

August 9, 2023



# Barings BDC, Inc. Reports Second Quarter 2023 Results and Announces Increase in Quarterly Cash Dividend to \$0.26 Per Share

CHARLOTTE, N.C.--(BUSINESS WIRE)-- Barings BDC, Inc. (NYSE: BBDC) ("Barings BDC" or the "Company") today reported its financial and operating results for the second quarter of 2023 and announced that the Company's Board of Directors (the "Board") declared a quarterly cash dividend of \$0.26 per share.

## Highlights

<u>Income Statement</u>	Three Months Ended June 30, 2023		Three Months Ended March 31, 2023	
	Total Amount	Per Share <sup>(1)</sup>	Total Amount	Per Share <sup>(2)</sup>
(dollars in millions, except per share data)				
Net investment income	\$33.6	\$0.31	\$27.5	\$0.25
Net realized losses	\$(48.5)	\$(0.45)	\$(9.7)	\$(0.09)
Net unrealized appreciation	\$55.1	\$0.51	\$22.0	\$0.20
Net increase in net assets resulting from operations	\$40.1	\$0.37	\$39.7	\$0.37
Dividends paid		\$0.25		\$0.25

(1) Based on weighted average shares outstanding during the period of 107,381,276.

(2) Based on weighted average shares outstanding during the period of 107,916,166.

## Investment Portfolio and Balance Sheet

(dollars in millions, except per share data)	As of June 30, 2023	As of March 31, 2023	As of December 31, 2022
Investment portfolio at fair value	\$2,506.0	\$2,556.1	\$2,448.9
Weighted average yield on performing debt investments (at principal amount)	10.4%	10.2%	9.7%
Total assets	\$2,730.4	\$2,726.9	\$2,710.0
Debt outstanding (principal)	\$1,497.1	\$1,494.1	\$1,454.1
Total net assets (equity)	\$1,207.6	\$1,205.0	\$1,192.3
Net asset value per share	\$11.34	\$11.17	\$11.05
Debt-to-equity ratio	1.24x	1.24x	1.22x
Net debt-to-equity ratio (adjusted for unrestricted cash and net unsettled transactions)	1.15x	1.19x	1.12x

## Second Quarter 2023 Results

Commenting on the quarter, Eric Lloyd, Chief Executive Officer of Barings BDC, stated, "We continued to deliver strong results for our shareholders through the second quarter, led by increased investment income combined with strong credit characteristics within our holdings. BBDC's diversified portfolio of directly originated middle market loans, conservatively underwritten to withstand the effects of higher base rates, have contributed to a 1.5% increase in net asset value per share compared to the prior quarter."

During the three months ended June 30, 2023, the Company reported total investment income of \$75.3 million, net investment income of \$33.6 million, or \$0.31 per share, and a net increase in net assets resulting from operations of \$40.1 million, or \$0.37 per share.

Net asset value (“NAV”) per share as of June 30, 2023 was \$11.34, as compared to \$11.17 as of March 31, 2023. The increase in NAV per share from March 31, 2023 to June 30, 2023 was primarily attributed to net unrealized appreciation on the Company’s investment portfolio, credit support agreements and foreign currency transactions of approximately \$0.51 per share, net investment income exceeding the Company’s second quarter dividend by \$0.06 per share and share repurchases of \$0.05 per share, partially offset by a net realized loss on investments and foreign currency transactions of \$0.45 per share.

Elizabeth Murray, Chief Financial Officer and Chief Operating Officer of Barings BDC, stated, “During the second quarter, we were pleased to extend the maturity of our senior secured credit facility with ING to February 2026, which aligns with the continued strength of our balance sheet. Significant growth in net investment income, coupled with our stable funding profile, led our Board of Directors to declare a dividend increase of 4.0% to \$0.26 per share for the third quarter, further benefiting our shareholders.”

### **Recent Portfolio Activity**

During the three months ended June 30, 2023, the Company made four new investments totaling \$11.7 million, made investments in existing portfolio companies totaling \$41.6 million, made a \$10.0 million add-on equity co-investment alongside certain affiliates in a portfolio company that specializes in providing financing to plaintiff law firms engaged in mass tort and other civil litigation and made additional investments in joint venture equity portfolio companies totaling \$2.5 million. During the three months ended June 30, 2023, the Company had five loans repaid totaling \$31.6 million and received \$25.6 million of portfolio company principal payments, recognizing a loss on these repayments of \$0.7 million. The Company received \$7.1 million of return of capital from its joint ventures and equity investments. In addition, the Company sold \$24.4 million of loans, recognizing a net realized loss on these transactions of \$43.7 million and sold \$46.5 million of middle-market portfolio debt investments to its joint ventures realizing a gain on these transactions of \$0.1 million. Lastly, investments in two portfolio companies were restructured, which resulted in a loss of \$2.0 million.

During the three months ended June 30, 2023, the Company recorded net unrealized appreciation totaling \$55.1 million, consisting of net unrealized appreciation on its current portfolio of \$5.4 million, unrealized appreciation of \$2.4 million on the MVC credit support agreement with Barings and unrealized appreciation reclassification adjustments of \$48.3 million related to the net realized losses on the sales / repayments of certain investments, net of unrealized depreciation of \$0.4 million on the Sierra credit support agreement with Barings and net unrealized depreciation related to foreign currency transactions of \$0.6 million. The net unrealized appreciation on our current portfolio of \$5.4 million was driven primarily by credit or fundamental performance of investments of \$2.5 million and the impact of foreign currency exchange rates on investments of \$3.8 million partially offset by broad market moves for investments of \$0.9 million.

### **Liquidity and Capitalization**

As of June 30, 2023, the Company had cash and foreign currencies of \$80.3 million, \$772.1 million of borrowings outstanding under its \$1.1 billion senior secured revolving credit agreement, \$725.0 million aggregate principal amount of unsecured notes outstanding and a net receivable from unsettled transactions of \$27.6 million. On May 9, 2023 the Company closed an extension to its senior secured revolving credit facility, with the revolving period now scheduled to expire on February 21, 2025 and the maturity date now scheduled to occur on February 21, 2026.

### **Share Repurchase Program**

On February 23, 2023, the Board authorized a new 12-month share repurchase program. Under the program, the Company may repurchase, during the 12-month period that commenced on March 1, 2023, up to \$30.0 million in the aggregate of its outstanding common stock in the open market at prices below the then-current NAV per share. The timing, manner, price and amount of any share repurchases will be determined by the Company, in its discretion, based upon 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 March 1, 2024, unless extended or until the aggregate repurchase amount that has been approved by the Board has been expended. 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. The program may be suspended, extended, modified or discontinued at any time. As of August 9, 2023, the Company had repurchased a total of 1,400,000 shares of its common stock in the open market under the authorized program at an average price of \$7.75 per share, including broker commissions.

### **Dividend Information**

The Board declared a quarterly cash dividend of \$0.26 per share.

The Company's third quarter dividend is payable as follows:

#### Third Quarter 2023 Dividend:

Amount per share:	\$0.26
Record date:	September 6, 2023
Payment date:	September 13, 2023

### **Dividend Reinvestment Plan**

Barings BDC has adopted a dividend reinvestment plan ("DRIP") that provides for reinvestment of dividends and distributions on behalf of its stockholders, unless a stockholder elects to receive cash. As a result, when the Company declares a cash dividend or distribution, stockholders who have not opted out of the DRIP will have their cash dividends or distributions automatically reinvested in additional shares of the Company's common stock, rather than receiving cash.

When the Company declares and pays dividends and distributions, it determines the allocation of the distribution between current income, accumulated income, capital gains and return of capital on the basis of accounting principles generally accepted in the United States ("GAAP"). At each year end, the Company is required for tax purposes to determine the allocation based on tax accounting principles. Due to differences between GAAP and tax

accounting principles, the portion of each dividend distribution that is ordinary income, capital gain or return of capital may differ for GAAP and tax purposes. The tax status of the Company's distributions can be found on the Investor Relations page of its website.

### **Subsequent Events**

Subsequent to June 30, 2023, the Company made approximately \$35.7 million of new commitments, of which \$23.6 million closed and funded. The \$23.6 million of investments consists of \$23.2 million of first lien senior secured debt investments and \$0.4 million of equity investments. The weighted average yield of the debt investments was 11.6%. In addition, the Company funded \$8.4 million of previously committed delayed draw term loans.

### **Conference Call to Discuss Second Quarter 2023 Results**

Barings BDC has scheduled a conference call to discuss second quarter 2023 financial and operating results for Thursday, August 10, 2023, at 9:00 a.m. ET.

To listen to the call, please dial 877-407-8831 or 201-493-6736 approximately 10 minutes prior to the start of the call. A taped replay will be made available approximately two hours after the conclusion of the call and will remain available until August 17, 2023. To access the replay, please dial 877-660-6853 or 201-612-7415 and enter conference ID 13739831.

This conference call will also be available via a live webcast on the investor relations section of Barings BDC's website at <https://ir.barings.com/ir-calendar>. Access the website 15 minutes prior to the start of the call to download and install any necessary audio software. An archived webcast replay will be available on the Company's website until August 17, 2023.

### **Forward-Looking Statements**

Statements included herein or on the webcast/conference call may constitute "forward-looking statements," which relate to future events or Barings BDC's future performance or financial condition. Investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date on which they are made, which reflect management's current estimates, projections, expectations or beliefs, and which are subject to risks and uncertainties that may cause actual results to differ materially. Forward-looking statements include, but are not limited to, the Company's projected net investment income and earnings, the Company's distribution levels and frequency of distributions, the Company's share repurchase activity, and the ability of Barings LLC to manage Barings BDC and identify investment opportunities, all of which are subject to change at any time based upon economic, market or other conditions, and may not be relied upon as investment advice or an indication of Barings BDC's trading intent. More information on the risks and other potential factors that could affect Barings BDC's financial results and future events, including important factors that could cause actual results or events to differ materially from plans, estimates or expectations included herein or discussed on the webcast/conference call, is included in Barings BDC's filings with the SEC, including in the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of Barings BDC's most recently filed annual report on Form 10-K, as well as in subsequent filings, including Barings BDC's quarterly reports on Form 10-Q. In addition, there is no assurance that Barings BDC or any of its affiliates will purchase

additional shares of Barings BDC at any specific discount levels or in any specific amounts. There is no assurance that the market price of Barings BDC's shares, either absolutely or relative to NAV, will increase as a result of any share repurchases, or that any repurchase plan will enhance stockholder value over the long term.

### **Non-GAAP Financial Measures**

To provide additional information about the Company's results, the Company's management has discussed in this press release the Company's net debt (calculated as (i) total debt less (ii) unrestricted cash and foreign currencies (excluding restricted cash) net of net payables/receivables from unsettled transactions) and its net debt-to-equity ratio (calculated as net debt divided by total net assets), which are not prepared in accordance with GAAP. These non-GAAP measures are included to supplement the Company's financial information presented in accordance with GAAP and because the Company uses such measures to monitor and evaluate its leverage and financial condition and believes the presentation of these measures enhances investors' ability to analyze trends in the Company's business and to evaluate the Company's leverage and ability to take on additional debt. However, these non-GAAP measures have limitations and should not be considered in isolation or as a substitute for analysis of the Company's financial results as reported under GAAP.

These non-GAAP measures are not in accordance with, or an alternative to, measures prepared in accordance with GAAP and may be different from non-GAAP measures used by other companies. In addition, these non-GAAP measures are not based on any comprehensive set of accounting rules or principles. These measures should only be used to evaluate the Company's results of operations in conjunction with their corresponding GAAP measures. Pursuant to the requirements of Item 10(e) of Regulation S-K, as promulgated under the Securities Exchange Act of 1934, as amended, the Company has provided a reconciliation of these non-GAAP measures in the last table included in this press release.

### **About Barings BDC**

Barings BDC, Inc. (NYSE: BBDC) is a publicly traded, externally managed investment company that has elected to be treated as a business development company under the Investment Company Act of 1940. Barings BDC seeks to invest primarily in senior secured loans in middle-market companies that operate across a wide range of industries. Barings BDC's investment activities are managed by its investment adviser, Barings LLC, a leading global asset manager based in Charlotte, NC with \$351+ billion\* of AUM firm-wide. For more information, visit [www.baringsbdc.com](http://www.baringsbdc.com).

### **About Barings LLC**

Barings is a \$351+ billion\* global investment manager sourcing differentiated opportunities and building long-term portfolios across public and private fixed income, real estate, and specialist equity markets. With investment professionals based in North America, Europe and Asia Pacific, the firm, a subsidiary of MassMutual, aims to serve its clients, communities and employees, and is committed to sustainable practices and responsible investment. Learn more at [www.barings.com](http://www.barings.com).

\*Assets under management as of June 30, 2023

**Barings BDC, Inc.**  
**Consolidated Balance Sheets**  
(in thousands, except share and per share data)

	June 30, 2023	December 31, 2022
	(Unaudited)	
<b>Assets:</b>		
Investments at fair value:		
Non-Control / Non-Affiliate investments (cost of \$2,138,921 and \$2,191,345 as of June 30, 2023 and December 31, 2022, respectively)	\$ 2,053,044	\$ 2,052,614
Affiliate investments (cost of \$317,916 and \$275,482 as of June 30, 2023 and December 31, 2022, respectively)	345,990	289,993
Control investments (cost of \$97,868 and \$95,571 as of June 30, 2023 and December 31, 2022, respectively)	106,958	106,328
Total investments at fair value	2,505,992	2,448,935
Cash	63,410	96,160
Foreign currencies (cost of \$16,811 and \$42,627 as of June 30, 2023 and December 31, 2022, respectively)	16,920	43,255
Interest and fees receivable	46,582	42,738
Prepaid expenses and other assets	1,576	1,079
Credit support agreements (cost of \$58,000 as of both June 30, 2023 and December 31, 2022, respectively)	60,650	53,086
Derivative assets	2,644	1,508
Deferred financing fees	4,859	3,224
Receivable from unsettled transactions	27,780	19,972
<b>Total assets</b>	<b>\$ 2,730,413</b>	<b>\$ 2,709,957</b>
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 1,856	\$ 971
Interest payable	8,193	7,635
Administrative fees payable	486	677
Base management fees payable	8,134	7,981
Incentive management fees payable	10,086	—
Derivative liabilities	2,049	16,677
Payable from unsettled transactions	135	35,565
Borrowings under credit facilities	772,087	729,144
Notes payable (net of deferred financing fees)	719,790	718,978
<b>Total liabilities</b>	<b>1,522,816</b>	<b>1,517,628</b>
<b>Commitments and contingencies</b>		
<b>Net Assets:</b>		
Common stock, \$0.001 par value per share (150,000,000 shares authorized, 106,516,166 and 107,916,166 shares issued and outstanding as of June 30, 2023 and December 31, 2022, respectively)	107	108
Additional paid-in capital	1,845,122	1,855,975
Total distributable earnings (loss)	(637,632)	(663,754)
<b>Total net assets</b>	<b>1,207,597</b>	<b>1,192,329</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,730,413</b>	<b>\$ 2,709,957</b>
Net asset value per share	\$ 11.34	\$ 11.05

**Barings BDC, Inc.**  
**Unaudited Consolidated Statements of Operations**  
(in thousands, except share and per share data)

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
<b>Investment income:</b>				
Interest income:				
Non-Control / Non-Affiliate investments	\$ 54,561	\$ 40,010	\$ 105,729	\$ 71,634
Affiliate investments	459	411	839	584
Control investments	404	363	746	636

Total interest income	55,424	40,784	107,314	72,854
Dividend income:				
Non-Control / Non-Affiliate investments	831	63	1,658	186
Affiliate investments	9,419	7,183	16,466	14,753
Total dividend income	10,250	7,246	18,124	14,939
Fee and other income:				
Non-Control / Non-Affiliate investments	4,232	4,924	7,314	7,147
Affiliate investments	37	26	204	39
Control investments	32	122	83	(918)
Total fee and other income	4,301	5,072	7,601	6,268
Payment-in-kind interest income:				
Non-Control / Non-Affiliate investments	4,782	2,070	8,317	4,358
Affiliate investments	48	93	251	137
Control investments	292	311	496	778
Total payment-in-kind interest income	5,122	2,474	9,064	5,273
Interest income from cash	205	16	403	16
Total investment income	75,302	55,592	142,506	99,350
Operating expenses:				
Interest and other financing fees	20,811	13,168	40,127	24,829
Base management fee	8,134	7,381	15,987	13,253
Incentive management fees	10,086	—	19,691	4,754
General and administrative expenses	2,447	3,269	5,183	5,727
Total operating expenses	41,478	23,818	80,988	48,563
Net investment income before taxes	33,824	31,774	61,518	50,787
Income taxes, including excise tax expense	200	—	395	6
Net investment income after taxes	33,624	31,774	61,123	50,781

**Barings BDC, Inc.**  
**Unaudited Consolidated Statements of Operations — (Continued)**  
(in thousands, except share and per share data)

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
<b>Realized gains (losses) and unrealized appreciation (depreciation) on investments, credit support agreements and foreign currency transactions:</b>				
Net realized gains (losses):				
Non-Control / Non-Affiliate investments	\$ (46,218)	\$ (6,701)	(45,446)	(6,951)
Affiliate investments	—	—	—	101
Control investments	—	(813)	—	(813)
Net realized gains (losses) on investments	(46,218)	(7,514)	(45,446)	(7,663)
Foreign currency transactions	(2,320)	(2,709)	(12,837)	(4,002)
Net realized gains (losses)	(48,538)	(10,223)	(58,283)	(11,665)
Net unrealized appreciation (depreciation):				
Non-Control / Non-Affiliate investments	45,334	(65,428)	52,771	(94,016)
Affiliate investments	2,722	(13,435)	13,563	(440)
Control investments	5,602	17,050	(1,667)	31,696
Net unrealized appreciation (depreciation) on investments	53,658	(61,813)	64,667	(62,760)
Credit support agreements	1,978	(13,361)	7,564	(13,760)
Foreign currency transactions	(577)	30,520	4,798	35,332
Net unrealized appreciation (depreciation)	55,059	(44,654)	77,029	(41,188)
Net realized gains (losses) and unrealized appreciation (depreciation) on investments, credit support agreements and foreign currency transactions	6,521	(54,877)	18,746	(52,853)
Benefit from (provision for) income taxes	(28)	(1,890)	(101)	(1,890)
Net increase (decrease) in net assets resulting from operations	\$ 40,117	\$ (24,993)	\$ 79,768	\$ (3,962)
Net investment income per share—basic and diluted	\$ 0.31	\$ 0.29	\$ 0.57	\$ 0.52



Net increase (decrease) in net assets resulting from operations per share—basic and diluted	\$ 0.37	\$ (0.23)	\$ 0.74	\$ (0.04)
<b>Dividends/distributions per share:</b>				
Total dividends/distributions per share	\$ 0.25	\$ 0.24	\$ 0.50	\$ 0.47
Weighted average shares outstanding—basic and diluted	107,381,276	110,759,443	107,647,243	96,785,517

**Barings BDC, Inc.**  
**Unaudited Consolidated Statements of Cash Flows**  
(in thousands)

	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
<b>Cash flows from operating activities:</b>		
Net increase (decrease) in net assets resulting from operations	\$ 79,768	\$ (3,962)
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used in) operating activities:		
Purchases of portfolio investments	(255,744)	(708,703)
Net cash acquired from mergers (cash consideration paid)	—	101,896
Transaction costs from mergers	—	(6,804)
Repayments received/sales of portfolio investments	188,422	603,169
Loan origination and other fees received	2,876	11,492
Net realized (gain) loss on investments	45,446	7,663
Net realized (gain) loss on foreign currency transactions	12,837	4,002
Net unrealized (appreciation) depreciation on investments	(64,667)	62,760
Net unrealized (appreciation) depreciation of CSAs	(7,564)	13,760
Net unrealized (appreciation) depreciation on foreign currency transactions	(4,798)	(35,332)
Payment-in-kind interest / dividends	(11,567)	(5,273)
Amortization of deferred financing fees	1,565	1,498
Accretion of loan origination and other fees	(4,094)	(5,313)
Amortization / accretion of purchased loan premium / discount	(946)	(1,240)
Payments for derivative contracts	(19,437)	(2,901)
Proceeds from derivative contracts	2,526	2,877
Changes in operating assets and liabilities:		
Interest and fees receivable	(2,730)	(50,492)
Prepaid expenses and other assets	651	(2,624)
Accounts payable and accrued liabilities	9,702	(176)
Interest payable	558	1,033
Net cash provided by (used in) operating activities	(27,196)	(12,670)
<b>Cash flows from financing activities:</b>		
Borrowings under credit facilities	35,000	184,657
Financing fees paid	(2,389)	(1,829)
Purchases of shares in repurchase plan	(10,854)	(15,113)
Cash dividends / distributions paid	(53,646)	(41,528)
Net cash provided by (used in) financing activities	(31,889)	126,187
Net increase (decrease) in cash and foreign currencies	(59,085)	113,517
Cash and foreign currencies, beginning of period	139,415	84,253
<b>Cash and foreign currencies, end of period</b>	<b>\$ 80,330</b>	<b>\$ 197,770</b>
<b>Supplemental Information:</b>		
Cash paid for interest	\$ 37,354	\$ 21,766
Excise taxes paid during the period	\$ 800	\$ —
<b>Supplemental non-cash information</b>		
Acquisitions:		
Fair value of net assets acquired, net of cash	\$ —	\$ (435,811)
Transaction costs	—	3,756
Common stock issued in acquisition of net assets	—	499,418
Credit support agreement	—	(44,400)
Deemed contribution - from Adviser	—	27,729
Deemed contributions - CSA	—	44,400



**Barings BDC, Inc.**  
**Unaudited Reconciliation of Debt to Net Debt and Calculation of Net Debt-to-Equity Ratio**  
(in thousands, except ratios)

	June 30, 2023	March 31, 2023	December 31, 2022
Total debt (principal)	\$ 1,497,087	\$ 1,494,112	\$ 1,454,144
minus: Cash and foreign currencies (excluding restricted cash)	(80,330)	(55,395)	(139,415)
plus: Payable from unsettled transactions	135	649	35,565
minus: Receivable from unsettled transactions	(27,780)	(1,519)	(19,972)
Total net debt <sup>(1)</sup>	\$ 1,389,112	\$ 1,437,847	\$ 1,330,322
 Total net assets	 \$ 1,207,597	 \$ 1,205,001	 \$ 1,192,329
 Total net debt-to-equity ratio <sup>(1)</sup>	 1.15 x	 1.19 x	 1.12 x

(1) See the "Non-GAAP Financial Measures" section of this press release.

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