

May 7, 2024



Barings BDC, Inc. Reports First Quarter 2024 Results and Announces Quarterly Cash Dividend of \$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 first quarter of 2024 and announced that the Company's Board of Directors (the "Board") declared a quarterly cash dividend of \$0.26 per share.

Highlights

Income Statement

(dollars in millions, except per share data)

	Three Months Ended March 31, 2024		Three Months Ended December 31, 2023	
	Total Amount	Per Share ⁽¹⁾	Total Amount	Per Share ⁽²⁾
Net investment income	\$29.4	\$0.28	\$33.4	\$0.31
Net realized gains (losses)	\$(21.5)	\$(0.20)	\$12.8	\$0.12
Net unrealized appreciation (depreciation)	\$36.1	\$0.34	\$(16.4)	\$(0.15)
Net increase (decrease) in net assets resulting from operations	\$44.0	\$0.41	\$29.9	\$0.28
Dividends paid		\$0.26		\$0.26

(1) Based on weighted average shares outstanding during the period of 106,038,873.

(2) Based on weighted average shares outstanding during the period of 106,371,835.

Investment Portfolio and Balance Sheet

(dollars in millions, except per share data)

	As of	
	March 31, 2024	December 31, 2023
Investment portfolio at fair value	\$2,527.5	\$2,488.7
Weighted average yield on performing debt investments (at principal amount)	10.7 %	10.5 %
Total assets	\$2,698.7	\$2,677.5
Debt outstanding (principal)	\$1,465.4	\$1,444.9
Total net assets (equity)	\$1,211.9	\$1,196.6
Net asset value per share	\$11.44	\$11.28
Debt-to-equity ratio	1.21x	1.21x
Net debt-to-equity ratio (adjusted for unrestricted cash and net unsettled transactions)	1.17x	1.15x

First Quarter 2024 Results

Commenting on the quarter, Eric Lloyd, Chief Executive Officer of Barings BDC, stated, "We are proud of the strong results generated in the first quarter, including delivering our highest NAV since 2022, which was primarily driven by investment appreciation, highlighting our focus on protecting and growing the value of our investors' capital. In addition, we continue to meaningfully out-earn our dividend while making strong progress on monetizing non-core investments and adding attractive, high-quality direct lending assets to the portfolio."

During the three months ended March 31, 2024, the Company reported total investment

income of \$69.8 million, net investment income of \$29.4 million, or \$0.28 per share, and a net increase in net assets resulting from operations of \$44.0 million, or \$0.41 per share.

Net asset value ("NAV") per share as of March 31, 2024 was \$11.44, as compared to \$11.28 as of December 31, 2023. The increase in NAV per share from December 31, 2023 to March 31, 2024 was primarily attributed to net unrealized appreciation on the Company's investment portfolio, credit support agreements, foreign currency transactions and forward currency contracts of approximately \$0.34 per share and net investment income exceeding the Company's first quarter dividend by \$0.02 per share, partially offset by a net realized loss on investments, foreign currency transactions and forward currency contracts of \$0.20 per share.

Recent Portfolio Activity

During the three months ended March 31, 2024, the Company made 10 new investments totaling \$63.5 million and made investments in existing portfolio companies totaling \$78.9 million. The Company had nine loans repaid totaling \$72.2 million, received \$23.3 million of portfolio company principal payments and received \$4.3 million of return of capital from joint ventures and equity investments. The Company received \$12.5 million for the sale of loans, recognizing a net realized loss on these transactions of \$0.8 million. In addition, investments in two portfolio companies were restructured, which resulted in a loss of \$12.7 million. Lastly, the Company received proceeds related to the sale of equity investments totaling \$6.5 million and recognized a net realized gain on such sales totaling \$0.8 million.

During the three months ended March 31, 2024, the Company recorded net unrealized appreciation totaling \$36.1 million, consisting of net unrealized appreciation reclassification adjustments of \$12.6 million related to the net realized losses on the sales / repayments and restructures of certain investments, net unrealized appreciation on its current portfolio of \$10.5 million, net unrealized appreciation related to foreign currency transactions of \$3.5 million and net unrealized appreciation related to forward currency contracts of \$15.8 million, partially offset by unrealized depreciation of \$1.2 million on the MVC credit support agreement with Barings and unrealized depreciation of \$5.1 million on the Sierra credit support agreement with Barings. The net unrealized appreciation on the Company's current portfolio of \$10.5 million was driven primarily by broad market moves for investments of \$13.9 million and credit or fundamental performance of investments of \$6.9 million, partially offset by the impact of foreign currency exchange rates on investments of \$10.3 million.

Liquidity and Capitalization

As of March 31, 2024, the Company had cash and foreign currencies of \$64.1 million (including restricted cash of \$13.4 million), \$440.4 million of borrowings outstanding under its \$1,065.0 million senior secured revolving credit agreement, \$1,025.0 million aggregate principal amount of unsecured notes outstanding and a net receivable from unsettled transactions of \$1.8 million.

On February 12, 2024, the Company issued \$300.0 million in aggregate principal amount of senior unsecured notes that mature on February 15, 2029 and bear interest at a rate of 7.000% per annum (the "February 2029 Notes"). The February 2029 Notes pay interest semi-annually and all principal is due upon maturity. The February 2029 Notes may be redeemed in whole or in part at any time at the Company's option at a redemption price set

forth in the indenture governing the February 2029 Notes. The February 2029 Notes were issued at a public offering price of 98.948% of the principal amount thereof.

Share Repurchase Program

On February 22, 2024, the Board authorized a new 12-month share repurchase program. Under the program, the Company may repurchase, during the 12-month period commencing on March 1, 2024, 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, 2025, 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. During the three months ended March 31, 2024, the Company repurchased a total of 115,911 shares of its common stock in the open market under the authorized program at an average price of \$9.56 per share, including brokerage commissions.

Dividend Information

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

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

Second Quarter 2024 Dividend:

Amount per share:	\$0.26
Record date:	June 5, 2024
Payment date:	June 12, 2024

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 March 31, 2024, the Company made approximately \$11.7 million of new commitments, of which \$6.1 million closed and funded. The \$6.1 million of investments consists of \$6.1 million of first lien senior secured debt investments and \$46.9 thousand of equity investments. The weighted average yield of the debt investments was 11.3%. In addition, the Company funded \$4.8 million of previously committed revolvers and delayed draw term loans.

Conference Call to Discuss First Quarter 2024 Results

Barings BDC has scheduled a conference call to discuss first quarter 2024 financial and operating results for Wednesday, May 8, 2024, 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 May 15, 2024. To access the replay, please dial 877-660-6853 or 201-612-7415 and enter conference ID 13745722.

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 May 15, 2024.

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 investment 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 Securities and Exchange Commission, 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 \$406+ billion* of AUM firm-wide. For more information, visit www.baringsbdc.com.

About Barings LLC

Barings is a \$406+ 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.

*Assets under management as of March 31, 2024

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

March 31, 2024	December 31, 2023
(Unaudited)	

Assets:

Investments at fair value:

Non-Control / Non-Affiliate investments (cost of \$2,065,014 and \$2,053,548 as of March 31, 2024 and December 31, 2023, respectively)	\$2,015,336	\$1,995,372
Affiliate investments (cost of \$382,732 and \$378,865 as of March 31, 2024 and December 31, 2023, respectively)	409,085	402,423
Control investments (cost of \$103,553 and \$103,163 as of March 31, 2024 and December 31, 2023, respectively)	103,116	90,920
Total investments at fair value	2,527,537	2,488,715
Cash (restricted cash of \$13,373 and \$0 as of March 31, 2024 and December 31, 2023, respectively)	48,777	57,187
Foreign currencies (cost of \$15,572 and \$13,023 as of March 31, 2024 and December 31, 2023, respectively)	15,336	13,341
Interest and fees receivable	41,672	51,598
Prepaid expenses and other assets	3,254	3,564
Credit support agreements (cost of \$58,000 as of both March 31, 2024 and December 31, 2023)	51,450	57,800
Derivative assets	5,011	1
Deferred financing fees	3,490	3,948
Receivable from unsettled transactions	2,159	1,299
Total assets	\$2,698,686	\$2,677,453

Liabilities:

Accounts payable and accrued liabilities	\$ 2,156	\$ 2,950
Interest payable	12,452	8,450
Administrative fees payable	582	536
Base management fees payable	8,279	8,347
Incentive management fees payable	8,167	7,737
Derivative liabilities	3,675	11,265
Payable from unsettled transactions	336	1,112
Borrowings under credit facilities	440,352	719,914
Notes payable (net of deferred financing fees)	1,010,811	720,583
Total liabilities	1,486,810	1,480,894

Commitments and contingencies**Net Assets:**

Common stock, \$0.001 par value per share (150,000,000 shares authorized, 105,951,159 and 106,067,070 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively)	106	106
Additional paid-in capital	1,853,350	1,854,457
Total distributable earnings (loss)	(641,580)	(658,004)
Total net assets	1,211,876	1,196,559
Total liabilities and net assets	\$2,698,686	\$2,677,453
Net asset value per share	\$ 11.44	\$ 11.28

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

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Investment income:		
Interest income:		
Non-Control / Non-Affiliate investments	\$ 53,190	\$ 51,168
Affiliate investments	957	380
Control investments	386	342
Total interest income	54,533	51,890
Dividend income:		
Non-Control / Non-Affiliate investments	1,322	826
Affiliate investments	7,155	7,048
Total dividend income	8,477	7,874

Fee and other income:		
Non-Control / Non-Affiliate investments	3,388	3,082
Affiliate investments	69	167
Control investments	17	51
Total fee and other income	3,474	3,300
Payment-in-kind interest income:		
Non-Control / Non-Affiliate investments	2,482	3,535
Affiliate investments	251	203
Control investments	391	204
Total payment-in-kind interest income	3,124	3,942
Interest income from cash	199	198
Total investment income	69,807	67,204
Operating expenses:		
Interest and other financing fees	21,082	19,316
Base management fee	8,279	7,853
Incentive management fees	8,167	9,604
General and administrative expenses	2,676	2,736
Total operating expenses	40,204	39,509
Net investment income before taxes	29,603	27,695
Income taxes, including excise tax expense	250	195
Net investment income after taxes	29,353	27,500

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

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Realized gains (losses) and unrealized appreciation (depreciation) on investments, credit support agreements, foreign currency transactions and forward currency contracts:		
Net realized gains (losses):		
Non-Control / Non-Affiliate investments	\$ (12,608)	\$ 771
Net realized gains (losses) on investments	(12,608)	771
Foreign currency transactions	241	3,701
Forward currency contracts	(9,086)	(14,218)
Net realized gains (losses)	(21,453)	(9,746)
Net unrealized appreciation (depreciation):		
Non-Control / Non-Affiliate investments	8,502	7,437
Affiliate investments	2,795	10,841
Control investments	11,805	(7,269)
Net unrealized appreciation (depreciation) on investments	23,102	11,009
Credit support agreements	(6,350)	5,586
Foreign currency transactions	3,516	(8,127)
Forward currency contracts	15,833	13,502
Net unrealized appreciation (depreciation)	36,101	21,970
Net realized gains (losses) and unrealized appreciation (depreciation) on investments, credit support agreements, foreign currency transactions and forward currency contracts	14,648	12,224
Benefit from (provision for) income taxes	—	(73)
Net increase (decrease) in net assets resulting from operations	\$ 44,001	\$ 39,651
Net investment income per share — basic and diluted	\$ 0.28	\$ 0.25
Net increase (decrease) in net assets resulting from operations per share — basic and diluted	\$ 0.41	\$ 0.37
Dividends/distributions per share:		
Total dividends/distributions per share	\$ 0.26	\$ 0.25
Weighted average shares outstanding — basic and diluted	106,038,873	107,916,166

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

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Cash flows from operating activities:		
Net increase (decrease) in net assets resulting from operations	\$ 44,001	\$ 39,651
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	(143,128)	(179,634)
Repayments received / sales of portfolio investments	118,008	69,515
Loan origination and other fees received	2,520	2,420
Net realized (gain) loss on investments	12,608	(771)
Net realized (gain) loss on foreign currency transactions	(241)	(3,701)
Net realized (gain) loss on forward currency contracts	9,086	14,218
Net unrealized (appreciation) depreciation on investments	(23,102)	(11,009)
Net unrealized (appreciation) depreciation of CSAs	6,350	(5,586)
Net unrealized (appreciation) depreciation on foreign currency transactions	(3,516)	8,127
Net unrealized (appreciation) depreciation on forward currency contracts	(15,833)	(13,502)
Payment-in-kind interest / dividends	(5,800)	(5,419)
Amortization of deferred financing fees	1,041	764
Accretion of loan origination and other fees	(2,419)	(2,017)
Amortization / accretion of purchased loan premium / discount	(261)	(303)
Payments for derivative contracts	(11,265)	(15,482)
Proceeds from derivative contracts	2,178	1,264
Changes in operating assets and liabilities:		
Interest and fees receivable	10,729	(3,424)
Prepaid expenses and other assets	313	348
Accounts payable and accrued liabilities	(388)	8,955
Interest payable	4,010	3,566
Net cash provided by (used in) operating activities	4,891	(92,020)
Cash flows from financing activities:		
Borrowings under credit facilities	24,500	35,000
Repayments of credit facilities	(300,000)	—
Proceeds from notes	300,000	—
Financing fees paid	(7,122)	(21)
Purchases of shares in repurchase plan	(1,107)	—
Cash dividends / distributions paid	(27,577)	(26,979)
Net cash provided by (used in) financing activities	(11,306)	8,000
Net increase (decrease) in cash and foreign currencies	(6,415)	(84,020)
Cash and foreign currencies, beginning of period	70,528	139,415
Cash and foreign currencies, end of period	\$ 64,113	\$ 55,395
Supplemental Information:		
Cash paid for interest	\$ 15,580	\$ 14,662
Excise taxes paid during the period	\$ 1,700	\$ 800

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

	March 31, 2024	December 31, 2023
Total debt (principal)	\$ 1,465,352	\$ 1,444,914
minus: Cash and foreign currencies (excluding restricted cash)	(50,740)	(70,528)
plus: Payable from unsettled transactions	336	1,112
minus: Receivable from unsettled transactions	(2,159)	(1,299)

Total net debt ⁽¹⁾	\$ 1,412,789	\$ 1,374,199
Total net assets	\$ 1,211,876	\$ 1,196,559
Total net debt-to-equity ratio ⁽¹⁾	1.17 x	1.15 x

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

View source version on businesswire.com:

<https://www.businesswire.com/news/home/20240507526833/en/>

Media Contact:

MediaRelations@barings.com

Investor Relations:

BDCinvestorrelations@barings.com, 888-401-1088

Source: Barings BDC, Inc.