be expected to impact the quoted price.

*Level 2* — Inputs to the valuation methodology are quoted prices in markets that are not active or for which all significant inputs are either directly or indirectly observable as of the measurement date. The types of financial instruments in this category include less liquid and restricted securities listed in active markets, securities traded in markets that are not active, government and agency securities, and certain over-the-counter derivatives where the fair value is based on observable inputs.

*Level 3* — Inputs to the valuation methodology are unobservable and significant to the overall fair value measurement, and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. The types of financial instruments in this category include investments in privately held entities, non-investment grade residual interests in securitizations, collateralized loan obligations, and certain over-the-counter derivatives where the fair value is based on unobservable inputs.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given financial instrument is based on the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the financial instrument.

Pursuant to the framework set forth above, the Valuation Designee value securities traded in active markets on the measurement date by multiplying the exchange closing price of such traded securities/instruments by the quantity of shares or amount of the instrument held. The Valuation Designee may also obtain quotes with respect to certain of our investments from pricing services, brokers or dealers' quotes, or counterparty marks in order to value liquid assets that are not traded in active markets.

Pricing services aggregate, evaluate and report pricing from a variety of sources including observed trades of identical or similar securities, broker or dealer quotes, model-based valuations and internal fundamental analysis and research. When doing so, the Valuation Designee determines whether the quote obtained is sufficient according to GAAP to determine the fair value of the security. If determined adequate, the Valuation Designee uses the quote obtained.

Securities that are illiquid or for which the pricing source does not provide a valuation or methodology or provides a valuation or methodology that, in the judgment of the Valuation Designee, does not represent fair value, are each valued as of the measurement date using all techniques appropriate under the circumstances and for which sufficient data are available. These valuation techniques vary by investment but include comparable public market valuations, comparable precedent transaction valuations and discounted cash flow analyses. Inputs for these valuation techniques include relative credit information, observed market movement, industry sector information, and other market data, which may include benchmarking of comparable securities, issuer spreads, reported trades, and reference data, such as market research publications, when available.

The Valuation Designee utilizes the following multi-step process in determining fair value for the Company's investments for which market quotations are not "readily available":

- The Adviser's investment professionals responsible for the portfolio investment and other senior members of the Adviser's investment and management team, with oversight from the Adviser's finance team, will make initial valuations of each investment;
- The Adviser's investment professionals and management team, with oversight by the Adviser's finance and compliance team, will document the preliminary valuation conclusions and oversee sample testing of valuations with third-party valuation agents;
- The preliminary valuation conclusions will be presented to the valuation committees for consideration;
- The valuation committees will discuss the recommended valuations and determine, in good faith, the fair value of each investment;
- The valuation determinations of the valuation committees will be presented to the risk committee and then shared with the Company's CEO and CFO; and
- The Adviser will provide certain quarterly and annual reports to the Board of Directors.

Investment performance data utilized are the most recently available as of the measurement date, which in many cases may reflect up to a one quarter lag in information.

Securities for which market quotations are not readily available or for which a pricing source is not sufficient may include the following:

- private placements and restricted securities that do not have an active trading market;
- securities whose trading has been suspended or for which market quotes are no longer available;
- debt securities that have recently gone into default and for which there is no current market;
- securities whose prices are stale; and

- securities affected by significant events.

Pursuant to the Valuation Rule, the Valuation Designee performs fair value determinations relating to the value of the Company's assets for which market quotations are not readily available in good faith based on, among other things, the input of the independent third-party valuation firms, where applicable. The Valuation Designee's valuation process is subject to the Board of Directors' oversight.

Determination of fair value involves subjective judgments and estimates. Accordingly, the notes to our financial statements express the uncertainty with respect to the possible effect of such valuations, and any change in such valuations, on our financial statements.

Security transactions are recorded on the trade date (the date the order to buy or sell is executed or, in the case of privately issued securities, the closing date, which is when all terms of the transactions have been defined). Realized gains and losses on investments are determined based on the identified cost method.

Refer to Note 3 — *Investments* in the notes to our accompanying financial statements included elsewhere in this quarterly report for additional information regarding fair value measurements and our application of ASC 820.

### ***Revenue Recognition***

We record interest income on an accrual basis to the extent that we expect to collect such amounts. For loans and debt securities with contractual PIK interest, which represents contractual interest accrued and added to the principal balance, we generally will not accrue PIK interest for accounting purposes if the portfolio company valuation indicates that such PIK interest is not collectible. We do not accrue as a receivable interest on loans and debt securities for accounting purposes if we have reason to doubt our ability to collect such interest. OID, market discounts or premiums are accreted or amortized using the effective interest method as interest income. We record prepayment premiums on loans and debt securities as interest income.

### ***Net Realized Gains or Losses and Net Change in Unrealized Appreciation or Depreciation***

We measure net realized gains or losses by the difference between the net proceeds from the repayment or sale and the amortized cost basis of the investment, without regard to unrealized appreciation or depreciation previously recognized, but considering unamortized upfront fees and prepayment penalties. Net change in unrealized appreciation or depreciation reflects the change in portfolio investment values during the reporting period, including any reversal of previously recorded unrealized appreciation or depreciation, when gains or losses are realized.

### ***PIK Interest***

We may have investments in our portfolio that contain a PIK interest provision. Any PIK interest will be added to the principal balance of such investments and is recorded as income if the portfolio company valuation indicates that such PIK interest is collectible. In order to maintain our status as a RIC, substantially all of this income must be included in the amounts paid out by us to stockholders in the form of dividends, even if we have not collected any cash.

### ***U.S. Income Taxes***

We have elected to be subject to tax as a RIC under Subchapter M of the Code. As a RIC, we generally will not have to incur any corporate-level U.S. federal income taxes on any ordinary income or capital gains that we distribute as dividends to our stockholders. To qualify and maintain our qualification as a RIC, we must meet certain source-of-income and asset diversification requirements as well as distribute dividends to our stockholders each taxable year of an amount generally at least equal to 90% of our investment company taxable income, determined without regard to any distributions paid.

Depending on the level of taxable income earned in a taxable year, we may choose to retain taxable income in excess of current year distributions into the next taxable year. We would then incur a 4% excise tax on such taxable income, as required. To the extent that we determine that our estimated current year annual taxable income may exceed estimated current year distributions, we will accrue an excise tax, if any, on estimated excess taxable income as taxable income is earned. We did not accrue any excise tax for the fiscal years ended December 31, 2022, 2021, and 2020.

Because U.S. federal income tax regulations differ from GAAP, distributions in accordance with tax regulations may differ from net investment income and realized gains recognized for financial reporting purposes. Differences may be permanent or temporary. Permanent differences are reclassified within capital accounts in the financial statements to reflect their tax character. Permanent differences may also result from differences in classification in certain items, such as the treatment of short-term gains as ordinary income for tax purposes. Temporary differences arise when certain items of income, expense, gain or loss are recognized at some time in the future.

We evaluate tax positions taken or expected to be taken in the course of preparing our financial statements to determine whether any relevant tax positions would “more-likely-than-not” be sustained by the applicable tax authority. Tax positions not deemed to meet the “more-likely-than-not” threshold are reversed and recorded as a tax benefit or expensed in the current fiscal year. All penalties and interest associated with any income taxes accrued are included in income tax expense. Conclusions regarding tax positions are subject to review and may be adjusted at a later date based on factors including, but not limited to, ongoing analyses of tax law, regulations and interpretations thereof. Our accounting policy on income taxes is critical because if we are unable to qualify, or once qualified, maintain our tax status as a RIC, we would be required to record a provision for corporate-level U.S. federal income taxes, as well as any related state or local taxes which may be significant to our financial results.

## COMMITMENTS AND CONTINGENCIES

From time to time, we, or the Adviser, may become party to legal proceedings in the ordinary course of business, including proceedings related to the enforcement of our rights under contracts with our portfolio companies. Neither we nor the Adviser is currently subject to any material legal proceedings.

Unfunded commitments to provide funds to portfolio companies are not reflected in our accompanying statements of assets and liabilities. Our unfunded commitments may be significant from time to time. These commitments are subject to the same underwriting and ongoing portfolio maintenance as are the on-balance sheet financial instruments that we hold. Since these commitments may expire without being drawn, the total commitment amount does not necessarily represent future cash requirements. We use cash flow from normal and early principal repayments and proceeds from borrowings and offerings to fund these commitments. As of September 30, 2023, we had 74 investments with unfunded commitments of \$24,286,401. As of December 31, 2022, we had 66 investments with unfunded commitments of \$24,258,010. We believe that, as of September 30, 2023 and December 31, 2022, we had sufficient assets to adequately cover any obligations under our unfunded commitments.

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are subject to financial market risks, including changes in interest rates. During the period covered by our financial statements, many of the loans in our portfolio had floating interest rates, and we expect that many of our loans to portfolio companies in the future will also have floating interest rates based on SOFR or an equivalent risk-free index rate. 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. 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.

<u>Change in interest rates</u>	<u>Increase (decrease) in investment income</u>
Up 300 basis points	11,967,363



Up 200 basis points	7,978,242
Up 100 basis points	3,989,121
Down 100 basis points	(3,989,121)
Down 200 basis points	(7,978,242)
Down 300 basis points	(11,967,363)

Although we believe that this measure is indicative of our sensitivity to interest rate changes, it does not reflect potential changes in the credit market, credit quality, size and composition of the assets on the Consolidated Statements of Assets and Liabilities and other business developments that could affect our net increase in net assets resulting from operations or net investment income. Accordingly, no assurances can be given that actual results would not differ materially from those shown above.

In addition, any investments we make that are denominated in a foreign currency will be subject to risks associated with changes in currency exchange rates. These risks include the possibility of significant fluctuations in the foreign currency markets, the imposition or modification of foreign exchange controls and potential illiquidity in the secondary market. These risks will vary depending upon the currency or currencies involved.

We may hedge against interest rate and currency exchange rate fluctuations by using standard hedging instruments such as futures, options and forward contracts subject to the requirements of the 1940 Act. While hedging activities may insulate us against adverse changes in interest rates, they may also limit our ability to participate in benefits of lower interest rates with respect to our portfolio of investments with fixed interest rates.

#### **ITEM 4. CONTROLS AND PROCEDURES**

##### ***Disclosure Controls and Procedures***

As of the period covered by this report, our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness and design and operation of our disclosure controls and procedures. Based on that evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective at a reasonable assurance level in timely alerting management, including the Chief Executive Officer and Chief Financial Officer, of material information about us required to be included in periodic SEC filings. However, in evaluation of the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

##### ***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) under the Exchange Act, that occurred during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II—OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

We are not currently subject to any material legal proceeding, nor, to our knowledge, is any material legal proceeding threatened against us.

From time to time, we, our Adviser or Administrator may be a party to certain legal proceedings in the ordinary course of business, including proceedings relating to the enforcement of our rights under contracts with our portfolio companies. While the outcome of these legal proceedings cannot be predicted with certainty, we do not expect that these proceedings will have a material effect upon our financial condition or results of operations.

From time to time, we are involved in various legal proceedings, lawsuits and claims incidental to the conduct of our business. Our businesses are also subject to extensive regulation, which may result in regulatory proceedings against us.

### **ITEM 1A. RISK FACTORS**

In addition to the risks discussed below, important risk factors that could cause results or events to differ from current expectations are described in Part I, Item 1A “Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2022 filed with the SEC on March 20, 2023.

***Legislation passed in 2018 allows us to incur additional leverage and would require us to offer liquidity to our stockholders.***

Under the 1940 Act, a BDC generally is required to maintain asset coverage of 200% for senior securities representing indebtedness (such as borrowings from banks or other financial institutions) or stock (such as preferred stock). The SBCAA, which was signed into law on March 23, 2018, provides that a BDC’s required asset coverage under the 1940 Act may be reduced from 200% (i.e., \$1 of debt outstanding for each \$1 of equity) to 150% (i.e., \$2 of debt outstanding for each \$1 of equity). This reduction in asset coverage permits a BDC to double the amount of leverage it may utilize, subject to certain approval, timing and reporting requirements, including either stockholder approval or approval of a majority of the directors who are not “interested persons” (as defined in the 1940 Act) of the BDC and who have no financial interest in the arrangement. As a result, if we receive the relevant approval and we comply with the applicable disclosure requirements, we would be able to incur additional leverage, which may increase the risk of investing in us. In addition, since our base management fee is payable based upon our average adjusted gross assets, which includes any borrowings for investment purposes, our base management fee expenses may increase if we incur additional leverage.

As a non-traded BDC, if we receive the relevant approval to increase our authorized leverage, we will be required to offer our stockholders the opportunity to sell their Shares over the next year following the calendar quarter in which the approval was obtained. On January 9, 2023, the Company issued a Tender Offer to repurchase \$15,000,000 worth of Common Stock from the Stockholder. The Offer was accepted on February 7, 2023. On March 27, 2023, the Company issued a Tender Offer to repurchase \$15,000,000 worth of Common Stock from the Stockholder. The Offer was accepted on April 24, 2023. On July 12, 2023, the Company issued a Tender Offer to repurchase \$17,515,735 worth of Common Stock from the Stockholder. The Offer was accepted on August 9, 2023.

***Political, social and economic uncertainty, including uncertainty related to Russia’s military invasion of Ukraine, create and exacerbate risks.***

Russia’s invasion of Ukraine in February 2022 and corresponding events have had, and could continue to have, severe adverse effects on regional and global economic markets. Following Russia’s actions, various governments, including the United States, have issued broad-ranging economic sanctions against Russia, including,

among other actions, a prohibition on doing business with certain Russian companies, large financial institutions, officials and oligarchs; a commitment by certain countries and the European Union to remove selected Russian banks from the Society for Worldwide Interbank Financial Telecommunications, the electronic banking network that connects banks globally; and restrictive measures to prevent the Russian Central Bank from undermining the impact of the sanctions. The duration of hostilities and the vast array of sanctions and related events (including cyberattacks and espionage) cannot be predicted. Those events present material uncertainty and risk with respect to markets globally, which pose potential adverse risks to us and the performance of our investments and operations. Any such market disruptions could affect our portfolio companies' operations and, as a result, could have a material adverse effect on our business, financial condition and results of operations.

## **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.**

Not applicable.

## **ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

Not applicable.

## **ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

## **ITEM 5. OTHER INFORMATION**

Not applicable.

## **ITEM 6. EXHIBITS**

- 3.1 Amended and Restated Certificate of Incorporation (Incorporated by reference to Exhibit 3.1 to the Registration Statement on Form 10 (File no. 000-55426), filed on April 17, 2015).
- 3.2 Form of Bylaws (Incorporated by reference to Exhibit 3.2 to the Registration Statement on Form 10 (File no. 000-55426), filed on April 17, 2015).
- 31.1\* Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.
- 31.2\* Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.
- 32.1\* Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, as amended (18 U.S.C. 1350).
- 32.2\* Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, as amended (18 U.S.C. 1350).
- 99.1 Code of Ethics (Incorporated by reference to Exhibit 99.1 to Pre-Effective Amendment No. 1 to the Registration Statement on Form 10, File No. 000-55426, filed on June 5, 2015).
- 101\* XBRL Document

---

\* Filed herewith

**SIGNATURES**

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

**Audax Credit BDC Inc.**

Date: November 13, 2023

By: /s/ Michael P. McGonigle  
Michael P. McGonigle  
Chief Executive Officer

Date: November 13, 2023

By: /s/ Richard T. Joseph  
Richard T. Joseph  
Chief Financial Officer