

CRESCENT

Crescent Capital BDC, Inc.

Crescent Capital BDC, Inc. Reports Third Quarter 2021 Financial Results; Declares a Fourth Quarter 2021 Regular Dividend of \$0.41 per Share and a Special Dividend of \$0.05 per Share

Nov 10, 2021

LOS ANGELES, Nov. 10, 2021 (GLOBE NEWSWIRE) -- Crescent Capital BDC, Inc. ("Crescent BDC" or "Company") (NASDAQ: CCAP) today reported net investment income of \$12.7 million, or \$0.45 per share, and Adjusted Net Investment Income of \$13.5 million, or \$0.48 per share,¹ for the quarter ended September 30, 2021. Reported net asset value per share was \$21.16 at September 30, 2021 as compared to \$20.98 at June 30, 2021.

The Company announced that its Board of Directors declared the following cash dividends on November 5, 2021:

Cash Dividend Type	Record Date	Payment Date	Amount Per Share	
Regular	December 31, 2021	January 17, 2022	\$	0.41
Special	December 3, 2021	December 15, 2021	\$	0.05
Special	March 4, 2022	March 15, 2022	\$	0.05
Special	June 3, 2022	June 15, 2022	\$	0.05
Special	September 2, 2022	September 15, 2022	\$	0.05

Selected Financial Highlights

(\$ in millions, except per share amounts)

	As of and for the Three Months Ended		
	September 30, 2021	June 30, 2021	September 30, 2020
Investments, at fair value	\$ 1,138.6	\$ 1,095.0	\$ 961.1
Total assets	\$ 1,183.2	\$ 1,128.5	\$ 980.5
Total net assets	\$ 596.2	\$ 591.0	\$ 537.1
Net asset value per share	\$ 21.16	\$ 20.98	\$ 19.07
Investment income	\$ 25.5	\$ 23.8	\$ 18.7
Net investment income	\$ 12.7	\$ 11.0	\$ 12.2
Net realized gains (losses), net of taxes	\$ 27.9	\$ 2.2	\$ (0.5)
Net change in unrealized gains (losses), net of taxes	\$ (23.9)	\$ 19.4	\$ 26.6
Net increase (decrease) in net assets resulting from operations	\$ 16.7	\$ 32.6	\$ 38.3
Net investment income per share	\$ 0.45	\$ 0.39	\$ 0.43
Net realized gains (losses) per share, net of taxes	\$ 0.99	\$ 0.08	\$ (0.02)
Net change in unrealized gains (losses) per share, net of taxes	\$ (0.85)	\$ 0.69	\$ 0.95
Net increase (decrease) in net assets resulting from operations per share	\$ 0.59	\$ 1.16	\$ 1.36
Distributions paid per share	\$ 0.41	\$ 0.41	\$ 0.41
Non-GAAP Financial Measures ¹ :			
Adjusted net investment income	\$ 13.5	\$ 14.8	\$ 12.2
Adjusted net investment income per share	\$ 0.48	\$ 0.53	\$ 0.43
Weighted average yield on income producing securities (at cost) ²	7.6%	7.8%	7.9%
Percentage of debt investments at floating rates	99.7%	99.6%	98.0%

Portfolio & Investment Activity

As of September 30, 2021 and June 30, 2021, the Company had investments in 132 and 130 portfolio companies with an aggregate fair value of \$1,138.6 and \$1,095.0 million, respectively. The portfolio at fair value was comprised of the following asset types:

Portfolio Asset Types:

\$ in millions	As of			
	September 30, 2021		June 30, 2021	
	Fair Value	Percentage	Fair Value	Percentage
Senior secured first lien	\$ 349.8	30.7%	\$ 371.1	32.6%

Unitranche first lien ³	597.0	52.4	493.7	45.0
Unitranche first lien - last out ³	13.5	1.2	13.9	1.3
Senior secured second lien	56.4	5.0	65.3	6.0
Unsecured debt	5.4	0.5	5.5	0.5
Equity & other	57.9	5.1	89.9	8.2
LLC/LP equity interests	58.6	5.1	55.6	5.1
Total investments	\$ 1,138.6	100.0%	\$ 1,095.0	100.0%

For the quarter ended September 30, 2021, the Company invested \$158.5 million across 12 new portfolio companies, 10 existing portfolio companies and several follow-on revolver and delayed draw fundings. For this period, the Company had \$122.8 million in aggregate exits, sales and repayments.

For the quarter ended June 30, 2021, the Company invested \$121.0 million across 11 new portfolio companies, 13 existing portfolio companies and several follow-on revolver and delayed draw fundings. For this period, the Company had \$109.6 million in aggregate exits, sales and repayments.

Results of Operations

For the quarter ended September 30, 2021 and June 30, 2021, investment income totaled \$25.5 million and \$23.8 million, respectively. The increase was primarily driven by interest income, as organic net deployment drove an increase in the size of the Company's income-producing investment portfolio and paydown activity led to higher accelerated accretion of OID.

For the quarter ended September 30, 2021 and June 30, 2021, total expenses, including income and excise taxes, totaled \$12.8 million, respectively.

Liquidity and Capital Resources

As of September 30, 2021, the Company had \$19.5 million in cash and cash equivalents and restricted cash and \$173.1 million of undrawn capacity on its credit facilities, subject to borrowing base and other limitations. The weighted average interest rate on the Company's debt outstanding as of September 30, 2021 was 3.32%.

The Company's debt to equity ratio was 0.94x as of September 30, 2021.

Non-GAAP Financial Measures

On a supplemental basis, the Company is disclosing Adjusted Net Investment Income and Adjusted Net Investment Income per share, each of which is a financial measure that is calculated and presented on a basis of methodology other than in accordance with U.S. GAAP ("non-GAAP"). Adjusted Net Investment Income represents net investment income, excluding capital gains incentive fees. We use this non-GAAP financial measure internally to analyze and evaluate financial results and performance and believe that this non-GAAP financial measure is useful to investors as an additional tool to evaluate ongoing results and trends without giving effect to capital gains incentive fees. The Company's investment advisory agreement provides that a capital gains-based incentive fee is determined and paid annually with respect to realized capital gains (but not unrealized capital appreciation) to the extent such realized capital gains exceed realized capital losses and unrealized capital depreciation on a cumulative basis. We believe that Adjusted Net Investment Income is a useful performance measure because it reflects the net investment income produced on the Company's investments during a period without giving effect to any changes in the value of such investments and any related capital gains incentive fees between periods. The presentation of Adjusted Net Investment Income is not intended to be a substitute for financial results prepared in accordance with GAAP and should not be considered in isolation.

The following table provides an unaudited reconciliation of net investment income (the most comparable U.S. GAAP measure) to Adjusted Net Investment Income for the periods presented:

<i>\$ in millions, except per share data</i>	For the three months ended September 30,				For the nine months ended September 30,			
	2021		2020		2021		2020	
	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share
Net investment income	\$ 12.7	\$ 0.45	\$ 12.2	\$ 0.43	\$ 35.1	\$ 1.25	\$ 36.7	\$ 1.33
Capital gains based incentive fee	0.8	0.03	—	—	6.2	0.22	—	—
Adjusted net investment income	\$ 13.5	\$ 0.48	\$ 12.2	\$ 0.43	\$ 41.3	\$ 1.47	\$ 36.7	\$ 1.33

Conference Call

The Company will host a webcast/conference call on Thursday, November 11, 2021 at 12:00 p.m. (Eastern Time) to discuss its financial results for the quarter ended September 30, 2021. Please visit Crescent BDC's webcast link located on the Events & Presentations page of the Investor Relations section of Crescent BDC's website for a slide presentation that complements the earnings conference call.

All interested parties are invited to participate via telephone or the live webcast, which will be hosted on a webcast link located on the Events & Presentations page of the Investor Resources section of Crescent BDC's website at www.crescentbdc.com. Please visit the website to test your connection before the webcast. Participants are also invited to access the conference call by dialing one of the following numbers:

Domestic: (855) 982-6679
International: (614) 999-9468
Conference ID: 6937369

All callers will need to enter the Conference ID followed by the # sign and reference "Crescent BDC" once connected with the operator. An archived replay will be available via a webcast link located on the Investor Relations section of Crescent BDC's website.

Endnotes

Note: Numbers may not sum due to rounding.

1) See "Non-GAAP Financial Measures" above for a description of this non-GAAP measure and a reconciliation from net investment income to Adjusted Net Investment Income. The Company's management uses this non-GAAP financial measure internally to analyze and evaluate financial results and performance and believes that this non-GAAP financial measure is useful to investors as an additional tool to evaluate ongoing results and trends for the Company without giving effect to capital gains incentive fees. The presentation of Adjusted Net Investment Income is not intended to be a substitute for financial results prepared in accordance with GAAP and should not be considered in isolation.

2) Yield excludes investments on non-accrual status.

3) Unitranche loans are first lien loans that may extend deeper in a company's capital structure than traditional first lien debt and may provide for a waterfall of cash flow priority among different lenders in the unitranche loan. In certain instances, the Company may find another lender to provide the "first out" portion of such loan and retain the "last out" portion of such loan, in which case, the "first out" portion of the loan would generally receive priority with respect to payment of principal, interest and any other amounts due thereunder over the "last out" portion that the Company would continue to hold. In exchange for the greater risk of loss, the "last out" portion earns a higher interest rate.

Crescent Capital BDC, Inc.
Consolidated Statements of Assets and Liabilities
(in thousands except share and per share data)

	As of September 30, 2021 (Unaudited)	As of December 31, 2020
Assets		
Investments, at fair value		
Non-controlled non-affiliated (cost of \$1,030,512 and \$920,693, respectively)	\$ 1,047,087	\$ 923,912
Non-controlled affiliated (cost of \$42,997 and \$50,431, respectively)	51,336	71,354
Controlled (cost of \$40,000 and \$40,000, respectively)	40,207	38,735
Cash and cash equivalents	6,467	1,896
Restricted cash and cash equivalents	13,027	12,953
Receivable for investments sold	15,302	6
Interest and dividend receivable	7,581	3,859
Unrealized appreciation on foreign currency forward contracts	1,915	264
Deferred tax assets	54	630
Other assets	210	543
Total assets	\$ 1,183,186	\$ 1,054,152
Liabilities		
Debt (net of deferred financing costs of \$4,830 and \$4,600, respectively)	\$ 557,071	\$ 471,932
Distributions payable	11,549	11,549
Incentive fees payable	7,882	—
Interest and other debt financing costs payable	3,503	3,923
Management fees payable	3,055	1,867
Deferred tax liabilities	1,079	1,324
Unrealized depreciation on foreign currency forward contracts	587	896
Directors' fees payable	127	98
Accrued expenses and other liabilities	2,181	2,563
Total liabilities	\$ 587,034	\$ 494,152
Net Assets		
Preferred stock, par value \$0.001 per share (10,000 shares authorized, zero outstanding, respectively)	\$ —	\$ —
Common stock, par value \$0.001 per share (200,000,000 shares authorized, 28,167,360 shares issued and outstanding, respectively)	28	28
Paid-in capital in excess of par value	594,658	594,658
Accumulated earnings (loss)	1,466	(34,686)
Total Net Assets	\$ 596,152	\$ 560,000
Total Liabilities and Net Assets	\$ 1,183,186	\$ 1,054,152
Net asset value per share	\$ 21.16	\$ 19.88

Crescent Capital BDC, Inc.
Consolidated Statements of Operations
(in thousands except share and per share data)

(Unaudited)

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
Investment Income:				
From non-controlled non-affiliated investments:				
Interest income	\$ 22,232	\$ 16,132	\$ 60,570	\$ 48,424
Paid-in-kind interest	184	501	966	1,747
Dividend income	1,373	7	1,427	182
Other income	254	—	577	1,060
From non-controlled affiliated investments:				
Interest income	305	338	904	1,009
Paid-in-kind interest	139	485	1,168	970
Dividend income	291	511	2,134	1,940
From controlled investments:				
Dividend income	700	700	2,100	1,500
Total investment income	25,478	18,674	69,846	56,832
Expenses:				
Interest and other debt financing costs	5,695	3,504	14,482	11,484
Management fees	3,531	2,909	10,082	8,327
Income based incentive fees	2,663	2,136	7,528	6,335
Capital gains based incentive fees	757	—	6,150	—
Professional fees	522	354	1,516	1,060
Directors' fees	127	100	361	339
Other general and administrative expenses	692	631	2,076	1,852
Total expenses	13,987	9,634	42,195	29,397
Management fee waiver	(476)	(1,163)	(3,096)	(3,427)
Income based incentive fees waiver	(931)	(2,136)	(5,796)	(6,335)
Net expenses	12,580	6,335	33,303	19,635
Net investment income before taxes	12,898	12,339	36,543	37,197
Income and excise taxes	170	131	1,403	480
Net investment income	12,728	12,208	35,140	36,717
Net realized and unrealized gains (losses) on investments:				
Net realized gain/(loss) on:				
Non-controlled non-affiliated investments	280	2	4,497	(1,021)
Non-controlled affiliated investments	27,513	(526)	27,513	(526)
Foreign currency transactions	80	6	359	(155)
Foreign currency forward contracts	(56)	—	(193)	—
Net change in unrealized appreciation (depreciation) on:				
Non-controlled non-affiliated investments and foreign currency translation	2,897	19,051	13,336	(20,274)
Non-controlled affiliated investments	(28,198)	5,694	(12,583)	14,086
Controlled investments	302	3,416	1,472	(5,513)
Foreign currency forward contracts	1,523	(1,349)	1,959	623
Net realized and unrealized gains (losses) on investments	4,341	26,294	36,360	(12,780)
Realized loss on asset acquisition	—	—	—	(3,825)
Net realized and unrealized gains (losses) on investments and asset acquisition	4,341	26,294	36,360	(16,605)
Benefit (provision) for taxes on realized gain on investments	2	—	(370)	—
Benefit (provision) for taxes on unrealized appreciation (depreciation) on investments	(392)	(161)	(332)	101
Net increase (decrease) in net assets resulting from operations	\$ 16,679	\$ 38,341	\$ 70,798	\$ 20,213
Per Common Share Data:				
Net increase (decrease) in net assets resulting from operations per share (basic and diluted):	\$ 0.59	\$ 1.36	\$ 2.51	\$ 0.73
Net investment income per share (basic and diluted):	\$ 0.45	\$ 0.43	\$ 1.25	\$ 1.33
Weighted average shares outstanding (basic and diluted):	28,167,360	28,167,360	28,167,360	27,518,708

About Crescent BDC

Crescent BDC is a business development company that seeks to maximize the total return of its stockholders in the form of current income and capital appreciation by providing capital solutions to middle market companies with sound business fundamentals and strong growth prospects. Crescent BDC utilizes the extensive experience, origination capabilities and disciplined investment process of Crescent Capital Group LP ("Crescent"). Crescent BDC is externally managed by Crescent Cap Advisors, LLC, a subsidiary of Crescent. Crescent BDC has elected to be regulated as a business development company under the Investment Company Act of 1940. For more information about Crescent BDC, visit www.crescentbdc.com. However, the contents of such website are not and should not be deemed to be incorporated by reference herein.

About Crescent Capital Group

Crescent is a global credit investment manager with over \$35 billion of assets under management. For 30 years, the firm has focused on below investment grade credit through strategies that invest in marketable and privately originated debt securities including senior bank loans, high yield bonds, as well as private senior, unitranche and junior debt securities. Crescent is headquartered in Los Angeles with offices in New York, Boston, and London and more than 190 employees globally. For more information about Crescent, visit www.crescentcap.com. However, the contents of such website are not and should not be deemed to be incorporated by reference herein.

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Forward-Looking Statements

This press release, and other statements that Crescent BDC may make, may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act, with respect to Crescent BDC's future financial or business performance, strategies or expectations. Forward-looking statements are typically identified by words or phrases such as "trend," "potential," "opportunity," "pipeline," "believe," "comfortable," "expect," "anticipate," "current," "intention," "estimate," "position," "assume," "outlook," "continue," "remain," "maintain," "sustain," "seek," "achieve," and similar expressions, or future or conditional verbs such as "will," "would," "should," "could," "may" or similar expressions.

Crescent BDC cautions that forward-looking statements are subject to numerous assumptions, risks and uncertainties, which may change over time. Forward-looking statements speak only as of the date they are made, and Crescent BDC assumes no duty to and does not undertake to update forward-looking statements. Actual results could differ materially from those anticipated in forward-looking statements and future results could differ materially from historical performance.

In addition to factors previously disclosed in Crescent BDC's SEC reports and those identified elsewhere in this press release, the following factors, among others, could cause actual results to differ materially from forward-looking statements or historical performance: (1) our future operating results; (2) our business prospects and the prospects of our portfolio companies; (3) the impact of investments that we expect to make; (4) our contractual arrangements and relationships with third parties; (5) the dependence of our future success on the general economy and its impact on the industries in which we invest; (6) the financial condition of and ability of our current and prospective portfolio companies to achieve their objectives; (7) our expected financings and investments; (8) the adequacy of our cash resources and working capital, including our ability to obtain continued financing on favorable terms; (9) the timing of cash flows, if any, from the operations of our portfolio companies; (10) the impact of increased competition; (11) the ability of our investment adviser to locate suitable investments for us and to monitor and administer our investments; (12) potential conflicts of interest in the allocation of opportunities between us and other investment funds managed by our investment adviser or its affiliates; (13) the ability of our investment adviser to attract and retain highly talented professionals; (14) changes in law and policy accompanying the new administration and uncertainty pending any such changes; (15) increased geopolitical unrest, terrorist attacks or acts of war, which may adversely affect the general economy, domestic and local financial and capital markets, or the specific industries of our portfolio companies; (16) changes and volatility in political, economic or industry conditions, the interest rate environment, foreign exchange rates or financial and capital markets; (17) the unfavorable resolution of legal proceedings; and (18) the impact of changes to tax legislation and, generally, our tax position.

Crescent BDC's Annual Report on Form 10-K for the year ended December 31, 2020 and quarterly report on Form 10-Q for the quarter ended September 30, 2021, each filed with the SEC, identify additional factors that can affect forward-looking statements.

Other Information

The information in this press release is summary information only and should be read in conjunction with Crescent BDC's annual report on Form 10-K for the year ended December 31, 2020, which Crescent BDC filed with the U.S. Securities and Exchange Commission (the SEC) on February 24, 2021, Crescent BDC's quarterly report on Form 10-Q for the quarter ended September 30, 2021, which Crescent BDC filed with the SEC on November 10, 2021, as well as Crescent BDC's other reports filed with the SEC. A copy of Crescent BDC's annual report on Form 10-K for the year ended December 31, 2020, Crescent BDC's quarterly reports on Form 10-Q and Crescent BDC's other reports filed with the SEC can be found on Crescent BDC's website at www.crescentbdc.com and the SEC's website at www.sec.gov.