

Investcorp Credit Management BDC, Inc. Reports Results for its Fiscal Second Quarter Ended December 31, 2019

Investcorp Credit Management BDC, Inc. (NASDAQ: ICMB) (“ICMB” or the “Company”) announced its financial results today for its fiscal second quarter ended December 31, 2019.

HIGHLIGHTS

- **ICMB made seven investments in six portfolio companies. The Company invested \$39.7mm during the quarter. The weighted average yield of debt investments made in the quarter was 10.33%, inclusive of funding a revolving commitment.**
- **Three investments were fully realized during the quarter. These were the Company’s investments in Carlton Group (first and second lien) and Lionbridge Technologies, Inc.**
- **The weighted average yield on debt investments, at cost, decreased four basis points to 10.41%, compared to 10.44% as of September 30, 2019. The change in LIBOR during the quarter accounted for a negative 20 basis point effect on the yield of the Company’s debt portfolio.**
- **Net asset value (“NAV”) decreased \$0.04 per share (or 0.39%) to \$10.15, compared to \$10.19 as of September 30, 2019.**

Portfolio results, as of December 31, 2019:

Total assets	\$339.3mm
Investment portfolio, at fair value	\$305.0mm
Net assets	\$139.6mm
Weighted average yield on debt investments, at cost	10.41%
Net asset value per share	\$10.15
Portfolio activity in the current quarter:	
Number of new investments	7
Total capital invested	\$39.7mm
Proceeds from repayments, sales, and amortization	\$37.9mm
Number of portfolio companies, end of period	35
Net investment income (NII)	\$3.8mm
Net investment income per share	\$0.27
Net increase in net assets from operations	\$3.0mm
Net increase in net assets from operations per share	\$0.22
Quarterly per share distribution paid on January 2, 2020	\$0.25

Mr. Michael C. Mauer, the Company’s Chief Executive Officer, said “Our efforts to diversify the portfolio continued to bear fruit this quarter, as we are now invested in 35 portfolio companies across 22 industries. We continue to believe that 1st lien loans offer the best risk-adjusted returns in the current environment, and our portfolio composition increasingly reflects this belief. The deal flow we are seeing as part of Investcorp continues to generate positive momentum in origination, and our goal is to grow the portfolio to 40 or more borrowers over the coming quarters.”

On February 4, 2020, the Company’s Board of Directors (the “Board”) declared a distribution for the quarter ending March 31, 2020 of \$0.25 per share, payable on April 2, 2020, to stockholders of record as of March 13, 2020. This represents a 14.93% yield on the Company’s \$7.18 share price as of market close on February 7, 2020. Distributions may include net investment income, capital gains and/or return of capital, however, the Company does not expect the distribution to be comprised of a return of capital. The tax status of distributions will be determined at the end of the taxable year.

Portfolio and Investment Activities

During the quarter, the Company made investments in six portfolio companies, of which four were new portfolio companies, and two were existing portfolio companies. The aggregate capital invested during the quarter totaled \$39.7mm at cost, and investments were made at a weighted average yield of 10.33%.

The Company realized \$37.9mm of repayments, sales, and amortization, including the repayments of first and second lien loans by Carlton Group, and a second lien loan by Lionbridge Technologies, Inc., as well as the sale of a portion of the Company's position in Hyperion Materials & Technologies, Inc. The Company's realized and unrealized gains and losses accounted for a decrease in the Company's net investments of approximately \$0.8mm, or \$0.06 per share. The total net increase in net assets resulting from operations for the quarter was \$3.0mm, or \$0.22 per share.

As of December 31, 2019, the Company's investment portfolio consisted of investments in 35 portfolio companies, of which 82.6% were first lien investments, 13.8% were second lien investments, and 3.6% were unitranche loans. The Company's debt portfolio consisted of 96.9% floating rate investments and 3.1% fixed rate investments.

As of December 31, 2019, the Company had one investment on non-accrual status, the Term Loan B of Fusion Connect Inc.

Capital Resources

As of December 31, 2019, the Company had \$17.2mm in cash, \$8.3mm in restricted cash and \$30.0mm of capacity under its revolving credit facility with UBS AG, London Branch.

Subsequent Events

Subsequent to December 31, 2019 and through February 7, 2020, the Company invested \$16.2mm in new and existing portfolio companies and received no repayments. As of February 10, 2020, the Company had 37 portfolio companies.

On February 4, 2020, the Board declared a distribution for the quarter ended March 31, 2020 of \$0.25 per share payable on April 2, 2020 to stockholders of record as of March 13, 2020.

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

	December 31, 2019	June 30, 2019
	(Unaudited)	
Assets		
Non-controlled, non-affiliated investments, at fair value (amortized cost of \$325,352,114 and \$ 321,504,359, respectively)	\$ 304,953,607	\$ 306,390,993
Cash	17,192,788	19,706,281
Cash, restricted	8,933,193	6,589,901
Receivable for investments sold	5,417,165	820,332
Interest receivable	2,181,747	3,090,639
Payment-in-kind interest receivable	388,150	-
Deferred offering costs	121,922	121,922
Prepaid expenses and other assets	77,699	227,924
Total Assets	\$ 339,266,271	\$ 336,947,992
Liabilities		
Notes payable:		
Term loan	\$ 122,000,000	\$ 122,000,000
Revolving credit facility	-	11,026,670
2023 Notes payable	51,375,000	34,500,000
Deferred debt issuance costs	(1,997,818)	(2,000,262)
Notes payable, net	171,377,182	165,526,408
Payable for investments purchased	20,130,000	22,276,343
Dividend payable	3,437,133	3,404,923
Deferred financing costs payable	1,037,000	1,037,000
Income-based incentive fees payable	1,061,213	545,991
Base management fees payable	1,312,131	-
Accrued provision for taxes	-	13,778
Interest payable	1,133,736	724,222
Directors' fees payable	14,832	95,240
Accrued expenses and other liabilities	205,710	240,197
Total Liabilities	199,708,937	193,864,102
Commitments and Contingencies (Note 6)		
Net Assets		
Common stock, par value \$0.001 per share (100,000,000 shares authorized, 13,748,532 and 13,619,690 shares issued and outstanding, respectively)	13,749	13,620
Additional paid-in capital	199,700,863	198,444,923
Distributable earnings (loss)	(60,157,278)	(55,374,653)
Total Net Assets	139,557,334	143,083,890
Total Liabilities and Net Assets	\$ 339,266,271	\$ 336,947,992
Net Asset Value Per Share	\$ 10.15	\$ 10.51

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,	
	2019	2018	2019	2018
Investment Income:				
Interest income	\$ 7,741,904	\$ 8,481,251	\$ 15,312,166	\$ 16,136,091
Payment in-kind interest income	1,454,214	540,308	2,361,991	953,928
Dividend income	-	-	-	31,275
Other fee income	235,331	277,365	315,726	432,520
Total investment income	9,431,449	9,298,924	17,989,883	17,553,814
Expenses:				
Interest expense	2,533,278	2,156,537	4,885,023	4,421,394
Base management fees	1,369,983	1,405,297	2,725,061	2,757,152
Income-based incentive fees	851,842	753,721	851,842	874,042
Provision for tax expense	10,018	12,946	10,018	12,946
Professional fees	390,107	233,528	699,960	466,328
Allocation of administrative costs from advisor	330,000	341,633	682,000	679,696
Amortization of deferred debt issuance costs	195,377	195,377	390,754	390,754
Insurance expense	83,761	84,440	167,523	168,880
Directors' fees	22,500	101,250	105,000	202,500
Custodian and administrator fees	77,597	7,500	207,469	15,000
Offering expense	85,604	51,750	137,354	103,500
Other expenses	120,590	236,033	276,860	355,214
Total expenses	6,070,657	5,580,012	11,138,864	10,447,406
Waiver of base management fees	(57,852)	-	(102,035)	-
Waiver of income-based incentive fees	(336,619)	-	(336,619)	(22,000)
Net expenses	5,676,186	5,580,012	10,700,210	10,425,406
Net investment income	3,755,263	3,718,912	7,289,673	7,128,408
Net realized and unrealized gain/(loss) on investments:				
Net realized gain (loss) from investments	25,285	75,000	56,358	(183,192)
Net change in unrealized appreciation (depreciation) in value of investments	(813,105)	(13,176,208)	(5,285,140)	(14,899,471)
Total realized and unrealized gain (loss) on investments	(787,820)	(13,101,208)	(5,228,782)	(15,082,663)
Net increase (decrease) in net assets resulting from operations	\$ 2,967,443	\$ (9,382,296)	\$ 2,060,891	\$ (7,954,255)
Basic and diluted:				
Net investment income per share	\$ 0.27	\$ 0.25	\$ 0.53	\$ 0.52
Earnings per share	\$ 0.22	\$ (0.69)	\$ 0.15	\$ (0.58)
Weighted average shares of common stock outstanding	13,668,027	13,638,869	13,646,653	13,644,483
Distributions paid per common share	\$ 0.25	\$ 0.25	\$ 0.50	\$ 0.50

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 herein may contain "forward-looking statements," which relate to future performance or financial condition. Statements other than statements of historical facts included in this press release may constitute forward-looking statements and are not guarantees of future performance or results and involve a number of assumptions, risks and uncertainties, which change over time. Actual results may differ materially from those anticipated in any forward-looking statements as a result of a number of factors, including those described from time to time in filings by the Company with the Securities and Exchange Commission. The Company undertakes no duty to update any forward-looking statement made herein except as required by law. All forward-looking statements speak only as of the date of this press release.

Contacts

Investcorp Credit Management BDC, Inc.

Investor Relations

Email: icmbinvestorrelations@investcorp.com

Phone: 212-257-5199