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**Op Assist Earnings Call  
Conference Call  
August 13, 2025**

**Operator:** Good morning, ladies and gentlemen, and welcome to today's Investcorp Credit Management BDC's quarter ended June 30<sup>th</sup>, 2025 earnings call. It is now my pleasure to turn the call over to Andrew Muns, Chief Financial Officer.

**Andrew Muns:** Thank you, operator. Welcome everyone to Investcorp Credit Management BDC's quarter ended June 30<sup>th</sup>, 2025 earnings call. I'm joined today 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 at 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 the company's registration statement on the SEC's EDGAR platform, or 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 then I will provide an overview of our results, summarizing the financials, followed by a question-and-answer session. At this time, I would like to turn the call over to Suhail.

**Suhail Shaikh:** Good morning, everyone, and thank you for joining our second quarter 2025 earnings call. Firstly, I would like to say that the board of directors and I are very pleased that Andrew Muns has accepted the role of CFO of the company, which became effective on July 16<sup>th</sup>, 2025. Andrew was appointed as the COO of the company on March 24<sup>th</sup>, 2025, which led us to expand his role as the CFO. This was a busy quarter for us on several fronts. While some of the headline results were

mixed, we remain focused on executing our strategy and positioning the portfolio for long-term value creation.

Turning to our second quarter results, we reported net investment income before taxes of \$0.8 million or \$0.06 per share, an increase of 1% from the previous quarter. This represents an annualized return on equity of 4.3%, up approximately 80 basis points sequentially, reflecting stable income generation and continued discipline on both the investing and expense fronts. This trend continues to reflect our broader 2025 theme of steady execution amid an improving yet selective deployment environment. Net assets declined modestly during the quarter, and our net asset value per share decreased to \$5.27 per share from \$5.42 in the previous quarter, largely driven by fair value adjustments, including two positions being placed on nonaccrual. Importantly, even though with these additions, our nonaccrual as a percentage of the total portfolio at fair value remained stable at 1.6% in line with the previous quarter. Notably, this is down meaningfully from 5% in the same period last year, underscoring the continued progress we've made in credit resolution and the effectiveness of our discipline investing approach. Additionally, the overall portfolio continues to demonstrate resilience, and we continue to benefit from the diversity of industries we are invested in. Performance across our underlying borrowers remains largely in line with expectations. While the median EBITDA is relatively unchanged at approximately \$55 million, the weighted average net leverage declined to approximately 4.8 times from 4.9 times, and the weighted average LTV remained relatively unchanged at approximately 46% from the quarter ended March 31<sup>st</sup>.

One of the defining features of the quarter was a pickup in origination activity, with \$19 million in originations this quarter, up from \$5.1 million last quarter. Most of this activity occurred in June and was concentrated in existing portfolio companies. This demonstrates both our conviction and our longstanding sponsor relationships and the continued selectivity in the broader market, where new opportunities that meet our underwriting criteria remain limited. We continue to take a highly selective approach and maintain a rigorous diligence process to ensure that any additions to the portfolio meet our underwriting standards and long-term investment objectives.

As we look ahead, we're seeing early signs of renewed momentum in the middle market. Our pipeline is beginning to rebuild in July, and we are cautiously

optimistic that this momentum will carry into the second half of the year. Market spreads remain relatively stable throughout the quarter, and we continue to see disciplined pricing across the middle market. While volume has started to pick up, the quality of deal flow continues to vary, and we can remain focused on maintaining high underwriting standards. Our priorities remain centered on resolving legacy credit issues and repositioning the portfolio to support long-term performance.

I will now turn to a summary of our investment activity for the quarter. During the quarter ended June, we invested in one new portfolio company and four existing portfolio companies. Fundings for new investments total \$19 million at cost, as I mentioned earlier. The weighted average yield of debt investments made in the quarter was approximately 9%. In the same period, we fully realized three portfolio companies' investments totaling \$9.5 million in proceeds with an IRR of approximately 32.8%. First, we invested in the first lien term loan of One Call Medical. One Call is a tech-enabled provider of managed care solutions that serves workers' compensation and other health markets in the US. We are currently invested in the term loan across our other funds on our platform. Our yielded cost is approximately 9.2%. We participated in the refinancing of American Auto Auction, also known as Accelerate. Accelerate is the second largest player in the used car whole auction market. We invested in the first lien term loan, and our yielded cost is approximately 9.1%. Lastly, as mentioned earlier, we made a number of incremental investments in existing portfolio companies that we were able to opportunistically purchase in the secondary market. These include an investment in Integrity Marketing, Asurion, and Max US Bidco, also known as Alpha. Our yield on cost is approximately 8.5%, 8.9%, and 9.2% respectively in these investments. Turning to our realizations, we realized our first lien term loan position in Accelerate, as part of the refinancing that I mentioned, and 4L Technologies, both of which were refinanced during the quarter. Our realized IRRs in Accelerate and 4L are 20.4% and 19.9% respectively. We also realized our equity position in RESA Power. We participated in the co-investment of RESA Power alongside Investcorp's North American private equity team a few years ago. Our realized IRR is 64.1%. I would now like to turn the call over to Andrew to discuss our financial results.

Andrew Muns: Thanks, Suhail. Let me begin by providing you with the highlights of our quarterly performance. For the quarter ended June 30<sup>th</sup>, 2025, the fair value of our portfolio

was \$204.1 million compared to \$192.4 million on March 31<sup>st</sup>. Our net assets were \$76 million, a decrease \$2.1 million from the prior quarter. Our portfolio's decrease in net assets from operations this quarter was approximately \$434,000.00 with the remaining \$1.7 million due to the distribution of cash dividends to shareholders. The weighted average yield of our portfolio was 10.6%, a slight decrease from 11% in the previous quarter. As of June 30<sup>th</sup>, our portfolio consisted of 43 borrowers, approximately 79% of our investments were in first lien debt, and the remaining 21% was invested in equity warrants and other positions. Ninety-eight-point-five percent of our debt portfolio was invested in floating-rate instruments and 1.5% in fixed-rate instruments. The weighted average spread on our floating rate debt investments was 4.6%, a slight decrease from 4.7% in the prior quarter.

The average investment size per portfolio company on a fair market value basis was approximately \$4.7 million, and our largest portfolio company investment on a fair market value basis remained BioPlan at \$13.6 million. Our largest industry concentrations by fair market value were professional services at 13.8%, insurance at 9.9%, containers and packaging at 8.8%, IT services at 8.7%, and trading companies and distributors at 8%. Overall, our portfolio companies are spread among 19 different GICS industries as of quarter end, including our equity and warrant positions.

I would like to announce that on August 7<sup>th</sup>, 2025, the board of directors authorized the company to repurchase up to \$5 million of its shares of common stock pursuant to a new stock repurchase program. The timing, manner, price, and amount of any share purchases will be determined by the company at its discretion based on the evaluation of economic and market conditions, the company's stock price, applicable legal, contractual, and regulatory requirements, and other factors. The program is expected to be in effect until August 7<sup>th</sup>, 2026, unless extended, or until the aggregate repurchase amount that has been approved by the company's board of directors has been extended. The program does not require the company to repurchase any specific number of shares, and the company cannot assure stockholders that any shares will be repurchased under the program. Program may be suspended, extended, modified, or discontinued at any time. We are pleased to announce that on August 7<sup>th</sup>, 2025, the board of directors declared a distribution for the quarter ended September 30<sup>th</sup>, 2025, of \$0.12 per share, and a

supplemental distribution of \$0.02 per share payable in cash on October 9<sup>th</sup>, 2025. The stockholders of record as of September 18<sup>th</sup>, 2025.

Gross leverage was 1.77 times, and net leverage was 1.54 times as of June 30<sup>th</sup>, compared to 1.53 times gross and 1.37 times net respectively for the previous quarter. With respect to our liquidity, as of June 30<sup>th</sup>, we had approximately \$17.3 million in cash, of which approximately \$14.4 million was restricted cash, with \$29.5 million of capacity under our revolving credit facility with Capital One. Additional information regarding the composition of our portfolio and quarterly financial results are included in our Form 10-Q. With that, I would like to turn the call back over to Suhail.

**Suhail Shaikh:** Thank you, Andrew. We remain confident in the strength of our platform and the disciplined approach our team takes in managing the portfolio and cultivating strong origination relationships. As we move through 2025, our priorities continue to be maintaining NAV stability, delivering sustainable net investment income, and selectively deploying capital into high-quality opportunities with attractive risk-adjusted returns. With increased activity emerging in the middle market, we believe the second half of the year will present compelling investment opportunities. Over the past year, we have made meaningful progress in positioning the company for long-term success, and we're optimistic about our ability to create consistent value for our shareholders going forward. We appreciate your continued support and look forward to updating you on our progress in the quarters ahead. That concludes our prepared remarks. Operator, please open the line up 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 seven (7) pound (#) on your phone now, and you will be placed in the queue in the order received, or press seven (7) pound (#) 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. Our first question comes from Christopher Nolan, Ladenburg Thalmann. Go ahead, please.

**Christopher Nolan:** Hello, all. Andrew, congrats on the promotion.

**Andrew Muns:** Thank you.



Christopher Nolan: What was the spillover income for the quarter, please? [Pause]

Andrew Muns: I'll have to look up the exact amount of the spillover income, but you rightly pointed out that was the big reason for the distribution to shareholders being in excess of the change in assets from operations. The net income before taxes of \$0.06 a share was about \$0.04 a share after taxes, and negative \$0.03 a share after taking into account losses, so the distribution of \$0.12 a share with the supplemental of \$0.02 is obviously in excess of that, and that, as you pointed out, is related to the spillback.

Christopher Nolan: Okay. On a more broader question, you guys are running with a really high leverage, the profitability is somewhat low, and the asset quality is actually pretty good. I'm just trying to understand what is the strategy to improve returns, please.

Suhail Shaikh: Yes, it's a great question, Christopher. I think, if I recall, you probably asked a similar question last quarter as well. I think that the big issue for the vehicle right now is the expense base. As we grow our assets on the management for Investcorp's private credit business, we can absorb some of those expenses broadly across a variety of - and that's going to improve the profitability of the BDC. At a high level, that is - we've mentioned that before, and we continue to focus on that. As you rightly pointed out, it's taken us a few quarters to stabilize the book. We feel very, very good about where we are today. Nonaccruals are down, income is fairly steady, and we're to growing capital at a decent pace as repayments come in. We're very cautious about the fact that we are not trying to get that leverage number too much higher than what our stated goal is to be at that 1.5-ish on the high end. So, hopefully, that gives you a sense of where we are headed.

Christopher Nolan: Thank you. I guess on the leverage ratio, should we expect portfolio contraction in coming quarters to get the leverage ratio back down?

Suhail Shaikh: Well, two things. One, we do expect repayments to pick up in the second half of the year. That's going to be an absolutely de-leveraging event to the extent we don't find decent assets to replace those with, and we have a line of sight to some assets that we think are going to get refinanced. The market overall, as I stated in my prepared comments, is improving. M&A market is improving, so we do see that. We're going to expect a number of positions that are going to get refinanced, so

that's one. Secondly, we watched the leverage number pretty carefully. So, with respect to deployments, we try to measure our deployments against where we are on the total leverage.

Christopher Nolan: Okay. I guess final question is, given where the stock is trading, which is somewhere around 50% of NAV, do you guys - Monroe Capital recently sold all of its BDC assets to a related entity within the broader Monroe Capital and converted itself to cash, and then sold the cash to Horizon, which is another Monroe vehicle. You guys ever consider just wrapping up the BDC, converting to cash, enabling investors to get an improved return on the stock?

Suhail Shaikh: We think about a lot of things, Christopher. Look, our primary focus is to improve shareholder value, and in order to do that, you first start with first stabilizing the book, making sure that the book is stable. I'm not intimately familiar with the transaction that you're describing, so we will study that, but that's - I saw the news flash but I haven't really paid much attention to it to date.

Christopher Nolan: Okay. Okay. That's good enough. Thank you very much for taking my questions.

Suhail Shaikh: Thank you.

Operator: Thank you very much. Again, if you have any questions, please press seven (7) pound (#). [Pause] I don't see any other questions, sirs.

Suhail Shaikh: Okay. Thank you, Luke. Thank you everyone for dialing in, and we look forward to speaking with you all again at the end of the next quarter. Thank you, Luke.

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

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