REFINITIV

DELTA REPORT

10-K

MFIC - APOLLO INVESTMENT CORP

10-K - DECEMBER 31, 2023 COMPARED TO 10-K - MARCH 31, 2022

The following comparison report has been automatically generated

TOTAL DELTAS	6939
CHANGES	331
DELETIONS	2826
ADDITIONS	3782

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended March 31, 2022

December 31, 2023

OR

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

Commission File Number: 814-00646

APOLLO

MIDCAP FINANCIAL INVESTMENT CORPORATION

(Exact name of Registrant as specified in its charter)

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Maryland

Maryland

52-2439556

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(State or other jurisdiction of incorporation or organization)

9 West 57th Street

37th Floor

New York, New York

10019

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (212) (212) 515-3450

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered

	AINV	
Common Stock, $0.001 par value	MFIC	NASDAQ Global Select Market
8.00% Notes due 2028	MFICL	NASDAQ Global Select Market

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

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

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Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨Nox

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. Yesx No ¨

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yesx No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer" and , "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	x	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. Yes ¨ No ¨

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.Yes report. Yes x No ¨

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

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

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

The aggregate market value of the common equity held by non-affiliates of the Registrant as of September 30, 2021 June 30, 2023 was $0.83 billion $0.81 billion (based on the closing sale price of the Registrant's Common Stock on that date as reported on the NASDAQ Global Select Market). For the purposes of calculating this amount only, all executive officers and Directors are "affiliates" of the Registrant.

As of May 18, 2022 February 23, 2024, there were 63,518,71865,253,275 shares of the Registrant's Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement for the Annual Meeting of Stockholders to be held on August 9, 2022 July 10, 2024 are incorporated by reference in Part III of this Form 10-K.

APOLLO
MIDCAP FINANCIAL INVESTMENT CORPORATION

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PART I Page

PART I

Risk Factor Summary

The following is only a summary of the principal risks that may materially adversely affect our business, financial condition, results of operations and cash flows. The following should be read in conjunction with the more complete discussion of the risk factors we face, which are set forth in the section titled "Item 1A. Risk Factors" in this report.

Risk Relating to the Current Environment

- The current outbreak of the novel coronavirus, or COVID-19, has caused severe disruptions in the U.S. and global economy and is expected to have a materially adverse impact on our financial condition and results of operations.
- Changes in interest rates may adversely affect the value of our portfolio investments which could have an adverse effect on our business, financial condition and results of operations.
- Capital markets may experience periods of disruption and instability. Such market conditions may materially and adversely affect the debt and equity capital markets in the United States and abroad, which may have a negative impact on our business and operations.
- Cybersecurity risks and cyber incidents may adversely affect our business by causing a disruption to our operations, a compromise or corruption of our confidential information, a misappropriation of funds, and/or damage to our business relationships, all of which could negatively impact our financial results.
- We are exposed to risks associated with changes in interest rates, including the current rising interest rate environment.
- Inflation has adversely affected and may continue to adversely affect the business, results of operations and financial condition of our portfolio companies.
- The ongoing armed conflicts as a result of the Russian invasion of Ukraine and the war between Israel and Hamas may have a material adverse impact on us and our portfolio companies.
- Price declines and illiquidity in the corporate debt markets have adversely affected, and may in the future adversely affect, the fair value of our portfolio investments, reducing our net asset value through increased net unrealized depreciation.
- The current state of the economy and volatility in the global financial markets could have a material adverse effect on our business, financial condition and results of operations.
- Uncertainty with respect to the financial stability of the United States and several countries in the EU could have a significant adverse effect on our business, financial condition, and results of operations.
- We may form one or more Collateralized Loan Obligations ("CLOs"), which may subject us to certain structured financing risks.
- The interest rates of some of our floating-rate loans to our portfolio companies may that extend beyond 2023 might be priced using a spread over LIBOR, which is bei phased out.subject to change based on recent regulatory changes.
- Changes in existing laws or regulations, the interpretations thereof or newly enacted laws or regulations may negatively impact our business.
- The continued uncertainty relating to the U.S. and global economy could have a negative impact on our business.

- Changes to U.S. federal income tax laws could materially and adversely affect us and our stockholders.
- The Russian invasion of Ukraine
- Inflation may adversely affect
- Disruptions to the global supply

Risks Relatin to c Busine

may have a material adverse impact on us and our portfolio companies.	business and operations and those of our portfolio companies.	chain may have adverse impact on our portfolio companies and, in turn, harm us.	**and Structu**

(2) In order to compute the "Corresponding Return to Common Stockholders," the "Assumed Return on Portfolio" is multiplied by the total value of our assets at March 31, 2022 December 31, 2023 to obtain an assumed return us. From this amount, the interest expense (calculated by multiplying the weighted average stated interest rate of 3.25% 6.69% by the approximately $1,555.5 million $1,470.0 million of principal debt outstanding) is subtract to determine the return available to stockholders. The return available to stockholders is then divided by the total value of our net assets as of March 31, 2022 December 31, 2023 to determine the "Corresponding Return Common Stockholders."

Effective April 4, 2019, our asset coverage requirement was reduced from 200% to 150%, which may increase the risk of investing with us.

On April 4, 2018, our Board of Directors, including a "required majority" of our Board of Directors, approved the application of the modified asset coverage requirements set forth in Section 61(a)(2) of the 1940 Act, as amended by the SBCAA. As a result, effective April 4, 2019, our asset coverage requirement applicable to senior securities was reduced from

200% to 150% (i.e., the revised regulatory leverage limitation permits BDCs to double the amount of borrowings, such that we would be able to borrow up to two dollars for every dollar we have in assets less all liabilities and indebtedness not represented by senior securities issued by us), and the risks associated with an investment in us may have increased.

We may in the future determine to fund a portion of our investments with preferred stock, which would magnify the potential for gain or loss and the risks of investing in us in the same way as our borrowings.

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

Changes in interest rates may affect our cost of capital and net investment income.

Because we borrow money, and may issue preferred stock to finance investments, our net investment income will depend, in part, upon the difference between the rate at which we borrow funds or pay dividends on preferred stock and the rate at which we invest these funds. As a result, we can offer no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income. In periods of rising interest rates, our cost of funds would increase except to the extent we have issued fixed rate debt or preferred stock, which could reduce our net investment income. Our long-term fixed-rate investments are generally financed primarily with equity and long-term debt. We may use interest rate risk management techniques in an effort to limit our exposure to interest rate fluctuations. Such techniques may include various interest rate hedging activities to the extent permitted by the 1940 Act and applicable commodities laws. Interest rate hedging activities do not protect against credit risk.

We have analyzed the potential impact of changes in interest rates on interest income net of interest expense. Assuming no changes to our balance sheet as of March 31, 2022 December 31, 2023, a hypothetical one percent increase in LIBOR SOFR on our floating rate assets and liabilities would Increase our earnings by fourteen cents per average share over the next twelve months. Assuming no changes to our balance sheet as of December 31, 2023, a hypothetical two percent increase in SOFR on our floating rate assets and liabilities would increase our earnings by twenty nine cents per average share over the next twelve months. Assuming no changes to our balance sheet as of December 31, 2023, a hypothetical three percent increase in SOFR on our floating rate assets and liabilities would increase our earnings by forty three cents per average share over the next twelve months. Assuming no changes to our balance sheet as of December 31, 2023, a hypothetical four percent increase in SOFR on our floating rate assets and liabilities would increase our earnings by fifty seven cents per average share over the next twelve months. Assuming no changes to our balance sheet as of March 31, 2022, a hypothetical two percent increase in LIBOR on our floating rate assets and liabilities would increase our earnings by nineteen cents per average share over the next twelve months. Assuming no changes to our balance sheet as of March 31, 2022, a hypothetical three percent increase in LIBOR on our floating rate assets and liabilities would increase our earnings by thirty two cents per average share over the next twelve months. Assuming no changes to our balance sheet as of March 31, 2022, a hypothetical four percent increase in LIBOR on our floating rate assets and liabilities would increase our earnings by forty five cents per average share over the next twelve months. Assuming no changes to our balance sheet as of March 31, 2022 December 31, 2023, a hypothetical one percent decrease in LIBOR SOFR on our floating rate assets and liabilities would decrease our earnings by four fourteen cents per average share over the next twelve months. In addition, we believe that our interest rate matching strategy and our ability to hedge mitigates the effects any changes in interest rates may have on our investment income. Although management believes that this is indicative of our sensitivity to interest rate changes, it does not adjust for potential changes in credit quality, size and composition of the assets on the balance sheet and other business developments that could affect net increase or decrease in net assets resulting from operations, or net income. Accordingly, no assurances can be given that actual results would not differ materially from the potential outcome simulated by this estimate.

A portion of our floating rate investments may include features such as LIBOR SOFR floors. To the extent we invest in credit instruments with LIBOR SOFR floors, we may lose some of the benefits of incurring leverage. Specifically, if we issue preferred stock or debt (or otherwise borrow money), our costs of leverage will increase as rates increase. However, we may not benefit from the higher coupon payments resulting from increased interest rates if our investments in LIBOR SOFR floors and rates do not rise to levels above the LIBOR SOFR floors. In this situation, we will experience increased financing costs without the benefit of receiving higher income. This in turn may result in the potential for a decrease in the level of income available for dividends or distributions made by us.

You should also be aware that a change in the general level of interest rates can be expected to lead to a change in the interest rates we receive on many of our debt investments. Accordingly, a change in interest rates could make it easier for us to meet or exceed the performance threshold and may result in a substantial increase in the amount of incentive fees payable to our Investment Adviser with respect to pre-incentive fee net investment income.

As

 December 31, 2021, all non-U.S. dollar LIBOR publications have been phased out. The phase out of a majority of the U.S. dollar publications is delayed until June 30, 2023. SOFR appears to be the preferred alternative replacement rate for U.S. dollar LIBOR, but there is no guarantee SOFR will become the dominant alternative. See “The interest rates of some of our floating-rate loans to our portfolio companies may be priced using a spread over LIBOR, which is being phased out.”

Our business requires a substantial amount of capital to grow because we must distribute most of our income.

Our business requires a substantial amount of capital. We have issued equity securities and have borrowed from financial institutions. A reduction in the availability of new capital could limit our ability to grow. We must distribute at least 90% of our investment company taxable income to maintain our RIC status. As a result, any such cash earnings may not be available to fund investment originations. We expect to continue to borrow from financial institutions and issue additional debt and equity securities. If we fail to obtain funds from such sources or from other sources to fund our investments, it could limit our ability to grow, which may have an adverse effect on the value of our securities. In addition, as a BDC, our ability to borrow or issue additional preferred stock may be restricted if our total assets are less than 150% of our total borrowings and preferred stock.

Many of our portfolio investments are recorded at fair value as determined in good faith by or the Investment Advisor and under the direction of our Board of Directors and, as a result, there is uncertainty as to the value of our portfolio investments.

A large percentage of our portfolio investments are not publicly traded. The fair value of these investments may not be readily determinable. We value these investments quarterly at fair value (based on ASC 820, its corresponding guidance and the principal markets in which these investments trade) as determined in good faith by or the Investment Advisor and under the direction of our Board of Directors pursuant to a written valuation policy and a consistently applied valuation process utilizing the input of our Investment Adviser, independent valuation firms, third party pricing services and the Audit Committee of the Board of Directors. Our Board of Directors utilizes the services of independent valuation firms to aid it in determining the fair value of these investments. The types of factors that may be considered in fair value pricing of these investments include the nature and realizable value of any collateral, the portfolio company’s ability to make payments and its earnings, the markets in which the portfolio company does business, comparison to more liquid securities, indices and other market-related inputs, discounted cash flow, our principal market and other relevant factors. For these securities for which a quote is either not readily available or deemed not to represent fair value, we utilize independent valuation firms to assist with valuation of these Level 3 investments. Because such valuations, and particularly valuations of private securities and private companies, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, our determinations of fair value may differ materially from the values that would have been used if a readily available market for these investments existed and may differ materially from the amounts we realize on any disposition of such investments. Our net asset value could be adversely affected if our determinations regarding the fair value of these investments were materially higher than the values that we ultimately realize upon the disposal of such investments. In addition, decreases in the market values or fair values of our investments are recorded as unrealized loss. Unprecedented declines in prices and liquidity in the corporate debt markets have resulted in significant net unrealized loss in our portfolio, as well as a reduction in NAV, in the past. Depending on market conditions, we could incur substantial realized losses and may continue to suffer additional unrealized losses in future periods, which could have a material adverse impact on our business, financial condition and results of operations.

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

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

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We may experience fluctuations in our periodic results.

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

Our ability to enter into transactions with our affiliates is restricted.

We are prohibited under the 1940 Act from knowingly participating in certain transactions with certain of our affiliates without the prior approval of our independent directors and, in some cases, of the SEC. Any person that owns, directly or indirectly, 5% or more of our outstanding voting securities will be our affiliate for purposes of the 1940 Act and we are generally prohibited from buying or selling any security (other than our securities) from or to such affiliate, absent the prior approval of our independent directors. The 1940 Act also prohibits certain "joint" transactions with certain of our affiliates, which could include investments in the same portfolio company (whether at the same or different times), without prior approval of our independent directors and, in some cases, of the SEC. We are prohibited from buying or selling any security from or to any person who owns more than 25% of our voting securities or certain of that person's affiliates, or entering into prohibited joint transactions with such persons, absent the prior approval of the SEC through an exemptive order (the "Order") (other than in certain limited situations pursuant to current regulatory guidance). The analysis of whether a particular transaction constitutes a joint transaction requires a review of the relevant facts and circumstances then existing. Similar restrictions limit our ability to transact business with our officers or directors or their affiliates.

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Under the terms of the Order, a "required majority" (as defined in Section 57(o) of the 1940 Act) of our independent directors must be able to reach certain conclusions in connection with a co-investment transaction, including that (1) the terms of the proposed transaction are reasonable and fair to us and our stockholders and do not involve overreaching of us or our stockholders on the part of any person concerned, and (2) the transaction is consistent with the interests of our stockholders and is consistent with our Board of Directors approved criteria. In certain situations where co-investment with one or more funds managed by AIM or its affiliates is not covered by the Order, the personnel of AIM or its affiliates will need to decide which fund will proceed with the investment. Such personnel will make these determinations based on allocation policies and procedures, which are designed to reasonably ensure that investment opportunities are allocated fairly and equitably among affiliated funds over time and in a manner that is consistent with applicable laws, rules and regulations. The Order is subject to certain terms and conditions so there can be no assurance that we will be permitted to co-invest with certain of our affiliates other than in the circumstances currently permitted by regulatory guidance and the Order.

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There are significant potential conflicts of interest which could adversely affect our investment returns.

Allocation of Personnel

Potential investment and disposition opportunities are generally approved by one or more investment committees composed of personnel across AGM including Messrs. Widra, Powell, and Ryan and/or by all or a majority of Messrs. Widra, Powell and Ryan depending on the underlying investment type and/or the amount of such investment. Our executive officers and directors, and the partners of our Investment Adviser, AIM, serve or may serve as officers, directors or principals of entities that operate in the same or a related line of business as we do or of investment funds managed by our affiliates. Accordingly, they may have obligations to investors in those entities, the fulfillment of which might not be in the best interests of us or our stockholders. Moreover, we note that, notwithstanding the difference in principal investment objectives between us and other AGM funds, such other AGM sponsored funds, including new affiliated potential pooled investment vehicles or managed accounts not yet established (whether managed or sponsored by AGM or AIM itself), have and may from time to time have overlapping investment objectives with us and, accordingly, invest in, whether principally or secondarily, asset classes similar to those targeted by us. To the extent such other investment vehicles have overlapping investment objectives, the scope of opportunities otherwise available to us may be adversely affected and/or reduced. As a result, certain partners of AIM may face conflicts in their time management and commitments as well as in the allocation of investment opportunities to other AGM funds. In addition, in the event such investment opportunities are allocated among us and other investment vehicles managed or sponsored by, or affiliated with, AIM our desired investment portfolio may be adversely affected. Although AIM endeavors to allocate investment opportunities in a fair and equitable manner, it is possible that we may not be given the opportunity to participate in certain investments made by investment funds managed by AIM or investment managers affiliated with AIM.

No Information Barriers

There are no information barriers amongst AGM and certain of its affiliates. If AIM were to receive material non-public information about a particular company, or have an interest in investing in a particular company, AGM or certain of its affiliates may be prevented from investing in such company. Conversely, if AGM or certain of its affiliates were to receive material non-public information about a particular company, or have an interest in investing in a particular company, we may be prevented from investing in such company.

This risk may affect us more than it does other investment vehicles, as AIM generally does not use information barriers that many firms implement to separate persons who make investment decisions from others who might possess material, non-public information that could influence such decisions. AIM's decision not to implement these barriers could prevent its investment professionals from undertaking certain transactions such as advantageous investments or dispositions that would be permissible for them otherwise. In addition, AIM could in the future decide to establish information barriers, particularly as its business expands and diversifies.

Co-Investment Activity and Allocation of Investment Opportunities

In certain circumstances, negotiated co-investments may be made only in accordance with the terms of the exemptive order we received from the SEC permitting us to do so. The Order is subject to certain terms and conditions so there can be no assurance that we will be permitted to co-invest with certain of our affiliates other than in the circumstances currently permitted by regulatory guidance and the Order.

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AGM and its affiliated investment managers, including AIM, may determine that an investment is appropriate both for us and for one or more other funds. In such event, depending on the availability of such investment and other appropriate factors, AIM may determine that we should invest on a side-by-side basis with one or more other funds. We may make all such investments subject to compliance with applicable regulations and interpretations, and our allocation procedures. AGM has adopted allocation procedures that are intended to ensure that each fund or account managed by AGM or certain of its affiliates ("Apollo-advised funds") is treated in a manner that, over time, is fair and equitable. Allocations generally are made pro rata based on order size. In certain circumstances, the allocation policy provides for the allocation of investments pursuant to a predefined arrangement that is other than pro rata. As a result, in situations where a security is appropriate for us but is limited in availability, we may receive a lower allocation than may be desired by our portfolio managers or no allocation if it is determined that the investment is more appropriate for a different Apollo-advised fund because of its investment mandate. Investment opportunities may be allocated on a basis other than pro rata to the extent it is done in good faith and does not, or is not reasonably expected to, result in an improper disadvantage or advantage to one participating Apollo-advised fund as compared to another participating Apollo-advised fund.

In the event investment opportunities are allocated among us and other Apollo-advised funds, we may not be able to structure our investment portfolio in the manner desired. Although AGM endeavors to allocate investment opportunities in a fair and equitable manner, it is possible that we may not be given the opportunity to participate in certain investments made by other Apollo-advised funds or portfolio managers affiliated with AIM. Furthermore, we and the other Apollo-advised funds may make investments in securities where the prevailing trading activity may make impossible the receipt of the same price or execution on the entire volume of securities purchased or sold by us and such other Apollo-advised funds. When this occurs, the various prices may be averaged, and we will be charged or credited with the average price. Thus, the effect of the aggregation may operate on some occasions to our disadvantage. In addition, under certain circumstances, we may not be charged the same commission or commission equivalent rates in connection with a bunched or aggregated order.

It is possible that other Apollo-advised funds may make investments in the same or similar securities at different times and on different terms than we do. From time to time, we and the other Apollo-advised funds may make investments at different levels of an issuer's capital structure or otherwise in different classes of an issuer's securities. Such investments may inherently give rise to conflicts of interest or perceived conflicts of interest between or among the various classes of securities that may be held by such entities. Conflicts may also arise because portfolio decisions regarding us may benefit such other Apollo-advised funds. For example, the sale of a long position or establishment of a short position by us may impair the price of the same security sold short by (and therefore benefit) one or more Apollo-advised funds, and the purchase of a security or covering of a short position in a security by us may increase the price of the same security held by (and therefore benefit) one or more Apollo-advised funds. In these circumstances AIM and its affiliates will seek to resolve each conflict in a manner that is fair to the various clients involved in light of the totality of the circumstances. In some cases the resolution may not be in our best interests.

AGM and its clients may pursue or enforce rights with respect to an issuer in which we have invested, and those activities may have an adverse effect on us. As a result, prices, availability, liquidity and terms of our investments may be negatively impacted by the activities of AGM or its clients, and transactions for us may be impaired or effected at prices or terms that may be less favorable than would otherwise have been the case.

Fees and Expenses

In the course of our investing activities, we pay management and incentive fees to AIM, and reimburse AIM for certain expenses it incurs. As a result, investors in our common stock invest on a "gross" basis and receive distributions on a "net" basis after expenses, resulting in, among other things, a lower rate of return than one might achieve through direct investments. As a result of this arrangement, there may be times when the management team of AIM has interests that differ from those of our common stockholders, giving rise to a conflict.

Effective April 4, 2019, we are allowed to borrow amounts such that our asset coverage, as calculated pursuant to the 1940 Act, equals at least 150% after such borrowing (i.e., we are able to borrow up to two dollars for every dollar we have in assets less all liabilities and indebtedness not represented by senior securities issued by us). Accordingly, the Investment Adviser may have conflicts of interest in connection with decisions to use increased leverage permitted under our modified asset coverage requirement applicable to senior securities, as the incurrence of such additional indebtedness would result in an increase in the base management fees payable to the Investment Adviser and may also result in an increase in the income based fees and capital gains incentive fees payable to the Investment Adviser.

AIM receives a quarterly incentive fee based, in part, on our pre-incentive fee income, if any, for the immediately preceding calendar quarter. This incentive fee will not be payable to AIM unless the pre-incentive net investment income exceeds the performance threshold. To the extent we or AIM are able to exert influence over our portfolio companies, the quarterly pre-incentive fee may provide AIM with an incentive to induce our portfolio companies to prepay interest or other obligations in certain circumstances.

Allocation of Expenses

We have entered into a royalty-free license agreement with AGM, pursuant to which AGM has agreed to grant us a non-exclusive license to use the name "Apollo." "MidCap Financial". Under the license agreement, we have the right to use the "Apollo" "MidCap Financial" name for so long as AIM or one of its affiliates remains the Investment Adviser. In addition, we rent office space from AIA, an affiliate of AIM, and pay AIA our allocable portion of overhead and other expenses incurred by AIA in performing its obligations under the administration agreement, including our allocable portion of the compensation, rent and other expenses of our Chief Financial Officer, Chief Legal Officer and Chief Compliance Officer and their respective staffs, which can create conflicts of interest that our Board of Directors must monitor.

In the past following periods of volatility in the market price of a company's securities, securities class action litigation has, from time to time, been brought against that company.

If our stock price fluctuates significantly, we may be the target of securities litigation in the future. Securities litigation could result in substantial costs and divert management's attention and resources from our business.

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

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

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- The higher interest rates of OID and PIK instruments reflect the payment deferral and increased credit risk associated with these instruments, and OID and PIK instrumen generally represent a significantly higher credit risk than coupon loans.

- Even if the accounting conditions for income accrual are met, the borrower could still default when our actual collection is supposed to occur at the maturity of t obligation.

- OID and PIK instruments may have unreliable valuations because their continuing accruals require continuing judgments about the collectability of the deferred paymen and the value of any associated collateral. OID and PIK income may also create uncertainty about the source of our cash distributions.

- Capitalizing PIK interest to loan principal increases our gross assets, thus increasing our Investment Adviser's future base management fees, and increases futu investment income, thus increasing our Investment Adviser's future income incentive fees at a compounding rate.

- Market prices of zero-coupon or PIK securities may be affected to a greater extent by interest rate changes and may be more volatile than securities that pay intere periodically and in cash.

• • For accounting purposes, any cash distributions to stockholders representing OID and PIK income are not designated as paid-in capital, even if the cash to pay them derives from offering proceeds. As a result, despite the fact that a distribution representing OID and PIK income could be paid out of amounts invested by our stockholders, the 1940 Act does not require that stockholders be given notice of this fact by reporting it as a return of capital.

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Changes in the laws or regulations governing our business or the businesses of our portfolio companies and any failure by us or our portfolio companies to comply with these laws or regulations, could negatively affect the profitability of our operations or of our portfolio companies.

We are subject to changing rules and regulations of federal and state governments, as well as the stock exchange on which our common stock is listed. These entities, including the Public Company Accounting Oversight Board, the SEC and the NASDAQ Global Select Market, have issued a significant number of new and increasingly complex requirements and regulations over the course of the last several years and continue to develop additional regulations. In particular, changes in the laws or regulations or the interpretations of the laws and regulations that govern BDCs, RICs or non-depository commercial lenders could significantly affect our operations and our cost of doing business. We are subject to federal, state and local laws and regulations and are subject to judicial and administrative decisions that affect our operations, including our loan originations, maximum interest rates, fees and other charges, disclosures to portfolio companies, the terms of secured transactions, collection and foreclosure procedures and other trade practices. If these laws, regulations or decisions change, or if we expand our business into jurisdictions that have adopted more stringent requirements than those in which we currently conduct business, we may have to incur significant expenses in order to comply, or we might have to restrict our operations. In addition, if we do not comply with applicable laws, regulations and decisions, we may lose licenses needed for the conduct of our business and be subject to civil fines and criminal penalties, any of which could have a material adverse effect upon our business, financial condition and results of operations. operations.

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Provisions of the Maryland General Corporation Law and of our charter and bylaws could deter takeover attempts and have an adverse impact on the price of our common stock.

The Maryland General Corporation Law, our charter and our bylaws contain provisions that may discourage, delay or make more difficult a change in control or the removal of our directors. We are subject to Subtitle 6 of Title 3 of the Maryland General Corporate Law, the Maryland Business Combination Act, subject to any applicable requirements of the 1940 Act. Our Board of Directors has adopted a resolution exempting from the Business Combination Act any business combination between us and any other person, subject to prior approval of such business combination by our Board of Directors, including approval by a majority of our disinterested directors. If the resolution exempting business combinations is repealed or our Board of Directors does not approve a business combination, the Business Combination Act may discourage third parties from trying to acquire control of us and increase the difficulty of consummating such an offer. We are subject to Subtitle 7 of Title 3 of the Maryland General Corporate Law, the Maryland Control Share Acquisition Act. Our bylaws exempt from the Maryland Control Share Acquisition Act acquisitions of our common stock by any person. If we amend our bylaws to repeal the exemption from the Control

Share Acquisition Act, the Control Share Acquisition Act also may make it more difficult for a third party to obtain control of us and increase the difficulty of consummating such an offer. We intend to give the SEC prior notice should our Board of Directors elect to amend our bylaws to repeal the exemption from the Control Share Acquisition Act.

We have also adopted other measures that may make it difficult for a third party to obtain control of us, including provisions of our charter classifying our Board of Directors in three classes serving staggered three-year terms, and provisions of our charter authorizing our Board of Directors to classify or reclassify shares of our stock in one or more classes or series, to cause the issuance of additional shares of our stock, and to amend our charter, without stockholder approval, to increase or decrease the number of shares of stock that we have authority to issue. These provisions, as well as other provisions of our charter and bylaws, may delay, defer or prevent a transaction or a change in control that might otherwise be in the best interests of our stockholders.

We may choose to pay dividends in our own common stock, in which case you may be required to pay federal income taxes in excess of the cash dividends you receive.

We may distribute taxable dividends that are payable in cash and shares of our common stock at the election of each stockholder. The Internal Revenue Service has issued guidance on cash/stock dividends paid by publicly traded RICs where certain requirements are satisfied, including that the cash component is at least 20%. Stockholders receiving such dividends will be required to include the full amount of the dividend (including the portion payable in stock) as ordinary income (or, in certain circumstances, long-term capital gain) to the extent of our current and accumulated earnings and profits for federal income tax purposes. As a result, stockholders may be required to pay income taxes with respect to such dividends in excess of the cash dividends received. If a U.S. stockholder sells the common stock that it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our common stock at the time of the sale. Furthermore, with respect to non-U.S. stockholders, we may be required to withhold U.S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in common stock. In addition, if a significant number of our stockholders determine to sell shares of our common stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our common stock. It is unclear whether and to what extent we would choose to pay taxable dividends in cash and common stock.

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

Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations. In addition, any testing by us conducted in connection with Section 404 of the Sarbanes-Oxley Act, or the subsequent testing by our independent registered public accounting firm (when undertaken, as noted below), may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retroactive changes to our consolidated financial statements or identify other areas for further attention or improvement. Inferior internal controls could also cause investors and lenders to lose confidence in our reported financial information, which could have a negative effect on the trading price of our common stock.

We and our portfolio companies may experience cyber security incidents and are subject to cyber security risks.

Our business and the business of our portfolio companies relies upon secure information technology systems for data processing, storage and reporting. Despite careful security and controls design, implementation and updating, our and our portfolio company's information technology systems could become subject to cyber-attacks. Cyber-attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through "hacking", malicious software coding, social engineering or "phishing" attempts) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of service attacks on websites (i.e., efforts to make network services unavailable to intended users). Our employees and the Investment Adviser's employees have been and expect to continue to be the target of fraudulent calls, emails and other forms of activities. Network, system, application and data breaches could result in operational disruptions or information misappropriation, which could have a material adverse effect on our business, results of operations and financial condition or the business, results of operations and financial conditions of our portfolio companies.

Cyber security failures or breaches by the Investment Adviser and other service providers (including, but not limited to, accountants, custodians, transfer agents and administrators), and the issuers of securities in which we invest, have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, interference with our ability to calculate its net asset value, impediments to trading, the inability of our stockholders to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future. While we have established a business continuity plan in the event of, and risk management systems to prevent, such cyber-attacks, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Furthermore, we cannot control the cyber security plans and systems put in place by our service providers and issuers in which we invest. We and our stockholders could be negatively impacted as a result. The costs related to cyber or other security threats or disruptions may not be fully insured or indemnified by other means. In addition, cyber-security has become a top priority for regulators around the world, and some jurisdictions have enacted laws requiring companies to notify individuals of data security breaches involving certain types of personal data. If we fail to comply with the relevant laws and regulations, we could suffer financial losses, a disruption of our businesses, liability to investors, regulatory intervention or reputational damage.

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

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

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

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

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

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

- cyber-attacks.

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

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

There is evidence of global climate change. Climate change creates physical and financial risk and some of our portfolio companies may be adversely affected by climate change. For example, the needs of customers of energy companies vary with weather conditions, primarily temperature and humidity. To the extent weather conditions are affected by climate change, energy use could increase or decrease depending on the duration and magnitude of any changes. Increased energy use due to weather changes may require additional investments by our portfolio companies engaged in the energy business in more pipelines and other infrastructure to serve increased demand. Increases in the cost of energy also could adversely affect the cost of operations of our portfolio companies if the use of energy products or services is material to their business. A decrease in energy use due to weather changes may affect some of our portfolio companies' financial condition, through decreased revenues. Extreme weather conditions in general require more system backup, adding to costs, and can contribute to increased system stresses, including service interruptions. Energy companies could also be affected by the potential for lawsuits against or taxes or other regulatory costs imposed on greenhouse gas emitters, based on links drawn between greenhouse gas emissions and climate change.

Our Investment Adviser and Administrator have the right to resign on 60 days' notice, and we may not be able to find a suitable replacement within that time, resulting in a disruption in our operations that could adversely affect our business, financial condition and results of operations.

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

The Company's investment adviser sources originated loans from MidCap FinCo Designated Activity Company ("MidCap FinCo"). MidCap FinCo's success in originating loans depends to a significant extent on the services provided by its personnel and the personnel of its manager. If MidCap FinCo and its manager are unsuccessful in originating loans, the Company's ability to reach its investment objectives may be adversely affected.

MidCap FinCo is discretionarily managed by Apollo Capital Management, L.P., an affiliate of our Investment Advisor. As a result, MidCap FinCo is currently under common control with us. Additionally, MidCap FinCo originates a significant amount of senior secured first lien loans in which we participate pursuant to our co-investment order. Our Investment Adviser reviews, evaluates and negotiates, as applicable, each such potential investment to ensure it is appropriate for us. While Apollo's investment management relationship with MidCap FinCo currently allows us to access MidCap FinCo's origination volume, Apollo and MidCap FinCo are distinct and separate legal entities with different businesses and interests. Thus, if MidCap FinCo were to terminate its investment management agreement with Apollo, we may no longer have the same access to MidCap FinCo's origination volume. MidCap FinCo is not an investment adviser, subadviser or fiduciary to us or to our Investment Adviser. MidCap FinCo is not obligated to take into account our interests (or those of other potential participants in its originations) when originating loans across its platform. Various factors, including its ability to retain and attract personnel with origination experience, relationships and expertise, will affect MidCap FinCo's business. There can be no guarantee that MidCap FinCo will continue to originate loans at its historic levels of quality or volume.

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Risks Relating to our Investments

Our investments in portfolio companies are risky, and we could lose all or part of our investment.

Investment in middle-market companies is speculative and involves a number of significant risks including a high degree of risk of credit loss. Middle-market companies may have limited financial resources and may be unable to meet their obligations under their debt securities that we hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of us realizing any guarantees we may have obtained in connection with our investment. In addition, they typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns. Middle-market companies are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on our portfolio company and, in turn, on us. Middle-market companies also generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position. In addition, our executive officers, directors and our Investment Adviser may, in the ordinary course of business, be named as defendants in litigation arising from our investments in the portfolio companies.

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Investments in the energy sector are subject to many risks.

We have made certain investments in and relating to the energy sector. The operations of energy companies are subject to many risks inherent in the transporting, processing, storing, distributing, mining or marketing of natural gas, natural gas liquids, crude oil, coal, refined petroleum products or other hydrocarbons, or in the exploring, managing or producing of such commodities, including, without limitation: damage to pipelines, storage tanks or related equipment and surrounding properties caused by hurricanes, tornadoes, floods, fires and other natural disasters or by acts of terrorism, inadvertent damage from construction and farm equipment, leaks of natural gas, natural gas liquids, crude oil, refined petroleum products or other hydrocarbons, and fires and explosions. These risks could result in substantial losses due to personal injury or loss of life, severe damage to and destruction of property and equipment and pollution or other environmental damage, and may result in the curtailment or suspension of their related operations, any and all of which could adversely affect our portfolio companies in the energy sector. In addition, the energy sector has experienced significant volatility at times, which may occur in the future, and which could negatively affect the returns on any investment made by the Company in this sector. In addition, valuation of certain investments includes the probability weighting of future events which are outside of management's control. The final outcome of such events could increase or decrease the fair value of the investment in a future period.

Crude oil and natural gas prices are volatile. A substantial and/or extended decline in crude oil and natural gas prices could have a material adverse effect on some of our portfolio companies in the energy sector.

Crude oil and natural gas prices historically have been volatile and likely will continue to be volatile given current geopolitical conditions and the recent dramatic decrease significant increase in oil prices during the first 2022 and second quarter of 2020. 2023. The prices for crude oil and natural gas are subject to a variety of factors beyond our control, such as the domestic and foreign supply of crude oil and natural gas; consumer demand for crude oil and natural gas, and market expectations regarding supply and demand. These factors and the volatility of the energy markets make it extremely difficult to predict price movements. Accordingly, our portfolio companies in the energy sector are at risk for the volatility in crude oil and natural gas prices. A prolonged increase or decline in crude oil and/or natural gas prices may have an adverse effect on our business, financial condition and/or operating results.

Cyclicality within the energy sector may adversely affect our business.

Industries within the energy sector are cyclical with fluctuations in commodity prices and demand for commodities driven by a variety of factors. The highly cyclical nature of the industries within the energy sector may lead to volatile changes in commodity prices, which may adversely affect the earnings of energy companies in which we may invest.

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A prolonged continuation of depressed oil and natural gas prices could negatively impact the energy and power industry and energy-related investments within our investment portfolio.

A prolonged continuation of depressed oil and natural gas prices would adversely affect the credit quality and performance of certain of our debt and equity investments in energy and power and related companies. A decrease in credit quality and performance would, in turn, negatively affect the fair value of these investments, which would consequently negatively affect our net asset value. Should a prolonged period of depressed oil and natural gas prices occur, the ability of certain of our portfolio companies in the energy and power and related industries to satisfy financial or operating covenants imposed by us or other lenders may be adversely affected, which could, in turn, negatively impact their financial condition and their ability to satisfy their debt service and other obligations. Likewise, should a prolonged period of depressed oil and natural gas prices occur, it is possible that the cash flow and profit generating capacity of these portfolio companies could also be adversely affected thereby negatively impacting their ability to pay us dividends or distributions on our investments.

Commodities are subject to many risks that may adversely affect some of our portfolio companies.

The prices of commodities are subject to a variety of factors such as political and regulatory changes, seasonal variations, weather, technology and market conditions. These factors and the volatility of the commodities markets make it extremely difficult to predict price movements.

Accordingly, the commodities industry has experienced significant volatility at times, which may occur in the future, and which could negatively affect the returns on any investment made by the Company in this industry.

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

The current macroeconomic environment is characterized by labor shortages, high interest rates, persistent inflation, foreign currency exchange volatility, volatility in global capital markets and growing recession risk. The risks associated with our and our portfolio companies' businesses are more severe during periods of economic slowdown or recession.

Many of our portfolio companies may be susceptible to economic slowdowns or recessions and may be unable to repay our loans during these periods. See **"Major public** **"Item 1A. Risk Factors—Risks Relating to the Current Environment—*Certain of our portfolio companies' businesses could be adversely affected by the effects of health issues, and specifically the novel coronavirus (COVID-19), pandemics or epidemics, which could have an adverse a negative impact on our financial condition and results of operations our portfolio companies' businesses and other aspects of our business"***operations.". Therefore, our non-performing assets may increase and the value of our portfolio may decrease during these periods if we are required to write down the values of our investments. Adverse economic conditions also may decrease the value of collateral securing some of our loans and the value of our equity investments. Economic slowdowns or recessions could lead to financial losses in our portfolio and a decrease in revenues, net income and assets. Unfavorable economic conditions also could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events could prevent us from increasing investments and harm our operating results.

A portfolio company's failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, acceleration of the time when the loans are due and foreclosure on its secured assets, which could trigger cross-defaults under other agreements and jeopardize the portfolio company's ability to meet its obligations under the debt that we hold. We may incur additional expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting portfolio company.

Our portfolio companies may be highly leveraged and a covenant breach by our portfolio companies may harm our operating results.

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

A portfolio company's failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, termination of its loans and foreclosure on its secured assets, which could trigger cross-defaults under other agreements and jeopardize a portfolio company's ability to meet its obligations under the debt or equity securities that we hold. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms, which may include the waiver of certain financial covenants, with a defaulting portfolio company.

There may be circumstances where our debt investments could be subordinated to claims of other creditors or we could be subject to, among other things, lender liabilityorfraudulent conveyance claims.

We could, in certain circumstances, become subject to potential liabilities that may exceed the value of our original investment in a portfolio company that experiences severe financial difficulties. For example, we may be adversely affected by laws related to, among other things, fraudulent conveyances, voidable preferences, lender liability, and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims or re-characterize investments made in the form of debt as equity contributions.

If we do not invest a sufficient portion of our assets in qualifying assets, we could fail to qualify as a BDC or be precluded from investing according to our current business strategy.

As a BDC, we may not acquire any assets other than "qualifying assets" unless, at the time of and after giving effect to such acquisition, at least 70% of our total assets are qualifying assets. We believe that most of the investments that we may acquire in the future will constitute qualifying assets. However, we may be precluded from investing in what we believe are attractive investments, if such investments are not qualifying assets for purposes of the 1940 Act. If we do not invest a sufficient portion of our assets in qualifying assets, we could be found to be in violation of the 1940 Act provisions applicable to BDCs. This would have a material adverse effect on our business, financial condition and results of operations. Similarly, these rules could prevent us from making follow-on investments in existing portfolio companies (which could result in the dilution of our position) or could require us to dispose of investments at inappropriate times in order to come into compliance with the 1940 Act. Because most of our investments will be in private companies, and therefore will be relatively illiquid, any such dispositions could be made at disadvantageous prices and could result in substantial losses.

Our portfolio contains a limited number of portfolio companies, which subjects us to a greater risk of significant loss if any of these companies defaults on its obligations under any of its debt securities.

A consequence of the limited number of investments in our portfolio is that the aggregate returns we realize may be significantly adversely affected if one or more of our significant portfolio company investments perform poorly or if we need to write down the value of any one significant investment. Beyond our income tax diversification requirements, we do not have fixed guidelines for diversification, and our portfolio could contain relatively few portfolio companies.

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

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

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

When we do not hold controlling equity interests in our portfolio companies, we may not be in a position to exercise control over our portfolio companies or to prevent decisions by management of our portfolio companies that could decrease the value of our investments.

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

An investment strategy focused primarily on privately-held companies presents certain challenges, including the lack of available information about these companies, a dependence on the talents and efforts of only a few key portfolio company personnel and a greater vulnerability to economic downturns.

We have invested and will continue to invest primarily in privately-held companies. Generally, little public information exists about these companies, and we are required to rely on the ability of AIM's investment professionals to obtain adequate information to evaluate the potential returns from investing in these companies.

If we are unable to uncover all material information about these companies, we may not make a fully informed investment decision, and we may lose money on our investments. Also, privately-held companies frequently have less diverse product lines and smaller market presence than public company competitors, which often are larger. These factors could affect our investment returns.

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

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

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

Our incentive fee may induce AIM to make certain investments, including speculative investments.

The incentive fee payable by us to AIM may create an incentive for AIM to make investments on our behalf that are risky or more speculative than would be the case in the absence of such compensation arrangement. The way in which the incentive fee payable to AIM is determined, which is calculated separately in two components as a percentage of the net investment income (subject to a performance threshold) and as a percentage of the realized gain on invested capital, may encourage our Investment Adviser to use leverage to increase the return on our investments. Under certain circumstances, the use of leverage may increase the likelihood of default, which would disfavor the holders of our common stock, including investors in offerings of common stock, securities convertible into our common stock or warrants representing rights to purchase our common stock or securities convertible into our common stock. In addition, AIM receives the incentive fee based, in part, upon net capital gains realized on our investments. Unlike the portion of the incentive fee based on net investment income, there is no performance threshold applicable to the portion of the incentive fee based on net capital gains. As a result, AIM may have a tendency to invest more in investments that are likely to result in capital gains as compared to income producing securities. Such a practice could result in our investing in more speculative securities than would otherwise be the case, which could result in higher investment losses, particularly during economic downturns.

The incentive fee payable by us to AIM also may create an incentive for AIM to invest on our behalf in instruments that have a deferred interest feature such as investments with PIK provisions. Under these investments, we would accrue the interest over the life of the investment but would typically not receive the cash income from the investment until the end of the term or upon the investment being called by the issuer. Our net investment income used to calculate the income portion of our incentive fee, however, includes accrued interest. The payment of incentive fees to AIM is made on accruals of expected cash interest. If a portfolio company defaults on a loan, it is possible that accrued interest previously used in the calculation of the incentive fee will become uncollectible. Thus, while a portion of this incentive fee would be based on income that we have not yet received in cash and with respect to which we do not have a formal claw-back right against our Investment Adviser per se, the amount of accrued income to the extent written off in any period will reduce the income in the period in which such write-off was taken and thereby reduce such period's incentive fee payment. However, even if a loan is put on non-accrual status, its capitalized interest will not be reversed and may continue to be included in the calculation of the base management fee based on an estimation of the loan's fair value.

We may invest, to the extent permitted by law, in the securities and instruments of other investment companies, including private funds, and, to the extent we so invest, will bear our ratable share of any such investment company's expenses, including management and performance fees. We will also remain obligated to pay management and incentive fees to AIM with respect to the assets invested in the securities and instruments of other investment companies. With respect to each of these investments, each of our common stockholders will bear his or her share of the management and incentive fee of AIM as well as indirectly bearing the management and performance fees and other expenses of any investment companies in which we invest.

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

Our investment strategy contemplates that a portion of our investments may be in securities of foreign companies. Investing in foreign companies may expose us to additional risks not typically associated with investing in U.S. companies. These risks include changes in exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility. These risks are likely to be more pronounced for investments in companies located in emerging markets and particularly for middle-market companies in these economies.

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

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Hedging transactions may expose us to additional risks.

If we engage in hedging transactions, we may expose ourselves to risks associated with such transactions. We may utilize instruments such as forward contracts, currency options and interest rate swaps, caps, collars and floors to seek to hedge against fluctuations in the relative values of our portfolio positions from changes in currency exchange rates and market interest rates. Hedging against a decline in the values of our portfolio positions does not eliminate the possibility of fluctuations in the values of such positions or prevent losses if the values of such positions decline. However, such hedging can establish other positions designed to gain from those same developments, thereby offsetting the decline in the value of such portfolio positions. Such hedging transactions may also limit the opportunity for gain if the values of the underlying portfolio positions should increase. Moreover, it may not be possible to hedge against an exchange rate or interest rate fluctuation that is so generally anticipated that we are not able to enter into a hedging transaction at an acceptable price. Our ability to engage in hedging transactions may also be adversely affected by recent rules adopted by the CFTC.

While we may enter into transactions to seek to reduce currency exchange rate and interest rate risks, unanticipated changes in currency exchange rates or interest rates may result in poorer overall investment performance than if we had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio positions being hedged may vary. Moreover, for a variety of reasons, we may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Any such imperfect correlation may prevent us from achieving the intended hedge and expose us to risk of loss. In addition, it may not be possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities is likely to fluctuate as a result of factors not related to currency fluctuations. Our ability to engage in hedging transactions may also be adversely affected by recent rules adopted by the CFTC. In addition, tax rules governing our transactions in hedging instruments may affect whether gains and losses recognized by us are treated as ordinary or capital, accelerate our recognition of income or gain, defer losses, and cause adjustments in our holding periods of securities, thereby affecting, among other things, whether capital gains and losses are treated as short-term or long-term. These rules could therefore affect the amount, timing and/or character of distributions to stockholders.

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New market structure requirements applicable to derivatives could significantly increase the costs of utilizing over-the-counter ("OTC") derivatives.

The Dodd-Frank Act, as amended, made broad changes to the OTC derivatives market, granted significant new authority to the Commodity Futures Trading Commission, or CFTC, and the SEC to regulate OTC derivatives (swaps and security-based swaps) and participants in these markets.

These changes include, but are not limited to: requirements that many categories of the most liquid OTC derivatives (currently limited to specified interest rate swaps and index credit default swaps) be executed on qualifying, regulated exchanges and be submitted for clearing; real-time public and regulatory reporting of specified information regarding OTC derivative transactions; and enhanced documentation requirements and recordkeeping requirements. Margin requirements for uncleared OTC derivatives and position limits are also expected to be adopted by the CFTC and other regulators in the future. The CFTC has implemented mandatory clearing and exchange-trading of certain OTC derivatives contracts including many standardized interest rate swaps and credit default index swaps. The CFTC continues to approve contracts for central clearing. Exchange-trading and central clearing are expected to reduce counterparty credit risk by substituting the clearinghouse as the counterparty to a swap and increase liquidity, but exchange-trading and central clearing do not make swap transactions risk-free. Uncleared swaps, such as nondeliverable foreign currency forwards, are subject to certain margin requirements that mandate the posting and collection of minimum margin amounts. This requirement may result in the portfolio and its counterparties posting higher margin amounts for uncleared swaps than would otherwise be the case. Certain rules require centralized reporting of detailed information about many types of cleared and uncleared swaps. Reporting of swap data may result in greater market transparency, but may subject a portfolio to additional administrative burdens, and the safeguards established to protect trader anonymity may not function as expected.

While these changes are intended to mitigate systemic risk and to enhance transparency and execution quality in the OTC derivative markets, the impact of these changes is not known at this time. Furthermore, “financial end users,” such as us, that enter into OTC derivatives that are not cleared will, pending finalization of the applicable regulations, generally be required to provide margin to collateralize their obligations under such derivatives. Under current proposed rules, the level of margin that would be required to be collected in connection with uncleared OTC derivatives is in many cases substantially greater than the level currently required by market participants or clearinghouses.

Lastly, future CFTC or SEC rulemakings to implement the Dodd-Frank Act requirements could potentially limit or completely restrict our ability to use certain instruments as a part of our investment strategy, increase the costs of using these instruments or make them less effective. The SEC has also indicated that it may adopt new policies on the use of derivatives by registered investment companies. Such policies could affect the nature and extent of our use of derivatives.

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These changes could significantly increase the costs to us of utilizing OTC derivatives, reduce the level of exposure that we are able to obtain (whether for risk management or investment purposes) through OTC derivatives, and reduce the amounts available to us to make non-derivative investments. These changes could also impair liquidity in certain OTC derivatives and adversely affect the quality of execution pricing that we are able to obtain, all of which could adversely impact our investment returns. Furthermore, the margin requirements for cleared and uncleared OTC derivatives may require that AIM, in order to maintain its relief from the CFTC’s CPO registration requirements, limit our ability to enter into hedging transactions or to obtain synthetic investment exposures, in either case adversely affecting our ability to mitigate risk.

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Our ability to enter into transactions involving derivatives and financial commitment transactions may be limited.

In October 2020, August 2022, Rule 18f-4 under the SEC adopted a rulemaking Investment Company Act, regarding the ability of a BDC (or a registered investment company) to use derivatives and other transactions that create future payment or delivery obligations (except reverse repurchase agreements and similar financing transactions). , became effective. Under the newly adopted rules, new rule, BDCs that make significant use of derivatives will be are required to operate subject to a value-at-risk (“VaR”) leverage limit, adopt a derivatives risk management program and appoint a derivatives risk manager, and comply with various testing requirements and requirements related to board reporting. reporting requirements. These new requirements will apply unless the BDC qualifies as a “limited derivatives user,” as defined under the adopted rules. Under the new rule, a BDC may enter into an unfunded commitment agreement that is not a derivatives transaction, such as an agreement to provide financing to a portfolio company, if the BDC has, among other things, a reasonable belief, at the time it enters into such an agreement, that it will have sufficient cash and cash equivalents to meet its obligations with respect to all of its unfunded commitment agreements, in each case as it becomes due. Collectively, these requirements We currently operate as a “limited derivatives user” which may limit our ability to use derivatives and/or enter into certain other financial contracts. We will not be required to comply with the new rule until August 19, 2022.

Proposed position aggregation requirements may restrict the swap positions that AIM may enter into.
The Dodd-Frank Act significantly expanded the scope of the CFTC’s authority and obligation to require reporting of, and adopt limits on, the size of positions that market participants may own or control in commodity futures and futures options contracts and swaps. The Dodd-Frank Act also narrowed existing exemptions from such position limits for a broad range of risk management transactions.

In accordance with the requirements of the Dodd-Frank Act, the CFTC is required to establish speculative position limits on additional listed futures and options on physical commodities and economically equivalent OTC derivatives; position limits applicable to swaps that are economically equivalent to United States listed futures and futures options contracts, including contracts on non-physical commodities, such as rates, currencies, equities and credit default swaps; and aggregate position limits for a broad range of derivatives contracts based on the same underlying commodity, including swaps and futures and futures options contracts.

The full impact of these recent changes is not known at this time. Individually and collectively, these changes could increase our costs of maintaining positions in commodity futures and futures option contracts and swaps and reduce the level of exposure we are able to obtain (whether for risk management or investment purposes) through commodity futures and futures option contracts and swaps. These changes could also impair liquidity in certain swaps and adversely affect the quality of execution pricing that we are able to obtain, all of which could adversely impact our investment returns.

The effects of various environmental regulations may negatively affect the aviation industry and some of our portfolio companies.

The effects of various environmental regulations may negatively affect the airline industry. This may adversely affect some of our portfolio companies. Governmental regulations regarding aircraft and engine noise and emissions levels apply based on where the relevant aircraft is registered and operated. For example, jurisdictions throughout the world have adopted noise regulations which require all aircraft to comply with noise level standards. In addition to the current requirements, the United States and the International Civil Aviation Organization ("ICAO") have adopted a new, more stringent set of standards for noise levels which applies to engines manufactured or certified on or after January 1, 2006. Currently, U.S. regulations would not require any phase-out of aircraft that qualify with the older standards applicable to engines manufactured or certified prior to January 1, 2006, but the EU has established a framework for the imposition of operating limitations on aircraft that do not comply with the new standards and incorporated aviation-related emissions into the EU's Emissions Trading Scheme ("ETS") beginning in 2012.

In addition to more stringent noise restrictions, the United States and other jurisdictions are beginning to impose more stringent limits on nitrogen oxide, carbon monoxide and carbon dioxide emissions from engines, consistent with current ICAO standards. Concerns over global warming also could result in more stringent limitations on the operation of aircraft.

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The United States aviation industry is extensively regulated by government agencies, particularly the Federal Aviation Administration and the National Transportation Safety Board. New air travel regulations have been, and management anticipates will continue to be, implemented that could have a negative impact on airline and airport revenues. Continued increased regulations of the aviation industry, or a continued downturn in the aviation industry's economic situation, could have a material adverse effect on the Company.

European countries generally have relatively strict environmental regulations that can restrict operational flexibility and decrease aircraft productivity. The European Parliament has confirmed that all emissions from flights within the EU are subject to the ETS EU's Emissions Trading Scheme ("ETS") requirement, even those emissions that are emitted outside of the EU. The EU suspended the enforcement of the ETS requirements for international flights outside of the EU due to a proposal issued by the ICAO in October 2013 to develop a global program to reduce international aviation emissions. In 2016, the ICAO passed a resolution adopting the Carbon Offsetting and Reduction Scheme for International Aviation ("CORSIA"), which is a global, market-based emissions offset program to encourage carbon-neutral growth beyond 2020. A CORSIA is being implemented in phases beginning with a voluntary pilot phase is scheduled to begin which began in 2021 and will continue through 2023, in which countries may voluntarily participate, and full mandatory participation is scheduled to begin in 2027. ICAO continues to develop details regarding implementation, but compliance with CORSIA will increase operating costs for affected portfolio companies. Any of these regulations could limit the economic life of the aircraft and engines, reduce their value, limit our portfolio companies' ability to lease or sell the non-compliant aircraft and engines or, if engine modifications are permitted, require our portfolio companies to make significant additional investments in the aircraft and engines to make them compliant. In addition, compliance with current or future regulations, taxes or duties imposed to deal with environmental concerns could cause our portfolio companies to incur higher costs, thereby generating lower net revenues and resulting in an adverse impact on the financial condition of such portfolio companies.

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Our investments in the healthcare and pharmaceutical services industry sector are subject to extensive government regulation and certain other risks particular to that industry.

We invest in healthcare and pharmaceutical services. Our investments in portfolio companies that operate in this sector are subject to certain significant risks particular to that industry. The laws and rules governing the business of healthcare companies and interpretations of those laws and rules are subject to frequent change. Broad latitude is given to the agencies administering those regulations. Existing or future laws and rules could force our portfolio companies engaged in healthcare to change how they do business, restrict revenue, increase costs, change reserve levels and change business practices. Healthcare companies often must obtain and maintain regulatory approvals to market many of their products, change prices for certain regulated products and consummate some of their acquisitions and divestitures. Delays in obtaining or failing to obtain or maintain these approvals could reduce revenue or increase costs. Policy changes on the local, state and federal level, such as the expansion of the government's role in the healthcare arena and alternative assessments and tax increases specific to the healthcare industry or healthcare products as part of federal health care reform initiatives, could fundamentally change the dynamics of the healthcare industry. In particular, health insurance reform, including The Patient Protection and Affordable Care Act and The Health Care and Education Reconciliation Act of 2010, or Health Insurance Reform Legislation, could have a significant effect on our portfolio companies in this industry sector. As Health Insurance Reform Legislation is implemented, our portfolio companies in this industry sector may be forced to change how they do business. We can give no assurance that these portfolio companies will be able to adapt successfully in response to these changes. Any of these factors could materially adversely affect the operations of a portfolio company in this industry sector and, in turn, impair our ability to timely collect principal and interest payments owed to us.

Risks Relating to our Debt Instruments

Our senior secured credit facility begins amortizing in December 2024 2027 and any inability to renew, extend or replace the facility could adversely impact our liquidity and ability to find new investments or maintain distributions to our stockholders.

On December 22, 2020, the

The Company amended and restated the has a senior secured credit facility from the previous amendment, dated November 18, 2018. facility. Lender commitments under the amended Senior Secured Facility were $1,810,000 prior to November 19, 2022 and restated agreement decreased to $1,705,000 as non-extending commitments were paid down. The total lender commitments will remain $1.81 billion through November 19, 2022 $1,705,000 until December 22, 2024 and will decrease to $1.705 billion $1,550,000 thereafter. The amended and restated agreement, among other things, (a) extended Senior Secured Facility includes an "accordion" feature that allows the expiration Company to increase the size of the commitments from November 19, 2022 Facility to December 22, 2024 (b) extended the stated maturity date from November 19, 2023 to December 22, 2025 and (c) amended the Minimum Shareholders' Equity covenant to provide that the Company will not permit the Shareholders' Equity to be less than the greater of (x) 30% of assets and (y) $705 million plus 25% of the net proceeds of sale of common equity interests after the effective date of the amended and restated agreement.

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$2,325,000. The senior secured credit facility remains Senior Secured Facility is secured by substantially all of the assets in the Company's portfolio, including cash and cash equivalents.

Commencing December 31, 2024 April 19, 2027, the Company is required to repay, in twelve consecutive monthly installments of equal size, the outstanding amount under the senior secured credit facility Senior Secured Facility as of December 22, 2024 April 19, 2027. In addition, the The stated interest rate rates on outstanding borrowings under the facility remains as a formula-based calculation based on a minimum borrowing base, resulting in a stated interest rate, depending Senior Secured Facility depend on the type of borrowing of and the "gross borrowing base" at the time. USD borrowings accrue at (a) either LIBOR Term SOFR plus 1.75% 1.85% per annum or LIBOR Term SOFR plus 2.00% 1.975% per annum, or (b) either Alternate Base Rate plus 0.75% per annum or Alternate Base Rate plus 1% 0.875% per annum. Alternate Base Rate means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate for such day plus 1/2 of 1% and (c) the rate per annum equal to 1% plus the rate appearing on Reuters Screen LIBOR01 Page at approximately 11:00 A.M., London time, on such day, for US Dollar deposits with a term of one month. As of March 31, 2022, the stated interest rate on the facility was LIBOR plus 2.00%. The Company is required to pay a commitment fee of 0.375% per annum on any unused portion of the senior secured credit facility and participation fees Senior Secured Facility and fronting fees between 2.00% and of up to 2.25% per annum on the letters of credit issued.

There can be no assurance that we will be able to renew, extend or replace the senior secured credit facility upon the termination of the lenders' obligations to make new loans or the senior secured credit facility's final maturity on terms that are favorable to us, if at all. Our ability to renew, extend or replace the senior secured credit facility will be constrained by then-current economic conditions affecting the credit markets. In the event that we are not able to renew, extend or replace the senior secured credit facility at the time of the termination of the lenders' obligations to make new loans or the senior secured credit facility's final maturity, this could have a material adverse effect on our liquidity and ability to fund new investments, our ability to make distributions to our stockholders and our ability to qualify as a RIC.

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Our unsecured notes mature in 2025, 2026 and in 2026, 2028, and any inability to replace or repay our unsecured notes could adversely impact our liquidity and ability to fund new investments or maintain distributions to our stockholders.

On March 3, 2015, we issued $350 million aggregate principal amount of 5.250% senior unsecured notes due March 3, 2025 (the “2025 Notes”).

On July 16, 2021, we issued $125 million aggregate principal amount of 4.500% senior unsecured notes due July 16, 2026 (the “2026 Notes”).

On December 13, 2023, we issued $80 million aggregate principal amount of 8.00% notes due December 15, 2028 (the “2028 Notes”).

There can be no assurance that we will be able to replace the 2025 Notes, the 2026 Notes or the 2026 2028 Notes upon their maturity on terms that are favorable to us, if at all. Our ability to replace the 2025 Notes, the 2026 Notes or the 2026 2028 Notes will be constrained by then-current economic conditions affecting the credit markets. In the event that we are not able to replace or repay the 2025 Notes, the 2026 Notes or the 2026 2028 Notes at the time of their maturity, this could have a material adverse effect on our liquidity and ability to fund new investments, our ability to make distributions to our stockholders and our ability to qualify as a RIC.

The trading market or market value of our debt securities may fluctuate.

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

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

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

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

If our noteholders’ debt securities are redeemable at our option, we may choose to redeem your debt securities at times when prevailing interest rates are lower than the interest rate paid on your debt securities. In addition, if our

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Our credit ratings may not reflect all risks of an investment in our debt securities.

Our credit ratings are an assessment by third parties of our ability to pay our obligations. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of our debt securities. Our credit ratings, however, may not reflect the potential impact of risks related to market conditions generally or other factors discussed above on the market value of or trading market for the

the debt securities or the trading market for the debt securities.

noteholders' debt securities are subject to mandatory redemption, we may be required to redeem such debt securities also at times when prevailing interest rates are lower than the interest rate paid on such debt securities. In this circumstance, a noteholder may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the debt securities being redeemed.

publicly issued debt securities.

We are subject to certain risks as a result of our interests in the membership interests in the CLO Issuer.

Under the terms of the master loan sale agreement governing the CLO Issuer, we sold and/or contributed to the CLO Issuer all of our ownership interest in our portfolio loans and participations for the purchase price and other consideration set forth in such master loan sale agreement (including an increase in the value of the "Membership Interests". As a result of the CLO Transaction, we hold all of the Membership Interests, which comprise 100% of the equity interests, in the CLO Issuer. As a result, we expect to consolidate the financial statements of the CLO Issuer, as well as our other subsidiaries, in our consolidated financial statements. However, once contributed to a CLO, the underlying loans and participation interests have been securitized and are no longer our direct investment, and the risk return profile has been altered. In general, rather than holding interests in the underlying loans and participation interests, the CLO Transaction resulted in us holding membership interests in a CLO issuer (i.e., the CLO Issuer), with the CLO holding the underlying loans. As a result, we are subject both to the risks and benefits associated with the equity interests of the CLO (i.e., the Membership Interests) and the risks and benefits associated with the underlying loans and participation interests held by the CLO Issuer.

We have no prior experience managing CLOs.

The performance of the CLO Issuer will be largely dependent on the analytical and managerial expertise of our investment professionals. Although we and our investment professionals and affiliates have prior experience investing in loans and other debt obligations, the CLO Issuer will be the first CLO managed by us. Accordingly, we have no performance history of managing CLOs for potential investors to consider in evaluating the potential impact of the CLO Transaction on our overall performance.

We are subject to significant restrictions on our ability to advise the CLO Issuer.

We will manage the assets of the CLO Issuer pursuant to a collateral management agreement with the CLO Issuer (the “Collateral Management Agreement”). The indenture governing the notes (“CLO Notes”) issued by the CLO (the “CLO Indenture”) and the Collateral Management Agreement place significant restrictions on our ability to advise the CLO Issuer to buy and sell Collateral Obligations, and we are subject to compliance with the CLO Indenture and the Collateral Management Agreement. As a result of the restrictions contained in the CLO Indenture and the Collateral Management Agreement, the CLO Issuer may be unable to buy or sell collateral obligations or to take other actions that we might consider in the interest of the CLO

Issuer and the holders of CLO Notes, and we may be required to make investment decisions on behalf of the CLO Issuer that are different from those made for our other clients.

In addition, we may pursue any strategy consistent with the CLO Indenture and the Collateral Management Agreement, and there can be no assurance that such strategy will not change from time to time in the future. Further, for so long as we manage the assets of the CLO Issuer pursuant to the Collateral Management Agreement, we will elect to not charge any collateral management fee to which we may be entitled under such Collateral Management Agreement. In our role as collateral manager of the CLO Issuer, we will be acting solely in the best interests of the CLO Issuer as a whole and not solely in the best interests of the Membership Interests of the CLO Issuer that we hold. As the interests of the holders of the CLO Notes are senior in the CLO Issuer's capital structure to our Membership

Interests, we may incur losses if we are required to dispose of a portion of the portfolio of the CLO Issuer at inopportune times in order to satisfy the outstanding obligations of the holders of the CLO Notes.

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The subordination of the Membership Interests will affect our right to payment.

The Membership Interests are subordinated to the CLO Notes and certain fees and expenses. If any Coverage Test (defined below) is not satisfied as of a determination date, cash flows (if any) and proceeds otherwise payable to the CLO Issuer (which the CLO Issuer could have otherwise distributed with respect to the Membership Interests) will be diverted to the payment of principal on the CLO Notes.

Although these tests generally compare the principal balance of the collateral obligations to the aggregate outstanding principal amount of the CLO Notes, certain reductions are applied to the principal balance of Collateral Obligations in connection with certain events, such as defaults or ratings downgrades to “CCC” levels or below, in each case that may increase the likelihood that one or more Overcollateralization Ratio Tests may not be satisfied.

On the scheduled maturity of the CLO Notes or if acceleration of the CLO Notes occurs after an event of default, proceeds available after the payment of certain administrative expenses) will be applied to pay both principal of and interest on the CLO Notes until the CLO Notes are paid in full before any further payment will be made on the Membership Interests. As a result, the Membership Interests would not receive any payments until the CLO Notes are paid in full.

In addition, if an event of default occurs and is continuing, the holders of the CLO Notes will be entitled to determine the remedies to be exercised under the CLO Indenture. Remedies pursued by the holders of the CLO Notes could be adverse to our interests as the holder of the Membership Interests, and the holders of the CLO Notes will have no obligation to consider any possible adverse effect on such other interests. See "Item 1A. Risk Factors—Risks Relating to the Current Environment—*The holders of certain of the CLO Notes will control many rights under the CLO Indenture and therefore, we will have limited rights in connection with an event of default or distributions thereunder.*"

The holders of certain of the CLO Notes will control many rights under the CLO Indenture and therefore, we will have limited rights in connection with an event of default or distributions thereunder.

Under the CLO Indenture, many of our rights as the holder of the Membership Interests will be controlled by the holders of certain of the CLO Notes. Remedies pursued by such holders upon an event of default could be adverse to our interests. If the CLO Notes are accelerated following an event of default, proceeds of any realization on the assets will be allocated to the CLO Notes (in order of seniority) and certain other amounts owing by the CLO Issuer will be paid in full before any allocation to us as the holder of the Membership Interests. Although we as the holder of the Membership Interests will have the right, subject to the conditions set forth in the CLO Indenture, to purchase the assets in a sale by the trustee, if an event of default (or otherwise, an acceleration of the CLO Notes following an event of default) has occurred and is continuing, we will not have any creditors' rights against the CLO Issuer and will not have the right to determine the remedies to be exercised under the CLO Indenture. There is no guarantee that any funds will remain to make distributions to us as the holder of the Membership Interests following any liquidation of the assets and the application of the proceeds from the assets to pay the CLO Notes and the fees, expenses, and other liabilities payable by the CLO Issuer. The ability of the holders of the CLO Notes to direct the sale and liquidation of the assets is subject to certain limitations. As set forth in the CLO Indenture, notwithstanding any acceleration, if an event of default occurs and is continuing and the trustee has not commenced remedies under the CLO Indenture, we as the collateral manager of the CLO Issuer may continue to direct dispositions and purchases of collateral obligations to the extent permitted under the CLO Indenture.

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If an event of default has occurred and is continuing (unless the trustee has commenced remedies pursuant to the CLO Indenture), then (x) we as the collateral manager of the CLO Issuer may continue to direct sales and other dispositions, and purchases, of collateral obligations in accordance with and to the extent permitted pursuant to the CLO Indenture and (y) the trustee will retain the assets securing the CLO Notes intact, collect and cause the collection of the proceeds thereof and make and apply all payments and deposits and maintain all accounts in respect of the assets and the CLO Notes in accordance with the CLO Indenture, unless: (i) the trustee, pursuant to the CLO Indenture and in consultation with us as the collateral manager of the CLO Issuer, determines that the anticipated proceeds of a sale or liquidation of the assets (after deducting the anticipated reasonable expenses of such sale or liquidation) would be sufficient to discharge in full the amounts then due (or, in the case of interest, accrued) and unpaid on the CLO Notes for principal and interest (including accrued and unpaid deferred interest), and all other amounts payable pursuant to the priority of distributions prior to payment of principal on such CLO Notes (including amounts due and owing, and amounts anticipated to be due and owing, as administrative expenses (without regard to any applicable limitation on such expenses)), and we as the collateral manager of the CLO Issuer and the holders of at least a majority of the most senior outstanding class of the CLO Notes agrees with such determination; (ii) in the case of certain events of default, a majority of the most senior outstanding class of the CLO Notes directs the sale and liquidation of the assets; or (iii) 66 2/3% of each class of the CLO Notes (voting separately by class) directs the sale and liquidation of the assets.

The CLO Indenture requires mandatory redemption of the CLO Notes for failure to satisfy Coverage Tests.

Under the documents governing the CLO Issuer, there are two coverage tests (the "Coverage Tests") applicable to the CLO Notes.

The first such test (the "Interest Coverage Test") compares the amount of interest proceeds received on the portfolio loans held by the CLO Issuer to the amount of interest due and payable on the CLO Notes. To meet this first test, for each class of CLO Notes, interest received on the portfolio loans must equal at the minimum interest coverage ratio for such class of CLO Notes.

The second such test (the “Overcollateralization Ratio Test”) compares the adjusted collateral principal amount of the portfolio of Collateral Obligations of the CLO Transaction to the aggregate outstanding principal amount of the CLO Notes. To meet this second test at any time, for each class of CLO Notes, the adjusted collateral principal amount of such Collateral Obligations must equal at least the minimum outstanding principal amount of such CLO Notes.

If a Coverage Test is not met on any determination date on which such Coverage Test is applicable, the CLO Issuer shall apply available amounts to redeem the CLO Notes in an amount necessary to cause such tests to be satisfied. This could result in an elimination, deferral or reduction in the payments of distributions to the CLO Issuer (and as such, to us as the holder of the Membership Interests and indirect beneficiary of any such payments to the CLO Issuer).

We may resign or be removed or terminated as collateral manager of the CLO Issuer.

We may resign or be removed or terminated as collateral manager of the CLO Issuer in a number of circumstances, including the breach of certain terms of the CLO Indenture and the Collateral Management Agreement. In addition, because a new collateral manager may not be able to manage the CLO Issuer according to the standards of the CLO Indenture and the Collateral Management Agreement, any transfer of the collateral management functions to another entity could result in reduced or delayed collections, delays in processing loan transfers and information regarding the loans and a failure to meet all of the applicable procedures required by the Collateral Management Agreement. Consequently, the termination or removal of us as collateral manager of the CLO Issuer could have material and adverse effects on our performance.

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Changes in existing laws or regulations, the interpretations thereof or newly enacted laws or regulations may negatively impact our business.

Changes in laws or regulations governing our operations or the operations of our portfolio companies, or newly enacted laws or regulations, such as the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), Public Law No. 115-97 (the “Tax Cuts and Jobs Act”), the Coronavirus Aid, Relief, and Economic Security Act and the Small Business Credit Availability Act (the “SBCAA”), could require changes to certain of our business, practices or that of our portfolio companies. These changes could negatively impact the operations, cash flows or financial condition of us or our portfolio companies, impose additional costs on us or our portfolio companies or otherwiseadversely affect our business, or business of our portfolio companies. Some areas identified as subject to potential change, amendment or repeal include the Dodd-Frank Act, including the Volcker Rule, the interpretation of those rules relating to capital, margin, trading and clearance and settlement of derivatives and various swaps and derivatives regulations, credit risk retention requirements and the authorities of the Federal Reserve, the Financial Stability Oversight Council and the SEC. Although we cannot predict the impact, if any, of these changes to our business, they could adversely affect our business, financial condition, operating results and cash flows. Until we know what policy changes are made and how those changes impact our business and the business of our competitors over the long term, we will not know if, overall, we will benefit from them or be negatively affected by them.

Investing in our securities involves a high degree of risk and is highly speculative.

The investments we make in accordance with our investment objective may result in a higher amount of risk than alternative investment options and volatility or loss of principal. Our investments in portfolio companies may be highly speculative and aggressive, therefore, an investment in our securities may not be suitable for someone with a low risk tolerance.

There is a risk that investors in our equity securities may not receive distributions or that our distributions may not grow over time and that investors in our debt securities may not receive all of the interest income to which they are entitled.

We intend to make distributions on a quarterly basis to our stockholders out of assets legally available for distribution. We cannot assure you that we will achieve investment results that will allow us to make a specified level of cash distributions or year-to-year increases in cash distributions. In addition, due to the asset coverage test applicable to us as a BDC, we may in the future be limited in our ability to make distributions. Also, our revolving credit facility may limit our ability to declare dividends if we default under certain provisions or fail to satisfy certain other conditions. If we do not distribute a certain percentage of our income annually, we will suffer adverse tax consequences, including possible loss of the tax benefits available to us as a RIC. In addition, in accordance with U.S. generally accepted accounting principles and tax regulations, we include in income certain amounts that we have not yet received in cash, such as contractual payment-in-kind interest, which represents contractual interest added to the loan balance that becomes due at the end of the loan term, or the accrual of original issue or market discount. Since we may recognize income before or without receiving cash representing such income, we may have difficulty meeting the requirement to distribute at least 90% of our investment company taxable income to obtain tax benefits as a RIC.

As a RIC, we will be subject to a 4% non-deductible federal excise tax on certain undistributed income unless we distribute in a timely manner for each calendar year an amount at least equal to the sum of (1) 98% of our ordinary income for that calendar year, (2) 98.2% of our capital gain net income for the one-year period ending October 31 in that calendar year and (3) any income recognized, but not distributed, in preceding years. We will not be subject to excise taxes on amounts on which we are required to pay corporate income taxes (such as retained net capital gains). Finally, if more stockholders opt to receive cash distributions rather than participate in our dividend reinvestment plan, we may be forced to liquidate some of our investments and raise cash in order to make cash distribution payments.

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Our shares may trade at discounts from net asset value or at premiums that are unsustainable over the long term.

Shares of BDCs may trade at a market price that is less than the net asset value that is attributable to those shares. This characteristic of closed-end investment companies is separate and distinct from the risk that our net asset value per share may decline. The possibility that our shares of common stock will trade at a discount from net asset value or at a premium that is unsustainable over the long term are separate and distinct from the risk that our net asset value will decrease. It is not possible to predict whether shares will trade at, above, or below net asset value.

The market price of our securities may fluctuate significantly.

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

- volatility in the market price and trading volume of securities of business development companies or other companies in our sector, which are not necessarily related to t operating performance of these companies;
- changes in regulatory policies or tax guidelines, particularly with respect to RICs or business development companies;
- the inclusion or exclusion of our common stock from certain indices;
- changes in law, regulatory policies or tax guidelines, or interpretations thereof, particularly with respect to RICs or BDCs;

- loss of RIC status;
- changes in earnings or variations in operating results;
- changes in the value of our portfolio of investments;
- any shortfall in investment income or net investment income or any increase in losses from levels expected by investors or securities analysts;
- departure of AIM's key personnel;
- operating performance of companies comparable to us;
- short-selling pressure with respect to shares of our common stock or BDCs generally;
- uncertainty surrounding the strength of the U.S. economic recovery;
- concerns regarding volatility in the Chinese stock market and Chinese currency;
- concerns regarding continued volatility of oil prices;
- uncertainty between the U.S. and other countries with respect to trade policies, treaties and tariffs;
- general economic trends and other external factors; and
- loss of a major funding source.

We may be unable to invest the net proceeds raised from offerings on acceptable terms, which would harm our financial condition and operating results.

Until we identify new investment opportunities, we intend to either invest the net proceeds of future offerings in interest-bearing deposits or other short-term instruments or use the net proceeds from such offerings to reduce then-outstanding obligations under our credit facility. We cannot assure you that we will be able to find enough appropriate investments that meet our investment criteria or that any investment we complete using the proceeds from an offering will produce a sufficient return.

Sales of substantial amounts of our securities may have an adverse effect on the market price of our securities.

Sales of substantial amounts of our securities, or the availability of such securities for sale, could adversely affect the prevailing market prices for our securities. If this occurs and continues, it could impair our ability to raise additional capital through the sale of securities should we desire to do so.

If you do not fully exercise your subscription rights in any rights offering of our common stock, your interest in us may be diluted and, if the subscription price is less than our net asset value per share, you may experience an immediate dilution of the aggregate net asset value of your shares.

In the event we issue subscription rights to acquire shares of our common stock, stockholders who do not fully exercise their subscription rights should expect that they will, at the completion of the rights offering, own a smaller proportional interest in us than would be the case if they fully exercised their rights. In addition, if the subscription price is less than the net asset value per share of our common stock, a stockholder who does not fully exercise its subscription rights may experience an immediate dilution of the aggregate net asset value of its shares as a result of the offering. We would not be able to state the amount of any such dilution prior to knowing the results of the offering. Such dilution could be substantial.

Stockholders may experience dilution in their ownership percentage if they do not participate in our dividend reinvestment plan.

All distributions declared in cash payable to stockholders that are participants in our dividend reinvestment plan are generally automatically reinvested in shares of our common stock. As a result, stockholders that do not participate in the dividend reinvestment plan may experience dilution over time. Stockholders who do not elect to receive distributions in shares of common stock may experience accretion to the net asset value of their shares if our shares are trading at a premium and dilution if our shares are trading at a discount.

The level of accretion or discount would depend on various factors, including the proportion of our stockholders who participate in the plan, the level of premium or discount at which our shares are trading and the amount of the distribution payable to a stockholder.

Risks Relating to Issuance of our Preferred Stock

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

We cannot assure you that the issuance of preferred stock would result in a higher yield or return to the holders of the common stock. The issuance of preferred stock would likely cause the net asset value and market value of the common stock to become more volatile. If the dividend rate on the preferred stock were to approach the net rate of return on our investment portfolio, the benefit of leverage to the holders of the common stock would be reduced. If the dividend rate on the preferred stock were to exceed the net rate of return on our portfolio, the leverage would result in a lower rate of return to the holders of common stock than if we had not issued preferred stock. Any decline in the net asset value of our investments would be borne entirely by the holders of common stock. Therefore, if the market value of our portfolio were to decline, the leverage would result in a greater decrease in net asset value to the holders of common stock than if we were not leveraged through the issuance of preferred stock. This greater net asset value decrease would also tend to cause a greater decline in the market price for the common stock.

We might be in danger of failing to maintain the required asset coverage of the preferred stock or of losing our ratings on the preferred stock or, in an extreme case, our current investment income might not be sufficient to meet the dividend requirements on the preferred stock. In order to counteract such an event, we might need to liquidate investments in order to fund a redemption of some or all of the preferred stock. In addition, we would pay (and the holders of common stock would bear) all costs and expenses relating to the issuance and ongoing maintenance of the preferred stock, including higher advisory fees if our total return exceeds the dividend rate on the preferred stock. Holders of preferred stock may have different interests than holders of common stock and may at times have disproportionate influence over our affairs.

The issuance of shares of preferred stock with dividend or conversion rights, liquidation preferences or other economic terms favorable to the holders of preferred stock could adversely affect the market price for our common stock by making an investment in the common stock less attractive. In addition, the dividends on any preferred stock we issue must be cumulative. Payment of dividends and repayment of the liquidation preference of preferred stock must take preference over any dividends or other payments to our common stockholders, and holders of preferred stock are not subject to any of our expenses or losses and are not entitled to participate in any income or appreciation in excess of their stated preference (other than convertible preferred stock that converts into common stock). In addition, under the 1940 Act, preferred stock constitutes a “senior security” for purposes of the 200% asset coverage test.

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

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

Risks Relating to the Mergers

Sales of shares of MFIC’s common stock after the completion of the Mergers may cause the trading price of MFIC’s common stock to decline.

For illustrative purposes, based on the number of shares of MFIC’s common stock issued and outstanding and the NAVs of MFIC and AFT as of December 31, 2023 (and adjusted for estimated transaction costs), MFIC would issue approximately 0.9756 shares of MFIC common stock for each share of AFT common stock outstanding, resulting in pro forma ownership of 81.11% for current MFIC stockholders and 18.89% for current AFT stockholders. Likewise, based on the number of shares of MFIC’s common stock issued and outstanding and the NAVs of MFIC and AIF as of December 31, 2023 (and adjusted for estimated transaction costs), MFIC would issue approximately 0.9584 shares of MFIC common stock for each share of AIF common stock outstanding, resulting in pro forma ownership of 82.48% for current MFIC stockholders and 17.52% for current AIF stockholders. These pro forma ownership percentages assume that both the AFT Merger and AIF Merger are consummated. Former AFT stockholders and AIF stockholders may be required to or decide to sell the shares of MFIC's common stock that they receive pursuant to the Merger Agreements. In addition, MFIC stockholders may decide not to hold their shares of MFIC common stock after completion of the Mergers. In each case, such sales of MFIC common stock could have the effect of depressing the trading price for MFIC common stock and may take place promptly following the completion of the Mergers. If this occurs, it could impair MFIC's ability to raise additional capital through the sale of equity securities should MFIC desire to do so.

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The market price of MFIC common stock after the Mergers may be affected by factors different from those affecting such common stock currently.

MFIC's, AFT's and AIF's business differ in some respects. For example, MFIC's investment objective is to generate current income and, to a lesser extent, long-term capital appreciation, while AFT's and AIF's investment objective is to seek current income with a secondary objective of preservation of capital. Accordingly, the results of operations of the combined company and the market prices of MFIC common stock, AFT common stock and AIF common stock after the Mergers may be affected by factors different from those currently affecting the independent results of operations and trading price of each of MFIC, AFT and AIF, such as a larger stockholder base, a different portfolio composition and a different capital structure.

Accordingly, MFIC's, AFT's and AIF's respective historical trading prices and financial results may not be indicative of these matters for the combined company following the Mergers.

Most MFIC stockholders will experience a reduction in percentage ownership and voting power in the combined company as a result of the Mergers.

MFIC stockholders will experience a substantial reduction in their percentage ownership interests and effective voting power in respect of the combined company relative to their percentage ownership interests in MFIC prior to the Mergers unless they hold a comparable or greater percentage ownership in AFT or AIF. Consequently, MFIC stockholders should generally expect to exercise less influence over the management and policies of the combined company following the Mergers than they currently exercise over the management and policies of MFIC. In addition, prior to completion of the Mergers, subject to certain restrictions in the Merger Agreements and certain restrictions under the 1940 Act for issuances at prices below the then-current NAV per share of MFIC common stock, AIF common stock and AFT common stock, MFIC, AFT and AIF may issue additional shares of MFIC common stock, AFT common stock and AIF common stock, respectively, which would further reduce the percentage ownership of the combined company to be held by current MFIC stockholders, AFT stockholders and AIF stockholders.

MFIC may be unable to realize the benefits anticipated by the Mergers, including estimated cost savings, or it may take longer than anticipated to achieve such benefits.

The realization of certain benefits anticipated as a result of the Mergers will depend in part on the integration of AFT's and AIF's investment portfolios with MFIC's investment portfolio and the integration of AFT's and AIF's businesses with MFIC's business. Though MFIC believes it can integrate MFIC, AFT and AIF given the significant overlap in investment portfolios, operations and governance structure, there can be no assurance that AFT's and AIF's investment portfolios or businesses can be operated profitably or integrated successfully into MFIC's operations in a timely fashion or at all. The dedication of management resources to such integration may detract attention from the day-to-day business of the combined company and there can be no assurance that there will not be substantial costs associated with the transition process or there will not be other material adverse effects as a result of these integration efforts. Such effects, including incurring unexpected costs or delays in connection with such integration and failure of AFT's and AIF's investment portfolios to perform as expected, could have a material adverse effect on the financial results of the combined company.

MFIC also expects to achieve certain synergies and cost savings from the Mergers when the companies have fully integrated their portfolios. It is possible that the estimates of these synergies and potential cost savings could ultimately be incorrect. The cost savings estimates also assume MFIC will be able to combine its operations and AFT's and AIF's operations in a manner that permits those cost savings to be fully realized. If the estimates turn out to be incorrect or if MFIC is not able to successfully combine AFT's and AIF's investment portfolios or businesses with its operations, the anticipated synergies and cost savings may not be fully realized or realized at all or may take longer to realize than expected.

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The announcement and pendency of the proposed Mergers could adversely affect MFIC's, AFT's and AIF's business, financial results and operations, and, by extension, the business, financial results and operations of the combined company after the Mergers.

The announcement and pendency of the proposed Mergers could cause disruptions in and create uncertainty surrounding MFIC's, AFT's and AIF's business, including affecting relationships with existing and future borrowers, which could have a significant negative impact on future revenues and results of operations, regardless of whether the Mergers are completed. In addition, MFIC, AFT and AIF have diverted, and will continue to divert, management resources towards the completion of the Mergers, which could have a negative impact on each of their future revenues and results of operations.

MFIC, AFT and AIF are also subject to restrictions on the conduct of each of their businesses prior to the completion of the Mergers as provided in the Merger Agreements, generally requiring MFIC, AFT and AIF to conduct their businesses only in the ordinary course and subject to specific limitations, including, among other things, certain restrictions on their ability to make certain investments and acquisitions, sell, transfer or dispose of their assets, amend their organizational documents and enter into or modify certain material contracts. These restrictions could prevent MFIC, AFT or AIF from pursuing otherwise attractive business opportunities, industry developments and future opportunities and may otherwise have a significant negative impact on their future investment income and results of operations.

If either or both of the Mergers does not close, MFIC will not benefit from the time and expenses incurred in pursuit of the Mergers.

The Mergers may not be completed. If the Mergers are not completed, MFIC will have incurred substantial time and expenses for which no ultimate benefit will have been received. MFIC has incurred out-of-pocket expenses in connection with the Mergers for investment banking, legal and accounting fees and financial printing and other related charges, much of which will be incurred even if the Mergers are not completed. Upon the closing of each Merger, an affiliate of Apollo has agreed to reimburse MFIC, AFT and AIF for all merger-related expenses incurred and payable in connection with the transactions. If a Merger does not close, a portion of the merger-related expenses of MFIC, AFT or AIF, as applicable, will be reimbursed by an affiliate of Apollo (with the remainder to be borne by MFIC, AFT or AIF, as applicable). It is anticipated that the Investment Adviser or its affiliate will bear expenses of approximately $7,235 in connection with the Mergers, if consummated. While it is anticipated that the Investment Adviser will reimburse MFIC for all merger-related expenses if the Mergers do not close, MFIC still would have spent significant time and resources for which no ultimate benefit will be received.

The termination of either or both of the Merger Agreements could negatively impact MFIC.

If either or both of the Merger Agreements is terminated, there may be various consequences, including:

- the business of MFIC may have been adversely impacted by the failure to pursue other beneficial opportunities due to the focus of management on the Mergers, wit realizing any of the anticipated benefits of completing the Mergers; and
- MFIC will not realize the anticipated benefits of the Mergers.

The Merger Agreements limit the ability of MFIC, AFT and AIF to pursue alternatives to the Mergers.

The Merger Agreements include restrictions on the ability of MFIC, AFT and AIF to solicit proposals for alternative transactions or engage in discussions regarding such proposals, subject to exceptions and termination provisions, which could have the effect of discouraging such proposals from being made or pursued. The AFT Merger Agreement contains certain termination rights, including if the requisite approvals of MFIC's and AFT's stockholders are not obtained. The AIF Merger Agreement also contains certain termination rights, including if the requisite approvals of MFIC's and AIF's stockholders are not obtained.

The Mergers are subject to closing conditions, including stockholder approvals, that, if not satisfied or (to the extent legally allowed) waived, will result in the Mergers not being completed, which may result in material adverse consequences to the business and operations of MFIC.

The Mergers are subject to closing conditions, including certain approvals of MFIC stockholders, AFT stockholders and/or AIF stockholders that, if not satisfied, will prevent the Mergers from being completed. If AFT stockholders and/or AIF stockholders do not approve the applicable AFT merger proposal and AIF merger proposal and either or both of the Mergers is not completed, the resulting failure could have a material adverse impact on MFIC's respective businesses and operations. The closing of the AFT Merger is not contingent on the closing of the AIF Merger, and vice versa. If MFIC stockholders do not approve the issuance of MFIC common stock (the "MFIC Share Issuance Proposal") and the Mergers are not completed, the resulting failure of the Mergers could have a material adverse impact on MFIC's respective businesses and operations. In addition to the required approvals of MFIC stockholders, AFT stockholders and AIF stockholders, the Mergers are subject to a number of other conditions beyond the control of MFIC, AFT and AIF that may prevent, delay or otherwise materially adversely affect completion of the Mergers. MFIC cannot predict whether and when these other conditions will be satisfied. The failure to complete the Mergers would result in MFIC and MFIC stockholders failing to realize the anticipated benefits of the Mergers.

MFIC, AFT and/or AIF may, to the extent legally allowed, waive one or more conditions to the AFT Merger and/or the AIF Merger, as applicable, without resoliciting stockholder approval.

Certain conditions to MFIC's, AFT's and AIF's respective obligations to complete the AFT Merger and/or the AIF Merger, as applicable, may be waived, in whole or in part, to the extent legally allowed, either unilaterally or by mutual agreement. In the event that any such waiver does not require resolicitation of stockholders, MFIC, AFT and/or AIF will each have the discretion to complete the AFT Merger and/or the AIF Merger, as applicable, without seeking further stockholder approval. The conditions requiring the approval of MFIC stockholders, AFT stockholders and AIF stockholders, as applicable, however, cannot be waived.

MFIC, AFT and AIF will be subject to operational uncertainties and contractual restrictions while the Mergers are pending.

Uncertainty about the effect of the Mergers may have an adverse effect on MFIC, AFT and/or AIF and, consequently, on the combined company following completion of the Mergers. These uncertainties may cause those that deal with MFIC, AFT and/or AIF to seek to change their existing business relationships with them. In addition, the Merger Agreement restricts MFIC, AFT and AIF from taking actions that each might otherwise consider to be in its best interests. These restrictions may prevent MFIC, AFT and/or AIF from pursuing certain business opportunities that may arise prior to the completion of the Mergers.

Litigation filed against MFIC, AFT and/or AIF in connection with the Mergers could result in substantial costs and could delay or prevent either or both of the Mergers from being completed.

From time to time, MFIC, AFT and/or AIF may be subject to legal actions, including securities class action lawsuits and derivative lawsuits, as well as various regulatory, governmental and law enforcement inquiries, investigations and subpoenas in connection with the Mergers. These or any similar securities class action lawsuits and derivative lawsuits, regardless of their merits, may result in substantial costs and divert management time and resources. An adverse judgment in such cases could have a negative impact on the liquidity and financial condition of MFIC, AFT, AIF and/or the combined company following the Mergers or could prevent either or both of the Mergers from being completed.

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The Mergers may trigger certain "change of control" provisions and other restrictions in contracts of MFIC, AFT and/or AIF or their affiliates and the failure to obtain any required consents or waivers could adversely impact the combined company.

Certain agreements of MFIC, AFT, AIF or their affiliates may require by their terms the consent or waiver of one or more counterparties in connection with the Mergers. The failure to obtain any such consent or waiver may permit such counterparties to terminate, or otherwise increase their rights or MFIC's, AFT's or AIF's obligations under, any such agreement because the Mergers or other transactions contemplated by the Merger Agreements may violate an anti-assignment, change of control or similar provision relating to any of such transactions. If this occurs, MFIC may have to seek to replace that agreement with a new agreement or seek an amendment to such agreement. MFIC, AFT and AIF cannot assure you that MFIC will be able to replace or amend any such agreement on comparable terms or at all.

If any such agreement is material, the failure to obtain consents, amendments or waivers under, or to replace on similar terms or at all, any of these agreements could adversely affect the financial performance or results of operations of the combined company following the Mergers, including preventing MFIC from operating a material part of AFT's or AIF's businesses.

In addition, the consummation of the Mergers may violate, conflict with, result in a breach of provisions of, or the loss of any benefit under, constitute a default (or an event that, with or without notice or lapse of time or both, would constitute a default) under, or result in the termination, cancellation, acceleration or other change of any right or obligation (including any payment obligation) under, certain agreements of MFIC, AFT and AIF. Any such violation, conflict, breach, loss, default or other effect could, either individually or in the aggregate, have a material adverse effect on the financial condition, results of operations, assets or business of the combined company following completion of the Mergers.

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Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Cybersecurity Risk Management and Strategy

As an externally managed BDC, our risk management function, including cybersecurity, is governed by the cybersecurity policies and procedures of the Investment Adviser, an indirect subsidiary of AGM. AGM determines and implements appropriate risk management processes and strategies as it relates to cybersecurity for us and other affiliated entities managed by AGM, and we rely on AGM for assessing, identifying and managing material risks to our business from cybersecurity threats.

AGM's Board of Directors is involved in overseeing AGM's risk management program, including with respect to cybersecurity, which is a critical component of AGM's overall approach to enterprise risk management ("ERM"). AGM's cybersecurity policies and practices are fully integrated into its ERM framework through its reporting, risk management and oversight channels and are, in part, based on recognized frameworks established by the National Institute of Standards and Technology, the International Organization for Standardization and other applicable industry standards.

As one of the critical elements of AGM's overall ERM approach, AGM's cybersecurity program is focused on the following key areas:

- **Governance.** As discussed further under the heading "Cybersecurity Governance," AGM's Board of Directors has an oversight role, as a whole and also at the committee level, in overseeing management of AGM's risks, including its cybersecurity risks. AGM's Chief Information Security Officer ("CISO") and the Chief Information Security Officer of Athene Holding Ltd. ("AHL's CISO"), a subsidiary of AGM, with support from the broader AGM Technology team, are responsible for information security strategy, policies and practices, and also receive support, as appropriate, from our executive officers and other representatives of the Investment Adviser and its affiliates.

None.• **Collaborative Approach.** AGM utilizes a cross-functional approach involving stakeholders across multiple departments, including AGM Compliance, Legal, Technology, Operations, Risk and others, aimed at identifying, preventing and mitigating cybersecurity threats and incidents, while also implementing controls and procedures that provide for the prompt escalation of potentially material cybersecurity incidents so that decisions regarding the public disclosure and reporting of such incidents can be made by management, in consultation with our management and our Board of Directors, as applicable, in a timely manner.

- **Technical Safeguards.** AGM deploys technical safeguards that are designed to protect its information systems from cybersecurity threats, including firewalls, intrusion prevention and detection systems, anti-malware functionality and access controls, which are evaluated and improved on an ongoing basis using vulnerability assessments and cybersecurity threat intelligence.
- **Incident Response and Recovery Planning.** AGM has established and maintains incident response and recovery plans that address its response to a cybersecurity incident, and such plans are tested and evaluated on a regular basis.
- **Third-Party Risk Management.** AGM maintains a risk-based approach to identifying and overseeing cybersecurity risks presented by third parties, including vendors, service providers and other external users of its systems, as well as the systems of third parties that could adversely impact its business and the business of its externally managed entities such as our company, in the event of a cybersecurity incident affecting those third-party systems.
- **Education and Awareness.** AGM provides regular, mandatory training for personnel regarding cybersecurity threats to equip its personnel with effective tools to help mitigate cybersecurity threats, and to communicate its evolving information security policies, standards, processes and practices.

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AGM engages in the periodic assessment and testing of its policies and practices that are designed to address cybersecurity threats and incidents. These efforts include a wide range of activities, including audits, assessments, tabletop exercises, threat modeling, vulnerability testing and other exercises focused on evaluating the effectiveness of its cybersecurity measures. AGM regularly engages third parties, including auditors and consultants, to perform assessments on its cybersecurity measures, including information security maturity assessments, audits and independent reviews of its information security control environment and operating effectiveness. The results of such assessments, audits and reviews are reported to AGM's risk management function, and AGM adjusts its cybersecurity policies and practices as necessary based on the information provided by these assessments, audits and reviews.

Cybersecurity threat risks have not materially affected our company, including our business strategy, results of operations or financial condition. For further discussion of the risks we face from cybersecurity threats, including those that could materially affect us, see "Item 1A. Risk Factors—Risks Related to Our Business and Structure—*Cybersecurity risks and cyber incidents may adversely affect our business by causing a disruption to our operations, a compromise or corruption of our confidential information, a misappropriation of funds, and/or damage to our business relationships, all of which could negatively impact our financial results.*"

Cybersecurity Governance

AGM's Board of Directors' oversight of cybersecurity risk management is supported by the audit committee of AGM's Board of Directors ("AGM audit committee"), the AAM Global Risk Committee ("AGRC"), the Operational Risk Forum (the "ORF"), the Cybersecurity Working Group and management. AGM's Board of Directors, AGM's audit committee, the AGRC, the ORF and the Cyber Security Working Group receive regular updates on AGM's information technology, cybersecurity risk profile and strategy, and risk mitigation plans from AGM's risk management professionals, AGM's Chief Security Officer ("CSO"), the CISO, the AHL CISO, other members of management and relevant management committees and working groups. The Cyber Security Working Group is chaired by the CISO and has representation from AGM's Technology, Legal, Compliance, and ERM teams. The group meets at least once a quarter to discuss cybersecurity and risk mitigation activities, among other topics. The CISO regularly reports to the ORF regarding cyber risk, and the ORF in turn reports to the AGRC on a quarterly basis, noting any cyber updates when necessary or appropriate. In turn, AGM's Board of Directors and/or AGM's audit committee receive quarterly risk updates from risk management professionals, as well as at least annual updates on cyber risk specifically. The full AGM Board of Directors or AGM's audit committee receives presentations and reports on cybersecurity risks from AGM's CSO or CISO, as well as from AHL's CISO, at least annually.

AGM's CSO holds an undergraduate degree in Management Information Systems and Business Administration, which he received magna cum laude. He has over 25 years of cyber-related experience, having served in various roles in technology and cybersecurity, including as Head of IT Risk Management, Executive Director of IT & Risk Compliance, and Global IT Risk Evaluation Lead at large financial institutions and consulting firms. He was also previously AGM's CISO for nearly eight years. AGM's CISO holds a master's degree in Business Information Systems and has served in various roles in information technology and information security for over 25 years across a number of large financial institutions, including as Director, Cybersecurity and Risk.

AGM's CISO, in coordination with the AGM Technology and ERM teams, works collaboratively across AGM to implement a program designed to protect its information systems from cybersecurity threats and to promptly respond to any cybersecurity incidents in accordance with its incident response and recovery plans. To facilitate the success of AGM's cybersecurity risk management program, multidisciplinary teams throughout AGM are deployed to address cybersecurity threats and to respond to cybersecurity incidents. Through ongoing communications with these teams, the CISO monitors the prevention, detection, mitigation and remediation of cybersecurity threats and incidents in real time and reports such threats and incidents to AGM's audit committee or AGM Board of Directors, as appropriate.

As part of the risk management oversight (including oversight of cyber risks) of the audit committee of our Board of Directors, our audit committee regularly interacts with, and receives reports from, our management, the Investment Adviser, AGM, and

other service providers. The audit committee of our board of directors receives presentations and reports on cybersecurity risks from AGM's CSO or CISO, at least annually, and they address a wide range of topics including recent developments, vulnerability assessments, third-party and independent reviews, the threat environment, technological trends and information security considerations arising with respect to AGM's peers and third parties. Additionally, AGM and other service providers periodically report to management as it relates to our cybersecurity practices.

AGM's cybersecurity incident response plan provides for proper escalation of identified cybersecurity threats and incidents, including, as appropriate, to our management. These discussions provide a mechanism for the identification of cybersecurity threats and incidents, assessment of cybersecurity risk profile or certain newly identified risks relevant to our company, the Investment Adviser, and evaluation of the adequacy of our cybersecurity program (as coordinated through the Investment Adviser and AGM), including risk mitigation, compliance and controls.

Item 2. Properties

As of March 31, 2022 December 31, 2023, we did not own any real estate or other physical properties materially important to our operations. Our administrative and principal executive offices are located at 3 Bryant Park, New York, NY 10036 and 9 West 57th Street, New York, NY 10019, respectively. We believe that our office facilities are suitable and adequate for our business as it is currently conducted.

Item 3. Legal Proceedings

We are not currently subject to any material legal proceedings, nor, to our knowledge are any material legal proceedings threatened against us. From time to time, we may become involved in various investigations, claims and legal proceedings that arise in the ordinary course of our business. Furthermore, third parties may try to seek to impose liability on us in connection with the activities of our portfolio companies. While we do not expect that the resolution of these matters if they arise would materially affect our business, financial condition or results of operations, resolution will be subject to various uncertainties and could result in the expenditure of significant financial and managerial resources.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

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

Price Range of Common Stock and Stockholders

On August 1, 2022, the Company changed its name from "Apollo Investment Corporation" to "MidCap Financial Investment Corporation". Our common stock is began to trade under the ticker "MFIC" on the NASDAQ Global Stock Market on August 12, 2022. Prior to August 12, 2022, the Company's common stock traded on the NASDAQ Global Select Market under the symbol "AINV."

ticker "AINV".

The following table sets forth, for the quarterly reporting periods indicated, the net asset value ("NAV") per share of our common stock and the high and low sales price for our common stock, as reported on the NASDAQ Global Select Market, and distributions per share information:

	NAV Per Share (1)	Sales Price		Premium (Discount) of High Sales Price to NAV (2)	Premium (Discount) of Low Sales Price to NAV (2)	Distributions Declared
		High	Low			
Year Ended March 31, 2022						
Fourth quarter	$ 15.79	$ 13.99	$ 12.29	(11.4)%	(22.2)%	$ 0.36
Third quarter	16.08	13.57	11.75	(15.6)%	(26.9)%	0.36
Second quarter	16.07	14.10	12.35	(12.3)%	(23.1)%	0.36
First quarter	16.02	15.27	13.41	(4.7)%	(16.3)%	0.36
Year Ended March 31, 2021						
Fourth quarter	$ 15.88	$ 14.94	$ 10.40	(5.9)%	(34.5)%	$ 0.36
Third quarter	15.59	11.98	7.33	(23.2)%	(53.0)%	0.36
Second quarter	15.44	10.40	7.95	(32.6)%	(48.5)%	0.36
First quarter	15.29	11.94	5.25	(21.9)%	(65.7)%	0.45

(1)

	NAV Per Share (1)	Sales Price		Premium (Discount) of High Sales Price to NAV (2)	Premium (Discount) of Low Sales Price to NAV (2)	Distributions Declared
		High	Low			
Year Ended December 31, 2023						
December 31, 2023	$ 15.41	$ 13.89	$ 12.51	(9.8)%	(18.8)%	$ 0.38
September 30, 2023	15.28	14.03	12.35	(8.2)%	(19.2)%	0.38
June 30, 2023	15.20	12.77	10.78	(16.0)%	(29.1)%	0.38
March 31, 2023	15.18	12.84	10.39	(15.4)%	(31.5)%	0.38
Year Ended December 31, 2022						
December 31, 2022	$ 15.10	$ 12.54	$ 10.06	(16.9)%	(33.4)%	$ 0.37
September 30, 2022	15.45	13.69	10.13	(11.4)%	(34.4)%	0.32
June 30, 2022	15.52	13.73	10.01	(11.5)%	(35.5)%	0.36
March 31, 2022	15.79	13.99	12.29	(11.4)%	(22.2)%	0.36

NAV per share is determined as of the last day in the relevant quarter and therefore may not reflect the net asset value per share on the date of the high and low sales prices. The net asset values shown are based on outstanding shares at the end of the relevant quarter.

(2) (1) Calculated using the respective high or low sales price divided by the net asset value per share at the end of the relevant quarter.

While our common stock has from time to time traded in excess of our net asset value, there can be no assurance, however, that it will trade at such a premium (to NAV) in the future. The last reported closing market price of our common stock on May 18, 2022 February 23, 2024 was $12.20 $14.27 per share. As of May 18, 2022 February 23, 2024, we had 43 38 stockholders of record.

Distributions

We intend to continue to make quarterly distributions to our stockholders. Our quarterly distributions, if any, will be determined by our Board of Directors. We expect that our distributions to stockholders generally will be from accumulated net investment income and from cumulative net realized capital gains, as applicable, although a portion may represent a return of capital.

We have elected to be taxed as a RIC under Subchapter M of the Code. To maintain our RIC status, we must distribute at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, out of the assets legally available for distribution. Although we intend to distribute realized net capital gains (i.e., net long-term capital gains in excess of short-term capital losses), if any, at least annually, out of the assets legally available for such distributions, we may in the future decide to retain such capital gains for investment. Currently, we have substantial net capital loss carryforwards and consequently do not expect to generate cumulative net capital gains in the foreseeable future.

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We maintain an “opt out” dividend reinvestment plan for our common stockholders. As a result, if we declare a dividend, then stockholders’ cash distributions will be automatically reinvested in additional shares of our common stock, unless they specifically “opt out” of the dividend reinvestment plan so as to receive cash distributions.

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We may not be able to achieve operating results that will allow us to make distributions at a specific level or to increase the amount of these distributions from time to time. In addition, due to the asset coverage test applicable to us as a BDC, we may in the future be limited in our ability to make distributions. Also, our revolving credit facility may limit our ability to declare distributions if we default under certain provisions or fail to satisfy certain other conditions. If we do not distribute a certain percentage of our income annually, we may suffer adverse tax consequences, including possible loss of the tax benefits available to us as a RIC.

In addition, in accordance with U.S. generally accepted accounting principles and tax regulations, we include in income certain amounts that we have not yet received in cash, such as contractual payment-in-kind interest, which represents contractual interest added to the loan balance that becomes due at the end of the loan term, or the accrual of original issue or market discount. Since we may recognize income before or without receiving cash representing such income, we may not be able to meet the requirement to distribute at least 90% of our investment company taxable income to obtain tax benefits as a RIC.

With respect to the distributions to stockholders, income from origination, structuring, closing, commitment and other upfront fees associated with investments in portfolio companies is treated as taxable income and accordingly, distributed to stockholders.

All distributions declared in cash payable to stockholders that are participants in our dividend reinvestment plan are generally automatically reinvested in shares of our common stock. Stockholders who do not elect to receive distributions in shares of common stock may experience accretion to the net asset value of their shares if our shares are trading at a premium and dilution if our shares are trading at a discount. The level of accretion or discount would depend on various factors, including the proportion of our stockholders who participate in the plan, the level of premium or discount at which our shares are trading and the amount of the dividend payable to a stockholder.

The following table lists the quarterly distributions per share from our common stock for the past two fiscal calendar years:

			Distributions Declared
Quarter Ended	Distributions Declared		
Year Ended March 31, 2022 December 31, 2023		$	0.38
Fourth quarter September 30, 2023	$ 0.36		0.38
Third quarter June 30, 2023	0.36		0.38
Second quarter March 31, 2023	0.36		0.38

First quarter	0.36		0.37
December 31, 2022			
Year Ended March 31, 2021			0.32
September 30, 2022			
Fourth quarter	$ 0.36		0.36
June 30, 2022			
Third quarter	0.36		
March 31, 2022			
Second quarter		0.36	
First quarter	0.36	0.45	

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Unregistered Sales of Equity Securities and Use of Proceeds

Unregistered Sales of Equity Securities

None.

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Issuer Purchases of Equity Securities

The Company adopted the following plans, approved by the Board of Directors, for the purpose of repurchasing its common stock in accordance with applicable rules specified in the 1934 Act (the “Repurchase Plans”):

Date of Adoption	Maximum Cost of Shares That May Be Repurchased	Cost of Shares Repurchased	Remaining Cost of Shares That May Be Repurchased
August 5, 2015	$ 50.0 million	$ 50.0 million	$ —
December 14, 2015	50.0 million	50.0 million	—
September 14, 2016	50.0 million	50.0 million	—
October 30, 2018	50.0 million	50.0 million	—
February 6, 2019	50.0 million	44.2 million	5.8 million
February 3, 2022	$ 25.0 million	$ — million	25.0 million
Total as of March 31, 2022	$ 275.0 million	$ 244.2 million	$ 30.8 million

Date of Agreement/Amendment	Maximum Cost of Shares That May Be Repurchased	Cost of Shares Repurchased	Remaining Cost of Shares That May Be Repurchased
August 5, 2015	$ 50.0 million	$ 50.0 million	$ — million
December 14, 2015	50.0 million	50.0 million	— million
September 14, 2016	50.0 million	50.0 million	— million
October 30, 2018	50.0 million	50.0 million	— million
February 6, 2019	50.0 million	48.1 million	1.9 million
February 3, 2022	25.0 million	— million	25.0 million
Total as of December 31, 2023	$ 275.0 million	$ 248.1 million	$ 26.9 million

The Repurchase Plans were designed to allow the Company to repurchase its shares both during its open window periods and at times when it otherwise might be prevented from doing so under applicable insider trading laws or because of self-imposed trading blackout periods. A broker selected by the Company will have the authority under the terms and limitations specified in an agreement with the Company to repurchase shares on the Company's behalf in accordance with the terms of the Repurchase Plans. Repurchases are subject to SEC regulations as well as certain price, market volume and timing constraints specified in the Repurchase Plans. Pursuant to the Repurchase Plans, the Company may from time to time repurchase a portion of its shares of common stock and the Company is hereby notifying stockholders of its intention as required by applicable securities laws.

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Under the Repurchase Plans described above, the Company allocated the following amounts to be repurchased in accordance with SEC Rule 10b5-1 (the "10b5-1 Repurchase Plans"):

Effective Date	Termination Date	Amount Allocated to 10b5-1 Repurchase Plans	
September 15, 2015	November 5, 2015	$ 5.0	million
January 1, 2016	February 5, 2016	10.0	million
April 1, 2016	May 19, 2016	5.0	million
July 1, 2016	August 5, 2016	15.0	million
September 30, 2016	November 8, 2016	20.0	million

January 4, 2017	February 6, 2017	10.0 million
March 31, 2017	May 19, 2017	10.0 million
June 30, 2017	August 7, 2017	10.0 million
October 2, 2017	November 6, 2017	10.0 million
January 3, 2018	February 8, 2018	10.0 million
June 18, 2018	August 9, 2018	10.0 million
September 17, 2018	October 31, 2018	10.0 million
December 12, 2018	February 7, 2019	10.0 million

February 25, 2019	May 17, 2019	25.0	million
March 18, 2019	May 17, 2019	10.0	million
June 4, 2019	August 7, 2019	25.0	million
June 17, 2019	August 7, 2019	20.0	million
September 16, 2019	November 6, 2019	20.0	million
December 6, 2019	February 5, 2020	25.0	million
December 16, 2019	February 5, 2020	15.0	million
March 12, 2020	March 19, 2020	20.0	million

March 30, 2021	May 21, 2021	10.0 million
June 16, 2021	November 5, 2021	10.0 million
December 16, 2021	May 20, August 3, 2022	5.0 million
December 27, 2022	February 22, 2023	10.0 million

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The following table presents information with respect to the Company's purchases of its common stock since adoption of the Repurchase Plans through March 31, 2022 December 31, 2023:

Month	Total Number of Shares Purchased	Average Price Paid Per Share*	Total Number of Shares Purchased as Part of Publicly Announced Plans	Maximum Dollar Value of Shares That May Yet Be Purchased Under Publicly Announced Plans
August 2015	510,000	$ 19.71	510,000	$ 40.0 million
September 2015	603,466	18.46	603,466	28.8 million
November 2015	1,116,666	18.10	1,116,666	8.6 million
December 2015	627,443	17.58	627,443	47.6 million
January 2016	670,708	14.91	670,708	37.6 million
June 2016	362,933	16.73	362,933	31.5 million
July 2016	16,491	16.53	16,491	31.2 million
August 2016	596,294	17.67	596,294	20.7 million
September 2016	411,523	18.13	411,523	63.2 million
October 2016	527,417	17.82	527,417	53.8 million
November 2016	239,289	17.45	239,289	49.6 million
August 2017	33,333	17.96	33,333	49.0 million
September 2017	186,767	17.98	186,767	45.7 million
October 2017	144,867	17.96	144,867	43.1 million
November 2017	64,500	17.79	64,500	41.9 million
December 2017	50,100	17.89	50,100	41.0 million
January 2018	577,386	17.32	577,386	31.0 million
February 2018	70,567	16.23	70,567	29.9 million
May 2018	263,667	17.12	263,667	25.4 million
June 2018	198,601	16.94	198,601	22.0 million
July 2018	8,867	16.75	8,867	21.9 million

August 2018	502,767	17.11	502,767	13.3 million
September 2018	444,467	16.54	444,467	5.9 million
October 2018	160,800	16.46	160,800	53.3 million
November 2018	595,672	15.81	595,672	43.9 million
December 2018	741,389	13.49	741,359	33.9 million
February 2019	19,392	15.16	19,392	83.6 million
March 2019	291,426	15.40	291,426	79.1 million
April 2019	44,534	15.23	44,534	78.4 million
May 2019	298,026	15.93	298,026	73.6 million
June 2019	607,073	15.97	607,073	63.9 million
July 2019	89,610	16.10	89,610	62.5 million
August 2019	758,020	16.15	758,020	50.3 million
September 2019	32,371	16.26	32,371	49.7 million
October 2019	495,464	15.65	495,464	42.0 million
November 2019	6,147	15.91	6,147	41.9 million
March 2020	1,286,565	11.62	1,286,565	26.9 million
May 2021	145,572	13.92	145,572	24.9 million
July 2021	44,418	13.46	44,418	24.3 million
August 2021	45,675	13.32	45,675	23.7 million
September 2021	360,860	13.02	360,860	19.0 million
October 2021	308,005	13.30	308,005	14.9 million
November 2021	419,372	13.05	419,372	9.4 million
December 2021	227,429	12.44	227,429	6.6 million
January 2022	60,605	12.70	60,605	30.8 million
Total	15,266,544	$ 15.99	15,266,514	

Month	Total Number of Shares Purchased	Average Price Paid Per Share*	Total Number of Shares Purchased as Part of Publicly Announced Plans	Maximum Dollar Value of Shares That May Yet Be Purchased Under Publicly Announced Plans
August 2015	510,000	$ 19.71	510,000	$ $ 40.0 million
September 2015	603,466	18.46	603,466	28.8 million
November 2015	1,116,666	18.10	1,116,666	8.6 million
December 2015	627,443	17.58	627,443	47.6 million
January 2016	670,708	14.91	670,708	37.6 million
June 2016	362,933	16.73	362,933	31.5 million
July 2016	16,491	16.53	16,491	31.2 million
August 2016	596,294	17.67	596,294	20.7 million
September 2016	411,523	18.13	411,523	63.2 million
October 2016	527,417	17.82	527,417	53.8 million
November 2016	239,289	17.45	239,289	49.6 million
August 2017	33,333	17.96	33,333	49.0 million
September 2017	186,767	17.98	186,767	45.7 million
October 2017	144,867	17.96	144,867	43.1 million
November 2017	64,500	17.79	64,500	41.9 million
December 2017	50,100	17.89	50,100	41.0 million
January 2018	577,386	17.32	577,386	31.0 million
February 2018	70,567	16.23	70,567	29.9 million
May 2018	263,667	17.12	263,667	25.4 million
June 2018	198,601	16.94	198,601	22.0 million
July 2018	8,867	16.75	8,867	21.9 million
August 2018	502,767	17.11	502,767	13.3 million
September 2018	444,467	16.54	444,467	5.9 million
October 2018	160,800	16.46	160,800	53.3 million

November 2018	595,672	15.81	595,672	43.9 million
December 2018	741,389	13.49	741,359	33.9 million
February 2019	19,392	15.16	19,392	83.6 million
March 2019	291,426	15.40	291,426	79.1 million
April 2019	44,534	15.23	44,534	78.4 million
May 2019	298,026	15.93	298,026	73.6 million
June 2019	607,073	15.97	607,073	63.9 million
July 2019	89,610	16.10	89,610	62.5 million
August 2019	758,020	16.15	758,020	50.3 million
September 2019	32,371	16.26	32,371	49.7 million
October 2019	495,464	15.65	495,464	42.0 million
November 2019	6,147	15.91	6,147	41.9 million
March 2020	1,286,565	11.62	1,286,565	26.9 million
May 2021	145,572	13.92	145,572	24.9 million
July 2021	44,418	13.46	44,418	24.3 million
August 2021	45,675	13.32	45,675	23.7 million
September 2021	360,860	13.02	360,860	19.0 million
October 2021	308,005	13.30	308,005	14.9 million
November 2021	419,372	13.05	419,372	9.4 million
December 2021	227,429	12.44	227,429	6.6 million
January 2022	60,605	12.70	60,605	30.8 million
April 2022	88,478	12.82	88,478	29.7 million
May 2022	40,044	12.57	40,044	29.2 million
May 2023	171,061	11.56	171,061	27.2 million
June 2023	27,023	11.84	27,023	26.9 million
Total	15,593,150	$ 15.91	15,593,120	

* The average price per share is inclusive of commissions.

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Stock Performance Graph

This graph compares the return on our common stock with that of the Standard & Poor's 500 Stock Index, the Russell 2000 Financial Services Index, and the S&P Small Cap 600 Financials Index, for the period March 31, 2017 of March 31, 2019 through March 31, 2022 December 31, 2023. The graph assumes that, on March 31, 2017 March 31, 2019, a person invested $100 in each of the following: our common stock, the S&P 500 Index, the Russell 2000 Financial Services Index, and the S&P Small Cap 600 Financials Index. The graph measures total stockholder return, which takes into account both changes in stock price and distributions. It assumes that distributions paid are invested in like securities.

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

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Fee and Expenses

The following table is intended to assist you in understanding the costs and expenses that an investor in shares of our common stock will bear directly or indirectly based upon the assumptions set forth below. The following table and example should not be considered a representation of our future expenses. Actual expenses may be greater or less than shown. Except where the context suggests otherwise, whenever this From 10-K Annual Report contains a reference to fees or expenses paid by "you," "us" or "Apollo Investment, "the Company," or that "we" will pay fees or expenses, common stockholders will indirectly bear such fees or expenses as investors in Apollo Investment. the Company.

Stockholder transaction expenses:		
Sales load (as a percentage of offering price)	—	-%(1)
Offering expenses (as a percentage of offering price)	—	-%(2)
Dividend reinvestment plan expenses	—	-%(3)
Total common stockholder transaction expenses (as a percentage of offering price)		None
Annual expenses (as percentage of net assets attributable to common stock) (4):		
Management fees	3.60%(5)	1.75%(5)
Incentive fees payable under investment advisory management agreement	2.11%(6)	2.45%(6)
Interest and other debt expenses on borrowed funds	5.47%(7)	10.30%(7)
Other expenses	1.46%	1.56%(8)
Total annual expenses	12.64%(9)	16.06%(9)

Example

The following example demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common stock. These dollar amounts are based upon the assumption that our annual operating expenses (other than performance-based incentive fees) and leverage would remain at the levels set forth in the table above. Transaction expenses are not included in the following example. In the event that shares of our common stock to which this prospectus relates are sold to or through underwriters, a corresponding prospectus supplement and any related free writing prospectus will restate this example to reflect the applicable sales load.

	1 year	3 years	5 years	10 years
You would pay the following expenses on a $1,000 investment, assuming a 5% annual return	$ 152	$ 407	$ 608	$ 947

	1 year	3 years	5 years	10 years
You would pay the following expenses on a $1,000 investment, assuming a 5% annual return	$ 102	$ 290	$ 458	$ 803

While the example assumes, as required by the SEC, a 5% annual return, our performance will vary and may result in a return greater or less than 5%. Assuming a 5% annual return, the incentive fee under the investment advisory management agreement may not be earned or payable and is not included in the example. This illustration assumes that we will not realize any capital gains computed net of all realized capital losses and gross unrealized capital depreciation in any of the indicated time periods. If we achieve sufficient returns on our investments, including through the realization of capital gains, to trigger an incentive fee of a material amount, our expenses, and returns to our investors, would be higher.

For example, if we assumed that we received our 5% annual return completely in the form of net realized capital gains on our investments, which results in a capital gains incentive fee earned, the projected dollar amount of total cumulative expenses set forth in the above illustration and the capital gains incentive fee would be as follows:

	1 year	3 years	5 years	10 years
You would pay the following expenses on a $1,000 investment, assuming a 5% annual return (all of which is subject to a capital gains incentive fee)	$ 130	$ 358	$ 548	$ 898

	1 year	3 years	5 years	10 years

You would pay the following expenses on a $1,000 investment, assuming a 5% annual return (all of which is subject to a capital gains incentive fee)	$	122 $	338 $	522 $	872

In addition, while the example assumes reinvestment of all dividends and distributions at net asset value, participants in our dividend reinvestment plan will receive a number of shares of our common stock, determined by dividing the total dollar amount of the dividend payable to a participant by the market price per share of our common stock at the close of trading on the valuation date for the dividend.

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These examples and the expenses in the table above should not be considered a representation of our future expenses, and actual expenses may be greater or less than those shown.

(1) In the event that the securities are sold to or through underwriters, a corresponding prospectus supplement and any related free writing prospectus will disclose the applical sales load. Purchases of shares of our common stock on the secondary market are not subject to sales charges but may be subject to brokerage commissions or other charg The table does not include any sales load that stockholders may have paid in connection with their purchase of shares of our common stock.

(2) The related prospectus supplement and any related free writing prospectus will disclose the estimated amount of offering expenses, the offering price and the offering expenses borne by us as a percentage of the offering price.price.

(3) The expenses of the dividend reinvestment plan per share are included in "Other expenses."

(4) "Net assets attributable to common stock" equals average net assets for the twelve month period year ended March 31, 2022 December 31, 2023.

(5) Assumes management fees earned by our Investment Adviser, AIM, remain consistent with our current the fee structure beginning January 1, 2023 adjusted for new debt and equity issuances, if applicable. Calculated based

Beginning on the twelve month average of gross assets for the year ended March 31, 2022.

Effective April 1, 2018 January 1, 2023, the base management fee is calculated initially at an annual rate of 1.75% (0.4375% per quarter) of the Company's net asset value as of the final business day of the prior calendar quarter; provided, however, that the base management fee shall not be greater than 1.50% (0.375% per quarter) of the lesser of (i) the average of the value of the Company's Company's gross assets (excluding cash or cash equivalents but including other assets purchased with borrowed amounts) at the end of each of the two most recently completed calendar quarters and (ii) the average monthly value (measured as of the last day of each month) of the Company's Company's gross assets (excluding cash or cash equivalents but including other assets purchased with borrowed amounts) during the most recently completed calendar quarter; provided, however, in each case, the quarter. The base management fee is calculated at an annual rate of 1.00% (0.25% per quarter) of the average of the payable quarterly in arrears. The value of the Company's Company's gross assets (excluding cash or cash equivalents but including other assets purchased is calculated in accordance with borrowed amounts) that exceeds the product of (A) 200% and (B) the value of the Company's net asset value at the end of the prior calendar quarter. For more detailed information about our computation of average total assets, please see Note 3 of our financial statements incorporated in this Form 10-K.

Company's valuation policies.

On January 16, 2019, we entered into a fee offset agreement with AIM in connection with revenue realized by AIM and its affiliates for the management of certain aircraft assets. We will receive received an offsetting credit against total incentive fees otherwise due to AIM under the investment advisory management agreement. The amount offset will was initially be 20% of the management fee revenue earned and incentive fee revenue realized by AIM and its affiliates in connection with managing aircraft assets on related insurance balance sheets ("New Balance Sheet Investments"), new aircraft managed account capital ("New Managed Accounts") and new dedicated aircraft funds ("New Aircraft Funds"). Once the aggregate capital raised by New Aircraft Funds or New Managed Accounts and capital invested by the New Balance Sheet Investments exceeds exceeded $3 billion cumulatively, the fee offset will would step down to 10% of the amount of incremental management fee revenue earned and incentive fee revenue realized by AIM and its affiliates. The fee offset will was supposed to be in place for seven years, however the incentive fees realized by AIM and its affiliates after this seven-year period from applicable investments that were raised or made within the seven-year period will would also be used to offset incentive fees payable to AIM by us. The offset will would be limited to the amount of incentive fee payable by us to AIM and any unapplied fee offset which exceeds the incentive fees payable in a given quarter will carry forward to be credited against the incentive fees payable by us in subsequent quarters. For the year ended March 31, 2022 December 31, 2023, management fee and performance based fee offset was $0.2 million $0.3 million.

In 2022, we announced our plans to reduce our aviation leasing platform that is operating through Merx. Effective February 21, 2023, as a result of the planned reduction and the pending departure of certain Merx personnel, Merx and Apollo agreed to terminate the fee offset agreement in exchange for a termination fee of $7.5 million.

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(6) (6) Assumes that annual incentive fees earned by our Investment Adviser, AIM, remain consistent with our current the fee structure beginning January 1, 2023 adjusted for new debt and equity issuances, if applicable. issuances. Calculated based on the average of pre-incentive fee net investment income for the twelve month period year ended March 31, 2022 December 31, 2023, excluding any potential impact from the "Incentive Fee Cap" which could result in a reduction in the incentive fee.

The Incentive Fee payable to our Investment Adviser is based on our performance and is not paid unless we achieve certain goals. It consists of two components, one based on income and the other based on capital gains, that are determined independent of each other, with the result that one component may be payable even if the other is not.

For a more detailed discussion of the calculation of this fee, see "Business—Investment Advisory Management Agreement" in this Form 10-K.

Annual Report.

(7) Our interest and other debt expenses are based on borrowing levels and interest rates consistent with the levels during the year ended March 31, 2022 December 31, 2023. As March 31, 2022 December 31, 2023, we had $1,555.5. million $1,470.0 million in borrowings outstanding, consisting of $1,080.5 million $683.0 million outstanding under our sen secured credit facility, $232.0 million outstanding Class A-1 Notes under the CLO, $350.0 million aggregate principal amount of our 2025 Notes, and $125.0 million aggrega principal amount of our 2026 Notes and $80.0 million aggregate principal amount of our 2028 Notes. As of March 31, 2022 December 31, 2023, the Company had $20 million $17.3 million in standby letters of credit issued through the senior secured credit facility. The amount available for borrowing under the senior secured credit facility is reduc by any standby letters of credit issued.

(8) Includes our estimated overhead expenses, including payments under the administration agreement based on our allocable portion of overhead and other expenses incurred AIA in performing its obligations under the administration agreement. See "Business—Administrative Agreement" in this Form 10-K.Annual Report.

(9) "Total annual expenses" as a percentage of net assets attributable to common stock are higher than the total annual expenses percentage would be for a company that is n leveraged. We borrow money to leverage our net assets and increase our total assets. The SEC requires that the "Total annual expenses" percentage be calculated as a percenta of net assets (defined as total assets less indebtedness), rather than the total assets, including assets that have been funded with borrowed monies. If the "Total annual expense percentage were calculated instead as a percentage of total assets, our "Total annual expenses" would be 4.88% 6.48% of total assets.

Recent Developments

MFIC Bethesda CLO 1 LLC Debt Securitization

On November 2, 2023, the Company completed a $402,360 term debt securitization (the “Bethesda CLO 1”), a form of secured financing incurred by MFIC Bethesda CLO 1 LLC (the “Bethesda CLO 1 Issuer”), an indirect wholly owned, consolidated subsidiary of the Company. The notes offered by the CLO Issuer in connection with the Bethesda CLO 1 consist of $232,000 of AAA(sf) Class A-1 Senior Secured Floating Rate Notes due 2035, which bear interest at the three-month SOFR plus 2.40%, $16,000 of AAA(sf) Class A-2 Senior Secured Floating Rate Notes due 2035, which bear interest at three-month SOFR plus 2.90% and $154,360 of Subordinated notes due 2135, which do not bear interest. The Bethesda CLO 1 is backed by a diversified portfolio of middle market commercial loans, which the CLO Issuer purchased from the Company pursuant to a loan sale agreement entered into on the closing date of the Bethesda CLO 1 using the proceeds of the Bethesda CLO 1. The Company retained all Class A-2 Notes and all Subordinated Notes and the proceeds from the CLO transaction were used to repay borrowings under the Company's Facility. The Company serves as collateral manager to the Bethesda CLO 1 Issuer, Deutsche Bank Securities Inc. acted as initial purchaser and Apollo Global Securities, LLC acted as placement agent.

2028 Notes

On December 13, 2023, the Company issued $80,000 aggregate principal amount of 8.00% Notes due 2028 (inclusive of $5,000 aggregate principal amount pursuant to the underwriters’ overallotment option to purchase additional Notes) (the “2028 Notes”). The 2028 Notes may be redeemed in whole or in part at any time or from time to time at our option on or after December 15, 2025, at a redemption price of $25 per Note plus accrued and unpaid interest payments otherwise payable for the then-current quarterly interest period accrued to, but excluding, the date fixed for redemption. As of December 31, 2023, the principal amount outstanding was $80,000. The 2028 Notes will mature on December 15, 2028.

Pending Mergers with AFT and AIF

AFT Merger. On November 7, 2023, the Company entered into an Agreement and Plan of Merger (the “AFT Merger Agreement”) with Apollo Senior Floating Rate Fund Inc., a Maryland corporation (“AFT”), AFT Merger Sub, Inc., a Maryland corporation and a direct wholly-owned subsidiary of the Company (“AFT Merger Sub”), and, solely for the limited purposes set forth therein, the Adviser. The AFT Merger Agreement provides that, subject to the terms and conditions set forth in the AFT Merger Agreement, at the effective time of the merger (the “AFT Effective Time”), AFT Merger Sub will be merged with and into AFT (the “AFT First Merger”), with AFT continuing as the surviving company and as a wholly-owned subsidiary of the Company. Immediately after the effectiveness of the AFT First Merger, AFT will be merged with and into the Company, with the Company continuing as the surviving company (together with the AFT First Merger, the “AFT Merger”). Both the Company’s Board of Directors and AFT’s board of directors, including all of the respective independent directors, in each case, on the recommendation of special committees comprised solely of certain independent directors of the Company or AFT, as applicable, have approved the AFT Merger Agreement and the transactions contemplated thereby.

Subject to the terms and conditions of the AFT Merger Agreement, at the AFT Effective Time, each share of AFT Common Stock issued and outstanding immediately prior to the AFT Effective Time (other than shares owned by the Company or any of its consolidated subsidiaries, including AFT Merger Sub (the "AFT Cancelled Shares")) will be converted into the right to receive a number of shares of the Company's Common Stock equal to the AFT Exchange Ratio (as defined below) (cash will be paid in lieu of fractional shares). AFT has no preferred stock outstanding, and no preferred stock will be issued by the Company as a result of the AFT Merger.

Under the AFT Merger Agreement, as of a mutually agreed date no earlier than 48 hours (excluding Sundays and holidays) prior to the AFT Effective Time (such date, the "AFT Determination Date"), the Company and AFT will deliver to the other a calculation of its NAV as of such date (such calculation with respect to AFT, the "Closing AFT Net Asset Value" and such calculation with respect to the Company, the "Closing AFT Merger MFIC Net Asset Value"), in each case using the same set of assumptions, methodologies and adjustments as has been historically used in preparing such calculation. Based on such calculations, the parties will calculate: (1) the "AFT Per Share NAV," which will be equal to (i) the Closing AFT Net Asset Value divided by (ii) the number of shares of AFT Common Stock issued and outstanding as of the AFT Determination Date (excluding any AFT Cancelled Shares) and (2) the "AFT Merger MFIC Per Share NAV," which will be equal to (A) the Closing AFT Merger MFIC Net Asset Value divided by (B) the number of shares of the Company's Common Stock issued and outstanding as of the AFT Determination Date. The "AFT Exchange Ratio" will be equal to the quotient (rounded to four decimal places) of (i) the AFT Per Share NAV divided by (ii) the AFT Merger MFIC Per Share NAV. Furthermore, promptly following closing of the AFT Merger, the Adviser or its affiliates will pay to holders of shares of AFT Common Stock that are issued and outstanding immediately prior to the AFT Effective Time a special payment equal to $0.25 per share of AFT Common Stock, subject to deduction for any applicable withholding tax.

The AFT Merger Agreement contains representations and warranties by the Company, AFT Merger Sub, the Adviser and AFT, subject to specified exceptions and qualifications.

Under the AFT Merger Agreement, immediately following the AFT Effective Time, the Company will repay or prepay any amounts outstanding under AFT's existing credit facility as of the AFT Effective Time, subject to the conditions set forth in the Senior Secured Facility.

Consummation of the AFT Merger, which is currently anticipated to occur in the first half of 2024, is subject to certain closing conditions, including requisite approvals of the Company's and AFT's stockholders and certain other closing conditions. Neither the closing of the AFT Merger nor the closing of the AIF Merger is contingent on the closing of the other merger.

AIF Merger. On November 7, 2023, the Company entered into an Agreement and Plan of Merger (the "AIF Merger Agreement" and, together with the AFT Merger Agreement, the "Merger Agreements") with Apollo Tactical Income Fund Inc., a Maryland corporation ("AIF"), AIF Merger Sub, Inc., a Maryland corporation and a direct wholly-owned subsidiary of the Company ("AIF Merger Sub"), and, solely for the limited purposes set forth therein, the Adviser. The AIF Merger Agreement provides that, subject to the terms and conditions set forth in the AIF Merger Agreement, at the effective time of the merger (the "AIF Effective Time"), AIF Merger Sub will be merged with and into AIF (the "AIF First Merger"), with AIF continuing as the surviving company and as a wholly owned subsidiary of the Company. Immediately after the effectiveness of the AIF First Merger, AIF will be merged with and into the Company, with the Company continuing as the surviving company (together with the AIF First Merger, the "AIF Merger" and, together with the AFT Merger, the "Mergers"). Both the Company's Board of Directors and AIF's board of directors, including all of the respective independent directors, in each case, on the recommendation of special committees comprised solely of certain independent directors of the Company or AIF, as applicable, have approved the AIF Merger Agreement and the transactions contemplated thereby.

Subject to the terms and conditions of the AIF Merger Agreement, at the AIF Effective Time, each share of AIF Common Stock issued and outstanding immediately prior to the AIF Effective Time (other than shares owned by the Company or any of its consolidated subsidiaries, including AIF Merger Sub (the "AIF Cancelled Shares") will be converted into the right to receive a number of shares of the Company's Common Stock equal to the AIF Exchange Ratio (as defined below) (cash will be paid in lieu of fractional shares). AIF has no preferred stock outstanding, and no preferred stock will be issued by the Company as a result of the AIF Merger.

Under the AIF Merger Agreement, as of a mutually agreed date no earlier than 48 hours (excluding Sundays and holidays) prior to the AIF Effective Time (such date, the "AIF Determination Date"), each of the Company and AIF will deliver to the other a calculation of its NAV as of such date (such calculation with respect to AIF, the "Closing AIF Net Asset Value" and such calculation with respect to the Company, the "Closing AIF Merger MFIC Net Asset Value"), in each case using the same set of assumptions, methodologies and adjustments as has been historically used in preparing such calculation. Based on such calculations, the parties will calculate: (1) the "AIF Per Share NAV," which will be equal to (i) the Closing AIF Net Asset Value divided by (ii) the number of shares of AIF Common Stock issued and outstanding as of the AIF Determination Date (excluding any AIF Cancelled

Shares) and (2) the “AIF Merger MFIC Per Share NAV,” which will be equal to (A) the Closing AIF Merger MFIC Net Asset Value divided by (B) the number of shares of the Company’s Common Stock issued and outstanding as of the AIF Determination Date. The “AIF Exchange Ratio” will be equal to the quotient (rounded to four decimal places) of (i) the AIF Per Share NAV divided by (ii) the AIF Merger MFIC Per Share NAV. Furthermore, promptly following the closing of the AIF Merger, the Adviser or its affiliates will pay to holders of shares of AIF Common Stock that are issued and outstanding immediately prior to the AIF Effective Time a special payment equal to $0.25 per share of AIF Common Stock, subject to deduction for any applicable withholding tax.

The AIF Merger Agreement contains representations and warranties by the Company, AIF Merger Sub, the Adviser and AIF, subject to specified exceptions and qualifications.

Under the AIF Merger Agreement, immediately following the AIF Effective Time, the Company will repay or prepay any amounts outstanding under AIF’s existing credit facility as of the AIF Effective Time, subject to the conditions set forth in the Company’s Senior Secured Credit Facility.

Consummation of the AIF Merger, which is currently anticipated to occur in the first half of 2024, is subject to certain closing conditions, including requisite approvals of the Company’s and AIF’s stockholders and certain other closing conditions. Neither the closing of the AIF Merger nor the closing of the AFT Merger (as defined below) is contingent on the closing of the other merger.

Distribution after the Consummation of the Mergers. Following the consummation of the Mergers and subject to applicable law, the Company will distribute to holders of shares of the Company’s Common Stock as of a record date to be determined by the Company’s Board of Directors an amount in cash equal to $0.20 per share of the Company’s Common Stock.

The foregoing descriptions of the Merger Agreements and the transactions contemplated thereby do not purport to be complete and are qualified in their entirety by reference to the full text of the Merger Agreements, which have been included as Exhibits 2.1 and 2.2 to this Annual Report on Form 10-K. The representations, warranties, covenants and agreements contained in each Merger Agreement were made only for purposes of such Merger Agreement and as of specific dates; were solely for the benefit of the parties to such Merger Agreement (except as may be expressly set forth in such Merger Agreement); may be subject to limitations agreed upon by the parties, including being qualified by confidential disclosures made for the purposes of allocating contractual risk between the parties to such Merger Agreement instead of establishing these matters as facts; and may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to investors. Investors and security holders should not rely on such representations, warranties, covenants or agreements, or any descriptions thereof, as characterizations of the actual state of facts or condition of any of the parties to the Merger Agreements or any of their respective subsidiaries or affiliates. Moreover, information concerning the subject matter of the representations, warranties, covenants and agreements may change after the date of each Merger Agreement, which subsequent information may or may not be fully reflected in public disclosures by the parties to such Merger Agreement. For more information, see the Company’s current report on Form 8-K filed with the SEC on November 7, 2023.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, gains and losses. Changes in the economic environment, financial markets, credit worthiness of portfolio companies and any other parameters used in determining such estimates could cause actual results to differ materially. In addition to the discussion below, our critical accounting policies are further described in the notes to the consolidated financial statements.

Fair Value Measurements

The Company follows guidance in ASC 820, *Fair Value Measurement* (“ASC 820”), where fair value is defined 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 measurements are determined within a framework that establishes a three-tier hierarchy which maximizes the use of observable market data and minimizes the use of unobservable inputs to establish a classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, such as the risk inherent in a particular valuation technique used to measure fair value using a pricing model and/or the risk inherent in the inputs for the valuation technique. Inputs may be observable or unobservable. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs reflect the Company’s own assumptions about the assumptions market participants would use in pricing the asset or liability based on the information available. The inputs or methodology used for valuing assets or liabilities may not be an indication of the risks associated with investing in those assets or liabilities.

ASC 820 classifies the inputs used to measure these fair values into the following hierarchy:

Level 1: Quoted prices in active markets for identical assets or liabilities, accessible by us at the measurement date.

Level 2: Quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active, or other observable inputs other than quoted prices.

Level 3: Unobservable inputs for the asset or liability.

In all cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to each investment. The level assigned to the investment valuations may not be indicative of the risk or liquidity associated with investing in such investments. Because of the inherent uncertainties of valuation, the values reflected in the consolidated financial statements may differ materially from the values that would be received upon an actual disposition of such investments.

As of March 31, 2022 December 31, 2023, $2.52 billion $2.33 billion or 99.95% 99.9% of the Company's investments were classified as Level 3. The high proportion of Level 3 investments relative to our total investments is directly related to our investment philosophy and target portfolio, which consists primarily of long-term secured debt, as well as unsecured and mezzanine positions of private middle-market companies. A fundamental difference exists between our investments and those of comparable publicly traded fixed income investments, namely high-yield bonds, and this difference affects the valuation of our private investments relative to comparable publicly traded instruments.

Senior secured loans, or senior loans, are higher in the capital structure than high-yield bonds, and are typically secured by assets of the borrowing company. This improves their recovery prospects in the event of default and affords senior loans a structural advantage over high-yield bonds. Many of the Company's investments are also privately negotiated and contain covenant protections that limit the issuer to take actions that could harm us as a creditor. High-yield bonds typically do not contain such covenants.

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Given the structural advantages of capital seniority and covenant protection, the valuation of our private debt portfolio is driven more by investment specific credit factors than movements in the broader debt capital markets. Each security is evaluated individually and as indicated below, we value our private investments based upon a multi-step valuation process, including valuation recommendations from independent valuation firms.

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Investment Valuation Process

Under

The Board has designated the Investment Adviser as its "valuation designee" pursuant to Rule 2a-5 under the 1940 Act, and in that role the Investment Adviser is responsible for performing fair value determinations relating to all of the Company's investments, including periodically assessing and managing any material valuation risks and establishing and applying fair value methodologies, in accordance with valuation policies and procedures established that have been approved by our the Company's Board of Directors. Even though the Company's Board of Directors we value designated the Company's Investment Adviser as "valuation designee," the Company's Board of Directors continues to be responsible for overseeing the process for determining fair valuation.

Under the Company's valuation policies and procedures, the Investment Adviser values investments, including certain secured debt, unsecured debt, and other debt securities with maturities greater than 60 days, for which market quotations are readily available, at such market quotations (unless they are deemed not to represent fair value). We attempt to obtain market quotations from at least two brokers or dealers (if available, otherwise from a principal market maker, primary market dealer or other independent pricing service). We utilize mid-market pricing as a practical expedient for fair value unless a different point within the range is more representative. If and when market quotations are unavailable or are deemed not to represent fair value, we typically utilize independent third party valuation firms to assist us in determining fair value. Accordingly, such investments go through our multi-step valuation process as described below. In each case, our independent third party valuation firms consider observable market inputs together with significant unobservable inputs in arriving at their valuation recommendations for such investments. Investments purchased within the quarter before the valuation date and debt investments with remaining maturities of 60 days or less may each be valued at cost with interest accrued or discount accreted/premium amortized to the date of maturity (although they are typically valued at available market quotations), unless such valuation, in the judgment of our Investment Adviser, does not represent fair value. In this case, such investments shall be valued at fair value as determined in good faith by or under the direction of our Board of Directors, the Investment Adviser, including using market quotations where available. Investments that are not publicly traded or whose market quotations are not readily available are valued at fair value as determined in good faith by or under the direction of our Board of Directors. the Investment Adviser. Such determination of fair values may involve subjective judgments and estimates.

With respect to investments for which market quotations are not readily available or when such market quotations are deemed not to represent fair value, our Board of Directors has approved Investment Adviser undertakes a multi-step valuation process each quarter, as described below:

1. Our quarterly valuation process begins with each portfolio company or investment being initially valued by using certain inputs provided, among others, by the investme

professionals of our Investment Adviser who are responsible for the portfolio investment.

2. Preliminary valuation conclusions are then documented and discussed with senior management of our Investment Adviser.

3. Independent valuation firms are engaged by our Board of Directors to conduct independent appraisals by reviewing our Investment Adviser's preliminary valuations and then making their own independent assessment.

4. The Audit Committee of the Board of Directors reviews the preliminary valuation of our Investment Adviser and the valuation prepared by the independent valuation firms and responds, if warranted, to the valuation recommendation of the independent valuation firms.

5. The Board of Directors discusses valuations and determines in good faith the fair value of each investment in our portfolio based on the input of our Investment Adviser, the applicable independent valuation firm, and the Audit Committee of the Board of Directors.firm.

6. 4. For Level 3 investments entered into within the current quarter, the cost (purchase price adjusted for accreted original issue discount/amortized premium) or any re comparable trade activity on the security investment shall be considered to reasonably approximate the fair value of the investment, provided that no material change since occurred in the issuer's business, significant inputs or the relevant environment.

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Investments determined by these valuation procedures which have a fair value of less than $1 million during the prior fiscal quarter may be valued based on inputs identified by the Investment Adviser without the necessity of obtaining valuation from an independent valuation firm, if once annually an independent valuation firm using the procedures described herein provides a valuation. an independent assessment of value. Investments in all asset classes are valued utilizing a market approach, an income approach, or both approaches, as appropriate. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities (including a business). The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. In following these approaches, the types of factors that we may take into account in fair value pricing our investments include, as relevant: available current market data, including relevant and applicable market trading and transaction comparables, applicable market yields and multiples, security covenants, seniority of investment in the investee company's capital structure, call protection provisions, information rights, the nature and realizable value of any collateral, the portfolio company's ability to make payments, its earnings and discounted cash flows, the markets in which the portfolio company does business, comparisons of financial ratios of peer companies that are public, M&A comparables, our principal market (as the reporting entity) and enterprise values, among other factors. When readily available, broker quotations and/or quotations provided by pricing services are considered as an input in the valuation process of independent valuation firms. process. During the year twelve months ended March 31, 2022 December 31, 2022, there were no significant changes to the Company's valuation techniques and related inputs considered in the valuation process.

Investment Income Recognition

The Company records interest and dividend income, adjusted for amortization of premium and accretion of discount, on an accrual basis. Some of our loans and other investments, including certain preferred equity investments, may have contractual PIK interest or dividends. PIK income computed at the contractual rate is accrued into income and reflected as receivable up to the capitalization date. Certain PIK investments offer issuers the option at each payment date of making payments in cash or in additional securities. When additional securities are received, they typically have the same terms, including maturity dates and interest rates as the original securities issued. On these payment dates, the Company capitalizes the accrued interest or dividends receivable (reflecting such amounts as the basis in the additional securities received). PIK generally becomes due at maturity of the investment or upon the investment being called by the issuer. At the point the Company believes PIK is not expected to be realized, the PIK investment will be placed on non-accrual status. When a PIK investment is placed on non-accrual status, the accrued, uncapitalized interest or dividends are reversed from the related receivable through interest or dividend income, respectively. The Company does not reverse previously capitalized PIK interest or dividends. Upon capitalization, PIK is subject to the fair value estimates associated with their related investments. PIK investments on non-accrual status are restored to accrual status if the Company believes that PIK is expected to be realized.

Investments that are expected to pay regularly scheduled interest and/or dividends in cash are generally placed on non-accrual status when principal or interest/dividend cash payments are past due 30 days or more and/or when it is no longer probable that principal or interest/dividend cash payments will be collected. Such non-accrual investments are restored to accrual status if past due principal and interest or dividends are paid in cash, and in management's judgment, are likely to continue timely payment of their remaining interest or dividend obligations. Interest or dividend cash payments received on non-accrual designated investments may be recognized as income or applied to principal depending upon management's judgment.

Loan origination fees, original issue discount ("OID"), and market discounts are capitalized and accreted into interest income over the respective terms of the applicable loans using the effective interest method or straight-line, as applicable. Upon the prepayment of a loan, prepayment premiums, any unamortized loan origination fees, OID, or market discounts are recorded as interest income. Other income generally includes amendment fees, administrative fees, management fees, bridge fees, and structuring fees which are recorded when earned.

The Company records as dividend income the accretable yield from its beneficial interests in structured products such as CLOs based upon a number of cash flow assumptions that are subject to uncertainties and contingencies. Such assumptions include the rate and timing of principal and interest receipts (which may be subject to prepayments and defaults) of the underlying pools of

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assets. These assumptions are updated on at least a quarterly basis to reflect changes related to a particular security, actual historical data, and market changes. A structured product investment typically has an underlying pool of assets. Payments on structured product investments are payable solely from the cash flows from such assets. As such, any unforeseen event in these underlying pools of assets might impact the expected recovery and future accrual of income.

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Expenses

Expenses include management fees, performance-based incentive fees, interest expense, insurance expenses, administrative service fees, legal fees, directors' fees, audit and tax service expenses, third-party valuation fees and other general and administrative expenses. Expenses are recognized on an accrual basis.

Net Realized Gains (Losses) and Net Change in Unrealized Gains (Losses)

We measure 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 gains or losses previously recognized, but considering unamortized upfront fees and prepayment penalties. Net change in unrealized gain (loss) reflects the net change in portfolio investment values during the reporting period, including the reversal of previously recorded unrealized gains or losses.

Within the context of these critical accounting policies, we are not currently aware of any reasonably likely events or circumstances that would result in materially different amounts being reported.

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Results of Operations

For information regarding results of operations for the year ended March 31, 2020 March 31, 2022, see the Company's Transition Report on Form 10-K 10-KT for the fiscal year nine months ended March 31, 2021 December 31, 2022.

Operating results for the years twelve and nine months ended March 31, 2022 December 31, 2023 and 2021 2022 were as follows:

	Year Ended March 31,			
(in millions)*	**2022**		**2021**	
Investment Income				
Interest income (excluding Payment-in-kind ("PIK") interest income)	$	200.1	$	204.0
Dividend income		3.9		3.8
PIK interest income		4.1		6.5
Other income		5.1		2.5
Total investment income	$	213.2	$	216.7
Expenses				

Management and performance-based incentive fees, net of amounts waived	$ 47.6	$ 36.4
Interest and other debt expenses, net of reimbursements	55.0	55.4
Administrative services expense, net of reimbursements	5.5	4.5
Other general and administrative expenses	9.1	10.5
Net Expenses	$ 117.2	$ 106.7
Net Investment Income	$ 96.0	$ 110.0
Net Realized and Change in Unrealized Gains (Losses)		
Net realized gains (losses)	$ (67.4)	$ (21.5)
Net change in unrealized gains (losses)	53.8	23.3
Net Realized and Change in Unrealized Gains (Losses)	$ (13.6)	$ 1.8
Net Increase (Decrease) in Net Assets Resulting from Operations	$ 82.4	$ 111.9
Net Investment Income on Per Average Share Basis (1)	$ 1.49	$ 1.69
Earnings per share — basic (1)	$ 1.28	$ 1.71

	Twelve Months Ended December 31,		Nine Months Ended December 31,	
(in millions)*	**2023**	**2022**	**2023**	**2022**
Investment Income				
Interest income	$ 268.1	$ 221.9	$ 203.3	$ 169.4
Dividend income	1.4	1.1	1.4	0.8
PIK interest income	3.0	3.3	2.2	2.7
Other income	4.0	4.0	1.8	2.7
Total investment income	$ 276.5	$ 230.4	$ 208.7	$ 175.6
Expenses				
Management and performance-based incentive fees, net of amounts waived	$ 41.7	$ 42.0	$ 31.5	$ 32.1
Interest and other debt expenses, net of reimbursements	103.2	73.1	78.7	58.8
Administrative services expense, net of reimbursements	5.5	5.3	4.2	4.0
Other general and administrative expenses	10.1	8.9	7.9	6.6
Net Expenses	$ 160.5	$ 129.3	$ 122.2	$ 101.5
Net Investment Income	$ 116.0	$ 101.0	$ 86.5	$ 74.1
Net Realized and Change in Unrealized Gains (Losses)				
Net realized gains (losses)	$ 0.2	$ (71.3)	$ 1.0	$ (69.2)
Net change in unrealized gains (losses)	2.6	(2.6)	1.1	18.0
Net Realized and Change in Unrealized Gains (Losses)	$ 2.8	(73.9)	$ 2.1	$ (51.2)
Net Increase in Net Assets Resulting from Operations	$ 118.8	$ 27.2	$ 88.6	$ 22.9
Net Investment Income on Per Average Share Basis (1)	$ 1.78	$ 1.57	$ 1.33	$ 1.15
Earnings per share — basic (1)	$ 1.82	$ 0.42	$ 1.36	$ 0.36

* Totals may not foot due to rounding.

(1) Based on the weighted average number of shares outstanding for the period presented.

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Total Investment Income

For the year twelve months ended March 31, 2022 December 31, 2023 as compared to December 31, 2022

The decrease increase in total investment income of $3.6

structured product investments.

Net Expenses

For the year twelve months ended March 31, 2022 December 31, 2023 as compared to December 3

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million $46.1 million for the year twelve months ended March 31, 2022 December 31, 2023 compared to the year twelve months ended March 31, 2021 December 31, 2022 was primarily driven by the decrease increase in total interest income (including PIK) of $6.3 million $46.2 million. The decrease increase in total interest income (including PIK) was due to a decrease an increase in the average yield for the total debt portfolio, from 8.4% 9.4% for the year ended March 31, 2021 December 31, 2022 to 8.0% 11.5% for the year ended March 31, 2022 December 31, 2023. This was partially offset by a higher income-bearing investment portfolio and an increase decrease in prepayment fees and income recognized from the acceleration of discount, premium, or deferred fees on repaid investments, from

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$7.9 million $11.3 million for the year twelve months ended March 31, 2021 December 31, 2022 to $12.5 million $7.3 million for the year twelve months ended March 31, 2022 December 31, 2023.

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For the nine months ended December 31, 2023 as compared to the nine months ended December 31, 2023

The increase in total investment income of $33.1 million for the nine months ended December 31, 2023 compared to the nine months ended December 31, 2022 was primarily driven by the increase in total interest income of $33.9 million. The increase in total interest income was due to an increase in the yield for the total debt portfolio, from 9.4% for nine months ending December 31, 2022 to 11.8% for nine

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partially offset by a lower income-bearing investment portfolio and a decrease in prepayment fees and income recognized from the acceleration of discount, premium, or deferred fees on repaid investments, from $7.6 million for the nine months ended December 31, 2022 to $4.7 million for the nine months ended December 31, 2023. The increase in dividend income of $0.2 million $0.5 million was due to a increase in dividends received dividend from MSEA Tankers LLC, which totaled $1.7 million for the year ended March 31, 2021 compared to $2.1 million for year ended March 31, 2022. Furthermore, there was a increase in other income of $2.6 million primarily due to higher amendment and bridge fees.

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See **Note 7**8 to the consolidated financial statements for information on the Company's public offerings and share repurchase plans.

Distributions

Distributions paid to stockholders during the yearstwelve months ended March 31, 2022December 31, 2023 and 2021nine months ended December 31, 2022 totaled $93.3 million$123.6 million ($1.441.89 per share) and $105.7 million$66.7 million ($1.621.04 per share), respectively. For income tax purposes, distributions made to stockholders are reported as ordinary income, capital gains, non-taxable return of capital, or a combination thereof. Although the tax character of distributions paid to stockholders through March 31, 2022December 31, 2023 may include return of capital, the exact amount cannot be determined at this point. The final determination of the tax character of distributions will not be made until we file our tax return for the tax year ended March 31, 2022December 31, 2023. Tax characteristics of all distributions will be reported to stockholders on Form 1099 after the end of the calendar year. Our quarterly distributions, if any, will be determined by our Board of Directors.

To maintain our RIC status, we must distribute at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, at least annually, out of the assets legally available for distribution. Although we currently intend to distribute realized net capital gains (i.e., net long-term capital gains in excess of short-term capital losses), if any, at least annually, out of the assets legally available for such distributions, we may in the future decide to retain such capital gains for investment. Currently, we have substantial net capital loss carryforwards and consequently do not expect to generate cumulative net capital gains in the foreseeable future.

We maintain an "opt out" dividend reinvestment plan for our common stockholders. As a result, if we declare a dividend, then stockholders' cash dividends will be automatically reinvested in additional shares of our common stock, unless they specifically "opt out" of the dividend reinvestment plan so as to receive cash dividends.

We may not be able to achieve operating results that will allow us to make distributions at a specific level or to increase the amount of these distributions from time to time. In addition, due to the asset coverage test applicable to us as a BDC, we may in the future be limited in our ability to make distributions. Also, our revolving credit facility may limit our ability to declare dividends if we default under certain provisions or fail to satisfy certain other conditions. If we do not distribute a certain percentage of our income annually, we may suffer adverse tax consequences, including possible loss of the tax benefits available to us as a RIC. In addition, in accordance with GAAP and tax regulations, we include in income certain amounts that we have not yet received in cash, such as contractual PIK, which represents contractual interest added to the loan balance that becomes due at the end of the loan term, or the accrual of original issue or market discount. Since we may recognize income before or without receiving cash representing such income, we may not be able to meet the requirement to distribute at least 90% of our investment company taxable income to obtain tax benefits as a RIC.

With respect to the distributions to stockholders, income from origination, structuring, closing, commitment and other upfront fees associated with investments in portfolio companies is treated as taxable income and accordingly, distributed to stockholders.

PIK Income

For the years twelve months ended March 31, 2022 December 31, 2023 and 2021, nine months ended December 31, 2022, PIK income totaled $4.1 million $3.0 million and $6.5 million $2.7 million on total investment income of $213.2 million $276.5 million and $216.7 million $175.6 million, respectively. In order to maintain the Company's status as a RIC, this non-cash source of income must be paid out to stockholders annually in the form of distributions, even though the Company has not yet collected the cash. See **Note 56** to the consolidated financial statements for more additional information on regarding the Company's PIK income.

Related Party Transactions

See **Note 34** to the consolidated financial statements for information on the Company's related party transactions.

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Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are subject to financial market risks, including changes in interest rates and the valuations of our investment portfolio. Uncertainty with respect to the economic effects of the COVID-19 outbreak and subsequent variants has introduced significant volatility in the financial markets, and the effects of this volatility could materially impact our market risks, including those listed below. For additional information concerning the COVID-19 pandemic and its potential impact on our business and our operating results, see Part II - Other information, Item 1A. Risk Factors.

Investment valuation risk

Because there is not a readily available market value for most of the investments in our portfolio, we value substantially all of our portfolio investments at fair value as determined in good faith by our board of directors based on, among other things, the input of our management and audit committee and independent valuation firms that have been engaged at the direction of our board of directors to assist in the valuation of each portfolio investment without a readily available market quotation (with certain de minimis exceptions). Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may fluctuate from period to period. Additionally, the fair value of our investments may differ significantly from the values that would have been used had a ready market existed for such investments and may differ materially from the values that we may ultimately realize. Further, such investments are generally subject to legal and other restrictions on resale or otherwise are less liquid than publicly traded securities. If we were required to liquidate a portfolio investment in a forced or liquidation sale, we could realize significantly less than the value at which we have recorded it. In addition, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different than the unrealized gains or losses reflected in the valuations currently assigned. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies" and "—Fair Value Measurements" as well as **Notes 2 and 5** to our consolidated financial statements for the year ended March 31, 2022 December 31, 2023, for more information relating to our investment valuation.

Interest Rate Risk

Interest rate sensitivity refers to the change in our earnings that may result from changes in the level of interest rates. Because we fund a portion of our investments with borrowings, our net investment income is affected by the difference between the rate at which we invest and the rate at which we borrow. As a result, there can be no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income.

As of March 31, 2022 December 31, 2023, all the majority of our debt portfolio investments bore interest at variable rates, which generally are LIBOR-based SOFR-based (or based on an equivalent applicable currency rate such as SOFR) rate) and typically have durations of one to six months after which they reset to current market interest rates, and many of which are subject to certain floors. Further, our Senior Secured Facility and Class A-1 Notes under the CLO bears interest at LIBOR SOFR rates with no interest rate floors, while our 2025 Notes, 2026 Notes and 2026 2028 Notes bears interest at a fixed rate. As of December 31, 2021, all non-U.S. dollar LIBOR publications have been phased out. The phase out of a majority of the U.S. dollar publications is delayed until June 30, 2023. Potential changes, or uncertainty related to such potential changes, may adversely affect the market for LIBOR-based securities, including our portfolio of LIBOR-indexed, floating-rate debt securities, or the cost of our borrowings. SOFR appears to be the preferred alternative replacement rate for U.S. dollar LIBOR, but there is no guarantee SOFR will become the dominant alternative. Please see Part II - Other information, Item 1A. Risk Factors, "The interest rates of some of our floating-rate loans to our portfolio companies may be priced using a spread over LIBOR, which may be phased out in the future".

We regularly measure our exposure to interest rate risk. We assess interest rate risk and manage our interest rate exposure on an ongoing basis by comparing our interest rate sensitive assets to our interest rate sensitive liabilities. Based on that review, we determine whether or not any hedging transactions are necessary to mitigate exposure to changes in interest rates.

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The following table shows the estimated annual impact on net investment income of base rate changes in interest rates (considering interest rate flows for variable rate instruments) to our loan portfolio and outstanding debt as of March 31, 2022 December 31, 2023, assuming no changes in our investment and borrowing structure:

Basis Point Change	Net Investment Income	Net Investment Income Per Share
Up 200 basis points	$ 12.0 million	$ 0.189
Up 100 basis points	4.4 million	0.069
Up 50 basis points	1.1 million	0.018
Down 25 basis points	1.2 million	0.019

Basis Point Change	Net Investment Income	Net Investment Income Per Share
Up 150 basis points	$ 14.0 million	$ 0.214
Up 100 basis points	9.3 million	0.143
Up 50 basis points	4.7 million	0.071
Down 50 basis points	(4.7) million	(0.071)
Down 100 basis points	(9.3) million	(0.143)
Down 150 basis points	(14.0) million	(0.214)

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

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Item 8. Consolidated Financial Statements and Supplementary Data

Index to Consolidated Financial Statements

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Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, and for performing an assessment of the effectiveness of internal control over financial reporting as of March 31, 2022 December 31, 2023. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Management performed an assessment of the effectiveness of the Company's internal control over financial reporting as of March 31, 2022 December 31, 2023 based upon criteria in *Internal Control — Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on our assessment, management determined that the Company's internal control over financial reporting was effective as of March 31, 2022 December 31, 2023 based on the criteria on *Internal Control — Integrated Framework* issued by COSO.

The effectiveness of the Company's internal control over financial reporting as of March 31, 2022 December 31, 2023 has been audited by PricewaterhouseCoopers Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report which appears herein.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Apollo Investment Corporation

Opinions

Opinion on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated statements of assets and liabilities including the schedules of investments, of Apollo MidCap Financial Investment Corporation (the "Company"), including the consolidated schedules of investments, as of March 31, 2022 December 31, 2023 and 2021, and 2022, the related consolidated statements of operations, changes in net assets, and cash flows, and the consolidated financial highlights for each of the three years in the period twelve and nine month periods ended March 31, 2022 December 31, 2023 and December 31, 2022, including respectively, and the related notes (collectively referred to as the "financial statements" "financial statements"). We also have audited the Company's internal control over financial reporting as of March 31, 2022, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2022 December 31, 2023 and 2021, 2022, and the related results of its operations, changes in its net assets, and its cash flows and consolidated the financial highlights for each of the three years in the twelve and nine months period ended March 31, 2022 December 31, 2023 and December 31, 2022 respectively in conformity with accounting principles generally accepted in the United States of America. Also in our The consolidated financial highlights for the years ended March 31, 2022, 2021 and 2020 were audited by other auditors whose report, dated May 19, 2022, expressed an unqualified opinion the Company maintained, in all material respects, effective internal control over on those consolidated financial reporting as of March 31, 2022, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

highlights.

We have also previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the statements of assets and liabilities, including the schedules of investments, as of March 31, 2020, 2019, 2018, 2017, 2016, 2015, 2014 and 2013, and the related statements of operations, changes in net assets and cash flows for the years ended March 31, 2020, 2019, 2018, 2017, 2016, 2015, 2014 and 2013 (none of which are presented herein), and we expressed unqualified opinions on those financial statements. In our opinion, the information set forth in the senior securities table of the Company for each of the ten years in the period ended March 31, 2022, appearing on pages 61-64, is fairly stated, in all material respects, in relation to the financial statements from which it has been derived.

Basis for Opinions

The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment as of December 31, 2023, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express opinions on the Company's financial statements Treadway Commission and our report dated February 26, 2024, expressed an unqualified opinion on the Company's internal control over financial reporting reporting.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. statements and financial highlights. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of March 31, 2022 statements and 2021 by correspondence with the custodian, administrative agents and portfolio companies. financial highlights. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also procedures included performing such confirmation of securities owned as of December 31, 2023, by correspondence with the custodian, brokers and selling or agent banks; when replies were not received from brokers and selling or agent banks, we performed other procedures as we considered necessary in the circumstances. auditing procedures. We believe that our audits provide a reasonable basis for our opinions.

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Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

opinion.

Critical Audit Matters

Matter

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

Valuation

Fair Value of Level 3 Investments

As described in — Refer to Notes 2 and 5 6 to the financial statements, level Financial Statements

Critical Audit Matter Description

The Company held investments classified as Level 3 investments represent 99.95% under accounting principles generally accepted in the United States of the $2,522 million America. These investments included debt and equity securities with unique contract terms and conditions and/or complexity that considers a combination of investments held as multiple levels of March 31, 2022. Management values its level 3 investments through a multi-step valuation process. As a part of that multi-step valuation process, the Board of Directors market and the Audit Committee of the Board of Directors review the valuation models and assumptions prepared by the investment professionals of the Company's investment advisor and valuations prepared by independent third-party valuation firms. asset specific inputs. The Company's level 3 investments are valued using market quotations when readily available, if and when market quotations are unavailable or deemed not representative of fair value, the level 3 investments are valued using a market approach, an income approach, or both approaches, as determined to be appropriate by management. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) discounted to a single present value amount. The measurement is based on the value indicated by current market expectations about those future amounts. In following these approaches, the types of factors that management may take into account used in fair value pricing investments include observable market inputs together with significant unobservable inputs, including relevant comparable company multiples, discount rates, residual values, expected volatility, recoverable amounts, recent transactions and sales proceeds. The principal considerations for our determination that performing procedures relating to the valuation of level 3 investments is a critical audit matter are the significant judgment by management to determine estimating the fair value of these level investments vary and certain significant inputs used were unobservable.

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We identified the valuation of Level 3 investments which included as a critical audit matter because of the judgments necessary for management to select valuation techniques and to use significant unobservable inputs related to comparable company multiples, discount rates and residual values. estimate the fair value. This in turn led to required a high degree of auditor judgment, subjectivity, judgement and extensive effort in performing to audit procedures and evaluating the audit evidence obtained related to the comparable company multiples, discount rates and residual values. In addition, the audit effort involved the use management's estimate of professionals with specialized skill and knowledge to assist in performing these procedures and evaluating the audit evidence obtained. Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the financial statements. These procedures included testing the effectiveness fair value of controls relating to the valuation of level Level 3 investments, including controls over the Company's methods, data and significant unobservable inputs. These procedures also included, among others, testing the completeness, accuracy, reliability, and relevance of key data and calculations used in the models and the involvement of professionals with specialized skill and knowledge need to assist in either (i) testing management's process, which entails evaluating involve fair value specialists possessing relevant valuation experience to evaluate the appropriateness of the methodology applied by management valuation techniques and the reasonableness of significant unobservable inputs used in the methodology, specifically comparable company multiples, discount rates, valuation of certain investments.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the valuation of certain Level 3 investments included the following, among other factors:

1. We tested the design, implementation and residual values operating effectiveness of controls over management's valuation of Level 3 investments, including those rel valuation techniques and significant unobservable inputs.
2. We evaluated the appropriateness of the valuation techniques used for certain Level 3 investments as applicable; or (ii) developing an independent and tested the significant unobservable inputs by comparing these inputs to external sources.

3. For a selected sample of Level 3 investments, we performed procedures with the assistance of internal fair value range for specialists to evaluate the investments, va techniques and comparison of the fair value range to the fair value estimates prepared by management for certain investments.

Recent Accounting Pronouncements

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Note 3. Change in Year End

On November 3, 2022, the Company's Board changed the Company's fiscal year end from March 2020, the FASB issued Accounting Standards Update No. 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting." The guidance provides optional expedients and exceptions for applying GAAP 31 to contract modifications, hedging relationships and other transactions, subject to meeting certain criteria, that reference LIBOR or another reference rate expected to be discontinued because of the reference rate reform. ASU 2020-04 is December 31, effective for all entities through December 31, 2022. The Company is evaluating filed a Transition Report on Form 10-KT which reflected our financial results for the potential impact that transition period from April 1, 2022 to December 31, 2022. Financial statements for the adoption of this guidance will have twelve months ended March 31, 2022 continue to be presented on the Company's financial statements.

basis of our previous fiscal year end.

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MIDCAP FINANCIAL INVESTMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(In thousands, except share and per share data)

The following is selected financial data for the nine month period ending December 31, 2023 and the comparable transition period ending December 31, 2022.

	Nine Months Ended December 31, 2023	Nine Months Ended December 31 2022
Investment Income		
Interest income (excluding Payment-in-kind ("PIK") interest income)	$ 203,332	$ 169,457
PIK Interest Income	2,222	2,662
Dividend income	1,397	779
Other income	1,793	2,711
Total Investment Income	$ 208,744	$ 175,609
Operating Expenses		
Management fees	$ 13,105	$ 26,621

(In thousands, except share and per share data)

Performance-based incentive fees	18,369	5,691
Interest and other debt expenses	79,432	59,363
Administrative services expense	4,418	4,188
Other general and administrative expenses	7,875	6,551
Total expenses	123,199	102,414
Management and performance-based incentive fees waived	—	—
Performance-based incentive fee offset	—	(178)
Expense reimbursements	(971)	(770)
Net Expenses	$ 122,228	$ 101,466
Net Investment Income	$ 86,516	$ 74,143
Net Realized and Change in Unrealized Gains (Losses)		
Net realized gains (losses)	1,034	(69,239)
Net change in unrealized gains (losses)	1,078	18,036
Net Realized and Change in Unrealized Gains (Losses)	$ 2,112	$ (51,203)
Net Increase (Decrease) in Net Assets Resulting from Operations	$ 88,628	$ 22,940
Earnings (Loss) Per Share — Basic	1.36	0.36

SEC Disclosure Update and Simplification

In December 2020, the SEC adopted Rule 2a-5. The rule establishes a consistent, principles-based framework for boards of directors to use in creating their own specific processes in order to determine fair values in good faith. The effective date for compliance with Rule 2a-5 is September 8, 2022. The Company continues to evaluate the potential impact that the rule will have on the Company's financial statements.

Note 3. 4. Related Party Agreements and Transactions

Investment Advisory Agreement with AIM

The Company has an investment advisory management agreement with the Investment Adviser (the "Investment Advisory Agreement") under which AIM receives a fee from the Company, consisting of two components — a base management fee and a performance-based incentive fee.

Base Management Fee

The base management fee is calculated at an annual rate of 1.75% (0.4375% per quarter) of the Company's net asset value as of the final business day of the prior calendar quarter; provided, however, that the base management fee shall not be greater than 1.50% (0.375% per quarter) of the lesser of (i) the average of the value of the Company's gross assets (excluding cash or cash equivalents but including other assets purchased with borrowed amounts) at the end of each of the two most recently completed calendar quarters and (ii) the average monthly value (measured as of the last day of each month) of the Company's gross assets (excluding cash or cash equivalents but including other assets purchased with borrowed amounts) during the most recently completed calendar quarter. The base management fee is payable quarterly in arrears. The value of the Company's gross assets is calculated in accordance with the Company's valuation procedures.

Effective

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For the period from April 1, 2018 to December 31, 2022, the base management fee is was calculated initially at an annual rate of 1.50% (0.375%1.50% (0.375% per quarter) of the lesser of (i) the average of the value of the Company's gross assets net of average of any payable for investments (excluding cash or cash equivalents but including other assets purchased with borrowed amounts) at the end of each of the two most recently completed calendar quarters and (ii) the average monthly value (measured as of the last day of each month) of the Company's gross assets (excluding cash or cash equivalents but including other assets purchased with borrowed amounts) during the most recently completed calendar quarter; provided, however, in each case, the base management fee is was calculated at an annual rate of 1.00% (0.250%1.00% (0.250% per quarter) of the average of the value of the Company's gross assets (excluding cash or cash equivalents but including other assets purchased with borrowed amounts) that exceeds the product of (A) 200%200% and (B) the value of the Company's net asset value at the end of the prior calendar quarter. The base management fee will be was payable quarterly in arrears. The value of the Company's gross assets shall be was calculated in accordance with the Company's valuation policies.

procedures.

Performance-based Incentive Fee

The incentive fee (the "Incentive Fee") consists of two components that are determined independent of each other, with the result that one component may be payable even if the other is not. A portion of the Incentive Fee is based on income and a portion is based on capital gains, each as described below:

A.

(i) Incentive Fee based on Pre-Incentive Fee Net Income

Beginning January 1, 2019, the incentive fee - effective January 1, 2023

The Incentive Fee on pre-incentive fee net investment income will be is determined and paid quarterly in arrears by calculating the amount by which (x) the aggregate amount of the pre-incentive fee net investment income with respect to the current calendar quarter and each of the eleven preceding calendar quarters beginning with (in either case, the calendar quarter that commences on or after April 1, 2018 (the "trailing twelve quarters" "Trailing Twelve Quarters") exceeds (y) the preferred return amount in respect of the trailing twelve quarters.

Trailing Twelve Quarters; provided, however, that the pre-incentive fee net investment income in respect of the current calendar quarter exceeds the multiple of (A) 1.75% and (B) the Company's net asset value at the beginning of such calendar quarter. For the purposes of the Incentive Fee calculations, each calendar quarter comprising the relevant Trailing Twelve Quarters that commenced prior to January 1, 2023 shall be known as a "Legacy Fee Quarter" while a calendar quarter that commenced on or after January 1, 2023 shall be known as a "Current Fee Quarter."

The preferred return amount will be is determined on a quarterly basis, and will be is calculated by summing the amounts obtained by multiplying 1.75%1.75% by the Company's net asset value at the beginning of each applicable calendar quarter comprising the relevant trailing twelve quarters. Trailing Twelve Quarters. The preferred return amount will be is calculated after making appropriate adjustments to the Company's net asset value at the beginning of each applicable calendar quarter for Company capital issuances and distributions during the applicable calendar quarter.

The amount of the Incentive Fee on Income that will be is paid to the Investment Adviser for a particular quarter equals the excess of the incentive fee on pre-incentive fee net investment income, so calculated less the aggregate incentive fee on pre-incentive fee net investment income that were paid to the Investment Adviser (excluding waivers, if any) in the preceding eleven calendar quarters comprising the relevant Trailing Twelve Quarters.

The Company will pay the Investment Adviser an incentive fee with respect to our pre-incentive fee net investment income in each calendar quarter as follows:

(1) no incentive fee in any calendar quarter in which our pre-incentive fee net investment income for the Trailing Twelve Quarters does not exceed the preferred return amount.

(2) 100% of our pre-incentive fee net investment income for the Trailing Twelve Quarters, if any, that exceeds the preferred return amount but is less than or equal to the catch-up amount, which shall be the sum of (i) the product of 2.1875% multiplied by the Company's net asset value at the beginning of each applicable Legacy Fee Quarter included in the relevant Trailing Twelve Quarters and (ii) the product of 2.1212% multiplied by the Company's net asset value at the beginning of each applicable Current Fee Quarter included in the relevant Trailing Twelve Quarters.

(3) for any quarter in which the Company's pre-incentive fee net investment income for the Trailing Twelve Quarters exceeds the catch-up amount, the incentive fee shall equal 20.00% for each Legacy Fee Quarter and 17.50% otherwise of the amount of the Company's pre-incentive fee net investment income for such Trailing Twelve Quarters, provided, however, that the incentive fee on income for any quarter shall not be greater than 20.00% or 17.50%, as applicable, of the amount of the Company's current quarter's pre-incentive fee net investment income.

The Incentive Fee on Income as calculated is subject to the Incentive Fee Cap. The Incentive Fee Cap in any quarter is an amount equal to (a) 20.00% of the Cumulative Pre-Incentive Fee Net Return (as defined below) during the relevant Legacy Fee Quarters included in the relevant Trailing Twelve Quarters and 17.50% of the Cumulative Pre-Incentive Fee Net Return during the relevant Current Fee Quarters included in the relevant Trailing Twelve Quarters less (b) the aggregate Incentive Fees on Income that were paid to the Investment Adviser (excluding waivers, if any) in the preceding eleven calendar quarters (or portion thereof) comprising the relevant Trailing Twelve Quarters.

(ii) Incentive Fee on Pre-Incentive Fee Net Income - (January 1, 2019 - December 31, 2022)

For the period from January 1, 2019 to December 31, 2022, the incentive fee on pre-incentive fee net investment income was determined and paid quarterly in arrears by calculating the amount by which (x) the aggregate amount of the pre-incentive fee net investment income with respect of the applicable calendar quarter and each of the eleven preceding calendar quarters beginning with the calendar quarter that commences on or after April 1, 2018 (the "trailing twelve quarters") exceeds (y) the preferred return amount in respect of the trailing twelve quarters.

The preferred return amount was determined on a quarterly basis, and was calculated by summing the amounts obtained by multiplying 1.75% by the Company's net asset value at the beginning of each applicable calendar quarter comprising the relevant trailing twelve quarters. The preferred return amount was calculated after making appropriate adjustments to the Company's net asset value at the beginning of each applicable calendar quarter for Company capital issuances and distributions during the applicable calendar quarter.

The amount of the Incentive Fee on Income that was paid to the Investment Adviser for a particular quarter equaled the excess of the incentive fee on pre-incentive fee net investment income, so calculated less the aggregate incentive fee on pre-incentive fee net investment income that were paid to the Investment Adviser (excluding waivers, if any) in the preceding eleven calendar quarters comprising the relevant trailing twelve quarters.

The Company will pay paid the Investment Adviser an incentive fee with respect to our pre-incentive fee net investment income in each calendar quarter as follows:

(1) no incentive fee in any calendar quarter in which our pre-incentive fee net investment income for the trailing twelve quarters does did not exceed the preferred return amount.

(2) 100%100% of our pre-incentive fee net investment income for the trailing twelve quarters, if any, that exceeds exceeded the preferred return amount but is less than or equal to an amount (the "catch-up amount") determined by multiplying 2.1875%2.1875% by the Company's net asset value at the beginning of each applicable calendar quarter comprising the relevant trailing twelve quarters.

(3) for any quarter in which the Company's pre-incentive fee net investment income for the trailing twelve quarters exceeds exceeded the catch-up amount, the incentive fee shall should equal 20%20% of the amount of the Company's pre-incentive fee net investment income for such trailing twelve quarters.

The Incentive Fee on Income as calculated is was subject to a cap (the "Incentive Fee Cap"). The Incentive Fee Cap in any quarter is was an amount equal to (a) 20%20% of the Cumulative Pre-Incentive Fee Net Return (as defined below) during the relevant trailing twelve quarters less (b) the aggregate Incentive Fees on Income that were paid to the Investment Adviser (excluding waivers, if any) in the preceding eleven calendar quarters (or portion thereof) comprising the relevant trailing twelve quarters.

For this purpose, "Cumulative "Cumulative Pre-Incentive Fee Net Return" during the relevant trailing twelve quarters means (x) Pre-Incentive Fee Net Investment Income in respect of the trailing twelve quarters less (y) any Net Capital Loss, since April 1, 2018, in respect of the trailing twelve quarters. If, in any quarter, the Incentive Fee Cap is was zero or a negative value, the Company shall pay no Incentive Fee on Income to the Investment Adviser in that quarter. If, in any quarter, the Incentive Fee Cap is a positive value but is less than the Incentive Fee on Income calculated in accordance with the calculation described above, the Company shall pay the Investment Adviser the Incentive Fee Cap for such quarter. If, in any quarter, the Incentive Fee Cap is was equal to or greater than the Incentive Fee on Income calculated in accordance with the calculation described above, the Company shall pay the Investment Adviser the Incentive Fee on Income for such quarter.

"Net Capital Loss" in respect of a particular period means the difference, if positive, between (i) aggregate capital losses, whether realized or unrealized, in such period and (ii) aggregate capital gains, whether realized or unrealized, in such period.

B. Incentive Fee Based on Cumulative Net Realized Gains

The Incentive Fee on Capital Gains is determined and payable in arrears as of the end of each calendar year (or upon termination of the investment advisory management agreement). This fee shall equal 20.0%17.50% of the sum of the Company's realized capital gains on a cumulative basis, calculated as of the end of each calendar year (or upon termination of investment advisory management agreement), computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any Incentive Fees on Capital Gains previously paid to the Investment Adviser. The aggregate unrealized capital depreciation of the Company shall be calculated as the sum of the differences, if negative, between (a) the valuation of each investment in the Company's portfolio as of the applicable calculation date and (b) the accreted or amortized cost basis of such investment.

Prior to January 1, 2023, the Incentive Fee on Capital Gains was determined and paid in arrears as of the end of each calendar year (or upon termination of the investment advisory management agreement). This fee equaled 20.0% of the sum of the Company's realized capital gains on a cumulative basis, calculated as of the end of each calendar year (or upon termination of investment advisory management agreement), computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any Incentive Fees on Capital Gains previously paid to the Investment Adviser. The aggregate unrealized capital depreciation of the Company was calculated as the sum of the differences, if negative, between (a) the valuation of each investment in the Company's portfolio as of the applicable calculation date and (b) the accreted or amortized cost basis of such investment.

For accounting purposes only, we are required under GAAP to accrue a theoretical capital gains incentive fee based upon net realized capital gains and unrealized capital gain and loss on investments held at the end of each period. The accrual of this theoretical capital gains incentive fee assumes all unrealized capital gain and loss is realized in order to reflect a theoretical capital gains incentive fee that would be payable to the Investment Adviser at each measurement date. There was no accrual for theoretical capital gains incentive fee for the years nine months ended March 31, 2022 December 31, 2022 and 2021. twelve months ended March 31, 2022. It should be noted that a fee so calculated and accrued would not be payable under the Investment Advisers Act of 1940 ("the Advisers (the "Advisers Act") or the investment advisory management agreement, and would not be paid based upon such computation of capital gains incentive fees in subsequent periods. Amounts actually paid to the Investment Adviser will be consistent with the Advisers Act and formula reflected in the investment advisory management agreement which specifically excludes consideration of unrealized capital gain.

For the years year ended December 31, 2023, the nine months ended December 31, 2022 and the year ended March 31, 2022, 2021 and 2020, respectively, the Company recognized $36,142, $36,434 $17,369, $26,621 and $40,360, respectively, $36,142 of management fees, and $11,681, $0 $24,565, $5,691 and $1,983, respectively, $11,681 of incentive fees before impact of waived fees. For the years year ended December 31, 2023, the nine months ended December 31, 2022 and the year ended March 31, 2022, 2021 and 2020 respectively, no management fees were waived (as not applicable). For the years year ended December 31, 2023, the nine months ended December 31, 2022 and the year ended March 31, 2022, 2021 and 2020 respectively, no incentive fees were waived.

As of March 31, 2022 December 31, 2023 and March 31, 2021 December 31, 2022, management and performance-based incentive fees payable were $9,912 $10,729 and $8,666, $9,060, respectively.

Fee Offset

On January 16, 2019, the Company and AIM entered into a fee offset agreement in connection with revenue realized by AIM and its affiliates for the management of certain aircraft assets. The Company will receive received an offsetting credit against total incentive fees otherwise due to AIM under the investment advisory management agreement. The amount offset will was initially be 20%20% of the management fee revenue earned and incentive fee revenue realized by AIM and its affiliates in connection with managing aircraft assets on related insurance balance sheets ("New Balance Sheet Investments"), new aircraft managed account capital ("New Managed Accounts") and new dedicated aircraft funds ("New Aircraft Funds"). Once the aggregate capital raised by the New Aircraft Funds or New Managed Accounts and capital invested by the New Balance Sheet Investments exceeds $3 billion exceeded $3 billion cumulatively, the fee offset will would step down to 10%10% of the amount of incremental management fee revenue earned and incentive fee revenue realized by AIM and its affiliates. The fee offset will was supposed to be in place for seven years, however the incentive fees realized by AIM and its affiliates after this seven-year period from applicable investments that were raised or made within the seven-year period will would also be used to offset incentive fees payable to AIM by the Company. The offset will would be limited to the amount of incentive fee payable by the Company to AIM and any unapplied fee offset which exceeds the incentive fees payable in a given quarter will carry forward to be credited against the incentive fees payable by the Company in subsequent quarters.

Effective February 21, 2023, as a result of the planned reduction and the pending departure of certain Merx personnel, Merx and Apollo agreed to terminate the fee offset agreement in exchange for a termination fee of $7.5 million.

For the years year ended December 31, 2023, the nine months ended December 31, 2022 and the year ended March 31, 2022, 2021 respectively, management fee and 2020 management performance based fee offset was $247, $25 $274, $178 and $0, respectively. $247.

Administration Agreement with AIA

The Company has also entered into an administration agreement with the Administrator (the "Administration Agreement") under which AIA provides administrative services for the Company. For providing these services, facilities and personnel, the Company reimburses the Administrator for the allocable portion of overhead and other expenses incurred by the Administrator and requested to be reimbursed by the Administrator in performing its obligations under the Administration Agreement. The expenses include rent and the Company's allocable portion of compensation and other related expenses for its Chief Financial Officer, Chief Legal Officer and Chief Compliance Officer and their respective staffs. For the years year ended December 31, 2023, the nine months ended December 31, 2022 and the year ended March 31, 2022, 2021 and 2020, the Company recognized administrative services expense under the Administration Agreement of $5,835, $4,765 $5,840, $4,188 and $6,335, $5,835, respectively. There was were no fees payable to AIA and its affiliates for expenses paid on our behalf as of March 31, 2022 December 31, 2023 and March 31, 2021 December 31, 2022.

Administrative Service Expense Reimbursement

Merx Aviation Finance, LLC ("Merx"), a wholly-owned portfolio company of the Company, has entered into an administration agreement with the Administrator (the "Merx Administration Agreement") under which AIA provides administrative services to Merx and several Merx managed entities. For the years year ended December 31, 2023, the nine months ended December 31, 2022 and the year ended March 31, 2022, 2021 and 2020, respectively, the Company recognized administrative service expense reimbursements of $300, $300 $300, $226 and $300, $300, respectively.

Debt Expense Reimbursements

The Company has also entered into debt expense reimbursement agreements with Merx and several other portfolio companies, which will reimburse the Company for reasonable out-of-pocket expenses incurred, including any interest, fees or other amounts incurred by the Company in connection with letters of credit issued on their behalf. For the years year ended December 31, 2023, the nine months ended December 31, 2022 and the year ended March 31, 2022, 2021 and 2020, respectively, the Company recognized debt expense reimbursements of $43, $62 $1,006, $544 and $133, $43, respectively, under the debt expense reimbursement agreements.

Co-Investment Activity

We may co-invest on a concurrent basis with affiliates of ours, subject to compliance with applicable regulations and our allocation procedures. Certain types of negotiated co-investments may be made only in accordance with the terms of the exemptive order we received from the SEC permitting us to do so. On March 29, 2016 December 29, 2021, we received an exemptive order from the SEC, which was amended on December 29,2021 January 10, 2023 (the "Order") permitting us greater flexibility to negotiate the terms of co-investment transactions with certain of our affiliates, including investment funds managed by AIM or its affiliates and Apollo proprietary accounts, subject to the conditions included therein. Under the terms of the Order, a "required majority" (as defined in Section 57(o) of the 1940 Act) of our independent directors must be able to reach certain conclusions in connection with a co-investment transaction, including that (1) the terms of the proposed transaction are reasonable and fair to us and our stockholders and do not involve overreaching of us or our stockholders on the part of any person concerned, and (2) the transaction is consistent with the interests of our stockholders and is consistent with our Board of Directors' approved criteria. In certain situations where co-investment with one or more funds managed by AIM or its affiliates is not covered by the Order, the personnel of AIM or its affiliates will need to decide which fund will proceed with the investment. Such personnel will make these determinations based on allocation policies and procedures, which are designed to reasonably ensure that investment opportunities are allocated fairly and equitably among affiliated funds over time and in a manner that is consistent with applicable laws, rules and regulations. The Order is subject to certain terms and conditions so there can be no assurance that we will be permitted to co-invest with certain of our affiliates other than in the circumstances currently permitted by regulatory guidance and the Order.

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As of March 31, 2022 December 31, 2023, the Company's co-investment holdings were 71%77% of the portfolio or $1,783,052, $1,808,017, measured at fair value. On a cost basis, 65%72% of the portfolio or $1,780,779 $1,817,084 were co-investments. As of March 31, 2021 December 31, 2022, the Company's co-investment holdings were 63%74% of the portfolio or $1,542,275, $1,783,438, measured at fair value. On a cost basis, 57%69% of the portfolio or $1,545,567 $1,797,140 were co-investments.

Merx Aviation

Effective January 16, 2019, Mr. Gary Rothschild, President and Chief Executive Officer of Merx, became an employee of Apollo Management Holdings, L.P. ("AMH" ("AMH"), an affiliate of the Company's investment adviser. Mr. Rothschild also retained his role as the President and Chief Executive Officer of Merx.

Effective January 16, 2019, Merx entered into a series of service arrangements with affiliates of AGM. Under a servicing agreement with Apollo Capital Management, L.P. ("ACM" ACM (the "Servicing Agreement"), Merx serves as technical servicer to aircraft clients of ACM and its affiliates. Under a research support agreement with ACM (the "Research Support Agreement"), Merx employees assist ACM with technical due-diligence and underwriting of new aircraft-related investment opportunities. Under a technical support agreement (the "Technical Support Agreement"), Merx and AMH share the services of Mr. Gary Rothschild, who is the President and Chief Executive Officer of Merx and an employee of AMH.

In addition, on the same date the Company and AIM entered into a fee offset agreement in connection with revenue realized by AIM and its affiliates for the management of certain aircraft assets (the "Fee Offset Agreement") under which the Company receives an offsetting credit against fees otherwise due to AIM under the Investment Advisory Agreement.

In 2022, we announced our plans to reduce our aviation leasing platform that is operating through Merx. Effective February 21, 2023, as a result of the planned reduction and the pending departure of certain Merx personnel, Merx and Apollo agreed to an Amended Servicing Agreement and to terminate the Research Support Agreement, the Technical Support Agreement and the Fee Offset Agreement in exchange for a termination fee of $7.5 million. Under the Amended Servicing Agreement and the subservicing agreement with an affiliate, as part of the February 21, 2023 termination payment, Merx will continue to service certain legacy Apollo aircraft investments during its reduction.

On April 1, 2020 September 1, 2022, $105,300 $110,700 of the Merx first lien secured revolver held by the Company was converted into common equity. In addition, On September 30, 2023, Merx amended its credit agreement and the interest rate on the revolver was lowered from 12% to 10%.

On July 1, 2021, $84,500 commitment of the Merx common equity held by the Company was converted into the Merx first lien secured revolver. revolver decreased to $100,000. The balance of the Merx revolver as of March 31, 2022 December 31, 2023 was $275,000. $74,075.

Sub-Servicing Agreement

On November 2, 2023, MFIC Bethesda CLO 1 LLC entered into a sub-servicing agreement with MidCap Financial Services, LLC (the "Sub-Servicing Agreement"), under which MidCap Financial Services, LLC provides management services to Bethesda CLO 1 Issuer in connection with the issuance of the Bethesda CLO 1 Notes. Under the Sub-Servicing Agreement, MFIC Bethesda CLO 1 LLC will pay MidCap Financial Services, LLC a fee in the amount of $100 on an annual basis.

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MIDCAP FINANCIAL INVESTMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(In thousands, except share and per share data)

Note 4. 5. Earnings Per Share

The following table sets forth the computation of earnings (loss) per share ("EPS"), pursuant to ASC 260-10, for the years twelve months ended December 31, 2023, the nine months ended December 31, 2022 and the twelve months ended March 31, 2022, 2021 and 2020:

	Year Ended March 31,		
	2022	2021	2020
Basic and Diluted Earnings (Loss) Per Share			
Net increase (decrease) in net assets resulting from operations	$ 82,364	$ 111,861	$ (116,064)
Weighted average shares outstanding	64,516,533	65,259,176	67,228,771
Basic and diluted earnings (loss) per share	$ 1.28	$ 1.71	$ (1.73)

respectively,

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

(In thousands, except share and per share data)

	Twelve Months Ended December 31,	Nine Months Ended December 31,	Twelve Months Ended March 31,
	2023	2022	2022
Basic Earnings Per Share			
Net increase (decrease) in net assets resulting from operations	$ 118,760	$ 22,940	$ 82,364
Weighted average shares outstanding	65,330,350	64,585,966	64,516,533
Basic earnings (loss) per share	$ 1.82	$ 0.36	$ 1.28

Note 5. 6. Investments

Fair Value Measurements and Disclosures

The following table shows the composition of our investment portfolio as of March 31, 2022 December 31, 2023, with the fair value disaggregated into the three levels of the fair value hierarchy in accordance with ASC 820:

			Fair Value Hierarchy		
	Cost	Fair Value	Level 1	Level 2	Level 3
First Lien Secured Debt	$ 2,261,481	$ 2,259,506	$ —	$ —	$ 2,259,506
Second Lien Secured Debt	116,073	97,844	—	—	97,844
Structured Products and Other	16,998	10,038	—	—	10,038
Preferred Equity	41,152	30,162	—	—	30,162
Common Equity/Interests	309,990	125,524	1,230	—	124,294
Warrants	135	99	—	—	99
Total Investments	$ 2,745,829	$ 2,523,173	$ 1,230	$ —	$ 2,521,943

			Fair Value Hierarchy		
	Cost	Fair Value	Level 1	Level 2	Level 3
First Lien Secured Debt	$ 2,093,887	$ 2,075,031	$ —	$ —	$ 2,075,031
Second Lien Secured Debt	46,274	31,887	—	—	31,887
Unsecured Debt	—	—	—	—	—
Structured Products and Other	44,993	41,333	—	—	41,333
Preferred Equity	25,685	32,405	—	—	32,405
Common Equity/Interests	326,914	153,344	1,217	—	152,127
Warrants	389	199	—	—	199
Total Investments	$ 2,538,142	$ 2,334,199	$ 1,217	$ —	$ 2,332,982
Money Market Fund	$ 252	$ 252	$ 252	$ —	$ —
Total Investments after Cash Equivalents	$ 2,538,394	$ 2,334,451	$ 1,469	$ —	$ 2,332,982

(In thousands, except share and per share data)

The following table shows the composition of our investment and derivative portfolio as of March 31, 2021 December 31, 2022, with the fair value disaggregated into the three levels of the fair value hierarchy in accordance with ASC 820:

	Cost	Fair Value	Fair Value Hierarchy Level 1	Fair Value Hierarchy Level 2	Fair Value Hierarchy Level 3
First Lien Secured Debt	$ 2,150,973	$ 2,130,309	$ —	$ —	$ 2,130,309
Second Lien Secured Debt	105,731	70,919	—	—	70,919
Unsecured Debt	50	50	—	—	50
Structured Products and Other	16,998	9,413	—	—	9,413
Preferred Equity	40,530	35,557	—	—	35,557
Common Equity/Interests	292,503	151,398	1,761	323	149,314
Warrants	389	474	—	—	474
Total Investments	$ 2,607,174	$ 2,398,120	$ 1,761	$ 323	$ 2,396,036

	Cost	Fair Value	Fair Value Hierarchy Level 1	Fair Value Hierarchy Level 2	Fair Value Hierarchy Level 3
First Lien Secured Debt	$ 1,995,074	$ 1,907,807	$ —	$ —	$ 1,907,807
Second Lien Secured Debt	279,437	237,609	—	—	237,609
Unsecured Debt	22,000	22,000	—	—	22,000
Structured Products and Other	16,812	11,289	—	—	11,289
Preferred Equity	40,703	22,537	—	—	22,537
Common Equity/Interests	362,162	246,314	—	484	245,830
Warrants	211	1,595	—	—	1,595
Total Investments before Cash Equivalents	$ 2,716,399	$ 2,449,151	$ —	$ 484	$ 2,448,667
Money Market Fund	$ 50,180	$ 50,180	$ 50,180	$ —	$ —
Total Cash Equivalents	$ 50,180	$ 50,180	$ 50,180	$ —	$ —
Total Investments after Cash Equivalents	$ 2,766,579	$ 2,499,331	$ 50,180	$ 484	$ 2,448,667

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The following table shows changes in the fair value of our Level 3 investments during for the year twelve months ended March 31, 2022 December 31, 2023:

	First Lien Secured Debt (2)	Second Lien Secured Debt (2)	Unsecured Debt	Structured Products and Other	Preferred Equity	Common Equity/Interests	Warrants	Total
Fair value as of December 31, 2022	$ 2,130,309	$ 70,919	$ 50	$ 9,413	$ 35,557	$ 149,314	$ 474	$ 2,396,036
Net realized gains (losses)	8,066	(978)	—	—	—	381	—	7,469
Net change in unrealized gains (losses)	1,808	20,424	—	3,924	11,692	(32,193)	(275)	5,380
Net amortization on investments	7,536	254	—	—	—	—	—	7,790
Purchases, including capitalized PIK (3)	521,876	138	2	30,077	67	23,754	—	575,914
Sales (3)	(594,564)	(58,870)	(52)	(2,081)	(14,911)	10,276	—	(660,202)
Transfers out of Level 3 (1)	—	—	—	—	—	—	—	—
Transfers into Level 3 (1)	—	—	—	—	—	595	—	595

	First Lien Secured Debt (2)	Second Lien Secured Debt (2)	Unsecured Debt	Structured Products and Other	Preferred Equity	Common Equity/Interests	Warrants	Total
Fair value as of December 31, 2023	$ 2,075,031	$ 31,887	$ —	$ 41,333	$ 32,405	$ 152,127	$ 199	$ 2,332,982
Net change in unrealized gains (losses) on Level 3 investments still held as of December 31, 2023	$ 334	$ (1,613)	$ —	$ 4,977	$ (1,258)	$ 4,209	$ (274)	$ 6,375

	First Lien Secured Debt (2)	Second Lien Secured Debt (2)	Unsecured Debt	Structured Products and Other	Preferred Equity	Common Equity/Interests	Warrants	Total
Fair value as of March 31, 2021	$ 1,907,807	$ 237,609	$ 22,000	$ 11,289	$ 22,537	$ 245,830	$ 1,595	$ 2,448,667
Net realized gains (losses)	(42,356)	(20,440)	25	—	—	696	—	(62,075)
Net change in unrealized gains (losses)	85,621	23,598	—	(1,437)	7,177	(69,675)	(1,420)	43,864
Net amortization on investments	18,725	2,188	—	—	—	—	—	20,913
Purchases, including capitalized PIK (3)	1,233,100	2,442	—	186	448	49,057	—	1,285,233
Sales (3)	(932,673)	(147,553)	(22,025)	—	—	(102,004)	(76)	(1,204,331)
Transfers out of Level 3 (1)	(10,718)	—	—	—	—	—	—	(10,718)
Transfers into Level 3 (1)	—	—	—	—	—	390	—	390
Fair value as of March 31, 2022	$ 2,259,506	$ 97,844	$ —	$ 10,038	$ 30,162	$ 124,294	$ 99	$ 2,521,943
Net change in unrealized gains (losses) on Level 3 investments still held as of March 31, 2022	$ 7,385	$ 1,425	$ —	$ (1,429)	$ 7,177	$ (34,834)	$ (4)	$ (20,280)

(1)

(1) Transfers out of Level 3 are due to an increase in the quantity and reliability of broker quotes obtained and transfers into Level 3 are due to a decrease in the quantity and reliability of broker quotes obtained as assessed by the Investment Adviser. Transfers are assumed to have occurred at the end of the period. There were no transfers between Level 1 and Level 2 fair value measurements during the period shown.

(2) Includes unfunded commitments measured at fair value of $(2,091) $(3,602).

(3) Includes reorganizations and restructuring of investments.162 Table of Contents

APOLLO INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)
(In thousands, except share and per share data)

The following table shows changes in the fair value of our Level 3 investments during the year nine months ended March 31, 2021 December 31, 2022:

	First Lien Secured Debt (2)	Second Lien Secured Debt (2)	Unsecured Debt	Structured Products and Other	Preferred Equity	Common Equity/Interests
Fair value as of March 31, 2020	$2,265,800	$343,420	$ —	$ 9,748	$ 7,968	$ 157,943
Fair value as of March 31, 2022						
Net realized gains (losses) Net realized gains (losses)	(15,446)	(2,906)	—	—	(1,519)	2,524
Net change in unrealized gains (losses) Net change in unrealized gains (losses)	70,671	676	—	1,458	(3,456)	(33,916)
Net amortization on investments Net amortization on investments	10,202	932	—	—	—	—
Purchases, including capitalized PIK (3) Purchases, including capitalized PIK (3)	683,284	2,171	22,000	83	19,764	138,148
Sales (3) Sales (3)	(1,106,704)	(106,684)	—	—	(220)	(18,869)
Transfers out of Level 3 (1) Transfers out of Level 3 (1)	—	—	—	—	—	—
Transfers into Level 3 (1) Transfers into Level 3 (1)	—	—	—	—	—	—
Fair value as of March 31, 2021	$1,907,807	$237,609	$ 22,000	$ 11,289	$22,537	$ 245,830

(In thousands, except share and per share data)

Fair value as of December 31, 2022

Net change in unrealized gains (losses) on Level 3 investments still held as of March 31, 2021	$ 20,794	$ (5,764)	$ —	$ 1,458	$ (3,456)	$ (36,640)

Net change in unrealized gains (losses) on Level 3 investments still held as of December 31, 2022

(2) Includes unfunded commitments measured at fair value of $(5,446) $(2,479).

(3) Includes reorganizations and restructuring of investments.

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The following tables summarize the significant unobservable inputs the Company used to value its investments categorized within Level 3 as of March 31, 2022 December 31, 2023 and March 31, 2021 December 31, 2022. In addition to the techniques and inputs noted in the tables below, according to our valuation policy we may also use other valuation techniques and methodologies when determining our fair value measurements. The below tables are not intended to be

The unobservable inputs used in the fair value measurement of our Level 3 investments as of March 31, 2022 December 31, 2023 were as follows:

Quantitative Information about Level 3 Fair Value Measurements

(1) (1) The weighted average information is generally derived by assigning each disclosed unobservable input a proportionate weight based on the fair value of the related investment. For the commodity price unobservable input, the weighted average price is an undiscounted price based upon the estimated production level from the underlying reserves.

Asset Category	Fair Value	Valuation Techniques/Methodologies
First Lien Secured Debt	$ 275,000	Discounted Cash Flo
		Residual Value
	62,975	Recent Transaction
	558	Recovery Analysis
	28,798	Recovery Analysis
	1,892,175	Yield Analysis
Second Lien Secured Debt	5,657	Market Comparable Technique
	6,444	Recovery Analysis
	85,743	Yield Analysis
Structured Products and Other	10,038	Discounted Cash Flo
Preferred Equity	355	Discounted Cash Flo
	24,741	Market Comparable Technique
	4,988	Option Pricing Mode
	78	Residual Value
	—	Yield Analysis
Common Equity/Interests	613	Discounted Cash Flo
	57,782	Discounted Cash Flo

all-inclusive, but rather provide information on the significant unobservable inputs as they relate to the Company's determination of fair values.

Asset Category	Fair Value	Valuation Techniques/Methodologies	Unobservable Input	Range	Weighted Average(1)
First Lien Secured Debt	$ 59,746	Recent Transaction	N/A	N/A	N/A

		Residual Value
	14,766	Market Comparable Technique
	42,331	Recent Transaction
	—	Recovery Analysis
	7,762	Recovery Analysis
	85	Market Comparable Technique
		Option Pricing Model
	325	N/A - Public
	630	Sale Proceeds
Warrants	99	Option Pricing Model
Total Level 3 Investments	$2,521,943	

111,468	Recovery Analysis	Recoverable Amount	N/A	N/A	N/A
1,903,817	Yield Analysis	Discount Rates	6.6%	25.1%	12.2%

Second Lien Secured Debt	2,207	Market Comparable Technique	Comparable Multiple	8.5x	8.5x	8.5x
	238	Recovery Analysis	Recoverable Amount	N/A	N/A	N/A

	29,442	Yield Analysis	Discount Rate	13.7%	15.8%	17.3%
Structured Products and Other	41,333	Yield Analysis	Discount Rate	13.0%	15.6%	14.9%

Preferred Equity	31,950	Market Comparable Technique	Comparable Multiple	2.8x	12.5x	11.1x
	268	Recent Transaction	Recent Transaction	N/A	N/A	N/A

—	Recovery Analysis Recoverable Amount	N/A	N/A	N/A
78	Residual Value Residual Value	N/A	N/A	N/A
109	Yield Analysis Discount Rates	13.5%	13.5%	13.5%

Common Equity/Interests	12,898	Market Comparable Technique	Comparable Multiple	3.6x	26.0x	11.8x
	281	Option Pricing Model	Expected Volatility	30.0%	115.0%	59.1%

125	Recent Transaction / Recent Transaction	N/A	N/A	N/A
—	Recovery Analysis / Recoverable Amount	N/A	N/A	N/A
117,454	Yield Analysis / Discount Rates	13.5%	14.3%	14.3%

	21,369	Estimated Proceeds	Estimated Proceeds	N/A	N/A	N/A
Warrants	199	Option Pricing Model	Expected Volatility	50.0%	50.0%	50.0%

Total Level 3 Investments	$	2,332,982

	Date Issued/Amended		Total Aggregate Principal Amount Committed			Principal Amount Outstanding			Fair Value		Final Maturity Date
Senior Secured Facility	12/22/2020	$	1,810,000	**	$	1,119,186	*	$	1,139,765	(1)	12/22/2025
2025 Notes	3/3/2015		350,000			350,000			357,763	(2)	3/3/2025
Total Debt Obligations		$	2,160,000		$	1,469,186		$	1,497,528		
Deferred Financing Cost and Debt Discount					$	(3,815)					
Total Debt Obligations, net of Deferred Financing Cost and Debt Discount					$	1,465,371					

	Date Issued/ Amended		Total Aggregate Principal Amount Committed			Principal Amount Outstanding			Fair Value		Final Maturity Date
Senior Secured Facility	12/22/2020	$	1,763,829	**	$	1,012,503	*	$	1,012,503	(1)	12/22/2025
2025 Notes	3/3/2015		350,000			350,000			333,002	(2)	3/3/2025
2026 Notes	7/16/2021		125,000			125,000			110,254	(2)	7/16/2026
Total Debt Obligations		$	2,238,829		$	1,487,503		$	1,455,759		
Deferred Financing Costs and Debt Discount					$	(4,109)					
Total Debt Obligations, net of Deferred Financing Cost and Debt Discount					$	1,483,394					

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* Includes foreign currency debt obligations as outlined in *Foreign Currency Transactions and Translations* within this note to the financial statements.

** Lender Prior to November 19, 2022, total lender commitments will remain $1,810,000 through November 19, 2022 and will then decrease to $1,705,000 thereafter were $1,810,000. As of December 31, 2022, total lender commitments were $1,763,829.

(1) The fair value of these debt obligations would be categorized as Level 3 under ASC 820 as of March 31, 2021 December 31, 2022. The valuation is based on a yield analysis and discount r commensurate with the market yields for similar types of debt.

(2) The fair value of these debt obligations would be categorized as Level 2 under ASC 820 as of March 31, 2021 December 31, 2022. The valuation is based on broker quoted prices.

Senior Secured Facility

On December 22, 2020April 19, 2023, the Company amended and restated its senior secured, multi-currency, revolving credit facility (the "Senior Secured Facility"), previously amended and restated as of December 22, 2020 and November 19, 2018. Lender commitments in the amended and restated agreement will remain $1,810,000 through November 19, 2022 and will decrease to $1,705,000 thereafter. The amended and restated agreement extended the final maturity date through December 22, 2025,April 19, 2028. Lender commitments under the Senior Secured Facility were $1,810,000 prior to November 19, 2022 and decreased to $1,705,000 as non-extending commitments were paid down. The total lender commitments will remain $1,705,000 until December 22, 2024 and will decrease to $1,550,000 thereafter. The Senior Secured Facility includes an accordion provision which "accordion" feature that allows the Company to increase the total commitments under size of the existing revolving facility up Facility to an aggregate principal amount of $2,715,000 from new or existing lenders on the same terms and conditions as the existing commitments. $2,325,000. The Senior Secured Facility is secured by substantially all of the assets in the Company's portfolio, including cash and cash equivalents.

Commencing December 22, 2024April 19, 2027, the Company is required to repay, in twelve consecutive monthly installments of equal size, the outstanding amount under the Senior Secured Facility as of December 22, 2024 April 19, 2027. In addition, the The stated interest rate rates on outstanding borrowings under the facility remains as a formula-based calculation based on a minimum borrowing base, resulting in a stated interest rate, depending Senior Secured Facility depend on the type of borrowing of and the "gross borrowing base" at the time. USD borrowings accrue at (a) either LIBOR Term SOFR plus 1.75%1.85% per annum or LIBOR Term SOFR plus 2.00%1.975% per annum, or (b) either Alternate Base Rate plus 0.75%0.75% per annum or Alternate Base Rate plus 1%0.875% per annum. As of March 31, 2022, the stated interest rate on the facility was LIBOR plus 2.00%. The Company is required to pay a commitment fee of 0.375%0.375% per annum on any unused portion of the Senior Secured Facility and participation fees and fronting fees of up to 2.25%2.25% per annum on the letters of credit issued.

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The Senior Secured Facility contains affirmative and restrictive covenants, events of default and other customary provisions for similar debt facilities, including: (a) periodic financial reporting requirements, (b) maintaining minimum stockholders' equity of the greater of (i) 30%30% of the total assets of the Company and its consolidated subsidiaries as of the last day of any fiscal quarter and (ii) the sum of (A) $705,000$705,000 plus (B) 25%25% of the net proceeds from the sale of equity interests in the Company after the closing date of the Senior Secured Facility, (c) maintaining a ratio of total assets, less total liabilities (other than indebtedness) to total indebtedness, in each case of the Company and its consolidated subsidiaries, of not less than 1.5:1.5:1.0, (d) limitations on the incurrence of additional indebtedness, including a requirement to meet a certain minimum liquidity threshold before the Company can incur such additional debt, (e) limitations on liens, (f) limitations on investments (other than in the ordinary course of the Company's business), (g) limitations on mergers and disposition of assets (other than in the normal course of the Company's business activities), (h) limitations on the creation or existence of agreements that permit liens on properties of the Company's consolidated subsidiaries and (i) limitations on the repurchase or redemption of certain unsecured debt and debt securities. In addition to the asset coverage ratio described in clause (c) of the preceding sentence, borrowings under the Senior Secured Facility (and the incurrence of certain other permitted debt) are subject to compliance with a borrowing base that applies different advance rates to different types of assets in the Company's portfolio. The advance rate applicable to any specific type of asset in the Company's portfolio will also depend on the relevant asset coverage ratio as of the date of determination. Borrowings under the Senior Secured Facility will also continue to be subject to the leverage restrictions contained in the Investment Company Act of 1940, as amended.

The Senior Secured Facility also provides for the issuance of letters of credit up to an aggregate amount of $150,000. $150,000. As of March 31, 2022 December 31, 2023 and March 31, 2021 December 31, 2022, the Company had $26,877 $17,291 and $177, $37,692, respectively, in standby letters of credit issued through the Senior Secured Facility. The amount available for borrowing under the Senior Secured Facility is reduced by any standby letters of credit issued through the Senior Secured Facility. Under GAAP, these letters of credit are considered commitments because no funding has been made and as such are not considered a liability. These letters of credit are not senior securities because they are not in the form of a typical financial guarantee and the portfolio companies are obligated to refund any drawn amounts. The available remaining capacity under the Senior Secured Facility was $702,655 $1,004,732 and $690,637 $713,634 as of March 31, 2022 December 31, 2023 and March 31, 2021 December 31, 2022, respectively. Terms used in this disclosure have the meanings set forth in the Senior Secured Facility agreement.

Senior Unsecured Notes

2025 Notes

On March 3, 2015, the Company issued $350,000$350,000 aggregate principal amount of senior unsecured notes for net proceeds of $343,650$343,650 (the “2025 Notes”). The 2025 Notes will mature on March 3, 2025March 3, 2025. Interest on the 2025 Notes is due semi-annually on March 3 and September 3, at an annual rate of 5.25%5.25%, commencing on September 3, 2015September 3, 2015. The 2025 Notes are general, unsecured obligations and rank equal in right of payment with all of our existing and future senior unsecured indebtedness.

2026 Notes

On July 16, 2021, the Company issued $125,000$125,000 aggregate principal amount of general unsecured notes for net proceeds of $122,965$122,965 (the “2026 Notes”). The 2026 Notes will mature on July 16, 2026July 16, 2026. Interest on the 2026 Notes is due semi-annually on January 16 and July 16, at an annual rate of 4.50%4.50%, commencing on January 16, 2022January 16, 2022. The 2026 Notes are general, unsecured obligations and rank equal in right of payment with all of our existing and future senior unsecured indebtedness.

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MIDCAP FINANCIAL INVESTMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(In thousands, except share and per share data)

2043
2028 Notes

On June 17, 2013 December 13, 2023, the Company issued $135,000 $80,000 aggregate principal amount of senior unsecured notes and on June 24, 2013, an additional $15,000 in8.00% Notes due 2028 (inclusive of $5,000 aggregate principal amount of such notes was issued pursuant to the underwriters’ over-allotment overallotment option exercise. In total, $150,000 of aggregate principal was issued for net proceeds of $145,275 to purchase additional Notes) (the “2043 “2028 Notes”). As of December 31, 2023, the principal amount outstanding was $80,000. The 2043 2028 Notes will mature on July 15, 2043December 15, 2028. Interest The 2028 Notes bear interest at a rate of 8.00% per year, commencing December 13, 2023. The Company will pay interest on the 2043 2028 Notes is paid quarterly on January March 15, April June 15, July September 15 and October December 15 at an annual rate of 6.875%, commencing each year, beginning on October 15, 2013 March 15, 2024. The Company 2028 Notes may redeem the 2043 Notes be redeemed in whole or in part at any time or from time to time at our option on or after July 15, 2018. The 2043 Notes are general, unsecured obligationsDecember 15, 2025, at a redemption price of $25 per Note plus accrued and rank equal in right of payment with all of our existing and future senior, unsecured indebtedness. The 2043 Notes were listed on unpaid interest payments otherwise payable for the New York Stock Exchange under then-current quarterly interest period accrued to, but excluding, the ticker symbol “AIY.”

date fixed for redemption.

MFIC Bethesda CLO 1 LLC Debt Securitization

On August 12, 2019 November 2, 2023, the Company redeemed completed a $402,360 term debt securitization (the “Bethesda CLO 1”). Term debt securitizations are also known as collateralized loan obligations and are a form of secured financing incurred by the entire $150,000 aggregate principal amount outstanding Company, which is consolidated by the Company for financial reporting purposes and subject to its overall asset coverage requirement. The notes offered in the Bethesda CLO 1 (collectively, the “Bethesda CLO 1 Notes”) were issued by MFIC Bethesda CLO 1 LLC (the “Bethesda CLO 1 Issuer”), an indirectly wholly-owned and consolidated (for tax and accounting purposes) subsidiary of the 2043 Company, and are primarily secured by a diversified portfolio of middle market loans and participation interests therein. The following table presents information on the secured and unsecured notes issued in the Bethesda CLO 1:

		December 31, 2023			
Description	**Type**		**Principal Outstanding**	**Interest Rate**	**Credit Rating**
Class A-1 Notes	Senior Secured Floating Rate		232,000	SOFR + 2.40%	AAA(sf)/ AAAsf
Class A-2 Notes (1)	Senior Secured Floating Rate		16,000	SOFR + 2.90%	AAA(sf)
Total Secured Notes			248,000		
Subordinated Notes (1)			154,360	None	NR
Total Bethesda CLO 1 Notes		$	402,360		

(In thousands, except share and per share data)

(1) The Company retained (in the Bethesda CLO 1 Depositor) all of the Class A-2 Notes and the Subordinated Notes issued in accordance the Bethesda CLO 1 Debt Securitization which are eliminated in consolidation.

The Company retained (in a newly formed wholly owned subsidiary of the Company (the "Bethesda CLO 1 Depositor")) all of the Class A-2 Notes and the Subordinated Notes issued in the Bethesda CLO 1 in part in exchange for the Company's sale and contribution to the Bethesda CLO 1 Issuer of the initial closing date portfolio. The Class A-1 Notes and the Class A-2 Notes are scheduled to mature in October 2035 and the Subordinated Notes are scheduled to mature in October 2123; however the Bethesda CLO 1 Notes may be redeemed by the Issuer, at the direction of the Bethesda CLO 1 Depositor (at the direction of the Company) as holder of the Subordinated Notes, on any business day after October 23, 2025. In connection with the terms sale and contribution, the Company has made customary representations, warranties and covenants to the Issuer. The Class A-1 Notes and Class A-2 Notes are secured obligations of the Bethesda CLO 1 Issuer, the Subordinated Notes are the unsecured obligations of the Bethesda CLO 1 Issuer, and the indenture governing the 2043 Bethesda CLO 1 Notes before its stated maturity date, which resulted includes customary covenants and events of default.

The Bethesda CLO 1 Notes has not been, and will not be, registered under the Securities Act, or any state securities or "blue sky" laws and may not be offered or sold in the United States absent registration with the SEC or an applicable exemption from registration.

The Company serves as collateral manager to the Bethesda CLO 1 Issuer under a realized loss on collateral management agreement and has agreed to irrevocably waive all collateral management fees payable pursuant to the extinguishment of debt of $4,375.

collateral management agreement.

The following table summarizes the average and maximum debt outstanding, and the interest and debt issuance cost for the years twelve months ended December 31, 2023, nine months ended December 31, 2022 and twelve months ended March 31, 2022, 2021 and 2020:

respectively,

	Twelve Months Ended December 31, 2023	Nine Months Ended December 31, 2022	Twelve Months Ended March 31, 2022
Average debt outstanding	$ 1,453,682	$ 1,546,037	$ 1,545,227
Maximum amount of debt outstanding	1,826,411	1,669,385	1,633,723
Weighted average annualized interest cost (1)	6.70 %	4.68 %	3.18 %
Annualized amortized debt issuance cost	0.40 %	0.37 %	0.38 %
Total annualized interest cost	7.10 %	5.05 %	3.56 %

	Year Ended March 31, 2022	2021	2020
Average debt outstanding	$1,545,227	$1,632,308	$1,529,524
Maximum amount of debt outstanding	1,633,723	1,818,920	1,878,950
Weighted average annualized interest cost (1)	3.18%	3.04%	4.42%
Annualized amortized debt issuance cost	0.38%	0.35%	0.37%
Total annualized interest cost	3.56%	3.39%	4.79%

(1)

(1) Includes the stated interest expense and commitment fees on the unused portion of the Senior Secured Facility. Commitment fees for the years twelve months ended December 31, 2023, the nine months ended December 31, 2022, and twelve months ended March 31, 2022, 2021respectively, were $2,767, $1,990 and 2020 were $2,648, $1,983 and $2,150, $2,648 respectively.

Foreign Currency Transactions and Translations

The Company had the following foreign-denominated debt outstanding on the Senior Secured Facility as of March 31, 2022 December 31, 2023:

	Original Principal Amount (Local)		Original Principal Amount (USD)	Principal Amount Outstanding	Unrealized Gain/(Loss)	Reset Date
British Pound	£	41,000	51,037	53,866	(2,829)	4/29/2022
Australian Dollar	A$	6,200	4,543	4,639	(96)	4/29/2022
			$ 55,580	$ 58,505	$ (2,925)	

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NOTES TO FINANCIAL STATEMENTS (Continued)
(In thousands, except share and per share data)

	Original Principal Amount (Local)		Original Principal Amount (USD)	Principal Amount Outstanding	Unrealized Gain/(Loss)	Reset Date
British Pound	£	36,900	$ 45,909	$ 46,977	$ (1,068)	1/31/2024
Total			$ 45,909	$ 46,977	$ (1,068)	

The Company had the following foreign-denominated debt outstanding on the Senior Secured Facility as of March 31, 2021 December 31, 2022:

	Original Principal Amount (Local)		Original Principal Amount (USD)	Principal Amount Outstanding	Unrealized Gain/(Loss)	Reset Date
British Pound	£	41,000	$ 51,037	$ 49,540	$ 1,497	1/30/2023
Total			$ 51,037	$ 49,540	$ 1,497	

	Original Principal Amount (Local)		Original Principal Amount (USD)	Principal Amount Outstanding	Unrealized Gain/(Loss)	Reset Date
Euro	€	15,900	17,392	18,687	(1,295)	4/30/2021
British Pound	£	77,000	95,593	106,237	(10,644)	4/30/2021
Australian Dollar	A$	6,300	4,617	4,799	(182)	4/30/2021
			$ 117,602	$ 129,723	$ (12,121)	

As of March 31, 2022 December 31, 2023 and March 31, 2021 December 31, 2022, the Company was in compliance with all debt covenants for all outstanding debt obligations.

MIDCAP FINANCIAL INVESTMENT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(In thousands, except share and per share data)

Note 7. 8. Stockholders' Equity

There were no equity offerings

The Company issued approximately $30,000 of common stock during in August 2022. Subsequent to the years ended March 31, 2022 and March 31, 2021.

August 2022 stock issuance, the Company has conducted no additional stock offerings.

The Company adopted the following plans, approved by the Board of Directors, for the purpose of repurchasing its common stock in accordance with applicable rules specified in the Securities Exchange Act of 1934 (the "1934 Act") (the "Repurchase Plans"):

Date of Agreement/Amendment	Maximum Cost of Shares That May Be Repurchased	Cost of Shares Repurchased	Remaining Cost of Shares That May Be Repurchased
August 5, 2015	$ 50,000	$ 50,000	$ —
December 14, 2015	50,000	50,000	—

(In thousands, except share and per share data)

September 14, 2016	50,000	50,000	—
October 30, 2018	50,000	50,000	—
February 6, 2019	50,000	48,107	1,893
February 3, 2022	25,000	—	25,000
Total as of December 31, 2023	$ 275,000	$ 248,107	$ 26,893

Date of Agreement/Amendment	Maximum Cost of Shares That May Be Repurchased	Cost of Shares Repurchased	Remaining Cost of Shares That May Be Repurchased
August 5, 2015	$ 50,000	$ 50,000	$ —
December 14, 2015	50,000	50,000	—
September 14, 2016	50,000	50,000	—
October 30, 2018	50,000	50,000	—
February 6, 2019	50,000	44,171	5,829
February 3, 2022	25,000	—	25,000
Total as of March 31, 2022	$ 275,000	$ 244,171	$ 30,829

The Repurchase Plans were designed to allow the Company to repurchase its shares both during its open window periods and at times when it otherwise might be prevented from doing so under applicable insider trading laws or because of self-imposed trading blackout periods. A broker selected by the Company will have the authority under the terms and limitations specified in an agreement with the Company to repurchase shares on the Company's behalf in accordance with the terms of the Repurchase Plans. Repurchases are subject to SEC regulations as well as certain price, market volume and timing constraints specified in the Repurchase Plans. Pursuant to the Repurchase Plans, the Company may from time to time repurchase a portion of its shares of common stock and the Company is hereby notifying stockholders of its intention as required by applicable securities laws.

Under the Repurchase Plans described above, the Company allocated the following amounts to be repurchased in accordance with SEC Rule 10b5-1 (the "10b5-1 Repurchase Plans"):

Effective Date	Termination Date	Amount Allocated to 10b5-1 Repurchase Plans
September 15, 2015	November 5, 2015	$ 5,000
January 1, 2016	February 5, 2016	10,000
April 1, 2016	May 19, 2016	5,000
July 1, 2016	August 5, 2016	15,000
September 30, 2016	November 8, 2016	20,000
January 4, 2017	February 6, 2017	10,000

March 31, 2017	May 19, 2017	10,000	10,000
June 30, 2017	August 7, 2017	10,000	10,000
October 2, 2017	November 6, 2017	10,000	10,000
January 3, 2018	February 8, 2018	10,000	10,000
June 18, 2018	August 9, 2018	10,000	10,000
September 17, 2018	October 31, 2018	10,000	10,000
December 12, 2018	February 7, 2019	10,000	10,000
February 25, 2019	May 17, 2019	25,000	25,000
March 18, 2019	May 17, 2019	10,000	10,000
June 4, 2019	August 7, 2019	25,000	25,000
June 17, 2019	August 7, 2019	20,000	20,000
September 16, 2019	November 6, 2019	20,000	20,000

(In thousands, except share and per share data)

December 6, 2019	February 5, 2020	25,000	25,000
December 16, 2019	February 5, 2020	15,000	15,000
March 12, 2020	March 19, 2020	20,000	20,000
March 30, 2021	May 21, 2021	10,000	10,000
June 16, 2021	November 5, 2021	10,000	10,000
December 16, 2021	May 20, August 3, 2022	5,000	5,000
December 27, 2022	February 22, 2023		10,000

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During the year twelve months ended March 31, 2022 December 31, 2023, the Company repurchased 1,611,936198,084 shares at a weighted average price per share of $13.09, $11.60, inclusive of commissions, for a total cost of $21,100. $2,297. This represents a discount of approximately 18.02%23.85% of the average net asset value per share for the year twelve months ended March 31, 2022 December 31, 2023.

During the year nine months ended March 31, 2021, the Company did not repurchase shares.

Since the inception of the Repurchase Plans through March 31, 2022 December 31, 2022, the Company repurchased 15,266,514128,522 shares at a weighted average price per share of $15.99, $12.74, inclusive of commissions, for a total cost of $244,172. Including fractional shares, $1,638. This represents a discount of approximately 17.59% of the average net asset value per share for the nine months ended December 31, 2022.

Since the inception of the Repurchase Plans through December 31, 2023, the Company has repurchased 15,266,54415,593,120 shares at a weighted average price per share of $15.99, $15.91, inclusive of commissions, for a total cost of $244,171.

$248,107. Including fractional shares, the Company has repurchased 15,593,150 shares at a weighted average price per share of $15.91, inclusive of commissions for a total cost of $248,107.

On October 30, 2018, the Company's Board of Directors approved a one-for-three one-for-three reverse stock split of the Company's common stock which was effective as of the close of business on November 30, 2018. The Company's common stock began trading on a split-adjusted basis on December 3, 2018. The fractional shares that resulted from the Reverse Stock Split were approximately 29 shares and they were canceled by paying cash in lieu of the fair value.

On July 22, 2019, the Board of Directors approved Articles of Amendment which amended the Company's charter to reduce the amount of authorized capital stock from 400,000,000 shares, par value $0.001 $0.001 per share, to 130,000,000 shares, par value $0.001 $0.001 per share. The Articles of Amendment were accepted for record by the Department of Assessments and Taxation of the State of Maryland on July 22, 2019 and immediately became effective.

On August 2, 2022, the Company entered into a share subscription agreement ("Purchase Agreement") with MFIC Holdings, LP, a subsidiary of MidCap FinCo Designated Activity Company (together with its subsidiaries, "MidCap FinCo"), a middle-market specialty finance firm discretionarily managed by an affiliate of the Company's investment adviser, in connection with the issuance and sale of the Company's common stock, par value $0.001 per share (the "Offering"). Pursuant to the Purchase Agreement, the Company issued 1,932,641 shares of its common stock at a purchase price of $15.52 per share, the net asset value per share of the Company's common stock as of June 30, 2022. The total proceeds of the offering excluding expenses was approximately $30,000. The shares are subject to a two-year lock-up period. MidCap FinCo agreed to bear any expenses that the Company incurred in connection with the Offering greater than $300.

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MIDCAP FINANCIAL INVESTMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(In thousands, except share and per share data)

Note 8. 9. Commitments and Contingencies

The Company has various commitments to fund various revolving and delayed draw senior secured and subordinated loans, including commitments to issue letters of credit through a financial intermediary on behalf of certain portfolio companies. As of March 31, 2022 December 31, 2023 and March 31, 2021 December 31, 2022, the Company had the following unfunded commitments to its portfolio companies:

		March 31, 2022	March 31, 2021	December 31, 2023	December 31, 2022
Unfunded revolver obligations and bridge loan commitments (1)	Unfunded revolver obligations and bridge loan commitments (1)	$182,645	$261,854	$ 139,979	$ 158,193
Standby letters of credit issued and outstanding (2)	Standby letters of credit issued and outstanding (2)	31,188	2,787	42,921	42,893
Unfunded delayed draw loan commitments (including commitments with performance thresholds not met)(3)		272,787	172,249		
Total Unfunded Commitments(4)		$486,620	$436,890		

(In thousands, except share and per share data)

Unfunded delayed draw loan commitments (including commitments with performance thresholds not met) (3)	167,756	198,750
Total Unfunded Commitments (4)	$ 350,656	$ 399,836

(1) (1) The unfunded revolver obligations may or may not be funded to the borrowing party in the future. The amounts relate to loans with various maturity dates, but the entire amount was eligible for funding to the borrowers as of March 31, 2022 December 31, 2023 and March 31, 2021 December 31, 2022, subject to the terms of each loan's respective credit agreements which includes borrowing covenants that need to be met prior to funding. As of March 31, 2022 December 31, 2023 and March 31, 2021 December 31, 2022, the bridge loan commitments included in the balances were $0 $0 and $0, $0, respectively.

(2) For all these letters of credit issued and outstanding, the Company would be required to make payments to third parties if the portfolio companies were to default on their related payment obligatio None of the letters of credit issued and outstanding are recorded as a liability on the Company's Consolidated Statements of Assets and Liabilities as such letters of credit are considered in valuation of the investments in the portfolio company.

(3) The Company's commitment to fund delayed draw loans is triggered upon the satisfaction of certain pre-negotiated terms and conditions which can include covenants to maintain specified levera levels and other related borrowing base covenants. For commitments to fund delayed draw loans with performance thresholds, borrowers are required to meet certain performance requirements bef the Company is obligated to fulfill these commitments.

(4) The Company also had an unfunded revolver commitment to its fully controlled affiliate Merx Aviation Finance, LLC of $25,000 $25,925 and $109,500 for the years ended $50,000 as of March 31, 2022 December 31, 2023 and 2021, December 31, 2022, respectively. Given the Company's controlling interest, the timing and the amount of the funding has not been determined.

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Note 9. 10. Income Taxes

For income tax purposes, distributions made to stockholders are reported as ordinary income, capital gains, non-taxable return of capital, or a combination thereof. The final determination of the tax character of distributions will not be made until we file our tax return for each tax year and the tax characteristics of all distributions will be reported to stockholders on Form 1099 after the end of each calendar year. The tax character of distributions paid to stockholders during the tax years periods ended March 31, 2022 December 31, 2023, 2021 December 31, 2022 and 2020 March 31, 2022 were as follows:

	Twelve Months Ended December 31, 2023	Nine Months Ended December 31, 2022	Twelve Months Ended March 31, 2022
Ordinary income	$ 99,259	$ 68,028	$ 92,762
Capital gains	—	—	—
Return of capital	—	—	—
Total distributions paid to stockholders	$ 99,259	$ 68,028	$ 92,762

	Year Ended March 31, 2022	2021	2020
Ordinary income	$ 92,761	$ 99,847	$ 120,107
Capital gains	—	—	—
Return of capital	—	—	—
Total distributions paid to stockholders	$ 92,761	$ 99,847	$ 120,107

(In thousands, except share and per share data)

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Taxable income generally differs from net increase in net assets resulting from operations for financial reporting purposes due to temporary and permanent differences in the recognition of income and expenses, and generally excludes net unrealized gains or losses, as unrealized gains or losses are generally not included in taxable income until they are realized.

The following table reconciles the net increase in net assets resulting from operations to taxable income for the tax years ended March 31, 2022 December 31, 2023, 2021 December 31, 2022 and 2020:

March 31, 2022:

	Twelve Months Ended December 31, 2023	Nine Months Ended December 31, 2022	Twelve Months Ended March 31, 2022
Net increase (decrease) in net assets resulting from operations	$ 118,760	$ 22,940	82,364
Adjustments:			
Net realized losses (gains)	(200)	69,239	67,367
Net change in unrealized losses (gains)	(2,561)	(18,036)	(53,770)
Income not currently taxable	—	—	—
Income (loss) recognized for tax but not book	26,064	(1,419)	4,596
Expenses not currently deductible	—	—	—
Expenses incurred for tax but not book	—	—	—
Realized gain/loss differences (1)	(7,084)	(7,723)	(13,316)
Taxable income before deductions for distributions	$ 134,979	$ 65,001	$ 87,241

	Year Ended March 31,		
	2022	2021	2020
Net increase (decrease) in net assets resulting from operations	$ 82,364	$ 111,861	$ (116,064)
Adjustments:			
Net realized losses (gains)	67,367	21,506	6,318
Net change in unrealized losses (gains)	(53,771)	(23,341)	255,020
Income not currently taxable	—	—	—
Income (loss) recognized for tax but not book	4,596	7,673	(11,895)
Expenses not currently deductible	—	—	—
Expenses incurred for tax but not book	—	—	—
Realized gain/loss differences (1)	(13,316)	(7,933)	41,533
Taxable income before deductions for distributions	$ 87,240	$ 109,766	$ 174,912

(1)

(1) These pertain to book income/losses treated as capital gains/losses for tax purposes or book realized gains/losses treated as ordinary income/losses for tax purposes.

The following table shows the components of accumulated losses on a tax basis for the years twelve months ended March 31, 2022 December 31, 2023, 2021 and 2020:

	Year Ended March 31,		
	2022	2021	2020
Undistributed ordinary income	$ 56,120	$ 61,268	$ 53,132
Capital loss carryforward	(817,268)	(752,317)	(739,365)
Other temporary book-to-tax differences	(24,678)	(34,615)	(35,225)
Unrealized appreciation (depreciation)	(288,164)	(337,930)	(354,168)
Total accumulated under-distributed (over-distributed) earnings	$ (1,073,990)	$ (1,063,594)	$ (1,075,626)

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(In thousands, except share the nine months ended December 31, 2022 and per share data) twelve months ended March 31, 2022:

	Twelve Months Ended December 31,	Nine Months Ended December 31,	Twelve Months Ended March 31,
	2023	2022	2022
Undistributed ordinary income	**$ 59,879**	**24,468**	**56,120**
Capital loss carryforward	**(920,914)**	**(880,548)**	**(817,268)**
Other temporary book-to-tax differences	**—**	**—**	**(24,678)**
Unrealized appreciation (depreciation)	**(237,438)**	**(262,999)**	**(288,164)**
Total accumulated under-distributed (over-distributed) earnings	**$ (1,098,473)**	**$ (1,119,079)**	**$ (1,073,990)**

On December 22, 2010, the Regulated Investment Company Modernization Act (the "Act") was enacted which changed various technical rules governing the tax treatment of RICs. The changes are generally effective for taxable years beginning after the date of enactment. Under the Act, the Company will be permitted to carry forward capital losses incurred in taxable years beginning after the date of enactment for an unlimited period. However, any losses incurred during those future taxable years will be required to be utilized prior to the losses incurred in pre-enactment taxable years, which carry an expiration date. As a result of this ordering rule, pre-enactment capital loss carryforwards may be more likely to expire unused. Additionally, post-enactment capital losses that are carried forward will retain their character as either short-term or long-term losses rather than being considered all short-term as under previous law.

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As of December 31, 2023, the Company had a post-enactment short-term capital loss carryforward of $221,933 and long-term capital loss carryforward of $698,980. As of December 31, 2022, the Company had a post-enactment short-term capital loss carryforward of $226,846 and long-term capital loss carryforward of $653,700. As of March 31, 2022, the Company had a post-enactment short-term capital loss carryforward of $237,283 $237,283 and long-term capital loss carryforward of $579,985. $579,985.

As of March 31, 2021, the Company had a post-enactment short-term capital loss carryforward of $240,497 and long-term capital loss carryforward of $511,821. As of March 31, 2020, the Company had a post-enactment short-term capital loss carryforward of $245,100 and long-term capital loss carryforward of $494,265.

As of March 31, 2022 December 31, 2023, the Company had no pre-enactment net capital loss carryforward. None of the pre-enactment net capital loss carryforwards were utilized in the past three years and none of the pre-enactment net capital loss carryforwards expired on March 31, 2022 December 31, 2023.

For tax purposes, the Company may elect to defer any portion of a post-October capital loss or late-year ordinary loss to the first day of the following fiscal year.

As of December 31, 2023, the Company deferred no late-year ordinary losses which are deemed to arise on January 1, 2024. As of December 31, 2022, the Company deferred no late-year ordinary losses which are deemed to arise on January 1, 2023. As of March 31, 2022, the Company deferred no late-year ordinary losses which are deemed to arise on April 1, 2022.

(In thousands, except share and per share data)

As of March 31, 2021 December 31, 2023, the Company deferred no late-year ordinary losses which are post-October capital loss deemed to arise on April 1, 2021 January 1, 2024. As of March 31, 2020 December 31, 2022, the Company deferred no late-year ordinary losses which are post-October capital loss deemed to arise on April 1, 2020 January 1, 2023.

As of March 31, 2022, the Company had deferred post-October capital loss of $1,765 deemed on arise on April 1, 2022. As of March 31, 2021, the Company deferred post-October capital loss of $11,121 $1,765 deemed to arise on April 1, 2021 April 1, 2022. As of March 31, 2020, the Company had no net post-October capital loss of $5,858 deemed to arise on April 1, 2020.

Management has analyzed the Company's tax positions taken, or to be taken, on federal income tax returns for all open tax years, and has concluded that no provision for income tax is required in the Company's consolidated financial statements. The Company's federal tax returns are subject to examination by the Internal Revenue Service for a period of three fiscal years after they are filed.

In general, we may make certain reclassifications to the components of net assets as a result of permanent book-to-tax differences and book-to-tax differences relating to stockholder distributions. Accordingly, as of March 31, 2022 December 31, 2023, we adjusted accumulated net realized loss by ($11,774) $26,573 to $811,200 $865,439 and overdistributed net investment income by ($11,772)25,468) to ($32,798)23,639). Total earnings and net asset value were not affected. As of March 31, 2021 December 31, 2022, we adjusted accumulated net realized loss by ($7,179) $7,716 to $755,606 $884,496 and overdistributed net investment income by ($7,161)7,714) to ($24,226)22,624). Total earnings and net asset value were not affected.

To the extent that the Company determines that its estimated current year annual taxable income will exceed its estimated current year dividends from such taxable income, the Company accrues excise tax on estimated excess taxable income. The excise tax is included in other general and administrative expenses. For the twelve months ended December 31, 2023 and nine months ended December 31, 2022, $1,103 and $- was recorded for U.S. federal excise tax respectively.

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Note 10. 11. Financial Highlights

The following is a schedule of financial highlights as of and for each of the five years twelve months ended December 31, 2023, the nine months ended December 31, 2022 and twelve months ended March 31, 2022.

	Year Ended March 31,				
	2022	2021	2020	2019	2018
Per Share Data*					
Net asset value at beginning of period	$ 15.88	$ 15.70	$ 19.06	$ 19.67	$ 20.22
Net investment income (1)	1.49	1.69	2.16	1.81	1.83
Net realized and change in unrealized gains (losses) (1)	(0.21)	0.03	(3.89)	(0.79)	(0.64)
Net increase (decrease) in net assets resulting from operations	1.28	1.71	(1.73)	1.02	1.19
Distribution of net investment income (2)	(1.44)	(1.53)	(1.80)	(1.59)	(1.19)
Distribution of return of capital (2)	—	—	—	(0.21)	(0.60)
Accretion due to share repurchases	0.07	—	0.20	0.17	0.03
Net asset value at end of period	$ 15.79	$ 15.88	$ 15.70	$ 19.06	$ 19.67
Per share market value at end of period	$ 13.22	$ 13.72	$ 6.75	$ 15.14	$ 15.66
Total return (3)	7.19 %	135.08 %	(48.62)%	8.31 %	(12.06)%
Shares outstanding at end of period	63,647,240	65,259,176	65,259,176	68,876,986	72,104,032
Weighted average shares outstanding	64,516,533	65,259,176	67,228,771	70,645,944	72,874,613
Ratio/Supplemental Data					

Net assets at end of period (in millions)	$ 1,004.8	$ 1,036.3	$ 1,024.3	$ 1,312.6	$ 1,418.1
Ratio of operating expenses to average net assets (4)	6.04 %	5.05 %	4.79 %	5.09 %	5.02 %
Ratio of interest and other debt expenses to average net assets	5.34 %	5.44 %	6.01 %	4.26 %	3.61 %
Ratio of total expenses to average net assets (4)	11.38 %	10.49 %	10.80 %	9.35 %	8.63 %
Ratio of net investment income to average net assets	9.32 %	10.82 %	11.91 %	9.38 %	9.15 %
Average debt outstanding (in millions)	$ 1,545.2	$ 1,632.3	$ 1,529.5	$ 993.2	$ 899.3
Average debt per share	$ 23.95	$ 25.01	$ 22.75	$ 14.06	$ 12.33
Portfolio turnover rate	42.41 %	23.79 %	46.58 %	46.26 %	45.06 %
Asset coverage per unit (5)	$ 1,635	$ 1,705	$ 1,567	$ 2,153	$ 2,770

, 2021, and 2020:

	Twelve Months Ended December 31, 2023	Nine Months Ended December 31, 2022	Twelve Months Ended March 31, 2022	Twelve Months Ended March 31, 2021	Twelve Months Ended March 31, 2020
Per Share Data*					
Net asset value at beginning of period	$ 15.10	$ 15.79	$ 15.88	$ 15.70	$ 19.06
Net investment income (1)	1.78	1.15	1.49	1.69	2.16
Net realized and change in unrealized gains (losses) (1)	0.04	(0.79)	(0.21)	0.03	(3.89)
Net increase in net assets resulting from operations	1.82	0.36	1.28	1.71	(1.73)
Distribution of net investment income (2)	(1.52)	(1.05)	(1.44)	(1.53)	(1.80)
Distribution of return of capital (2)	—	—	—	—	—
Accretion due to share repurchases	0.01	0.01	0.07	—	0.20
Net asset value at end of period	$ 15.41	$ 15.10	$ 15.79	$ 15.88	$ 15.70
Per share market value at end of period	$ 13.68	$ 11.40	$ 13.22	$ 13.72	$ 6.75
Total return (3)	34.90%	(5.42)%	7.19%	135.08%	(48.62)%
Shares outstanding at end of period	65,253,275	65,451,359	63,647,240	65,259,176	65,259,176
Weighted average shares outstanding	65,330,350	64,585,966	64,516,533	65,259,176	67,228,771
Ratio/Supplemental Data					
Net assets at end of period (in millions)	$ 1,005.3	$ 988.1	$ 1,004.8	$ 1,036.3	$ 1,024.3
Annualized ratio of operating expenses to average net assets (4)(5)	5.76%	5.67%	6.04%	5.05%	4.79%
Annualized ratio of interest and other debt expenses to average net assets (5)	10.37%	7.83%	5.34%	5.44%	6.01%
Annualized ratio of total expenses to average net assets (4)(5)	16.13%	13.50%	11.38%	10.49%	10.80%
Annualized ratio of net investment income to average net assets (5)	11.66%	9.87%	9.32%	10.82%	11.91%
Average debt outstanding (in millions)	$ 1,453.7	$ 1,546.0	$ 1,545.2	$ 1,632.3	$ 1,529.5
Average debt per share	$ 22.25	$ 23.94	$ 23.95	$ 25.01	$ 22.75
Annualized portfolio turnover rate (5)	17.53%	26.70%	42.41%	23.79%	46.58%
Asset coverage per unit (6)	$ 1,684	$ 1,648	$ 1,635	$ 1,705	$ 1,567

* Totals may not foot due to rounding.

(1) Financial highlights are based on the weighted average number of shares outstanding for the period presented.

(2) The tax character of distributions are determined based on taxable income calculated in accordance with income tax regulations which may differ from amounts determined under GAAP. Although tax character of distributions paid to stockholders through March 31, 2022 December 31, 2023 may include return of capital, the exact amount cannot be determined at this point. Per share amounts based on actual rate per share.

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(3) Total return is based on the change in market price per share during the respective periods. Total return also takes into account distributions, if any, reinvested in accordance with the Compar dividend reinvestment plan.

Note 11. 12. Selected Quarterly Financial Data (Unaudited)

The following table sets forth selected financial data for each quarter within the three years ended March 31, 2022 December 31, 2023:

Quarter Ended	Investment Income		Net Investment Income		Net Realized And Change in Unrealized Gains (Losses)		Net Increase (Decrease) in Net Assets from Operations — Basic	
	Total	Per Share*	Total	Per Share*	Total	Per Share*	Total	Per Share*
March 31, 2022	$ 54,740	$ 0.86	$ 26,887	$ 0.42	$ (22,649)	$ (0.36)	$ 4,238	$ 0.07
December 31, 2021	54,973	0.86	22,498	0.35	(1,957)	(0.03)	20,541	0.32
September 30, 2021	52,889	0.81	21,231	0.33	4,210	0.06	25,441	0.39
June 30, 2021	50,553	0.78	25,345	0.39	6,799	0.10	32,144	0.49
March 31, 2021	50,825	0.78	25,635	0.39	16,777	0.26	42,411	0.65
December 31, 2020	54,364	0.83	28,257	0.43	4,909	0.08	33,166	0.51
September 30, 2020	54,891	0.84	27,906	0.43	5,383	0.08	33,289	0.51
June 30, 2020	56,669	0.87	28,229	0.43	(25,234)	(0.39)	2,995	0.05
March 31, 2020	71,600	1.08	38,786	0.59	(186,033)	(2.81)	(147,247)	(2.22)
December 31, 2019	68,482	1.03	36,220	0.54	(35,934)	(0.54)	286	0.00
September 30, 2019	70,318	1.04	35,734	0.53	(28,666)	(0.43)	7,068	0.10
June 30, 2019	66,516	0.97	34,534	0.50	(10,705)	(0.16)	23,829	0.35

Quarter Ended	Investment Income		Net Investment Income		Net Realized And Change in Unrealized Gains (Losses)		Net Increase (Decrease) in Net Assets from Operations — Basic	
	Total	Per Share*	Total	Per Share*	Total	Per Share*	Total	Per Share*
December 31, 2023	$ 71,952	$ 1.10	$ 29,769	$ 0.46	$ 3,492	$ 0.05	$ 33,262	$ 0.51
September 30, 2023	68,175	1.04	27,896	0.43	2,067	0.03	29,963	0.46
June 30, 2023	68,617	1.05	28,850	0.44	(3,447)	(0.05)	25,404	0.39
March 31, 2023	67,778	1.04	29,484	0.45	649	0.01	30,132	0.46
December 31, 2022	63,320	0.97	28,013	0.43	(26,725)	(0.41)	1,288	0.02
September 30, 2022	58,885	0.91	22,637	0.35	(6,644)	(0.10)	15,993	0.25
June 30, 2022	53,404	0.84	23,493	0.37	(17,834)	(0.28)	5,659	0.09
March 31, 2022	54,741	0.86	26,889	0.42	(22,650)	(0.36)	4,239	0.07
December 31, 2021	54,972	0.86	22,496	0.35	(1,956)	(0.03)	20,540	0.32
September 30, 2021	52,889	0.81	21,231	0.33	4,210	0.06	25,441	0.39
June 30, 2021	50,553	0.78	25,345	0.39	6,799	0.10	32,144	0.49
March 31, 2021	50,825	0.78	25,635	0.39	16,777	0.26	42,411	0.65

* Totals may not foot due to rounding.

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APOLLO

MIDCAP FINANCIAL INVESTMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(In thousands, except share and per share data)

Note 13. Pending Mergers with AFT and AIF

On November 7, 2023, the Company entered into (i) an Agreement and Plan of Merger (the "AFT Merger Agreement") with Apollo Senior Floating Rate Fund Inc., a Maryland corporation ("AFT"), AFT Merger Sub, Inc., a Maryland corporation and a direct wholly-owned subsidiary of the Company ("AFT Merger Sub"), and, solely for the limited purposes set forth therein, the Adviser, and (ii) an Agreement and Plan of Merger (the "AIF Merger Agreement" and, together with the AFT Merger Agreement, the "Merger Agreements") with Apollo Tactical Income Fund Inc., a Maryland corporation ("AIF"), AIF Merger Sub, Inc., a Maryland corporation and a direct wholly-owned subsidiary of the Company ("AIF Merger Sub"), and, solely for the limited purposes set forth therein, the Adviser.

The Merger Agreements provide that, subject to the terms and conditions set forth in the applicable Merger Agreement, at the effective time of such merger, AFT (the "AFT Effective Time") and AIF (the "AIF Effective Time") will, through a two-step merger process, merge with and into the Company, each share of AFT Common Stock and AIF Common Stock issued and outstanding immediately prior to the such effective time (other than shares owned by the Company or any of its consolidated subsidiaries) will be converted into the right to receive a number of shares of the Company's Common Stock equal to an exchange ratio calculated based on each of the Company's, AFT's and AIF's respective NAVs (cash will be paid in lieu of fractional shares). The Company will continue as the surviving company.

Each Merger Agreement contains representations and warranties by the Company and the other parties thereto, subject to specified exceptions and qualifications. Consummation of the Mergers, which is currently anticipated to occur in the first half of 2024, is subject to certain closing conditions, including requisite approvals of the Company's, AFT's and AIF's stockholders and certain other closing conditions.

The Company has filed a registration statement that includes a preliminary joint proxy statement and a prospectus of the Company with the SEC.

Note 12. 14. Subsequent Events

Management has evaluated subsequent events through the date of issuance of these consolidated financial statements and has determined that there are no subsequent events outside the ordinary scope of business that require adjustment to, or disclosure in, the consolidated financial statements other than those disclosed below.

On May 19, 2022 the Company's Board of Directors, including a majority of the directors who are not "interested persons" of the Company as defined in the Investment Company Act of 1940, voted to approve the continuation of the Company's investment advisory management agreement through May 19, 2023.

On May 19, 2022February 23, 2024, the Company's Board of Directors declared a base distribution of $0.31 $0.38 per share, payable on July 7, 2022March 28, 2024 to stockholders of record as of June 16, 2022March 12, 2024. On May 19, 2022, the Company's Board also declared a supplemental distribution of $0.05 per share payable on July 7, 2022 to stockholders of record as of June 16, 2022. Going forward, in addition to a quarterly base distribution of $0.31 per share, the Board may declare a quarterly supplemental distribution in an amount to be determined each quarter. There can be no assurances that the Board will continue to declare a base distribution of $0.31 $0.38 per share or a supplemental distribution. share.

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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of March 31, 2022 December 31, 2023 (the end of the period covered by this report), we, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the 1934 Act). Based on that evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective and provided reasonable assurance that information required to be disclosed in our periodic SEC filings is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. However, in evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of such possible controls and procedures.

Management's Report on Internal Control Over Financial Reporting

Management's Report on Internal Control Over Financial Reporting, which is contained in "Item 8. Consolidated Financial Statements and Supplementary Data" of this report, is incorporated by reference herein.

Attestation Report of the Independent Registered Public Accounting Firm

Our independent registered public accounting firm, PricewaterhouseCoopers Deloitte & Touche LLP, has issued an attestation report on the Company's internal control over financial reporting, which is contained in "Item 8. Consolidated Financial Statements and Supplementary Data" of this report.

Changes in Internal Control Over Financial Reporting

Management has not identified any change in the Company's internal control over financial reporting that occurred during the fourth fiscal quarter of 2022 twelve months ended December 31, 2023 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information

During the fiscal year ended December 31, 2023, none of our directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

None.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information required by this item will be contained in the Company's definitive Proxy Statement for its 2022 2024 Annual Stockholder Meeting, to be filed with the SEC within 120 days after March 31, 2022 December 31, 2023, and is incorporated herein by reference.

Item 11. Executive Compensation

Information required by this item will be contained in the Company's definitive Proxy Statement for its 2022 2024 Annual Stockholder Meeting, to be filed with the SEC within 120 days after March 31, 2022 December 31, 2023, and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information required by this item will be contained in the Company's definitive Proxy Statement for its 2022 2024 Annual Stockholder Meeting, to be filed with the SEC within 120 days after March 31, 2022 December 31, 2023, and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information required by this item will be contained in the Company's definitive Proxy Statement for its 2022 2024 Annual Stockholder Meeting, to be filed with the SEC within 120 days after March 31, 2022 December 31, 2023, and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

Information required by this item will be contained in the Company's definitive Proxy Statement for its 2022 2024 Annual Stockholder Meeting, to be filed with the SEC within 120 days after March 31, 2022 December 31, 2023, and is incorporated herein by reference.

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PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as part of this report:

i. a. Consolidated Financial Statements – See the Index to Consolidated Financial Statements in Item 8 of this report.

ii. b. Financial Statement Schedules – None.

iii. c. Exhibits – The following exhibits are filed as part of this report or hereby incorporated by reference to exhibits previously filed with the SEC (according to the n assigned to them in Item 601 of Regulation S-K):

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2.1 Agreement and Plan of Merger

, dated as of November 7, 2023, among the Registrant, Ap ollo Senior Floating Rate Fund Inc., AFT Merger Sub, Inc

. and Apollo Investment Management, L.P. (for the limite d purposes set forth therein) (1)

3.1(a) 2.2	Agreement and Plan of Merger, dated as of November 7, 2023, among the Registrant, Apollo Tactical Income Fund Inc., AIF Merger Sub, Inc. and Apollo Investment Management, L.P. (for the limited purposes set forth therein) (2)
3.1(a)	Articles of Amendment (1) (3)
3.1(b)	Articles of Amendment and Restatement (8) (4)
3.1(c)	Articles of Amendment (12) (5)
3.1(d)	Articles of Amendment (14) (6)
3.2 3.1(e)	FifthArticles of Restatement (7)
3.2	Sixth Amended and Restated Bylaws (9) (8)
4.1	Form of Stock Certificate (4) (29)
4.2	In accordance with Item 601(b)(4)(iii)(A) of Regulation S-K, certain instruments respecting long-term debt of the Registrant have been omitted but will be furnished to the SEC upon request.
4.3	Indenture, dated as of October 9, 2012, between the Registrant and U.S. Bank National Association, as Trustee (7) (9)
4.4	Fourth Supplemental Indenture, dated as of March 3, 2015, relating to the 5.250% Notes due 2025, between the Registrant and U.S. Bank National Association, as Trustee (7) (10)
4.5	Form of 5.250% Notes due 2025 (contained in the Fourth Supplemental Indenture filed as Exhibit 4.44.4 hereto) (7) (10)

4.6	Fifth Supplemental Indenture, dated July 16, 2021, relating to the 4.500% Notes due 2026, between the Registrant and U.S. Bank National Association, as Trustee(16) Trustee (11)
4.7	Form of 4.500% Notes due 2026 (contained in the Fifth Supplemental Indenture filed as Exhibit 4.6 hereto)(16) (11)
4.8	Sixth Supplemental Indenture, dated December 13, 2023, relating to the 8.00% Notes due 2028, between the Registrant and U.S. Bank Trust Company, National Association, as Trustee (12)
4.9	Form of 8.00% Notes due 2028 (contained in the Sixth Supplemental Indenture filed as Exhibit 4.8 hereto) (12)
4.10	Description of Apollo Investment Corporation's the Registrant's Registered Securities (15) (13)
10.1	ThirdFourth Amended and Restated Investment Advisory Management Agreement between the Registrant and Apollo Investment Management, L.P. (10) (14)
10.2	Second Amended and Restated Administration Agreement between the Registrant and Apollo Investment Administration, LLC (3) (15)
10.3	Dividend Reinvestment Plan (4) (16)
10.4	Custodian Agreement (2) (17)
10.5	Amended and Restated Trademark License Agreement between the Registrant and Apollo Management Holdings, L.P., dated as of May 14, 2012 (6) (18)
10.6	Form of Transfer Agency and Service Agreement (2) (19)
10.7	Amended and Restated Senior Secured Revolving Credit Agreement, dated December 22, 2020 (11) as of April 19, 2023, between the Registrant, the lenders party thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent (20)
10.10 10.8	Trademark License Agreement between the Registrant and Apollo Capital Management, L.P., dated August 2, 2022 (21)
10.9	Fee Offset Agreement, dated as of January 16, 2019 (13) (22)
11.1 10.10	Indenture, dated as of November 2, 2023, by and between MFIC Bethesda CLO 1 LLC, as issuer and Deutsche Bank National Trust Company, as trustee (23)
10.11	Purchase and Placement Agency Agreement, dated as of November 2, 2023, by and among MFIC Bethesda CLO 1 LLC, as issuer, Deutsche Bank Securities Inc., as initial purchaser and Apollo Global Securities Inc., as placement agent (24)
10.12	Collateral Management Agreement, dated as of November 2, 2023, by and between MFIC Bethesda CLO 1 LLC, as issuer, and the Registrant, as collateral manager (25)
10.13	Master Loan Sale Agreement, dated as of November 2, 2023, by and among the Registrant, as transferor, MFIC Bethesda CLO 1 Depositor LLC, as retention holder and MFIC Bethesda CLO 1 LLC, as issuer (26)
11.1	Computation of Per Share Earnings (included in the notes to the financial statements contained in this annual report)
12.1	Computation of Ratios (included in the notes to the financial statements contained in this annual report)
14.1	Amended and Restated Code of Ethics (5) (27)
21.1	Subsidiaries of the Registrant (included in the notes to the financial statements contained in this annual report)
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934*

31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934*
32.1	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)*
99.1 97.1	Clawback Policy*
99.1	Audited Financial Statements of Merx Aviation Finance LLC as of and for the year ended March 31, 2022* (28)

99.2	Consent of Independent Registered Public Accounting Firm*
99.3	Consent of Independent Auditors*
101.INS	Inline XBRL Instance Document*
101.SHC	Inline XBRL Taxonomy Extension Schema Document*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document*
104	Cover Page Interactive Data File (Formatted as Inline XBRL and contained in Exhibit 101)*

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* Filed herewith.

(1) Incorporated by reference from to Exhibit 2.1 to the Registrant's Current Report on Form 8-K, filed on November 7, 2023.

(2) Incorporated by reference to Exhibit 2.2 to the Registrant's Current Report on Form 8-K, filed on November 7, 2023.

(3) Incorporated by reference to Exhibit (a)(2) to the Registrant's pre-effective Amendment No. 1 to the Registration Statement under the Securities Act of 1933, as amended, on Form N-2, filed on Ju 20, 2005 March 12, 2004.

(2) (4) Incorporated by reference from to Exhibit (a) to the Registrant's pre-effective Amendment No. 3 to the Registration Statement under the Securities Act of 1933, as amended, on Form N-2, fil April 1, 2004.

(3) (5) Incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K, filed on December 3, 2018.

(6) Incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K, filed on July 22, 2019.

(7) Incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K, filed on August 12, 2022.

(8) Incorporated by reference to Exhibit 3.3 to the Registrant's Current Report on Form 8-K, filed on August 12, 2022.

(9) Incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K, filed on October 9, 2012.

(10)Incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K, filed on March 3, 2015.

(11)Incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K, filed on July 16, 2021.

(12)Incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K, filed on December 13, 2023.

(13)Incorporated by reference to Exhibit 4.6 to the Registrant's Annual Report on Form 10-K, filed on May 21, 2020.

(14)Incorporated by reference to Exhibit 10.8 to the Registrant's Annual Report on Form 10-KT, filed on February 21, 2023.

(15) Incorporated by reference to Exhibit 10.2 to the Registrant's Annual Report on Form 10-K, filed on May 18, 2018.

(4) (16) Incorporated by reference from to Exhibit (e) to the Registrant's pre-effective Amendment No. 1 to the Registration Statement under the Securities Act of 1933, as amended, on Form N-2, f March 12, 2004.

(5) (17) Incorporated by reference from to Exhibit (j) to the Registrant's pre-effective Amendment No. 3 to the Registration Statement under the Securities Act of 1933, as amended, on Form N-2, filed on April 1, 2004.

(18)Incorporated by reference to Exhibit 10.5 to the Registrant's Annual Report on Form 10-K, filed on May 23, 2012.

(19) Incorporated by reference to Exhibit (k)(2) to the Registrant's pre-effective Amendment No. 3 to the Registration Statement under the Securities Act of 1933, as amended, on Form N-2, filed on April 1, 2004.

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(20)Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on April 20, 2023.

(21)Incorporated by reference to Exhibit 1.3 to the Registrant's Current Report on Form 8-K, filed on August 2, 2022.

(22)Incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q, filed on February 6, 2019.

(23)Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on November 3, 2023.

(24)Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on November 3, 2023.

(25)Incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K, filed on November 3, 2023.

(26)Incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K, filed on November 3, 2023.

(27) Incorporated by reference to Exhibit (r)(1) to the Registrant's Registration Statement under the Securities Act of 1933, as amended, on Form N-2, filed on October 7, 2008.

(6) Incorporated by reference from the Registrant's Form 10-K, filed on May 23, 2012.

(28) (7) Incorporated by reference to Exhibit 4.1 as applicable, 99.1 to the Registrant's Annual Report on Form 8-K, 10-K, filed on March 3, 2015 May 19, 2022.

(8) (29) Incorporated by reference from to Exhibit (d) to the Registrant's post-effective amendments No.1 pre-effective Amendment No. 1 to the Registration Statement under the Securities Act of 1! amended, on form Form N-2, filed on August 14, 2006 March 12, 2004.

Aircraft Held for Sale

Management evaluates all contemplated aircraft sale transactions to determine whether all the required criteria have been met under US GAAP to classify aircraft as flight equipment held for sale. Management uses judgment in evaluating these criteria. Due to the significant uncertainties of potential sale transactions, the held for sale criteria generally will not be met unless the aircraft is subject to a signed sale agreement, or management has made a specific determination and obtained appropriate approvals to sell a particular aircraft or group of aircraft.

Aircraft held for sale are recorded at the lesser of carrying value or fair value, less estimated cost to sell. The Company continues to recognize rent from aircraft held for sale until the date the aircraft is sold. Rent collected from the sale contract date through the aircraft disposition date reduces the sale proceeds and gain on sale of aircraft. In addition, depreciation ceases once an aircraft is classified as held for sale. The Company performs an impairment review of aircraft held for sale. An impairment loss is recorded for an asset or asset group held for sale when the carrying value of the asset or asset group exceeds its fair value, less estimated cost to sell.

Repair and Maintenance of Aircraft

Major improvements and modifications incurred in connection with the acquisition of aircraft such.

> "***Financial Reporting Measures***" shall mean measures that are required to get the aircraft ready for use are capitalized determined and depreciated over the remaining life of the aircraft. In addition, costs paid by us for scheduled maintenance and overhauls are capitalized and depreciated over a period to the next scheduled maintenance or overhaul event. Miscellaneous repairs are expensed when incurred.

Impairment of Aircraft

We perform a recoverability assessment of all aircraft in our fleet, on an aircraft-by-aircraft basis, at least annually. In addition, a recoverability assessment is performed whenever events or changes in circumstances or indicators indicate that the carrying value of an asset may not be recoverable. Indicators may include but are not limited to a significant lease restructuring or early lease termination, significant air traffic decline, the introduction of newer technology aircraft or engines, the discontinuation of the production of an aircraft type or an issuance of a significant airworthiness directive. When we perform a recoverability assessment, we measure whether the estimated future undiscounted net cash flows expected to be generated by the aircraft exceed its carrying value. The recoverability assessment is based on undiscounted cash flows expected to result from the entity's use and eventual disposition of the asset group, rather than on market-participant assumptions that would be used in measuring the asset's fair value. The undiscounted cash flows consist of cash flows from currently contracted leases, end of lease payments, future projected lease rates, transition costs, estimated down time and estimated residual or scrap values for an aircraft.

We develop assumptions used in the recoverability analysis based on our knowledge of active lease contracts, current and future expectations of the global demand for a particular aircraft type, and historical experience in the aircraft leasing market and aviation industry, as well as information received from third-party industry sources. The factors considered in estimating the undiscounted cash flows are affected by changes in future periods due to changes in contracted lease rates, economic conditions, technology, and airline demand for a particular aircraft type. In the event that an aircraft does not meet the recoverability test and the aircraft's carrying amount falls below estimated values from third-party industry sources, the aircraft will be recorded at fair value presented in accordance with the accounting principles used in preparing the Company's fair value measurement policy, resulting financial statements, and any measures that are derived wholly or in an impairment charge.

part from such measures, including, without limitation: stock price; total shareholder return; net asset value; net investment income; net income; net realized or unrealized gains; profitability; financial ratios; earnings before interest, taxes, depreciation and amortization; funds from operations and adjusted funds from operations; liquidity measures; return measures (e.g., return on investments, return on assets); earnings measures (e.g., earnings per share) and any of such financial reporting measures relative to a peer group (in each case, regardless of whether such measures are presented within the Company's financial statements or included in a filing with the Securities and Exchange Commission).

Investment Securities "

Where***Fiscal Year***" shall mean the Company's fiscal year; provided that a Transition Period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months will be deemed a completed fiscal year.

"***Incentive Compensation***" shall mean any compensation (whether cash or equity-based) that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure, and may include, but shall not be limited to, performance bonuses and long-term incentive awards such as stock options, stock appreciation rights, restricted stock, restricted stock units, performance share units or other equity-based awards. For the avoidance of doubt, Incentive Compensation does not include (i) awards that are granted, earned and vested exclusively upon completion of a specified employment period, without any performance condition, and (ii) bonus awards that are discretionary or based on subjective goals or goals unrelated to Financial Reporting Measures. Notwithstanding the foregoing, compensation amounts shall not be considered "Incentive Compensation" for purposes of the Policy unless such compensation is Received (1) while the Company has the intent and ability to hold a class of securities for the foreseeable future, we have classified them as held-for-investment. These investments are reported in the balance sheet at outstanding principal adjusted for any charge-offs, repayments, allowance for loan losses, any deferred fees or costs on originated loans, and any unamortized premiums or discounts.

Interest in Joint Venture

The Company recognizes interest in joint ventures using the equity method of accounting. Investments accounted for under the equity method are recorded at the amount of the Company's investment and adjusted each period for the Company's share of the joint venture's income or loss.

Lease Revenue Receivable

Lease rental receivables represent unpaid, current lessee rental obligations under existing lease contracts. An allowance for credit losses on trade receivables is established when the risk of non-recovery is probable. The risk of non-recovery is primarily based on the extent to which amounts outstanding exceed the value of security held, together with an assessment of the financial strength and condition of a debtor and the economic conditions persisting in the debtor's operating environment. The allowance for credit losses is classified as leasing expenses in our Consolidated Statement of Operations.

Debt and Deferred Debt Issuance Costs

Long-term debt is carried at the principal amount borrowed, including unamortized discounts, premiums, and debt issuance costs, where applicable. We amortize the amount of discounts, premiums and over the period the debt is outstanding using the effective interest method. The costs we incur for issuing debt are capitalized and amortized as an increase to interest expense over the life of the debt using the effective interest method. Debt issuance costs related to our line-of-credit arrangements are presented within other assets.

Derivative Financial Instruments

The Company enters into derivative contracts to manage its exposure to interest rate risk. Interest rate swaps are used to minimize exposures to interest rate movement on underlying debt obligations of the Company. Our derivative assets are recorded in non-current assets and our derivative liabilities are recorded in non-current liabilities in our Consolidated Balance Sheets, unless there is a legal liability and intention to settle net.

The Company has elected to apply hedge accounting to its derivative instruments, as such when cash flow hedge accounting treatment is applied, the changes in fair values related to the effective portion of the derivatives are recorded in Other Comprehensive Income ("OCI"), and the ineffective portion is recognized immediately in the Consolidated Statements of Operations. Amounts reflected in OCI related to the effective portion are reclassified into the Consolidated Statements of Operations in the same period or periods during which the hedged transaction affects interest expense.

We discontinue hedge accounting prospectively when (i) we determine that the derivative is no longer effective in offsetting changes in the fair value or cash flows of the hedged item; (ii) the derivative expires or is sold, terminated, or exercised; or (iii) management determines that designating the derivative as a hedging instrument is no longer appropriate. In all situations in which hedge accounting is discontinued and the derivative remains outstanding, we recognize the changes in the fair value in current-period earnings. The remaining balance in OCI at the time we discontinue hedge accounting is not recognized in our Consolidated Statements of Operations unless it is probable that the forecasted transaction will not occur. Such amounts are recognized in Consolidated Statements of Operations when the hedged transaction affects interest expense.

When cash flow hedge accounting treatment is not applied, the changes in fair values between periods are recognized as a fair value movement in the Consolidated Statements of Operations. Net cash received or paid under derivative contracts in any reporting period is classified as operating cash flows in our Consolidated Statements of Cash Flows.

Investment Transactions

Investments are recognized when we assume an obligation to acquire a financial instrument and assume the risks for gains and losses related to that instrument. Investments are derecognized when we assume an obligation to sell a financial instrument and forego the risks for gains or losses related to that instrument. Specifically, we record all security transactions listed on a trade date basis. Amounts for investments recognized national securities exchange or derecognized but not yet settled are reported as receivables for investments sold a national securities association and payables for investments purchased, respectively, in the Consolidated Statements of Financial Position.

Fair Value Measurements

Fair value is defined as the amount that would be received to sell an asset(2) on or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- ***Level 1 Inputs:*** Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- ***Level 2 Inputs:*** Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- ***Level 3 Inputs:*** One or more inputs to valuation techniques are significant and unobservable.

In some cases, the inputs used to measure fair value can 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.

The Company measures the fair value of certain assets on a non-recurring basis, principally our flight equipment, when GAAP requires the application of fair value, including events or changes in circumstances that indicate that the carrying amounts of assets may not be recoverable.

The Company records flight equipment at fair value when we determine the carrying value may not be recoverable. The Company principally uses the income approach to measure the fair value of flight equipment. The income approach is based on the present value of cash flows from contractual lease agreements and projected future lease payments, including contingent rentals, net of expenses, which extend to the end of the aircraft's economic life in its highest and best use configuration, as well as a disposition value based on expectations of market participants. These valuations are considered Level 3 valuations, as the valuations contain significant non-observable inputs.

Lease Revenue

The Company leases aircraft principally under operating leases and reports rental income ratably over the life of each lease. At lease inception, we review all necessary criteria to determine proper lease classification. We account for lease agreements that include uneven rental payments on a straight-line basis. Most of our lease contracts require rental payments in advance. Rentals received, but unearned, under the lease agreements are recorded as deferred revenue on the Company's Consolidated Statements of Financial Position until earned. The difference between the rental income recorded and the cash received under the provisions of the lease is included in Lease receivables, as a component of current assets on the Company's Consolidated Statements of Financial Position. An allowance for doubtful accounts will be recognized for past-due rentals based on management's assessment of collectability. Management monitors all lessees with past due lease payments and discuss relevant operational and financial issues facing those lessees in order to determine an appropriate allowance for doubtful accounts.

All of the Company's lease agreements are triple net leases whereby the lessee is responsible for all taxes, insurance, and aircraft maintenance. In many operating lease contracts, the lessee is obligated to make periodic payments, which are calculated with reference to the utilization of the airframe, engines, and other major life-limited components during the lease. In these leases, we will make a payment to the lessee to compensate the lessee for the cost of the qualifying event incurred, up to the maximum of the amount of maintenance reserves payment made by the lessee during the lease term, net of previous reimbursements. These payments are made upon the lessee's presentation of invoices evidencing the completion of such qualifying event. The Company records as lease revenue, the portion of maintenance reserves liability that is virtually certain will not be reimbursed to the lessee. Maintenance reserves payments which we may be required to reimburse to the lessee are reflected in our maintenance reserve liability, as a component of non-current liabilities in our consolidated statements of financial position. Any maintenance reserves or end of lease payments collected that were not reimbursed to the lessee during the term of the lease for a qualifying event are recognized as lease revenue at the end of the lease.

Investment Income

Investment income is recognized on an accrual basis. Discounts or premiums are accreted or amortized into investment income on an effective yield or "interest" method based upon a comparison of actual and expected cash flows, through the expected maturity date of the security.

Redelivery Income

In certain contracts, the lessee is required to re-deliver the aircraft in a specified maintenance condition (normal wear and tear excepted), with reference to major life-limited components of the aircraft. To the extent that such components are re-delivered in a different condition than specified, there is normally an end-of-lease compensation adjustment for the difference at re-delivery. Amounts received as part of these re-delivery adjustments are recorded as redelivery income at lease termination.

Service Fee Income

Service fee income is accounted for on an accruals basis. This include aircraft service income by providing administrative and technical services for each managed aircraft, remarketing services upon sale and release of managed aircraft, research support and advisory services.

Expenses

Expenses include interest expense, management fee expense, compensation expenses and benefits, selling, other general and administrative expenses. Expenses are recognized on an accrual basis.

Income Taxes

The Company and two of its subsidiaries are single member limited liability companies and were structured as disregarded entities for U.S. federal, state and local tax purposes. Accordingly no provision for income taxes is made for these Companies. Four of the Company's subsidiaries are structured as a taxable entity for U.S. federal, state and local tax purposes. Accordingly, the Company uses the liability method in accounting for deferred income taxes for this subsidiary. Deferred income tax assets and liabilities are recognized for the future tax consequences attributed to temporary differences between the carrying value and tax basis of existing assets and liabilities using enacted rates applicable to the periods in which the differences are expected to be reversed. A valuation allowance is established, if necessary, to reduce deferred tax assets to the amount estimated to be recoverable. The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities.

The Company wholly owns subsidiaries which qualify as controlled foreign corporations for U.S. federal, state and local tax purposes. These entities are subject to tax at the rate of their jurisdiction of incorporation.

Non-controlling interests

For entities that are consolidated, but not 100% owned, a portion of the income or loss and corresponding equity is allocated to owners other than the Company. The aggregate of the income or loss and corresponding equity that is not owned by the Company is included in non-controlling interests in the consolidated financial statements.

The authoritative guidance for non-controlling interests in the consolidated financial statements requires reporting entities to present non-controlling interest as equity and provides guidance on the accounting for transactions between an entity and non-controlling interests. According to the guidance, (1) non-controlling interests are presented as a separate component of shareholders' equity on the Company's consolidated statements of financial condition, (2) net profit (loss) after taxes includes the net profit (loss) after taxes attributable to the non-controlling interest holders on the Company's consolidated statements of operations, (3) the primary components of non-controlling interest are separately presented in the Company's consolidated statements of changes in shareholders' equity to clearly distinguish the interests in the Company and other ownership interests in the consolidated entities and (4) profits and losses are allocated to non-controlling interests in proportion to their ownership interests regardless of their basis.

Recently Adopted Accounting Standards

On December 18, 2019 October 2, 2023, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes. This new standard eliminates certain exceptions in Accounting Standards Codification ("ASC") 740 related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period, and the recognition of deferred tax liabilities for outside basis differences. It also clarifies and simplifies other aspects of the accounting for income taxes. The adoption of this ASU did not have an impact on the Company's consolidated financial statements.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02 ("ASU 2016-02"), "Leases (Topic 842)". The amendments in ASU 2016-02 set out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. In July 2018, the FASB issued ASU No. 2018-10, "Codification Improvements to Topic 842, Leases", which provides narrow amendments to clarify how to apply certain aspects of the new lease standard. In addition, in August 2018, the FASB issued ASU No. 2018-11, "Targeted Improvements to ASC 842", which includes an option to apply the new lease standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption rather than restate comparative periods in transition. In December 2018, the FASB issued ASU 2018- 20, "Narrow-Scope Improvements for Lessors". This ASU provides an election for lessors to exclude sales and related taxes from consideration in the contract and requires lessors to exclude from revenue and expense lessor costs paid directly to a third party by lessees. In March 2019, the FASB Issued ASU 2019-01, "Codification Improvements". This ASU address issues relating to (i) Determining the fair value of the underlying asset by lessors that are not manufacturers or dealers; (ii) Presentation on the statement of cash flows-sales-type and direct financing leases; and Transition disclosures related to Topic 250, Accounting Changes and Error Corrections. Recently, the effective date of ASC 842 the Listing Rules.

"***Independent Director***" shall mean a director who is determined by the Board to be "independent" for private companies has further extended for one year by FASB. The standard will be effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022.

The Company will adopt the amendments to Accounting Standards Codification ("ASC") 842 on April 1, 2022. As a result, the Company will continue to disclose comparative reporting periods Board or Policy Administrator membership, as applicable, under the previous accounting guidance, ASC 840. Based on our evaluation rules of the guidance, we noted Exchange, as of any determination date.

"***Listing Rules***" shall have the meaning set forth in Section 1 of this Policy.

Incentive Compensation shall be deemed "***Received***" in the Company's fiscal period during which the Financial Reporting Measure specified in the Incentive Compensation award is attained, even if the payment or grant of the Incentive Compensation occurs after the end of that Lessor period.

"***Restatement***" shall mean an accounting is similar restatement due to the current model, but the guidance will impact us in scenarios where we are the Lessee. The Company is evaluating the potential effects on the consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13 ("ASU 2016-13"), "Financial Instruments - Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments". ASU 2016-13 revises the measurement of credit losses for financial assets measured at amortized cost from an incurred loss methodology to an expected loss methodology. ASU 2016- 13 affects trade receivables, debt securities, net investment in leases, and most other financial assets that represent a right to receive cash. Additional disclosures about significant estimates and credit quality are also required. In November 2018, the FASB issued ASU N o. 2018-19, "Codification Improvements to Topic 326, Financial Instruments - Credit Losses". This ASU clarifies that receivables from operating leases are accounted for using the lease guidance and not as financial instruments. The effective date will be the first quarter of fiscal year 2023. The Company is evaluating the potential effects on the consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848) Facilitation of the Effects of Reference Rate Reform on Financial Reporting ("ASC 848"). ASC 848 provided temporary optional expedients and exceptions to the U.S. GAAP guidance on contract modifications and hedge accounting to reduce the financial reporting burden in light of the market transition from London Interbank Offered Rates ("LIBOR") and other reference interest rates to alternative reference rates.

Under ASC 848, companies can elect not to apply certain modification accounting requirements to contracts affected by reference rate reform if certain criteria are met. An entity that makes this election would not be required to remeasure the contracts at the modification date or reassess a previous accounting determination. The amendments of ASC 848 apply only to contracts, hedging relationships and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. The amendments in ASU 2020-04 are effective from March 12, 2020 through

December 31, 2022 and can be adopted prospectively for any interim period that includes or is subsequent to March 12, 2020. We have not adopted ASC 848 for this annual period and are currently evaluating the impact that adopting the standard may have on our financial statements.

In July 2021, the FASB issued ASU 2021-05, Lessors – certain leases with variable lease payments (Topic 842). The new guidance is effective for reporting periods beginning after December 15, 2022, with early adoption permitted. The Company has early adopted the new guidance. The guidance has amended the lease classification requirements for lessors to align them with practice under Topic 840. The guidance requires lessors to classify and account for a lease with variable lease payments that do not depend on a reference index or a rate as an operating lease if both the lease would have been classified as a sales-type lease or a direct financing lease in accordance with the classification criteria in Topic 842 and the lessor would have otherwise recognized a day-one loss. The Company has reviewed the impact of the initial application of amendments and determined that there is no significant for the Company.

Note 3. Related Party Arrangements

The Company is party to an administration agreement (the "Administration Agreement") with Apollo Investment Administration, LLC (the "Administrator" or "AIA"), under which the Administrator, subject to review by the Company's management and the Board of Directors of AIC, provides administrative services to the Company. AIA is an affiliated entity of Apollo Investment Management, L.P. which provides investment advisory services to AIC. The Administration Agreement provides that the Company will reimburse the Administrator for all costs and expenses incurred by Administrator in performing its obligations and providing personnel under the agreement. Additionally, the Company will bear all costs and expenses incurred by any person or entity, including the Administrator, in connection with the business operations material noncompliance of the Company including, without limitation, payments based upon with any financial reporting requirement under the allocable portion for the Company of the Administrator's overhead in performing its obligations. For the years ended March 31, 2022, March 31, 2021 (FY2021), and March 31, 2020 (FY2020), the Company paid $250, $250 and $250, respectively, to AIA for the provision of administrative services.

Apollo Global Management ("AGM") is an affiliate of both AIA and AIC, and pays certain expenses on behalf of the Company and other affiliates. Accordingly, the Company periodically reimburses AGM for expenses paid on its behalf.

AIC has also entered into an expense reimbursement agreement with Merx Aviation Finance Assets Ireland Limited ("Merx Ireland"), an affiliate of the Company, that will reimburse AIC for reasonable out-of-pocket expenses incurred, securities laws, including any interest, fees or other amounts incurred by AIC required accounting restatement to correct an error in connection with letters of credit previously issued on behalf of Merx Ireland. For the year ended March 31, 2021, the Company reimbursed expenses of $4; (FY:2021 $4, FY2020: $4) to AIC under the expense reimbursement agreement.

In March 2014, AIC issued a revolving credit facility (the "Revolver") with financing capacity up to $500,000 financial statements that is material to the Company with an interest rate of 12% and maturity date of October 31, 2023. As of March 31, 2021, Company's previously issued financial statements, or that would result in a material misstatement if the Revolver provided the Company with financing capacity of up to $300,000 at the sole discretion of AIC. Borrowings under the revolver may be used for working capital needs error were corrected in the ordinary course of business and other general corporate purposes (including, but not limited to making investments). The total amount outstanding under the Revolver was $275,500 and $190,500 as of March 31, 2022 and March 31, 2021, respectively. The interest rate of the Revolver was reduced to 10% in April 2021. See Note 7 for additional disclosures.

The following related party balances are included current period or left uncorrected in the Consolidated Statements of Financial Position. current period.

	March 31, 2022	March 31, 2021
Due from affiliates		
Management fees - AIC affiliate	$ 12	$ 12
Due from affiliates	**$ 12**	**$ 12**

On January 17, 2019, AIC announced

"***Transition Period***" shall mean any transition period that effective January 16, 2019, Mr. Gary Rothschild, President and Chief Executive Officer of Merx, became an employee of Apollo Management Holdings, L.P. ("AMH"), an affiliate of AIC's investment adviser. Mr. Rothschild also retained his role as the President and Chief Executive Officer of Merx.

Note 4 (i). Aircraft Held for Lease

The following table shows the changes results from a change in aircraft held for lease, net of depreciation, for the years ended March 31, 2022 and March 31, 2021. See Note 11 for additional disclosure including geographic detail of aircraft held for lease.

	March 31, 2022	March 31, 2021
Beginning balance	$ 1,437,087	$ 1,622,711
Acquisitions and capital improvements	6,806	1,100
Acquired in business combination	—	—
Transferred to aircraft held for sale, net of related accumulated depreciation	(82,101)	(11,954)
Dispositions, net of related accumulated depreciation	(123,964)	—
Depreciation	(85,779)	(95,223)
Asset impairment	(73,714)	(79,547)

Ending balance	**$ 1,078,335**	**$ 1,437,087**

The following table presents accumulated depreciation and asset impairment for the aircraft held for lease as of March 31, 2022 and March 31, 2021.

	March 31, 2022	March 31, 2021
Accumulated Depreciation	$ 568,120	$ 358,470
Accumulated Asset Impairment	$ 169,519	$ 115,813

There were 44 aircraft, 4 engines and a portfolio of component parts classified as held for lease at year end (March 31, 2021: 54 Aircraft and a portfolio of component parts).

Note 4 (ii). Aircraft Held for Sale

The following table shows the changes in aircraft held for sale, net of depreciation, for the years ended March 31, 2022 and March 31, 2021.

	March 31, 2022	March 31, 2021
Beginning balance	$ 11,954	$ 0
Transferred from Aircraft held for lease, net of related accumulated depreciation	82,101	11,954
Dispositions, net of related accumulated depreciation	(11,954)	0
Ending balance	**$ 82,101**	**$ 11,954**

There were 3 aircraft classified as held for sale at year end (March 31, 2021: 2 aircraft).

Note 5. Lease revenue receivable

The following table shows the movement schedule for allowance for doubtful accounts for the year ended March 31, 2022 and for the year ended March 31, 2021.

	March 31, 2022	March 31, 2021
Beginning balance	$ 29,508	$ 14,629
Lease revenue for the year	156,820	189,008
Cash received during the year	(135,130)	(142,060)
Allowance for credit losses	(25,098)	(32,069)
Closing balance	$ 26,100	$ 29,508

During the year ended March 31, 2022, we increased our allowance for credit losses by $25.1 million primarily to reflect the increased credit risk due to the ongoing Covid-19 pandemic.

Note 6. Interest in Joint Venture

The Company has investments in Sora Airlease Designated Activity Company ("Sora DAC"). The Company holds 50% interest in Sora DAC. The Company recorded the investment at cost and adjusted each period for the Company's share of Fiscal Year within or immediately following the joint venture's income or loss.

The following table shows the summarized financial information of Sora DAC as of March 31, 2022 and March 31, 2021.

	March 31, 2022	March 31, 2021
Total assets	$ 467,850	$ 617,785
Third party liabilities	(238,561)	(401,307)
Net assets	**$ 229,289**	**$ 216,478**

Total liabilities of SORA DAC include Senior debt of $7,212 (FY2021: $7,212) and Junior debt of $52,698 (2021: $52,698) owed to the Company. This debt is included within Interest in joint venture on the consolidated statements of financial position as of March 31, 2022 and March 31, 2021.

The following table shows the Company's summarized interest in Sora DAC as of March 31, 2022 and March 31, 2021.

	March 31, 2022	March 31, 2021
	Merx Share 50%	Merx Share 50%
Total assets	$ 233,925	$ 308,892
Third party liabilities	(119,280)	(200,653)
Net assets	$114,645	$108,239
Comprised of		
Shareholders loan and accrued interest	84,244	79,308

Capital contribution	12,500	12,500
Accumulated earnings	17,901	16,431
Net assets	**$ 114,645**	**$ 108,239**

There were 18 aircraft held by the Company in SORA DAC at year end (March 31, 2021: 24 Aircraft).

Note 7. Debt

Interest on the Revolver and notes payable is paid on a monthly or quarterly basis at various interest rates. See Note 3 for additional disclosure on Revolver.

Many of three completed Fiscal Years immediately preceding the Company's aircraft were partially financed with the Revolver and notes payable. As the notes are held by subsidiaries and are secured by requirement to prepare a lien on the specific aircraft acquired with no recourse against any other aircraft or asset owned by the Company or its subsidiaries, management has estimated that the fair value of each debt instrument approximates its amortized cost. Management determines fair value based on level 3 inputs. Restatement.

Adopted on: November 30, 2023

As of March 31, 2022 and March 31, 2021, the Company was in compliance with all debt covenants.

The Company's outstanding debt obligations as of March 31, 2022 were as follows:

	Issuance Date	Outstanding Principal	Amortized Cost	Interest Rate
Shareholder's debt				
Revolver due October 2023	Mar-14	$ 275,000	$ 275,000	10.00%
Profit Participating Note due June 2078 (1)	Jun-18	108,964	108,964	N/A
Total Shareholder's debt		383,964	383,964	
Third party debt				
Note Payable due July 2025	Jun-18	90,056	89,205	1M LIBOR + 2.15%
Note Payable due July 2025	Sep-18	93,041	92,137	1M LIBOR + 2.15%
Note Payable due November 2024	Sep-18	33,970	33,679	1M LIBOR + 2.50%
Note Payable due June 2031	Jan-21	74,442	71,826	2.91%
MAPS 2018 - 1 Series A Note due May 2043	May-18	266,096	262,612	4.21%
MAPS 2018 - 1 Series B Note due May 2043	May-18	35,389	34,925	5.19%
MAPS 2018 - 1 Series C Note due May 2043	May-18	29,472	29,086	6.41%
MAPS 2019 - 1 Series A Note due March 2044	Mar-19	188,334	185,650	4.46%
MAPS 2019 - 1 Series B Note due March 2044	Mar-19	64,380	63,465	5.56%
MAPS 2019 - 1 Series C Note due March 2044	Mar-19	28,290	27,888	7.39%
Total third party debt		903,470	890,473	
Total		**$ 1,287,434**	**$ 1,274,437**	

(1) The Profit Participating Note is a senior unsecured security issued to Athene with a term of sixty years with no stated interest rate. These are reported in the consolidated statements of financial position at outstanding principal adjusted for any charge-off, allowances for loan losses, any deferred fees or costs on originated loans, and any unamortized premiums or discounts. Pro-rata share of profits of the borrower, excluding a marginal amount accrues as interest to the lenders.

The Company's outstanding debt obligations as of March 31, 2021 were as follows:

	Issuance Date	Outstanding Principal	Amortized Cost	Interest Rate
Shareholder's debt				
Revolver due October 2023	Mar-14	$ 190,500	$ 190,500	10.00%
Profit Participating Note due June 2078 (1)	Jun-18	108,964	108,964	N/A
Total shareholder's debt		299,464	299,464	
Third party debt				
Note Payable due July 2025	Jun-18	99,950	98,844	1M LIBOR + 2.15%
Note Payable due July 2025	Sep-18	102,904	101,729	1M LIBOR + 2.15%
Note Payable due November 2024	Sep-18	39,376	38,977	1M LIBOR + 2.50%
Note Payable due June 2031	Jan-21	82,919	80,020	2.91%

MAPS 2018 - 1 Series A Note due May 2043	May-18	321,874	317,180	4.21%
MAPS 2018 - 1 Series B Note due May 2043	May-18	42,658	42,036	5.19%
MAPS 2018 - 1 Series C Note due May 2043	May-18	27,646	27,243	6.41%
MAPS 2019 - 1 Series A Note due March 2044	Mar-19	274,862	271,104	4.46%
MAPS 2019 - 1 Series B Note due March 2044	Mar-19	65,528	64,632	5.56%
MAPS 2019 - 1 Series C Note due March 2044	Mar-19	26,282	25,923	7.39%
Total third party debt		1,083,999	1,067,688	
Total		**$ 1,383,463**	**$ 1,367,152**	

Scheduled repayments of third party debt over next five years and thereafter are as follows:

As of March 31, 2022		**As of March 31, 2021**	
Years ending March 31,	**Amount**	**Years ending March 31,**	**Amount**
2023	$ 165,130	2022	$ 130,820
2024	104,471	2023	112,798
2025	120,520	2024	113,123
2026	185,734	2025	129,995
2027	68,131	2026	197,816
Thereafter	259,484	Thereafter	399,447
Total	**$ 903,470**	**Total**	**$ 1,083,999**

Note 8. Lease Deposit Liability

As of March 31, 2022, cash security deposits in connection with lease agreements amounted to $10,286 (FY2021: $15,534). Lease deposit liabilities are generally refundable at the end of the contract lease period after all lease obligations have been met by the lessee. In addition, at March 31, 2022 the Company held letters of credit in lieu of cash security deposits that amounted to $7,437 (FY2021: $10,243).

Note 9. Maintenance Reserves Liability

The below table sets out the movement for maintenance reserves for the year ended March 31, 2022 and March 31, 2021.

	March 31, 2022	**March 31, 2021**
Beginning balance	$ 221,275	$ 242,329
Maintenance reserve receipts	29,559	15,496
Maintenance reserve disbursements	(55,816)	(14,080)
Released to revenue	(86,798)	(22,470)
Ending balance*	**$ 108,220**	**$ 221,275**

*The balance as of March 31, 2022 excludes maintenance reserve receivables from lessees amounting to $4.6 million (March 31, 2021: $12.5 million).

In addition, at March 31, 2022 the Company held letters of credit in lieu of cash that amounted to $14,114 (FY2021: $12,751). Maintenance reserves represent the obligation to make periodic payments which are calculated with reference to the utilisation of airframes, engines and other major life limited components during the lease. In such contracts, upon lessee presentation of invoices evidencing the completion of qualified work on the aircraft, the company reimburses the lessee for the work.

Note 10. Derivative Financial Instruments

The Company utilizes interest rate swap contracts to economically hedge its interest rate exposure on certain of its variable rate debt. An interest rate swap is an instrument in which two parties agree to exchange interest rate cash flows based on a specified notional amount from a floating rate to a fixed rate or from one floating rate to another. Under the swap transactions, the Company makes fixed rate payments and receives floating rate payments to convert the floating rate notes payable to fixed rate obligations to better match the fixed rate cash flows from the leasing of aircraft. Derivative financial instruments are measured at fair value using Level 2 inputs.

The table below shows the fair values of derivative financial instruments designated as cash flow hedges, recorded as assets or liabilities, together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at year end and are indicative of neither the market risk nor the credit risk.

Some of our agreements with derivative counterparties require a cash collateralization of derivative fair values. As of March 31, 2022, and March 31, 2021, no cash collateral was received or advanced to counterparties.

The counterparties to our interest rate derivatives are primarily major international financial institutions. We continually monitor our positions and the credit ratings of the counterparties involved and limit the amount of credit exposure to any one party. We could be exposed to potential losses due to the credit risk of non-performance by these counterparties. We have not experienced any losses to date.

As of March 31, 2022

	Outstanding notional amount	Fair value assets	Fair value liabilities
Derivative liabilities designated as cash flow hedges	$ 171,622	$ —	$ 3,275

	As of March 31, 2021		
	Outstanding notional amount	Fair value assets	Fair value liabilities
Derivative liabilities designated as cash flow hedges	$ 191,123	$ —	$ 15,675

Note 11. Lease Revenue

The below table shows the breakout of maintenance reserve revenue for year ended March 31, 2022, the year ended March 31, 2021 and March 31, 2020.

	March 31, 2022	March 31, 2021	March 31, 2020
Lease revenue	$ 156,820	$ 189,008	$ 202,899
Maintenance reserve revenue	86,798	22,470	18,615
Total	**$ 243,618**	**$ 211,478**	**$ 221,514**

Geographic and credit risks

Lease rental revenue includes $927 (FY2021: $927; FY2020: $927) related to leases of aircraft component parts in use by non-U.S. domiciled airlines. As of March 31, 2022, the Company had lease arrangements with 25 lessees (FY2021: 30 lessees) whose principal places of business are located in 20 countries (FY2021: 19 countries).

Carrying value of aircraft held for lease and aircraft held for sale at year end, lease revenues in the financial period and number of Aircraft at year end were as follows:

	Carrying value as of March 31, 2022	%	Lease revenue for the year ended March 31, 2022	%	Number of Assets as at March 31, 2022	%
Africa	$ 71,974	6 %	$ 17,369	7 %	4	8 %
Asia/Pacific	353,183	30 %	81,982	33 %	13	25 %
Australia	34,936	3 %	4,570	2 %	2	4 %
Europe	254,830	22 %	83,158	34 %	7	13 %
Latin America	56,524	5 %	11,456	5 %	3	6 %
Middle East	48,506	4 %	5,232	2 %	2	4 %
North America	251,416	22 %	39,851	17 %	9	17 %
Off-Lease	89,068	8 %	—	—	12	23 %
Total	**$ 1,160,437**	**100 %**	**$ 243,618**	**100 %**	**52**	**100 %**

	Carrying value as of March 31, 2021	%	Lease revenue for the year ended March 31, 2021	%	Number of Assets as at March 31, 2021	%
Africa	$ 78,824	4 %	$ 11,437	5 %	4	7 %
Asia/Pacific	452,504	29 %	71,338	34 %	18	32 %
Australia	36,749	4 %	17,092	8 %	2	4 %
Europe	369,594	28 %	49,057	23 %	12	21 %
Latin America	95,932	8 %	13,833	7 %	4	7 %
Middle East	51,523	3 %	5,255	2 %	2	4 %
North America	351,961	23 %	43,466	21 %	12	21 %
Off-Lease	11,954	1 %	—	—	2	4 %
Total	**$ 1,449,041**	**100 %**	**$ 211,478**	**100 %**	**56**	**100 %**

Minimum future lease payments

The minimum future lease payments on non-cancelable operating leases of aircraft in our fleet were as follows:

As of March 31, 2022		As of March 31, 2021	
Years ending March 31,	**Amount**	**Years ending March 31,**	**Amount**
2023	$ 124,943	2022	$ 170,336
2024	114,852	2023	159,199
2025	101,071	2024	135,063
2026	81,738	2025	111,539

2027		51,462	2026		84,614
Thereafter		145,328	Thereafter		158,118
Total	**$**	**619,394**	**Total**	**$**	**818,869**

Note 12. Service fee income

Effective January 16, 2019, the Company entered into a series of service arrangements with affiliates of AGM. Under a servicing agreement with Apollo Capital Management, L.P. ("ACM"), the Company serves as technical servicer to aircraft clients of ACM and its affiliates. Under a research support agreement with ACM, the Company's employees assist ACM with technical diligence and underwriting of new aircraft-related investment opportunities. Under a technical support agreement, the Company and AMH share the services of Mr. Gary Rothschild.

For providing these services, the Company receives a management fee. The below table sets out the management fee income for the year ended March 31, 2022, year ended March 31, 2021 and year ended March 31, 2020 for the services provided by the Company to ACM and its affiliates.

	March 31, 2022		March 31, 2021		March 31, 2020	
Apollo Navigator Fund	$	4,496	$	8,146	$	900
PK Air 1 LP		3,585		1,284		1,200
Others		31		347		108
Net service fee income as per statement of operations	$	8,112	$	9,777	$	2,208

The below table sets out the reconciliation of total management fee income earned by the company for the year ended March 31, 2022, year ended March 31, 2021 and year ended March 31, 2020.

	March 31, 2022		March 31, 2021		March 31, 2020	
Service fee income	$	15,814	$	13,479	$	7,561
Service fee income elimination upon consolidation		(7,702)		(3,702)		(5,353)
Net service fee income as per statement of operations	$	8,112	$	9,777	$	2,208

These figures are made up of income from MAPS 2019-1 Limited, MAPS 2018-1 Limited, OVI DAC, Borealis Aviation Ireland Limited, EOS and PK AIR. A portion of these fees are eliminated upon consolidation.

Note 13. Other Income

Other income of $617 mainly includes miscellaneous income (FY2021: $4,089 mainly includes deferred interest income, income on bank deposits and other miscellaneous income. FY2020: $1,461 mainly includes interest on bank deposits and other miscellaneous income.).

Note 14. General and administrative expenses

The below table sets out the general and administrative expenses for the year ended March 31, 2022, March 31, 2021 and March 31, 2020.

	March 31, 2022		March 31, 2021		March 31, 2020	
Salary and compensation	$	10,352	$	10,618	$	10,350
Aircraft maintenance and technical fees		14,940		5,739		4,943
Legal and insurance expense		3,893		2,861		3,476
Others		6,237		5,407		8,811
Total	**$**	**35,422**	**$**	**24,625**	**$**	**27,580**

Note 15. Income Taxes

Four of the Company's subsidiaries are recognized as a corporation for U.S. tax purposes and are subject to U.S. federal, state, and local income taxes. Income taxes have been provided for based upon the tax laws and rates in the U.S. where the operations are conducted and income is earned. The subsidiary's net profit (loss) before income taxes for the year ended March 31, 2022 was $0 (FY2021: ($20); FY2020: $109). The components of the income tax provision consisted of the following:

	For the year ended March 31,					
	2022		2021		2020	
Current income tax						
Domestic tax	$	—	$	—	$	0
Foreign tax		6		(19)		27
Total current income tax	**$**	**6**	**$**	**(19)**	**$**	**27**
Deferred income tax						
Domestic tax		—		—		—
Foreign tax		199		(2,509)		(2,326)
Total deferred income tax	**$**	**199**	**$**	**(2,509)**	**$**	**(2,326)**

Total income tax	**$ 205**	**$ (2,528)**	**$ (2,299)**

The Company did not have significant domestic deferred tax assets and liabilities at March 31, 2022 or March 31, 2021.

	March 31, 2022	March 31, 2021
Opening deferred tax balance	$ (93)	$ (2,651)
Deferred tax charge to statement of operations	199	2,184
Others	29	374
Closing deferred tax balance	**$ 135**	**$ (93)**

The Company did not have net taxable operating loss ("NOL") carry forward available at March 31, 2022 (FY2021: $0 : FY2020: $0) to offset future taxable income subject to U.S. graduated tax rates. Deferred tax assets and liabilities are netted as they both fall within the U.S. tax jurisdiction. The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities. The Company is subject to examination by taxing authorities in the U.S. for a period of three fiscal years after tax returns are filed.

Note 16. Commitments and Contingencies

As of March 31, 2022, the Company was obligated under non-cancelable operating leases relating to office facilities in New York, New York and Dublin, Ireland for future minimum lease payments as follows:

Years ending March 31,	Amount
2023	$ 627
2024	472
2025	458
2026	38
2027	—
Thereafter	—
Total	**$ 1,595**

As of March 31, 2021, the Company was obligated under non-cancelable operating leases relating to office facilities in New York, New York and Dublin, Ireland for future minimum lease payments as follows:

Years ending March 31,	Amount
2022	$ 627
2023	627
2024	472
2025	458
2026	38
Thereafter	—
Total	**$ 2,222**

Note 17. Subsequent Events

Management has evaluated subsequent events through the date of issuance of these financial statements on the May 18, 2022 and has determined that there are no subsequent events outside the ordinary scope of business that require adjustment to, or disclosure in, the financial statements.

Exhibit 99.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form N-2 (No. 333-238518) 333-271227) of Apollo MidCap Financial Investment Corporation of our report dated May 19, 2022 relating to the March 31, 2022 financial statements and senior securities table, and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

New York, New York
May 19, 2022

February 26, 2024

Exhibit 99.3

CONSENT OF INDEPENDENT AUDITORS

We hereby consent to the incorporation by reference in the Registration Statement on Form N-2 (No. 333-238518) 333- 271227) of Apollo MidCap Financial Investment Corporation of our report dated May 19, 2022 relating to the financial statements of Merx Aviation Finance LLC, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers

Dublin, Ireland
February 26, 2024

May 19, 2022
