

Investcorp Credit Management BDC, Inc. Announces Financial Results for the Quarter Ended March 31, 2021 and Quarterly and Supplemental Distributions

Investcorp Credit Management BDC, Inc. (NASDAQ: ICMB) (“ICMB” or the “Company”) announced its financial results today for its fiscal third quarter ended March 31, 2021.

HIGHLIGHTS

- **On May 6, 2021, the Company’s Board declared a distribution for the quarter ending June 30, 2021 of \$0.15 per share, payable on July 9, 2021, to stockholders of record as of June 18, 2021.**
- **ICMB made two investments in new portfolio companies. These investments totaled \$14.8 million. The weighted average yield of debt investments made in the quarter was 8.51%.**
- **ICMB fully realized four investments during the quarter, totaling \$17.9 million, and received additional partial repayments totaling \$4.1 million.**
- **The weighted average yield on debt investments, at cost, decreased 99 basis points to 8.77%, compared to 9.76% as of December 31, 2020.**
- **Net asset value (“NAV”) increased \$0.09 per share to \$7.93, compared to \$7.84 as of December 31, 2020. The net assets increased by \$1.2 million or 1.13% for the quarter ended March 31, 2021.**
- **On March 31, 2021, the Company closed the public offering of \$65.0 million in aggregate principal amount of 4.875% notes due 2026.**
- **On April 25, 2021, the Company redeemed the \$51.4 million principal amount of the 2023 Notes with an interest rate of 6.125% at 100% of their principal amount, plus the accrued and unpaid interest.**

Portfolio results, as of March 31, 2021:

Total assets	\$347.3mm
Investment portfolio, at fair value	\$251.8mm
Net assets	\$110.3mm
Weighted average yield on debt investments, at cost	8.77%
Net asset value per share	\$7.93
Portfolio activity in the current quarter:	
Number of new investments	2
Total capital invested	\$14.8mm
Proceeds from repayments, sales, and amortization	\$24.0mm
Number of portfolio companies, end of period	35
Net investment income (NII)	\$1.8mm
Net investment income per share	\$0.13
Net increase in net assets from operations	\$3.7mm
Net increase in net assets from operations per share	\$0.27
Quarterly per share distribution paid on April 1, 2021	\$0.18

Mr. Michael C. Mauer, the Company’s Chief Executive Officer, said “We are very pleased with the overall performance of our portfolio companies. Companies have adapted to operating in the COVID environment over the short term. Most of those affected are showing signs of a true recovery during the first quarter.”

The Company’s dividend framework provides a quarterly base dividend and is supplemented (when available) by additional dividends determined by the net investment income during the quarter.

On May 6, 2021, the Company’s Board of Directors (the “Board”) declared a distribution for the quarter ending June 30, 2021 of \$0.15 per share, payable on July 9, 2021, to stockholders of record as of June 18, 2021.

This distribution represents a 10.26% yield on the Company's \$5.85 share price as of market close on May 7, 2021. Distributions may include net investment income, capital gains and/or return of capital, however, the Company does not expect these distributions 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 two investments in new portfolio companies. The aggregate capital invested during the quarter totaled \$14.8 million, at cost, and the new debt investments were made at a weighted average yield of 8.51%.

The Company received proceeds of \$24.0mm from repayments, sales and amortization during the quarter, primarily related to the realizations of Limbach Holdings, Inc., BW Gas & Convenience, and Empire Resorts, Inc.

The Company's realized and unrealized gains and losses accounted for an increase in the Company's net investments of \$1.9 million, or \$0.13 per share. The total net increase in net assets resulting from operations for the quarter was \$3.7 million, or \$0.27 per share.

As of March 31, 2021, the Company's investment portfolio consisted of investments in 35 portfolio companies, of which 87.0% were first lien investments, 4.6% were second lien investments, 4.8% were unitranche loans, and 3.6% were equity, warrants, and other investments. The Company's debt portfolio consisted of 99.3% floating rate investments and 0.7% fixed rate investments.

Notes due 2026

On March 31, 2021, the Company closed the public offering of \$65.0 million in aggregate principal amount of 4.875% notes due 2026 (the "2026 Notes"). The total net proceeds to the Company from the 2026 Notes after deducting underwriting discounts and commissions of approximately \$1.3 million and estimated offering expenses of approximately \$215,000, were approximately \$63.1 million.

COVID-19 Developments

During the nine months ended March 31, 2021, 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. Though the magnitude of the impact remains to be seen, certain of the Company's portfolio companies and, by extension, select operating results have been, and may continue to be, adversely impacted by the COVID-19 pandemic. For additional information about the COVID-19 pandemic and its potential impact on the Company's results of operations and financial condition, please refer to the disclosure in the Company's Form 10-Q for the quarter ended March 31, 2021.

Capital Resources

As of March 31, 2021, the Company had \$86.4 million in cash, of which \$6.5 million was in restricted cash and \$20.0 million of capacity under its revolving credit facility with UBS AG, London Branch.

Subsequent Events

Subsequent to March 31, 2021 and through May 7, 2021, the Company invested \$12.4 million in two new portfolio companies and received \$23.1 million in repayments. As of May 7, 2021, the Company had 36 portfolio companies.

On April 25, 2021, the Company redeemed in full all \$51,375,000 in aggregate principal amount of its 6.125% notes due 2023 (the "2023 Notes") at 100% of their principal amount (\$25 per 2023 Note), plus the accrued and unpaid interest thereon from April 1, 2021, through, but excluding, April 25, 2021.

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

	March 31, 2021 (Unaudited)	June 30, 2020
Assets		
Non-controlled, non-affiliated investments, at fair value (amortized cost of \$292,472,716 and \$ 316,924,638, respectively)	\$ 251,804,495	\$ 270,621,709
Cash	79,910,418	14,876,444
Cash, restricted	6,544,038	5,417,118
Receivable for investments sold	5,788,673	1,576,730
Interest receivable	2,015,469	2,301,641
Payment-in-kind interest receivable	198,786	514,643
Other receivables	427,208	1,135,563
Prepaid expenses and other assets	575,421	350,661
Total Assets	\$ 347,264,508	\$ 296,794,509
Liabilities		
Notes payable:		
Term loan	\$ 102,000,000	\$ 102,000,000
Revolving credit facility	-	30,000,000
2023 Notes payable	51,375,000	51,375,000
2026 Notes payable	65,000,000	-
Deferred debt issuance costs	(2,083,458)	(1,042,497)
Unamortized discount	(355,550)	-
Notes payable, net	215,935,992	182,332,503
Payable for investments purchased	14,810,000	-
Dividend payable	2,504,677	2,499,360
Income-based incentive fees payable	649,122	707,796
Base management fees payable	1,075,820	1,196,937
Interest payable	950,594	1,000,452
Directors' fees payable	25,734	24,559
Accrued expenses and other liabilities	1,012,589	907,907
Total Liabilities	236,964,528	188,669,514
Commitments and Contingencies (Note 6)		
Net Assets		
Common stock, par value \$0.001 per share (100,000,000 shares authorized, 13,914,872 and 13,885,335 shares issued and outstanding, respectively)	13,915	13,885
Additional paid-in capital	200,885,428	200,779,949
Distributable earnings (loss)	(90,599,363)	(92,668,839)
Total Net Assets	110,299,980	108,124,995
Total Liabilities and Net Assets	\$ 347,264,508	\$ 296,794,509
Net Asset Value Per Share	\$ 7.93	\$ 7.79

See notes to unaudited consolidated financial statements.

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

	For the three months ended		For the nine months ended	
	March 31,		March 31,	
	2021	2020	2021	2020
Investment Income:				
Interest income	\$ 5,386,448	\$ 7,599,834	\$ 17,297,387	\$ 22,912,000
Payment in-kind interest income	541,625	916,303	2,273,369	3,278,294
Other fee income	82,214	313,543	498,278	629,269
Total investment income	<u>6,010,287</u>	<u>8,829,680</u>	<u>20,069,034</u>	<u>26,819,563</u>
Expenses:				
Interest expense	1,657,005	2,532,121	5,476,505	7,417,144
Base management fees	1,160,047	1,359,833	3,570,259	4,084,894
Income-based incentive fees	-	(19,370)	-	832,472
Provision for tax expense	263,103	135,024	268,883	145,042
Professional fees	372,475	394,868	1,011,925	1,094,828
Allocation of administrative costs from advisor	356,500	352,000	1,064,500	1,034,000
Amortization of deferred debt issuance costs	-	195,377	-	586,131
Insurance expense	116,818	100,044	333,190	267,567
Directors' fees	78,625	82,500	233,875	187,500
Custodian and administrator fees	62,680	74,637	192,429	282,106
Offering expense	86,906	86,906	259,039	224,260
Other expenses	119,735	156,428	364,835	433,288
Total expenses	<u>4,273,894</u>	<u>5,450,368</u>	<u>12,775,440</u>	<u>16,589,232</u>
Waiver of base management fees	(84,227)	(63,797)	(291,557)	(165,832)
Waiver of income-based incentive fees	-	(352)	-	(336,971)
Net expenses	<u>4,189,667</u>	<u>5,386,219</u>	<u>12,483,883</u>	<u>16,086,429</u>
Net investment income	<u>1,820,621</u>	<u>3,443,461</u>	<u>7,585,151</u>	<u>10,733,134</u>
Net realized and unrealized gain/(loss) on investments:				
Net realized gain (loss) from investments	(3,645,094)	(7,688,552)	(3,641,401)	(7,632,194)
Net change in unrealized appreciation (depreciation) in value of investments	5,522,809	(19,999,276)	5,634,708	(25,284,416)
Total realized and unrealized gain (loss) on investments	<u>1,877,715</u>	<u>(27,687,828)</u>	<u>1,993,307</u>	<u>(32,916,610)</u>
Net increase (decrease) in net assets resulting from operations	<u>\$ 3,698,336</u>	<u>\$ (24,244,367)</u>	<u>\$ 9,578,458</u>	<u>\$ (22,183,476)</u>
Basic and diluted:				
Net investment income per share	\$ 0.13	\$ 0.25	\$ 0.55	\$ 0.78
Earnings per share	\$ 0.27	\$ (1.76)	\$ 0.69	\$ (1.62)
Weighted average shares of common stock outstanding	13,914,351	13,791,581	13,904,344	13,694,611
Distributions paid per common share	\$ 0.18	\$ 0.25	\$ 0.54	\$ 0.75

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 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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