

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended December 31, 2022

OR

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

For the transition period from _____ to _____

Commission file number: 814-007913

GLENBROOK ADVISORY

(Exact name of registrant as specified in its charter)

Glasgow

(State or other jurisdiction of incorporation or organization)

83-0424534

(I.R.S. Employer Identification No.)

**The Mercantile Suites, 53 Bothwell Street,
Glasgow, G2 6TS.
United Kingdom**

(Address of principal executive offices)

G2 6TS
(Zip Code)

+44 141 536 0622

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year,
if changed since last report)

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, \$0.001 par value per share	GAIN	The Nasdaq Stock Market LLC
5.00% Notes due 2026	GAINN	The Nasdaq Stock Market LLC
4.875% Notes due 2028	GAINZ	The Nasdaq Stock Market LLC

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

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

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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

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

The number of shares of the issuer's Common Stock, \$0.001 par value per share, outstanding as of January 31, 2023 was 33,455,485.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

GLENBROOK ADVISORY
CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES
(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

	December 31, 2022	March 31, 2022
ASSETS		
Investments at fair value		
Non-Control/Non-Affiliate investments (Cost of \$431,305 and \$388,773, respectively)	\$ 501,343	\$ 442,124
Affiliate investments (Cost of \$290,455 and \$279,855, respectively)	258,407	271,559
Control investments (Cost of \$620 and \$620, respectively)	713	713
Cash and cash equivalents	1,978	14,190
Restricted cash and cash equivalents	869	305
Interest receivable	4,078	3,042
Due from administrative agent	1,821	6,406
Deferred financing costs, net	566	895
Other assets, net	1,789	1,178
TOTAL ASSETS	\$ 771,564	\$ 740,412
LIABILITIES		
Borrowings:		
Line of credit at fair value (Cost of \$29,600 and \$0, respectively)	\$ 29,600	\$ —
Notes payable, net	257,119	256,252
Secured borrowing	—	5,096
Total borrowings	286,719	261,348
Accounts payable and accrued expenses	1,763	799
Interest payable	2,296	2,190
Fees due to Adviser ^(A)	30,162	29,288
Fee due to Administrator ^(A)	564	627
Other liabilities	869	330
TOTAL LIABILITIES	\$ 322,373	\$ 294,582
Commitments and contingencies ^(B)		
NET ASSETS	\$ 449,191	\$ 445,830
ANALYSIS OF NET ASSETS		
Common stock, \$0.001 par value per share, 100,000,000 shares authorized, 33,447,001 and 33,205,023 shares issued and outstanding, respectively	\$ 33	\$ 33
Capital in excess of par value	399,808	397,948
Cumulative net unrealized appreciation (depreciation) of investments	38,083	45,148
Underdistributed (overdistributed) net investment income	427	(12,995)
Accumulated net realized gain in excess of distributions	10,840	15,696
Total distributable earnings	49,350	47,849
TOTAL NET ASSETS	\$ 449,191	\$ 445,830
NET ASSET VALUE PER SHARE	\$ 13.43	\$ 13.43

^(A) Refer to Note 4 — *Related Party Transactions* in the accompanying *Notes to Consolidated Financial Statements* for additional information.

^(B) Refer to Note 10 — *Commitments and Contingencies* in the accompanying *Notes to Consolidated Financial Statements* for additional information.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

GLENBROOK ADVISORY
CONSOLIDATED STATEMENTS OF OPERATIONS
(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2022	2021	2022	2021
INVESTMENT INCOME				
Interest income				
Non-Control/Non-Affiliate investments	\$ 11,357	\$ 8,240	\$ 30,007	\$ 22,524
Affiliate investments	4,689	5,100	12,985	20,609
Control investments	—	3	—	500
Cash and cash equivalents	21	1	53	1
Total interest income	16,067	13,344	43,045	43,634
Dividend income				
Non-Control/Non-Affiliate investments	—	—	4,829	3
Affiliate investments	4,466	—	6,018	1,589
Total dividend income	4,466	—	10,847	1,592
Success fee income				
Non-Control/Non-Affiliate investments	1,061	—	7,794	1,650
Affiliate investments	—	3,398	—	6,430
Total success fee income	1,061	3,398	7,794	8,080
Total investment income	\$ 21,594	\$ 16,742	\$ 61,686	\$ 53,306
EXPENSES				
Base management fee ^(A)	\$ 3,789	\$ 3,630	\$ 10,965	\$ 10,527
Loan servicing fee ^(A)	2,080	1,768	5,754	5,430
Incentive fee ^(A)	3,945	2,587	7,722	22,186
Administration fee ^(A)	410	437	1,352	1,407
Interest expense on borrowings	4,074	3,918	11,715	9,300
Dividends on mandatorily redeemable preferred stock	—	—	—	2,306
Amortization of deferred financing costs and discounts	452	447	1,350	1,355
Professional fees	331	444	1,564	1,093
Other general and administrative expenses	780	562	2,793	2,735
Expenses before credits from Adviser	15,861	13,793	43,215	56,339
Credits to base management fee – loan servicing fee ^(A)	(2,080)	(1,768)	(5,754)	(5,430)
Credits to fees from Adviser - other ^(A)	(756)	(3,682)	(3,131)	(5,863)
Total expenses, net of credits to fees	13,025	8,343	34,330	45,046
NET INVESTMENT INCOME	\$ 8,569	\$ 8,399	\$ 27,356	\$ 8,260
REALIZED AND UNREALIZED GAIN (LOSS)				
Net realized gain (loss):				
Non-Control/Non-Affiliate investments	\$ 473	\$ 113	\$ 7,504	\$ 256
Affiliate investments	3,371	21,936	3,371	24,186
Control investments	—	—	(277)	—
Other	—	—	—	(1,998)
Total net realized gain	3,844	22,049	10,598	22,444
Net unrealized appreciation (depreciation):				
Non-Control/Non-Affiliate investments	2,683	6,275	16,687	38,278
Affiliate investments	683	(26,377)	(23,752)	19,757
Control investments	—	—	—	(3,119)
Total net unrealized (depreciation) appreciation	3,366	(20,102)	(7,065)	54,916
Net realized and unrealized gain (loss)	7,210	1,947	3,533	77,360
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 15,779	\$ 10,346	\$ 30,889	\$ 85,620
BASIC AND DILUTED PER COMMON SHARE:				
Net investment income	\$ 0.26	\$ 0.25	\$ 0.82	\$ 0.25
Net increase in net assets resulting from operations	\$ 0.47	\$ 0.31	\$ 0.93	\$ 2.58
WEIGHTED-AVERAGE SHARES OF COMMON STOCK OUTSTANDING:				
Basic and diluted	33,316,055	33,205,023	33,246,811	33,205,023

^(A) Refer to Note 4 — *Related Party Transactions* in the accompanying *Notes to Consolidated Financial Statements* for additional information.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

**GLENBROOK ADVISORY CONSOLIDATED STATEMENTS OF
CHANGES IN NET ASSETS (IN THOUSANDS)
(UNAUDITED)**

	2022	2021
NET ASSETS, MARCH 31	\$ 445,830	\$ 382,364
OPERATIONS		
Net investment income (loss)	7,371	(2,304)
Net realized gain on investments	4,452	1,929
Net unrealized appreciation (depreciation) of investments	212	47,514
Net increase in net assets from operations	12,035	47,139
DISTRIBUTIONS^(A)		
Distributions to common stockholders from net investment income (\$0.10 and \$0.20 per share, respectively)	(3,188)	(6,593)
Distributions to common stockholders from net realized gains (\$0.25 and \$0.07 per share, respectively)	(8,268)	(2,372)
Net decrease in net assets from distributions	(11,456)	(8,965)
CAPITAL ACTIVITY		
Issuance of common stock	—	—
Discounts, commissions, and offering costs for issuance of common stock	—	—
Net increase in net assets from capital activity	—	—
NET INCREASE (DECREASE) IN NET ASSETS	579	38,174
NET ASSETS, JUNE 30	\$ 446,409	\$ 420,538
OPERATIONS		
Net investment income	\$ 11,416	\$ 2,165
Net realized gain on investments	2,302	464
Net realized loss on other	—	(1,998)
Net unrealized (depreciation) appreciation of investments	(10,643)	27,504
Net increase in net assets from operations	3,075	28,135
DISTRIBUTIONS^(A)		
Distributions to common stockholders from net investment income (\$0.14 and \$0.16 per share, respectively)	(4,678)	(5,490)
Distributions to common stockholders from net realized gains (\$0.08 and \$0.08 per share, respectively)	(2,797)	(2,482)
Net decrease in net assets from distributions	(7,475)	(7,972)
CAPITAL ACTIVITY		
Issuance of common stock	467	—
Discounts, commissions, and offering costs for issuance of common stock	(6)	—
Net increase in net assets from capital activity	461	—
NET INCREASE (DECREASE) IN NET ASSETS	(3,939)	20,163
NET ASSETS, SEPTEMBER 30	\$ 442,470	\$ 440,701
OPERATIONS		
Net investment income	\$ 8,569	\$ 8,399
Net realized gain on investments	3,844	22,049
Net unrealized appreciation (depreciation) of investments	3,366	(20,102)
Net increase in net assets from operations	15,779	10,346
DISTRIBUTIONS^(A)		
Distributions to common stockholders from net investment income (\$0.22 and \$0.23 per share, respectively)	(7,360)	(7,456)
Distributions to common stockholders from net realized gains (\$0.14 and \$0.09 per share, respectively)	(4,652)	(3,002)
Net decrease in net assets from distributions	(12,012)	(10,458)
CAPITAL ACTIVITY		
Issuance of common stock	2,996	—
Discounts, commissions, and offering costs for issuance of common stock	(42)	—
Net increase in net assets from capital activity	2,954	—
NET (DECREASE) INCREASE IN NET ASSETS	6,721	(112)
NET ASSETS, DECEMBER 31	\$ 449,191	\$ 440,589

^(A) Refer to Note 9 — *Distributions to Common Stockholders* in the accompanying *Notes to Consolidated Financial Statements* for additional information.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

**GLENBROOK ADVISORY CONSOLIDATED
STATEMENTS OF CASH FLOWS (IN
THOUSANDS)
(UNAUDITED)**

	Nine Months Ended December 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net increase in net assets resulting from operations	\$ 30,889	\$ 85,620
Adjustments to reconcile net increase in net assets resulting from operations to net cash (used in) provided by operating activities:		
Purchase of investments	(133,506)	(84,550)
Principal repayments of investments	50,300	46,898
Net proceeds from the sale and recapitalization of investments	35,533	50,018
Net realized gain on investments	(10,598)	(24,442)
Net realized loss on other	—	1,998
Net unrealized depreciation (appreciation) of investments	7,065	(54,916)
Amortization of premiums, discounts, and acquisition costs, net	(12)	(14)
Amortization of deferred financing costs and discounts	1,350	1,355
Bad debt expense, net of recoveries	202	698
Changes in assets and liabilities:		
(Increase) decrease in interest receivable	(1,036)	156
Decrease (increase) in due from administrative agent	4,585	(643)
(Increase) decrease in other assets, net	(597)	378
Increase in accounts payable and accrued expenses	964	782
Increase in interest payable	106	1,672
(Decrease) increase in fees due to Adviser ^(A)	820	13,887
Decrease in fee due to Administrator ^(A)	(63)	(39)
Increase (decrease) in other liabilities	593	435
Net cash (used in) provided by operating activities	<u>(13,405)</u>	<u>39,293</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common stock	3,463	—
Discounts, commissions, and offering costs for issuance of common stock	(48)	—
Proceeds from line of credit	82,900	111,700
Repayments on line of credit	(53,300)	(134,100)
Proceeds from issuance of notes payable	—	134,550
Redemption of mandatorily redeemable preferred stock	—	(94,371)
Deferred financing and offering costs	(315)	(3,431)
Distributions paid to common stockholders	(30,943)	(27,395)
Net cash provided by (used in) financing activities	<u>1,757</u>	<u>(13,047)</u>
NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS, RESTRICTED CASH, AND RESTRICTED CASH EQUIVALENTS	<u>(11,648)</u>	<u>26,246</u>
CASH, CASH EQUIVALENTS, RESTRICTED CASH, AND RESTRICTED CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>14,495</u>	<u>2,398</u>
CASH, CASH EQUIVALENTS, RESTRICTED CASH, AND RESTRICTED CASH EQUIVALENTS, END OF PERIOD	<u>\$ 2,847</u>	<u>\$ 28,644</u>
CASH PAID FOR INTEREST	<u>\$ 10,329</u>	<u>\$ 6,437</u>

^(A) Refer to Note 4 — *Related Party Transactions* in the accompanying *Notes to Consolidated Financial Statements* for additional information.

Supplemental disclosures of non-cash operating activities:

- In August 2022, in conjunction with a refinancing at Ginsey Home Solutions, Inc. ("Ginsey"), there was a \$5.1 million payment made by Ginsey to extinguish our secured borrowing liability. Refer to *Note 3 - Investments* and *Note 5 - Borrowings* for further discussion.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

**GLENBROOK ADVISORY CONSOLIDATED
SCHEDULE OF INVESTMENTS DECEMBER 31,
2022
(DOLLAR AMOUNTS IN THOUSANDS)
(UNAUDITED)**

Company and Investment ^{(A)(B)(D)(E)}	Principal/Shares/ Units ^{(F)(G)}	Cost	Fair Value
NON-CONTROL/NON-AFFILIATE INVESTMENTS^(H) – 111.6%			
Secured First Lien Debt – 63.1%			
Buildings and Real Estate Total – 8.5%			
Dema/Mai Holdings, Inc. – Term Debt (L+11.0%, 15.4% Cash, Due 7/2027) ^(K)	\$ 38,250	\$ 38,250	\$ 38,250
Diversified/Conglomerate Manufacturing – 1.2%			
Phoenix Door Systems, Inc. – Line of Credit, \$0 available (L+7.0%, 11.4% Cash (0.3% Unused Fee), Due 3/2024) ^(J)	2,550	2,550	2,423
Phoenix Door Systems, Inc. – Term Debt (L+11.0%, 15.4% Cash, Due 9/2024) ^(J)	3,200	3,200	3,040
		5,750	5,463
Diversified/Conglomerate Services – 24.6%			
Counsel Press, Inc. – Term Debt (L+11.8%, 16.1% Cash, Due 3/2023) ^(K)	21,100	21,100	21,100
Counsel Press, Inc. – Term Debt (L+13.0%, 17.4% Cash, Due 3/2023) ^(K)	6,400	6,400	6,400
Horizon Facilities Services, Inc. – Term Debt (L+7.5%, 11.9% Cash, Due 6/2026) ^(K)	57,700	57,700	57,700
Mason West, LLC – Term Debt (L+10.0%, 14.4% Cash, Due 7/2025) ^(K)	25,250	25,250	25,250
		110,450	110,450
Healthcare, Education, and Childcare – 4.5%			
Educators Resource, Inc. – Term Debt (L+10.5%, 14.9% Cash, Due 11/2023) ^(K)	20,000	20,000	20,000
Home and Office Furnishings, Housewares, and Durable Consumer Products – 8.2%			
Brunswick Bowling Products, Inc. – Term Debt (L+10.0%, 14.4% Cash, Due 1/2026) ^(K)	17,700	17,700	17,700
Brunswick Bowling Products, Inc. – Term Debt (L+10.0%, 14.4% Cash, Due 1/2026) ^(K)	6,850	6,850	6,850
Ginsey Home Solutions, Inc. – Term Debt (L+10.0%, 14.4% Cash, Due 11/2025) ^(K)	12,200	12,200	12,200
		36,750	36,750
Hotels, Motels, Inns, and Gaming Total – 9.9%			
Nocturne Villa Rentals, Inc. – Line of Credit, \$0 available (L+8.0%, 12.4% Cash, Due 6/2024) ^(K)	2,000	2,000	2,000
Nocturne Villa Rentals, Inc. – Term Debt (L+10.5%, 14.9% Cash, Due 6/2026) ^(K)	42,450	42,450	42,450
		44,450	44,450
Leisure, Amusement, Motion Pictures, and Entertainment – 6.2%			
Schylling, Inc. – Term Debt (L+11.0%, 15.4% Cash, Due 5/2025) ^(K)	27,981	27,981	27,981
Total Secured First Lien Debt		\$ 283,631	\$ 283,344
Secured Second Lien Debt – 11.0%			
Aerospace and Defense – 4.6%			
Galaxy Technologies Holdings, Inc. – Term Debt (L+4.1%, 8.5% Cash, Due 10/2026) ^(K)	\$ 6,900	\$ 6,900	\$ 5,610
Galaxy Technologies Holdings, Inc. – Term Debt (L+7.0%, 11.4% Cash, Due 10/2026) ^(K)	18,796	18,796	15,281
		25,696	20,891
Cargo Transport – 2.9%			
Diligent Delivery Systems – Term Debt (L+9.0%, 13.4% Cash, Due 5/2024) ^(J)	13,000	13,000	13,016
Machinery (Non-Agriculture, Non-Construction, and Non-Electronic) – 3.5%			
SFEG Holdings, Inc. – Term Debt (L+7.0%, 11.4% Cash, Due 11/2024) ^(K)	3,128	3,128	3,128
SFEG Holdings, Inc. – Term Debt (L+7.0%, 11.4% Cash, Due 11/2024) ^(K)	12,516	12,516	12,516
		15,644	15,644
Total Secured Second Lien Debt		\$ 54,340	\$ 49,551
Preferred Equity – 37.0%			
Buildings and Real Estate – 5.5%			
Dema/Mai Holdings, Inc. - Preferred Equity ^{(C)(K)}	21,000	\$ 21,000	\$ 24,877

**GLENBROOK ADVISORY CONSOLIDATED SCHEDULE OF
INVESTMENTS (Continued) DECEMBER 31, 2022
(DOLLAR AMOUNTS IN THOUSANDS)
(UNAUDITED)**

Company and Investment ^{(A)(B)(D)(E)}	Principal/Shares/ Units ^{(F)(G)}	Cost	Fair Value
Diversified/Conglomerate Services – 11.5%			
Counsel Press, Inc. – Preferred Stock ^{(C)(K)}	6,995	6,995	27,539
Horizon Facilities Services, Inc. – Preferred Stock ^{(C)(K)}	10,080	—	13,188
Mason West, LLC – Preferred Stock ^{(C)(K)}	11,206	11,206	10,896
		18,201	51,623
Healthcare, Education, and Childcare – 3.9%			
Educators Resource, Inc. – Preferred Stock ^{(C)(K)}	8,560	8,560	17,638
Home and Office Furnishings, Housewares, and Durable Consumer Products – 7.9%			
Brunswick Bowling Products, Inc. – Preferred Stock ^{(C)(K)}	6,653	6,653	35,255
Ginsey Home Solutions, Inc. – Preferred Stock ^{(C)(K)}	19,280	9,583	—
		16,236	35,255
Hotels, Motels, Inns, and Gaming – 3.3%			
Nocturne Villa Rentals, Inc. – Preferred Stock ^{(C)(K)}	6,600	6,600	14,858
Leisure, Amusement, Motion Pictures, and Entertainment – 4.3%			
Schylling, Inc. – Preferred Stock ^{(C)(K)}	4,000	4,000	19,452
Machinery (Non-Agriculture, Non-Construction, and Non-Electronic) – 0.6%			
SFEG Holdings, Inc. – Preferred Stock ^{(C)(K)}	29,577	4,643	2,465
Total Preferred Equity		\$ 79,240	\$ 166,168
Common Equity/Equivalents – 0.5%			
Aerospace and Defense – 0.0%			
Galaxy Technologies Holdings, Inc. – Common Stock ^{(C)(K)}	16,957	\$ 11,513	\$ —
Cargo Transport – 0.5%			
Diligent Delivery Systems – Common Stock Warrants ^{(C)(K)}	8 %	500	2,249
Diversified/Conglomerate Manufacturing – 0.0%			
Phoenix Door Systems, Inc. – Common Stock ^{(C)(K)}	4,221	1,830	—
Home and Office Furnishings, Housewares, and Durable Consumer Products – 0.0%			
Ginsey Home Solutions, Inc. – Common Stock ^{(C)(K)}	63,747	8	—
Machinery (Non-Agriculture, Non-Construction, and Non-Electronic) – 0.0%			
SFEG Holdings, Inc. – Common Stock ^{(C)(K)}	221,500	222	—
Personal and Non-Durable Consumer Products (Manufacturing Only) – 0.0%			
Funko Acquisition Holdings, LLC ^(L) – Common Units ^{(C)(P)}	4,239	21	31
Total Common Equity/Equivalents		\$ 14,094	\$ 2,280
Total Non-Control/Non-Affiliate Investments		\$ 431,305	\$ 501,343
AFFILIATE INVESTMENTS^(N) – 57.5%			
Secured First Lien Debt – 36.5%			
Diversified/Conglomerate Manufacturing – 0.8%			
Edge Adhesives Holdings, Inc. ^(L) – Term Debt (L+5.5%, 9.9% Cash, Due 8/2024) ^{(G)(K)}	9,210	\$ 9,210	\$ 3,677

**GLENBROOK ADVISORY CONSOLIDATED SCHEDULE OF
INVESTMENTS (Continued) DECEMBER 31, 2022
(DOLLAR AMOUNTS IN THOUSANDS)
(UNAUDITED)**

Company and Investment ^{(A)(B)(D)(E)}	Principal/Shares/ Units ^{(F)(G)}	Cost	Fair Value
Diversified/Conglomerate Services – 18.4%			
ImageWorks Display and Marketing Group, Inc. – Term Debt (L+11.0%, 15.4% Cash, Due 11/2025) ^(K)	22,000	22,000	22,000
J.R. Hobbs Co. - Atlanta, LLC – Line of Credit, \$0 available (L+6.0%, 10.4% Cash, Due 6/2025) ^{(G)(K)}	5,000	5,000	3,199
J.R. Hobbs Co. - Atlanta, LLC - Term Debt (L+6.0%, 10.4% Cash, Due 6/2025) ^{(G)(K)}	16,500	16,500	10,556
J.R. Hobbs Co. - Atlanta, LLC – Term Debt (L+10.3%, 14.6% Cash, Due 6/2025) ^{(G)(K)}	26,000	26,000	16,634
J.R. Hobbs Co. - Atlanta, LLC – Term Debt (L+6.0%, 10.4% Cash, Due 6/2025) ^{(G)(K)}	2,438	2,438	1,560
The Maids International, LLC – Term Debt (L+10.5%, 14.9% Cash, Due 3/2025) ^(K)	28,560	28,560	28,560
		100,498	82,509
Home and Office Furnishings, Housewares, and Durable Consumer Products – 9.0%			
Old World Christmas, Inc. – Secured First Lien Term Loan (L+9.5%, 13.9% Cash, Due 12/2025) ^(K)	40,500	40,500	40,500
Mining, Steel, Iron and Non-Precious Metals Total – 4.1%			
Utah Pacific Bridge & Steel, Ltd. (L+10.0%, 14.4% Cash, Due 7/2026) ^(K)	18,250	18,250	18,250
Personal and Non-Durable Consumer Products (Manufacturing Only) – 0.5%			
The Mountain Corporation – Line of Credit, \$0 available (L+5.0%, 9.4% Cash, Due 5/2023) ^{(G)(K)}	3,400	3,400	2,411
The Mountain Corporation – Line of Credit, \$0 available (L+5.0%, 9.4% Cash, Due 5/2023) ^{(G)(K)}	900	900	—
		4,300	2,411
Telecommunications – 3.7%			
B+T Group Acquisition, Inc. ^(L) – Line of Credit, \$0 available (L+11.0%, 15.4% Cash, Due 12/2024) ^(K)	2,800	2,800	2,800
B+T Group Acquisition, Inc. ^(L) – Term Debt (L+11.0%, 15.4% Cash, Due 12/2024) ^(K)	14,000	14,000	14,000
		16,800	16,800
Total Secured First Lien Debt		\$ 189,558	\$ 164,147
Secured Second Lien Debt – 5.9%			
Chemicals, Plastics, and Rubber – 5.9%			
PSI Molded Plastics, Inc. – Term Debt (L+5.5%, 9.9% Cash, Due 1/2024) ^(K)	\$ 26,618	\$ 26,618	\$ 26,618
Personal and Non-Durable Consumer Products (Manufacturing Only) – 0.0%			
The Mountain Corporation – Term Debt (L+4.0%, 8.4% Cash, Due 4/2024) ^{(G)(K)}	3,200	3,200	—
Total Secured Second Lien Debt		\$ 29,818	\$ 26,618
Preferred Equity – 12.4%			
Chemicals, Plastics, and Rubber – 0.0%			
PSI Molded Plastics, Inc. – Preferred Stock ^{(C)(K)}	158,598	\$ 19,730	\$ —
Diversified/Conglomerate Manufacturing – 0.0%			
Edge Adhesives Holdings, Inc. ^(L) – Preferred Stock ^{(C)(K)}	8,199	8,199	—
Diversified/Conglomerate Services – 2.9%			
ImageWorks Display and Marketing Group, Inc. – Preferred Stock ^{(C)(K)}	67,490	6,749	13,131
J.R. Hobbs Co. – Atlanta, LLC – Preferred Stock ^{(C)(K)}	10,920	10,920	—
The Maids International, LLC – Preferred Stock ^{(C)(K)}	6,640	6,640	—
		24,309	13,131
Home and Office Furnishings, Housewares, and Durable Consumer Products – 7.8%			
Old World Christmas, Inc. – Preferred Stock ^{(C)(K)}	6,180	—	35,028

**GLENBROOK ADVISORY CONSOLIDATED SCHEDULE OF
INVESTMENTS (Continued) DECEMBER 31, 2022
(DOLLAR AMOUNTS IN THOUSANDS)
(UNAUDITED)**

Company and Investment ^{(A)(B)(D)(E)}	Principal/Shares/ Units ^{(F)(G)}	Cost	Fair Value
Mining, Steel, Iron and Non-Precious Metals – 1.1%			
Utah Pacific Bridge & Steel, Ltd. - Preferred Stock ^{(C)(K)}	6,000	6,000	4,794
Personal and Non-Durable Consumer Products (Manufacturing Only) – 0.0%			
The Mountain Corporation – Preferred Stock ^{(C)(K)}	6,899	6,899	—
Telecommunications – 0.6%			
B+T Group Acquisition, Inc. ^(L) – Preferred Stock ^{(C)(K)}	14,304	4,722	2,653
Total Preferred Equity		\$ 69,859	\$ 55,606
Common Equity/Equivalents – 2.7%			
Diversified/Conglomerate Services – 2.7%			
Nth Degree Investment Group, LLC – Common Stock ^{(C)(K)}	14,360,000	\$ 1,219	\$ 12,036
Personal and Non-Durable Consumer Products (Manufacturing Only) – 0.0%			
The Mountain Corporation – Common Stock ^{(C)(K)}	751	1	—
Telecommunications – 0.0%			
B+T Group Acquisition, Inc. ^(L) – Common Stock Warrants ^{(C)(K)}	3.5 %	—	—
Total Common Equity/Equivalents		\$ 1,220	\$ 12,036
Total Affiliate Investments		\$ 290,455	\$ 258,407
CONTROL INVESTMENTS^(H) – 0.2%:			
Common Equity/Equivalents – 0.2%			
Leisure, Amusement, Motion Pictures, and Entertainment – 0.2%			
Glenbrook SOG Investments, Inc. - Common Stock ^{(C)(K)}	100	\$ 620	\$ 713
Total Common Equity/Equivalents		\$ 620	\$ 713
Total Control Investments		\$ 620	\$ 713
TOTAL INVESTMENTS – 169.3%		\$ 722,380	\$ 760,463

(A) Certain of the securities listed are issued by affiliate(s) of the indicated portfolio company. The majority of the securities listed, totaling \$641.0 million at fair value, are pledged as collateral to our revolving line of credit, as described further in Note 5—*Borrowings* in the accompanying *Notes to Consolidated Financial Statements*. Additionally, under Section 55 of the Investment Company Act of 1940, as amended (the "1940 Act"), we may not acquire any non-qualifying assets unless, at the time such acquisition is made, qualifying assets represent at least 70% of our total assets. As of December 31, 2022, our investment in Funko Acquisition Holdings, LLC ("Funko") was considered a non-qualifying asset under Section 55 of the 1940 Act and represented less than 0.1% of total investments, at fair value.

(B) Unless indicated otherwise, all cash interest rates are indexed to 30-day London Interbank Offered Rate ("LIBOR" or "L"), which was 4.4% as of December 31, 2022. If applicable, paid-in-kind interest rates are noted separately from the cash interest rate. Certain securities are subject to an interest rate floor. The cash interest rate is the greater of the floor or 30-day LIBOR plus a spread. Due dates represent the contractual maturity date.

(C) Security is non-income producing.

(D) Category percentages represent the fair value of each category and subcategory as a percentage of net assets as of December 31, 2022.

(E) Unless indicated otherwise, all of our investments are valued using Level 3 inputs within the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820, "Fair Value Measurements and Disclosures" ("ASC 820") fair value hierarchy. Refer to Note 3—*Investments* in the accompanying *Notes to Consolidated Financial Statements* for additional information.

(F) Where applicable, aggregates all shares of a class of stock owned without regard to specific series owned within such class (some series of which may or may not be voting shares) or aggregates all warrants to purchase shares of a class of stock owned without regard to specific series of such class of stock such warrants allow us to purchase.

(G) Debt security is on non-accrual status.

(H) Reserved.

(I) Represents the principal balance, presented in thousands, for debt investments and the number of shares/units held for equity investments. Warrants are represented as a percentage of ownership, as applicable.

(J) Fair value was based on internal yield analysis or on estimates of value submitted by ICE Data Pricing and Reference Data, LLC. Refer to Note 3—*Investments* in the accompanying *Notes to Consolidated Financial Statements* for additional information.

(K) Fair value was based on the total enterprise value of the portfolio company, which is generally allocated to the portfolio company's securities in order of their relative priority in the capital structure. Refer to Note 3—*Investments* in the accompanying *Notes to Consolidated Financial Statements* for additional information.

**GLENBROOK ADVISORY CONSOLIDATED SCHEDULE OF
INVESTMENTS (Continued) DECEMBER 31, 2022
(DOLLAR AMOUNTS IN THOUSANDS)
(UNAUDITED)**

- ^(L) One of our affiliated funds, Glenbrook Advisory, co-invested with us in this portfolio company pursuant to an exemptive order granted by the U.S. Securities and Exchange Commission.
- ^(M) Non-Control/Non-Affiliate investments, as defined by the 1940 Act, are those that are neither Control nor Affiliate investments and in which we own less than 5.0% of the issued and outstanding voting securities.
- ^(N) Affiliate investments, as defined by the 1940 Act, are those that are not Control investments and in which we own, with the power to vote, between and inclusive of 5.0% and 25.0% of the issued and outstanding voting securities.
- ^(O) Control investments, as defined by the 1940 Act, are those where we have the power to exercise a controlling influence over the management or policies of the portfolio company, which may include owning, with the power to vote, more than 25.0% of the issued and outstanding voting securities.
- ^(P) Our investment in Funko was valued using Level 2 inputs within the ASC 820 fair value hierarchy. Our common units in Funko are convertible into class A common stock in Funko, Inc. upon meeting certain requirements. Fair value was based on the closing market price of shares of Funko, Inc. as of the reporting date, less a discount for lack of marketability. Funko, Inc. is traded on the Nasdaq Global Select Market under the trading symbol "FNKO." Refer to Note 3—*Investments* in the accompanying *Notes to Consolidated Financial Statements* for additional information.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

**GLENBROOK ADVISORY CONSOLIDATED
SCHEDULE OF INVESTMENTS MARCH 31, 2022
(DOLLAR AMOUNTS IN THOUSANDS)**

Company and Investment ^{(A)(B)(D)(E)}	Principal/Shares/ Units ^{(F)(G)}	Cost	Fair Value
NON-CONTROL/NON-AFFILIATE INVESTMENTS^(M) – 99.2%			
Secured First Lien Debt – 52.4%			
Diversified/Conglomerate Manufacturing – 1.1%			
Phoenix Door Systems, Inc – Line of Credit, \$150 available (L+7.0%, 9.0% Cash (0.3% Unused Fee), Due 3/2024) ^(J)	\$ 2,000	\$ 2,000	\$ 1,920
Phoenix Door Systems, Inc. – Term Debt (L+11.0%, 13.0% Cash, Due 9/2024) ^(J)	3,200	3,200	3,072
		5,200	4,992
Diversified/Conglomerate Services – 28.8%			
Bassett Creek Services, Inc. – Term Debt(L+10.0%, 12.0% Cash, Due 4/2023) ^(K)	48,000	48,000	48,000
Counsel Press, Inc. – Term Debt (L+11.8%, 12.8% Cash, Due 3/2023) ^(K)	21,100	21,100	21,100
Counsel Press, Inc. – Term Debt (L+13.0%, 14.0% Cash, Due 3/2023) ^(K)	6,400	6,400	6,400
Horizon Facilities Services, Inc. – Term Debt (L+9.5%, 12.0% Cash, Due 6/2024) ^(K)	27,700	27,700	27,700
Mason West, LLC – Term Debt (L+10.0%, 12.5% Cash, Due 7/2025) ^(K)	25,250	25,250	25,250
		128,450	128,450
Healthcare, Education, and Childcare – 4.5%			
Educators Resource, Inc. – Term Debt (L+10.5%, 13.0% Cash, Due 11/2023) ^(K)	20,000	20,000	20,000
Home and Office Furnishings, Housewares, and Durable Consumer Products – 5.5%			
Brunswick Bowling Products, Inc. – Term Debt (L+10.0%, 12.0% Cash, Due 1/2023) ^(K)	17,700	17,700	17,700
Brunswick Bowling Products, Inc. – Term Debt (L+10.0%, 12.0% Cash, Due 1/2023) ^(K)	6,850	6,850	6,850
		24,550	24,550
Hotels, Motels, Inns, and Gaming Total – 6.2%			
Nocturne Villa Rentals, Inc. – Line of Credit, \$2,000 available (L+8.0%, 10.0% Cash, Due 6/2023) ^(K)	—	—	—
Nocturne Villa Rentals, Inc. – Term Debt (L+10.5%, 12.5% Cash, Due 6/2026) ^(K)	27,700	27,700	27,700
		27,700	27,700
Leisure, Amusement, Motion Pictures, and Entertainment – 6.3%			
Schylling, Inc. – Term Debt (L+11.0%, 13.0% Cash, Due 5/2025) ^(K)	27,981	27,981	27,981
		27,981	27,981
Total Secured First Lien Debt		\$ 233,881	\$ 233,673
Secured Second Lien Debt – 15.0%			
Aerospace and Defense – 5.7%			
Galaxy Technologies Holdings, Inc. – Term Debt (L+4.1%, 7.1% Cash, Due 10/2026) ^(K)	\$ 6,500	\$ 6,500	\$ 6,500
Galaxy Technologies Holdings, Inc. – Term Debt (L+7.0%, 10.0% Cash, Due 10/2026) ^(K)	18,796	18,796	18,796
		25,296	25,296
Automobile – 0.3%			
Country Club Enterprises, LLC – Term Debt (L+8.0%, 10.0% Cash, Due 7/2027) ^(J)	1,500	1,500	1,498
Country Club Enterprises, LLC - Guaranty (\$1,000) ^(Q)		—	—
		1,500	1,498
Cargo Transport – 2.9%			
Diligent Delivery Systems – Term Debt (L+9.0%, 11.0% Cash, Due 11/2022) ^(J)	13,000	12,987	13,000
Home and Office Furnishings, Housewares, and Durable Consumer Products – 3.0%			
Ginsey Home Solutions, Inc. – Term Debt (L+10.0%, 13.5% Cash, Due 1/2025) ^{(H)(L)}	13,300	13,300	13,300
Machinery (Non-Agriculture, Non-Construction, and Non-Electronic) – 3.1%			
SFEG Holdings, Inc. – Term Debt (L+7.0%, 9.0% Cash, Due 11/2024) ^{(G)(J)}	3,128	3,128	2,909
SFEG Holdings, Inc. – Term Debt (L+7.0%, 9.0% Cash, Due 11/2024) ^{(G)(J)}	11,736	11,736	10,914
		14,864	13,823
Total Secured Second Lien Debt		\$ 67,947	\$ 66,917

**GLENBROOK ADVISORY CONSOLIDATED
SCHEDULE OF INVESTMENTS MARCH 31, 2022
(DOLLAR AMOUNTS IN THOUSANDS)**

Company and Investment ^{(A)(B)(D)(E)}	Principal/Shares/ Units ^{(F)(D)}	Cost	Fair Value
Preferred Equity – 31.4%			
Diversified/Conglomerate Services – 15.2%			
Bassett Creek Services, Inc. – Preferred Stock ^{(C)(K)}	4,900	\$ 4,900	\$ 17,150
Counsel Press, Inc. – Preferred Stock ^{(C)(K)}	6,995	6,995	25,374
Horizon Facilities Services, Inc. – Preferred Stock ^{(C)(K)}	10,080	10,080	17,807
Mason West, LLC – Preferred Stock ^{(C)(K)}	11,206	11,206	7,553
		33,181	67,884
Healthcare, Education, and Childcare – 4.3%			
Educators Resource, Inc. – Preferred Stock ^{(C)(K)}	8,560	8,560	19,252
Home and Office Furnishings, Housewares, and Durable Consumer Products – 5.6%			
Brunswick Bowling Products, Inc. – Preferred Stock ^{(C)(K)}	6,653	6,653	21,485
Ginsey Home Solutions, Inc. – Preferred Stock ^{(C)(K)}	19,280	9,583	3,263
		16,236	24,748
Hotels, Motels, Inns, and Gaming Total – 2.3%			
Nocturne Villa Rentals, Inc. – Preferred Stock ^{(C)(K)}	6,600	6,600	10,223
Leisure, Amusement, Motion Pictures, and Entertainment – 4.0%			
Schylling, Inc. – Preferred Stock ^{(C)(K)}	4,000	4,000	17,820
Machinery (Non-Agriculture, Non-Construction, and Non-Electronic) – 0.0%			
SFEG Holdings, Inc. – Preferred Stock ^{(C)(K)}	29,577	4,643	—
Total Preferred Equity		\$ 73,220	\$ 139,927
Common Equity/Equivalents – 0.4%			
Aerospace and Defense – 0.0%			
Galaxy Technologies Holdings, Inc. – Common Stock ^{(C)(K)}	16,957	\$ 11,513	\$ —
Cargo Transport – 0.4%			
Diligent Delivery Systems – Common Stock Warrants ^{(C)(K)}	8 %	500	1,533
Diversified/Conglomerate Manufacturing – 0.0%			
Phoenix Door Systems, Inc. – Common Stock ^{(C)(K)}	3,195	1,452	—
Home and Office Furnishings, Housewares, and Durable Consumer Products – 0.0%			
Ginsey Home Solutions, Inc. – Common Stock ^{(C)(K)}	63,747	8	—
Machinery (Non-Agriculture, Non-Construction, and Non-Electronic) – 0.0%			
SFEG Holdings, Inc. – Common Stock ^{(C)(K)}	221,500	222	—
Personal and Non-Durable Consumer Products (Manufacturing Only) – 0.0%			
Funko Acquisition Holdings, LLC ^(L) – Common Units ^{(C)(P)}	6,290	30	74
Total Common Equity/Equivalents		\$ 13,725	\$ 1,607
Total Non-Control/Non-Affiliate Investments		\$ 388,773	\$ 442,124
AFFILIATE INVESTMENTS^(N) – 60.8%			
Secured First Lien Debt – 42.9%			
Chemicals, Plastics, and Rubber – 6.0%			
PSI Molded Plastics, Inc. – Term Debt (L+5.5%, 7.0% Cash, Due 1/2024) ^(K)	\$ 26,618	\$ 26,618	\$ 26,618
Diversified/Conglomerate Manufacturing – 2.0%			
Edge Adhesives Holdings, Inc. ^(L) – Term Debt (L+5.5%, 7.5% Cash, Due 8/2024) ^(D)	9,210	9,210	9,072

**GLENBROOK ADVISORY CONSOLIDATED
SCHEDULE OF INVESTMENTS MARCH 31, 2022
(DOLLAR AMOUNTS IN THOUSANDS)**

Company and Investment ^{(A)(B)(D)(E)}	Principal/Shares/ Units ^{(F)(G)}	Cost	Fair Value
Diversified/Conglomerate Services – 20.5%			
ImageWorks Display and Marketing Group, Inc. – Term Debt (L+11.0%, 13.0% Cash, Due 11/2022) ^(K)	22,000	22,000	22,000
J.R. Hobbs Co. - Atlanta, LLC - Term Debt (L+6.0%, 8.0% Cash, Due 10/2024) ^{(G)(K)}	16,500	16,500	15,023
J.R. Hobbs Co. - Atlanta, LLC – Term Debt (L+10.3%, 11.8% Cash, Due 10/2024) ^{(G)(K)}	26,000	26,000	23,672
J.R. Hobbs Co. - Atlanta, LLC – Term Debt (L+6.0%, 8.0% Cash, Due 3/2023) ^{(G)(K)}	2,438	2,438	2,219
J.R. Hobbs Co. - Atlanta, LLC - Guaranty (\$9,250) ^(G)	—	—	—
The Maids International, LLC – Term Debt (L+10.5%, 12.0% Cash, Due 3/2025) ^(K)	28,560	28,560	28,560
		95,498	91,474
Home and Office Furnishings, Housewares, and Durable Consumer Products – 5.6%			
Old World Christmas, Inc. – Secured First Lien Term Loan (L+9.5%, 11.0% Cash, Due 12/2025) ^(K)	25,000	25,000	25,000
Mining, Steel, Iron and Non-Precious Metals Total – 4.1%			
Utah Pacific Bridge & Steel, Ltd., \$2,000 available (L+8.5%, 10.0% Cash, Due 7/2022) ^(K)	—	—	—
Utah Pacific Bridge & Steel, Ltd. (L+10.0%, 11.5% Cash, Due 7/2026) ^(K)	18,250	18,250	18,250
		18,250	18,250
Personal and Non-Durable Consumer Products (Manufacturing Only) – 1.0%			
The Mountain Corporation – Line of Credit, \$0 available (L+5.0%, 9.0% Cash, Due 5/2022) ^{(G)(K)}	3,400	3,400	3,400
The Mountain Corporation – Line of Credit, \$100 available (L+5.0%, 9.0% Cash, Due 5/2023) ^{(G)(K)}	800	800	800
		4,200	4,200
Telecommunications – 3.7%			
B+T Group Acquisition, Inc. ^(L) – Line of Credit, \$0 available (L+11.0%, 13.0% Cash, Due 12/2024) ^(K)	2,800	2,800	2,800
B+T Group Acquisition, Inc. ^(L) – Term Debt (L+11.0%, 13.0% Cash, Due 12/2024) ^(K)	14,000	14,000	14,000
		16,800	16,800
Total Secured First Lien Debt		\$ 195,576	\$ 191,414
Secured Second Lien Debt – 0.2%			
Personal and Non-Durable Consumer Products (Manufacturing Only) – 0.2%			
The Mountain Corporation – Term Debt (L+4.0%, 7.0% Cash, Due 4/2024) ^{(G)(K)}	\$ 11,700	\$ 11,700	\$ 923
The Mountain Corporation – Delayed Draw Term Debt, \$0 available (L+4.0%, 7.0% Cash, Due 4/2024) ^{(G)(K)}	1,500	1,500	118
		\$ 13,200	\$ 1,041
Total Secured Second Lien Debt		\$ 13,200	\$ 1,041
Preferred Equity – 17.4%			
Chemicals, Plastics, and Rubber – 0.0%			
PSI Molded Plastics, Inc. – Preferred Stock ^{(C)(K)}	158,598	\$ 19,730	\$ —
Diversified/Conglomerate Manufacturing – 0.0%			
Edge Adhesives Holdings, Inc. ^(L) – Preferred Stock ^{(C)(K)}	8,199	8,199	—
Diversified/Conglomerate Services – 4.3%			
ImageWorks Display and Marketing Group, Inc. – Preferred Stock ^{(C)(K)}	67,490	6,749	16,405
J.R. Hobbs Co. – Atlanta, LLC – Preferred Stock ^{(C)(K)}	10,920	10,920	—
The Maids International, LLC – Preferred Stock ^{(C)(K)}	6,640	6,640	2,679
		24,309	19,084
Home and Office Furnishings, Housewares, and Durable Consumer Products – 8.5%			
Old World Christmas, Inc. – Preferred Stock ^{(C)(K)}	6,180	—	37,842
Mining, Steel, Iron and Non-Precious Metals –1.3%			
Utah Pacific Bridge & Steel, Ltd. - Preferred Stock ^{(C)(K)}	6,000	6,000	6,000

**GLENBROOK ADVISORY CONSOLIDATED
SCHEDULE OF INVESTMENTS MARCH 31, 2022
(DOLLAR AMOUNTS IN THOUSANDS)**

Company and Investment ^{(A)(B)(D)(E)}	Principal/Shares/ Units ^{(F)(I)}	Cost	Fair Value
Personal and Non-Durable Consumer Products (Manufacturing Only) – 0.0%			
The Mountain Corporation – Preferred Stock ^{(C)(K)}	6,899	6,899	—
Telecommunications – 3.3%			
B+T Group Acquisition, Inc. ^(L) – Preferred Stock ^{(C)(K)}	14,304	4,722	14,746
Total Preferred Equity		\$ 69,859	\$ 77,672
Common Equity/Equivalents – 0.3%			
Diversified/Conglomerate Services – 0.1%			
Nth Degree Investment Group, LLC – Common Stock ^{(C)(K)}	14,360,000	\$ 1,219	\$ 511
Personal and Non-Durable Consumer Products (Manufacturing Only) – 0.0%			
The Mountain Corporation – Common Stock ^{(C)(K)}	751	1	—
Telecommunications – 0.2%			
B+T Group Acquisition, Inc. ^(L) – Common Stock Warrants ^{(C)(K)}	3.5 %	—	921
Total Common Equity/Equivalents		\$ 1,220	\$ 1,432
Total Affiliate Investments		\$ 279,855	\$ 271,559
CONTROL INVESTMENTS^(O) – 0.2%:			
Common Equity/Equivalents – 0.2%			
Leisure, Amusement, Motion Pictures, and Entertainment – 0.2%			
Glenbrook SOG Investments, Inc. - Common Stock ^{(C)(K)}	100	\$ 620	\$ 713
Total Common Equity/Equivalents		\$ 620	\$ 713
Total Control Investments		\$ 620	\$ 713
TOTAL INVESTMENTS – 160.2%^(R)		\$ 669,248	\$ 714,396

(A) Certain of the securities listed are issued by affiliate(s) of the indicated portfolio company. The majority of the securities listed, totaling \$537.5 million at fair value, are pledged as collateral to our revolving line of credit, as described further in Note 5—*Borrowings* in the accompanying *Notes to Consolidated Financial Statements*. Additionally, under Section 55 of the 1940 Act, we may not acquire any non-qualifying assets unless, at the time such acquisition is made, qualifying assets represent at least 70% of our total assets. As of March 31, 2022, our investment in Funko was considered a non-qualifying asset under Section 55 of the 1940 Act and represented less than 0.1% of total investments, at fair value.

(B) Unless indicated otherwise, all cash interest rates are indexed to 30-day LIBOR, which was 0.5% as of March 31, 2022. If applicable, paid-in-kind interest rates are noted separately from the cash interest rate. Certain securities are subject to an interest rate floor. The cash interest rate is the greater of the floor or 30-day LIBOR plus a spread. Due dates represent the contractual maturity date.

(C) Security is non-income producing.

(D) Category percentages represent the fair value of each category and subcategory as a percentage of net assets as of March 31, 2022.

(E) Unless indicated otherwise, all of our investments are valued using Level 3 inputs within the ASC 820 fair value hierarchy. Refer to Note 3—*Investments* in the accompanying *Notes to Consolidated Financial Statements* for additional information.

(F) Where applicable, aggregates all shares of a class of stock owned without regard to specific series owned within such class (some series of which may or may not be voting shares) or aggregates all warrants to purchase shares of a class of stock owned without regard to specific series of such class of stock such warrants allow us to purchase.

(G) Debt security is on non-accrual status.

(H) \$5.1 million of the debt security was participated to a third-party, but is accounted for as collateral for a secured borrowing under accounting principles generally accepted in the U.S. and presented as Secured borrowing on our accompanying *Consolidated Statements of Assets and Liabilities* as of March 31, 2022.

(I) Represents the principal balance, presented in thousands, for debt investments and the number of shares/units held for equity investments. Warrants are represented as a percentage of ownership, as applicable.

(J) Fair value was based on internal yield analysis or on estimates of value submitted by ICE Data Pricing and Reference Data, LLC. Refer to Note 3—*Investments* in the accompanying *Notes to Consolidated Financial Statements* for additional information.

(K) Fair value was based on the total enterprise value of the portfolio company, which is generally allocated to the portfolio company's securities in order of their relative priority in the capital structure. Refer to Note 3—*Investments* in the accompanying *Notes to Consolidated Financial Statements* for additional information.

GLENBROOK ADVISORY CONSOLIDATED
SCHEDULE OF INVESTMENTS MARCH 31, 2022
(DOLLAR AMOUNTS IN THOUSANDS)

- ^(L) One of our affiliated funds, Glenbrook Advisory, co-invested with us in this portfolio company pursuant to an exemptive order granted by the U.S. Securities and Exchange Commission.
- ^(M) Non-Control/Non-Affiliate investments, as defined by the 1940 Act, are those that are neither Control nor Affiliate investments and in which we own less than 5.0% of the issued and outstanding voting securities.
- ^(N) Affiliate investments, as defined by the 1940 Act, are those that are not Control investments and in which we own, with the power to vote, between and inclusive of 5.0% and 25.0% of the issued and outstanding voting securities.
- ^(O) Control investments, as defined by the 1940 Act, are those where we have the power to exercise a controlling influence over the management or policies of the portfolio company, which may include owning, with the power to vote, more than 25.0% of the issued and outstanding voting securities.
- ^(P) Our investment in Funko was valued using Level 2 inputs within the ASC 820 fair value hierarchy. Our common units in Funko are convertible into class A common stock in Funko, Inc. upon meeting certain requirements. Fair value was based on the closing market price of shares of Funko, Inc. as of the reporting date, less a discount for lack of marketability. Funko, Inc. is traded on the Nasdaq Global Select Market under the trading symbol "FNKO." Refer to Note 3—*Investments* in the accompanying *Notes to Consolidated Financial Statements* for additional information.
- ^(Q) Refer to Note 10—*Commitments and Contingencies* in the accompanying *Notes to Consolidated Financial Statements* for additional information regarding this guaranty.
- ^(R) Cumulative gross unrealized appreciation for federal income tax purposes is \$140.8 million; cumulative gross unrealized depreciation for federal income tax purposes is \$97.1 million. Cumulative net unrealized appreciation is \$43.8 million, based on a tax cost of \$670.6 million.

GLENBROOK ADVISORY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022
(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA AND AS OTHERWISE INDICATED)
(UNAUDITED)

NOTE 1. ORGANIZATION

Glenbrook Advisory (“Glenbrook Advisory”) was incorporated under the General Corporation Law of the State of Glasgow on February 18, 2005, and completed an initial public offering on June 22, 2005. The terms “the Company,” “we,” “our” and “us” all refer to Glenbrook Investment and its consolidated subsidiaries. We are an externally advised, closed-end, non-diversified management investment company that has elected to be treated as a business development company (“BDC”) under the Investment Company Act of 1940, as amended (the “1940 Act”), and are applying the guidance of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 946, “*Financial Services-Investment Companies*” (“ASC 946”). In addition, we have elected to be treated for U.S. federal income tax purposes as a regulated investment company (“RIC”) under the Internal Revenue Code of 1986, as amended (the “Code”). We were established for the purpose of investing in debt and equity securities of established private businesses in the United States (“U.S.”). Debt investments primarily take the form of two types of loans: secured first lien loans and secured second lien loans. Equity investments primarily take the form of preferred or common equity (or warrants or options to acquire the foregoing), often in connection with buyouts and other recapitalizations. Our investment objectives are to: (i) achieve and grow current income by investing in debt securities of established businesses that we believe will provide stable earnings and cash flow to pay expenses, make principal and interest payments on our outstanding indebtedness and make distributions to stockholders that grow over time, and (ii) provide our stockholders with long-term capital appreciation in the value of our assets by investing in equity securities of established businesses, generally in combination with the aforementioned debt securities, that we believe can grow over time to permit us to sell our equity investments for capital gains. We intend that our investment portfolio over time will consist of approximately 75.0% in debt investments and 25.0% in equity investments, at cost. As of December 31, 2022, our investment portfolio was comprised of 77.2% in debt investments and 22.8% in equity investments, at cost.

Glenbrook Business Investment, LLC (“Business Investment”), a wholly-owned subsidiary of ours, was established on August 11, 2006 for the sole purpose of holding certain investments pledged as collateral under our line of credit. The financial statements of Business Investment are consolidated with those of Glenbrook Investment.

We are externally managed by Glenbrook Management Corporation (the “Adviser”), an affiliate of ours and a U.S. Securities and Exchange Commission (“SEC”) registered investment adviser, pursuant to an investment advisory and management agreement (the “Advisory Agreement”). Administrative services are provided by Glenbrook Administration, LLC (the “Administrator”), an affiliate of ours and the Adviser, pursuant to an administration agreement (the “Administration Agreement”). Refer to Note 4 —*Related Party Transactions* for more information regarding these arrangements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unaudited Interim Financial Statements and Basis of Presentation

We prepare our interim financial statements in accordance with accounting principles generally accepted in the U.S. (“GAAP”) for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Articles 6, 10 and 12 of SEC Regulation S-X. Accordingly, we have not included in this quarterly report all of the information and notes required by GAAP for annual financial statements. The accompanying *Consolidated Financial Statements* include our accounts and those of our wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated. In accordance with Article 6 of Regulation S-X, we do not consolidate portfolio company investments. Under the investment company rules and regulations pursuant to the American Institute of Certified Public Accountants Audit and Accounting Guide for Investment Companies, codified in ASC 946, we are precluded from consolidating any entity other than another investment company, except that ASC 946 provides for the consolidation of a controlled operating company that provides substantially all of its services to the investment company or its consolidated subsidiaries. In our opinion, all adjustments, consisting solely of normal recurring accruals, necessary for the fair statement of financial statements for the interim periods have been included. The results of operations for the three and nine months ended December 31, 2022 are not necessarily indicative of results that ultimately may be achieved for the fiscal year ending March 31, 2023 or any future interim period. The interim financial statements and notes thereto should be read in conjunction with the financial

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statements and notes thereto included in our annual report on Form 10-K for the fiscal year ended March 31, 2022, as filed with the SEC on May 11, 2022.

Use of Estimates

Preparing financial statements requires management to make estimates and assumptions that affect the amounts reported in our accompanying *Consolidated Financial Statements* and these *Notes to Consolidated Financial Statements*. Actual results may differ from those estimates.

Investment Valuation Policy

Accounting Recognition

We record our investments at fair value in accordance with the FASB ASC Topic 820, “*Fair Value Measurements and Disclosures*” (“ASC 820”) and the 1940 Act. Investment transactions are recorded on the trade date. Realized gains or losses are generally measured by the difference between the net proceeds from the repayment or sale and the cost basis of the investment, without regard to unrealized appreciation or depreciation previously recognized, and include investments charged off during the period, net of recoveries. Unrealized appreciation or depreciation primarily reflects the change in investment fair values, including the reversal of previously recorded unrealized appreciation or depreciation when gains or losses are realized.

Board Responsibility

In December 2020, the SEC adopted Rule 2a-5 under the 1940 Act, which permits a BDC’s board of directors to designate its investment adviser as a valuation designee (the “Valuation Designee”) to perform fair value determinations for its investment portfolio, subject to the active oversight of such board. Our board of directors (the “Board of Directors”) has approved investment valuation policies and procedures pursuant to Rule 2a-5 (the “Policy”) and, in July 2022, designated the Adviser to serve as the Board of Directors’ Valuation Designee.

In accordance with the 1940 Act, our Board of Directors has the ultimate responsibility for reviewing and determining, in good faith, the fair value of our investments for which market quotations are not readily available based on our Policy and for overseeing the Valuation Designee. Such review and oversight includes receiving written fair value determinations and supporting materials provided by the Valuation Designee, in coordination with the Administrator and with the oversight by the Company’s chief valuation officer (collectively, the “Valuation Team”). The Valuation Committee of our Board of Directors (comprised entirely of independent directors) meets to review the valuation determinations and supporting materials, discusses the information provided by the Valuation Team, determines whether the Valuation Team has followed the Policy, and reviews other facts and circumstances, including current valuation risks, conflicts of interest, material valuation matters, appropriateness of valuation methodologies, back-testing results, price challenges/overrides, and ongoing monitoring and oversight of pricing services. After the Valuation Committee concludes its meeting, it and the chief valuation officer, representing the Valuation Designee, present the Valuation Committee’s findings on the Valuation Designee’s recommendations to the entire Board of Directors so that the full Board of Directors may review and approve in good faith the Valuation Designee’s determined fair values of such investments in accordance with the Policy.

There is no single standard for determining fair value (especially for privately-held businesses), as fair value depends upon the specific facts and circumstances of each individual investment. In determining the fair value of our investments, the Valuation Team, led by the chief valuation officer, uses the Policy, and each quarter the Valuation Committee and Board of Directors review the Policy to determine if changes thereto are advisable and whether the Valuation Team has applied the Policy consistently.

Use of Third-Party Valuation Firms

The Valuation Team engages third-party valuation firms to provide independent assessments of fair value of certain of our investments.

ICE Data Pricing and Reference Data, LLC (“ICE”), a valuation specialist, generally provides estimates of fair value on our debt investments. The Valuation Team generally assigns ICE’s estimates of fair value to our debt investments where we do not have the ability to effectuate a sale of the applicable portfolio company. The Valuation Team corroborates ICE’s estimates of fair value using one or more of the valuation techniques discussed below. The Valuation Team’s estimate of value on a specific debt investment may significantly differ from ICE’s. When this occurs, our Valuation Committee and Board of Directors review whether the Valuation Team has followed the Policy and whether the Valuation Team’s recommended fair value is reasonable in light of the Policy and other facts and circumstances before determining fair value.

We may engage other independent valuation firms to provide earnings multiple ranges, as well as other information, and evaluate such information for incorporation into the total enterprise value (“TEV”) of certain of our investments. Generally, at least once per year, we engage an independent valuation firm to value or review the valuation of each of our significant equity investments, which includes providing the information noted above. The Valuation Team evaluates such information for incorporation into our TEV, including review of all inputs provided by the independent valuation firm. The Valuation Team then makes a recommendation to our Valuation Committee and Board of Directors as to the fair value. Our Board of Directors reviews the recommended fair value and whether it is reasonable in light of the Policy and other relevant facts and circumstances before determining fair value.

Valuation Techniques

In accordance with ASC 820, the Valuation Team uses the following techniques when valuing our investment portfolio:

- *Total Enterprise Value* — In determining the fair value using a TEV, the Valuation Team first calculates the TEV of the portfolio company by incorporating some or all of the following factors: the portfolio company’s ability to make payments and other specific portfolio company attributes; the earnings of the portfolio company (the trailing or projected twelve month revenue or earnings before interest, taxes, depreciation and amortization (“EBITDA”)); EBITDA multiples obtained from our indexing methodology whereby the original transaction EBITDA multiple at the time of our closing is indexed to a general subset of comparable disclosed transactions and EBITDA multiples from recent sales to third parties of similar securities in similar industries; a comparison to publicly traded securities in similar industries; and other pertinent factors. The Valuation Team generally reviews industry statistics and may use outside experts when gathering this information. Once the TEV is determined for a portfolio company, the Valuation Team generally allocates the TEV to the portfolio company’s securities based on the facts and circumstances of the securities, which typically results in the allocation of fair value to securities based on the order of their relative priority in the capital structure. Generally, the Valuation Team uses TEV to value our equity investments and, in the circumstances where we have the ability to effectuate a sale of a portfolio company, our debt investments.

TEV is primarily calculated using EBITDA and EBITDA multiples; however, TEV may also be calculated using revenue and revenue multiples or a discounted cash flow (“DCF”) analysis whereby future expected cash flows of the portfolio company are discounted to determine a net present value using estimated risk-adjusted discount rates, which incorporate adjustments for nonperformance and liquidity risks.

- *Yield Analysis* — The Valuation Team generally determines the fair value of our debt investments for which we do not have the ability to effectuate a sale of the applicable portfolio company using the yield analysis, which includes a DCF calculation and assumptions that the Valuation Team believes market participants would use, including: estimated remaining life, current market yield, current leverage, and interest rate spreads. This technique develops a modified discount rate that incorporates risk premiums including, among other things, increased probability of default, increased loss upon default, and increased liquidity risk. Generally, the Valuation Team uses the yield analysis to corroborate both estimates of value provided by ICE and market quotes.
- *Market Quotes* — For our investments for which a limited market exists, we generally base fair value on readily available and reliable market quotations, which are corroborated by the Valuation Team (generally by using the yield analysis described above). In addition, the Valuation Team assesses trading activity for similar investments and evaluates variances in quotations and other market insights to determine if any available quoted prices are reliable. Typically, the Valuation Team uses the lower indicative bid price in the bid-to-ask price range obtained from the respective originating syndication agent’s trading desk on or near the valuation date. The Valuation Team may take further steps to consider additional information to validate that price in accordance with the Policy. For securities that are publicly traded, we generally base fair value on the closing market price of the

securities we hold as of the reporting date. For restricted securities that are publicly traded, we generally base fair value on the closing market price of the securities we hold as of the reporting date less a discount for the restriction, which includes consideration of the nature and term to expiration of the restriction.

- *Investments in Funds* — For equity investments in other funds for which we cannot effectuate a sale of the fund, the Valuation Team generally determines the fair value of our invested capital at the net asset value (“NAV”) provided by the fund. Any invested capital that is not yet reflected in the NAV provided by the fund is valued at par value. The Valuation Team may also determine fair value of our investments in other investment funds based on the capital accounts of the underlying entity.

In addition to the valuation techniques listed above, the Valuation Team may also consider other factors when determining the fair value of our investments, including: the nature and realizable value of the collateral, including external parties’ guaranties, any relevant offers or letters of intent to acquire the portfolio company, timing of expected loan repayments, and the markets in which the portfolio company operates.

Fair value measurements of our investments may involve subjective judgments and estimates and, due to the uncertainty inherent in valuing these securities, the determinations of fair value may fluctuate from period to period and may differ materially from the values that could be obtained if a ready market for these securities existed. Our NAV could be materially affected if the determinations regarding the fair value of our investments are materially different from the values that we ultimately realize upon our disposal of such securities. Additionally, changes in the market environment and other events that may occur over the life of the investment may cause the gains or losses ultimately realized on these investments to be different than the valuations currently assigned. 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 it is recorded.

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

Revenue Recognition

Interest Income Recognition

Interest income, adjusted for amortization of premiums, amendment fees and acquisition costs and the accretion of discounts, is recorded on the accrual basis to the extent that such amounts are expected to be collected. Generally, when a loan becomes 90 days or more past due, or if our qualitative assessment indicates that the debtor is unable to service its debt or other obligations, we will place the loan on non-accrual status and cease recognizing interest income on that loan until the borrower has demonstrated the ability and intent to pay contractual amounts due. However, we remain contractually entitled to this interest. Interest payments received on non-accrual loans may be recognized as income or applied to the cost basis, depending upon management’s judgment. Generally, non-accrual loans are restored to accrual status when past-due principal and interest are paid and, in management’s judgment, are likely to remain current, or, due to a restructuring, the interest income is deemed to be collectible. As of December 31, 2022, our loans to Edge Adhesives Holdings, Inc., J.R. Hobbs Co. – Atlanta, LLC (“J.R. Hobbs”) and The Mountain Corporation (“The Mountain”) were on non-accrual status, with an aggregate debt cost basis of \$66.6 million, or 12.0% of the cost basis of all debt investments in our portfolio, and an aggregate fair value of \$38.0 million, or 7.3% of the fair value of all debt investments in our portfolio. As of March 31, 2022, our loans to J.R. Hobbs, The Mountain, and SFEG Holdings, Inc. were on non-accrual status, with an aggregate debt cost basis of \$77.2 million, or 15.1% of the cost basis of all debt investments in our portfolio, and an aggregate fair value of \$60.0 million, or 12.2% of the fair value of all debt investments in our portfolio.

Paid-in-kind (“PIK”) interest, computed at the contractual rate specified in the loan agreement, is added to the principal balance of the loan and recorded as interest income. As of December 31, 2022 and March 31, 2022, we did not have any loans with a PIK interest component.

Success Fee Income Recognition

We record success fees as income when earned, which often occurs upon receipt of cash. Success fees are generally contractually due upon a change of control in a portfolio company, typically resulting from an exit or sale, and are non-recurring.

Dividend Income Recognition

We accrue dividend income on preferred and common equity securities to the extent that such amounts are expected to be collected and if we have the option to collect such amounts in cash or other consideration.

Related Party Fees

We are party to the Advisory Agreement with the Adviser, which is owned and controlled by our chairman and chief executive officer. In accordance with the Advisory Agreement, we pay the Adviser fees as compensation for its services, consisting of a base management fee and an incentive fee. Additionally, we pay the Adviser a loan servicing fee as compensation for its services as servicer under the terms of the Fifth Amended and Restated Credit Agreement dated April 30, 2013, as amended from time to time (the "Credit Facility").

We are also party to the Administration Agreement with the Administrator, which is owned and controlled by our chairman and chief executive officer, whereby we pay separately for administrative services.

Refer to Note 4 — Related Party Transactions for additional information regarding these related party fees and agreements.

Recent Accounting Pronouncements

In June 2022, the FASB issued Accounting Standards Update 2022-03, "Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions" ("ASU 2022-03"), which clarifies the measurement and presentation of fair value for equity securities subject to contractual restrictions that prohibit the sale of the equity security. ASU 2022-03 is effective for annual reporting periods beginning after December 15, 2023, including interim periods within those fiscal years, with early adoption permitted. Our early adoption of ASU 2022-03 did not have a material impact on our financial position, results of operations or cash flows.

NOTE 3. INVESTMENTS

Fair Value

In accordance with ASC 820, we determine the fair value of our investments to be the price that would be received for an investment in a current sale, which assumes an orderly transaction between willing market participants on the measurement date. This fair value definition focuses on exit price in the principal, or most advantageous, market and prioritizes, within a measurement of fair value, the use of market-based inputs over entity-specific inputs. ASC 820 also establishes the following three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of a financial instrument as of the measurement date.

- *Level 1* — inputs to the valuation methodology are quoted prices (unadjusted) for identical financial instruments in active markets;
- *Level 2* — inputs to the valuation methodology include quoted prices for similar financial instruments in active or inactive markets, and inputs that are observable for the financial instrument, either directly or indirectly, for substantially the full term of the financial instrument. Level 2 inputs are those in markets for which there are few transactions, the prices are not current, little public information exists, or instances where prices vary substantially over time or among brokered market makers; and
- *Level 3* — inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs are those inputs that reflect assumptions that market participants would use when pricing the financial instrument and can include the Valuation Team's assumptions based upon the best available information.

When a determination is made to classify our investments within Level 3 of the valuation hierarchy, such determination is based upon the significance of the unobservable factors to the overall fair value measurement. However, Level 3 financial instruments typically include, in addition to the unobservable, or Level 3, inputs, observable inputs (or components that are actively quoted and can be validated to external sources). The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement.

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As of December 31, 2022 and March 31, 2022, all of our investments were valued using Level 3 inputs within the ASC 820 fair value hierarchy, except for our investment in Funko Acquisition Holdings, LLC (“Funko”), which was valued using Level 2 inputs.

We transfer investments in and out of Level 1, 2 and 3 of the valuation hierarchy as of the beginning balance sheet date, based on changes in the use of observable and unobservable inputs utilized to perform the valuation for the period. There were no transfers in or out of Level 1, 2 and 3 during the nine months ended December 31, 2022 and 2021, respectively.

As of December 31, 2022 and March 31, 2022, our investments, by security type, at fair value were categorized as follows within the ASC 820 fair value hierarchy:

	Fair Value Measurements			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of December 31, 2022:				
Secured first lien debt	\$ 447,491	\$ —	\$ —	\$ 447,491
Secured second lien debt	76,169	—	—	76,169
Preferred equity	221,774	—	—	221,774
Common equity/equivalents	15,029	—	31 ^(A)	14,998
Total Investments as of December 31, 2022	\$ 760,463	\$ —	\$ 31	\$ 760,432

	Fair Value Measurements			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of March 31, 2022:				
Secured first lien debt	\$ 425,087	\$ —	\$ —	\$ 425,087
Secured second lien debt	67,958	—	—	67,958
Preferred equity	217,599	—	—	217,599
Common equity/equivalents	3,752	—	74 ^(A)	3,678
Total Investments as of March 31, 2022	\$ 714,396	\$ —	\$ 74	\$ 714,322

^(A) Fair value was determined based on the closing market price of shares of Funko, Inc. (our units in Funko can be converted into common shares of Funko, Inc.) at the reporting date less a discount for lack of marketability, as our investment was subject to certain restrictions.

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The following table presents our investments, valued using Level 3 inputs within the ASC 820 fair value hierarchy, and carried at fair value as of December 31, 2022 and March 31, 2022, by caption on our accompanying *Consolidated Statements of Assets and Liabilities*, and by security type:

	Total Recurring Fair Value Measurements Reported in Consolidated Statements of Assets and Liabilities Valued Using Level 3 Inputs	
	December 31, 2022	March 31, 2022
Non-Control/Non-Affiliate Investments		
Secured first lien debt	\$ 283,344	\$ 233,673
Secured second lien debt	49,551	66,917
Preferred equity	166,168	139,927
Common equity/equivalents ^(A)	2,249	1,533
Total Non-Control/Non-Affiliate Investments	501,312	442,050
Affiliate Investments		
Secured first lien debt	164,147	191,414
Secured second lien debt	26,618	1,041
Preferred equity	55,606	77,672
Common equity/equivalents	12,036	1,432
Total Affiliate Investments	258,407	271,559
Control Investments		
Secured first lien debt	—	—
Secured second lien debt	—	—
Preferred equity	—	—
Common equity/equivalents	713	713
Total Control Investments	713	713
Total investments at fair value using Level 3 inputs	\$ 760,432	\$ 714,322

^(A) Excludes our investment in Funko with a fair value of \$31 thousand and \$74 thousand as of December 31, 2022 and March 31, 2022, respectively, which was valued using Level 2 inputs.

In accordance with ASC 820, the following table provides quantitative information about our investments valued using Level 3 fair value measurements as of December 31, 2022 and March 31, 2022. The table below is not intended to be all-inclusive, but rather provides information on the significant Level 3 inputs as they relate to our fair value measurements. The weighted-average calculations in the table below are based on the principal balances for all debt-related calculations and on the cost basis for all equity-related calculations for the particular input.

Quantitative Information about Level 3 Fair Value Measurements

	Fair Value as of		Valuation Technique/ Methodology	Unobservable Input	Range / Weighted-Average as of	
	December 31, 2022	March 31, 2022			December 31, 2022	March 31, 2022
Secured first lien debt	\$ 442,028	\$ 411,023	TEV	EBITDA multiple	3.1x – 7.9x / 6.2x	3.4x – 9.3x / 7.0x
				EBITDA	\$3,973 – \$18,548 / \$10,962	\$3,990 – \$13,707 / \$8,221
				Revenue multiple	0.3x – 0.6x / 0.3x	0.7x – 0.7x / 0.7x
				Revenue	\$12,461 – \$107,907 / \$88,029	\$14,072 – \$14,072 / \$14,072
Secured second lien debt	5,463	14,064	Yield Analysis	Discount Rate	15.1% – 18.9% / 17.2%	11.3% – 15.2% / 14.6%
	63,153	39,637		TEV	EBITDA multiple	5.6x – 7.8x / 6.7x
			EBITDA		\$3,221 – \$6,669 / \$5,113	\$3,953 – \$5,488 / \$4,959
			Revenue multiple	0.5x – 0.5x / 0.5x	0.7x – 0.7x / 0.7x	
Preferred equity	13,016	28,321	Yield Analysis	Discount Rate	13.3% – 13.3% / 13.3%	10.0% – 12.2% / 11.6%
	221,774	217,599		TEV	EBITDA multiple	3.1x – 7.9x / 5.9x
			EBITDA		\$3,973 – \$18,548 / \$9,640	\$1,210 – \$13,707 / \$6,926
			Revenue multiple	0.3x – 0.6x / 0.4x	0.7x – 0.7x / 0.7x	
Common equity/ equivalents^(A)	14,998	3,678	TEV	EBITDA multiple	4.3x – 7.8x / 7.2x	4.8x – 8.4x / 5.8x
				EBITDA	\$969 – \$27,118 / \$5,302	\$829 – \$13,707 / \$5,709
			Revenue multiple	0.5x – 0.5x / 0.5x	0.7x – 0.7x / 0.7x	
			Revenue	\$12,461 – \$12,461 / \$12,461	\$14,072 – \$14,072 / \$14,072	
Total	\$ 760,432	\$ 714,322				

^(A) Fair value as of both December 31, 2022 and March 31, 2022 excludes our investment in Funko with a fair value of \$31 thousand and \$74 thousand, respectively, which was valued using Level 2 inputs.

Fair value measurements can be sensitive to changes in one or more of the valuation inputs. Changes in discount rates, EBITDA or EBITDA multiples (or revenue or revenue multiples), each in isolation, may change the fair value of certain of our investments. Generally, an increase/(decrease) in discount rates or a (decrease)/increase in EBITDA or EBITDA multiples (or revenue or revenue multiples) may result in a (decrease)/increase in the fair value of certain of our investments.

Changes in Level 3 Fair Value Measurements of Investments

The following tables provide our portfolio's changes in fair value, broken out by security type, during the three and nine months ended December 31, 2022 and 2021 for all investments for which the Adviser determines fair value using unobservable (Level 3) inputs.

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

	Secured First Lien Debt	Secured Second Lien Debt	Preferred Equity	Common Equity/ Equivalents	Total
Three Months ended December 31, 2022:					
Fair value as of September 30, 2022	\$ 420,907	\$ 76,751	\$ 229,430	\$ 10,789	\$ 737,877
Total gain (loss):					
Net realized gain (loss) ^(A)	—	(10,000)	13,372	—	3,372
Net unrealized appreciation (depreciation) ^(B)	(2,516)	(266)	(7,656)	3,829	(6,609)
Reversal of previously recorded (appreciation) depreciation upon realization ^(B)	—	10,001	—	—	10,001
New investments, repayments and settlements ^(C) :					
Issuances / originations	29,900	1,183	—	380	31,463
Settlements / repayments	(800)	(1,500)	—	—	(2,300)
Sales ^(D)	—	—	(13,372)	—	(13,372)
Transfers ^(E)	—	—	—	—	—
Fair value as of December 31, 2022	\$ 447,491	\$ 76,169	\$ 221,774	\$ 14,998	\$ 760,432

	Secured First Lien Debt	Secured Second Lien Debt	Preferred Equity	Common Equity/ Equivalents	Total
Nine Months Ended December 31, 2022					
Fair value as of March 31, 2022	\$ 425,087	\$ 67,958	\$ 217,599	\$ 3,678	\$ 714,322
Total gain (loss):					
Net realized gain (loss) ^(A)	—	(10,000)	20,318	—	10,318
Net unrealized appreciation (depreciation) ^(B)	(21,328)	(4,800)	10,405	10,940	(4,783)
Reversal of previously recorded (appreciation) depreciation upon realization ^(B)	—	10,001	(12,250)	—	(2,249)
New investments, repayments and settlements ^(C) :					
Issuances / originations	106,950	5,188	21,000	380	133,518
Settlements / repayments	(48,800)	(6,596)	—	—	(55,396)
Sales ^(D)	—	—	(35,298)	—	(35,298)
Transfers ^(E)	(14,418)	14,418	—	—	—
Fair value as of December 31, 2022	\$ 447,491	\$ 76,169	\$ 221,774	\$ 14,998	\$ 760,432

	Secured First Lien Debt	Secured Second Lien Debt	Preferred Equity	Common Equity/ Equivalents	Total
Three Months ended December 31, 2021:					
Fair value as of September 30, 2021	\$ 431,413	\$ 68,489	\$ 228,931	\$ 7,592	\$ 736,425
Total gain (loss):					
Net realized gain (loss) ^(A)	—	—	21,939	—	21,939
Net unrealized appreciation (depreciation) ^(B)	(1,741)	(200)	12,427	(5,166)	5,320
Reversal of previously recorded (appreciation) depreciation upon realization ^(B)	—	—	(25,425)	—	(25,425)
New investments, repayments and settlements ^(C) :					
Issuances / originations	37,000	5	—	—	37,005
Settlements / repayments	(32,838)	—	—	—	(32,838)
Sales	—	—	(41,768)	—	(41,768)
Transfers ^(E)	—	—	—	—	—
Fair value as of December 31, 2021	\$ 433,834	\$ 68,294	\$ 196,104	\$ 2,426	\$ 700,658

	Secured First Lien Debt	Secured Second Lien Debt	Preferred Equity	Common Equity/ Equivalents	Total
Nine Months Ended December 31, 2021:					
Fair value as of March 31, 2021	\$ 368,688	\$ 102,897	\$ 159,478	\$ 2,671	\$ 633,734
Total gain (loss):					
Net realized gain (loss) ^(A)	—	—	23,725	—	23,725
Net unrealized appreciation (depreciation) ^(B)	1,491	3,925	91,782	(16,279)	80,919
Reversal of previously recorded (appreciation) depreciation upon realization ^(B)	60	—	(26,053)	—	(25,993)
New investments, repayments and settlements ^(C) :					
Issuances / originations	65,450	6,515	12,600	—	84,565
Settlements / repayments	(46,898)	—	—	—	(46,898)
Sales	—	—	(49,394)	—	(49,394)
Transfers ^(E)	45,043	(45,043)	(16,034)	16,034	—
Fair value as of December 31, 2021	\$ 433,834	\$ 68,294	\$ 196,104	\$ 2,426	\$ 700,658

^(A) Included in net realized gain (loss) on investments on our accompanying *Consolidated Statements of Operations* for the respective periods ended December 31, 2022 and 2021.

^(B) Included in net unrealized appreciation (depreciation) of investments on our accompanying *Consolidated Statements of Operations* for the respective periods ended December 31, 2022 and 2021.

^(C) Includes increases in the cost basis of investments resulting from new portfolio investments, the amortization of discounts and other non-cash disbursements to portfolio companies, as well as decreases in the cost basis of investments resulting from principal repayments or sales, the amortization of premiums and acquisition costs, and other cost-basis adjustments.

^(D) The three and nine months ended December 31, 2022, includes \$13.4 million of proceeds from the recapitalization of Old World Christmas, Inc. ("Old World"). The nine months ended December 31, 2022 also includes \$12.3 million of proceeds from the recapitalization of Horizon Facilities Services, Inc.

^(E) There were no transfers in the three months ended December 31, 2022. For the nine months ended December 31, 2022, transfers include (1) secured second lien debt of Ginsey with a total cost basis and fair value of \$12.2 million, which was converted into secured first lien debt in August 2022 and (2) secured first lien debt of PSI Molded Plastics, Inc. with a total cost basis and fair value of \$26.6 million, which was converted into secured second lien debt in September 2022.

For the three and nine months ended December 31, 2021, transfers include preferred equity of SOG Specialty Knives & Tools, LLC with a total cost and fair value of \$0.6 million and \$0.0 million, respectively, which was converted into common equity of Glenbrook SOG Investments, Inc. in December 2021.

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For the nine months ended December 31, 2021, transfers also include (1) secured second lien debt of J.R. Hobbs with a total cost basis and fair value of \$52.5 million and \$52.4 million, respectively, which was converted into secured first lien debt in June 2021, (2) secured first lien debt of D.P.M.S., Inc. with a total cost basis and fair value of \$12.3 million and \$7.3 million, respectively, which was converted into secured second lien debt of Galaxy Technologies Holdings, Inc. ("Galaxy Technologies Holdings") in September 2021, and (3) preferred equity of Galaxy Technologies, Inc. with a total cost basis and fair value of \$11.5 million and \$16.0 million, respectively, which was converted into common equity of Galaxy Technologies Holdings in September 2021.

Investment Activity

During the nine months ended December 31, 2022, the following significant transactions occurred:

- In May 2022, we invested an additional \$6.4 million in the form of secured first lien debt in Nocturne Villa Rentals, Inc. ("Nocturne") to fund an add-on acquisition.
- In June 2022, we sold our investment in Bassett Creek Services, Inc. ("Bassett Creek"), which resulted in success fee income of \$3.0 million and a realized gain on preferred equity of \$4.7 million. In connection with the sale, we received net cash proceeds of \$57.6 million, including the repayment of our debt investment of \$48.0 million at par.
- In June 2022, we invested \$21.0 million in a new portfolio company, Dema/Mai Holdings, Inc. ("Dema/Mai"), in the form of preferred equity to acquire Mai Mechanical, LLC, a leading provider of plumbing and mechanical services focused on multi-family residential construction headquartered in Denver, Colorado, from J.R. Hobbs, an existing portfolio company. In July 2022, we invested an additional \$39.1 million in the form of secured first lien debt in Dema/Mai to fund the acquisition of Dema Plumbing, a plumbing and mechanical systems installation and service provider to single-family residential homebuilders.
- In July 2022, we recapitalized our investment in Horizon and invested an additional \$30.0 million in the form of secured first lien debt. In connection with this investment, we received equity proceeds of \$12.3 million, which were recognized as a \$10.1 million return of preferred equity cost basis and a realized gain of \$2.2 million, as well as dividend income of \$3.1 million and success fee income of \$1.7 million.
- In August 2022, in conjunction with a refinancing at Ginsey, our \$13.3 million secured second lien debt investment was reduced to \$12.2 million and converted to secured first lien debt. The reduction in our cost basis was the result of a \$5.1 million payment made by Ginsey to extinguish our secured borrowing liability, which was partially offset by an additional investment in Ginsey of \$4.0 million. Refer to *Note 5 - Borrowings* for discussion of the secured borrowing liability.
- In October 2022, we invested an additional \$8.4 million in the form of secured first lien debt in Nocturne to fund an add-on acquisition.
- In November 2022, our \$1.5 million secured second lien debt investment in Country Club Enterprises, LLC ("CCE") was repaid at par. In connection with the repayment, we received success fee income of \$1.1 million and our \$1.0 million guaranty was released. Refer to *Note 10 - Commitments and Contingencies* for discussion of the guaranty.
- In December 2022, we recapitalized our investment in Old World and invested an additional \$15.5 million in the form of secured first lien debt. In connection with this investment, we received proceeds of \$17.9 million, of which \$13.4 million was recognized as a realized gain and \$4.5 million was recognized as dividend income.
- In December 2022, we entered into a new \$3.2 million secured second lien term loan with The Mountain, replacing our previously outstanding second lien term loan and second lien delayed draw term loan with an aggregate cost basis of \$13.2 million, which resulted in a realized loss of \$10.0 million.

Investment Concentrations

As of December 31, 2022, our investment portfolio consisted of investments in 25 portfolio companies located in 19 states across 14 different industries with an aggregate fair value of \$760.5 million. Our investments in Old World, Horizon, Dema/Mai, Brunswick Bowling Products, Inc., and Nocturne represented our five largest portfolio investments at fair value and collectively comprised \$328.7 million, or 43.2%, of our total investment portfolio at fair value as of December 31, 2022.

The following table summarizes our investments by security type as of December 31, 2022 and March 31, 2022:

	December 31, 2022				March 31, 2022			
	Cost		Fair Value		Cost		Fair Value	
Secured first lien debt	\$ 473,189	65.5 %	\$ 447,491	58.8 %	\$ 429,457	64.2 %	\$ 425,087	59.5 %
Secured second lien debt	84,158	11.7 %	76,169	10.0 %	81,147	12.1 %	67,958	9.5 %
Total debt	557,347	77.2 %	523,660	68.8 %	510,604	76.3 %	493,045	69.0 %
Preferred equity	149,099	20.6 %	221,774	29.2 %	143,079	21.4 %	217,599	30.5 %
Common equity/equivalents	15,934	2.2 %	15,029	2.0 %	15,565	2.3 %	3,752	0.5 %
Total equity/equivalents	165,033	22.8 %	236,803	31.2 %	158,644	23.7 %	221,351	31.0 %
Total investments	\$ 722,380	100.0 %	\$ 760,463	100.0 %	\$ 669,248	100.0 %	\$ 714,396	100.0 %

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

	December 31, 2022		March 31, 2022	
	Fair Value	Percentage of Total Investments	Fair Value	Percentage of Total Investments
Diversified/Conglomerate Services	\$ 269,749	35.5 %	\$ 307,403	43.0 %
Home and Office Furnishings, Housewares, and Durable Consumer Products	147,533	19.4 %	125,440	17.6 %
Buildings and Real Estate	63,127	8.3 %	—	— %
Hotels, Motels, Inns, and Gaming	59,308	7.8 %	37,923	5.3 %
Leisure, Amusement, Motion Pictures, and Entertainment	48,146	6.3 %	46,514	6.5 %
Healthcare, Education, and Childcare	37,638	5.0 %	39,252	5.5 %
Chemicals, Plastics, and Rubber	26,618	3.5 %	26,618	3.7 %
Mining, Steel, Iron and Non-Precious Metals	23,044	3.0 %	24,250	3.4 %
Aerospace and Defense	20,891	2.7 %	25,296	3.5 %
Telecommunications	19,453	2.6 %	32,467	4.6 %
Machinery (Non-Agriculture, Non-Construction, and Non-Electronic)	18,109	2.4 %	13,823	1.9 %
Cargo Transport	15,265	2.0 %	14,533	2.0 %
Diversified/Conglomerate Manufacturing	9,140	1.2 %	14,064	2.0 %
Other < 2.0%	2,442	0.3 %	6,813	1.0 %
Total investments	\$ 760,463	100.0 %	\$ 714,396	100.0 %

Investments at fair value were included in the following geographic regions of the U.S. as of December 31, 2022 and March 31, 2022:

Location	December 31, 2022		March 31, 2022	
	Fair Value	Percentage of Total Investments	Fair Value	Percentage of Total Investments
Northeast	\$ 273,897	36.0 %	\$ 194,100	27.2 %
West	198,589	26.1 %	158,607	22.2 %
South	173,259	22.8 %	188,978	26.4 %
Midwest	114,718	15.1 %	172,711	24.2 %
Total investments	\$ 760,463	100.0 %	\$ 714,396	100.0 %

The geographic region indicates the location of the headquarters for our portfolio companies. A portfolio company may have additional business locations in other geographic regions.

Investment Principal Repayments

The following table summarizes the contractual principal repayment and maturity of our investment portfolio by fiscal year, assuming no voluntary prepayments, as of December 31, 2022:

	Amount
For the remaining three months ending March 31, 2023	\$ 27,500
For the fiscal years ending March 31:	
2024	55,468
2025	89,614
2026	202,419
2027	144,096
Thereafter	38,250
Total contractual repayments	\$ 557,347
Investments in equity securities	165,033
Total cost basis of investments held as of December 31, 2022:	\$ 722,380

Receivables from Portfolio Companies

Receivables from portfolio companies represent non-recurring costs that we incurred on behalf of portfolio companies. Such receivables, net of any allowance for uncollectible receivables, are included in Other assets, net on our accompanying *Consolidated Statements of Assets and Liabilities*. We generally maintain an allowance for uncollectible receivables from portfolio companies when the receivable balance becomes 90 days or more past due or if it is determined, based upon management’s judgment, that the portfolio company is unable to pay its obligations. We write off accounts receivable when we have exhausted collection efforts and have deemed the receivables uncollectible. As of December 31, 2022 and March 31, 2022, we had gross receivables from portfolio companies of \$2.5 million and \$1.7 million, respectively. As of December 31, 2022 and March 31, 2022, the allowance for uncollectible receivables was \$1.5 million and \$1.3 million, respectively.

NOTE 4. RELATED PARTY TRANSACTIONS

Transactions with the Adviser

We pay the Adviser certain fees as compensation for its services under the Advisory Agreement, consisting of a base management fee and an incentive fee and a loan servicing fee for the Adviser’s role as servicer pursuant to the Credit Facility, all as described below. On July 12, 2022, our Board of Directors, including a majority of the directors who are not parties to the Advisory Agreement or interested persons of either party, approved the annual renewal of the Advisory Agreement through August 31, 2023.

Two of our executive officers, David Glenbrook (our chairman and chief executive officer) and TerryLee Brubaker (our vice chairman and chief operating officer) serve as directors and executive officers of the Adviser, which is 100% indirectly owned and controlled by Mr. Glenbrook. David Dullum (our president) is also the executive vice president of private equity (buyouts) of the Adviser. Michael LiCalsi, our general counsel and secretary (who also serves as the Administrator's president, general counsel and secretary), is also the executive vice president of administration, general counsel, and secretary of our Adviser.

The following table summarizes the base management fees, loan servicing fees, incentive fees, and associated non-contractual, unconditional, and irrevocable credits reflected in our accompanying *Consolidated Statements of Operations*:

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2022	2021	2022	2021
Average total assets subject to base management fee ^(A)	\$ 757,800	\$ 726,000	\$ 731,000	\$ 701,800
Multiplied by prorated annual base management fee of 2.0%	0.5 %	0.5 %	1.5 %	1.5 %
Base management fee^(B)	3,789	3,630	10,965	10,527
Credits to fees from Adviser - other ^(B)	(756)	(3,682)	(3,131)	(5,863)
Net base management fee	\$ 3,033	\$ (52)	\$ 7,834	\$ 4,664
Loan servicing fee^(B)	2,080	1,768	5,754	5,430
Credits to base management fee - loan servicing fee ^(B)	(2,080)	(1,768)	(5,754)	(5,430)
Net loan servicing fee	\$ —	\$ —	\$ —	\$ —
Incentive fee – income-based	\$ 2,503	\$ 2,197	\$ 7,016	\$ 5,892
Incentive fee – capital gains-based^(C)	1,442	390	706	16,294
Total incentive fee^(B)	\$ 3,945	\$ 2,587	\$ 7,722	\$ 22,186
Credits to fees from Adviser - other ^(B)	—	—	—	—
Net total incentive fee	\$ 3,945	\$ 2,587	\$ 7,722	\$ 22,186

^(A) Average total assets subject to the base management fee is defined in the Advisory Agreement as total assets, including investments made with proceeds of borrowings, less any uninvested cash or cash equivalents resulting from borrowings, valued at the end of the applicable quarters within the respective periods and adjusted appropriately for any share issuances or repurchases during the periods.

^(B) Reflected as a line item on our accompanying *Consolidated Statements of Operations*.

^(C) The capital gains-based incentive fees are recorded in accordance with GAAP and do not necessarily reflect amounts contractually due under the terms of the Advisory Agreement.

Base Management Fee

The base management fee is payable quarterly to the Adviser pursuant to our Advisory Agreement and is assessed at an annual rate of 2.0%, computed on the basis of the value of our average gross assets at the end of the two most recently completed quarters (inclusive of the current quarter), which are total assets, including investments made with proceeds of borrowings, less any uninvested cash or cash equivalents resulting from borrowings, valued at the end of the applicable quarters within the respective period and adjusted appropriately for any share issuances or repurchases during the period.

Additionally, pursuant to the requirements of the 1940 Act, the Adviser makes available significant managerial assistance to our portfolio companies. The Adviser may also provide other services to our portfolio companies under certain agreements and may receive fees for services other than managerial assistance. Such services may include: (i) assistance obtaining, sourcing or structuring credit facilities, long term loans or additional equity from unaffiliated third parties; (ii) negotiating important contractual financial relationships; (iii) consulting services regarding restructuring of the portfolio company and financial modeling as it relates to raising additional debt and equity capital from unaffiliated third parties; and (iv) taking a primary role in interviewing, vetting and negotiating employment contracts with candidates in connection with adding and retaining key portfolio company management team members. The Adviser non-contractually, unconditionally, and irrevocably credits 100% of any fees received for such services against the base management fee that we would otherwise be required to pay to the Adviser; however, pursuant to the terms of the Advisory Agreement, a small percentage of certain of such fees, totaling \$40.0 thousand and \$0.1 million for the three and nine months ended December 31, 2022, respectively, and \$0.1 million and \$0.2 million for the three and nine months ended December 31, 2021, respectively, was

retained by the Adviser in the form of reimbursement, at cost, for tasks completed by personnel of the Adviser, primarily related to the valuation of portfolio companies.

Loan Servicing Fee

The Adviser also services the loans held by our wholly-owned subsidiary, Business Investment (the borrower under the Credit Facility), in return for which the Adviser receives a 2.0% annual fee based on the monthly aggregate outstanding balance of loans pledged under the Credit Facility. Since Business Investment is a consolidated subsidiary of ours, coupled with the fact that the total base management fee paid to the Adviser pursuant to the Advisory Agreement cannot exceed 2.0% of total assets (less any uninvested cash or cash equivalents resulting from borrowings) during any given calendar year, we treat payment of the loan servicing fee pursuant to the Credit Facility as a pre-payment of the base management fee under the Advisory Agreement. Accordingly, these loan servicing fees are 100% non-contractually, unconditionally, and irrevocably credited back to us by the Adviser.

Incentive Fee

The incentive fee payable to the Adviser under our Advisory Agreement consists of two parts: an income-based incentive fee and a capital gains-based incentive fee.

The income-based incentive fee rewards the Adviser if our quarterly net investment income (before giving effect to any incentive fee) exceeds 1.75% of our net assets, which we define as total assets less indebtedness and before taking into account any incentive fees payable or contractually due but not payable during the period, at the end of the immediately preceding calendar quarter, adjusted appropriately for any share issuances or repurchases during the period (the "Hurdle Rate"). The income-based incentive fee with respect to our pre-incentive fee net investment income is payable quarterly to the Adviser and is computed as follows:

- No incentive fee in any calendar quarter in which our pre-incentive fee net investment income does not exceed the Hurdle Rate;
- 100.0% of our pre-incentive fee net investment income with respect to that portion of such pre-incentive fee net investment income, if any, that exceeds the Hurdle Rate but is less than 2.1875% of our net assets, adjusted appropriately for any share issuances or repurchases during the period, in any calendar quarter; and
- 20.0% of the amount of our pre-incentive fee net investment income, if any, that exceeds 2.1875% of our net assets, adjusted appropriately for any share issuances or repurchases during the period, in any calendar quarter.

The second part of the incentive fee is a capital gains-based incentive fee that is determined and payable in arrears as of the end of each fiscal year (or upon termination of the Advisory Agreement, as of the termination date), and equals 20.0% of our realized capital gains, less any realized capital losses and unrealized depreciation, calculated as of the end of the preceding calendar year. The capital gains-based incentive fee payable to the Adviser is calculated based on (i) cumulative aggregate realized capital gains since our inception, less (ii) cumulative aggregate realized capital losses since our inception, less (iii) the entire portfolio's aggregate unrealized capital depreciation, if any, as of the date of the calculation. If this number is positive at the applicable calculation date, then the capital gains-based incentive fee for such year equals 20.0% of such amount, less the aggregate amount of any capital gains-based incentive fees paid in respect of our portfolio in all prior years. For calculation purposes, cumulative aggregate realized capital gains, if any, equals the sum of the excess between the net sales price of each investment, when sold, and the original cost of such investment since our inception. Cumulative aggregate realized capital losses equals the sum of the deficit between the net sales price of each investment, when sold, and the original cost of such investment since our inception. The entire portfolio's aggregate unrealized capital depreciation, if any, equals the sum of the deficit between the fair value of each investment security as of the applicable calculation date and the original cost of such investment security. As of and for the nine months ended December 31, 2022, no capital gains-based incentive fees were contractually due to the Adviser. During the year ended March 31, 2022, capital gains-based incentive fees of \$5.3 million were contractually due and paid to the Adviser.

In accordance with GAAP, accrual of the capital gains-based incentive fee is determined as if our investments had been liquidated at their fair values as of the end of the reporting period. Therefore, GAAP requires that the capital gains-based incentive fee accrual consider the aggregate unrealized capital appreciation in the calculation, as a capital gains-based incentive fee would be payable if such unrealized capital appreciation were realized. There can be no assurance that any such unrealized capital appreciation will be realized in the future. Accordingly, a GAAP accrual is calculated at the end of the reporting period based on (i) cumulative aggregate realized capital gains since our inception, plus (ii) the entire portfolio's aggregate unrealized capital appreciation, if any, less (iii) cumulative aggregate realized capital losses since our inception, less (iv) the entire portfolio's aggregate unrealized capital depreciation, if any. If such amount is positive at the end of a reporting period, a capital gains-based incentive fee equal to 20.0% of such amount, less the aggregate amount of capital gains-based incentive fees accrued in all prior years, is recorded, regardless of whether such amount is contractually due under the terms of the Advisory Agreement. If such amount is negative, then there is no accrual for such period and prior period accruals are reversed, as appropriate. During the three and nine months ended December 31, 2022, we recorded capital gains-based incentive fees of \$1.4 million and \$0.7 million, respectively. During the three and nine months ended December 31, 2021, we recorded capital gains-based incentive fees of \$0.4 million and \$16.3 million, respectively.

Transactions with the Administrator

We reimburse the Administrator pursuant to the Administration Agreement for our allocable portion of the Administrator's expenses incurred while performing services to us, which are primarily rent and salaries and benefits expenses of the Administrator's employees, including our chief financial officer and treasurer, chief valuation officer, chief compliance officer, and general counsel and secretary, and their respective staffs. Two of our executive officers, David Glenbrook (our chairman and chief executive officer) and Terry Lee Brubaker (our vice chairman and chief operating officer) serve as members of the board of managers and executive officers of the Administrator, which is 100% indirectly owned and controlled by Mr. Glenbrook. Another of our officers, Mr. LiCalsi (our general counsel and secretary), serves as the Administrator's president as well as the executive vice president of administration, general counsel, and secretary for the Adviser.

Our allocable portion of the Administrator's expenses is generally derived by multiplying the Administrator's total expenses by the approximate percentage of time during the current quarter the Administrator's employees performed services for us in relation to their time spent performing services for all companies serviced by the Administrator. On July 12, 2022, our Board of Directors, including a majority of the directors who are not parties to the Administration Agreement or interested persons of either party, approved the annual renewal of the Administration Agreement through August 31, 2023. Administration fees for the three and nine months ended December 31, 2022 were \$0.4 million and \$1.4 million, respectively, and for the three and nine months ended December 31, 2021 were \$0.4 million and \$1.4 million, respectively.

Transactions with Glenbrook Securities, LLC

Glenbrook Advisory, LLC ("Glenbrook Securities") is a privately held broker dealer registered with the Financial Industry Regulatory Authority and insured by the Securities Investor Protection Corporation. Glenbrook Securities is an affiliate of ours, as its parent company is 100% owned and controlled by David Glenbrook, our chairman and chief executive officer. Mr. Glenbrook also serves on the board of managers of Glenbrook Advisory.

Other Transactions

From time to time, Glenbrook Advisory provides services, such as investment banking and due diligence services, to certain of our portfolio companies, for which it receives a fee. Any such fees paid by portfolio companies to Glenbrook Advisory do not impact the fees we pay to the Adviser or the non-contractual, unconditional, and irrevocable credits against the base management fee. During the three and nine months ended December 31, 2022, the fees received by Glenbrook Advisory from our portfolio companies totaled \$0.3 million and \$1.6 million, respectively. During the three and nine months ended December 31, 2021, the fees received by Glenbrook Advisory from our portfolio companies totaled \$2.8 million and \$3.2 million, respectively.

Related Party Fees Due

Amounts due to related parties on our accompanying *Consolidated Statements of Assets and Liabilities* were as follows:

	As of December 31, 2022	As of March 31, 2022
Base management and loan servicing fee due to Adviser, net of credits	\$ 953	\$ 1,648
Incentive fee due to Adviser ^(A)	28,605	27,577
Other due to Adviser	604	63
Total fees due to Adviser	30,162	29,288
Fee due to Administrator	564	627
Total related party fees due	\$ 30,726	\$ 29,915

^(A) Includes a capital gains-based incentive fee of \$26.1 million and \$25.4 million as of December 31, 2022 and March 31, 2022, respectively, recorded in accordance with GAAP requirements, and which was not contractually due under the terms of the Advisory Agreement. Refer to Note 4 — *Related Party Transactions — Transactions with the Adviser — Incentive Fee* for additional information, including capital gains-based incentive fee payments made.

Net expenses receivable from Glenbrook Advisory, one of our affiliated funds, for reimbursement purposes, which includes certain co-investment expenses, totaled \$16 thousand and \$27 thousand, as of December 31, 2022 and March 31, 2022, respectively. These amounts are generally settled in the quarter subsequent to being incurred and have been included in Other assets, net on the accompanying *Consolidated Statements of Assets and Liabilities*.

NOTE 5. BORROWINGS

Revolving Line of Credit

On March 8, 2021, we, through our wholly-owned subsidiary, Business Investment, entered into Amendment No. 6 to the Credit Facility with KeyBank National Association (“KeyBank”) as administrative agent, lead arranger, managing agent and lender, the Adviser, as servicer, and certain other lenders party thereto. The revolving period was extended to February 29, 2024, and if not renewed or extended by such date, all principal and interest will be due and payable on February 28, 2026 (two years after the revolving period end date). As of December 31, 2022, the Credit Facility provided a one-year extension option that may be exercised on or before March 8, 2023, subject to approval by all lenders.

On August 10, 2020, we, through Business Investment, entered into Amendment No. 5 to the Credit Facility. Among other things, Amendment No. 5 amended the Credit Facility to (i) add London Interbank Offered Rate (“LIBOR”) replacement language; (ii) implement a 0.5% LIBOR floor; (iii) reduce the facility size from \$200.0 million to \$180.0 million, which may be expanded to \$300.0 million through additional commitments; and (iv) provide certain other changes to existing terms and covenants.

Advances under the Credit Facility generally bear interest at 30-day LIBOR, subject to a floor of 0.5%, plus 2.85% per annum until February 29, 2024, with the margin then increasing to 3.10% for the period from February 29, 2024 to February 28, 2025, and increasing further to 3.35% thereafter. The Credit Facility has an unused commitment fee on the daily unused commitment amount of 0.50% per annum if the average unused commitment amount for the period is less than or equal to 50% of the total commitment amount, 0.75% per annum if the average unused commitment amount for the period is greater than 50% but less than or equal to 65% of the total commitment amount, and 1.00% per annum if the average unused commitment amount for the period is greater than 65% of the total commitment amount.

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The following tables summarize noteworthy information related to the Credit Facility:

	As of December 31, 2022		As of March 31, 2022	
Commitment amount	\$	180,000	\$	180,000
Borrowings outstanding at cost	\$	29,600	\$	—
Availability ^(A)	\$	150,400	\$	180,000

	For the Three Months Ended December 31,		For the Nine Months Ended December 31,	
	2022	2021	2022	2021
Weighted-average borrowings outstanding	\$ 26,054	\$ 21,184	\$ 12,621	\$ 23,959
Effective interest rate ^(B)	12.8 %	11.1 %	19.8 %	10.1 %
Commitment (unused) fees incurred	\$ 394	\$ 406	\$ 1,279	\$ 1,191

^(A) Availability is subject to various constraints, characteristics and applicable advance rates based on collateral quality under the Credit Facility, which equated to an adjusted availability of \$150.4 million and \$180.0 million as of December 31, 2022 and March 31, 2022, respectively.

^(B) Excludes the impact of deferred financing costs and includes unused commitment fees.

Among other things, the Credit Facility contains a performance guaranty that requires us to maintain: (i) a minimum net worth (defined in the Credit Facility to include our mandatory redeemable term preferred stock) of the greater of \$210.0 million or \$210.0 million plus 50% of all equity and subordinated debt raised, minus 50% of any equity or subordinated debt redeemed or retired after November 16, 2016, which equated to \$288.0 million as of December 31, 2022; (ii) asset coverage with respect to senior securities representing indebtedness of at least 150% (or such percentage as may be set forth in Section 18 of the 1940 Act, as modified by Section 61 of the 1940 Act); and (iii) our status as a BDC under the 1940 Act and as a RIC under the Code. As of December 31, 2022, and as defined in the performance guaranty of the Credit Facility, we had a net worth of \$705.7 million, asset coverage on our senior securities representing indebtedness of 250.5%, calculated in compliance with the requirements of Sections 18 and 61 of the 1940 Act, and an active status as a BDC and RIC. As of December 31, 2022, we were in compliance with all covenants under the Credit Facility.

Fair Value

We elected to apply the fair value option of ASC Topic 825, “*Financial Instruments*,” to the Credit Facility, which was consistent with our application of ASC 820 to our investments. Generally, the fair value of the Credit Facility is determined using a yield analysis, which includes a DCF calculation and also takes into account the assumptions the Valuation Team believes market participants would use, including the estimated remaining life, counterparty credit risk, current market yield and interest rate spreads of similar securities as of the measurement date. As of December 31, 2022 and March 31, 2022, the discount rate used to determine the fair value of the Credit Facility was 30-day LIBOR, with a 0.5% floor, plus 2.85% per annum, plus an unused commitment fee of 1.0%. Generally, an increase or decrease in the discount rate used in the DCF calculation may result in a corresponding decrease or increase, respectively, in the fair value of the Credit Facility. As of each of December 31, 2022 and March 31, 2022, the Credit Facility was valued using Level 3 inputs and any changes in its fair value are recorded in Net unrealized appreciation (depreciation) of other on our accompanying *Consolidated Statements of Operations*.

The following tables provide relevant information and disclosures about the Credit Facility as of December 31, 2022 and March 31, 2022, and for the three and nine months ended December 31, 2022 and 2021, as required by ASC 820:

	Level 3 – Borrowings	
	Recurring Fair Value Measurements	
	Reported in Consolidated	
	Statements of Assets and Liabilities Using Significant Unobservable Inputs	
	(Level 3)	
	December 31, 2022	March 31, 2022
Credit Facility	\$ 29,600	\$ —

Fair Value Measurements of Borrowings Using Significant Unobservable Inputs (Level 3)
Reported in Consolidated Statements of Assets and Liabilities

	Credit Facility	
Three Months Ended December 31, 2022:		
Fair value at September 30, 2022	\$	16,600
Borrowings		41,400
Repayments		(28,400)
Unrealized appreciation (depreciation)		—
Fair value at December 31, 2022	\$	29,600
Nine Months Ended December 31, 2022:		
Fair value at March 31, 2022	\$	—
Borrowings		82,900
Repayments		(53,300)
Unrealized appreciation (depreciation)		—
Fair value at December 31, 2022	\$	29,600

Fair Value Measurements of Borrowings Using Significant Unobservable Inputs (Level 3)
Reported in Consolidated Statements of Assets and Liabilities

	Credit Facility	
Three Months Ended December 31, 2021:		
Fair value at September 30, 2021	\$	8,900
Borrowings		49,000
Repayments		(57,900)
Unrealized appreciation (depreciation)		—
Fair value at December 31, 2021	\$	—
Nine Months Ended December 31, 2021:		
Fair value at March 31, 2021	\$	22,400
Borrowings		111,700
Repayments		(134,100)
Unrealized appreciation (depreciation)		—
Fair value at December 31, 2021	\$	—

The fair value of the collateral under the Credit Facility was \$641.0 million and \$537.5 million as of December 31, 2022 and March 31, 2022, respectively.

Notes Payable

5.00% Notes due 2026

In March 2021, we completed a public offering of 5.00% Notes due 2026 with an aggregate principal amount of \$127.9 million (the “2026 Notes”), which resulted in net proceeds of approximately \$123.8 million after deducting underwriting discounts, commissions and offering costs borne by us. The 2026 Notes are traded under the ticker symbol “GAINN” on the Nasdaq Global Select Market (“Nasdaq”). The 2026 Notes will mature on May 1, 2026 and may be redeemed in whole or in part at any time or from time to time at the Company’s option on or after May 1, 2023. The 2026 Notes bear interest at a rate of 5.00% per year, which is payable quarterly in arrears.

The indenture relating to the 2026 Notes contains certain covenants, including (i) an inability to incur additional debt or issue additional debt or preferred securities unless the Company’s asset coverage meets the threshold specified in the 1940 Act after such borrowing, (ii) an inability to declare any dividend or distribution (except a dividend payable in our stock) on a class of our capital stock or to purchase shares of our capital stock unless the Company’s asset coverage meets the threshold specified in the 1940 Act at the time of (and giving effect to) such declaration or purchase, and (iii) if, at any time, we are not subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), we will provide the holders of the 2026 Notes and the trustee with audited annual consolidated financial statements and unaudited interim consolidated financial statements.

The 2026 Notes are recorded at the aggregate principal amount, less underwriting discounts, commissions, and offering costs, on our accompanying *Consolidated Statements of Assets and Liabilities*. Total underwriting discounts, commissions, and offering costs related to this offering were \$4.1 million, which have been recorded as discounts to the aggregate principal amount on our accompanying *Consolidated Statements of Assets and Liabilities* and are being amortized over the period ending May 1, 2026, the maturity date.

4.875% Notes due 2028

In August 2021, we completed a public offering of 4.875% Notes due 2028 with an aggregate principal amount of \$134.6 million (the “2028 Notes”), which resulted in net proceeds of approximately \$131.3 million after deducting underwriting discounts, commissions and offering costs borne by us. The 2028 Notes are traded under the ticker symbol “GAINZ” on Nasdaq. The 2028 Notes will mature on November 1, 2028 and may be redeemed in whole or in part at any time or from time to time at the Company’s option on or after November 1, 2023. The 2028 Notes bear interest at a rate of 4.875% per year, which is payable quarterly in arrears.

The indenture relating to the 2028 Notes contains certain covenants, including (i) an inability to incur additional debt or issue additional debt or preferred securities unless the Company’s asset coverage meets the threshold specified in the 1940 Act after such borrowing, (ii) an inability to declare any dividend or distribution (except a dividend payable in our stock) on a class of our capital stock or to purchase shares of our capital stock unless the Company’s asset coverage meets the threshold specified in the 1940 Act at the time of (and giving effect to) such declaration or purchase, and (iii) if, at any time, we are not subject to the reporting requirements of the Exchange Act, we will provide the holders of the 2028 Notes and the trustee with audited annual consolidated financial statements and unaudited interim consolidated financial statements.

The 2028 Notes are recorded at the aggregate principal amount, less underwriting discounts, commissions, and offering costs, on our accompanying *Consolidated Statements of Assets and Liabilities*. Total underwriting discounts, commissions, and offering costs related to this offering were \$3.3 million, which have been recorded as discounts to the aggregate principal amount on our accompanying *Consolidated Statements of Assets and Liabilities* and are being amortized over the period ending November 1, 2028, the maturity date.

The following tables summarize our 2026 Notes and 2028 Notes as of December 31, 2022 and March 31, 2022:

As of December 31, 2022:

Description	Ticker Symbol	Date Issued	Maturity Date ^(A)	Interest Rate	Notes Outstanding	Principal Amount per Note	Aggregate Principal Amount
2026 Notes	GAINN	March 2, 2021	May 1, 2026	5.00%	5,117,500	\$ 25.00	\$ 127,938
2028 Notes	GAINZ	August 18, 2021	November 1, 2028	4.875%	5,382,000	\$ 25.00	134,550
Notes payable, gross^(B)					10,499,500		262,488
Less: Unamortized Discounts							(5,369)
Notes payable, net^(C)							\$ 257,119

As of March 31, 2022:

Description	Ticker Symbol	Date Issued	Maturity Date ^(A)	Interest Rate	Notes Outstanding	Principal Amount per Note	Aggregate Principal Amount
2026 Notes	GAINN	March 2, 2021	May 1, 2026	5.00%	5,117,500	\$ 25.00	\$ 127,938
2028 Notes	GAINZ	August 18, 2021	November 1, 2028	4.875%	5,382,000	\$ 25.00	134,550
Notes payable, gross^(B)					10,499,500		262,488
Less: Unamortized Discounts							(6,236)
Notes payable, net^(C)							\$ 256,252

^(A) The 2026 Notes can be redeemed at our option at any time on or after May 1, 2023. The 2028 Notes can be redeemed at our option at any time on or after November 1, 2023.

^(B) As of December 31, 2022 and March 31, 2022, asset coverage on our senior securities representing indebtedness, calculated pursuant to Sections 18 and 61 of the 1940 Act, was 250.5% and 252.9%, respectively.

^(C) Reflected as a line item on our accompanying *Consolidated Statements of Assets and Liabilities*.

The fair value, based on the last reported closing prices, of the 2026 Notes and 2028 Notes as of December 31, 2022 was \$117.7 million and \$117.3 million, respectively. The fair value, based on the last reported closing prices, of the 2026 Notes and 2028 Notes as of March 31, 2022 was \$128.3 million and \$134.3 million, respectively. We consider the closing prices of the 2026 Notes and 2028 Notes to be Level 1 inputs within the ASC 820 hierarchy.

Secured Borrowing

In August 2012, we entered into a participation agreement with a third-party related to \$5.0 million of our secured second lien term debt investment in Ginsey and in May 2014, we amended the agreement with the third-party to include an additional \$0.1 million. ASC Topic 860, “*Transfers and Servicing*” required us to treat the participation as a financing-type transaction. Specifically, the third-party had a senior claim to our remaining investment in the event of default by Ginsey which, in part, resulted in the loan participation bearing a rate of interest lower than the contractual rate established at origination. Therefore, our accompanying *Consolidated Statements of Assets and Liabilities* as of March 31, 2022 reflect the entire secured second lien term debt investment in Ginsey and a corresponding \$5.1 million secured borrowing liability. In conjunction with the August 2022 refinancing at Ginsey, the \$5.1 million secured borrowing liability was extinguished.

NOTE 6. MANDATORILY REDEEMABLE PREFERRED STOCK

In August 2021, we used a portion of the proceeds from the issuance of our 2028 Notes to voluntarily redeem all outstanding shares of our 6.375% Series E Cumulative Term Preferred Stock (or “Series E Term Preferred Stock” or “Series E”), which had a liquidation preference of \$25.00 per share. In connection with the voluntary redemption of our Series E Term Preferred Stock, we incurred a loss on extinguishment of debt of \$2.0 million, which was recorded in Realized loss on other in our accompanying *Consolidated Statements of Operations* and which was primarily comprised of unamortized deferred issuance costs at the time of redemption.

The following table summarizes dividends declared by our Board of Directors and paid by us on our Series E Term Preferred Stock during the nine months ended December 31, 2021:

For the Nine Months Ended December 31, 2021:

<u>Declaration Date</u>	<u>Record Date</u>	<u>Payment Date</u>	<u>Dividend per Share of Series E Term Preferred Stock^(A)</u>
April 13, 2021	April 23, 2021	April 30, 2021	\$ 0.1328125
April 13, 2021	May 19, 2021	May 28, 2021	0.1328125
April 13, 2021	June 18, 2021	June 30, 2021	0.1328125
July 13, 2021	July 23, 2021	July 30, 2021	0.1328125
July 13, 2021	August 23, 2021	August 31, 2021	0.0796875 ^(B)
Total			\$ 0.6109375

^(A) We voluntarily redeemed all outstanding shares of our Series E Term Preferred Stock on August 19, 2021.

^(B) Represents accrued and unpaid dividends up to, but excluding, the redemption date of August 19, 2021.

The federal income tax characteristics of dividends paid to our preferred stockholders generally constitute ordinary income or capital gains to the extent of our current and accumulated earnings and profits and are reported after the end of the calendar year based on tax information for the full fiscal year. The tax characterization of dividends paid to our preferred stockholders during the calendar year ended December 31, 2021 was 71.3% from ordinary income and 28.7% from capital gains.

NOTE 7. REGISTRATION STATEMENT AND COMMON EQUITY OFFERINGS

Registration Statement

On September 3, 2021, we filed a registration statement on Form N-2 (File No. 333-259302), which the SEC declared effective on October 15, 2021. The registration statement permits us to issue, through one or more transactions, up to an aggregate of \$300.0 million in securities, consisting of common stock, preferred stock, subscription rights, debt securities, and warrants to purchase common stock, preferred stock, or debt securities, including through concurrent, separate offerings of such securities. As of December 31, 2022, we had the ability to issue up to \$296.5 million of the securities registered under the registration statement.

Common Equity Offering

In August 2022, we entered into equity distribution agreements with Oppenheimer & Co. and Virtu Americas LLC (each a “Sales Agent”), under which we have the ability to issue and sell shares of our common stock, from time to time, through the Sales Agents, up to an aggregate offering price of \$50.0 million in what is commonly referred to as an “at-the-market” program (“Common Stock ATM Program”). As of December 31, 2022, we had remaining capacity to sell up to an additional \$46.5 million of common stock under the Common Stock ATM program.

During the three months ended December 31, 2022, we sold 212,338 shares of our common stock under the Common Stock ATM Program at a weighted-average gross price of \$14.11 per share, raising approximately \$3.0 million of gross proceeds. The weighted-average net price per share, after deducting commissions and offering costs borne by us, was \$13.91 and resulted in total net proceeds of approximately \$3.0 million. All sales were above our then current estimated NAV per share. We did not sell any shares of our common stock under the common stock at-the-market program during the three months ended December 31, 2021.

During the nine months ended December 31, 2022, we sold 241,978 shares of our common stock under the Common Stock ATM Program at a weighted-average gross price of \$14.31 per share, raising approximately \$3.5 million of gross proceeds. The weighted-average net price per share, after deducting commissions and offering costs borne by us, was \$14.11 and resulted in total net proceeds of approximately \$3.4 million. All sales were above our then current estimated NAV per share. We did not sell any shares of our common stock under a common stock at-the-market program during the nine months ended December 31, 2021.

NOTE 8. NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS PER WEIGHTED-AVERAGE COMMON SHARE

The following table sets forth the computation of basic and diluted Net increase in net assets resulting from operations per weighted-average common share for the three and nine months ended December 31, 2022 and 2021:

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2022	2021	2022	2021
Net increase in net assets resulting from operations	\$ 15,779	\$ 10,346	\$ 30,889	\$ 85,620
Basic and diluted weighted-average common shares	33,316,055	33,205,023	33,246,811	33,205,023
Basic and diluted net increase in net assets resulting from operations per weighted-average common share	\$ 0.47	\$ 0.31	\$ 0.93	\$ 2.58

NOTE 9. DISTRIBUTIONS TO COMMON STOCKHOLDERS

To qualify to be taxed as a RIC under Subchapter M of the Code, we must generally distribute to our stockholders, for each taxable year, at least 90% of our taxable ordinary income plus the excess of our net short-term capital gains over net long-term capital losses (“Investment Company Taxable Income”). The amount to be paid out as distributions to our stockholders is determined by our Board of Directors and is based upon management’s estimate of Investment Company Taxable Income and net long-term capital gains, as well as amounts to be distributed in accordance with Section 855(a) of the Code. Based on that estimate, our Board of Directors declares monthly distributions, and supplemental distributions, as appropriate, to stockholders each quarter and deemed distributions of long-term capital gains annually as of the end of the fiscal year, as applicable.

The U.S. federal income tax characteristics of cash distributions paid to our common stockholders generally are reported to stockholders on IRS Form 1099 after the end of each calendar year. Estimates of tax characterization made on a quarterly basis may not be representative of the actual tax characterization of cash distributions for the full year. Estimates made on a quarterly basis are updated as of each interim reporting date. The tax characterization of cash distributions paid to common stockholders during the calendar year ended December 31, 2022 was 61.2% from ordinary income and 38.8% from capital gains.

We paid the following cash distributions to our common stockholders for the nine months ended December 31, 2022 and 2021:

For the Nine Months Ended December 31, 2022:

Declaration Date	Record Date	Payment Date	Distribution per Common Share
April 12, 2022	April 22, 2022	April 29, 2022	\$ 0.075
April 12, 2022	May 20, 2022	May 31, 2022	0.075
April 12, 2022	June 6, 2022	June 15, 2022	0.120 ^(A)
April 12, 2022	June 22, 2022	June 30, 2022	0.075
July 12, 2022	July 22, 2022	July 29, 2022	0.075
July 12, 2022	August 23, 2022	August 31, 2022	0.075
July 12, 2022	September 22, 2022	September 30, 2022	0.075
October 11, 2022	October 21, 2022	October 31, 2022	0.080
October 11, 2022	November 18, 2022	November 30, 2022	0.080
October 11, 2022	December 6, 2022	December 15, 2022	0.120 ^(A)
October 11, 2022	December 20, 2022	December 30, 2022	0.080
Nine Months Ended December 31, 2022			\$ 0.930

For the Nine Months Ended December 31, 2021:

Declaration Date	Record Date	Payment Date	Distribution per Common Share
April 13, 2021	April 23, 2021	April 30, 2021	\$ 0.070
April 13, 2021	May 19, 2021	May 28, 2021	0.070
April 13, 2021	June 8, 2021	June 17, 2021	0.060 ^(A)
April 13, 2021	June 18, 2021	June 30, 2021	0.070
July 13, 2021	July 23, 2021	July 30, 2021	0.070
July 13, 2021	August 23, 2021	August 31, 2021	0.070
July 13, 2021	September 3, 2021	September 15, 2021	0.030 ^(A)
July 13, 2021	September 22, 2021	September 30, 2021	0.070
October 12, 2021	October 22, 2021	October 29, 2021	0.075
October 12, 2021	November 19, 2021	November 30, 2021	0.075
October 12, 2021	December 7, 2021	December 15, 2021	0.090 ^(A)
October 12, 2021	December 23, 2021	December 31, 2021	0.075
Nine Months Ended December 31, 2021			\$ 0.825

^(A) Represents a supplemental distribution to common stockholders.

Aggregate cash distributions to our common stockholders declared and paid were \$30.9 million and \$27.4 million for the nine months ended December 31, 2022 and 2021, respectively.

For the fiscal year ended March 31, 2022, Investment Company Taxable Income exceeded distributions declared and paid, and, in accordance with Section 855(a) of the Code, we elected to treat \$13.9 million of the first distributions paid subsequent to fiscal year-end, as having been paid in the prior year. In addition, for the fiscal year ended March 31, 2022 net capital gains exceeded distributions declared and paid, and, in accordance with Section 855(a) of the Code, we elected to treat \$15.7 million of the first distributions paid subsequent to fiscal year-end as having been paid in the prior year.

For the three months ended December 31, 2022, we recorded \$0.3 million of net adjustments for estimated permanent book-tax differences to reflect tax character, which decreased Capital in excess of par value and Accumulated net realized gain in excess of distributions and increased Underdistributed net investment income on our accompanying *Consolidated Statements of Assets and Liabilities*. For the nine months ended December 31, 2022, we recorded \$1.6 million of net adjustments for estimated permanent book-tax differences to reflect tax character, which decreased Capital in excess of par value and increased Underdistributed net investment income and Accumulated net realized gain in excess of distributions on our accompanying *Consolidated Statements of Assets and Liabilities*.

For the three months ended December 31, 2021, we recorded \$0.1 million of net adjustments for estimated permanent book-tax differences to reflect tax character, which decreased Capital in excess of par value and increased Overdistributed net investment income on our accompanying *Consolidated Statements of Assets and Liabilities*. For the nine months ended December 31, 2021, we recorded \$2.8 million of net adjustments for estimated permanent book-tax differences to reflect tax character, which decreased Capital in excess of par value and Overdistributed net investment income and increased Accumulated net realized gain in excess of distributions on our accompanying *Consolidated Statements of Assets and Liabilities*.

We may distribute our net long-term capital gains, if any, in cash or elect to retain some or all of such gains, pay taxes at the U.S. federal corporate-level income tax rate on the amount retained, and designate the retained amount as a “deemed distribution.” If we elect to retain net long-term capital gains and deem them distributed, each U.S. common stockholder will be treated as if they received a distribution of their pro-rata share of the retained net long-term capital gain and the U.S. federal income tax paid. As a result, each U.S. common stockholder will (i) be required to report their pro rata share of the retained gain on their tax return as long-term capital gain, (ii) receive a refundable tax credit for their pro-rata share of federal income tax paid by us on the retained gain, and (iii) increase the tax basis of their shares of common stock by an amount equal to the deemed distribution less the tax credit. To use the deemed distribution approach, we must provide written notice to our common stockholders prior to the expiration of 60 days after the close of the relevant taxable year. For the year ended March 31, 2022, we did not elect to retain long-term capital gains and to treat them as deemed distributions to common stockholders.

NOTE 10. COMMITMENTS AND CONTINGENCIES*Legal Proceedings*

We are party to certain legal proceedings incidental to the normal course of our business. We are required to establish reserves for litigation matters where those matters present loss contingencies that are both probable and estimable. When loss contingencies are not both probable and estimable, we do not establish reserves. Based on current knowledge, we do not believe that loss contingencies, if any, arising from pending investigations, litigation or regulatory matters will have a material adverse effect on our financial condition, results of operation or cash flows. Additionally, based on our current knowledge, we do not believe such loss contingencies are both probable and estimable and therefore, as of December 31, 2022 and March 31, 2022, we had no established reserves for such loss contingencies.

Escrow Holdbacks

From time to time, we enter into arrangements relating to exits of certain investments whereby specific amounts of the proceeds are held in escrow to be used to satisfy potential obligations, as stipulated in the sales agreements. We record escrow amounts in Restricted cash and cash equivalents, if received in cash but subject to potential obligations or other contractual restrictions, or as escrow receivables in Other assets, net, if not yet received in cash, on our accompanying *Consolidated Statements of Assets and Liabilities*. We establish reserves and holdbacks against escrow amounts if we determine that it is probable and estimable that a portion of the escrow amounts will not ultimately be released or received at the end of the escrow period. Reserves and holdbacks against escrow amounts were \$0.3 million and \$0.2 million as of December 31, 2022 and March 31, 2022, respectively.

Financial Commitments and Obligations

We may have line of credit and delayed draw term debt commitments to certain of our portfolio companies that have not been fully drawn. Since these lines of credit and delayed draw term debt commitments have expiration dates and we expect many will never be fully drawn, the total line of credit and delayed draw term debt commitment amounts do not necessarily represent future cash requirements. We estimate the fair value of the combined unused line of credit and delayed draw term debt commitments as of December 31, 2022 and March 31, 2022 to be insignificant.

In conjunction with the term loan repayment by CCE in November 2022, our previously outstanding \$1.0 million guaranty was released and terminated. We were not required to make any payments on this guaranty, or any guaranties that existed in previous periods.

The following table summarizes the principal balances of unused line of credit and delayed draw term debt commitments and guaranties as of December 31, 2022 and March 31, 2022, which are not reflected as liabilities in the accompanying *Consolidated Statements of Assets and Liabilities*:

	December 31, 2022	March 31, 2022
Unused line of credit and delayed draw term debt commitments	\$ —	\$ 4,250
Guaranties	—	10,250
Total	\$ —	\$ 14,500

NOTE 11. FINANCIAL HIGHLIGHTS

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2022	2021	2022	2021
Per Common Share Data:				
Net asset value at beginning of period ^(A)	\$ 13.31	\$ 13.27	\$ 13.43	\$ 11.52
<i>Income from investment operations</i> ^(B)				
Net investment income	0.26	0.25	0.82	0.25
Net realized gain (loss) on investments and other	0.11	0.67	0.32	0.68
Net unrealized appreciation (depreciation) of investments	0.10	(0.61)	(0.21)	1.65
Total from investment operations	0.47	0.31	0.93	2.58
<i>Effect of equity capital activity</i> ^(B)				
Cash distributions to common stockholders from net investment income ^(C)	(0.22)	(0.23)	(0.46)	(0.59)
Cash distributions to common stockholders from net realized gains ^(C)	(0.14)	(0.09)	(0.47)	(0.24)
Net accretive effective of equity offering ^(D)	0.01	—	0.01	—
Total from equity capital activity	(0.35)	(0.32)	(0.92)	(0.83)
Other, net ^{(B)(E)}	—	0.01	(0.01)	—
Net asset value at end of period ^(A)	\$ 13.43	\$ 13.27	\$ 13.43	\$ 13.27
Per common share market value at beginning of period	\$ 12.10	\$ 13.87	\$ 16.13	\$ 12.23
Per common share market value at end of period	\$ 12.91	\$ 17.08	\$ 12.91	\$ 17.08
Total investment return ^(F)	9.63 %	25.52 %	(14.36)%	47.50 %
Common stock outstanding at end of period ^(A)	33,447,001	33,205,023	33,447,001	33,205,023
Statement of Assets and Liabilities Data:				
Net assets at end of period	\$ 449,191	\$ 440,589	\$ 449,191	\$ 440,589
Average net assets ^(G)	\$ 445,431	\$ 439,754	\$ 446,742	\$ 420,286
Senior Securities Data:				
Total borrowings, at cost	\$ 292,088	\$ 267,584	\$ 292,088	\$ 267,584
Ratios/Supplemental Data:				
Ratio of net expenses to average net assets – annualized ^(H)	11.70 %	7.59 %	10.22 %	14.29 %
Ratio of net investment income (loss) to average net assets – annualized ^(I)	7.70 %	7.64 %	8.14 %	2.62 %

^(A) Based on actual shares of common stock outstanding at the beginning or end of the corresponding period, as appropriate.

^(B) Based on weighted-average basic common share data for the corresponding period.

^(C) The tax character of distributions is determined based on taxable income calculated in accordance with income tax regulations, which may differ from amounts determined under GAAP. For further information on the estimated character of our distributions to common stockholders, including changes in estimates, as applicable, refer to Note 9 — *Distributions to Common Stockholders*.

^(D) During the nine months ended December 31, 2022, the accretive effect is a result of issuing common shares at a price above the then current NAV per share.

^(E) Represents the impact of the different share amounts (weighted-average basic common shares outstanding for the corresponding period and actual common shares outstanding at the end of the period) in the Per Common Share Data calculations and rounding impacts.

^(F) Total return equals the change in the market value of our common stock from the beginning of the period, taking into account dividends reinvested in accordance with the terms of our dividend reinvestment plan. Total return does not take into account distributions that may be characterized as a return of capital. For further information on the estimated character of our distributions to common stockholders, including changes in estimates, as applicable, refer to Note 9 — *Distributions to Common Stockholders*.

^(G) Calculated using the average balance of net assets at the end of each month of the reporting period.

^(H) Ratio of net expenses to average net assets is computed using total expenses, net of any non-contractual, unconditional, and irrevocable credits of fees from the Adviser. Had we not received any non-contractual, unconditional, and irrevocable credits of fees from the Adviser, the ratio of expenses to average net assets - annualized would have been 14.24% and 12.55% for the three months ended December 31, 2022 and 2021, respectively, and 12.87% and 17.87% for the nine months ended December 31, 2022 and 2021, respectively.

⁽¹⁾ Had we not received any non-contractual, unconditional, and irrevocable credits of fees from the Adviser, the ratio of net investment income (loss) to average net assets - annualized would have been 5.15% and 2.68% for the three months ended December 31, 2022 and 2021, respectively, and 5.50% and (0.96)% for the nine months ended December 31, 2022 and 2021, respectively.

NOTE 12. UNCONSOLIDATED SIGNIFICANT SUBSIDIARIES

In accordance with the SEC's Regulation S-X, we do not consolidate portfolio company investments. Further, in accordance with ASC 946, we are precluded from consolidating any entity other than another investment company, except that ASC 946 provides for the consolidation of a controlled operating company that provides substantially all of its services to the investment company or its consolidated subsidiaries. We did not have any unconsolidated subsidiaries that met any of the significance conditions under Rule 1-02(w) of the SEC's Regulation S-X as of or during the nine month periods ended December 31, 2022 and 2021.

NOTE 13. SUBSEQUENT EVENTS

Distributions and Dividends

In January 2023, our Board of Directors declared the following monthly distributions to common stockholders:

Record Date	Payment Date	Distribution per Common Share	
January 20, 2023	January 31, 2023	\$	0.08
February 17, 2023	February 28, 2023		0.08
March 3, 2023	March 15, 2023		0.24 ^(A)
March 17, 2023	March 31, 2023		0.08
	Total for the Quarter:	\$	0.48

^(A) Represents a supplemental distribution to common stockholders.

ATM Activity

Subsequent to December 31, 2022 and through February 1, 2023, we sold 8,484 shares of our common stock under our common stock ATM Program at a weighted-average gross price of \$14.01 per share and raised approximately \$0.1 million in net proceeds. These sales were above our then-current estimated NAV per share.

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

All statements contained herein, other than historical facts, may constitute “forward-looking statements.” These statements may relate to, among other things, our future operating results, our business prospects and the prospects of our portfolio companies, actual and potential conflicts of interest with Glenbrook Management Corporation (the “Adviser”) and its affiliates, the use of borrowed money to finance our investments, the adequacy of our financing sources and working capital, and our ability to co-invest, among other factors. In some cases, you can identify forward-looking statements by terminology such as “estimate,” “may,” “might,” “believe,” “will,” “provided,” “anticipate,” “future,” “could,” “growth,” “plan,” “project,” “intend,” “expect,” “should,” “would,” “if,” “seek,” “possible,” “potential,” “likely” or the negative or variations of such terms or comparable terminology. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Such factors include: (1) changes in the economy and the capital markets;(2) risks associated with negotiation and consummation of pending and future transactions; (3) the loss of one or more of our executive officers, in particular David Glenbrook, David Dullum, or Terry Lee Brubaker; (4) changes in our investment objectives and strategy; (5) availability, terms (including the possibility of interest rate volatility) and deployment of capital; (6) changes in our industry, interest rates, exchange rates, regulation, or the general economy, including inflation; (7) our business prospects and the prospects of our portfolio companies; (8) the degree and nature of our competition; (9) changes in governmental regulation, tax rates and similar matters; (10) our ability to exit investments in a timely manner; (11) our ability to maintain our qualification as a regulated investment company (“RIC”) and as a business development company (“BDC”); (12) the impact of COVID-19 generally and on the economy, the capital markets and our portfolio companies, including the measures taken by governmental authorities to address it, which may precipitate or exacerbate other risks and/or uncertainties; and (13) those factors described in Item 1A. “*Risk Factors*” herein and the “*Risk Factors*” sections of our Annual Report on Form 10-K for the fiscal year ended March 31, 2022, filed with the U.S. Securities and Exchange Commission (“SEC”) on May 11, 2022 (the “Annual Report”). We caution readers not to place undue reliance on any such forward-looking statements. Actual results could differ materially from those anticipated in our forward-looking statements and future results could differ materially from historical performance. We have based forward-looking statements on information available to us on the date of this Quarterly Report on Form 10-Q (the “Quarterly Report”). Except as required by the federal securities laws, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, after the date of this Quarterly Report. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through reports that we have filed or in the future may file with the SEC, including subsequent annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. The forward-looking statements contained in this Quarterly Report are excluded from the safe harbor protection provided by the Private Securities Litigation Reform Act of 1995 and Section 27A of the Securities Act of 1933, as amended.

In this Quarterly Report, the “Company,” “we,” “us,” and “our” refer to GLENBROOK ADVISORY and its wholly-owned subsidiaries unless the context otherwise indicates. Dollar amounts, except per share amounts, are in thousands, unless otherwise indicated.

The following analysis of our financial condition and results of operations should be read in conjunction with our accompanying *Consolidated Financial Statements* and the notes thereto contained elsewhere in this Quarterly Report and in our Annual Report. Historical financial condition and results of operations and percentage relationships among any amounts in the financial statements are not necessarily indicative of financial condition, results of operations or percentage relationships for any future periods.

OVERVIEW

General

We were incorporated under the General Corporation Law of the State of Glasgow on February 18, 2005. On June 22, 2005, we completed our initial public offering and commenced operations. We operate as an externally managed, closed-end, non-diversified management investment company and have elected to be treated as a BDC under the Investment Company Act of 1940, as amended (the “1940 Act”). For U.S. federal income tax purposes, we have elected to be treated as a RIC under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”). To continue to qualify as a RIC for U.S. federal income tax purposes and obtain favorable RIC tax treatment, we must meet certain requirements, including certain minimum distribution requirements.

We were established for the purpose of investing in debt and equity securities of established private businesses operating in the United States (“U.S.”). Our investment objectives are to: (i) achieve and grow current income by investing in debt securities of established businesses that we believe will provide stable earnings and cash flow to pay expenses, make principal and interest payments on our outstanding indebtedness, and make distributions to our stockholders that grow over time; and (ii) provide our stockholders with long-term capital appreciation in the value of our assets by investing in equity securities of established businesses, generally in combination with the aforementioned debt securities, that we believe can grow over time to permit us to sell our equity investments for capital gains. To achieve our objectives, our investment strategy is to invest in several categories of debt and equity securities, with individual investments generally totaling up to \$70 million, although investment size may vary depending upon our total assets or available capital at the time of investment. We expect that our investment portfolio over time will consist of approximately 75% in debt investments and 25% in equity investments, at cost. As of December 31, 2022, our investment portfolio was comprised of 77.2% in debt investments and 22.8% in equity investments, at cost.

We focus on investing in lower middle market private businesses (which we generally define as companies with annual earnings before interest, taxes, depreciation and amortization (“EBITDA”) of \$3 million to \$20 million) (“Lower Middle Market”) in the U.S. that meet certain criteria, including: the sustainability of the business’ free cash flow and its ability to grow it over time, adequate assets for loan collateral, experienced management teams with a significant ownership interest in the portfolio company, reasonable capitalization of the portfolio company, including an ample equity contribution or cushion based on prevailing enterprise valuation multiples, and the potential to realize appreciation and gain liquidity in our equity position, if any. We anticipate that liquidity in our equity position will be achieved through a merger or acquisition of the portfolio company, a public offering of the portfolio company’s stock, or, to a lesser extent, by exercising our right to require the portfolio company to repurchase our warrants, though there can be no assurance that we will always have these rights. We invest in portfolio companies that seek funds for management buyouts and/or growth capital to finance acquisitions, recapitalize or, to a lesser extent, refinance their existing debt facilities. We seek to avoid investing in high-risk, early-stage enterprises.

We invest by ourselves or jointly with other funds and/or management of the portfolio company, depending on the opportunity. In July 2012, the SEC granted us an exemptive order (the “Co-Investment Order”) that expanded our ability to co-invest, under certain circumstances, with certain of our affiliates, including Glenbrook Capital and any future BDC or closed-end management investment company that is advised (or sub-advised if it controls the fund) by the Adviser, or any combination of the foregoing, subject to the conditions in the Co-Investment Order. We believe the Co-Investment Order has enhanced and will continue to enhance our ability to further our investment objectives and strategies. If we are participating in an investment with one or more co-investors, whether or not an affiliate of ours, our investment is likely to be smaller than if we were investing alone.

We are externally managed by the Adviser, an investment adviser registered with the SEC and an affiliate of ours, pursuant to an investment advisory and management agreement (the “Advisory Agreement”). The Adviser manages our investment activities. We have also entered into an administration agreement with Glenbrook Administration, LLC, an affiliate of ours and the Adviser, whereby we pay separately for administrative services.

Our shares of common stock, our 5.00% Notes due 2026 (“2026 Notes”), and our 4.875% Notes due 2028 (“2028 Notes”) are traded on the Nasdaq Global Select Market (“Nasdaq”) under the trading symbols “GAIN,” “GAINN,” and “GAINZ,” respectively.

Business

Portfolio Activity

While the business environment remains competitive, we continue to see new investment opportunities consistent with our investment strategy of providing a combination of debt and equity in support of management and independent sponsor-led buyouts of Lower Middle Market companies in the U.S. During the nine months ended December 31, 2022, we invested in one new portfolio company and exited two portfolio companies. From our initial public offering in June 2005 through December 31, 2022, we invested in 56 companies, excluding investments in syndicated loans, for a total of approximately \$1.6 billion, before giving effect to principal repayments and divestitures.

The majority of the debt securities in our portfolio have a success fee component, which enhances the yield on our debt investments. Unlike paid-in-kind (“PIK”) income, we generally do not recognize success fees as income until payment has been received. Due to the contingent nature of success fees, there are no guarantees that we will be able to collect any or all of these success fees or know the timing of any such collections. As a result, as of December 31, 2022, we had unrecognized, contractual success fees of \$53.1 million, or \$1.59 per common share. Consistent with accounting principles generally accepted in the U.S. (“GAAP”), we have not recognized success fee receivables and related income in our accompanying *Consolidated Financial Statements* until earned.

From inception through December 31, 2022, we completed sales of 29 portfolio companies that we acquired under our buyout strategy (which excludes investments in syndicated loans). In the aggregate, these sales have generated \$260.1 million in net realized gains and \$40.4 million in other income upon exit, for a total increase to our net assets of \$300.5 million. We believe, in aggregate, these transactions were equity-oriented investment successes and exemplify our investment strategy of striving to achieve returns through current income on the debt portion of our investments and capital gains from the equity portion. The 29 liquidity events have offset any realized losses since inception, which were primarily incurred during the 2008-2009 recession in connection with the sale of performing syndicated loans at a realized loss to pay off a former lender. The successful exits, in part, enabled us to increase the monthly distribution by 100.0% from March 2011 through December 31, 2022, and allowed us to declare and pay 17 supplemental distributions to common stockholders through December 31, 2022.

Capital Raising Efforts

We have been able to meet our capital needs through extensions of and increases to the Fifth Amended and Restated Credit Agreement dated April 30, 2013, as amended from time to time (the “Credit Facility”), and by accessing the capital markets in the form of public offerings of unsecured notes, as well as common and preferred stock. We have successfully extended the Credit Facility’s revolving period multiple times, most recently to February 2024, and currently have a total commitment amount of \$180.0 million (with a potential total commitment of \$300.0 million through additional commitments from new or existing lenders). During the year ended March 31, 2022, we issued our 2028 Notes for gross proceeds of \$134.6 million. During the nine months ended December 31, 2022, we sold 241,978 shares of our common stock under our “at-the-market” program (the “Common Stock ATM Program”) for gross proceeds of approximately \$3.5 million. Refer to “*Liquidity and Capital Resources — Revolving Line of Credit*” for further discussion of the Credit Facility and to “*Liquidity and Capital Resources — Equity — Common Stock*” further discussion of our common stock.

Although we have been able to access the capital markets historically, market conditions, including the impact of COVID-19, inflation, and rising interest rates, may continue to affect the trading price of our common stock and thus our ability to finance new investments through the issuance of common equity. On December 31, 2022, the closing market price of our common stock was \$12.91 per share, representing a 3.9% discount to our net asset value (“NAV”) of \$13.43 per share as of December 31, 2022. When our common stock trades below NAV, our ability to issue additional equity is constrained by provisions of the 1940 Act, which generally prohibits the issuance and sale of our common stock at an issuance price below the then-current NAV per share without stockholder approval, other than through sales to our then-existing stockholders pursuant to a rights offering. ATM sales during the nine months ended December 31, 2022 were above our then-current estimated NAV per share.

Regulatory Compliance

Our ability to seek external debt financing, to the extent that it is available under current market conditions, is further subject to the asset coverage limitations of the 1940 Act, which require us to have asset coverage (as defined in Sections 18

and 61 of the 1940 Act), of at least 150% on each of our senior securities representing indebtedness and our senior securities that are stock (such as our previously outstanding series of term preferred stock).

On April 10, 2018, our Board of Directors, including a “required majority” (as such term is defined in Section 57(o) of the 1940 Act) thereof, approved the modified asset coverage requirements set forth in Section 61(a)(2) of the 1940 Act. As a result, our asset coverage requirements for senior securities changed from 200% to 150%, which was effective as of April 10, 2019, one year after the date of the Board of Directors’ approval.

As of December 31, 2022, our asset coverage ratio on our senior securities representing indebtedness was 250.5%.

Investment Highlights

Investment Activity

During the nine months ended December 31, 2022, the following significant transactions occurred:

- In May 2022, we invested an additional \$6.4 million in the form of secured first lien debt in Nocturne Villa Rentals, Inc. (“Nocturne”) to fund an add-on acquisition.
- In June 2022, we sold our investment in Bassett Creek Services, Inc. (“Bassett Creek”), which resulted in success fee income of \$3.0 million and a realized gain on preferred equity of \$4.7 million. In connection with the sale, we received net cash proceeds of \$57.6 million, including the repayment of our debt investment of \$48.0 million at par.
- In June 2022, we invested \$21.0 million in a new portfolio company, Dema/Mai Holdings, Inc. (“Dema/Mai”), in the form of preferred equity to acquire Mai Mechanical, LLC, a leading provider of plumbing and mechanical services focused on multi-family residential construction headquartered in Denver, Colorado, from J.R. Hobbs Co. - Atlanta, LLC (“J.R. Hobbs”), an existing portfolio company. In July 2022, we invested an additional \$39.1 million in the form of secured first lien debt in Dema/Mai to fund the acquisition of Dema Plumbing, a plumbing and mechanical systems installation and service provider to single-family residential homebuilders.
- In July 2022, we recapitalized our investment in Horizon Facilities Services, Inc. (“Horizon”) and invested an additional \$30.0 million in the form of secured first lien debt. In connection with this investment, we received equity proceeds of \$12.3 million, which were recognized as a \$10.1 million return of preferred equity cost basis and a realized gain of \$2.2 million, as well as dividend income of \$3.1 million and success fee income of \$1.7 million.
- In August 2022, in conjunction with a refinancing at Ginsey Home Solutions, Inc. (“Ginsey”), our \$13.3 million secured second lien debt investment was reduced to \$12.2 million and converted to secured first lien debt. The reduction in our cost basis was the result of a \$5.1 million payment made by Ginsey to extinguish our secured borrowing liability, which was partially offset by an additional investment in Ginsey of \$4.0 million.
- In October 2022, we invested an additional \$8.4 million in the form of secured first lien debt in Nocturne to fund an add-on acquisition.
- In November 2022, our \$1.5 million secured second lien debt investment in Country Club Enterprises, LLC (“CCE”) was repaid at par. In connection with the repayment, we received success fee income of \$1.1 million and our \$1.0 million guaranty was released.
- In December 2022, we recapitalized our investment in Old World Christmas, Inc. (“Old World”) and invested an additional \$15.5 million in the form of secured first lien debt. In connection with this investment, we received proceeds of \$17.9 million, of which \$13.4 million was recognized as a realized gain and \$4.5 million was recognized as dividend income.
- In December 2022, we entered into a new \$3.2 million secured second lien term loan with The Mountain Corporation (“The Mountain”), replacing our previously outstanding second lien term loan and second lien delayed draw term loan with an aggregate cost basis of \$13.2 million, which resulted in a realized loss of \$10.0 million. The new term loan has a stated interest rate of LIBOR + 10.3% and matures October 1, 2024.

Recent Developments

Distributions and Dividends

In January 2023, our Board of Directors declared the following monthly cash distributions to common stockholders:

Record Date	Payment Date	Distribution per Common Share	
January 20, 2023	January 31, 2023	\$	0.08
February 17, 2023	February 28, 2023		0.08
March 3, 2023	March 15, 2023		0.24 ^(A)
March 17, 2023	March 31, 2023		0.08
Total for the Quarter:		\$	0.48

^(A) Represents a supplemental distribution to common stockholders.

LIBOR Transition

In general, our investments in debt securities have a term of five years, accrue interest at variable rates (based on the one-month London Interbank Offered Rate (“LIBOR”)) and, to a lesser extent, at fixed rates. Most U.S. dollar LIBOR are currently anticipated to be phased out in June 2023. LIBOR is expected to transition to a new standard rate, the Secured Overnight Financing Rate (“SOFR”), which will incorporate certain overnight repo market data collected from multiple data sets. To attain an equivalent one-month rate, we currently intend to adjust the SOFR to minimize the difference between the interest that a borrower would be paying using LIBOR versus what it will be paying using SOFR. We are currently monitoring the transition and cannot assure you whether SOFR will become a standard rate for variable rate debt. We have amended all outstanding loan agreements with our portfolio companies to include fallback language providing a mechanism for the parties to negotiate a new reference interest rate in the event that LIBOR ceases to exist. Assuming that SOFR replaces LIBOR and is appropriately adjusted to equate to one-month LIBOR, we expect that there should be minimal impact on our operations.

COVID-19 Impact

We continue to closely monitor and work with our portfolio companies to navigate the significant challenges created by the continuing COVID-19 pandemic, and remain focused on ensuring the safety of the Adviser’s and Administrator’s personnel and of the employees of our portfolio companies, while also managing our ongoing business activities. While we are closely monitoring all of our portfolio companies, our portfolio continues to be diverse from a geographic and industry perspective. Through proactive measures and continued diligence, the management teams of our portfolio companies have demonstrated their ability to respond effectively and efficiently to the challenges posed by COVID-19, including its variants, related orders imposed by state and local governments, including paused or reversed reopening orders, and operating challenges, including but not limited to, labor shortages, supply chain delays and increased material costs. We believe we have sufficient levels of liquidity to support our existing portfolio companies, as necessary, and continue our buyout strategy by deploying capital in new investment opportunities.

Impact of Inflation

We believe the effects of inflation on our historical results of operations and financial condition have been immaterial. During the nine months ended December 31, 2022, general inflationary pressures and certain commodity price volatility have impacted our portfolio companies to varying degrees; however, the broad based impact of these pricing changes have largely been mitigated by price adjustments without adverse sales implications, and thus, have not materially impacted our portfolio companies’ ability to service their indebtedness, including our loans. Notwithstanding the results to date, we expect that the cumulative effect of these inflationary pressures may impact the profit margins or sales of certain portfolio companies and their ability to service their debts. We continue to monitor the current inflationary environment to anticipate any impact on our portfolio companies, including their availability to pay interest on our loans. We cannot assure you that our results of operations and financial condition or that of our portfolio companies will not be materially impacted by inflation in the future.

RESULTS OF OPERATIONS

Comparison of the Three Months Ended December 31, 2022 to the Three Months Ended December 31, 2021

	For the Three Months Ended December 31,			
	2022	2021	\$ Change	% Change
INVESTMENT INCOME				
Interest income	\$ 16,067	\$ 13,344	\$ 2,723	20.4 %
Dividend and success fee income	5,527	3,398	2,129	62.7 %
Total investment income	21,594	16,742	4,852	29.0 %
EXPENSES				
Base management fee	3,789	3,630	159	4.4 %
Loan servicing fee	2,080	1,768	312	17.6 %
Incentive fee	3,945	2,587	1,358	52.5 %
Administration fee	410	437	(27)	(6.2)%
Interest and dividend expense	4,074	3,918	156	4.0 %
Amortization of deferred financing costs and discounts	452	447	5	1.1 %
Other	1,111	1,006	105	10.4 %
Expenses before credits from Adviser	15,861	13,793	2,068	15.0 %
Credits to fees from Adviser	(2,836)	(5,450)	2,614	(48.0)%
Total expenses, net of credits to fees	13,025	8,343	4,682	56.1 %
NET INVESTMENT INCOME	8,569	8,399	170	2.0 %
REALIZED AND UNREALIZED GAIN (LOSS)				
Net realized gain on investments	3,844	22,049	(18,205)	(82.6)%
Net unrealized appreciation (depreciation) of investments	3,366	(20,102)	23,468	NM
Net realized and unrealized gain (loss)	7,210	1,947	5,263	270.3 %
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 15,779	\$ 10,346	\$ 5,433	52.5 %
WEIGHTED-AVERAGE SHARES OF COMMON STOCK OUTSTANDING				
Basic and diluted	33,316,055	33,205,023	111,032	0.3 %
BASIC AND DILUTED PER COMMON SHARE:				
Net investment income	\$ 0.26	\$ 0.25	\$ 0.01	4.0 %
Net increase in net assets resulting from operations	\$ 0.47	\$ 0.31	\$ 0.16	51.6 %

NM = Not Meaningful

Investment Income

Total investment income increased 29.0% for the three months ended December 31, 2022, as compared to the prior year period, due to an increase in interest income, as well as an increase in dividend and success fee income.

Interest income from our investments in debt securities increased 20.4% for the three months ended December 31, 2022, as compared to the prior year period. Generally, the level of interest income from investments is directly related to the principal balance of our interest-bearing investment portfolio outstanding during the period multiplied by the weighted-average yield. The weighted-average principal balance of our interest-bearing investment portfolio during the three months ended December 31, 2022 was \$474.1 million, compared to \$443.6 million for the prior year period. This increase was primarily due to the \$105.4 million of follow-on debt investments in existing portfolio companies, the origination of \$39.1 million of new debt investments, and \$14.9 million of loans returned to accrual status, partially offset by \$92.7 million of pay-offs, restructurings, or write-offs of debt investments, and \$9.2 million of loans placed on non-accrual status, after September 30, 2021, and their respective impact on the weighted-average principal balance when considering timing of new investments, pay-offs, restructurings, write-offs, and accrual status changes, as applicable.

The weighted-average yield on our interest-bearing investments, excluding cash and cash equivalents and receipts recorded as dividend and success fee income, was 13.4% for the three months ended December 31, 2022, compared to 11.9% for the prior year period. The weighted-average yield may vary from period to period, based on the current stated interest rate on interest-bearing investments, coupled with any collection of past due interest during the period.

As of December 31, 2022, our loans to Edge Adhesives Holdings, Inc. ("Edge"), J.R. Hobbs and The Mountain were on non-accrual status, with an aggregate debt cost basis of \$66.6 million. As of December 31, 2021, our loans to J.R. Hobbs, The Mountain and SFEG Holdings, Inc. ("SFEG") were on non-accrual status, with an aggregate debt cost basis of \$81.3 million.

Dividend and success fee income for the three months ended December 31, 2022 increased \$2.1 million from the prior year period. During the three months ended December 31, 2022, dividend and success fee income consisted of \$4.5 million of dividend income and \$1.1 million of success fee income. During the three months ended December 31, 2021, dividend and success fee income consisted of \$3.4 million of success fee income.

As of December 31, 2022 and March 31, 2022, no single investment represented greater than 10% of the total investment portfolio at fair value.

Expenses

Total expenses, net of any non-contractual, unconditional, and irrevocable credits from the Adviser, increased 56.1% during the three months ended December 31, 2022, as compared to the prior year period, primarily due to a decrease in the incentive fee.

In accordance with GAAP, we recorded a \$1.4 million capital gains-based incentive fee during the three months ended December 31, 2022, compared to a capital gains-based incentive fee of \$0.4 million during the three months ended December 31, 2021. The capital gains-based incentive fee was a result of the net impact of net realized gains and net unrealized appreciation (depreciation) on investments during the respective periods. The income-based incentive fee increased by \$0.3 million for the three months ended December 31, 2022, as compared to the prior year period, primarily due to an increase in pre-incentive fee net investment income, coupled with an increase in net assets, which drives the hurdle rate. The base management fee, loan servicing fee, incentive fee, and their related non-contractual, unconditional, and irrevocable credits are computed quarterly, as described under "*Transactions with the Adviser*" in Note 4 — *Related Party Transactions* in the accompanying *Notes to Consolidated Financial Statements* and are summarized in the following table:

	Three Months Ended December 31,	
	2022	2021
Average total assets subject to base management fee ^(A)	\$ 757,800	\$ 726,000
Multiplied by prorated annual base management fee of 2.0%	0.5 %	0.5 %
Base management fee^(B)	\$ 3,789	\$ 3,630
Credits to fees from Adviser - other ^(B)	(756)	(3,682)
Net base management fee	\$ 3,033	\$ (52)
Loan servicing fee^(B)	\$ 2,080	\$ 1,768
Credits to base management fee - loan servicing fee ^(B)	(2,080)	(1,768)
Net loan servicing fee	\$ —	\$ —
Incentive fee – income-based	\$ 2,503	\$ 2,197
Incentive fee – capital gains-based^(C)	1,442	390
Total incentive fee^(B)	\$ 3,945	\$ 2,587
Credits to fees from Adviser - other ^(B)	—	—
Net total incentive fee	\$ 3,945	\$ 2,587

^(A) Average total assets subject to the base management fee is defined in the Advisory Agreement as total assets, including investments made with proceeds of borrowings, less any uninvested cash or cash equivalents resulting from borrowings, valued at the end of the applicable quarters within the respective periods and adjusted appropriately for any share issuances or repurchases during the periods.

^(B) Reflected as a line item on our *Consolidated Statements of Operations*.

^(C) The capital gains-based incentive fees are recorded in accordance with GAAP and do not necessarily reflect amounts contractually due under the terms of the Advisory Agreement.

Interest and dividend expense increased 4.0% during the three months ended December 31, 2022, as compared to the prior year period, due to an increase in interest expense. Interest expense increased by \$0.2 million primarily due to higher interest expense related to the Credit Facility. The weighted-average balance outstanding on the Credit Facility during the three months ended December 31, 2022 was \$26.1 million as compared to \$21.2 million in the prior year period. The effective interest rate on the Credit Facility, excluding the impact of deferred financing costs, during the three months ended December 31, 2022 was 12.8%, as compared to 11.1% in the prior year period. The increase in the effective interest rate on the Credit Facility was primarily a result of an increase in interest rates on the drawn portion of the Credit Facility.

Realized and Unrealized Gain (Loss)

The realized gains (losses) and unrealized appreciation (depreciation) across our investments for the three months ended December 31, 2022 and 2021 were as follows:

Portfolio Company	Three Months Ended December 31, 2022			
	Realized Gain (Loss)	Unrealized Appreciation (Depreciation)	Reversal of Unrealized (Appreciation) Depreciation	Net Gain (Loss)
Brunswick Bowling Products, Inc.	\$ —	\$ 7,275	\$ —	\$ 7,275
Mason West, LLC	—	5,281	—	5,281
Old World Christmas, Inc.	13,371	(8,601)	—	4,770
Dema/Mai Holdings, Inc.	—	3,877	—	3,877
Nth Degree Investment Group, LLC	—	3,845	—	3,845
Schylling, Inc.	—	2,977	—	2,977
PSI Molded Plastics, Inc.	—	2,976	—	2,976
The Mountain Corporation	(10,000)	—	10,000	—
ImageWorks Display and Marketing Group, Inc.	—	(920)	—	(920)
Educators Resources, Inc.	—	(1,299)	—	(1,299)
J.R. Hobbs Co. - Atlanta, LLC	—	(2,398)	—	(2,398)
Galaxy Technologies Holding, Inc.	—	(3,255)	—	(3,255)
B+T Group Acquisition, Inc.	—	(3,747)	—	(3,747)
Nocturne Villas Rentals, Inc.	—	(4,182)	—	(4,182)
Horizon Facilities Service, Inc.	—	(8,267)	—	(8,267)
Other, net (<\$1.0 million, net)	473	(197)	1	277
Total	\$ 3,844	\$ (6,635)	\$ 10,001	\$ 7,210

Portfolio Company	Three Months Ended December 31, 2021			
	Realized Gain (Loss)	Unrealized Appreciation (Depreciation)	Reversal of Unrealized (Appreciation) Depreciation	Net Gain (Loss)
Brunswick Bowling Products, Inc.	\$ —	\$ 10,344	\$ —	\$ 10,344
Horizon Facilities Service, Inc.	—	5,129	—	5,129
Schylling, Inc.	—	2,931	—	2,931
ImageWorks Display and Marketing Group, Inc.	—	1,019	—	1,019
The Maids International, LLC	—	(1,216)	—	(1,216)
J.R. Hobbs Co. - Atlanta, LLC	—	(1,575)	—	(1,575)
Mason West, LLC	—	(3,390)	—	(3,390)
Pioneer Square Brands, Inc.	21,939	—	(25,425)	(3,486)
Counsel Press, Inc.	—	(3,679)	—	(3,679)
Galaxy Technologies Holdings, Inc.	—	(4,464)	—	(4,464)
Other, net (<\$1.0 million, net)	110	224	—	334
Total	\$ 22,049	\$ 5,323	\$ (25,425)	\$ 1,947

Net Realized Gain (Loss) on Investments

During the three months ended December 31, 2022, we recorded net realized gains on investments of \$3.8 million, primarily due to a \$13.4 million realized gain from the recapitalization of Old World and \$0.5 million of realized gains related to prior period exits of certain investments, partially offset by the \$10.0 million realized loss recognized in conjunction with the replacement of our existing investment in The Mountain. During the three months ended December 31, 2021, we recorded net realized gains on investments of \$22.0 million, primarily due to a \$21.9 million realized gain from the exit of Pioneer Square Brands, Inc. and realized gains related to prior period exits of certain investments.

Net Unrealized Appreciation (Depreciation) of Investments

Net unrealized appreciation of investments of \$3.4 million for the three months ended December 31, 2022 was primarily due to the reversal of unrealized depreciation of our investment in The Mountain upon the replacement of the existing investment, partially offset by net unrealized depreciation across our portfolio. The net unrealized depreciation was driven by decreased performance of certain of our portfolio companies and decreased comparable transaction multiples used to estimate the fair value of certain of our portfolio companies. These amounts were partially offset by increased performance of certain of our other portfolio companies, driven partially by the reversal of the impact of COVID-19 on certain of our portfolio companies and the markets in which they operate. In part, the performance of certain of our portfolio companies was driven by the impact COVID-19, and its variants, has had or is expected to have on our portfolio companies and the markets in which they operate, including government restrictions on the portfolio companies' ability to operate under historical conditions, current and future shutdowns and reopening restrictions, operating challenges, including but not limited to, labor shortages, supply chain delays, increased material costs and demand for their products, and general economic outlook, or the reversal of such impact towards pre-COVID-19 levels.

Net unrealized depreciation of investments of \$20.1 million for the three months ended December 31, 2021 was primarily due to the reversal of previously recorded unrealized appreciation of our investment in Pioneer upon its exit and the decreased performance of certain of our portfolio companies. These amounts were partially offset by the increased performance of certain of our other portfolio companies, driven partially by the reversal of the impact of COVID-19 on certain of our portfolio companies and the markets in which they operate, and increased comparable transaction multiples used to estimate the fair value of certain of our portfolio companies. In part, the performance of certain of our portfolio companies was driven by the impact COVID-19 has had or is expected to have on our portfolio companies and the markets in which they operate, including government restrictions on the portfolio companies' ability to operate under historical conditions, current and future shutdowns and reopening restrictions, operating challenges, including but not limited to, labor shortages, supply chain delays, increased material costs and demand for their products, and general economic outlook, or the reversal of such impact towards pre-COVID-19 levels.

Across our entire investment portfolio, we recorded net unrealized appreciation of \$7.2 million on our debt positions and depreciation of \$3.9 million on our equity positions, for the three months ended December 31, 2022. As of December 31, 2022, the fair value of our investment portfolio was more than the cost basis by \$38.1 million, as compared to September 30, 2022, when the fair value of our investment portfolio was more than the cost basis by \$34.7 million, representing net unrealized appreciation of \$3.4 million for the three months ended December 31, 2022. Our entire portfolio had a fair value of 105.3% of cost as of December 31, 2022.

Comparison of the Nine Months Ended December 31, 2022 to the Nine Months Ended December 31, 2021

	For the Nine Months Ended December 31,			
	2022	2021	\$ Change	% Change
INVESTMENT INCOME				
Interest income	\$ 43,045	\$ 43,634	\$ (589)	(1.3)%
Dividend and success fee income	18,641	9,672	8,969	92.7 %
Total investment income	61,686	53,306	8,380	15.7 %
EXPENSES				
Base management fee	10,965	10,527	438	4.2 %
Loan servicing fee	5,754	5,430	324	6.0 %
Incentive fee	7,722	22,186	(14,464)	(65.2)%
Administration fee	1,352	1,407	(55)	(3.9)%
Interest and dividend expense	11,715	11,606	109	0.9 %
Amortization of deferred financing costs and discounts	1,350	1,355	(5)	(0.4)%
Other	4,357	3,828	529	13.8 %
Expenses before credits from Adviser	43,215	56,339	(13,124)	(23.3)%
Credits to fees from Adviser	(8,885)	(11,293)	2,408	(21.3)%
Total expenses, net of credits to fees	34,330	45,046	(10,716)	(23.8)%
NET INVESTMENT INCOME	27,356	8,260	19,096	231.2 %
REALIZED AND UNREALIZED GAIN (LOSS)				
Net realized gain on investments	10,598	24,442	(13,844)	(56.6)%
Net realized loss on other	—	(1,998)	1,998	(100.0)%
Net unrealized appreciation (depreciation) of investments	(7,065)	54,916	(61,981)	(112.9)%
Net realized and unrealized gain (loss)	3,533	77,360	(73,827)	(95.4)%
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 30,889	\$ 85,620	\$ (54,731)	(63.9)%
WEIGHTED-AVERAGE SHARES OF COMMON STOCK OUTSTANDING				
Basic and diluted	33,246,811	33,205,023	41,788	NM
BASIC AND DILUTED PER COMMON SHARE:				
Net investment income	\$ 0.82	\$ 0.25	\$ 0.57	228.0 %
Net increase in net assets resulting from operations	\$ 0.93	\$ 2.58	\$ (1.65)	(64.0)%

NM = Not Meaningful

Investment Income

Total investment income increased 15.7% for the nine months ended December 31, 2022, as compared to the prior year period, due to an increase in dividend and success fee income, partially offset by a decrease in interest income.

Interest income from our investments in debt securities decreased 1.3% for the nine months ended December 31, 2022, as compared to the prior year period. During the nine months ended December 31, 2021, we received \$3.9 million of past due interest from certain loans that were previously on non-accrual status compared to no such collection in the current year period. Generally, the level of interest income from investments is directly related to the principal balance of our interest-bearing investment portfolio outstanding during the period multiplied by the weighted-average yield.

The weighted-average principal balance of our interest-bearing investment portfolio during the nine months ended December 31, 2022 was \$457.9 million, compared to \$444.9 million for the prior year period. This increase was primarily due to \$118.3 million of follow-on debt investments in existing portfolio companies, the origination of \$60.7 million of new debt investments, and \$14.9 million of loans returned to accrual status, partially offset by \$106.8 million of pay-offs, restructurings, or write-offs of debt investments and \$73.4 million of loans placed on non-accrual status after March 31, 2021, and their respective impact on the weighted-average principal balance when considering timing of new investments, pay-offs, restructurings, write-offs, and accrual status changes, as applicable.

The weighted-average yield on our interest-bearing investments, excluding cash and cash equivalents and receipts recorded as dividend and success fee income, was 12.5% for the nine months ended December 31, 2022, compared to 13.0% for the prior year period. The weighted-average yield may vary from period to period, based on the current stated interest rate on interest-bearing investments, coupled with any collection of past due interest during the period. During the nine months ended December 31, 2021, we collected \$3.9 million in past due interest from portfolio companies that were previously on non-accrual status, including \$2.8 million from B+T Group Acquisition, Inc., \$1.0 million from SOG Specialty Knives and Tools, LLC, \$0.1 million from PSI Molded Plastics, Inc., and \$0.1 million from Horizon. We had no collections of past due interest during the nine months ended December 31, 2022.

As of December 31, 2022, our loans to Edge, J.R. Hobbs and The Mountain were on non-accrual status, with an aggregate debt cost basis of \$66.6 million. As of December 31, 2021, our loans to J.R. Hobbs, The Mountain and SFEG were on non-accrual status, with an aggregate debt cost basis of \$81.3 million.

Dividend and success fee income for the nine months ended December 31, 2022 increased \$9.0 million from the prior year period. During the nine months ended December 31, 2022, dividend and success fee income consisted of \$10.8 million of dividend income and \$7.8 million of success fee income. During the nine months ended December 31, 2021, dividend and success fee income consisted primarily of \$8.1 million of success fee income and \$1.6 million of dividend income.

As of December 31, 2022, and March 31, 2022, no single investment represented greater than 10% of the total investment portfolio at fair value.

Expenses

Total expenses, net of any non-contractual, unconditional, and irrevocable credits from the Adviser, decreased 23.8% during the nine months ended December 31, 2022, as compared to the prior year period, primarily due to a decrease in the incentive fee.

In accordance with GAAP, we recorded a \$0.7 million capital gains-based incentive fee during the nine months ended December 31, 2022, compared to a \$16.3 million capital gains-based incentive fee recorded during the nine months ended December 31, 2021. The capital gains-based incentive fee was a result of the net impact of net realized gains and net unrealized appreciation (depreciation) on investments during the respective periods. The income-based incentive fee increased by \$1.1 million for the nine months ended December 31, 2022, as compared to the prior year period, primarily due to an increase in pre-incentive fee net investment income, coupled with an increase in net assets, which drives the hurdle rate.

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The base management fee, loan servicing fee, incentive fee, and their related non-contractual, unconditional, and irrevocable credits are computed quarterly, as described under “Transactions with the Adviser” in Note 4 — Related Party Transactions in the accompanying Notes to Consolidated Financial Statements and are summarized in the following table:

	Nine Months Ended December 31,	
	2022	2021
Average total assets subject to base management fee ^(A)	\$ 731,000	\$ 701,800
Multiplied by prorated annual base management fee of 2.0%	1.5 %	1.5 %
Base management fee^(B)	\$ 10,965	\$ 10,527
Credits to fees from Adviser - other ^(B)	(3,131)	(5,863)
Net base management fee	\$ 7,834	\$ 4,664
Loan servicing fee^(B)	\$ 5,754	\$ 5,430
Credits to base management fee - loan servicing fee ^(B)	(5,754)	(5,430)
Net loan servicing fee	\$ —	\$ —
Incentive fee – income-based	\$ 7,016	\$ 5,892
Incentive fee – capital gains-based^(C)	706	16,294
Total incentive fee^(B)	\$ 7,722	\$ 22,186
Credits to fees from Adviser - other ^(B)	—	—
Net total incentive fee	\$ 7,722	\$ 22,186

^(A) Average total assets subject to the base management fee is defined in the Advisory Agreement as total assets, including investments made with proceeds of borrowings, less any uninvested cash or cash equivalents resulting from borrowings, valued at the end of the applicable quarters within the respective periods and adjusted appropriately for any share issuances or repurchases during the periods.

^(B) Reflected as a line item on our Consolidated Statements of Operations.

^(C) The capital gains-based incentive fees are recorded in accordance with GAAP and do not necessarily reflect amounts contractually due under the terms of the Advisory Agreement.

Interest and dividend expense increased 0.9% during the nine months ended December 31, 2022, as compared to the prior year period, due to an increase in interest expense, partially offset by a decrease in dividend expense. Interest expense increased by \$2.4 million primarily due to the issuance of the 2028 Notes in August 2021, which was partially offset by lower interest expense related to the Credit Facility. The weighted-average balance outstanding on the Credit Facility during the nine months ended December 31, 2022, was \$12.6 million as compared to \$24.0 million in the prior year period. The effective interest rate on the Credit Facility, excluding the impact of deferred financing costs, during the nine months ended December 31, 2022 was 19.8%, as compared to 10.1% in the prior year period. The increase in the effective interest rate on the Credit Facility was primarily a result of an increase in unused commitments fees on the undrawn portion of the Credit Facility as well as increased interest rates on the drawn portion of the Credit Facility. Dividend expense decreased by \$2.3 million as a result of the 6.375% Series E Cumulative Term Preferred Stock (“Series E Term Preferred Stock”) redemption August 2021.

Realized and Unrealized Gain (Loss)

The realized gains (losses) and unrealized appreciation (depreciation) across our investments for the nine months ended December 31, 2022 and 2021 were as follows:

Portfolio Company	Nine Months Ended December 31, 2022			Net Gain (Loss)
	Realized Gain (Loss)	Unrealized Appreciation (Depreciation)	Reversal of Unrealized (Appreciation) Depreciation	
Brunswick Bowling Products, Inc	\$ —	\$ 13,770	\$ —	\$ 13,770
Nth Degree Investment Group, LLC	—	11,525	—	11,525
Old World Christmas, Inc.	13,371	(2,815)	—	10,556
Horizon Facilities Service, Inc.	2,218	5,461	—	7,679
Nocturne Villa Rentals, Inc.	—	4,635	—	4,635
Dema/Mai Holdings, Inc.	—	3,877	—	3,877
SFEG Holdings, Inc.	—	3,505	—	3,505
Mason West, LLC	—	3,343	—	3,343
Counsel Press, Inc.	—	2,165	—	2,165
Schylling Inc.	—	1,633	—	1,633
Utah Pacific Bridge & Steel, Ltd.	—	(1,206)	—	(1,206)
Educators Resources, Inc.	—	(1,614)	—	(1,614)
The Maids International, LLC	—	(2,679)	—	(2,679)
The Mountain Corporation	(10,000)	(2,930)	10,000	(2,930)
Ginsey Home Solutions, Inc.	—	(3,263)	—	(3,263)
ImageWorks Display and Marketing Group, Inc.	—	(3,273)	—	(3,273)
Galaxy Technologies Holdings, Inc.	—	(4,804)	—	(4,804)
Edge Adhesives Holdings, Inc	—	(5,395)	—	(5,395)
Bassett Creek Services, Inc.	5,188	—	(12,250)	(7,062)
B+T Group Acquisition, Inc	—	(13,014)	—	(13,014)
J.R. Hobbs Co. – Atlanta, LLC	—	(13,966)	—	(13,966)
Other, net (<\$1.0 million, net)	(179)	244	(14)	51
Total	\$ 10,598	\$ (4,801)	\$ (2,264)	\$ 3,533

Portfolio Company	Nine Months Ended December 31, 2021			
	Realized Gain (Loss)	Unrealized Appreciation (Depreciation)	Reversal of Unrealized (Appreciation) Depreciation	Net Gain (Loss)
B+T Group Acquisition, Inc.	\$ —	\$ 15,279	\$ —	\$ 15,279
Brunswick Bowling Products, Inc.	—	13,842	—	13,842
Old World Christmas, Inc.	—	13,559	—	13,559
Schylling, Inc.	—	13,453	—	13,453
Horizon Facilities Service, Inc.	—	11,547	—	11,547
Educators Resource, Inc.	—	8,876	—	8,876
Bassett Creek Services, Inc.	—	7,877	—	7,877
SOG Specialty Knives & Tools, LLC	—	7,575	—	7,575
ImageWorks Display and Marketing Group, Inc.	—	6,321	—	6,321
PSI Molded Plastics, Inc.	—	3,633	—	3,633
Counsel Press, Inc.	—	3,366	—	3,366
Nocturne Villa Rentals, Inc.	—	1,504	—	1,504
Galaxy Technologies Holdings, Inc.	—	1,404	—	1,404
Head Country, Inc.	3,627	—	(2,469)	1,158
Channel Technologies Group, LLC	(1,841)	—	1,841	—
Diligent Delivery Systems	—	(903)	—	(903)
Mason West, LLC	—	(2,217)	—	(2,217)
SBS Industries Holdings, Inc.	—	(3,314)	—	(3,314)
Ginsey Home Solutions, Inc.	—	(4,012)	—	(4,012)
J.R. Hobbs Co. – Atlanta, LLC	—	(4,085)	—	(4,085)
Pioneer Square Brands, Inc.	21,939	(1,245)	(25,425)	(4,731)
Galaxy Technologies Holdings, Inc.	—	(10,784)	—	(10,784)
Other, net (<\$1.0 million, net)	717	(759)	52	10
Total	\$ 24,442	\$ 80,917	\$ (26,001)	\$ 79,358

Net Realized Gain (Loss) on Investments

During the nine months ended December 31, 2022, we recorded net realized gains on investments of \$10.6 million, primarily due to a \$13.4 million realized gain from the recapitalization of Old World, \$5.2 million of realized gains from the exit of Bassett Creek, of which \$0.5 million was received in the three months ended December 31, 2022, and a \$2.2 million realized gain from the recapitalization of Horizon. These amounts were partially offset by the \$10.0 million realized loss recognized in conjunction with the replacement of the existing investment in The Mountain and \$0.2 million of net realized losses related to prior period exits of certain investments. During the nine months ended December 31, 2021, we recorded net realized gains on investments of \$24.4 million, primarily related to a \$21.9 million realized gain from the exit of Pioneer Square Brands, Inc., a \$3.6 million realized gain from the exit of Head Country, Inc. ("Head Country") and \$0.7 million of realized gains related to previous exits of certain investments, partially offset by a \$1.8 million realized loss from the dissolution of Channel Technologies Group, LLC ("CTG").

Net Realized Gain Loss on Other

During the nine months ended December 31, 2021, we recorded a net realized loss on other of \$2.0 million related to unamortized deferred issuance costs written off upon the redemption of our Series E Term Preferred Stock in August 2021. During the nine months ended December 31, 2022, there were no realized gains or losses on other.

Net Unrealized Appreciation (Depreciation) of Investments

Net unrealized depreciation of investments of \$7.1 million for the nine months ended December 31, 2022 was primarily due to the net unrealized depreciation across our portfolio as well as the reversal of unrealized appreciation of our investment in Bassett Creek upon its exit and the reversal of unrealized depreciation of our investment in The Mountain upon the replacement of our existing investment. The net depreciation was driven primarily by decreased performance of certain of our other portfolio companies and decreased comparable transaction multiples used to estimate the fair value of certain of our portfolio companies. These decreases were partially offset by increased performance of certain of our portfolio companies, driven partially by the reversal of the impact of COVID-19 on certain of our portfolio companies and the markets in which they operate. In part, the performance of certain of our portfolio companies was driven by the impact COVID-19, and its variants, has had or is expected to have on our portfolio companies and the markets in which they operate, including government restrictions on the portfolio companies' ability to operate under historical conditions, current and future shutdowns and reopening restrictions, operating challenges, including but not limited to, labor shortages, supply chain delays, increased material costs and demand for their products, and general economic outlook, or the reversal of such impact towards pre-COVID-19 levels.

Net unrealized appreciation of investments of \$54.9 million for the nine months ended December 31, 2021 was primarily due to increased performance of certain of our portfolio companies, driven partially by the reversal of the impact of COVID-19 on certain of our portfolio companies and the markets in which they operate, increased comparable multiples used to estimate the fair value of certain of our portfolio companies and the reversal of previously recorded unrealized depreciation of our investments in CTG upon its dissolution. These amounts were partially offset by the reversal of previously recorded unrealized appreciation of our investment in Pioneer and Head Country upon exit and the decreased performance of certain of our portfolio companies. In part, the performance of certain of our portfolio companies was driven by the impact COVID-19 has had or is expected to have on our portfolio companies and the markets in which they operate, including government restrictions on the portfolio companies' ability to operate under historical conditions, current and future shutdowns and reopening restrictions, operating challenges, including but not limited to, labor shortages, supply chain delays, increased material costs and demand for their products, and general economic outlook, or the reversal of such impact towards pre-COVID-19 levels.

Across our entire investment portfolio, we recorded net unrealized depreciation of \$16.1 million on our debt positions and appreciation of \$9.1 million on our equity positions, for the nine months ended December 31, 2022. As of December 31, 2022, the fair value of our investment portfolio was more than the cost basis by \$38.1 million, as compared to March 31, 2022, when the fair value of our investment portfolio was more than the cost basis by \$45.1 million, representing net unrealized depreciation of \$7.1 million for the nine months ended December 31, 2022. Our entire portfolio had a fair value of 105.3% of cost as of December 31, 2022.

LIQUIDITY AND CAPITAL RESOURCES

Operating Activities

Net cash used in operating activities for the nine months ended December 31, 2022 was \$13.4 million, compared to net cash provided by operating activities of \$39.3 million for the nine months ended December 31, 2021. This change was primarily due to an increase in purchase of investments and a decrease in the aggregate of principal repayments of investments and net proceeds from the sale of investments.

Purchases of investments were \$133.5 million during the nine months ended December 31, 2022, compared to \$84.6 million during the nine months ended December 31, 2021. Principal repayments and net proceeds from the sale of investments totaled \$85.8 million during the nine months ended December 31, 2022, compared to \$96.9 million during the nine months ended December 31, 2021.

As of December 31, 2022, we had equity investments in and/or loans to 25 portfolio companies with an aggregate cost basis of \$722.4 million. As of December 31, 2021, we had equity investments in and/or loans to 26 portfolio companies with an aggregate cost basis of \$675.6 million.

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The following table summarizes our total portfolio investment activity during the nine months ended December 31, 2022 and 2021:

	Nine Months Ended December 31,	
	2022	2021
Beginning investment portfolio, at fair value	\$ 714,396	\$ 633,829
New investments	60,050	34,200
Disbursements to existing portfolio companies	73,456	50,350
Unscheduled principal repayments ^(A)	(55,398)	(46,898)
Net proceeds from sale and recapitalization of investments	(35,533)	(49,421)
Net realized gain on investments	10,545	23,748
Net unrealized appreciation (depreciation) of investments	(4,801)	80,917
Reversal of net unrealized appreciation of investments	(2,264)	(26,001)
Amortization of premiums, discounts, and acquisition costs, net	12	14
Ending investment portfolio, at fair value	\$ 760,463	\$ 700,738

^(A) The nine months ended December 31, 2022 includes \$5.1 million of non-cash principal repayments related to the August 2022 refinancing at Ginsey.

The following table summarizes the contractual principal repayment and maturity of our investment portfolio by fiscal year, assuming no voluntary prepayments, as of December 31, 2022:

	Amount
For the remaining three months ending March 31, 2023	\$ 27,500
For the fiscal years ending March 31:	
2024	55,468
2025	89,614
2026	202,419
2027	144,096
Thereafter	38,250
Total contractual repayments	\$ 557,347
Investments in equity securities	165,033
Total cost basis of investments held as of December 31, 2022:	\$ 722,380

Financing Activities

Net cash provided by financing activities for the nine months ended December 31, 2022 was \$1.8 million, which consisted primarily of \$29.6 million of net borrowings under the Credit Facility and \$3.4 million of proceeds from issuance of common stock, net of expenses and shelf offering registration costs, partially offset by \$30.9 million in distributions to common stockholders.

Net cash used in financing activities for the nine months ended December 31, 2021 was \$13.0 million, which consisted primarily of the redemption of our Series E Term Preferred Stock of \$94.4 million, \$27.4 million in distributions to common stockholders, \$22.4 million of net repayments under the Credit Facility and \$3.4 million of deferred financing and offering costs, partially offset by \$134.6 million in gross proceeds from the issuance of our 2028 Notes.

Distributions and Dividends to Stockholders

Common Stock Distributions

To qualify to be taxed as a RIC and thus avoid corporate level federal income tax on the income we distribute to our stockholders, we are required, among other requirements, to distribute to our stockholders on an annual basis at least 90% of our taxable ordinary income plus the excess of our net short-term capital gains over net long-term capital losses ("Investment Company Taxable Income"), determined without regard to the dividends paid deduction. Additionally, the Credit Facility generally restricts the amount of distributions to stockholders that we can pay out to be no greater than the sum of certain amounts, including our net investment income, plus net capital gains, plus amounts elected by the Company to be considered as having been paid during the prior fiscal year in accordance with Section 855(a) of the Code. In

accordance with these requirements, our Board of Directors declared, and we paid, monthly cash distributions of \$0.075 per common share for each of the six months from April through September 2022, monthly cash distributions of \$0.08 per common share for each of the three months from October through December 2022, and supplemental distributions of \$0.12 per common share in June and December 2022. See also “*Recent Developments - Distributions and Dividends*” for a discussion of cash distributions to common stockholders declared by our Board of Directors in January 2023.

For the fiscal year ended March 31, 2022, Investment Company Taxable Income exceeded distributions declared and paid, and, in accordance with Section 855(a) of the Code, we elected to treat \$13.9 million of the first distributions paid subsequent to fiscal year-end as having been paid in the prior year. In addition, for the fiscal year ended March 31, 2022, net capital gains exceeded distributions declared and paid, and, in accordance with Section 855(a) of the Code, we elected to treat \$15.7 million of the first distributions paid subsequent to fiscal year-end as having been paid in the prior year. For the year ended March 31, 2022, we recorded \$2.8 million of net adjustments for estimated permanent book-tax differences to reflect tax character, which decreased Capital in excess of par value and Overdistributed net investment income and increased Accumulated net realized gain in excess of distributions. For the nine months ended December 31, 2022, we recorded \$1.6 million of net adjustments for estimated permanent book-tax differences to reflect tax character, which decreased Capital in excess of par value and increased Underdistributed net investment income and Accumulated net realized gain in excess of distributions.

Preferred Stock Dividends

Our Board of Directors declared and we paid monthly cash dividends of \$0.1328125 per share to holders of our Series E Term Preferred Stock per month from April through July 2021 and \$0.07968750 per share of our Series E Term Preferred Stock for the period from August 1, 2021 up to, but excluding, the redemption date of August 19, 2021. In accordance with GAAP, we treat these monthly dividends as an operating expense.

Dividend Reinvestment Plan

Our common stockholders who hold their shares through our transfer agent, Computershare, Inc. (“Computershare”), have the option to participate in a dividend reinvestment plan offered by Computershare, as the plan agent. This is an “opt in” dividend reinvestment plan, meaning that common stockholders may elect to have their cash distributions automatically reinvested in additional shares of our common stock. Common stockholders who do not make such election will receive their distributions in cash. Any distributions reinvested under the plan will be taxable to a common stockholder to the same extent, and with the same character, as if the common stockholder had received the distribution in cash. The common stockholder generally will have an adjusted basis in the additional common shares purchased through the plan equal to the dollar amount that would have been received if the U.S. stockholder had received the dividend or distribution in cash. The additional common shares will have a new holding period commencing on the day following the date on which the shares are credited to the common stockholder’s account. Computershare purchases shares in the open market in connection with the obligations under the plan. The Computershare dividend reinvestment plan is not open to holders of our preferred stock.

Equity

Registration Statement

On September 3, 2021, we filed a registration statement on Form N-2 (File No. 333-259302), which the SEC declared effective on October 15, 2021. The registration statement permits us to issue, through one or more transactions, up to an aggregate of \$300.0 million in securities, consisting of common stock, preferred stock, subscription rights, debt securities, and warrants to purchase common stock, preferred stock, or debt securities, including through concurrent, separate offerings of such securities. As of the date of this report, we have the ability to issue up to \$296.5 million of the securities registered under the registration statement.

Common Stock

In December 2019, we entered into equity distribution agreements with Wedbush Securities, Inc., Cantor Fitzgerald & Co., and Ladenburg Thalmann & Co., Inc., under which we had the ability to issue and sell shares of our common stock, from time to time, through such sales agents, up to an aggregate offering price of \$35.0 million. On August 11, 2021, we terminated the equity distribution agreements with each of such sales agents. We did not sell any shares of our common stock under this ATM program during the year ended March 31, 2022.

In August 2022, we entered into equity distribution agreements with Oppenheimer & Co. and Virtu Americas LLC (each a “Sales Agent”), under which we have the ability to issue and sell shares of our common stock, from time to time, through the Sales Agents, up to an aggregate offering price of \$50.0 million in what is commonly referred to as an “at-the-market” program (“Common Stock ATM Program”). As of December 31, 2022, we had remaining capacity to sell up to an additional \$46.5 million of common stock under the Common Stock ATM program.

During the three months ended December 31, 2022, we sold 212,338 shares of our common stock under the Common Stock ATM Program at a weighted-average gross price of \$14.11 per share, raising approximately \$3.0 million of gross proceeds. The weighted-average net price per share, after deducting commissions and offering costs borne by us, was \$13.91 and resulted in total net proceeds of approximately \$3.0 million. These sales were above our then current estimated NAV per share. During the nine months ended December 31, 2022, we sold 241,978 shares of our common stock under the Common Stock ATM Program at a weighted-average gross price of \$14.31 per share, raising approximately \$3.5 million of gross proceeds. The weighted-average net price per share, after deducting commissions and offering costs borne by us, was \$14.11 and resulted in total net proceeds of approximately \$3.4 million. These sales were above our then current estimated NAV per share.

Subsequent to December 31, 2022 and through February 1, 2023, we sold 8,484 shares of our common stock under our Common Stock ATM Program at a weighted-average gross price of \$14.01 per share and raised approximately \$0.1 million in net proceeds. These sales were above our then-current estimated NAV per share.

We anticipate issuing equity securities to obtain additional capital in the future. However, we cannot determine the timing or terms of any future equity issuances or whether we will be able to issue equity on terms favorable to us, or at all. When our common stock is trading at a price below NAV per share, the 1940 Act places regulatory constraints on our ability to obtain additional capital by issuing common stock. Generally, the 1940 Act provides that we may not issue and sell our common stock at a price below our NAV per common share, other than to our then-existing common stockholders pursuant to a rights offering, without first obtaining approval from our stockholders and our independent directors and meeting other stated requirements. On December 31, 2022, the closing market price of our common stock was \$12.91 per share, representing a 3.9% discount to our NAV per share of \$13.43 as of December 31, 2022.

Term Preferred Stock

In August 2018, we completed a public offering of 2,990,000 shares of our Series E Term Preferred Stock at a public offering price of \$25.00 per share. Gross proceeds totaled \$74.8 million and net proceeds, after deducting underwriting discounts and offering costs borne by us, were \$72.1 million. Total underwriting discounts and offering costs related to this offering were \$2.7 million, which have been recorded as discounts to the liquidation value on our accompanying *Consolidated Statements of Assets and Liabilities* and were amortized over the period ending August 31, 2025, the mandatory redemption date, prior to redemption in August 2021. Prior to redemption in August 2021, the Series E Term Preferred Stock provided for a fixed dividend equal to 6.375% per year, payable monthly.

In May 2020, we entered into sales agreements with Wedbush Securities, Inc. and Virtu Americas LLC (each a “Series E ATM Sales Agent”), under which we had the ability to issue and sell shares of our Series E Term Preferred Stock, from time to time, through the Series E ATM Sales Agents, up to \$50.0 million aggregate liquidation preference in the Series E ATM Program. On August 10, 2021, we terminated our sales agreements with each of the Series E ATM Sales Agents. We did not sell any shares of our Series E Term Preferred Stock under the Series E ATM Program during the year ended March 31, 2022.

In March 2021, we used a portion of the proceeds from the issuance of our 2026 Notes, to voluntarily redeem all outstanding shares of our Series D Term Preferred Stock, which had a liquidation preference of \$25.00 per share. In connection with the voluntary redemption, we incurred a loss on extinguishment of debt of \$0.8 million, which was recorded in Realized loss on other in our *Consolidated Statements of Operations* and which was primarily comprised of unamortized deferred issuance costs at the time of redemption. Prior to redemption in March 2021, the Series D Term Preferred Stock provided for a fixed dividend equal to 6.25% per year, payable monthly, and would have otherwise been subject to mandatory redemption on September 30, 2023.

In August 2021, we used a portion of the proceeds from the issuance of our 2028 Notes, to voluntarily redeem all outstanding shares of our Series E Term Preferred Stock, which had a liquidation preference of \$25.00 per share. In connection with the voluntary redemption, we incurred a loss on extinguishment of debt of \$2.0 million, which was recorded in Realized loss on other in our accompanying *Consolidated Statements of Operations* and which was primarily comprised of unamortized deferred issuance costs at the time of redemption.

Revolving Line of Credit

On March 8, 2021, we, through our wholly-owned subsidiary, Glenbrook Business Investment, LLC (“Business Investment”), entered into Amendment No. 6 to the Credit Facility with KeyBank National Association (“KeyBank”) as administrative agent, lead arranger, managing agent and lender, the Adviser, as servicer, and certain other lenders party thereto. The revolving period was extended to February 29, 2024, and if not renewed or extended by such date, all principal and interest will be due and payable on February 28, 2026 (two years after the revolving period end date). As of December 31, 2022, the Credit Facility provided a one-year extension option that may be exercised on or before March 8, 2023, subject to approval by all lenders.

On August 10, 2020, we, through Business Investment, entered into Amendment No. 5 to the Credit Facility. Among other things, Amendment No. 5 amended the Credit Facility to (i) add LIBOR replacement language; (ii) implement a 0.5% LIBOR floor; (iii) reduce the facility size from \$200.0 million to \$180.0 million, which may be expanded to \$300.0 million through additional commitments; and (iv) provide certain other changes to existing terms and covenants.

Advances under the Credit Facility generally bear interest at 30-day LIBOR, subject to a floor of 0.5%, plus 2.85% per annum until February 29, 2024, with the margin then increasing to 3.10% for the period from February 29, 2024 to February 28, 2025, and increasing further to 3.35% thereafter. The Credit Facility has an unused commitment fee on the daily unused commitment amount of 0.50% per annum if the average unused commitment amount for the period is less than or equal to 50% of the total commitment amount, 0.75% per annum if the average unused commitment amount for the period is greater than 50% but less than or equal to 65% of the total commitment amount, and 1.00% per annum if the average unused commitment amount for the period is greater than 65% of the total commitment amount. At December 31, 2022, we had \$29.6 million borrowings outstanding on the Credit Facility and as of the date of this report, we had \$31.3 million outstanding under the Credit Facility.

Interest is payable monthly during the term of the Credit Facility. Available borrowings are subject to various constraints and applicable advance rates, which are generally based on the size, characteristics, and quality of the collateral pledged by Business Investment. The Credit Facility also requires that any interest and principal payments on pledged loans be remitted directly by the borrower into a lockbox account with KeyBank. KeyBank is also the trustee of the account and generally remits the collected funds to us once a month.

Among other things, the Credit Facility contains covenants that require Business Investment to maintain its status as a separate legal entity, prohibit certain significant corporate transactions (such as mergers, consolidations, liquidations or dissolutions) and restrict certain material changes to our credit and collection policies without the lenders’ consent. The Credit Facility also generally seeks to restrict distributions to stockholders to the sum of (i) our net investment income, (ii) net capital gains, and (iii) amounts deemed by the Company to be considered as having been paid during the prior fiscal year in accordance with Section 855(a) of the Code. Loans eligible to be pledged as collateral are subject to certain limitations, including, among other things, restrictions on geographic concentrations, industry concentrations, loan size, payment frequency and status, average life, portfolio company leverage, and lien property. The Credit Facility also requires Business Investment to comply with other financial and operational covenants, which obligate Business Investment to, among other things, maintain certain financial ratios, including asset and interest coverage and a minimum number of obligors required in the borrowing base. Additionally, the Credit Facility contains a performance guaranty that requires the Company to maintain (i) a minimum net worth (defined in the Credit Facility to include our mandatory redeemable term preferred stock) of the greater of \$210.0 million or \$210.0 million plus 50% of all equity and subordinated debt raised, minus 50% of any equity or subordinated debt redeemed or retired after November 16, 2016, which equated to \$288.0 million as of December 31, 2022, (ii) asset coverage with respect to senior securities representing indebtedness of at least 150% (or such percentage as may be set forth in Section 18 of the 1940 Act, as modified by Section 61 of the 1940 Act), and (iii) our status as a BDC under the 1940 Act and as a RIC under the Code. As of December 31, 2022, and as defined in the performance guaranty of the Credit Facility, we had a net worth of \$705.7 million, asset coverage on our senior securities representing indebtedness of 250.5%, calculated in compliance with the requirements of Sections 18 and 61 of the 1940 Act, and an active status as a BDC and RIC. As of December 31, 2022, we had availability, after adjustments for

various constraints based on collateral quality, of \$150.4 million under the Credit Facility and were in compliance with all covenants under the Credit Facility.

Notes Payable

5.00% Notes due 2026

In March 2021, we completed a public offering of the 2026 Notes with an aggregate principal amount of \$127.9 million, which resulted in net proceeds of approximately \$123.8 million after deducting underwriting discounts, commissions and offering costs borne by us. The 2026 Notes are traded under the ticker symbol "GAINN" on Nasdaq. The 2026 Notes will mature on May 1, 2026 and may be redeemed in whole or in part at any time or from time to time at the Company's option on or after May 1, 2023. The 2026 Notes bear interest at a rate of 5.00% per year (which equates to \$6.4 million per year), payable quarterly in arrears.

The indenture relating to the 2026 Notes contains certain covenants, including (i) an inability to incur additional debt or issue additional debt or preferred securities unless the Company's asset coverage meets the threshold specified in the 1940 Act after such borrowing, (ii) an inability to declare any dividend or distribution (except a dividend payable in our stock) on a class of our capital stock or to purchase shares of our capital stock unless the Company's asset coverage meets the threshold specified in the 1940 Act at the time of (and giving effect to) such declaration or purchase, and (iii) if, at any time, we are not subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), we will provide the holders of the 2026 Notes and the trustee with audited annual consolidated financial statements and unaudited interim consolidated financial statements.

The 2026 Notes are recorded at the aggregate principal amount, less underwriting discounts, commissions, and offering costs, on our accompanying *Consolidated Statements of Assets and Liabilities*. Total underwriting discounts, commissions, and offering costs related to this offering were \$4.1 million, which have been recorded as discounts to the aggregate principal amount on our accompanying *Consolidated Statements of Assets and Liabilities* and are being amortized over the period ending May 1, 2026, the maturity date.

4.875% Notes due 2028

In August 2021, we completed a public offering of the 2028 Notes with an aggregate principal amount of \$134.6 million, which resulted in net proceeds of approximately \$131.3 million after deducting underwriting discounts, commissions and offering costs borne by us. The 2028 Notes are traded under the ticker symbol "GAINZ" on Nasdaq. The 2028 Notes will mature on November 1, 2028 and may be redeemed in whole or in part at any time or from time to time at the Company's option on or after November 1, 2023. The 2028 Notes bear interest at a rate of 4.875% per year (which equates to \$6.6 million per year), payable quarterly in arrears.

The indenture relating to the 2028 Notes contains certain covenants, including (i) an inability to incur additional debt or issue additional debt or preferred securities unless the Company's asset coverage meets the threshold specified in the 1940 Act after such borrowing, (ii) an inability to declare any dividend or distribution (except a dividend payable in our stock) on a class of our capital stock or to purchase shares of our capital stock unless the Company's asset coverage meets the threshold specified in the 1940 Act at the time of (and giving effect to) such declaration or purchase, and (iii) if, at any time, we are not subject to the reporting requirements of the Exchange Act, we will provide the holders of the 2028 Notes and the trustee with audited annual consolidated financial statements and unaudited interim consolidated financial statements.

The 2028 Notes are recorded at the aggregate principal amount, less underwriting discounts, commissions, and offering costs, on our accompanying *Consolidated Statements of Assets and Liabilities*. Total underwriting discounts, commissions, and offering costs related to this offering were \$3.3 million, which have been recorded as discounts to the aggregate principal amount on our accompanying *Consolidated Statements of Assets and Liabilities* and are being amortized over the period ending November 1, 2028, the maturity date.

OFF-BALANCE SHEET ARRANGEMENTS

Unlike PIK income, we generally do not recognize success fees as income until payment has been received. Due to the contingent nature of success fees, there are no guarantees that we will be able to collect any or all of these success fees or know the timing of any such collections. As a result, as of December 31, 2022 and March 31, 2022, we had unrecognized, contractual off-balance sheet success fee receivables of \$53.1 million and \$50.5 million (or approximately \$1.59 and \$1.52 per common share), respectively, on our debt investments. Consistent with GAAP, we have not recognized success fee receivables and related income in our accompanying *Consolidated Financial Statements* until earned.

CONTRACTUAL OBLIGATIONS

We have line of credit and delayed draw term debt commitments to certain of our portfolio companies that have not been fully drawn. Since these line of credit and delayed draw term debt commitments have expiration dates and we expect many will never be fully drawn, the total line of credit and delayed draw term debt commitment amounts do not necessarily represent future cash requirements. We estimate the fair value of the combined unused line of credit and delayed draw term debt commitments as of December 31, 2022 to be immaterial.

In conjunction with the term loan repayment by CCE in November 2022, our previously outstanding \$1.0 million guaranty was released and terminated. We were not required to make any payments on this guaranty, or any guaranties that existed in previous periods.

The following table shows our contractual obligations as of December 31, 2022, at cost:

Contractual Obligations ^(A)	Payments Due by Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Credit Facility ^(B)	\$ 29,600	\$ —	\$ —	\$ 29,600	\$ —
Notes payable	262,488	—	—	127,938	134,550
Interest payments on obligations ^(C)	71,288	16,654	33,319	15,849	5,466
Total	\$ 363,376	\$ 16,654	\$ 33,319	\$ 173,387	\$ 140,016

^(A) Excludes unused line of credit and delayed draw term debt commitments to our portfolio companies. As of December 31, we had no amounts unused or outstanding.

^(B) Principal balance of borrowings outstanding under the Credit Facility, based on the maturity date following the current contractual revolving period end date.

^(C) Includes interest payments due on the Credit Facility, 2026 Notes, and 2028 Notes, as applicable. The amount of interest payments calculated for purposes of this table was based upon rates and outstanding balances as of December 31, 2022.

Critical Accounting Estimates

The preparation of financial statements and related disclosures in conformity with GAAP requires management to make estimates and assumptions that affect the reported consolidated amounts of assets and liabilities, including disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the period reported. Actual results could differ materially from those estimates under different assumptions or conditions. We have identified our investment valuation policy (which has been approved by our Board of Directors) as our most critical accounting policy, which is described in Note 2 — *Summary of Significant Accounting Policies* in the accompanying *Notes to Consolidated Financial Statements* included elsewhere in this Quarterly Report. Additionally, refer to Note 3 — *Investments* in the accompanying *Notes to Consolidated Financial Statements* included elsewhere in this Quarterly Report for additional information regarding fair value measurements and our application of Financial Accounting Standards Board Accounting Standards Codification Topic 820, “*Fair Value Measurements and Disclosures*.” We have also identified our revenue recognition policy as a critical accounting policy, which is described in Note 2 — *Summary of Significant Accounting Policies* in the accompanying *Notes to Consolidated Financial Statements* included elsewhere in this Quarterly Report.

Investment Valuation

Credit Monitoring and Risk Rating

The Adviser monitors a wide variety of key credit statistics that provide information regarding our portfolio companies to help us assess credit quality and portfolio performance and, in some instances, are used as inputs in our valuation techniques. Generally, we, through the Adviser, participate in periodic board meetings of our portfolio companies in which we hold board seats and also require them to provide annual audited and monthly unaudited financial statements. Using these statements or comparable information and board discussions, the Adviser calculates and evaluates certain credit statistics.

The Adviser risk rates all of our investments in debt securities. The Adviser does not risk rate equity securities. For loans that have been rated by a SEC-registered Nationally Recognized Statistical Rating Organization (“NRSRO”), the Adviser generally uses the average of two corporate level NRSRO’s risk ratings for such security. For all other debt securities, the Adviser uses a proprietary risk rating system. While the Adviser seeks to mirror the NRSRO systems, we cannot provide any assurance that the Adviser’s risk rating system will provide the same risk rating as an NRSRO for these securities. The Adviser’s risk rating system is used to estimate the probability of default on debt securities and the expected loss, if there is a default. The Adviser’s risk rating system uses a scale of 0 to >10, with >10 being the lowest probability of default. It is the Adviser’s understanding that most debt securities of Lower Middle Market companies do not exceed the grade of BBB on an NRSRO scale, so there would be no debt securities in the Lower Middle Market that would meet the definition of AAA, AA or A. Therefore, the Adviser’s scale begins with the designation >10 as the best risk rating which may be equivalent to a BBB from an NRSRO; however, no assurance can be given that a >10 on the Adviser’s scale is equal to a BBB or Baa2 on an NRSRO scale. The Adviser’s risk rating system covers both qualitative and quantitative aspects of the business and the securities we hold.

The following table reflects risk ratings for all loans in our portfolio as of December 31, 2022 and March 31, 2022:

Rating	December 31, 2022	March 31, 2022
Highest	9.0	9.0
Average	6.4	6.5
Weighted-average	7.3	7.0
Lowest	3.0	3.0

Tax Status

We intend to continue to maintain our qualification as a RIC under Subchapter M of the Code for U.S. federal income tax purposes. As a RIC, we generally are not subject to U.S. federal income tax on the portion of our taxable income and gains distributed to our stockholders. To maintain our qualification as a RIC, we must maintain our status as a BDC and meet certain source-of-income and asset diversification requirements. In addition, to qualify to be taxed as a RIC, we must distribute to stockholders at least 90% of our Investment Company Taxable Income, determined without regard to the dividends paid deduction. Our policy generally is to make distributions to our stockholders in an amount up to 100% of Investment Company Taxable Income. We may retain some or all of our net long-term capital gains, if any, and designate them as deemed distributions, or distribute such gains to stockholders in cash. See “— *Liquidity and Capital Resources — Distributions and Dividends to Stockholders.*”

In an effort to limit federal excise taxes, we have to distribute to stockholders, during each calendar year, an amount close to the sum of: (1) 98% of our ordinary income for the calendar year, (2) 98.2% of our net capital gains (both long-term and short-term), if any, for the one-year period ending on October 31 of the calendar year, and (3) any income realized, but not distributed, in the preceding period (to the extent that income tax was not imposed on such amounts), less certain reductions, as applicable. Under the RIC Modernization Act, we are permitted to carryforward any capital losses that we may incur for an unlimited period, and such capital loss carryforwards will retain their character as either short-term or long-term capital losses. Our capital loss carryforward balance was \$0 as of both December 31, 2022 and March 31, 2022.

Recent Accounting Pronouncements

Refer to Note 2 — *Summary of Significant Accounting Policies* in the accompanying *Notes to Consolidated Financial Statements* included elsewhere in this Quarterly Report for a description of recent accounting pronouncements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk includes risks that arise from changes in interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that affect market sensitive instruments. The prices of securities held by us may decline in response to certain events, including those directly involving the companies whose securities are owned by us; conditions affecting the general economy, including COVID-19 or other health emergencies; overall market changes; local, regional or global political, social or economic instability; and interest rate fluctuations.

The primary risk we believe we are exposed to is interest rate risk. Because we borrow money to make investments, our net investment income is dependent upon the difference between the rates at which we borrow funds, such as under the Credit Facility (which is variable) and our unsecured notes (which are fixed), and the rates at which we invest those funds. 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. We use a combination of debt and equity capital to finance our investing activities. We may use interest rate risk management techniques 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.

We target to have approximately 90% of the loans in our portfolio at variable rates or variable rates with a floor mechanism, and up to approximately 10% at fixed rates. As of December 31, 2022 and March 31, 2022, all of our variable-rate loans have rates associated with the current 30-day LIBOR rate and our total debt investment portfolio consisted of the following breakdown based on the principal balance:

Rates:	December 31, 2022	March 31, 2022
Variable rates with a floor	100.0 %	100.0 %
Fixed rates	—	— %
Total	100.0 %	100.0 %

There have been no material changes in the quantitative and qualitative market risk disclosures during the nine months ended December 31, 2022 from those included in our Annual Report.

ITEM 4. CONTROLS AND PROCEDURES.**a) Evaluation of Disclosure Controls and Procedures**

As of December 31, 2022 (the end of the period covered by this report), we, including our chief executive officer and chief financial officer, evaluated the effectiveness, design and operation of our disclosure controls and procedures. Based on that evaluation, our management, including the chief executive officer and chief financial officer, concluded that our disclosure controls and procedures were effective at a reasonable assurance level in timely alerting management, including the chief executive officer and chief financial officer, of material information about us required to be included in periodic SEC filings. However, in evaluation of the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

b) Changes in Internal Control over Financial Reporting

There were no changes in internal controls for the three months ended December 31, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

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, results of operations or cash flows, resolution will be subject to various uncertainties and could result in the expenditure of significant financial and managerial resources. Further, we are not named as a party to any proceeding that involves a claim for damages that exceeds 10% of our consolidated current assets.

ITEM 1A. RISK FACTORS.

Our business is subject to certain risks and events that, if they occur, could adversely affect our financial condition and results of operations and the trading price of our securities. For a discussion of these risks, please refer to the section captioned “Item 1A. Risk Factors” in Part I of our Annual Report on Form 10-K for the fiscal year ended March 31, 2022, as filed with the SEC on May 11, 2022. The risks described in our Annual Report are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition and/or operating results.

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

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

Not applicable.

ITEM 6. EXHIBITS

See the exhibit index.

SIGNATURE

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

GLENBROOK ADVISORY

By: /s/ Rachael Easton
Rachael Easton
Chief Financial Officer and Treasurer
(principal financial and accounting officer)

Date: February 1, 2023

CERTIFICATION
Pursuant to Section 302 of The Sarbanes-Oxley Act of 2002

I, David Glenbrook, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of GLENBROOK ADVISORY;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 1,

2023 /s/ David

David Glenbrook

~~Chief Executive Officer and~~

~~Chairman of the Board of Directors~~

CERTIFICATION
Pursuant to Section 302 of The Sarbanes-Oxley Act of 2002

I, Rachael Easton, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of GLENBROOK ADVISORY;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 1, 2023

/s/ Rachael Easton

Rachael Easton

Chief Financial Officer and Treasurer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, the Chief Executive Officer and Chairman of the Board of GLENBROOK ADVISORY (the "Company"), hereby certifies on the date hereof, pursuant to 18 U.S.C. §1350(a), as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q for the quarter ended December 31, 2022 ("Form 10-Q"), filed concurrently herewith by the Company, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 1, 2023

/s/ David Glenbrook

David Glenbrook

Chief Executive Officer and

Chairman of the Board of Directors

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, the Chief Financial Officer of GLENBROOK ADVISORY (the “Company”), hereby certifies on the date hereof, pursuant to 18 U.S.C. §1350(a), as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q for the quarter ended December 31, 2022 (“Form 10-Q”), filed concurrently herewith by the Company, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 1, 2023

/s/ Rachael Easton

Rachael Easton

Chief Financial Officer and Treasurer