

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2024

OR

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

Commission File Number 814-00710

PRINCETON CAPITAL CORPORATION
(Exact name of Registrant as specified in its charter)

Maryland	46-3516073
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
800 Turnpike Street Suite 300 North Andover, Massachusetts	01845
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (978) 794-3366

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
None	None	None

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

Common Stock, par value \$.001 per share

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

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one.)

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

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

Indicate by check mark whether the Registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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

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

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant was approximately \$800,277 based on the closing price of \$0.160 per share on the Over the Counter Pink Market on June 30, 2024, the last business day of the Registrant's most recently completed second fiscal quarter.

As of April 1, 2025, there were 120,486,061 shares of common stock, \$0.001 par value, issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain exhibits previously filed with the Securities and Exchange Commission are incorporated by reference into Part IV of this report.

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PART I

In this Annual Report on Form 10-K, except as otherwise indicated, the terms “we,” “us,” “our,” and the “Company” refer to Princeton Capital Corporation and “House Hanover” refers to our investment adviser House Hanover, LLC. Some of the statements in this Annual Report on Form 10-K constitute forward-looking statements, which relate to future events, future performance or financial condition. These forward-looking statements involve risks and uncertainties and actual results could differ materially from those projected in the forward-looking statements for any reason, including those factors discussed in “Item 1A. Risk Factors” and elsewhere in the report.

Item 1. BUSINESS

Overview and Background

Princeton Capital Corporation’s predecessor was initially incorporated in Florida in 1959 as Electro-Mechanical Services, Inc. In 1998, it changed its name from Electro-Mechanical Services, Inc. to Regal One Corporation (“Regal One”). In 2005, the then board of directors of Regal One determined it would be in the best interest of shareholders to change the focus of Regal One’s operations to providing financial services through a network of advisors and professionals.

On July 14, 2014, Regal One, the Company (then a wholly-owned subsidiary of Regal One), Capital Point Partners, LP, a Delaware limited partnership (“CPP”), and Capital Point Partners II, LP, a Delaware limited partnership (“CPPII” and, together with CPP, the “Partnerships”), entered into an Asset Purchase Agreement (the “Purchase Agreement”) pursuant to which we would acquire certain equity and debt investments of the Partnerships in exchange for shares of common stock. In addition to the customary conditions to closing the transactions contemplated by the Purchase Agreement, Regal One was required to (i) effect a reverse stock split of its then outstanding common stock at a ratio of 1-for-2, (ii) reincorporate from Florida to Maryland by merging with and into the Company with the Company continuing as the surviving corporation (the “Reincorporation”) and (iii) become an externally managed business development company (“BDC”) by entering into an external investment advisory agreement with Princeton Investment Advisors, LLC, a Delaware limited liability company.

On March 13, 2015, following the reverse stock split and the Reincorporation, we completed our acquisition in the approximate amounts of \$11.2 million in cash, \$43.5 million in equity & debt investments, and \$1.9 million in restricted cash escrow deposits of the Partnerships with an aggregate value of approximately \$56.6 million and issued approximately 115.5 million shares of our common stock to the Partnerships. The shares issued were based on a pre-valuation presumed fair value of \$60.9 million.

On December 27, 2017, following the resignation of our former President, Chief Executive Officer, and director of the Company, the Board of Directors of the Company (the “Board”) approved (specifically in accordance with Rule 15a-4(b)(1)(ii) of the Investment Company Act of 1940 (the “Investment Company Act” or “1940 Act”) and authorized the Company to enter into an Interim Investment Advisory Agreement between the Company and House Hanover, LLC, a Delaware limited liability company (“House Hanover”) (the “Interim Investment Advisory Agreement”), in accordance with Rule 15a-4 of the Investment Company Act. The effective date of the Interim Investment Advisory Agreement was January 1, 2018.

On April 5, 2018, the Board, including a majority of the independent directors, conditionally approved the Investment Advisory Agreement between the Company and House Hanover (the “House Hanover Investment Advisory Agreement”) subject to the approval of the Company’s stockholders at the 2018 Annual Meeting of Stockholders. The House Hanover Investment Advisory Agreement replaced the Interim Investment Advisory Agreement. On May 30, 2018, the Company’s stockholders approved the House Hanover Investment Advisory Agreement. The effective date of the House Hanover Investment Advisory Agreement was May 31, 2018. The House Hanover Investment Advisory Agreement was last annually renewed by the Board and by a majority of the members of the Board who are not parties to the House Hanover Investment Advisory Agreement or “interested persons” (as such term is defined in the 1940 Act) of any such party, in accordance with the requirements of the 1940 Act and the House Hanover Investment Advisory Agreement on May 9, 2024.

Since January 1, 2018, House Hanover has acted as our investment advisor under the Interim Investment Advisory Agreement (from January 1, 2018 until May 31, 2018) and the House Hanover Investment Advisory Agreement (since May 31, 2018).

The full text of the House Hanover Investment Advisory Agreement is attached as Exhibit 10.1 to the Form 8-K filed on March 31, 2018 and incorporated by reference therein. A summary of the House Hanover Investment Advisory Agreement is set forth herein.

On November 15, 2019, our Board announced that the Company has initiated a strategic review process to identify, examine, and consider a range of strategic alternatives available to the Company, including but not limited to, (i) selling the Company's assets to a business development company or other potential buyer, (ii) merging with another business development company, (iii) liquidating the Company's assets in accordance with a plan of liquidation, (iv) raising additional funds for the Company, or (v) otherwise entering into another business combination, with the objective of maximizing stockholder value. As of December 31, 2024 and through the date of filing this Annual Report, the Company has not entered into any agreements regarding any strategic alternative and the strategic process remains ongoing.

The following discussion describes the Company as of December 31, 2024 as it relates to the financial statements covered by this Annual Report on Form 10-K and as of the latest practicable date for other information about the Company.

General

We are an externally managed, non-diversified, closed-end investment company that has elected to be treated as a BDC under the 1940 Act. While we have sought to invest primarily in private small and lower middle-market companies in various industries through first lien loans, second lien loans, unsecured loans, unitranche and mezzanine debt financing, often times with a corresponding equity investment, we are now (with a strategic alternatives process underway and limited resources) investing only in current investments and otherwise conserving cash. Our investment objective is to maximize the total return to our stockholders in the form of current income and capital appreciation through debt and related equity investments in private small and lower middle-market companies. Since January 1, 2018, we have been managed by House Hanover, LLC, who also provides some of the administrative services necessary for us to operate.

As a BDC, we must not acquire any assets other than "qualifying assets" specified in the 1940 Act unless, at the time the acquisition is made, at least 70% of our total assets are qualifying assets (with certain limited exceptions). Qualifying assets include investments in "eligible portfolio companies." Under the relevant Securities and Exchange Commission ("SEC") rules, the term "eligible portfolio company" includes all private companies, companies whose securities are not listed on a national securities exchange, and certain public companies that have listed their securities on a national securities exchange and have a market capitalization of less than \$250 million, in each case organized in the United States.

Our investment objective is to maximize the total return to our stockholders in the form of current income and capital appreciation by:

- accessing the extensive origination channels that have been developed and established by our investment advisor that include long-standing relationships with private equity firms, commercial banks, investment banks and other financial services firms;
- investing in what we believe to be companies with strong business fundamentals, generally within our core small and lower middle-market company focus;
- focusing on a variety of industry sectors, including business services, energy, general industrial, government services, healthcare, software and specialty finance;
- directly originating transactions rather than participating in broadly syndicated financings;
- applying the disciplined underwriting standards that our investment advisor has developed over their extensive investing careers; and
- capitalizing upon the experience and resources of our investment advisor to monitor our investments.

As a BDC, we are required to comply with regulatory requirements, including limitations on our use of debt. We are permitted to, and expect to continue to, finance our investments through borrowings. However, as a BDC, we are only generally allowed to borrow amounts such that our asset coverage, as defined in the 1940 Act, equals at least 200% after such borrowing. 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 our securities 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 borrowings.

The Company will be taxed as a C corporation and subject to federal and state corporation income taxes for its 2024 and 2023 taxable years.

Our principal executive office is located at 800 Turnpike Street, Suite 300, North Andover, Massachusetts 01845, and our telephone number is (978) 794-3366. We maintain a website on the Internet at www.princetoncapitalcorp.com. Information contained on our website is not incorporated by reference into this annual report on Form 10-K and you should not consider information contained on our website to be part of this annual report on Form 10-K.

House Hanover

Since January 1, 2018, House Hanover manages our investment activities and is responsible for analyzing investment opportunities, conducting research and performing due diligence on potential investments, negotiating and structuring our investments, originating prospective investments and monitoring our investments and portfolio companies on an ongoing basis. House Hanover is a registered investment adviser and is wholly owned by Sema4, Inc.

House Hanover is headquartered in North Andover, Massachusetts.

Managerial Assistance

As a BDC, we offer, and must provide upon request, managerial assistance to our portfolio companies. This assistance could involve monitoring the operations of our portfolio companies, participating in board of directors and management meetings, consulting with and advising officers of portfolio companies and providing other organizational and financial guidance. House Hanover will provide such managerial assistance on our behalf to portfolio companies that request this assistance. We may receive fees for these services and will reimburse House Hanover for its allocated costs in providing such assistance, subject to the review by our board of directors, including our independent directors.

Competition

Our primary competitors in providing financing to small and lower middle-market companies include public and private funds, other BDC's, commercial and investment banks, commercial financing companies and, to the extent they provide an alternative form of financing, private equity and hedge funds. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than us. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us as a BDC or to the distribution and other requirements we must satisfy to qualify as a regulated investment company or "RIC". The Company did not meet the qualifications of a RIC for the 2024 tax year and will be taxed as a corporation under Subchapter C of the Internal Revenue Code of 1986 (the "Code"). It may not be in the best interests of the Company's stockholders to elect to be taxed as a RIC at the present time due to the net operating losses and capital loss carryforwards the Company currently has. Further, we do not expect to meet the qualifications of a RIC until such time as certain strategic alternatives are achieved. Management will make a determination that is in the best interests of the Company and its stockholders.

Employees

We do not have any direct employees, and our day-to-day investment operations are managed by House Hanover. We have a chief executive officer and president, chief financial officer and chief compliance officer. To the extent necessary, our board of directors may hire additional personnel going forward. Our officers are employees or consultants of our investment advisor and our allocable portion of the cost of our chief executive officer and president, chief financial officer and chief compliance officer and their respective staffs is paid by us pursuant to the House Hanover Investment Advisory Agreement.

Management Agreements

Effective as of January 1, 2018, House Hanover serves as our investment advisor and is registered as an investment advisor under the 1940 Act.

Summary of House Hanover Investment Advisory Agreement

Advisory Services

House Hanover is registered as an investment adviser under the 1940 Act and serves as the Company's investment advisor pursuant to the House Hanover Investment Advisory Agreement in accordance with the 1940 Act. House Hanover is owned by and an affiliate of Mr. Mark DiSalvo, the Company's Interim President, Interim Chief Executive Officer, and a director of the Company.

Subject to supervision by the Company's Board, House Hanover oversees the Company's day-to-day operations and provides the Company with investment advisory services. Under the terms of the House Hanover Investment Advisory Agreement, House Hanover, among other things: (i) determines the composition and allocation of the portfolio of the Company, the nature and timing of the changes therein and the manner of implementing such changes; (ii) identifies, evaluates and negotiates the structure of the investments made by the Company; (iii) executes, closes, services and monitors the Company's investments; (iv) determines the securities and other assets that the Company shall purchase, retain, or sell; (v) performs due diligence on prospective portfolio companies; (vi) provides the Company with such other investment advisory, research and related services as the Company may, from time to time, reasonably require for the investment of its funds; and (vii) if directed by the Board, assists in the execution and closing of the sale of the Company's assets or a sale of the equity of the Company in one or more transactions. House Hanover's services under the House Hanover Investment Advisory Agreement may not be exclusive and it is free to furnish similar services to other entities so long as its services to the Company are not impaired. At the request of the Company, House Hanover, upon any transition of the Company's investment advisory relationship to another investment advisor or upon any internalization, shall provide reasonable transition assistance to the Company and any successor investment advisor.

Advisory Fee

Pursuant to the House Hanover Investment Advisory Agreement, the Company pays House Hanover a base management fee for investment advisory and management services. The cost of the base management fee is ultimately borne by the Company's stockholders. The House Hanover Investment Advisory Agreement does not contain an incentive fee component.

The base management fee is calculated at an annual rate of 1.00% of the Company's gross assets, including assets purchased with borrowed funds or other forms of leverage and excluding cash and cash equivalents net of all indebtedness of the Company for borrowed money and other liabilities of the Company. The base management fee is payable quarterly in arrears, and determined as set forth in the preceding sentence at the end of the two most recently completed calendar quarters. The Board may retroactively adjust the valuation of the Company's assets and the resulting calculation of the base management fee in the event the Company or any of its assets are sold or transferred to an independent third party or the Company or House Hanover receives an audit report or other independent third party valuation of the Company. To the extent that any such adjustment increases or decreases the base management fee of any prior period, the Company will be obligated to pay the amount of increase to House Hanover or House Hanover will be obligated to refund the decreased amount, as applicable.

Payment of Expenses

House Hanover bears all compensation expense (including health insurance, pension benefits, payroll taxes and other compensation related matters) of its employees and consultants and bears the costs of any salaries or directors' fees of any officers or directors of the Company who are affiliated persons (as defined in the 1940 Act) of House Hanover. However, House Hanover, subject to approval by the Board of the Company, is entitled to reimbursement for the portion of any compensation expense and the costs of any salaries of any such employees to the extent attributable to services performed by such employees for the Company. During the term of the House Hanover Investment Advisory Agreement, House Hanover will also bear all of its costs and expenses for office space rental, office equipment, utilities and other non-compensation related overhead allocable to performance of its obligations under the House Hanover Investment Advisory Agreement.

Except as provided in the preceding paragraph the Company reimburses House Hanover all direct and indirect costs and expenses incurred by it during the term of the House Hanover Investment Advisory Agreement for: (i) due diligence of potential investments of the Company, (ii) monitoring performance of the Company's investments, (iii) serving as officers of the Company, (iv) serving as directors and officers of portfolio companies of the Company, (v) providing managerial assistance to portfolio companies of the Company, and (vi) enforcing the Company's rights in respect of its investments and disposing of its investments; provided, however, that, any third party expenses incurred by House Hanover in excess of \$50,000 in the aggregate in any calendar quarter will require advance approval by the Board of the Company.

In addition to the foregoing, the Company will also be responsible for the payment of all of the Company's other expenses, including the payment of the following fees and expenses:

- organizational and offering expenses;
- expenses incurred in valuing the Company's assets and computing its net asset value per share (including the cost and expenses of any independent valuation firm);
- subject to the guidelines approved by the Board, expenses incurred by House Hanover that are payable to third parties, including agents, consultants or other advisors, in monitoring financial and legal affairs for the Company and in monitoring the Company's investments and performing due diligence on the Company's prospective portfolio companies or otherwise related to, or associated with, evaluating and making investments;
- interest payable on debt, if any, incurred to finance the Company's investments and expenses related to unsuccessful portfolio acquisition efforts;
- offerings of the Company's common stock and other securities;
- administration fees;
- transfer agent and custody fees and expenses;
- U.S. federal and state registration fees of the Company (but not House Hanover);
- all costs of registration and listing the Company's shares on any securities exchange;
- U.S. federal, state and local taxes;
- independent directors' fees and expenses;
- costs of preparing and filing reports or other documents required of the Company (but not House Hanover) by the SEC or other regulators;
- costs of any reports, proxy statements or other notices to stockholders, including printing costs;
- the costs associated with individual or group stockholders;
- the Company's allocable portion of the fidelity bond, directors and officers/errors and omissions liability insurance, and any other insurance premiums;
- direct costs and expenses of administration and operation of the Company, including printing, mailing, long distance telephone, copying, secretarial and other staff, independent auditors and outside legal costs; and
- all other non-investment advisory expenses incurred by the Company in connection with administering the Company's business.

Duration and Termination

Unless terminated earlier as described below, the House Hanover Investment Advisory Agreement will continue in effect for a period of one (1) year from its effective date. It will remain in effect from year to year thereafter if approved annually by the Company's Board or by the affirmative vote of the holders of a majority of the Company's outstanding voting securities, and, in either case, if also approved by a majority of Company's directors who are neither parties to the House Hanover Investment Advisory Agreement nor "interested persons" (as defined under the 1940 Act) of any such party. The House Hanover Investment Advisory Agreement was last annually renewed by the Board and by a majority of the members of the Board who are not parties to the House Hanover Investment Advisory Agreement or "interested persons" (as such term is defined in the 1940 Act) of any such party on May 9, 2024.

The House Hanover Investment Advisory Agreement may be terminated at any time, without the payment of any penalty, (i) upon written notice, effective on the date set forth in such notice, by the vote of a majority of the outstanding voting securities of the Company or by the vote of the Company's directors, or (ii) upon 60 days' written notice, by House Hanover. The House Hanover Investment Advisory Agreement automatically terminates in the event of its "assignment," as defined in the 1940 Act.

Indemnification

The House Hanover Investment Advisory Agreement provides that, absent willful misfeasance, bad faith or negligence in the performance of their duties, or by reason of the material breach or reckless disregard of their duties and obligations under the House Hanover Investment Advisory Agreement, House Hanover and its officers, managers, employees and members are entitled to indemnification from the Company for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of House Hanover's services under the House Hanover Investment Advisory Agreement or otherwise as the Company's investment advisor. The amounts payable for indemnification will be calculated net of payments recovered by the indemnified party under any insurance policy with respect to such losses.

At all times during the term of the House Hanover Investment Advisory Agreement and for one year thereafter, House Hanover is obligated to maintain directors and officers/errors and omission liability insurance in an amount and with a provider reasonably acceptable to the Board of the Company.

Regulation as a BDC

We have elected to be regulated as a BDC under the 1940 Act. On an annual basis and in general, BDCs intend to elect to be treated for tax purposes as a regulated investment company ("RIC") under Subchapter M of the Code. However, we did not meet the qualifications of a RIC for the 2024 tax year and will be taxed as a corporation under Subchapter C of the Code. Further, we do not expect to meet the qualifications of a RIC until such time as certain strategic alternatives are achieved. The 1940 Act contains prohibitions and restrictions relating to transactions between BDC's and their affiliates (including any investment advisors), principal underwriters and affiliates of those affiliates or underwriters and requires that a majority of the directors be persons other than "interested persons," as that term is defined in the 1940 Act. In addition, the 1940 Act provides that we may not change the nature of our business so as to cease to be, or to withdraw our election as, a BDC unless approved by a majority of our outstanding voting securities.

We may invest up to 100% of our assets in securities acquired directly from issuers in privately negotiated transactions. With respect to such securities, we may, for the purpose of public resale, be deemed an "underwriter" as that term is defined in the Securities Act. Our intention is to not write (sell) or buy put or call options to manage risks associated with the publicly traded securities of our portfolio companies, except that we may enter into hedging transactions to manage the risks associated with interest rate fluctuations. However, we may purchase or otherwise receive warrants to purchase the common stock of our portfolio companies in connection with acquisition financing or other investments. Similarly, in connection with an acquisition, we may acquire rights to require the issuers of acquired securities or their affiliates to repurchase them under certain circumstances. We also do not intend to acquire securities issued by any investment company that exceed the limits imposed by the 1940 Act. Under these limits, we generally cannot acquire more than 3% of the voting stock of any registered investment company, invest more than 5% of the value of our total assets in the securities of one investment company or invest more than 10% of the value of our total assets in the securities of more than one investment company. With regard to that portion of our portfolio invested in securities issued by investment companies, it should be noted that such investments might subject our stockholders to additional expenses. None of these policies is fundamental and may be changed without stockholder approval upon 60 days' prior written notice to stockholders.

Qualifying Assets

Under the 1940 Act, a BDC may not acquire any 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 company’s total assets. The principal categories of qualifying assets relevant to our business are the following:

- (1) Securities purchased in transactions not involving any public offering from the issuer of such securities, which issuer (subject to certain limited exceptions) is an eligible portfolio company, or from any person who is, or has been during the preceding 13 months, an affiliated person of an eligible portfolio company, or from any other person, subject to such rules as may be prescribed by the SEC. Under the 1940 Act and the rules thereunder, “eligible portfolio companies” include (1) private domestic operating companies, (2) public domestic operating companies whose securities are not listed on a national securities exchange (*e.g.*, the New York Stock Exchange) or registered under the Exchange Act, and (3) public domestic operating companies having a market capitalization of less than \$250 million. Public domestic operating companies whose securities are quoted on the over-the-counter bulletin board (OTCBB) or through OTC Markets Group (including the Pink Market) are not listed on a national securities exchange and therefore are eligible portfolio companies.
- (2) Securities of any eligible portfolio company which we control.
- (3) Securities purchased in a private transaction from a U.S. issuer that is not an investment company or from a person who is or has been, within the past 13 months, an affiliated person of the issuer, or in transactions incident to such a private transaction, if the issuer is in bankruptcy and subject to reorganization or if the issuer, immediately prior to the purchase of its securities, was unable to meet its obligations as they came due without material assistance other than conventional lending or financing arrangements.
- (4) Securities of an eligible portfolio company purchased from any person in a private transaction if there is no ready market for such securities and we already own 60% of the outstanding equity of the eligible portfolio company.
- (5) Securities received in exchange for or distributed on or with respect to securities described above, or pursuant to the exercise of warrants or rights relating to such securities.
- (6) Cash, cash equivalents, U.S. government securities or high-quality debt securities that mature in one year or less from the date of investment.

The regulations defining qualifying assets may change over time. We may adjust our investment focus as needed to comply with and/or take advantage of any regulatory, legislative, administrative or judicial actions in this area.

Managerial Assistance to Portfolio Companies

In order to count portfolio securities as qualifying assets for the purpose of the 70% test, a BDC must either control the issuer of the securities or must offer to make available to the issuer of the securities significant managerial assistance. However, when the BDC purchases securities in conjunction with one or more other persons acting together, one of the other persons in the group may make available such managerial assistance. Making available managerial assistance means any arrangement whereby the BDC, through its directors, officers, employees or agents, offers to provide, and, if accepted, does so provide, significant guidance and counsel concerning the management, operations or business objectives and policies of a portfolio company. House Hanover will provide such managerial assistance on our behalf to portfolio companies that request this assistance.

Temporary Investments

Pending investment in other types of qualifying assets, as described above, our investments may consist of cash, cash equivalents, U.S. government securities, repurchase agreements and high-quality debt investments that mature in one year or less from the date of investment, which we refer to, collectively, as temporary investments, so that 70% of our assets are qualifying assets or temporary investments. We may invest in U.S. Treasury bills or in repurchase agreements, so long as the agreements are fully collateralized by cash or securities issued by the U.S. government or its agencies. A repurchase agreement involves the purchase by an investor, such as us, of a specified security and the simultaneous agreement by the seller to repurchase it at an agreed-upon future date and at a price that is greater than the purchase price by an amount that reflects an agreed-upon interest rate. There is no percentage restriction on the proportion of our assets that may be invested in such repurchase agreements. However, if more than 25% of our total assets constitute repurchase agreements from a single counterparty, we would not meet the Diversification Tests in order to qualify as a RIC for U.S. federal income tax purposes. Accordingly, we do not intend to enter into repurchase agreements with a single counterparty in excess of this limit.

Senior Securities

We are permitted, under specified conditions, to issue multiple classes of indebtedness and one class of stock senior to our common stock if our asset coverage, as defined in the 1940 Act, is at least equal to 200% immediately after each such issuance. In addition, while any senior securities remain outstanding, we must make provisions to prohibit any distribution to our stockholders or the repurchase of such securities or shares unless we meet the applicable asset coverage ratios at the time of the distribution or repurchase. We may also borrow amounts up to 5% of the value of our total assets for temporary or emergency purposes without regard to asset coverage. A loan will be considered temporary if it is repaid within sixty days and is not extended or renewed.

Common Stock

We are not generally able to issue and sell our common stock at a price below net asset value per share. We may, however, sell our common stock at a price below the current net asset value of the common stock if our board of directors determines that such sale is in our best interests and that of our stockholders, and our stockholders approve such sale. In any such case, the price at which our securities are to be issued and sold may not be less than a price which, in the determination of our board of directors, closely approximates the market value of such securities (less any distributing commission or discount).

Other

We are required to provide and maintain a bond issued by a reputable fidelity insurance company to protect us against larceny and embezzlement. Furthermore, as a BDC, we are prohibited from protecting any director or officer against any liability to us or our stockholders arising from willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of such person's office.

House Hanover and the Company will each be required to adopt and implement written policies and procedures reasonably designed to prevent violation of relevant federal securities laws, review these policies and procedures annually for their adequacy and the effectiveness of their implementation, and designate a chief compliance officer to be responsible for administering the policies and procedures.

We may also be prohibited under the 1940 Act from knowingly participating in certain transactions with our affiliates without the prior approval of our board of directors who are not interested persons and, in some cases, prior approval by the SEC. The SEC has interpreted the BDC prohibition on transactions with affiliates to prohibit all "joint transactions" between, among other things, entities that share a common investment advisor. The staff of the SEC has granted no-action relief permitting purchases of a single class of privately placed securities provided that the advisor negotiates no term other than price and certain other conditions are met.

Sarbanes-Oxley Act of 2002

The Sarbanes-Oxley Act imposes a wide variety of regulatory requirements on publicly held companies and their insiders. Many of these requirements affect us. For example:

- pursuant to Rule 13a-14 under the Exchange Act, our principal executive officer and principal financial officer must certify the accuracy of the financial statements contained in our periodic reports;
- pursuant to Item 307 under Regulation S-K, our periodic reports must disclose our conclusions about the effectiveness of our disclosure controls and procedures;
- pursuant to Rule 13a-15 under the Exchange Act, our management must prepare an annual report regarding its assessment of our internal control over financial reporting; and
- pursuant to Item 308 of Regulation S-K and Rule 13a-15 under the Exchange Act, our periodic reports must disclose whether there were significant changes in our internal controls over financial reporting or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any remedial actions with regard to significant deficiencies and material weaknesses.

The Sarbanes-Oxley Act requires us to review our current policies and procedures to determine whether we comply with the Sarbanes-Oxley Act and the regulations promulgated under such act. We will continue to monitor our compliance with all regulations that are adopted under the Sarbanes-Oxley Act and will take actions necessary to ensure that we are in compliance with that act.

Item 1A. RISK FACTORS

Investing in our securities involves a number of significant risks. Before you invest in our securities, you should be aware of various risks, including those described below. You should carefully consider these risk factors, together with all of the other information included in this annual report on Form 10-K, before you decide whether to make an investment in our securities. The risks set out below are the principal risks with respect to an investment in our securities generally and with respect to a BDC with investment objectives, investment policies, capital structures or trading markets similar to ours. However, they may not be the only risks we face. Additional risks and uncertainties not presently known to us or not presently deemed material by us may also impair our operations and performance. If any of the following events occur, our business, financial condition, results of operations and cash flows could be materially and adversely affected. In such case, our net asset value and the trading price of our securities could decline, and you may lose all or part of your investment.

Risks Relating to our Business and Structure

There are significant potential conflicts of interest that could negatively affect our investment returns.

The investment professionals of House Hanover serve, or may serve, as officers, directors, members, or principals of entities that operate in the same or a related line of business as we do, or of investment funds, accounts, or investment vehicles managed by House Hanover. Similarly, House Hanover may have other clients with similar, different or competing investment objectives. In serving in these multiple capacities, they may have obligations to other clients or investors in those entities, the fulfillment of which may not be in the best interests of us or our stockholders.

The management fee structure we have with House Hanover may create incentives that are not fully aligned with the interests of our stockholders.

In the course of our investing activities, we will pay management fees to House Hanover. We have entered into an investment advisory agreement with House Hanover that provides that these fees will be based on the value of our net assets. As a result, investors in our common stock will invest on a gross basis and receive distributions on a net basis after expenses, resulting in a lower rate of return than one might achieve through direct investments.

Our board of directors is charged with protecting our interests by monitoring how House Hanover addresses these and other conflicts of interests associated with its management services and compensation. While our board of directors is not expected to review or approve each investment decision, borrowing or incurrence of leverage, our independent directors will periodically review House Hanover's services and fees as well as its portfolio management decisions and performance of our portfolio. In connection with these reviews, our independent directors will consider whether our fees and expenses (including those related to leverage) remain appropriate. As a result of this arrangement, House Hanover may from time to time have interests that differ from those of our stockholders, giving rise to a conflict.

The involvement of our interested directors in the valuation process may create conflicts of interest.

We expect to make many of our portfolio investments in the form of loans and securities that are not publicly traded and for which no market based price quotation is available. As a result, our board of directors will determine the fair value of these loans and securities in good faith as described below in "— Our portfolio investments will be recorded at fair value as determined in good faith by our board of directors and, as a result, there may be uncertainty as to the value of our portfolio investments." In connection with that determination, investment professionals from House Hanover may provide our board of directors with valuations based upon the most recent portfolio company financial statements available and projected financial results of each portfolio company. While the valuation for most portfolio investments will be prepared quarterly by an independent valuation firm with the assistance of the Company's Valuation Committee, the ultimate determination of fair value will be made by our board of directors, including our interested directors, and not by such third-party valuation firm. In addition, Mr. Mark DiSalvo, an interested member of our board of directors, has a direct pecuniary interest in House Hanover. The participation of House Hanover's investment professionals in our valuation process, and the pecuniary interest in House Hanover by a member of our board of directors, could result in a conflict of interest as House Hanover's management fee is based, in part, on the value of our gross assets.

The time and resources that House Hanover devote to us may be diverted, and we may face additional competition due to the fact that House Hanover and its affiliates are not prohibited from raising money for, or managing, another entity that makes the same types of investments that we target.

House Hanover and some of its affiliates, including our officers and our non-independent directors, are not prohibited from raising money for, or managing, another investment entity that makes the same types of investments as those we target. For example, House Hanover could seek to raise capital for a private credit fund that will have an investment strategy that is identical to our investment strategy. House Hanover and we may seek exemptive relief from the SEC that would establish a co-investment program with investment funds, accounts and investment vehicles managed by House Hanover; however, there can be no assurance if and when the SEC would grant such relief. In addition, we may compete with any such investment entity for the same investors and investment opportunities.

House Hanover's liability is limited under the House Hanover Investment Advisory Agreement and we have agreed to indemnify House Hanover against certain liabilities, which may lead House Hanover to act in a riskier manner on our behalf than it would when acting for its own account.

Under the House Hanover Investment Advisory Agreement, House Hanover has not assumed any responsibility to us other than to render the services called for under that agreement. It will not be responsible for any action of our board of directors by following or declining to follow House Hanover's advice or recommendations. Under the House Hanover Investment Advisory Agreement, House Hanover, its officers, members and personnel, and any person controlling or controlled by House Hanover will not be liable to us, any subsidiary of ours, our directors, our stockholders or any subsidiary's stockholders or partners for acts or omissions performed in accordance with and pursuant to the House Hanover Investment Advisory Agreement, except those resulting from acts constituting gross negligence, willful misfeasance, bad faith or reckless disregard of the duties that House Hanover owes to us under the House Hanover Investment Advisory Agreement. In addition, as part of the House Hanover Investment Advisory Agreement, we have agreed to indemnify House Hanover and each of its officers, directors, members, managers and employees from and against any claims or liabilities, including reasonable legal fees and other expenses reasonably incurred, arising out of or in connection with our business and operations or any action taken or omitted on our behalf pursuant to authority granted by the House Hanover Investment Advisory Agreement, except where attributable to gross negligence, willful misfeasance, bad faith or reckless disregard of such person's duties under the House Hanover Investment Advisory Agreement. These protections may lead House Hanover to act in a riskier manner when acting on our behalf than it would when acting for its own account.

Our ability to enter into transactions with our affiliates will be restricted, which may limit the scope of investments available to us.

We are prohibited under the 1940 Act from participating in certain transactions with our affiliates without the prior approval of our independent directors and, in some cases, the SEC. Any person that owns, directly or indirectly, 5% or more of our outstanding voting securities will be our affiliate for purposes of the 1940 Act, and we are generally prohibited from buying or selling any security from or to such affiliate without the prior approval of our independent directors. The 1940 Act also prohibits certain "joint" transactions with certain of our affiliates, which could include concurrent investments in the same portfolio company, without prior approval of our independent directors and, in some cases, of the SEC. We are prohibited from buying or selling any security from or to any person that controls us or who owns more than 25% of our voting securities or certain of that person's affiliates, or entering into prohibited joint transactions with such persons, absent the prior approval of the SEC. As a result of these restrictions, we may be prohibited from buying or selling any security (other than any security of which we are the issuer) from or to any portfolio company of a private fund managed by House Hanover or its affiliates without the prior approval of the SEC, which may limit the scope of investment opportunities that would otherwise be available to us.

We may, however, invest alongside House Hanover's investment funds, accounts and investment vehicles in certain circumstances where doing so is consistent with our investment strategy as well as applicable law and SEC staff interpretations. For example, we may invest alongside such investment funds, accounts and investment vehicles consistent with guidance promulgated by the SEC staff to purchase interests in a single class of privately placed securities so long as certain conditions are met, including that House Hanover, acting on our behalf and on behalf of such investment funds, accounts and investment vehicles, negotiates no term other than price. We may also invest alongside House Hanover's investment funds, accounts and investment vehicles as otherwise permissible under regulatory guidance, applicable regulations and House Hanover's allocation policy. This allocation policy provides that allocations among us and investment funds, accounts and investment vehicles managed by House Hanover and its affiliates will generally be made pro rata based on capital available for investment, as determined, in our case, by our board of directors as well as the terms of our governing documents and those of such investment funds, accounts and investment vehicles. It is our policy to base our determinations on such factors as the amount of cash on-hand, existing commitments and reserves, if any, our targeted leverage level, our targeted asset mix and diversification requirements and other investment policies and restrictions set by our board of directors or imposed by applicable laws, rules, regulations or interpretations. We expect that these determinations will be made similarly for investment funds, accounts and investment vehicles managed by House Hanover. However, we can offer no assurance that investment opportunities will be allocated to us fairly or equitably in the short-term or over time.

In situations where co-investment with investment funds, accounts and investment vehicles managed by House Hanover, prior to receiving exemptive relief, is not permitted or appropriate, such as when there is an opportunity to invest concurrently in different securities of the same issuer or where the different investments could be expected to result in a conflict between our interests and those of House Hanover's clients, subject to the limitations described in the preceding paragraph, House Hanover will need to decide which client will proceed with the investment. House Hanover will make these determinations based on its policies and procedures, which generally require that such opportunities be offered to eligible accounts on an alternating basis that will be fair and equitable over time. Moreover, except in certain circumstances, we will be unable to invest in any issuer in which an investment fund, account or investment vehicle managed by House Hanover has previously invested.

We and House Hanover may seek exemptive relief from the SEC to permit greater flexibility to negotiate the terms of co-investments if our board of directors determines that it would be advantageous for us to co-invest with investment funds, accounts and investment vehicles managed by House Hanover in a manner consistent with our investment objective, positions, policies, strategies and restrictions as well as regulatory requirements and other pertinent factors. We believe that co-investment by us and investment funds, accounts and investment vehicles managed by House Hanover may afford us additional investment opportunities and an ability to achieve greater diversification. Accordingly, if we make an application for exemptive relief, we will seek an exemptive order permitting us to invest with investment funds, accounts and investment vehicles managed by House Hanover in the same portfolio companies under circumstances in which such investments would otherwise not be permitted by the 1940 Act. We expect that such exemptive relief permitting co-investments, if granted, would not require review and approval of each co-investment by our independent directors. There can be no assurance if and when the SEC would grant such relief.

You may not receive distributions, or our distributions may not grow over time.

We cannot assure you that we will achieve investment results that will allow us to make a specified level of cash distributions or year-to-year increases in cash distributions. Our ability to pay distributions might be adversely affected by the impact of one or more of the risk factors described in this filing. Due to the asset coverage test applicable to us under the 1940 Act as a BDC, we may be limited in our ability to make distributions. All distributions will be made at the discretion of our board of directors and will depend on our earnings, financial condition, maintenance of RIC status, compliance with applicable BDC requirements, and such other factors as our board of directors may deem relative from time to time. We cannot assure you that we will make distributions to our stockholders in the future.

We may have difficulty paying required distributions to qualify as a RIC if we recognize income before, or without, receiving cash representing such income.

For U.S. federal income tax purposes, we will include in income certain amounts that we have not yet received in cash, such as the accrual of original issue discount. This may arise if we receive warrants in connection with the making of a loan and in other circumstances, or through contracted PIK interest, which represents contractual interest added to the loan balance and due at the end of the loan term. Such original issue discount, which could be significant relative to our overall investment activities, and increases in loan balances as a result of contracted PIK arrangements will be included in income before we receive any corresponding cash payments. We also may be required to include in income certain other amounts that we will not receive in cash.

Since we may recognize income before or without receiving cash representing such income, we may have difficulty meeting the requirement to distribute at least 90% of our net ordinary income and net short-term capital gains in excess of net long-term capital losses, if any, to achieve qualification as a RIC. In such a case, we may have to sell some of our investments at times we would not consider advantageous, raise additional debt or equity capital or reduce new investment originations to meet these distribution requirements. If we are not able to obtain such cash from other sources, we may continue to fail to qualify as a RIC and thus be subject to corporate-level income tax.

PIK interest payments we receive will increase our assets under management and, as a result, will increase the amount of base management fees payable by us to House Hanover.

Certain of our debt investments may contain provisions providing for the payment of PIK interest. Because PIK interest results in an increase in the size of the loan balance of the underlying loan, the receipt by us of PIK interest will have the effect of increasing our assets under management. As a result, because the base management fee that we pay to House Hanover is based on the value of our gross assets, the receipt by us of PIK interest will result in an increase in the amount of the base management fee payable by us.

Our portfolio investments will be recorded at fair value as determined in good faith by our board of directors and, as a result, there may be uncertainty as to the value of our portfolio investments.

As a BDC, we generally invest in illiquid loans and securities including debt and equity securities of middle-market companies. Under procedures established by our board of directors, we value investments for which market quotations are readily available at such market quotations. We obtain these market values from an independent pricing service or at the mean between the bid and ask prices obtained from at least two brokers or dealers (if available, otherwise by a principal market maker or a primary market dealer). 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 our board of directors. Such determination of fair values may involve subjective judgments and estimates, although we engage independent valuation providers to review the valuation of each portfolio investment that does not have a readily available market quotation quarterly. Investments purchased within 60 days of maturity are valued at cost plus accreted discount, or minus amortized premium, which approximate fair value. With respect to unquoted securities, our board of directors values each investment considering, among other measures, discounted cash flow models, comparisons of financial ratios of peer companies that are public and other factors, which are provided by a nationally recognized independent valuation firm. The Company has engaged a third-party valuation firm to perform its independent valuations of the Company's Level 3 investments. This valuation firm provides a range of values for selected investments, which is presented to the Valuation Committee to determine the value for each of the selected investments.

When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, our board of directors uses the pricing indicated by the external event to corroborate and/or assist us in our valuation. Because there is not a readily available market for substantially all of the investments in our portfolio, we value our portfolio investments at fair value as determined in good faith by our board of directors using a documented valuation policy and a consistently applied valuation process. 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 differ significantly from the values that would have been used had a readily available market value existed for such investments, and the differences could be material.

With respect to investments for which market quotations are not readily available, our board of directors undertakes a multi-step valuation process each quarter, as described below:

- Our quarterly valuation process begins with each portfolio company or investment being initially valued by an independent valuation firm, except for those investments where market quotations are readily available;
- Preliminary valuation conclusions are then documented and discussed with our senior management, our investment advisor, and our auditors;
- The valuation committee of our board of directors then reviews these preliminary valuations and approves them for recommendation to the board of directors;
- The board of directors then discusses valuations and determines the fair value of each investment in our portfolio in good faith, based on the input of our investment advisor, the independent valuation firm and the valuation committee.

Our common stock is traded on the Over the Counter Pink Market, which may make it more difficult for investors to resell their shares due to suitability requirements.

Our common stock is currently traded on the OTC Market under the symbol “PIAC” where we expect it to remain in the foreseeable future. We do not believe that we will become eligible for the OTCQB Market in the foreseeable future because of our inability to meet the required public float restrictions of the OTCQB Market. Broker-dealers often decline to trade in OTC Pink stocks given the markets for such securities are often limited, the stocks are more volatile, and the risk to investors is greater. These factors may reduce the potential market for our common stock by reducing the number of potential investors. This may make it more difficult for investors in our common stock to sell shares to third parties or to otherwise dispose of their shares. This could cause our stock price to decline.

Our board of directors may change our investment objective, operating policies and strategies without prior notice or stockholder approval.

Our board of directors has the authority, except as otherwise provided in the 1940 Act, to modify or waive certain of our operating policies and strategies without prior notice and without stockholder approval. However, absent stockholder approval, we may not change the nature of our business so as to cease to be, or withdraw our election as, a BDC. We cannot predict the effect any changes to our current operating policies and strategies would have on our business, operating results and the market price of our common stock. Nevertheless, any such changes could adversely affect our business and impair our ability to make distributions to our stockholders.

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

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

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

The foregoing provisions are expected to discourage certain coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of us to negotiate first with our board of directors. However, these provisions may deprive a stockholder of the opportunity to sell such stockholder's shares of a premium to a potential acquirer. We believe that the benefits of these provisions outweigh the potential disadvantages of discouraging any such acquisition proposals because, among other things, the negotiation of such proposals may improve their terms. Our board of directors has considered both the positive and negative effects of the foregoing provisions and determined that they are in the best interests of our stockholders.

House Hanover can resign as our investment advisor and administrator upon 60 days' notice and we may not be able to find suitable replacements within that time, or at all, resulting in a disruption in our operations that could adversely affect our financial condition, business and results of operations.

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

Cybersecurity risks and cyber incidents may adversely affect our business or those of our portfolio companies by causing a disruption to our operations, a compromise or corruption of confidential information and/or damage to business relationships, or those of our portfolio companies, all of which could negatively impact our business, results of operations or financial condition.

A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity or availability of our information resources. These incidents may be an intentional attack or an unintentional event and could involve gaining unauthorized access to, use, alteration or destruction of our information systems for purposes of misappropriating assets, obtaining ransom payments, stealing confidential information, corrupting data or causing operational disruption, or may involve phishing. The result of these incidents may include disrupted operations, misstated or unreliable financial data, liability for stolen information, misappropriation of assets, increased cybersecurity protection and insurance costs, litigation and damage to our business relationships. This could result in significant losses, reputational damage, litigation, regulatory fines or penalties, or otherwise adversely affect our business, financial condition or results of operations. In addition, we may be required to expend significant additional resources to modify our protective measures and to investigate and remediate vulnerabilities or other exposures arising from operational and security risks. The costs related to cybersecurity incidents may not be fully insured or indemnified. As our and our portfolio companies' reliance on technology has increased, so have the risks posed to our information systems, both internal and those provided by our Investment Adviser and third-party service providers, and the information systems of our portfolio companies. We, our Investment Adviser and its affiliates have implemented processes, procedures and internal controls to help mitigate cybersecurity risks and cyber intrusions, but these measures, as well as our increased awareness of the nature and extent of a risk of a cyber incident, may be ineffective and do not guarantee that a cyber incident will not occur or that our financial results, operations or confidential information will not be negatively impacted by such an incident.

Third parties with which we do business (including, but not limited to, service providers, such as accountants, attorneys, custodians, transfer agents and administrators, and the issuers of securities in which we invest) may also be sources or targets of cybersecurity or other technological risks. We outsource certain functions and these relationships allow for the storage and processing of our information and assets, as well as certain investor, counterparty and borrower information. While we engage in actions to reduce our exposure resulting from outsourcing, we cannot control the cybersecurity plans and systems put in place by these third parties and ongoing threats may result in unauthorized access, loss, exposure or destruction of data, or other cybersecurity incidents, with increased costs and other consequences, including those described above. Privacy and information security laws and regulation changes, and compliance with those changes, may also result in cost increases due to system changes and the development of new administrative processes.

Risks Relating to our Investments

We may hold the loans and debt securities of leveraged companies that may, due to the significant operating volatility typical of such companies, enter into bankruptcy proceedings.

Leveraged companies may experience bankruptcy or similar financial distress. The bankruptcy process has a number of significant inherent risks. Many events in a bankruptcy proceeding are the product of contested matters and adversary proceedings and are beyond the control of the creditors. A bankruptcy filing by a portfolio company may adversely and permanently affect that company. If the proceeding is converted to a liquidation, the value of the portfolio company may not equal the liquidation value that was believed to exist at the time of the investment. The duration of a bankruptcy proceeding is also difficult to predict, and a creditor's return on investment can be adversely affected by delays until the plan of reorganization or liquidation ultimately becomes effective. The administrative costs in connection with a bankruptcy proceeding are frequently high and would be paid out of the debtor's estate prior to any return to creditors. Because the standards for classification of claims under bankruptcy law are vague, our influence with respect to the class of securities or other obligations we own may be lost by increases in the number and amount of claims in the same class or by different classification and treatment. In the early stages of the bankruptcy process, it is often difficult to estimate the extent of, or even to identify, any contingent claims that might be made. In addition, certain claims that have priority by law (for example, claims for taxes) may be substantial.

Our investments in private and small and lower middle-market portfolio companies are risky, and we could lose all or part of our investment.

Investments in private and small and lower middle-market companies involve a number of significant risks. Generally, little public information exists about these companies, and we will rely on the ability of House Hanover's investment professionals to obtain adequate information to evaluate the potential returns from investing in these companies. If we are unable to uncover all material information about these companies, we may not make a fully informed investment decision, and we may lose money on our investments. Small and lower middle-market companies may have limited financial resources and may be unable to meet their obligations under their loans and debt securities that we hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of our realizing any guarantees we may have obtained in connection with our investment. In addition, such companies typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and adverse market conditions, as well as general economic downturns. Additionally, middle-market companies are more likely to depend on the management talents and efforts of a small group of persons. Therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on one or more of the portfolio companies we invest in and, in turn, on us. Small and lower middle-market companies also may be parties to litigation and may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence. In addition, our executive officers, directors and investment advisor may, in the ordinary course of business, be named as defendants in litigation arising from our investments in portfolio companies.

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

All of our assets may be invested in illiquid loans and securities, and a substantial portion of our investments in leveraged companies will be subject to legal and other restrictions on resale or will otherwise be less liquid than more broadly traded public securities. The illiquidity of these investments may make it difficult for us to sell such investments if the need arises. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we have previously recorded our investments. Also, as noted above, we may be limited or prohibited in our ability to sell or otherwise exit certain positions in our initial portfolio as such a transaction could be considered a joint transaction prohibited by the 1940 Act.

We are a non-diversified investment company as defined under the 1940 Act, and therefore we are not limited with respect to the proportion of our assets that may be invested in securities of a single issuer.

We are classified as a non-diversified investment company as defined under the 1940 Act, which means that we are not limited by the 1940 Act with respect to the proportion of our assets that we may invest in securities of a single issuer. Beyond the asset diversification requirements associated with our qualification as a RIC under the Code, we do not have fixed guidelines for diversification. To the extent that we assume large positions in the securities of a small number of issuers or our investments are concentrated in relatively few industries, our net asset value may fluctuate to a greater extent than that of a diversified investment company as a result of changes in the financial condition or the market's assessment of the issuer. We may also be more susceptible to any single economic or regulatory occurrence than a diversified investment company.

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

Following an initial investment in a portfolio company, we may make additional investments in that portfolio company as "follow-on" investments, in seeking to increase or maintain in whole or in part our position as a creditor or equity ownership percentage in a portfolio company, exercise warrants, options or convertible securities that were acquired in the original or subsequent financing, or preserve or enhance the value of our investment.

We have discretion to make follow-on investments, subject to the availability of capital resources. Failure on our part to make follow-on investments may, in some circumstances, jeopardize the continued viability of a portfolio company and our initial investment, or may result in a missed opportunity for us to increase our participation in a successful operation. Even if we have sufficient capital to make a desired follow-on investment, we may elect not to make a follow-on investment because we may not want to increase our level of risk, because we prefer other opportunities or because we are inhibited by compliance with BDC requirements of the 1940 Act or the desire to maintain our qualification as a RIC. Our ability to make follow-on investments may also be limited by House Hanover's allocation policy.

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

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

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

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

Additionally, certain loans that we may make to portfolio companies may be secured on a second priority basis by the same collateral securing senior secured debt of such companies. The first priority liens on the collateral will secure the portfolio company's obligations under any outstanding senior debt and may secure certain other future debt that may be permitted to be incurred by the portfolio company under the agreements governing the loans. The holders of obligations secured by first priority liens on the collateral will generally control the liquidation of, and be entitled to receive proceeds from, any realization of the collateral to repay their obligations in full before us. In addition, the value of the collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from sales of all of the collateral would be sufficient to satisfy the loan obligations secured by the second priority liens after payment in full of all obligations secured by the first priority liens on the collateral. If such proceeds were not sufficient to repay amounts outstanding under the loan obligations secured by the second priority liens, then we, to the extent not repaid from the proceeds of the sale of the collateral, will only have an unsecured claim against the portfolio company's remaining assets, if any.

If we make subordinated investments, the obligors or the portfolio companies may not generate sufficient cash flow to service their debt obligations to us.

We may make subordinated investments that rank below other obligations of the obligor in right of payment. Subordinated investments are subject to greater risk of default than senior obligations as a result of adverse changes in the financial condition of the obligor or economic conditions in general. If we make a subordinated investment in a portfolio company, the portfolio company may be highly leveraged, and its relatively high debt-to-equity ratio may create increased risks that its operations might not generate sufficient cash flow to service all of its debt obligations.

Risks Relating to our Common Stock

Our share ownership is concentrated.

As of April 1, 2025 the Partnerships beneficially own approximately 95% of our outstanding common stock. As a result, the Partnerships will exert significant influence over all matters requiring stockholder approval, including the election and removal of directors, any merger, consolidation or sale of all or substantially all of the assets, as well as any charter amendment and other matters requiring stockholder approval. This concentration of ownership may delay or prevent a change in control and may have a negative impact on the market price of our common stock by discouraging third party investors. In addition, the interests of the Partnerships may not always coincide with the interests of our other stockholders.

The Company's common stock may be subject to the penny stock rules which might make it harder for stockholders to sell.

As a result of our stock price, our shares are subject to the penny stock rules. Because a "penny stock" is, generally speaking, one selling for less than \$5.00 per share, the Company's common stock may be subject to the foregoing rules. The application of the penny stock rules may affect stockholders' ability to sell their shares because some broker-dealers may not be willing to make a market in the Company's common stock because of the burdens imposed upon them by the penny stock rules which include but are not limited to:

Section 15(g) of the Securities Exchange Act of 1934 and SEC Rules 15g-1 through 15g-6, which impose additional sales practice requirements on broker-dealers who sell Company securities to persons other than established customers and accredited investors.

Rule 15g-2 declares unlawful any broker-dealer transactions in penny stocks unless the broker-dealer has first provided to the customer a standardized disclosure document.

Rule 15g-3 provides that it is unlawful for a broker-dealer to engage in a penny stock transaction unless the broker-dealer first discloses and subsequently confirms to the customer the current quotation prices or similar market information concerning the penny stock in question.

Rule 15g-4 prohibits broker-dealers from completing penny stock transactions for a customer unless the broker-dealer first discloses to the customer the amount of compensation or other remuneration received as a result of the penny stock transaction.

Rule 15g-5 requires that a broker-dealer executing a penny stock transaction, other than one exempt under Rule 15g-1, disclose to its customer, at the time of or prior to the transaction, information about the sales persons compensation.

Potential stockholders of the Company should also be aware that, according to SEC Release No. 34-29093, the market for penny stocks has suffered in recent years from patterns of fraud and abuse. Such patterns include (i) control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer; (ii) manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases; (iii) "boiler room" practices involving high-pressure sales tactics and unrealistic price projections by inexperienced sales persons; (iv) excessive and undisclosed bid-ask differential and markups by selling broker-dealers; and (v) the wholesale dumping of the same securities by promoters and broker dealers after prices have been manipulated to a desired level, along with the resulting inevitable collapse of those prices and with consequent investor losses.

We identified a material weakness in our internal control over financial reporting related to a failure to verify material information from an unconsolidated significant subsidiary as included in the Company's Notes to Financial Statements, which has been remediated. If we fail to develop and maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable laws and regulations could be impaired.

Subsequent to the filing of the Company's Form 10-K for the fiscal year ended December 31, 2023, we identified a material weakness in our internal control over financial reporting related to a failure to verify material information from an unconsolidated significant subsidiary as included in the Company's Notes to Financial Statements. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. To remediate the material weakness, the Company has implemented proper procedures at all levels, including hired outside administrators, to properly review and verify information from our unconsolidated significant subsidiaries in order to ensure proper disclosure for the Notes to Financial Statements.

Management, including our Interim Chief Executive Officer and Chief Financial Officer, has performed testing to verify the effective design and successful operating effectiveness of the new or enhanced controls, and concluded that the previously disclosed material weakness has been remediated as of the date of this Annual Report.

We cannot assure you that the measures we have taken to date, and actions we may take in the future, will be sufficient to remediate the control deficiencies that led to our material weakness in our internal control over financial reporting or that they will prevent or avoid potential future material weaknesses. Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. Further, weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. If we are unable to further implement and maintain effective internal control over financial reporting or disclosure controls and procedures, our ability to record, process and report financial information accurately, and to prepare financial statements within required time periods could be adversely affected, which could subject us to litigation or investigations requiring management resources and payment of legal and other expenses, negatively affect investor confidence in our financial statements and adversely impact our stock price. In addition, any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our operating results or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. If we are unable to assert that our internal control over financial reporting is effective, investors may lose confidence in the accuracy and completeness of our financial reports, the market price of our common stock could be adversely affected and we could become subject to litigation or investigations by the SEC or other regulatory authorities, which could require additional financial and management resources.

Item 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

Item 1C. CYBERSECURITY

Princeton Capital Corporation (the “Company”) has processes in place to assess, identify, and manage material risks from cybersecurity threats. The Company’s business is dependent on the communications and information systems of House Hanover, LLC (the “Investment Adviser”) and other third-party service providers. The Investment Adviser manages the Company’s day-to-day operations and has implemented a cybersecurity program that applies to the Company and its operations.

Cybersecurity Program Overview

The Investment Adviser has instituted a cybersecurity program designed to identify, assess, and manage cyber risks applicable to the Company. The cyber risk management program involves risk assessments, implementation of security measures, and ongoing monitoring of systems and networks, including networks on which the Company relies. The Investment Adviser actively monitors the current threat landscape in an effort to identify material risks arising from new and evolving cybersecurity threats, including material risks faced by the Company.

The Company relies on the Investment Adviser to engage external experts, including cybersecurity assessors, consultants, and auditors, to evaluate cybersecurity measures and risk management processes, including those applicable to the Company. The Company relies on the Investment Adviser’s risk management program and processes, which include cyber risk assessments.

The Company depends on and engages various third parties, including suppliers, vendors, and service providers, to operate its business. The Company relies on the expertise of risk management, legal, information technology, and compliance personnel of the Investment Adviser when identifying and overseeing risks from cybersecurity threats associated with the Company’s use of such entities.

Board Oversight of Cybersecurity Risks

The board of directors of the Company (“Board”) provides strategic oversight on cybersecurity matters, including risks associated with cybersecurity threats. The Board receives periodic updates from the Chief Compliance Officer (“CCO”) of the Company, who also serves as Chief Compliance Officer of the Investment Adviser, regarding the overall state of the Investment Adviser’s cybersecurity program, information on the current threat landscape, and briefing on material risks from cybersecurity threats and material cybersecurity incidents impacting the Company.

Management’s Role in Cybersecurity Risk Management

The Company’s Management, including the Company’s CCO, manages the Company’s cybersecurity program, under the supervision of the Company’s Audit Committee. The CCO of the Company oversees the Company’s risk management function generally and relies on the Investment Adviser to assist with assessing and managing material risks from cybersecurity threats. The Company’s CCO has been responsible for this oversight function as CCO to the Company for over 7 years and has worked in the financial services industry for over 25 years, during which time the CCO has gained expertise in assessing and managing risks applicable to the Company.

Management of the Company is informed about and monitors the prevention, detection, mitigation, and remediation of cybersecurity incidents impacting the Company, including through the receipt of notifications from service providers and reliance on communications with risk management, legal, information technology, and/or compliance personnel of the Investment Adviser.

Assessment of Cybersecurity Risk

The potential impact of risks from cybersecurity threats on the Company are assessed on an ongoing basis, and how such risks could materially affect the Company’s business strategy, operational results, and financial condition are regularly evaluated. During the reporting period, the Company has not identified any risks from cybersecurity threats, including as a result of previous cybersecurity incidents, that the Company believes have materially affected, or are reasonably likely to materially affect, the Company, including its business strategy, operational results, and financial condition.

Item 2. PROPERTIES

The Company does not own any real estate or other physical properties materially important to our operation. Our headquarters are located at 800 Turnpike Street, Suite 300, North Andover, Massachusetts 01845. Our headquarters are provided to us by House Hanover, our investment adviser since January 1, 2018. We believe that our office facilities are suitable and adequate for our business as we contemplate conducting it.

Item 3. LEGAL PROCEEDINGS

As of December 31, 2024, there were no material legal proceedings against the Company or any of its officers or directors.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDERS MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock is currently traded on the Over the Counter Pink Market (OTCPK) under the symbol "PIAC" where we expect it to remain in the foreseeable future. Prior to April 20, 2015, our common stock was traded under the symbol "RONE". Broker-dealers often decline to trade in OTC Pink Market stocks given the markets for such securities are often limited, the stocks are more volatile, and the risk to investors is greater. These factors may reduce the potential market for our common stock by reducing the number of potential investors. This may make it more difficult for investors in our common stock to sell shares to third parties or to otherwise dispose of their shares. This could cause our stock price to decline.

Quarter Ending	Quarterly High	Quarterly Low
December 31, 2024	\$ 0.19	\$ 0.12
September 30, 2024	\$ 0.25	\$ 0.12
June 30, 2024	\$ 0.31	\$ 0.11
March 31, 2024	\$ 0.31	\$ 0.16
December 31, 2023	\$ 0.29	\$ 0.22
September 30, 2023	\$ 0.30	\$ 0.11
June 30, 2023	\$ 0.34	\$ 0.22
March 31, 2023	\$ 0.35	\$ 0.19
December 31, 2022	\$ 0.45	\$ 0.27
September 30, 2022	\$ 0.27	\$ 0.23
June 30, 2022	\$ 0.33	\$ 0.25
March 31, 2022	\$ 0.50	\$ 0.20

Notwithstanding the forgoing, our common stock is sporadically and thinly trading. Over-the-counter market quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions. Accordingly, although there appears to be quotation information, the Company does not believe that there exists an established public market for our securities. Further, there can be no assurance the current market for the Company's common stock will be sustained or grow in the future.

Holders of record

As of March 27, 2025, there were 38 shareholders of our common stock.

The number of record holders reflects shares held by a broker as one record holder. The underlying shares may be held by one or more beneficial owners.

The Company feels the actual number of common stock holders may be significantly higher as 1,305,097 shares of common stock are held in street name which reflected approximately 1.08% of the outstanding shares of common stock as of March 27, 2025, according to our transfer agent.

Dividends

Our dividends, if any, are determined by our board of directors. The Company was taxed as a C corporation and subject to federal and state corporation income taxes for its 2023 taxable year. The Company did not meet the qualifications of a RIC for the 2024 tax year and will be taxed as a corporation under Subchapter C of the Code. It may not be in the best interests of the Company's stockholders to elect to be taxed as a RIC at the present time due to the net operating losses and capital loss carryforwards the Company currently has. Management will make a determination that is in the best interests of the Company and its stockholders. While the Company does not expect to meet the qualifications of a RIC until such time as certain strategic alternatives are achieved, it can still declare a dividend even though it is not required to do so.

To qualify for RIC tax treatment, we must, among other things, distribute at least 90% of our net ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. 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 and pay a 4% excise tax on such income. Any such carryover taxable income must be distributed through a dividend declared prior to filing the final tax return related to the year which generated such taxable income. 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.

For the fiscal year ended December 31, 2022, the Company declared and paid a cash dividend of \$0.075 per share of common stock on or about December 1, 2022 to stockholders of record as of the close of business on November 21, 2022.

For each of the fiscal years ended December 31, 2024 and 2023, the Company did not declare any cash dividends on the Company's common stock.

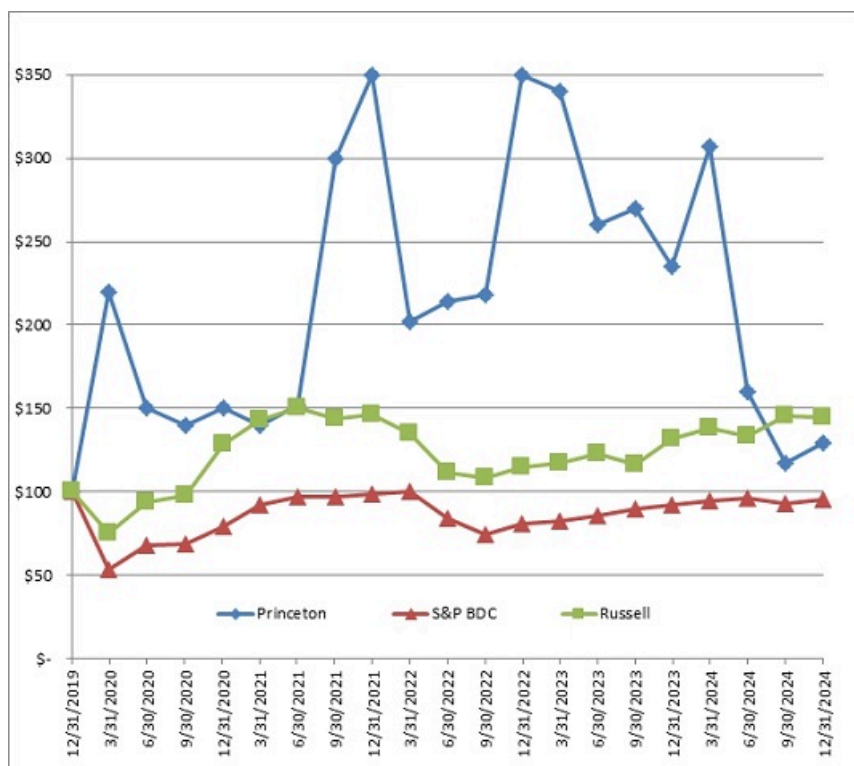
On October 17, 2022, the Board terminated the Company’s “opt out” dividend reinvestment plan, as disclosed in the Company’s 8-K filed on October 19, 2022. Written notice of such termination was mailed to the Company’s stockholders on October 21, 2022, with an effective date of November 20, 2022. As a result, any distributions declared for stockholders of record after November 20, 2022, will be paid in cash.

Sale of Unregistered Securities

There were no sales of unregistered securities during the year ended December 31, 2024.

Stock Performance Graph

This graph compares the return on our common stock with that of the S&P BDC Index and the Russell 2000 Index, for the past five fiscal years. The graph assumes that, on December 31, 2019, a person invested \$100 in each of our common stock, the S&P BDC Index and the Russell 2000 Financial Services Index. The graph measures total shareholder return, which takes into account both changes in stock price and dividends. It assumes that dividends paid are reinvested in like securities. Our Company is quoted on the OTC Pink Market and are thus not traded on a public exchange.



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

Issuer Purchases of Equity Securities

During the year ended December 31, 2024, there were no repurchases made by or on behalf of the issuer of shares of equity securities.

EQUITY COMPENSATION PLAN INFORMATION

The Company does not currently have any equity incentive plan.

Item 6. [Reserved]

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following information should be read in conjunction with the financial statements and notes thereto appearing elsewhere in this Form 10-K.

References herein to "we", "us" or "our" refer to Princeton Capital Corporation (the "Company" or "Princeton Capital"), unless the context specifically requires otherwise.

Forward-Looking Statements

Some of the statements in this annual report on Form 10-K constitute forward-looking statements, which relate to future events or our future performance or financial condition. Such forward-looking statements may include statements preceded by, followed by or that otherwise include the words "may," "might," "will," "intend," "should," "could," "can," "would," "expect," "believe," "estimate," "anticipate," "predict," "potential," "plan" or similar words. The forward-looking statements contained in this annual report on Form 10-K involve risks and uncertainties, including statements as to:

- our future operating results;
- our business prospects and the prospects of our portfolio companies;
- the effect of investments that we expect to make;
- our contractual arrangements and relationships with third parties;
- actual and potential conflicts of interest with our investment advisor;
- the dependence of our future success on the general economy and its effect on the industries in which we invest;
- the ability of our portfolio companies to achieve their objectives;
- the use of borrowed money to finance a portion of our investments;
- the adequacy of our financing sources and working capital;
- the timing of cash flows, if any, from the operations of our portfolio companies;
- the ability of our investment advisor to locate suitable investments for us and to monitor and administer our investments;
- the ability of our investment advisor to attract and retain highly talented professionals;
- our ability to qualify and maintain our qualification as a regulated investment company and as a business development company; and
- the effect of 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 or regulated investment companies.

We have based the forward-looking statements included in this annual report on Form 10-K on information available to us on the date of this annual report on Form 10-K, and we assume no obligation to update any such forward-looking statements. Actual results could differ materially from those anticipated in our forward-looking statements, and future results could differ materially from historical performance. We undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law or Securities and Exchange Commission ("SEC") rule or regulation. 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.

Overview

We are an externally managed, non-diversified, closed-end investment company that has elected to be treated as a business development company (“BDC”) under the Investment Company Act of 1940 (the “1940 Act” or “Investment Company Act”). While we have sought to invest primarily in private small and lower middle-market companies in various industries, we are now (with a strategic alternatives process underway and limited resources) investing only in current investments and otherwise conserving cash. Our investment objective is to maximize the total return to our stockholders in the form of current income and capital appreciation through debt and related equity investments in private small and lower middle-market companies. Since January 1, 2018, we have been managed by House Hanover, LLC (“House Hanover”).

As a BDC, we must not acquire any assets other than “qualifying assets” specified in the 1940 Act unless, at the time the acquisition is made, at least 70% of our total assets are qualifying assets (with certain limited exceptions). Qualifying assets include investments in “eligible portfolio companies.” Under the relevant SEC rules, the term “eligible portfolio company” includes all private companies, companies whose securities are not listed on a national securities exchange, and certain public companies that have listed their securities on a national securities exchange and have a market capitalization of less than \$250 million, in each case organized in the United States.

On November 15, 2019, our Board announced that the Company has initiated a strategic review process to identify, examine, and consider a range of strategic alternatives available to the Company, including but not limited to, (i) selling the Company’s assets to a business development company or other potential buyer, (ii) merging with another business development company, (iii) liquidating the Company’s assets in accordance with a plan of liquidation, (iv) raising additional funds for the Company, or (v) otherwise entering into another business combination, with the objective of maximizing stockholder value. As of December 31, 2024 and through the date of filing this Annual Report, the Company has not entered into any agreements regarding any strategic alternative and the strategic process remains ongoing.

Corporate History

In order to expedite the ramp-up of our investment activities and further our ability to meet our investment objectives, on March 13, 2015 we (i) acquired approximately \$11.2 million in cash, \$43.5 million in equity and debt investments, and \$1.9 million in restricted cash escrow deposits of Capital Point Partners, L.P. (“CPP”) and Capital Point Partners II, L.P. (“CPPII”) (together, the “Partnerships”), and (ii) issued approximately 115.5 million shares of our common stock based on a pre-valuation presumed fair value of \$60.9 million and on a price of approximately \$0.53 per share. While we have sought to invest primarily in private small and lower middle-market companies in various industries, we are now (with a strategic alternatives process underway and limited resources) investing only in current investments and otherwise conserving cash.

On an annual basis and in general, BDCs intend to elect to be treated for tax purposes as a regulated investment company (“RIC”) under Subchapter M of the Internal Revenue Code of 1986 (the “Code”). To qualify as a RIC, a BDC must, among other things, meet certain source-of-income and asset diversification requirements. As a RIC, BDCs generally will not have to pay corporate-level taxes on any income they distribute to their stockholders. We did not meet the qualifications of a RIC for the 2023 or 2024 tax years and will be taxed as a corporation under Subchapter C of the Code. Further, we do not expect to meet the qualifications of a RIC until such time as certain strategic alternatives are achieved.

Portfolio Composition and Investment Activity

Portfolio Composition

We originate and invest primarily in private small and lower middle-market companies through first lien loans, second lien loans, unsecured loans, unitranche and mezzanine debt financing, and corresponding equity investments. United States Treasury securities may be purchased and temporarily held in connection with complying with RIC diversification requirements under Subchapter M of the Code.

At December 31, 2024, the Company had investments in 4 portfolio companies. The total cost and fair value of the total investments were approximately \$34.1 million and \$19.2 million, respectively. The composition of our investments by asset class as of December 31, 2024 is as follows:

Investments	Cost	Fair Value	Percentage of Total Portfolio
Portfolio Investments			
First Lien Loans	\$ 8,683,944	9,850,963	51.2%
Second Lien Loans	11,734,756	7,987,797	41.6
Unsecured Loans	1,381,586	-	0.0
Equity	12,256,166	1,379,019	7.2
Total Portfolio Investments	34,056,452	19,217,779	100.0
Total Investments	\$ 34,056,452	19,217,779	100.0%

At December 31, 2023, the Company had investments in 5 portfolio companies. The total cost and fair value of the total investments were approximately \$39.4 million and \$29.7 million, respectively. The composition of our investments by asset class as of December 31, 2023 is as follows:

Investments	Cost	Fair Value	Percentage of Total Portfolio
Portfolio Investments			
First Lien Loans	\$ 10,120,088	\$ 12,301,440	41.37%
Second Lien Loans	11,416,339	11,652,480	39.19
Unsecured Loans	1,381,586	-	-
Equity	16,482,689	5,781,033	19.44
Total Portfolio Investments	39,400,702	29,734,953	100.00
Total Investments	\$ 39,400,702	\$ 29,734,953	100.00%

At December 31, 2024, our weighted average yield based upon cost of our portfolio investments was approximately 12.04% of which approximately 9.40% is current cash interest. At December 31, 2023, our weighted average yield based upon cost of our portfolio investments was approximately 11.86% of which approximately 10.23% is current cash interest.

At December 31, 2024 and December 31, 2023, we held no United States Treasury securities. United States Treasury securities may be purchased and temporarily held in connection with complying with RIC diversification requirements under Subchapter M of the Code.

Investment Activity

Our level of investment activity can vary substantially from period to period depending on many factors, including the amount of debt and equity capital to middle market companies, the level of merger and acquisition activity, the general economic environment and the competitive environment for the types of investments we make.

The primary portfolio investment activities for the year ended December 31, 2024 are as follows:

- On May 8, 2024, the Company entered into a loan agreement with PCC SBH Sub, Inc. to loan up to \$100,000 in advances as the Company sees fit for operating capital. Any funds advanced will accrue interest at the rate of 10% for the first year of the agreement, then interest only will be payable quarterly in arrears. The agreement has a maturity date of May 8, 2026 and is secured by a first lien on all entity assets.
- On May 10, 2024, the Company advanced \$15,000 under its loan agreement with PCC SBH Sub, Inc.
- On June 27, 2024, the Company received a final distribution in the amount of \$192,932 of the remaining funds in Dominion Medical Management, Inc. (“Dominion”). This amount will be applied to the Company’s first lien loan to Dominion. The Company will take a capital loss for any remaining balance in its first lien loan to Dominion and to any equity investments in Integrated Medical Partners, LLC.

- On August 19, 2024, the Company advanced \$50,000 under its loan agreement with PCC SBH Sub, Inc.
- On November 26, 2024, the Company was notified by Performance Alloys, LLC that they were in default with their 1st lien lender's fixed charge coverage ratio covenant. The 1st lien lender asked that any interest payments and management fees subordinate to their position be held until loan amendments can be put in place. The last monthly interest payment that the Company received was on November 1, 2024.
- On December 24, 2024, the Company entered into a Corporate Guaranty Agreement with a new food vendor of Rockfish Seafood Grill, Inc. ("Rockfish") that should provide significant savings to Rockfish. This guaranty is limited to \$90,000 and expires on June 1, 2025.
- On December 24, 2024, the Company advanced \$15,000 under its loan agreement with PCC SBH Sub, Inc.
- Effective December 31, 2024, the Company amended the Revolving Promissory Note with Rockfish Seafood Grill, Inc. to extend the maturity date of the note to December 31, 2027.
- Effective December 31, 2024, the Company amended the Amended, Restated and Consolidated Promissory Note with Advantis Certified Staffing Solutions, Inc. to extend the maturity date of the note to December 31, 2027.

Asset Quality

In addition to various risk management and monitoring tools, our investment advisor used an investment rating system to characterize and monitor the quality of our debt investment portfolio. Equity securities and Treasury Bills are not graded. This debt investment rating system uses a five-level numeric scale. The following is a description of the conditions associated with each investment rating:

Investment Rating	Summary Description
1	Investments that are performing above expectations, and whose risks remain favorable compared to the expected risk at the time of the original investment.
2	Investments that are performing within expectations and whose risks remain neutral compared to the expected risk at the time of the original investment. All new loans will initially be rated 2.
3	Investments that are performing below expectations and that require closer monitoring, but where no loss of return or principal is expected. Portfolio companies with a rating of 3 may be out of compliance with financial covenants.
4	Investments that are performing substantially below expectations and whose risks have increased substantially since the original investment. These investments are often in work out. Investments with a rating of 4 will be those for which some loss of return but no loss of principal is expected.
5	Investments that are performing substantially below expectations and whose risks have increased substantially since the original investment. These investments almost always end up in work out. Investments with a rating of 5 are those for which some loss of return and principal is expected.

The following table shows the investment rankings of our debt investments at fair value as of December 31, 2024 and December 31, 2023:

Investment Rating	As of December 31, 2024			As of December 31, 2023		
	Fair Value	% of Total Portfolio	Number of Portfolio Companies	Fair Value	% of Total Portfolio	Number of Portfolio Companies
1	\$ —	—%	—	\$ —	—%	—
2	80,000	0.45	1	6,916,339	28.88	1
3	—	—	—	12,128,041	50.63	1
4	17,758,760	99.55	3	4,736,141	19.77	1
5	—	—	—	173,399	0.72	1
	<u>\$ 17,838,760</u>	<u>100.00%</u>	<u>4</u>	<u>\$ 23,953,920</u>	<u>100.00%</u>	<u>4</u>

Loans and Debt Securities on Non-Accrual Status

We will not accrue interest on loans and debt securities if we have reason to doubt our ability to collect such interest. As of December 31, 2024, we had 3 loans on non-accrual status. As of December 31, 2023, we had 3 loans on non-accrual status.

Results of Operations

An important measure of our financial performance is net increase (decrease) in net assets resulting from operations, which includes net investment income (loss), net realized gain (loss) and net change in unrealized gain (loss). Net investment income (loss) is the difference between our income from interest, dividends, fees and other investment income and our operating expenses including interest on borrowed funds. Net realized gain (loss) on investments is the difference between the proceeds received from dispositions of portfolio investments and their amortized cost. Net change in unrealized gain (loss) on investments is the net change in the fair value of our investment portfolio.

Revenues

We generate revenue in the form of interest income on debt investments and capital gains and distributions, if any, on investment securities that we may acquire in portfolio companies. Our debt investments typically have a term of five to seven years and bear interest at a fixed or floating rate. Interest on our debt securities is generally payable quarterly. Payments of principal on our debt investments may be amortized over the stated term of the investment, deferred for several years or due entirely at maturity. In some cases, our debt investments may pay interest in-kind, or PIK. Any outstanding principal amount of our debt securities and any accrued but unpaid interest will generally become due at the maturity date. The level of interest income we receive is directly related to the balance of interest-bearing investments multiplied by the weighted average yield of our investments. We expect that the dollar amount of interest and any dividend income that we earn to increase as the size of our investment portfolio increases. In addition, we may generate revenue in the form of prepayment fees, commitment, loan origination, structuring or due diligence fees, fees for providing managerial assistance and possibly consulting fees. These fees will be reorganized as they are earned.

Expenses

Our primary operating expenses include the payment of fees to House Hanover and our allocable portion of overhead expenses under the investment advisory agreements and other operating costs described below. We bear all other out-of-pocket costs and expenses of our operations and transactions, which may include:

- organizational and offering expenses;
- expenses incurred in valuing the Company's assets and computing its net asset value per share (including the cost and expenses of any independent valuation firm);
- subject to the guidelines approved by the Board of Directors, expenses incurred by our investment advisor that are payable to third parties, including agents, consultants or other advisors, in monitoring financial and legal affairs for the Company and in monitoring the Company's investments and performing due diligence on the Company's prospective portfolio companies or otherwise related to, or associated with, evaluating and making investments;
- interest payable on debt, if any, incurred to finance the Company's investments and expenses related to unsuccessful portfolio acquisition efforts;
- offerings of the Company's common stock and other securities;
- administration fees;

- transfer agent and custody fees and expenses;
- U.S. federal and state registration fees of the Company (but not our investment advisor);
- all costs of registration and listing the Company's shares on any securities exchange;
- U.S. federal, state and local taxes;
- independent directors' fees and expenses;
- costs of preparing and filing reports or other documents required of the Company (but not our investment advisor) by the SEC or other regulators;
- costs of any reports, proxy statements or other notices to stockholders, including printing costs;
- the costs associated with individual or group stockholders;
- the Company's allocable portion of the fidelity bond, directors' and officers'/errors and omissions liability insurance, and any other insurance premiums;
- direct costs and expenses of administration and operation of the Company, including printing, mailing, long distance telephone, copying, secretarial and other staff, independent auditors and outside legal costs; and
- all other non-investment advisory expenses incurred by the Company in connection with administering the Company's business.

Comparison of the Years Ended December 31, 2024, 2023, and 2022

	Year Ended December 31, 2024		Year Ended December 31, 2023		Year Ended December 31, 2022	
	Total	Per Share ⁽¹⁾	Total	Per Share ⁽¹⁾	Total	Per Share ⁽¹⁾
Investment income						
Interest income ⁽²⁾	\$ 1,278,275	\$ 0.010	\$ 2,471,590	\$ 0.021	\$ 1,512,329	\$ 0.013
Other income	105,776	0.001	9,303	0.000	42,314	0.000
Total investment income	1,384,051	0.011	2,480,893	0.021	1,554,643	0.013
Operating expenses						
Management fees	257,384	0.002	317,546	0.003	339,328	0.003
Administration fees	423,877	0.004	415,092	0.003	403,299	0.003
Audit Fees	169,520	0.002	149,136	0.001	202,196	0.002
Legal Fees	158,589	0.001	187,687	0.002	786,720	0.007
Valuation fees	90,000	0.001	90,000	0.001	121,500	0.001
Other professional fees	14,540	0.000	-	0.000	14,170	0.000
Directors' fees	150,000	0.001	150,000	0.001	150,000	0.001
Insurance expense	117,236	0.001	151,193	0.001	184,311	0.002
Interest expense	-	0.000	207	0.000	4,896	0.000
Other general and administrative expenses	143,392	0.001	138,465	0.001	126,721	0.001
Total operating expenses	1,524,538	0.013	1,599,326	0.013	2,333,141	0.020
Total net operating expenses	1,524,538	0.013	1,599,326	0.013	2,333,141	0.020
Net investment income (loss) before tax	(140,487)	(0.001)	881,567	0.007	(778,498)	(0.006)
Income tax expense (benefit)	(1,850)	-	64,993	-	456	-
Net investment income (loss) after tax	(138,637)	(0.001)	816,574	0.007	(778,954)	(0.006)
Net change in unrealized gain (loss)	(5,172,924)	(0.043)	(994,274)	(0.008)	3,057,582	0.025
Net realized gain (loss)	(5,549,735)	(0.046)	(1,200)	-	4,368,297	0.036
Net increase (decrease) in net assets resulting from operations	\$ (10,861,296)	\$ (0.090)	\$ (178,900)	\$ (0.001)	\$ 11,993,452	\$ 0.055

(1) The basic per share figures noted above are based on a weighted average of 120,486,061, 120,486,061 and 120,486,061 shares outstanding for the years ended December 31, 2024, 2023, and 2022, respectively, except where such amounts need to be adjusted to be consistent with what is disclosed in the financial highlights of our financial statements.

(2) Interest income includes PIK interest of \$318,417, \$163,341, and \$0, for the years ended December 31, 2024, 2023, and 2022, respectively.

Operating Expenses

Total net operating expenses decreased from \$1,599,326 for the year ended December 31, 2023 to \$1,524,538 for the year ended December 31, 2024. The decrease is primarily due to a decrease in management, legal and insurance expense. The decrease was minimally offset by an increase in administrative expenses and other professional fees.

Total net operating expenses per share remained the same at \$0.013 per share for the years ended December 31, 2023 and December 31, 2024.

Total net operating expenses decreased from \$2,333,141 for the year ended December 31, 2022 to \$1,599,326 for the year ended December 31, 2023. The decrease is primarily due to a decrease in management, audit and legal expense and to a lesser extent insurance and valuation expense. The decrease was minimally offset by an increase in other general and administrative expenses.

Total net operating expenses per share decreased from \$0.020 per share for the year ended December 31, 2022 to \$0.013 per share for the year ended December 31, 2023.

Net Investment Income (Loss)

Net investment income (loss) (after tax) decreased from \$816,574 for the year ended December 31, 2023 to \$(138,637) for the year ended December 31, 2024. This decrease is primarily due to a decrease in interest income for the year ended December 31, 2024 and to a lesser extent increases in administration, audit, and other professional fees.

Net investment income (loss) (after tax) per share decreased from \$0.007 per share for the year ended December 31, 2023 to \$(0.001) per share for the year ended December 31, 2024.

Net investment income (loss) (after tax) increased from \$(778,954) for the year ended December 31, 2022 to \$ 816,574 for the year ended December 31, 2023. This increase is primarily due to an increase in interest income for the year ended December 31, 2023 that was greater than the decreases in management, audit, legal, insurance and valuation expenses.

Net investment income (loss) (after tax) per share increased from \$(0.006) per share for the year ended December 31, 2022 to \$0.007 per share for the year ended December 31, 2023.

Net Realized Gain (Loss)

We measure realized gains (losses) by the difference between the net proceeds from the repayment or sale and the amortized cost basis of the investment, using the specific identification method, without regard to unrealized appreciation or depreciation previously recognized.

For the year ended December 31, 2024, we recognized (\$5,549,735) net realized loss.

For the year ended December 31, 2023, we recognized (\$1,200) net realized loss.

For the year ended December 31, 2022, we recognized net realized gain of \$4,368,297.

Net Change in Unrealized Gain (Loss)

Net change in unrealized gain (loss) primarily reflects the change in portfolio investment values during the reporting period, including the reversal of previously recorded appreciation or depreciation when gains or losses are realized.

Net change in unrealized gain (loss) on investments totaled a loss of \$(5,172,924) for the year ended December 31, 2024 primarily in connection with unrealized losses of \$(7,320,698), \$(2,357,078) and \$(899,594) on Performance Alloys, Inc., Rockfish Seafood Grill, Inc., and Advantis Certified Staffing Solutions, Inc., respectively, and partially offset by gains of \$4,226,523, \$1,342,750 on Integrated Medical Partners, LLC and Dominion Medical Management.

Net change in unrealized gain (loss) on investments totaled a loss of \$(994,274) for the year ended December 31, 2023 primarily in connection with unrealized losses of \$(1,075,753) and \$(831,927) on Performance Alloys, Inc. and Rockfish Holdings, LLC, respectively, and partially offset by unrealized gains of \$1,079,494 on Advantis Certified Staffing Solutions, Inc.

Net change in unrealized gain (loss) on investments totaled a gain of \$3,057,582 for the year ended December 31, 2022 primarily in connection with unrealized gains of \$5,227,735, \$1,945,866 on Performance Alloys, Inc. and Great Value Storage, LLC Inc, respectively, partially offset by unrealized losses of \$1,725,445, \$1,585,512 on Rockfish Holdings, LLC and Rockfish Seafood Grill, Inc.

Financial Condition, Liquidity and Capital Resources

We intend to continue to generate cash from future offerings of securities and cash flows from operations, including earnings on investments in our portfolio and future investments, as well as interest earned from the temporary investment of cash in U.S. government securities and other high-quality debt investments that mature in one year or less. We may, if permitted by regulation, seek various forms of leverage and borrow funds to make investments.

As of December 31, 2024, we had \$1,295,864 in cash and restricted cash, and our net assets totaled \$21,207,879. We believe that our anticipated cash flows from operations will be adequate to meet our cash needs for our daily operations for at least the next 12 months.

Contractual Obligations

As of December 31, 2024, we did not have any contractual obligations that would trigger the tabular disclosure of contractual obligations under Section 303(a)(5) of Regulation S-K.

We have entered into one contract under which we have material future commitments, the House Hanover Investment Advisory Agreement, pursuant to which House Hanover serves as our investment adviser. Payments under the House Hanover Investment Advisory Agreement in future periods will be equal to a percentage of the value of our net assets.

The House Hanover Investment Advisory Agreement is terminable by either party without penalty upon written notice by the Company or 60 days' written notice by House Hanover. If this agreement is terminated, the costs we incur under a new agreement may increase. In addition, we will likely incur significant time and expense in locating alternative parties to provide the services we expect to receive under our investment advisory agreement. Any new investment advisory agreement would also be subject to approval by our stockholders.

Distributions

For the fiscal year ended December 31, 2024, no dividends were declared or distributed to stockholders.

For the fiscal year ended December 31, 2023, no dividends were declared or distributed to stockholders.

In order to qualify as a RIC and to avoid U.S. federal corporate level income tax on the income we distribute to our stockholders, we are required to distribute at least 90% of our net ordinary income and our net short-term capital gains in excess of net long-term capital losses, if any, to our stockholders on an annual basis. Additionally, we must distribute an amount at least equal to the sum of 98% of our net ordinary income (during the calendar year) plus 98.2% of our net capital gain income (during each 12-month period ending on October 31) plus any net ordinary income and capital gain net income for preceding years that were not distributed during such years and on which we paid no U.S. federal income tax to avoid a U.S. federal excise tax. To the extent that we have income available, we intend to make distributions to our stockholders. Our stockholder distributions, if any, will be determined by our board of directors. Any distribution to our stockholders will be declared out of assets legally available for distribution. The Company did not meet the requirements to qualify as a RIC for the 2024 and 2023 tax years and will be taxed as a corporation under Subchapter C of the Code. It may not be in the best interests of the Company's stockholders to elect to be taxed as a RIC at the present time due to the net operating losses and capital loss carryforwards the Company currently has. Management will make a determination that is in the best interests of the Company and its stockholders. While the Company does not expect to meet the qualifications of a RIC until such time as certain strategic alternatives are achieved, it can still declare a dividend even though it is not required to do so.

We may not be able to achieve operating results that will allow us to make distributions at a specific level or to increase the amount of our distributions from time to time. In addition, we may be limited in our ability to make distributions due to the asset coverage requirements applicable to us as a BDC under the 1940 Act. If we do not distribute a certain percentage of our income annually, we could suffer adverse tax consequences, including the possible failure to qualify as a RIC. We cannot assure stockholders that they will receive any distributions.

To the extent our taxable earnings fall below the total amount of our distributions for that fiscal 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 any written disclosure accompanying any stockholder distribution carefully and should not assume that the source of any distribution is our ordinary income or capital gains.

On October 17, 2022, the Board terminated the Company's "opt out" dividend reinvestment plan, as disclosed in the Company's 8-K filed on October 19, 2022. Written notice of such termination was mailed to the Company's stockholders on October 21, 2022, with an effective date of November 20, 2022. As a result, any distributions declared for stockholders of record after November 20, 2022, will be paid in cash.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Related Party Transactions

Management Fees

Management fees under the House Hanover Investment Advisory Agreement for the years ended December 31, 2024, 2023 and 2022 were \$257,384, \$317,546 and \$339,328, respectively. As of December 31, 2024 and 2023, management fees of \$55,286 and \$78,889, respectively, were payable to House Hanover.

Incentive Fees

The Company is not obligated to pay House Hanover an incentive fee. Incentive fees are a typical component of investment advisory agreements with business development companies.

Administration Fees

House Hanover is entitled to reimbursement of expenses under the House Hanover Investment Advisory Agreement for administrative services performed for the Company. Administration fees were \$259,500, \$259,500 and \$259,500 for the years ended December 31, 2024, 2023 and 2022, respectively, as shown on the Statements of Operations under administration fees. As of December 31, 2024 and 2023, there were \$64,875 and \$64,875, respectively, of administration fees owed to House Hanover, as shown on the Statements of Assets and Liabilities under Due to affiliates.

On May 1, 2022, Advantis Certified Staffing Solutions, Inc. ("Advantis") requested one of its directors, Gregory J. Cannella who also serves as our Chief Financial Officer, become the Executive Chair of Advantis to provide executive authority and leadership in the absence of their former president, who resigned in March 2022. Mr. Cannella has agreed to take this position and in return will be compensated by Advantis in the amount of \$5,000 per month. The title and benefits of this position can be removed at any time by the board of directors of Advantis.

Recent Accounting Pronouncements

See Note 2 of the financial statements for a description of recent accounting pronouncements, if any, including the expected dates of adoption and the anticipated impact on the financial statements.

Critical Accounting Policies and Estimates

The preparation of our financial statements and related disclosures in conformity with U.S. Generally Accepted Accounting Principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Changes in the economic environment, financial markets and any other parameters used in determining such estimates could cause actual results to differ. In addition to the discussion below, our significant accounting policies are further described in the notes to the financial statements.

Valuation of Portfolio Investments

As a BDC, we generally invest in illiquid loans and securities including debt and equity securities of middle-market companies. Under procedures established by our board of directors, we value investments for which market quotations are readily available at such market quotations. We obtain these market values from an independent pricing service or at the mean between the bid and ask prices obtained from at least two brokers or dealers (if available, otherwise by a principal market maker or a primary market dealer). 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 our board of directors. Such determination of fair values may involve subjective judgments and estimates, although we engage independent valuation providers to review the valuation of each portfolio investment that does not have a readily available market quotation quarterly. Investments purchased within 60 days of maturity are valued at cost plus accreted discount, or minus amortized premium, which approximate fair value. With respect to unquoted securities, our board of directors values each investment considering, among other measures, discounted cash flow models, comparisons of financial ratios of peer companies that are public and other factors, which are provided by a nationally recognized independent valuation firm. This valuation firm provides a range of values for selected investments, which is presented to the Valuation Committee to determine the value for each of the selected investments.

When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, our board of directors uses the pricing indicated by the external event to corroborate and/or assist us in our valuation. Because there is not a readily available market for substantially all of the investments in our portfolio, we value our portfolio investments at fair value as determined in good faith by our board of directors using a documented valuation policy and a consistently applied valuation process. 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 differ significantly from the values that would have been used had a readily available market value existed for such investments, and the differences could be material.

With respect to investments for which market quotations are not readily available, our board of directors undertakes a multi-step valuation process each quarter, as described below:

- Our quarterly valuation process begins with each portfolio company or investment being initially valued by an independent valuation firm, except for those investments where market quotations are readily available;
- Preliminary valuation conclusions are then documented and discussed with our senior management, our investment advisor, and our auditors;
- The valuation committee of our board of directors then reviews these preliminary valuations and approves them for recommendation to the board of directors;
- The board of directors then discusses valuations and determines the fair value of each investment in our portfolio in good faith, based on the input of our investment advisor, the independent valuation firm and the valuation committee.

Revenue Recognition

Realized gain (loss) on the sale of investments is the difference between the proceeds received from dispositions of portfolio investments and their stated costs. Realized gains or losses on the sale of investments are calculated using the specific identification method.

Interest income, adjusted for amortization of premium and accretion of discount, is recorded on an accrual basis to the extent that we expect to collect such amounts. For loans and debt securities with contractual PIK interest, which represents contractual interest accrued and added to the loan balance that generally becomes due at maturity, we do not accrue PIK interest if the portfolio company valuation indicates that such PIK interest is not collectible. Generally, we will not accrue interest on loans and debt securities if we have reason to doubt our ability to collect such interest. Loan origination fees, original issue discount and market discount or premium are capitalized, and we then accrete or amortize such amounts using the effective interest method as interest income. Upon the prepayment of a loan or debt security, any unamortized loan origination is recorded as interest income. We record prepayment premiums on loans and debt securities as interest income.

Dividend income, if any, will be recognized on the ex-dividend date.

Generally, when a payment default occurs on a loan in the portfolio, or if the Company otherwise believes that the borrower will not be able to make contractual interest payments, the Company may place the loan on non-accrual status and cease recognizing interest income on the loan until all principal and interest is current through payment, or until a restructuring occurs, and the interest income is deemed to be collectible. The Company may make exceptions to this policy if a loan has sufficient collateral value, is in the process of collection or is viewed to be able to pay all amounts due if the loan were to be collected on through an investment in or sale of the business, the sale of the assets of the business, or some portion or combination thereof.

Recent Developments

Portfolio Activity

- On March 13, 2025, the Company entered into an amendment with Performance Alloys, LLC to waive the existing defaults and amend the minimum fixed charge coverage ratio covenants for the 2025 fiscal year.
- Other than the event listed above, subsequent to the year ended December 31, 2024 and through the date of this filing, there was no portfolio activity or other events to report.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are subject to financial market risks, including credit risk, illiquidity of investments in our portfolio and changes in interest rates.

Credit risk is the primary market risk associated with our business. Credit risk originates from the fact that some of our portfolio companies may become unable or unwilling to fulfill their contractual payment obligations to us and may eventually default on those obligations. These contractual payment obligations arise under the debt securities and other investments that we hold. They include payment of interest, principal, dividends, fees and payments under guarantees and similar instruments.

We primarily invest in illiquid debt and other securities of small and mid-sized private companies. In some cases these investments include additional equity components. Our investments may have no established trading market or are generally subject to restrictions on resale. The illiquidity of our investments may adversely affect our ability to dispose of debt and equity securities at times when it may be otherwise advantageous for us to liquidate such investments. As of December 31, 2024, all of our debt investments are fixed rate.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Princeton Capital Corporation:

Opinion on the Financial Statements

We have audited the accompanying Statements of Assets and Liabilities of Princeton Capital Corporation (the "Company"), including the schedules of investments, as of December 31, 2024 and 2023, the related statements of operations, changes in net assets, and cash flows for each of the three years in the period ended December 31, 2024, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included verification by confirmation of securities as of December 31, 2024 and 2023, by correspondence with the portfolio companies, or by other appropriate auditing procedures where replies were not received. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

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

Fair Value of Investments

As discussed in Note 5 to the financial statements, the Company measures substantially all of its investments at fair value using unobservable inputs and assumptions as there is no readily available market value. As of December 31, 2024, total investments at fair value were \$19,217,779.

We identified the evaluation of the fair value of investments as a critical audit matter. Assessment of the Company's judgments regarding the use of specific valuation techniques, inputs and assumptions involved a high degree of subjective auditor judgment. Changes in these techniques, inputs and assumptions could have a significant impact on the fair value of investments. In particular, the Company uses the market and cost approaches to determine enterprise values, and also relies upon the current value method to value certain equity and debt investments. Additionally, the Company makes judgments relating to credit risk, guideline company market multiples, guideline transaction multiples, replacement cost indications and financial performance measures used to determine enterprise values and total equity value indications.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the financial statements. These procedures included, among others, either (i) testing management's process for determining the fair value estimate, which included evaluating the appropriateness of the market approach, income approach, or cost approach; testing the completeness, accuracy, and relevance of the underlying data used in the technique; and evaluating the significant unobservable inputs and assumptions used by management, including the selected valuation multiples, discount rates, market yields or replacement or reproduction cost indications, by considering the consistency and reasonableness of the unobservable inputs relative to the performance and condition of the subject company or assets, and the external market and industry data and evidence obtained in other areas of the audit; or (ii) the involvement of professionals with specialized skill and knowledge to assist in developing an independent fair value estimate range for certain level 3 debt and equity investments, and comparison of management's fair value indications to the independently developed range of fair value estimates. Developing the independent range involved selection of significant unobservable inputs for the market multiples, discount rates or market yields, or replacement or reproduction cost indications, in order to evaluate the reasonableness of management's fair value estimate of these certain level 3 investments, using a range of available market information.

We have served as the Company's auditor since 2016.

/s/ WithumSmith+Brown, PC

Whippany, New Jersey
March 31, 2025

PCAOB Number 100

PRINCETON CAPITAL CORPORATION
STATEMENTS OF ASSETS AND LIABILITIES

	<u>December 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
ASSETS		
Control investments at fair value (cost of \$21,690,606 and \$27,353,273, respectively)	\$ 15,066,529	\$ 18,581,422
Non-control/non-affiliate investments at fair value (cost of \$12,365,846 and \$12,047,429, respectively)	4,151,250	11,153,531
Total investments at fair value (cost of \$34,056,452 and \$39,400,702, respectively)	19,217,779	29,734,953
Cash and cash equivalents	1,290,864	1,937,768
Restricted cash	5,000	41,891
Due from portfolio companies	33,049	26,592
Interest receivable, net of allowance for bad debt of \$0 and \$16,549, respectively	584,769	525,685
Prepaid expenses	76,418	47,306
Total assets	<u>21,207,879</u>	<u>32,314,195</u>
LIABILITIES		
Accrued management fees	55,286	78,889
Accounts payable	16,545	159,472
Due to affiliates ⁽¹⁾	64,875	64,875
Taxes expense payable	-	64,537
Accrued expenses and other liabilities	27,907	41,860
Total liabilities	<u>164,613</u>	<u>409,633</u>
Net assets	<u>\$ 21,043,266</u>	<u>\$ 31,904,562</u>
NET ASSETS		
Common Stock, par value \$0.001 per share (250,000,000 shares authorized; 120,486,061 shares issued and outstanding at December 31, 2024 and December 31, 2023)	\$ 120,486	\$ 120,486
Paid-in capital	64,868,884	64,868,884
Accumulated deficit	(43,946,104)	(33,084,808)
Total net assets	<u>\$ 21,043,266</u>	<u>\$ 31,904,562</u>
Net asset value per share	<u>\$ 0.175</u>	<u>\$ 0.265</u>

(1) Amounts under Due to Affiliates are for accrued amounts payable to the Company's investment advisor, House Hanover, LLC for the reimbursement of administration fees that it incurs on the Company's behalf (see Note 7).

The accompanying notes are an integral part of these financial statements.

PRINCETON CAPITAL CORPORATION

STATEMENTS OF OPERATIONS

	For the Year Ended December 31,		
	2024	2023	2022
INVESTMENT INCOME			
Interest income from non-control/non-affiliate investments	\$ 689,083	\$ 1,254,375	\$ 684,375
Interest income from control investments	270,775	1,050,876	827,954
Interest income paid-in-kind from non-control/non-affiliate investments	318,417	166,339	-
Other income from non-control/non-affiliate investments	13,953	8,140	17,996
Other income from non-investment sources (Note 2)	91,823	1,163	24,318
Total investment income	1,384,051	2,480,893	1,554,643
OPERATING EXPENSES			
Management fees	257,384	317,546	339,328
Administration fees	423,877	415,092	403,299
Audit fees	169,520	149,136	202,196
Legal fees (Note 2)	158,589	187,687	786,720
Valuation fees	90,000	90,000	121,500
Other professional fees	14,540	-	14,170
Directors' fees	150,000	150,000	150,000
Insurance expense	117,236	151,193	184,311
Interest expense	-	207	4,896
Other general and administrative expenses	143,392	138,465	126,721
Total operating expenses	1,524,538	1,599,326	2,333,141
Net investment income (loss) before income tax expense (benefit)	(140,487)	881,567	(778,498)
Income tax expense (benefit)	(1,850)	64,993	456
Net investment income (loss) after income tax expense (benefit)	(138,637)	816,574	(778,954)
Net realized gain (loss) on:			
Non-control/non-affiliate investments	(5,549,735)	(1,200)	4,368,297
Total net realized gain (loss)	(5,549,735)	(1,200)	4,368,297
Net change in unrealized gain (loss) on investments:			
Non-control/non-affiliate investments	(7,320,698)	(1,075,753)	7,173,601
Control investments	2,147,774	81,479	(4,116,019)
Net change in unrealized gain (loss) on investments	(5,172,924)	(994,274)	3,057,582
Net realized and unrealized gain (loss) on investments	(10,722,659)	(995,474)	7,425,879
Net increase (decrease) in net assets resulting from operations	\$ (10,861,296)	\$ (178,900)	\$ 6,646,925
Net investment income (loss) per share			
Basic	\$ (0.001)	\$ 0.007	\$ (0.006)
Diluted	\$ (0.001)	\$ 0.007	\$ (0.006)
Net increase (decrease) in net assets resulting from operations per share			
Basic	\$ (0.090)	\$ (0.001)	\$ 0.055
Diluted	\$ (0.090)	\$ (0.001)	\$ 0.055
Weighted average shares of common stock outstanding			
Basic	120,486,061	120,486,061	120,486,061
Diluted	120,486,061	120,486,061	120,486,061

The accompanying notes are an integral part of these financial statements.

PRINCETON CAPITAL CORPORATION
STATEMENTS OF CHANGES IN NET ASSETS

	For the Year Ended December 31,		
	2024	2023	2022
Net assets at beginning of year	\$ 31,904,562	\$ 32,083,462	\$ 34,472,992
Increase (decrease) in net assets resulting from operations:			
Net investment income (loss)	(138,637)	816,574	(778,954)
Realized gain (loss) on investments	(5,549,735)	(1,200)	4,368,297
Net change in unrealized gain (loss) on investments	(5,172,924)	(994,274)	3,057,582
Net increase (decrease) in net assets resulting from operations	(10,861,296)	(178,900)	6,646,925
Distributions			
Dividends declared	-	-	(9,036,455)
Total distributions	-	-	(9,036,455)
Total decrease in net assets	(10,861,296)	(178,900)	(2,389,530)
Net Assets at December 31	\$ 21,043,266	\$ 31,904,562	\$ 32,083,462
Capital share activity:			
Common stock			
Common stock outstanding at the beginning of year	120,486,061	120,486,061	120,486,061
Common stock outstanding at the end of year	120,486,061	120,486,061	120,486,061

The accompanying notes are an integral part of these financial statements.

PRINCETON CAPITAL CORPORATION

STATEMENTS OF CASH FLOWS

	For the Year Ended December 31,		
	2024	2023	2022
Cash Flows from Operating Activities:			
Net increase (decrease) in net assets resulting from operations	\$ (10,861,296)	\$ (178,900)	\$ 6,646,925
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used in) operating activities:			
Proceeds from sales, repayments, or maturity of investments in:			
Portfolio investments	192,932	-	11,168,883
Net realized (gain) loss on investments	5,549,735	1,200	(4,368,297)
Net change in unrealized (gain) loss on investments	5,172,924	994,274	(3,057,582)
Purchase of investments	(80,000)	-	-
Increase in investments due to payments in kind	(318,417)	(166,339)	-
Allowance for bad debt	-	-	(413,896)
Changes in other assets and liabilities:			
Due from portfolio companies	(6,457)	(250)	199,054
Interest receivable	(42,535)	(232,064)	224,420
Allowance for bad debt	(16,549)	-	-
Prepaid expenses	(29,112)	(11,754)	(5,079)
Tax receivable	-	-	750
Accrued management fees	(23,603)	(13,045)	(170,390)
Accounts payable	(142,927)	(20,624)	(23,549)
Due to affiliates	-	-	(208,141)
Tax expense payable	(64,537)	64,537	-
Deferred fee income	-	41,860	(17,996)
Accrued expenses and other liabilities	(13,953)	(65,782)	63,498
Net cash provided by (used in) operating activities	<u>(683,795)</u>	<u>413,113</u>	<u>10,038,600</u>
Cash Flows from Financing Activities			
Cash dividends paid	-	-	(9,036,455)
Net cash provided by (used in) financing activities	<u>-</u>	<u>-</u>	<u>(9,036,455)</u>
Net increase in cash, cash equivalents and restricted cash	(683,795)	413,113	1,002,145
Cash, cash equivalents and restricted cash at beginning of year	1,979,659	1,566,546	564,401
Cash, cash equivalents and restricted cash at end of year	<u>\$ 1,295,864</u>	<u>\$ 1,979,659</u>	<u>\$ 1,566,546</u>
Supplemental disclosure of cash flow financing activities:			
Interest expense paid	\$ -	\$ 207	\$ 4,896
Income tax paid	\$ 62,687	\$ 456	\$ 456

The accompanying notes are an integral part of these financial statements.

PRINCETON CAPITAL CORPORATION

SCHEDULE OF INVESTMENTS as of December 31, 2024

Investments	Headquarters / Industry	Acquisition Date	Principal Amount/ Shares/ % Ownership	Amortized Cost	Fair Value ⁽¹⁾	% of Net Assets
Portfolio Investments ⁽⁵⁾						
Control investments						
Advantis Certified Staffing Solutions, Inc.						
	Houston, TX					
Second Lien Loan, 12.0% Cash, due 11/30/2021 ⁽²⁾ ⁽⁴⁾ ⁽⁶⁾	Staffing	3/13/2015	\$ 4,500,000	\$ 4,500,000	\$ 3,836,547	18.24%
Unsecured loan 6.33%, due 12/31/2027 ⁽⁶⁾		10/01/2019	1,381,586	1,381,586	-	-%
Common Stock – Series A ⁽⁴⁾ ⁽⁶⁾		7/02/2017	225,000	10,150	-	-%
Common Stock – Series B ⁽⁴⁾ ⁽⁶⁾		7/02/2017	9,500,000	428,571	-	-%
Warrant for 250,000 Shares of Series A Common Stock, exercise price \$0.01 per share, expires 1/1/2027 ⁽⁴⁾ ⁽⁶⁾		7/02/2017	1	11,278	-	-%
Warrant for 700,000 Shares of Series A Common Stock, exercise price \$0.01 per share, expires 1/1/2027 ⁽⁴⁾ ⁽⁶⁾		12/31/2016	1	-	-	-%
Total				6,331,585	3,836,547	18.24%
PCC SBH Sub, Inc.						
	Karnes City, TX					
Common stock ⁽⁴⁾ ⁽⁶⁾	Energy Services	2/06/2017	100	2,525,481	1,379,019	6.55%
First Lien Revolving Loan 10% Cash, due 5/8/2026 ⁽⁶⁾		5/08/2024	\$ 80,000	80,000	80,000	0.38%
Total				2,605,481	1,459,019	6.93%
Rockfish Seafood Grill, Inc.						
	Richardson, TX					
First Lien Loan, 8% Cash, 6.0% PIK, due 3/31/2018 ⁽³⁾ ⁽⁶⁾	Casual Dining	3/13/2015	\$ 6,352,944	6,352,944	7,519,963	35.75%
Revolving Loan, 8% Cash, due 12/31/2027 ⁽⁶⁾		6/29/2015	\$ 2,251,000	2,251,000	2,251,000	10.70%
Rockfish Holdings, LLC						
Warrant for Membership Interest, exercise price \$0.001 per 1% membership interest, expires 7/28/2028 ⁽⁴⁾ ⁽⁶⁾		3/13/2015	10.0%	414,960	-	-%
Membership Interest – Class A ⁽⁴⁾ ⁽⁶⁾		3/13/2015	99.997%	3,734,636	-	-%
Total				12,753,540	9,770,963	46.45%
Total control investments				21,690,606	15,066,529	71.62%
Non-control/non-affiliate investments						
Performance Alloys, LLC						
	Houston, TX					
Second Lien Loan, 10% Cash, due 12/31/2026 ⁽³⁾ ⁽⁶⁾	Nickel Pipe, Fittings & Flanges	7/01/2016	\$ 7,234,756	7,234,756	4,151,250	19.73%
Membership Interest – Class B ⁽⁴⁾ ⁽⁶⁾		7/01/2016	25.97%	5,131,090	-	-%
Total				12,365,846	4,151,250	19.73%

The accompanying notes are an integral part of these financial statements.

PRINCETON CAPITAL CORPORATION

SCHEDULE OF INVESTMENTS as of December 31, 2024
(Continued)

Investments	Headquarters / Industry	Acquisition Date	Principal Amount/Shares/ % Ownership	Amortized Cost	Fair Value ⁽¹⁾	% of Net Assets
Non-control/non-affiliate investments (continued)						
Total non-control/non-affiliate investments				12,365,846	4,151,250	19.73%
Total Portfolio Investments				34,056,452	19,217,779	91.35%
Total Investments				\$ 34,056,452	\$ 19,217,779	91.35%

(1) See Note 5 of the Notes to Financial Statements for a discussion of the methodologies used to value securities in the portfolio.

(2) Investment is on non-accrual status.

(3) Represents a security with a payment-in-kind (“PIK”) component. At the option of the issuer, interest can be paid in cash or cash and PIK. The percentage of PIK shown is the maximum PIK that can be elected by the portfolio company.

(4) Investment is non-income producing as of December 31, 2024.

(5) Represents an illiquid investment. At December 31, 2024, 100% of the total fair value of portfolio investments are illiquid. All of the Company’s portfolio investments are generally subject to restrictions on resale as “restricted securities.”

(6) Represents an investment valued using significant unobservable inputs.

The accompanying notes are an integral part of these financial statements.

PRINCETON CAPITAL CORPORATION

SCHEDULE OF INVESTMENTS as of December 31, 2024
(Continued)

The following tables show the fair value of our portfolio of investments (excluding U.S. Treasury Bills) by geography and industry as of December 31, 2024.

Geography	December 31, 2024	
	Investments at Fair Value	Percentage of Net Assets
United States	\$ 19,217,779	91.35%
Total	\$ 19,217,779	91.35%

Industry	December 31, 2024	
	Investments at Fair Value	Percentage of Net Assets
Casual Dining	\$ 9,770,963	46.44%
Nickel Pipe, Fittings and Flanges	4,151,250	19.73
Staffing	3,836,547	18.24
Energy Services	1,459,019	6.94
Total	\$ 19,217,779	91.35%

The accompanying notes are an integral part of these financial statements.

PRINCETON CAPITAL CORPORATION

SCHEDULE OF INVESTMENTS as of December 31, 2023

Investments	Headquarters / Industry	Acquisition Date	Principal Amount/ Shares/ % Ownership	Amortized Cost	Fair Value ⁽¹⁾	% of Net Assets
Portfolio Investments ⁽⁵⁾						
Control investments						
Advantis Certified Staffing Solutions, Inc.						
	Houston, TX					
Second Lien Loan, 12.0% Cash, due 11/30/2021 ⁽²⁾ ⁽⁴⁾ ⁽⁶⁾	Staffing	3/13/2015	\$ 4,500,000	\$ 4,500,000	\$ 4,736,141	14.84%
Unsecured loan 6.33%, due 12/31/2023 ⁽⁶⁾		10/01/2019	\$ 1,381,586	1,381,586	-	-%
Common Stock – Series A ⁽⁴⁾ ⁽⁶⁾		7/02/2017	225,000	10,150	-	-%
Common Stock – Series B ⁽⁴⁾ ⁽⁶⁾		7/02/2017	9,500,000	428,571	-	-%
Warrant for 250,000 Shares of Series A Common Stock, exercise price \$0.01 per share, expires 1/1/2027 ⁽⁴⁾ ⁽⁶⁾		7/02/2017	1	11,278	-	-%
Warrant for 700,000 Shares of Series A Common Stock, exercise price \$0.01 per share, expires 1/1/2027 ⁽⁴⁾ ⁽⁶⁾		12/31/2016	1	-	-	-%
Total				<u>6,331,585</u>	<u>4,736,141</u>	<u>14.84%</u>
Dominion Medical Management, Inc.						
	Milwaukee, WI					
First Lien Loan, 12.0% Cash, 6% PIK, due 3/31/2020 ⁽²⁾ ⁽³⁾ ⁽⁴⁾	Medical Business Services	3/22/2018	\$ 1,516,144	1,516,144	173,399	0.54%
Integrated Medical Partners, LLC						
Preferred Membership, Class A units ⁽⁴⁾		3/13/2015	800	4,196,937	-	-%
Preferred Membership, Class B units ⁽⁴⁾		3/13/2015	760	29,586	-	-%
Common Units ⁽⁴⁾		3/13/2015	14,082	-	-	-%
Total				<u>5,742,667</u>	<u>173,399</u>	<u>0.54%</u>
PCC SBH Sub, Inc.						
	Karnes City, TX					
Common stock ⁽⁴⁾ ⁽⁶⁾	Energy Services	2/06/2017	100	2,525,481	1,543,841	4.84%
Rockfish Seafood Grill, Inc.						
	Richardson, TX					
First Lien Loan, 8% Cash, 6.0% PIK, due 3/31/2018 ⁽³⁾ ⁽⁶⁾	Casual Dining	3/13/2015	\$ 6,352,944	6,352,944	9,877,041	30.96%
Revolving Loan, 8% Cash, due 12/31/2023 ⁽⁶⁾		6/29/2015	\$ 2,251,000	2,251,000	2,251,000	7.06%
Rockfish Holdings, LLC						
Warrant for Membership Interest, exercise price \$0.001 per 1% membership interest, expires 7/28/2028 ⁽⁴⁾ ⁽⁶⁾		3/13/2015	10.0%	414,960	-	-%
Membership Interest – Class A ⁽⁴⁾ ⁽⁶⁾		3/13/2015	99.997%	3,734,636	-	-%
Total				<u>12,753,540</u>	<u>12,128,041</u>	<u>38.02%</u>
Total control investments				<u>27,353,273</u>	<u>18,581,422</u>	<u>58.24%</u>
Non-control/non-affiliate investments						
Performance Alloys, LLC						
	Houston, TX					
Second Lien Loan, 10% Cash, due 4% PIK, due 12/31/2026 ⁽³⁾ ⁽⁶⁾	Nickel Pipe, Fittings & Flanges	7/01/2016	\$ 6,916,339	6,916,339	6,916,339	21.68%
Membership Interest – Class B ⁽⁴⁾ ⁽⁶⁾		7/01/2016	25.97%	5,131,090	4,237,192	13.28%
Total				<u>12,047,429</u>	<u>11,153,531</u>	<u>34.96%</u>

The accompanying notes are an integral part of these financial statements.

PRINCETON CAPITAL CORPORATION

SCHEDULE OF INVESTMENTS as of December 31, 2023
(Continued)

Investments	Headquarters / Industry	Acquisition Date	Principal Amount/Shares/ % Ownership	Amortized Cost	Fair Value ⁽¹⁾	% of Net Assets
Non-control/non-affiliate investments (continued)						
Total non-control/non-affiliate investments				12,047,429	11,153,531	34.96%
Total Portfolio Investments				<u>39,400,702</u>	<u>29,734,953</u>	<u>93.20%</u>
Total Investments				<u>\$ 39,400,702</u>	<u>\$ 29,734,953</u>	<u>93.20%</u>

- (1) See Note 5 of the Notes to Financial Statements for a discussion of the methodologies used to value securities in the portfolio.
- (2) Investment is on non-accrual status.
- (3) Represents a security with a payment-in-kind (“PIK”) component. At the option of the issuer, interest can be paid in cash or cash and PIK. The percentage of PIK shown is the maximum PIK that can be elected by the portfolio company.
- (4) Investment is non-income producing as of December 31, 2023.
- (5) Represents an illiquid investment. At December 31, 2023, 100% of the total fair value of portfolio investments are illiquid. All of the Company’s portfolio investments are generally subject to restrictions on resale as “restricted securities.”
- (6) Represents an investment valued using significant unobservable inputs.

The accompanying notes are an integral part of these financial statements.

PRINCETON CAPITAL CORPORATION

SCHEDULE OF INVESTMENTS as of December 31, 2023
(Continued)

The following tables show the fair value of our portfolio of investments (excluding U.S. Treasury Bills) by geography and industry as of December 31, 2023.

Geography	December 31, 2023	
	Investments at Fair Value	Percentage of Net Assets
United States	\$ 29,734,953	93.20%
Total	\$ 29,734,953	93.20%

Industry	December 31, 2023	
	Investments at Fair Value	Percentage of Net Assets
Casual Dining	\$ 12,128,041	38.02%
Nickel Pipe, Fittings and Flanges	11,153,531	34.96
Staffing	4,736,141	14.84
Energy Services	1,543,841	4.84
Medical Business Services	173,399	0.54
Total	\$ 29,734,953	93.20%

The accompanying notes are an integral part of these financial statements.

PRINCETON CAPITAL CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 1 – NATURE OF OPERATIONS

References herein to “we”, “us” or “our” refer to Princeton Capital Corporation (the “Company” or “Princeton Capital”), unless the context specifically requires otherwise.

Princeton Capital Corporation, a Maryland corporation, was incorporated under the general laws of the State of Maryland on July 25, 2013. We are a non-diversified, closed-end investment company that has filed an election to be regulated as a business development company (“BDC”), under the Investment Company Act of 1940, as amended (the “1940 Act”). A goal of a BDC is to annually qualify and elect to be treated as a regulated investment company (“RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”). The Company, however, did not meet the requirements to qualify as a RIC for the 2024 tax year and will be taxed as a corporation under Subchapter C of the Code and does not expect to meet the qualifications of a RIC until such time as certain strategic alternatives are achieved. While we have sought to invest primarily in private small and lower middle-market companies in various industries through first lien loans, second lien loans, unsecured loans, unitranche and mezzanine debt financing, often times with a corresponding equity investment, we are now (with a strategic alternatives process underway and limited resources) investing only in current investments and otherwise conserving cash. Our investment objective is to maximize the total return to our stockholders in the form of current income and capital appreciation through debt and related equity investments.

Prior to March 13, 2015, Princeton Capital’s predecessor operated under the name Regal One Corporation (“Regal One”). Regal One had been located in Scottsdale, Arizona, and was a Florida corporation initially incorporated in 1959 as Electro-Mechanical Services Inc. Since inception, Regal One had been involved in several industries. In 1998, Electro-Mechanical Services Inc. changed its name to Regal One Corporation.

On March 7, 2005, Regal One’s board of directors determined it was in the shareholders’ best interest to change the focus of its operations to providing financial consulting services through its network of advisors and professionals and to be regulated as a BDC under the 1940 Act. On September 16, 2005, Regal One filed a Form N54A (Notification of Election by Business Development Companies) with the Securities and Exchange Commission (“SEC”), which transformed Regal One into a BDC in accordance with Sections 55 through 65 of the 1940 Act. Regal One reported as an operating BDC from March 31, 2006 until March 13, 2015 and since March 13, 2015 (following the reincorporation described below) Princeton Capital has reported as an operating BDC.

On December 27, 2017, the Board approved (specifically in accordance with Rule 15a-4(b)(1)(ii) of the Investment Company Act) and authorized the Company to enter into an Interim Investment Advisory Agreement between the Company and House Hanover, LLC, a Delaware limited liability company (“House Hanover”) (the “Interim Investment Advisory Agreement”), in accordance with Rule 15a-4 of the Investment Company Act. The effective date of the Interim Investment Advisory Agreement was January 1, 2018.

On April 5, 2018, the Board, including a majority of the independent directors, conditionally approved the Investment Advisory Agreement between the Company and House Hanover (the “House Hanover Investment Advisory Agreement”) subject to the approval of the Company’s stockholders at the 2018 Annual Meeting of Stockholders. The House Hanover Investment Advisory Agreement replaced the Interim Investment Advisory Agreement. On May 30, 2018, the Company’s stockholders approved the House Hanover Investment Advisory Agreement. The effective date of the House Hanover Investment Advisory Agreement was May 31, 2018. The House Hanover Investment Advisory Agreement was last annually renewed by the Board and by a majority of the members of the Board who are not parties to the House Hanover Investment Advisory Agreement or “interested persons” (as such term is defined in the 1940 Act) of any such party, in accordance with the requirements of the 1940 Act and the House Hanover Investment Advisory Agreement on May 9, 2024.

Since January 1, 2018, House Hanover has acted as our investment advisor under the Interim Investment Advisory Agreement (from January 1, 2018 until May 31, 2018) and the House Hanover Investment Advisory Agreement (since May 31, 2018).

PRINCETON CAPITAL CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

On November 15, 2019, our Board announced that the Company has initiated a strategic review process to identify, examine, and consider a range of strategic alternatives available to the Company, including but not limited to, (i) selling the Company's assets to a business development company or other potential buyer, (ii) merging with another business development company, (iii) liquidating the Company's assets in accordance with a plan of liquidation, (iv) raising additional funds for the Company, or (v) otherwise entering into another business combination, with the objective of maximizing stockholder value. As of December 31, 2024 and through the date of filing this Annual Report, the Company has not entered into any strategic alternative and the strategic process remains ongoing.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). In accordance with Regulation S-X under the Securities Act of 1933 and Securities Exchange Act of 1934, the Company does not consolidate portfolio company investments. The accounting records of the Company are maintained in U.S. dollars. As an investment company, as defined by the 1940 Act, the Company follows investment company accounting and reporting guidance of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 946, "Financial Services - Investment Companies," which is U.S. GAAP.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Changes in the economic environment, financial markets, creditworthiness of our portfolio companies and any other parameters used in determining these estimates could cause actual results to differ. It is likely that changes in these estimates will occur in the near term. The Company's estimates are inherently subjective in nature and actual results could differ materially from such estimates.

Portfolio Investment Classification

The Company classifies its investments in accordance with the requirements of the 1940 Act. Under the 1940 Act, "Control Investments" are defined as investments in companies in which the Company owns more than 25% of the voting securities or maintains greater than 50% of the board representation. Under the 1940 Act, "Affiliated Investments" are defined as those non-control investments in companies in which the Company owns between 5% and 25% of the voting securities. Under the 1940 Act, "Non-affiliated Investments" are defined as investments that are neither Control Investments nor Affiliated Investments. As of December 31, 2024, the Company had control investments in Advantis Certified Staffing Solutions, Inc., PCC SBH Sub, Inc., Rockfish Holdings, LLC, and Rockfish Seafood Grill, Inc. as defined under the 1940 Act. As of December 31, 2023, the Company had control investments in Advantis Certified Staffing Solutions, Inc., PCC SBH Sub, Inc., Rockfish Holdings, LLC, Rockfish Seafood Grill, Inc., Integrated Medical Partners, LLC and Dominion Medical Management, Inc. as defined under the 1940 Act.

Investments are recognized when we assume an obligation to acquire a financial instrument and assume the risks for gains or losses related to that instrument. Investments are derecognized when we assume an obligation to sell a financial instrument and forgo the risks for gains and losses related to that instrument. Specifically, we record all security transactions on a trade date basis. Investments in other non-security financial instruments, such as limited partnerships or private companies, are recorded on the basis of subscription date or redemption date, as applicable. Amounts for investments recognized or derecognized but not yet settled are reported as receivables for investments sold or payable for investments acquired, respectively, in the Statements of Assets and Liabilities.

PRINCETON CAPITAL CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Valuation of Investments

In accordance with U.S. GAAP, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date.

In determining fair value, our board of directors uses various valuation approaches. In accordance with U.S. GAAP, ASC 820 establishes a fair value hierarchy for inputs and is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the board of directors. Unobservable inputs reflect our board of director’s assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

With respect to investments for which market quotations are not readily available, our board of directors undertakes a multi-step valuation process each quarter, as described below:

- Our quarterly valuation process begins with each portfolio company or investment being initially valued by an independent valuation firm, except for those investments where market quotations are readily available;
- Preliminary valuation conclusions are then documented and discussed with our senior management and our investment advisor;
- The valuation committee of our board of directors then reviews these preliminary valuations and approves them for recommendation to the board of directors; and
- The board of directors then discusses valuations and determines the fair value of each investment in our portfolio in good faith, based on the input of our investment advisor, the independent valuation firm and the valuation committee.

U.S. GAAP establishes a framework for measuring fair value that includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The levels of the fair value hierarchy are as follows:

Level 1 — Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 — Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 — Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of valuation techniques and observable inputs can vary from security to security and is affected by a wide variety of factors including, the type of security, whether the security is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed. Accordingly, the degree of judgment exercised by the board of directors in determining fair value is greatest for securities categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement. For the fair value measurements as of December 31, 2024, there were no changes in the valuation technique for the Company’s investments from the prior quarter.

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Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Company's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Company uses prices and inputs that are current as of the measurement date, including periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many securities. This condition could cause a security to be reclassified to a lower level within the fair value hierarchy.

Valuation Processes

The Company establishes valuation processes and procedures to ensure that the valuation techniques for investments that are categorized within Level 3 of the fair value hierarchy are fair, consistent, and verifiable. The Company's board of directors designates a Valuation Committee (the "Committee") to oversee the entire valuation process of the Company's Level 3 investments. The Committee is comprised of independent directors and reports to the Company's board of directors. The Committee is responsible for developing the Company's written valuation processes and procedures, conducting periodic reviews of the valuation policies, and evaluating the overall fairness and consistent application of the valuation policies.

The Committee meets on a quarterly basis, or more frequently as needed, to determine the valuations of the Company's Level 3 investments. Valuations determined by the Committee are required to be supported by market data, third-party pricing sources, industry accepted pricing models, counterparty prices, or other methods that the Committee deems to be appropriate.

The Company will periodically test its valuations of Level 3 investments through performing back testing of the sales of such investments by comparing the amounts realized against the most recent fair values reported, and if necessary, uses the findings to recalibrate its valuation procedures. On a quarterly basis, the Company engages the services of a nationally recognized third-party valuation firm to perform an independent valuation of the Company's Level 3 investments. This valuation firm provides a range of values for selected investments, which is presented to the Valuation Committee to determine the value for each of the selected investments.

Investment Valuation

We expect that most of our portfolio investments will take the form of securities that are not publicly traded. The fair value of loans, securities and other investments that are not publicly traded may not be readily determinable, and we will value these investments at fair value as determined in good faith by our board of directors, including reflecting significant events affecting the value of our investments. Most, if not all, of our investments (other than cash and cash equivalents) will be classified as Level 3 under FASB ASC 820, "Fair Value Measurements and Disclosures." This means that our portfolio valuations will be based on unobservable inputs and our own assumptions about how market participants would price the asset or liability in question. We expect that inputs into the determination of fair value of our portfolio investments will require significant management judgment or estimation. Even if observable market data are available, such information may be the result of consensus pricing information or broker quotes, which include a disclaimer that the broker would not be held to such a price in an actual transaction. The non-binding nature of consensus pricing and/or quotes accompanied by disclaimers materially reduces the reliability of such information. We expect to retain the services of one or more independent service providers to review the valuation of these loans and securities. The types of factors that the board of directors may take into account in determining the fair value of our investments generally include, as appropriate, comparison to publicly traded securities including such factors as yield, maturity and measures of credit quality, the enterprise value of a portfolio company, the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings and discounted cash flow, the markets in which the portfolio company does business and other relevant factors. Because such valuations, and particularly valuations of private securities and private companies, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, our determinations of fair value may differ materially from the values that would have been used if a ready market for these loans and securities existed. Our net asset value could be adversely affected if our determinations regarding the fair value of our investments were materially higher than the values that we ultimately realize upon the disposal of such loans and securities.

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We will adjust the valuation of our portfolio quarterly to reflect our board of directors' determination of the fair value of each investment in our portfolio. Any changes in fair value are recorded in our statements of operations as net change in unrealized gain or loss on investments.

Debt Securities

The Company's portfolio consists primarily of first lien loans, second lien loans, and unsecured loans. Investments for which market quotations are readily available ("Level 2 Loans") are generally valued using market quotations, which are generally obtained from an independent pricing service or broker-dealers. For other debt investments ("Level 3 Loans"), market quotations are not available and other techniques are used to determine fair value. The Company considers its Level 3 Loans to be performing if the borrower is not in default, the borrower is remitting payments in a timely manner, the loan is in covenant compliance or is otherwise not deemed to be impaired. In determining the fair value of the performing Level 3 Loans, the Board considers fluctuations in current interest rates, the trends in yields of debt instruments with similar credit ratings, financial condition of the borrower, economic conditions, success and prepayment fees, and other relevant factors, both qualitative and quantitative. In the event that a Level 3 Loan instrument is not performing, as defined above, the Board may evaluate the value of the collateral utilizing the same framework described above for a performing loan to determine the value of the Level 3 Loan instrument.

Equity Investments

Our equity investments, including common stock, membership interests, and warrants, are generally valued using a market approach and income approach. The income approach utilizes primarily the discount rate to value the investment whereas the primary inputs for the market approach are the earnings before interest, taxes, depreciation and amortization ("EBITDA") multiple and revenue multiples. The Black-Scholes Option Pricing Model, a valuation technique that follows the income approach, is used to allocate the value of the equity to the investment. The pricing model takes into account the contract terms (including maturity) as well as multiple inputs, including time value, implied volatility, equity prices, risk free rates, and interest rates.

Valuation of Other Financial Instruments

The carrying amounts of the Company's other non-investment financial instruments, consisting of cash, receivables, accounts payable, and accrued expenses, approximate fair value due to their short-term nature.

Cash, Cash Equivalents and Restricted Cash

The Company deposits its cash and restricted cash in financial institutions and, at times, such balances may be in excess of the Federal Deposit Insurance Corporation insured limit; however, management does not believe it is exposed to any significant credit risk. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and present insignificant risk of changes in value.

The following table provides a reconciliation of cash and restricted cash reporting within the Statements of Assets and Liabilities that sum to the total of the same such amounts shown in the Statements of Cash Flows:

	December 31, 2024	December 31, 2023
Cash and Cash Equivalents	\$ 1,290,864	\$ 1,937,768
Restricted Cash	5,000	41,891
Total Cash, Cash Equivalents and Restricted Cash	\$ 1,295,864	\$ 1,979,659

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As of December 31, 2024 and 2023, restricted cash consisted of cash held for deposit with law firms that represented the Company in its litigation with Great Value Storage, LLC and an appeal on a matter incurred in the normal operating course of business. The deposit held for by the law firm representing the Company in its litigation with Great Value Storage, LLC was returned on October 9, 2024 in the amount of \$27,758.

U.S. Treasury Bills

At the end of each fiscal quarter, we may take proactive steps to be in compliance with the RIC diversification requirements under Subchapter M of the Code, which are dependent upon the composition of our total assets at quarter end. We may accomplish this in several ways, including purchasing U.S. Treasury Bills and closing out positions after quarter-end. As of December 31, 2024 and December 31, 2023, the Company did not purchase any U.S. Treasury Bills. The Company does not expect to meet the qualifications of a RIC nor anticipate buying U.S. Treasury Bills until such time as certain strategic alternatives are achieved.

Revenue Recognition

Realized gains or losses on the sale of investments are calculated using the specific identification method. The Company measures realized gains or losses by the difference between the net proceeds from the repayment or sale and the amortized cost basis of the investment, without regard to unrealized appreciation or depreciation previously recognized, but considering unamortized upfront fees and prepayment penalties.

Interest income, adjusted for amortization of premium and accretion of discount, is recorded on an accrual basis. Origination, closing and/or commitment fees associated with senior and subordinated secured loans are accreted into interest income over the respective terms of the applicable loans. Upon the prepayment of a senior or subordinated secured loan, any prepayment penalties and unamortized loan origination, closing and commitment fees are recorded as interest income. Generally, when a payment default occurs on a loan in the portfolio, or if the Company otherwise believes that the borrower will not be able to make contractual interest payments, the Company may place the loan on non-accrual status and cease recognizing interest income on the loan until all principal and interest is current through payment, or until a restructuring occurs, and the interest income is deemed to be collectible. The Company may make exceptions to this policy if a loan has sufficient collateral value, is in the process of collection or is viewed to be able to pay all amounts due if the loan were to be collected on through an investment in or sale of the business, the sale of the assets of the business, or some portion or combination thereof.

Dividend income is recorded on the ex-dividend date.

Structuring fees, excess deal deposits, prepayment fees and similar fees are recognized as income as earned, usually when paid.

Other fee income from investment sources can include loan fees, annual fees or monitoring fees from our portfolio investments and are included in other income from non-control/non-affiliate investments and other income from affiliate investments. Income from such sources for the years ended December 31, 2024, 2023 and 2022 was \$13,953, \$8,140 and \$17,996, respectively.

Other income from non-investment sources is generally comprised of interest income earned on cash held in a bank account. For the year ended December 31, 2024, \$90,866 of the other income from non-investment sources resulted from the reversal of accrued legal fees from prior periods that were determined to no longer be payable. For the year ended December 31, 2022, \$24,000 of the other income from non-investment sources resulted from the reversal of accrued administration fees from prior periods.

Payment-in-Kind (“PIK”) Interest

We have investments in our portfolio that contain a PIK interest provision. Any PIK interest is added to the principal balance of such investments and is recorded as income, if the portfolio company valuation indicates that such PIK interest is collectible. For the years ended December 31, 2024, 2023 and 2022, PIK interest was \$318,417, \$166,339 and \$0, respectively. In order to qualify as a RIC, substantially all of this income must be paid out to stockholders in the form of dividends, even if we have not collected any cash.

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Net Change in Unrealized Gain or Loss

Net change in unrealized gain or loss will reflect the change in portfolio investment values during the reporting period, including any reversal of previously recorded unrealized appreciation or depreciation, when gains or losses are realized.

Legal Fees

Legal fees invoiced to the Company for the years ended December 31, 2024, 2023 and 2022, were incurred in the normal operating course of business and are included in legal fees on the Statements of Operations.

Federal and State Income Taxes

The Company was taxed as a regular corporation (a “C corporation”) under subchapter C of the Internal Revenue Code of 1986, as amended (the “Code”), for its 2023 and 2022 taxable years. The Company uses the liability method of accounting for income taxes. Deferred tax assets and liabilities are recorded for tax loss carryforwards and temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, using statutory tax rates in effect for the year in which the temporary differences are expected to reverse. A valuation allowance is provided against deferred tax assets when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company did not meet the qualifications of a RIC for the 2023 and 2022 tax years and was taxed as a corporation under the Code. For the 2023 tax year, the Company used available net operating loss carryforwards to reduce taxable income. A portion of the net operating loss carryforwards could only be used to offset 80% of the taxable income, which resulted in a federal tax expense of \$54,019 for the year ended December 31, 2023. The failure to qualify as a RIC did not impact the 2022 tax year as the Company incurred tax losses. As a result of the losses incurred for the year ended December 31, 2022, the Company intends to carry forward the net operating losses to future periods in which the Company generates taxable income to reduce its tax liability.

The Company did not meet the qualifications of a RIC for the 2024 tax year and will be taxed as a corporation under the Code. It may not be in the best interests of the Company’s stockholders to elect to be taxed as a RIC at the present time due to the net operating losses and capital loss carryforwards the Company currently has. Further, we do not expect to meet the qualifications of a RIC until such time as certain strategic alternatives are achieved. Management will make a determination that is in the best interests of the Company and its stockholders.

In order to qualify as a RIC, among other things, the Company is required to distribute to its stockholders on a timely basis at least 90% of investment company taxable income, as defined by the Code, for each year. So long as the Company achieves its status as a RIC, it generally will not pay corporate-level U.S. federal and state income taxes on any ordinary income or capital gains that it distributes at least annually to its stockholders as dividends. Rather, any tax liability related to income earned by the Company will represent obligations of the Company’s investors and will not be reflected in the financial statements of the Company. While the Company does not expect to meet the qualifications of a RIC until such time as certain strategic alternatives are achieved, it can still declare a dividend even though it is not required to do so.

The Company evaluates tax positions taken or expected to be taken while preparing its financial statements to determine whether the tax positions are “more-likely-than-not” of being sustained by the applicable tax authority. The Company recognizes the tax benefits of uncertain tax positions only where the position has met the “more-likely-than-not” threshold. The Company classifies penalties and interest associated with income taxes, if any, as income tax expense. Conclusions regarding tax positions are subject to review and may be adjusted at a later date based on factors including, but not limited to, ongoing analyses of tax laws, regulations and interpretations thereof.

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Dividends and Distributions

Dividends and distributions to common stockholders are recorded on the ex-dividend date. The amount, if any, to be paid as a dividend is approved by our board of directors each quarter and is generally based upon our management's estimate of our earnings for the quarter.

For the year ended December 31, 2022, the Company declared and paid a cash dividend of \$0.075 per share of common stock on or about December 1, 2022 to stockholders of record as of the close of business on November 21, 2022.

For the years ended December 31, 2024 and 2023, no dividends were declared or distributed to stockholders.

Per Share Information

Basic and diluted earnings (loss) per common share is calculated using the weighted average number of common shares outstanding for the period presented.

Basic earnings (loss) per share is computed by dividing earnings (loss) by the weighted average number of shares of common stock outstanding during the period. Diluted earnings (loss) per share is computed by dividing earnings (loss) per share by the weighted average number of shares outstanding, plus, any potentially dilutive shares outstanding during the period. For the years ended December 31, 2024, 2023 and 2022, basic and diluted earnings (loss) per share were the same, since there were no potentially dilutive securities outstanding.

Capital Accounts

Certain capital accounts, including undistributed net investment income, accumulated net realized gain or loss, accumulated net unrealized gain or loss, and paid-in capital in excess of par, are adjusted, at least annually, for permanent differences between book and tax. In addition, the character of income and gains to be distributed is determined in accordance with income tax regulations that may differ from U.S. GAAP.

Recent Accounting Pronouncements

In March 2022, the FASB issued Accounting Standards Update ("ASU") 2022-02, "Financial Instruments - Credit Losses (Topic 326)", which is intended to address issues identified during the post-implementation review of ASU 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments". The amendment, among other things, eliminates the accounting guidance for troubled debt restructurings by creditors in Subtopic 310-40, "Receivables - Troubled Debt Restructurings by Creditors", while enhancing disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty. The new guidance is effective for interim and annual periods beginning after December 15, 2022. The Company has evaluated and will continue to evaluate the impact of the adoption of ASU 2022-02 on its financial statements and disclosures. Presently, the adoption of ASU 2022-02 has no impact on the Company's financial statements and disclosures.

In June 2022, the FASB issued ASU No. 2022-03, "Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions," which changed the fair value measurement disclosure requirements of ASC Topic 820, "Fair Value Measurements and Disclosures." The amendments clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The amendments also clarify that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction. The new guidance is effective for fiscal years beginning in 2024, including interim periods therein. Early application is permitted. The Company has evaluated and will continue to evaluate the impact the adoption of this new accounting standard, but the adoption has not had any impact on the Company's financial statements.

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In November 2023, the FASB issued ASU No. 2023-07, “Segment Reporting (Topic 280) Improvements to Reportable Segment Disclosures.” An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are reviewed regularly by the chief operating decision-maker, and for which discrete financial information is available. The Company operates under one operating segment and reporting unit, investment management. The Company’s chief operating decision-maker is our interim chief executive officer, who is responsible for determining our investment strategy, capital allocation, expense allocation, expense structure and significant transactions. The Company’s adoption of ASU No. 2023-07 impacted its financial statement disclosures, but did not impact the financial position or results of its operations. This update is effective beginning with our 2024 fiscal year annual reporting period, with early adoption permitted.

NOTE 3 – CONCENTRATION OF CREDIT RISK

In the normal course of business, the Company maintains its cash balances in financial institutions, which at times may exceed federally insured limits. The Company is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf. Management monitors the financial condition of such financial institutions and does not anticipate any losses from these counterparties.

NOTE 4 – NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS PER COMMON SHARE

The following information sets forth the computation of basic and diluted net increase (decrease) in net assets resulting from operations per common share for the years ended December 31, 2024, 2023, and 2022.

	Year Ended December 31,		
	2024	2023	2022
Per Share Data ⁽¹⁾:			
Net increase (decrease) in net assets resulting from operations	\$ (10,861,296)	\$ (178,900)	\$ 6,646,925
Weighted average shares outstanding for year			
Basic	120,486,061	120,486,061	120,486,061
Diluted	120,486,061	120,486,061	120,486,061
Basic and diluted net increase (decrease) in net assets resulting from operations per common share			
Basic	\$ (0.090)	\$ (0.001)	\$ 0.055
Diluted	\$ (0.090)	\$ (0.001)	\$ 0.055

(1) Per share data based on weighted average shares outstanding.

NOTE 5 – FAIR VALUE OF INVESTMENTS

The Company’s assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with ASC Topic 820, “Fair Value Measurements and Disclosures” (“ASC 820”). See Note 2 for a discussion of the Company’s policies.

The following tables presents information about the Company’s assets measured at fair value as of December 31, 2024 and 2023:

	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Portfolio Investments				
First Lien Loans	\$ -	\$ -	\$ 9,850,963	\$ 9,850,963
Second Lien Loans	-	-	7,987,797	7,987,797
Equity	-	-	1,379,019	1,379,019
Total Portfolio Investments	-	-	19,217,779	19,217,779
Total Investments	\$ -	\$ -	\$ 19,217,779	\$ 19,217,779
	As of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Portfolio Investments				
First Lien Loans	\$ -	\$ -	\$ 12,301,440	\$ 12,301,440
Second Lien Loans	-	-	11,652,480	11,652,480
Equity	-	-	5,781,033	5,781,033
Total Portfolio Investments	-	-	29,734,953	29,734,953
Total Investments	\$ -	\$ -	\$ 29,734,953	\$ 29,734,953

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During the years ended December 31, 2024 and 2023, there were no transfers between Level 1, Level 2 and Level 3. During the year ended December 31, 2024, the Company advanced \$80,000 under its loan agreement with PCC SBH Sub, Inc.

The tables below present additional information about Level 3 assets measured at fair value. Both observable and unobservable inputs may be used to determine the fair value of positions that the Company has classified within the Level 3 category. As a result, the unrealized gains and losses for assets within the Level 3 category may include changes in fair value that were attributable to both observable (e.g., changes in market interest rates) and unobservable (e.g., changes in unobservable long-dated volatilities) inputs.

Changes in Level 3 assets measured at fair value for the year ended December 31, 2024 are as follows:

	First Lien Loans	Second Lien Loans	Unsecured Loans	Equity	Total
Fair value at beginning of year	\$ 12,301,440	\$ 11,652,480	\$ -	\$ 5,781,033	\$ 29,734,953
Purchases of investments	80,000	-	-	-	80,000
Sales or repayment of investments	(192,932)	-	-	-	(192,932)
Payment-in-kind interest	-	318,417	-	-	318,417
Change in unrealized loss on investments	(1,014,333)	(3,983,100)	-	(175,491)	(5,172,924)
Realized loss on investments	(1,323,212)	-	-	(4,226,523)	(5,549,735)
Fair value at end of year	<u>\$ 9,850,963</u>	<u>\$ 7,987,797</u>	<u>\$ -</u>	<u>\$ 1,379,019</u>	<u>\$ 19,217,779</u>
Change in unrealized loss on Level 3 investments still held as of December 31, 2024	<u>\$ (2,357,078)</u>	<u>\$ (3,983,100)</u>	<u>\$ -</u>	<u>\$ (4,402,014)</u>	<u>\$ (10,742,192)</u>

Changes in Level 3 assets measured at fair value for the year ended December 31, 2023 are as follows:

	First Lien Loans	Second Lien Loans	Unsecured Loans	Equity	Total
Fair value at beginning of year	\$ 13,144,967	\$ 10,976,647	\$ -	\$ 6,442,474	\$ 30,564,088
Sales or repayment of investments	-	-	-	-	-
Payment-in-kind interest	-	166,339	-	-	166,339
Realized loss on investments	-	-	-	(1,200)	(1,200)
Change in unrealized gain (loss) on investments	(843,527)	509,494	-	(660,241)	(994,274)
Transfers in/out	-	-	-	-	-
Fair value at end of year	<u>\$ 12,301,440</u>	<u>\$ 11,652,480</u>	<u>\$ -</u>	<u>\$ 5,781,033</u>	<u>\$ 29,734,953</u>
Change in unrealized gain (loss) on Level 3 investments still held as of December 31, 2023	<u>\$ (843,527)</u>	<u>\$ 509,494</u>	<u>\$ -</u>	<u>\$ (660,241)</u>	<u>\$ (994,274)</u>

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The following table provides quantitative information regarding Level 3 fair value measurements as of December 31, 2024:

Description	Fair Value	Valuation Technique ⁽¹⁾	Unobservable Inputs	Range (Average ⁽²⁾)
First Lien Loans	\$ 9,770,963	Enterprise Value Coverage	EV / STORE LEVEL EBITDAR	4.75x-5.25x(5.00x)
			Location Value	\$1,300,000-\$1,500,000 (\$1,400,000)
	80,000	Appraisal Value Coverage	Cost Approach	\$1,323,000-\$1,617,000 (\$1,470,000)
			Sales Comparison Approach	\$1,395,000-\$1,705,000 (\$1,550,000)
<i>Total</i>	<u>9,850,963</u>			
Second Lien Loans	4,874,360	Enterprise Value Coverage	EV / LTM Revenue	0.37x-0.42x (0.40)
			EV / PF Revenue	1.05x-1.15x (1.10x)
	3,113,437	Net Orderly Liquidation Value	Total Asset Value Recovery Rate	54%-86% (70%)
<i>Total</i>	<u>7,987,797</u>			
Unsecured Loans	-	Enterprise Value Coverage	EV / LTM Revenue	0.37x-0.42x (0.40x)
<i>Total</i>	<u>-</u>			
Equity	-	Enterprise Value Coverage	EV / LTM Revenue	0.37x-0.42x (0.40x)
			EV / PF Revenue	1.05x-1.15x (1.10x)
			EV / Store level EBITDAR	4.75x-5.25x (5.00x)
			Location Value	\$1,300,000-\$1,500,000 (\$1,400,000)
	-	Net Orderly Liquidation Value	Total Asset Value Recovery Rate	54%-86% (70%)
	1,379,019	Appraisal Value Coverage	Cost Approach	\$1,323,000-\$1,617,000 (\$1,470,000)
			Sales Comparison Approach	\$1,395,000-\$1,705,000 (\$1,550,000)
<i>Total</i>	<u>1,379,019</u>			
Total Level 3 Investments	<u>\$ 19,217,779</u>			

(1) There were no changes in the valuation technique for the Company's investments from the prior quarter.

(2) The average represents the arithmetic average of the unobservable inputs and is not weighted by the relative fair value.

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The Company had no other remaining Level 3 investments.

The following table provides quantitative information regarding Level 3 fair value measurements as of December 31, 2023:

Description	Fair Value	Valuation Technique ⁽¹⁾	Unobservable Inputs	Range (Average ⁽²⁾)
First Lien Loans	\$ 12,128,041	Enterprise Value Coverage	EV / Store level EBITDAR Location Value	5.25x-5.75x (5.50x) \$1,425,000-\$1,625,000 (1,525,000)
<i>Total</i>	<u>12,128,041</u>			
Second Lien Loans	11,652,480	Enterprise Value Coverage	EV / Run Rate Revenue EV / PF EBITDA	0.37x-0.42x (0.39x) 5.50x-6.50x (6.00x)
<i>Total</i>	<u>11,652,480</u>			
Unsecured Loans	-	Enterprise Value Coverage	EV / Run Rate Revenue	0.37x-0.42x (0.39x)
<i>Total</i>	<u>-</u>			
Equity	4,237,192	Enterprise Value Coverage	EV / Run Rate Revenue EV / PF EBITDA EV / Store level EBITDAR Location Value Cost Approach Sales Comparison Approach	0.37x-0.42x (0.39x) 5.50x-6.50x (6.00x) 5.25x-5.75x (5.50x) \$1,425,000-\$1,625,000 (\$1,525,000) \$1,413,000-\$1,727,000 (1,570,000) \$1,440,000-\$1,760,000 (\$1,600,000)
<i>Total</i>	<u>1,543,841</u> <u>5,781,033</u>	Appraisal Value Coverage		
Total Level 3 Investments	<u>\$ 29,561,554</u>			

(1) There were no changes in the valuation technique for the Company's investments from the prior quarter.

(2) The average represents the arithmetic average of the unobservable inputs and is not weighted by the relative fair value.

One of the Company's remaining Level 3 investments, valued at \$173,399, was an investment in a portfolio company that ceased operations in the 2nd quarter of 2022. This value consisted of an estimate of remaining cash available to distribute to priority lienholders. As a result, there were no unobservable inputs that have been internally developed by the Company in determining the fair values of this investment as of December 31, 2023.

As of December 31, 2024 and 2023, respectively, the Company used a market approach to value certain equity investments as the Company felt this approach better reflected the fair value of these investments.

The Company considers all relevant information that can reasonably be obtained when determining the fair value of Level 3 investments. Due to any given portfolio company's information rights, changes in capital structure, recent events, transactions, or liquidity events, the type and availability of unobservable inputs may change. Increases (decreases) in revenue multiples, earnings before interest and taxes ("EBIT") multiples, time to expiration, and stock price/strike price would result in higher (lower) fair values all else equal. Decreases (increases) in discount rates, volatility, and annual risk rates, would result in higher (lower) fair values all else equal. The market approach utilizes market value (revenue and EBIT) multiples of publicly traded comparable companies and available precedent sales transactions of comparable companies. The Company carefully considers numerous factors when selecting the appropriate companies whose multiples are used to value its portfolio companies. These factors include, but are not limited to, the type of organization, similarity to the business being valued, relevant risk factors, as well as size, profitability and growth expectations. In general, precedent transactions include recent rounds of financing, recent purchases made by the Company, and tender offers. Refer to "Note 2—Significant Accounting Policies" for more detail.

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The primary significant unobservable input used in the fair value measurement of the Company's debt securities (first lien loans, second lien loans and unsecured loans), when using an income approach, is the discount rate. Significant increases (decreases) in the discount rate in isolation would result in a significantly lower (higher) fair value measurement. In determining the discount rate, for the income (discounted cash flow) or yield approach, the Company considers current market yields and multiples, portfolio company performance, leverage levels and credit quality, among other factors in its analysis. Changes in one or more of these factors can have a similar directional change on other factors in determining the appropriate discount rate to use in the income approach.

The primary significant unobservable inputs used in the fair value measurement of the Company's equity investments, when using a market approach, are the EBITDA multiple and revenue multiple, which is used to determine the Enterprise Value. Significant increases (decreases) in the Enterprise Value in isolation would result in a significantly higher (lower) fair value measurement. To determine the Enterprise Value for the market approach, the Company considers current market trading and/or transaction multiples, portfolio company performance (financial ratios) relative to public and private peer companies and leverage levels, among other factors. Changes in one or more of these factors can have a similar directional change on other factors in determining the appropriate multiple to use in the market approach.

The primary unobservable inputs used in the fair value measurement of the Company's equity investments, when using an option pricing model to allocate the equity value to the investment, are the discount rate for lack of marketability and volatility. Significant increases (decreases) in the discount rate in isolation would result in a significantly lower (higher) fair value measurement. Significant increases (decreases) in the volatility in isolation would result in a significantly higher (lower) fair value measurement. Changes in one or more factors can have a similar directional change on other factors in determining the appropriate discount rate or volatility to use in the valuation of equity using an option pricing model.

NOTE 6 – INCOME TAX

The Company is currently taxable as a C corporation and subject to federal and state corporate income taxes. The Company recorded a provision as follows:

	Year Ended December 31,		
	2024	2023	2022
Current expense (benefit)	\$ (1,850)	\$ 64,993	\$ 456
Deferred expense	-	-	-
Total income tax expense (benefit)	\$ (1,850)	\$ 64,993	\$ 456

The components of deferred tax assets and liabilities at December 31, 2024, 2023 and 2022 were as follows:

Deferred tax assets:	2024	2023	2022
Net operating loss carryforward	\$ 676,170	\$ 641,502	\$ 1,207,956
Net capital loss carryforwards	1,683,864	651,514	651,262
Other	-	3,476	3,475
Basis differences in investments	1,949,538	730,130	117,820
Total gross deferred tax assets	4,309,572	2,026,622	1,980,513
Less: Valuation allowance	(4,309,572)	(2,026,622)	(1,980,513)
Net deferred tax assets	\$ -	\$ -	\$ -

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As of December 31, 2024 and 2023, the total amount of federal net operating loss carryforwards was approximately \$3,219,859 and \$3,054,772, respectively. The federal net operating loss carryforwards in the amount of \$3,219,859 will not expire, but can only be used to offset 80% of taxable income. As of December 31, 2024 and 2023, the total amount of federal capital loss carryforwards was approximately \$8,018,402 and \$3,102,446, respectively. The federal capital loss carryforwards in the amount of \$3,101,246, \$1,200 and \$4,915,956 will expire in 2025, 2028 and 2029, respectively.

The recognition of a valuation allowance for deferred taxes requires management to make estimates and judgments about the Company's future profitability which are inherently uncertain. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion of all of the deferred tax assets will not be realized. Management believes that the likelihood of realizing the benefits of these deductible differences at December 31, 2024, does not meet the "more likely than not threshold" as defined in ASC 740 – Income Taxes and thus management has recorded a full valuation allowance.

For federal and state purposes, a portion of the Company's net operating loss carryforwards and basis differences may be subject to limitations on annual utilization in case of a change in ownership, as defined by federal and state law. The amount of such limitations, if any, has not been determined. Accordingly, the amount of such tax attributes available to offset future profits may be significantly less than the actual amounts of the tax attributes.

The difference between the tax provision (benefit) at the statutory federal income tax rate and the tax provision (benefit) was as follows:

	Year Ended December,		
	2024	2023	2022
Federal statutory tax rate	21.00%	21.00%	21.00%
Federal payable true up	-	-	-
State tax, net of federal benefit	0.01	(7.25)	-
Permanent items	-	-	-
Capital loss carryforward expiration	-	-	-
Deferred true-up	0.03	(30.33)	0.29
Rate change	-	-	-
Decrease in valuation allowance	(21.02)	(40.48)	(21.29)
Other	-	-	-
Effective tax rate	<u>0.02%</u>	<u>(57.06)%</u>	<u>-%</u>

The Company did not meet the qualifications of a RIC for the 2024 tax year and will be taxed as a corporation under Subchapter C of the Code. It may not be in the best interests of the Company's stockholders to elect to be taxed as a RIC at the present time due to the net operating losses and capital loss carryforwards the Company currently has. Management will make a determination that is in the best interests of the Company and its stockholders. As a RIC, the Company generally will not pay corporate-level U.S. federal income taxes on any net ordinary income or capital gains that the Company distributes to its stockholders as dividends and claims dividends paid deductions to compute taxable income. A RIC will not be eligible to utilize net operating losses. However, the net operating losses may become available should the Company disqualify as a RIC and become a C corporation in the future. In the event that the Company qualifies as a RIC, the Company itself will no longer be required to recognize deferred tax assets or liabilities.

In addition to meeting other requirements, the Company must generally distribute at least 90% of its investment company taxable income to qualify for the special treatment accorded to a RIC and, if the Company qualifies, to maintain its RIC status. As part of maintaining RIC status, undistributed taxable income (subject to a 4% excise tax) pertaining to a given fiscal year may be distributed up to 12 months subsequent to the end of that fiscal year, provided such dividends are declared prior to the later of (1) the fifteenth day of the ninth month following the close of that fiscal year or (2) the extended due date for filing the federal income tax return for that fiscal year.

PRINCETON CAPITAL CORPORATION
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The Company did not have any unrecognized tax benefits as of the period presented herein. The Company identified its major tax jurisdiction as U.S. federal. For the years ended December 31, 2023, and 2022, no income tax expenses or related liabilities for uncertain tax positions were recognized for the Company's open tax years from inception through 2023. The Company is not aware of any tax positions for which it is reasonably possible that the total amount of unrecognized tax benefits will change significantly in the next 12 months. The Company files tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In general, the federal and state income tax returns remain open to examination by taxing authorities for tax years beginning in 2020 to present.

On August 16, 2022, the Inflation Reduction Act of 2022 ("IRA") was signed into law. This legislation includes significant changes relating to tax, climate change, energy and health care. Among other provisions, the IRA introduces a book minimum tax assessed on financial statement income of certain large corporations and an excise tax on share repurchases. The Company does not anticipate these provisions will have a material impact on our results of operations or financial position, when effective.

NOTE 7 – RELATED PARTY TRANSACTIONS

House Hanover Investment Advisory Agreement

House Hanover has served as the Company's investment advisor since January 1, 2018 pursuant to the Interim Investment Advisory Agreement (until May 31, 2018) and the House Hanover Investment Advisory Agreement (since May 31, 2018). House Hanover is registered as an investment advisor under the 1940 Act.

Advisory Services

House Hanover is registered as an investment advisor under the 1940 Act and serves as the Company's investment advisor pursuant to the House Hanover Investment Advisory Agreement in accordance with the 1940 Act. House Hanover is owned by and an affiliate of Mr. Mark DiSalvo, the Company's Interim President, Interim Chief Executive Officer, and a director of the Company.

Subject to supervision by the Company's Board, House Hanover oversees the Company's day-to-day operations and provides the Company with investment advisory services. Under the terms of the House Hanover Investment Advisory Agreement, House Hanover, among other things, (i) determines the composition and allocation of the portfolio of the Company, the nature and timing of the changes therein and the manner of implementing such changes; (ii) identifies, evaluates and negotiates the structure of the investments made by the Company; (iii) executes, closes, services and monitors the Company's investments; (iv) determines the securities and other assets that the Company shall purchase, retain, or sell; (v) performs due diligence on prospective portfolio companies; (vi) provides the Company with such other investment advisory, research and related services as the Company may, from time to time, reasonably require for the investment of its funds; and (vii) if directed by the Board, assists in the execution and closing of the sale of the Company's assets or a sale of the equity of the Company in one or more transactions. House Hanover's services under the House Hanover Investment Advisory Agreement may not be exclusive and it is free to furnish similar services to other entities so long as its services to the Company are not impaired. At the request of the Company, House Hanover, upon any transition of the Company's investment advisory relationship to another investment advisor or upon any internalization, shall provide reasonable transition assistance to the Company and any successor investment advisor.

Management Fee

Pursuant to the House Hanover Investment Advisory Agreement, the Company pays House Hanover a base management fee for investment advisory and management services. The cost of the base management fee is ultimately borne by the Company's stockholders. The House Hanover Investment Advisory Agreement does not contain an incentive fee component.

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The base management fee is calculated at an annual rate of 1.00% of the Company's gross assets, including assets purchased with borrowed funds or other forms of leverage and excluding cash and cash equivalents net of all indebtedness of the Company for borrowed money and other liabilities of the Company. The base management fee is payable quarterly in arrears, and determined as set forth in the preceding sentence at the end of the two most recently completed calendar quarters. The Board may retroactively adjust the valuation of the Company's assets and the resulting calculation of the base management fee in the event the Company or any of its assets are sold or transferred to an independent third party or the Company or House Hanover receives an audit report or other independent third party valuation of the Company. To the extent that any such adjustment increases or decreases the base management fee of any prior period, the Company will be obligated to pay the amount of increase to House Hanover or House Hanover will be obligated to refund the decreased amount, as applicable.

Management fees under the House Hanover Investment Advisory Agreement for the years ended December 31, 2024, 2023 and 2022 were \$257,384, \$317,546 and \$339,328, respectively. As of December 31, 2024 and 2023, management fees of \$55,286 and \$78,889, respectively, were payable to House Hanover.

Incentive Fee

The Company is not obligated to pay House Hanover an incentive fee. Incentive fees are a typical component of investment advisory agreements with business development companies.

Payment of Expenses

House Hanover bears all compensation expense (including health insurance, pension benefits, payroll taxes and other compensation related matters) of its employees and bears the costs of any salaries or directors' fees of any officers or directors of the Company who are affiliated persons (as defined in the 1940 Act) of House Hanover. However, House Hanover, subject to approval by the Board of the Company, is entitled to reimbursement for the portion of any compensation expense and the costs of any salaries of any such employees to the extent attributable to services performed by such employees for the Company. During the term of the House Hanover Investment Advisory Agreement, House Hanover will also bear all of its costs and expenses for office space rental, office equipment, utilities and other non-compensation related overhead allocable to performance of its obligations under the House Hanover Investment Advisory Agreement.

Except as provided in the preceding paragraph the Company reimburses House Hanover all direct and indirect costs and expenses incurred by it during the term of the House Hanover Investment Advisory Agreement for (i) due diligence of potential investments of the Company, (ii) monitoring performance of the Company's investments, (iii) serving as officers of the Company, (iv) serving as directors and officers of portfolio companies of the Company, (v) providing managerial assistance to portfolio companies of the Company, and (vi) enforcing the Company's rights in respect of its investments and disposing of its investments; provided, however, that, any third party expenses incurred by House Hanover in excess of \$50,000 in the aggregate in any calendar quarter will require advance approval by the Board of the Company.

In addition to the foregoing, the Company will also be responsible for the payment of all of the Company's other expenses, including the payment of the following fees and expenses:

- organizational and offering expenses;
- expenses incurred in valuing the Company's assets and computing its net asset value per share (including the cost and expenses of any independent valuation firm);
- subject to the guidelines approved by the Board of Directors, expenses incurred by House Hanover that are payable to third parties, including agents, consultants or other advisors, in monitoring financial and legal affairs for the Company and in monitoring the Company's investments and performing due diligence on the Company's prospective portfolio companies or otherwise related to, or associated with, evaluating and making investments;
- interest payable on debt, if any, incurred to finance the Company's investments and expenses related to unsuccessful portfolio acquisition efforts;

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- offerings of the Company’s common stock and other securities;
- administration fees;
- transfer agent and custody fees and expenses;
- U.S. federal and state registration fees of the Company (but not House Hanover);
- all costs of registration and listing the Company’s shares on any securities exchange;
- U.S. federal, state and local taxes;
- independent directors’ fees and expenses;
- costs of preparing and filing reports or other documents required of the Company (but not House Hanover) by the SEC or other regulators;
- costs of any reports, proxy statements or other notices to stockholders, including printing costs;
- the costs associated with individual or group stockholders;
- the Company’s allocable portion of the fidelity bond, directors and officers/errors and omissions liability insurance, and any other insurance premiums;
- direct costs and expenses of administration and operation of the Company, including printing, mailing, long distance telephone, copying, secretarial and other staff, independent auditors and outside legal costs; and
- all other non-investment advisory expenses incurred by the Company regarding administering the Company’s business.

Duration and Termination

Unless terminated earlier as described below, the House Hanover Investment Advisory Agreement will continue in effect for a period of one (1) year from its effective date. It will remain in effect from year to year thereafter if approved annually by the Company’s Board or by the affirmative vote of the holders of a majority of the Company’s outstanding voting securities, and, in either case, if also approved by a majority of Company’s directors who are neither parties to the House Hanover Investment Advisory Agreement nor “interested persons” (as defined under the 1940 Act) of any such party. The House Hanover Investment Advisory Agreement was last annually renewed by the Board and by a majority of the members of the Board who are not parties to the House Hanover Investment Advisory Agreement or “interested persons” (as such term is defined in the 1940 Act) of any such party, in accordance with the requirements of the 1940 Act and the House Hanover Investment Advisory Agreement on May 9, 2024.

The House Hanover Investment Advisory Agreement may be terminated at any time, without the payment of any penalty, (i) upon written notice, effective on the date set forth in such notice, by the vote of a majority of the outstanding voting securities of the Company or by the vote of the Company’s directors, or (ii) upon 60 days’ written notice, by House Hanover. The House Hanover Investment Advisory Agreement automatically terminates in the event of its “assignment,” as defined in the 1940 Act.

Indemnification

The House Hanover Investment Advisory Agreement provides that, absent willful misfeasance, bad faith or negligence in the performance of their duties, or by reason of the material breach or reckless disregard of their duties and obligations under the House Hanover Investment Advisory Agreement, House Hanover and its officers, managers, employees and members are entitled to indemnification from the Company for any damages, liabilities, costs and expenses (including reasonable attorneys’ fees and amounts reasonably paid in settlement) arising from the rendering of House Hanover’s services under the House Hanover Investment Advisory Agreement or otherwise as the Company’s investment advisor. The amounts payable for indemnification will be calculated net of payments recovered by the indemnified party under any insurance policy with respect to such losses.

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At all times during the term of the House Hanover Investment Advisory Agreement and for one year thereafter, House Hanover is obligated to maintain directors and officers/errors and omission liability insurance in an amount and with a provider reasonably acceptable to the Board of the Company.

Administration Services and Service Agreement

House Hanover is entitled to reimbursement of expenses under the House Hanover Investment Advisory Agreement for administrative services performed for the Company.

On January 1, 2018, Princeton Capital Corporation directly entered into a service agreement with SS&C Technologies Holdings, Inc. (the “Sub-Administrator”) to provide certain administrative services to the Company. In exchange for providing services, the Company pays the Sub-Administrator an asset-based fee with a \$151,025 annual minimum as adjusted for any reimbursement of expenses. This annual minimum was amended in the service agreement on April 20, 2019 and has increased annually by the US Consumer Price Index - All Urban Consumers per the service agreement on July 1st of each year beginning on July 1, 2020. This asset-based fee will vary depending upon our gross assets, as adjusted, as follows:

Gross Assets	Fee
first \$150 million of gross assets	20 basis points (0.20%)
next \$150 million of gross assets	15 basis points (0.15%)
next \$200 million of gross assets	10 basis points (0.10%)
in excess of \$500 million of gross assets	5 basis points (0.05%)

Administration fees were \$259,500, \$259,500 and \$259,500 for the years ended December 31, 2024, 2023 and 2022, respectively, and sub-administration fees were \$164,377, \$155,592 and \$143,799 for the years ended December 31, 2024, 2023 and 2022, respectively, as shown on the Statements of Operations under administration fees. As of December 31, 2024 and 2023, there were \$64,875 and \$64,875, respectively, of administration fees owed to House Hanover, as shown on the Statements of Assets and Liabilities under due to affiliates.

Managerial Assistance

As a BDC, we offer, and must provide upon request, managerial assistance to our portfolio companies. This assistance could involve monitoring the operations of our portfolio companies, participating in board of directors and management meetings, consulting with and advising officers of portfolio companies and providing other organizational and financial guidance. As of December 31, 2022, none of the portfolio companies had accepted our offer for such services, except for Advantis Certified Staffing Solutions, Inc. (“Advantis”). On May 1, 2022, Advantis requested one of its directors, Gregory J. Cannella who also serves as our Chief Financial Officer, become the Executive Chair of Advantis to provide executive authority and leadership in the absence of their former president, who resigned in March 2022. Mr. Cannella has agreed to take this position and in return will be compensated by Advantis in the amount of \$5,000 per month. The title and benefits of this position can be removed at any time by the board of directors of Advantis.

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NOTE 8 – FINANCIAL HIGHLIGHTS

	Year Ended December 31,				
	2024	2023	2022	2021	2020
Per Share Data (1):					
Net asset value at beginning of period	\$ 0.265	\$ 0.266	\$ 0.286	\$ 0.187	\$ 0.276
Net investment income (loss)	(0.001)	0.007	(0.006)	(0.007)	(0.005)
Change in unrealized gain (loss)	(0.043)	(0.008)	0.025	0.106	(0.022)
Realized gain (loss)	(0.046)	-	0.036	-	(0.062)
Dividend distribution	-	-	(0.075)	-	-
Net asset value at end of period	<u>\$ 0.175</u>	<u>\$ 0.265</u>	<u>\$ 0.266</u>	<u>\$ 0.286</u>	<u>\$ 0.187</u>
Total return based on net asset value (2)	(34.0)%	(0.4)%	(7.0)%	52.9%	(32.60)%
Weighted average shares outstanding for period, basic	120,486,061	120,486,061	120,486,061	120,486,061	120,486,061
Ratio/Supplemental Data:					
Net assets at end of period	\$ 21,043,266	\$ 31,904,562	\$ 32,083,462	\$ 34,472,992	\$ 22,479,540
Average net assets	\$ 26,066,545	\$ 32,367,368	\$ 35,317,720	\$ 29,126,862	\$ 25,276,013
Total operating expenses to average net assets	5.8%	4.9%	6.6%	6.0%	6.2%
Net operating expenses to average net assets	5.8%	4.9%	6.6%	6.0%	6.2%
Net operating expenses excluding management fees, incentive fees, and interest expense to average net assets	4.8%	4.0%	5.6%	5.1%	5.2%
Net investment income (loss) to average net assets	(0.5)%	2.5%	(2.2)%	(3.0)%	(2.7)%
Net investment income (loss) to average net assets, excluding other income from non-investment sources	(0.9)%	2.5%	(2.3)%	(3.0)%	(3.0)%
Net increase (decrease) in net assets resulting from operations to average net assets	(41.6)%	(0.6)%	18.8%	41.2%	(42.7)%
Portfolio Turnover	0.3%	0.0%	32.3%	0.4%	0.4%

(1) Financial highlights are based on weighted average shares outstanding.

(2) Total return based on net asset value is based upon the change in net asset value per share between the opening and ending net asset values per share in the period. The total returns are not annualized.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Company may enter into investment agreements under which it commits to make an investment in a portfolio company at some future date or over a specified period of time. The Company maintains sufficient assets to provide adequate cover to allow it to satisfy its unfunded commitment amount as of December 31, 2024. The unfunded commitment is accounted for under ASC 820. As of the date of this report, all commitments have been funded.

On December 24, 2024, the Company entered into a Corporate Guaranty Agreement with a new food vendor of Rockfish Seafood Grill, Inc. (“Rockfish”) that should provide significant savings to Rockfish. This guaranty is limited to \$90,000 and expires on June 1, 2025. As of December 31, 2024, the entire guaranty of \$90,000 is still outstanding. The Company does not believe that this guaranty will get called by its expiration date, as Rockfish will pay outstanding invoices out of its own operations.

Legal Proceedings

From time to time, the Company may be a party to certain legal proceedings in the ordinary course of business, including proceedings relating to the enforcement of the Company’s rights under contracts with its portfolio companies. The Company is not currently subject to any material legal proceedings, nor, to our knowledge, is any material legal proceeding threatened against us.

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Risks and Uncertainties

Russia/Belarus Action with Ukraine

Various social and political circumstances in the U.S. and around the world (including wars and other forms of conflict, including rising trade tensions between the United States and China, and other uncertainties regarding actual and potential shifts in the U.S. and foreign, trade, economic and other policies with other countries, terrorist acts, security operations and catastrophic events such as fires, floods, earthquakes, tornadoes, hurricanes and global health epidemics), may also contribute to increased market volatility and economic uncertainties or deterioration in the U.S. and worldwide. Specifically, the rising conflict between Russia and Ukraine, and resulting market volatility could adversely affect the Company's operations. In response to the conflict between Russia and Ukraine, the U.S. and other countries have imposed sanctions or other restrictive actions against Russia. Any of the above factors, including sanctions, export controls, tariffs, trade wars and other governmental actions, may materially impact the valuation of the portfolio investments and in turn, the net asset value of the Company. The specific impact on the Company's financial condition, results of operations, and cash flows is not determinable as of the date of these financial statements.

NOTE 10 – UNCONSOLIDATED SIGNIFICANT SUBSIDIARIES

The Company's investments are primarily in private small and lower middle-market companies. In accordance with Rules 3.09 and 4.08(g) of Regulation S-X, the Company must determine which of its unconsolidated controlled portfolio companies are considered "significant subsidiaries", if any. On May 21, 2020, the SEC adopted rule amendments to be effective on January 1, 2021. Under the new rules, a new definition of "significant subsidiary" was adopted.

In evaluating these investments, there are now two tests utilized to determine if any of the Company's control investments are considered significant subsidiaries; the investment and the income significant tests. The asset significant test was eliminated under the new rules. Rule 3-09 of Regulation S-X, as interpreted by the SEC, requires the Company to include separate audited financial statements of any unconsolidated majority-owned subsidiary in this filing if the subsidiary investment value exceeds 20% of the Company's total investments at fair value, the income from the subsidiary investment exceeds 80% of the Company's change in net assets resulting from operations, or the income from the subsidiary investment exceeds 20% of the Company's change in net assets resulting from operations and the subsidiary investment value exceeds 5% of the Company's total investments at fair value. Rule 4-08(g) of Regulation S-X requires summarized financial information of an unconsolidated subsidiary where the Company owns more than 25% of the voting securities or is otherwise controlled by the Company in this filing if it does not qualify under Rule 3.09 of Regulation S-X and if the subsidiary investment value exceeds 10% of the Company's total investments at fair value, the income from the subsidiary investment exceeds 80% of the Company's change in net assets resulting from operations, or the income from the subsidiary investment exceeds 10% of the Company's change in net assets resulting from operations and the subsidiary investment value exceeds 5% of the Company's total investments at fair value.

The Company has determined that Rockfish Seafood Grill, Inc., a majority owned or control investment, was considered a significant subsidiary at the 20% level at December 31, 2024 as prescribed under Rule 3-09 of Regulation S-X. The Company has included the audited financial statements of Rockfish Seafood Grill, Inc. for the year ended December 25, 2024. See "Item 15. Exhibits And Financial Statement Schedules."

The Company has determined that Advantis Certified Staffing Solutions, Inc., one of the Company's four majority owned or controlled portfolio companies, was considered a significant subsidiary at the 10% level at December 31 2024 as prescribed under Rule 4-08(g) of Regulation S-X.

The following tables show the summarized financial information for Advantis Certified Staffing Solutions, Inc. (numbers in thousands):

Advantis Certified Staffing Solutions, Inc.

	<u>As of December 31, 2024</u>	<u>As of December 31, 2023</u>	
Balance Sheets			
Current Assets	\$ 3,815	\$ 4,021	
Noncurrent Assets	-	-	
Current Liabilities	9,965	13,280	
Noncurrent Liabilities	1,382	-	
	<u>Year Ended December 31, 2024</u>	<u>Year Ended December 31, 2023</u>	<u>Year Ended December 31, 2022</u>
Statements of Income			
Net Revenue	\$ 5,420	\$ 7,249	\$ 8,757
Gross Profit	1,210	1,655	1,694
Net Income	1,728	514	66

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NOTE 11 – SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

	Quarter Ended			
	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024
Total Investment Income	\$ 420,927	\$ 326,698	\$ 319,654	\$ 316,772
Total Operating Expenses	372,385	352,234	402,451	397,468
Income Tax Expense (Benefit)	(5,206)	1,402	552	1,402
Net Investment Income (Loss)	53,748	(26,938)	(83,349)	(82,098)
Net Realized Gain (Loss) on Investments	-	-	(5,549,735)	-
Net Change in Unrealized Appreciation (Depreciation)	(2,135,886)	(986,123)	4,500,937	(6,551,852)
Net Decrease in Net Assets Resulting from Operations	<u>\$ (2,082,138)</u>	<u>\$ (1,013,061)</u>	<u>\$ (1,132,147)</u>	<u>\$ (6,633,950)</u>
Net Decrease in Net Assets from Operations per Common Share:				
Basic	\$ (0.017)	\$ (0.008)	\$ (0.009)	\$ (0.055)
Diluted	\$ (0.017)	\$ (0.008)	\$ (0.009)	\$ (0.055)
Weighted Average Common Shares Outstanding - Basic	120,486,061	120,486,061	120,486,061	120,486,061
Weighted Average Common Shares Outstanding - Diluted	120,486,061	120,486,061	120,486,061	120,486,061

	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
	Total Investment Income	\$ 518,826	\$ 513,278	\$ 740,055
Total Operating Expenses	393,392	354,352	419,818	431,764
Income Tax Expense	59,363	174	5,456	-
Net Investment Income	66,071	158,752	314,781	276,970
Net Realized Loss on Investments	(1,200)	-	-	-
Net Change in Unrealized Appreciation (Depreciation)	(919,008)	(941,952)	2,160,718	(1,294,032)
Net Increase (Decrease) in Net Assets Resulting from Operations	<u>\$ (854,137)</u>	<u>\$ (783,200)</u>	<u>\$ 2,475,499</u>	<u>\$ (1,017,062)</u>
Net Increase (Decrease) in Net Assets from Operations per Common Share:				
Basic	\$ (0.007)	\$ (0.007)	\$ 0.021	\$ (0.008)
Diluted	\$ (0.007)	\$ (0.007)	\$ 0.021	\$ (0.008)
Weighted Average Common Shares Outstanding - Basic	120,486,061	120,486,061	120,486,061	120,486,061
Weighted Average Common Shares Outstanding - Diluted	120,486,061	120,486,061	120,486,061	120,486,061

PRINCETON CAPITAL CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

	Quarter Ended			
	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Total Investment Income	\$ 454,302	\$ 433,260	\$ 425,799	\$ 241,282
Total Operating Expenses	490,674	705,916	578,244	558,307
Income Tax Expense	-	-	456	-
Net Investment Loss	(36,372)	(272,656)	(152,901)	(317,025)
Net Realized Gain on Investments	4,368,297	-	-	-
Net Change in Unrealized Appreciation (Depreciation)	(3,407,385)	7,255,747	(11,550)	(779,230)
Net Increase (Decrease) in Net Assets Resulting from Operations	<u>\$ 924,540</u>	<u>\$ 6,983,091</u>	<u>\$ (164,451)</u>	<u>\$ (1,096,255)</u>
Net Increase (Decrease) in Net Assets from Operations per Common Share:				
Basic	\$ 0.008	\$ 0.058	\$ (0.001)	\$ (0.009)
Diluted	\$ 0.008	\$ 0.058	\$ (0.001)	\$ (0.009)
Weighted Average Common Shares Outstanding - Basic	120,486,061	120,486,061	120,486,061	120,486,061
Weighted Average Common Shares Outstanding - Diluted	120,486,061	120,486,061	120,486,061	120,486,061

NOTE 12 – SUBSEQUENT EVENTS

Portfolio Activity

On March 13, 2025, the Company entered into an amendment with Performance Alloys, LLC to waive the existing defaults and amend the minimum fixed charge coverage ratio covenants for the 2025 fiscal year.

Other than the event listed above, subsequent to the year ended December 31, 2024 and through the date of this filing, there was no portfolio activity or other events to report.

PRINCETON CAPITAL CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Schedule 12-14

The table below represents the fair value of control and affiliate investments at December 31, 2023 and any amortization, purchases, sales, and realized and change in unrealized gain (loss) made to such investments, as well as the ending fair value as of December 31, 2024.

Portfolio Company/Type of Investment ⁽¹⁾	Principal Amount/Shares/ Ownership % at December 31, 2024	Amount of Interest and Dividends Credited in Income	Fair Value at December 31, 2023	Purchases ⁽²⁾	Sales	Transfers from Restructuring/ Transfers into Control Investments	Change in Unrealized Gains/(Losses)	Fair Value at December 31, 2024
Control Investments								
Advantis Certified Staffing Solutions, Inc.								
Second Lien Loan, 12.0% Cash, due 11/30/2021 ⁽³⁾	\$ 4,500,000	\$ -	\$ 4,736,141	\$ -	\$ -	-	\$ (899,594)	\$ 3,836,547
Unsecured loan Consolidated BL Note 6.33% due 12/31/2027	\$ 1,381,586	87,694	-	-	-	-	-	-
Common Stock – Series A ⁽³⁾	225,000	-	-	-	-	-	-	-
Common Stock – Series B ⁽³⁾	9,500,000	-	-	-	-	-	-	-
Warrant for 250,000 Shares of Series A Common Stock, exercise price \$0.01 per share, expires 1/1/2027 ⁽³⁾	1	-	-	-	-	-	-	-
Warrant for 700,000 Shares of Series A Common Stock, exercise price \$0.01 per share, expires 1/1/2027 ⁽³⁾	1	-	-	-	-	-	-	-
Dominion Medical Management, Inc.								
First Lien Loan, 12.0% Cash, 6% PIK, due 3/31/2020 ^{(2) (3)}	\$ 1,516,144	-	173,399	-	(5,742,667)	-	5,569,268	-
Integrated Medical Partners, LLC								
Preferred Membership – Class A units ⁽³⁾	800	-	-	-	-	-	-	-
Preferred Membership – Class B units ⁽³⁾	760	-	-	-	-	-	-	-
Common Units ⁽³⁾	14,082	-	-	-	-	-	-	-
PCC SBH Sub, Inc.								
Common Stock ⁽³⁾	100	-	1,543,841	-	-	-	(164,822)	1,379,019
First lien Revolving Loan 10%, due 5/8/2026 ⁽⁴⁾	80,000	-	-	80,000	-	-	-	80,000
Rockfish Seafood Grill, Inc.								
First Lien Loan, 8% Cash, 6.0% PIK, due 3/31/2018 ^{(2) (3)}	\$ 6,352,944	-	9,877,041	-	-	-	(2,357,078)	7,519,963
Revolving Loan, 8% PIK, due 12/31/2027	\$ 2,251,000	183,081	2,251,000	-	-	-	-	2,251,000
Rockfish Holdings, LLC								
Warrant for Membership Interest, exercise price \$0.001 per 1% membership interest, expires 7/28/2028 ⁽³⁾	10.0%	-	-	-	-	-	-	-
Membership Interest – Class A ⁽³⁾	99.997%	-	-	-	-	-	-	-
Total Control Investments		<u>\$ 270,775</u>	<u>\$ 18,581,422</u>	<u>\$ 80,000</u>	<u>\$ (5,742,667)</u>	<u>\$ -</u>	<u>\$ 2,147,774</u>	<u>\$ 15,066,529</u>

(1) Represents an illiquid investment.

(2) Includes PIK interest.

(3) Non-income producing security.

(4) Represents an investment valued using significant unobservable inputs.

PRINCETON CAPITAL CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

Schedule 12-14

The table below represents the fair value of control and affiliate investments at December 31, 2022 and any amortization, purchases, sales, and realized and change in unrealized gain (loss) made to such investments, as well as the ending fair value as of December 31, 2023.

Portfolio Company/Type of Investment ⁽¹⁾	Principal Amount/Shares/ Ownership % at December 31, 2023	Amount of Interest and Dividends Credited in Income	Fair Value at December 31, 2022	Purchases ⁽²⁾	Sales	Transfers from Restructuring/ Transfers into Control Investments	Change in Unrealized Gains/(Losses)	Fair Value at December 31, 2023
Control Investments								
Advantis Certified Staffing Solutions, Inc.								
Second Lien Loan, 12.0% Cash, due 11/30/2021 ⁽³⁾	\$ 4,500,000	\$ -	\$ 3,656,647	\$ -	\$ -	-	\$ 1,079,494	\$ 4,736,141
Unsecured loan Consolidated BL Note 6.33% due 12/31/2024	\$ 1,381,586	87,454	-	-	-	-	-	-
Common Stock – Series A ⁽³⁾	225,000	-	-	-	-	-	-	-
Common Stock – Series B ⁽³⁾	9,500,000	-	-	-	-	-	-	-
Warrant for 250,000 Shares of Series A Common Stock, exercise price \$0.01 per share, expires 1/1/2027 ⁽³⁾	1	-	-	-	-	-	-	-
Warrant for 700,000 Shares of Series A Common Stock, exercise price \$0.01 per share, expires 1/1/2027 ⁽³⁾	1	-	-	-	-	-	-	-
Dominion Medical Management, Inc.								
First Lien Loan, 12.0% Cash, 6% PIK, due 3/31/2020 ^{(2) (3)}	\$ 1,516,144	-	184,999	-	-	-	(11,600)	173,399
Integrated Medical Partners, LLC								
Preferred Membership – Class A units ⁽³⁾	800	-	-	-	-	-	-	-
Preferred Membership – Class B units ⁽³⁾	760	-	-	-	-	-	-	-
Common Units ⁽³⁾	14,082	-	-	-	-	-	-	-
PCC SBH Sub, Inc.								
Common Stock ⁽³⁾	100	-	1,698,329	-	-	-	(154,488)	1,543,841
Rockfish Seafood Grill, Inc.								
First Lien Loan, 8% Cash, 6.0% PIK, due 3/31/2018	\$ 6,352,944	780,841	10,708,968	-	-	-	(831,927)	9,877,041
Revolving Loan, 8% PIK, due 12/31/2024	\$ 2,251,000	182,581	2,251,000	-	-	-	-	2,251,000
Rockfish Holdings, LLC								
Warrant for Membership Interest, exercise price \$0.001 per 1% membership interest, expires 7/28/2028 ⁽³⁾	10.0%	-	-	-	-	-	-	-
Membership Interest – Class A ⁽³⁾	99.997%	-	-	-	-	-	-	-
Total Control Investments		<u>\$ 1,050,876</u>	<u>\$ 18,499,943</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,479</u>	<u>\$ 18,581,422</u>

(1) Represents an illiquid investment.

(2) Includes PIK interest.

(3) Non-income producing security.

End of notes to financial statements.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Item 9A. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act). Disclosure controls and procedures refer to controls and other procedures designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial and accounting officer, as appropriate, to allow timely decisions regarding required disclosure.

As required by Rule 13a-15(e) of the Exchange Act, our management has carried out an evaluation, with the participation and under the supervision of our Interim Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2024. Based upon, and as of the date of this evaluation, our Interim Chief Executive Officer and Chief Financial Officer determined that, because of the material weakness described below, our disclosure controls and procedures were not effective as of December 31, 2024; however, we have taken remediation efforts such that our disclosure controls and procedures were effective as of the date of filing this annual report.

Management's Report on Internal Control Over Financial Reporting.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Internal control over financial reporting refers to the process designed by, or under the supervision of, our principal executive officer and principal financial and accounting officer, and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles, and includes those policies and procedures that:

- (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with the authorization of our management and directors; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Our management evaluated the effectiveness of our internal control over financial reporting as of December 31, 2024. In making this evaluation, management used the framework established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO. The COSO framework summarizes each of the components of a company's internal control system, including (i) the control environment, (ii) risk assessment, (iii) control activities, (iv) information and communication, and (v) monitoring. Based on our evaluation, we determined that, as of December 31, 2024, our internal control over financial reporting was not effective due to the following material weakness:

- We do not have the proper procedures in place to verify material information from unconsolidated significant subsidiaries that are required to be included in the Notes to Financial Statements.

In order to cure the foregoing material weakness, we have taken or plan to take the following remediation measures:

- We intend to implement proper procedures at all levels, including hired outside administrators, to properly review and verify information from our unconsolidated significant subsidiaries in order to ensure proper disclosure for the Notes to Financial Statements.

We intend to complete the remediation of the material weakness discussed above as soon as practicable but we can give no assurance that we will be able to do so. Designing and implementing an effective disclosure controls and procedures is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to devote significant resources to maintain a financial reporting system that adequately satisfies our reporting obligations. The remedial measures that we have taken and intend to take may not fully address the material weakness that we have identified, and material weaknesses in our disclosure controls and procedures may be identified in the future. Should we discover such conditions, we intend to remediate them as soon as practicable. We are committed to taking appropriate steps for remediation, as needed.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules for non-accelerated filers by the Securities and Exchange Commission permitting the company to provide only management's report in this annual report.

Changes in Internal Control over Financial Reporting

We regularly review our system of internal control over financial reporting and make changes to our processes and systems to improve controls and increase efficiency, while ensuring that we maintain an effective internal control environment. Changes may include such activities as implementing new, more efficient systems, consolidating activities, and migrating processes.

Except with respect to the remediated material weakness described above, there have not been any changes in our internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, during the fiscal quarter ended December 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. OTHER INFORMATION

Rule 10b5-1 Trading Plans

During the quarter ended December 31, 2024, none of the Company's directors or Section 16 officers adopted or terminated any Rule 10b5-1 trading arrangements or non-Rule 10b5-1 trading arrangements.

Item 9C. DISCLOSURES REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not Applicable.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Director and Executive Officer Information

The following table sets forth the names, ages and positions held by each of our directors and executive officers, followed by a brief biography of each individual, including the business experience of each individual during the past five years and the specific qualifications that led to the conclusion that each individual should serve as a director.

Name	Age	Position	Director Since	Term Expires
Interested Directors				
Mark S. DiSalvo	70	Interim Chief Executive Officer, Interim President, and Director	2016	2025
Independent Directors				
Darren Stainrod	60	Chairman of the Board of Directors	2016	2025
Greg Bennett	52	Director	2016	2025
Martin Laidlaw	68	Director	2016	2025
Executive Officers				
Gregory J. Cannella	50	Chief Financial Officer, Secretary, and Treasurer		

Mark S. DiSalvo, 70, serves as our Interim Chief Executive Officer and Interim President. He was originally elected to the Company’s Board on June 9, 2016 and most recently re-elected to the Board by the Company’s stockholders at the 2024 Annual Meeting on December 19, 2024. He is the President and CEO of Sema4, Inc., a leading global professional services provider of private equity funds-under-management. He has been a senior executive and entrepreneur at international companies such as Euromoney Institutional Investor and Fairfield Whitney, and was founder of Hall, Berwick and DiSalvo where he provided funding and management advisory services to zero and first stage entities prior to founding Sema4. He has extensive experience in private equity, entrepreneurial management, and emerging market strategy, particularly as to underserved markets and economic development. A frequent speaker at worldwide industry conferences, he is a charter member of the Inner City Economic Forum. Mr. DiSalvo was educated at the University of Massachusetts, degreed in Political Studies and has earned the professional designations CPC and CTA. He has been a long-time lecturer at the Johnson School of Business at Cornell University and the Kellogg School of Business at Northwestern University in their full-time MBA programs where he contributed case studies in private equity, emerging market economics and cross-border M&A. We believe Mr. DiSalvo’s broad experience with private equity funds and early stage growth companies makes him a well-qualified member of our Board.

Darren Stainrod, 60, serves as the Chairman of the Company’s Board and was originally elected to the Company’s Board on January 18, 2016 and most recently re-elected to the Board by the Company’s stockholders at the 2024 Annual Meeting on December 19, 2024. Mr. Stainrod is a Principal of Marbury Fund Services (Cayman) Limited (“Marbury”), a fiduciary services company focused on the alternative investment industry and licensed by the Cayman Islands Monetary Authority. He is registered as a director with the Authority pursuant to the Directors Licensing and Registration Law, 2014. Prior to joining Marbury, Mr. Stainrod was a Principal at HighWater Limited in Cayman for almost 3 years where he provided professional director services to hedge funds, fund of funds and private equity vehicles. Before becoming a professional director in May 2013, Mr. Stainrod spent 18 years at UBS where he was a Managing Director and the Global Head of UBS Alternative Fund Services. At UBS he had responsibility for the overall management and development of the global hedge fund administration business in seven countries with more than 300 staff servicing alternative investment funds with over \$200 billion in assets under administration. Before joining UBS, he worked for three years with Coopers & Lybrand in Cayman and four years with Deloitte in the UK. Mr. Stainrod holds a BA (Hons) in Politics from the University of Reading in the UK. He is a member of the Institute of Chartered Accountants in England and Wales and the Cayman Islands Institute of Professional Accountants. He is a past Chairman of the Cayman Islands Fund Administrators Association and is the current Treasurer of AIMA Cayman Chapter. Mr. Stainrod brings to the Board extensive experience as a director of hedge funds, fund of funds and private equity funds as well as considerable experience in the investment fund industry, all of which provide our Board with valuable insight. Mr. Stainrod serves as chairman of the Company’s Nominating and Corporate Governance Committee and he is a member of the Company’s Audit Committee and the Company’s Valuation Committee.

Martin Laidlaw, 68, who was originally elected by the Board on January 18, 2016 and most recently re-elected to the Board by the Company's stockholders at the 2024 Annual Meeting on December 19, 2024, provides Director Services in and from the Cayman Islands. Martin has over 30 years of experience in the offshore financial industry and has an extensive range of experience with all forms of investment fund products and has held numerous directorship positions for a wide variety of offshore fund vehicles. Previously, Mr. Laidlaw was a Director of a Premier Fiduciary Services Company providing Directorship services. He was also a former Managing Director of a Fund Administration entity. Martin was previously employed by CIBC Bank and Trust Company (Cayman) Limited from 1989 through 2009. He was appointed Director and Head of Fund Services and was responsible for leading the fund services team and developing new business and client relationships. Prior to his years at CIBC, he was employed with KPMG, Cayman Islands where he led various financial services audits. He was a founding member, Director and Treasurer of the Cayman Islands Fund Administrators Association. Martin graduated from Edinburgh University in Scotland with a Bachelor of Commerce Degree. He was admitted as a Member of the Institute of Chartered Accountants of Scotland in February, 1984 and continues to maintain his qualification. Mr. Laidlaw's extensive experience in the financial industry, including his financial and accounting background, and his experience as a director of various offshore fund vehicles makes him well qualified to serve on our Board. Mr. Laidlaw serves as chairman of the Company's Audit Committee and he is a member of the Company's Nominating and Corporate Governance Committee and the Company's Valuation Committee.

Greg Bennett, 52, who was originally elected to the Company's Board on June 9, 2016 and most recently re-elected to the Board by the Company's stockholders at the 2024 Annual Meeting on December 19, 2024, is the founder of Azimuth Governance Limited ("Azimuth"). Mr. Bennett has more than twenty five years of experience in financial services having started his professional career with Coopers & Lybrand in Canada in 1996. From 2011 through 2014, prior to founding Azimuth, Mr. Bennett was a Director of The Harbour Trust Co. Ltd., where he provided fiduciary services to their clients, including serving as an independent hedge fund director. In 2004 Mr. Bennett joined Butterfield Fund Services (Cayman) Limited as head of client relationship management and he became a Director of that firm in 2005. In 2008 he was promoted to Managing Director where he had responsibility for all aspects of the business, including managing over 75 staff responsible for providing full fund administration services to a wide range of hedge fund clients with in excess of \$30 billion in assets under management. In 2010 Mr. Bennett established the Cayman office of HedgeServ and held the position of Managing Director. Mr. Bennett graduated with a Bachelor of Commerce from the University of Alberta in Canada in 1995. He is a Chartered Accountant (Canada), a Certified Public Accountant (US), and a CFA Charterholder. Mr. Bennett is also a past Director of Hedge Funds Care Cayman, past Deputy Chairman of the Cayman Islands Fund Administrators Association, past Treasurer of AIMA Cayman and a past President of the CFA Society of the Cayman Islands. Mr. Bennett's considerable experience in the financial services industry and as a director of various hedge funds and his accounting background make him well qualified to serve on our Board. Mr. Bennett serves as chairman of the Company's Valuation Committee and he is a member of the Company's Nominating and Corporate Governance Committee and the Company's Audit Committee.

Gregory J. Cannella, 50, has served as our Chief Financial Officer, Treasurer and Secretary since March 13, 2015. Mr. Cannella is responsible for financial reporting, investor communications, financial modeling and due diligence and analysis of acquisitions and dispositions. Prior to this, Mr. Cannella was the Chief Financial Officer of Capital Point Partners, a private equity group that focused on mezzanine lending to small and middle market private companies, where he was responsible for financial reporting, investor communications, financial modeling and due diligence and analysis of acquisitions and dispositions. Prior to working at Capital Point Partners, Mr. Cannella was an Asset Manager at First Commonwealth Holdings Corp., a wealth management firm in Houston, Texas where he was responsible for managing various commercial and multi-family residential real estate investment funds as well as oversight of accounting functions and reporting for the funds. Mr. Cannella received a B.B.A. in Management from Stephen F. Austin State University and an M.B.A. with honors in Accounting and Finance from the University of Houston. He is a Certified Public Accountant in the State of Texas.

Information About our Chief Compliance Officer

Florina Klingbaum has served as our Chief Compliance Officer since January 1, 2018. Ms. Klingbaum is a Managing Member of Altemis Capital Management LLC an investment management provider specializing in compliance and regulatory services. Ms. Klingbaum also serves as the Chief Compliance Officer of House Hanover, LLC (“House Hanover”), the investment advisor of the Company. From 2015-2016, she served as a Consultant for Nuveen Investments in New York City. During her career, Ms. Klingbaum has held senior roles at both Citigroup Global Markets as well as Credit Suisse. She has extensive experience in alternative investments, structured products and overall fund operations including fund administration, accounting, regulatory, compliance and fund liquidation services. Ms. Klingbaum started her career at KPMG LLP where she was a Senior Auditor in the Financial Services division. She holds two Masters degrees, in Accounting and Business Administration respectively, from Pace University, a BA in Sociology from the University of Toronto, and is a CPA.

Delinquent Section 16(a) Reports

Section 16(a) of the Securities Exchange Act of 1934, as amended, and the disclosure requirements of Item 405 of SEC Regulation S-K require that our directors and executive officers, and any persons holding more than 10% of any class of our equity securities report their ownership of such equity securities and any subsequent changes in that ownership to the SEC and to us.

Based solely on a review of the written statements and copies of such reports furnished to us by our executive officers, directors and greater than 10% beneficial owners, we believe that during the fiscal year ended December 31, 2024 all Section 16(a) filing requirements applicable to the executive officers, directors and greater than 10% beneficial owners were timely satisfied.

Code of Business Conduct and Ethics and Statement on the Prohibition of Insider Trading

Our Code of Business Conduct and Ethics and Statement on the Prohibition of Insider Trading (the “Code of Ethics”), which is signed by directors and executive officers of the Company, requires that directors and executive officers avoid any conflict, or the appearance of a conflict, between an individual’s personal interests and the interests of the Company. Pursuant to the Code of Ethics which is available on our website under the “Corporate Governance” link under the “Princeton Capital Corporation” link at www.princetoncapitalcorp.com, each director and executive officer must disclose any conflicts of interest, or actions or relationships that might give rise to a conflict, to the audit committee. Certain actions or relationships that might give rise to a conflict of interest are reviewed and approved by the Board. The Code of Ethics also contains our policies and procedures relating to insider trading and material non-public information.

Nomination of Directors

There have been no material changes to the procedures by which stockholders may recommend nominees to our Board of Directors implemented since the filing of our Proxy Statement for our 2024 Annual Meeting of Stockholders.

Audit Committee

The members of the audit committee are Messrs. Laidlaw, Stainrod, and Bennett each of whom meets the independence standards established by the SEC and the NASDAQ (the “NASDAQ”) for audit committees and is independent for purposes of the 1940 Act. Mr. Laidlaw serves as chairman of the audit committee. Our Board has determined that Mr. Laidlaw is an “audit committee financial expert” as that term is defined under Item 407 of Regulation S-K of the Securities Exchange Act of 1934, as amended. The Board has adopted a charter of the audit committee, which is available in print to any stockholder who requests it and it is also available on the Company’s website at www.princetoncapitalcorp.com. The audit committee met four times and took action by written consent on one occasion during the year ended December 31, 2024. Each member attended 100% of the audit committee meetings that were held while the director was a member of the audit committee in 2024.

The audit committee is responsible for approving our independent accountants, reviewing with our independent accountants the plans and results of the audit engagement, approving professional services provided by our independent accountants, reviewing the independence of our independent accountants and reviewing the adequacy of our internal accounting controls. The audit committee is also responsible for aiding our Board in fair value pricing debt and equity securities that are not publicly traded or for which current market values are not readily available. The Board and audit committee utilizes the services of an independent valuation firm to help them determine the fair value of these securities. Given that the audit committee is comprised of all the independent directors on the Board, the audit committee may also be tasked with special investigations into director and/or officer conduct, conflicts of interest, or other claims impacting the Company.

Compensation Recovery and Clawback Policies

Under the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”), in the event of misconduct that results in a financial restatement that would have reduced a previously paid incentive amount, we can recoup those improper payments from our Chief Executive Officer and Chief Financial Officer (if any). The SEC also recently adopted Exchange Act Rule 10D-1 which directs national stock exchanges to require listed companies to implement policies intended to recoup bonuses paid to executives if the company is found to have misstated its financial results. At this time, Rule 10D-1 is not applicable to the Company as the Company’s securities are not listed on a national securities exchange. If we issue incentive-based compensation to executive officers in the future, we plan to consider implementing a clawback policy, although we have not yet implemented such a policy and are not required to do so.

Item 11. EXECUTIVE COMPENSATION

Compensation of Executive Officers

None of our officers receive direct compensation from the Company. Mr. DiSalvo, through his financial interest in House Hanover is entitled to receive and has received a portion of investment advisory fees paid by the Company to House Hanover under the Investment Advisory Agreement with the Company. Our other executive officers will be paid by House Hanover, subject to reimbursement by us of our allocable portion of such compensation for services rendered by such persons to the Company under the Investment Advisory Agreement. To the extent that House Hanover outsources any of its functions, we will reimburse House Hanover for the fees associated with such functions without profit or benefit to House Hanover.

Compensation of Directors

Each independent director receives an annual fee of \$30,000. In addition, they will also receive \$1,500 plus reimbursement of reasonable out-of-pocket expenses incurred in connection with attending in person or telephonically each regular board of directors meeting and each special telephonic meeting. They will also receive \$1,500 plus reimbursement of reasonable out-of-pocket expenses incurred in connection with each committee meeting attended in person and each telephonic committee meeting. The chairmen of the audit committee, the valuation committee and the nominating and corporate governance committee will receive an annual fee of \$3,500, respectively. On March 13, 2017, the independent directors agreed to cap director's fees at \$50,000 per independent director annually, and to have an amount of \$12,500 advanced to them each quarter, subject to true up at the end of each quarter. We have obtained directors' and officers' liability insurance on behalf of our directors and officers. No compensation is paid to directors who are "interested persons."

The following table shows information regarding the compensation earned by our directors for the fiscal year ended December 31, 2024. No compensation is paid by us to any interested director or executive officer of the Company.

<u>Name</u>	<u>Aggregate Compensation from Princeton Capital Corporation</u>	<u>Pension or Retirement Benefits Accrued as Part of Company Expenses⁽¹⁾</u>	<u>Total Compensation from Princeton Capital Corporation</u>
Interested Directors:			
Mark S. DiSalvo	None	None	None
Independent Directors:			
Greg Bennett	\$ 50,000	None	\$ 50,000
Martin Laidlaw	\$ 50,000	None	\$ 50,000
Darren Stainrod	\$ 50,000	None	\$ 50,000

(1) We do not have a profit-sharing or retirement plan, and directors do not receive any pension or retirement benefits.

Compensation Committee

We do not have a compensation committee or a committee performing similar functions because our executive officers do not receive any direct compensation from the Company. All decisions concerning compensation of House Hanover are made by the Board (with Mr. DiSalvo recusing himself from deliberations and voting). Executive officers of the Company are employees or independent contractors of, and are compensated by, House Hanover. Compensation payable by the Company to the Advisor is required to be approved by a majority of the Company's independent directors pursuant to Section 15(c) of the 1940 Act. Since the Audit Committee consists of a majority of the independent directors of the Company, the Company has allocated responsibility to consider the compensation paid to the Advisor to the Audit Committee.

The Nominating and Corporate Governance Committee will review the form and amount of independent director compensation at least annually and make any changes, as it deems appropriate.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth, as of March 27, 2025, the beneficial ownership of each current director, the Company’s executive officers, each person known to us to beneficially own 5% or more of the outstanding shares of the Company’s common stock, and the executive officers and directors as a group.

Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to the securities. Common stock subject to options or warrants that are currently exercisable or exercisable within 60 days of March 27, 2025 are deemed to be outstanding and beneficially owned by the person holding such options or warrants. Such shares, however, are not deemed outstanding for the purposes of computing the percentage ownership of any other person. Percentage of ownership is based on 120,486,061 shares of the Company’s common stock outstanding as of March 27, 2025.

Unless otherwise indicated, to our knowledge, each stockholder listed below has sole voting and investment power with respect to the shares beneficially owned by the stockholder, except to the extent authority is shared by their spouses under applicable law. The address of all executive officers and directors is c/o Princeton Capital Corporation, 800 Turnpike Street, Suite 300, North Andover, Massachusetts 01845.

The Company’s directors are divided into two groups - interested directors and independent directors. Interested directors are “interested persons” as defined in Section 2(a)(19) of the 1940 Act and the NASDAQ (“NASDAQ”) Stock Market Rules, as the Over the Counter Pink Market (“OTCPK”) exchange where the Company trades, does not establish director independence standards.

Name of Beneficial Owner	Number of Shares Owned Beneficially ⁽¹⁾	Percentage of Class ⁽²⁾
Interested Directors		
Mark S. DiSalvo ⁽³⁾	115,484,327	95.85%
Independent Directors		
Greg Bennett	0	*
Martin Laidlaw	0	*
Darren Stainrod	0	*
Executive Officers		
Mark S. DiSalvo ⁽³⁾	115,484,327	95.85%
Gregory J. Cannella	0	*
Executive officers and directors as a group	115,484,327	95.85%
Greater than 5% Holders		
Capital Point Partners, LP ⁽⁴⁾	104,562,000	86.78%
Capital Point Partners II, LP ⁽⁴⁾	10,922,327	9.07%

* Indicates less than 1%

(1) Beneficial ownership has been determined in accordance with Rule 13d-3 of the Securities Exchange Act of 1934, as amended.

(2) Based on a total of 120,486,061 shares of our common stock issued and outstanding on March 27, 2025.

(3) Mr. DiSalvo, by virtue of his ownership of all of the outstanding stock of Sema4, Inc., the general partner of Capital Point Partners, LP (“CPP”) and Capital Point Partners II, LP (“CPP II”), may be deemed to be the beneficial owner of the 104,562,000 shares of the Company’s common stock owned by CPP and the 10,922,327 shares of the Company’s common stock owned by CPP II. Mr. DiSalvo and Sema4, Inc. each disclaims beneficial ownership of any shares held by CPP and CPP II, except to the extent of their pecuniary interest therein. The address of Sema4, Inc., CPP and CPP II is 800 Turnpike Street, Suite 300, North Andover, MA 01854.

(4) This information is based on information included in the Schedule 13D filed with the SEC.

The following table sets forth as of March 27, 2025, the dollar range of our securities owned by our directors and executive officers. The Company is not part of a “family of investment companies,” as that term is defined in Schedule 14A.

Name	Dollar Range of Equity Securities Beneficially Owned ⁽¹⁾⁽²⁾	Aggregate Dollar Range of Equity Securities in All Funds Overseen or to be Overseen by Director or Nominee in Family of Investment Companies
Interested Director:		
Mark S. DiSalvo	Over \$100,000	n/a
Independent Directors:		
Greg Bennett	None	n/a
Martin Laidlaw	None	n/a
Darren Stainrod	None	n/a
Executive Officers:		
Mark S. DiSalvo	Over \$100,000	n/a
Gregory J. Cannella	None	n/a

(1) The dollar range of the equity securities beneficially owned is based on the closing price per share of the Company’s common stock of \$0.11 on March 27, 2025 on the OTCPK.

(2) The dollar ranges of equity securities beneficially owned are: none; \$1–\$10,000; \$10,001–\$50,000; \$50,001–\$100,000; and over \$100,000.

We also note that Florina Klingbaum, our Chief Compliance Officer, does not own any securities of the Company.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Transactions with Related Persons

We have procedures in place for the review, approval and monitoring of transactions involving us and certain persons related to us. As a business development company, the 1940 Act restricts us from participating in transactions with any persons affiliated with us, including our officers, directors, and employees and any person controlling or under common control with us or our affiliates, subject to certain exceptions. In the ordinary course of business, we may enter into transactions with portfolio companies that may be considered related party transactions. We have implemented certain procedures, both written and unwritten, to ensure that we do not engage in any prohibited transactions with any persons affiliated with us. If such affiliations are found to exist, we will seek Board and/or committee review and approval or exemptive relief for such transactions, as appropriate. In accordance with NASDAQ Rule 5630, an independent body of the Board shall be responsible for conducting an appropriate review and oversight of all related party transactions. The Board has delegated this responsibility to the Audit Committee.

As disclosed in various filings with the SEC, House Hanover has served as the Company's investment advisor since January 1, 2018 under an Interim Investment Advisory Agreement that took effect on January 1, 2018 and terminated on May 30, 2018 (the "Interim Investment Advisory Agreement") and an Investment Advisory Agreement that took effect on May 31, 2018 (the "Investment Advisory Agreement"). The Investment Advisory Agreement was approved by the Company's stockholder at the 2018 Annual Meeting of Stockholders. The value of the Interim Investment Advisory Agreement and the Investment Advisory Agreement was determined based on a management fee. The amount of management fees accrued to House Hanover for the fiscal year ended December 31, 2024, under the Investment Advisory Agreement were \$257,384. In addition to compensation based on a management fee, the Investment Advisory Agreement also provides for, subject to approval by the Board of Directors, reimbursement for the portion of any compensation expense and the costs of any salaries of any such employees to the extent attributable to services performed by such employees for the Company ("Administration Expenses"). The amount of administration expenses accrued for House Hanover for the fiscal year ended December 31, 2024 under the Investment Advisory Agreement was \$259,500. House Hanover is controlled by Mr. DiSalvo.

Mr. DiSalvo owns all of the interests in Sema4, Inc., the general partner of Capital Point Partners, LP and Capital Point Partners II, LP, which own approximately 87% and 9% of our common stock, respectively.

Review, Approval or Ratification of Transactions with Related Persons

We have also adopted a Code of Business Conduct and Ethics which applies to, among others, our senior officers, including our Chief Executive Officer and Chief Financial Officer, as well as all of our officers, directors and employees. Our Code of Business Conduct and Ethics requires that all employees and directors avoid any conflict, or the appearance of a conflict, between an individual's personal interests and our interests. Pursuant to our Code of Business Conduct and Ethics, each employee and director must disclose any conflicts of interest, or actions or relationships that might give rise to a conflict. Our Audit Committee is charged with approving any waivers under our Code of Ethics.

Director Independence

In accordance with rules of the NASDAQ, the Board annually determines the independence of each director. No director is considered independent unless the Board has determined that he or she has no material relationship with the Company. The Company monitors the status of its directors and officers through the activities of the Company's nominating and corporate governance committee and through a questionnaire to be completed by each director no less frequently than annually (and most recently in March of 2025), with updates periodically if information provided in the most recent questionnaire has changed.

In order to evaluate the materiality of any such relationship, the Board uses the definition of director independence set forth in the rules promulgated by the NASDAQ Stock Market. Rule 5605(a)(2) provides that a director of a business development company ("BDC") shall be considered to be independent if he or she is not an "interested person" of the Company, as defined in Section 2(a)(19) of the 1940 Act. Section 2(a)(19) of the 1940 Act defines an "interested person" to include, among other things, any person who has, or within the last two years had, a material business or professional relationship with the Company.

The Board has determined that each of the directors is independent and has no relationship with the Company, except as a director and stockholder of the Company, with the exception of Mr. DiSalvo. Mr. DiSalvo is an interested person of the Company due to his interests in House Hanover, our investment advisor, his position as Interim Chief Executive Officer and Interim President of the Company, and his interests in Sema4, Inc., the general partner of Capital Point Partners, LP and Capital Point Partners II, LP, which own approximately 87% and 9% of our common stock, respectively.

Item 14. PRINCIPAL ACCOUNTANTS FEES AND SERVICES

Independent Registered Public Accounting Firm

PRINCIPAL ACCOUNTANT FEES AND SERVICES

(fiscal year ended December 31, 2024)

The following aggregate fees by WithumSmith, the Company's independent registered public accounting firm for the fiscal year ended December 31, 2024 were billed to the Company for work attributable to audit, tax and other services.

	WithumSmith Fiscal Year Ended December 31, 2024
Audit Fees	\$ 169,520
Audit-Related Fees	-
Tax Fees	-
All Other Fees	-
Total Fees:	\$ 169,520

Services rendered by WithumSmith in connection with fees presented above were as follows:

Audit Fees. Audit fees include fees for services that normally would be provided by the accountant in connection with statutory and regulatory filings or engagements and that generally only the independent accountant can provide. In addition to fees for the audit of our annual financial statements, the audit of the effectiveness of our internal control over financial reporting and the review of our quarterly financial statements in accordance with generally accepted auditing standards, this category contains fees for comfort letters, statutory audits, consents, and assistance with and review of documents filed with the SEC.

Audit-Related Fees. Audit related fees are assurance related services that traditionally are performed by the independent accountant, such as attest services that are not required by statute or regulation.

Tax Fees. Tax fees include professional fees for tax compliance and tax advice.

All Other Fees. Fees for other services would include fees for products and services other than the services reported above.

In the fiscal year 2024, the percentage of services designated for Audit Fees, Audit-Related Fees, Tax Fees, and All Other Fees that were approved by the audit committee were 100%, 0%, 0%, and 0%, respectively.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

(fiscal year ended December 31, 2023)

The following aggregate fees by WithumSmith, the Company's independent registered public accounting firm for the fiscal year ended December 31, 2023, were billed to the Company for work attributable to audit, tax and other services.

	WithumSmith Fiscal Year Ended December 31, 2023
Audit Fees	\$ 149,136
Audit-Related Fees	-
Tax Fees	-
All Other Fees	-
Total Fees:	\$ 149,136

Services rendered by WithumSmith in connection with fees presented above were as follows:

Audit Fees. Audit fees include fees for services that normally would be provided by the accountant in connection with statutory and regulatory filings or engagements and that generally only the independent accountant can provide. In addition to fees for the audit of our annual financial statements, the audit of the effectiveness of our internal control over financial reporting and the review of our quarterly financial statements in accordance with generally accepted auditing standards, this category contains fees for comfort letters, statutory audits, consents, and assistance with and review of documents filed with the SEC.

Audit-Related Fees. Audit related fees are assurance related services that traditionally are performed by the independent accountant, such as attest services that are not required by statute or regulation.

Tax Fees. Tax fees include professional fees for tax compliance and tax advice.

All Other Fees. Fees for other services would include fees for products and services other than the services reported above.

In the fiscal year 2023, the percentage of services designated for Audit Fees, Audit-Related Fees, Tax Fees, and All Other Fees that were approved by the audit committee were 100%, 0%, 0%, and 0%, respectively.

Pre-Approval Policy

The Audit Committee has established a pre-approval policy that describes the permitted audit, audit-related, tax and other services to be provided by the Company's independent registered public accounting firm. The policy requires that the Audit Committee pre-approve all audit and non-audit services performed by the independent auditor in order to assure that the provision of such service does not impair the auditor's independence. In accordance with the pre-approval policy, the Audit Committee includes every year a discussion and pre-approval of such services and the expected costs of such services for the year.

Any requests for audit, audit-related, tax and other services that have not received general pre-approval at the first Audit Committee meeting of the year must be submitted to the Audit Committee for specific pre-approval, irrespective of the amount, and cannot commence until such approval has been granted. Normally, pre-approval is provided at regularly scheduled meetings of the Audit Committee. However, the Audit Committee may delegate pre-approval authority to one or more of its members. The member or members to whom such authority is delegated shall report any pre-approval decisions to the Audit Committee at its next scheduled meeting. The Audit Committee does not delegate its responsibilities to pre-approve services performed by the independent registered public accounting firm to management.

PART IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

a. Documents Filed as Part of this Report

The following financial statements are set forth in Item 8:

Report of Independent Registered Public Accounting Firm	F-2
Statements of Assets and Liabilities as of December 31, 2024 and December 31, 2023	F-4
Statements of Operations for the years ended December 31, 2024, 2023 and 2022	F-5
Statements of Changes in Net Assets for the years ended December 31, 2024, 2023 and 2022	F-6
Statements of Cash Flows for the years ended December 31, 2024, 2023 and 2022	F-7
Schedule of Investments as of December 31, 2024	F-8
Schedule of Investments as of December 31, 2023	F-11
Notes to the Financial Statements	F-14

b. Exhibits

The following exhibits are filed as part of this report or hereby incorporated by reference to exhibits previously filed with the SEC:

Exhibit	Description
2.1	Agreement and Plan of Merger between Regal One Corporation and Princeton Capital Corporation (Incorporated by reference from Exhibit 2.1 of the Registrant's Current Report on Form 8-K, filed on March 19, 2015).
3.1	Articles of Amendment and Restatement (Incorporated by reference from Exhibit 3.2 of the Registrant's Current Report on Form 8-K, filed on March 19, 2015).
3.2	Articles of Amendment of Princeton Capital Corporation (Incorporated by reference from Exhibit 3.2 of Registrant's Annual Report on Form 10-K, filed on December 14, 2016).
3.3	Bylaws (Incorporated by reference from Exhibit 3.3 of the Registrant's Current Report on Form 8-K, filed on March 19, 2015).
3.4	Second Amendment to Bylaws (Incorporated by reference from Exhibit 3.1 of the Registrant's Current Report on Form 8-K, filed on February 27, 2018).
3.5	Third Amendment to Bylaws (Incorporated by reference from Exhibit 3.1 of the Registrant's Current Report on Form 8-K, filed on May 19, 2020).
4.1	Form of Stock Certificate (Incorporated by reference from Exhibit 4.1 of the Registrant's Current Report on Form 8-K, filed on March 19, 2015).
4.2	Description of Securities (Incorporated by reference from Exhibit 4.2 of Registrant's Annual Report on Form 10-K, filed on March 30, 2023).
10.1	Custody Agreement between Registrant and U.S. Bank, N.A. (Incorporated by reference from Exhibit 10.2 of Registrant's Annual Report on Form 10-K, filed on April 15, 2015).
10.2	Administration Agreement between Registrant and PCC Administrator LLC (Incorporated by reference from Exhibit 10.3 of Registrant's Annual Report on Form 10-K, filed on April 15, 2015).
10.3	License Agreement between the Registrant and Princeton Investment Advisors, LLC (Incorporated by reference from Exhibit 10.5 of Registrant's Annual Report on Form 10-K, filed on April 15, 2015).
10.4	Form of Indemnification Agreement between the Registrant and the executive officers and directors. (Incorporated by reference from Exhibit 10.6 of Registrant's Annual Report on Form 10-K, filed on April 15, 2015).
10.5	Investment Advisory Agreement between Registrant and House Hanover, LLC (Incorporated by reference from Exhibit 10.1 of Registrant's Current Report on Form 8-K, filed on May 31, 2018).
14.1	Code of Ethics (Incorporated by reference from Exhibit 14.1 of Registrant's Annual Report on Form 10-K, filed on December 14, 2016).
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended.
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended.
32*	Certification of Chief Executive Officer and the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002.
99.1*	Audited Financial Statements of Rockfish Seafood Grill, Inc. as of and for the years ended December 25, 2024 and December 27, 2023.
99.2	Audited Financial Statements of Rockfish Seafood Grill, Inc. as of and for the year ended December 27, 2023 and December 28, 2022 (Incorporated by reference from Exhibit 99.1 of Registrant's Annual Report on Form 10-K, filed on March 29, 2024).
101.INS	Inline XBRL Instance Document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith.

Item 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Princeton Capital Corporation

By: /s/ Mark S. DiSalvo
Mark S. DiSalvo
Interim Chief Executive Officer

Dated: April 1, 2025

Pursuant to the requirements of the Securities Exchange Act of 1934, this report on Form 10-K has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>NAME</u>	<u>TITLE</u>	<u>DATE</u>
<u>/s/ Mark S. DiSalvo</u> Mark S. DiSalvo	Interim Chief Executive Officer and Director, (Principal Executive Officer)	April 1, 2025
<u>/s/ Gregory J. Cannella</u> Gregory J. Cannella	Chief Financial Officer (Principal Financial and Accounting Officer)	April 1, 2025
<u>/s/ Darren Stainrod</u> Darren Stainrod	Director	April 1, 2025
<u>/s/ Martin Laidlaw</u> Martin Laidlaw	Director	April 1, 2025
<u>/s/ Greg Bennett</u> Greg Bennett	Director	April 1, 2025

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a) AND 15d-14(a) UNDER
THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Mark S. DiSalvo, certify that:

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

Date: April 1, 2025

/s/ Mark S. DiSalvo

Mark S. DiSalvo
Interim Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) AND 15d-14(a) UNDER
THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Gregory J. Cannella, certify that:

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

Date: April 1, 2025

/s/ Gregory J. Cannella

Gregory J. Cannella
Chief Financial Officer
(Principal Financial and Accounting Officer)

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER**PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, who are the Interim Chief Executive Officer and Chief Financial Officer of Princeton Capital Corporation (the “Company”), each hereby certify that to the best of his knowledge (1) this Annual Report on Form 10-K for the year ended December 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Annual Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and (2) the information contained in this Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 1, 2025

/s/ Mark S. DiSalvo

Mark S. DiSalvo
Interim Chief Executive Officer
(Principal Executive Officer)

Date: April 1, 2025

/s/ Gregory J. Cannella

Gregory J. Cannella
Chief Financial Officer
(Principal Financial and Accounting Officer)

ROCKFISH SEAFOOD GRILL, INC.

CONSOLIDATED FINANCIAL STATEMENTS

**Years Ended December 25, 2024 and December 27, 2023
with Report of Independent Auditors**

ROCKFISH SEAFOOD GRILL, INC.
CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 25, 2024 and December 27, 2023

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Stockholders of
Rockfish Seafood Grill, Inc.

Opinion

We have audited the consolidated financial statements of Rockfish Seafood Grill, Inc. and its subsidiaries (the “Company”), which comprise the consolidated balance sheets as of December 25, 2024 and December 27, 2023, and the related consolidated statements of operations, stockholders’ deficit, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 25, 2024 and December 27, 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (“GAAS”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Whitley Penn LLP

Plano, Texas
March 26, 2025

ROCKFISH SEAFOOD GRILL, INC.
CONSOLIDATED BALANCE SHEETS

	<u>December 25,</u> <u>2024</u>	<u>December 27,</u> <u>2023</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 235,577	\$ 1,275,768
Inventories	103,249	104,706
Prepaid expense and other current assets	78,497	83,321
Total current assets	<u>417,323</u>	<u>1,463,795</u>
Property and equipment, net	1,203,102	1,080,353
Right of use asset - operating leases	2,767,539	5,057,340
	<u>3,970,641</u>	<u>6,137,693</u>
Total Assets	<u>\$ 4,387,964</u>	<u>\$ 7,601,488</u>
Liabilities and Stockholder's Deficit		
Current liabilities:		
Accounts payable	\$ 574,891	\$ 737,825
Accrued expenses and other liabilities	483,722	541,387
Operating lease liabilities, current portion	860,405	1,122,733
Related party debt, current portion	10,601,613	12,239,251
Related party accrued interest	4,865,910	4,051,124
Total current liabilities	<u>17,386,541</u>	<u>18,692,320</u>
Non-current liabilities:		
Related party debt, net of current portion	2,251,000	-
Operating lease liabilities, net of current portion	2,261,516	4,572,473
Total liabilities	<u>21,899,057</u>	<u>23,264,793</u>
Commitments and Contingencies		
Stockholder's Deficit		
Common stock, \$.001 par value; 1,000,000 shares authorized; 1,000 shares used and outstanding	1	1
Additional paid-in capital	9,029,237	9,029,237
Accumulated deficit	(26,540,331)	(24,692,543)
Total stockholder's deficit	<u>(17,511,093)</u>	<u>(15,663,305)</u>
Total Liabilities and Stockholder's Deficit	<u>\$ 4,387,964</u>	<u>\$ 7,601,488</u>

See accompanying notes to consolidated financial statements.

ROCKFISH SEAFOOD GRILL, INC.
CONSOLIDATED STATEMENTS OF OPERATION

	December 25, 2024	December 27, 2023
Restaurant revenues	\$ 15,563,104	\$ 15,267,909
Complementary sales	518,559	445,300
Restaurant revenues, net	<u>15,044,545</u>	<u>14,822,609</u>
Cost of revenues	<u>4,460,095</u>	<u>4,387,276</u>
Gross profit	10,584,450	10,435,333
Operating Cost and Expenses		
Restaurant expenses	9,058,113	8,868,166
Depreciation and amortization of property and equipment and intangibles	461,151	358,251
General and administration	1,121,937	1,325,158
Pre-opening expenses	128,556	16,876
Total operating costs and expenses	<u>10,769,757</u>	<u>10,568,451</u>
Operating loss	(185,307)	(133,118)
Other income and (expenses)		
Gain on Employee Retention Tax Credit	-	791,483
Other expense	(12,552)	(2,617)
Related party interest expense	(1,611,229)	(1,549,052)
Total other expense	<u>(1,623,781)</u>	<u>(760,186)</u>
Provision for franchise taxes	<u>38,700</u>	<u>38,700</u>
Net loss	<u>\$ (1,847,788)</u>	<u>\$ (932,004)</u>

See accompanying notes to consolidated financial statements.

ROCKFISH SEAFOOD GRILL, INC.

CONSOLIDATED STATEMENTS OF CHANGES TO STOCKHOLDER'S DEFICIT

YEARS ENDED DECEMBER 25, 2024 AND DECEMBER 27, 2023

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>			
Balance at December 28, 2022	1,000	\$ 1	\$ 9,029,237	\$ (23,760,539)	\$ (14,731,301)
Net loss	-	-	-	(932,004)	(932,004)
Balance at December 27, 2023	1,000	1	9,029,237	(24,692,543)	(15,663,305)
Net loss	-	-	-	(1,847,788)	(1,847,788)
Balance at December 25, 2024	1,000	\$ 1	\$ 9,029,237	\$ (26,540,331)	\$ (17,511,093)

See accompanying notes to consolidated financial statements.

ROCKFISH SEAFOOD GRILL, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	<u>December 25, 2024</u>	<u>December 27, 2023</u>
Operating Activities:		
Net loss	\$ (1,847,788)	\$ (932,004)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	461,151	358,251
Non-cash interest expense on related party debt	1,611,229	1,549,052
Non-cash lease costs	1,109,904	1,048,896
Gain on lease modification	(275,657)	-
Changes in operating assets and liabilities:		
Inventories	1,457	19,251
Prepaid expenses and other current assets	4,824	(28,033)
Other assets	-	34,629
Operating lease liabilities	(1,117,731)	(1,057,188)
Accounts payable and accrued expenses	(403,680)	(375,916)
Net cash (used in) provided by operating expenses	<u>(456,291)</u>	<u>616,938</u>
Investing Activities:		
Purchases of property and equipment	(583,900)	(492,023)
Net cash used in investing activities	<u>(583,900)</u>	<u>(492,023)</u>
Net (decrease) increase in cash and cash equivalents	<u>(1,040,191)</u>	<u>124,915</u>
Cash and cash equivalents, beginning of year	<u>1,275,768</u>	<u>1,150,853</u>
Cash and cash equivalents, end of year	<u>\$ 235,577</u>	<u>\$ 1,275,768</u>
Supplemental cash flow information:		
Cash paid during the year for interest	<u>\$ 183,081</u>	<u>\$ 753,401</u>
Cash paid during the year for state income taxes	<u>\$ 38,700</u>	<u>\$ 38,700</u>
Supplemental disclosure of non-cash information:		
Right of use assets assumed through lease liabilities	<u>\$ -</u>	<u>\$ 1,466,152</u>

See accompanying notes to consolidated financial statements.

ROCKFISH SEAFOOD GRILL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 25, 2024 AND DECEMBER 27, 2023

A. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Rockfish Seafood Grill, Inc., is a Delaware Corporation formed on June 18, 2008, for the purpose of acquiring the net assets of Rockfish Seafood Grill, LLC. on July 28, 2008. Rockfish Seafood Grill Inc. owns 100% of Rockfish Beverage Corporation, Inc. (collectively, the “Company”). The Company operated 7 and 10 restaurants in Texas under the name of Rockfish Seafood Grill as of December 25, 2024 and December 27, 2023, respectively. Rockfish Seafood Grill, Inc. is 100% owned by Rockfish Holdings, LLC (“Parent”). The consolidated financial statements include the accounts of Rockfish Seafood Grill, Inc. and its 100% owned subsidiaries. All significant intercompany accounts and transactions have been eliminated upon consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the report amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fiscal Year

The Company reports on a 52-week year. Fiscal year 2024 began on December 28, 2023 and ended December 25, 2024. Fiscal year 2023 began on December 29, 2022 and ended December 27, 2023.

Cash and Cash Equivalents

The Company considers all liquid investments with original maturities of three months or less and credit card clearing accounts to be cash equivalents. At December 25, 2024 and December 27, 2023, the Company had no such investments. The Company maintains deposits primarily in one financial institution, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (“FDIC”). The Company has not experienced any losses related to amounts in excess of FDIC limits.

Inventory

Inventories consist of food, beverages, and alcohol, and are stated at the lower of cost using the first-in, first-out method, or net realizable value.

ROCKFISH SEAFOOD GRILL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

A. Nature of Operations and Summary of Significant Accounting Policies – continued

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation, and amortization. Depreciation and amortization are charged to expense on the straight-line basis over the estimated useful life of each asset. Leasehold improvements are amortized over the shorter of the expected lease term or their respective estimated useful lives. The estimated lease term is based on the likely period of the leasing arrangement including renewal periods.

The Company capitalizes all direct costs of constructing and readying new restaurant locations as construction in progress. Once the construction is completed, the total costs are transferred to the various categories of capital assets and are amortized on a basis consistent with similar assets.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Restaurant equipment	5-10 years
Furniture, fixtures, and computer equipment	3-7 years

Leases

The Company has leases for its office and restaurant spaces. A lease provides the lessee the right to control the use of an identified asset for a period of time in exchange for consideration. Operating lease right-of-use assets and finance lease right of use assets (collectively “ROU assets”) represent the Company’s right to use an underlying asset for the lease term. Operating lease liabilities and finance lease liabilities (collectively, “lease liabilities”) represent the Company’s obligation to make lease payments arising from the lease. The Company determines if an arrangement is a lease at inception. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Company excludes short-term leases having initial terms of 12 months or less from ROU assets and lease liabilities and recognizes rent expense on a straight-line basis over the lease term. Operating leases are included in right of use asset – operating leases and operating lease liabilities on the accompanying consolidated balance sheets.

Most operating leases contain renewal options that provide for rent increases based on prevailing market conditions. The Company has lease extension terms for the office spaces that have either been extended or are likely to be extended. The terms used to calculate the ROU assets and lease liabilities for these properties include the renewal options that the Company is reasonably certain to exercise.

The discount rate used to determine the commencement date present value of lease payments is the interest rate implicit in the lease, or when that is not readily determinable, the Company utilizes its incremental borrowing rate, which is based on the weighted average borrowing rate at lease inception. ROU assets include any lease payments required to be made prior to commencement and exclude lease incentives. Both ROU assets and lease liabilities exclude variable payments not based on an index or rate, which are treated as period costs. The Company’s lease agreements do not contain residual value guarantees, restrictions or covenants.

ROCKFISH SEAFOOD GRILL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

A. Nature of Operations and Summary of Significant Accounting Policies – continued

Leases – continued

The Company's office and restaurant lease agreements contain lease and non-lease components, which we account for separately. For these leases, there may be variability in future lease payments as the amount of non-lease component is typically revised from one period to the next. These variable lease payments, which are primarily comprised of common area maintenance, utilities, taxes, and other related fees that are passed on from the lessor in proportion to the leased space, are recognized in operating expenses in the period in which the obligation for those payments was incurred.

Long-Lived Assets Impairment

The Company evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. The Company does not perform a periodic assessment of assets for impairment in the absence of such information or indicators. Conditions that would necessitate an impairment include a significant decline in the observable market value of an asset, a significant change in the extent or manner in which an asset is used, or a significant adverse change that would indicate that the carrying amount of an asset or group of assets is not recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimate future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

There were no impairment indicators during the years ended December 25, 2024 or December 27, 2023, and no impairment charge was recorded.

Revenue Recognition

The Company's revenue is primarily generated from the sale of food, beverage, and alcohol and is recognized when the product is sold as this is the point in time that control of the product transfers to the customer. Revenue is presented net of any taxes collected from customers and remitted to government entities. Customer payments are generally due at the time of sale.

ROCKFISH SEAFOOD GRILL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

A. Nature of Operations and Summary of Significant Accounting Policies – continued

Income Taxes

The Company accounts for income taxes in accordance with income tax accounting guidance Accounting Standards Codification (“ASC”) 740, *Income Taxes*. The income tax accounting guidance results in two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Company determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur.

Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are recognized if it is more-likely-than-not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term “more-likely-than-not” means a likelihood of more than 50%; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances, and information available at the reporting date and is subject to the management’s judgment. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more-likely-than-not that some portion or all of a deferred tax asset will not be realized. The Company recognizes interest and penalties on income taxes as a component of income tax expense. The Company did not incur any penalties or interest during 2024 or 2023.

Taxes Collected from Customers and Remitted to Governmental Authorities

Taxes collected from customers and remitted to governmental authorities are presented in the accompanying consolidated statements of operations on a net basis and accordingly, are not included in revenues.

Advertising

The Company expenses advertising costs as incurred. Advertising expense for the years ended December 25, 2024 and December 27, 2023, totaled \$95,474 and \$99,440, respectively, and are included in restaurant expenses in the accompanying consolidated statements of operations.

Pre-Opening Expenses

Salaries, personnel training costs, and other expenses of opening new restaurants are charged to expense as incurred.

ROCKFISH SEAFOOD GRILL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

A. Nature of Operations and Summary of Significant Accounting Policies – continued

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations.

B. Liquidity Matters and Management's Plans

The Company incurred a net loss of approximately \$1,848,000 during the year ended December 25, 2024 and \$932,000 during the year ended December 27, 2023. On December 25, 2024, the Company had a working capital deficiency of \$17,126,243 including related party debt and accrued interest of \$15,467,523. During the year ended December 25, 2024, the Company had cash flow used in operations of \$456,291.

In March 2015, the Company restated its related party notes to increase the face value of the note to \$6,517,686, to remove the financial covenants under the agreement and to extend the maturity date of the note to March 31, 2018.

In June 2015, the Company restated its related party note with Princeton Capital Corporation ("Princeton"), the majority owner of Rockfish Holdings, LLC, to reduce the face value of the note to \$5,950,000 and amend the interest rate to be 14% payable quarterly with the ability of the Company to pay in kind up to 6% of the interest payments. The note is currently in default.

Additionally, in June 2015, the Company also entered into a revolving promissory note with Princeton in the amount of \$1,250,000. The revolving promissory note has been amended to bring the maximum balance to \$1,491,000 on December 28, 2016, and increased to \$2,251,000 on December 28, 2022. The note bears interest at 8%, matured June 29, 2017, and was extended to December 31, 2021. Effective December 31, 2024, Princeton extended the maturity date to December 31, 2027, and maintained the maximum balance at \$2,251,000.

During the years ended December 25, 2024 and December 27, 2023, the Company paid down prior year accrued interest and current year interest payments on the revolving promissory note.

The Company's majority owner, Princeton, has shown continued willingness not to require repayments of debt or accrued interest. Management estimates cash on hand and cash flows from operation will provide the Company with adequate cash available to operate the business for at least 12 months from the issuance of the consolidated financial statements.

ROCKFISH SEAFOOD GRILL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

C. Property and Equipment

Property and equipment consist of the following:

	December 25, 2024	December 27, 2023
Leasehold Improvements	\$ 5,558,544	\$ 5,211,521
Furniture, fixtures and computer equipment	810,810	691,316
Restaurant equipment	1,548,415	1,418,513
Construction in process	-	356,924
	7,917,769	7,678,274
Less accumulated depreciation and amortization	(6,714,667)	(6,597,921)
Property and equipment, net	\$ 1,203,102	\$ 1,080,353

Depreciation expense of property and equipment for the years ended December 25, 2024 and December 27, 2023 totaled \$461,151 and \$358,251, respectively.

D. Related Party Debt and Accrued Interest

In June 2015, the Company restated its related party note with Princeton to reduce the face value of the note to \$5,950,000 and amended the interest rate to be 14% payable quarterly with the ability of the Company to pay in kind up to 6% of the interest payments (see Note B).

Additionally, in June 2015, the Company also entered into a revolving promissory note with Princeton in the amount of \$1,250,000. The revolving promissory note has been amended to bring the maximum balance to \$1,491,000 on December 28, 2016, and increased to \$2,251,000 on December 28, 2022. The note bears interest at 8%, matured June 29, 2017, and was extended to December 31, 2021.

Effective December 31, 2024, Princeton extended the maturity date to December 31, 2027, and maintained the maximum balance of \$2,251,000.

As of December 25, 2024, the remaining outstanding debt with Princeton consists of a \$5,950,000 senior secured promissory note plus accrued interest of \$4,865,910 and paid in kind interest of \$4,651,613 added into this note balance that matured March 31, 2018, and has not been extended.

The senior secured promissory note is due currently and classified as in default. The amount due for interest not paid in kind totaled \$4,865,910 and \$4,051,124 on December 25, 2024 and December 27, 2023, respectively.

ROCKFISH SEAFOOD GRILL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

E. Stock Options

The Company issued stock options to executive members of management during the year ended June 26, 2013. The stock options vest over a period of 10 years and expire if unexercised after 10 years. The options have accelerated vesting provisions if certain financial performance measures are met, or a change of control event occurs. As of December 28, 2022, there were 194,805 options outstanding, all of which had vested. The value of these options at the grant date was determined to be insignificant. As of December 27, 2023, all outstanding stock options had expired and none were outstanding.

F. Income Taxes

The Company files income tax returns in the U.S. federal jurisdiction and two state jurisdictions. Deferred taxes are provided for the temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities.

The temporary differences that give rise to the Company's deferred tax assets and liabilities are approximately as follows:

	December 25, 2024	December 27, 2023
Rent	\$ 115,000	\$ 134,000
Other	1,587,752	913,000
Property and equipment	316,000	394,000
Related party interest	1,428,148	1,684,000
Net operating loss carryforward	<u>2,962,100</u>	<u>3,041,000</u>
Net deferred tax before valuation allowance	6,409,000	6,166,000
Valuation allowance	<u>(6,409,000)</u>	<u>(6,166,000)</u>
Net deferred tax asset	<u>\$ -</u>	<u>\$ -</u>

Differences between statutory income tax rates and the Company's effective income tax rate for the years ended December 25, 2024 and December 27, 2023, were primarily caused by the increase in the valuation allowance, which at December 25, 2024 and December 27, 2023, totaled approximately \$6,409,000 and \$6,166,000, respectively, amounts not deductible for income tax purposes and other adjustments. The valuation allowance increased by approximately \$243,000 from December 27, 2023 to December 25, 2024.

The Company has a federal net operating loss carry forward of approximately \$14,482,000 on December 25, 2024. The net operating loss carryforward may be limited because of ownership changes as defined in Section 382 of the Internal Revenue Code.

ROCKFISH SEAFOOD GRILL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

G. Accrued Expenses and Other Liabilities

Accrued expenses consist of the following:

	December 25, 2024	December 27, 2023
Payroll and payroll related	\$ 272,280	\$ 354,622
Legal settlement	-	127,500
Accrued taxes	160,396	59,265
Promotional expenses	51,046	-
Total	\$ 483,722	\$ 541,387

H. Leases

The Company has leases for its office and restaurant spaces. Most operating leases contain renewal options that provide for rent increases based on prevailing market conditions. The Company has lease extension terms for our office spaces that have either been extended or are likely to be extended. The terms used to calculate the ROU assets and lease liabilities for these properties include the renewal options that the Company is reasonably certain to exercise.

Total operating lease costs were approximately \$1,466,000 and \$1,353,000 for the years ended December 25, 2024 and December 27, 2023 and were included within restaurant expenses in the accompanying consolidated statements of operations for the years then ended.

Management revised the method in which estimates related to lease extensions are accounted for; resulting in a gain of \$275,657 which was included within restaurant expenses in the accompanying consolidated statement of operations for the year ended December 25, 2024.

The components of lease operating costs during the years ended December 25, 2024 and December 27, 2023 are approximately as follows:

	2024	2023
Operating lease cost	\$ 1,110,000	\$ 1,049,000
Variable lease cost	356,000	284,000
Short-term lease cost	-	20,000
Total operating lease costs	\$ 1,466,000	\$ 1,353,000

ROCKFISH SEAFOOD GRILL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

H. Leases - continued

Maturities of operating lease liabilities as of December 25, 2024, are as follows:

2025	\$	860,405
2026		863,118
2027		883,891
2028		456,424
2029		262,450
Thereafter		421,998
Total lease payments		<u>3,748,286</u>
Less present value discount		626,365
Lease liabilities	\$	<u><u>3,121,921</u></u>

Weighted average lease term and discount rate as of December 25, 2024 and December 27, 2023, are as follows:

	<u>2024</u>	<u>2023</u>
Weighted average remaining lease term (years)		
Operating leases	4.75	7.84
Weighted average discount rate		
Operating leases	8.00%	8.00%

I. Significant Estimates and Concentrations

GAAP requires disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Litigation

The Company may be subject to various claims and legal proceedings that arise in the ordinary course of its business from time to time. The Company will make provision for a potential liability when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. No provision related to claims or litigation was recorded at December 25, 2024. As of December 27, 2023, the Company accrued \$127,500 related to legal settlements.

Vendor Concentrations

Purchases from two vendors represented approximately 71% of the Company's cost of revenues for the years ended December 25, 2024 and December 27, 2023.

ROCKFISH SEAFOOD GRILL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

J. Employee Retention Tax Credit

Under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) signed into law on March 27, 2020, and the subsequent extension of the CARES Act, the Company was eligible for a refundable employee retention tax credit (“ERC”) subject to certain criteria. The Company recognized and received payment for an ERC of approximately \$791,000 during the year ended December 27, 2023, which has been recorded in other income on the consolidated statements of operation. The Company’s ERC could potentially be subject to audit by the IRS until the statute of limitations expires.

K. Subsequent Events

Effective December 31, 2024, the Company amended its debt agreement with Princeton to extend the revolving promissory note maturity to December 31, 2027.

Subsequent events have been evaluated through March 26, 2025, the date the consolidated financial statements were available to be issued.