

MONROE CAPITAL Corp  
Form 10-Q  
August 08, 2017

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-Q**

**(Mark One)**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934**

**For the quarterly period ended June 30, 2017**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934**

**Commission file number: 814-00866**

**MONROE CAPITAL CORPORATION**

**(Exact Name of Registrant as Specified in its Charter)**

**Maryland  
(State or Other Jurisdiction of**

**27-4895840  
(I.R.S. Employer**

**Incorporation or Organization) Identification No.)**

**311 South Wacker Drive, Suite 6400**

**60606**

**Chicago, Illinois**

**(Address of Principal Executive Office) (Zip Code)**

**(312) 258-8300**

**(Registrant's Telephone Number, Including Area Code)**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (check one):

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

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As of August 8, 2017, the registrant had 20,239,957 shares of common stock, \$0.001 par value, outstanding.

**TABLE OF CONTENTS**

	<b>Page</b>
<b><u>PART I. FINANCIAL INFORMATION</u></b>	<b>3</b>
Item 1. <u>Consolidated Financial Statements</u>	3
<u>Consolidated Statements of Assets and Liabilities as of June 30, 2017 (unaudited) and December 31, 2016</u>	3
<u>Consolidated Statements of Operations for the three and six months ended June 30, 2017 (unaudited) and 2016 (unaudited)</u>	4
<u>Consolidated Statements of Changes in Net Assets for the six months ended June 30, 2017 (unaudited) and 2016 (unaudited)</u>	5
<u>Consolidated Statements of Cash Flows for the six months ended June 30, 2017 (unaudited) and 2016 (unaudited)</u>	6
<u>Consolidated Schedules of Investments as of June 30, 2017 (unaudited) and December 31, 2016</u>	7
<u>Notes to Consolidated Financial Statements (unaudited)</u>	16
Item 2. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	34
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	48
Item 4. <u>Controls and Procedures</u>	48
<b><u>PART II. OTHER INFORMATION</u></b>	<b>49</b>
Item 1. <u>Legal Proceedings</u>	49
Item 1A. <u>Risk Factors</u>	49
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	49
Item 3. <u>Defaults Upon Senior Securities</u>	49
Item 4. <u>Mine Safety Disclosures</u>	49
Item 5. <u>Other Information</u>	49
Item 6. <u>Exhibits</u>	50

Signatures

51

2

**Part I. Financial Information****Item 1. Consolidated Financial Statements****MONROE CAPITAL CORPORATION****CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES****(in thousands, except per share data)**

	June 30, 2017 (unaudited)	December 31, 2016
<b>ASSETS</b>		
Investments, at fair value:		
Non-controlled/non-affiliate company investments	\$ 392,787	\$ 353,980
Non-controlled affiliate company investments	43,290	50,041
Controlled affiliate company investments	9,472	8,899
Total investments, at fair value (amortized cost of: \$456,772 and \$413,242, respectively)	445,549	412,920
Cash	9,904	5,958
Restricted cash	5,344	2,373
Interest receivable	3,562	2,643
Other assets	653	651
Total assets	465,012	424,545
<b>LIABILITIES</b>		
Debt:		
Revolving credit facility	93,845	129,000
SBA debentures payable	85,600	51,500
Total debt	179,445	180,500
Less: Unamortized deferred financing costs	(4,641)	(3,945)
Total debt, less unamortized deferred financing costs	174,804	176,555
Secured borrowings, at fair value (proceeds of: \$0 and \$1,320, respectively)	-	1,314
Interest payable	870	735
Management fees payable	1,903	1,749
Incentive fees payable	1,210	1,222
Accounts payable and accrued expenses	1,917	2,120
Total liabilities	180,704	183,695

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Net assets	\$ 284,308	\$ 240,850
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Commitments and contingencies (See Note 10)

ANALYSIS OF NET ASSETS

Common stock, \$0.001 par value, 100,000 shares authorized, 20,240 and 16,582 shares issued and outstanding, respectively	\$ 20	\$ 17
Capital in excess of par value	286,269	233,526
Undistributed net investment income (accumulated distributions in excess of net investment income)	6,278	7,037
Accumulated net realized gain (loss) on investments and secured borrowings	2,981	587
Accumulated net unrealized gain (loss) on investments, secured borrowings and foreign currency borrowings	(11,240 )	(317 )
Total net assets	\$ 284,308	\$ 240,850
Net asset value per share	\$ 14.05	\$ 14.52

See Notes to Consolidated Financial Statements.

## MONROE CAPITAL CORPORATION

## CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

(in thousands, except per share data)

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Investment income:				
Interest income:				
Non-controlled/non-affiliate company investments	\$ 10,053	\$ 8,449	\$ 20,108	\$ 16,722
Non-controlled affiliate company investments	1,111	1,092	2,307	2,165
Controlled affiliate company investments	217	10	394	10
Total interest income	11,381	9,551	22,809	18,897
Dividend income:				
Non-controlled/non-affiliate company investments	250	250	500	500
Non-controlled affiliate company investments	-	801	-	2,413
Total dividend income	250	1,051	500	2,913
Fee income:				
Non-controlled/non-affiliate company investments	637	516	965	847
Total fee income	637	516	965	847
Total investment income	12,268	11,118	24,274	22,657
Operating expenses:				
Interest and other debt financing expenses	2,184	1,773	4,194	3,464
Base management fees	1,903	1,504	3,708	3,004
Incentive fees	1,460	1,319	2,750	3,059
Professional fees	286	238	577	445
Administrative service fees	301	304	631	632
General and administrative expenses	259	182	468	346
Excise taxes	-	-	-	87
Directors' fees	37	39	74	74
Expenses before incentive fee waiver	6,430	5,359	12,402	11,111
Incentive fee waiver	(250)	-	(250)	-
Total expenses, net of incentive fee waiver	6,180	5,359	12,152	11,111
Net investment income	6,088	5,759	12,122	11,546



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Net gain (loss) on investments, secured borrowings and foreign currency borrowings:

Net realized gain (loss):

Non-controlled/non-affiliate company investments	2,161	-	2,328	587
Secured borrowings	66	-	66	-
Net realized gain (loss)	2,227	-	2,394	587

Net change in unrealized gain (loss):

Non-controlled/non-affiliate company investments	497	(261 )	689	(1,120 )
Non-controlled affiliate company investments	(7,192 )	1,368	(9,356 )	3,196
Controlled affiliate company investments	(575 )	(1,648 )	(2,234 )	(1,075 )
Secured borrowings	(5 )	59	(6 )	87
Foreign currency borrowings	(16 )	-	(16 )	-
Net change in unrealized gain (loss)	(7,291 )	(482 )	(10,923 )	1,088

Net gain (loss) on investments, secured borrowings and foreign currency borrowings

(5,064 )	(482 )	(8,529 )	1,675
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Net increase (decrease) in net assets resulting from operations \$ 1,024 \$ 5,277 \$ 3,593 \$ 13,221

Per common share data:

Net investment income per share - basic and diluted	\$ 0.35	\$ 0.44	\$ 0.71	\$ 0.89
Net increase in net assets resulting from operations per share - basic and diluted	\$ 0.06	\$ 0.41	\$ 0.21	\$ 1.02
Weighted average common shares outstanding - basic and diluted	17,369	13,008	16,984	13,008

See Notes to Consolidated Financial Statements.

## MONROE CAPITAL CORPORATION

## CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

(unaudited)

(in thousands)

	Common Stock		Capital in excess	Undistributed net investment income (accumulated distributions in excess of net investment income)	Accumulated net realized gain (loss) on investments and secured borrowings	Accumulated net unrealized gain (loss) on investments, secured borrowings and foreign currency borrowings	Total net assets
	Number of shares	Par value	of par value				
Balances at December 31, 2015	13,008	\$ 13	\$184,419	\$ 1,692	\$ -	\$ (1,589 )	\$184,535
Net increase (decrease) in net assets resulting from operations	-	-	-	11,546	587	1,088	13,221
Distributions to stockholders:							
Distributions from net investment income	-	-	-	(9,106 )	-	-	(9,106 )
Balances at June 30, 2016	13,008	\$ 13	\$184,419	\$ 4,132	\$ 587	\$ (501 )	\$188,650
Balances at December 31, 2016	16,582	\$ 17	\$233,526	\$ 7,037	\$ 587	\$ (317 )	\$240,850
Net increase (decrease) in net assets resulting from operations	-	-	-	12,122	2,394	(10,923 )	3,593
Issuance of common stock, net of offering and underwriting costs	3,624	3	52,218	-	-	-	52,221
Distributions to stockholders:							
Stock issued in connection with dividend reinvestment plan	34	-	525	(525 )	-	-	-