



## SLR Investment Corp. Announces Quarter Ended June 30, 2024 Financial Results

08/07/24

**Net Investment Income of \$0.45 Per Share;  
Declared Quarterly Distribution of \$0.41 Per Share;  
Stable NAV Per Share**

NEW YORK, Aug. 07, 2024 (GLOBE NEWSWIRE) -- SLR Investment Corp. (NASDAQ: SLRC) (the "Company", "SLRC", "we", "us", or "our") today reported net investment income ("NII") of \$24.3 million, or \$0.45 per share, for the second quarter of 2024. On August 7, 2024, the Board declared a quarterly distribution of \$0.41 per share payable on September 27, 2024, to holders of record as of September 13, 2024.

As of June 30, 2024, net asset value ("NAV") was \$18.20 per share, compared to \$18.19 per share as of March 31, 2024.

"NII per share in the second quarter reached the highest level in 5 years, reflecting our deliberate approach to rebuild the Company's investment portfolio after a period of conservatism during the pandemic. Importantly, SLRC's portfolio growth over the last couple of years has been driven by originations in both sponsor finance and specialty finance investments, enabling us to take advantage of our complementary niches within the private credit market that are not as competitive as the sponsor market," said Michael Gross, Co-CEO. "Our multi-strategy approach provides greater earnings stability across cycles due to the relative consistency of the returns in our specialty finance strategies."

"Our portfolio continues to perform well, which is evidenced by another quarter of NAV stability, a decline in non-accrual investments, a low level of watch list investments, and minimal payment-in-kind income," said Bruce Spohler, Co-CEO. "We believe the recent stability in the NAV reflects our multi-strategy portfolio, which was substantially constructed in 2023 and 2024 and underwritten to withstand higher interest rates and a softening economy."

### FINANCIAL HIGHLIGHTS FOR QUARTER ENDED JUNE 30, 2024:

Investment portfolio fair value: \$2.1 billion  
Net assets: \$993.0 million or \$18.20 per share  
Leverage: 1.16x net debt-to-equity

### Operating Results for the Quarter Ended June 30, 2024:

Net investment income: \$24.3 million or \$0.45 per share  
Net realized and unrealized losses: \$1.1 million or \$0.02 per share  
Net increase in net assets from operations: \$23.2 million or \$0.43 per share

### COMPREHENSIVE PORTFOLIO<sup>(1)</sup> HIGHLIGHTS AND ACTIVITY<sup>(2)</sup> FOR QUARTER ENDED JUNE 30, 2024:

Portfolio fair value: \$3.1 billion  
Number of unique issuers: approximately 800  
Investments made during the quarter: \$355.8 million  
Investments prepaid and sold during the quarter: \$292.7 million

(1) The Comprehensive Investment Portfolio for the quarter ended June 30, 2024 is comprised of SLRC's investment portfolio and SLR Credit Solutions' ("SLR-CS") full portfolio, SLR Equipment Finance's ("SLR-EF") full portfolio, Kingsbridge Holdings, LLC's ("KBH") full portfolio, SLR Business Credit's ("SLR-BC") full portfolio, SLR Healthcare ABL's ("SLR-HC ABL") full portfolio owned by the Company (collectively, the Company's "Commercial Finance Portfolio Companies"), and the senior secured loans held by the SLR Senior Lending Program LLC ("SSLP") attributable to the Company, and excludes the Company's fair value of the equity interests in SSLP and the Commercial Finance Portfolio Companies and also excludes SLRC's loans to KBH and SLR-EF.

(2) Comprehensive Portfolio Activity for the quarter ended June 30, 2024, includes investment activity of the Commercial Finance Portfolio Companies and SSLP attributable to the Company.

### Comprehensive Investment Portfolio

#### Portfolio Activity

During the three months ended June 30, 2024, SLRC had Comprehensive Portfolio originations of \$355.8 million and repayments of \$292.7 million across the Company's four investment strategies:

Asset Class	Sponsor Finance <sup>(1)</sup>	Asset-based Lending <sup>(2)</sup>	Equipment Finance <sup>(3)</sup>	Life Science Finance	Total Comprehensive Investment Portfolio Activity
Originations	\$44.5	\$130.4	\$177.9	\$3.0	\$355.8
Repayments / Amortization	\$33.2	\$100.4	\$159.1	\$0.0	\$292.7
<b>Net Portfolio Activity</b>	<b>\$11.3</b>	<b>\$30.0</b>	<b>\$18.8</b>	<b>\$3.0</b>	<b>\$63.1</b>

(1) Sponsor Finance refers to cash flow loans to sponsor-owned companies including cash flow loans held in SSLP attributable to the Company.

(2) Includes SLR-CS, SLR-BC and SLR-HC ABL's full portfolios, as well as asset-based loans on the Company's balance sheet.

(3) Includes SLR-EF's full portfolio and equipment financings on the Company's balance sheet and Kingsbridge Holdings' (KBH) full portfolio.

### Comprehensive Investment Portfolio Composition

The Comprehensive Investment Portfolio is diversified across approximately 800 unique issuers, operating in over 110 industries, and resulting in an average exposure of \$3.8 million or 0.1% per issuer. As of June 30, 2024, 99.2% of the Company's Comprehensive Investment Portfolio was invested in senior secured loans of which 97.7% is held in first lien senior secured loans. Second lien ABL exposure is 1.2% and second lien cash flow exposure is 0.3% of the Comprehensive Investment Portfolio at June 30, 2024.

SLRC's Comprehensive Investment Portfolio composition by asset class as of June 30, 2024 was as follows:

Comprehensive Investment	Amount	Weighted
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Portfolio Composition (at fair value)	(\$mm)	%	Average Asset Yield <sup>(5)</sup>
<b>Senior Secured Investments</b>			
Cash Flow Loans (Sponsor Finance) <sup>(1)</sup>	\$759.0	24.3%	11.7%
Asset-Based Loans <sup>(2)</sup>	\$961.4	30.8%	15.2%
Equipment Financings <sup>(3)</sup>	\$1,034.1	33.1%	8.1%
Life Science Loans	\$345.5	11.0%	13.0%
<b>Total Senior Secured Investments</b>	<b>\$3,100.0</b>	<b>99.2%</b>	<b>11.7%</b>
Equity and Equity-like Securities	\$24.8	0.8%	
<b>Total Comprehensive Investment Portfolio</b>	<b>\$3,124.8</b>	<b>100.0%</b>	
Floating Rate Investments <sup>(4)</sup>	\$2,058.1	66.3%	
First Lien Senior Secured Loans	\$3,054.0	97.7%	
Second Lien Senior Secured Asset-Based Loans	\$38.2	1.2%	
Second Lien Senior Secured Cash Flow Loans	\$7.8	0.3%	

(1) Includes cash flow loans held in the SSLP attributable to the Company and excludes the Company's equity investment in SSLP.

(2) Includes SLR-CS, SLR-BC, and SLR-HC ABL's full portfolios, as well as asset-based loans on the Company's balance sheet, and excludes the Company's equity investments in each of SLR-CS, SLR-BC, and SLR-HC ABL.

(3) Includes SLR-EF's full portfolio and equipment financings on the Company's balance sheet and Kingsbridge Holdings' (KBH) full portfolio. Excludes the Company's equity and debt investments in each of SLR-EF and KBH.

(4) Floating rate investments are calculated as a percent of the Company's income-producing Comprehensive Investment Portfolio. The majority of fixed rate loans are associated with SLR-EF and leases held by KBH. Additionally, SLR-EF and KBH seek to match-fund their fixed rate assets with fixed rate liabilities.

(5) The weighted average asset yield for income producing cash flow, asset-based and life science loans on balance sheet is based on a yield to maturity calculation. The yield calculation of Life Science loans excludes the impact of success fees and/or warrants. The weighted average yield for on-balance sheet equipment financings is calculated based on the expected average life of the investments. The weighted average asset yield for SLR-CS asset-based loans is an Internal Rate of Return calculated using actual cash flows received and the expected terminal value. The weighted average asset yield for SLR-BC and SLR-HC ABL represents total interest and fee income for the three month period ended on June 30, 2024 against the average portfolio over the same fiscal period, annualized. The weighted average asset yield for SLR-EF represents total interest and fee income for the three month period ended on June 30, 2024 compared to the portfolio as of June 30, 2024, annualized. The weighted average yield for the KBH equipment leasing portfolio represents the expected return on equity during 2024.

## SLR INVESTMENT CORP. PORTFOLIO

### Asset Quality

As of June 30, 2024, 99.6% of SLRC's portfolio was performing on a fair value basis and 99.4% on a cost basis, with one investment recognized as non-accrual.

The Company emphasizes risk control and credit performance. On a quarterly basis, or more frequently if deemed necessary, the Company formally rates each portfolio investment on a scale of one to four, with one representing the least amount of risk.

As of June 30, 2024, the composition of our Investment Portfolio, on a risk ratings basis, was as follows:

Internal Investment Rating	Investments at Fair Value (\$mm)	% of Total Portfolio
1	\$656.0	30.7%
2	\$1,464.4	68.5%
3	\$8.4	0.4%
4	\$7.8	0.4%

### Investment Income Contribution by Asset Class

For the Quarter Ended:	Investment Income Contribution by Asset Class <sup>(1)</sup>					Total
	Sponsor Finance	Asset-based Lending	Equipment Finance	Life Science Finance		
<b>6/30/2024</b>	\$22.5	\$14.6	\$9.4	\$12.5		<b>\$59.0</b>
<b>% Contribution</b>	38.2%	24.7%	15.9%	21.2%		<b>100.0%</b>

(1) Investment Income Contribution by Asset Class includes: interest income/fees from Sponsor Finance (cash flow) loans on balance sheet and distributions from SSLP; income/fees from asset-based loans on balance sheet and distributions from SLR-CS, SLR-BC, SLR-HC ABL; income/fees from equipment financings and distributions from SLR-EF and distributions from KBH; and income/fees from life science loans on balance sheet.

### SLR Senior Lending Program LLC (SSLP)

As of June 30, 2024, the Company and its 50% partner, Sunstone Senior Credit L.P., had contributed combined equity capital of \$95.8 million of a total equity commitment of \$100 million to SSLP. At quarter end, SSLP had total commitments of \$236.4 million at par and total funded portfolio investments of \$220.8 million at fair value, consisting of floating rate senior secured loans to 39 different borrowers and an average investment of \$5.7 million per borrower. This compares to funded portfolio investments of \$216.9 million at fair value across 39 different borrowers at March 31, 2024. During the quarter ended June 30, 2024, SSLP invested \$11.4 million in 7 portfolio companies and had \$7.7 million of investments repaid. The fair value of the portfolio increased by 1.8% over the prior quarter.

In Q2 2024, the Company earned income of \$1.9 million from its investment in the SSLP, representing an annualized yield of 15.8% on the cost basis of the Company's investment, compared to income of \$1.6 million in Q1 2024.

### SLR Investment Corp.'s Results of Operations for the Quarter Ended June 30, 2024 compared to the Quarter Ended June 30, 2023

## Investment Income

SLRC's gross investment income totaled \$59.0 million and \$56.3 million, respectively, for the three months ended June 30, 2024 and 2023. The year-over-year increase of 4.7% in gross investment income was primarily due to a combination of an increase in other income, the ramp of the SSLP, and an increase in index rates.

## Expenses

SLRC's net expenses totaled \$34.7 million and \$33.7 million, respectively, for the three months ended June 30, 2024 and 2023. The year-over-year increase in expenses of 3.0% was primarily due to an increase in other general and administrative expenses as well as an increase in management fees.

SLRC's investment adviser agreed to waive incentive fees resulting from income earned due to the accretion of the purchase price discount allocated to investments acquired in the Company's merger with SLR Senior Investment Corp., which closed on April 1, 2022. For the three months ended June 30, 2024 and 2023, \$44 thousand and \$125 thousand, respectively, of performance-based incentive fees were waived, amounting to a cumulative fee waiver of \$2.1 million or \$0.04 per share.

## Net Investment Income

SLRC's net investment income totaled \$24.3 million and \$22.7 million, or \$0.45 and \$0.42 per average share, respectively, for the fiscal quarters ended June 30, 2024 and 2023.

## Net Realized and Unrealized Loss

Net realized and unrealized losses for the fiscal quarters ended June 30, 2024 and 2023 totaled \$1.1 million and \$3.7 million, respectively.

## Net Increase in Net Assets Resulting from Operations

For the three months ended June 30, 2024 and 2023, the Company had a net increase in net assets resulting from operations of \$23.2 million and \$19.0 million, respectively. For the same periods, earnings per average share were \$0.43 and \$0.35, respectively.

## Liquidity and Capital Resources

### Unsecured Debt

At June 30, 2024, 41% of the Company's funded debt was comprised of fixed rate unsecured notes. We expect to opportunistically access the investment-grade debt market.

### Credit Facilities and Available Capital

As of June 30, 2024, the Company had \$588.9 million drawn on the \$860 million of commitments that the Company has under its revolving credit facilities, \$100 million of term loans, and \$470 million of unsecured notes. Also as of June 30, 2024, including anticipated available borrowing capacity at the SSLP and our specialty finance portfolio companies, subject to borrowing base limits, SLRC, SSLP and our specialty finance portfolio companies had over \$750 million of available capital in the aggregate.

### Leverage

As of June 30, 2024, the Company's net debt-to-equity ratio was 1.16x, within the Company's target range of 0.9x to 1.25x.

### Unfunded Commitments

As of June 30, 2024, excluding commitments to SLR-CS, SLR-HC ABL and SSLP, over which the Company has discretion to fund, the Company had unfunded commitments of approximately \$136.1 million.

## Subsequent Events

### Distributions

On August 7, 2024, the Board declared a quarterly distribution of \$0.41 per share payable on September 27, 2024 to holders of record as of September 13, 2024.

### Conference Call and Webcast Information

The Company will host an earnings conference call and audio webcast at 10:00 a.m. (Eastern Time) on Thursday, August 8, 2024. All interested parties may participate in the conference call by dialing (800) 267-6316 approximately 5-10 minutes prior to the call, international callers should dial (203) 518-9783. Participants should reference SLR Investment Corp. and Conference ID: SLRC2Q24. A telephone replay will be available until August 22, 2024 and can be accessed by dialing (800) 839-2418. International callers should dial (402) 220-7210. This conference call will also be broadcast live over the Internet and can be accessed by all interested parties from the Event Calendar within the "Investors" tab of SLR Investment Corp.'s website, <https://slrinvestmentcorp.com/Investors/Event-Calendar>. Please register online prior to the start of the call. For those who are not able to listen to the broadcast live, a replay of the webcast will be available soon after the call.

## Financial Statements and Tables

**SLR INVESTMENT CORP.**  
**CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES**  
**(in thousands, except share amounts)**

	June 30, 2024	December 31, 2023
<b>Assets</b>		
Investments at fair value:		
Companies less than 5% owned (cost: \$1,232,964 and \$1,260,205, respectively) .....	\$1,247,747	\$1,271,442
Companies 5% to 25% owned (cost: \$61,055 and \$60,064, respectively) .....	45,242	44,250
Companies more than 25% owned (cost: \$875,473 and \$870,128, respectively) .....	843,561	839,074
C a s h .....	11,031	11,864
Cash equivalents (cost: \$274,126 and \$332,290, respectively) .....	274,126	332,290
D i v i d e n d s   r e c e i v a b l e .....	12,114	11,768
I n t e r e s t   r e c e i v a b l e .....	11,759	11,034
R e c e i v a b l e   f o r   i n v e s t m e n t s   s o l d .....	1,755	1,538
P r e p a i d   e x p e n s e s   a n d   o t h e r   a s s e t s .....	943	608
<b>Total assets</b> .....	<b>\$2,448,278</b>	<b>\$2,523,868</b>

## Liabilities

Debt (\$1,158,850 and \$1,183,250 face amounts, respectively, reported net of unamortized debt issuance costs of \$4,497 and \$5,473, respectively) .....	\$1,154,353	\$1,177,777
Payable for investments and cash equivalents purchased .....	274,126	332,290
Management fee payable .....	7,874	8,027
Performance-based incentive fee payable .....	6,024	5,864
Interest payable .....	6,752	7,535
Administrative services payable .....	3,111	1,969
Other liabilities and accrued expenses .....	3,035	3,767
<b>Total liabilities</b> .....	<b>\$1,455,275</b>	<b>\$1,537,229</b>

#### Net Assets

Common stock, par value \$0.01 per share, 200,000,000 and 200,000,000 common shares authorized, respectively, and 54,554,634 and 54,554,634 shares issued and outstanding, respectively .....	\$ 546	\$ 546
Paid-in capital in excess of par .....	1,117,930	1,117,930
Accumulated distributable net loss .....	(125,473)	(131,837)
<b>Total net assets</b> .....	<b>\$ 993,003</b>	<b>\$ 986,639</b>
<b>Net Asset Value Per Share</b> .....	<b>\$ 18.20</b>	<b>\$ 18.09</b>

**SLR INVESTMENT CORP.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands, except share amounts)

	Three months ended	
	June 30, 2024	June 30, 2023
<b>INVESTMENT INCOME:</b>		
Interest:		
Companies less than 5% owned .....	\$ 40,015	\$ 41,267
Companies 5% to 25% owned .....	856	265
Companies more than 25% owned .....	3,306	2,814
Dividends:		
Companies more than 25% owned .....	12,482	11,177
Other income:		
Companies less than 5% owned .....	2,184	757
Companies more than 25% owned .....	135	57
Total investment income .....	<u>\$ 58,978</u>	<u>\$ 56,337</u>
<b>EXPENSES:</b>		
Management fees .....	\$ 7,875	\$ 7,878
Performance-based incentive fees .....	6,068	5,638
Interest and other credit facility expenses .....	18,179	17,842
Administrative services expense .....	1,376	1,480
Other general and administrative expenses .....	1,206	948
Total expenses .....	<u>34,704</u>	<u>33,786</u>
Performance-based incentive fees waived .....	(44)	(125)
Net expenses .....	<u>34,660</u>	<u>33,661</u>
Net investment income .....	<u>\$ 24,318</u>	<u>\$ 22,676</u>
<b>REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND CASH EQUIVALENTS:</b>		
Net realized gain on investments and cash equivalents (companies less than 5% owned) .....	\$ 105	\$ 498
Net change in unrealized gain (loss) on investments and cash equivalents:		
Companies less than 5% owned .....	63	5,181
Companies 5% to 25% owned .....	-	(3,216)
Companies more than 25% owned .....	(1,258)	(6,144)
Net change in unrealized loss on investments and cash equivalents .....	<u>(1,195)</u>	<u>(4,179)</u>
Net realized and unrealized loss on investments and cash equivalents .....	<u>(1,090)</u>	<u>(3,681)</u>
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b> .....	<b>\$ 23,228</b>	<b>\$ 18,995</b>
<b>EARNINGS PER SHARE</b> .....	<b>\$ 0.43</b>	<b>\$ 0.35</b>

#### About SLR Investment Corp.

SLR Investment Corp. is a closed-end investment company that has elected to be regulated as a business development company under the Investment Company Act of 1940. A specialty finance company with expertise in several niche markets, the Company primarily invests in leveraged, U.S. upper middle market companies in the form of cash flow, asset-based, and life sciences senior secured loans.

## Forward-Looking Statements

Some of the statements in this press release constitute forward-looking statements because they relate to future events, future performance or financial condition. The forward-looking statements may include statements as to: the expected stability of the Company's earnings; the excess spread of the Company's investments; the Company's ability to opportunistically access the investment grade debt market; the market environment and its impact on the business prospects of SLRC and the prospects of SLRC's portfolio companies; prospects for additional portfolio growth of SLRC; and the quality of, and the impact on the performance of SLRC from the investments that SLRC has made and expects to make. In addition, words such as "anticipate," "believe," "expect," "seek," "plan," "should," "estimate," "project" and "intend" indicate forward-looking statements, although not all forward-looking statements include these words. The forward-looking statements contained in this press release involve risks and uncertainties. Certain factors could cause actual results and conditions to differ materially from those projected, including the uncertainties associated with: (i) changes in the economy, financial markets and political environment, including the impacts of inflation and changing interest rates; (ii) risks associated with possible disruption in the operations of SLRC or the economy generally due to terrorism, war or other geopolitical conflicts, natural disasters, or pandemics; (iii) future changes in laws or regulations (including the interpretation of these laws and regulations by regulatory authorities); (iv) conditions in SLRC's operating areas, particularly with respect to business development companies or regulated investment companies; and (v) other considerations that may be disclosed from time to time in SLRC's publicly disseminated documents and filings. SLRC has based the forward-looking statements included in this press release on information available to it on the date of this press release, and SLRC assumes no obligation to update any such forward-looking statements. Although SLRC undertakes no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that it may make directly to you or through reports that SLRC in the future may file with the Securities and Exchange Commission, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.

### Contact

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