

Investcorp Credit Management BDC, Inc. Announces Financial Results for the Quarter Ended September 30, 2022, and Quarterly and Supplemental Distributions

Investcorp Credit Management BDC, Inc. (NASDAQ: ICMB) (“ICMB” or the “Company”) announced its financial results today for its fiscal first quarter ended September 30, 2022.

HIGHLIGHTS

- On November 11, 2022, the Company’s Board of Directors (the “Board”) declared a distribution of \$0.13 per share for the quarter ending December 31, 2022, payable in cash on January 10, 2023, to stockholders of record as of December 16, 2022 and a supplemental distribution of \$0.02 per share, payable on January 10, 2023, to stockholders of record as of December 16, 2022.
- During the quarter, ICMB made investments in four new portfolio companies. These investments totaled \$19.3 million, at cost. The weighted average yield (at origination) of debt investments made in the quarter was 10.02%.
- ICMB fully realized two portfolio companies during the quarter, totaling \$13.8 million in proceeds. The internal rate of return on these investments was 11.62%.
- During the quarter, the Company had net advances of \$1.7 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 September 30, 2022, was 11.91%, compared to 10.01% for the quarter ended June 30, 2022.
- Net asset value decreased \$0.03 per share to \$6.47, compared to \$6.50 as of June 30, 2022. Net assets decreased by \$0.5 million, or 0.5%, during the quarter ended September 30, 2022.

Portfolio results, as of and for the three months ended September 30, 2022:

Total assets	\$253.4mm
Investment portfolio, at fair value	\$239.2mm
Net assets	\$93.0mm
Weighted average yield on debt investments, at cost ⁽¹⁾	11.91%
Net asset value per share	\$6.47
Portfolio activity in the current quarter:	
Number of new investments	8
Total capital invested	\$21.7mm
Proceeds from repayments, sales, and amortization	\$16.5mm
Number of portfolio companies, end of period	37
Net investment income (NII)	\$2.3mm
Net investment income per share	\$0.16
Net increase in net assets from operations	\$1.6mm
Net increase in net assets from operations per share	\$0.12
Quarterly per share distribution paid on October 14, 2022	\$0.15

(1) Represents weighted average yield on total debt investments for the three months ended September 30, 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 “Inflation, global market volatility, and recessionary forces continue to focus our team on the existing portfolio performance and the selection of new investments in this environment. It also continues to emphasize the strengths of direct lending; structural seniority, significant junior capital, security, and covenant protection. We continue to believe our portfolio is well positioned.”

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 November 11, 2022, the Board declared a distribution for the quarter ended December 31, 2022 of \$0.13 per share payable on January 10, 2023 to stockholders of record as of December 16, 2022 and a supplemental distribution of \$0.02 per share, payable on January 10, 2023, to stockholders of record as of December 16, 2022.

This distribution represents a 16.76% yield on the Company's \$3.58 share price as of market close on September 30, 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 September 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 four new portfolio companies. The aggregate capital invested during the quarter totaled \$19.3 million, at cost, and the debt investments were made at a weighted average yield of 10.02%.

The Company received proceeds of \$16.5 million from repayments, sales and amortization during the quarter, primarily related to the realizations of LH Intermediate Corporation, and Horus Infrastructure IA LLC.

During the quarter, the Company had net advances of \$1.7 million on its existing and new 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 \$0.7 million, or \$0.05 per share. The total net increase in net assets resulting from operations for the quarter was \$1.6 million, or \$0.12 per share.

As of September 30, 2022, the Company's investment portfolio consisted of investments in 37 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 99.6% floating rate investments and 0.4% 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 fiscal year ended September 30, 2022, to be filed with the Securities and Exchange Commission on November 14, 2022.

Capital Resources

As of September 30, 2022, the Company had \$7.4 million in cash, of which \$6.5 million was restricted cash, and \$25.5 million unused capacity under its revolving credit facility with Capital One, N.A.

Subsequent Events

Subsequent to September 30, 2022 and through November 14, 2022, the Company invested a total of \$2.5 million, which included investments in one new portfolio company. As of November 14, 2022, the Company had investments in 38 portfolio companies.

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

	September 30, 2022	June 30, 2022
	(Unaudited)	
Assets		
Non-controlled, non-affiliated investments, at fair value (amortized cost of \$260,149,717 and \$254,172,763, respectively).....	\$ 228,549,864	\$ 223,037,183
Affiliated investments, at fair value (amortized cost of \$23,590,459 and \$23,395,242, respectively).....	<u>10,627,697</u>	<u>10,646,803</u>
Total investments, at fair value (amortized cost of \$283,740,176 and \$277,568,005, respectively).....	239,177,561	233,683,986
Cash	963,649	2,550,021
Cash, restricted.....	6,471,488	6,605,056
Receivable for investments sold	4,625,746	835,043
Interest receivable	1,931,589	2,298,443
Payment-in-kind interest receivable.....	16,744	2,137
Prepaid expenses and other assets.....	<u>265,682</u>	<u>410,401</u>
Total Assets	<u>\$ 253,452,459</u>	<u>\$ 246,385,087</u>
Liabilities		
Notes payable:		
Revolving credit facility	\$ 89,500,000	\$ 84,000,000
2026 Notes payable	65,000,000	65,000,000
Deferred debt issuance costs	(1,740,556)	(1,913,889)
Unamortized discount.....	<u>(248,885)</u>	<u>(266,663)</u>
Notes payable, net.....	152,510,559	146,819,448
Payable for investments purchased	25,453	246,984
Dividend payable	2,158,042	2,157,872
Income-based incentive fees payable.....	34,950	182,095
Base management fees payable.....	2,063,898	1,054,063
Interest payable	2,583,591	1,574,356
Directors' fees payable	19,905	20,780
Accrued expenses and other liabilities	<u>1,042,441</u>	<u>820,097</u>
Total Liabilities	160,438,839	152,875,695
Net Assets		
Common stock, par value \$0.001 per share (100,000,000 shares authorized, 14,386,945 and 14,385,810 shares issued and outstanding, respectively)	14,387	14,386
Additional paid-in capital	203,594,888	203,590,126
Distributable earnings (loss)	<u>(110,595,655)</u>	<u>(1110,095,120)</u>
Total Net Assets	<u>93,013,620</u>	<u>93,509,392</u>
Total Liabilities and Net Assets	<u>\$ 253,452,459</u>	<u>\$ 246,385,087</u>
Net Asset Value Per Share	\$ 6.47	\$ 6.50

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,	
	2022	2021
Investment Income:		
Interest income		
Non-controlled, non-affiliated investments.....	\$ 5,609,112	\$ 5,922,896
Affiliated investments.....	(20,611)	80,882
Total interest income.....	5,588,501	6,003,778
Payment in-kind interest income		
Non-controlled, non-affiliated investments.....	331,183	16,230
Affiliated investments.....	17,004	62,884
Total payment-in-kind interest income.....	348,187	79,114
Dividend income – Affiliated investments.....	—	296,126
Other fee income		
Non-controlled, non-affiliated investments.....	361,850	103,533
Affiliated investments.....	—	751
Total other fee income.....	361,850	104,284
Total investment income	6,298,538	6,483,302
Expenses:		
Interest expense.....	1,792,008	1,741,570
Base management fees.....	1,103,981	1,128,504
Income-based incentive fees.....	(147,145)	—
Provision for tax expense.....	44,330	—
Professional fees.....	271,781	303,789
Allocation of administrative costs from Adviser.....	375,900	351,700
Amortization of deferred debt issuance costs.....	173,333	101,111
Amortization of original issue discount – 2026 Notes.....	17,777	17,777
Insurance expense.....	137,821	121,134
Directors’ fees.....	75,625	75,625
Custodian and administrator fees.....	71,688	75,332
Other expenses.....	139,481	155,856
Total expenses	4,056,580	4,072,398
Waiver of base management fees.....	(94,146)	(116,936)
Waiver of income-based incentive fees.....	—	—
Net expenses	3,962,434	3,955,462
Net investment income	2,336,104	2,527,840
Net realized and unrealized gain/(loss) on investments:		
Net realized gain (loss) from investments		
Non-controlled, non-affiliated investments.....	—	761,463
Affiliated investments.....	—	—
Net realized loss from investments.....	—	761,463
Net change in unrealized appreciation (depreciation) in value of investments		
Non-controlled, non-affiliated investments.....	(464,275)	876,582
Affiliated investments.....	(214,322)	(879,437)
Net change in unrealized appreciation (depreciation) on investments.....	(678,597)	(2,855)
Total realized gain (loss) and change in unrealized appreciation (depreciation) on investments	(678,597)	758,608
Net increase (decrease) in net assets resulting from operations	\$ 1,657,507	\$ 3,286,448
Basic and diluted:		
Net investment income per share.....	\$ 0.16	\$ 0.18
Earnings per share.....	\$ 0.12	\$ 0.23
Weighted average shares of common stock outstanding.....	14,386,809	14,066,370
Distributions paid per common share	\$ 0.15	\$ 0.15

See notes to 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 September 30, 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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