

Investcorp Credit Management BDC, Inc. Announces Financial Results for the Quarter Ended December 31, 2021 and Quarterly Distribution

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

HIGHLIGHTS

- **On February 3, 2022, the Company’s Board of Directors (the “Board”) declared a distribution of \$0.15 per share for the quarter ending March 31, 2022, payable in cash on March 31, 2022, to stockholders of record as of March 11, 2021.**
- **During the quarter, ICMB made investments in seven new portfolio companies and seven existing portfolio companies. These investments totaled \$66.5 million, at cost. The weighted average yield (at origination) of debt investments made in the quarter was 7.83%.**
- **ICMB fully realized six investments during the quarter, totaling \$42.2 million in proceeds. The internal rate of return on these investments was 12.84%.**
- **During the quarter, the Company made net advances of \$0.6 million on our revolving credit commitments.**
- **The weighted average yield on debt investments, at cost, to 8.16% for the quarter ended December 31, 2021, compared to 8.12% for the quarter ended September 30, 2021.**
- **Net asset value increased \$0.09 per share to \$7.09, compared to \$7.00 as of September 30, 2021. Net assets increased by \$1.3 million or 1.29% , during the quarter ended December 31, 2021.**

Portfolio results, as of and for the three months ended December 31, 2021:

Total assets	\$308.8mm
Investment portfolio, at fair value	\$269.4mm
Net assets	\$102.0mm
Weighted average yield on debt investments, at cost ⁽¹⁾	8.16%
Net asset value per share	\$7.09
Portfolio activity in the current quarter:	
Number of investments	21
Total capital invested	\$66.5mm
Proceeds from repayments, sales, and amortization	\$45.2mm
Number of portfolio companies, end of period	38
Net investment income (NII)	\$2.1mm
Net investment income per share	\$0.15
Net increase in net assets from operations	\$3.4mm
Net increase in net assets from operations per share	\$0.24
Quarterly per share distribution paid on January 4, 2022	\$0.15

(1) Represents weighted average yield on total debt investments for the three months ended December 31, 2021. Weighted average yield on total debt investments is the annualized rate of interest income recognized during the period divided by the average amortized cost of debt investments in the portfolio during the period. The weighted average yield on total debt investments reflected above does not represent actual investment returns to the Company’s stockholders.

Mr. Michael C. Mauer, the Company’s Chief Executive Officer, said “The December quarter saw record originations, at reasonable leverage levels, maintaining our debt portfolio portfolio’s average return. We covered our dividend year-to-date and increased our NAV. We also executed under the promise to co-invest in equity positions with Investcorp’s North American Private Equity group, with continued momentum under that plan. All of this resulted in a more diverse portfolio with stable income.”

The Company's dividend framework provides a quarterly base dividend and may be supplemented, at the discretion of the Board, by additional dividends as determined to be available by the Company's net investment income and performance during the quarter.

On February 3, 2022, the Board declared a distribution of \$0.15 per share for the quarter ending March 31, 2022, payable in cash on March 31, 2022, to stockholders of record as of March 11, 2022.

This distribution represents a 12.12% yield on the Company's \$4.95 share price as of market close on December 31, 2021. Distributions may include net investment income, capital gains and/or return of capital, however, the Company does not expect the dividend for the quarter ending March 31, 2022 to be comprised of a return of capital. The Company's investment adviser monitors available taxable earnings, including net investment income and realized capital gains, to determine if a return of capital may occur for the year. The Company estimates the source of its distributions as required by Section 19(a) of the Investment Company Act of 1940 to determine whether payment of dividends are expected to be paid from any other source other than net investment income accrued for the current period or certain cumulative periods, but the Company will not be able to determine whether any specific distribution will be treated as made out of taxable earnings or as a return of capital until after at the end of the taxable year.

Portfolio and Investment Activities

During the quarter, the Company made investments in seven new portfolio companies and seven existing portfolio companies. The aggregate capital invested during the quarter totaled \$66.5 million, at cost, and the debt investments were made at a weighted average yield of 7.83%.

The Company received proceeds of \$45.2 million from repayments, sales and amortization during the quarter, primarily related to the realizations of Galaxy Universal LLC, One Sky Flight LLC, Veterans Services, LLC (Lockwood), ZeroChaos Parent, LLC, Pixelle Specialty Solutions LLC and CB URS Holdings Corporation (United Road).

During the quarter, the Company made net advances of \$0.6 million on our revolving credit commitments.

The Company's net realized and unrealized gains and losses accounted for an increase in the Company's net investments of \$1.3 million, or \$0.09 per share. The total net increase in net assets resulting from operations for the quarter was \$3.4 million, or \$0.24 per share.

As of December 31, 2021, the Company's investment portfolio consisted of investments in 38 portfolio companies, of which 95.3% were first lien investments and 4.7% were equity, warrants, and other investments. The Company's debt portfolio consisted of 99.5% floating rate investments and 0.5% fixed rate investments.

The Company continues to assess the impact of the COVID-19 pandemic on its portfolio companies and will continue to closely monitor its portfolio companies throughout this period, including assessing portfolio companies' operational and liquidity exposure and outlook. 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 quarterly report on Form 10-Q for the quarter ended December 31, 2021.

Capital Resources

As of December 31, 2021, the Company had \$36.1 million in cash, of which \$19.8 million was restricted cash, and no unused capacity under its revolving credit facility with Capital One, N.A.

Subsequent Events

Subsequent to December 31, 2021 and through February 7, 2022, the Company invested a total of \$17.5 million, which included investments in two existing portfolio companies and received \$15.9 million in repayments. As of February 7, 2022, the Company had investments in 38 portfolio companies.

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

	December 31,	
	2021	
	(Unaudited)	June 30, 2021
Assets		
Non-controlled, non-affiliated investments, at fair value (amortized cost of \$302,876,902 and \$297,797,756, respectively)	\$ 266,726,500	\$ 245,855,620
Affiliated investments, at fair value (amortized cost of \$8,548,415 and \$0, respectively)	2,646,218	—
Cash	16,324,330	5,845,249
Cash, restricted.....	19,807,262	6,759,954
Receivable for investments sold	767,497	5,875,293
Interest receivable	1,990,978	2,501,591
Payment-in-kind interest receivable.....	1,279	41,747
Other receivables	427,208	427,208
Prepaid expenses and other assets.....	84,147	376,197
Total Assets	\$ 308,775,419	\$ 267,682,859
Liabilities		
Borrowings:		
Term loan.....	\$ —	\$ 102,000,000
Revolving credit facility	115,000,000	—
2026 Notes payable	65,000,000	65,000,000
Deferred debt issuance costs.....	(2,260,556)	(1,235,000)
Unamortized discount.....	(302,218)	(337,773)
Borrowings, net.....	177,437,226	165,427,227
Payable for investments purchased	23,568,919	—
Dividend payable	2,157,627	2,088,265
Income-based incentive fees payable.....	647,885	647,885
Base management fees payable.....	1,016,227	1,070,580
Interest payable	1,233,354	949,360
Directors' fees payable	27,081	28,859
Accrued expenses and other liabilities	720,358	1,114,834
Total Liabilities	206,808,677	171,327,010
Commitments and Contingencies (Note 6)		
Net Assets		
Common stock, par value \$0.001 per share (100,000,000 shares authorized, 14,384,180 and 13,921,767 shares issued and outstanding, respectively)	14,384	13,922
Additional paid-in capital	203,847,104	200,657,892
Distributable earnings (losses)	(101,894,746)	(104,315,965)
Total Net Assets	101,966,742	96,355,849
Total Liabilities and Net Assets	\$ 308,775,419	\$ 267,682,859
Net Asset Value Per Share	\$ 7.09	\$ 6.92

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 six months ended	
	December 31,		December 31,	
	2021	2020	2021	2020
Investment Income:				
Interest income.....				
Non-controlled, non-affiliated investments	\$ 6,021,868	\$ 5,823,345	\$ 12,025,646	\$ 11,910,939
Affiliated investments	40,437	—	40,437	—
Total interest income	6,062,305	5,823,345	12,066,083	11,910,939
Payment in-kind interest income.....				
Non-controlled, non-affiliated investments	21,234	891,417	100,348	1,731,744
Affiliated investments	89,285	—	89,285	—
Total payment-in-kind interest income	110,519	891,417	189,633	1,731,744
Dividend income.....	—	—	296,126	—
Other fee income				
Non-controlled, non-affiliated investments	36,695	373,004	140,979	416,064
Affiliated investments	759	—	759	—
Total other fee income.....	37,454	373,004	141,738	416,064
Total investment income.....	6,210,278	7,087,766	12,693,580	14,058,747
Expenses:				
Interest expense.....	1,790,513	1,837,775	3,532,083	3,819,500
Base management fees.....	1,123,105	1,189,440	2,251,609	2,410,212
Income-based incentive fees.....	—	—	—	—
Provision for tax expense.....	27,960	5,780	27,960	5,780
Professional fees.....	301,970	319,725	605,759	639,450
Allocation of administrative costs from advisor.....	351,700	354,000	703,400	708,000
Amortization of deferred debt issuance costs.....	173,333	—	274,444	—
Amortization of original issue discount – 2026 Notes.....	17,778	—	35,555	—
Insurance expense.....	121,134	108,186	242,268	216,372
Directors' fees.....	75,625	78,625	151,250	155,250
Custodian and administrator fees.....	72,512	63,822	147,844	129,749
Offering expense.....	—	86,906	—	172,133
Other expenses.....	158,999	119,828	314,855	245,100
Total expenses.....	4,214,629	4,164,087	8,287,027	8,501,546
Waiver of base management fees.....	(106,878)	(94,359)	(223,814)	(207,330)
Waiver of income-based incentive fees.....	—	—	—	—
Net expenses.....	4,107,751	4,069,728	8,063,213	8,294,216
Net investment income.....	2,102,527	3,018,038	4,630,367	5,764,531
Net realized and unrealized gain/(loss) on investments:				
Net realized gain (loss) from investments.....				
Non-controlled, non-affiliated investments	(348,351)	—	413,112	3,693
Affiliated investments	(8,196,669)	—	(8,196,669)	—
Total realized gain (loss) from investments	(8,545,020)	—	(7,783,557)	3,693
Net change in unrealized appreciation (depreciation) in value of investments				
Non-controlled, non-affiliated investments	1,591,986	59,768	1,589,131	111,899
Affiliated investments	8,300,406	—	8,300,406	—
Total net change in unrealized appreciation in value of investments.....	9,892,392	59,768	9,889,537	111,899
Total realized and unrealized gain (loss) on investments.....	1,347,372	59,768	2,105,980	115,592

	For the three months ended December 31,		For the six months ended December 31,	
	2021	2020	2021	2020
Net increase (decrease) in net assets resulting from operations	\$ 3,449,899	\$ 3,077,806	\$ 6,736,347	\$ 5,880,123
Basic and diluted:				
Net investment income per share	\$ 0.15	\$ 0.22	\$ 0.33	\$ 0.41
Earnings per share	\$ 0.24	\$ 0.22	\$ 0.47	\$ 0.42
Weighted average shares of common stock outstanding	14,384,025	13,905,173	14,225,197	13,899,449
Distributions paid per common share	\$ 0.15	\$ 0.18	\$ 0.30	\$ 0.36

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 in this press release and made on the earnings call for the quarter ended December 31, 2021 may contain "forward-looking statements," which relate to future performance, operating results, events and/or financial condition. Words such as "anticipates," "expects," "intends," "plans," "will," "may," "continue," "believes," "seeks," "estimates," "would," "could," "should," "targets," "projects," and variations of these words and similar expressions are intended to identify forward-looking statements. Any forward-looking statements, including statements other than statements of historical facts, included in this press release or made on the earnings call are based upon current expectations, are inherently uncertain, and involve a number of assumptions and substantial risks and uncertainties, many of which are difficult to predict and are generally beyond the Company's control.

Investors are cautioned not to place undue reliance on these forward-looking statements. Any such statements are likely to be affected by other unknowable future events and conditions, which the Company may or may not have considered, including, without limitation, the impact of the COVID-19 pandemic, changes in base interest rates and the effects of significant market volatility on our business, our portfolio companies, our industry and the global economy. Accordingly, such statements cannot be guarantees or assurances of any aspect of future performance or events. Actual results may differ materially from those anticipated in any forward-looking statements as a result of a number of factors and risks. More information on these risks and other potential factors that could affect actual events and the Company's performance and financial results, including important factors that could cause actual results to differ materially from plans, estimates or expectations included herein or discussed on the earnings call, is or will be included in the Company's filings with the Securities and Exchange Commission, including in the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. All forward-looking statements speak only as of the date they are made. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law.

Contacts

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Non-controlled, non-affiliated investments	21,234	891,417	100,348	1,731,744
Affiliated investments	89,285	-	89,285	-
Total payment-in-kind interest income	<u>110,519</u>	<u>891,417</u>	<u>189,633</u>	<u>1,731,744</u>
Dividend income	-	-	296,126	-
Other fee income				
Non-controlled, non-affiliated investments	36,695	373,004	140,979	416,064
Affiliated investments	759	-	759	-
Total other fee income	<u>37,454</u>	<u>373,004</u>	<u>141,738</u>	<u>416,064</u>
Total investment income	<u>6,210,278</u>	<u>7,087,766</u>	<u>12,693,580</u>	<u>14,058,747</u>
Expenses:				
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Base management fees	1,123,105	1,189,440	2,251,609	2,410,212
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Waiver of base management fees	(106,878)	(94,359)	(223,814)	(207,330)
Waiver of income-based incentive fees	-	-	-	-
Net expenses	<u>4,107,751</u>	<u>4,069,728</u>	<u>8,063,213</u>	<u>8,294,216</u>
Net investment income	<u>2,102,527</u>	<u>3,018,038</u>	<u>4,630,367</u>	<u>5,764,531</u>
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Affiliated investments	<u>8,300,406</u>	<u>-</u>	<u>8,300,406</u>	<u>-</u>
Net change in unrealized appreciation on investments	<u>9,892,392</u>	<u>59,768</u>	<u>9,889,537</u>	<u>111,899</u>
Total realized gain (loss) and change in unrealized appreciation	<u>1,347,372</u>	<u>59,768</u>	<u>2,105,980</u>	<u>115,592</u>
Net increase (decrease) in net assets resulting from operations	<u>\$ 3,449,899</u>	<u>\$ 3,077,806</u>	<u>\$ 6,736,347</u>	<u>\$ 5,880,123</u>
Basic and diluted:				
Net investment income per share	\$ 0.15	\$ 0.22	\$ 0.33	\$ 0.41
Earnings per share	\$ 0.24	\$ 0.22	\$ 0.47	\$ 0.42
Weighted average shares of common stock outstanding	14,384,025	13,905,173	14,225,197	13,899,449
Distributions paid per common share	\$ 0.15	\$ 0.18	\$ 0.30	\$ 0.36

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