

Investcorp Credit Management BDC, Inc. Announces Financial Results for the Quarter Ended March 31, 2022, and Quarterly Distribution

Investcorp Credit Management BDC, Inc. (NASDAQ: ICMB) (“ICMB” or the “Company”) announced its financial results today for its fiscal third quarter ended March 31, 2022.

HIGHLIGHTS

- **On May 5, 2022, the Company’s Board of Directors (the “Board”) declared a distribution of \$0.15 per share for the quarter ending June 30, 2022, payable in cash on July 8, 2022, to stockholders of record as of June 17, 2022.**
- **During the quarter, ICMB made investments in two new portfolio companies and three existing portfolio companies. These investments totaled \$23.8 million, at cost. The weighted average yield (at origination) of debt investments made in the quarter was 8.25%.**
- **ICMB fully realized seven investments during the quarter, totaling \$46.7 million in proceeds. The internal rate of return on these investments was 9.56%.**
- **During the quarter, the Company had net advances of \$1.2 million on its existing delayed draw and revolving credit commitments to portfolio companies.**
- **The weighted average yield on debt investments, at cost, for the quarter ended March 31, 2022 was 8.14%, compared to 8.16% for the quarter ended December 31, 2021.**
- **Net asset value decreased \$0.16 per share to \$6.93, compared to \$7.09 as of December 31, 2021. Net assets decreased by \$2.2 million, or 2.17%, during the quarter ended March 31, 2022.**

Portfolio results, as of and for the three months ended March 31, 2022:

Total assets	\$275.0mm
Investment portfolio, at fair value	\$242.0mm
Net assets	\$99.8mm
Weighted average yield on debt investments, at cost ⁽¹⁾	8.14%
Net asset value per share	\$6.93
Portfolio activity in the current quarter:	
Number of investments	8
Total capital invested	\$23.8mm
Proceeds from repayments, sales, and amortization	\$53.2mm
Number of portfolio companies, end of period	35
Net investment income (NII)	\$1.8mm
Net investment income per share	\$0.12
Net decrease in net assets from operations	\$(0.06)mm
Net decrease in net assets from operations per share	\$(0.00)
Quarterly per share distribution paid on March 31, 2022,	\$0.15

(1) Represents weighted average yield on total debt investments for the three months ended March 31, 2022. 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 March quarter was a stable quarter for the portfolio that saw significant market volatility. That volatility manifested itself in market spreads and valuation levels. We

saw a slight decrease in NAV primarily driven by the market volatility. We also executed our second investment 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 May 5, 2022, the Board declared a distribution of \$0.15 per share for the quarter ending June 30, 2022, payable in cash on July 8, 2022, to stockholders of record as of June 17, 2022.

This distribution represents a 11.56% yield on the Company's \$5.19 share price as of market close on March 31, 2022. 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 June 30, 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 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 two new portfolio companies and three existing portfolio companies. The aggregate capital invested during the quarter totaled \$23.8 million, at cost, and the debt investments were made at a weighted average yield of 8.25%.

The Company received proceeds of \$53.2 million from repayments, sales and amortization during the quarter, primarily related to the realizations of Galaxy Universal LLC, GS Operating, LLC, Qualtek USA LLC, Fusion Connect Inc., Veregy Consolidated, Inc., ProFrac Services, LLC, and FR Flow Control CB LLC.

During the quarter, the Company had net advances of \$1.2 million on its existing delayed draw and revolving credit commitments to portfolio companies.

The Company's net realized, and unrealized gains and losses accounted for a decrease in the Company's net investments of \$1.9 million, or \$0.13 per share. The total net decrease in net assets resulting from operations for the quarter was \$0.06 million, or less than \$0.005 per share.

As of March 31, 2022, the Company's investment portfolio consisted of investments in 35 portfolio companies, of which 91.8% were first lien investments and 8.2% 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 March 31, 2022.

Capital Resources

As of March 31, 2022, the Company had \$7.6 million in cash, of which \$4.7 million was restricted cash, and \$7.3 million unused capacity under its revolving credit facility with Capital One, N.A.

Subsequent Events

Subsequent to March 31, 2022 and through May 9, 2022, the Company invested a total of \$17.8 million, which included investments in one existing portfolio company and one new portfolio company and received \$18.9 million in repayments. As of May 9, 2022, the Company had investments in 35 portfolio companies.

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

	March 31, 2022 (Unaudited)	June 30, 2021
Assets		
Non-controlled, non-affiliated investments, at fair value (amortized cost of \$256,157,299 and \$297,797,756, respectively).....	\$ 229,308,060	\$ 245,855,620
Affiliated investments, at fair value (amortized cost of \$23,180,822 and \$0, respectively).....	<u>12,725,250</u>	<u>—</u>
Total investments, at fair value (amortized cost of \$279,338,121 and \$297,797,756, respectively).....	\$ 242,033,310	\$ 245,855,620
Cash	2,884,270	5,845,249
Cash, restricted.....	4,685,376	6,759,954
Receivable for investments sold	21,902,934	5,875,293
Interest receivable	2,546,668	2,501,591
Payment-in-kind interest receivable.....	996	41,747
Other receivables	427,208	427,208
Prepaid expenses and other assets.....	<u>535,979</u>	<u>376,197</u>
Total Assets	\$ 275,016,741	\$ 267,682,859
Liabilities		
Notes payable:		
Term loan	\$ —	\$ 102,000,000
Revolving credit facility	107,750,000	—
2026 Notes payable	65,000,000	65,000,000
Deferred debt issuance costs	(2,087,222)	(1,235,000)
Unamortized discount.....	<u>(284,440)</u>	<u>(337,773)</u>
Notes payable, net.....	170,378,338	165,427,227
Dividend payable	—	2,088,265
Income-based incentive fees payable.....	647,885	647,885
Base management fees payable.....	1,032,698	1,070,580
Interest payable	2,324,247	949,360
Directors' fees payable	18,706	28,859
Accrued expenses and other liabilities	<u>860,967</u>	<u>1,114,834</u>
Total Liabilities	175,262,841	171,327,010
Commitments and Contingencies (Note 6)		
Net Assets		
Common stock, par value \$0.001 per share (100,000,000 shares authorized, 14,385,809 and 13,921,767 shares issued and outstanding, respectively)	14,386	13,922
Additional paid-in capital	203,855,097	200,657,892
Distributable earnings (loss)	<u>(104,115,583)</u>	<u>(104,315,965)</u>
Total Net Assets	<u>99,753,900</u>	<u>96,355,849</u>
Total Liabilities and Net Assets	\$ 275,016,741	\$ 267,682,859
Net Asset Value Per Share.....	\$ 6.93	\$ 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 March 31,		For the nine months ended March 31,	
	2022	2021	2022	2021
Investment Income:				
Interest income				
Non-controlled, non-affiliated investments	\$ 5,430,305	\$ 5,386,448	\$ 17,455,951	\$ 17,297,387
Affiliated investments	(20,929)	—	19,508	—
Total interest income	5,409,376	5,386,448	17,475,459	17,297,387
Payment in-kind interest income				
Non-controlled, non-affiliated investments	79,679	541,625	180,027	2,273,369
Affiliated investments	14,843	—	104,128	—
Total payment-in-kind interest income	94,522	541,625	284,155	2,273,369
Dividend income	—	—	296,126	—
Other fee income				
Non-controlled, non-affiliated investments	412,516	82,214	553,495	498,278
Affiliated investments	—	—	759	—
Total other fee income	412,516	82,214	554,254	498,278
Total investment income	5,916,414	6,010,287	18,609,994	20,069,034
Expenses:				
Interest expense	1,527,148	1,657,005	5,059,231	5,476,505
Base management fees	1,161,530	1,160,047	3,413,139	3,570,259
Income-based incentive fees	—	—	—	—
Provision for tax expense	242,658	263,103	270,618	268,883
Professional fees	342,205	372,475	947,964	1,011,925
Allocation of administrative costs from advisor	348,849	356,500	1,052,249	1,064,500
Amortization of deferred debt issuance costs	173,334	86,906	447,778	259,039
Amortization of original issue discount – 2026 Notes	17,777	—	53,332	—
Insurance expense	132,259	116,818	374,527	333,190
Directors' fees	75,625	78,625	226,875	233,875
Custodian and administrator fees	73,161	62,680	221,005	192,429
Other expenses	154,148	119,734	469,003	364,834
Total expenses	4,248,694	4,273,893	12,535,721	12,775,439
Waiver of base management fees	(128,831)	(84,227)	(352,645)	(291,557)
Waiver of income-based incentive fees	—	—	—	—
Net expenses	4,119,863	4,189,666	12,813,076	12,483,882
Net investment income	1,796,551	1,820,621	6,426,918	7,585,152
Net realized and unrealized gain/(loss) on investments:				
Net realized gain (loss) from investments				
Non-controlled, non-affiliated investments	(6,607,419)	(3,645,094)	(6,194,307)	(3,641,401)
Affiliated investments	—	—	(8,196,669)	—
Net realized loss from investments	(6,607,419)	(3,645,094)	(14,390,976)	(3,641,401)
Net change in unrealized appreciation (depreciation) in value of investments				
Non-controlled, non-affiliated investments	5,595,748	5,522,809	7,184,879	5,634,708
Affiliated investments	(847,961)	—	7,452,445	—
Net change in unrealized appreciation on investments	4,747,787	5,522,809	14,637,324	5,634,708
Total realized gain (loss) and change in unrealized appreciation on investments	(1,859,632)	1,877,715	246,348	1,993,307
Net increase (decrease) in net assets resulting from operations	\$ (63,081)	\$ 3,698,336	\$ 6,673,266	\$ 9,578,459
Basic and diluted:				
Net investment income per share	\$ 0.12	\$ 0.13	\$ 0.45	\$ 0.55
Earnings per share	\$ (0.00)	\$ 0.27	\$ 0.47	\$ 0.69
Weighted average shares of common stock outstanding	14,384,988	13,914,351	14,277,683	13,904,344
Distributions paid per common share	\$ 0.15	\$ 0.18	\$ 0.45	\$ 0.54

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 March 31, 2022, 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.

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