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**Op Assist Earnings Call
Conference Call
September 27, 2024**

Operator: Thank you for joining today's Investcorp Credit Management BDC Fourth Quarter and Full Year 2024 Earnings Call. It is now my pleasure to turn the floor over to Mr. Walter Tsin, CFO.

Walter Tsin: Thank you, operator. Welcome, everyone, to Investcorp Credit Management BDC's Fourth Quarter and Full Year 2024 Earnings Call. I am joined by Suhail Shaikh, President and Chief Executive Officer of the company. I would like to remind everyone that today's call is being recorded and that this call is the property of Investcorp Credit Management BDC. Any unauthorized broadcast of this call in any form is strictly prohibited. Audio replay of the call will be available by visiting our Investor Relations page on our website, icmbdc.com.

I would also like to call your attention to the safe harbor disclosure in our press release regarding forward-looking information and remind everyone that today's call may include forward-looking statements and projections. Actual results may differ materially from these projections. We will not update forward-looking statements unless required by law. To obtain copies of our latest SEC filings, please visit our Investor Relations page on our website.

The format for today's call is as follows: Suhail will provide an overall business and portfolio summary and I will then provide an overall view of our results, summarizing the financials, followed by a Q&A. At this time, I would like to turn the call over to Suhail.

Suhail Shaikh: Thank you, Walt, and thank you to everyone for joining us today to discuss our results for the fourth quarter and full year 2024 earnings.

I am proud of the team's efforts during fiscal year 2024 in driving a turnaround in the portfolio. We successfully executed our portfolio rotation strategy, which we have been discussing over the past year, resulting in the rotation of about a third of our portfolio into larger, more stable credits. This strategic shift has positioned us well for the future.

Despite the challenging market environment marked by low new deal activity and intense competition for quality credit investments, the team was able to deploy approximately \$56 million of capital by leveraging our proprietary relationships with sponsors and club partners. We were able to source attractive opportunities for LBOs, refinancings and secondary investments. Notably, our disciplined approach has paid off, as our investments on non-accrual as a percentage of fair market value declined significantly from 10.6% at the end of our first fiscal quarter to 5% in the current fiscal quarter, reflecting the stability and resilience of our portfolio. During our fiscal year ended June 30, 2024, ICMB generated net investment income of \$6.6 million or \$0.46 per share. This was a decrease of approximately 30% from the prior year's net investment income, largely driven by market spreads tightening and shifting into larger, more stable credits which on average have a lower spread. The weighted average spread declined from approximately 6.2% as of June 30, 2023 to 5% as of the end of the current quarter. Net asset value share declined approximately 14% to \$5.21 per share from \$6.09 per share last year.

In terms of our fourth quarter results, we generated net investment income of \$1.3 million or approximately \$0.09 per share. NAV per share declined approximately 5% from the previous quarter. The decline in NAV was driven by two factors. First, the decline was driven by mark-to-market adjustments on a few equity positions, while all but one of our credit positions remained relatively stable quarter over quarter. Second, the timing of several refinancings and the ramp-up of new deals were backend loaded during the quarter affecting overall NII. Despite these factors, our credit portfolio continues to show stability and resilience as the underlying performance of our borrowers has improved over the past quarter.

The median EBITDA of the portfolio increased from approximately \$47 million last quarter to \$55 million in the current quarter and our weighted average loan-to-value

ratio of our performing debt investments is approximately 58%, an increase from 48% last quarter. Over the same period, the weighted average net leverage of the portfolio increased from 4.2x to 5.1x as we continue shifting towards larger credits that are backed by sponsors that we know. The market remains highly competitive with all lenders experiencing some level of spread compression. We saw a number of refinancings occur in our portfolio, especially over the last two quarters, primarily consisting of legacy portfolio companies. Competition for new investments continues to be intense, partly due to LBO and M&A volumes remaining below average levels. Our team remains disciplined, originating new investments to offset the repayments and maintain leverage in our targeted range. While new deals remain competitive, we are committed to maintaining strong structural projections in our documentation and capital structures.

During the quarter ended June 30th, we invested in two new portfolio companies and three existing portfolio companies. Fundings for new investments total approximately \$17.9 million at cost with a weighted average yield of approximately 10.2%. In the same period, we fully realized three portfolio company investments totaling \$22.1 million in proceeds with an IRR of approximately 11.3%.

First, we invested in the first-lien term loan of Crisis Prevention Institute, or CPI, to support the refinancing of the company's capital structure. CPI provides de-escalation training and consulting for human care professionals. CPI is a WendelGroup portfolio company. Our yield at cost is approximately 10.4%.

We increased our existing position in the first-lien term loan of Multi-Color Corp, also known as LABL, to take advantage of an attractive price in the secondary market. Our yield at cost is approximately 11%.

We also participated in the refinancing of an existing portfolio company, Northstar. Our yield at cost is 10.4% and the realized IRR on our original investment was 12.8%.

We made an investment in the first-lien term loan, B-10 of Asurion. Asurion is the leading provider of device insurance, warranty, and support services for cellphones,

consumer electronics, and home appliances. We purchased Asurion in the secondary market at an attractive price. Our yield, at cost, is approximately 9.8%.

We also made a small follow-on equity co-investment in an Investcorp North America Private Equity's portfolio company listed on our SOI as Pegasus Aggregator Holdings LP.

Lastly, we realized our first-lien term loan positions at Empire office and Potpourri, both of which refinanced during the quarter. We have been invested in both these companies since March and June of 2019. Our realized IRR on Empire was approximately 10.5% and our realized IRR on Potpourri was approximately 11.8%.

After the quarter end, our net investment activity remains at a healthy pace, which we will discuss in the next quarter.

As of June 30th, our largest industry concentrations by fair market value were commercial services and supplies at 13.5%, professional services at 11.2%, trading company and distributors at 9.1%, containers and packaging at 7.3%, followed by food products at 4.8% and entertainment at 4.8%. Our portfolio companies are in 23 GICS industries as of quarter end, including our equity and warrant positions, which is an increase of one industry from the previous quarter.

I would now like to turn the call back over to Walt to discuss our financial results.

Walter Tsing:

Thanks, Suhail. For the quarter ended June 30, 2024, the fair value of our portfolio was \$184.6 million compared to \$192.2 million on March 31st. Our net assets were \$75 million, a decrease of \$4.1 million from the prior quarter. Our portfolio's net decrease in net assets from operations this quarter was approximately \$2.5 million. The weighted average yield of our debt portfolio was 12.33%, a decrease from 12.36% in the previous quarter ended March 31st.

As of June 30th, our portfolio consisted of 41 borrowers. Approximately, 85% of our investments were in first lien and the remaining 15% were invested in equity, warrants and other positions. 97% of our debt portfolio was invested in floating rate

instruments, 3% invested in fixed rate instruments. The weighted average spread on our debt investments was 5% and the weighted average floor was 1%. Our average portfolio company position on a fair market value basis was approximately \$4.6 million and our largest portfolio investment on a fair market value basis is BioPlan at \$13.5 million.

We are pleased to announce that on September 18, 2024, the board of directors has declared a distribution for the quarter ended September 30, 2024 of \$0.12 per share, payable on November 6, 2024 to stockholders of record as of October 16th, 2024. We had a gross leverage of 1.42x and net leverage of 1.35x as of June 30th, compared to 1.52x gross and 1.36x net, respectively, in the previous quarter.

With respect to our liquidity as of June 30th, we had approximately \$5.1 million in cash of which approximately \$4.9 million was restricted cash, with \$57 million of capacity under our revolving credit with Capital One. Additional information regarding the composition of our portfolio is included on our Form 10-K, which was filed earlier this week.

I would also like to address the change of our independent auditor. As a part of the ongoing commitment to best practices and compliance, we have engaged KPMG as our new independent auditor. We want to assure all stakeholders this is a change not related to any issues with our financial statements or accounting practices. It is simply a reflection of our regular review of service providers to ensure that we are receiving the best possible expertise and support. We are happy to address any questions on the matter at the end of the prepared remarks and with that, I'd like to turn the call over back to Suhail.

Suhail Shaikh: Thank you, Walt. This year, we have been successful in rotating and diversifying the portfolio into more stable credits. As we look towards our next fiscal year, we're excited about our pipeline and our capacity to continually invest in high quality opportunities. As always, our top priority has and will to continue to be focused on capital preservation and maintaining a stable dividend.

That concludes our prepared remarks. Luke, please open the lineup for Q&A.

Operator: Ladies and gentlemen, at this time, we will conduct the question-and-answer session. If you would like to state a question, please press 7# on your phone now and you will be placed in the queue in the order received, or press 7# again at any time to remove yourself from the queue. Please listen for your name to be announced and be prepared to ask your question when prompted. We are now ready to begin. [Pause] Our first question comes from Mr. Chris Nolan at the Ladenburg Thalmann. Go ahead, sir.

Chris Nolan: Hi. Walt, congratulations on the step-up to the new role. The lower yields on the new investments, is that should be used as a good proxy for where the direction of investment yields going forward?

Suhail Shaikh: Hi, Chris. This is Suhail. I think the way we should think about those is it's market reflection. We're seeing spreads come in for new deals, probably 50 to 75 basis points across the board. Our liabilities should also be following that at some point. So we think that the market is tightening. There's a lot of capital available, not enough deals and supplies. My guess is where it is today is what we should continue to see for the rest of the year. I don't have a crystal ball beyond that just yet, but we do expect volumes to pick up and deal flow to pick up just given our own pipeline of activity. We think at some point, we might see some spread widening of our selection in the way we look at credits. Also, the way of asking your question...

Chris Nolan: What would be the catalyst for the spread widening? Would it be lower funding cost using the facility or would be more attractive investment [\[Crosstalk\]](#)?

Suhail Shaikh: I think all of the above. Yes. Yes, all of the above.

Chris Nolan: Okay, so we should expect a lower funding cost from the rate change by the Fed to impact your facility, but also you expect better days for lenders ahead?

Suhail Shaikh: Correct.

Chris Nolan: Okay. That's it for me. Thank you very much.

Suhail Shaikh: Thank you, Chris.

Operator: Thank you very much. Again, if you have any questions, please press 7# on your phone and we will open up your line. Again, that's 7#. [Pause] I don't see any other questions, Suhail.

Suhail Shaikh: Thank you, Luke. Thank you, everyone, for participating in the call. We look forward to announcing our next quarter's earnings and I look forward to talking again next quarter. Thank you again. Thank you, Luke.

Operator: Thank you, everyone. You're welcome. This concludes today's conference call. Thank you, everyone, for attending.

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