

APOLLO INVESTMENT CORP
Form 10-Q
August 08, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2018

OR

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

Commission File Number: 814-00646

APOLLO INVESTMENT CORPORATION

(Exact name of Registrant as specified in its charter)

Maryland

52-2439556

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

9 West 57th Street

37th Floor

10019

New York, New York

(Address of principal executive offices)

(Zip Code)

(212) 515-3450

(Registrant's telephone number, including area code)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes No

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

(Do not check if a smaller reporting company)

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class of Common Stock Outstanding at August 7, 2018

\$0.001 par value 214,898,694

APOLLO INVESTMENT CORPORATION

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PART I. FINANCIAL INFORMATION

In this report, the terms the “Company,” “Apollo Investment,” “AIC,” “we,” “us,” and “our” refer to Apollo Investment Corporation unless the context specifically states otherwise.

Item 1. Financial Statements

APOLLO INVESTMENT CORPORATION

STATEMENTS OF ASSETS AND LIABILITIES

(In thousands, except share and per share data)

| | June 30, 2018 (Unaudited) | March 31, 2018 |
|--|---------------------------------|-------------------|
| Assets | | |
| Investments at fair value: | | |
| Non-controlled/non-affiliated investments (cost — \$1,627,841 and \$1,471,492, respectively) | \$ 1,601,259 | \$ 1,450,033 |
| Non-controlled/affiliated investments (cost — \$69,977 and \$73,943, respectively) | 64,123 | 68,954 |
| Controlled investments (cost — \$815,599 and \$723,161, respectively) | 830,077 | 729,060 |
| Cash and cash equivalents | 11,612 | 14,035 |
| Foreign currencies (cost — \$1,063 and \$1,292, respectively) | 1,055 | 1,298 |
| Cash collateral on option contracts | 4,228 | 5,016 |
| Receivable for investments sold | 15,874 | 2,190 |
| Interest receivable | 23,406 | 22,272 |
| Dividends receivable | 7,815 | 2,550 |
| Deferred financing costs | 13,121 | 14,137 |
| Variation margin receivable | — | 1,846 |
| Prepaid expenses and other assets | 801 | 419 |
| Total Assets | \$2,573,371 | \$2,311,810 |
| Liabilities | | |
| Debt | \$ 1,102,679 | \$ 789,846 |
| Payable for investments purchased | 11,453 | 41,827 |
| Distributions payable | 32,293 | 32,447 |
| Management and performance-based incentive fees payable | 17,506 | 16,585 |
| Interest payable | 10,184 | 5,310 |
| Accrued administrative services expense | 1,575 | 2,507 |
| Variation margin payable on option contracts | 1,206 | — |
| Other liabilities and accrued expenses | 5,309 | 5,202 |
| Total Liabilities | \$ 1,182,205 | \$ 893,724 |
| Commitments and contingencies (Note 10) | | |
| Net Assets | \$ 1,391,166 | \$ 1,418,086 |
| Net Assets | | |
| Common stock, \$0.001 par value (400,000,000 shares authorized; 214,925,294 and 216,312,096 shares issued and outstanding, respectively) | \$ 215 | \$ 216 |
| Paid-in capital in excess of par | 2,628,631 | 2,636,507 |
| Accumulated over-distributed net investment income | (10,974) | (10,229) |
| Accumulated net realized loss | (1,189,654) | (1,166,471) |
| Net unrealized loss | (37,052) | (41,937) |
| Net Assets | \$ 1,391,166 | \$ 1,418,086 |

| | | |
|---------------------------|--------|--------|
| Net Asset Value Per Share | \$6.47 | \$6.56 |
|---------------------------|--------|--------|

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION
 STATEMENTS OF OPERATIONS (Unaudited)
 (In thousands, except per share data)

| | Three Months Ended June 30, | |
|---|--------------------------------|------------|
| | 2018 | 2017 |
| Investment Income | | |
| Non-controlled/non-affiliated investments: | | |
| Interest income (excluding Payment-in-kind (“PIK”) interest income) | \$39,443 | \$38,952 |
| PIK interest income | 1,250 | 2,056 |
| Other income | 1,403 | 1,129 |
| Non-controlled/affiliated investments: | | |
| Interest income (excluding PIK interest income) | — | 114 |
| Dividend income | 312 | 1,087 |
| PIK interest income | — | 2,437 |
| Other income | — | (306) |
| Controlled investments: | | |
| Interest income (excluding PIK interest income) | 14,490 | 15,075 |
| Dividend income | 5,265 | 4,850 |
| PIK interest income | 1,428 | 1,317 |
| Total Investment Income | \$63,591 | \$66,711 |
| Expenses | | |
| Management fees | \$8,873 | \$12,125 |
| Performance-based incentive fees | 7,423 | 7,912 |
| Interest and other debt expenses | 13,576 | 14,215 |
| Administrative services expense | 1,638 | 1,675 |
| Other general and administrative expenses | 2,533 | 2,557 |
| Total expenses | 34,043 | 38,484 |
| Management and performance-based incentive fees waived | (1,856) | (5,009) |
| Expense reimbursements | (144) | (84) |
| Net Expenses | \$32,043 | \$33,391 |
| Net Investment Income | \$31,548 | \$33,320 |
| Net Realized and Change in Unrealized Gains (Losses) | | |
| Net realized gains (losses): | | |
| Non-controlled/non-affiliated investments | \$(9,946) | \$(89,839) |
| Non-controlled/affiliated investments | — | (146,840) |
| Option contracts | (13,209) | — |
| Foreign currency transactions | (28) | 2,924 |
| Net realized losses | (23,183) | (233,755) |
| Net change in unrealized gains (losses): | | |
| Non-controlled/non-affiliated investments | (5,123) | 91,238 |
| Non-controlled/affiliated investments | (865) | 155,730 |
| Controlled investments | 8,579 | (7,068) |
| Option contracts | (567) | — |
| Foreign currency translations | 2,861 | (10,684) |
| Net change in unrealized losses | 4,885 | 229,216 |
| Net Realized and Change in Unrealized Losses | \$(18,298) | \$(4,539) |
| Net Increase (Decrease) in Net Assets Resulting from Operations | \$13,250 | \$28,781 |
| Earnings Per Share — Basic | \$0.06 | \$0.13 |

Earnings Per Share — Diluted

N/A

N/A

See notes to financial statements.

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STATEMENTS OF CHANGES IN NET ASSETS

(In thousands, except share data)

| | Three Months Ended June 30, 2018 (Unaudited) | Year Ended March 31, 2018 |
|---|--|---------------------------------|
| Operations | | |
| Net investment income | \$31,548 | \$133,387 |
| Net realized losses | (23,183) | (258,128) |
| Net change in unrealized losses | 4,885 | 211,770 |
| Net Increase in Net Assets Resulting from Operations | \$13,250 | \$87,029 |
| Distributions to Stockholders | | |
| Distribution of net investment income | \$(32,293) | \$(86,906) |
| Distribution of return of capital | — | (44,088) |
| Net Decrease in Net Assets Resulting from Distributions to Stockholders | \$(32,293) | \$(130,994) |
| Capital Share Transactions | | |
| Repurchase of common stock | \$(7,877) | \$(19,746) |
| Net Decrease in Net Assets Resulting from Capital Share Transactions | \$(7,877) | \$(19,746) |
| Net Assets | | |
| Net decrease in net assets during the period | \$(26,920) | \$(63,711) |
| Net assets at beginning of period | 1,418,086 | 1,481,797 |
| Net Assets at End of Period | \$1,391,166 | \$1,418,086 |
| Capital Share Activity | | |
| Shares repurchased during the period | (1,386,802) | (3,382,558) |
| Shares issued and outstanding at beginning of period | 216,312,096 | 219,694,654 |
| Shares Issued and Outstanding at End of Period | 214,925,294 | 216,312,096 |

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION
 STATEMENTS OF CASH FLOWS (Unaudited)
 (In thousands)

| | Three Months Ended June 30, | |
|--|--------------------------------|------------|
| | 2018 | 2017 |
| Operating Activities | | |
| Net increase in net assets resulting from operations | \$ 13,250 | \$ 28,781 |
| Net realized losses | 23,183 | 233,755 |
| Net change in unrealized losses | (4,885) | (229,216) |
| Net amortization of premiums and accretion of discounts on investments | (1,536) | (1,864) |
| Accretion of discount on notes | 148 | 148 |
| Amortization of deferred financing costs | 1,165 | 1,211 |
| Gains/Losses from foreign currency transactions | (28) | 2,924 |
| PIK interest and dividends capitalized | (1,983) | (2,775) |
| Changes in operating assets and liabilities: | | |
| Purchases of investments | (389,324) | (329,897) |
| Proceeds from sales and repayments of investments | 94,019 | 285,440 |
| Purchases of option contracts | (13,277) | — |
| Proceeds from option contracts | 288 | — |
| Net settlement of option contracts | 2,265 | — |
| Increase in interest receivable | (1,142) | (1,581) |
| Decrease (increase) in dividends receivable | (5,265) | 3,326 |
| Increase in prepaid expenses and other assets | (382) | (144) |
| Increase in management and performance-based incentive fees payable | 921 | 1,039 |
| Increase in interest payable | 4,874 | 4,293 |
| Decrease in accrued administrative services expense | (932) | (1,084) |
| Increase (decrease) in other liabilities and accrued expenses | 107 | (1,116) |
| Net Cash Used in Operating Activities | \$(278,534) | \$(6,760) |
| Financing Activities | | |
| Issuances of debt | \$ 328,918 | \$ 418,517 |
| Payments of debt | (13,500) | (357,416) |
| Financing costs paid and deferred | — | (10) |
| Repurchase of common stock | (7,877) | — |
| Distributions paid | (32,447) | (32,954) |
| Net Cash Provided by Financing Activities | \$ 275,094 | \$ 28,137 |
| Cash, Cash Equivalents, Foreign Currencies and Collateral on Option Contracts | | |
| Net increase/(decrease) in cash, cash equivalents, foreign currencies and collateral on option contracts during the period | \$(3,440) | \$ 21,377 |
| Effect of foreign exchange rate changes on cash and cash equivalents | (14) | 33 |
| Cash, cash equivalents, foreign currencies and collateral on option contracts at beginning of period | 20,349 | 11,280 |
| Cash, Cash Equivalents, Foreign Currencies and Collateral on Option Contracts at the End of Period | \$ 16,895 | \$ 32,690 |
| Supplemental Disclosure of Cash Flow Information | | |
| Cash interest paid | \$ 7,437 | \$ 8,542 |

Non-Cash Activity
PIK income

\$2,678 \$5,810

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION
SCHEDULE OF INVESTMENTS (Unaudited)

June 30, 2018

(In thousands, except share data)

| Industry / Company | Investment Type | Interest Rate (20) | Maturity Date | Par / Shares (12) | Cost (30) | Fair Value (1) (31) | |
|--|---|--------------------------------|-------------------|-------------------|-----------|---------------------|----------------|
| Advertising, Printing & Publishing | | | | | | | |
| A-L Parent LLC | Second Lien Secured Debt | 9.35% (1M L+725, 1.00% Floor) | 12/02/24 | \$ 5,536 | \$ 5,489 | \$ 5,591 | |
| American Media, Inc. | First Lien Secured Debt | 11.36% (3M L+900, 1.00% Floor) | 08/24/20 | 12,699 | 12,475 | 13,080 | |
| | First Lien Secured Debt - Revolver | 12.00% (P+700) | 08/24/20 | 178 | 178 | 183 | (23) |
| | First Lien Secured Debt - Revolver | 10.34% (3M L+800) | 08/24/20 | 533 | 533 | 549 | (23) |
| | First Lien Secured Debt - Unfunded Revolver | 0.50% Unfunded | 08/24/20 | 1,067 | (29) | — | (21)(23) |
| | | | | | 13,157 | 13,812 | |
| Simplifi Holdings, Inc. | First Lien Secured Debt | 7.59% (1M L+550, 1.00% Floor) | 09/28/22 | 25,556 | 25,053 | 25,300 | (9) |
| | First Lien Secured Debt - Unfunded Revolver | 0.50% Unfunded | 09/28/22 | 2,400 | (61) | (24) | (8)(9)(21)(23) |
| | | | | | 24,992 | 25,276 | |
| Total Advertising, Printing & Publishing | | | | | \$43,638 | \$44,679 | |
| Aerospace & Defense | | | | | | | |
| Erickson Inc | First Lien Secured Debt - Revolver | 9.84% (3M L+750, 1.00% Floor) | 04/28/22 | \$ 26,014 | \$ 26,014 | \$ 25,429 | (9)(23) |
| | First Lien Secured Debt - Unfunded Revolver | 0.50% Unfunded | 04/28/22 | 12,124 | (412) | (273) | (8)(9)(21)(23) |
| | First Lien Secured Debt - Letters of Credit | 7.50% | 8/16/18 - 4/30/20 | 6,862 | — | (153) | (8)(9)(23) |
| | | | | | 25,602 | 25,003 | |
| ILC Dover LP | Second Lien Secured Debt | 10.84% (3M L+850, 1.00% Floor) | 06/28/24 | 20,000 | 19,583 | 19,550 | |
| PAE Holding Corporation | Second Lien Secured Debt | 11.59% (1M L+950, 1.00% Floor) | 10/20/23 | 28,097 | 27,451 | 28,272 | (10) |
| Total Aerospace & Defense | | | | | \$72,636 | \$72,825 | |
| Automotive | | | | | | | |

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| | | | | | | | |
|---|--|---|----------|------------------|-----------|-----------|------|
| Accelerate Parent Corp. | Common Equity/Interest - Common Stock | N/A | N/A | 1,664,046 Shares | \$1,714 | \$100 | (13) |
| Crowne Automotive | | | | | | | |
| Vari-Form Group, LLC | First Lien Secured Debt | 13.33% (3M L+11.00% (7.00% Cash plus 4.00% PIK), 1.00% Floor) | 02/02/23 | 4,998 | 4,862 | 4,848 | (9) |
| Vari-Form Inc. | First Lien Secured Debt | 13.33% (3M L+11.00% (7.00% Cash plus 4.00% PIK), 1.00% Floor) | 02/02/23 | 9,997 | 9,725 | 9,697 | (9) |
| | | | | | 14,587 | 14,545 | |
| K&N Parent, Inc. | Second Lien Secured Debt | 11.08% (3M L+875, 1.00% Floor) | 10/21/24 | 26,765 | 26,336 | 26,096 | (10) |
| Total Automotive Aviation and Consumer Transport Merx Aviation Merx Aviation Finance Assets Ireland Limited (5) | | | | | \$42,637 | \$40,741 | |
| Merx Aviation Finance, LLC (5) | First Lien Secured Debt - Letters of Credit | 2.25% | 09/30/18 | \$3,600 | \$— | \$— | (23) |
| | First Lien Secured Debt - Revolver | 12.00% | 10/31/23 | 450,800 | 450,800 | 450,800 | (23) |
| | First Lien Secured Debt - Letter of Credit | 2.25% | 07/13/18 | 177 | — | — | (23) |
| | Common Equity/Interests - Membership Interests | N/A | N/A | N/A | 15,000 | 52,001 | |
| Total Aviation and Consumer Transport Beverage, Food & Tobacco Eagle Foods Family Group, LLC | | | | | \$465,800 | \$502,801 | |
| | First Lien Secured Debt | 8.84% (3M L+650, 1.00% Floor) | 06/14/24 | \$25,000 | \$24,721 | \$24,719 | (9) |

See notes to financial statements.

Table of ContentsAPOLLO INVESTMENT CORPORATION
SCHEDULE OF INVESTMENTS (Unaudited)

June 30, 2018

(In thousands, except share data)

| Industry / Company | Investment Type | Interest Rate (20) | Maturity Date | Par / Shares (12) | Cost (30) | Fair Value (1) (31) | |
|---|--|---------------------------------------|------------------|-------------------------|--------------|---------------------------|----------------|
| | First Lien Secured Debt - Revolver | 8.84% (3M L+650, 1.00% Floor) | 06/14/23 | 833 | 833 | 824 | (9)(23) |
| | First Lien Secured Debt - Unfunded Revolver | 0.00% Unfunded | 06/14/23 | 2,917 | (39) | (33) | (8)(9)(21)(23) |
| Total Beverage, Food & Tobacco Business Services | | | | | \$25,515 | \$25,510 | |
| Access CIG, LLC | Second Lien Secured Debt | 9.84% (1M L+775) | 02/27/26 | \$ 19,931 | \$ 19,747 | \$ 20,056 | (10) |
| | Second Lien Secured Debt - Unfunded Delayed Draw | 0.00% Unfunded | 02/27/26 | 969 | — | — | (10)(21)(23) |
| | | | | | 19,747 | 20,056 | |
| Aero Operating LLC | First Lien Secured Debt | 9.34% (1M L+725, 1.00% Floor) | 12/29/22 | 33,267 | 32,519 | 32,935 | (9) |
| | First Lien Secured Debt - Unfunded Revolver | 1.00% Unfunded | 12/29/22 | 4,812 | (43) | (48) | (8)(9)(21)(23) |
| | | | | | 32,476 | 32,887 | |
| Almonde, Inc | Second Lien Secured Debt | 9.56% (3M L+725, 1.00% Floor) | 06/13/25 | 2,316 | 2,296 | 2,235 | (10)(17) |
| Ambrosia Buyer Corp. | Second Lien Secured Debt | 10.09% (1M L+ 800, 1.00% Floor) | 08/28/25 | 21,429 | 20,950 | 20,948 | |
| Aptean, Inc. | Second Lien Secured Debt | 11.83% (3M L+950, 1.00% Floor) | 12/20/23 | 11,148 | 11,050 | 11,217 | (10) |
| CT Technologies Intermediate Holdings, Inc | Second Lien Secured Debt | 11.09% (1M L+900, 1.00% Floor) | 12/01/22 | 31,253 | 30,511 | 30,315 | (9) |
| Electro Rent Corporation | Second Lien Secured Debt | 11.31% (3M L+900, 1.00% Floor) | 01/31/25 | 18,333 | 17,880 | 17,967 | (9) |
| | Second Lien Secured Debt | 11.33% (3M L+900, 1.00% Floor) | 01/31/25 | 18,265 | 17,766 | 17,899 | (9) |
| | | | | | 35,646 | 35,866 | |
| Ministry Brands, LLC | Second Lien Secured Debt | 11.75% (6M L+925, 1.00% Floor) | 06/02/23 | 10,000 | 9,886 | 10,065 | |
| | First Lien Secured Debt | | 12/29/22 | 16,069 | 15,716 | 15,909 | (9) |

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| | | | | | | | | |
|--------------------------------------|---|--------------------------------|----------|------------------|--------|--------|----------------|--|
| Newsycle Solutions, Inc. | | 9.09% (1M L+700, 1.00% Floor) | | | | | | |
| | First Lien Secured Debt - Revolver | 9.10% (1M L+700, 1.00% Floor) | 12/29/22 | 160 | 160 | 158 | (9)(23) | |
| | First Lien Secured Debt - Unfunded Revolver | 0.50% Unfunded | 12/29/22 | 340 | (13) | (3) | (8)(9)(21)(23) | |
| | | | | | 15,863 | 16,064 | | |
| PSI Services, LLC | First Lien Secured Debt | 7.09% (1M L+500, 1.00% Floor) | 01/20/23 | 4,609 | 4,522 | 4,565 | (9) | |
| | First Lien Secured Debt - Unfunded Revolver | 0.50% Unfunded | 01/20/22 | 397 | (7) | (4) | (8)(9)(21)(23) | |
| | First Lien Secured Debt - Unfunded Revolver | 0.50% Unfunded | 01/20/22 | £47 | — | — | (9)(21)(23) | |
| | Second Lien Secured Debt | 11.09% (1M L+900, 1.00% Floor) | 01/20/24 | 33,452 | 32,688 | 32,796 | (9) | |
| | | | | | 37,203 | 37,357 | | |
| RA Outdoors, LLC | First Lien Secured Debt | 6.84% (1M L+475, 1.00% Floor) | 09/11/24 | 7,192 | 7,065 | 7,121 | (9) | |
| | First Lien Secured Debt - Unfunded Revolver | 0.50% Unfunded | 09/09/22 | 1,200 | (20) | (12) | (8)(9)(21)(23) | |
| | Second Lien Secured Debt | 10.84% (1M L+875, 1.00% Floor) | 09/11/25 | 34,200 | 33,430 | 33,515 | (9) | |
| | | | | | 40,475 | 40,624 | | |
| Skyline Data/Dodge Data | | | | | | | | |
| Dodge Data & Analytics LLC | First Lien Secured Debt | 11.09% (3M L+875, 1.00% Floor) | 10/31/19 | 48,209 | 47,950 | 48,210 | | |
| Skyline Data, News and Analytics LLC | Common Equity/Interests - Class A Common Unit | N/A | N/A | 4,500,000 Shares | 4,500 | 4,500 | (13) | |
| | | | | | 52,450 | 52,710 | | |

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION
SCHEDULE OF INVESTMENTS (Unaudited)

June 30, 2018

(In thousands, except share data)

| Industry / Company | Investment Type | Interest Rate (20) | Maturity Date | Par / Shares (12) | Cost (30) | Fair Value (1) (31) | |
|--|---|--------------------------------------|------------------|-------------------------|--------------|---------------------------|----------|
| STG-Fairway Acquisitions, Inc. | Second Lien Secured Debt | 11.34% (1M L+925, 1.00% Floor) | 06/30/23 | 15,000 | 14,765 | 14,400 | (10) |
| Transplace Holdings, Inc. | Second Lien Secured Debt | 10.80% (1M L+875, 1.00% Floor) | 10/06/25 | 13,599 | 13,288 | 13,735 | (10) |
| U.S. Security Associates Holdings, Inc. | Unsecured Debt | 11.00% | 01/28/20 | 80,000 | 80,000 | 80,000 | |
| Total Business Services Chemicals, Plastics & Rubber Carbon Free Chemicals Carbonfree Chemicals SPE I LLC (f/k/a Maxus Capital Carbon SPE I LLC) | | | | | \$416,606 | \$418,479 | |
| | First Lien Secured Debt | 5.215% PIK | 09/30/20 | \$ 51,805 | \$ 51,805 | \$ 46,457 | |
| | Common Equity/Partnership Interests - Residual Interests | N/A | 09/30/20 | 7,500 | 7,500 | — | (13) |
| Carbonfree Caustic SPE LLC | Unfunded Delayed Draw - Promissory Note | N/A | 06/30/20 | 6,111 | — | — | (21)(23) |
| | | | | | 59,305 | 46,457 | |
| Hare Bidco, Inc. | Second Lien Secured Debt | 9.75% (3M E+875, 1.00% Floor) | 08/01/24 | € 13,574 | 14,434 | 15,532 | |
| Total Chemical, Plastics & Rubber Consumer Goods – Durable | | | | | \$ 73,739 | \$ 61,989 | |
| Hayward Industries, Inc. KLO Holdings | Second Lien Secured Debt | 10.34% (1M L+825) | 08/04/25 | \$ 25,110 | \$ 24,664 | \$ 24,660 | |
| 9357-5991 Quebec Inc. | First Lien Secured Debt | 11.75% (1M L+975, 0.75% Floor) | 04/07/22 | 9,203 | 9,117 | 8,857 | |
| KLO Acquisition LLC | First Lien Secured Debt | 11.88% (1M L+975, 0.75% Floor) | 04/07/22 | 5,363 | 5,312 | 5,161 | |
| | | | | | 14,429 | 14,018 | |
| Sorenson Holdings, LLC | Common Equity/Interests - Membership Interests | N/A | N/A | 587 Shares | — | 471 | (13) |
| Total Consumer Goods - Durable Consumer Goods – Non-Durable | | | | | \$ 39,093 | \$ 39,149 | |

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| | | | | | | | |
|---|--|--------------------------------|----------|----------------|-----------|-----------|----------|
| ABG Intermediate Holdings 2, LLC | Second Lien Secured Debt | 9.84% (1M L+775, 1.00% Floor) | 09/29/25 | \$ 11,232 | \$ 11,168 | \$ 11,260 | (10) |
| | Second Lien Secured Debt - Unfunded Delayed Draw | 0.3875% Unfunded | 09/29/25 | 1,139 | — | — | (21)(23) |
| | | | | | 11,168 | 11,260 | |
| Sequential Brands Group, Inc. | Second Lien Secured Debt | 11.09% (1M L+900) | 07/01/22 | 17,072 | 16,929 | 17,168 | (17) |
| Total Consumer Goods - Non-Durable Consumer Services | | | | | \$ 28,097 | \$ 28,428 | |
| 1A Smart Start LLC | Second Lien Secured Debt | 10.34% (1M L+825, 1.00% Floor) | 08/22/22 | \$ 25,100 | \$ 24,654 | \$ 24,645 | |
| Total Consumer Services Containers, Packaging & Glass | | | | | \$ 24,654 | \$ 24,645 | |
| Sprint Industrial Holdings, LLC | Second Lien Secured Debt | 13.5% PIK | 11/14/19 | \$ 19,714 | \$ 18,107 | \$ 11,770 | (13)(14) |
| | Common Equity/Interests - Warrants | N/A | N/A | 7,341 Warrants | — | — | (13)(26) |
| | | | | | 18,107 | 11,770 | |
| TricorBraun Holdings, Inc. | First Lien Secured Debt - Revolver | 7.25% (P+225) | 11/30/21 | 450 | 450 | 451 | (23) |
| | First Lien Secured Debt - Revolver | 5.34% (1M L+325) | 11/30/21 | 1,500 | 1,500 | 1,503 | (23) |

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION
SCHEDULE OF INVESTMENTS (Unaudited)

June 30, 2018

(In thousands, except share data)

| Industry / Company | Investment Type | Interest Rate (20) | Maturity Date | Par / Shares (12) | Cost (30) | Fair Value (1) (31) | |
|--|--|--|------------------|-------------------------|--------------|---------------------------|----------------|
| | First Lien Secured Debt - Unfunded Revolver | 0.50% Unfunded | 11/30/21 | 3,675 | (346) | — | (21)(23) |
| | | | | | 1,604 | 1,954 | |
| | Total Containers, Packaging & Glass | | | | \$19,711 | \$13,724 | |
| | Diversified Investment Vehicles, Banking, Finance, Real Estate | | | | | | |
| Armor Holding II LLC | Second Lien Secured Debt | 11.09% (1M L+900, 1.25% Floor) | 12/26/20 | \$8,000 | \$7,946 | \$8,070 | (10) |
| Craft 2014-1A | Structured Products and Other - Credit-Linked Note | N/A | 05/15/21 | 42,500 | — | — | (11)(17) |
| Craft 2015-2 | Structured Products and Other - Credit-Linked Note | 10.62% (3M L+925) | 01/16/24 | 24,998 | 25,599 | 24,998 | (11)(17) |
| Golden Bear 2016-R, LLC (3)(4) | Structured Products and Other - Membership Interests | N/A | 09/20/42 | — | 16,548 | 13,634 | (17) |
| Mayfield Agency Borrower Inc. | Second Lien Secured Debt | 10.59% (1M L+850, 1.00% Floor) | 03/02/26 | 5,000 | 4,928 | 4,978 | (10) |
| Purchasing Power, LLC | First Lien Secured Debt - Revolver | 10.09% (1M L + 800, 1.00% Floor) | 07/10/19 | 2,179 | 2,179 | 2,167 | (9)(23) |
| | First Lien Secured Debt - Unfunded Revolver | 0.75% Unfunded | 07/10/19 | 2,321 | (23) | (12) | (8)(9)(21)(23) |
| | | | | | 2,156 | 2,155 | |
| Ten-X, LLC | First Lien Secured Debt - Unfunded Revolver | 0.50% Unfunded | 09/29/22 | 4,680 | (358) | (366) | (8)(21)(23) |
| | Total Diversified Investment Vehicles, Banking, Finance, Real Estate | | | | \$56,819 | \$53,469 | |
| | Energy – Electricity | | | | | | |
| AMP Solar Group, Inc. (4) | Common Equity/Interests - Class A Common Unit | N/A | N/A | 243,646 Shares | 10,000 | 5,114 | (13)(17) |
| Renew Financial AIC SPV Holdings II, LLC (4) | Preferred Equity - Preferred Stock | N/A | N/A | 143 Shares | 534 | 886 | (15)(17) |
| | | N/A | N/A | | 8,343 | 18,809 | (13) |

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| | | | | | | | |
|---|--|--------------------------------|----------|------------------|----------|----------|-------------|
| Renew Financial LLC (f/k/a Renewable Funding, LLC) (4) | Preferred Equity - Series B Preferred Stock | | | 1,505,868 Shares | | | |
| | Preferred Equity - Series D Preferred Stock | N/A | N/A | 436,689 Shares | 5,568 | 6,620 | (13) |
| Renew JV LLC (4) | Common Equity/Interests - Membership Interests | N/A | N/A | N/A | 3,065 | 5,207 | (13)(17) |
| | | | | | 17,510 | 31,522 | |
| Solarplicity Group | | | | | | | |
| Solarplicity Group Limited (3)(4) | First Lien Secured Debt | N/A | 11/30/22 | £4,331 | 5,811 | 5,705 | (13)(17) |
| Solarplicity UK Holdings Limited | First Lien Secured Debt | 4.00% | 03/08/23 | £5,562 | 7,636 | 7,317 | (17) |
| | Preferred Equity - Preferred Stock | N/A | N/A | 4,286 Shares | 5,862 | 4,752 | (2)(13)(17) |
| | Common Equity/Interests - Ordinary Shares | N/A | N/A | 2,825 Shares | 4 | 974 | (2)(13)(17) |
| | | | | | 19,313 | 18,748 | |
| Westinghouse Electric Co LLC | First Lien Secured Debt | 6.63% (1M L+450, 1.00% Floor) | 01/11/19 | 30,000 | 30,000 | 30,000 | (9) |
| Total Energy – Electricity | | | | | \$76,823 | \$85,384 | |
| Energy – Oil & Gas | | | | | | | |
| Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.) (5) | First Lien Secured Debt | 8.00% Cash (10.00% PIK Toggle) | 03/29/19 | \$15,000 | \$15,000 | \$15,000 | |
| | Second Lien Secured Debt | 10.00% PIK (8.00% Cash Toggle) | 03/29/21 | 31,279 | 31,279 | 31,279 | |

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION
SCHEDULE OF INVESTMENTS (Unaudited)

June 30, 2018

(In thousands, except share data)

| Industry / Company | Investment Type | Interest Rate (20) | Maturity Date | Par / Shares (12) | Cost (30) | Fair Value (1) (31) | |
|---|---|------------------------------------|---------------|-------------------|-----------|---------------------|--------------|
| | Common Equity/Interests - Common Stock | N/A | N/A | 5,000,000 Shares | 30,078 | 15,981 | (13) |
| | | | | | 76,357 | 62,260 | |
| Pelican Energy, LLC (4) | Common Equity/Interests - Membership Interests | N/A | N/A | 1,444 Shares | 20,108 | 8,148 | (13)(17)(29) |
| SHD Oil & Gas, LLC (5) | First Lien Secured Debt - Tranche A Note | 14.00% (8.00% Cash plus 6.00% PIK) | 12/31/19 | 44,095 | 44,095 | 45,417 | |
| | First Lien Secured Debt - Tranche B Note | 14.00% PIK | 12/31/19 | 75,823 | 44,380 | 45,470 | (13)(14) |
| | First Lien Secured Debt - Tranche C Note | 12.00% | 12/31/19 | 19,200 | 19,200 | 19,776 | |
| | First Lien Secured Debt - Unfunded Delayed Draw | 0.00% Unfunded | 12/31/19 | 2,800 | — | — | (21)(23) |
| | Common Equity/Interests - Series A Units | N/A | N/A | 7,600,000 Shares | 1,411 | — | (13)(29) |
| | | | | | 109,086 | 110,663 | |
| Total Energy – Oil & Gas | | | | | \$205,551 | \$181,071 | |
| Food & Grocery | | | | | | | |
| Bumble Bee Foods | | | | | | | |
| Bumble Bee Holdings, Inc. | First Lien Secured Debt | 10.33% (3M L+800, 1.00% Floor) | 08/15/23 | \$ 15,468 | \$15,193 | \$15,158 | |
| Connors Bros Clover Leaf Seafoods Company | First Lien Secured Debt | 10.33% (3M L+800, 1.00% Floor) | 08/15/23 | 4,382 | 4,304 | 4,294 | |
| | | | | | 19,497 | 19,452 | |
| Grocery Outlet, Inc. | Second Lien Secured Debt | 10.34% (1M L+825, 1.00% Floor) | 10/21/22 | 25,000 | 24,796 | 25,250 | (10) |
| Total Food & Grocery | | | | | \$44,293 | \$44,702 | |
| Healthcare & Pharmaceuticals | | | | | | | |

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| | | | | | | | |
|---|---|-------------------------------------|----------|----------|---------|---------|----------------------|
| Altasciences | | | | | | | |
| 9360-1367 Quebec Inc. | First Lien Secured Debt | 8.58% (3M L+625, 1.00% Floor) | 06/09/23 | \$ 2,891 | \$2,838 | \$2,805 | (9)(17) |
| | First Lien Secured Debt | 7.94% (3M L+625, 1.00% Floor) | 06/09/23 | C\$2,412 | 1,763 | 1,779 | (9)(17) |
| Altasciences US Acquisition, Inc. | First Lien Secured Debt | 8.58% (3M L+625, 1.00% Floor) | 06/09/23 | 5,222 | 5,124 | 5,066 | (9) |
| | First Lien Secured Debt - Revolver | 8.61% (3M L+625, 1.00% Floor) | 06/09/23 | 107 | 107 | 104 | (9)(23)(28) |
| | First Lien Secured Debt - Unfunded Revolver | 0.25% Unfunded | 06/09/23 | 1,319 | (26 |) (40 |) (8)(9)(21)(23)(28) |
| | First Lien Secured Debt - Unfunded Delayed Draw | 0.50% Unfunded | 06/09/23 | 2,851 | (29 |) (86 |) (8)(9)(21)(23)(28) |
| | | | | | 9,777 | 9,628 | |
| Amerivet Partners Management, Inc. | First Lien Secured Debt | 7.85% (1M L+575, 1.00% Floor) | 06/05/24 | 6,045 | 5,895 | 5,895 | (9) |
| | First Lien Secured Debt - Unfunded Revolver | 0.50% Unfunded | 06/05/24 | 806 | (21 |) (20 |) (8)(9)(21)(23) |
| | First Lien Secured Debt - Unfunded Delayed Draw | 0.50% Unfunded | 06/05/24 | 20,149 | (225 |) (499 |) (8)(9)(21)(23) |
| | | | | | 5,649 | 5,376 | |
| Analogic Corporation | First Lien Secured Debt | 8.33% (3M L+600, 1.00% Floor) | 06/22/24 | 27,391 | 26,710 | 27,117 | (9) |
| | First Lien Secured Debt - Unfunded Revolver | 0.50% Unfunded | 06/22/23 | 2,609 | (67 |) (26 |) (8)(9)(21)(23) |
| | | | | | 26,643 | 27,091 | |
| Aptevo Therapeutics Inc. | First Lien Secured Debt | 9.69% (1M L+760, 0.50% Floor) | 02/01/21 | 8,571 | 8,739 | 8,563 | (9) |

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APOLLO INVESTMENT CORPORATION
SCHEDULE OF INVESTMENTS (Unaudited)

June 30, 2018

(In thousands, except share data)

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|--------------------------------------|---|-------------------------------------|---------------|-------------------|-----------|---------------------|
| Argon Medical Devices Holdings, Inc. | Second Lien Secured Debt | 10.09% (1M L+800, 1.00% Floor) | 01/23/26 | 21,300 | 21,192 | 21,580(10) |
| Avalign Technologies, Inc. | Second Lien Secured Debt | 10.38% (6M L+825, 1.00% Floor) | 09/02/24 | 5,500 | 5,451 | 5,459(10) |
| BioClinica Holding I, LP | Second Lien Secured Debt | 10.63% (3M L+825, 1.00% Floor) | 10/21/24 | 24,612 | 24,212 | 22,880(10) |
| Genesis Healthcare, Inc. | First Lien Secured Debt | 8.34% (3M L+600, 0.50% Floor) | 03/06/23 | 25,000 | 24,642 | 24,652(9) |
| | First Lien Secured Debt - Revolver | 8.36% (3M L+600, 0.50% Floor) | 03/06/23 | 9,966 | 9,966 | 9,828(9)(23) |
| | First Lien Secured Debt - Revolver | 5.86% (3M L+350, 0.50% Floor) | 03/06/23 | 10,336 | 10,336 | 10,192(9)(23) |
| | First Lien Secured Debt - Unfunded Revolver | 0.50% Unfunded | 03/06/23 | 40,567 | 0773 | 0562 (8)(9)(21)(23) |
| | First Lien Secured Debt - Unfunded Delayed Draw | 2.00% Unfunded | 03/06/23 | 9,131 | 0171 | 0127 (8)(9)(21)(23) |
| | | | | | 44,007 | 43,983 |
| Elements Behavioral Health, Inc. | Second Lien Secured Debt | 15.09% (3M L+1275 PIK, 1.00% Floor) | 02/11/20 | 12,353 | 11,911 | — (13)(14) |
| Inuivity, Inc. | First Lien Secured Debt | 8.59% (1M L+650, 1.50% Floor) | 03/01/22 | 10,000 | 9,875 | 9,750(9) |
| | First Lien Secured Debt - Revolver | 5.34% (1M L+325, 1.50% Floor) | 03/01/22 | 809 | 809 | 799 (9)(23) |
| | First Lien Secured Debt - Unfunded Revolver | 0.50% Unfunded | 03/01/22 | 1,191 | 07 | 015 (8)(9)(21)(23) |
| | Common Equity/Interests - Warrants | N/A | N/A | 32,803 Warrants | 180 | 69 (9)(13) |
| | | | | | 10,857 | 10,603 |
| Lanai Holdings III, Inc. | Second Lien Secured Debt | 10.86% (3M L+850, 1.00% Floor) | 08/28/23 | 17,391 | 17,009 | 16,690(10) |
| LSCS Holdings, Inc | Second Lien Secured Debt | 10.58% (3M L+825) | 03/16/26 | 20,455 | 20,010 | 20,351 |
| | Second Lien Secured Debt | 10.34% (1M L+825) | 03/16/26 | | | |