

Investcorp Credit Management BDC, Inc. Announces Financial Results for the Quarter Ended September 30, 2020 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, 2020.

HIGHLIGHTS

- **ICMB made four investments, and funded under one revolving commitment, across one existing portfolio company and two new portfolio companies. These investments totaled \$13.3mm. The weighted average yield of debt investments made in the quarter was 14.60%, inclusive of funding the revolving commitment.**
- **ICMB fully realized four investments during the quarter, totaling \$17.5 million, and received additional partial repayments totaling \$6.9 million.**
- **The weighted average yield on debt investments, at cost, decreased 33 basis points to 9.25%, compared to 9.58% as of June 30, 2020.**
- **Net asset value (“NAV”) increased \$0.02 per share (or 0.26%) to \$7.81, compared to \$7.79 as of June 30, 2020.**

Portfolio results, as of September 30, 2020:

Total assets	\$282.2mm
Investment portfolio, at fair value	\$261.3mm
Net assets	\$108.5mm
Weighted average yield on debt investments, at cost	9.25%
Net asset value per share	\$7.81
Portfolio activity in the current quarter:	
Number of new investments	4
Total capital invested	\$13.3mm
Proceeds from repayments, sales, and amortization	\$24.4mm
Number of portfolio companies, end of period	38
Net investment income (NII)	\$2.7mm
Net investment income per share	\$0.20
Net increase in net assets from operations	\$2.8mm
Net decrease in net assets from operations per share	\$0.20
Quarterly per share distribution paid on October 15, 2020	\$0.18

Mr. Michael C. Mauer, the Company’s Chief Executive Officer, said “As COVID-19 continues to be a very fluid situation, we are very pleased with our portfolio companies’ ability to manage cash flow and focus on the long-term recovery. We continue to work with these management teams to ensure the stability of the portfolio.”

Our dividend framework provides a quarterly base dividend and is supplemented (when applicable) by additional dividends determined by the net investment income during the quarter.

On November 3, 2020, the Company’s Board of Directors (the “Board”) declared a distribution for the quarter ending December 31, 2020 of \$0.15 per share, payable on January 4, 2021, to stockholders of record as of December 10, 2020, and a supplemental distribution of \$0.03 per share, payable on January 4, 2021, to stockholders of record as of December 10, 2020.

These distributions represent a 21.82% yield on the Company’s \$3.30 share price as of market close on November 6, 2020. Distributions may include net investment income, capital gains and/or return of capital, however, the Company does not expect these distributions 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 four investments, and funded under one revolving commitment, across one existing portfolio company and two new portfolio companies. The aggregate capital invested during the quarter totaled \$13.3mm at cost, and debt investments were made at a weighted average yield of 14.60%.

The Company received proceeds of \$24.4mm from repayments, sales and amortization during the quarter, primarily related to the repayment of AP NMT Acquisition BV.

The Company's realized and unrealized gains and losses accounted for an increase in the Company's net investments of \$0.1mm, or \$0.00 per share. The total net increase in net assets resulting from operations for the quarter was \$2.8mm or \$0.20 per share.

As of September 30, 2020, the Company's investment portfolio consisted of investments in 38 portfolio companies, of which 87.8% were first lien investments, 5.4% were second lien investments, 4.2% were unitranche loans, and 2.6% were equity, warrants, and other investments. The Company's debt portfolio consisted of 99.5% floating rate investments and 0.5% fixed rate investments.

During the nine months ended September 30, 2020, the Company's portfolio was negatively affected by the economic uncertainty caused by the novel coronavirus ("COVID-19") pandemic. The Company has closely monitored its portfolio companies throughout this period, including assessing portfolio companies' operational and liquidity exposure and outlook. Though the magnitude of the impact remains to be seen, certain of the Company's portfolio companies and, by extension, select operating results have been, and may continue to be, adversely impacted by the COVID-19 pandemic. 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 Form 10-Q for the quarter ended September 30, 2020.

Capital Resources

As of September 30, 2020, the Company had \$8.4mm in cash, \$6.5mm in restricted cash and no capacity under its revolving credit facility with UBS AG, London Branch.

Subsequent Events

Subsequent to September 30, 2020 and through November 6, 2020, the Company invested \$5.4mm in one new portfolio company and one existing portfolio company and the Company received \$10.2mm in repayments or sales proceeds. As of November 6, 2020, the Company had 37 portfolio companies.

On November 3, 2020, the Board declared a distribution for the quarter ended December 31, 2020 of \$0.15 per share payable on January 4, 2021 to stockholders of record as of December 10, 2020 and a supplemental distribution for the quarter ending December 31, 2020 of \$0.03 per share, payable on January 4, 2021, to stockholders of record as of December 10, 2020.

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

	September 30, 2020 (Unaudited)	June 30, 2020
Assets		
Non-controlled, non-affiliated investments, at fair value (amortized cost of \$307,584,172 and \$316,924,638, respectively)	\$ 261,333,374	\$ 270,621,709
Cash	8,432,854	14,876,444
Cash, restricted	6,516,562	5,417,118
Receivable for investments sold	1,694,010	1,576,730
Interest receivable	2,168,102	2,301,641
Payment-in-kind interest receivable	475,408	514,643
Other receivables	1,321,270	1,135,563
Prepaid expenses and other assets	251,104	350,661
Total Assets	\$ 282,192,684	\$ 296,794,509
Liabilities		
Notes payable:		
Term loan	\$ 102,000,000	\$ 102,000,000
Revolving credit facility	14,000,000	30,000,000
2023 Notes payable	51,375,000	51,375,000
Deferred debt issuance costs	(957,271)	(1,042,497)
Notes payable, net	166,417,729	182,332,503
Dividend payable	2,501,034	2,499,360
Income-based incentive fees payable	707,796	707,796
Base management fees payable	2,304,739	1,196,937
Interest payable	991,861	1,000,452
Directors' fees payable	21,684	24,559
Accrued expenses and other liabilities	788,608	907,907
Total Liabilities	173,733,451	188,669,514
Commitments and Contingencies (Note 6)		
Net Assets		
Common stock, par value \$0.001 per share (100,000,000 shares authorized, 13,894,635 and 13,885,335 shares issued and outstanding, respectively)	13,894	13,885
Additional paid-in capital	200,812,895	200,779,949
Distributable earnings (losses)	(92,367,556)	(92,668,839)
Total Net Assets	108,459,233	108,124,995
Total Liabilities and Net Assets	\$ 282,192,684	\$ 296,794,509
Net Asset Value Per Share	\$ 7.81	\$ 7.79

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,	
	2020	2019
Investment Income:		
Interest income	\$ 6,087,594	\$ 7,570,262
Payment in-kind interest income	840,327	907,777
Other fee income	43,060	80,395
Total investment income	6,970,981	8,558,434
Expenses:		
Interest expense	1,981,725	2,351,745
Base management fees	1,220,772	1,355,078
Income-based incentive fees	—	—
Professional fees	319,725	309,853
Allocation of administrative costs from advisor	354,000	352,000
Amortization of deferred debt issuance costs	—	195,377
Insurance expense	108,186	83,762
Directors' fees	76,625	82,500
Custodian and administrator fees	65,927	129,872
Offering expense	85,227	51,750
Other expenses	125,272	156,270
Total expenses	4,337,459	5,068,207
Waiver of base management fees	(112,971)	(44,183)
Waiver of income-based incentive fees	—	—
Net expenses	4,224,488	5,024,024
Net investment income	2,746,493	3,534,410
Net realized and unrealized gain/(loss) on investments:		
Net realized gain (loss) from investments	3,693	31,073
Net change in unrealized appreciation (depreciation) in value of investments	52,131	(4,472,035)
Total realized and unrealized gain (loss) on investments	55,824	(4,440,962)
Net increase (decrease) in net assets resulting from operations	\$ 2,802,317	\$ (906,552)
Basic and diluted:		
Net investment income per share	\$ 0.20	\$ 0.26
Earnings per share	\$ 0.20	\$ (0.07)
Weighted average shares of common stock outstanding	13,893,725	13,625,279
Distributions paid per common share	\$ 0.18	\$ 0.25

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 in this press release may contain "forward-looking statements," which relate to future performance or financial condition, are based upon current expectations and are inherently uncertain. Any such statements, other than statements of historical fact, are likely to be affected by other unknowable future events and conditions, including elements of the future that are or are not under the Company's control and including the impact of COVID-19 and related changes in base interest rates and significant market volatility on our business, our portfolio companies, our industry and the global economy, and that the Company may or may not have considered; accordingly, such statements cannot be guarantees or assurances of any aspect of future performance. 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. All forward-looking statements speak only as of the date of this press release. The Company undertakes no duty to update any forward-looking statement made herein except as required by law.

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