# 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 March 31, 2023

OR

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

Commission file number: 001-40564

# SILVER SPIKE INVESTMENT CORP.
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **Maryland** | **86-2872887** |
| (State or other jurisdiction of incorporation or organization) | (IRS Employer Identification No.) |
| **600 Madison Avenue, Suite 1800**<br>**New York, NY** | **10022** |
| (Address of principal executive offices) | (Zip Code) |

**(212) 905-4923**

(Registrant's telephone number, including area code)

**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, par value $0.01 per share | SSIC | 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 (§232.405 of this chapter) 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 | ☐ | Accelerated filer | ☐ |
| Non-accelerated filer | ☒ | Smaller reporting company | ☐ |
| | | Emerging growth company | ☒ |

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

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

As of May 12, 2023, the registrant had 6,214,672 shares of common stock ($0.01 par value per share) outstanding.

**SILVER SPIKE**
**INVESTMENT CORP.**
**FORM 10-Q**

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## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

*Except where the context suggests otherwise, the terms "we," "us," "our," "the Company," and "SSIC" refer to Silver Spike Investment Corp. In addition, the terms "SSC," "Adviser," "investment adviser" and "administrator" refer to Silver Spike Capital, LLC, our external investment adviser and administrator.*

Some of the statements in this quarterly report on Form 10-Q constitute forward-looking statements because they relate to future events or our future performance or financial condition. The forward-looking statements contained in this quarterly report on Form 10-Q may include statements as to:

- our future operating results and distribution projections;
- the ability of Silver Spike Capital, LLC ("SSC") to attract and retain highly talented professionals;
- our business prospects and the prospects of our portfolio companies;
- the impact of interest and inflation rates on our business prospects and the prospects of our portfolio companies;
- the impact of the investments that we expect to make;
- the ability of our portfolio companies to achieve their objectives;
- our expected financings and investments and the timing of our investments in our initial portfolio;
- changes in regulation impacting the cannabis industry;
- the adequacy of our cash resources and working capital;
- the current and future effects of the COVID-19 pandemic on us and our portfolio companies; and
- the timing of cash flows, if any, from the operations of our portfolio companies.

In addition, words such as "anticipate," "believe," "expect," "seek," "plan," "should," "estimate," "project" and "intend" indicate forward-looking statements, although not all forward-looking statements include these words. The forward-looking statements contained in this quarterly report on Form 10-Q involve risks and uncertainties. Our actual results could differ materially from those implied or expressed in the forward-looking statements for any reason, including the factors set forth in "Item 1A. Risk Factors" in our transition report on Form 10-K for the transition period from April 1, 2022 to December 31, 2022 and elsewhere in this quarterly report on Form 10-Q. Other factors that could cause actual results to differ materially include:

- our limited operating history;
- changes or potential disruptions in our operations, the economy, financial markets or political environment;
- risks associated with possible disruption in our operations or the economy generally due to terrorism, natural disasters or the COVID-19 pandemic;
- future changes in laws or regulations (including the interpretation of these laws and regulations by regulatory authorities) and conditions in our operating areas, particularly with respect to business development companies ("BDCs") or regulated investment companies ("RICs"); and
- other considerations that may be disclosed from time to time in our publicly disseminated documents and filings.

We have based the forward-looking statements included in this quarterly report on Form 10-Q on information available to us on the date of this quarterly report on Form 10-Q, and we assume no obligation to update any such forward-looking statements. 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 in the future may file with the SEC, including 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 on Form 10-Q are excluded from the safe harbor protection provided by Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

PART I: FINANCIAL INFORMATION

**Item 1. Financial Statements**

**SILVER SPIKE INVESTMENT CORP.**

**Statements of Assets and Liabilities**

| | March 31, 2023 (unaudited) | December 31, 2022 |
|---|---|---|
| **ASSETS** | | |
| Investments at fair value: | | |
| Non-control/non-affiliate investments at fair value (amortized cost of $54,910,290 and $50,527,898, respectively) | $ 55,623,299 | $ 50,254,550 |
| Cash and cash equivalents | 32,544,027 | 35,125,320 |
| Interest receivable | 1,568,026 | 1,559,081 |
| Prepaid expenses | 254,651 | 32,323 |
| **Total assets** | $ 89,990,003 | $ 86,971,274 |
| **LIABILITIES** | | |
| Management fee payable | $ 409,384 | $ 170,965 |
| Income-based incentive fee payable | 203,821 | - |
| Capital gains incentive fee payable | 142,602 | - |
| Legal fees payable | 99,988 | 42,215 |
| Administrator fees payable | 82,936 | 57,306 |
| Valuation fees payables | 72,185 | - |
| Audit fees payable | 47,883 | 50,000 |
| Professional fees payable | 46,936 | 28,744 |
| Director’s fee payable | 35,944 | 32,049 |
| Excise tax payable | - | 80,566 |
| Due to affiliate | - | 37 |
| Other payables | 15,515 | 33,663 |
| **Total liabilities** | $ 1,157,194 | $ 495,545 |
| Commitments and contingencies (Note 6) | - | - |
| **NET ASSETS** | | |
| Common Stock, $0.01 par value, 100,000,000 shares authorized, 6,214,672 and 6,214,672 shares issued and outstanding, respectively | $ 62,147 | $ 62,147 |
| Additional paid-in-capital | 85,038,887 | 84,917,788 |
| Distributable earnings/(Accumulated losses) | 3,731,775 | 1,495,794 |
| **Total net assets** | $ 88,832,809 | $ 86,475,729 |
| **NET ASSET VALUE PER SHARE** | $ 14.29 | $ 13.91 |

See notes to financial statements.

**SILVER SPIKE INVESTMENT CORP.**

**Statements of Operations**
**(Unaudited)**

| | For the three months ended March 31, 2023 | For the three months ended March 31, 2022 |
|---|---|---|
| **INVESTMENT INCOME** | | |
| **Non-control/non-affiliate investment income** | | |
| Interest income | $ 2,457,839 | $ 10,073 |
| Fee income | - | - |
| **Total investment income** | 2,457,839 | 10,073 |
| | | |
| **EXPENSES** | | |
| Management fee | 238,419 | - |
| Income-based incentive fee | 203,821 | - |
| Capital gains incentive fee | 142,602 | - |
| Legal expenses | 98,760 | 34,069 |
| Audit expense | 97,883 | 10,000 |
| Administrator fees | 77,844 | 47,151 |
| Valuation fees | 73,065 | - |
| Insurance expense | 69,082 | 46,488 |
| Director expenses | 35,944 | - |
| Professional fees | 18,192 | 34,920 |
| Custodian fees | 12,000 | 12,000 |
| Organizational expenses | - | 34,168 |
| Other expenses | 19,504 | 6,808 |
| **Total expenses** | 1,087,116 | 225,604 |
| | | |
| **NET INVESTMENT INCOME (LOSS)** | 1,370,723 | (215,531) |
| | | |
| **NET REALIZED GAIN (LOSS) FROM INVESTMENTS** | | |
| **Net realized gain (loss) from investments** | - | - |
| | | |
| **NET CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION) ON INVESTMENTS** | | |
| Non-controlled/non-affiliate investments | 986,357 | - |
| **Net change in unrealized appreciation/(depreciation) on investments** | 986,357 | - |
| | | |
| **NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS** | $ 2,357,080 | $ (215,531) |
| | | |
| NET INVESTMENT INCOME (LOSS) PER SHARE — BASIC AND DILUTED | $ 0.22 | $ (0.06) |
| NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS PER SHARE — BASIC AND DILUTED | $ 0.38 | $ (0.06) |
| WEIGHTED AVERAGE SHARES OUTSTANDING — BASIC AND DILUTED | 6,214,672 | 3,557,529 |

See notes to financial statements.

**SILVER SPIKE INVESTMENT CORP.**

**Statements of Changes in Net Assets**
**(Unaudited)**

| | Common Stock | | | | |
|---|---|---|---|---|---|
| | **Shares** | **Par Value** | **Additional paid-in-capital** | **Distributable Earnings/ (Accumulated Loss)** | **Total net assets/ (net liabilities)** |
| **Balance, December 31, 2022** | 6,214,672 | $ 62,147 | $ 84,917,788 | $ 1,495,794 | $ 86,475,729 |
| *Net increase (decrease) in net assets resulting from operations* | | | | | |
| Net investment income (loss) | - | - | - | 1,370,723 | 1,370,723 |
| Net realized gain (loss) from investments | - | - | - | - | - |
| Net change in unrealized appreciation (depreciation) from investments | - | - | - | 986,357 | 986,357 |
| Total net increase (decrease) in net assets resulting from operations | - | - | - | 2,357,080 | 2,357,080 |
| *Capital transactions* | | | | | |
| Issuance of common stock | - | - | - | - | - |
| Total increase (decrease) in net assets | - | - | - | 2,357,080 | 2,357,080 |
| Effect of permanent adjustments | - | - | 121,099 | (121,099) | - |
| **Balance, March 31, 2023** | 6,214,672 | $ 62,147 | $ 85,038,887 | $ 3,731,775 | $ 88,832,809 |

| | Common Stock | | | | |
|---|---|---|---|---|---|
| | **Shares** | **Par value** | **Additional paid-in-capital** | **Distributable Earnings/ (Accumulated Loss)** | **Total net assets/ (net liabilities)** |
| **Balance, December 31, 2021** | - | $ - | $ - | $ (507,549) | $ (507,549) |
| *Net increase (decrease) in net assets resulting from operations* | | | | | |
| Net investment income (loss) | - | - | - | (215,531) | (215,531) |
| Net realized gain (loss) from investments | - | - | - | - | - |
| Net change in unrealized appreciation (depreciation) from investments | - | - | - | - | - |
| Total net increase (decrease) in net assets resulting from operations | - | - | - | (215,531) | (215,531) |
| *Capital transactions* | | | | | |
| Issuance of common stock, net of offering costs of $1,609,184 | 6,214,672 | 62,147 | 85,213,023 | - | 85,275,170 |
| Total increase (decrease) in net assets | 6,214,672 | 62,147 | 85,213,023 | (215,531) | 85,059,639 |
| Effect of permanent adjustments | - | - | (295,235) | 295,235 | - |
| **Balance, March 31, 2022** | 6,214,672 | $ 62,147 | $ 84,917,788 | $ (427,845) | $ 84,552,090 |

See notes to financial statements.

**SILVER SPIKE INVESTMENT CORP.**

**Statements of Cash Flows**
**(Unaudited)**

| | For the three months ended March 31, 2023 | For the three months ended March 31, 2022 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Net increase (decrease) in net assets resulting from operations | $ 2,357,080 | $ (215,531) |
| Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used in) operating activities: | | |
| Net change in unrealized (appreciation) depreciation from investments | (986,357) | - |
| Net (accretion of discounts) and amortization of premiums | (140,819) | - |
| Purchase of investments | (4,230,000) | - |
| PIK interest capitalized | (11,573) | - |
| (Increase)/Decrease in operating assets: | | |
| Prepaid expenses | (222,328) | (256,512) |
| Interest receivable | (8,945) | (9,215) |
| Deferred offering costs | - | 1,395,059 |
| Increase/(Decrease) in operating liabilities: | | |
| Management fee payable | 238,419 | - |
| Income-based incentive fee payable | 203,821 | - |
| Capital gains incentive fee payable | 142,602 | - |
| Legal fees payable | 57,773 | 33,983 |
| Administrator fees payable | 25,630 | 47,151 |
| Valuation fees payables | 72,185 | - |
| Audit fees payable | (2,117) | 10,000 |
| Professional fees payable | 18,192 | - |
| Director’s fee payable | 3,895 | 24,370 |
| Excise tax payable | (80,566) | - |
| Due to affiliate | (37) | (383,991) |
| Offering cost payable | - | (759,675) |
| Organizational costs payable | - | (396,108) |
| Other payables | (18,148) | 1,359 |
| **Net cash provided by (used in) operating activities** | (2,581,293) | (509,110) |
| | | |
| **Cash flows from financing activities** | | |
| Issuance of common stock, net of offering cost | - | 85,269,770 |
| **Net cash provided by (used in) financing activities** | - | 85,269,770 |
| | | |
| **Net increase (decrease) in cash & cash equivalents** | (2,581,293) | 84,760,660 |
| **Cash & cash equivalents, beginning of period** | 35,125,320 | 5,400 |
| **Cash & cash equivalents, end of period** | $ 32,544,027 | $ 84,766,060 |

See notes to financial statements.

**SILVER SPIKE INVESTMENT CORP.**

**Schedule of Investments**
**March 31, 2023**
**(Unaudited)**
**(in thousands)**

| Portfolio Company (1) | Type of Investment (2) | Investment Date (3) | Maturity Date | Interest Rate (4) | Fair Value Hierarchy (5) | Geographic Region (6) | Non-Qualifying Asset (7) | Principal Amount (8) | Amortized Cost | Fair Value (9) | % of Net Assets |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Debt Securities - United States Wholesale Trade (10)** | | | | | | | | | | | |
| AYR Wellness, Inc. | Senior Secured Note | 10/11/2022 | 12/10/2024 | Fixed interest rate 12.5% | 3 | Southeast | No | $ 2,000 | $ 1,798 | $ 1,805 | 2.03% |
| Curaleaf Holdings, Inc. | Senior Secured Note | 10/11/2022 | 12/15/2026 | Fixed interest rate 8.0% | 3 | Northeast | No | 4,500 | 3,887 | 4,044 | 4.55 |
| MariMed Inc. | Senior Secured First Lien Term Loan | 1/24/2023 | 1/24/2026 | Variable interest rate PRIME(11) + 5.75% Cash (6.25% PRIME Floor) 1.40% PIK | 3 | Northeast | No | 4,512 | 4,244 | 4,244 | 4.78 |
| PharmaCann, Inc. | Senior Secured Note | 6/30/2022 | 6/30/2025 | Fixed interest rate 12.0% | 3 | Midwest | No | 4,250 | 4,050 | 4,072 | 4.58 |
| Shryne Group, Inc. | Senior Secured First Lien Term Loan | 5/26/2022 | 5/26/2026 | Variable interest rate PRIME(11) + 8.5% (4.0% PRIME Floor) | 3 | West | No | 21,000 | 20,509 | 20,571 | 23.16 |
| Verano Holdings Corp. | Senior Secured First Lien Term Loan | 10/27/2022 | 10/30/2026 | Variable interest rate PRIME(11) + 6.5% (6.25% PRIME Floor) | 3 | Midwest | No | 21,000 | 20,422 | 20,887 | 23.51 |
| | | | | | | | | $ 57,262 | 54,910 | 55,623 | 62.61 |
| **Total: Debt Securities -United States (62.61%):** | | | | | | | | | **54,910** | **55,623** | **62.61** |
| **Total: Debt Securities (62.61%):** | | | | | | | | | **54,910** | **55,623** | **62.61** |
| **Total Investment in Securities (62.61%):** | | | | | | | | | **$ 54,910** | **$ 55,623** | **62.61%** |
| **Cash equivalents** | | | | | | | | | | | |
| State Street Institutional U.S. Government Money Market Fund (12) | | | | | 1 | | | | $ 32,544 | $ 32,544 | 36.64% |
| **Cash equivalents (36.64%):** | | | | | | | | | 32,544 | 32,544 | 36.64 |
| **Total Portfolio Investments and Cash equivalents (99.25%):** | | | | | | | | | **$ 87,454** | **$ 88,167** | **99.25%** |

(1) All portfolio companies are located in the United States.
(2) No debt investment is non-income producing as of March 31, 2023.
(3) Investment date represents the date of initial investment, at which date interest began accruing.
(4) Interest rate is the fixed or variable rate of the debt investments.
(5) See Note 2 – Significant Accounting Policies and Note 4 — Fair Value of Financial Instruments in the accompanying notes to the financial statements.
(6) Geographic regions are determined by the respective portfolio company's headquarters' location.
(7) Under the Investment Company Act of 1940, as amended (the "1940 Act"), a business development company ("BDC") may not acquire any "non-qualifying asset" (i.e., an asset other than assets of the type listed in Section 55(a) of the 1940 Act, which are referred to as "qualifying assets"), unless, at the time the acquisition is made, qualifying assets represent at least 70% of the BDC's total assets.
(8) Principal is net of repayments, if any, as per the terms of the debt instrument's contract.
(9) All investments were valued at fair value. See Note 4 — Fair Value of Financial Instruments in the accompanying notes to the financial statements.
(10) The Company uses the North American Industry Classification System ("NAICS") code for classifying the industry grouping of its portfolio companies.
(11) As of March 31, 2023 PRIME is 8.00%.
(12) The annualized seven-day yield as of March 31, 2023 is 4.70%.

See notes to financial statements.

**SILVER SPIKE INVESTMENT CORP.**

**Schedule of Investments**
**December 31, 2022**
**(in thousands)**

| Portfolio Company (1) | Type of Investment (2) | Investment Date (3) | Maturity Date | Interest Rate (4) | Fair Value Hierarchy (5) | Geographic Region (6) | Non-Qualifying Asset (7) | Principal Amount (8) | Amortized Cost | Fair Value (9) | % of Net Assets |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Debt Securities - United States** | | | | | | | | | | | |
| **Wholesale Trade (10)** | | | | | | | | | | | |
| AYR Wellness, Inc. | Senior Secured Note | 10/11/2022 | 12/10/2024 | Fixed interest rate 12.5% | 3 | Southeast | No | $ 2,000 | $ 1,773 | $ 1,773 | 2.05% |
| Curaleaf Holdings, Inc. | Senior Secured Note | 10/11/2022 | 12/15/2026 | Fixed interest rate 8.0% | 3 | Northeast | No | 4,500 | 3,854 | 3,854 | 4.46 |
| PharmaCann, Inc. | Senior Secured Note | 6/30/2022 | 6/30/2025 | Fixed interest rate 12.0% | 3 | Midwest | No | 4,250 | 4,029 | 3,967 | 4.59 |
| Shryne Group, Inc. | Senior Secured First Lien Term Loan | 5/26/2022 | 5/26/2026 | Variable interest rate PRIME(11) + 8.5% (4.0% PRIME Floor) | 3 | West | No | 21,000 | 20,480 | 20,269 | 23.44 |
| Verano Holdings Corp. | Senior Secured First Lien Term Loan | 10/27/2022 | 10/30/2026 | Variable interest rate PRIME(11) + 6.5% (6.25% PRIME Floor) | 3 | Midwest | No | 21,000 | 20,392 | 20,392 | 23.58 |
| | | | | | | | | $ 52,750 | 50,528 | 50,255 | 58.12 |
| **Total: Debt Securities - United States (58.12%):** | | | | | | | | | **50,528** | **50,255** | **58.12** |
| **Total: Debt Securities (58.12%):** | | | | | | | | | **50,528** | **50,255** | **58.12** |
| **Total Investment in Securities (58.12%):** | | | | | | | | | **$ 50,528** | **$ 50,255** | **58.12%** |
| **Cash equivalents** | | | | | | | | | | | |
| State Street Institutional U.S. Government Money Market Fund (12) | | | | | 1 | | | | $ 35,125 | $ 35,125 | 40.62% |
| **Cash equivalents (40.62%):** | | | | | | | | | 35,125 | 35,125 | 40.62 |
| **Total Portfolio Investments and Cash equivalents (98.74%):** | | | | | | | | | **$ 85,653** | **$ 85,380** | **98.74%** |

(1) All portfolio companies are located in the United States.
(2) No debt investment is non-income producing as of December 31, 2022.
(3) Investment date represents the date of initial investment, at which date interest began accruing.
(4) Interest rate is the fixed or variable rate of the debt investments.
(5) See Note 2 – Significant Accounting Policies and Note 4 — Fair Value of Financial Instruments in the accompanying notes to the financial statements.
(6) Geographic regions are determined by the respective portfolio company's headquarters' location.
(7) Under the Investment Company Act of 1940, as amended (the "1940 Act"), a business development company ("BDC") may not acquire any "non-qualifying asset" (i.e., an asset other than assets of the type listed in Section 55(a) of the 1940 Act, which are referred to as "qualifying assets"), unless, at the time the acquisition is made, qualifying assets represent at least 70% of the BDC's total assets.
(8) Principal is net of repayments, if any, as per the terms of the debt instrument's contract.
(9) All investments were valued at fair value. See Note 4 — Fair Value of Financial Instruments in the accompanying notes to the financial statements.
(10) The Company uses the North American Industry Classification System ("NAICS") code for classifying the industry grouping of its portfolio companies.
(11) As of December 31, 2022 PRIME is 7.50%.
(12) The annualized seven-day yield as of December 31, 2022 is 4.12%.

See notes to financial statements.

**SILVER SPIKE INVESTMENT CORP.**

**Notes to Financial Statements**
**(Unaudited)**

**NOTE 1 — ORGANIZATION**

Silver Spike Investment Corp. (an emerging growth company) (the “Company”, “we” or “our”) was formed on January 25, 2021 as a Maryland corporation structured as an externally managed, closed-end, non-diversified management investment company. The Company has elected to be treated as a business development company (“BDC”), under the Investment Company Act of 1940, as amended (“1940 Act”). In addition, for U.S. federal income tax purposes the Company adopted an initial tax year end of December 31, 2021, and was taxed as a corporation for the tax period ended December 31, 2021. The Company adopted the tax year end of March 31, 2022 and elected to be treated for U.S. federal income tax purposes as a regulated investment company (“RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”) for the tax period January 1, 2022 through March 31, 2022, as well as maintain such election in future taxable years. However, there is no guarantee that the Company will qualify to make such an election for any taxable year.

On February 4, 2022, the Company’s common stock began trading on the Nasdaq Global Market under the ticker symbol “SSIC,” and we completed our initial public offering of 6,214,286 shares of our common stock, par value $0.01, inclusive of an over-allotment option that was exercised in full on March 1, 2022 (“IPO”), for approximately $87 million.

The Company is managed by Silver Spike Capital, LLC (“SSC” or “Adviser”), a registered investment advisor under the Investment Advisers Act of 1940 with the Securities and Exchange Commission. SSC has engaged SS&C Technologies, Inc. and ALPS Fund Services, Inc. (“SS&C”), as sub-administrator, to perform administrative services necessary for the Company to operate.

The Company’s investment objective is to maximize risk-adjusted returns on equity for its shareholders. The Company seeks to drive return on equity by generating current income from debt investments and capital appreciation from equity and equity-related investments. The Company intends to achieve its investment objective by investing primarily in secured debt, unsecured debt, equity warrants and direct equity investments in private leveraged middle-market cannabis companies and other companies in the health and wellness sector. The debt investments are often secured by either a first or second priority lien on the assets of the portfolio company, can include either fixed or floating rate terms and will generally have a term of between two and six years from the original investment date.

On November 8, 2022, the Board of Directors (“Board”) of the Company approved a change in its fiscal year end from March 31 to December 31. Certain prior period information has been reclassified to conform to the current period presentation.

**NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***
The Company’s financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), including the requirements under ASC 946, Financial Services—Investment Companies and Articles 6 and 12 of Regulation S-X. In the opinion of management, all adjustments of a normal recurring nature considered necessary for the fair presentation of the financial statements have been made. The current period’s results of operations are not necessarily indicative of results that may be achieved for the year.

***Use of Estimates***

The preparation of the financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions affecting reported amounts of assets and liabilities at the date of the financial statements (i.e. fair value of investments) and the reported amounts of income, expenses, and gains and losses during the reported period. These estimates are based on the information that is currently available to the Company and on various other assumptions that the Company believes to be reasonable under the circumstances. Actual results could differ materially from those estimates under different assumptions and conditions.

***Investment Valuation***
The Company’s investments are recorded at their estimated fair value on the Statement of Assets and Liabilities. Investments for which market quotations are readily available will typically be valued at the bid price of those market quotations. To validate market quotations, we utilize a number of factors to determine if the quotations are representative of fair value, including the source and number of the quotations. Debt and equity securities that are not publicly traded or whose market prices are not readily available are valued at fair value as determined in good faith by the Adviser, as the Company’s valuation designee (the “Valuation Designee”), based on inputs that may include valuations, or ranges of valuations, provided by independent third-party valuation firm(s) engaged by the Adviser. Generally, the valuation approach used for debt investments is the income approach. The approach derives a value based on either determining the present value of a projected level of cash flow, including a terminal value, or by the capitalization of a normalized measure of future cash flow. The discounted cash flow (“DCF”) method, one of the methodologies under the income approach, involves estimating future cash flows under various scenarios and discounting them to the measurement date. The discount rate represents a return required by a market participant in order to make an investment in the subject company. Generally, the valuation approach used for debt investments is the income approach.

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Alternatively, the market approach or asset approach may be used. The market approach is a way of determining a value indication by using one or more methods that compare the portfolio company to similar businesses. Value indicators are applied to relevant financial information of the entity being valued to estimate its fair value. There are two methodologies to consider under the market approach: the guideline company method ("GCM") and the controlling transaction method ("CTM"). The GCM is based on the premise that the pricing multiples of comparable publicly traded companies can be used as a tool to value privately held companies. The publicly traded companies' ratios and business enterprise value provide guidance in the valuation process. Considerations of factors such as size, growth, profitability and return on investment are also analyzed and compared to the subject business. The CTM is based on the same premise as the GCM. Guideline transactions include change-of-control transactions involving public or private businesses for companies engaged in similar lines of business or with similar economic characteristics. The valuation considers the price at which the merger or acquisition took place to other factors in order to create a pricing multiple that can be used to determine an estimate of value for the subject company.

The asset approach provides an indication of the company's value by developing a valuation-based balance sheet. This approach requires adjusting the historical assets and liabilities listed on the U.S. GAAP-based balance sheet to market fair values. The excess of assets over liabilities represents the tangible value of the business enterprise. The asset approach does not consider the relevant earnings capacity of a going concern business.

Effective September 8, 2022, pursuant to Rule 2a-5 under the 1940 Act, the Board designated the Adviser as the Valuation Designee to perform the fair value determinations for the Company, subject to the oversight of the Board and certain Board reporting and other requirements.

As part of the valuation process, the Adviser takes into account relevant factors in determining the fair value of our investments, including: the estimated enterprise value of a portfolio company (i.e., the total fair value of the portfolio company's debt and equity), the nature and realizable value of any collateral, the portfolio company's ability to make payments based on its earnings and cash flow, the markets in which the portfolio company does business, a comparison of the portfolio company's securities to any similar publicly traded securities, and overall changes in the interest rate environment and the credit markets. When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, the Adviser considers whether the pricing indicated by the external event corroborates its valuation.

The Adviser undertakes a multi-step valuation process, which includes, among other procedures, the following:

- With respect to investments for which market quotations are readily available, those investments will typically be valued at the bid price of those market quotations;
- With respect to investments for which market quotations are not readily available, the valuation process begins with the Adviser's valuation committee establishing a preliminary valuation of each investment, which may be based on valuations, or ranges of valuations, provided by independent valuation firm(s);
- Preliminary valuations are documented and discussed by the Adviser's valuation committee and, where appropriate, the independent valuation firm(s); and
- The Adviser determines the fair value of each investment.

We conduct this valuation process on a quarterly basis.

We apply Financial Accounting Standards Board Accounting Standards Codification 820, *Fair Value Measurement* ("ASC 820"), which establishes a framework for measuring fair value in accordance with U.S. GAAP and required disclosures of fair value measurements. ASC 820 determines fair value to be the price that would be received for an investment in a current sale, which assumes an orderly transaction between market participants on the measurement date. Market participants are defined as buyers and sellers in the principal or most advantageous market (which may be a hypothetical market) that are independent, knowledgeable, and willing and able to transact. In accordance with ASC 820, we consider the principal market to be the market that has the greatest volume and level of activity. ASC 820 specifies a fair value hierarchy that prioritizes and ranks the level of observability of inputs used in determination of fair value. In accordance with ASC 820, these levels are summarized below:

- Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that we have the ability to access at the measurement date;
- Level 2 – Valuations based on quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active, or for which all significant inputs are observable, either directly or indirectly; and
- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may fluctuate from period to period. Additionally, the fair value of such investments may differ significantly from the values that would have been used had a ready market existed for such investments and may differ materially from the values that may ultimately be realized. Further, such investments are generally less liquid than publicly traded securities and may be subject to contractual and other restrictions on resale. If we were required to liquidate a portfolio investment in a forced or liquidation sale, it could realize amounts that are different from the amounts presented and such differences could be material.

In addition, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different than the unrealized gains or losses reflected previously.

***Cash and Cash Equivalents***

Cash and cash equivalents consists of funds deposited with financial institutions and short-term (maturity of 90 days or less) liquid investments and money market funds. Funds held in money market funds are considered Level 1 in the fair value hierarchy in accordance with ASC 820. Cash held in demand deposit accounts may exceed the Federal Deposit Insurance Corporation ("FDIC") insured limit. As of March 31, 2023 and December 31, 2022, cash and cash equivalents consisted of $32.54 million and $35.13 million, respectively, of which $32.54 million and $35.13 million, respectively, was held in the State Street Institutional U.S. Government Money Market Fund.

***Earnings per share***

Basic earnings per share is computed by dividing net increase (decrease) in net assets resulting from operations by the weighted-average number of common shares outstanding for the period. Other potentially dilutive common shares, and the related impact to earnings are considered when calculating earnings per share on a diluted basis.

***Investment Transactions***

Investment transactions are recorded on trade date. Realized gains or losses are recognized as the difference between the net proceeds received (excluding prepayment fees, if any) and the amortized cost basis of the investment using the specific identification method without regard to unrealized gains or losses previously recognized, and include investments written off during the period, net of recoveries. Current-period changes in fair value of investments are reflected as a component of the net change in unrealized appreciation/(depreciation) on investments on the Statements of Operations. The net change in unrealized appreciation/(depreciation) primarily reflects the change in investment fair values as of the last business day of the reporting period, including the reversal of previously recorded unrealized gains or losses with respect to investments realized during the period.

Investments traded but not yet settled are reported in payable for investments purchased and receivable for investments sold on the Statement of Assets and Liabilities.

***Interest and Dividend Income***

Interest income is recorded on the accrual basis and includes accretion and amortization of discounts or premiums, respectively. Discounts and premiums to par value on securities purchased are accreted and amortized, respectively, into interest income over the contractual life of the respective security using the effective yield method. The amortized cost of investments represents the original cost adjusted for the accretion and amortization of discounts and premiums, respectively. Upon prepayment of a loan or debt security, any prepayment premiums and unamortized discounts or premiums are recorded as interest income in the current period.

When a debt security becomes 90 days or more past due, or if management otherwise does not expect that principal, interest, and other obligations due will be collected in full, the Company will generally place the debt security on non-accrual status and cease recognizing interest income on that debt security until all principal and interest due has been paid or the Company believes the borrower has demonstrated the ability to repay its current and future contractual obligations. Any uncollected interest is reversed from income in the period that collection of the interest receivable is determined to be doubtful. However, the Company may make exceptions to this policy if the investment has sufficient collateral value and is in the process of collection. As of March 31, 2023 and December 31, 2022, there were no loan investments in the portfolio placed on non-accrual status.

We typically receive debt investment origination or closing fees in connection with investments. Such debt investment origination and closing fees are capitalized as unearned income and offset against investment cost basis on our Statements of Assets and Liabilities and accreted into interest income using the effective yield method over the term of the investment. Upon the prepayment of a debt investment, any unaccreted debt investment origination and closing fees are accelerated into interest income.

Interest income earned, excluding accretion of discounts and amortization of premiums, was $2,317,020 and $10,073 for the three months ended March 31, 2023 and 2022. As of March 31, 2023 and December 31, 2022, $1,568,026 and $1,559,081, respectively were recorded as interest receivable.

Dividend income on preferred equity securities is recorded on the accrual basis to the extent that such amounts are payable by the portfolio company and are expected to be collected. Dividend income on common equity securities is recorded on the record date for private portfolio companies or on the ex-dividend date for publicly traded portfolio companies.

Certain investments may have contractual PIK interest or dividends. PIK interest or dividends represents accrued interest or dividends that is added to the principal amount of the investment on the respective interest or dividend payment dates rather than being paid in cash and generally becomes due at maturity. If PIK interest or dividends are not expected to be realized by the Company, the investment generating PIK interest or dividends will be placed on non-accrual status. When an investment with PIK is placed on non-accrual status, the accrued, uncapitalized interest or dividends are generally reversed through interest or dividend income, respectively.

***Fee Income***

All transaction fees earned in connection with our investments are recognized as fee income and are generally non-recurring. Such fees typically include fees for services, including structuring and advisory services, provided to portfolio companies. We recognize income from fees for providing such structuring and advisory services when the services are rendered or the transactions are completed.

For the three months ended March 31, 2023 and 2022, no fee income was earned.

***Income Taxes***

The Company adopted an initial tax year end of December 31, 2021 and was taxed as a corporation for U.S. federal income tax purposes for the tax period ended December 31, 2021. The Company adopted the tax year end of March 31, 2022 and elected to be treated for U.S. federal income tax purposes as a RIC under Subchapter M of the Code for the tax period January 1, 2022 through March 31, 2022, and intends to maintain such election in the current and future taxable years. To maintain its tax treatment as a RIC, the Company must meet specified source-of-income and asset diversification requirements and timely distribute to its stockholders for each taxable year at least 90% of its investment company taxable income. In order for the Company not to be subject to U.S. federal excise taxes, it must distribute annually an amount at least equal to the sum of (i) 98% of its net ordinary income for the calendar year, (ii) 98.2% of its capital gains in excess of capital losses for the one-year period ending on October 31 of the calendar year and (iii) any net ordinary income and capital gains in excess of capital losses for preceding years that were not distributed during such years. The Company, at its discretion (subject to the requirement to distribute 90% of its investment company taxable income as described above), may carry forward taxable income in excess of calendar year dividends and pay a 4% nondeductible U.S. federal excise tax on this income. If the Company chooses to do so, this generally would increase expenses and reduce the amount available to be distributed to stockholders. As of March 31, 2023 and December 31, 2022, $0 and $80,566 of accrued excise taxes remained payable.

The Company evaluates tax positions taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" to be sustained by the applicable tax authority in accordance with ASC Topic 740, *Income Taxes* ("ASC 740"). Tax benefits of positions not deemed to meet the more-likely-than-not threshold, or uncertain tax positions, would be recorded as tax expense in the current year. It is the Company's policy to recognize accrued interest and penalties related to uncertain tax benefits in income tax expense.

Based on the analysis of the Company's tax position, the Company has no uncertain tax positions that met the recognition or measurement criteria as of March 31, 2023 and December 31, 2022. The Company does not anticipate any significant increase or decrease in unrecognized tax benefits for the next twelve months. All of the Company's tax returns remain subject to examination by U.S. federal and state tax authorities.

***Organization Expenses and Offering Costs***

*Organizational expenses*

Costs associated with the organization of the Company are expensed as incurred. These expenses consist primarily of legal fees and other costs of organizing the Company.

For the three months ended March 31, 2023 and 2022, the Company incurred organizational expenses of $0 and $34,168, respectively. As of March 31, 2023 and December 31, 2022, there were no unpaid organizational expenses.

*Offering costs*

These costs consist primarily of legal fees and other costs incurred in connection with the Company's share offerings, the preparation of the Company's registration statement, and registration fees.

Costs associated with the offering of common shares of the Company are capitalized as deferred offering and, if any, are included in deferred offering costs on the Statements of Assets and Liabilities. Costs of approximately $1,690,184 were charged to capital upon the completion of the Company's public offering during the three months ended March 31, 2022. For the three months ended March 31, 2023, no offering costs were charged to capital. As of March 31, 2023 and December 31, 2022, there were no unpaid offering costs.

***New Accounting Standards***

Management does not believe any recently issued, but not yet effective, accounting standards, if currently adopted, would have a material effect on the accompanying financial statements.

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**NOTE 3 — INVESTMENTS**

The Company seeks to invest in portfolio companies primarily in the form of loans (secured and unsecured), but may include equity warrants and direct equity investments. The loans typically pay interest with some amortization of principal. As of March 31, 2023, 82.3% of the portfolio (based on amortized cost) pays interest on a floating rate basis with a PRIME floor, and 17.7% of the portfolio (based on amortized cost) pays fixed interest. As of December 31, 2022, 80.9% of the portfolio (based on amortized cost) pays interest on a floating rate basis with a PRIME floor, and 19.1% of the portfolio (based on amortized cost) pays fixed interest. We will generally seek to obtain security interests in the assets of our portfolio companies that serve as collateral in support of the repayment of these loans. This collateral may take the form of first or second priority liens on the assets of a portfolio company. In some of our portfolio investments, we expect to receive nominally priced equity warrants and/or make direct equity investments in connection with a debt investment. In addition, a portion of our portfolio may be comprised of derivatives, including total return swaps.

We expect that our loans will typically have final maturities of three to six years. However, we expect that our portfolio companies often may repay these loans early, generally within three years from the date of initial investment.

***Portfolio Composition***

The Company's portfolio investments are in companies conducting business in or supporting the cannabis industries. The following tables summarize the composition of the Company's portfolio investments by industry at cost and fair value and as a percentage of the total portfolio as of March 31, 2023 and December 31, 2022.

| | March 31, 2023 | | | |
|---|---|---|---|---|
| | Amortized Cost | | Fair Value | |
| Industry | Amount | % | Amount | % |
| Wholesale Trade | $ 54,910,290 | 100.0% | $ 55,623,299 | 100.0% |
| Total | $ 54,910,290 | 100.0% | $ 55,623,299 | 100.0% |

| | December 31, 2022 | | | |
|---|---|---|---|---|
| | Amortized Cost | | Fair Value | |
| Industry | Amount | % | Amount | % |
| Wholesale Trade | $ 50,527,898 | 100.0% | $ 50,254,550 | 100.0% |
| Total | $ 50,527,898 | 100.0% | $ 50,254,550 | 100.0% |

The geographic composition is determined by the location of headquarters of the portfolio company. The following tables summarize the composition of the Company's portfolio investments by geographic region of the United States at cost and fair value and as a percentage of the total portfolio as of March 31, 2023 and December 31, 2022. Geographic regions are defined as: West, for the states of WA, OR, ID, MT, WY, CO, AK, HI, UT, NV and CA; Midwest, for the states ND, SD, NE, KS, MO, IA, MN, WI, MI, IL, IN and OH; Northeast, for the states PA, NJ, NY, CT, RI, MA, VT, NH and ME; Southeast, for the states of AR, LA, MS, TN, KY, AL, FL, GA, SC, NC, VA, DE, WV and MD; and Southwest, for the states of AZ, NM, TX and OK.

| | March 31, 2023 | | | |
|---|---|---|---|---|
| | Amortized Cost | | Fair Value | |
| Geographic Location | Amount | % | Amount | % |
| Midwest | $ 24,472,332 | 44.5% | $ 24,959,628 | 44.9% |
| West | 20,509,585 | 37.4 | 20,571,719 | 37.0 |
| Northeast | 8,130,300 | 14.8 | 8,287,292 | 14.9 |
| Southeast | 1,798,073 | 3.3 | 1,804,660 | 3.2 |
| Total | $ 54,910,290 | 100.0% | $ 55,623,299 | 100.0% |

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| | December 31, 2022 | | | | | |
|---|---|---|---|---|---|---|
| | Amortized Cost | | | Fair Value | | |
| Geographic Location | Amount | | % | Amount | | % |
| Midwest | $ | 24,420,752 | 48.4% | $ | 24,358,686 | 48.5% |
| West | | 20,479,987 | 40.5 | | 20,268,705 | 40.3 |
| Northeast | | 3,854,475 | 7.6 | | 3,854,475 | 7.7 |
| Southeast | | 1,772,684 | 3.5 | | 1,772,684 | 3.5 |
| Total | $ | 50,527,898 | 100.0% | $ | 50,254,550 | 100.0% |

The following tables summarize the composition of the Company’s portfolio investments by investment type at cost and fair value and as a percentage of the total portfolio as of March 31, 2023 and December 31, 2022.

| | March 31, 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Amortized Cost | | | Fair Value | | |
| Investment | Amount | | % | Amount | | % |
| Senior Secured First Lien Term Loan | $ | 45,176,109 | 82.3% | $ | 45,703,391 | 82.2% |
| Senior Secured Notes | | 9,734,181 | 17.7 | | 9,919,908 | 17.8 |
| Total | $ | 54,910,290 | 100.0% | $ | 55,623,299 | 100.0% |

| | December 31, 2022 | | | | | |
|---|---|---|---|---|---|---|
| | Amortized Cost | | | Fair Value | | |
| Investment | Amount | | % | Amount | | % |
| Senior Secured First Lien Term Loan | $ | 40,871,914 | 80.9% | $ | 40,660,633 | 80.9% |
| Senior Secured Notes | | 9,655,984 | 19.1 | | 9,593,917 | 19.1 |
| Total | $ | 50,527,898 | 100.0% | $ | 50,254,550 | 100.0% |

***Certain Risk Factors***

In the ordinary course of business, the Company manages a variety of risks including market risk, credit risk, liquidity risk, interest rate risk, prepayment risk, risks associated with political tensions and risks associated with the COVID-19 pandemic. The Company identifies, measures and monitors risk through various control mechanisms, including trading limits and diversifying exposures and activities across a variety of instruments, markets and counterparties.

Market risk is the risk of potential adverse changes to the value of financial instruments because of changes in market conditions, including as a result of changes in the credit quality of a particular issuer, credit spreads, interest rates, and other movements and volatility in security prices or commodities. In particular, the Company may invest in issuers that are experiencing or have experienced financial or business difficulties (including difficulties resulting from the initiation or prospect of significant litigation or bankruptcy proceedings), which involves significant risks. The Company manages its exposure to market risk through the use of risk management strategies and various analytical monitoring techniques.

Concentration risk is the risk that the Company’s focus on investments in cannabis companies may subject the Company to greater price volatility and risk of loss as a result of adverse economic, business or other developments affecting cannabis companies than funds investing in a broader range of industries or sectors. At times, the performance of investments in cannabis companies will lag the performance of other industries or sectors or the broader market as a whole.

Credit risk is the risk that a decline in the credit quality of an investment could cause the Company to lose money. The Company could lose money if the issuer or guarantor of a portfolio security or a counterparty to a derivative contract fails to make timely payment or otherwise honor its obligations. Fixed income securities rated below investment grade (high-yield bonds) involve greater risks of default or downgrade and are generally more volatile than investment grade securities. Below investment grade securities involve greater risk of price declines than investment grade securities due to actual or perceived changes in an issuer’s creditworthiness. In addition, issuers of below investment grade securities may be more susceptible than other issuers to economic downturns. Such securities are subject to the risk that the issuer may not be able to pay interest or dividends and ultimately to repay principal upon maturity. Discontinuation of these payments could substantially adversely affect the market value of the security.

The Company’s investments may, at any time, include securities and other financial instruments or obligations that are illiquid or thinly traded, making purchase or sale of such securities and financial instruments at desired prices or in desired quantities difficult. Furthermore, the sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to value any such investments accurately.

Interest rate risk refers to the change in earnings that may result from changes in the level of interest rates. To the extent that the Company borrows money to make investments, including under any credit facility, net investment income will be affected by the difference between the rate at which the Company borrows funds and the rate at which the Company invests these funds. In periods of rising interest rates, the Company’s cost of borrowing funds would increase, which may reduce net investment income. As a result, there can be no assurance that a significant change in market interest rates will not have a material adverse effect on net investment income.

Prepayment risk is the risk that a loan in the Company's portfolio will prepay due to the existence of favorable financing market conditions that allow the portfolio company the ability to replace existing financing with less expensive capital. As market conditions change, prepayment may be possible for each portfolio company. In some cases, the prepayment of a loan may reduce the Company's achievable yield if the capital returned cannot be invested in transactions with equal or greater expected yields, which could have a material adverse effect on our business, financial condition and results of operations.

Political tensions in the United States and around the world (including the current conflict in Ukraine), may contribute to increased market volatility, may have long-term effects on the United States and worldwide financial markets and may cause economic uncertainties or deterioration in the U.S. and worldwide.

As jurisdictions around the United States and the world continue to experience surges in cases of COVID-19 and governments consider pausing the lifting of or re-imposing restrictions, there is considerable uncertainty surrounding the full economic impact of the coronavirus pandemic and the long-term effects on the U.S. and global financial markets.

**NOTE 4 — FAIR VALUE OF FINANCIAL INSTRUMENTS**

ASC 820 defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy based on the quality of inputs used to measure fair value and enhances disclosure requirements for fair value measurements. The Company accounts for its investments at fair value. As of March 31, 2023 and December 31, 2022, the Company's portfolio investments consisted of investments in secured loans and secured notes. The fair value amounts have been measured as of the reporting date and have not been reevaluated or updated for purposes of these financial statements subsequent to that date. As such, the fair values of these financial instruments subsequent to the reporting date may be different than amounts reported.

In accordance with ASC 820, the Company has categorized its investments based on the priority of the inputs to the valuation technique into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical investments (Level 1) and the lowest priority to unobservable inputs (Level 3).

As required by ASC 820, when the inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement in its entirety. For example, a Level 3 fair value measurement may include inputs that are observable (Levels 1 and 2) and unobservable (Level 3). Therefore, the fair value related to such investments categorized within the Level 3 tables below may include components of the fair value that are attributable to both observable inputs (Levels 1 and 2) and unobservable inputs (Level 3). The fair value determination of each portfolio investment categorized as Level 3 required one or more unobservable inputs.

The use of significant unobservable inputs creates uncertainty in the measurement of fair value as of the reporting date. The significant unobservable inputs used in the fair value measurement of the Company's investments may vary and may include debt investments' yield (i.e. discount rate) and volatility assumptions.

The Company's investments measured at fair value by investment type on a recurring basis as of March 31, 2023 were as follows:

| | Fair Value Measurements at March 31, 2023 Using | | | |
|---|---|---|---|---|
| **Assets** | **Quoted Prices in Active Markets for Identical Assets (Level 1)** | **Significant Other Observable Inputs (Level 2)** | **Significant Unobservable Inputs (Level 3)** | **Total** |
| Senior Secured First Lien Term Loan | $ - | $ - | $ 45,703,391 | $ 45,703,391 |
| Senior Secured Notes | - | - | 9,919,908 | 9,919,908 |
| Total | $ - | $ - | $ 55,623,299 | $ 55,623,299 |

The Company's investments measured at fair value by investment type on a recurring basis as of December 31, 2022 were as follows:

| | Fair Value Measurements at December 31, 2022 Using | | | |
|---|---|---|---|---|
| **Assets** | **Quoted Prices in Active Markets for Identical Assets (Level 1)** | **Significant Other Observable Inputs (Level 2)** | **Significant Unobservable Inputs (Level 3)** | **Total** |
| Senior Secured First Lien Term Loan | $ - | $ - | $ 40,660,663 | $ 40,660,663 |
| Senior Secured Notes | - | - | 9,593,917 | 9,593,917 |
| Total | $ - | $ - | $ 50,254,580 | $ 50,254,580 |

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The following tables provide a summary of the significant unobservable inputs used to fair value the Level 3 portfolio investments as of March 31, 2023 and December 31, 2022. The methodology for the determination of the fair value of the Company's investments is discussed in "Note 2 – Significant Accounting Policies". Discount Rate ranges are shown as spread over Treasuries for Senior Secured First Lien Term Loans.

| Investment Type | | Fair Value as of March 31, 2023 | Valuation Techniques/ Methodologies | Unobservable Input | Range | Weighted Average [1] |
|---|---|---|---|---|---|---|
| Senior Secured First Lien Term Loan | $ | 45,703,391 | Discounted Cash Flow | Discount Rate | 11.6% - 14.8% | 12.9% |
| Senior Secured Notes | | 9,919,908 | Discounted Cash Flow | Discount Rate | 9.7% - 15.9% | 11.4% |
| Total | $ | 55,623,299 | | | | |

| Investment Type | | Fair Value as of December 31, 2022 | Valuation Techniques/ Methodologies | Unobservable Input | Range | Weighted Average [1] |
|---|---|---|---|---|---|---|
| Senior Secured First Lien Term Loan | $ | 40,660,633 | Discounted Cash Flow | Discount Rate<br>Volatility | 7.2% - 9.6%<br>20.0% - 20.0% | 8.4%<br>20.0% |
| Senior Secured Notes | | 9,593,917 | Discounted Cash Flow | Discount Rate<br>Volatility | 11.6% - 18.7%<br>7.0% - 20.0% | 14.3%<br>12.4% |
| Total | $ | 50,254,550 | | | | |

(1) The weighted average is calculated based on the fair value of each investment.

Significant increases (decreases) in discount rate in isolation would result in a significantly higher (lower) fair value assessment. Significant increases (decreases) in volatility in isolation would result in a significantly lower (higher) fair value assessment.

The following table provides a summary of changes in the fair value of the Company's Level 3 portfolio investments for the three months ended March 31, 2023:

| | | Senior Secured First Lien Term Loan | | Senior Secured Notes | | Total Investments |
|---|---|---|---|---|---|---|
| Fair Value as of December 31, 2022 | $ | 40,660,633 | $ | 9,593,917 | $ | 50,254,550 |
| Purchases | | 4,230,000 | | - | | 4,230,000 |
| Accretion of discount and fees (amortization of premium), net | | 62,621 | | 78,198 | | 140,819 |
| PIK interest | | 11,573 | | - | | 11,573 |
| Sales of investments | | - | | - | | - |
| Proceeds from principal repayments | | - | | - | | - |
| Net realized gain (loss) on investments | | - | | - | | - |
| Net change in unrealized appreciation (depreciation) on investments | | 738,564 | | 247,793 | | 986,357 |
| Balance as of March 31, 2023 | $ | 45,703,391 | $ | 9,919,908 | $ | 55,623,299 |
| | | | | | | |
| Net change in unrealized appreciation/depreciation on Level 3 investments still held as of March 31, 2023 | $ | 738,564 | $ | 247,793 | $ | 986,357 |

As of March 31, 2022, and for the year then ended, the Company had no investments.

**NOTE 5 — RELATED PARTY TRANSACTIONS**

Pursuant to the investment advisory agreement between the Company and SSC (the "Investment Advisory Agreement"), fees payable to SSC are equal to (a) a base management fee of 1.75% of the average value of the Company's gross assets at the end of the two most recent quarters (i.e., total assets held before deduction of any liabilities), which includes investments acquired with the use of leverage and excludes cash and cash equivalents and (b) an incentive fee based on the Company's performance. The incentive fee consists of two parts. The first part is calculated and payable quarterly in arrears and equals 20% of the Company's "Pre-Incentive Fee Net Investment Income" for the quarter, subject to a preferred return, or "hurdle," of 1.75% per quarter (7% annualized), and a "catch-up" feature. The second part is determined and payable in arrears as of the end of each fiscal year (or upon termination of the Investment Advisory Agreement) and equals 20% of the Company's realized capital gains on a cumulative basis from inception through the end of the fiscal year, if any, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fee (the "Incentive Fee on Capital Gains").

While the Investment Advisory Agreement neither includes nor contemplates the inclusion of unrealized gains in the calculation of the Incentive Fee on Capital Gains, as required by U.S. GAAP, we accrue the Incentive Fee on Capital Gains on unrealized capital appreciation exceeding unrealized depreciation. This accrual reflects the Incentive Fee on Capital Gains that would be payable to SSC if the Company's entire investment portfolio was liquidated at its fair value as of the balance sheet date even though SSC is not entitled to an Incentive Fee on Capital Gains with respect to unrealized capital appreciation unless and until such gains are actually realized.

The management fee is payable quarterly in arrears. For the three months ended March 31, 2023 and 2022, the Company incurred management fee expenses of $238,419 and $0, respectively. As of March 31, 2023 and December 31, 2022, $409,384 and $170,965, respectively, remained payable.

For the three months ended March 31, 2023 and 2022, the Company incurred income-based incentive fee expenses of $203,821 and $0, respectively. As of March 31, 2023 and December 31, 2022, $203,821 and $0, respectively, remained payable. For the three months ended March 31, 2023 and 2022, the Company incurred capital gains incentive fee expenses of $142,602 and $0, respectively. As of March 31, 2023 and December 31, 2022, $142,602 and $0, respectively, remained payable.

Pursuant to the administration agreement between the Company and SSC (the "Administration Agreement"), the Company is to reimburse the administrator, SSC, for the costs and expenses incurred by SSC in performing its obligations, including but not limited to maintaining and keeping all books and records and providing personnel and facilities. This includes costs and expenses incurred by SSC in connection with the delegation of its obligations to SS&C, the sub-administrator. The Company is generally not responsible for the compensation of SSC's employees or any overhead expenses. However, we may reimburse SSC for an allocable portion of the compensation paid by SSC to our CCO and CFO and their respective staffs (based on a percentage of time such individuals devote, on an estimated basis, to our business affairs). For the three months ended March 31, 2023 and 2022, the Adviser has waived any expense reimbursement, other than those associated with the delegation of its obligations to the sub-administrator.

Due to affiliate in the accompanying Statements of Assets and Liabilities in the amount of $0 and $37 as of March 31, 2023 and December 31, 2022, respectively, is due to SSC for expenses paid on the Company's behalf. For the three months ended March 31, 2023 and 2022, the Company paid $984 and $387,373, respectively, for expenses on SSC's behalf.

SSC was the seed investor of the Company and provided initial funding to the Company by purchasing approximately $63 million of the Company's common stock in the Company's initial public offering. SSC provided this "seed capital" to the Company for the purpose of facilitating the launch and initial operation of the Company, as opposed to for long term investment purposes. SSC does not expect to hold the Company's common stock indefinitely, and may sell the Company's common stock at a future point in time. In order for SSC's sales of the shares of the Company not to be deemed to have been made "on the basis of" material nonpublic information, such sales may be made pursuant to a pre-approved trading plan that complies with Rule 10b5-1 under the Exchange Act and that may obligate SSC to make recurring sales of the Company's common stock on a periodic basis. Sales of substantial amounts of the Company's common stock, including by SSC or other large stockholders, or the availability of such common stock for sale, could adversely affect the prevailing market prices for the Company's common stock. If this occurs and continues for a sustained period of time, it could impair the Company's ability to raise additional capital through the sale of securities, should the Company desire to do so.

SSC holds approximately 72% of the Company's voting stock and has the ability to exercise substantial control over all corporate actions requiring stockholder approval, including the election and removal of directors, certain amendments of the Company's charter, the Company's ability to issue its common stock at a price below NAV per share, and the approval of any merger or other extraordinary corporate action.

SSC has agreed to absorb $2.07 million, the cost of the sales load (i.e., underwriting discounts and commissions) incurred by the Company in connection with the initial public offering of its common stock.

**NOTE 6 — COMMITMENTS AND CONTINGENCIES**

Commitments and contingencies have been reviewed and the Company has identified no commitments or contingencies as of March 31, 2023 and December 31, 2022.

**NOTE 7 — COMMON STOCK**

In connection with its formation, the Company authorized 100,000,000 shares of its common stock with a par value of $0.01 per share. As of March 31, 2023 and December 31, 2022, the Company had issued and outstanding shares of 6,214,672 and raised capital of approximately $85 million (net of approximately $2 million of offering costs).

***Distribution Reinvestment Plan***
The Company's distribution reinvestment plan ("DRIP") provides for the reinvestment of distributions in the form of common stock on behalf of its stockholders, unless a stockholder has elected to receive distributions in cash. As a result, if the Company declares a cash distribution, its stockholders who have not "opted out" of the DRIP by the opt out date will have their cash distribution automatically reinvested into additional shares of the Company's common stock. The share requirements of the DRIP may be satisfied through the issuance of common shares or through open market purchases of common shares by the DRIP plan administrator.

The Company's DRIP is administered by its transfer agent on behalf of the Company's record holders and participating brokerage firms. Brokerage firms and other financial intermediaries may decide not to participate in the Company's DRIP but may provide a similar distribution reinvestment plan for their clients. During the three months ended March 31, 2023 and 2022, the Company issued no shares of common stock under the DRIP.

**NOTE 8 — INDEMNIFICATION**

Under the Company's organizational documents, the Company's officers and directors are indemnified against certain liabilities arising out of the performance of their duties to the Company. In addition, in the normal course of business the Company enters into contracts that contain a variety of representations which provide general indemnifications. The Company's maximum exposure under these agreements cannot be known; however, the Company expects any risk of loss to be remote.

**NOTE 9 — EARNINGS PER SHARE**

The following table sets forth the computation of the weighted average basic and diluted net increase (decrease) in net assets per share from operations for the three months ended March 31, 2023 and 2022:

| | For the three months ended March 31, 2023 | For the three months ended March 31, 2022 |
|---|---|---|
| Net increase (decrease) in net assets resulting from operations | $ 2,357,080 | $ (215,531) |
| Weighted Average Shares Outstanding - basic and diluted | 6,214,672 | 3,557,529 |
| Net increase (decrease) in net assets resulting from operations per share - basic and diluted | $ 0.38 | $ (0.06) |

**NOTE 10 — INCOME TAXES**

The Company adopted a tax year end of March 31, with the period from January 1, 2022 to March 31, 2022 being the first tax period. The Company elected to be treated as a regulated investment company ("RIC") for U.S. federal income tax purposes under Subchapter M of the Code for the tax period January 1, 2022 through March 31, 2022, and intends to maintain such election in future taxable years, including the tax year from April 1, 2022 to March 31, 2023. However, there is no guarantee that the Company will qualify to make such an election for any taxable year. As a RIC, the Company generally will not pay corporate-level income tax if it distributes to stockholders at least 90% of its investment company taxable income ("ICTI") (which is generally its net ordinary taxable income and realized net short-term capital gains in excess of realized net long-term capital losses) and 90% of its tax-exempt income to maintain its RIC status. Depending on the level of ICTI earned in a tax year, the Company may choose to carry forward ICTI in excess of the current year distribution into the next tax year. Any such carryover ICTI must be distributed before the end of that next tax year through a dividend declared prior to filing the final tax return related to the year which generated such ICTI. The amount to be paid out as a distribution is determined by the Company's Board of Directors each quarter and is based upon the annual earnings estimated by the management of the Company. To the extent the Company's earnings fall below the amount of dividend distributions declared, however, a portion of the total amount of the Company's distributions for the tax year may be deemed a return of capital for tax purposes to the Company's stockholders.

Because federal income tax regulations differ from GAAP, distributions in accordance with tax regulations may differ from net investment income and realized gains recognized for financial reporting purposes. Differences may be permanent or temporary in nature. Permanent differences are reclassified among the capital accounts in the financial statements to reflect their appropriate tax character. Temporary differences arise when certain items of income, expense, gain or loss are recognized in different periods for book and tax purposes.

The Company has not recorded a liability for any uncertain tax positions pursuant to the provisions of ASC 740, Income Taxes, as of March 31, 2023 and December 31, 2022.

In the normal course of business, the Company is subject to examination by federal and certain state and local tax regulators.

As of March 31, 2023, the Company has no capital loss carryforwards for federal income tax purposes, which can be used to offset future capital gains. Any such capital losses are permitted to be carried forward indefinitely.

The Company's taxable income for each period is an estimate and will not be finally determined until the Company files its tax return for each year. Therefore, the final taxable income earned in each period and carried forward for distribution in the following period may be different than this estimate.

For income tax purposes, distributions paid to shareholders are reported as ordinary income, return of capital, long-term capital gains, or a combination thereof. There were no distributions paid for the tax periods ending March 31, 2022 or March 31, 2023.

For the tax year ended March 31, 2023, the Company reclassified $121,099 from distributable earnings to additional paid-in-capital on the Statement of Assets and Liabilities arising from permanent book to tax differences primarily related to prior year post-financial statement updates and non-deductible excise tax. For the tax year ended March 31, 2022, the Company reclassified $295,235 from additional paid-in-capital to accumulated losses on the Statement of Assets and Liabilities arising from permanent book to tax difference primarily related to net operating loss forfeiture for income tax purposes.

As of March 31, 2023, the components of distributable earnings on a tax basis detailed below differ from the amounts reflected in the Company's Statements of Assets and Liabilities by temporary book or tax differences primarily arising from the tax treatment of organizational costs.

| | March 31, 2023 |
|---|---|
| Undistributed ordinary income | $ 3,418,714 |
| Net unrealized appreciation (depreciation) on investments | 713,009 |
| Other temporary differences | (399,948) |
| Total | 3,731,775 |

**SILVER SPIKE INVESTMENT CORP.**

**Notes to Financial Statements**
**(Unaudited)**

The following table sets forth the tax cost basis and the estimated aggregate gross unrealized appreciation and depreciation from investments and cash equivalents for federal income tax purposes as of March 31, 2023 and December 31, 2022:

| | March 31, 2023 | December 31, 2022 |
|---|---|---|
| Tax Cost of Investments and Cash Equivalents | $ 87,454,317 | $ 85,653,218 |
| | | |
| Gross unrealized appreciation | $ 713,009 | $ - |
| Gross unrealized depreciation | - | (273,348) |
| Net unrealized appreciation (depreciation) from investments and cash equivalents | $ 713,009 | $ (273,348) |

**NOTE 11 — FINANCIAL HIGHLIGHTS**

The Company was formed on January 25, 2021 and the effective date of our registration statement was February 3, 2022. Prior to February 3, 2022, the Company had no operations, except for matters relating to our formation and organization as a BDC. As a result, there are no significant financial results for comparative purposes. The following presents financial highlights for the three months ended March 31, 2023 and 2022:

| | For the three months ended March 31, 2023 | Period from February 3, 2022 to March 31, 2022* |
|---|---|---|
| **Per share data:** | | |
| Net asset value at beginning of period | $ 13.91 | $ 14.00 |
| Net investment income (loss) [(1)] | 0.22 | (0.07) |
| Net realized and unrealized gains/(losses) on investments[(1)] | 0.16 | - |
| Net increase/(decrease) in net assets resulting from operations | 0.38 | (0.07) |
| Offering costs [(2)] | - | (0.27) |
| Permanent tax adjustments | - | (0.05) |
| Net asset value at end of period | $ 14.29 | $ 13.61 |
| Net assets at end of period | $ 88,832,809 | $ 84,552,090 |
| Shares outstanding at end of period | 6,214,672 | 6,214,672 |
| Weighted average net assets | $ 86,501,919 | $ 83,301,328 |
| | | |
| Per share market value at end of period | $ 9.19 | $ 13.30 |
| Total return based on market value [(3)] | (6.22)% | (5.00)% |
| Total return based on net asset value [(3)] | 2.73% | (2.79)% |
| | | |
| **Ratio/Supplemental data:** | | |
| Ratio of expenses to average net assets[(4)] | 1.26% | 0.22% |
| Ratio of net investment income (loss) to average net assets[(4)] | 1.58% | (0.20)% |
| Portfolio turnover | N/A | N/A |

* The Company was formed on January 25, 2021 and the effective date of the registration statement was February 3, 2022.
(1) The per share data was derived by using the weighted average shares outstanding during the periods presented.
(2) SSC has absorbed the cost of the sales load (i.e, underwriting discounts and commissions) incurred by the Company in connection with the initial public offering of its common stock.
(3) Total return based on market value is based on the change in market price per share between the beginning and ending market prices per share in each period and assumes that common stock dividends are reinvested in accordance with our common stock dividend reinvestment plan. Total return based on net asset value is based upon the change in net asset value per share between the beginning and ending net asset values per share in each period and assumes that dividends are reinvested in accordance with our common stock dividend reinvestment plan. For periods less than a year, total return is not annualized.
(4) Ratio is not annualized.

**NOTE 12 — SUBSEQUENT EVENTS**

The Company's management evaluated subsequent events through the date on which the financial statements were issued. Other than the item listed below, there have been no subsequent events that occurred during such period that have required adjustment or disclosure in the financial statements.

On May 3, 2023, the Company invested $4.32 million in Dreamfields Brand, Inc.'s first lien senior secured term loan maturing on May 3, 2026 for a net consideration of $4.21 million.

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

*The following discussion and analysis or our financial condition and results of operations should be read together with the financial statements and the related notes that are included in Item 1 of Part I of this quarterly report on Form 10-Q. This discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under the section entitled "Item 1A. Risk Factors" in our transition report on Form 10-K for the transition period from April 1, 2022 to December 31, 2022 and elsewhere in this quarterly report on Form 10-Q. Please also see the section entitled "Special Note Regarding Forward-Looking Statements."*

### Overview

We were formed in January 2021 as a Maryland corporation and structured as an externally managed, closed-end, non-diversified management investment company. We have elected to be treated as a BDC under the 1940 Act. In addition, for U.S. federal income tax purposes we have elected to be treated, and intend to qualify annually to be treated, as a RIC under Subchapter M of the Code, commencing with our taxable year ended March 31, 2022. On November 8, 2022, our Board of Directors approved a change in our fiscal year end from March 31 to December 31.

We are a specialty finance company that may invest across the cannabis ecosystem through investments in the form of direct loans to, and equity ownership of, privately held cannabis companies. All of our investments are designed to be compliant with all applicable laws and regulations within the jurisdictions in which they are made or to which we are otherwise subject, including U.S. federal laws. We will make equity investments only in companies that are compliant with all applicable laws and regulations within the jurisdictions in which they are located or operate, including U.S. federal laws. We may make loans to companies that we determine based on our due diligence are licensed in, and complying with, state-regulated cannabis programs, regardless of their status under U.S. federal law, so long as the investment itself is designed to be compliant with all applicable laws and regulations in the jurisdiction in which the investment is made or to which we are otherwise subject, including U.S. federal law. We are externally managed by SSC and seek to expand the compliant cannabis investment activities of SSC's leading investment platform in the cannabis industry. We primarily seek to partner with private equity firms, entrepreneurs, business owners and management teams to provide credit and equity financing alternatives to support buyouts, recapitalizations, growth initiatives, refinancings and acquisitions across cannabis companies, including cannabis-enabling technology companies, cannabis-related health and wellness companies, and hemp and CBD distribution companies. Under normal circumstances, each such cannabis company derives at least 50% of its revenues or profits from, or commits at least 50% of its assets to, activities related to cannabis at the time of our investment in the cannabis company. We are not required to invest a specific percentage of our assets in such cannabis companies, and we may make debt and equity investments in other companies in the health and wellness sector.

Our investment objective is to maximize risk-adjusted returns on equity for our shareholders. We seek to capitalize on what we believe to be nascent cannabis industry growth and drive return on equity by generating current income from our debt investments and capital appreciation from our equity and equity-related investments. We intend to achieve our investment objective by investing primarily in secured debt, unsecured debt, equity warrants and direct equity investments in privately held businesses. We intend that our debt investments will often be secured by either a first or second priority lien on the assets of the portfolio company, can include either fixed or floating rate terms and will generally have a term of between three and six years from the original investment date. To date, we have invested in first lien secured, fixed and floating rate debt with terms of two to four years. We expect our secured loans to be secured by various types of assets of our borrowers. While the types of collateral securing any given secured loan will depend on the nature of the borrower's business, common types of collateral we expect to secure our loans include real property and certain personal property, including equipment, inventory, receivables, cash, intellectual property rights and other assets to the extent permitted by applicable laws and the regulations governing our borrowers. Certain attractive assets of our borrowers, such as cannabis licenses and cannabis inventory, may not be able to be used as collateral or transferred to us. See "Item 1A. Risk Factors—Risks Relating to Our Investments—Certain assets of our borrowers may not be used as collateral or transferred to us due to applicable state laws and regulations governing the cannabis industry, and such restrictions could negatively impact our profitability." In some of our portfolio investments, we expect to receive nominally priced equity warrants and/or make direct equity investments in connection with a debt investment. In addition, a portion of our portfolio may be comprised of derivatives, including total return swaps.

Generally, the loans we invest in have a complete set of financial maintenance covenants, which are used to proactively address materially adverse changes in a portfolio company's financial performance. However, we may invest in "covenant-lite" loans. We use the term "covenant-lite" to refer generally to loans that do not have a complete set of financial maintenance covenants. Generally, "covenant-lite" loans provide borrower companies more freedom to negatively impact lenders because their covenants are incurrence-based, which means they are only tested and can only be breached following an affirmative action of the borrower, rather than by a deterioration in the borrower's financial condition. Accordingly, to the extent we invest in "covenant-lite" loans, we may have fewer rights against a borrower and may have a greater risk of loss on such investments as compared to investments in or exposure to loans with a complete set of financial maintenance covenants.

The loans in which we tend to invest typically pay interest at rates which are determined periodically on the basis of PRIME plus a premium. The loans in which we have invested and expect to invest are typically made to U.S. and, to a limited extent, non-U.S. (including emerging market) corporations, partnerships and other business entities which operate in various industries and geographical regions. These loans typically are not rated or are rated below investment grade. Securities rated below investment grade are often referred to as "high-yield" or "junk" securities, and may be considered a higher risk than debt instruments that are rated above investment grade.

We have typically invested in and expect to continue to invest in loans made primarily to private leveraged middle-market companies with up to $100 million of earnings before interest, taxes, depreciation and amortization, or "EBITDA." Our business model is focused primarily on the direct origination of investments through portfolio companies or their financial sponsors. We expect that our investments will generally range between $4 million and $40 million each, although we expect that this investment size will vary proportionately with the size of our capital base. We have an active pipeline of investments and are currently reviewing over $673 million of potential investments in varying stages of underwriting.

We are externally managed by SSC. SSC also provides the administrative services necessary for us to operate. We believe that our ability to leverage the existing investment management platform of SSC enables us to operate more efficiently and with lower overhead costs than other newly formed funds of comparable size.

***Revenues***

We generate revenues primarily in the form of interest income from the investments we hold. In addition, we may generate income from dividends on either direct equity investments or equity interests obtained in connection with originating loans, such as options, warrants or conversion rights. Our debt investments typically have a term of three to six years. Our loan portfolio will bear interest at a fixed or floating rate, subject to interest rate floors in certain cases. Interest on our debt investments will generally be payable either monthly or quarterly, but may be semi-annually.

Our investment portfolio consists of fixed and floating rate loans, and our credit facilities, if any, will bear interest at floating rates. Macro trends in base interest rates like PRIME may affect our net investment income over the long term.

Loan origination fees, OID, closing fees and market discount or premium are capitalized, and we accrete or amortize such amounts under accounting principles generally accepted in the United States of America ("U.S. GAAP") as interest income, using the effective yield method for term instruments and the straight-line method for revolving or delayed draw instruments. Repayments of our debt investments will reduce interest income in future periods. The frequency or volume of these repayments may fluctuate significantly. We will record prepayment premiums on loans as interest income. We may also generate revenue in the form of commitment, structuring, or due diligence fees, fees for providing managerial assistance to our portfolio companies, and consulting fees.

Dividend income on equity investments, if applicable, will be recorded on the record date for private portfolio companies or on the ex-dividend date for publicly traded companies.

Our portfolio activity may also reflect the proceeds from sales of investments. We will recognize realized gains or losses on sales of investments based on the difference between the net proceeds from the disposition and the amortized cost basis of the investment, without regard to unrealized gains or losses previously recognized. We will record current-period changes in fair value of investments that are measured at fair value as a component of the net change in unrealized gains (losses) on investments on the Statements of Operations.

***Expenses***

Our primary operating expenses are a base management fee and any incentive fees under the Investment Advisory Agreement. Our investment management fee compensates our Adviser for its work in identifying, evaluating, negotiating, executing, monitoring, servicing and realizing our investments. See "Item 1. Business—Investment Advisory Agreement."

Except as specifically provided below, all investment professionals and staff of the Adviser, when and to the extent engaged in providing investment advisory and management services to us, the base compensation, bonus and benefits, and the routine overhead expenses of such personnel allocable to such services, are provided and paid for by the Adviser. We may bear our allocable portion of the compensation paid by the Adviser (or its affiliates) to our CFO and CCO and their respective staffs (based on a percentage of time such individuals devote, on an estimated basis, to our business affairs). We may bear any other expenses of our operations and transactions, including (without limitation) fees and expenses relating to:

- the cost of our organization and offerings;
- the cost of calculating our NAV, including the cost of any third-party valuation services;
- the cost of effecting sales and repurchases of shares of our common stock and other securities;
- fees and expenses payable under any underwriting agreements, if any;
- debt service and other costs of borrowings or other financing arrangements;
- costs of hedging;
- expenses, including travel expenses, incurred by the Adviser, or members of the investment team, or payable to third-parties, performing due diligence on prospective portfolio companies and, if necessary, enforcing our rights;

- management and incentive fees payable pursuant to the Investment Advisory Agreement;
- fees payable to third-parties relating to, or associated with, making investments and valuing investments (including third-party valuation firms);
- costs, including legal fees, associated with compliance under cannabis laws;
- transfer agent and custodial fees;
- fees and expenses associated with marketing efforts (including attendance at industry and investor conferences and similar events);
- federal and state registration fees;
- any exchange listing fees and fees payable to rating agencies;
- federal, state and local taxes;
- independent directors' fees and expenses, including travel expenses;
- cost of preparing financial statements and maintaining books and records and filing reports or other documents with the SEC (or other regulatory bodies) and other reporting and compliance costs, and the compensation of professionals responsible for the preparation of the foregoing;
- the cost of any reports, proxy statements or other notices to our stockholders (including printing and mailing costs), the costs of any stockholder or director meetings and the compensation of investor relations personnel responsible for the preparation of the foregoing and related matters;
- brokerage commissions and other compensation payable to brokers or dealers;
- research and market data;
- fidelity bond, directors' and officers' errors and omissions liability insurance and other insurance premiums;
- direct costs and expenses of administration, including printing, mailing and staff;
- fees and expenses associated with independent audits, and outside legal and consulting costs;
- costs of winding up;
- costs incurred in connection with the formation or maintenance of entities or vehicles to hold our assets for tax or other purposes;
- extraordinary expenses (such as litigation or indemnification); and
- costs associated with reporting and compliance obligations under the 1940 Act and applicable federal and state securities laws.

We expect, but cannot assure, that our general and administrative expenses will increase in dollar terms during periods of asset growth, but will decline as a percentage of total assets during such periods.

***Hedging***

To the extent that any of our investments are denominated in a currency other than U.S. dollars, we may enter into currency hedging contracts to reduce our exposure to fluctuations in currency exchange rates. We may also enter into interest rate hedging agreements. Such hedging activities, which will be subject to compliance with applicable legal requirements, may include the use of futures, options, swaps and forward contracts. Costs incurred in entering into such contracts or in connection with settling them will be borne by us.

***Portfolio Composition and Investment Activity***

*Portfolio Composition*

As of March 31, 2023, our investment portfolio had an aggregate fair value of approximately $55.6 million and was comprised of approximately $45.7 million in first lien, senior secured loans, and approximately $9.9 million in senior secured notes across six portfolio companies. As of December 31, 2022, our investment portfolio had an aggregate fair value of approximately $50.3 million and was comprised of approximately $40.7 million in first lien, senior secured loans, and approximately $9.6 million in senior secured notes across five portfolio companies.

A summary of the composition of our investment portfolio at cost and fair value as a percentage of total investments are shown in the following tables as of March 31, 2023 and December 31, 2022.

| | March 31, 2023 | |
|---|---|---|
| **Type** | **Amortized Cost** | **Fair Value** |
| Senior Secured First Lien Term Loan | 82.3% | 82.2% |
| Senior Secured Notes | 17.7 | 17.8 |
| Total | 100.0% | 100.0% |

| | December 31, 2022 | |
|---|---|---|
| **Type** | **Amortized Cost** | **Fair Value** |
| Senior Secured First Lien Term Loan | 80.9% | 80.9% |
| Senior Secured Notes | 19.1 | 19.1 |
| Total | 100.0% | 100.0% |

The following tables show the composition of our investment portfolio by geographic region of the United States at cost and fair value as a percentage of total investments as of March 31, 2023 and December 31, 2022. The geographic composition is determined by the location of the headquarters of the portfolio company.

| | March 31, 2023 | |
|---|---|---|
| **Geographic Region** | **Amortized Cost** | **Fair Value** |
| Midwest | 44.5% | 44.9% |
| West | 37.4 | 37.0 |
| Northeast | 14.8 | 14.9 |
| Southeast | 3.3 | 3.2 |
| Total | 100.0% | 100.0% |

| | December 31, 2022 | |
|---|---|---|
| **Geographic Region** | **Amortized Cost** | **Fair Value** |
| Midwest | 48.4% | 48.5% |
| West | 40.5 | 40.3 |
| Northeast | 7.6 | 7.7 |
| Southeast | 3.5 | 3.5 |
| Total | 100.0% | 100.0% |

Set forth below are tables showing the industry composition of our investment portfolio at cost and fair value as a percentage of total investments as of March 31, 2023 and December 31, 2022.

| | March 31, 2023 | |
|---|---|---|
| **Industry** | **Amortized Cost** | **Fair Value** |
| Wholesale Trade | 100.0% | 100.0% |
| Total | 100.0% | 100.0% |

| | December 31, 2022 | |
|---|---|---|
| **Industry** | **Amortized Cost** | **Fair Value** |
| Wholesale Trade | 100.0% | 100.0% |
| Total | 100.0% | 100.0% |

*Concentrations of Credit Risk*

Credit risk is the risk of default or non-performance by portfolio companies, equivalent to the investment’s carrying amount. Industry and sector concentrations will vary from period to period based on portfolio activity.

As of March 31, 2023 and December 31, 2022, we had two and two portfolio companies that represented 74.5% and 80.9%, respectively, of the fair value of our portfolio. As of March 31, 2023 and December 31, 2022, our largest portfolio company represents 37.6% and 40.6%, respectively, of the total fair value of our investments in portfolio companies.

*Investment Activity*

During the three months ended March 31, 2023, we made an aggregate of approximately $4.2 million of investments in one portfolio company, excluding fees and discounts. During the three months ended March 31, 2023, there were no repayments received or sales of investments.

During the three months ended March 31, 2022, we had made no investments.

The following table provides a summary of the changes in the investment portfolio for the three months ended March 31, 2023:

| | Three Months Ended March 31, 2023 |
|---|---|
| **Beginning Portfolio, at fair value** | $ 50,254,550 |
| Purchases | 4,230,000 |
| Accretion of discount and fees (amortization of premium), net | 140,819 |
| PIK interest | 11,573 |
| Principal payments received on investments | - |
| Proceeds from principal repayments | - |
| Sale of investments | - |
| Net realized gain/(loss) on investments | - |
| Net change in unrealized appreciation/(depreciation) on investments | 986,357 |
| **Ending Portfolio, at fair value** | $ 55,623,299 |

During the three months ended March 31, 2022, we had made no investments.

*Portfolio Asset Quality*

Our portfolio management team uses an ongoing investment risk rating system to characterize and monitor our outstanding loans. Our portfolio management team monitors and, when appropriate, recommends changes to the investment risk ratings. Our Adviser's Valuation Committee reviews the recommendations and/or changes to the investment risk ratings, which are submitted on a quarterly basis to the Board of Directors and its Audit Committee.

| Investment Performance Risk Rating | Summary Description |
|---|---|
| Grade 1 | Investments rated 1 involve the least amount of risk to our initial cost basis. The borrower is performing above expectations, and the trends and risk factors for this investment since origination or acquisition are generally favorable.  Full return of principal, interest and dividend income is expected. |
| Grade 2 | Investment is performing in-line with expectations. Investments rated 2 involve an acceptable level of risk that is similar to the risk at the time of origination or acquisition. Risk factors remain neutral or favorable compared with initial underwriting. All investments or acquired investments in new portfolio companies are initially assessed a rating of 2. |
| Grade 3 | Investments rated 3 involve a borrower performing below expectations and indicates that the loan's risk has increased somewhat since origination or acquisition. Capital impairment or payment delinquency is not anticipated. The investment may also be out of compliance with certain financial covenants. |
| Grade 4 | Investments rated 4 involve a borrower performing materially below expectations and indicates that the loan's risk has increased materially since origination or acquisition. In addition to the borrower being generally out of compliance with debt covenants, loan payments may be past due (but generally not more than 120 days past due). Delinquency of interest and / or dividend payments in anticipated. No loss of principal is anticipated. |
| Grade 5 | Investments rated 5 involve a borrower performing substantially below expectations and indicates that the loan's risk has increased substantially since origination or acquisition. It is anticipated that the Company will not recoup its initial cost and may realize a loss upon exit. Most or all of the debt covenants are out of compliance and payments are substantially delinquent. Loans rated 5 are not anticipated to be repaid in full and we will reduce the fair market value of the loan to the amount we anticipate will be recovered. |

**SILVER SPIKE INVESTMENT CORP.**

The following tables show the distribution of our loan investments on the 1 to 5 investment risk rating scale at fair value as of March 31, 2023 and December 31, 2022:

| | March 31, 2023 | |
|---|---|---|
| **Investment Performance Risk Rating** | **Investments at Fair Value** | **Percentage of Total Investments** |
| 1 | $ - | -% |
| 2 | 55,623,299 | 100.00 |
| 3 | - | - |
| 4 | - | - |
| 5 | - | - |
| Total | $ 55,623,299 | 100.00% |

| | December 31, 2022 | |
|---|---|---|
| **Investment Performance Risk Rating** | **Investments at Fair Value** | **Percentage of Total Investments** |
| 1 | $ - | -% |
| 2 | 50,254,550 | 100.00 |
| 3 | - | - |
| 4 | - | - |
| 5 | - | - |
| Total | $ 50,254,550 | 100.00% |

*Debt Investments on Non-Accrual Status*
As of March 31, 2023 and December 31, 2022, there were no loans in our portfolio placed on non-accrual status.

***Results of Operations***

The following discussion and analysis of our results of operations encompasses our results for the three months ended March 31, 2023 and 2022.

*Investment Income*
The following table sets forth the components of investment income for the three months ended March 31, 2023 and 2022:

| | Three Months Ended March 31, 2023 | Three Months Ended March 31, 2022 |
|---|---|---|
| Interest income | $ 2,317,020 | $ 10,073 |
| Accretion of discount and fees (amortization of premium), net | 140,819 | - |
| Other fee income | - | - |
| Total investment income | $ 2,457,839 | $ 10,073 |

We generate revenues primarily in the form of investment income from the investments we hold, generally in the form of interest income from our debt securities. Stated interest income represents interest income recognized as earned in accordance with the contractual terms of the loan agreement. Stated interest income from original issue discount ("OID") and market discount represent the accretion into interest income over the term of the loan as a yield enhancement. Interest income from payment-in-kind ("PIK") represents contractually deferred interest added to the loan balance recorded on an accrual basis to the extent such amounts are expected to be collected.

The Company also recognizes certain fees as one-time fee income, including, but not limited to, structuring fees.

For the three months ended March 31, 2023 and 2022, total investment income was approximately $2.5 million and less than $0.1 million, which is attributable interest income, respectively.

*Operating Expenses*
Our operating expenses for the three months ended March 31, 2023 and 2022 are comprised primarily of professional fees for legal, administration, audit, valuation and directors, our management fees and incentive fees. Our operating expenses totaled approximately $1.1 million and $0.2 million for the three months ended March 31, 2023 and 2022, respectively.

*Net Investment Income*
As a result of approximately $2.5 million and less than $0.1 million in total investment income as compared to $1.1 million and $0.2 million in total expenses, net investment income (loss) for the three months ended March 31, 2023 and 2022 was approximately $1.4 million and $(0.2) million, respectively.

*Net Realized Gains and Losses*
Realized gains or losses are measured by the difference between the net proceeds from the sale or redemption of an investment or a financial instrument and the cost basis of the investment or financial instrument, without regard to unrealized appreciation or depreciation previously recognized, and includes investments written-off during the period. There were no net realized gains (losses) from the sales, repayments, or exits of investments during the three months ended March 31, 2023 and 2022.

*Net Change in Unrealized Appreciation / (Depreciation) from Investments*
Net change in unrealized appreciation/(depreciation) from investments primarily reflects the net change in the fair value as of the last business day of the reporting period, including the reversal of previously recorded unrealized gains or losses with respect to investments realized during the period. We record current-period changes in fair value of investments that are measured at fair value as a component of the net change in unrealized gains (losses) on investments on the Statements of Operations.

Net unrealized appreciation and depreciation on investments for the three months ended March 31, 2023 and 2022 is comprised of the following:

| | Three Months Ended March 31, 2023 | Three Months Ended March 31, 2022 |
|---|---|---|
| Gross unrealized appreciation | $ 986,357 | $ - |
| Gross unrealized depreciation | - | - |
| Total net unrealized appreciation (depreciation) on investments | $ 986,357 | $ - |

The following table details net change in unrealized appreciation (depreciation) for our portfolio for the three months ended March 31, 2023. There were no investments as of March 31, 2022:

| | Three Months Ended March 31, 2023 |
|---|---|
| Verano Holdings Corp. | $ 465,148 |
| Shryne Group, Inc. | 273,416 |
| Curaleaf Holdings, Inc. | 156,992 |
| PharmaCann, Inc. | 84,214 |
| AYR Wellness, Inc. | 6,587 |
| Total net change in unrealized appreciation (depreciation) on investments | $ 986,357 |

***Financial Condition, Liquidity and Capital Resources***
We generate cash primarily from the net proceeds of offerings of securities and cash flows from operations, including interest earned from the temporary investment of cash in U.S. government securities.

In addition, we expect to enter into a credit facility in the future. The amount of leverage that we employ will depend on our assessment of market conditions and other factors at the time of any proposed borrowing, such as the maturity, covenant package and rate structure of the proposed borrowings, our ability to raise funds through the issuance of shares of our common stock and the risks of such borrowings within the context of our investment outlook. Ultimately, we only intend to use leverage if the expected returns from borrowing to make investments will exceed the cost of such borrowing. We are currently targeting a debt-to-equity ratio of 0.50x (i.e., we aim to have one dollar of equity for each $0.50 of debt outstanding).

Our primary use of funds will be investments in portfolio companies, cash distributions to holders of our common stock, and the payment of operating expenses. As of March 31, 2023 and December 31, 2022, we had cash resources of approximately $32.5 million and $35.1 million and no indebtedness, respectively.

Another use of funds will be dividend payments. To maintain its tax treatment as a RIC, the Company must meet specified source-of-income requirements and timely distribute to its stockholders for each taxable year at least 90% of its investment company taxable income. Additionally, in order for the Company not to be subject to U.S. federal excise taxes, it must distribute annually an amount at least equal to the sum of (i) 98% of its net ordinary income for the calendar year, (ii) 98.2% of its capital gains in excess of capital losses for the one-year period ending on October 31 of the calendar year and (iii) any net ordinary income and capital gains in excess of capital losses for preceding years that were not distributed during such years.

Dividends may also be distributed in accordance with the Company’s distribution reinvestment plan (“DRIP”), which provides for the reinvestment of distributions in the form of common stock on behalf of its stockholders, unless a stockholder has elected to receive distributions in cash. As a result, if the Company declares a cash distribution, its stockholders who have not “opted out” of the DRIP by the opt out date will have their cash distribution automatically reinvested into additional shares of the Company’s common stock. The share requirements of the DRIP may be satisfied through the issuance of common shares or through open market purchases of common shares by the DRIP plan administrator.

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

We elected to be treated, and intend to qualify annually to be treated, as a RIC under Subchapter M of the Code for federal income tax purposes. As a RIC, we generally will not have to pay corporate-level federal income taxes on any ordinary income or capital gains that we distribute to our stockholders from our tax earnings and profits. To obtain and maintain our RIC tax treatment, we must, among other things, meet specified source-of-income and asset diversification requirements and distribute annually at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any.

## Critical Accounting Estimates

### *Basis of Presentation*

The Company's financial statements are prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") and pursuant to Regulation S-X under the Securities Act of 1933, as amended (the "Securities Act"). The Company follows accounting and reporting guidance as determined by the Financial Accounting Standards Board ("FASB").

The preparation of financial statements in accordance with U.S. GAAP requires management to make certain estimates and assumptions affecting amounts reported in our financial statements. We will continuously evaluate our estimates, including those related to the matters described below. These estimates will be based on the information that is currently available to us and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ materially from those estimates under different assumptions or conditions. For additional information, please refer to "Note 2 – Significant Accounting Policies" in the notes to the financial statements included with this quarterly report on Form 10-Q. Valuation of investments and income recognition are considered to be our critical accounting policies and estimates. A discussion of our critical accounting policies follows.

### *Investment Valuation*

Investments for which market quotations are readily available will typically be valued at the bid price of those market quotations. To validate market quotations, we utilize a number of factors to determine if the quotations are representative of fair value, including the source and number of the quotations. Debt and equity securities that are not publicly traded or whose market prices are not readily available are valued at fair value as determined in good faith by the Adviser, as the Company's valuation designee (the "Valuation Designee"), based on inputs that may include valuations, or ranges of valuations, provided by independent third-party valuation firm(s) engaged by the Adviser. Effective September 8, 2022, pursuant to Rule 2a-5 under the 1940 Act, the Board designated the Adviser as the Valuation Designee to perform the fair value determinations for the Company, subject to the oversight of the Board and certain Board reporting and other requirements.

As part of the valuation process, the Adviser takes into account relevant factors in determining the fair value of our investments, including: the estimated enterprise value of a portfolio company (i.e., the total fair value of the portfolio company's debt and equity), the nature and realizable value of any collateral, the portfolio company's ability to make payments based on its earnings and cash flow, the markets in which the portfolio company does business, a comparison of the portfolio company's securities to any similar publicly traded securities, and overall changes in the interest rate environment and the credit markets that may affect the price at which similar investments may be made in the future. When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, the Adviser considers whether the pricing indicated by the external event corroborates its valuation.

The Adviser undertakes a multi-step valuation process, which includes, among other procedures, the following:

- With respect to investments for which market quotations are readily available, those investments will typically be valued at the bid price of those market quotations;

- With respect to investments for which market quotations are not readily available, the valuation process begins with the Adviser's valuation committee establishing a preliminary valuation of each investment, which may be based on valuations, or ranges of valuations, provided by independent valuation firm(s);

- Preliminary valuations are documented and discussed by the Adviser's valuation committee and, where appropriate, the independent valuation firm(s); and

- The Adviser determines the fair value of each investment.

We conduct this valuation process on a quarterly basis.

We apply Financial Accounting Standards Board Accounting Standards Codification 820, Fair Value Measurement ("ASC 820"), which establishes a framework for measuring fair value in accordance with U.S. GAAP and required disclosures of fair value measurements. ASC 820 determines fair value to be the price that would be received for an investment in a current sale, which assumes an orderly transaction between market participants on the measurement date. Market participants are defined as buyers and sellers in the principal or most advantageous market (which may be a hypothetical market) that are independent, knowledgeable, and willing and able to transact. In accordance with ASC 820, we consider the principal market to be the market that has the greatest volume and level of activity. ASC 820 specifies a fair value hierarchy that prioritizes and ranks the level of observability of inputs used in determination of fair value. In accordance with ASC 820, these levels are summarized below:

- Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that we have the ability to access at the measurement date;
- Level 2 – Valuations based on quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active, or for which all significant inputs are observable, either directly or indirectly; and
- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

All of our investments as of March 31, 2023 and December 31, 2022 are categorized at level 3, and therefore, 100% of our portfolio requires significant estimates. Our investments may not have readily available market quotations (as such term is defined in Rule 2a-5 under the 1940 Act), and those investments which do not have readily available market quotations are valued at fair value as determined in good faith in accordance with our valuation policy. There is no single standard for determining fair value in good faith. As a result, determining fair value requires that judgment be applied to the specific facts and circumstances of each portfolio investment while employing a consistently applied valuation process for the types of investments we make. Significant unobservable inputs create uncertainty in the measurement of fair value as of the reporting date. The significant unobservable inputs used in the fair value measurement of the Company's investments may vary and may include debt investments' yield and volatility fluctuations. Significant increases (decreases) in discount rate in isolation would result in a significantly higher (lower) fair value assessment. Significant increases (decreases) in volatility in isolation would result in a significantly lower (higher) fair value assessment.

Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may fluctuate from period to period. Additionally, the fair value of such investments may differ significantly from the values that would have been used had a ready market existed for such investments and may differ materially from the values that may ultimately be realized. Further, such investments are generally less liquid than publicly traded securities and may be subject to contractual and other restrictions on resale. If we were required to liquidate a portfolio investment in a forced or liquidation sale, it could realize amounts that are different from the amounts presented and such differences could be material.

In addition, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different than the unrealized gains or losses reflected previously.

**Other Contractual Obligations**

We will have certain commitments pursuant to our Investment Advisory Agreement that we have entered into with SSC. We have agreed to pay a fee for investment advisory services consisting of two components: a base management fee and an incentive fee. Payments under the Investment Advisory Agreement will be equal to (1) a percentage of the value of our average gross assets and (2) a two-part incentive fee. See "Item 1. Business—Investment Advisory Agreement." We have also entered into a contract with SSC to serve as our administrator. Payments under the Administration Agreement will be reimbursements to SSC for the costs and expenses incurred by SSC in performing its obligations, including but not limited to maintaining and keeping all books and records and providing personnel and facilities. This includes costs and expenses incurred by SSC in connection with the delegation of its obligations to a sub-administrator. The Company is not responsible for the compensation of SSC's employees and overhead expenses. See "Item 1. Business—Administration Agreement."

**Common Stock**

Our common stock began trading on the Nasdaq Global Market on February 4, 2022 under the symbol "SSIC" in connection with our IPO of shares of our common stock.

The following table lists the net asset value per share of our common stock, the range of high and low closing sales prices of our common stock reported on the Nasdaq Global Market, the closing sale prices as a premium (or discount) to our net asset value per share and dividends per share for each fiscal quarter since our common stock began trading on the Nasdaq Global Market. On May 9, 2023, the last reported closing sales price of our common stock on the Nasdaq Global Market was $8.62 per share, which represented a discount of approximately 39.7% to our net asset value per share of $14.29 as of March 31, 2023.

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| Class and Period | Net Asset Value(1) | Price Range High | Price Range Low | High Sales Price Premium (Discount) to Net Asset Value(2) | Low Sales Price Premium (Discount) to Net Asset Value(2) | Cash Dividend Per Share(3) |
|---|---|---|---|---|---|---|
| **Year Ended December 31, 2023** | | | | | | |
| Second Quarter (Through May 9, 2023) | $ * | $ 9.19 | $ 7.82 | * | * | * |
| First Quarter | $ 14.29 | $ 9.98 | $ 8.25 | -30.2% | -42.3% | - |
| **Year Ended December 31, 2022(4)** | | | | | | |
| Fourth Quarter | $ 13.91 | $ 10.55 | $ 9.57 | -24.2% | -31.2% | - |
| Third Quarter | $ 13.73 | $ 10.74 | $ 9.00 | -21.8% | -34.5% | - |
| Second Quarter | $ 13.64 | $ 13.50 | $ 7.80 | -1.0% | -42.8% | - |
| First Quarter(5) | $ 13.61 | $ 14.41 | $ 12.57 | 5.9% | -7.6% | - |

(1) Net asset value per share is determined as of the last day in the relevant quarter and therefore may not reflect the net asset value per share on the date of the high and low closing sales prices. The net asset values shown are based on outstanding shares at the end of the relevant quarter.
(2) Calculated as the respective high or low closing sales price less net asset value, divided by net asset value (in each case, as of the end of the applicable quarter).
(3) Represents the dividend or distribution declared in the relevant quarter.
(4) On November 8, 2022, our Board of Directors approved a change to our fiscal year end from March 31 to December 31.
(5) Shares of our common stock began trading on the Nasdaq Global Market on February 4, 2022 under the trading symbol "SSIC."
* Not determined at time of filing.

Shares of BDCs may trade at a market price that is less than the value of the net assets attributable to those shares. At times, our shares of common stock have traded at prices both above and below our net asset value per share. The possibility that our shares of common stock will trade at a discount from net asset value per share or at premiums that are unsustainable over the long term are separate and distinct from the risk that our net asset value per share will decrease. It is not possible to predict whether our common stock will trade at, above, or below net asset value per share.

**Holders**

As of May 9, 2023, there were approximately 2 holders of record of our common stock, which does not include stockholders for whom shares are held in "nominee" or "street name."

**Distributions**

To the extent that we have income available, we intend to make quarterly distributions to our stockholders beginning after our first full year of operations. The amount of our distributions, if any, will be determined by our Board of Directors.

We have elected to be treated, and intend to qualify annually to be treated, as a RIC under Subchapter M of the Code, for U.S. federal income tax purposes, commencing with our taxable year ended March 31, 2022. As long as we qualify as a RIC, we will not be taxed on our investment company taxable income or realized net capital gains, to the extent that such taxable income or gains are distributed, or deemed to be distributed, to stockholders on a timely basis.

To obtain and maintain RIC tax treatment, we must distribute (or be deemed to distribute) at least 90% of the sum of our: investment company taxable income (which is generally our ordinary income plus the excess of realized short-term capital gains over realized net long-term capital losses), determined without regard to the deduction for dividends paid, for such taxable year; and net tax-exempt interest income (which is the excess of our gross tax-exempt interest income over certain disallowed deductions) for such taxable year.

As a RIC, we (but not our stockholders) generally will not be subject to U.S. federal tax on investment company taxable income and net capital gains that we distribute to our stockholders. The discussion below assumes that we will qualify to be treated as a RIC for U.S. federal tax purposes each year.

We intend to distribute annually all or substantially all of such income. To the extent that we retain our net capital gains or any investment company taxable income, we generally will be subject to corporate-level U.S. federal income tax. We can be expected to carry forward our net capital gains or any investment company taxable income in excess of current-year dividend distributions, and pay the U.S. federal excise tax as described below.

Depending on the level of taxable income earned in a tax year, we may choose to carry forward taxable income in excess of current-year distributions into the next tax year. We will be subject to a 4% excise tax on a certain portion of these undistributed amounts. Please refer to "Item 1. Business — Material U.S. Federal Income Tax Considerations" for further information regarding the consequences of our retention of net capital gains. We may, in the future, make actual distributions to our stockholders of our net capital gains. We can offer no assurance that we will achieve results that will permit the payment of any cash distributions and, if we issue senior securities, we may be prohibited from making distributions if doing so causes us to fail to maintain the asset coverage ratios stipulated by the 1940 Act or if distributions are limited by the terms of any of our borrowings. See "Item 1. Business — Business Development Company Regulations" and "Item 1. Business —Material U.S. Federal Income Tax Considerations."

While we intend to distribute any income and capital gains in the manner necessary to minimize imposition of the 4% U.S. federal excise tax, sufficient amounts of our taxable income and capital gains may not be distributed and as a result, in such cases, the excise tax will be imposed. In such an event, we will be liable for this tax only on the amount by which we do not meet the foregoing distribution requirement.

We intend to pay quarterly distributions to our stockholders out of assets legally available for distribution. All distributions will be paid at the discretion of our Board of Directors and will depend on our earnings, financial condition, maintenance of our tax treatment as a RIC, compliance with applicable BDC regulations and such other factors as our Board of Directors may deem relevant from time to time.

To the extent our current taxable earnings for a year fall below the total amount of our distributions for that year, a portion of those distributions may be deemed a return of capital to our stockholders for U.S. federal income tax purposes. Thus, the source of a distribution to our stockholders may be the original capital invested by the stockholder rather than our income or gains. Stockholders should read written disclosure carefully and should not assume that the source of any distribution is our ordinary income or gains.

A return of capital is a return of a portion of your original investment in shares of our common stock. As a result, a return of capital will (i) lower your tax basis in your shares and thereby increase the amount of capital gain (or decrease the amount of capital loss) realized upon a subsequent sale or redemption of such shares and (ii) reduce the amount of funds we have for investment in portfolio companies. We have not established any limit on the extent to which we may use offering proceeds to fund distributions. However, our Board of Directors, including a majority of our independent directors, will be required to determine that making return of capital distributions from our offering proceeds is in the best interests of our stockholders based upon our then-current financial condition and our expected future growth prospects.

We made no distributions during the three months ended March 31, 2023 or the fiscal year ended December 31, 2022.

**Dividend Reinvestment Plan**

We have adopted an “opt out” dividend reinvestment plan for our stockholders. As a result, if we declare a dividend, then stockholders’ cash distributions will be automatically reinvested in additional shares of our common stock, unless they specifically “opt out” of the dividend reinvestment plan so as to receive cash distributions. Stockholders who receive distributions in the form of shares of our common stock generally are subject to the same U.S. federal income tax consequences as are stockholders who elect to receive their distributions in cash.

**Issuer Purchases of Equity Securities**

We did not repurchase any of our equity securities during the three months ended March 31, 2023 or the fiscal year ended December 31, 2022.

## Item 3. Quantitative and Qualitative Disclosures About Market Risk

Uncertainty with respect to the economic effects of the COVID-19 pandemic and political tensions in the United States and around the world (including the current conflict in Ukraine) have introduced significant volatility in the financial markets, and the effect of the volatility could materially impact our market risks, including those listed below. We are subject to financial market risks, including valuation risk and interest rate risk.

***Valuation Risk***

Our investments may not have readily available market quotations (as such term is defined in Rule 2a-5 under the 1940 Act), and those investments which do not have readily available market quotations are valued at fair value as determined in good faith in accordance with our valuation policy. There is no single standard for determining fair value in good faith. As a result, determining fair value requires that judgment be applied to the specific facts and circumstances of each portfolio investment while employing a consistently applied valuation process for the types of investments we make. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may fluctuate from period to period, including as a result of the impact of the COVID-19 pandemic on the economy and financial and capital markets. Because of the inherent uncertainty of valuation, these estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and it is possible that the difference could be material.

***Interest Rate Risk***
Interest rate sensitivity and risk refer to the change in earnings that may result from changes in the level of interest rates. To the extent that we borrow money to make investments, including under any credit facility, our net investment income will be affected by the difference between the rate at which we borrow funds and the rate at which we invest these funds. In periods of rising interest rates, our cost of borrowing funds would increase, which may reduce our net investment income. As a result, there can be no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income.

As of March 31, 2023, 81.2% of our debt investments based on outstanding principal balance represented floating-rate investments based on PRIME and approximately 18.8% of our debt investments based on outstanding principal balance represented fixed rate investments.

Based on our Statements of Operations as of March 31, 2023, the following table shows the annualized impact on net income of hypothetical base rate changes in the PRIME rate on our debt investments (considering interest rate floors for floating rate instruments):

| Change in Interest Rates | Interest Income | Interest expense | Net Income/(Loss) |
|---|---|---|---|
| Up 300 basis points | $ 1,395 | $ - | $ 1,395 |
| Up 200 basis points | 930 | - | 930 |
| Up 100 basis points | 465 | - | 465 |
| Down 100 basis points | (465) | - | (465) |
| Down 200 basis points | (866) | - | (866) |
| Down 300 basis points | (1,076) | - | (1,076) |

**Item 4. Controls and Procedures**

***Evaluation of Disclosure Controls and Procedures***

In accordance with Rules 13a-15(b) and 15d-15(b) under the Exchange Act, we, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act) as of the end of the period covered by this quarterly report on Form 10-Q and determined that our disclosure controls and procedures are effective as of the end of the period covered by this quarterly report on Form 10-Q.

***Changes in Internal Control Over Financial Reporting***

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the three months ended March 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**PART II: OTHER INFORMATION**

**Item 1. Legal Proceedings**

We are not currently subject to any material legal proceedings, nor, to our knowledge, are any material legal proceedings threatened against us. From time to time, we may be a party to certain legal proceedings in the ordinary course of business, including proceedings relating to the enforcement of our rights under contracts with our portfolio companies. Furthermore, third parties may seek to impose liability on us in connection with the activities of our portfolio companies. Our business is also subject to extensive regulation, which may result in regulatory proceedings against us. While the outcome of any future legal or regulatory proceedings cannot be predicted with certainty, we do not expect that any such future proceedings will have a material effect upon our financial condition or results of operations.

**Item 1A. Risk Factors**

There have been no material changes during the three months ended March 31, 2023 to the risk factors discussed in “Item 1A. Risk Factors” in our transition report on Form 10-K for the transition period from April 1, 2022 to December 31, 2022.

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

None.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not Applicable.

**Item 5. Other Information**

None.

**Item 6. Exhibits**

The following exhibits are filed as part of this quarterly report on Form 10-Q or hereby incorporated by reference to exhibits previously filed with the SEC:

| Exhibit Number | Description of Exhibit |
|---|---|
| 3.1 | Articles of Amendment and Restatement of the Company[1] |
| 3.2 | Amended and Restated Bylaws of the Company[1] |
| 31.1 | Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002* |
| 31.2 | Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002* |
| 32.1 | Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002* |
| 32.2 | Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002* |

* Filed herewith.

(1) Incorporated by reference to the Company’s annual report on Form 10-K/A, filed on June 30, 2022.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on May 12, 2023.

**SILVER SPIKE INVESTMENT CORP.**

By: /s/ Scott Gordon
Scott Gordon
Chief Executive Officer (Principal Executive Officer)

By: /s/ Umesh Mahajan
Umesh Mahajan
Chief Financial Officer (Principal Financial and Accounting Officer)

**Exhibit 31.1**

**CERTIFICATION PURSUANT TO**
**RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,**
**AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Scott Gordon, Chief Executive Officer of Silver Spike Investment Corp., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Silver Spike Investment Corp. (the “registrant”) for the quarter ended March 31, 2023;

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 Quarterly 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 Quarterly Report;

4. The registrant’s other certifying officer 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 is made known to us by others within those entities, particularly during the period in which this Quarterly 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 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 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: May 12, 2023 | By: | /s/ Scott Gordon |
| | | **Scott Gordon** |
| | | **Chief Executive Officer** |
| | | **(Principal Executive Officer)** |

**Exhibit 31.2**

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Umesh Mahajan, Chief Financial Officer of Silver Spike Investment Corp., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Silver Spike Investment Corp. (the “registrant”) for the quarter ended March 31, 2023;

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 Quarterly 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 Quarterly Report;

4. The registrant’s other certifying officer 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 is made known to us by others within those entities, particularly during the period in which this Quarterly 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 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 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: May 12, 2023 | By: | /s/ Umesh Mahajan |
| | | **Umesh Mahajan**<br>**Chief Financial Officer**<br>**(Principal Financial Officer)** |

**Exhibit 32.1**

**CERTIFICATION PURSUANT TO**
**SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE,**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as Chief Executive Officer of Silver Spike Investment Corp. (the “Company”), does hereby certify that to the undersigned’s knowledge:

1) the Company’s Form 10-Q for the quarter ended March 31, 2023 fully complies with the requirements of Section 13(a) or 15(d) as applicable of the Securities Exchange Act of 1934, as amended; and

2) the information contained in the Company’s Form 10-Q for the quarter ended March 31, 2023 fairly presents, in all material respects, the financial condition and results of operations of the Company.

| | | |
|---|---|---|
| Date: May 12, 2023 | By: | /s/ Scott Gordon |
| | | **Scott Gordon** |
| | | **Chief Executive Officer** |
| | | **(Principal Executive Officer)** |

**Exhibit 32.2**

**CERTIFICATION PURSUANT TO
SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as Chief Financial Officer of Silver Spike Investment Corp. (the "Company"), does hereby certify that to the undersigned's knowledge:

1) the Company's Form 10-Q for the quarter ended March 31, 2023 fully complies with the requirements of Section 13(a) or 15(d) as applicable of the Securities Exchange Act of 1934, as amended; and

2) the information contained in the Company's Form 10-Q for the quarter ended March 31, 2023 fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 12, 2023

By: /s/ Umesh Mahajan

**Umesh Mahajan**
**Chief Financial Officer**
**(Principal Financial Officer)**