

Investcorp Credit Management BDC, Inc. Reports Results for its Fiscal First Quarter Ended September 30, 2019

Investcorp Credit Management BDC, Inc. (NASDAQ: ICMB) (“ICMB” or the “Company”) announced its financial results today for its fiscal first quarter ended September 30, 2019. The Company was formerly known as CM Finance Inc until August 30, 2019.

HIGHLIGHTS

- **ICMB made four investments in four portfolio companies. The Company invested \$20.3mm during the quarter. The weighted average yield of debt investments made in the quarter was 8.18%, inclusive of funding a revolving commitment.**
- **Four investments were fully realized during the quarter. These were the Company’s investments in FPC Holdings, Immucor , PR Wireless, and Sears Holding Company.**
- **The weighted average yield on debt investments, at cost, decreased six basis points to 10.44%, compared to 10.50% as of June 30, 2019. The change in LIBOR during the quarter accounted for a negative 26 basis point effect on the yield of the Company’s debt portfolio.**
- **Net asset value (“NAV”) decreased \$0.32 per share (or 3.04%) to \$10.19, compared to \$10.51 as of June 30, 2019.**

Portfolio results, as of September 30, 2019:

Total assets	\$319.3mm
Investment portfolio, at fair value	\$302.2mm
Net assets	\$138.8mm
Weighted average yield on debt investments, at cost	10.44%
Net asset value per share	\$10.19
Portfolio activity in the current quarter:	
Number of new investments	4
Total capital invested	\$20.3mm
Proceeds from repayments, sales, and amortization	\$21.5mm
Number of portfolio companies, end of period	33
Net investment income (NII)	\$3.5mm
Net investment income per share	\$0.26
Net decrease in net assets from operations	\$0.9mm
Net decrease in net assets from operations per share	\$0.07
Quarterly per share distribution paid on October 16, 2019	\$0.25

Mr. Michael C. Mauer, the Company’s Chief Executive Officer, said “On August 30th, we officially became part of the Investcorp credit platform. Our BDC was officially renamed, but our focus remains the same – originating secured lending opportunities to provide the best possible risk-adjusted returns to our stockholders. The team and I are excited by the deal flow we are already seeing as part of a larger firm. We recognize that volatility is increasing in the leveraged finance markets and we’re confident that we are very well positioned to create unique investment opportunities as the broader environment begins to shift.”

On November 6, 2019, the Company’s Board of Directors (the “Board”) declared a distribution for the quarter ending December 31, 2019 of \$0.25 per share, payable on January 2, 2020, to stockholders of record as of December 13, 2019. This represents a 14.77% yield on the Company’s \$6.77 share price as of market close on November 11, 2019. Distributions may include net investment income, capital gains and/or return of capital, however, the Company does not expect the distribution to be comprised of a return of capital. The tax status of distributions will be determined at the end of the taxable year.

Portfolio and Investment Activities

During the quarter, the Company made investments in four portfolio companies, of which three were new portfolio companies, and one was an existing portfolio company. The aggregate capital invested during the quarter totaled \$20.3mm at cost, and investments were made at a weighted average yield of 8.18%.

The Company realized \$21.5mm of repayments, sales, and amortization, including sales of FPC Holdings, Immucor, PR Wireless, and Sears Holding Company, as well as the sale of a portion of the Company's position in Specialty Building Products Holdings. The Company realized and unrealized gains and losses accounted for a decrease in the Company's net investments of approximately \$4.4mm, or \$0.33 per share. The total net decrease in net assets resulting from operations for the quarter was \$0.9mm, or \$0.07 per share.

As of September 30, 2019, the Company's investment portfolio consisted of investments in 33 portfolio companies, of which 77.9% were first lien investments, 18.4% were second lien investments, and 3.7% were unitranche loans. The Company's debt portfolio consisted of 96.8% floating rate investments and 3.2% fixed rate investments.

As of September 30, 2019, the Company had one investment on non-accrual status, the Term Loan B of Fusion Connect Inc.

Capital Resources

As of September 30, 2019, the Company had \$3.4mm in cash, \$7.4mm in restricted cash and \$11.0mm of capacity under its revolving credit facility with UBS AG, London Branch.

Subsequent Events

On October 18, 2019, the Company closed the public offering of \$15mm in aggregate principal amount of additional 6.125% notes due 2023 (the "Notes"). The Notes constitute a further issuance of, rank equally in right of payment with, and form a single series with the \$34.5mm in aggregate principal amount of the 6.125% Notes due 2023 that the Company initially issued on July 2, 2018 and July 12, 2018. On November 7, 2019, the underwriters exercised their option to purchase an additional \$1.875 million in aggregate principal of the Notes. The total net proceeds received by the Company from the sale of the Notes, including the exercise of the underwriters' option, was approximately \$16.4mm, based on the purchase price paid by the underwriters of 96.875% of the aggregate principal amount of the Notes, after deducting estimated offering expenses of approximately \$255,000 payable by the Company.

Subsequent to September 30, 2019 and through November 11, 2019, the Company invested \$19.0mm in new and existing portfolio companies and received no sales proceeds. As of November 11, 2019, the Company had 35 portfolio companies.

On November 6, 2019, the Board declared a distribution for the quarter ended December 31, 2019 of \$0.25 per share payable on January 2, 2020 to stockholders of record as of December 13, 2019.

Investcorp Credit Management BDC, Inc. and Subsidiaries
Consolidated Statements of Assets and Liabilities

	September 30, 2019 (Unaudited)	June 30, 2019
Assets		
Non-controlled, non-affiliated investments, at fair value (amortized cost of \$321,790,047 and \$ 321,504,359, respectively)	\$ 302,204,646	\$ 306,390,993
Cash	3,428,615	19,706,281
Cash, restricted	7,403,479	6,589,901
Receivable for investments sold	2,670,233	820,332
Interest receivable	3,321,581	3,090,639
Deferred offering costs	121,922	121,922
Prepaid expenses and other assets	179,459	227,924
Total Assets	\$ 319,329,935	\$ 336,947,992
Liabilities		
Notes payable:		
Term loan	\$ 122,000,000	\$ 122,000,000
Revolving credit facility	19,047,551	11,026,670
2023 Notes payable	34,500,000	34,500,000
Deferred debt issuance costs	(1,753,135)	(2,000,262)
Notes payable, net	173,794,416	165,526,408
Payable for investments purchased	385,644	22,276,343
Dividend payable	3,406,383	3,404,923
Deferred financing costs payable	1,037,000	1,037,000
Income-based incentive fees payable	545,639	545,991
Base management fees payable	436,965	-
Accrued provision for taxes	-	13,778
Interest payable	836,602	724,222
Directors' fees payable	75,480	95,240
Accrued expenses and other liabilities	-	240,197
Total Liabilities	180,518,129	193,864,102
Commitments and Contingencies (Note 6)		
Net Assets		
Common stock, par value \$0.001 per share (100,000,000 shares authorized, 13,625,533 and 13,619,690 shares issued and outstanding, respectively)	13,626	13,620
Additional paid-in capital	198,485,768	198,444,923
Distributable earnings (loss)	(59,687,588)	(55,374,653)
Total Net Assets	138,811,806	143,083,890
Total Liabilities and Net Assets	\$ 319,329,935	\$ 336,947,992
Net Asset Value Per Share	\$ 10.19	\$ 10.51

See notes to unaudited consolidated financial statements.

Investcorp Credit Management BDC, Inc. and Subsidiaries
Consolidated Statements of Operations (Unaudited)

	For the Three months ended	
	September 30,	
	2019	2018
Investment Income:		
Interest income	\$ 7,570,262	\$ 7,654,840
Payment in-kind interest income	907,777	413,620
Dividend income	-	31,275
Other fee income	80,395	155,155
Total investment income	8,558,434	8,254,890
Expenses:		
Interest expense	2,351,745	2,264,857
Base management fees	1,355,078	1,351,855
Income-based incentive fees	-	120,321
Professional fees	309,853	232,800
Allocation of administrative costs from advisor	352,000	338,063
Amortization of deferred debt issuance costs	195,377	195,377
Insurance expense	83,762	84,440
Directors' fees	82,500	101,250
Custodian and administrator fees	129,872	7,500
Offering expense	51,750	51,750
Other expenses	156,270	119,181
Total expenses	5,068,207	4,867,394
Waiver of base management fees	(44,183)	-
Waiver of income-based incentive fees	-	(22,000)
Net expenses	5,024,024	4,845,394
Net investment income	3,534,410	3,409,496
Net realized and unrealized gain/(loss) on investments:		
Net realized gain (loss) from investments	31,073	(258,192)
Net change in unrealized appreciation (depreciation) in value of investments	(4,472,035)	(1,723,263)
Total realized and unrealized gain (loss) on investments	(4,440,962)	(1,981,455)
Net increase (decrease) in net assets resulting from operations	\$ (906,552)	\$ 1,428,041
Basic and diluted:		
Net investment income per share	\$ 0.26	\$ 0.25
Earnings per share	\$ (0.07)	\$ 0.10
Weighted average shares of common stock outstanding	13,625,279	13,650,097
Distributions paid per common share	\$ 0.25	\$ 0.25

See notes to unaudited consolidated financial statements.

About Investcorp Credit Management BDC, Inc.

The Company is an externally-managed, closed-end, non-diversified management investment company that has elected to be regulated as a business development company under the Investment Company Act of 1940. The Company's investment objective is to maximize the total return to its stockholders in the form of current income and capital appreciation through debt and related equity investments by targeting investment opportunities with favorable risk-adjusted returns. The Company seeks to invest primarily in middle-market companies that have annual revenues of at least \$50mm and earnings before interest, taxes, depreciation and amortization of at least \$15mm. The Company's investment activities are managed by its investment adviser, CM Investment Partners LLC. To learn more about Investcorp Credit Management BDC, Inc., please visit www.icmbdc.com.

Forward-Looking Statements

Statements included herein may contain "forward-looking statements," which relate to future performance or financial condition. Statements other than statements of historical facts included in this press release may constitute forward-looking statements and are not guarantees of future performance or results and involve a number of assumptions, risks and uncertainties, which change over time. Actual results may differ materially from those anticipated in any forward-looking statements as a result of a number of factors, including those described from time to time in filings by the Company with the Securities and Exchange Commission. The Company undertakes no duty to update any forward-looking statement made herein except as required by law. All forward-looking statements speak only as of the date of this press release.

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