

Investcorp Credit Management BDC, Inc. Reports Results for its Fiscal Third Quarter Ended March 31, 2020

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Investcorp Credit Management BDC, Inc. →

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NEW YORK, May 11, 2020 /PRNewswire/ -- Investcorp Credit Management BDC, Inc. (NASDAQ: ICMB) ("ICMB" or the "Company") announced its financial results today for its fiscal third quarter ended March 31, 2020.

HIGHLIGHTS

- ICMB made eight investments in six portfolio companies. The Company invested \$36.9mm during the quarter. The weighted average yield of debt investments made in the quarter was 9.11%.
- Investments in ACProducts, Inc., Montreign Operating Company, LLC., and TouchTunes Interactive Networks, Inc., were fully realized during the quarter.
- The weighted average yield on debt investments, at cost, decreased 22 basis points to 10.19%, compared to 10.41% as of December 31, 2019. The change in LIBOR during the quarter accounted for a negative 64 basis point effect on the yield of the Company's debt portfolio.
- Net asset value ("NAV") decreased \$2.00 per share (or 19.70%) to \$8.15, compared to \$10.15 as of December 31, 2019.

Portfolio results, as of March 31, 2020:

Total assets	\$313.7mm
Investment portfolio, at fair value	\$274.9mm
Net assets	\$113.1mm
Weighted average yield on debt investments, at cost	10.19%
Net asset value per share	\$8.15
Portfolio activity in the current quarter:	
Number of new investments	8
Total capital invested	\$36.9mm
Proceeds from repayments, sales, and amortization	\$41.2mm
Number of portfolio companies, end of period	38
Net investment income (NII)	\$3.4mm
Net investment income per share	\$0.25
Net increase in net assets from operations	\$(24.2)mm
Net increase in net assets from operations per share	(\$1.76)
Quarterly per share distribution paid on April 2, 2020	\$0.25

Mr. Michael C. Mauer, the Company's Chief Executive Officer, said, "This year has presented us with an environment we could not have anticipated. That said, we had been positioning our portfolio for a cycle and disruption. With 90% of the portfolio in first lien, we have been positioned conservatively and defensively. Our portfolio companies continue to perform relatively well. Even with that, our portfolio has been exposed to the same economic effects of the global pandemic as everyone else. We continue to be focused on stabilizing the portfolio and positioning for a rebound as we emerge from this. Our primary focus is the preservation of our shareholders' capital and the longer-term performance of the company."

Our dividend framework provides a quarterly base dividend and is supplemented (when applicable) by additional dividends determined by the level of overearnings on a net investment income basis relative to the base dividend level.

On May 7, 2020, the Company's Board of Directors (the "Board") declared a distribution for the quarter ending June 30, 2020 of \$0.15 per share, payable on July 10, 2020, to stockholders of record as of June 19, 2020, in addition to a supplemental distribution of \$0.03 per share, payable of July 10, 2020, to stockholders of record as of June 19, 2020.

These distributions represent a 21.18% yield on the Company's \$3.40 share price as of market close on May 8, 2020. 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 six portfolio companies, of which four were new portfolio companies, and two were existing portfolio companies. The aggregate capital invested during the quarter totaled \$36.9mm at cost, and investments were made at a weighted average yield of 9.11%.

The Company realized \$41.2mm of repayments, sales, and amortization, including the repayments of ACProducts, Inc, CareerBuilder, LLC, Fusion Connect, Inc. – Superpriority Secured DIP, Montreign Operating Co LLC and Touchtunes Interactive Networks, Inc., as well as the sale of a portion of the Company's position in Specialty Building Products Holdings LLC.

The Company's realized and unrealized gains and losses accounted for a decrease in the Company's net investments of \$27.7mm, or \$2.01 per share. The total net decrease in net assets resulting from operations for the quarter was \$24.2.mm or \$1.76 per share.

As of March 31, 2020, the Company's investment portfolio consisted of investments in 38 portfolio companies, of which 84.3% were first lien investments, 11.3% were second lien investments, and 3.7% were unitranche loans. The Company's debt portfolio consisted of 98.1% floating rate investments and 1.9% fixed rate investments.

During the three months ended March 31, 2020, the Company's portfolio was negatively affected by the economic uncertainty caused by the novel coronavirus ("COVID-19") pandemic. The Company has closely monitored its portfolio companies throughout this period, including assessing portfolio companies' operational and liquidity exposure and outlook.

Capital Resources

As of March 31, 2020, the Company had \$11.0mm in cash, \$21.1mm in restricted cash and \$18.3mm of capacity under its revolving credit facility with UBS AG, London Branch.

Subsequent Events

Subsequent to March 31, 2020 and through May 8, 2020, the Company invested \$2.0mm in existing portfolio companies and received no repayments. As of May 8, 2020, the Company had 38 portfolio companies.

On May 7, 2020, the Board declared a distribution for the quarter ended June 30, 2020 of \$0.15 per share payable on July 10, 2020 to stockholders of record as of June 19, 2020. In addition, the Board declared a supplemental distribution for the quarter ending June 30, 2020 of \$0.03 per share, payable on July 10, 2020, to stockholders of record as of June 19, 2020.

In March 2020, the World Health Organization declared COVID-19 as a pandemic. Shortly thereafter, the United States declared a national emergency with respect to COVID-19. The outbreak of COVID-19 has severely impacted global economic activity and caused significant volatility and negative pressure in financial markets. The COVID-19 outbreak has become increasingly widespread in the United States, including in the markets in which the Company operates. The Company has been and continues to assess the effects of COVID-19 on its portfolio companies and is taking steps to help mitigate the adverse consequences to each of its portfolio companies stemming from the COVID-19 pandemic. Although the magnitude of the impact remains to be seen, the Company's portfolio companies and by extension its operating results will be adversely impacted by the COVID-19 pandemic. Any of the foregoing factors, or other cascading effects of the COVID-19 pandemic that are not currently foreseeable, could materially increase the Company's costs, negatively impact its investment income and damage the Company's results of operations and its liquidity position, possibly to a significant degree. The duration of any such impacts cannot be predicted.

Investcorp Credit Management BDC, Inc. and Subsidiaries

Consolidated Statements of Assets and Liabilities

	March 31, 2020	
	(Unaudited)	June 30, 2019
Assets		
Non-controlled, non-affiliated investments, at fair value (amortized cost of \$315,310,601 and \$ 321,504,359, respectively)	\$ 274,912,817	\$ 306,390,993
Cash	11,017,825	19,706,281
Cash, restricted	21,092,466	6,589,901
Receivable for investments sold	1,422,112	820,332
Interest receivable	2,737,421	3,090,639
Payment-in-kind interest receivable	379,527	-
Deferred offering costs	121,922	121,922
Other receivables	1,567,321	-
Prepaid expenses and other assets	<u>424,999</u>	<u>227,924</u>
Total Assets	<u>\$ 313,676,410</u>	<u>\$ 336,947,992</u>
Liabilities		
Notes payable:		
Term loan	\$ 122,000,000	\$ 122,000,000
Revolving credit facility	11,671,088	11,026,670
2023 Notes payable	51,375,000	34,500,000
Deferred debt issuance costs	<u>(1,715,535)</u>	<u>(2,000,262)</u>
Notes payable, net	183,330,553	165,526,408
Payable for investments purchased	8,858,179	22,276,343
Dividend payable	3,415,034	3,404,923
Deferred financing costs payable	1,037,000	1,037,000
Income-based incentive fees payable	737,659	545,991
Base management fees payable	1,296,037	-
Accrued provision for taxes	-	13,778
Interest payable	1,069,895	724,222
Directors' fees payable	21,559	95,240
Accrued expenses and other liabilities	<u>856,136</u>	<u>240,197</u>
Total Liabilities	<u>200,622,052</u>	<u>193,864,102</u>
Commitments and Contingencies (Note 6)		
Net Assets		
Common stock, par value \$0.001 per share (100,000,000 shares authorized, 13,870,248 and 13,619,690 shares issued and outstanding, respectively)	13,870	13,620
Additional paid-in capital	200,863,603	198,398,831
Distributable earnings (loss)	<u>(87,823,115)</u>	<u>(55,328,561)</u>
Total Net Assets	<u>113,054,358</u>	<u>143,083,890</u>
Total Liabilities and Net Assets	<u>\$ 313,676,410</u>	<u>\$ 336,947,992</u>
Net Asset Value Per Share	\$ 8.15	\$ 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			
	March 31,		For the nine months ended March 31,	
	2020	2019	2020	2019
Investment Income:				
Interest income	7,599,834	\$ 8,564,501	\$ 22,912,000	\$ 24,700,592
Payment in-kind interest income	916,303	-	3,278,294	953,928
Dividend income	-	15,607	-	46,882
Other fee income	313,543	142,483	629,269	575,003
Total investment income	8,829,680	8,722,591	26,819,563	26,276,405
Expenses:				
Interest expense	2,532,121	2,164,625	7,417,144	6,586,019
Base management fees	1,359,833	1,369,713	4,084,894	4,126,865
Income-based incentive fees	(19,370)	723,484	832,472	1,597,526
Provision for tax expense	135,024	131,304	145,042	144,250
Professional fees	394,868	251,158	1,094,828	717,486
Allocation of administrative costs from advisor	352,000	346,777	1,034,000	1,026,473
Amortization of deferred debt issuance costs	195,377	195,377	586,131	586,131
Insurance expense	100,044	83,987	267,567	252,867
Directors' fees	82,500	101,250	187,500	303,750
Custodian and administrator fees	74,637	243,823	282,106	258,823
Offering expense	86,906	51,750	224,260	155,250
Other expenses	156,428	18,399	433,288	373,613
Total expenses	5,450,368	5,681,647	16,589,232	16,129,053
Waiver of base management fees	(63,797)		(165,832)	-
Waiver of income-based incentive fees	(352)	(362,478)	(336,971)	(384,478)
Net expenses	5,386,219	5,319,169	16,086,429	15,744,575
Net investment income	3,443,461	3,403,422	10,733,134	10,531,830
Net realized and unrealized gain/(loss) on investments:				
Net realized gain (loss) from investments	(7,688,552)	(22,553,307)	(7,632,194)	(22,736,499)
Net change in unrealized appreciation (depreciation) in value of investments	(19,999,276)	17,792,347	(25,284,416)	2,892,876
Total realized and unrealized gain (loss) on investments	(27,687,828)	(4,760,960)	(32,916,610)	(19,843,623)
Net increase (decrease) in net assets resulting from operations	(24,244,367)	\$ (1,357,538)	\$ (22,183,476)	\$ (9,311,793)
Basic and diluted:				
Net investment income per share	0.25	\$ 0.25	\$ 0.78	\$ 0.77
Earnings per share	(1.76)	\$ (0.10)	\$ (1.62)	\$ (0.68)
Weighted average shares of common stock outstanding	13,791,581	13,613,694	13,694,611	13,634,370
Distributions paid per common share	0.25	\$ 0.25	\$ 0.75	\$ 0.75

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 in this press release may contain "forward-looking statements," which relate to future performance or financial condition, are based upon current expectations and are inherently uncertain. Any such statements, other than statements of historical fact, are likely to be affected by other unknowable future events and conditions, including elements of the future that are or are not under the Company's control and including the impact of COVID-19 and related changes in base interest rates and significant market volatility on our business, our portfolio companies, our industry and the global economy, and that the Company may or may not have considered; accordingly, such statements cannot be guarantees or assurances of any aspect of future performance. 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. All forward-looking statements speak only as of the date of this press release. The Company undertakes no duty to update any forward-looking statement made herein except as required by law.

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