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Main Street Announces New Portfolio Investment and Partial Exit of Portfolio Investments in an Existing Portfolio Company

Invests \$36.9 Million in Nello Industries Investco, LLC

Generates \$10.4 Million Realized Gain From the Partial Exit of Investments in a Lower Middle Market Portfolio Company

HOUSTON, June 11, 2024 /PRNewswire/ -- Main Street Capital Corporation (NYSE: MAIN) ("Main Street") is pleased to announce that it recently completed a new portfolio investment totaling \$36.9 million to facilitate the management led buyout of Nello Industries, LLC ("Nello" or the "Company"), a manufacturer of engineered poles and towers for electric utility, telecommunications and other related wireless and electric transmission infrastructure applications. Main Street, along with its co-investor, partnered with the Company's founding management team to facilitate the management led buyout, with Main Street's investment including a combination of first lien, senior secured term debt and a direct equity investment. In addition, Main Street and its co-investor provided the Company with a revolving line of credit, a portion of which was funded on the closing date, to support the Company's future growth initiatives and working capital needs and expects to provide additional growth capital in the future to help facilitate the Company's growth strategy.

Founded in 2002 and headquartered in South Bend, Indiana, Nello is a manufacturer of engineered steel poles and structures for the electric utility and wireless telecommunications end markets, with the Company's products including tapered steel poles, transmission poles, substation frames, lattice towers and guyed towers. The Company's customer base consists of top engineering, procurement and construction ("EPC") companies and leading electric utility and telecommunications companies.

Main Street is also pleased to announce that it recently exited its debt investments and partially exited its equity investments in a Lower Middle Market portfolio company (the "Existing Company") upon the combination of the Existing Company with a strategic acquirer through the sale of the Existing Company's operating assets. The Existing Company is a leading designer, manufacturer and distributor of decorative planters, fountains and related home décor items through partnerships with growers, garden shops and traditional and online retailers.

Main Street, along with its co-investor, made its initial investment in the Existing Company in March 2020, with Main Street's investment consisting of a \$26.0 million first lien, senior secured debt investment, a \$5.0 million first lien, senior secured revolving credit commitment and a direct equity investment of \$5.8 million. After Main Street's investment, the Existing Company experienced significant growth of both its base business and its wholly owned subsidiary, which is an innovative design and supply chain solutions provider for the fragrance packaging industry.

In May 2023, the Existing Company successfully sold this subsidiary to a strategic acquirer for upfront cash and future contingent consideration. The Existing Company continues to own the right to future contingent consideration payments from the sale of the subsidiary that are payable based on the achievement of certain future performance measures. Main Street's current remaining portion of the contingent consideration, through its equity ownership in the Existing Company, represents a maximum realizable value of \$4.1 million, to which Main Street has attributed a fair value of \$2.4 million as of March 31, 2024.

The sale of the subsidiary allowed the Existing Company to continue its focus on product innovation, supply chain management and exceptional customer service in its base business, allowing the Existing Company to capture significant additional market share with new and existing customers. This significant growth culminated with the recent combination of the Existing Company with the strategic acquirer.

Main Street realized a gain of \$10.4 million on the recent sale of the Existing Company's operating assets, including a minority equity ownership position in the acquirer of the Existing Company's operating assets that Main Street

received as part of the sale proceeds. Main Street has also received total dividends of \$10.1 million over the life of its equity investment in the Existing Company. As a result, on a cumulative basis since Main Street's initial investment in the Existing Company in March 2020 and taking the realized gain and dividends into consideration, Main Street has realized an annual internal rate of return ("IRR") of 53.2% and a 4.6 times money invested ("TMI") return on its equity investment in the Existing Company. On a cumulative basis including both Main Street's debt and equity investments in the Existing Company, Main Street has realized an IRR of 22.1% and a 1.7 TMI return.

ABOUT MAIN STREET CAPITAL CORPORATION

Main Street (www.mainstcapital.com) is a principal investment firm that primarily provides long-term debt and equity capital to lower middle market companies and debt capital to middle market companies. Main Street's portfolio investments are typically made to support management buyouts, recapitalizations, growth financings, refinancings and acquisitions of companies that operate in diverse industry sectors. Main Street seeks to partner with entrepreneurs, business owners and management teams and generally provides "one-stop" financing alternatives within its lower middle market investment strategy. Main Street's lower middle market portfolio companies generally have annual revenues between \$10 million and \$150 million. Main Street's middle market portfolio companies are generally larger in size than its lower middle market portfolio companies.

Main Street, through its wholly owned portfolio company MSC Adviser I, LLC ("MSC Adviser"), also maintains an asset management business through which it manages investments for external parties. MSC Adviser is registered as an investment adviser under the Investment Advisers Act of 1940, as amended.

Contacts:

Main Street Capital Corporation

Dwayne L. Hyzak, CEO, dhyzak@mainstcapital.com

Jesse E. Morris, CFO & COO, jmorris@mainstcapital.com

713-350-6000

Dennard Lascar Investor Relations

Ken Dennard | ken@dennardlascar.com

Zach Vaughan | zvaughan@dennardlascar.com

713-529-6600

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