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INCOME FUND

## Debt Capital Markets Presentation

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Fourth Quarter – 2023

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# 4th Quarter – 2023

# MSIF is a Principal Investor in Private Debt and Equity

**Diversified investment strategy and resulting investment portfolio and relationship with best-in-class manager differentiates MSIF from other investment firms**

## **Business Development Company (BDC) with diversified investment strategy**

- \$1.3 billion of capital<sup>(1)</sup>
  - Managed by a wholly-owned subsidiary<sup>(2)</sup> of Main Street Capital Corporation (NYSE: MAIN) (MAIN or Main Street) since October 2020
    - Publicly traded BDC with over \$7.2 billion in capital under management<sup>(1)</sup>
    - Previously a sub-adviser to MSIF since May 2012

## **Proprietary debt investments in privately held companies typically owned by private equity sponsors (Private Loans)**

- Originated directly by MAIN or through strategic relationships with other investment funds
- First lien, senior secured debt investments
- Companies consistent with size of the companies in MSIF's LMM and Middle Market investment strategies

## **Debt and equity investments in the under-served Lower Middle Market (LMM)**

- Targets companies with revenue between \$10 million - \$150 million; EBITDA between \$3 million - \$20 million
- Provides single source solutions including a combination of first lien, senior secured debt and equity financing

## **Debt investments in Middle Market companies**

- First lien, senior secured and/or rated debt investments
- Larger companies than LMM investment strategy

## **Headquartered in Houston, Texas**

(1) Capital includes total assets plus undrawn portion of debt capital as of December 31, 2023

(2) Through MAIN's wholly owned unconsolidated subsidiary, MSC Adviser I, LLC

# Managed by “Best in Class” BDC Operator

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**MAIN has provided investment advisory services for the fund since inception**

## **Main Street Capital Corporation is an internally-managed BDC**

- IPO in 2007
- Over \$7.2 billion in capital under management<sup>(1)</sup>
  - Over \$5.5 billion internally at MAIN<sup>(1)</sup>
  - Over \$1.7 billion as the investment adviser to external parties<sup>(1)(2)</sup>
- A top-performing BDC, with consistent market out performance of both shareholder returns and economic returns through various economic cycles

## **In May 2012, MAIN<sup>(2)</sup> entered into an investment sub-advisory agreement with the former investment adviser to MSIF<sup>(3)</sup>**

- MAIN<sup>(2)</sup> provided asset management services, including sourcing, diligence and post-investment monitoring
- Fund raising, capital structure management, accounting and administrative services were provided by the former investment adviser

## **In October 2020, MAIN<sup>(2)</sup> became the sole investment adviser to and administrator of MSIF**

- The fund changed its name to MSC Income Fund, Inc.<sup>(3)</sup>

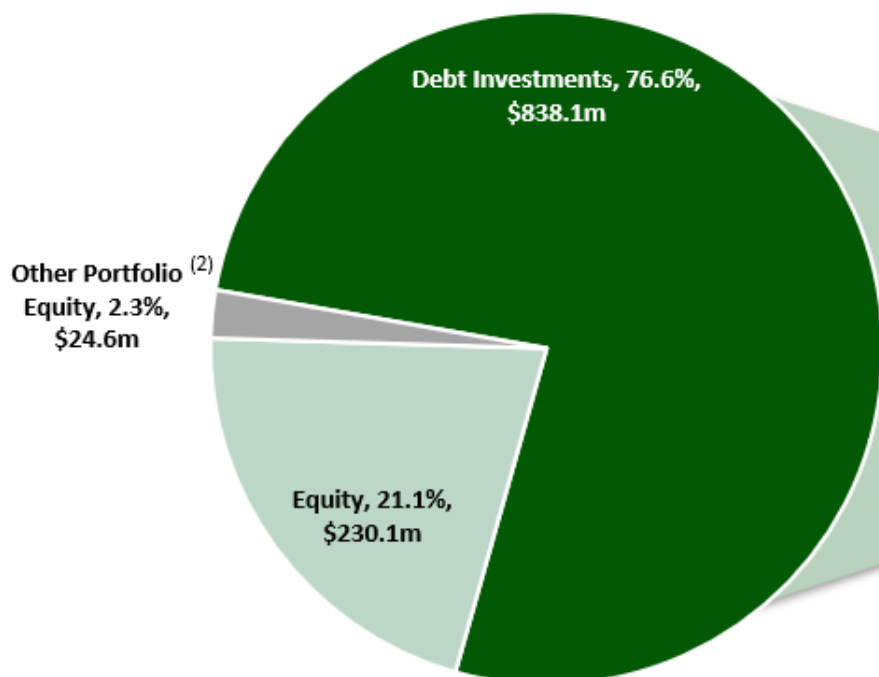
(1) Includes undrawn portion of debt capital as of December 31, 2023

(2) Through MAIN's wholly-owned unconsolidated subsidiary, MSC Adviser I, LLC

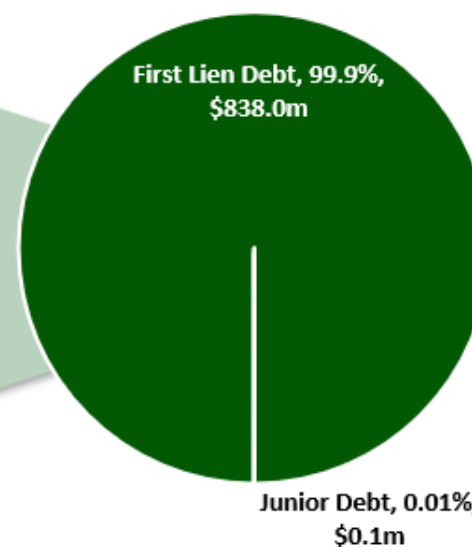
(3) Formerly known as HMS Income Fund, Inc. prior to name change effective October 30, 2020

# Investment Portfolio – By Type of Investment<sup>(1)</sup>

**Total Investment Portfolio**  
**\$1.1 billion**



**Total Debt Investments**  
**\$838.1 million**



(1) Fair value as of December 31, 2023

(2) Other Portfolio as described in MSIF's filings with the Securities and Exchange Commission (the SEC)

# Unique Investment Strategy

**MSIF's investment strategy differentiates MSIF from its competitors and provides attractive risk-adjusted returns**

## Private Loans

- Companies that are similar in size to companies in LMM and Middle Market
- First lien, senior secured debt investments in privately held companies originated directly by MAIN or through its strategic relationships with other investment funds
- Floating rate debt investments
- Proprietary investments that can be difficult for investors to access
- Investments with attractive risk-adjusted returns

## Lower Middle Market

- Proprietary investments that are difficult for investors to access
- Companies with \$10 million - \$150 million of revenues and \$3 million - \$20 million of EBITDA
- Customized financing solutions which include a combination of first lien, senior secured debt and equity
- Large addressable market
- High cash yield from debt investments
- Dividend income, NAV growth and net realized gains from equity investments

## Middle Market

- Larger companies than LMM strategy, with EBITDA between \$20 million - \$100 million
- First lien, senior secured debt investments
- Floating rate debt investments
- Large addressable market

# Portfolio Highlights<sup>(1)</sup>

The benefits of MSIF's unique investment strategy have resulted in a high quality, diversified and mature investment portfolio

## Private Loans

- \$595.3 million of total investments
- 78 companies
- \$534.3 million of debt investments (90% of Private Loan portfolio)
- 100% of debt investments are first lien<sup>(2)</sup>
- Average investment size of \$7.5 million<sup>(2)</sup>
- 97% of debt investments bear interest at floating rates<sup>(2)</sup>
- Weighted-average effective yield of 13.1%<sup>(3)</sup>

## Lower Middle Market

- \$387.0 million of total investments
- 50 companies
- \$218.5 million of debt investments (56%)
- \$168.4 million of equity investments (44%)
- Typical initial investment target of 75% debt / 25% equity
- Over 99% of debt investments are first lien<sup>(2)</sup>
- Average investment size of \$7.7 million at fair value or \$6.3 million at cost
- Weighted-average effective yield on debt of 13.0%<sup>(3)</sup>

## Middle Market

- \$86.0 million of total investments
- 16 companies
- \$85.3 million of debt investments (99% of Middle Market portfolio)
- 100% of debt investments are first lien<sup>(2)</sup>
- Average investment size of \$7.2 million<sup>(2)</sup>
- 82% of debt investments bear interest at floating rates<sup>(2)</sup>
- Weighted-average effective yield of 13.0%<sup>(3)</sup>

## Total Portfolio

- \$1.1 billion of total investments
- 148 companies and entities
- \$838.1 million of debt investments (77%)
- \$254.8 million of equity investments (23%), including \$24.6 million of Other Portfolio investments
- Over 99% of debt investments are first lien<sup>(2)</sup>
- 78% of debt investments bear interest at floating rates<sup>(2)</sup>
- Weighted-average effective yield on debt investments of 13.1%<sup>(3)</sup>

(1) As of December 31, 2023; investment amounts at fair value, unless otherwise noted

(2) As of December 31, 2023; based on cost

(3) As of December 31, 2023; weighted-average effective yield is calculated using the applicable interest rate as of December 31, 2023 and includes amortization of deferred debt origination fees and accretion of original issue discount, but excludes fees payable upon repayment of the debt instruments and any debt investments on non-accrual status



# BDC Background

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**Created by Congress in 1980 through the Small Business Investment Incentive Act of 1980 to facilitate the flow of capital to small and mid-sized U.S. businesses**

**Highly regulated by the SEC under the Investment Company Act of 1940 (1940 Act)**

**Provide a way for individual investors to participate in debt and equity investments in private companies**

## **Leverage**

- Regulatory restrictions on debt leverage levels require BDCs to maintain conservative leverage
- Must maintain an asset to debt coverage ratio of at least 2.0x, unless the BDC has satisfied all applicable requirements, including, but not limited to, obtaining board or shareholder approval, to decrease the required asset to debt coverage ratio to 1.5x as provided for under the Small Business Credit Availability Act passed in December 2017

## **Full Transparency**

- Detailed schedule of all investments (and related key terms) in quarterly and annual reporting
- Quarterly fair value mark to market accounting

## **Income Tax Treatment**

- As a Regulated Investment Company (RIC), BDCs generally do not pay corporate income taxes
- To maintain RIC status and avoid paying corporate income taxes, BDCs must distribute at least 90% of taxable income (other than net capital gain) to investors
- To avoid a 4% federal excise tax on undistributed income, BDCs must distribute in each calendar year the sum of (1) 98% of their net ordinary income for the calendar year and (2) 98.2% of their realized capital gains (both long-term and short-term)
- Tax treatment is similar to Real Estate Investment Trusts (REITs)

# Conservative Leverage

(\$ in 000's)	As of 12/31/2023
Total Assets	\$ 1,139,900
Debt Capital:	
Corporate Facility <sup>(1)</sup>	132,000
SPV Facility <sup>(1)</sup>	203,688
Series A Notes <sup>(2)</sup>	<u>150,000</u>
Total Debt	485,688
Other Liabilities	<u>31,905</u>
Net Asset Value (NAV)	<u>\$ 622,307</u>

### Key Leverage Stats

Asset Coverage Ratio <sup>(3)</sup>	<b>2.28x</b>
Debt to Assets Ratio	<b>0.43x</b>
Debt to NAV Ratio <sup>(4)</sup>	<b>0.78x</b>
Net Debt to NAV Ratio <sup>(5)(6)</sup>	<b>0.73x</b>

(1) See page 14 for further details related to MSIF's Corporate Facility and SPV Facility

(2) \$150.0 million (par) Series A Notes due October 2026

(3) Calculated as total assets plus deferred financing costs classified as liabilities less liabilities not considered Senior Securities divided by total debt at par

(4) Debt to NAV Ratio is calculated based upon the par value of debt

(5) Net debt in this ratio includes par value of debt less cash and cash equivalents of \$30.8 million as of December 31, 2023

(6) See Non-GAAP information disclosure on page 30 of this presentation

## Conservative Leverage - Regulatory

Passage of the Small Business Credit Availability Act in December 2017 provides the opportunity for BDCs to obtain board or shareholder approval to access additional leverage by lowering the required asset coverage to 1.50x (from 2.00x); this additional leverage is not an effective option for non-listed BDCs due to the redemption rights which the BDC would be required to provide to its shareholders

MSIF is currently operating at conservative regulatory leverage levels, with intentional cushion to the (2.00x) regulatory limit

MSIF's Historical Asset Coverage Ratio:	2018	2019	2020	2021	2022	2023
Consolidated Asset Coverage Ratio - Regulatory <sup>(1)</sup>	2.23x	2.37x	2.92x	2.22x	2.29x	2.28x
Minimum Required Asset Coverage <sup>(2)</sup>	2.00x	2.00x	2.00x	2.00x	2.00x	2.00x
Cushion % above Minimum Required Asset Coverage	12%	19%	46%	11%	15%	14%

(1) Calculated per 1940 Act

(2) Minimum required asset coverage of 2.00x prior to passage of the Small Business Credit Availability Act; minimum requirement of 2.00x remains in place for all BDCs unless board or shareholder approval is obtained to lower minimum requirement to 1.50x

# Key Credit Highlights

## Managed by “Best in Class” Asset Manager with Strong, Long-term Track Record

- Management team has over 100 years collective investment experience and long-term working relationships dating back over 20 years
- Growing franchise in the direct lending, or Private Loan (PL), sector
- Unique access to highly attractive LMM asset class dating back to 1997

## Reduced Management Fee and Conservative Dividend Policy

- Management fee reduced to 1.75% from 2.00% in connection with Main Street<sup>(1)</sup> becoming the investment adviser in October 2020
- Conservative dividend policy to provide additional flexibility, with dividend payout set at a discount to net investment income

## Conservative Leverage

- 1940 Act requires a minimum 2.0x regulatory asset coverage ratio<sup>(2)</sup>
- MSIF’s asset coverage ratio is ~ 2.3x<sup>(3)</sup>
- Leverage profile materially improved by unsecured debt issuances in 2021 and 2022<sup>(4)</sup>

## Unique Investment Strategy

- Unique investment strategy differentiates MSIF from its competitors and provides highly attractive risk-adjusted returns
- Long-term capital structure of BDC allows for long-term, patient investment strategy and overall approach

## High Quality Portfolio

- Significant diversification
- 84.8% of total cost of portfolio is senior secured, first lien debt
- Attractive PL debt portfolio statistics
- Attractive LMM debt portfolio statistics – Median Senior Debt to EBITDA Ratio of 3.1x and Median Senior Interest Expense Coverage Ratio of 2.4x

(1) Through MAIN’s wholly-owned unconsolidated subsidiary, MSC Adviser I, LLC

(2) Minimum required asset coverage of 2.00x prior to passage of the Small Business Credit Availability Act; minimum requirement of 2.00x remains in place unless board or shareholder approval is obtained to lower minimum requirement to 1.50x

(3) As of December 31, 2023

(4) Series A Notes mature October 2026

# MSIF Executive Management Team

**Dwayne Hyzak<sup>(1)(2)</sup>**  
CEO

- Co-founded MAIN; Joined Main Street group in 2002; affiliated with Main Street group since 1999
- Director of Acquisitions & Integration with Quanta Services (NYSE: PWR)
- Manager with a Big 5 Accounting Firm's audit and transaction services groups

**David Magdol<sup>(1)(2)</sup>**  
President and CIO<sup>(3)</sup>

- Co-founded MAIN; Joined Main Street group in 2002
- Vice President in Lazard Freres Investment Banking Division
- Vice President of McMullen Group (John J. McMullen's Family Office)

**Jesse Morris<sup>(1)</sup>**  
CFO, COO, EVP,  
and Treasurer

- Joined MAIN in 2019
- Executive Vice President with Quanta Services (NYSE: PWR)
- Vice President and CFO Foodservice Operations with Sysco Corporation (NYSE: SYY)
- Manager with a Big 5 Accounting Firm

**Jason Beauvais; JD<sup>(1)</sup>**  
EVP, GC and Secretary

- Joined MAIN in 2008
- Attorney for Occidental Petroleum Corporation (NYSE: OXY)
- Associate in the corporate and securities section at Baker Botts LLP

(1) Member of MAIN Executive Committee

(2) Member of MAIN Investment Committee; Vince Foster, Chairman of MAIN's Board, is also a member of MAIN's Investment Committee

(3) Chief Investment Officer

# Stable, Long-Term Leverage

**MSIF maintains a conservative capital structure, with limited overall leverage and an intentional mix of secured, floating-rate revolving debt and unsecured, fixed rate long-term debt**

**Capital structure is designed to correlate to and complement the expected duration and fixed/floating rate nature of investment portfolio assets**

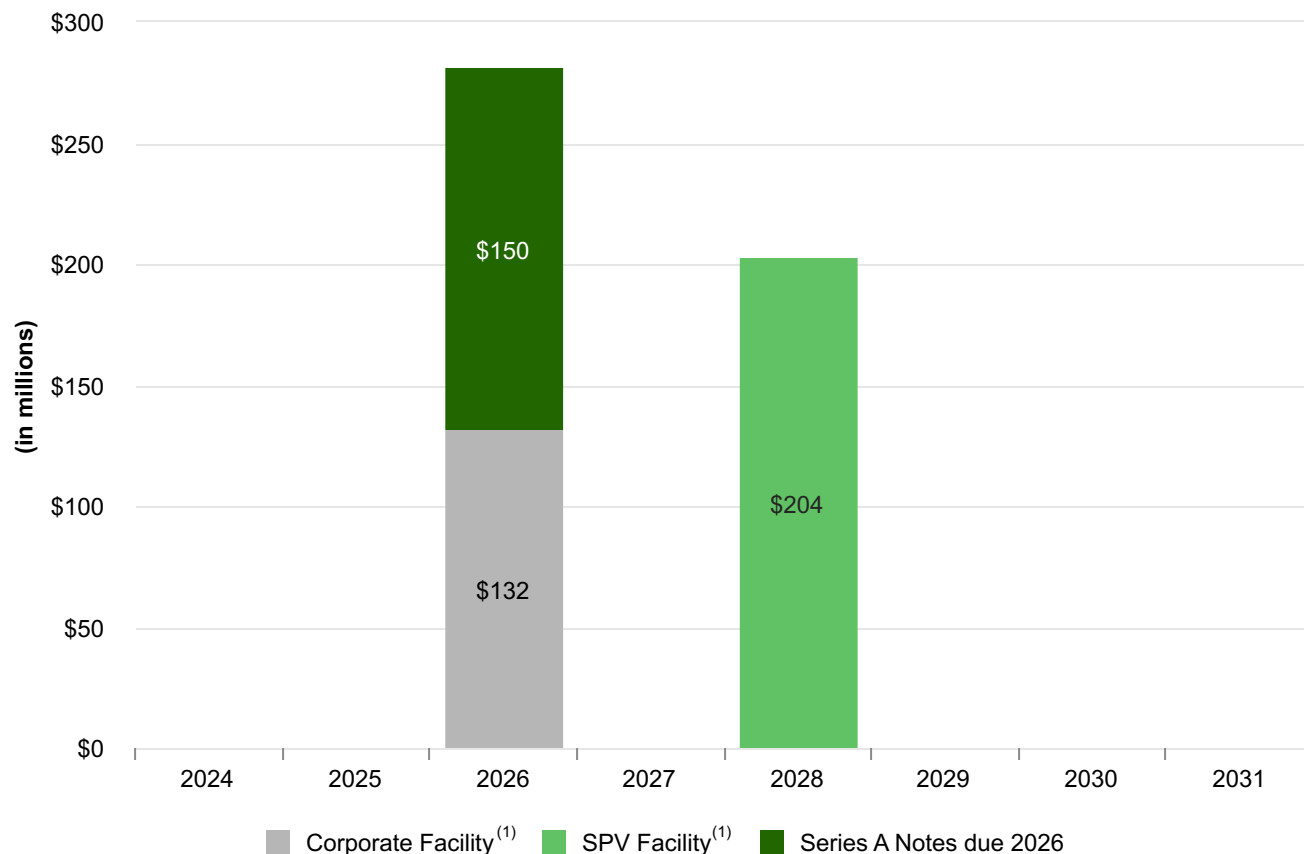
Facility	Interest Rate	Maturity	Principal Drawn as of 12/31/2023	Borrowing Availability <sup>(5)</sup>
Corporate Facility <sup>(1)(3)</sup>	SOFR+2.50% floating (7.84% <sup>(4)</sup> )	March 2026 (fully revolving until September 2025 <sup>(1)</sup> )	\$132.0 million	\$33.0 million
SPV Facility <sup>(2)(3)</sup>	SOFR+3.00% floating (8.39% <sup>(4)</sup> )	February 2028 (fully revolving until February 2027 <sup>(2)</sup> )	\$203.7 million	\$96.3 million
Series A Notes	4.04% fixed	October 30, 2026	\$150.0 million	N/A

- (1) As of December 31, 2023, MSIF maintained a senior secured corporate revolving line of credit (the Corporate Facility), which had \$165.0 million in total commitments with an accordion feature to increase commitments up to \$200.0 million; the Corporate Facility is fully revolving until September 2025, with a maturity date in March 2026
- (2) As of December 31, 2023, MSIF maintained a secured special purpose vehicle financing facility (the SPV Facility and, together with the Corporate Facility, the Credit Facilities), which had \$300.0 million in total commitments with an option to increase total commitments and borrowing availability up to \$450.0 million; the SPV Facility is fully revolving until February 2027, with a maturity date in February 2028
- (3) Borrowings under the Corporate Facility and the SPV Facility are available to provide additional liquidity for investment and operational activities
- (4) Corporate Facility and SPV Facility rates reflect the rate based on SOFR as of December 31, 2023
- (5) Borrowing capacity could be limited by regulatory requirements, advance rates per the credit agreement or internal leverage targets

## Long-term Maturity of Debt Obligations

**MSIF maintains a conservative capital structure, with limited overall leverage and an intentional mix of short-term and long-term debt**

**Capital structure is designed to correlate to and complement the expected duration and fixed/floating rate nature of investment portfolio assets**



(1) The defined terms and additional details for the Corporate Facility and SPV Facility are included on page 14

# Interest Rate Impact and Sensitivity

**MSIF's financial results are subject to impact from changes in interest rates; MSIF maintains a capital structure with the goal to minimize the impact of changes in interest rates**

- 31% of outstanding debt obligations have fixed interest rates<sup>(5)</sup>
- 69% of outstanding debt obligations have floating interest rates<sup>(5)</sup>
- 78% of debt investments bear interest at floating rates<sup>(5)</sup>, the majority of which contain contractual minimum index rates, or “interest rate floors” (weighted-average floor of approximately 115 basis points)<sup>(6)</sup>
- Provides MSIF the opportunity to achieve increases in net investment income if market interest rates increase, but also results in reductions to net investment income if market interest rates decrease

The following table illustrates the approximate annual changes in the components of MSIF's net investment income due to hypothetical increases (decreases) in interest rates<sup>(1)(2)</sup> (dollars in thousands, except per share data):

Basis Point Increase (Decrease) in Interest Rate	Increase (Decrease) in Interest Income	(Increase) Decrease in Interest Expense <sup>(3)</sup>	Increase (Decrease) in Pre Incentive Fee Net Investment Income	(Increase) Decrease in Incentive Fee Expense	Increase (Decrease) in Net Investment Income	Increase (Decrease) in Net Investment Income per Share <sup>(4)</sup>
(100)	\$ (6,571)	\$ 3,357	\$ (3,214)	\$ 2,367	\$ (847)	(0.01)
(75)	(4,928)	2,518	(2,410)	1,563	(847)	(0.01)
(50)	(3,286)	1,678	(1,608)	761	(847)	(0.01)
(25)	(1,643)	839	(804)	161	(643)	(0.01)
25	1,643	(839)	804	(161)	643	0.01
50	3,286	(1,678)	1,608	(322)	1,286	0.02
75	4,928	(2,518)	2,410	(482)	1,928	0.02
100	6,571	(3,357)	3,214	(643)	2,571	0.03

- (1) Assumes no changes in the portfolio investments, outstanding borrowings on the Credit Facilities (as defined on page 14) or other debt obligations existing as of December 31, 2023
- (2) Assumes that all SOFR and Prime rates would change effective immediately on the first day of the period; however, the actual contractual index rate reset dates will vary in future periods generally on either a monthly or quarterly basis across both the debt investments and our Credit Facilities resulting in a delay in the realization of the increases or decreases in interest income or expense
- (3) The hypothetical (increase) decrease in interest expense would be impacted by the changes in the amount of debt outstanding under our Credit Facilities, with interest expense (increasing) decreasing as the debt outstanding under our Credit Facilities increases (decreases)
- (4) Per share amount is calculated using shares outstanding as of December 31, 2023
- (5) As of December 31, 2023, based on par
- (6) Weighted-average interest rate floor calculated based on debt principal balances as of December 31, 2023

Although we believe that this analysis is indicative of the impact of interest rate changes to our net investment income as of December 31, 2023, the analysis does not take into consideration future changes in the credit market, credit quality or other business or economic developments that could affect our net investment income. Accordingly, we can offer no assurances that actual results would not differ materially from the analysis above.



# Private Loan Investment Strategy

**Private Loan portfolio investments are primarily debt investments in privately held companies which have primarily been originated directly by Main Street or to a lesser extent through Main Street's strategic relationships with other credit funds on a collaborative basis (often referred to in the debt markets as “club deals” because of the small lender group size)**

**MSIF’s Private Loan investments are typically made to a company owned or being acquired by a private equity sponsor**

## **Investment objectives**

- Access proprietary investments with attractive risk-adjusted return characteristics
- Generate cash yield to support MSIF quarterly dividend

## **Investment characteristics**

- Investments in companies that are consistent with the size of companies in MSIF’s LMM and Middle Market strategies
- Proprietary investments originated directly by Main Street or through strategic relationships with other investment funds on a collaborative basis
- Current Private Loan portfolio companies have weighted-average EBITDA of approximately \$30.5 million<sup>(1)</sup>

## **Investments in secured debt investments**

- First lien, senior secured debt investments
- Floating rate debt investments

## **9% – 14% targeted gross yields**

- Weighted-average effective yield of 13.1%<sup>(2)</sup>
- Net returns positively impacted by modest use of leverage
- Floating rate debt investments provide matching with MSIF’s floating rate Credit Facilities<sup>(3)</sup>

(1) This calculation excludes one Private Loan portfolio company as EBITDA is not a meaningful metric for this portfolio company

(2) Weighted-average effective yield is calculated using the applicable interest rate as of December 31, 2023 and includes amortization of deferred debt origination fees and accretion of original issue discount, but excludes fees payable upon repayment of the debt instruments and any debt investments on non-accrual status

(3) The defined term and additional details for the Credit Facilities is included on page 14

# LMM Investment Strategy

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**LMM investment strategy differentiates MSIF from its competitors and provides attractive risk-adjusted returns**

**MSIF's capital structure allows MSIF to maintain a long-term to permanent expected holding period for its LMM investments, providing significant benefits to both MSIF and its LMM portfolio companies**

## **Investment objectives**

- High cash yield from secured debt investments (12.6% weighted-average cash coupon as of December 31, 2023); plus
- Dividend income, fair value appreciation and periodic capital gains from equity investments

**Investments are structured for (i) protection of capital, (ii) high recurring income and (iii) meaningful capital gain opportunity**

## **Focus on self-sponsored, “one stop” financing opportunities**

- Partner with business owners, management teams and entrepreneurs
- Provide highly customized financing solutions
- Recapitalization, buyout, growth and acquisition capital
- Extensive network of grass roots referral sources
- Benefit from strong and growing “Main Street” brand recognition / reputation

**Investments have low correlation to the broader debt and equity markets and attractive risk-adjusted returns**

**Unique LMM strategy, combined with MSIF's goal to be a long-term partner, results in a highly diversified and high-quality investment portfolio**

# LMM Investment Opportunity

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**MSIF targets LMM investments in established, profitable companies**

**Characteristics of LMM provide beneficial risk-reward investment opportunities**

**Large and critical portion of U.S. economy**

- 195,000+ domestic LMM businesses<sup>(1)</sup>

**LMM is under-served from a capital perspective and less competitive**

**Inefficient asset class generates pricing inefficiencies**

- Typical entry enterprise values between 4.5X – 6.5X EBITDA
- Typical entry leverage multiples between 2.0X – 4.0X EBITDA to MSIF debt investment

**Partner relationship with the management teams of MSIF's portfolio companies vs a “commoditized vendor of capital”**

(1) Source: U.S. Census 2017 – U.S. Data Table by Enterprise Receipt Size; 2017 County Business Patterns and 2017 Economic Census; includes Number of Firms with Enterprise Receipt Size between \$10,000,000 and \$99,999,999

# Middle Market Debt Investment Strategy

## MSIF maintains a portfolio of debt investments in Middle Market companies

### Investment objective

- Generate cash yield to support MSIF quarterly dividend

### Investments in secured and/or rated debt investments

- First lien, senior secured debt investments
- Floating rate debt investments

### Larger companies than the LMM investment strategy

- Current Middle Market portfolio companies have weighted-average EBITDA of approximately \$74.2 million

### Large and critical portion of U.S. economy

- 220,000+ domestic Middle Market businesses<sup>(1)</sup>

### More relative liquidity than Private Loan and LMM investments

### 8% – 13% targeted gross yields

- Weighted-average effective yield of 13.0%<sup>(2)</sup>
- Net returns positively impacted by lower overhead requirements and modest use of leverage
- Floating rate debt investments provide matching with MSIF's floating rate Credit Facilities<sup>(3)</sup>

(1) Source: U.S. Census 2017 – U.S. Data Table by Enterprise Receipt Size; 2017 County Business Patterns and 2017 Economic Census; includes Number of Firms with Enterprise Receipt Size between \$10,000,000 and \$1,000,000,000

(2) Weighted-average effective yield is calculated using the applicable interest rate as of December 31, 2023 and includes amortization of deferred debt origination fees and accretion of original issue discount, but excludes fees payable upon repayment of the debt instruments and any debt investments on non-accrual status

(3) The defined term and additional details for the Credit Facilities is included on page 14

# Total Investment Portfolio

**Diversity provides structural protection to investment portfolio, revenue sources, income, cash flows and stakeholder dividends**

**Includes complementary Private Loan debt investments, LMM debt and equity investments and Middle Market debt investments**

**Total investment portfolio at fair value consists of approximately 55% Private Loan / 35% LMM / 8% Middle Market / 2% Other Portfolio<sup>(1)</sup> investments**

## **144 Private Loan, LMM and Middle Market portfolio companies**

- Average investment size of \$7.1 million<sup>(2)</sup>
- Largest individual portfolio company represents 3.3%<sup>(3)</sup> of total investment income and 3.9% of total portfolio fair value (most investments are less than 1.0% of income and fair value)
- Non-accrual investments represent 1.1% of the total investment portfolio at fair value and 4.0% at cost
- Weighted-average effective yield of 13.1%<sup>(4)</sup>

## **Significant diversification**

- |                    |               |
|--------------------|---------------|
| • Issuer           | • Geography   |
| • Industry         | • End markets |
| • Transaction type | • Vintage     |

(1) Other Portfolio as described in MSIF's filings with the SEC

(2) As of December 31, 2023; based on cost

(3) Based upon total investment income for the year ended December 31, 2023

(4) Weighted-average effective yield is calculated using the applicable interest rate as of December 31, 2023 and includes amortization of deferred debt origination fees and accretion of original issue discount, but excludes fees payable upon repayment of the debt instruments and any debt investments on non-accrual status

## Portfolio Snapshot – Significant Diversification

	12/31/2020	12/31/2021	12/31/2022	12/31/2023
<b>Number of Portfolio Companies</b>				
Private Loans	40	57	70	78
Lower Middle Market	34	43	48	50
Middle Market	28	25	21	16
Other Portfolio	5	4	4	4
<b>Total</b>	<b>107</b>	<b>129</b>	<b>143</b>	<b>148</b>
<b>\$ Invested - Cost Basis</b>				
Private Loans	\$ 378.2	\$ 576.3	\$ 563.0	\$ 586.4
% of Total	45.1%	54.0%	53.1%	56.5%
Lower Middle Market	\$ 191.2	\$ 281.1	\$ 312.5	\$ 315.7
% of Total	22.7%	26.3%	29.5%	30.4%
Middle Market	\$ 216.4	\$ 184.2	\$ 159.7	\$ 114.7
% of Total	25.7%	17.3%	15.1%	11.0%
Other Portfolio	\$ 54.9	\$ 25.6	\$ 24.7	\$ 21.5
% of Total	6.5%	2.4%	2.3%	2.1%
<b>Total</b>	<b>\$ 840.7</b>	<b>\$ 1,067.2</b>	<b>\$ 1,059.9</b>	<b>\$ 1,038.3</b>

## Portfolio Snapshot – Significant Diversification (cont.)

	12/31/2020		12/31/2021		12/31/2022		12/31/2023	
<b>\$ Invested - Fair Value</b>								
Private Loans	\$	366.6	\$	575.9	\$	559.8	\$	595.3
% of Total		44.4%		53.4%		52.4%		54.4%
Lower Middle Market	\$	217.0	\$	315.4	\$	352.7	\$	387.0
% of Total		26.3%		29.3%		33.0%		35.4%
Middle Market	\$	191.3	\$	159.0	\$	126.7	\$	86.0
% of Total		23.2%		14.8%		11.9%		7.9%
Other Portfolio	\$	50.5	\$	26.8	\$	29.0	\$	24.6
% of Total		6.1%		2.5%		2.7%		2.3%
<b>Total</b>	\$	825.4	\$	1,077.1	\$	1,068.1	\$	1,092.9
<b>% of Total \$ Invested in Debt (Cost Basis)</b>								
Private Loans	\$	345.7	\$	541.5	\$	541.8	\$	552.0
% of Total of Total Private Loans		91.4%		94.0%		96.2%		94.1%
Lower Middle Market	\$	126.2	\$	203.0	\$	228.7	\$	221.6
% of Total of Lower Middle Market		66.0%		72.2%		73.2%		70.2%
Middle Market	\$	202.3	\$	172.5	\$	151.7	\$	106.8
% of Total of Total Middle Market		93.5%		93.7%		95.0%		93.1%
<b>Total</b>	\$	674.2	\$	917.0	\$	922.2	\$	880.4
<b>% of Total Portfolio</b>		80.2%		85.9%		87.0%		84.8%

## Portfolio Snapshot – Significant Diversification *(cont.)*

	12/31/2020	12/31/2021	12/31/2022	12/31/2023
<b>% of Total \$ Invested in Debt that is First Lien (Cost Basis)</b>				
Private Loans	\$ 315.8	\$ 534.1	\$ 538.6	\$ 552.0
% of Total Private Loans	91.3%	98.5%	99.4%	100.0%
Lower Middle Market	\$ 125.8	\$ 202.7	\$ 228.4	\$ 221.5
% of Lower Middle Market	99.7%	99.8%	99.9%	99.9%
Middle Market	\$ 183.2	\$ 170.5	\$ 149.4	\$ 106.8
% of Total Middle Market	90.6%	98.8%	98.5%	100.0%
<b>Total</b>	<b>\$ 624.8</b>	<b>\$ 907.3</b>	<b>\$ 916.4</b>	<b>\$ 880.3</b>
<b>% of Total Portfolio Debt Investments</b>	<b>92.7%</b>	<b>98.9%</b>	<b>99.4%</b>	<b>99.9%</b>
<b>% of Total Investment Portfolio</b>	<b>74.3%</b>	<b>85.0%</b>	<b>86.5%</b>	<b>84.8%</b>



# Total Portfolio by Industry (as a Percentage of Cost)<sup>(1)</sup>

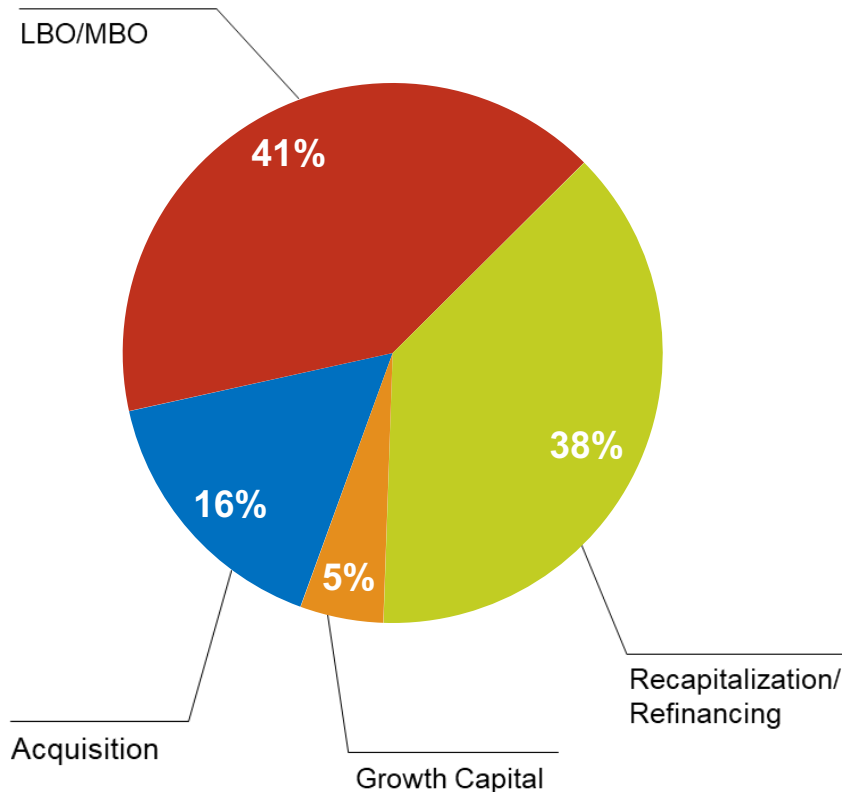


■ Internet Software & Services, 9%	■ Commercial Services & Supplies, 9%
■ Health Care Providers & Services, 7%	■ Machinery, 6%
■ Professional Services, 6%	■ Diversified Consumer Services, 5%
■ IT Services, 5%	■ Distributors, 4%
■ Containers & Packaging, 4%	■ Leisure Equipment & Products, 4%
■ Textiles, Apparel & Luxury Goods, 3%	■ Computers & Peripherals, 3%
■ Specialty Retail, 3%	■ Communications Equipment, 3%
■ Aerospace & Defense, 3%	■ Construction & Engineering, 3%
■ Media, 3%	■ Electrical Equipment, 2%
■ Diversified Financial Services, 2%	■ Hotels, Restaurants & Leisure, 2%
■ Building Products, 2%	■ Household Products, 2%
■ Internet & Catalog Retail, 2%	■ Food & Staples Retailing, 2%
■ Software, 1%	■ Health Care Equipment & Supplies, 1%
■ Other, 4%	

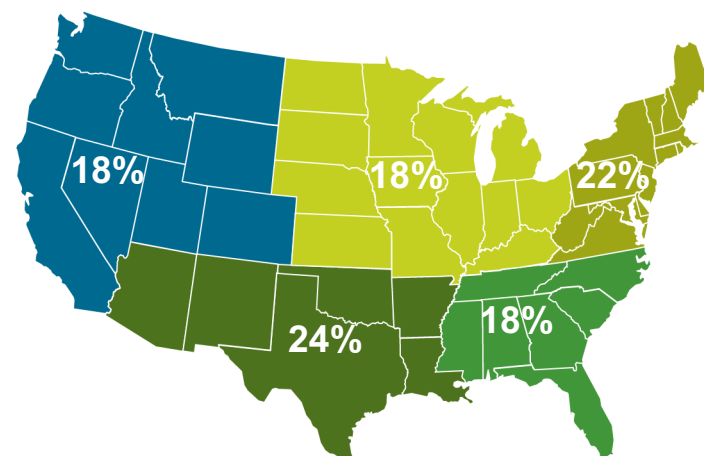
(1) Excluding MSIF's Other Portfolio investments, as described in MSIF's filings with the SEC, which in aggregate represent approximately 2% of the total portfolio

# Diversified Total Portfolio (as a Percentage of Cost)<sup>(1)</sup>

## Invested Capital by Transaction Type



## Invested Capital by Geography<sup>(2)</sup>



(1) Excluding MSIF's Other Portfolio investments, as described in MSIF's filings with the SEC, which in aggregate represent approximately 2% of the total portfolio

(2) Based upon portfolio company headquarters and excluding any MSIF investments headquartered outside the U.S., which in aggregate represent approximately 2% of the total portfolio

# Private Loan Investment Portfolio

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**Private Loan investment portfolio provides a diversified mix of investments and sources of income to fund dividends to shareholders**

**78 investments / \$595.3 million in fair value**

- 55% of total investment portfolio at fair value

**Average investment size of \$7.5 million<sup>(1)</sup> (less than 1% of total portfolio)**

**Investments in secured debt instruments**

- 94%<sup>(1)</sup> of Private Loan portfolio is secured debt
- 100%<sup>(1)</sup> of Private Loan debt portfolio is first lien term debt

**Debt yielding 13.1%<sup>(2)</sup>**

- 97%<sup>(1)</sup> of Private Loan debt investments bear interest at floating rates<sup>(3)</sup>, providing matching with MSIF's floating rate Credit Facilities<sup>(4)</sup>
- Approximately 500 basis point effective interest margin vs "matched" floating rate on MSIF's Credit Facilities<sup>(4)</sup>

(1) As of December 31, 2023; based on cost

(2) Weighted-average effective yield is calculated using the applicable interest rate as of December 31, 2023 and includes amortization of deferred debt origination fees and accretion of original issue discount, but excludes fees payable upon repayment of the debt instruments and any debt investments on non-accrual status

(3) 99% of floating interest rates on Private Loan debt investments are subject to contractual minimum "floor" rates

(4) The defined term and additional details for the Credit Facilities are included on page 14

# LMM Investment Portfolio

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**LMM investment portfolio consists of a diversified mix of secured debt and lower cost basis equity investments**

**MSIF's long-term to permanent expected holding period for its LMM investments enhances the diversity and quality of its LMM investment portfolio**

**50 portfolio companies / \$387.0 million in fair value**

- 35% of total investment portfolio at fair value

**Average investment size of \$6.3 million at cost (less than 1% of total portfolio)**

**Debt yielding 13.0%<sup>(1)</sup> (70% of LMM portfolio at cost)**

- Over 99% of debt investments have first lien position
- 73% of debt investments earn fixed-rate interest

**Equity ownership in all LMM portfolio companies representing a 9% average ownership position (30% of LMM portfolio at cost)**

- Lower entry multiple valuations, lower cost basis
- Opportunity for dividend income, fair value appreciation and periodic capital gains
- 53% of LMM companies<sup>(2)</sup> with direct equity investment are currently paying dividends
- Fair value appreciation of equity investments supports Net Asset Value per share
- \$74.4 million, or \$0.93 per share, of cumulative pre-tax net unrealized appreciation at December 31, 2023

(1) Weighted-average effective yield is calculated using the applicable interest rate as of December 31, 2023 and includes amortization of deferred debt origination fees and accretion of original issue discount, but excludes fees payable upon repayment of the debt instruments and any debt investments on non-accrual status

(2) Includes the LMM companies that (a) MSIF has a direct equity investment and (b) are flow-through entities for tax purposes; based upon dividend income for the year ended December 31, 2023

# Middle Market Investment Portfolio

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**Middle Market investment portfolio provides a diversified mix of investments and diverse sources of income to complement the Private Loan and LMM investment portfolios and represents a potential source of liquidity for MSIF's future investment activities**

**16 investments / \$86.0 million in fair value**  
8% of total investment portfolio at fair value

**Average investment size of \$7.2 million<sup>(1)</sup> (less than 1% of total portfolio)**

**Investments in secured and/or rated debt investments**

- 93%<sup>(1)</sup> of Middle Market portfolio is secured debt
- 100%<sup>(1)</sup> of Middle Market debt portfolio is first lien term debt

**Debt yielding 13.0%<sup>(2)</sup>**

- 82%<sup>(1)</sup> of Middle Market debt investments bear interest at floating rates<sup>(3)</sup>, providing matching with MSIF's floating rate Credit Facilities<sup>(4)</sup>
- Over 475 basis point effective interest margin vs "matched" floating rate on MSIF's Credit Facilities<sup>(4)</sup>

(1) As of December 31, 2023; based on cost

(2) Weighted-average effective yield is calculated using the applicable interest rate as of December 31, 2023 and includes amortization of deferred debt origination fees and accretion of original issue discount, but excludes fees payable upon repayment of the debt instruments and any debt investments on non-accrual status

(3) 86% of floating interest rates on Middle Market debt investments are subject to contractual minimum "floor" rates

(4) The defined term and additional details for the Credit Facilities is included on page 14

## Non-GAAP Information

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**Net Debt to NAV Ratio** is calculated as the Debt to NAV Ratio as determined in accordance with U.S. GAAP, except that total debt is reduced by cash and cash equivalents. MSIF believes presenting the Net Debt to NAV Ratio is useful and appropriate supplemental disclosure for analyzing its financial position and leverage. However, the Net Debt to NAV Ratio is a non-U.S. GAAP measure and should not be considered as a replacement for the Debt to NAV Ratio and other financial measures presented in accordance with U.S. GAAP. Instead, the Net Debt to NAV Ratio should be reviewed only in connection with such U.S. GAAP measures in analyzing MSIF's financial position.

# Appendix

# MSIF Income Statement Summary

(\$ in 000's, except per share amounts)	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q4 23 vs. Q4 22 % Change <sup>(1)</sup>
Total Investment Income	\$ 29,972	\$ 31,046	\$ 33,228	\$ 32,351	\$ 34,761	16%
Expenses:						
Interest Expense	(7,795)	(8,334)	(8,862)	(9,403)	(9,859)	(26)%
G&A Expense <sup>(2)</sup>	(5,948)	(5,884)	(6,369)	(6,254)	(6,182)	(4)%
Incentive Fee	(2,130)	(2,720)	(3,599)	(2,572)	(3,678)	(73)%
Net Investment Income	14,099	14,108	14,398	14,122	15,042	7%
Net Realized Gain (Loss)	(11,800)	3,432	(28,852)	435	(9,024)	NM
Net Unrealized Appreciation (Depreciation)	9,748	(4,139)	35,757	(1,202)	15,904	NM
Income Tax Benefit (Provision)	239	(1,170)	(2,047)	27	(580)	NM
Net Increase in Net Assets	\$ 12,286	\$ 12,231	\$ 19,256	\$ 13,382	\$ 21,342	74%
Net Investment Income Per Share	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.19	6%

(1) Positive percentage represents an increase and negative percentage represents a decrease to the Net Increase in Net Assets

(2) Net of waiver of internal administrative services expense

NM – Not Measurable / Not Meaningful



## MSIF Per Share Change in Net Asset Value (NAV)

(\$ per share)	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23
Beginning NAV	\$ 7.62	\$ 7.61	\$ 7.59	\$ 7.67	\$ 7.67
Net Investment Income	0.18	0.18	0.18	0.18	0.19
Net Realized Gain/(Loss)	(0.15)	0.04	(0.36)	0.01	(0.11)
Net Unrealized Appreciation/(Depreciation)	0.12	(0.05)	0.45	(0.02)	0.19
Income Tax Provision	—	(0.01)	(0.03)	—	(0.01)
Net Increase in Net Assets	0.15	0.16	0.24	0.17	0.26
Regular Quarterly Dividends to Shareholders	(0.16)	(0.18)	(0.175)	(0.175)	(0.175)
Accretive Effect of Stock Repurchases <sup>(1)</sup>	—	—	0.01	0.01	0.01
Other <sup>(2)</sup>	—	0.01	0.01	(0.01)	—
Ending NAV	<u>\$ 7.61</u>	<u>\$ 7.59</u>	<u>\$ 7.67</u>	<u>\$ 7.67</u>	<u>\$ 7.77</u>
Weighted Average Shares	80,090,189	80,135,988	80,299,938	80,300,145	80,337,383

Certain fluctuations in per share amounts are due to rounding differences between quarters.

(1) Per share impact of shares repurchased at a discount to NAV per share in connection with the modified Dutch auction tender offers (the Dutch Auctions); refer to MSIF's Annual Report on Form 10-K for the year ended December 31, 2023, which provides additional details on the Dutch Auctions

(2) Includes differences in weighted-average shares utilized for calculating changes in NAV during the period and actual shares outstanding utilized in computing ending NAV and other minor changes

# MSIF Balance Sheet Summary

(\$ in 000's)	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23
Private Loan Portfolio Investments	\$ 559,763	\$ 567,726	\$ 587,603	\$ 608,952	\$ 595,326
LMM Portfolio Investments	352,660	362,166	363,812	367,565	386,956
Middle Market Portfolio Investments	126,745	109,501	107,945	101,105	85,990
Other Portfolio Investments	28,975	27,701	27,058	26,191	24,623
Cash and Cash Equivalents	21,312	27,308	30,061	23,108	30,786
Other Assets	17,709	17,954	16,522	25,994	16,219
<b>Total Assets</b>	<b>\$ 1,107,164</b>	<b>\$ 1,112,356</b>	<b>\$ 1,133,001</b>	<b>\$ 1,152,915</b>	<b>\$ 1,139,900</b>
Credit Facilities <sup>(1)</sup>	\$ 321,688	\$ 323,688	\$ 337,688	\$ 356,688	\$ 335,688
Series A Notes <sup>(2)</sup>	148,856	148,931	149,006	149,080	149,155
Other Liabilities	26,955	31,438	32,524	33,578	32,750
Net Asset Value	609,665	608,299	613,783	613,569	622,307
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,107,164</b>	<b>\$ 1,112,356</b>	<b>\$ 1,133,001</b>	<b>\$ 1,152,915</b>	<b>\$ 1,139,900</b>

(1) The defined term and additional details for the Credit Facilities are included on page 14

(2) \$150.0 million par of Series A Notes due October 2026

# MSC Income Fund, Inc. Corporate Data

Please visit our website at [www.msccomefund.com](http://www.msccomefund.com) for additional information

## **Board of Directors**

Dwayne L. Hyzak  
Chief Executive Officer  
MSC Income Fund, Inc. and  
Main Street Capital Corporation

Robert L. Kay  
Retired CEO/CFO

John O. Niemann, Jr.  
President and COO  
Arthur Andersen LLP  
Board of Directors  
Hines Global Income Trust and  
Adams Resources & Energy,  
Inc.

Jeffrey B. Walker  
Retired CPA/Executive

## **Executive Officers**

Dwayne L. Hyzak  
Chief Executive Officer

David L. Magdol  
President & Chief Investment  
Officer

Jesse E. Morris  
EVP, Chief Financial Officer &  
Chief Operating Officer

Jason B. Beauvais  
EVP, General Counsel &  
Secretary

## **Corporate Headquarters**

1300 Post Oak Blvd, 8<sup>th</sup> Floor  
Houston, TX 77056  
Tel: (713) 350-6000  
Fax: (713) 350-6042

## **Investment Adviser**

MSC Adviser I, LLC (a wholly-  
owned subsidiary of Main Street  
Capital Corporation (NYSE:  
MAIN))  
1300 Post Oak Blvd, 8<sup>th</sup> Floor  
Houston, TX 77056  
Tel: (713) 350-6000  
Fax: (713) 350-6042

## **Independent Registered Public Accounting Firm**

Grant Thornton, LLP  
Houston, TX

## **Corporate Counsel**

Dechert, LLP  
Washington, D.C.

## **Transfer Agent**

SS&C Global Investor and  
Distribution Solutions  
Tel: (+1 800) 234-0556  
[www.ssctech.com](http://www.ssctech.com)

## **Investor Relation Contacts**

Dwayne L. Hyzak  
Chief Executive Officer

Jesse E. Morris  
EVP, Chief Financial Officer & Chief  
Operating Officer

Tel: (713) 350-6000

## **Main Street's Investment Committee**

Dwayne L. Hyzak, Chief Executive  
Officer

David L. Magdol, President & Chief  
Investment Officer

Vincent D. Foster, Chairman of Main  
Street's Board