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**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 September 30, 2021

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the transition period from:                      to

Commission File Number: 001-33723

**Main Street Capital Corporation**

(Exact name of registrant as specified in its charter)

**Maryland**

(State or other jurisdiction of  
incorporation or organization)

**1300 Post Oak Boulevard, 8<sup>th</sup> Floor**

**Houston, TX**

(Address of principal executive offices)

**41-2230745**

(I.R.S. Employer  
Identification No.)

**77056**

(Zip Code)

**(713) 350-6000**

(Registrant's telephone number including area code)

**n/a**

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, par value \$0.01 per share	MAIN	New York Stock Exchange

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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth 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.

Large accelerated filer

Accelerated filer

Non-accelerated filer

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

The number of shares outstanding of the issuer's common stock as of November 4, 2021 was 69,583,191.

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MAIN STREET CAPITAL CORPORATION

Consolidated Balance Sheets

(dollars in thousands, except shares and per share amounts)

	September 30, 2021 (Unaudited)	December 31, 2020
<b>ASSETS</b>		
Investments at fair value:		
Control investments (cost: \$988,222 and \$831,490 as of September 30, 2021 and December 31, 2020, respectively)	\$ 1,336,218	\$ 1,113,725
Affiliate investments (cost: \$505,935 and \$416,479 as of September 30, 2021 and December 31, 2020, respectively)	485,139	366,301
Non-Control/Non-Affiliate investments (cost: \$1,338,405 and \$1,268,740 as of September 30, 2021 and December 31, 2020, respectively)	1,295,747	1,204,840
Total investments (cost: \$2,832,562 and \$2,516,709 as of September 30, 2021 and December 31, 2020, respectively)	3,117,104	2,684,866
Cash and cash equivalents	59,569	31,919
Interest receivable and other assets	51,172	49,761
Receivable for securities sold	11,467	—
Deferred financing costs (net of accumulated amortization of \$9,219 and \$8,477 as of September 30, 2021 and December 31, 2020, respectively)	4,460	2,818
Total assets	<u>\$ 3,243,772</u>	<u>\$ 2,769,364</u>
<b>LIABILITIES</b>		
Credit facility	\$ 200,000	\$ 269,000
SBIC debentures (par: \$350,000 and \$309,800 as of September 30, 2021 and December 31, 2020, respectively)	342,435	303,972
5.20% Notes due 2024 (par: \$450,000 as of both September 30, 2021 and December 31, 2020)	451,408	451,817
4.50% Notes due 2022 (par: \$185,000 as of both September 30, 2021 and December 31, 2020)	184,292	183,836
3.00% Notes due 2026 (par: \$300,000 as of September 30, 2021)	295,445	—
Accounts payable and other liabilities	27,904	20,833
Payable for securities purchased	5,084	—
Interest payable	15,303	8,658
Dividend payable	14,553	13,889
Deferred tax liability, net	23,041	2,592
Total liabilities	<u>1,559,465</u>	<u>1,254,597</u>
Commitments and contingencies (Note K)		
<b>NET ASSETS</b>		
Common stock, \$0.01 par value per share (150,000,000 shares authorized; 69,346,340 and 67,674,853 shares issued and outstanding as of September 30, 2021 and December 31, 2020, respectively)	694	677
Additional paid-in capital	1,675,917	1,615,940
Total undistributed (overdistributed) earnings	7,696	(101,850)
Total net assets	<u>1,684,307</u>	<u>1,514,767</u>
Total liabilities and net assets	<u>\$ 3,243,772</u>	<u>\$ 2,769,364</u>
<b>NET ASSET VALUE PER SHARE</b>	<u>\$ 24.27</u>	<u>\$ 22.35</u>

The accompanying notes are an integral part of these consolidated financial statements

**MAIN STREET CAPITAL CORPORATION**  
**Consolidated Statements of Operations**  
(dollars in thousands, except shares and per share amounts)  
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
<b>INVESTMENT INCOME:</b>				
Interest, fee and dividend income:				
Control investments	\$ 34,852	\$ 18,558	\$ 85,904	\$ 57,357
Affiliate investments	12,274	8,255	34,785	23,626
Non-Control/Non-Affiliate investments	29,653	25,141	86,192	79,126
Total investment income	76,779	51,954	206,881	160,109
<b>EXPENSES:</b>				
Interest	(14,711)	(12,489)	(42,914)	(36,827)
Compensation	(9,576)	(4,980)	(22,790)	(12,280)
General and administrative	(3,047)	(3,354)	(9,439)	(9,827)
Share-based compensation	(2,869)	(2,561)	(7,961)	(8,215)
Expenses allocated to the External Investment Manager	2,728	1,892	7,680	5,340
Total expenses	(27,475)	(21,492)	(75,424)	(61,809)
<b>NET INVESTMENT INCOME</b>	<b>49,304</b>	<b>30,462</b>	<b>131,457</b>	<b>98,300</b>
<b>NET REALIZED GAIN (LOSS):</b>				
Control investments	8,786	4,041	(4,459)	(15,825)
Affiliate investments	(5,147)	(172)	3,962	(407)
Non-Control/Non-Affiliate investments	4,666	(17,743)	11,072	(28,091)
Realized loss on extinguishment of debt	—	—	—	(534)
Total net realized gain (loss)	8,305	(13,874)	10,575	(44,857)
<b>NET UNREALIZED APPRECIATION (DEPRECIATION):</b>				
Control investments	20,671	7,139	65,756	(35,096)
Affiliate investments	14,285	2,406	30,518	(26,883)
Non-Control/Non-Affiliate investments	3,675	53,569	20,798	(56,051)
SBIC debentures	—	—	—	460
Total net unrealized appreciation (depreciation)	38,631	63,114	117,072	(117,570)
<b>INCOME TAXES:</b>				
Federal and state income, excise and other taxes	(953)	(1,165)	(2,242)	(1,420)
Deferred taxes	(11,331)	(342)	(20,449)	15,673
Income tax benefit (provision)	(12,284)	(1,507)	(22,691)	14,253
<b>NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS</b>	<b>\$ 83,956</b>	<b>\$ 78,195</b>	<b>\$ 236,413</b>	<b>\$ (49,874)</b>
<b>NET INVESTMENT INCOME PER SHARE—BASIC AND DILUTED</b>	<b>\$ 0.71</b>	<b>\$ 0.46</b>	<b>\$ 1.92</b>	<b>\$ 1.50</b>
<b>NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS PER SHARE—BASIC AND DILUTED</b>	<b>\$ 1.22</b>	<b>\$ 1.18</b>	<b>\$ 3.45</b>	<b>\$ (0.76)</b>
<b>WEIGHTED AVERAGE SHARES OUTSTANDING—BASIC AND DILUTED</b>	<b>69,021,826</b>	<b>66,110,555</b>	<b>68,557,362</b>	<b>65,319,784</b>

The accompanying notes are an integral part of these consolidated financial statements

**MAIN STREET CAPITAL CORPORATION**  
**Consolidated Statements of Changes in Net Assets**  
(dollars in thousands, except shares)

(Unaudited)

	Common Stock		Additional Paid-In Capital	Total Undistributed (Overdistributed) Earnings	Total Net Asset Value
	Number of Shares	Par Value			
<b>Balances at December 31, 2019</b>	64,252,937	\$ 643	\$ 1,512,435	\$ 23,312	\$ 1,536,390
Public offering of common stock, net of offering costs	91,458	1	3,854	—	3,855
Share-based compensation	—	—	2,837	—	2,837
Purchase of vested stock for employee payroll tax withholding	(851)	—	(29)	—	(29)
Dividend reinvestment	108,722	1	3,929	—	3,930
Amortization of directors' deferred compensation	—	—	238	—	238
Issuance of restricted stock	10,383	—	—	—	—
Dividends to stockholders	—	—	93	(39,706)	(39,613)
Net decrease resulting from operations	—	—	—	(171,438)	(171,438)
<b>Balances at March 31, 2020</b>	64,462,649	\$ 645	\$ 1,523,357	\$ (187,832)	\$ 1,336,170
Public offering of common stock, net of offering costs	824,968	9	26,007	—	26,016
Share-based compensation	—	—	2,817	—	2,817
Purchase of vested stock for employee payroll tax withholding	(84,094)	(1)	(1,730)	—	(1,731)
Dividend reinvestment	146,229	1	4,158	—	4,159
Amortization of directors' deferred compensation	—	—	224	—	224
Issuance of restricted stock, net of forfeited shares	414,053	4	(4)	—	—
Dividends to stockholders	—	—	99	(40,179)	(40,080)
Net increase resulting from operations	—	—	—	43,369	43,369
<b>Balances at June 30, 2020</b>	65,763,805	\$ 658	\$ 1,554,928	\$ (184,642)	\$ 1,370,944
Public offering of common stock, net of offering costs	205,949	2	7,741	—	7,743
Share-based compensation	—	—	2,561	—	2,561
Purchase of vested stock for employee payroll tax withholding	(1,998)	—	(7)	—	(7)
Dividend reinvestment	132,583	1	4,129	—	4,130
Amortization of directors' deferred compensation	—	—	195	—	195
Issuance of restricted stock, net of forfeited shares	(6,899)	—	—	—	—
Dividends to stockholders	—	—	95	(40,674)	(40,579)
Net increase resulting from operations	—	—	—	78,195	78,195
<b>Balances at September 30, 2020</b>	66,093,440	\$ 661	\$ 1,569,642	\$ (147,121)	\$ 1,423,182
<b>Balances at December 31, 2020</b>	67,762,032	\$ 677	\$ 1,615,940	\$ (101,850)	\$ 1,514,767
Public offering of common stock, net of offering costs	117,388	2	3,626	—	3,628
Share-based compensation	—	—	2,333	—	2,333
Purchase of vested stock for employee payroll tax withholding	(180)	—	(7)	—	(7)
Dividend reinvestment	106,651	1	3,698	—	3,699
Amortization of directors' deferred compensation	—	—	195	—	195
Issuance of restricted stock	15,007	—	—	—	—
Dividends to stockholders	—	—	96	(41,893)	(41,797)
Net increase resulting from operations	—	—	—	57,346	57,346
<b>Balances at March 31, 2021</b>	68,000,898	\$ 680	\$ 1,625,881	\$ (86,397)	\$ 1,540,164
Public offering of common stock, net of offering costs	231,795	2	9,396	—	9,398
Share-based compensation	—	—	2,759	—	2,759
Purchase of vested stock for employee payroll tax withholding	(114,357)	(1)	(4,464)	—	(4,465)
Dividend reinvestment	91,632	1	3,755	—	3,756
Amortization of directors' deferred compensation	—	—	163	—	163
Issuance of restricted stock, net of forfeited shares	321,821	3	(3)	—	—
Dividends to stockholders	—	—	96	(42,140)	(42,044)
Net increase resulting from operations	—	—	—	95,110	95,110
<b>Balances at June 30, 2021</b>	68,531,789	\$ 685	\$ 1,637,583	\$ (33,427)	\$ 1,604,841
Public offering of common stock, net of offering costs	772,274	8	31,812	—	31,820
Share-based compensation	—	—	2,869	—	2,869
Purchase of vested stock for employee payroll tax withholding	(13,818)	—	(575)	—	(575)
Dividend reinvestment	95,364	1	3,984	—	3,985
Amortization of directors' deferred compensation	—	—	147	—	147
Issuance of restricted stock, net of forfeited shares	23,036	—	—	—	—
Dividends to stockholders	—	—	97	(42,833)	(42,736)
Net increase resulting from operations	—	—	—	83,956	83,956
<b>Balances at September 30, 2021</b>	69,408,645	\$ 694	\$ 1,675,917	\$ 7,696	\$ 1,684,307

The accompanying notes are an integral part of these consolidated financial statements

MAIN STREET CAPITAL CORPORATION

Consolidated Statements of Cash Flows

(dollars in thousands)

(Unaudited)

	Nine Months Ended September 30,	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net increase (decrease) in net assets resulting from operations	\$ 236,413	\$ (49,874)
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used in) operating activities:		
Investments in portfolio companies	(911,095)	(414,574)
Proceeds from sales and repayments of debt investments in portfolio companies	530,964	255,147
Proceeds from sales and return of capital of equity investments in portfolio companies	83,376	21,210
Net unrealized (appreciation) depreciation	(117,072)	117,570
Net realized (gain) loss	(10,575)	44,857
Accretion of unearned income	(10,972)	(8,239)
Payment-in-kind interest	(6,280)	(3,816)
Cumulative dividends	(1,296)	(1,404)
Share-based compensation expense	7,961	8,215
Amortization of deferred financing costs	2,277	1,986
Deferred tax (benefit) provision	20,449	(15,673)
Changes in other assets and liabilities:		
Interest receivable and other assets	(669)	12,661
Interest payable	6,645	6,100
Accounts payable and other liabilities	7,576	(4,739)
Deferred fees and other	3,586	2,296
Net cash used in operating activities	(158,712)	(28,277)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from public offering of common stock, net of offering costs	44,846	37,614
Proceeds from public offering of 5.20% Notes due 2024	-	125,000
Proceeds from public offering of 3.00% Notes due 2026	300,000	-
Dividends paid	(114,471)	(107,673)
Proceeds from issuance of SBIC debentures	80,200	35,000
Repayments of SBIC debentures	(40,000)	(42,000)
Proceeds from credit facility	645,000	292,000
Repayments on credit facility	(714,000)	(339,000)
Debt issuance premiums (costs), net	(10,166)	978
Purchases of vested stock for employee payroll tax withholding	(5,047)	(1,767)
Net cash provided by financing activities	186,362	152
Net increase (decrease) in cash and cash equivalents	27,650	(28,125)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>31,919</b>	<b>55,246</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>\$ 59,569</b>	<b>\$ 27,121</b>
<b>Supplemental cash flow disclosures:</b>		
Interest paid	\$ 33,898	\$ 28,646
Taxes paid	\$ 2,046	\$ 2,439
<b>Operating non-cash activities:</b>		
Value of shares issued pursuant to the DRIP	\$ 11,440	\$ 12,219

The accompanying notes are an integral part of these consolidated financial statements

MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments

September 30, 2021

(dollars in thousands)

(Unaudited)

Portfolio Company (1) (20)	Investment Date (24)	Business Description	Type of Investment (2) (3) (15)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
<b>Control Investments (5)</b>									
Analytical Systems Keco Holdings, LLC	August 16, 2019	Manufacturer of Liquid and Gas Analyzers	Secured Debt (9)		12.00% (L+10.00%, Floor 2.00%)	8/16/2024	\$ 5,015	\$ 4,787	\$ 4,787
			Preferred Member Units	3,200				3,200	-
			Preferred Member Units	2,427				2,427.00	4,783
			Warrants (27)	420		8/16/2029		316	-
							10,730		9,570
ASC Interests, LLC	August 1, 2013	Recreational and Educational Shooting Facility	Secured Debt Member Units	1,500	13.00%	7/31/2022	1,850	1,831	1,831
							1,500		720
							3,331		2,551
ATS Workholding, LLC	(10) March 10, 2014	Manufacturer of Machine Cutting Tools and Accessories	Secured Debt Preferred Member Units	3,725,862	5.00%	8/16/2023	4,814	4,655	2,875
								3,726	-
								8,381	2,875
Barfly Ventures, LLC	(10) August 31, 2015	Casual Restaurant Group	Secured Debt Member Units	37	7.00%	10/31/2024	711	711	711
								1,584	1,929
								2,295	2,640
Bolder Panther Group, LLC	December 31, 2020	Consumer Goods and Fuel Retailer	Secured Debt Class A Preferred Member Units	(9)	10.50% (L+9.00%, Floor 1.50%)	12/31/2025	39,000	38,671	39,000
			Class B Preferred Member Units	(8)	14.00%			10,194	10,194
			Class B Preferred Member Units	(8)	8.00%			14,000	20,310
				140,000				62,865	69,504
Brewer Crane Holdings, LLC	January 9, 2018	Provider of Crane Rental and Operating Services	Secured Debt Preferred Member Units	(9)	11.00% (L+10.00%, Floor 1.00%)	1/9/2023	8,184	8,156	8,156
				2,950				4,280	4,280
								12,436	12,436
Bridge Capital Solutions Corporation	April 18, 2012	Financial Services and Cash Flow Solutions Provider	Secured Debt Warrants	(27)	13.00%	12/11/2024	8,813	8,813	8,813
			Secured Debt	(30)	13.00%	7/25/2026		2,132	4,060
				82					
								1,000	1,000

**MAIN STREET CAPITAL CORPORATION**  
**Consolidated Schedule of Investments (Continued)**  
**September 30, 2021**

(dollars in thousands)

(Unaudited)

Portfolio Company (1) (20)	Investment Date (24)	Business Description	Type of Investment (2) (3) (15)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)	
			Preferred Member Units	(8) (30)	17,742			1,000	1,000	
Café Brazil, LLC	April 20, 2004	Casual Restaurant Group						12,945	14,873	
			Member Units	(8)	1,233			1,742	2,570	
California Splendor Holdings LLC	March 30, 2018	Processor of Frozen Fruits								
			Secured Debt	(9)		11.00% (L+10.00%, Floor 1.00%)	3/30/2023	28,000	27,899	27,899
			Preferred Member Units	(8) (19)	6,725	15.00% PIK			9,194	9,194
			Preferred Member Units	(8)	6,157			10,775	10,805	
CBT Nuggets, LLC	June 1, 2006	Produces and Sells IT Training Certification Videos						47,868	47,898	
			Member Units	(8)	416			1,300	52,620	
Centre Technologies Holdings, LLC	January 4, 2019	Provider of IT Hardware Services and Software Solutions								
			Secured Debt	(9)		12.00% (L+10.00%, Floor 2.00%)	1/4/2024	9,569	9,518	9,518
			Preferred Member Units		12,696			5,840	5,840	
Chamberlin Holding LLC	February 26, 2018	Roofing and Waterproofing Specialty Contractor						15,358	15,358	
			Secured Debt	(9)		9.00% (L+8.00%, Floor 1.00%)	2/26/2023	17,817	17,722	17,817
			Member Units	(8)	4,347			11,440	24,140	
			Member Units	(8) (30)	1,047,146			1,322	1,430	
Charps, LLC	February 3, 2017	Pipeline Maintenance and Construction						30,484	43,387	
			Unsecured Debt			10.00%	1/31/2024	5,694	4,582	5,034
			Preferred Member Units	(8)	1,600			400	14,240	
Clad-Rex Steel, LLC	December 20, 2016	Specialty Manufacturer of Vinyl-Clad Metal						4,982	19,274	
			Secured Debt	(9)		10.50% (L+9.50%, Floor 1.00%)	1/15/2024	10,480	10,393	10,393
			Member Units	(8)	717			7,280	10,250	
			Secured Debt			10.00%	12/20/2036	1,089	1,078	1,078
			Member Units	(30)	800			210	530	
CMS Minerals Investments	January 30, 2015	Oil & Gas Exploration & Production						18,961	22,251	
			Member Units	(8) (30)	100			1,985	1,883	



**MAIN STREET CAPITAL CORPORATION**  
**Consolidated Schedule of Investments (Continued)**  
**September 30, 2021**

(dollars in thousands)

(Unaudited)

Portfolio Company (1) (20)	Investment Date (24)	Business Description	Type of Investment (2) (3) (15)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)	
Cody Pools, Inc.	March 6, 2020	Designer of Residential and Commercial Pools	Secured Debt (9)		12.25% (L+10.50%, Floor 1.75%)	3/6/2025	18,047	17,916	18,047	
			Preferred Member Units (8)	587				8,317	30,390	
									26,233	48,437
Colonial Electric Company LLC	March 31, 2021	Provider of Electrical Contracting Services	Secured Debt (9)		12.00%	3/31/2026	24,885	24,654	24,654	
			Preferred Member Units (8)	17,280				7,680	8,460	
									32,334	33,114
CompareNetworks Topco, LLC	January 29, 2019	Internet Publishing and Web Search Portals	Secured Debt (9)		10.00% (L+9.00%, Floor 1.00%)	1/29/2024	6,477	6,450	6,477	
			Preferred Member Units (8)	1,975				1,975	12,000	
									8,425	18,477
Copper Trail Fund Investments (12) (13)	July 17, 2017	Investment Partnership	LP Interests (CTMH, LP) (31)	38.8%				710	710	
Datacom, LLC	May 30, 2014	Technology and Telecommunications Provider	Secured Debt (9)		5.00%	12/31/2025	8,919	8,207	8,207	
			Preferred Member Units (8)	9,000				2,610	2,610	
									10,817	10,817
Digital Products Holdings LLC	April 1, 2018	Designer and Distributor of Consumer Electronics	Secured Debt (9)		11.00% (L+10.00%, Floor 1.00%)	4/1/2023	17,183	17,120	17,120	
			Preferred Member Units (8)	3,857				9,501	9,835	
									26,621	26,955
Direct Marketing Solutions, Inc.	February 13, 2018	Provider of Omni-Channel Direct Marketing Services	Secured Debt (9)		12.00% (L+11.00%, Floor 1.00%)	2/13/2023	14,855	14,799	14,799	
			Preferred Stock (8)	8,400				8,400	17,150	
									23,199	31,949
Gamber-Johnson Holdings, LLC	June 24, 2016	Manufacturer of Ruggedized Computer Mounting Systems	Secured Debt (9) (17)		9.00% (L+7.00%, Floor 2.00%)	6/24/2021	20,638	20,638	20,638	
			Preferred Member Units (8)	9,042				17,692	55,370	
									38,330	76,008
Garreco, LLC	July 15, 2013	Manufacturer and Supplier of Dental Products								

**MAIN STREET CAPITAL CORPORATION**  
**Consolidated Schedule of Investments (Continued)**  
**September 30, 2021**

(dollars in thousands)

(Unaudited)

Portfolio Company (1) (20)	Investment Date (24)	Business Description	Type of Investment (2) (3) (15)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
			Secured Debt Member Units	(9)	9.00% (L+8.00%, Floor 1.00%, Ceiling 1.50%)	7/31/2022	4,519	4,519	4,519
				1,200				1,200	2,210
GRT Rubber Technologies LLC	December 19, 2014	Manufacturer of Engineered Rubber Products						5,719	6,729
			Secured Debt Member Units	(8)	7.10% (L+7.00%)	12/31/2023	16,775	16,775	16,775
				5,879				13,065	44,900
								29,840	61,675
Gulf Manufacturing, LLC	August 31, 2007	Manufacturer of Specialty Fabricated Industrial Piping Products							
			Member Units	(8)				2,980	5,640
Gulf Publishing Holdings, LLC	April 29, 2016	Energy Industry Focused Media and Publishing							
			Secured Debt	(9) (17) (19)	10.50% (5.25% Cash, 5.25% PIK) (L+9.50%, Floor 1.00%)	9/30/2020	257	257	257
			Secured Debt	(17) (19)	12.50% (6.25% Cash, 6.25% PIK)	4/29/2021	13,565	13,565	10,462
			Member Units					3,681	-
				3,681				17,503	10,719
Harris Preston Fund Investments	(12) (13) October 1, 2017	Investment Partnership							
			LP Interests (2717 MH, L.P.)	(31)	49.3%			2,703	3,391
Harrison Hydra-Gen, Ltd.	June 4, 2010	Manufacturer of Hydraulic Generators							
			Common Stock				107,456	718	3,530
J&J Services, Inc.	October 31, 2019	Provider of Dumpster and Portable Toilet Rental Services							
			Secured Debt Preferred Stock		11.50%	10/31/2024	10,800	10,727	10,800
				2,814				7,085	15,400
								17,812	26,200
Jensen Jewelers of Idaho, LLC	November 14, 2006	Retail Jewelry Store							
			Secured Debt Member Units	(9)	10.00% (Prime+6.75%, Floor 2.00%)	11/14/2023	2,750	2,734	2,750
				(8)				811	11,260
								3,545	14,010
KBK Industries, LLC	January 23, 2006	Manufacturer of Specialty Oilfield and Industrial Products							
			Member Units	(8)				783	13,620
Kickhaefer Manufacturing Company, LLC	October 31, 2018	Precision Metal Parts Manufacturing							
			Secured Debt Member Units		11.50%	10/31/2023	20,415	20,313	20,313
				581				12,240	12,240

**MAIN STREET CAPITAL CORPORATION**  
**Consolidated Schedule of Investments (Continued)**  
**September 30, 2021**

(dollars in thousands)

(Unaudited)

Portfolio Company (1) (20)	Investment Date (24)	Business Description	Type of Investment (2) (3) (15)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)	
			Secured Debt Member Units	(8) (30)	800	9.00%	10/31/2048	3,924	3,885	3,885
								992	1,210	
								<u>37,430</u>	<u>37,648</u>	
Market Force Information, LLC	July 28, 2017	Provider of Customer Experience Management Services								
			Secured Debt	(9)		12.00% (L+11.00%, Floor 1.00%)	7/28/2023	3,400	3,400	3,400
			Secured Debt Member Units	(14) (19)	743,921	12.00% PIK	7/28/2023	26,079	25,952	11,159
								16,642	-	
								<u>45,994</u>	<u>14,559</u>	
MH Corbin Holding LLC	August 31, 2015	Manufacturer and Distributor of Traffic Safety Products								
			Secured Debt Preferred Member Units	66,000		13.00%	3/31/2022	8,330	8,312	6,006
			Secured Debt Preferred Member Units	4,000					4,400	-
								6,000	-	
								<u>18,712</u>	<u>6,006</u>	
MS Private Loan Fund I, LP	(12) (13) January 26, 2021	Investment Partnership								
			Unsecured Debt LP Interests	(31)	13.9%	5.00%	6/30/2022	30,291	30,291	30,291
								1,000	1,000	
								<u>31,291</u>	<u>31,291</u>	
MSC Adviser I, LLC	(16) November 22, 2013	Third Party Investment Advisory Services								
			Member Units	(8)				29,500	128,080	
MSC Income Fund Inc.	(12) (13) January 28, 2021	Business Development Company								
			Unsecured Debt			5.00%	1/28/2026	60,000	59,648	60,000
Mystic Logistics Holdings, LLC	August 18, 2014	Logistics and Distribution Services Provider for Large Volume Mailers								
			Secured Debt Common Stock	(8)	5,873	12.00%	1/17/2022	6,709	6,706	6,706
								2,720	7,170	
								<u>9,426</u>	<u>13,876</u>	
NAPCO Precast, LLC	January 31, 2008	Precast Concrete Manufacturing								
			Member Units	(8)	2,955			2,975	13,560	
Nebraska Vet AcquireCo, LLC	December 31, 2020	Mixed-Animal Veterinary and Animal Health Product Provider								
			Secured Debt Preferred Member Units	6,500		12.00%	12/31/2025	10,500	10,408	10,408
								6,500	6,500	
								<u>16,908</u>	<u>16,908</u>	
NexRev LLC	February 28, 2018	Provider of Energy Efficiency Products & Services								
			Secured Debt			11.00%	2/28/2023	16,443	16,390	14,750

**MAIN STREET CAPITAL CORPORATION**  
**Consolidated Schedule of Investments (Continued)**  
**September 30, 2021**

(dollars in thousands)

(Unaudited)

Portfolio Company (1) (20)	Investment Date (24)	Business Description	Type of Investment (2) (3) (15)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)	
			Preferred Member Units	(8)	86,400,000			6,880	3,280	
								23,270	18,030	
NRP Jones, LLC	December 22, 2011	Manufacturer of Hoses, Fittings and Assemblies	Secured Debt Member Units	(8)	65,962	12.00%	3/20/2023	2,080	2,080	2,080
								114	240	
								3,603	6,200	
								5,797	8,520	
NuStep, LLC	January 31, 2017	Designer, Manufacturer and Distributor of Fitness Equipment	Secured Debt	(9)	7.50% (L+6.50%, Floor 1.00%)	1/31/2025	1,600	1,600	1,600	
			Secured Debt		10.50%	1/31/2025	17,240	17,223	17,240	
			Preferred Member Units	406				10,200	13,500	
								29,023	32,340	
Ortech Holdings, LLC	July 30, 2021	Distributor of Industrial Clutches, Brakes and Other Components	Secured Debt	(9)	12.00% (L+11.00%, Floor 1.00%)	7/31/2026	24,416	24,183	24,183	
			Preferred Stock	(30)	11,600			11,600	11,600	
								35,783	35,783	
Pearl Meyer Topco LLC	April 27, 2020	Provider of Executive Compensation Consulting Services	Secured Debt Member Units	(8)	13,800	12.00%	4/27/2025	33,674	33,416	33,674
								13,000	21,480	
								46,416	55,154	
Pegasus Research Group, LLC	January 6, 2011	Provider of Telemarketing and Data Services	Member Units	460				1,290	7,280	
PPL RVs, Inc.	June 10, 2010	Recreational Vehicle Dealer	Secured Debt Common Stock	(9)	2,000	7.50% (L+7.00%, Floor 0.50%)	11/15/2022	12,405	12,369	12,375
								2,150	13,690	
								14,519	26,065	
Principle Environmental, LLC	February 1, 2011	Noise Abatement Service Provider	Secured Debt Preferred Member Units	19,631	13.00%	4/30/2023	6,397	6,352	6,352	
			Common Stock	1,036				4,600	9,580	
								1,200	710	
								12,152	16,642	
Quality Lease Service, LLC	June 8, 2015	Provider of Rigsite Accommodation Unit Rentals and Related Services	Member Units	1,000				9,813	3,030	

**MAIN STREET CAPITAL CORPORATION**  
**Consolidated Schedule of Investments (Continued)**  
**September 30, 2021**

(dollars in thousands)

(Unaudited)

Portfolio Company (1) (20)	Investment Date (24)	Business Description	Type of Investment (2) (3) (15)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
River Aggregates, LLC	March 30, 2011	Processor of Construction Aggregates	Member Units	(8) (30)	1,500			369	3,400
Tedder Industries, LLC	August 31, 2018	Manufacturer of Firearm Holsters and Accessories	Secured Debt Preferred Member Units	479	12.00%	8/31/2022	16,800	16,733	16,733
								8,136	8,136
								24,869	24,869
Trantech Radiator Topco, LLC	May 31, 2019	Transformer Cooling Products and Services	Secured Debt Common Stock	(8)	615	12.00%	5/31/2024	8,720	8,658
								4,655	6,650
								13,313	15,308
UnionRock Energy Fund II, LP	(12) June 15, 2020 (13)	Investment Partnership	LP Interests	(31)	49.6%			4,048	6,455
Vision Interests, Inc.	June 5, 2007	Manufacturer / Installer of Commercial Signage	Secured Debt Series A Preferred Stock	3,000,000		13.00%	9/30/2022	2,028	2,028
								3,000	3,000
								5,028	5,028
Ziegler's NYPD, LLC	October 1, 2008	Casual Restaurant Group	Secured Debt			12.00%	10/1/2022	625	625
			Secured Debt			6.50%	10/1/2022	1,000	1,000
			Secured Debt			14.00%	10/1/2022	2,750	2,750
			Preferred Member Units	10,072				2,834	2,130
			Warrants	(27)	587		10/1/2025	600	-
								7,809	6,505
OMi Topco, LLC	April 1, 2008	Manufacturer of Overhead Cranes	Secured Debt Preferred Member Units	(8)	900	12.00%	8/31/2026	18,000	17,824
								1,080	20,210
								18,904	38,210
<b>Subtotal Control Investments</b> (79.3% of net assets at fair value)								\$ 988,222	\$ 1,336,218

**MAIN STREET CAPITAL CORPORATION**  
**Consolidated Schedule of Investments (Continued)**

**September 30, 2021**

**(dollars in thousands)**

**(Unaudited)**

Portfolio Company (1) (20)	Investment Date (24)	Business Description	Type of Investment (2) (3) (15)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
<b>Affiliate Investments (6)</b>									
AAC Holdings, Inc.	(11) June 30, 2017	Substance Abuse Treatment Service Provider			18.00% (10.00% Cash, 8.00% PIK)	6/25/2025	\$ 9,995	\$ 9,799	\$ 9,708
			Secured Debt (19)	593,928				3,148	2,110
			Common Stock Warrants (27)	554,353		12/11/2025		-	1,970
								<u>12,947</u>	<u>13,788</u>
AFG Capital Group, LLC	November 7, 2014	Provider of Rent-to-Own Financing Solutions and Services			10.00%	5/25/2022	231	231	231
			Secured Debt Preferred Member Units (8)	186				<u>1,200</u>	<u>7,380</u>
								1,431	7,611
ATX Networks Corp.	(11) June 30, 2015	Provider of Radio Frequency Management Equipment			8.50% (L+7.50%, Floor 1.00%)	9/1/2026	7,667	7,092	7,092
			Secured Debt (9)				3,067	1,963	1,963
			Unsecured Debt (19)		10.00% PIK	9/1/2028		-	-
			Common Stock	583				<u>-</u>	<u>-</u>
								9,055	9,055
BBB Tank Services, LLC	April 8, 2016	Maintenance, Repair and Construction Services to the Above-Ground Storage Tank Market			12.00% (L+11.00%, Floor 1.00%)	4/8/2021	4,800	4,800	3,748
			Unsecured Debt (9) (17)					162	-
			Preferred Stock (non-voting) (8) (14) (19)	800,000	15.00% PIK			<u>800</u>	<u>-</u>
								5,762	3,748
Boccella Precast Products LLC	June 30, 2017	Manufacturer of Precast Hollow Core Concrete			10.00%	2/28/2027	320	320	320
			Secured Debt Member Units (8)	2,160,000				<u>2,256</u>	<u>4,830</u>
								2,576	5,150
Brightwood Capital Fund Investments	(12) (13) July 21, 2014	Investment Partnership							
			LP Interests (Brightwood Capital Fund V, LP) (31)	15.8%				1,000	1,000
Buca C, LLC	June 30, 2015	Casual Restaurant Group			10.25% (L+9.25%, Floor 1.00%)	6/30/2020	19,491	19,491	14,370
			Secured Debt Preferred Member Units (9) (17) (14) (19)	6	6.00% PIK			<u>4,770</u>	<u>-</u>
								24,261	14,370
CAI Software LLC	October 10, 2014	Provider of Specialized							

**MAIN STREET CAPITAL CORPORATION**  
**Consolidated Schedule of Investments (Continued)**

**September 30, 2021**

(dollars in thousands)

(Unaudited)

Portfolio Company (1) (20)	Investment Date (24)	Business Description	Type of Investment (2) (3) (15)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
		Enterprise Resource Planning Software	Secured Debt Member Units (8)	77,960	12.50%	12/7/2023	66,601	66,261	66,601
								174	12,590
								66,435	79,191
Chandler Signs Holdings, LLC	(10) January 4, 2016	Sign Manufacturer	Class A Units	1,500,000				1,500	650
Classic H&G Holdings, LLC	March 12, 2020	Provider of Engineered Packaging Solutions							
			Secured Debt (9)		7.00% (L+6.00%)	3/12/2025	1,400	1,400	1,400
			Secured Debt Preferred Member Units (8)	154	8.00%	3/12/2025	19,274	19,130	19,274
								5,760	13,620
								26,290	34,294
Congruent Credit Opportunities Funds	(12) (13) January 24, 2012	Investment Partnership	LP Interests (Congruent Credit Opportunities Fund III, LP) (8) (31)	17.4%				10,700	10,403
Dos Rios Partners	(12) (13) April 25, 2013	Investment Partnership	LP Interests (Dos Rios Partners, LP) (31)	20.2%				6,605	9,984
			LP Interests (Dos Rios Partners - A, LP) (31)	6.4%				2,097	3,170
								8,702	13,154
Dos Rios Stone Products LLC	(10) June 27, 2016	Limestone and Sandstone Dimension Cut Stone Mining Quarries	Class A Preferred Units (30)	2,000,000				2,000	909
EIG Fund Investments	(12) (13) November 6, 2015	Investment Partnership	LP Interests (EIG Global Private Debt Fund-A, L.P.) (8) (31)	11.1%				595	474
Freepoint Financial Funds	(12) (13) June 13, 2013	Investment Partnership	LP Interests (Freepoint Financial SBIC Fund LP) (31)	9.3%				5,974	6,133
			LP Interests (Freepoint First Lien Loan Fund III LP) (8) (31)	6.0%				7,629	7,231
								13,603	13,364
GFG Group, LLC.	March 31, 2021	Grower and Distributor of a Variety of Plants and Products to Other Wholesalers, Retailers and Garden Centers	Secured Debt		12.00%	3/31/2026	12,545	12,431	12,431

**MAIN STREET CAPITAL CORPORATION**  
**Consolidated Schedule of Investments (Continued)**  
**September 30, 2021**

(dollars in thousands)

(Unaudited)

Portfolio Company (1) (20)	Investment Date (24)	Business Description	Type of Investment (2) (3) (15)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
			Preferred Member Units (8)	226				4,900	6,990
Harris Preston Fund Investments	(12) (13) August 9, 2017	Investment Partnership						17,331	19,421
			LP Interests (HPEP 3, L.P.) (31)	8.2%				3,193	4,183
Hawk Ridge Systems, LLC	(13) December 2, 2016	Value-Added Reseller of Engineering Design and Manufacturing Solutions							
			Secured Debt (9)		7.00% (L+6.00%) Floor 1.00%	12/2/2023	2,585	2,585	2,585
			Secured Debt		9.00%	12/2/2023	18,400	18,391	18,400
			Preferred Member Units (8)	226				2,850	13,160
			Preferred Member Units (30)	226				150	690
								23,976	34,835
Houston Plating and Coatings, LLC	January 8, 2003	Provider of Plating and Industrial Coating Services							
			Unsecured Convertible Debt Member Units (8)	322,297	8.00%	5/1/2022	3,000	3,000	2,900
								2,352	3,460
								5,352	6,360
I-45 SLF LLC	(12) (13) October 20, 2015	Investment Partnership							
			Member Units (Fully diluted 20.0%; 24.40% profits interest) (8) (8) (31)	20.0%				19,000	15,002
Iron-Main Investments, LLC	August 3, 2021	Consumer Reporting Agency Providing Employment Background Checks and Drug Testing							
			Secured Debt		13.00%	8/1/2026	4,600	4,555	4,555
			Secured Debt		12.50%	9/1/2026	3,200	3,168	3,168
			Common Stock	102,738				1,027	1,027
								8,750	8,750
L.F. Manufacturing Holdings, LLC	(10) December 23, 2013	Manufacturer of Fiberglass Products							
			Preferred Member Units (non-voting) (8) (19)		14.00% PIK			103	103
			Member Units	2,179,001				2,019	2,100
								2,122	2,203
OnAsset Intelligence, Inc.	April 18, 2011	Provider of Transportation Monitoring / Tracking Products and Services							
			Secured Debt (19)		12.00% PIK	12/31/2022	7,987	7,987	7,987
			Unsecured Debt (19)		10.00% PIK	12/31/2022	187	187	187
			Preferred Stock (14) (19)	912	7.00% PIK			1,981	-



**MAIN STREET CAPITAL CORPORATION**  
**Consolidated Schedule of Investments (Continued)**  
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(dollars in thousands)

(Unaudited)

Portfolio Company (1) (20)	Investment Date (24)	Business Description	Type of Investment (2) (3) (15)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
			Common Stock	635				830	-
			Warrants (27)	4,699		5/10/2023		1,089	-
								12,074	8,174
Oneliance, LLC	August 6, 2021	Construction Cleaning Company							
			Secured Debt Preferred Stock (9)	1,056	12.00% (L+11.00%, Floor 1.00%)	8/6/2026	5,600	5,545	5,545
								1,056	1,056
								6,601	6,601
Rocacea, LLC (Quality Lease and Rental Holdings, LLC)	January 8, 2013	Provider of Rigsite Accommodation Unit Rentals and Related Services							
			Secured Debt Preferred Member Units (14) (32)	250	12.00%	1/8/2018	30,369	29,865	-
								2,500	-
								32,365	-
SI East, LLC	August 31, 2018	Rigid Industrial Packaging Manufacturing							
			Secured Debt Preferred Member Units (8)	157	10.25%	8/31/2023	63,600	63,472	63,600
								1,218	10,420
								64,690	74,020
Slick Innovations, LLC	September 13, 2018	Text Message Marketing Platform							
			Secured Debt Common Stock Warrants (27)	70,000 18,084	13.00%	9/13/2023 9/13/2028	5,320	5,239 700	5,320 1,510
								181	400
								6,120	7,230
Sonic Systems International, LLC	(10) August 20, 2021	Nuclear Power Staffing Services							
			Secured Debt Common Stock (9)	7,866	8.50% (L+7.50%, Floor 1.00%)	8/20/2026	11,982	11,747	11,747
								1,070	1,070
								12,817	12,817
Superior Rigging & Erecting Co.	August 31, 2020	Provider of Steel Erecting, Crane Rental & Rigging Services							
			Secured Debt Preferred Member Units	1,571	12.00%	8/31/2025	21,500	21,323	21,323
								4,500	4,500
								25,823	25,823
The Affiliati Network, LLC	August 9, 2021	Performance Marketing Solutions							
			Secured Debt Preferred Stock	1,280,000	10.00% 11.83%	8/9/2026 8/9/2026		381 13,623	381 13,623
								6,400	6,400
								20,404	20,404
UniTek Global Services, Inc.	(11) April 15, 2011	Provider of Outsourced Infrastructure Services							
			Secured Debt Secured Convertible Debt Preferred Stock (8) (19) Preferred Stock (14) (19)		8.50% (6.50% cash, 2.00% PIK) (2.00% PIK, L+5.50% Floor 1.00%) 15.00% PIK 20.00% PIK 20.00% PIK	8/20/2024 2/20/2025	2,376 1,197	2,362 1,197	2,214 2,163
				1,133,102				1,671	2,833
				1,521,122				2,188	1,112

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Portfolio Company (1) (20)	Investment Date (24)	Business Description	Type of Investment (2) (3) (15)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
			Preferred Stock (14) (19)	2,281,682	19.00% PIK			3,667	-
			Common Stock	945,507				-	-
			Preferred Stock (14) (19)	4,336,866	13.50% PIK			7,924	-
								19,009	8,322
Universal Wellhead Services Holdings, LLC	(10) October 30, 2014	Provider of Wellhead Equipment, Designs, and Personnel to the Oil & Gas Industry	Preferred Member Units (14) (19) (30)	716,949	14.00% PIK			1,032	-
			Member Units (30)	4,000,000				4,000	-
								5,032	-
Volution, LLC	January 26, 2015	Provider of Online Software-as-a-Service eCommerce Solutions	Secured Debt (17)		11.50%	1/26/2020	17,434	17,434	17,434
			Unsecured Convertible Debt		8.00%	11/16/2023	409	409	409
			Preferred Member Units	4,876,670				14,000	5,990
			Warrants (27)	1,831,355		1/26/2025		2,576	-
								34,419	23,833
<b>Subtotal Affiliate Investments (28.8% of net assets at fair value)</b>								<b>\$ 505,935</b>	<b>\$ 485,139</b>

**MAIN STREET CAPITAL CORPORATION**  
**Consolidated Schedule of Investments (Continued)**

**September 30, 2021**

(dollars in thousands)

(Unaudited)

Portfolio Company (1) (20)	Investment Date (24)	Business Description	Type of Investment (2) (3) (15)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)	
<b>Non-Control/Non-Affiliate Investments (7)</b>										
Acousti Engineering Company of Florida	(10)	November 2, 2020	Interior Subcontractor Providing Acoustical Walls and Ceilings							
				Secured Debt (9)		10.00% (L+8.50%, Floor 1.50%)	11/2/2025	\$ 12,246	\$ 12,134	\$ 12,242
							850	840	840	
								12,974	13,082	
Adams Publishing Group, LLC	(10)	November 19, 2015	Local Newspaper Operator	Secured Debt (9)		8.75% (L+7.00%, Floor 1.75%)	7/3/2023	4,920	4,842	4,885
ADS Tactical, Inc.	(11)	March 7, 2017	Value-Added Logistics and Supply Chain Provider to the Defense Industry	Secured Debt (9)		6.75% (L+5.75%, Floor 1.00%)	3/19/2026	23,437	22,992	23,583
American Nuts, LLC	(10)	April 10, 2018	Roaster, Mixer and Packager of Bulk Nuts and Seeds	Secured Debt (9)		9.00% (L+8.00%, Floor 1.00%)	4/10/2025	12,045	11,863	12,045
American Teleconferencing Services, Ltd.	(11)	May 19, 2016	Provider of Audio Conferencing and Video Collaboration Solutions							
				Secured Debt (9) (17)		7.50% (L+6.50%, Floor 1.00%)	9/9/2021	2,980	2,980	1,138
				Secured Debt (9) (14) (17)		7.50% (L+6.50%, Floor 1.00%)	9/9/2021	14,370	13,706	5,487
								16,686	6,625	
Arcus Hunting LLC	(10)	January 6, 2015	Manufacturer of Bowhunting and Archery Products and Accessories	Secured Debt (9)		11.00% (L+10.00%, Floor 1.00%)	3/31/2022	13,603	13,537	13,603
Arrow International, Inc	(10)	December 21, 2020	Manufacturer and Distributor of Charitable Gaming Supplies	Secured Debt (9) (23)		9.18% (L+7.93%, Floor 1.25%)	12/21/2025	22,500	22,291	22,307
ASC Ortho Management Company, LLC	(10)	August 31, 2018	Provider of Orthopedic Services							
				Secured Debt (9)		9.00% (L+8.00%, Floor 1.00%)	8/31/2023	5,117	5,074	5,111
				Secured Debt (19)		13.75% PIK	12/1/2023	2,342	2,323	2,342
								7,397	7,453	
Berry Aviation, Inc.	(10)	July 6, 2018	Charter Airline Services	Secured Debt (19)		12.00% (10.50% Cash, 1.50% PIK)	1/6/2024	4,676	4,654	4,676

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(dollars in thousands)

(Unaudited)

Portfolio Company (1) (20)	Investment Date (24)	Business Description	Type of Investment (2) (3) (15)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
			Preferred Member Units (8) (19) (30)	122,416	16.00% PIK			162	162
			Preferred Member Units (14) (19) (30)	1,548,387	8.00% PIK			1,671	1,963
BigName Commerce, LLC	(10) May 11, 2017	Provider of Envelopes and Complimentary Stationery Products						6,487	6,801
			Secured Debt (9)		8.25% (L+7.25%, Floor 1.00%)	5/11/2022	1,899	1,896	1,899
Binswanger Enterprises, LLC	(10) March 10, 2017	Glass Repair and Installation Service Provider							
			Secured Debt (9)		9.00% (L+8.00%, Floor 1.00%)	3/10/2023	12,387	12,328	12,387
			Member Units	1,050,000				1,050	730
								13,378	13,117
Bluestem Brands, Inc.	(11) December 19, 2013	Multi-Channel Retailer of General Merchandise							
			Secured Debt (9)		10.00% (L+8.50%, Floor 1.50%)	8/28/2025	5,357	5,357	5,335
			Common Stock (8)	723,184				1	1,350
								5,358	6,685
Brainworks Software, LLC	(10) August 12, 2014	Advertising Sales and Newspaper Circulation Software							
			Secured Debt (9) (14) (17)		12.50% (Prime+9.25%, Floor 3.25%)	7/22/2019	7,817	7,817	4,201
Brightwood Capital Fund Investments	(12) (13) July 21, 2014	Investment Partnership							
			LP Interests (Brightwood Capital Fund III, LP) (8) (31)	1.6%				7,200	4,178
			LP Interests (Brightwood Capital Fund IV, LP) (8) (31)	0.6%				4,350	4,499
								11,550	8,677
Burning Glass Intermediate Holding Company, Inc.	(10) June 14, 2021	Provider of Skills-Based Labor Market Analytics							
			Secured Debt (9)		6.00% (L+5.00%, Floor 1.00%)	6/10/2028	20,134	19,756	19,756
Cadence Aerospace LLC	(10) November 14, 2017	Aerostructure Manufacturing							
			Secured Debt (9) (19)		9.50% (7.50% Cash, 2.00% PIK) (2.00% PIK + L+6.50%, Floor 1.00%)	11/14/2023	28,554	28,391	26,464
Camion Cargo Control, Inc.	(11) June 14, 2021	Provider of Mission Critical Inspection, Testing and Fuel Treatment Services							

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(dollars in thousands)

(Unaudited)

Portfolio Company (1) (20)	Investment Date (24)	Business Description	Type of Investment (2) (3) (15)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
			Secured Debt (9)		7.50% (L+6.50%, Floor 1.00%)	6/4/2026	16,000	15,848	15,920
Central Security Group, Inc.	(11) December 4, 2017	Security Alarm Monitoring Service Provider							
			Secured Debt (9)		7.00% (L+6.00%, Floor 1.00%)	10/16/2025	6,839	6,839	6,600
			Common Stock	329,084				1,481	1,399
								8,320	7,999
Cenveo Corporation	(11) September 4, 2015	Provider of Digital Marketing Agency Services							
			Common Stock	322,907				6,183	2,664
Chisholm Energy Holdings, LLC	(10) May 15, 2019	Oil & Gas Exploration & Production							
			Secured Debt (9)		7.75% (L+6.25%, Floor 1.50%)	5/15/2026	2,857	2,801	2,661
Clarius BIGS, LLC	(10) September 23, 2014	Prints & Advertising Film Financing							
			Secured Debt (14) (17) (19)		15.00% PIK	1/5/2015	2,776	2,776	28
Clickbooth.com, LLC	(10) December 5, 2017	Provider of Digital Advertising Performance Marketing Solutions							
			Secured Debt (9)		9.50% (L+8.50%, Floor 1.00%)	1/31/2025	7,700	7,637	7,700
Computer Data Source, LLC	(10) August 6, 2021	Third Party Maintenance Provider to the Data Center Ecosystem							
			Secured Debt (9)		8.50% (L+7.50%, Floor 1.00%)	8/6/2026	21,100	20,632	20,632
Construction Supply Investments, LLC	(10) December 29, 2016	Distribution Platform of Specialty Construction Materials to Professional Concrete and Masonry Contractors							
			Member Units (8)	861,618				3,335	10,580
Corel Corporation	(11) (13) (21) July 24, 2019	Publisher of Desktop and Cloud-based Software							
			Secured Debt		5.12% (L+5.00%)	7/2/2026	22,891	22,143	22,992
Darr Equipment LP	(10) April 15, 2014	Heavy Equipment Dealer							
			Secured Debt (19)		12.50% (11.50% Cash, 1.00% PIK)	6/22/2023	6,004	6,004	5,622
			Warrants (29)	915,734		12/23/2023		474	-
								6,478	5,622
DTE Enterprises, LLC	(10) April 13, 2018	Industrial Powertrain Repair and Services							
			Secured Debt (9)		10.00% (L+8.50%, Floor 1.50%)	4/13/2023	9,324	9,247	8,871
			Class AA Preferred (8) (19)		10.00% PIK			1,024	1,024

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Portfolio Company (1) (20)	Investment Date (24)	Business Description	Type of Investment (2) (3) (15)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
			Member Units (non-voting) Class A Preferred Member Units (14) (19)	776,316	8.00% PIK			776	440
Dynamic Communities, LLC	(10)	July 17, 2018	Developer of Business Events and Online Community Groups					11,047	10,335
			Secured Debt (9) (19)		12.50% (4.75% Cash, 7.75% PIK) (L+11.50%, Floor 1.00%)	7/17/2023	5,751	5,702	5,506
Eastern Wholesale Fence LLC	(10)	November 19, 2020	Manufacturer and Distributor of Residential and Commercial Fencing Solutions						
			Secured Debt (9)		7.50%, (L+6.50%, Floor 1.00%)	10/30/2025	19,961	19,630	19,850
EnCap Energy Fund Investments	(12) (13)	December 28, 2010	Investment Partnership						
			LP Interests (EnCap Energy Capital Fund VIII, L.P.) (8) (31)	0.1%				3,745	1,516
			LP Interests (EnCap Energy Capital Fund VIII Co-Investors, L.P.) (31)	0.4%				2,097	777
			LP Interests (EnCap Energy Capital Fund IX, L.P.) (8) (31)	0.1%				4,130	2,254
			LP Interests (EnCap Energy Capital Fund X, L.P.) (8) (31)	0.1%				8,862	8,571
			LP Interests (EnCap Flatrock Midstream Fund II, L.P.) (31)	0.8%				6,712	2,837
			LP Interests (EnCap Flatrock Midstream Fund III, L.P.) (8) (31)	0.2%				6,975	6,285
EPIC Y-Grade Services, LP	(11)	June 22, 2018	NGL Transportation & Storage					32,521	22,240
			Secured Debt (9)		7.00% (L+6.00%, Floor 1.00%)	6/30/2027	6,910	6,832	5,955

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Portfolio Company (1) (20)	Investment Date (24)	Business Description	Type of Investment (2) (3) (15)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
Flip Electronics LLC	(10) January 4, 2021	Distributor of Hard-to-Find and Obsolete Electronic Components	Secured Debt (9) (33)		8.99% (L+7.99%, Floor 1.00%)	1/2/2026	5,400	5,298	5,365
Fortna Acquisition Co., Inc.	(10) July 23, 2019	Process, Physical Distribution and Logistics Consulting Services	Secured Debt		5.08% (L+5.00%)	4/8/2025	7,615	7,534	7,551
Fuse, LLC	(11) June 30, 2019	Cable Networks Operator	Secured Debt Common Stock	10,429	12.00%	6/28/2024	1,810	1,810	1,672
GeoStabilization International (GSI)	(11) December 31, 2018	Geohazard Engineering Services & Maintenance	Secured Debt		5.33% (L+5.25%)	12/19/2025	11,138	11,063	11,083
GoWireless Holdings, Inc.	(11) December 31, 2017	Provider of Wireless Telecommunications Carrier Services	Secured Debt (9)		7.50% (L+6.50%, Floor 1.00%)	12/22/2024	18,534	18,432	18,589
Grupo Hima San Pablo, Inc.	(11) March 7, 2013	Tertiary Care Hospitals	Secured Debt (9) (14) (17) Secured Debt (14) (17)		9.25% (L+7.00%, Floor 1.50%) 13.75%	4/30/2019 10/15/2018	4,504 2,055	4,504 2,040	2,363 49
GS HVAM Intermediate, LLC	(10) October 18, 2019	Specialized Food Distributor	Secured Debt (9)		6.75% (L+5.75%, Floor 1.00%)	10/2/2024	13,015	12,933	13,015
GS Operating, LLC	(10) February 24, 2020	Distributor of Industrial and Specialty Parts	Secured Debt (9)		8.00% (L+6.50%, Floor 1.50%)	2/24/2025	25,592	25,243	25,592
HDC/HW Intermediate Holdings	(10) December 21, 2018	Managed Services and Hosting Provider	Secured Debt (9)		8.50% (L+7.50%, Floor 1.00%)	12/21/2023	3,457	3,422	3,064
Heartland Dental, LLC	(10) September 9, 2020	Dental Support Organization	Secured Debt (9)		7.50% (L+6.50%, Floor 1.00%)	4/30/2025	14,813	14,454	14,887
HOWLCO LLC	(11) (13) (21) August 19, 2021	Provider of Accounting and Business Development Software to Real Estate End Markets	Secured Debt (9)		7.00% (L+6.00%, Floor 1.00%)	10/23/2026	25,610	25,610	25,610

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Portfolio Company (1) (20)	Investment Date (24)	Business Description	Type of Investment (2) (3) (15)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
HW Temps LLC	July 2, 2015	Temporary Staffing Solutions	Secured Debt		8.00%	3/29/2023	7,844	7,790	7,790
Hybrid Promotions, LLC	(10) June 30, 2021	Wholesaler of Licensed, Branded and Private Label Apparel	Secured Debt (9)		9.25% (L+8.25%, Floor 1.00%)	6/30/2026	7,088	6,951	6,951
IG Parent Corporation	(11) July 30, 2021	Software Engineering	Secured Debt (9)		6.75% (L+5.75%, Floor 1.00%)	7/30/2026	9,615	9,438	9,438
Implus Footcare, LLC	(10) June 1, 2017	Provider of Footwear and Related Accessories	Secured Debt (9)		8.75% (L+7.75%, Floor 1.00%)	4/30/2024	18,749	18,495	17,639
Independent Pet Partners Intermediate Holdings, LLC	(10) November 20, 2018	Omnichannel Retailer of Specialty Pet Products	Secured Debt (19)		6.15% PIK	12/22/2022	6,563	6,563	6,563
			Secured Debt (19)		(L+6.00% PIK)	11/20/2023	17,620	16,449	16,449
			Preferred Stock (non-voting) (14) (19)		6.00% PIK			3,235	4,095
			Preferred Stock (non-voting)					-	-
			Member Units	1,558,333				1,558	-
								27,805	27,107
Industrial Services Acquisition, LLC	(10) June 17, 2016	Industrial Cleaning Services	Secured Debt (9)		7.75% (L+6.75%, Floor 1.00%)	8/13/2026	19,483	19,048	19,048
			Preferred Member Units (8) (19) (30)	144	10.00% PIK			118	162
			Preferred Member Units (8) (19) (30)	80	20.00% PIK			79	97
			Member Units (30)	900				900	730
								20,145	20,037
Inn of the Mountain Gods Resort and Casino	(11) October 30, 2013	Hotel & Casino Owner & Operator	Secured Debt		9.25%	11/30/2023	6,677	6,677	6,444
Interface Security Systems, L.L.C	(10) August 7, 2019	Commercial Security & Alarm Services	Secured Debt (9) (19)		9.75% (8.75% Cash, 1.00% PIK) (1.00% PIK + L+7.00%, Floor 1.75%)	8/7/2023	7,313	7,234	6,306
Intermedia Holdings, Inc.	(11) August 3, 2018	Unified Communications as a Service							



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Portfolio Company (1) (20)	Investment Date (24)	Business Description	Type of Investment (2) (3) (15)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
			Secured Debt (9)		7.00% (L+6.00%, Floor 1.00%)	7/19/2025	20,680	20,608	20,693
Invincible Boat Company, LLC.	(10) August 28, 2019	Manufacturer of Sport Fishing Boats	Secured Debt (9)		8.00% (L+6.50%, Floor 1.50%)	8/28/2025	17,770	17,602	17,770
INW Manufacturing, LLC	(11) May 19, 2021	Manufacturer of Nutrition and Wellness Products	Secured Debt (9)		6.50% (L+5.75%, Floor 0.75%)	3/25/2027	7,453	7,242	7,304
Isagenix International, LLC	(11) June 21, 2018	Direct Marketer of Health & Wellness Products	Secured Debt (9)		6.75% (L+5.75%, Floor 1.00%)	6/14/2025	5,261	5,237	4,406
Jackmont Hospitality, Inc.	(10) May 26, 2015	Franchisee of Casual Dining Restaurants	Secured Debt (9)		7.75% (L+6.75%, Floor 1.00%)	10/14/2021	3,901	3,901	3,193
Joerns Healthcare, LLC	(11) April 3, 2013	Manufacturer and Distributor of Health Care Equipment & Supplies	Secured Debt (9)		7.00% (L+6.00%, Floor 1.00%)	8/21/2024	4,016	3,966	3,748
			Common Stock	472,579				4,429	855
Kemp Technologies Inc.	(10) June 27, 2019	Provider of Application Delivery Controllers	Secured Debt (9)		7.00% (L+6.00%, Floor 1.00%)	3/29/2024	16,265	16,042	16,265
			Common Stock	903,225				1,395	5,230
								17,437	21,495
Klein Hersh, LLC	(10) November 13, 2020	Executive and C-Suite Placement for the Life Sciences and Healthcare Industries	Secured Debt (9)		8.25% (L+7.50%, Floor 0.75%)	11/13/2025	31,688	30,974	31,641
Kore Wireless Group Inc.	(11) December 31, 2018 (13)	Mission Critical Software Platform	Secured Debt		5.63% (L+5.50%)	12/20/2024	18,993	18,920	18,969
Larchmont Resources, LLC	(11) August 13, 2013	Oil & Gas Exploration & Production	Secured Debt (9) (17) Member Units (30)	2,828	9.00% (L+8.00%, Floor 1.00%)	8/9/2021	2,180	2,180	2,071
								353	4
								2,533	2,075
Laredo Energy, LLC	(10) January 15, 2019	Oil & Gas Exploration & Production	Member Units	1,155,952				11,560	9,771

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Lightbox Holdings, L.P.	(11) May 23, 2019	Provider of Commercial Real Estate Software	Secured Debt		5.13% (L+5.00%)	5/9/2026	14,663	14,491	14,589
LKCM Headwater Investments I, L.P.	(12) (13) January 25, 2013	Investment Partnership	LP Interests (31)	2.3%				1,746	3,302
LL Management, Inc.	(10) May 2, 2019	Medical Transportation Service Provider	Secured Debt (9)		8.25% (L+7.25%, Floor 1.00%)	9/25/2023	17,481	17,337	17,481
LLFlex, LLC	(10) August 16, 2021	Provider of Metal-Based Laminates	Secured Debt (9)		10.00% (L+9.00%, Floor 1.00%)	8/16/2026	4,500	4,401	4,401
Logix Acquisition Company, LLC	(10) June 24, 2016	Competitive Local Exchange Carrier	Secured Debt (9)		6.75% (L+5.75%, Floor 1.00%)	12/22/2024	25,991	24,657	24,724
Looking Glass Investments, LLC	(12) (13) July 1, 2015	Specialty Consumer Finance	Member Units	3				125	25
Lulu's Fashion Lounge, LLC	(10) August 31, 2017	Fast Fashion E-Commerce Retailer	Secured Debt (9) (19)		10.50% (8.00% Cash, 2.50% PIK) (2.50% PIK + L+7.00%, Floor 1.00%)	8/28/2022	10,687	10,593	9,138
Lynx FBO Operating LLC	(10) September 30, 2019	Fixed Based Operator in the General Aviation Industry	Secured Debt (9) Member Units	4,872	7.25% (L+5.75%, Floor 1.50%)	9/30/2024	13,475	13,276 687	13,475 880
Mac Lean-Fogg Company	(10) April 22, 2019	Manufacturer and Supplier for Auto and Power Markets	Secured Debt (9) Preferred Stock (19)		5.38% (L+4.75%, Floor 0.625%) 13.75% (4.50% Cash, 9.25% PIK)	12/22/2025	17,080	16,991 1,901	17,080 1,901
Mako Steel, LP	(10) March 15, 2021	Self-Storage Design & Construction	Secured Debt (9)		8.00% (L+7.25%, Floor 0.75%)	3/13/2026	17,812	17,468	17,687
MB2 Dental Solutions, LLC	(11) January 28, 2021	Dental Partnership Organization	Secured Debt (9)		7.00% (L+6.00%, Floor 1.00%)	1/29/2027	9,955	9,800	9,955

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Mills Fleet Farm Group, LLC	(10) October 24, 2018	Omnichannel Retailer of Work, Farm and Lifestyle Merchandise	Secured Debt (9)		7.25% (L+6.25%, Floor 1.00%)	10/24/2024	17,781	17,546	17,781
NBG Acquisition Inc	(11) April 28, 2017	Wholesaler of Home Décor Products	Secured Debt (9)		6.50% (L+5.50%, Floor 1.00%)	4/26/2024	4,015	3,986	3,449
NinjaTrader, LLC	(10) December 18, 2019	Operator of Futures Trading Platform	Secured Debt (9)		8.25% (L+6.75%, Floor 1.50%)	12/18/2024	17,625	17,344	17,600
NNE Partners, LLC	(10) March 2, 2017	Oil & Gas Exploration & Production	Secured Debt (19)		9.38% (4.88% Cash, 4.50% PIK) (4.50% PIK + L+4.75%)	12/31/2023	24,499	24,416	22,487
NTM Acquisition Corp.	(11) July 12, 2016	Provider of B2B Travel Information Content	Secured Debt (9) (19)		8.25% (7.25% Cash, 1.00% PIK) (1.00% PIK + L+6.25%, Floor 1.00%)	6/7/2024	4,622	4,622	4,576
NWN Corporation	(10) May 7, 2021	Value Added Reseller and Provider of Managed Services to a Diverse Set of Industries	Secured Debt (9)		7.50% (L+6.50%, Floor 1.00%)	5/7/2026	41,138	40,209	40,209
Ospemifene Royalty Sub LLC	(10) July 8, 2013	Estrogen-Deficiency Drug Manufacturer and Distributor	Secured Debt (14)		11.50%	11/15/2026	4,694	4,694	115
Project Eagle Holdings, LLC	(10) July 6, 2020	Provider of Secure Business Collaboration Software	Secured Debt (9)		7.75% (L+6.75%, Floor 1.00%)	7/6/2026	29,813	29,184	29,510
PT Network, LLC	(10) November 1, 2013	Provider of Outpatient Physical Therapy and Sports Medicine Services	Secured Debt (9) (19)		8.50% (6.50% Cash, 2.00% PIK) (2.00% PIK + L+5.50%, Floor 1.00%)	11/30/2023	8,668	8,668	8,668
RA Outdoors LLC	(10) April 8, 2021	Software Solutions Provider for Outdoor Activity Management							

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			Secured Debt (9)		7.75% (L+6.75%, Floor 1.00%)	4/8/2026	19,422	19,232	19,232
Research Now Group, Inc. and Survey Sampling International, LLC (11)	December 31, 2017	Provider of Outsourced Online Surveying							
			Secured Debt (9)		6.50% (L+5.50%, Floor 1.00%)	12/20/2024	20,176	19,816	19,989
RM Bidder, LLC (10)	November 12, 2015	Scripted and Unscripted TV and Digital Programming Provider							
			Member Units	2,779				46	29
			Warrants (26)	187,161		10/20/2025		425	-
								471	29
RoofOpco, LLC (10)	August 27, 2021	Residential Re-Roofing/Repair							
			Secured Debt (9)		7.00% (L+6.00%, Floor 1.00%)	8/27/2026	2,800	2,699	2,699
RTIC Subsidiary Holdings, LLC (10)	September 1, 2020	Direct-To-Consumer eCommerce Provider of Outdoor Products							
			Secured Debt (9)		9.00% (L+7.75%, Floor 1.25%)	9/1/2025	18,303	18,098	18,302
Rug Doctor, LLC. (10)	July 16, 2021	Carpet Cleaning Products and Machinery							
			Secured Debt (9) (19)		7.25% (6.25% Cash, 1.00% PIK) (1.00% PIK + L+5.25%, Floor 1.00%)	5/16/2022	9,367	9,220	9,220
Salient Partners L.P. (11)	June 25, 2015	Provider of Asset Management Services							
			Secured Debt (9)		7.00% (L+6.00%, Floor 1.00%)	10/30/2022	7,501	7,496	5,312
Savers, Inc. (11)	May 14, 2021	For-Profit Thrift Retailer							
			Secured Debt (9)		6.50% (L+5.75%, Floor 0.75%)	4/26/2028	12,900	12,777	13,061
Staples Canada ULC (10) (13) (21)	September 14, 2017	Office Supplies Retailer							
			Secured Debt (9) (22)		8.00% (L+7.00%, Floor 1.00%)	9/12/2024	16,764	16,674	16,230
Student Resource Center, LLC (10)	June 25, 2021	Higher Education Services							
			Secured Debt (9)		9.00% (L+8.00%, Floor 1.00%)	6/25/2026	11,250	11,021	11,021
Team Public Choices, LLC (11)	October 28, 2019	Home-Based Care Employment Service Provider							
			Secured Debt (9)		6.00% (L+5.00%, Floor 1.00%)	12/18/2027	18,147	17,735	18,147
Tectonic Financial, LLC	May 15, 2017	Financial Services Organization							

**MAIN STREET CAPITAL CORPORATION**  
**Consolidated Schedule of Investments (Continued)**  
**September 30, 2021**

(dollars in thousands)

(Unaudited)

Portfolio Company (1) (20)	Investment Date (24)	Business Description	Type of Investment (2) (3) (15)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
			Common Stock (8)	200,000				2,000	4,180
Tex Tech Tennis, LLC	(10) July 7, 2021	Sporting Goods & Textiles	Common Stock (30)	1,000,000				1,000	1,000
Time Manufacturing Acquisition LLC	(11) February 24, 2021	Manufacturer and Distributor of Utility Equipment	Secured Debt (9)		6.00% (L+5.00%, Floor 1.00%)	2/3/2023	1,476	1,473	1,481
U.S. TelePacific Corp.	(11) May 17, 2017	Provider of Communications and Managed Services	Secured Debt (9)		7.00% (L+6.00%, Floor 1.00%)	5/2/2023	17,088	16,966	14,247
USA DeBusk LLC	(10) October 22, 2019	Provider of Industrial Cleaning Services	Secured Debt (9)		6.75% (L+5.75%, Floor 1.00%)	9/8/2026	37,281	36,474	36,974
Veregy Consolidated, Inc.	(11) November 9, 2020	Energy Service Company	Secured Debt (9)		7.00% (L+6.00%, Floor 1.00%)	11/3/2027	15,893	14,753	15,972
Vida Capital, Inc	(11) October 10, 2019	Alternative Asset Manager	Secured Debt		6.08% (L+6.00%)	10/1/2026	17,344	17,149	16,000
Vistar Media, Inc.	(10) February 17, 2017	Operator of Digital Out-of-Home Advertising Platform	Preferred Stock	70,207				767	1,430
Wahoo Fitness Acquisition L.L.C.	(11) August 17, 2021	Fitness Training Equipment Provider	Secured Debt (9)		6.75% (L+5.75%, Floor 1.00%)	8/12/2028	15,000	14,556	14,700
Wall Street Prep, Inc.	(10) July 19, 2021	Financial Training Services	Secured Debt (9) Common Stock	400,000	8.00% (L+7.00%, Floor 1.00%)	7/19/2026	4,373	4,280	4,280
								400	400
YS Garments, LLC	(11) August 22, 2018	Designer and Provider of Branded Activewear	Secured Debt (9)		7.00% (L+6.00%, Floor 1.00%)	8/9/2024	13,034	12,961	12,578
Zilliant Incorporated	June 15, 2012	Price Optimization and Margin Management Solutions	Preferred Stock Warrants (28)	186,777 952,500		6/15/2022		154 1,071	260 1,290
Short-term portfolio investments	(34) (35)							1,225	1,550
								34,377	34,341

**MAIN STREET CAPITAL CORPORATION**  
**Consolidated Schedule of Investments (Continued)**  
**September 30, 2021**  
**(dollars in thousands)**  
**(Unaudited)**

Portfolio Company (1) (20)	Investment Date (24)	Business Description	Type of Investment (2) (3) (15)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
Subtotal Non-Control/Non-Affiliate Investments (76.9% of net assets at fair value)								\$ 1,338,405	\$ 1,295,747
Total Portfolio Investments, September 30, 2021 (185.1% of net assets at fair value)								\$ 2,832,562	\$ 3,117,104

- (1) All investments are Lower Middle Market portfolio investments, unless otherwise noted. See Note C for a description of Lower Middle Market portfolio investments. All of the Company's investments, unless otherwise noted, are encumbered either as security for the Company's Credit Facility or in support of the SBA-guaranteed debentures issued by the Funds.
- (2) Debt investments are income producing, unless otherwise noted. Equity and warrants are non-income producing, unless otherwise noted.
- (3) See Note C and Schedule 12-14 for a summary of geographic location of portfolio companies.
- (4) Principal is net of repayments. Cost is net of repayments and accumulated unearned income.
- (5) Control investments are defined by the 1940 Act, as investments in which more than 25% of the voting securities are owned or where the ability to nominate greater than 50% of the board representation is maintained.
- (6) Affiliate investments are defined by the 1940 Act as investments in which between 5% and 25% (inclusive) of the voting securities are owned and the investments are not classified as Control investments.
- (7) Non-Control/Non-Affiliate investments are defined by the 1940 Act as investments that are neither Control investments nor Affiliate investments.
- (8) Income producing through dividends or distributions.
- (9) Index based floating interest rate is subject to contractual minimum interest rate. A majority of the variable rate loans in the Company's investment portfolio bear interest at a rate that may be determined by reference to either LIBOR or an alternate Base Rate (commonly based on the Federal Funds Rate or the Prime Rate), which typically resets semi-annually, quarterly, or monthly at the borrower's option. The borrower may also elect to have multiple interest reset periods for each loan. For each such loan, the Company has provided the weighted average annual stated interest rate in effect at September 30, 2021. As noted in this schedule, 70% of the loans (based on the par amount) contain LIBOR floors which range between 0.50% and 2.00%, with a weighted-average LIBOR floor of approximately 1.08%.
- (10) Private Loan portfolio investment. See Note C for a description of Private Loan portfolio investments.
- (11) Middle Market portfolio investment. See Note C for a description of Middle Market portfolio investments.
- (12) Other Portfolio investment. See Note C for a description of Other Portfolio investments.
- (13) Investment is not a qualifying asset as defined under Section 55(a) of the 1940 Act. Qualifying assets must represent at least 70% of total assets at the time of acquisition of any additional non-qualifying assets.
- (14) Non-accrual and non-income producing investment.
- (15) All of the Company's portfolio investments are generally subject to restrictions on resale as "restricted securities."
- (16) External Investment Manager. Investment is not encumbered as security for the Company's Credit Facility or in support of the SBA-guaranteed debentures issued by the Funds.
- (17) Maturity date is under on-going negotiations with the portfolio company and other lenders, if applicable.
- (18) Investment fair value was determined using significant unobservable inputs, unless otherwise noted. See Note C for further discussion.
- (19) PIK interest income and cumulative dividend income represent income not paid currently in cash.
- (20) All portfolio company headquarters are based in the United States, unless otherwise noted.
- (21) Portfolio company headquarters are located outside of the United States.

**MAIN STREET CAPITAL CORPORATION**

**Consolidated Schedule of Investments (Continued)**

**September 30, 2021**

**(dollars in thousands)**

**(Unaudited)**

- (22) In connection with the Company's debt investment in Staples Canada ULC and in an attempt to mitigate any potential adverse change in foreign exchange rates during the term of the Company's investment, the Company maintains a forward foreign currency contract with Cadence Bank to lend \$20.6 million Canadian Dollars and receive \$16.3 million U.S. Dollars with a settlement date of September 14, 2022. The unrealized depreciation on the forward foreign currency contract is \$0.1 million as of September 30, 2021.
- (23) The Company has entered into an intercreditor agreement that entitles the Company to the "last out" tranche of the first lien secured loans, whereby the "first out" tranche will receive priority as to the "last out" tranche with respect to payments of principal, interest, and any other amounts due thereunder. Therefore, the Company receives a higher interest rate than the contractual stated interest rate of LIBOR plus 7.25% (Floor 1.25%) per the credit agreement and the Consolidated Schedule of Investments above reflects such higher rate.
- (24) Investment date represents the date of initial investment in the portfolio company.
- (25) Warrants are presented in equivalent shares with a strike price of \$10.92 per share.
- (26) Warrants are presented in equivalent units with a strike price of \$14.28 per unit.
- (27) Warrants are presented in equivalent shares/units with a strike price of \$0.01 per share/unit.
- (28) Warrants are presented in equivalent shares with a strike price of \$0.001 per share.
- (29) Warrants are presented in equivalent units with a strike price of \$1.50 per unit.
- (30) Shares/Units represent ownership in an underlying Real Estate or HoldCo entity.
- (31) Investment is not unitized. Presentation is made in percent of fully diluted ownership unless otherwise indicated.
- (32) Portfolio company is in a bankruptcy process and, as such, the maturity date of our debt investment in this portfolio company will not be finally determined until such process is complete. As noted in footnote (14), our debt investment in this portfolio company is on non-accrual status.
- (33) The Company has entered into an intercreditor agreement that entitles the Company to the "last out" tranche of the first lien secured loans, whereby the "first out" tranche will receive priority as to the "last out" tranche with respect to payments of principal, interest, and any other amounts due thereunder. Therefore, the Company receives a higher interest rate than the contractual stated interest rate of LIBOR plus 7.99% (Floor 1.00%) per the credit agreement and the Consolidated Schedule of Investments above reflects such higher rate.
- (34) Short-term portfolio investments. See Note C for a description of short-term portfolio investments.
- (35) Short-term portfolio investments bear interest at index based floating interest rates which range from LIBOR plus 2.75% to LIBOR plus 4.75%, with LIBOR floors which range from 0% to 0.75% (with a weighted average LIBOR floor of approximately 0.14%), and with resulting interest rates which range from of 2.83% to 4.83% as of September 30, 2021.

**MAIN STREET CAPITAL CORPORATION**

**Consolidated Schedule of Investments**

**December 31, 2020**

**(dollars in thousands)**

Portfolio Company (1) (20)	Investment Date (24)	Business Description	Type of Investment (2) (3) (15)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)			
<b>Control Investments (5)</b>												
ASC Interests, LLC	August 1, 2013	Recreational and Educational Shooting Facility	Secured Debt Member Units	1,500	13.00%	7/31/2022	\$ 1,750	\$ 1,715	\$ 1,715			
											\$ 1,120	\$ 1,120
								<u>3,215</u>	<u>2,835</u>			
Analytical Systems Keco, LLC	August 16, 2019	Manufacturer of Liquid and Gas Analyzers			12.00% (L+10.00%, Floor 2.00%)	8/16/2024	5,155	4,874	4,874			
			Secured Debt (9) Preferred Member Units	3,200				3,200	3,200			
			Warrants (27)	420		8/16/2029		316	10			
							<u>8,390</u>	<u>8,084</u>				
ATS Workholding, LLC	(10) March 10, 2014	Manufacturer of Machine Cutting Tools and Accessories	Secured Debt (14) Preferred Member Units	3,725,862	5.00%	11/16/2021	4,982	4,824	3,347			
											3,726	-
								<u>8,550</u>	<u>3,347</u>			
Project BarFly, LLC	(10) August 31, 2015	Casual Restaurant Group	Secured Debt Member Units	37	7.00%	10/31/2024	343	343	343			
											1,584	1,584
								<u>1,927</u>	<u>1,927</u>			
Bolder Panther Group, LLC	December 31, 2020	Consumer Goods and Fuel Retailer			10.50% (L+9.00%, Floor 1.50%)	12/31/2025	27,500	27,225	27,225			
			Secured Debt (9) Class A Preferred Member Units	(30)	14.00%			10,194	10,194			
			Class B Preferred Member Units	(30)	8.00%	140,000		14,000	14,000			
							<u>51,419</u>	<u>51,419</u>				
Bond-Coat, Inc.	December 28, 2012	Casing and Tubing Coating Services	Common Stock	57,508				6,350	2,040			
Brewer Crane Holdings, LLC	January 9, 2018	Provider of Crane Rental and Operating Services			11.00% (L+10.00%, Floor 1.00%)	1/9/2023	8,556	8,513	8,513			
			Secured Debt (9) Preferred Member Units	(8)	2,950			4,280	5,850			
							<u>12,793</u>	<u>14,363</u>				
Bridge Capital Solutions Corporation	April 18, 2012	Financial Services and Cash Flow Solutions Provider	Secured Debt Warrants	82	13.00%	12/11/2024	8,813	8,403	8,403			
											2,132	3,220
			Secured Debt					(30)	13.00%	12/11/2024	1,000	998



**MAIN STREET CAPITAL CORPORATION**  
**Consolidated Schedule of Investments (Continued)**  
**December 31, 2020**  
**(dollars in thousands)**

Portfolio Company (1) (20)	Investment Date (24)	Business Description	Type of Investment (2) (3) (15)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
			Preferred Member Units	(8) (30)	17,742			<u>1,000</u> 12,533	<u>1,000</u> 13,621
<b>Café Brazil, LLC</b>	April 20, 2004	Casual Restaurant Group	Member Units	(8)	1,233			1,742	2,030
<b>California Splendor Holdings LLC</b>	March 30, 2018	Processor of Frozen Fruits	Secured Debt	(9)	9.00% (L+8.00%, Floor 1.00%) 11.00% (L+10.00%, Floor 1.00%)	3/30/2023	8,100	8,014	8,043
			Secured Debt	(9)		3/30/2023	28,000	27,854	27,789
			Preferred Member Units	(8)	6,725			8,255	8,255
			Preferred Member Units	(8)	6,157			<u>10,775</u> 54,898	<u>6,241</u> 50,328
<b>CBT Nuggets, LLC</b>	June 1, 2006	Produces and Sells IT Training Certification Videos	Member Units	(8)	416			1,300	46,080
<b>Centre Technologies Holdings, LLC</b>	January 4, 2019	Provider of IT Hardware Services and Software Solutions	Secured Debt	(9)	12.00% (L+10.00%, Floor 2.00%)	1/4/2024	11,628	11,549	11,549
			Preferred Member Units		12,696			<u>5,840</u> 17,389	<u>6,160</u> 17,709
<b>Chamberlin Holding LLC</b>	February 26, 2018	Roofing and Waterproofing Specialty Contractor	Secured Debt	(9)	9.00% (L+8.00%, Floor 1.00%)	2/26/2023	15,212	15,136	15,212
			Member Units	(8)	4,347			11,440	28,070
			Member Units	(8) (30)	1,047,146			<u>1,322</u> 27,898	<u>1,270</u> 44,552
<b>Charps, LLC</b>	February 3, 2017	Pipeline Maintenance and Construction	Unsecured Debt	(19)	10.00% (8.67% Cash, 1.33% PIK)	1/31/2024	9,388	7,641	8,475
			Secured Debt		15.00%	6/5/2022	669	669	669
			Preferred Member Units	(8)	1,600			<u>400</u> 8,710	<u>10,520</u> 19,664
<b>Clad-Rex Steel, LLC</b>	December 20, 2016	Specialty Manufacturer of Vinyl-Clad Metal	Secured Debt	(9)	10.50% (L+9.50%, Floor 1.00%)	12/20/2021	10,880	10,853	10,853
			Member Units	(8)	717			7,280	8,610
			Secured Debt	(30)		12/20/2036	1,111	1,100	1,100
			Member Units	(30)	800			<u>210</u> 19,443	<u>530</u> 21,093

**MAIN STREET CAPITAL CORPORATION**  
**Consolidated Schedule of Investments (Continued)**  
**December 31, 2020**  
**(dollars in thousands)**

Portfolio Company (1) (20)	Investment Date (24)	Business Description	Type of Investment (2) (3) (15)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
<b>CMS Minerals Investments</b>	January 30, 2015	Oil & Gas Exploration & Production	Member Units (30)	100				2,179	1,624
<b>Cody Pools, Inc.</b>	March 6, 2020	Designer of Residential and Commercial Pools	Secured Debt Preferred Member Units (9)	587	12.25% (L+10.50%, Floor 1.75%)	3/6/2025	14,216	14,092	14,216
								8,317	14,940
								22,409	29,156
<b>CompareNetworks Topco, LLC</b>	January 29, 2019	Internet Publishing and Web Search Portals	Secured Debt Preferred Member Units (9)	1,975	12.00% (L+11.00%, Floor 1.00%)	1/29/2024	7,954	7,910	7,953
								1,975	6,780
								9,885	14,733
<b>Copper Trail Fund Investments (12) (13)</b>	July 17, 2017	Investment Partnership	LP Interests (CTMH, LP) (31)	38.8%				747	747
<b>Datacom, LLC</b>	May 30, 2014	Technology and Telecommunications Provider	Secured Debt (14)		8.00%	5/31/2021	1,800	1,800	1,615
			Secured Debt Class A Preferred Member Units (14) (19)		10.50% PIK	5/31/2021	12,507	12,475	10,531
			Class B Preferred Member Units	-				1,294	-
			Class B Preferred Member Units (8)	6,453				6,030	-
								21,599	12,146
<b>Digital Products Holdings LLC</b>	April 1, 2018	Designer and Distributor of Consumer Electronics	Secured Debt Preferred Member Units (9)	3,857	11.00% (L+10.00%, Floor 1.00%)	4/1/2023	18,173	18,077	18,077
								9,501	9,835
								27,578	27,912
<b>Direct Marketing Solutions, Inc.</b>	February 13, 2018	Provider of Omni-Channel Direct Marketing Services	Secured Debt Preferred Stock (9)	8,400	12.00% (L+11.00%, Floor 1.00%)	2/13/2023	15,090	15,007	15,007
								8,400	19,380
								23,407	34,387
<b>Gamber-Johnson Holdings, LLC ("GJH")</b>	June 24, 2016	Manufacturer of Ruggedized Computer Mounting Systems	Secured Debt Member Units (9)	8,619	9.00% (L+7.00%, Floor 2.00%)	6/24/2021	19,838	19,807	19,838
								14,844	52,490
								34,651	72,328

**MAIN STREET CAPITAL CORPORATION**  
**Consolidated Schedule of Investments (Continued)**  
**December 31, 2020**  
**(dollars in thousands)**

Portfolio Company (1) (20)	Investment Date (24)	Business Description	Type of Investment (2) (3) (15)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
Garreo, LLC	July 15, 2013	Manufacturer and Supplier of Dental Products	Secured Debt Member Units (9)	1,200	9.00% (L+8.00%, Floor 1.00%, Ceiling 1.50%)	1/31/2021	4,519	4,519	4,519
									1,200
								5,719	5,929
GRT Rubber Technologies LLC ("GRT")	December 19, 2014	Manufacturer of Engineered Rubber Products	Secured Debt Member Units (8)	5,879	7.15% (L+7.00%)	12/31/2023	16,775	16,775	16,775
									13,065
								29,840	61,675
Gulf Manufacturing, LLC	August 31, 2007	Manufacturer of Specialty Fabricated Industrial Piping Products	Member Units (8)	438				2,980	4,510
Gulf Publishing Holdings, LLC	April 29, 2016	Energy Industry Focused Media and Publishing	Secured Debt (9) (17) (19)		10.50% (5.25% Cash, 5.25% PIK) (L+9.50%, Floor 1.00%)	9/30/2020	250	250	250
			Secured Debt Member Units (19)	3,681	12.50% (6.25% Cash, 6.25% PIK)	4/29/2021	13,147	13,135	12,044
								3,681	-
								17,066	12,294
Harris Preston Fund Investments (12) (13)	October 1, 2017	Investment Partnership	LP Interests (2717 MH, L.P.) (31)	49.3%				2,599	2,702
			LP Interests (2717 HPP-MS, L.P.) (31)		49.3%			250	250
									2,849
Harrison Hydra-Gen, Ltd.	June 4, 2010	Manufacturer of Hydraulic Generators	Common Stock (8)	107,456				718	5,450
Jensen Jewelers of Idaho, LLC	November 14, 2006	Retail Jewelry Store	Secured Debt Member Units (9)	627	10.00% (Prime+6.75%, Floor 2.00%)	11/14/2023	3,400	3,374	3,400
J&J Services, Inc.	October 31, 2019	Provider of Dumpster and Portable Toilet Rental Services	Secured Debt Preferred Stock	2,814	11.50%	10/31/2024	12,800	12,697	12,800
								19,782	25,480
KBK Industries, LLC	January 23, 2006	Manufacturer of Specialty Oilfield and Industrial Products	Member Units (8)	325				783	13,200

**MAIN STREET CAPITAL CORPORATION**  
**Consolidated Schedule of Investments (Continued)**  
**December 31, 2020**  
**(dollars in thousands)**

Portfolio Company (1) (20)	Investment Date (24)	Business Description	Type of Investment (2) (3) (15)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
Kickhaefer Manufacturing Company, LLC	October 31, 2018	Precision Metal Parts Manufacturing	Secured Debt Member		11.50%	10/31/2023	22,415	22,269	22,269
			Units	581				12,240	12,240
			Secured Debt Member		9.00%	10/31/2048	3,948	3,909	3,909
			Units (8) (30)	800				992	1,160
							39,410	39,578	
Market Force Information, LLC	July 28, 2017	Provider of Customer Experience Management Services	Secured Debt (9)		12.00% (L+11.00%, Floor 1.00%)	7/28/2023	1,600	1,600	1,600
			Secured Debt (14) (19) Member		12.00% PIK	7/28/2023	26,079	25,952	13,562
			Units	743,921				16,642	-
								44,194	15,162
MH Corbin Holding LLC	August 31, 2015	Manufacturer and Distributor of Traffic Safety Products	Secured Debt (19) Preferred Member		13.00% (10.00% Cash, 3.00% PIK)	3/31/2022	8,570	8,527	8,280
			Units	66,000				4,400	2,370
			Preferred Member					6,000	-
			Units	4,000				18,927	10,650
MSC Adviser I, LLC (16)	November 22, 2013	Third Party Investment Advisory Services	Member Units (8) (31)				29,500	116,760	
Mystic Logistics Holdings, LLC	August 18, 2014	Logistics and Distribution Services Provider for Large Volume Mailers	Secured Debt Common Stock (8)	5,873	12.00%	1/17/2022	6,733	6,723	6,723
							2,720	8,990	
							9,443	15,713	
NAPCO Precast, LLC	January 31, 2008	Precast Concrete Manufacturing	Member Units (8)	2,955			2,975	16,100	
Nebraska Vet AcquireCo, LLC (NVS)	December 31, 2020	Mixed-Animal Veterinary and Animal Health Product Provider	Secured Debt Preferred Member		12.00%	12/31/2025	10,500	10,395	10,395
			Units	6,500				6,500	6,500
							16,895	16,895	
NexRev LLC	February 28, 2018	Provider of Energy Efficiency Products & Services	Secured Debt Preferred Member		11.00%	2/28/2023	17,097	17,016	16,726
			Units (8)	86,400,000				6,880	1,470
							23,896	18,196	
NRI Clinical Research, LLC	September 8, 2011	Clinical Research Service Provider							

**MAIN STREET CAPITAL CORPORATION**  
**Consolidated Schedule of Investments (Continued)**  
**December 31, 2020**  
**(dollars in thousands)**

Portfolio Company (1) (20)	Investment Date (24)	Business Description	Type of Investment (2) (3) (15)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
			Secured Debt		9.00%	6/8/2022	5,620	5,572	5,620
			Warrants (27)	251,723		6/8/2027		252	1,490
			Member Units (8)	1,454,167				765	5,600
								6,589	12,710
<b>NRP Jones, LLC</b>	December 22, 2011	Manufacturer of Hoses, Fittings and Assemblies							
			Secured Debt Member Units (8)	65,962	12.00%	3/20/2023	2,080	2,080	2,080
								3,717	2,821
								5,797	4,901
<b>NuStep, LLC</b>	January 31, 2017	Designer, Manufacturer and Distributor of Fitness Equipment							
			Secured Debt Preferred Member Units	406	12.00%	1/31/2022	17,240	17,193	17,193
								10,200	10,780
								27,393	27,973
<b>OMI Holdings, Inc.</b>	April 1, 2008	Manufacturer of Overhead Cranes							
			Common Stock (8)	1,500				1,080	20,380
<b>Pearl Meyer Topco LLC</b>	April 27, 2020	Provider of Executive Compensation Consulting Services							
			Secured Debt Member Units (8)	13,800	12.00%	4/27/2025	37,513	37,202	37,202
								13,000	15,940
								50,202	53,142
<b>Pegasus Research Group, LLC</b>	January 6, 2011	Provider of Telemarketing and Data Services							
			Member Units (8)	460				1,290	8,830
<b>PPL RVs, Inc.</b>	June 10, 2010	Recreational Vehicle Dealer							
			Secured Debt (9)		7.50% (L+7.00%, Floor 0.50%)	11/15/2022	11,855	11,781	11,806
			Common Stock (8)	2,000				2,150	11,500
								13,931	23,306
<b>Principle Environmental, LLC (d/b/a TruHorizon Environmental Solutions)</b>	February 1, 2011	Noise Abatement Service Provider							
			Secured Debt Preferred Member Units (8)	19,631	13.00%	4/30/2023	6,397	6,335	6,397
			Warrants (27)	1,018		1/31/2021		4,600	10,500
								1,200	870
								12,135	17,767
<b>Quality Lease Service, LLC</b>	June 8, 2015	Provider of Rigsite Accommodation Unit Rentals and Related Services							
			Member Units	1,000				11,063	4,460
<b>River Aggregates, LLC</b>	March 30, 2011	Processor of Construction Aggregates							
			Member Units (30)	1,500				369	3,240

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Portfolio Company (1) (20)	Investment Date (24)	Business Description	Type of Investment (2) (3) (15)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
Tedder Industries, LLC	August 31, 2018	Manufacturer of Firearm Holsters and Accessories	Secured Debt Preferred Member Units	479	12.00%	8/31/2023	16,400	16,301	16,301
								8,136	8,136
								24,437	24,437
Trantech Radiator Topco, LLC	May 31, 2019	Transformer Cooling Products and Services	Secured Debt Common Stock (8)	615	12.00%	5/31/2024	8,720	8,644	8,644
								4,655	6,030
								13,299	14,674
UnionRock Energy Fund II, LP (12) (13)	June 15, 2020	Oil & Gas Exploration & Production	LP Interests (31)	49.6%				2,894	2,894
Vision Interests, Inc.	June 5, 2007	Manufacturer / Installer of Commercial Signage	Secured Debt Series A Preferred Stock (17)	3,000,000	13.00%	9/30/2019	2,028	2,028	2,028
								3,000	3,160
								5,028	5,188
Ziegler's NYPD, LLC	October 1, 2008	Casual Restaurant Group	Secured Debt	587	6.50%	10/1/2022	1,000	1,000	979
			Secured Debt		12.00%	10/1/2022	625	625	625
			Secured Debt Warrants		14.00%	10/1/2022	2,750	2,750	2,750
			Preferred Member Units (27)			10/1/2025	600	-	-
							10,072		
							7,809	6,134	
<b>Subtotal Control Investments (73.5% of net assets at fair value)</b>								<b>\$ 831,490</b>	<b>\$ 1,113,725</b>

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Portfolio Company (1) (20)	Investment Date (24)	Business Description	Type of Investment (2) (3) (15)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)	
<b>Affiliate Investments (6)</b>										
<b>AAC Holdings, Inc.</b>	(11)	June 30, 2017	Substance Abuse Treatment Service Provider							
						18.00% (10.00% Cash, 8.00% PIK)	6/25/2025	9,406	9,187	9,187
				Secured Debt (19)	593,928				3,148	3,148
			Warrants (27)	554,353		12/11/2025	-	-	2,938	
							12,335		15,273	
<b>AFG Capital Group, LLC</b>		November 7, 2014	Provider of Rent-to-Own Financing Solutions and Services							
				Secured Debt (9)		10.00%	5/25/2022	491	491	491
			Member Units (8)	186				1,200	5,810	
							1,691		6,301	
<b>American Trailer Rental Group LLC</b>		June 7, 2017	Provider of Short-term Trailer and Container Rental	Member Units (30)	73,493			8,596	16,010	
<b>BBB Tank Services, LLC</b>		April 8, 2016	Maintenance, Repair and Construction Services to the Above-Ground Storage Tank Market							
				Unsecured Debt (9)		12.00% (L+11.00%, Floor 1.00%)	4/8/2021	4,800	4,773	4,722
				Preferred Stock (non-voting) (8) (19)		15.00% PIK			151	151
			Member Units (8)	800,000			800	280	280	
							5,724		5,153	
<b>Boccella Precast Products LLC</b>		June 30, 2017	Manufacturer of Precast Hollow Core Concrete	Member Units (8)	2,160,000			2,256	6,040	
<b>Buca C, LLC</b>		June 30, 2015	Casual Restaurant Group							
				Secured Debt (9) (17)		10.25% (L+9.25%, Floor 1.00%)	6/30/2020	19,004	19,004	14,256
			Member Units (8) (19)	6	6.00% PIK			4,770	-	
							23,774		14,256	
<b>CAI Software LLC</b>		October 10, 2014	Provider of Specialized Enterprise Resource Planning Software							
				Secured Debt (8)	77,960	12.50%	12/7/2023	47,474	47,133	47,474
			Member Units (8)					2,095	7,190	
							49,228		54,664	
<b>Chandler Signs Holdings, LLC</b>	(10)	January 4, 2016	Sign Manufacturer	Class A Units	1,500,000			1,500	1,460	
<b>Charlotte Russe, Inc</b>	(11)	May 28, 2013	Fast-Fashion Retailer to Young Women	Common Stock	19,041			3,141	-	
<b>Classic H&amp;G Holdings, LLC</b>		March 12, 2020	Provider of Engineered Packaging Solutions							
				Secured Debt (8)	154	12.00%	3/12/2025	24,800	24,583	24,800
			Member Units (8)					5,760	9,510	
							30,343		34,310	

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Portfolio Company (1) (20)	Investment Date (24)	Business Description	Type of Investment (2) (3) (15)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)	
<b>Congruent Credit Opportunities Funds</b> (12) (13)	January 24, 2012	Investment Partnership	LP Interests (Congruent Credit Opportunities Fund II, LP)	(31)	19.8%			4,449	94	
			LP Interests (Congruent Credit Opportunities Fund III, LP)	(8) (31)	17.4%			11,741	11,540	
								16,190	11,634	
<b>Copper Trail Fund Investments</b> (12) (13)	July 17, 2017	Investment Partnership	LP Interests (Copper Trail Energy Fund I, LP)	(8) (31)	12.4%			2,161	1,782	
<b>Dos Rios Partners</b> (12) (13)	April 25, 2013	Investment Partnership	LP Interests (Dos Rios Partners, LP)	(31)	20.2%			6,605	5,417	
			LP Interests (Dos Rios Partners - A, LP)	(31)	6.4%			2,097	1,720	
								8,702	7,137	
<b>East Teak Fine Hardwoods, Inc.</b>	April 13, 2006	Distributor of Hardwood Products	Common Stock	6,250				480	300	
<b>EIG Fund Investments</b> (12) (13)	November 6, 2015	Investment Partnership	LP Interests (EIG Global Private Debt Fund-A, L.P.)	(8) (31)	11.1%			739	526	
<b>Freeport Financial Funds</b> (12) (13)	June 13, 2013	Investment Partnership	LP Interests (Freeport Financial SBIC Fund LP)	(31)	9.3%			5,974	5,264	
			LP Interests (Freeport First Lien Loan Fund III LP)	(8) (31)	6.0%			10,785	10,321	
								16,759	15,585	
<b>Harris Preston Fund Investments</b> (12) (13)	August 9, 2017	Investment Partnership	LP Interests (HPEP 3, L.P.)	(31)	8.2%			3,071	3,258	
<b>Hawk Ridge Systems, LLC</b> (13)	December 2, 2016	Value-Added Reseller of Engineering Design and Manufacturing Solutions	Secured Debt Preferred Member Units	(8)	226	11.00%	12/2/2023	18,400	18,366	18,400
			Preferred Member Units	(30)	226				2,850	8,030
								150	420	
								21,366	26,850	



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Portfolio Company (1) (20)	Investment Date (24)	Business Description	Type of Investment (2) (3) (15)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)		
Houston Plating and Coatings, LLC	January 8, 2003	Provider of Plating and Industrial Coating Services	Unsecured Convertible Debt Member Units	(8)	322,297	8.00%	5/1/2022	3,000	3,000	2,900	
								2,352	5,080	7,980	
I-45 SLF LLC	(12) (13)	October 20, 2015	Investment Partnership	Member Units (Fully diluted 20.0%; 24.40% profits interest) (8)	(8) (31)	20.00% Fully Diluted, 24.40% Profits Interest			20,200	15,789	
L.F. Manufacturing Holdings, LLC	(10)	December 23, 2013	Manufacturer of Fiberglass Products	Preferred Member Units (non-voting) Member Units	(8) (19)	14.00% PIK		93	93		
								2,019	2,050	2,143	
OnAsset Intelligence, Inc.	April 18, 2011	Provider of Transportation Monitoring / Tracking Products and Services	Secured Debt	(19)		12.00% PIK	6/30/2021	7,301	7,301	7,301	
			Unsecured Debt	(19)		10.00% PIK	6/30/2021	64	64	64	
			Preferred Stock		912				1,981	-	-
			Warrants	(27)	5,333			4/18/2021		1,919	-
							11,265	7,365			
PCI Holding Company, Inc.	December 18, 2012	Manufacturer of Industrial Gas Generating Systems	Preferred Stock		1,500,000			3,927	4,130		
Roaceaia, LLC (Quality Lease and Rental Holdings, LLC)	January 8, 2013	Provider of Rigsite Accommodation Unit Rentals and Related Services	Secured Debt	(14) (32)		12.00%	1/8/2018	30,369	29,865	-	
			Preferred Member Units		250				2,500	-	-
								32,365	-		
Salado Stone Holdings, LLC	(10)	June 27, 2016	Limestone and Sandstone Dimension Cut Stone Mining Quarries	Class A Preferred Units	(30)	2,000,000		2,000	1,250		
Slick Innovations, LLC	September 13, 2018	Text Message Marketing Platform	Secured Debt		70,000	13.00%	9/13/2023	5,720	5,605	5,719	
			Common Stock						700	1,330	
			Warrants	(27)	18,084			9/13/2028		181	360
							6,486	7,409			
SI East, LLC	August 31, 2018	Rigid Industrial Packaging Manufacturing	Secured Debt			9.50%	8/31/2023	32,963	32,760	32,962	
			Preferred Member Units	(8)	157				6,000	9,780	
								38,760	42,742		
Superior Rigging & Erecting Co.	August 31, 2020	Provider of Steel Erection, Crane Rental & Rigging Services	Secured Debt			12.00%	8/31/2025	21,500	21,298	21,298	

**MAIN STREET CAPITAL CORPORATION**  
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Portfolio Company (1) (20)	Investment Date (24)	Business Description	Type of Investment (2) (3) (15)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)	
			Preferred Member Units	1,473				4,500	4,500	
								25,798	25,798	
<b>UniTek Global Services, Inc.</b>	(11)	April 15, 2011	Provider of Outsourced Infrastructure Services							
						7.50% (L+6.50% Floor 1.00%)				
			Secured Debt	(9)		8/20/2024	2,708	2,687	2,426	
			Preferred Stock	(8) (19)	1,133,102	20.00% PIK		1,441	2,832	
			Preferred Stock	(8) (19)	1,521,122	20.00% PIK		2,188	375	
			Preferred Stock	(19)	2,281,682	19.00% PIK		3,667	-	
			Preferred Stock	(19)	4,336,866	13.50% PIK		7,924	-	
			Common Stock	945,507				-	-	
								17,907	5,633	
<b>Universal Wellhead Services Holdings, LLC</b>	(10)	October 30, 2014	Provider of Wellhead Equipment, Designs, and Personnel to the Oil & Gas Industry							
			Preferred Member Units	(19) (30)	716,949	14.00% PIK		1,032	-	
			Member Units	(30)	4,000,000			4,000	-	
								5,032	-	
<b>Volusion, LLC</b>		January 26, 2015	Provider of Online Software-as-a-Service eCommerce Solutions							
			Secured Debt	(17)		11.50%	1/26/2020	20,234	20,234	19,242
			Unsecured Convertible Debt			8.00%	11/16/2023	409	409	291
			Preferred Member Units		4,876,670			14,000	5,990	
			Warrants	(27)	1,831,355		1/26/2025	2,576	-	
								37,219	25,523	
<b>Subtotal Affiliate Investments (24.2% of net assets at fair value)</b>								<b>\$ 416,479</b>	<b>\$ 366,301</b>	

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Portfolio Company (1) (20)	Investment Date (24)	Business Description	Type of Investment (2) (3) (15)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
<b>Non-Control/Non-Affiliate Investments (7)</b>									
<b>Acusti Engineering Company of Florida, Inc.</b>	(10) November 2, 2020	Interior Subcontractor Providing Acoustical Walls and Ceilings	Secured Debt (9)		10.00% (L+8.50%, Floor 1.50%)	10/31/2025	13,000	12,858	12,858
<b>Adams Publishing Group, LLC</b>	(10) November 19, 2015	Local Newspaper Operator	Secured Debt (9)		8.75% (L+7.00%, Floor 1.75%)	7/3/2023	5,863	5,745	5,813
<b>ADS Tactical, Inc.</b>	(10) March 7, 2017	Value-Added Logistics and Supply Chain Provider to the Defense Industry	Secured Debt (9)		7.00% (L+6.25%, Floor 0.75%)	7/26/2023	19,633	19,529	19,633
<b>Aethon United BR LP</b>	(10) September 8, 2017	Oil & Gas Exploration & Production	Secured Debt (9)		7.75% (L+6.75%, Floor 1.00%)	9/8/2023	9,750	9,659	9,544
<b>Affordable Care Holding Corp.</b>	(10) May 9, 2019	Dental Support Organization	Secured Debt (9)		5.75% (L+4.75%, Floor 1.00%)	10/22/2022	14,246	14,066	14,044
<b>ALKU, LLC.</b>	(11) October 18, 2019	Specialty National Staffing Operator	Secured Debt		5.75% (L+5.50%)	7/29/2026	9,466	9,385	9,478
<b>American Nuts, LLC</b>	(10) April 10, 2018	Roaster, Mixer and Packager of Bulk Nuts and Seeds	Secured Debt (9)		9.00% (L+8.00%, Floor 1.00%)	4/10/2023	12,130	11,954	12,111
<b>American Teleconferencing Services, Ltd.</b>	(11) May 19, 2016	Provider of Audio Conferencing and Video Collaboration Solutions	Secured Debt (9)		7.50% (L+6.50%, Floor 1.00%)	6/8/2023	17,358	16,634	8,071
<b>APTIM Corp.</b>	(11) August 17, 2018	Engineering, Construction & Procurement	Secured Debt		7.75%	6/15/2025	12,452	11,063	9,734
<b>Arcus Hunting LLC</b>	(10) January 6, 2015	Manufacturer of Bowhunting and Archery Products and Accessories	Secured Debt (9)		11.00% (L+10.00%, Floor 1.00%)	3/31/2021	11,009	11,009	11,009
<b>Arrow International, Inc</b>	(10) December 21, 2020	Manufacturer and Distributor of Charitable Gaming Supplies	Secured Debt (9) (23)		9.23% (L+7.98%, Floor 1.25%)	12/21/2025	10,000	9,901	9,901

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ASC Ortho Management Company, LLC	(10)	August 31, 2018	Provider of Orthopedic Services		8.50% (L+7.50%, Floor 1.00%)	8/31/2023	5,206	5,148	5,149		
				Secured Debt (9)							
				Secured Debt (19)	13.25% PIK	12/1/2023	2,116	2,091	2,116		
							7,239	7,265			
ATX Networks Corp.	(11) (13) (21)	June 30, 2015	Provider of Radio Frequency Management Equipment		8.75% (7.25% Cash, 1.50% PIK) (1.50% PIK + L+6.25%, Floor 1.00%)	12/31/2023	13,402	13,342	12,263		
				Secured Debt (9) (19)							
Berry Aviation, Inc.	(10)	July 6, 2018	Charter Airline Services		12.00% (10.50% Cash, 1.5% PIK)	1/6/2024	4,624	4,595	4,624		
				Secured Debt (19)							
				Member Units (8) (19) (30)	122,416	16.00% PIK		145	145		
				Member Units (19) (30)	1,548,387	8.00% PIK		1,671	904		
							6,411	5,673			
BigName Commerce, LLC	(10)	May 11, 2017	Provider of Envelopes and Complimentary Stationery Products		8.25% (L+7.25%, Floor 1.00%)	5/11/2022	2,044	2,037	2,011		
Binswanger Enterprises, LLC	(10)	March 10, 2017	Glass Repair and Installation Service Provider		9.50% (L+8.50%, Floor 1.00%)	3/9/2022	12,958	12,798	12,958		
				Secured Debt (9)							
				Member Units	1,050,000		1,050	670			
							13,848	13,628			
BLST Operating Company, LLC.	(11)	December 19, 2013	Multi-Channel Retailer of General Merchandise		10.00% (L+8.50%, Floor 1.50%)	8/28/2025	5,879	5,879	5,879		
				Secured Debt (9)							
				Common Stock	653			-	-		
				Warrants (27)	70		8/28/2030	-	-		
							5,879	5,879			
Brainworks Software, LLC	(10)	August 12, 2014	Advertising Sales and Newspaper Circulation Software		12.50% (Prime+9.25%, Floor 3.25%)	7/22/2019	7,817	7,817	5,332		
				Secured Debt (9) (14) (17)							
Brightwood Capital Fund Investments	(12) (13)	July 21, 2014	Investment Partnership								
				LP Interests (Brightwood Capital Fund III, LP)	(8) (31)	1.6%		10,800	8,459		
				LP Interests (Brightwood Capital Fund IV, LP)	(8) (31)	0.6%		5,000	4,745		
							15,800	13,204			

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Cadence Aerospace LLC	(10)	November 14, 2017	Aerostructure Manufacturing	Secured Debt (9) (19)		9.50% (4.25% Cash, 5.25% PIK) (5.25% PIK + L+3.25%, Floor 1.00%)	11/14/2023	27,703	27,484	26,359
California Pizza Kitchen, Inc.	(11)	August 29, 2016	Casual Restaurant Group	Secured Debt (9)		11.50% (L+10.00%, Floor 1.50%)	11/23/2024	7,700	7,288	7,315
				Secured Debt (9) (19)		13.50% (1.00% Cash, 12.50% PIK) (1.00% Cash, L+11.00% PIK, Floor 1.50%)	11/23/2024	2,657	2,590	2,524
				Secured Debt (9) (19)		15.00% (1.00% Cash, 14.00% PIK) (1.00% Cash, L+12.50% PIK, Floor 1.50%)	5/23/2025	2,291	2,291	1,833
				Common Stock	169,088				949	1,860
							13,118		13,532	
Central Security Group, Inc.	(11)	December 4, 2017	Security Alarm Monitoring Service Provider	Secured Debt (9)		7.00% (L+6.00%, Floor 1.00%)	10/16/2025	6,891	6,891	5,823
				Common Stock	329,084				1,481	1,645
							8,372		7,468	
Cenveo Corporation	(11)	September 4, 2015	Provider of Digital Marketing Agency Services	Secured Debt (9)		10.50% (L+9.50%, Floor 1.00%)	6/7/2023	5,250	5,129	4,909
				Common Stock	177,130				5,309	2,613
							10,438		7,522	
Chisholm Energy Holdings, LLC	(10)	May 15, 2019	Oil & Gas Exploration & Production	Secured Debt (9)		7.75% (L+6.25%, Floor 1.50%)	5/15/2026	3,571	3,498	3,274
Clarius BIGS, LLC	(10)	September 23, 2014	Prints & Advertising Film Financing	Secured Debt (14) (17) (19)		15.00% PIK	1/5/2015	2,832	2,832	31
Clickbooth.com, LLC	(10)	December 5, 2017	Provider of Digital Advertising Performance Marketing Solutions	Secured Debt (9)		9.50% (L+8.50%, Floor 1.00%)	1/31/2025	7,850	7,750	7,850
Construction Supply Investments, LLC	(10)	December 29, 2016	Distribution Platform of Specialty Construction Materials to Professional Concrete and Masonry Contractors	Member Units					5,637	8,617

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<b>Copper Trail Fund Investments</b>	(12) July 17, 2017 (13)	Investment Partnership	LP Interests (CTEF I, LP)	375				-	67
<b>Corel Corporation</b>	(11) July 24, 2019 (13) (21)	Publisher of Desktop and Cloud-based Software	Secured Debt		5.23% (L+5.00%)	7/2/2026	19,403	18,580	19,124
<b>Darr Equipment LP</b>	(10) April 15, 2014	Heavy Equipment Dealer	Secured Debt (19) Warrants (29)	915,734	12.50% (11.50% Cash, 1.00% PIK)	6/22/2023 12/23/2023	5,959	5,959 474	5,959 -
							6,433		5,959
<b>Digital River, Inc.</b>	(11) February 24, 2015	Provider of Outsourced e-Commerce Solutions and Services	Secured Debt (9)		8.00% (L+7.00%, Floor 1.00%)	2/12/2023	13,628	13,422	13,560
<b>DTE Enterprises, LLC</b>	(10) April 13, 2018	Industrial Powertrain Repair and Services	Secured Debt (9) Class AA Preferred Member Units (non-voting) (8) (19) Class A Preferred Member Units	776,316	10.00% (L+8.50%, Floor 1.50%) 10.00% PIK	4/13/2023	9,324	9,213 951 776	9,004 951 880
							10,940		10,835
<b>Dynamic Communities, LLC</b>	(10) July 17, 2018	Developer of Business Events and Online Community Groups	Secured Debt (9) (19)		12.50% (6.25% Cash, 6.25% PIK) (L+11.50%, Floor 1.00%)	7/17/2023	5,320	5,256	4,921
<b>Eastern Wholesale Fence LLC</b>	(10) November 19, 2020	Manufacturer and Distributor of Residential and Commercial Fencing Solutions	Secured Debt (9)		7.50% (L+6.50%, Floor 1.00%)	10/30/2025	11,857	11,523	11,523
<b>Echo US Holdings, LLC.</b>	(10) November 12, 2019	Developer and Manufacturer of PVC and Polypropylene Materials	Secured Debt (9)		7.88% (L+6.25%, Floor 1.63%)	10/25/2024	22,190	22,090	22,190
<b>Electronic Transaction Consultants, LLC</b>	(10) July 24, 2020	Technology Service Provider for Toll Road and Infrastructure Operators	Secured Debt (9)		8.50% (L+7.50%, Floor 1.00%)	7/24/2025	10,000	9,829	9,829

**MAIN STREET CAPITAL CORPORATION**  
**Consolidated Schedule of Investments (Continued)**  
**December 31, 2020**  
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Portfolio Company (1) (20)	Investment Date (24)	Business Description	Type of Investment (2) (3) (15)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)	
<b>EnCap Energy Fund Investments</b>	(12) (13)	December 28, 2010	Investment Partnership	LP Interests (EnCap Energy Capital Fund VIII, L.P.)	(31)	0.1%		3,813	959	
				LP Interests (EnCap Energy Capital Fund VIII Co-Investors, L.P.)	(31)	0.4%		2,097	465	
				LP Interests (EnCap Energy Capital Fund IX, L.P.)	(8) (31)	0.1%		4,366	1,291	
				LP Interests (EnCap Energy Capital Fund X, L.P.)	(8) (31)	0.1%		8,720	6,426	
				LP Interests (EnCap Flatrock Midstream Fund II, L.P.)	(8) (31)	0.8%		6,706	2,546	
				LP Interests (EnCap Flatrock Midstream Fund III, L.P.)	(8) (31)	0.2%		6,982	5,793	
										32,684
<b>Encino Acquisition Partners Holdings, Inc.</b>	(11)	November 16, 2018	Oil & Gas Exploration & Production	Secured Debt (9)	7.75% (L+6.75%, Floor 1.00%)	10/29/2025	9,000	8,932	8,297	
<b>EPIC Y-Grade Services, LP</b>	(11)	June 22, 2018	NGL Transportation & Storage	Secured Debt (9)	7.00% (L+6.00%, Floor 1.00%)	6/30/2027	6,944	6,854	5,799	
<b>Fortna, Inc.</b>	(10)	July 23, 2019	Process, Physical Distribution and Logistics Consulting Services	Secured Debt	5.15% (L+5.00%)	4/8/2025	7,673	7,553	7,486	
<b>Fuse, LLC</b>	(11)	June 30, 2019	Cable Networks Operator	Secured Debt		12.00%	6/28/2024	1,810	1,810	1,472
				Common Stock	10,429				256	-
							2,066			
<b>GeoStabilization International (GSD)</b>	(11)	December 31, 2018	Geohazard Engineering Services & Maintenance	Secured Debt	5.40% (L+5.25%)	12/19/2025	11,224	11,137	11,196	
<b>GoWireless Holdings, Inc.</b>	(11)	December 31, 2017	Provider of Wireless Telecommunications Carrier Services	Secured Debt (9)		7.50% (L+6.50%, Floor 1.00%)	12/22/2024	17,113	16,988	16,976

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**Consolidated Schedule of Investments (Continued)**  
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Portfolio Company (1) (20)	Investment Date (24)	Business Description	Type of Investment (2) (3) (15)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)	
Grupo Hima San Pablo, Inc.	(11)	March 7, 2013	Tertiary Care Hospitals		9.25% (L+7.00%, Floor 1.50%)	4/30/2019	4,504	4,504	3,375	
				Secured Debt (9) (17)		13.75%	10/15/2018	2,055	2,040	49
									6,544	3,424
GS HVAM Intermediate, LLC	(10)	October 18, 2019	Specialized Food Distributor		6.75% (L+5.75%, Floor 1.00%)	10/2/2024	11,053	10,952	11,007	
Gexpco Services	(10)	February 24, 2020	Distributor of Industrial and Specialty Parts		8.00% (L+6.50%, Floor 1.50%)	2/24/2025	29,180	28,692	28,953	
HDC/HW Intermediate Holdings	(10)	December 21, 2018	Managed Services and Hosting Provider		8.50% (L+7.50%, Floor 1.00%)	12/21/2023	3,474	3,429	3,351	
Heartland Dental, LLC	(10)	September 9, 2020	Dental Support Organization		7.50% (L+6.50%, Floor 1.00%)	4/30/2025	14,925	14,501	14,501	
Hunter Defense Technologies, Inc.	(10)	March 29, 2018	Provider of Military and Commercial Shelters and Systems		8.00% (L+7.00%, Floor 1.00%)	3/29/2023	35,246	34,820	35,246	
HW Temps LLC		July 2, 2015	Temporary Staffing Solutions		12.00%	3/29/2023	9,801	9,698	8,994	
Hyperion Materials & Technologies, Inc.	(11) (13)	September 12, 2019	Manufacturer of Cutting and Machine Tools & Specialty Polishing Compounds		6.50% (L+5.50%, Floor 1.00%)	8/28/2026	22,275	21,894	20,813	
Ian, Evan & Alexander Corporation (EverWatch)	(10)	July 31, 2020	Cybersecurity, Software and Data Analytics provider to the Intelligence Community		9.50% (L+8.50%, Floor 1.00%)	7/31/2025	16,529	16,158	16,158	
Implus Footcare, LLC	(10)	June 1, 2017	Provider of Footwear and Related Accessories		8.75% (L+7.75%, Floor 1.00%)	4/30/2024	18,890	18,566	17,172	
Independent Pet Partners Intermediate Holdings, LLC	(10)	November 20, 2018	Omnichannel Retailer of Specialty Pet Products		6.31% PIK (L+6.00% PIK)	12/22/2022	6,111	6,111	6,111	
				Secured Debt (19)		6.00% PIK	11/20/2023	16,670	15,086	15,086
				Preferred Stock (non-voting)					3,235	3,235



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Portfolio Company (1) (20)	Investment Date (24)	Business Description	Type of Investment (2) (3) (15)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
			Preferred Stock (non-voting) Member Units	1,558,333				1,558	-
								25,990	24,432
<b>Industrial Services Acquisition, LLC (10)</b>	June 17, 2016	Industrial Cleaning Services	Unsecured Debt (19)		13.00% (6.00% Cash, 7.00% PIK)	12/17/2022	5,624	5,579	5,624
			Preferred Member Units (8) (19) (30)	144	10.00% PIK			112	112
			Preferred Member Units (8) (19) (30)	80	20.00% PIK			71	71
			Member Units (30)	900				900	530
								6,662	6,337
<b>Inn of the Mountain Gods Resort and Casino (11)</b>	October 30, 2013	Hotel & Casino Owner & Operator	Secured Debt		9.25%	11/30/2023	6,677	6,677	6,677
<b>Interface Security Systems, L.L.C (10)</b>	August 7, 2019	Commercial Security & Alarm Services	Secured Debt (9) (19)		11.75% (8.75% Cash, 3.00% PIK) (3.00% PIK + L+7.00%, Floor 1.75%)	8/7/2023	7,245	7,145	7,245
<b>Intermedia Holdings, Inc. (11)</b>	August 3, 2018	Unified Communications as a Service	Secured Debt (9)		7.00% (L+6.00%, Floor 1.00%)	7/19/2025	20,839	20,755	20,823
<b>Invincible Boat Company, LLC. (10)</b>	August 28, 2019	Manufacturer of Sport Fishing Boats	Secured Debt (9)		8.00% (L+6.50%, Floor 1.50%)	8/28/2025	8,876	8,793	8,876
<b>Isagenix International, LLC (11)</b>	June 21, 2018	Direct Marketer of Health & Wellness Products	Secured Debt (9)		6.75% (L+5.75%, Floor 1.00%)	6/14/2025	5,572	5,541	3,130
<b>Jackmont Hospitality, Inc. (10)</b>	May 26, 2015	Franchisee of Casual Dining Restaurants	Secured Debt (9)		7.75% (L+6.75%, Floor 1.00%)	5/26/2021	3,954	3,953	3,157
<b>Joerns Healthcare, LLC (11)</b>	April 3, 2013	Manufacturer and Distributor of Health Care Equipment & Supplies	Secured Debt (9)		7.00% (L+6.00%, Floor 1.00%)	8/21/2024	4,016	3,955	4,016
			Common Stock	472,579				4,429	2,795
								8,384	6,811
<b>Kemp Technologies Inc. (10)</b>	June 27, 2019	Provider of Application Delivery Controllers	Secured Debt (9)		7.50% (L+6.50%, Floor 1.00%)	3/29/2024	17,387	17,088	17,387
			Common Stock	1,000,000				1,550	1,550
								18,638	18,937

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Portfolio Company (1) (20)	Investment Date (24)	Business Description	Type of Investment (2) (3) (15)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
Klein Hersh, LLC	(10)	November 13, 2020	Executive and C-Suite Placement for the Life Sciences and Healthcare Industries						
				Secured Debt (9)		8.75% (L+8.00%, Floor 0.75%)	11/13/2025	35,000	34,098
Kore Wireless Group Inc.	(11)	December 31, 2018	Mission Critical Software Platform						
			Secured Debt		5.75% (L+5.50%)	12/20/2024	19,090	19,003	18,828
Larchmont Resources, LLC	(11)	August 13, 2013	Oil & Gas Exploration & Production						
				Secured Debt (9) (19) Member Units (30)	2,828	11.00% PIK (L+10.00% PIK, Floor 1.00%)	8/9/2021	2,185	2,185 353
							2,538		1,096
Laredo Energy, LLC	(10)	January 15, 2019	Oil & Gas Exploration & Production	Member Units	1,155,952			11,560	10,238
Lightbox Holdings, L.P.	(11)	May 23, 2019	Provider of Commercial Real Estate Software						
				Secured Debt		5.15% (L+5.00%)	5/9/2026	14,813	14,623
LKCM Headwater Investments I, L.P.	(12) (13)	January 25, 2013	Investment Partnership						
				LP Interests (31)	2.3%				1,746
LL Management, Inc.	(10)	May 2, 2019	Medical Transportation Service Provider						
				Secured Debt (9)		8.25% (L+7.25%, Floor 1.00%)	9/25/2023	16,504	16,337
Logix Acquisition Company, LLC	(10)	June 24, 2016	Competitive Local Exchange Carrier						
				Secured Debt (9)		6.75% (L+5.75%, Floor 1.00%)	12/22/2024	26,131	24,550
Looking Glass Investments, LLC	(12) (13)	July 1, 2015	Specialty Consumer Finance						
				Member Units	3				125
LSF9 Atlantis Holdings, LLC	(11)	May 17, 2017	Provider of Wireless Telecommunications Carrier Services						
				Secured Debt (9)		7.00% (L+6.00%, Floor 1.00%)	5/1/2023	9,206	9,206
Lulu's Fashion Lounge, LLC	(10)	August 31, 2017	Fast Fashion E-Commerce Retailer						
				Secured Debt (9) (19)		10.50% (8.00% Cash, 2.50% PIK) (2.50% PIK + L+7.00%, Floor 1.00%)	8/28/2022	11,152	10,983
Lynx FBO Operating LLC	(10)	September 30, 2019	Fixed Based Operator in the General Aviation Industry						
				Secured Debt (9)		7.25% (L+5.75%, Floor 1.50%)	9/30/2024	13,613	13,369

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Portfolio Company (1) (20)	Investment Date (24)	Business Description	Type of Investment (2) (3) (15)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
			Member Units	4,872				687	780
								14,056	14,301
<b>Mac Lean-Fogg Company</b>	(10)	April 22, 2019	Manufacturer and Supplier for Auto and Power Markets						
			Secured Debt (9)		5.63% (L+5.00%, Floor 0.625%)	12/22/2025	17,251	17,149	17,251
			Preferred		13.75% (4.50%)				
			Stock (8) (19)		Cash, 9.25% PIK		1,870	1,870	1,841
								19,019	19,092
<b>MHVC Acquisition Corp.</b>	(11)	May 8, 2017	Provider of Differentiated Information Solutions, Systems Engineering, and Analytics						
			Secured Debt (9)		6.25% (L+5.25%, Floor 1.00%)	4/29/2024	19,797	19,716	19,846
<b>Mills Fleet Farm Group, LLC</b>	(10)	October 24, 2018	Omnichannel Retailer of Work, Farm and Lifestyle Merchandise						
			Secured Debt (9)		7.00% (L+6.00%, Floor 1.00%)	10/24/2024	13,860	13,595	13,609
<b>NBG Acquisition Inc</b>	(11)	April 28, 2017	Wholesaler of Home Décor Products						
			Secured Debt (9)		6.50% (L+5.50%, Floor 1.00%)	4/26/2024	4,070	4,034	3,399
<b>NinjaTrader, LLC</b>	(10)	December 18, 2019	Operator of Futures Trading Platform						
			Secured Debt (9)		8.25% (L+6.75%, Floor 1.50%)	12/18/2024	16,875	16,543	16,849
<b>NNE Partners, LLC</b>	(10)	March 2, 2017	Oil & Gas Exploration & Production						
			Secured Debt (19)		9.48% (4.75% Cash, 4.50% PIK) (4.50% PIK + L+4.75%)	12/31/2023	23,683	23,572	21,025
<b>Project Eagle Holdings, LLC</b>	(10)	July 6, 2020	Provider of Secure Business Collaboration Software						
			Secured Debt (9)		9.25% (L+8.25%, Floor 1.00%)	7/6/2026	14,963	14,583	14,583
<b>Novetta Solutions, LLC</b>	(11)	June 21, 2017	Provider of Advanced Analytics Solutions for Defense Agencies						
			Secured Debt (9)		6.00% (L+5.00%, Floor 1.00%)	10/17/2022	22,912	22,629	22,864
<b>NTM Acquisition Corp.</b>	(11)	July 12, 2016	Provider of B2B Travel Information Content						
			Secured Debt (9) (19)		8.25% (7.25% Cash, 1.00% PIK) (1.00% PIK + L+6.25%, Floor 1.00%)	6/7/2024	4,694	4,694	4,224
<b>Ospemifene Royalty Sub LLC (QuatRx)</b>	(10)	July 8, 2013	Estrogen-Deficiency Drug Manufacturer and Distributor						

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Portfolio Company (1) (20)	Investment Date (24)	Business Description	Type of Investment (2) (3) (15)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
			Secured Debt (14)		11.50%	11/15/2026	4,765	4,765	121
<b>PaySimple, Inc.</b>	(10) September 9, 2019	Leading Technology Services Commerce Platform	Secured Debt		5.65% (L+5.50%)	8/23/2025	24,448	24,225	23,959
<b>PricewaterhouseCoopers Public Sector LLP</b>	(11) May 24, 2018	Provider of Consulting Services to Governments	Secured Debt		8.15% (L+8.00%)	5/1/2026	9,000	8,969	9,000
<b>PT Network, LLC</b>	(10) November 1, 2013	Provider of Outpatient Physical Therapy and Sports Medicine Services	Secured Debt (9) (19)		8.73% (6.73% Cash, 2.00% PIK) (2.00% PIK + L+5.50%, Floor 1.00%)	11/30/2023	8,601	8,601	8,601
<b>Research Now Group, Inc. and Survey Sampling International, LLC</b>	(11) December 31, 2017	Provider of Outsourced Online Surveying	Secured Debt (9)		6.50% (L+5.50%, Floor 1.00%)	12/20/2024	17,930	17,497	17,715
<b>RM Bidder, LLC</b>	(10) November 12, 2015	Scripted and Unscripted TV and Digital Programming Provider	Warrants (26) Member Units	187,161 2,779		10/20/2025		425 46 471	- 26 26
<b>RTIC Subsidiary Holdings, LLC</b>	(10) September 1, 2020	Direct-To-Consumer eCommerce Provider of Outdoor Products	Secured Debt (9)		9.00% (L+7.75%, Floor 1.25%)	9/1/2025	17,260	17,026	17,026
<b>SAFETY Investment Holdings, LLC</b>	April 29, 2016	Provider of Intelligent Driver Record Monitoring Software and Services	Member Units	2,000,000				2,000	2,350
<b>Salient Partners L.P.</b>	(11) June 25, 2015	Provider of Asset Management Services	Secured Debt (9)		7.00% (L+6.00%, Floor 1.00%)	8/31/2021	6,450	6,443	4,542
<b>Staples Canada ULC</b>	(10) (13) (21) September 14, 2017	Office Supplies Retailer	Secured Debt (9) (22)		8.00% (L+7.00%, Floor 1.00%)	9/12/2024	13,032	12,896	12,382
<b>TEAM Public Choices, LLC</b>	(10) October 28, 2019	Home-Based Care Employment Service Provider	Secured Debt (9)		6.00% (L+5.00%, Floor 1.00%)	12/18/2027	12,500	12,126	12,406
<b>Tectonic Financial, Inc.</b>	May 15, 2017	Financial Services Organization	Common Stock	200,000				2,000	2,800

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Portfolio Company (1) (20)	Investment Date (24)	Business Description	Type of Investment (2) (3) (15)	Shares/Units	Rate	Maturity Date	Principal (4)	Cost (4)	Fair Value (18)
<b>TGP Holdings III LLC</b>	(11) September 30, 2017	Outdoor Cooking & Accessories	Secured Debt (9)		9.50% (L+8.50%, Floor 1.00%)	9/25/2025	5,500	5,448	5,307
<b>The Pasha Group</b>	(11) February 2, 2018	Diversified Logistics and Transportation Provided	Secured Debt (9)		9.00% (L+8.00%, Floor 1.00%)	1/26/2023	10,162	9,585	9,323
<b>USA DeBusk LLC</b>	(10) October 22, 2019	Provider of Industrial Cleaning Services	Secured Debt (9)		6.75% (L+5.75%, Floor 1.00%)	10/22/2024	24,948	24,561	24,591
<b>U.S. TelePacific Corp.</b>	(11) September 14, 2016	Provider of Communications and Managed Services	Secured Debt (9)		6.50% (L+5.50%, Floor 1.00%)	5/2/2023	17,088	16,913	15,486
<b>Veregy Consolidated, Inc.</b>	(11) November 9, 2020	Energy Service Company	Secured Debt (9)		7.00% (L+6.00%, Floor 1.00%)	11/3/2027	15,000	14,587	14,888
<b>Vida Capital, Inc</b>	(11) October 10, 2019	Alternative Asset Manager	Secured Debt		6.15% (L+6.00%)	10/1/2026	17,853	17,626	17,272
<b>Vistar Media, Inc.</b>	(10) February 17, 2017	Operator of Digital Out-of-Home Advertising Platform	Secured Debt (9) (19) Preferred Stock Warrants (25)	70,207 69,675	12.00% (8.50% Cash, 3.50% PIK) (3.50% PIK + L+7.50%, Floor 1.00%)	4/3/2023 4/3/2029	4,636	4,513 767 -	4,636 910 920 6,466
<b>YS Garments, LLC</b>	(11) August 22, 2018	Designer and Provider of Branded Activewear	Secured Debt (9)		7.00% (L+6.00%, Floor 1.00%)	8/9/2024	13,997	13,902	12,911
<b>Zilliant Incorporated</b>	June 15, 2012	Price Optimization and Margin Management Solutions	Preferred Stock Warrants (28)	186,777 952,500		6/15/2022		154 1,071 1,225	260 1,190 1,450
<b>Subtotal Non-Control/Non-Affiliate Investments (79.5% of net assets at fair value)</b>							<u>1,268,740</u>	<u>1,204,840</u>	
<b>Total Portfolio Investments, December 31, 2020 (177.2% of net assets at fair value)</b>							<u>\$ 2,516,709</u>	<u>\$ 2,684,866</u>	

(1) All investments are Lower Middle Market portfolio investments, unless otherwise noted. See Note C for a description of Lower Middle Market portfolio investments. All of the Company's investments, unless otherwise noted, are encumbered either as security for the Company's Credit Facility or in support of the SBA-guaranteed debentures issued by the Funds.

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- (2) Debt investments are income producing, unless otherwise noted. Equity and warrants are non-income producing, unless otherwise noted.
- (3) See Note C and Schedule 12-14 for a summary of geographic location of portfolio companies.
- (4) Principal is net of repayments. Cost is net of repayments and accumulated unearned income.
- (5) Control investments are defined by the 1940 Act, as investments in which more than 25% of the voting securities are owned or where the ability to nominate greater than 50% of the board representation is maintained.
- (6) Affiliate investments are defined by the 1940 Act as investments in which between 5% and 25% (inclusive) of the voting securities are owned and the investments are not classified as Control investments.
- (7) Non-Control/Non-Affiliate investments are defined by the 1940 Act as investments that are neither Control investments nor Affiliate investments.
- (8) Income producing through dividends or distributions.
- (9) Index based floating interest rate is subject to contractual minimum interest rate. A majority of the variable rate loans in the Company's investment portfolio bear interest at a rate that may be determined by reference to either LIBOR or an alternate Base Rate (commonly based on the Federal Funds Rate or the Prime Rate), which typically resets semi-annually, quarterly, or monthly at the borrower's option. The borrower may also elect to have multiple interest reset periods for each loan. For each such loan, the Company has provided the weighted average annual stated interest rate in effect at December 31, 2020. As noted in this schedule, 61% of the loans (based on the par amount) contain LIBOR floors which range between 0.50% and 2.00%, with a weighted-average LIBOR floor of approximately 1.11%.
- (10) Private Loan portfolio investment. See Note C for a description of Private Loan portfolio investments.
- (11) Middle Market portfolio investment. See Note C for a description of Middle Market portfolio investments.
- (12) Other Portfolio investment. See Note C for a description of Other Portfolio investments.
- (13) Investment is not a qualifying asset as defined under Section 55(a) of the 1940 Act. Qualifying assets must represent at least 70% of total assets at the time of acquisition of any additional non-qualifying assets.
- (14) Non-accrual and non-income producing investment.
- (15) All of the Company's portfolio investments are generally subject to restrictions on resale as "restricted securities."
- (16) External Investment Manager. Investment is not encumbered as security for the Company's Credit Facility or in support of the SBA-guaranteed debentures issued by the Funds.
- (17) Maturity date is under on-going negotiations with the portfolio company and other lenders, if applicable.
- (18) Investment fair value was determined using significant unobservable inputs, unless otherwise noted. See Note C for further discussion.
- (19) PIK interest income and cumulative dividend income represent income not paid currently in cash.
- (20) All portfolio company headquarters are based in the United States, unless otherwise noted.
- (21) Portfolio company headquarters are located outside of the United States.
- (22) In connection with the Company's debt investment in Staples Canada ULC and in an attempt to mitigate any potential adverse change in foreign exchange rates during the term of the Company's investment, the Company maintains a forward foreign currency contract with Cadence Bank to lend \$15.8 million Canadian Dollars and receive \$12.0 million U.S. Dollars with a settlement date of September 14, 2021. The unrealized appreciation on the forward foreign currency contract is \$0.4 million as of December 31, 2020.
- (23) The Company has entered into an intercreditor agreement that entitles the Company to the "last out" tranche of the first lien secured loans, whereby the "first out" tranche will receive priority as to the "last out" tranche with respect to payments of principal, interest, and any other amounts due thereunder. Therefore, the Company receives a higher interest rate than the contractual stated interest rate of LIBOR plus 7.25% (Floor 1.25%) per the credit agreement and the Consolidated Schedule of Investments above reflects such higher rate.
- (24) Investment date represents the date of initial investment in the portfolio company.
- (25) Warrants are presented in equivalent shares with a strike price of \$10.92 per share.
- (26) Warrants are presented in equivalent units with a strike price of \$14.28 per unit.
- (27) Warrants are presented in equivalent shares/units with a strike price of \$0.01 per share/unit.
- (28) Warrants are presented in equivalent shares with a strike price of \$0.001 per share.
- (29) Warrants are presented in equivalent units with a strike price of \$1.50 per unit.

**MAIN STREET CAPITAL CORPORATION**  
**Consolidated Schedule of Investments (Continued)**  
**December 31, 2020**  
**(dollars in thousands)**

- (30) Shares/Units represent ownership in an underlying Real Estate or HoldCo entity.
- (31) Investment is not unitized. Presentation is made in percent of fully diluted ownership unless otherwise indicated.
- (32) Portfolio company is in a bankruptcy process and, as such, the maturity date of our debt investment in this portfolio company will not be finally determined until such process is complete. As noted in footnote (14), our debt investment in this portfolio company is on non-accrual status.

## MAIN STREET CAPITAL CORPORATION

### Notes to Consolidated Financial Statements

(Unaudited)

#### NOTE A—ORGANIZATION AND BASIS OF PRESENTATION

##### 1. Organization

Main Street Capital Corporation (“MSCC”) is a principal investment firm primarily focused on providing customized debt and equity financing to lower middle market (“LMM”) companies and debt capital to middle market (“Middle Market”) companies. The portfolio investments of MSCC and its consolidated subsidiaries are typically made to support management buyouts, recapitalizations, growth financings, refinancings and acquisitions of companies that operate in a variety of industry sectors. MSCC seeks to partner with entrepreneurs, business owners and management teams and generally provides “one stop” financing alternatives within its LMM portfolio. MSCC and its consolidated subsidiaries invest primarily in secured debt investments, equity investments, warrants and other securities of LMM companies based in the United States and in secured debt investments of Middle Market companies generally headquartered in the United States.

MSCC was formed in March 2007 to operate as an internally managed business development company (“BDC”) under the Investment Company Act of 1940, as amended (the “1940 Act”). MSCC wholly owns several investment funds, including Main Street Mezzanine Fund, LP (“MSMF”) and Main Street Capital III, LP (“MSC III”) and, together with MSMF, the “Funds”), and each of their general partners. The Funds are each licensed as a Small Business Investment Company (“SBIC”) by the United States Small Business Administration (“SBA”). Because MSCC is internally managed, all of the executive officers and other employees are employed by MSCC. Therefore, MSCC does not pay any external investment advisory fees, but instead directly incurs the operating costs associated with employing investment and portfolio management professionals.

MSC Adviser I, LLC (the “External Investment Manager”) was formed in November 2013 as a wholly owned subsidiary of MSCC to provide investment management and other services to parties other than MSCC and its subsidiaries or their portfolio companies (“External Parties”) and receives fee income for such services. MSCC has been granted no-action relief by the Securities and Exchange Commission (“SEC”) to allow the External Investment Manager to register as a registered investment adviser under the Investment Advisers Act of 1940, as amended. Since the External Investment Manager conducts all of its investment management activities for External Parties, it is accounted for as a portfolio investment of MSCC and is not included as a consolidated subsidiary of MSCC in MSCC’s consolidated financial statements.

MSCC has elected to be treated for U.S. federal income tax purposes as a regulated investment company (“RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”). As a result, MSCC generally will not pay corporate-level U.S. federal income taxes on any net ordinary taxable income or capital gains that it distributes to its stockholders.

MSCC has certain direct and indirect wholly owned subsidiaries that have elected to be taxable entities (the “Taxable Subsidiaries”). The primary purpose of the Taxable Subsidiaries is to permit MSCC to hold equity investments in portfolio companies which are “pass-through” entities for tax purposes.

Unless otherwise noted or the context otherwise indicates, the terms “we,” “us,” “our,” the “Company” and “Main Street” refer to MSCC and its consolidated subsidiaries, which include the Funds and the Taxable Subsidiaries.

##### 2. Basis of Presentation

Main Street’s consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”). The Company is an investment company following accounting and reporting guidance in Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 946, *Financial Services—Investment Companies* (“ASC 946”). For each of the periods presented



herein, Main Street’s consolidated financial statements include the accounts of MSCC and its consolidated subsidiaries. The Investment Portfolio, as used herein, refers to all of Main Street’s investments in LMM portfolio companies, investments in Middle Market portfolio companies, Private Loan (as defined in Note C) investments, Other Portfolio (as defined in Note C) investments and the investment in the External Investment Manager (see “Note C—Fair Value Hierarchy for Investments and Debentures—Portfolio Composition—Investment Portfolio Composition” for additional discussion of Main Street’s Investment Portfolio). Main Street’s results of operations for the three and nine months ended September 30, 2021 and 2020, cash flows for the nine months ended September 30, 2021 and 2020, and financial position as of September 30, 2021 and December 31, 2020, are presented on a consolidated basis. The effects of all intercompany transactions between Main Street and its consolidated subsidiaries have been eliminated in consolidation.

The accompanying unaudited consolidated financial statements of Main Street are presented in conformity with U.S. GAAP for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Articles 6, 10 and 12 of Regulation S-X. Accordingly, certain disclosures accompanying annual financial statements prepared in accordance with U.S. GAAP are omitted. The unaudited financial statements and notes should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2020. In the opinion of management, the unaudited consolidated financial results included herein contain all adjustments, consisting solely of normal recurring accruals, considered necessary for the fair presentation of financial statements for the interim periods included herein. The results of operations for the three and nine months ended September 30, 2021 and 2020 are not necessarily indicative of the operating results to be expected for the full year. Financial statements prepared on a U.S. GAAP basis require management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

#### ***Principles of Consolidation***

Under ASC 946, Main Street is precluded from consolidating other entities in which Main Street has equity investments, including those in which it has a controlling interest, unless the other entity is another investment company. An exception to this general principle in ASC 946 occurs if Main Street holds a controlling interest in an operating company that provides all or substantially all of its services directly to Main Street or to its portfolio companies. Accordingly, as noted above, MSCC’s consolidated financial statements include the financial position and operating results for the Funds and the Taxable Subsidiaries. Main Street has determined that none of its portfolio investments qualify for this exception, including the investment in the External Investment Manager. Therefore, Main Street’s Investment Portfolio is carried on the consolidated balance sheet at fair value, as discussed further in Note B.1., with any adjustments to fair value recognized as “Net Unrealized Appreciation (Depreciation)” on the consolidated statements of operations until the investment is realized, usually upon exit, resulting in any gain or loss being recognized as a “Net Realized Gain (Loss).”

#### ***Portfolio Investment Classification***

Main Street classifies its Investment Portfolio in accordance with the requirements of the 1940 Act. Under the 1940 Act, (a) “Control Investments” are defined as investments in which Main Street owns more than 25% of the voting securities or has rights to maintain greater than 50% of the board representation, (b) “Affiliate Investments” are defined as investments in which Main Street owns between 5% and 25% (inclusive) of the voting securities and does not have rights to maintain greater than 50% of the board representation, and (c) “Non-Control/Non-Affiliate Investments” are defined as investments that are neither Control Investments nor Affiliate Investments. For purposes of determining the classification of its Investment Portfolio, Main Street has excluded consideration of any voting securities or board appointment rights held by third-party investment funds advised by the External Investment Manager.

### **NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **1. Valuation of the Investment Portfolio**

Main Street accounts for its Investment Portfolio at fair value. As a result, Main Street follows the provisions of ASC 820 *Fair Value Measurements and Disclosures* (“ASC 820”). ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value and enhances disclosure requirements for fair value measurements. ASC 820 requires Main Street to assume that the

portfolio investment is to be sold in the principal market to independent market participants, which may be a hypothetical market. Market participants are defined as buyers and sellers in the principal market that are independent, knowledgeable and willing and able to transact.

Main Street's portfolio strategy calls for it to invest primarily in illiquid debt and equity securities issued by privately held, LMM companies and more liquid debt securities issued by Middle Market companies that are generally larger in size than the LMM companies. Main Street categorizes some of its investments in LMM companies and Middle Market companies as Private Loan portfolio investments, which are primarily debt securities in privately held companies that have been originated through strategic relationships with other investment funds on a collaborative basis, and are often referred to in the debt markets as "club deals." Private Loan investments are typically similar in size, structure, terms and conditions to investments Main Street holds in its LMM portfolio and Middle Market portfolio. Main Street's portfolio also includes Other Portfolio investments which primarily consist of investments that are not consistent with the typical profiles for its LMM portfolio investments, Middle Market portfolio investments or Private Loan portfolio investments, including investments which may be managed by third parties. Main Street's portfolio may also include short-term portfolio investments that are atypical of Main Street's LMM, Middle Market and Private Loan portfolio investments in that they are intended to be a short-term deployment of capital and are more liquid than investments within the other portfolios. Main Street's portfolio investments may be subject to restrictions on resale.

LMM investments and Other Portfolio investments generally have no established trading market while Middle Market and short-term portfolio investments generally have established markets that are not active. Private Loan investments may include investments which have no established trading market or have established markets that are not active. Main Street determines in good faith the fair value of its Investment Portfolio pursuant to a valuation policy in accordance with ASC 820 and a valuation process approved by its Board of Directors and in accordance with the 1940 Act. Main Street's valuation policies and processes are intended to provide a consistent basis for determining the fair value of Main Street's Investment Portfolio.

For LMM portfolio investments, Main Street generally reviews external events, including private mergers, sales and acquisitions involving comparable companies, and includes these events in the valuation process by using an enterprise value waterfall methodology ("Waterfall") for its LMM equity investments and an income approach using a yield-to-maturity model ("Yield-to-Maturity") for its LMM debt investments. For Middle Market and short-term portfolio investments, Main Street primarily uses quoted prices in the valuation process. Main Street determines the appropriateness of the use of third-party broker quotes, if any, in determining fair value based on its understanding of the level of actual transactions used by the broker to develop the quote and whether the quote was an indicative price or binding offer, the depth and consistency of broker quotes and the correlation of changes in broker quotes with underlying performance of the portfolio company and other market indices. For Middle Market and Private Loan portfolio investments in debt securities for which it has determined that third-party quotes or other independent pricing are not available or appropriate, Main Street generally estimates the fair value based on the assumptions that it believes hypothetical market participants would use to value the investment in a current hypothetical sale using the Yield-to-Maturity valuation method. For its Other Portfolio equity investments, Main Street generally calculates the fair value of the investment primarily based on the net asset value ("NAV") of the fund and adjusts the fair value for other factors deemed relevant that would affect the fair value of the investment. All of the valuation approaches for Main Street's portfolio investments estimate the value of the investment as if Main Street were to sell, or exit, the investment as of the measurement date.

These valuation approaches consider the value associated with Main Street's ability to control the capital structure of the portfolio company, as well as the timing of a potential exit. For valuation purposes, "control" portfolio investments are composed of debt and equity securities in companies for which Main Street has a controlling interest in the equity ownership of the portfolio company or the ability to nominate a majority of the portfolio company's board of directors. For valuation purposes, "non-control" portfolio investments are generally composed of debt and equity securities in companies for which Main Street does not have a controlling interest in the equity ownership of the portfolio company or the ability to nominate a majority of the portfolio company's board of directors.

Under the Waterfall valuation method, Main Street estimates the enterprise value of a portfolio company using a combination of market and income approaches or other appropriate valuation methods, such as considering recent transactions in the equity securities of the portfolio company or third-party valuations of the portfolio company, and then performs a waterfall calculation by allocating the enterprise value over the portfolio company's securities in order of

their preference relative to one another. The enterprise value is the fair value at which an enterprise could be sold in a transaction between two willing parties, other than through a forced or liquidation sale. Typically, privately held companies are bought and sold based on multiples of earnings before interest, taxes, depreciation and amortization (“EBITDA”), cash flows, net income, revenues, or in limited cases, book value. There is no single methodology for estimating enterprise value. For any one portfolio company, enterprise value is generally described as a range of values from which a single estimate of enterprise value is derived. In estimating the enterprise value of a portfolio company, Main Street analyzes various factors including the portfolio company’s historical and projected financial results. Due to SEC deadlines for Main Street’s quarterly and annual financial reporting, the operating results of a portfolio company used in the current period valuation are generally the results from the period ended three months prior to such valuation date and may include unaudited, projected, budgeted or pro forma financial information and may require adjustments for non-recurring items or to normalize the operating results that may require significant judgment in determining. In addition, projecting future financial results requires significant judgment regarding future growth assumptions. In evaluating the operating results, Main Street also analyzes the impact of exposure to litigation, loss of customers or other contingencies. After determining the appropriate enterprise value, Main Street allocates the enterprise value to investments in order of the legal priority of the various components of the portfolio company’s capital structure. In applying the Waterfall valuation method, Main Street assumes the loans are paid off at the principal amount in a change in control transaction and are not assumed by the buyer, which Main Street believes is consistent with its past transaction history and standard industry practices.

Under the Yield-to-Maturity valuation method, Main Street also uses the income approach to determine the fair value of debt securities based on projections of the discounted future free cash flows that the debt security will likely generate, including analyzing the discounted cash flows of interest and principal amounts for the debt security, as set forth in the associated loan agreements, as well as the financial position and credit risk of the portfolio company. Main Street’s estimate of the expected repayment date of its debt securities is generally the maturity date of the instrument, as Main Street generally intends to hold its loans and debt securities to maturity. The Yield-to-Maturity analysis also considers changes in leverage levels, credit quality, portfolio company performance, changes in market based interest rates and other factors. Main Street will generally use the value determined by the Yield-to-Maturity analysis as the fair value for that security; however, because of Main Street’s general intent to hold its loans to maturity, the fair value will not exceed the principal amount of the debt security valued using the Yield-to-Maturity valuation method. A change in the assumptions that Main Street uses to estimate the fair value of its debt securities using the Yield-to-Maturity valuation method could have a material impact on the determination of fair value. If there is deterioration in credit quality or if a debt security is in workout status, Main Street may consider other factors in determining the fair value of the debt security, including the value attributable to the debt security from the enterprise value of the portfolio company or the proceeds that would most likely be received in a liquidation analysis.

Under the NAV valuation method, for an investment in an investment fund that does not have a readily determinable fair value, Main Street measures the fair value of the investment predominately based on the NAV of the investment fund as of the measurement date and adjusts the investment’s fair value for factors known to Main Street that would affect that fund’s NAV, including, but not limited to, fair values for individual investments held by the fund if Main Street holds the same investment or for a publicly traded investment. In addition, in determining the fair value of the investment, Main Street considers whether adjustments to the NAV are necessary in certain circumstances, based on the analysis of any restrictions on redemption of Main Street’s investment as of the measurement date, recent actual sales or redemptions of interests in the investment fund, and expected future cash flows available to equity holders, including the rate of return on those cash flows compared to an implied market return on equity required by market participants, or other uncertainties surrounding Main Street’s ability to realize the full NAV of its interests in the investment fund.

Pursuant to its internal valuation process and the requirements under the 1940 Act, Main Street performs valuation procedures on each of its portfolio investments quarterly. In addition to its internal valuation process, in arriving at estimates of fair value for its investments in its LMM portfolio companies, Main Street, among other things, consults with a nationally recognized independent financial advisory services firm. The nationally recognized independent financial advisory services firm analyzes and provides observations, recommendations and an assurance certification regarding the Company’s determinations of the fair value of its LMM portfolio company investments. The nationally recognized independent financial advisory services firm is generally consulted relative to Main Street’s investments in each LMM portfolio company at least once every calendar year, and for Main Street’s investments in new LMM portfolio companies, at least once in the twelve-month period subsequent to the initial investment. In certain instances, Main Street may determine that it is not cost-effective, and as a result is not in its stockholders’ best interest, to consult with the nationally recognized independent financial advisory services firm on its investments in one or more

LMM portfolio companies. Such instances include, but are not limited to, situations where the fair value of Main Street's investment in a LMM portfolio company is determined to be insignificant relative to the total Investment Portfolio. Main Street consulted with and received an assurance certification from its independent financial advisory services firm in arriving at Main Street's determination of fair value on its investments in a total of 43 LMM portfolio companies for the nine months ended September 30, 2021, representing approximately 70% of the total LMM portfolio at fair value as of September 30, 2021, and on a total of 40 LMM portfolio companies for the nine months ended September 30, 2020, representing approximately 64% of the total LMM portfolio at fair value as of September 30, 2020. Excluding its investments in LMM portfolio companies that, as of September 30, 2021 and 2020, as applicable, had not been in the Investment Portfolio for at least twelve months subsequent to the initial investment or whose primary purpose is to own real estate for which a third-party appraisal is obtained on at least an annual basis, the percentage of the LMM portfolio reviewed and certified by Main Street's independent financial advisory services firm for the nine months ended September 30, 2021 and 2020 was 74% and 69% of the total LMM portfolio at fair value as of September 30, 2021 and 2020, respectively.

For valuation purposes, all of Main Street's Middle Market portfolio investments are non-control investments. To the extent sufficient observable inputs are available to determine fair value, Main Street uses observable inputs to determine the fair value of these investments through obtaining third-party quotes or other independent pricing. For Middle Market portfolio investments for which it has determined that third-party quotes or other independent pricing are not available or appropriate, Main Street generally estimates the fair value based on the assumptions that it believes hypothetical market participants would use to value such Middle Market debt investments in a current hypothetical sale using the Yield-to-Maturity valuation method and such Middle Market equity investments in a current hypothetical sale using the Waterfall valuation method. Because the vast majority of the Middle Market portfolio investments are typically valued using third-party quotes or other independent pricing services (including 91% and 90% of the Middle Market portfolio investments as of September 30, 2021 and December 31, 2020, respectively), Main Street has not consulted with or received an assurance certification from its independent financial advisory services firm in connection with determining the fair value of its Middle Market investments.

For valuation purposes, all of Main Street's Private Loan portfolio investments are non-control investments. For Private Loan portfolio investments for which it has determined that third-party quotes or other independent pricing are not available or appropriate, Main Street generally estimates the fair value based on the assumptions that it believes hypothetical market participants would use to value such Private Loan debt investments in a current hypothetical sale using the Yield-to-Maturity valuation method and such Private Loan equity investments in a current hypothetical sale using the Waterfall valuation method.

In addition to its internal valuation process, in arriving at estimates of fair value for its investments in its Private Loan portfolio companies, Main Street, among other things, consults with a nationally recognized independent financial advisory services firm. The nationally recognized independent financial advisory services firm analyzes and provides observations and recommendations and an assurance certification regarding the Company's determinations of the fair value of its Private Loan portfolio company investments. The nationally recognized independent financial advisory services firm is generally consulted relative to Main Street's investments in each Private Loan portfolio company at least once every calendar year, and for Main Street's investments in new Private Loan portfolio companies, at least once in the twelve-month period subsequent to the initial investment. In certain instances, Main Street may determine that it is not cost-effective, and as a result is not in its stockholders' best interest, to consult with the nationally recognized independent financial advisory services firm on its investments in one or more Private Loan portfolio companies. Such instances include, but are not limited to, situations where the fair value of Main Street's investment in a Private Loan portfolio company is determined to be insignificant relative to the total Investment Portfolio. Main Street consulted with and received an assurance certification from its independent financial advisory services firm in arriving at its determination of fair value on its investments in a total of 31 Private Loan portfolio companies for the nine months ended September 30, 2021, representing approximately 57% of the total Private Loan portfolio at fair value as of September 30, 2021, and on a total of 31 Private Loan portfolio companies for the nine months ended September 30, 2020, representing approximately 53% of the total Private Loan portfolio at fair value as of September 30, 2020. Excluding its investments in Private Loan portfolio companies that, as of September 30, 2021 and 2020, as applicable, had not been in the Investment Portfolio for at least twelve months subsequent to the initial investment and its investments in Private Loan portfolio companies that were not reviewed because the investment is valued based upon third-party quotes or other independent pricing, the percentage of the Private Loan portfolio reviewed and certified by Main Street's independent financial advisory services firm for the nine months ended

September 30, 2021 and 2020 was 75% and 71% of the total Private Loan portfolio at fair value as of September 30, 2021 and 2020, respectively.

For valuation purposes, all of Main Street's short-term portfolio investments are non-control investments. To the extent sufficient observable inputs are available to determine fair value, Main Street uses observable inputs to determine the fair value of these investments through obtaining third-party quotes or other independent pricing. Because all of the short-term portfolio investments are typically valued using third-party quotes or other independent pricing services, Main Street generally does not consult with any financial advisory services firms in connection with determining the fair value of its short-term portfolio investments.

For valuation purposes, all of Main Street's Other Portfolio investments are non-control investments. Main Street's Other Portfolio investments comprised 6.2% and 3.6% of Main Street's Investment Portfolio at fair value as of September 30, 2021 and December 31, 2020, respectively. Similar to the LMM investment portfolio, market quotations for Other Portfolio equity investments are generally not readily available. For its Other Portfolio equity investments, Main Street generally determines the fair value of these investments using the NAV valuation method.

For valuation purposes, Main Street's investment in the External Investment Manager is a control investment. Market quotations are not readily available for this investment, and as a result, Main Street determines the fair value of the External Investment Manager using the Waterfall valuation method under the market approach. In estimating the enterprise value, Main Street analyzes various factors, including the entity's historical and projected financial results, as well as its size, marketability and performance relative to the population of market comparables. This valuation approach estimates the value of the investment as if Main Street were to sell, or exit, the investment. In addition, Main Street considers its ability to control the capital structure of the company, as well as the timing of a potential exit, in connection with determining the fair value of the External Investment Manager.

Due to the inherent uncertainty in the valuation process, Main Street's determination of fair value for its Investment Portfolio may differ materially from the values that would have been determined had a ready market for the securities existed. In addition, changes in the market environment, portfolio company performance and other events that may occur over the lives of the investments may cause the gains or losses ultimately realized on these investments to be materially different than the valuations currently assigned. Main Street determines the fair value of each individual investment and records changes in fair value as unrealized appreciation or depreciation.

Main Street uses an internally developed portfolio investment rating system in connection with its investment oversight, portfolio management and analysis and investment valuation procedures for its LMM portfolio companies. This system takes into account both quantitative and qualitative factors of the LMM portfolio company and the investments held therein.

The SEC recently adopted new Rule 2a-5 under the 1940 Act, which permits a BDC's board of directors to designate its executive officers or investment adviser as a valuation designee to determine the fair value for its investment portfolio, subject to the active oversight of the board. Main Street's Board of Directors has approved policies and procedures pursuant to Rule 2a-5 (the "Valuation Procedures") and has designated a group of its executive officers to serve as the Board's valuation designee. Main Street adopted the Valuation Procedures effective April 1, 2021. Main Street believes its Investment Portfolio as of September 30, 2021 and December 31, 2020 approximates fair value as of those dates based on the markets in which it operates and other conditions in existence on those reporting dates.

## **2. Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results may differ from these estimates under different conditions or assumptions. Additionally, as explained in Note B.1., the consolidated financial statements include investments in the Investment Portfolio whose values have been estimated by Main Street, pursuant to valuation policies and procedures approved and overseen by Main Street's Board of Directors, in the absence of readily ascertainable market values. Because of the inherent uncertainty of the Investment Portfolio valuations, those estimated values may differ materially from the values that would have been determined had a ready market for the securities existed.

The COVID-19 pandemic, and the related effect on the U.S. and global economies, has impacted, and threatens to continue to impact, the businesses and operating results of certain of Main Street's portfolio companies, as well as market interest rate spreads. As a result of these and other current effects of the COVID-19 pandemic, as well as the uncertainty regarding the extent and duration of its impact, the valuation of Main Street's Investment Portfolio has been experiencing increased volatility since the beginning of the COVID-19 pandemic.

### **3. Cash and Cash Equivalents**

Cash and cash equivalents consist of cash and highly liquid investments with an original maturity of three months or less at the date of purchase. Cash and cash equivalents are carried at cost, which approximates fair value.

At September 30, 2021, cash balances totaling \$56.8 million exceeded Federal Deposit Insurance Corporation insurance protection levels, subjecting the Company to risk related to the uninsured balance. All of the Company's cash deposits are held at large established high credit quality financial institutions and management believes that the risk of loss associated with any uninsured balances is remote.

### **4. Interest, Dividend and Fee Income**

Main Street records interest and dividend income on the accrual basis to the extent amounts are expected to be collected. Dividend income is recorded as dividends are declared by the portfolio company or at the point an obligation exists for the portfolio company to make a distribution. In accordance with Main Street's valuation policies, Main Street evaluates accrued interest and dividend income periodically for collectability. When a loan or debt security becomes 90 days or more past due, and if Main Street otherwise does not expect the debtor to be able to service all of its debt or other obligations, Main Street will generally place the loan or debt security on non-accrual status and cease recognizing interest income on that loan or debt security until the borrower has demonstrated the ability and intent to pay contractual amounts due. If a loan or debt security's status significantly improves regarding the debtor's ability to service the debt or other obligations, or if a loan or debt security is sold or written off, Main Street removes it from non-accrual status.

As of September 30, 2021, Main Street's total Investment Portfolio had eight investments on non-accrual status, which comprised approximately 0.9% of its fair value and 3.5% of its cost. As of December 31, 2020, Main Street's total Investment Portfolio had seven investments on non-accrual status, which comprised approximately 1.3% of its fair value and 3.6% of its cost.

Main Street holds certain debt and preferred equity instruments in its Investment Portfolio that contain payment-in-kind ("PIK") interest and cumulative dividend provisions. The PIK interest, computed at the contractual rate specified in each debt agreement, is periodically added to the principal balance of the debt and is recorded as interest income. Thus, the actual collection of this interest may be deferred until the time of debt principal repayment. Cumulative dividends are recorded as dividend income, and any dividends in arrears are added to the balance of the preferred equity investment. The actual collection of these dividends in arrears may be deferred until such time as the preferred equity is redeemed or sold. To maintain RIC tax treatment (as discussed in Note B.9. below), these non-cash sources of income may need to be paid out to stockholders in the form of distributions, even though Main Street may not have collected the PIK interest and cumulative dividends in cash. For the three months ended September 30, 2021 and 2020, (i) approximately 2.1% and 3.7%, respectively, of Main Street's total investment income was attributable to PIK interest income not paid currently in cash and (ii) approximately 0.6% and 0.7%, respectively, of Main Street's total investment income was attributable to cumulative dividend income not paid currently in cash. For the nine months ended September 30, 2021 and 2020, (i) approximately 3.0% and 3.0%, respectively, of Main Street's total investment income was attributable to PIK interest income not paid currently in cash and (ii) approximately 0.6% and 0.6%, respectively, of Main Street's total investment income was attributable to cumulative dividend income not paid currently in cash. Main Street stops accruing PIK interest and cumulative dividends and writes off any accrued and uncollected interest and dividends in arrears when it determines that such PIK interest and dividends in arrears are no longer collectible.

Main Street may periodically provide services, including structuring and advisory services, to its portfolio companies or other third parties. For services that are separately identifiable and evidence exists to substantiate fair value, fee income is recognized as earned, which is generally when the investment or other applicable transaction closes. Fees received in connection with debt financing transactions for services that do not meet these criteria are treated as debt origination fees and are deferred and accreted into income over the life of the financing.

A presentation of total investment income Main Street received from its Investment Portfolio in each of the periods presented is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(dollars in thousands)			
Interest, fee and dividend income:				
Interest income	\$ 50,468	\$ 42,138	\$ 139,882	\$ 128,587
Dividend income	23,012	8,106	59,328	23,942
Fee income	3,299	1,710	7,671	7,580
Total interest, fee and dividend income	<u>\$ 76,779</u>	<u>\$ 51,954</u>	<u>\$ 206,881</u>	<u>\$ 160,109</u>

**5. Deferred Financing Costs**

Deferred financing costs include commitment fees and other costs related to Main Street’s multi-year revolving credit facility (the “Credit Facility”) and its unsecured notes, as well as the commitment fees and leverage fees (approximately 3.4% of the total commitment and draw amounts, as applicable) on the SBIC debentures. See further discussion of Main Street’s debt in Note E. Deferred financing costs in connection with the Credit Facility are capitalized as an asset. Deferred financing costs in connection with all other debt arrangements are a direct deduction from the related debt liability.

**6. Equity Offering Costs**

The Company’s offering costs are charged against the proceeds from equity offerings when the proceeds are received.

**7. Unearned Income—Debt Origination Fees and Original Issue Discount and Discounts / Premiums to Par Value**

Main Street capitalizes debt origination fees received in connection with financings and reflects such fees as unearned income netted against the applicable debt investments. The unearned income from the fees is accreted into income based on the effective interest method over the life of the financing.

In connection with its portfolio debt investments, Main Street sometimes receives nominal cost warrants or warrants with an exercise price below the fair value of the underlying equity (together, “nominal cost equity”) that are valued as part of the negotiation process with the particular portfolio company. When Main Street receives nominal cost equity, Main Street allocates its cost basis in its investment between its debt security and its nominal cost equity at the time of origination based on amounts negotiated with the particular portfolio company. The allocated amounts are based upon the fair value of the nominal cost equity, which is then used to determine the allocation of cost to the debt security. Any discount recorded on a debt investment resulting from this allocation is reflected as unearned income, which is netted against the applicable debt investment, and accreted into interest income based on the effective interest method over the life of the debt investment. The actual collection of this interest is deferred until the time of debt principal repayment.

Main Street may also purchase debt securities at a discount or at a premium to the par value of the debt security. In the case of a purchase at a discount, Main Street records the investment at the par value of the debt security net of the discount, and the discount is accreted into interest income based on the effective interest method over the life of the debt investment. In the case of a purchase at a premium, Main Street records the investment at the par value of the debt security plus the premium, and the premium is amortized as a reduction to interest income based on the effective interest method over the life of the debt investment.

To maintain RIC tax treatment (as discussed in Note B.9. below), these non-cash sources of income may need to be paid out to stockholders in the form of distributions, even though Main Street may not have collected the interest income. For the three months ended September 30, 2021 and 2020, approximately 1.8% and 3.3%, respectively, of Main Street’s total investment income was attributable to interest income from the accretion of discounts associated with debt

investments, net of any premium reduction. For the nine months ended September 30, 2021 and 2020, approximately 2.1% and 2.1%, respectively, of Main Street's total investment income was attributable to interest income from the accretion of discounts associated with debt investments, net of any premium reduction.

## **8. Share-Based Compensation**

Main Street accounts for its share-based compensation plans using the fair value method, as prescribed by ASC 718, *Compensation—Stock Compensation*. Accordingly, for restricted stock awards, Main Street measures the grant date fair value based upon the market price of its common stock on the date of the grant and amortizes the fair value of the awards as share-based compensation expense over the requisite service period, which is generally the vesting term.

Main Street has also adopted Accounting Standards Update (“ASU”) 2016-09, *Compensation—Stock Compensation: Improvements to Employee Share-Based Payment Accounting*, which requires that all excess tax benefits and tax deficiencies (including tax benefits of dividends on share-based payment awards) be recognized as income tax expense or benefit in the income statement and not delay recognition of a tax benefit until the tax benefit is realized through a reduction to taxes payable. Accordingly, the tax effects of exercised or vested awards are treated as discrete items in the reporting period in which they occur. Additionally, Main Street has elected to account for forfeitures as they occur.

## **9. Income Taxes**

MSCC has elected to be treated for U.S. federal income tax purposes as a RIC. MSCC's taxable income includes the taxable income generated by MSCC and certain of its subsidiaries, including the Funds, which are treated as disregarded entities for tax purposes. As a RIC, MSCC generally will not pay corporate-level U.S. federal income taxes on any net ordinary taxable income or capital gains that MSCC distributes to its stockholders. MSCC must generally distribute at least 90% of its “investment company taxable income” (which is generally its net ordinary taxable income and realized net short-term capital gains in excess of realized net long-term capital losses) and 90% of its tax-exempt income to maintain its RIC status (pass-through tax treatment for amounts distributed). As part of maintaining RIC status, undistributed taxable income (subject to a 4% non-deductible U.S. federal excise tax) pertaining to a given fiscal year may be distributed up to 12 months subsequent to the end of that fiscal year, provided such dividends are declared on or prior to the later of (i) the filing of the U.S. federal income tax return for the applicable fiscal year or (ii) the fifteenth day of the ninth month following the close of the year in which such taxable income was generated.

The Taxable Subsidiaries primarily hold certain portfolio investments for Main Street. The Taxable Subsidiaries permit Main Street to hold equity investments in portfolio companies which are “pass-through” entities for tax purposes and to continue to comply with the “source-of-income” requirements contained in the RIC tax provisions of the Code. The Taxable Subsidiaries are consolidated with Main Street for U.S. GAAP financial reporting purposes, and the portfolio investments held by the Taxable Subsidiaries are included in Main Street's consolidated financial statements as portfolio investments and recorded at fair value. The Taxable Subsidiaries are not consolidated with MSCC for income tax purposes and may generate income tax expense, or benefit, and tax assets and liabilities, as a result of their ownership of certain portfolio investments. The taxable income, or loss, of the Taxable Subsidiaries may differ from their book income, or loss, due to temporary book and tax timing differences and permanent differences. The Taxable Subsidiaries are each taxed at their normal corporate tax rates based on their taxable income. The income tax expense, or benefit, if any, and the related tax assets and liabilities, of the Taxable Subsidiaries are reflected in Main Street's consolidated financial statements.

The External Investment Manager is an indirect wholly owned subsidiary of MSCC owned through a Taxable Subsidiary and is a disregarded entity for tax purposes. The External Investment Manager has entered into a tax sharing agreement with its Taxable Subsidiary owner. Since the External Investment Manager is accounted for as a portfolio investment of MSCC and is not included as a consolidated subsidiary of MSCC in MSCC's consolidated financial statements, and as a result of the tax sharing agreement with its Taxable Subsidiary owner, for its stand-alone financial reporting purposes the External Investment Manager is treated as if it is taxed at normal corporate tax rates based on its taxable income and, as a result of its activities, may generate income tax expense or benefit. The income tax expense, or benefit, if any, and the related tax assets and liabilities, of the External Investment Manager are reflected in the External Investment Manager's separate financial statements.



The Taxable Subsidiaries and the External Investment Manager use the liability method in accounting for income taxes. Deferred tax assets and liabilities are recorded for temporary differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements, using statutory tax rates in effect for the year in which the temporary differences are expected to reverse. A valuation allowance is provided, if necessary, against deferred tax assets when it is more likely than not that some portion or all of the deferred tax asset will not be realized.

Taxable income generally differs from net income for financial reporting purposes due to temporary and permanent differences in the recognition of income and expenses. Taxable income generally excludes net unrealized appreciation or depreciation, as investment gains or losses are not included in taxable income until they are realized.

#### **10. Net Realized Gains or Losses and Net Unrealized Appreciation or Depreciation**

Realized gains or losses are measured by the difference between the net proceeds from the sale or redemption of an investment or a financial instrument and the cost basis of the investment or financial instrument, without regard to unrealized appreciation or depreciation previously recognized, and includes investments written-off during the period net of recoveries and realized gains or losses from in-kind redemptions. Net unrealized appreciation or depreciation reflects the net change in the fair value of the Investment Portfolio and financial instruments and the reclassification of any prior period unrealized appreciation or depreciation on exited investments and financial instruments to realized gains or losses.

#### **11. Fair Value of Financial Instruments**

Fair value estimates are made at discrete points in time based on relevant information. These estimates may be subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Main Street believes that the carrying amounts of its financial instruments, consisting of cash and cash equivalents, receivables, payables and other liabilities approximate the fair values of such items due to the short-term nature of these instruments.

To estimate the fair value of Main Street's multiple tranches of unsecured debt instruments as disclosed in Note E – Debt, Main Street uses quoted market prices. For the estimated fair value of Main Street's SBIC debentures, Main Street uses the Yield-to-Maturity valuation method based on projections of the discounted future free cash flows that the debt security will likely generate, including both the discounted cash flows of the associated interest and principal amounts for the debt security.

#### **12. Earnings per Share**

Basic and diluted per share calculations are computed utilizing the weighted-average number of shares of common stock outstanding for the period. In accordance with ASC 260, *Earnings Per Share*, the unvested shares of restricted stock awarded pursuant to Main Street's equity compensation plans are participating securities and, therefore, are included in the basic earnings per share calculation. As a result, for all periods presented, there is no difference between diluted earnings per share and basic earnings per share amounts.

#### **13. Recently Issued or Adopted Accounting Standards**

In March 2020, the FASB issued ASU 2020-04, "Reference rate reform (Topic 848)—Facilitation of the effects of reference rate reform on financial reporting." The amendments in this update provide optional expedients and exceptions for applying U.S. GAAP to certain contracts and hedging relationships that reference LIBOR or another reference rate expected to be discontinued due to reference rate reform and became effective upon issuance for all entities. The Company has agreements that have LIBOR as a reference rate with certain portfolio companies and also with certain lenders. Many of these agreements include language for choosing an alternative successor rate if LIBOR reference is no longer considered to be appropriate. Contract modifications are required to be evaluated in determining whether the modifications result in the establishment of new contracts or the continuation of existing contracts. The Company adopted this amendment in March 2020 and plans to apply the amendments in this update to account for contract modifications due to changes in reference rates when LIBOR reference is no longer used. The Company did not utilize the optional expedients and exceptions provided by ASU 2020-04 during the nine months ended September 30,

2021. The Company continues to evaluate the impact that the amendments in this update will have on its consolidated financial statements and disclosures when applied.

In May 2020, the SEC published Release No. 33-10786 (the “May 2020 Release”), *Amendments to Financial Disclosures about Acquired and Disposed Businesses*, announcing its adoption of rules amending Rule 1-02(w)(2) under Regulation S-X used in the determination of a significant subsidiary specific to investment companies, including BDCs. In part, the rules adopted pursuant to the May 2020 Release eliminated the use of the asset test, and amended the income and investment tests for determining whether an unconsolidated subsidiary requires additional disclosure in the footnotes of the financial statements. Main Street adopted the rules pursuant to the May 2020 Release during the quarter ended June 30, 2020. The impact of the adoption of these rules on Main Street’s consolidated financial statements was not material.

In December 2020, the SEC published Release No. IC-34084 (the “December 2020 Release”) *Use of Derivatives by Registered Investment Companies and Business Development Companies*, announcing its adoption of Rule 18f-4 and amendment of Rule 6c-11 under the 1940 Act to provide an updated, comprehensive approach to the regulation of registered investment companies’, including BDCs’, use of derivatives and address investor protection concerns. In part, the rules adopted pursuant to the December 2020 Release require that funds using derivatives generally will have to adopt a derivatives risk management program that a derivatives risk manager administers and that the fund’s board of directors oversees, and comply with an outer limit on fund leverage. Funds that use derivatives only in a limited manner will not be subject to these requirements, but they will have to adopt and implement policies and procedures reasonably designed to manage the fund’s derivatives risks. Funds also will be subject to reporting and recordkeeping requirements regarding their derivatives use. Main Street adopted the rules pursuant to the December 2020 Release during the quarter ended March 31, 2021. As Main Street is a limited user of derivatives, the impact of the adoption of these rules on the consolidated financial statements was not material.

From time to time, new accounting pronouncements are issued by the FASB or other standards setting bodies that are adopted by Main Street as of the specified effective date. Main Street believes that the impact of recently issued standards and any that are not yet effective will not have a material impact on its consolidated financial statements upon adoption.

#### **NOTE C—FAIR VALUE HIERARCHY FOR INVESTMENTS AND DEBENTURES—PORTFOLIO COMPOSITION**

ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and enhances disclosure requirements for fair value measurements. Main Street accounts for its investments at fair value.

##### **Fair Value Hierarchy**

In accordance with ASC 820, Main Street has categorized its investments based on the priority of the inputs to the valuation technique into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical investments (Level 1) and the lowest priority to unobservable inputs (Level 3).

Investments recorded on Main Street’s balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1—Investments whose values are based on unadjusted quoted prices for identical assets in an active market that Main Street has the ability to access (examples include investments in active exchange-traded equity securities and investments in most U.S. government and agency securities).

Level 2—Investments whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the investment. Level 2 inputs include the following:

- Quoted prices for similar assets in active markets (for example, investments in restricted stock);

- Quoted prices for identical or similar assets in non-active markets (for example, investments in thinly traded public companies);
- Pricing models whose inputs are observable for substantially the full term of the investment (for example, market interest rate indices); and
- Pricing models whose inputs are derived principally from, or corroborated by, observable market data through correlation or other means for substantially the full term of the investment.

Level 3—Investments whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement (for example, investments in illiquid securities issued by privately held companies). These inputs reflect management’s own assumptions about the assumptions a market participant would use in pricing the investment.

As required by ASC 820, when the inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement in its entirety. For example, a Level 3 fair value measurement may include inputs that are observable (Levels 1 and 2) and unobservable (Level 3). Therefore, unrealized appreciation and depreciation related to such investments categorized within the Level 3 tables below may include changes in fair value that are attributable to both observable inputs (Levels 1 and 2) and unobservable inputs (Level 3).

As of September 30, 2021 and December 31, 2020, all of Main Street’s LMM portfolio investments consisted of illiquid securities issued by privately held companies and the fair value determination for these investments primarily consisted of unobservable inputs. As a result, all of Main Street’s LMM portfolio investments were categorized as Level 3 as of September 30, 2021 and December 31, 2020.

As of September 30, 2021 and December 31, 2020, Main Street’s Middle Market portfolio investments consisted primarily of investments in secured and unsecured debt investments and independently rated debt investments. The fair value determination for these investments consisted of a combination of observable inputs in non-active markets for which sufficient observable inputs were not available to determine the fair value of these investments and unobservable inputs. As a result, all of Main Street’s Middle Market portfolio investments were categorized as Level 3 as of September 30, 2021 and December 31, 2020.

As of September 30, 2021 and December 31, 2020, Main Street’s private loan (“Private Loan”) portfolio investments primarily consisted of investments in interest-bearing secured debt investments. The fair value determination for these investments consisted of a combination of observable inputs in non-active markets for which sufficient observable inputs were not available to determine the fair value of these investments and unobservable inputs. As a result, all of Main Street’s Private Loan portfolio investments were categorized as Level 3 as of September 30, 2021 and December 31, 2020.

As of September 30, 2021 and December 31, 2020, Main Street’s Other Portfolio investments consisted of illiquid securities issued by privately held companies and the fair value determination for these investments primarily consisted of unobservable inputs. As a result, all of Main Street’s Other Portfolio investments were categorized as Level 3 as of September 30, 2021 and December 31, 2020.

As of September 30, 2021, Main Street held several short-term portfolio investments consisting primarily of investments in secured debt investments and independently rated debt investments. The fair value determination for these investments consisted of available observable inputs in non-active markets sufficient to determine the fair value of these investments. As a result, all of Main Street’s short-term portfolio investments were categorized as Level 2 as of September 30, 2021. Main Street did not hold any short-term portfolio investments as of December 31, 2020.

The fair value determination of each portfolio investment categorized as Level 3 required one or more of the following unobservable inputs:

- Financial information obtained from each portfolio company, including unaudited statements of operations and balance sheets for the most recent period available as compared to budgeted numbers;
- Current and projected financial condition of the portfolio company;
- Current and projected ability of the portfolio company to service its debt obligations;
- Type and amount of collateral, if any, underlying the investment;
- Current financial ratios (e.g., fixed charge coverage ratio, interest coverage ratio and net debt/EBITDA ratio) applicable to the investment;
- Current liquidity of the investment and related financial ratios (e.g., current ratio and quick ratio);
- Pending debt or capital restructuring of the portfolio company;
- Projected operating results of the portfolio company;
- Current information regarding any offers to purchase the investment;
- Current ability of the portfolio company to raise any additional financing as needed;
- Changes in the economic environment which may have a material impact on the operating results of the portfolio company;
- Internal occurrences that may have an impact (both positive and negative) on the operating performance of the portfolio company;
- Qualitative assessment of key management;
- Contractual rights, obligations or restrictions associated with the investment; and
- Other factors deemed relevant.

The use of significant unobservable inputs creates uncertainty in the measurement of fair value as of the reporting date. The significant unobservable inputs used in the fair value measurement of Main Street's LMM equity securities, which are generally valued through an average of the discounted cash flow technique and the market comparable/enterprise value technique (unless one of these approaches is determined to not be appropriate), are (i) EBITDA multiples and (ii) the weighted-average cost of capital ("WACC"). Significant increases (decreases) in EBITDA multiple inputs in isolation would result in a significantly higher (lower) fair value measurement. On the contrary, significant increases (decreases) in WACC inputs in isolation would result in a significantly lower (higher) fair value measurement. The significant unobservable inputs used in the fair value measurement of Main Street's LMM, Middle Market and Private Loan securities are (i) risk adjusted discount rates used in the Yield-to-Maturity valuation technique (see "Note B.1.—Valuation of the Investment Portfolio") and (ii) the percentage of expected principal recovery. Significant increases (decreases) in any of these discount rates in isolation would result in a significantly lower (higher) fair value measurement. Significant increases (decreases) in any of these expected principal recovery percentages in isolation would result in a significantly higher (lower) fair value measurement. However, due to the nature of certain investments, fair value measurements may be based on other criteria, such as third-party appraisals of collateral and fair values as determined by independent third parties, which are not presented in the tables below.

The following tables provide a summary of the significant unobservable inputs used to fair value Main Street's Level 3 portfolio investments as of September 30, 2021 and December 31, 2020:

Type of Investment	Fair Value as of September 30, 2021 (in thousands)	Valuation Technique	Significant Unobservable Inputs	Range(3)	Weighted Average(3)	Median(3)
Equity investments	\$ 977,015	Discounted cash flow	WACC	9.3% - 20.6%	13.9 %	14.9 %
		Market comparable / Enterprise Value	EBITDA multiple (1)	4.5x - 8.5x(2)	6.8x	6.0x
Debt investments	\$ 1,722,560	Discounted cash flow	Risk adjusted discount factor	6.1% - 16.0%(2)	10.1 %	10.0 %
			Expected principal recovery percentage	0.0% - 100.0%	100.0 %	100.0 %
Debt investments	\$ 383,188	Market approach	Third-party quote	38.2 - 101.3	96.1	98.0
Total Level 3 investments	\$ 3,082,763					

- (1) EBITDA may include proforma adjustments and/or other addbacks based on specific circumstances related to each investment.
- (2) Range excludes outliers that are greater than one standard deviation from the mean. Including these outliers, the range for EBITDA multiple is 2.2x - 15.0x and the range for risk adjusted discount factor is 4.4% - 36.5%.
- (3) Does not include investments for which the valuation technique does not include the use of the applicable fair value input.

Type of Investment	Fair Value as of December 31, 2020 (in thousands)	Valuation Technique	Significant Unobservable Inputs	Range(3)	Weighted Average(3)	Median(3)
Equity investments	\$ 877,732	Discounted cash flow	WACC	9.4% - 21.0%	14.3 %	15.0 %
		Market comparable / Enterprise Value	EBITDA multiple (1)	4.5x - 8.5x(2)	7.0x	6.1x
Debt investments	\$ 1,339,079	Discounted cash flow	Risk adjusted discount factor	7.4% - 15.3%(2)	10.6 %	10.8 %
			Expected principal recovery percentage	0.0% - 100.0%	99.4 %	100.0 %
Debt investments	\$ 468,055	Market approach	Third-party quote	45.0 - 100.3	94.7	96.5
Total Level 3 investments	\$ 2,684,866					

- (1) EBITDA may include proforma adjustments and/or other addbacks based on specific circumstances related to each investment.
- (2) Range excludes outliers that are greater than one standard deviation from the mean. Including these outliers, the range for EBITDA multiple is 2.2x - 15.0x and the range for risk adjusted discount factor is 5.4% - 29.5%.
- (3) Does not include investments for which the valuation technique does not include the use of the applicable fair value input.

The following tables provide a summary of changes in fair value of Main Street's Level 3 portfolio investments for the nine-month periods ended September 30, 2021 and 2020 (amounts in thousands):

Type of Investment	Fair Value as of December 31, 2020	Transfers Into Level 3 Hierarchy	Redemptions/ Repayments	New Investments	Net Changes from Unrealized to Realized	Net Unrealized Appreciation (Depreciation)	Other(1)	Fair Value as of September 30, 2021
Debt	\$ 1,807,134	\$ —	\$ (528,158)	\$ 814,863	\$ 13,279	\$ 2,115	\$ (3,485)	\$ 2,105,748
Equity	866,734	—	(64,335)	48,181	(2,826)	115,774	5,767	969,295
Equity Warrant	10,998	—	—	—	(1,940)	944	(2,282)	7,720
	<u>\$ 2,684,866</u>	<u>\$ —</u>	<u>\$ (592,493)</u>	<u>\$ 863,044</u>	<u>\$ 8,513</u>	<u>\$ 118,833</u>	<u>\$ —</u>	<u>\$ 3,082,763</u>

(1) Includes the impact of non-cash conversions. These transactions represent non-cash investing activities. See additional cash flow information at the consolidated statements of cash flows.

Type of Investment	Fair Value as of December 31, 2019	Transfers Into Level 3 Hierarchy	Redemptions/ Repayments	New Investments	Net Changes from Unrealized to Realized	Net Unrealized Appreciation (Depreciation)	Other(1)	Fair Value as of September 30, 2020
Debt	\$ 1,782,575	\$ —	\$ (299,726)	\$ 367,944	\$ 49,393	\$ (88,706)	\$ (12,268)	\$ 1,799,212
Equity	809,538	—	(25,304)	50,535	(4,047)	(65,837)	12,268	777,153
Equity Warrant	10,211	—	(1,165)	—	1,165	(1,931)	—	8,280
	<u>\$ 2,602,324</u>	<u>\$ —</u>	<u>\$ (326,195)</u>	<u>\$ 418,479</u>	<u>\$ 46,511</u>	<u>\$ (156,474)</u>	<u>\$ —</u>	<u>\$ 2,584,645</u>

(1) Includes the impact of non-cash conversions. These transactions represent non-cash investing activities. See additional cash flow information at the consolidated statements of cash flows.

At September 30, 2021 and December 31, 2020, Main Street's investments at fair value were categorized as follows in the fair value hierarchy for ASC 820 purposes:

At September 30, 2021	Fair Value	Fair Value Measurements (in thousands)		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
LMM portfolio investments	\$ 1,494,109	\$ —	\$ —	\$ 1,494,109
Middle Market portfolio investments	420,941	—	—	420,941
Private Loan portfolio investments	845,961	—	—	845,961
Other Portfolio investments	193,672	—	—	193,672
External Investment Manager	128,080	—	—	128,080
Short-term portfolio investments	34,341	—	34,341	—
Total investments	<u>\$ 3,117,104</u>	<u>\$ —</u>	<u>\$ 34,341</u>	<u>\$ 3,082,763</u>

At December 31, 2020	Fair Value	Fair Value Measurements (in thousands)		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
LMM portfolio investments	\$ 1,285,524	\$ —	\$ —	\$ 1,285,524
Middle Market portfolio investments	445,609	—	—	445,609
Private Loan portfolio investments	740,370	—	—	740,370
Other Portfolio investments	96,603	—	—	96,603
External Investment Manager	116,760	—	—	116,760
Total investments	<u>\$ 2,684,866</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,684,866</u>

## Investment Portfolio Composition

Main Street's LMM portfolio investments primarily consist of secured debt, equity warrants and direct equity investments in privately held, LMM companies based in the United States. Main Street's LMM portfolio companies generally have annual revenues between \$10 million and \$150 million, and its LMM investments generally range in size from \$5 million to \$50 million. The LMM debt investments are typically secured by either a first or second priority lien on the assets of the portfolio company, can include either fixed or floating rate terms and generally have a term of between five and seven years from the original investment date. In most LMM portfolio investments, Main Street receives nominally priced equity warrants and/or makes direct equity investments in connection with a debt investment.

Main Street's Middle Market portfolio investments primarily consist of direct investments in or secondary purchases of interest-bearing debt securities in privately held companies based in the United States that are generally larger in size than the companies included in Main Street's LMM portfolio. Main Street's Middle Market portfolio companies generally have annual revenues between \$150 million and \$1.5 billion, and its Middle Market investments generally range in size from \$3 million to \$20 million. Main Street's Middle Market portfolio debt investments are generally secured by either a first or second priority lien on the assets of the portfolio company and typically have a term of between three and seven years from the original investment date.

Main Street's Private Loan portfolio investments are primarily debt securities in privately held companies that have been originated through strategic relationships with other investment funds on a collaborative basis, and are often referred to in the debt markets as "club deals." Private Loan investments are typically similar in size, structure, terms and conditions to investments Main Street holds in its LMM portfolio and Middle Market portfolio. Main Street's Private Loan portfolio debt investments are generally secured by either a first or second priority lien on the assets of the portfolio company and typically have a term of between three and seven years from the original investment date.

Main Street's Other Portfolio investments primarily consist of investments that are not consistent with the typical profiles for its LMM, Middle Market or Private Loan portfolio investments, including investments which may be managed by third parties. In the Other Portfolio, Main Street may incur indirect fees and expenses in connection with investments managed by third parties, such as investments in other investment companies or private funds. For Other Portfolio investments, Main Street generally receives distributions related to the assets held by the portfolio company. Those assets are typically expected to be liquidated over a five to ten-year period.

Based upon Main Street's liquidity and capital structure management activities, Main Street's Investment Portfolio may also include short-term portfolio investments that are atypical of Main Street's LMM, Middle Market and Private Loan portfolio investments in that they are intended to be a short-term deployment of capital. Those assets are typically expected to be liquidated in one year or less. These short-term investments are not expected to be a significant portion of the overall Investment Portfolio.

Main Street's external asset management business is conducted through its External Investment Manager. The External Investment Manager earns management fees based on the assets under management for external parties and may earn incentive fees, or a carried interest, based on the performance of the assets managed. Main Street entered into an agreement with the External Investment Manager to share employees in connection with its asset management business generally, and specifically for its relationship with MSC Income Fund, Inc. ("MSC Income"), formerly known as HMS Income Fund, Inc. Through this agreement, Main Street shares employees with the External Investment Manager, including their related infrastructure, business relationships, management expertise and capital raising capabilities. Main Street allocates the related expenses to the External Investment Manager pursuant to the sharing agreement. Main Street's total expenses are net of expenses allocated to the External Investment Manager for the three months ended September 30, 2021 and 2020 of \$2.7 million and \$1.9 million, respectively, and for the nine months ended September 30, 2021 and 2020 of \$7.7 million and \$5.3 million, respectively.

Investment income, consisting of interest, dividends and fees, can fluctuate dramatically due to various factors, including the level of new investment activity, repayments of debt investments or sales of equity interests. Investment income in any given year could also be highly concentrated among several portfolio companies. For the three and nine months ended September 30, 2021 and 2020, Main Street did not record investment income from any single portfolio company in excess of 10% of total investment income.

The following tables provide a summary of Main Street’s investments in the LMM, Middle Market and Private Loan portfolios as of September 30, 2021 and December 31, 2020 (this information excludes the Other Portfolio, short-term portfolio investments and the External Investment Manager, all of which are discussed further below):

	As of September 30, 2021		
	LMM (a)	Middle Market (dollars in millions)	Private Loan
Number of portfolio companies	70	38	69
Fair value	\$ 1,494.1	\$ 420.9	\$ 846.0
Cost	\$ 1,245.3	\$ 456.7	\$ 865.5
Debt investments as a % of portfolio (at cost)	69.4 %	93.1 %	94.5 %
Equity investments as a % of portfolio (at cost)	30.6 %	6.9 %	5.5 %
% of debt investments at cost secured by first priority lien	98.8 %	97.2 %	97.9 %
Weighted-average annual effective yield (b)	11.2 %	7.4 %	8.4 %
Average EBITDA (c)	\$ 5.7	\$ 77.5	\$ 47.3

- (a) At September 30, 2021, Main Street had equity ownership in approximately 99% of its LMM portfolio companies, and the average fully diluted equity ownership in those portfolio companies was approximately 40%.
- (b) The weighted-average annual effective yields were computed using the effective interest rates for all debt investments at cost as of September 30, 2021, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments and any debt investments on non-accrual status. The weighted-average yield on the Company’s debt portfolio as of September 30, 2021 including debt investments on non-accrual status was 10.4% for its LMM portfolio, 7.1% for its Middle Market portfolio and 8.1% for its Private Loan portfolio. The weighted-average annual effective yield is not reflective of what an investor in shares of Main Street’s common stock will realize on its investment because it does not reflect changes in the market value of Main Street’s stock, Main Street’s expenses or any sales load paid by an investor.
- (c) The average EBITDA is calculated using a simple average for the LMM portfolio and a weighted-average for the Middle Market and Private Loan portfolios. These calculations exclude certain portfolio companies, including three LMM portfolio companies and three Private Loan portfolio companies, as EBITDA is not a meaningful valuation metric for Main Street’s investments in these portfolio companies, and those portfolio companies whose primary purpose is to own real estate.

	As of December 31, 2020		
	LMM (a)	Middle Market (dollars in millions)	Private Loan
Number of portfolio companies	70	42	63
Fair value	\$ 1,285.5	\$ 445.6	\$ 740.4
Cost	\$ 1,104.6	\$ 488.9	\$ 769.0
Debt investments as a % of portfolio (at cost)	65.8 %	93.0 %	93.8 %
Equity investments as a % of portfolio (at cost)	34.2 %	7.0 %	6.2 %
% of debt investments at cost secured by first priority lien	98.1 %	92.4 %	95.4 %
Weighted-average annual effective yield (b)	11.6 %	7.9 %	8.7 %
Average EBITDA (c)	\$ 5.3	\$ 76.5	\$ 58.1

- (a) At December 31, 2020, Main Street had equity ownership in approximately 99% of its LMM portfolio companies, and the average fully diluted equity ownership in those portfolio companies was approximately 38%.
- (b) The weighted-average annual effective yields were computed using the effective interest rates for all debt investments at cost as of December 31, 2020, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments and any debt investments on non-accrual status. The weighted-average yield on the Company’s debt portfolio as of December 31, 2020 including debt investments on non-accrual status was 10.4% for its LMM portfolio, 7.9% for its Middle



Market portfolio and 8.4% for its Private Loan portfolio. The weighted-average annual effective yield is not reflective of what an investor in shares of Main Street’s common stock will realize on its investment because it does not reflect changes in the market value of Main Street’s stock, Main Street’s expenses or any sales load paid by an investor.

- (c) The average EBITDA is calculated using a simple average for the LMM portfolio and a weighted-average for the Middle Market and Private Loan portfolios. These calculations exclude certain portfolio companies, including three LMM portfolio companies, one Middle Market portfolio company and four Private Loan portfolio companies, as EBITDA is not a meaningful valuation metric for Main Street’s investments in these portfolio companies, and those portfolio companies whose primary purpose is to own real estate.

For the three months ended September 30, 2021 and 2020, Main Street achieved an annualized total return on investments of 18.0% and 16.5%, respectively. For the nine months ended September 30, 2021 and 2020, Main Street achieved an annualized total return on investments of 16.9% and an annualized total loss on investments of 0.1%, respectively. Total return on investments is calculated using the interest, dividend, and fee income, as well as the realized and unrealized change in fair value of the Investment Portfolio for the specified period. Main Street’s total return on investments is not reflective of what an investor in shares of Main Street’s common stock will realize on its investment because it does not reflect changes in the market value of Main Street’s stock, Main Street’s expenses or any sales load paid by an investor.

As of September 30, 2021, Main Street had Other Portfolio investments in fourteen companies, collectively totaling approximately \$193.7 million in fair value and approximately \$201.1 million in cost basis and which comprised approximately 6.2% and 7.1% of Main Street’s Investment Portfolio at fair value and cost, respectively. As of December 31, 2020, Main Street had Other Portfolio investments in twelve companies, collectively totaling approximately \$96.6 million in fair value and approximately \$124.7 million in cost basis and which comprised approximately 3.6% and 5.0% of Main Street’s Investment Portfolio at fair value and cost, respectively.

As of September 30, 2021, Main Street had short-term portfolio investments in eight companies, collectively totaling approximately \$34.3 million in fair value and approximately \$34.4 million in cost basis and which comprised approximately 1.1% and 1.2% of Main Street’s Investment Portfolio at fair value and cost, respectively. As of December 31, 2020, Main Street held no short-term investments.

As discussed further in Note A.1., Main Street holds an investment in the External Investment Manager, a wholly owned subsidiary that is treated as a portfolio investment. As of September 30, 2021, this investment had a fair value of approximately \$128.1 million and a cost basis of \$29.5 million, which comprised approximately 4.1% and 1.0% of Main Street’s Investment Portfolio at fair value and cost, respectively. As of December 31, 2020, this investment had a fair value of approximately \$116.8 million and a cost basis of \$29.5 million, which comprised approximately 4.3% and 1.2% of Main Street’s Investment Portfolio at fair value and cost, respectively.

The following tables summarize the composition of Main Street’s total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments at cost and fair value by type of investment as a percentage of the total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments, as of September 30, 2021 and December 31, 2020 (this information excludes the Other Portfolio, short-term portfolio investments and the External Investment Manager, all of which are discussed above).

<b>Cost:</b>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
First lien debt	80.5 %	77.0 %
Equity	17.6 %	19.0 %
Second lien debt	1.1 %	2.7 %
Equity warrants	0.3 %	0.5 %
Other	0.5 %	0.8 %
	<u>100.0 %</u>	<u>100.0 %</u>

<b>Fair Value:</b>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
First lien debt	71.6 %	70.0 %
Equity	26.7 %	26.4 %
Second lien debt	1.0 %	2.4 %
Equity warrants	0.3 %	0.4 %
Other	0.4 %	0.8 %
	<u>100.0 %</u>	<u>100.0 %</u>

The following tables summarize the composition of Main Street's total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments by geographic region of the United States and other countries at cost and fair value as a percentage of the total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments, as of September 30, 2021 and December 31, 2020 (this information excludes the Other Portfolio, short-term portfolio investments and the External Investment Manager). The geographic composition is determined by the location of the corporate headquarters of the portfolio company.

<b>Cost:</b>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Southwest	24.1 %	24.3 %
Northeast	24.0 %	22.6 %
West	20.9 %	21.0 %
Midwest	14.7 %	18.2 %
Southeast	14.4 %	12.8 %
Canada	1.9 %	1.1 %
	<u>100.0 %</u>	<u>100.0 %</u>

<b>Fair Value:</b>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Southwest	24.9 %	24.7 %
Northeast	23.3 %	21.7 %
West	21.4 %	21.4 %
Midwest	15.9 %	19.7 %
Southeast	12.8 %	11.5 %
Canada	1.7 %	1.0 %
	<u>100.0 %</u>	<u>100.0 %</u>

Main Street's LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments are in companies conducting business in a variety of industries. The following tables summarize the composition of Main Street's total combined LMM portfolio investments, Middle Market portfolio investments and

Private Loan portfolio investments by industry at cost and fair value as of September 30, 2021 and December 31, 2020 (this information excludes the Other Portfolio, short-term portfolio investments and the External Investment Manager).

<b>Cost:</b>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Construction & Engineering	7.0 %	6.0 %
Machinery	6.9 %	6.4 %
Internet Software & Services	6.9 %	5.2 %
Leisure Equipment & Products	5.5 %	4.2 %
Commercial Services & Supplies	5.1 %	4.7 %
Software	5.0 %	4.4 %
Professional Services	4.9 %	5.1 %
Health Care Providers & Services	4.6 %	5.1 %
Energy Equipment & Services	4.5 %	4.5 %
Specialty Retail	4.3 %	3.1 %
IT Services	3.7 %	4.0 %
Diversified Telecommunication Services	3.1 %	2.6 %
Communications Equipment	3.0 %	3.3 %
Containers & Packaging	2.7 %	1.6 %
Food Products	2.4 %	2.6 %
Tobacco	2.4 %	2.2 %
Oil, Gas & Consumable Fuels	2.2 %	3.2 %
Building Products	2.2 %	1.4 %
Aerospace & Defense	2.0 %	5.9 %
Diversified Financial Services	2.0 %	2.1 %
Hotels, Restaurants & Leisure	1.9 %	2.6 %
Diversified Consumer Services	1.8 %	1.0 %
Media	1.7 %	2.1 %
Distributors	1.7 %	2.1 %
Electronic Equipment, Instruments & Components	1.6 %	1.9 %
Computers & Peripherals	1.5 %	1.5 %
Life Sciences Tools & Services	1.2 %	1.4 %
Household Durables	1.2 %	1.3 %
Trading Companies & Distributors	1.0 %	1.2 %
Food & Staples Retailing	1.0 %	1.0 %
Transportation Infrastructure	0.5 %	1.0 %
Other (1)	4.5 %	5.3 %
	<b>100.0 %</b>	<b>100.0 %</b>

(1) Includes various industries with each industry individually less than 1.0% of the total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments at each date.

Fair Value:	September 30, 2021	December 31, 2020
Machinery	8.3 %	8.1 %
Construction & Engineering	6.9 %	6.1 %
Internet Software & Services	6.0 %	4.5 %
Software	5.4 %	4.6 %
Leisure Equipment & Products	5.2 %	4.0 %
Commercial Services & Supplies	4.9 %	4.5 %
Specialty Retail	4.8 %	3.4 %
Diversified Consumer Services	4.3 %	3.0 %
Health Care Providers & Services	4.2 %	5.2 %
Professional Services	4.0 %	4.0 %
IT Services	3.6 %	3.8 %
Energy Equipment & Services	3.1 %	3.0 %
Diversified Telecommunication Services	2.8 %	2.0 %
Computers & Peripherals	2.8 %	2.9 %
Containers & Packaging	2.8 %	1.7 %
Tobacco	2.5 %	2.1 %
Communications Equipment	2.3 %	2.7 %
Diversified Financial Services	2.2 %	2.3 %
Building Products	2.2 %	1.4 %
Food Products	2.2 %	2.2 %
Media	2.1 %	2.5 %
Distributors	1.9 %	2.1 %
Aerospace & Defense	1.8 %	5.7 %
Oil, Gas & Consumable Fuels	1.8 %	2.7 %
Hotels, Restaurants & Leisure	1.4 %	2.0 %
Construction Materials	1.2 %	1.4 %
Life Sciences Tools & Services	1.1 %	1.4 %
Household Durables	1.1 %	1.3 %
Trading Companies & Distributors	0.9 %	1.2 %
Electronic Equipment, Instruments & Components	0.9 %	1.3 %
Transportation Infrastructure	0.5 %	1.0 %
Other (1)	4.8 %	5.9 %
	100.0 %	100.0 %

(1) Includes various industries with each industry individually less than 1.0% of the total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments at each date.

At September 30, 2021 and December 31, 2020, Main Street had no portfolio investment that was greater than 10% of the Investment Portfolio at fair value.

#### Unconsolidated Significant Subsidiaries

In evaluating its unconsolidated controlled portfolio companies in accordance with Regulation S-X, there are two tests that Main Street must utilize to determine if any of Main Street's Control Investments (as defined in Note A, including those unconsolidated portfolio companies defined as Control Investments in which Main Street does not own greater than 50% of the voting securities or maintain greater than 50% of the board representation) are considered significant subsidiaries: the investment test and the income test. The investment test is generally measured by dividing Main Street's investment in the Control Investment by the value of Main Street's total investments. The income test is generally measured by dividing the absolute value of the combined sum of total investment income, net realized gain (loss) and net unrealized appreciation (depreciation) from the relevant Control Investment for the period being tested by the absolute value of Main Street's change in net assets resulting from operations for the same period. Regulation S-X requires Main Street to include (1) separate audited financial statements of an unconsolidated majority-owned subsidiary (Control Investments in which Main Street owns greater than 50% of the voting securities) in an annual report and (2) summarized financial information of a Control Investment in a quarterly report, respectively, if certain thresholds of

the investment or income tests are exceeded and the unconsolidated portfolio company qualifies as a significant subsidiary.

As of September 30, 2021 and December 31, 2020, Main Street had no single investment that qualified as a significant subsidiary under either the investment or income tests.

#### **NOTE D—EXTERNAL INVESTMENT MANAGER**

As discussed further in Note A.1 and Note C, the External Investment Manager provides investment management and other services to External Parties. The External Investment Manager is accounted for as a portfolio investment of MSCC since the External Investment Manager conducts all of its investment management activities for External Parties.

During May 2012, Main Street entered into an investment sub-advisory agreement with HMS Adviser, LP (“HMS Adviser”), which was the investment adviser to MSC Income at the time, to provide certain investment advisory services to HMS Adviser. In December 2013, after obtaining required no-action relief from the SEC to allow it to own a registered investment adviser, Main Street assigned the sub-advisory agreement to the External Investment Manager since the fees received from such arrangement could otherwise have negative consequences on MSCC’s ability to meet the source-of-income requirement necessary for it to maintain its RIC tax treatment. Under the investment sub-advisory agreement, the External Investment Manager was entitled to 50% of the annual base management fee and the incentive fees earned by HMS Adviser under its advisory agreement with MSC Income. Effective October 30, 2020, the External Investment Manager and HMS Adviser consummated the transactions contemplated by that certain asset purchase agreement by and among the External Investment Manager, HMS Adviser and the other parties thereto whereby the External Investment Manager became the sole investment adviser and administrator to MSC Income pursuant to an Investment Advisory and Administrative Services Agreement entered into between the External Investment Manager and MSC Income (the “Advisory Agreement”). The Advisory Agreement includes a 1.75% annual management fee, reduced from 2.00%, and the same incentive fee as under MSC Income’s prior advisory agreement with HMS Adviser, with the External Investment Manager receiving 100% of such fee income (increased from 50% previously).

As described more fully in Note L – Related Party Transactions, the External Investment Manager launched a new private fund, MS Private Loan Fund I, LP, a private investment fund with a strategy to co-invest with Main Street in Private Loan portfolio investments (the “Private Loan Fund”), in December 2020. The External Investment Manager entered into an Investment Management Agreement in December 2020 with the Private Loan Fund, pursuant to which the External Investment Manager provides investment advisory and management services to the Private Loan Fund in exchange for an asset-based fee and certain incentive fees. The External Investment Manager may also advise other clients, including funds and separately managed accounts, pursuant to advisory and services agreements with such clients in exchange for asset-based and incentive fees.

During the three months ended September 30, 2021 and 2020, the External Investment Manager earned \$4.6 million and \$2.3 million, respectively, in base management fee income. During the three months ended September 30, 2021, incentive fee income earned was not significant, while no incentive fee income was earned in the three months ended September 30, 2020. During the nine months ended September 30, 2021 and 2020, the External Investment Manager earned \$12.7 million and \$7.2 million, respectively, in base management fee income. During the nine months ended September 30, 2021, an insignificant amount of incentive fee income was earned, while no incentive fee income was earned in the nine months ended September 30, 2020.

Main Street determines the fair value of the External Investment Manager using the Waterfall valuation method under the market approach (see further discussion in Note B.1.). Any change in fair value of the investment in the External Investment Manager is recognized on Main Street’s consolidated statements of operations in “Net Unrealized Appreciation (Depreciation)—Control investments.”

The External Investment Manager is an indirect wholly owned subsidiary of MSCC owned through a Taxable Subsidiary and is a disregarded entity for tax purposes. The External Investment Manager has entered into a tax sharing agreement with its Taxable Subsidiary owner. Since the External Investment Manager is accounted for as a portfolio investment of MSCC and is not included as a consolidated subsidiary of MSCC in MSCC’s consolidated financial statements, and as a result of the tax sharing agreement with its Taxable Subsidiary owner, for financial reporting

purposes the External Investment Manager is treated as if it is taxed at normal corporate tax rates based on its taxable income and, as a result of its activities, may generate income tax expense or benefit. Main Street owns the External Investment Manager through the Taxable Subsidiary to allow MSCC to continue to comply with the “source-of-income” requirements contained in the RIC tax provisions of the Code. The taxable income, or loss, of the External Investment Manager may differ from its book income, or loss, due to temporary book and tax timing differences and permanent differences. As a result of the above described financial reporting and tax treatment, the External Investment Manager provides for any income tax expense, or benefit, and any tax assets or liabilities in its separate financial statements.

Main Street shares employees with the External Investment Manager and allocates costs related to such shared employees to the External Investment Manager generally based on a combination of the direct time spent, new investment origination activity and assets under management, depending on the nature of the expense. For the three months ended September 30, 2021 and 2020, Main Street allocated \$2.7 million and \$1.9 million of total expenses, respectively, to the External Investment Manager. For the nine months ended September 30, 2021 and 2020, Main Street allocated \$7.7 million and \$5.3 million of total expenses, respectively, to the External Investment Manager. The total contribution of the External Investment Manager to Main Street’s net investment income consists of the combination of the expenses allocated to the External Investment Manager and the dividend income earned from the External Investment Manager. For the three months ended September 30, 2021 and 2020, the total contribution to Main Street’s net investment income was \$4.2 million and \$2.2 million, respectively. For the nine months ended September 30, 2021 and 2020, the total contribution to Main Street’s net investment income was \$11.6 million and \$6.7 million, respectively.

Summarized financial information from the separate financial statements of the External Investment Manager as of September 30, 2021 and December 31, 2020 and for the three and nine months ended September 30, 2021 and 2020 is as follows:

	As of September 30, 2021	As of December 31, 2020
	(dollars in thousands)	
Cash	\$ 53	\$ —
Accounts receivable—advisory clients	4,638	3,520
Total assets	<u>\$ 4,691</u>	<u>\$ 3,520</u>
Accounts payable to MSCC and its subsidiaries	\$ 3,232	\$ 2,423
Dividend payable to MSCC and its subsidiaries	1,459	1,097
Equity	—	—
Total liabilities and equity	<u>\$ 4,691</u>	<u>\$ 3,520</u>

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(dollars in thousands)			
Management fee income	\$ 4,592	\$ 2,338	\$ 12,707	\$ 7,160
Incentive fees	19	—	19	—
Total revenues	4,611	2,338	12,726	7,160
Expenses allocated from MSCC or its subsidiaries:				
Salaries, share-based compensation and other personnel costs	(2,278)	(1,206)	(6,394)	(3,393)
Other G&A expenses	(450)	(686)	(1,286)	(1,947)
Total allocated expenses	(2,728)	(1,892)	(7,680)	(5,340)
Pre-tax income	1,883	446	5,046	1,820
Tax expense	(424)	(108)	(1,138)	(426)
Net income	<u>\$ 1,459</u>	<u>\$ 338</u>	<u>\$ 3,908</u>	<u>\$ 1,394</u>

**NOTE E—DEBT**

Summary of debt as of September 30, 2021 is as follows:

	Outstanding Balance	Unamortized Debt Issuance		Estimated Fair Value (1)
		(Costs)/Premiums	Recorded Value	
(in thousands)				
SBIC Debentures	\$ 350,000	\$ (7,565)	\$ 342,435	\$ 333,954
Credit Facility	200,000	—	200,000	200,000
4.50% Notes due in 2022	185,000	(708)	184,292	192,639
5.20% Notes due 2024	450,000	1,408	451,408	489,155
3.00% Notes due 2026	300,000	(4,555)	295,445	306,897
Total Debt	<u>\$ 1,485,000</u>	<u>\$ (11,420)</u>	<u>\$ 1,473,580</u>	<u>\$ 1,522,645</u>

(1) Estimated fair value for outstanding debt if Main Street had adopted the fair value option under ASC 825. See discussion of the methods used to estimate the fair value of Main Street's debt in Note B.11. – Fair Value of Financial Instruments.

Summary of debt as of December 31, 2020 is as follows:

	Outstanding Balance	Unamortized Debt Issuance		Estimated Fair Value (1)
		(Costs)/Premiums	Recorded Value	
(in thousands)				
SBIC Debentures	\$ 309,800	\$ (5,828)	\$ 303,972	\$ 309,907
Credit Facility	269,000	—	269,000	269,000
4.50% Notes due 2022	185,000	(1,164)	183,836	194,938
5.20% Notes due 2024	450,000	1,817	451,817	488,102
Total Debt	<u>\$ 1,213,800</u>	<u>\$ (5,175)</u>	<u>\$ 1,208,625</u>	<u>\$ 1,261,947</u>

(1) Estimated fair value for outstanding debt if Main Street had adopted the fair value option under ASC 825. See discussion of the methods used to estimate the fair value of Main Street's debt in Note B.11. – Fair Value of Financial Instruments.

Summarized interest expense for the three and nine months ended September 30, 2021 and 2020 is as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
SBIC Debentures	\$ 2,704	\$ 2,977	\$ 8,002	\$ 8,981
Credit Facility	1,574	1,942	3,948	7,305
4.50% Notes Due 2022	2,233	2,233	6,699	6,699
5.20% Notes Due 2024	5,713	5,337	17,141	13,842
3.00% Notes due in 2026	2,487	—	7,124	—
Total Interest Expense	<u>\$ 14,711</u>	<u>\$ 12,489</u>	<u>\$ 42,914</u>	<u>\$ 36,827</u>

**SBIC Debentures**

Under existing SBIC regulations, SBA-approved SBICs under common control have the ability to issue debentures guaranteed by the SBA up to a regulatory maximum amount of \$350.0 million. Main Street's SBIC

debentures payable, under existing SBA-approved commitments, were \$350.0 million and \$309.8 million at September 30, 2021 and December 31, 2020, respectively. SBIC debentures provide for interest to be paid semiannually, with principal due at the applicable 10-year maturity date of each debenture. During the nine months ended September 30, 2021, Main Street issued \$80.2 million of SBIC debentures and opportunistically prepaid \$40.0 million of existing SBIC debentures that were scheduled to mature over the next year as part of an effort to manage the maturity dates of the oldest SBIC debentures. Main Street expects to maintain SBIC debentures under the SBIC program in the future, subject to periodic repayments and borrowings, in an amount up to the regulatory maximum amount for affiliated SBIC funds. The weighted-average annual interest rate on the SBIC debentures was 2.9% and 3.4% as of September 30, 2021 and December 31, 2020, respectively. The first principal maturity due under the existing SBIC debentures is in 2023, and the weighted-average remaining duration as of September 30, 2021 was approximately 6.4 years. In accordance with SBIC regulations, the Funds are precluded from incurring additional non-SBIC debt without the prior approval of the SBA.

As of September 30, 2021, the SBIC debentures consisted of (i) \$175.0 million par value of SBIC debentures outstanding issued by MSMF, with a recorded value of \$171.3 million that was net of unamortized debt issuance costs of \$3.7 million and (ii) \$175.0 million par value of SBIC debentures issued by MSC III with a recorded value of \$171.2 million that was net of unamortized debt issuance costs of \$3.8 million.

#### **Credit Facility**

Main Street maintains the Credit Facility to provide additional liquidity to support its investment and operational activities. As of September 30, 2021, the Credit Facility included total commitments of \$855.0 million from a diversified group of 18 lenders, held a maturity date in April 2026 and contained an accordion feature which allowed Main Street to increase the total commitments under the facility to up to \$1,200.0 million from new and existing lenders on the same terms and conditions as the existing commitments.

As of September 30, 2021, borrowings under the Credit Facility bore interest, subject to Main Street's election and resetting on a monthly basis on the first of each month, on a per annum basis at a rate equal to the applicable LIBOR rate (0.1% as of the most recent reset date for the period ended September 30, 2021) plus (i) 1.875% (or the applicable base rate (Prime Rate of 3.25% as of September 30, 2021) plus 0.875%) as long as Main Street meets certain agreed upon excess collateral and maximum leverage requirements or (ii) 2.0% (or the applicable base rate plus 1.0%) otherwise. Main Street pays unused commitment fees of 0.25% per annum on the unused lender commitments under the Credit Facility. The Credit Facility is secured by a first lien on the assets of MSCC and its subsidiaries, excluding the equity ownership or assets of the Funds and the External Investment Manager. As of September 30, 2021, the Credit Facility contained certain affirmative and negative covenants, including but not limited to: (i) maintaining minimum liquidity, (ii) maintaining an interest coverage ratio of at least 2.0 to 1.0, (iii) maintaining an asset coverage ratio (tangible net worth to Credit Facility borrowings) of at least 1.5 to 1.0, (iv) maintaining a minimum tangible net worth and (v) maintaining a minimum asset coverage ratio of 200% with respect to the consolidated assets (with certain limitations on the contribution of equity in financing subsidiaries as specified therein) of MSCC and the guarantors under the Credit Facility to the secured debt of MSCC and the guarantors.

As of September 30, 2021, the interest rate on the Credit Facility was 2.0% (based on the LIBOR rate of 0.1% as of the most recent reset date plus 1.875%). The average interest rate for borrowings under the Credit Facility was 2.0% for each of the three months ended September 30, 2021 and 2020, and 2.0% and 2.7% for the nine months ended September 30, 2021 and 2020, respectively. As of September 30, 2021, Main Street was in compliance with all financial covenants of the Credit Facility.

#### **4.50% Notes due 2022**

In November 2017, Main Street issued \$185.0 million in aggregate principal amount of 4.50% unsecured notes due December 1, 2022 (the "4.50% Notes due 2022") at an issue price of 99.16%. The 4.50% Notes due 2022 are unsecured obligations and rank pari passu with Main Street's current and future unsecured indebtedness; senior to any of its future indebtedness that expressly provides it is subordinated to the 4.50% Notes due 2022; effectively subordinated to all of its existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness,



including borrowings under its Credit Facility; and structurally subordinated to all existing and future indebtedness and other obligations of any of its subsidiaries, including without limitation, the indebtedness of the Funds. The 4.50% Notes due 2022 may be redeemed in whole or in part at any time at Main Street's option subject to certain make-whole provisions. The 4.50% Notes due 2022 bear interest at a rate of 4.50% per year payable semiannually on June 1 and December 1 of each year. The total net proceeds from the 4.50% Notes due 2022, resulting from the issue price and after underwriting discounts and estimated offering expenses payable, were approximately \$182.2 million. Main Street may from time to time repurchase the 4.50% Notes due 2022 in accordance with the 1940 Act and the rules promulgated thereunder.

The indenture governing the 4.50% Notes due 2022 (the "4.50% Notes Indenture") contains certain covenants, including covenants requiring Main Street's compliance with (regardless of whether Main Street is subject to) the asset coverage requirements set forth in Section 18(a)(1)(A) as modified by Section 61(a)(1) of the 1940 Act, as well as covenants requiring Main Street to provide financial information to the holders of the 4.50% Notes due 2022 and the trustee if Main Street ceases to be subject to the reporting requirements of the Exchange Act. These covenants are subject to limitations and exceptions that are described in the 4.50% Notes Indenture. As of September 30, 2021, Main Street was in compliance with these covenants.

#### **5.20% Notes due 2024**

In April 2019, Main Street issued \$250.0 million in aggregate principal amount of 5.20% unsecured notes due May 1, 2024 (the "5.20% Notes") at an issue price of 99.125%. Subsequently, in December 2019, Main Street issued an additional \$75.0 million aggregate principal amount of the 5.20% Notes at an issue price of 105.0% and, in July 2020, Main Street issued an additional \$125.0 million aggregate principal amount at an issue price of 102.674%. The 5.20% Notes issued in December 2019 and July 2020 have identical terms as, and are a part of a single series with, the 5.20% Notes issued in April 2019. The 5.20% Notes are unsecured obligations and rank pari passu with Main Street's current and future unsecured indebtedness; senior to any of its future indebtedness that expressly provides it is subordinated to the 5.20% Notes; effectively subordinated to all of its existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness, including borrowings under its Credit Facility; and structurally subordinated to all existing and future indebtedness and other obligations of any of its subsidiaries, including without limitation, the indebtedness of the Funds. The 5.20% Notes may be redeemed in whole or in part at any time at Main Street's option subject to certain make-whole provisions. The 5.20% Notes bear interest at a rate of 5.20% per year payable semiannually on May 1 and November 1 of each year. The total net proceeds from the 5.20% Notes, resulting from the issue price and after net issue price premiums and estimated offering expenses payable, were approximately \$451.4 million. Main Street may from time to time repurchase the 5.20% Notes in accordance with the 1940 Act and the rules promulgated thereunder.

The indenture governing the 5.20% Notes (the "5.20% Notes Indenture") contains certain covenants, including covenants requiring Main Street's compliance with (regardless of whether Main Street is subject to) the asset coverage requirements set forth in Section 18(a)(1)(A) as modified by Section 61(a)(1) of the 1940 Act, as well as covenants requiring Main Street to provide financial information to the holders of the 5.20% Notes and the trustee if Main Street ceases to be subject to the reporting requirements of the Exchange Act. These covenants are subject to limitations and exceptions that are described in the 5.20% Notes Indenture. As of September 30, 2021, Main Street was in compliance with these covenants.

#### **3.00% Notes due 2026**

In January 2021, Main Street issued \$300.0 million in aggregate principal amount of 3.00% unsecured notes due July 14, 2026 (the "3.00% Notes") at an issue price of 99.004%. The total net proceeds from the 3.00% Notes, resulting from the issue price and after underwriting discounts and estimated offering expenses payable, were approximately \$294.8 million. The 3.00% Notes are unsecured obligations and rank pari passu with Main Street's current and future unsecured indebtedness; senior to any of its future indebtedness that expressly provides it is subordinated to the 3.00% Notes; effectively subordinated to all of its existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness, including borrowings under its Credit Facility; and structurally subordinated to all existing and future indebtedness and other obligations of any of its subsidiaries, including without limitation, the indebtedness of the Funds. The 3.00% Notes may be redeemed in whole or in part at any time at Main Street's option subject to certain make-whole provisions. The 3.00% Notes bear interest at a rate of 3.00% per year

payable semiannually on January 14 and July 14 of each year. Main Street may from time to time repurchase the 3.00% Notes in accordance with the 1940 Act and the rules promulgated thereunder. See Note M for discussion of the recent issuance of an additional \$200.0 million of the 3.00% Notes in October 2021.

The indenture governing the 3.00% Notes (the “3.00% Notes Indenture”) contains certain covenants, including covenants requiring Main Street’s compliance with (regardless of whether Main Street is subject to) the asset coverage requirements set forth in Section 18(a)(1)(A) as modified by Section 61(a)(1) of the 1940 Act, as well as covenants requiring Main Street to provide financial information to the holders of the 3.00% Notes and the trustee if Main Street ceases to be subject to the reporting requirements of the Exchange Act. These covenants are subject to limitations and exceptions that are described in the 3.00% Notes Indenture. As of September 30, 2021, Main Street was in compliance with these covenants.

**NOTE F—FINANCIAL HIGHLIGHTS**

<b>Per Share Data:</b>	<b>Nine Months Ended September 30,</b>	
	<b>2021</b>	<b>2020</b>
NAV at the beginning of the period	\$ 22.35	\$ 23.91
Net investment income(1)	1.92	1.50
Net realized gain (loss) (1)(2)	0.15	(0.69)
Net unrealized appreciation (depreciation)(1)(2)	1.71	(1.80)
Income tax benefit (provision)(1)(2)	(0.33)	0.23
Net increase (decrease) in net assets resulting from operations(1)	3.45	(0.76)
Dividends paid	(1.85)	(1.85)
Impact of the net change in monthly dividends declared prior to the end of the period and paid in the subsequent period	(0.01)	—
Accretive effect of stock offerings (issuing shares above NAV per share)	0.26	0.21
Accretive effect of DRIP issuance (issuing shares above NAV per share)	0.06	0.07
Other(3)	0.01	(0.06)
NAV at the end of the period	\$ 24.27	\$ 21.52
Market value at the end of the period	\$ 41.10	\$ 29.57
Shares outstanding at the end of the period	69,408,645	66,138,440

- (1) Based on weighted-average number of common shares outstanding for the period.
- (2) Net realized gains or losses, net unrealized appreciation or depreciation, and income taxes can fluctuate significantly from period to period.
- (3) Includes the impact of the different share amounts as a result of calculating certain per share data based on the weighted-average basic shares outstanding during the period and certain per share data based on the shares outstanding as of a period end or transaction date.

	<b>Nine Months Ended September 30,</b>	
	<b>2021</b>	<b>2020</b>
	<b>(dollars in thousands)</b>	
NAV at end of period	\$ 1,684,307	\$ 1,423,182
Average NAV	\$ 1,586,020	\$ 1,416,672
Average outstanding debt	\$ 1,264,680	\$ 1,136,300
Ratio of total expenses, including income tax expense, to average NAV (1) (2)	6.19 %	3.36 %
Ratio of operating expenses to average NAV (2) (3)	4.76 %	4.36 %
Ratio of operating expenses, excluding interest expense, to average NAV (2) (3)	2.05 %	1.76 %
Ratio of net investment income to average NAV (2)	8.29 %	6.94 %
Portfolio turnover ratio (2)	20.69 %	10.96 %
Total investment return (2) (4)	33.57 %	(27.31)%
Total return based on change in NAV (2) (5)	15.61 %	(3.25)%

- (1) Total expenses are the sum of operating expenses and net income tax provision/benefit. Net income tax provision/benefit includes the accrual of net deferred tax provision/benefit relating to the net unrealized

appreciation/depreciation on portfolio investments held in Taxable Subsidiaries and due to the change in the loss carryforwards, which are non-cash in nature and may vary significantly from period to period. Main Street is required to include net deferred tax provision/benefit in calculating its total expenses even though these net deferred taxes are not currently payable/receivable.

- (2) Not annualized.
- (3) Unless otherwise noted, operating expenses include interest, compensation, general and administrative and share-based compensation expenses, net of expenses allocated to the External Investment Manager of \$7.7 million.
- (4) Total investment return is based on the purchase of stock at the current market price on the first day and a sale at the current market price on the last day of each period reported on the table and assumes reinvestment of dividends at prices obtained by Main Street's dividend reinvestment plan during the period. The return does not reflect any sales load that may be paid by an investor.
- (5) Total return is based on change in net asset value as calculated using the sum of ending net asset value plus dividends to stockholders and other non-operating changes during the period, as divided by the beginning net asset value. Non-operating changes include any items that affect net asset value other than the net increase in net assets resulting from operations, such as the effects of stock offerings, shares issued under the DRIP and equity incentive plans and other miscellaneous items.

#### **NOTE G—DIVIDENDS, DISTRIBUTIONS AND TAXABLE INCOME**

Main Street currently pays monthly dividends to its stockholders. Future monthly dividends, if any, will be determined by its Board of Directors on a quarterly basis. Main Street paid regular monthly dividends of \$0.205 per share, totaling \$42.3 million, or \$0.615 per share, for the three months ended September 30, 2021, and \$126.2 million, or \$1.845 per share, for the nine months ended September 30, 2021 compared to aggregate regular monthly dividends of approximately \$40.6 million, or \$0.615 per share, for the three months ended September 30, 2020, and \$120.2 million or \$1.845 for the nine months ended September 30, 2020.

MSCC has elected to be treated for U.S. federal income tax purposes as a RIC. MSCC's taxable income includes the taxable income generated by MSCC and certain of its subsidiaries, including the Funds, which are treated as disregarded entities for tax purposes. As a RIC, MSCC generally will not pay corporate-level U.S. federal income taxes on any net ordinary taxable income or capital gains that MSCC distributes to its stockholders. MSCC must generally distribute at least 90% of its "investment company taxable income" (which is generally its net ordinary taxable income and realized net short-term capital gains in excess of realized net long-term capital losses) and 90% of its tax-exempt income to maintain its RIC status (pass-through tax treatment for amounts distributed). As part of maintaining RIC status, undistributed taxable income (subject to a 4% non-deductible U.S. federal excise tax) pertaining to a given fiscal year may be distributed up to 12 months subsequent to the end of that fiscal year, provided such dividends are declared on or prior to the later of (i) filing of the U.S. federal income tax return for the applicable fiscal year or (ii) the fifteenth day of the ninth month following the close of the year in which such taxable income was generated.

The determination of the tax attributes for Main Street's distributions is made annually, based upon its taxable income for the full year and distributions paid for the full year. Therefore, a determination made on an interim basis may not be representative of the actual tax attributes of distributions for a full year. Ordinary dividend distributions from a RIC do not qualify for the 20% maximum tax rate (plus a 3.8% Medicare surtax, if applicable) on dividend income from domestic corporations and qualified foreign corporations, except to the extent that the RIC received the income in the form of qualifying dividends from domestic corporations and qualified foreign corporations. The tax attributes for distributions will generally include both ordinary income and qualified dividends, but may also include either one or both of capital gains and return of capital.

Listed below is a reconciliation of “Net increase (decrease) in net assets resulting from operations” to taxable income and to total distributions declared to common stockholders for the nine months ended September 30, 2021 and 2020.

	<b>Nine Months Ended September 30,</b>	
	<b>2021</b>	<b>2020</b>
	<b>(estimated, dollars in thousands)</b>	
Net increase (decrease) in net assets resulting from operations	\$ 236,413	\$ (49,874)
Book-tax difference from share-based compensation expense	(5,436)	2,710
Net unrealized (appreciation) depreciation	(117,072)	117,570
Income tax provision (benefit)	22,691	(14,253)
Pre-tax book (income) loss not consolidated for tax purposes	(35,701)	2,413
Book income and tax income differences, including debt origination, structuring fees, dividends, realized gains and changes in estimates	6,027	53,521
Estimated taxable income (1)	106,922	112,087
Taxable income earned in prior year and carried forward for distribution in current year	24,350	29,107
Taxable income earned prior to period end and carried forward for distribution next period	(18,959)	(34,189)
Dividend payable as of period end and paid in the following period	14,553	13,554
<b>Total distributions accrued or paid to common stockholders</b>	<b>\$ 126,866</b>	<b>\$ 120,559</b>

(1) Main Street’s taxable income for each period is an estimate and will not be finally determined until the company files its tax return for each year. Therefore, the final taxable income, and the taxable income earned in each period and carried forward for distribution in the following period, may be different than this estimate.

The Taxable Subsidiaries primarily hold certain portfolio investments for Main Street. The Taxable Subsidiaries permit Main Street to hold equity investments in portfolio companies which are “pass-through” entities for tax purposes and to continue to comply with the “source-of-income” requirements contained in the RIC tax provisions of the Code. The Taxable Subsidiaries are consolidated with Main Street for U.S. GAAP financial reporting purposes, and the portfolio investments held by the Taxable Subsidiaries are included in Main Street’s consolidated financial statements as portfolio investments and recorded at fair value. The Taxable Subsidiaries are not consolidated with MSCC for income tax purposes and may generate income tax expense, or benefit, and tax assets and liabilities, as a result of their ownership of certain portfolio investments. The taxable income, or loss, of the Taxable Subsidiaries may differ from their book income, or loss, due to temporary book and tax timing differences and permanent differences. The Taxable Subsidiaries are each taxed at their normal corporate tax rates based on their taxable income. The income tax expense, or benefit, if any, and the related tax assets and liabilities, of the Taxable Subsidiaries are reflected in Main Street’s consolidated financial statements.

The income tax expense (benefit) for Main Street is generally composed of (i) deferred tax expense (benefit), which is primarily the result of the net activity relating to the portfolio investments held in the Taxable Subsidiaries, including changes in loss carryforwards, changes in net unrealized appreciation or depreciation and other temporary book tax differences, and (ii) current tax expense, which is primarily the result of current U.S. federal income and state taxes and excise taxes on Main Street’s estimated undistributed taxable income. The income tax expense, or benefit, and the related tax asset and liabilities generated by the Taxable Subsidiaries, if any, are reflected in Main Street’s consolidated statement of operations. Main Street’s provision for income taxes was comprised of the following for the three and nine months ended September 30, 2021 and 2020 (amounts in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
<b>Current tax expense (benefit):</b>				
Federal	\$ (239)	\$ 46	\$ (99)	\$ 123
State	1,056	692	1,712	200
Excise	136	427	629	1,097
Total current tax expense (benefit)	953	1,165	2,242	1,420
<b>Deferred tax expense (benefit):</b>				
Federal	7,989	(147)	15,284	(14,998)
State	3,342	489	5,165	(675)
Total deferred tax expense (benefit)	11,331	342	20,449	(15,673)
<b>Total income tax provision (benefit)</b>	<b>\$ 12,284</b>	<b>\$ 1,507</b>	<b>\$ 22,691</b>	<b>\$ (14,253)</b>

The net deferred tax liability at September 30, 2021 and December 31, 2020 was \$23.0 million and \$2.6 million, respectively, primarily related to changes in net unrealized appreciation or depreciation, changes in loss carryforwards, and other temporary book-tax differences relating to portfolio investments held by the Taxable Subsidiaries. At September 30, 2021, for U.S. federal income tax purposes, the Taxable Subsidiaries had a net operating loss carryforward from prior years which, if unused, will expire in various taxable years from 2028 through 2037. Any net operating losses generated in 2018 and future periods are not subject to expiration and will carryforward indefinitely until utilized. The timing and manner in which Main Street will utilize any loss carryforwards generated before December 31, 2017 may be limited in the future under the provisions of the Code. Additionally, the Taxable Subsidiaries have interest expense limitation carryforwards which have an indefinite carryforward.

#### NOTE H—COMMON STOCK

Main Street maintains a program with certain selling agents through which it can sell shares of its common stock by means of at-the-market offerings from time to time (the “ATM Program”). During the nine months ended September 30, 2021, Main Street sold 1,111,194 shares of its common stock at a weighted-average price of \$40.59 per share and raised \$45.1 million of gross proceeds under the ATM Program. Net proceeds were \$44.5 million after commissions to the selling agents on shares sold and offering costs. As of September 30, 2021, 4,602,178 shares remained available for sale under the ATM Program.

During the year ended December 31, 2020, Main Street sold 2,645,778 shares of its common stock at a weighted-average price of \$32.10 per share and raised \$84.9 million of gross proceeds under the ATM Program. Net proceeds were \$83.8 million after commissions to the selling agents on shares sold and offering costs.

#### NOTE I—DIVIDEND REINVESTMENT PLAN

The dividend reinvestment feature of Main Street’s dividend reinvestment and direct stock purchase plan (the “DRIP”) provides for the reinvestment of dividends on behalf of its stockholders, unless a stockholder has elected to receive dividends in cash. As a result, if Main Street declares a cash dividend, its stockholders who have not “opted out” of the DRIP by the dividend record date will have their cash dividend automatically reinvested into additional shares of MSCC common stock. The share requirements of the DRIP may be satisfied through the issuance of shares of common stock or through open market purchases of common stock by the DRIP plan administrator. Newly issued shares will be valued based upon the final closing price of MSCC’s common stock on the valuation date determined for each dividend by Main Street’s Board of Directors. Shares purchased in the open market to satisfy the DRIP requirements will be valued based upon the average price of the applicable shares purchased, before any associated brokerage or other costs. Main Street’s DRIP is administered by its transfer agent on behalf of Main Street’s record holders and participating brokerage firms. Brokerage firms and other financial intermediaries may decide not to participate in Main Street’s DRIP but may provide a similar dividend reinvestment plan for their clients.

Summarized DRIP information for the nine months ended September 30, 2021 and 2020 is as follows:

	<b>September 30,</b>	
	<b>2021</b>	<b>2020</b>
	<b>(\$ in millions)</b>	
DRIP participation	\$ 11.4	\$ 12.2
Shares issued for DRIP	293,647	387,534

**NOTE J—SHARE-BASED COMPENSATION**

Main Street accounts for its share-based compensation plans using the fair value method, as prescribed by ASC 718, *Compensation—Stock Compensation*. Accordingly, for restricted stock awards, Main Street measured the grant date fair value based upon the market price of its common stock on the date of the grant and amortizes the fair value of the awards as share-based compensation expense over the requisite service period, which is generally the vesting term.

Main Street’s Board of Directors approves the issuance of shares of restricted stock to Main Street employees pursuant to the Main Street Capital Corporation 2015 Equity and Incentive Plan (the “Equity and Incentive Plan”). These shares generally vest over a three-year period from the grant date. The fair value is expensed over the service period, starting on the grant date. The following table summarizes the restricted stock issuances approved by Main Street’s Board of Directors under the Equity and Incentive Plan, net of shares forfeited, if any, and the remaining shares of restricted stock available for issuance as of September 30, 2021.

Restricted stock authorized under the plan	3,000,000
Less net restricted stock granted during:	
Year ended December 31, 2015	(900)
Year ended December 31, 2016	(260,514)
Year ended December 31, 2017	(223,812)
Year ended December 31, 2018	(243,779)
Year ended December 31, 2019	(384,049)
Year ended December 31, 2020	(370,272)
Nine months ended September 30, 2021	(332,718)
Restricted stock available for issuance as of September 30, 2021	<u>1,183,956</u>

As of September 30, 2021, the following table summarizes the restricted stock issued to Main Street’s non-employee directors and the remaining shares of restricted stock available for issuance pursuant to the Main Street Capital Corporation 2015 Non-Employee Director Restricted Stock Plan. These shares are granted upon appointment or election to the board and vest on the day immediately preceding the annual meeting of stockholders following the respective grant date and are expensed over such service period.

Restricted stock authorized under the plan	300,000
Less net restricted stock granted during:	
Year ended December 31, 2015	(6,806)
Year ended December 31, 2016	(6,748)
Year ended December 31, 2017	(5,948)
Year ended December 31, 2018	(6,376)
Year ended December 31, 2019	(6,008)
Year ended December 31, 2020	(11,463)
Nine months ended September 30, 2021	(4,949)
Restricted stock available for issuance as of September 30, 2021	<u>251,702</u>

For the three months ended September 30, 2021 and 2020, Main Street recognized total share-based compensation expense of \$2.9 million and \$2.6 million, respectively, related to the restricted stock issued to Main Street employees and non-employee directors. For the nine months ended September 30, 2021 and 2020, Main Street

recognized total share-based compensation expense of \$8.0 million and \$8.2 million, respectively, related to the restricted stock issued to Main Street employees and non-employee directors.

As of September 30, 2021, there was \$17.1 million of total unrecognized compensation expense related to Main Street's non-vested restricted shares. This compensation expense is expected to be recognized over a remaining weighted-average period of approximately 2.1 years as of September 30, 2021.

**NOTE K—COMMITMENTS AND CONTINGENCIES**

At September 30, 2021, Main Street had the following outstanding commitments (in thousands):

<i>Investments with equity capital commitments that have not yet funded:</i>	<b>Amount</b>
Congruent Credit Opportunities Fund III, LP	\$ 8,117
<b>Encap Energy Fund Investments</b>	
EnCap Energy Capital Fund IX, L.P.	\$ 230
EnCap Energy Capital Fund X, L.P.	772
EnCap Flatrock Midstream Fund II, L.P.	4,586
EnCap Flatrock Midstream Fund III, L.P.	410
	<u>\$ 5,998</u>
MS Private Loan Fund I, LP	\$ 9,000
EIG Fund Investments	\$ 3,701
<b>Brightwood Capital Fund Investments</b>	
Brightwood Capital Fund III, LP	\$ 3,000
<u>Brightwood Capital Fund V, LP</u>	<u>4,000</u>
	<u>\$ 7,000</u>
<b>Freeport Fund Investments</b>	
Freeport Financial SBIC Fund LP	\$ 1,375
Freeport First Lien Loan Fund III LP	4,032
	<u>\$ 5,407</u>
LKCM Headwater Investments I, L.P.	\$ 2,500
UnionRock Energy Fund II, LP	\$ 819
HPEP 3, L.P.	\$ 1,555
<b>Dos Rios Partners</b>	
Dos Rios Partners, LP	\$ 835
Dos Rios Partners - A, LP	265
	<u>\$ 1,100</u>
Total Equity Commitments	<u>\$ 45,197</u>

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*Investments with commitments to fund revolving loans that have not been fully drawn or term loans with additional commitments not yet funded:*

	<u>Amount</u>
MS Private Loan Fund I, LP	\$ 19,709
MSC Income Fund Inc.	15,000
NWN Corporation	8,760
SI East, LLC	7,500
Adams Publishing Group, LLC	5,000
Bolder Panther Group, LLC	5,000
Pearl Meyer Topco LLC	5,000
MB2 Dental Solutions, LLC	4,874
Roof Opco, LLC	3,889
Computer Data Source, LLC	2,900
Classic H&G Holdeo, LLC	2,600
Superior Rigging & Erecting Co.	2,500
Klein Hersh, LLC	2,500
Nebraska Vet AcquireCo, LLC	2,500
IG Parent Corporation	2,500
Burning Glass Intermediate Holding Company, Inc.	2,323
Evergreen North America Acquisitions, LLC	2,317
RTIC Subsidiary Holdings, LLC	2,055
Fortna, Inc.	2,027
Lynx FBO Operating LLC	1,875
Mako Steel, LP	1,866
The Affiliati Network, LLC	1,600
Colonial Electric Company LLC	1,600
Market Force Information, LLC	1,600
Cody Pools, Inc.	1,600
Chamberlin Holding LLC	1,600
Direct Marketing Solutions, Inc.	1,600
Trantech Radiator Topco, LLC	1,600
GS HVAM Intermediate, LLC	1,591
GRT Rubber Technologies LLC	1,340
RA Outdoors LLC	1,278
PPL RVs, Inc.	1,250
Project Eagle Holdings, LLC	1,250
Invincible Boat Company, LLC.	1,080
CompareNetworks Topco, LLC	1,000
Project BarFly, LLC	760
DTE Enterprises, LLC	750
Student Resource Center, LLC	750
PT Network, LLC	658
Hawk Ridge Systems, LLC	615
Ortech Holdings, LLC	584
ASC Interests, LLC	500
Jensen Jewelers of Idaho, LLC	500
Clickbooth.com, LLC	457
Wall Street Prep, Inc.	400
HW Temps LLC	400
American Nuts, LLC	281
Dynamic Communities, LLC	250
Arcus Hunting LLC	193
Eastern Wholesale Fence LLC	96
Acousti Engineering Company of Florida	53
Total Loan Commitments	<u>\$ 129,931</u>
Total Commitments	<u>\$ 175,128</u>

Main Street will fund its unfunded commitments from the same sources it uses to fund its investment commitments that are funded at the time they are made (which are typically through existing cash and cash equivalents and borrowings under the Credit Facility). Main Street follows a process to manage its liquidity and ensure that it has available capital to fund its unfunded commitments as necessary. The Company had total unrealized depreciation of \$0.1 million on the outstanding unfunded commitments as of September 30, 2021.



Effective January 1, 2019, ASC 842 required that a lessee evaluate its leases to determine whether they should be classified as operating or financing leases. Main Street identified one operating lease for its office space. The lease commenced May 15, 2017 and expires January 31, 2028. It contains two five-year extension options for a final expiration date of January 31, 2038.

As Main Street classified this lease as an operating lease prior to implementation, ASC 842-10-65-1 indicates that a right-of-use asset and lease liability should be recorded based on the effective date. Main Street adopted ASC 842 effective January 1, 2019 and recorded a right-of-use asset and a lease liability as of that date. After this date, Main Street has recorded lease expense on a straight-line basis, consistent with the accounting treatment for lease expense prior to the adoption of ASC 842.

Total operating lease cost incurred by Main Street for each of the three months ended September 30, 2021 and 2020 was \$0.2 million and for each of the nine months ended September 30, 2021 and 2020 was \$0.5 million. As of September 30, 2021, the asset related to the operating lease was \$4.0 million and is included in the interest receivable and other assets balance on the consolidated balance sheet. The lease liability was \$4.7 million and is included in the accounts payable and other liabilities balance on the consolidated balance sheet. As of September 30, 2021, the remaining lease term was 6.3 years and the discount rate was 4.2%.

The following table shows future minimum payments under Main Street's operating lease as of September 30, 2021 (in thousands):

<b>For the Years Ended December 31,</b>	<b>Amount</b>
2021	\$ 194
2022	790
2023	804
2024	818
2025	832
Thereafter	1,779
<b>Total</b>	<b>\$ 5,217</b>

Main Street may, from time to time, be involved in litigation arising out of its operations in the normal course of business or otherwise. Furthermore, third parties may try to impose liability on Main Street in connection with the activities of its portfolio companies. While the outcome of any current legal proceedings cannot at this time be predicted with certainty, Main Street does not expect any current matters will materially affect its financial condition or results of operations; however, there can be no assurance whether any pending legal proceedings will have a material adverse effect on Main Street's financial condition or results of operations in any future reporting period.

#### **NOTE L—RELATED PARTY TRANSACTIONS**

As discussed further in Note D, the External Investment Manager is treated as a wholly owned portfolio company of MSCC and is included as part of Main Street's Investment Portfolio. At September 30, 2021, Main Street had a receivable of approximately \$4.7 million due from the External Investment Manager, which included (i) approximately \$3.2 million related primarily to operating expenses incurred by MSCC or its subsidiaries as required to support the External Investment Manager's business and amounts due from the External Investment Manager to Main Street under a tax sharing agreement (see further discussion in Note D) and (ii) approximately \$1.5 million of dividends declared but not paid by the External Investment Manager. MSCC has entered into an agreement with the External Investment Manager to share employees in connection with its asset management business generally, and specifically for the External Investment Manager's relationship with MSC Income and its other clients (see further discussion in Note A.1 and Note D).

From time to time, Main Street may make investments in clients of the External Investment Manager in the form of debt or equity capital on terms approved by Main Street's Board of Directors. In January 2021, Main Street entered into a Term Loan Agreement with MSC Income (the "Term Loan Agreement"). The Term Loan Agreement was unanimously approved by Main Street's Board, including each director who is not an "interested person," as such term is defined in Section 2(a)(19) of the 1940 Act, and the board of directors of MSC Income, including each director who is not an "interested person" of MSC Income or the External Investment Manager. The Term Loan Agreement initially

provided for a term loan of \$40.0 million to MSC Income, bearing interest at a fixed rate of 5.00% per annum, and matures in January 2026. The Term Loan Agreement was amended in July 2021 to provide for borrowings up to an additional \$35.0 million, \$20.0 million of which was funded upon signing of the amendment and \$15.0 million available in two additional advances during the six months following the amendment date. Borrowings under the Term Loan Agreement are expressly subordinated and junior in right of payment to all secured indebtedness of MSC Income. In October 2021, MSC Income fully repaid all borrowings outstanding under the Term Loan Agreement and the Term Loan Agreement was terminated.

In December 2020, the External Investment Manager entered into an Investment Management Agreement with the Private Loan Fund to provide investment advisory and management services in exchange for an asset-based fee and certain incentive fees. The Private Loan Fund is a private investment fund exempt from registration under the 1940 Act that invests in debt investments in middle market companies generally with EBITDA between \$7.5 million and \$50 million and generally owned by a private equity sponsor, which Main Street generally refers to as Private Loan investments. In connection with the Private Loan Fund's initial closing in December 2020, Main Street committed to contribute up to \$10.0 million as a limited partner and will be entitled to distributions on such interest. In addition, certain of Main Street's officers and employees (and certain of their immediate family members) have made capital commitments to the Private Loan Fund as limited partners and therefore have direct pecuniary interests in the Private Loan Fund. As of September 30, 2021, Main Street has funded approximately \$1.0 million of its limited partner commitment and Main Street's unfunded commitment was approximately \$9.0 million.

Additionally, Main Street provided the Private Loan Fund with a revolving line of credit pursuant to an Unsecured Revolving Promissory Note, dated February 5, 2021 (the "Private Loan Fund Loan"), in an aggregate amount equal to the amount of limited partner capital commitments to the Private Loan Fund up to \$50.0 million. Borrowings under the Private Loan Fund Loan bear interest at a fixed rate of 5.00% per annum and will mature on the earlier of June 30, 2022 and the date of the Private Loan Fund's final closing. The Private Loan Fund Loan was unanimously approved by Main Street's Board, including each director who is not an "interested person," as such term is defined in Section 2(a)(19) of the 1940 Act, and the board of directors of the Private Loan Fund, including each director who is not an "interested person" of Private Loan Fund or the External Investment Manager. As of September 30, 2021, there were \$30.3 million of borrowings outstanding under the Private Loan Fund Loan.

In November 2015, Main Street's Board of Directors approved and adopted the Main Street Capital Corporation Deferred Compensation Plan (the "2015 Deferred Compensation Plan"). The 2015 Deferred Compensation Plan became effective on January 1, 2016 and replaced the Deferred Compensation Plan for Non-Employee Directors previously adopted by the Board of Directors in June 2013 (the "2013 Deferred Compensation Plan"). Under the 2015 Deferred Compensation Plan, non-employee directors and certain key employees may defer receipt of some or all of their cash compensation and directors' fees, subject to certain limitations. Individuals participating in the 2015 Deferred Compensation Plan receive distributions of their respective balances based on predetermined payout schedules or other events as defined by the plan and are also able to direct investments made on their behalf among investment alternatives permitted from time to time under the plan, including phantom Main Street stock units. As of September 30, 2021, \$14.6 million of compensation and dividend reinvestments net of unrealized gains and losses and distributions had been deferred under the 2015 Deferred Compensation Plan (including amounts previously deferred under the 2013 Deferred Compensation Plan). Of this amount, \$6.6 million had been deferred into phantom Main Street stock units, representing 159,369 shares of Main Street's common stock. Any amounts deferred under the plan represented by phantom Main Street stock units will not be issued or included as outstanding on the consolidated statements of changes in net assets until such shares are actually distributed to the participant in accordance with the plan, but the related phantom stock units are included in weighted-average shares outstanding with the related dollar amount of the deferral included in total expenses in Main Street's consolidated statements of operations as earned. The dividend amounts related to additional phantom stock units are included in the statements of changes in net assets as an increase to dividends to stockholders offset by a corresponding increase to additional paid-in capital.

#### **NOTE M—SUBSEQUENT EVENTS**

In October 2021, Main Street issued an additional \$200.0 million in aggregate principal amount of the 3.00% Notes at an issue price of 101.741%, resulting in an effective interest rate of 2.60%. The total net proceeds from the 3.00% Notes, resulting from the issue price and after underwriting discounts and estimated offering expenses payable, were approximately \$203.5 million. Main Street used the proceeds from this debt issuance to repay outstanding

borrowings under its Credit Facility, providing significant additional liquidity for its ongoing investment activities and to facilitate future availability for the repayment of its existing 4.50% Notes due 2022.

In November 2021, Main Street declared a supplemental cash dividend of \$0.10 per share payable in December 2021. This supplemental cash dividend is in addition to the previously announced regular monthly cash dividends that Main Street declared for the fourth quarter of 2021 of \$0.210 per share for each of October, November and December 2021.

During November 2021, Main Street declared regular monthly dividends of \$0.215 per share for each month of January, February and March of 2022. These regular monthly dividends equal a total of \$0.645 per share for the first quarter of 2022, representing a 4.9% increase from the regular monthly dividends paid in the first quarter of 2021. Including the regular monthly and supplemental dividends declared for the fourth quarter of 2021 and first quarter of 2022, Main Street will have paid \$32.820 per share in cumulative dividends since its October 2007 initial public offering.

**MAIN STREET CAPITAL CORPORATION**  
**Consolidated Schedule of Investments In and Advances to Affiliates**  
**September 30, 2021**  
**(dollars in thousands)**  
**(unaudited)**

Company	Investment(1)(10)(11)	Geography	Amount of Realized Gain/(Loss)	Amount of Unrealized Gain/(Loss)	Amount of Interest, Fees or Dividends Credited to Income(2)	December 31, 2020 Fair Value	Gross Additions(3)	Gross Reductions(4)	September 30, 2021 Fair Value
<b>Majority-owned investments</b>									
ASK (Analytical Systems Keco Holdings, LLC)	Preferred Member Units	(8)	\$ -	\$ (3,200)	\$ -	\$ 3,200	\$ -	\$ 3,200	\$ -
	Preferred Member Units	(8)	-	2,356	-	-	4,783	-	4,783
	Warrants	(8)	-	(10)	-	10	-	10	-
	12.00% (L+10.00%, Floor 2.00%) Secured Debt	(8)	-	-	520	4,873	134	220	4,787
Café Brazil, LLC	Member Units	(8)	-	540	470	2,030	540	-	2,570
California Splendor Holdings LLC	Preferred Member Units	(9)	-	4,564	188	6,241	4,564	-	10,805
	11.00% (L+10.00%, Floor 1.00%) Secured Debt	(9)	-	36	2,579	35,832	196	8,129	27,899
	15.00% PIK Preferred Member Units	(9)	-	-	939	8,255	939	-	9,194
Clad-Rex Steel, LLC	Member Units	(5)	-	-	-	530	-	-	530
	Member Units	(5)	-	1,640	2,181	8,610	1,640	-	10,250
	10.00% Secured Debt	(5)	-	-	83	1,100	-	22	1,078
	10.50% (L+9.50%, Floor 1.00%) Secured Debt	(5)	-	-	878	10,853	-	460	10,393
CMS Minerals Investments	Member Units	(9)	-	453	22	1,624	454	195	1,883
Cody Pools, Inc.	Preferred Member Units	(8)	-	15,450	1,602	14,940	15,450	-	30,390
	12.25% (L+10.50%, Floor 1.75%) Secured Debt	(8)	-	6	1,400	14,216	8,000	4,169	18,047
Datacom, LLC	8.00% Secured Debt	(8)	(1,800)	185	-	1,615	185	1,800	-
	Preferred Member Units	(8)	(1,294)	1,294	-	-	1,294	1,294	-
	Preferred Member Units	(8)	(6,030)	6,030	-	-	6,030	6,030	-
	10.50% PIK Secured Debt	(8)	(1,801)	1,945	1	10,531	1,945	12,476	-
	Preferred Member Units	(8)	-	-	-	-	2,610	-	2,610
	5.00% Secured Debt	(8)	-	-	564	-	8,288	81	8,207
Direct Marketing Solutions, Inc.	Preferred Stock	(9)	-	(2,230)	672	19,380	-	2,230	17,150
	12.00% (L+11.00%, Floor 1.00%) Secured Debt	(9)	-	-	1,401	15,006	28	235	14,799
Gamber-Johnson Holdings, LLC	Member Units	(5)	-	32	3,744	52,490	2,880	-	55,370
	9.00% (L+7.00%, Floor 2.00%) Secured Debt	(5)	-	(31)	1,435	19,838	830	30	20,638
GRT Rubber Technologies LLC	Member Units	(8)	-	-	3,636	44,900	-	-	44,900
	7.10% (L+7.00%) Secured Debt	(8)	-	-	904	16,775	-	-	16,775
Jensen Jewelers of Idaho, LLC	Member Units	(9)	-	3,640	1,264	7,620	3,640	-	11,260
	10.00% (Prime+6.75%, Floor 2.00%) Secured Debt	(9)	-	(10)	244	3,400	10	660	2,750
Kickhafer Manufacturing Company, LLC	Member Units	(5)	-	50	75	1,160	50	-	1,210
	Member Units	(5)	-	-	-	12,240	-	-	12,240
	11.50% Secured Debt	(5)	-	-	1,915	22,269	44	2,000	20,313
Market Force Information, LLC	9.00% Secured Debt	(5)	-	-	266	3,909	-	24	3,885
	12.00% (L+11.00%, Floor 1.00%) Secured Debt	(9)	-	-	282	1,600	1,800	-	3,400
	12.00% PIK Secured Debt	(9)	-	(2,403)	-	13,562	-	2,403	11,159
MH Corbin Holding LLC	Preferred Member Units	(5)	-	(2,370)	-	2,370	-	2,370	-

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Company	Investment(1)(10)(11)	Geography	Amount of Realized Gain/(Loss)	Amount of Unrealized Gain/(Loss)	Amount of Interest, Fees or Dividends Credited to Income(2)	December 31, 2020		September 30, 2021	
						Fair Value	Gross Additions(3)	Gross Reductions(4)	Fair Value
	13.00% Secured Debt	(5)	-	(2,059)	854	8,280	25	2,299	6,006
MSC Adviser I, LLC	Member Units	(8)	-	11,320	3,908	116,760	11,320	-	128,080
Mystic Logistics Holdings, LLC	Common Stock	(6)	-	(1,820)	548	8,990	-	1,820	7,170
	12.00% Secured Debt	(6)	-	-	622	6,723	7	24	6,706
OMi Holdings, Inc.	Preferred Member Units	(8)	-	(170)	1,330	20,380	-	170	20,210
	12.00% Secured Debt	(8)	-	176	550	-	18,000	-	18,000
PPL RVs, Inc.	Common Stock	(8)	-	2,190	805	11,500	2,190	-	13,690
	7.50% (L+7.00%, Floor 0.50%) Secured Debt	(8)	-	(21)	708	11,806	790	221	12,375
Principle Environmental, LLC	Warrants	(8)	-	330	-	870	330	1,200	-
	Common Stock	(8)	-	(490)	-	-	1,200	490	710
	Preferred Member Units	(8)	-	(920)	-	10,500	-	920	9,580
	13.00% Secured Debt	(8)	-	(62)	649	6,397	18	63	6,352
Quality Lease Service, LLC	Member Units	(7)	-	(180)	-	4,460	-	1,430	3,030
Trantech Radiator Topco, LLC	Common Stock	(7)	-	620	87	6,030	620	-	6,650
	12.00% Secured Debt	(7)	-	-	811	8,644	14	-	8,658
Ziegler's NYPD, LLC	Preferred Member Units	(8)	-	350	-	1,780	350	-	2,130
	12.00% Secured Debt	(8)	-	-	57	625	-	-	625
	14.00% Secured Debt	(8)	-	-	292	2,750	-	-	2,750
	6.50% Secured Debt	(8)	-	21	49	979	21	-	1,000
<b>Other controlled investments</b>									
2717 MH, L.P.	LP Interests (2717 HPP-MS, L.P.)	(8)	-	-	-	250	-	250	-
	LP Interests (2717 MH, L.P.)	(8)	-	585	-	2,702	689	-	3,391
ASC Interests, LLC	Member Units	(8)	-	(400)	-	1,120	-	400	720
	13.00% Secured Debt	(8)	-	-	193	1,715	116	-	1,831
ATS Workholding, LLC	5.00% Secured Debt	(9)	-	(304)	-	3,347	-	472	2,875
Barfly Ventures, LLC	Member Units	(5)	-	346	-	1,584	346	-	1,930
	7.00% Secured Debt	(5)	-	-	58	343	367	-	710
Bolder Panther Group, LLC	10.50% (L+9.00%, Floor 1.50%) Secured Debt	(9)	-	329	2,582	27,225	11,775	-	39,000
	14.00% Class A Preferred Member Units	(9)	-	-	1,067	10,194	-	-	10,194
	8.00% Class B Preferred Member Units	(9)	-	6,310	2,087	14,000	6,310	-	20,310
	9.50% (L+8.00%, Floor 1.50%) Secured Debt	(9)	-	-	36	-	500	500	-
Bond-Coat, Inc.	Common Stock	(8)	(2,320)	4,310	-	2,040	4,310	6,350	-
Brewer Crane Holdings, LLC	Preferred Member Units	(9)	-	(1,570)	397	5,850	-	1,570	4,280
	11.00% (L+10.00%, Floor 1.00%) Secured Debt	(9)	-	-	708	8,513	15	372	8,156
Bridge Capital Solutions Corporation	Preferred Member Units	(6)	-	-	75	1,000	-	-	1,000
	Warrants	(6)	-	840	-	3,220	840	-	4,060
	13.00% Secured Debt	(6)	-	-	100	998	2	-	1,000
	13.00% Secured Debt	(6)	-	-	1,279	8,403	410	-	8,813
CBT Nuggets, LLC	Member Units	(9)	-	6,540	1,901	46,080	6,540	-	52,620
Centre Technologies Holdings, LLC	Preferred Member Units	(8)	-	(320)	90	6,160	-	320	5,840
	12.00% (L+10.00%, Floor 2.00%) Secured Debt	(8)	-	-	969	11,549	28	2,059	9,518
Chamberlin Holding LLC	Member Units	(8)	-	160	51	1,270	160	-	1,430
	Member Units	(8)	-	(3,930)	3,707	28,070	-	3,930	24,140
	9.00% (L+8.00%, Floor 1.00%) Secured Debt	(8)	-	18	1,117	15,212	4,000	1,395	17,817
Charps, LLC	Preferred Member Units	(5)	-	3,720	2,120	10,520	3,720	-	14,240
	10.00% Unsecured Debt	(5)	-	(382)	846	8,475	282	3,723	5,034
	15.00%	(5)	-	-	4	669	-	669	-

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Company	Investment(1)(10)(11)	Geography	Amount of Realized Gain/(Loss)	Amount of Unrealized Gain/(Loss)	Amount of Interest, Fees or Dividends Credited to Income(2)	December 31, 2020 Fair Value	Gross Additions(3)	Gross Reductions(4)	September 30, 2021 Fair Value
Colonial Electric Company LLC	Preferred Member Units	(6)	-	780	200	-	8,460	-	8,460
	12.00% Secured Debt	(6)	-	-	1,938	-	24,969	315	24,654
CompareNetworks Topco, LLC	Preferred Member Units	(9)	-	5,220	316	6,780	5,220	-	12,000
	10.00% (L+9.00%, Floor 1.00%) Secured Debt	(9)	-	(16)	609	7,954	15	1,492	6,477
Copper Trail Energy Fund I, LP - CTMH	LP Interests (CTMH, LP)	(9)	-	-	-	747	-	37	710
Digital Products Holdings LLC	Preferred Member Units	(5)	-	-	150	9,835	-	-	9,835
	11.00% (L+10.00%, Floor 1.00%) Secured Debt	(5)	-	-	1,494	18,077	33	990	17,120
Garreco, LLC	Member Units	(8)	-	800	-	1,410	800	-	2,210
	9.00% (L+8.00%, Floor 1.00%, Ceiling 1.50%) Secured Debt	(8)	-	-	308	4,519	-	-	4,519
Gulf Manufacturing, LLC	Member Units	(8)	-	1,130	1,210	4,510	1,130	-	5,640
Gulf Publishing Holdings, LLC	10.50% (5.25% Cash, 5.25% PIK) (L+9.50%, Floor 1.00%) Secured Debt	(8)	-	-	17	250	14	7	257
	12.50% (6.25% Cash, 6.25% PIK) Secured Debt	(8)	-	(2,012)	1,065	12,044	849	2,431	10,462
Harrison Hydra-Gen, Ltd.	Common Stock	(8)	-	(1,920)	-	5,450	-	1,920	3,530
J&J Services, Inc.	Preferred Stock	(7)	-	2,720	-	12,680	2,720	-	15,400
	11.50% Secured Debt	(7)	-	(30)	1,084	12,800	30	2,030	10,800
KBK Industries, LLC	Member Units	(5)	-	420	456	13,200	420	-	13,620
MS Private Loan Fund	LP Interests	(8)	-	-	-	-	1,000	-	1,000
	5.00% Unsecured Debt	(8)	-	-	642	-	33,866	3,575	30,291
MSC Income Fund Inc.	5.00% Unsecured Debt	(8)	-	352	1,603	-	60,000	-	60,000
NAPCO Precast, LLC	Member Units	(8)	-	(2,540)	1,823	16,100	-	2,540	13,560
Nebraska Vet AcquireCo, LLC (NVS)	Preferred Member Units	(5)	-	-	-	6,500	-	-	6,500
	12.00% Secured Debt	(5)	-	-	979	10,395	13	-	10,408
NexRev LLC	Preferred Member Units	(8)	-	1,810	60	1,470	1,810	-	3,280
	11.00% Secured Debt	(8)	-	(1,351)	1,417	16,727	28	2,005	14,750
NRI Clinical Research, LLC	Member Units	(9)	8,786	(4,835)	2,805	5,600	-	5,600	-
	Warrants	(9)	-	(1,238)	-	1,490	-	1,490	-
	9.00% Secured Debt	(9)	-	(48)	380	5,620	48	5,668	-
NRP Jones, LLC	Member Units	(5)	-	3,619	(45)	2,821	3,619	-	6,440
	12.00% Secured Debt	(5)	-	-	189	2,080	-	-	2,080
NuStep, LLC	Preferred Member Units	(5)	-	2,720	-	10,780	2,720	-	13,500
	10.50% Secured Debt	(5)	-	17	1,507	17,193	47	-	17,240
	7.50% (L+6.50%, Floor 1.00%) Secured Debt	(5)	-	-	25	-	2,000	400	1,600
Ortech Holdings, LLC	Preferred Stock	(5)	-	-	-	-	12,600	1,000	11,600
	12.00% (L+11.00%, Floor 1.00%) Secured Debt	(5)	-	-	767	-	24,183	-	24,183
Pearl Meyer Topco LLC	Member Units	(6)	-	5,539	1,949	15,940	5,540	-	21,480
	12.00% Secured Debt	(6)	-	258	3,223	37,202	310	3,838	33,674
Pegasus Research Group, LLC	Member Units	(8)	-	(1,550)	-	8,830	-	1,550	7,280
River Aggregates, LLC	Member Units	(8)	-	160	125	3,240	160	-	3,400
Tedder Industries, LLC	Preferred Member Units	(9)	-	-	-	8,136	-	-	8,136
	12.00% Secured Debt	(9)	-	-	1,486	16,301	2,032	1,600	16,733
UnionRock Energy Fund II, LP	LP Interests	(9)	-	2,407	-	2,894	3,781	220	6,455
Vision Interests, Inc.	Series A Preferred Stock	(9)	-	(160)	-	3,160	-	160	3,000
	13.00% Secured Debt	(9)	-	-	200	2,028	-	-	2,028
<b>Other</b>									

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Company	Investment(1)(10)(11)	Geography	Amount of Realized Gain/(Loss)	Amount of Unrealized Gain/(Loss)	Amount of Interest, Fees or Dividends Credited to Income(2)	December 31, 2020 Fair Value	Gross Additions(3)	Gross Reductions(4)	September 30, 2021 Fair Value
Amounts related to investments transferred to or from other 1940 Act classification during the period									
<b>Total Control Investments</b>			\$ (4,459)	\$ 65,756	\$ 85,904	\$ 1,113,725	\$ 340,046	\$ 117,553	\$ 1,336,218
<b>Affiliate Investments</b>									
AAC Holdings, Inc.	Common Stock	(7)	\$ -	\$ (1,038)	\$ -	\$ 3,148	\$ -	\$ 1,038	\$ 2,110
	Warrants	(7)	-	(968)	-	2,938	-	968	1,970
	18.00% (10.00% Cash, 8.00% PIK) Secured Debt	(7)	-	(89)	1,329	9,187	744	223	9,708
AFG Capital Group, LLC	Preferred Member Units	(8)	-	1,570	200	5,810	1,570	-	7,380
	10.00% Secured Debt	(8)	-	-	26	491	-	260	231
ATX Networks Corp.	10.00% PIK Unsecured Debt	(6)	-	-	-	-	1,963	-	1,963
	8.50% (L+7.50%, Floor 1.00%) Secured Debt	(6)	-	-	-	-	7,092	-	7,092
	8.75% (7.25% Cash, 1.50% PIK) (1.50% PIK + L+6.25%, Floor 1.00%) Secured Debt	(6)	(4,528)	1,133	-	12,263	1,521	13,784	-
BBB Tank Services, LLC	Member Units	(8)	-	(280)	-	280	-	280	-
	12.00% (L+11.00%, Floor 1.00%) Unsecured Debt	(8)	-	(1,000)	464	4,722	27	1,001	3,748
	15.00% PIK Preferred Stock (non-voting)	(8)	-	(162)	11	151	11	162	-
Boccella Precast Products LLC	Member Units	(6)	-	(1,210)	379	6,040	-	1,210	4,830
	10.00% Secured Debt	(6)	-	-	1	-	320	-	320
Brightwood Capital Fund Investments - Fund V	LP Interests (Brightwood Capital Fund V, LP)	(6)	-	-	-	-	1,000	-	1,000
Buca C, LLC	10.25% (L+9.25%, Floor 1.00%) Secured Debt	(7)	-	(373)	1,264	14,256	487	373	14,370
CAI Software LLC	Member Units	(6)	-	7,321	1,900	7,190	7,321	1,921	12,590
	12.50% Secured Debt	(6)	-	(1)	5,547	47,474	23,601	4,474	66,601
Chandler Signs Holdings, LLC	Class A Units	(8)	-	(810)	-	1,460	-	810	650
Charlotte Russe, Inc	Common Stock	(9)	(3,141)	3,141	-	-	3,141	3,141	-
Classic H&G Holdings, LLC	Preferred Member Units	(6)	-	4,110	820	9,510	4,110	-	13,620
	7.00% (L+6.00%, Floor 1.00%) Secured Debt	(6)	-	-	26	-	1,400	-	1,400
	8.00% Secured Debt	(6)	-	(73)	1,807	24,800	73	5,599	19,274
Congruent Credit Opportunities Funds	LP Interests (Congruent Credit Opportunities Fund II, LP)	(8)	(4,449)	4,355	-	94	4,355	4,449	-
	LP Interests (Congruent Credit Opportunities Fund III, LP)	(8)	-	(96)	583	11,540	-	1,137	10,403
Copper Trail Energy Fund I, LP	LP Interests (Copper Trail Energy Fund I, LP)	(9)	(203)	379	378	1,782	379	2,161	-
Dos Rios Partners	LP Interests (Dos Rios Partners - A, LP)	(8)	-	1,450	-	1,720	1,450	-	3,170
	LP Interests (Dos Rios Partners, LP)	(8)	-	4,567	-	5,417	4,567	-	9,984
Dos Rios Stone Products LLC	Class A Preferred Units	(8)	-	(340)	-	1,250	-	340	910
East Teak Fine Hardwoods, Inc.	Common Stock	(7)	(80)	180	100	300	180	480	-
EIG Fund Investments	LP Interests (EIG Global Private Debt Fund-A, L.P.)	(8)	9	92	35	526	125	177	474
Freeport Financial SBIC Fund LP	LP Interests (Freeport Financial SBIC Fund LP)	(5)	-	869	-	5,264	869	-	6,133
	LP Interests (Freeport First Lien Loan Fund III LP)	(5)	-	66	613	10,321	66	3,156	7,231
GFG Group, LLC.	Preferred Member Units	(5)	-	2,090	460	-	6,990	-	6,990
	12.00% Secured Debt	(5)	-	-	1,211	-	15,631	3,200	12,431

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Hawk Ridge Systems, LLC	Preferred Member Units	(9)	-	270	-	420	270	-	690
	Preferred Member Units	(9)	-	5,130	691	8,030	5,130	-	13,160
	7.00% (L+6.00%, Floor 1.00%) Secured Debt	(9)	-	-	23	-	2,585	-	2,585
	9.00% Secured Debt	(9)	-	(25)	1,366	18,400	25	25	18,400
Houston Plating and Coatings, LLC	Member Units	(8)	-	(1,620)	180	5,080	-	1,620	3,460
	8.00% Unsecured Convertible Debt	(8)	-	-	182	2,900	-	-	2,900
HPEP 3, L.P.	LP Interests (HPEP 3, L.P.)	(8)	-	803	-	3,258	1,177	252	4,183
I-45 SLF LLC	Member Units (Fully diluted 20.0%; 24.40% profits interest) (8)	(8)	-	413	1,386	15,787	1,215	2,000	15,002
Iron-Main Investments, LLC	Common Stock	(5)	-	-	-	-	1,027	-	1,027
	12.50% Secured Debt	(5)	-	-	98	-	3,168	-	3,168
	13.00% Secured Debt	(5)	-	-	191	-	4,555	-	4,555
L.F. Manufacturing Holdings, LLC	Member Units	(8)	-	50	-	2,050	50	-	2,100
	14.00% PIK Preferred Member Units (non-voting)	(8)	-	-	10	-	-	-	-
Meisler Operating LLC	Common Stock	(5)	17,048	(7,414)	-	16,010	-	16,010	-
OnAsset Intelligence, Inc.	Common Stock	(8)	-	(830)	-	-	830	830	-
	Warrants	(8)	-	830	-	-	830	830	-
	10.00% PIK Unsecured Debt	(8)	-	-	6	64	129	6	187
	12.00% PIK Secured Debt	(8)	-	-	685	7,301	686	-	7,987
Oneliance, LLC	Preferred Stock	(7)	-	-	-	-	1,056	-	1,056
	12.00% (L+11.00%, Floor 1.00%) Secured Debt	(7)	-	-	162	-	5,545	-	5,545
PCI Holding Company, Inc.	Preferred Stock	(9)	-	(203)	2,852	4,130	-	4,130	-
Rocaccia, LLC (Quality Lease and Rental Holdings, LLC)	12.00% Secured Debt	(8)	(694)	-	-	-	-	-	-
SI East, LLC (Stavig)	Preferred Member Units	(7)	-	5,422	2,102	9,780	5,422	4,782	10,420
	10.25% Secured Debt	(7)	-	(74)	2,332	32,962	34,500	3,862	63,600
Slick Innovations, LLC	Common Stock	(6)	-	180	-	1,330	180	-	1,510
	Warrants	(6)	-	40	-	360	40	-	400
	13.00% Secured Debt	(6)	-	(33)	545	5,720	33	433	5,320
Sonic Systems International, LLC	Common Stock	(8)	-	-	26	-	1,070	-	1,070
	8.50% (L+7.50%, Floor 1.00%) Secured Debt	(8)	-	-	111	-	11,747	-	11,747
Superior Rigging & Erecting Co.	Preferred Member Units	(7)	-	-	-	4,500	-	-	4,500
	12.00% Secured Debt	(7)	-	-	1,982	21,298	25	-	21,323
The Affiliati Network, LLC	Preferred Stock	(9)	-	-	-	-	6,400	-	6,400
	10.00% Secured Debt	(9)	-	-	2	-	381	-	381
	11.83% Secured Debt	(9)	-	-	421	-	13,862	239	13,623
UniTek Global Services, Inc.	15.00% PIK Secured Convertible Debt	(6)	-	966	105	-	2,249	87	2,162
	20.00% PIK Preferred Stock	(6)	-	737	-	375	737	-	1,112
	20.00% PIK Preferred Stock	(6)	-	(230)	230	2,833	230	230	2,833
	8.50% (6.50% cash, 2.00% PIK) (2.00% PIK, L+5.50% Floor 1.00%) Secured Debt	(6)	-	114	183	2,425	243	454	2,214
Volusion, LLC	Preferred Member Units	(8)	-	-	-	5,990	-	-	5,990
	11.50% Secured Debt	(8)	-	991	1,736	19,243	991	2,800	17,434
	8.00% Unsecured Convertible Debt	(8)	-	118	24	291	118	-	409
<b>Other</b>									
<b>Amounts related to investments transferred to or from other 1940 Act classification during the period</b>						(12,263)			
<b>Total Affiliate investments</b>			\$ 3,962	\$ 30,518	\$ 34,785	\$ 366,301	\$ 195,509	\$ 88,934	\$ 485,139



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- (1) The principal amount, the ownership detail for equity investments and if the investment is income producing is included in the consolidated schedule of investments.
  - (2) Represents the total amount of interest, fees and dividends credited to income for the portion of the period for which an investment was included in Control or Affiliate categories, respectively. For investments transferred between Control and Affiliate categories during the period, any income or investment balances related to the time period it was in the category other than the one shown at period end is included in “Amounts from investments transferred from other 1940 Act classifications during the period.”
  - (3) Gross additions include increases in the cost basis of investments resulting from new portfolio investments, follow-on investments and accrued PIK interest, and the exchange of one or more existing securities for one or more new securities. Gross additions also include net increases in unrealized appreciation or net decreases in net unrealized depreciation as well as the movement of an existing portfolio company into this category and out of a different category.
  - (4) Gross reductions include decreases in the cost basis of investments resulting from principal repayments or sales and the exchange of one or more existing securities for one or more new securities. Gross reductions also include net increases in net unrealized depreciation or net decreases in unrealized appreciation as well as the movement of an existing portfolio company out of this category and into a different category.
  - (5) Portfolio company located in the Midwest region as determined by location of the corporate headquarters. The fair value as of September 30, 2021 for control investments located in this region was \$297,953. This represented 22.3% of net assets as of September 30, 2021. The fair value as of September 30, 2021 for affiliate investments located in this region was \$41,535. This represented 8.6% of net assets as of September 30, 2021.
  - (6) Portfolio company located in the Northeast region and Canada as determined by location of the corporate headquarters. The fair value as of September 30, 2021 for control investments located in this region was \$117,017. This represented 8.8% of net assets as of September 30, 2021. The fair value as of September 30, 2021 for affiliate investments located in this region was \$144,241. This represented 29.7% of net assets as of September 30, 2021.
  - (7) Portfolio company located in the Southeast region as determined by location of the corporate headquarters. The fair value as of September 30, 2021 for control investments located in this region was \$44,538. This represented 3.3% of net assets as of September 30, 2021. The fair value as of September 30, 2021 for affiliate investments located in this region was \$134,602. This represented 27.7% of net assets as of September 30, 2021.
  - (8) Portfolio company located in the Southwest region as determined by location of the corporate headquarters. The fair value as of September 30, 2021 for control investments located in this region was \$573,437. This represented 42.9% of net assets as of September 30, 2021. The fair value as of September 30, 2021 for affiliate investments located in this region was \$109,522. This represented 22.6% of net assets as of September 30, 2021.
  - (9) Portfolio company located in the West region as determined by location of the corporate headquarters. The fair value as of September 30, 2021 for control investments located in this region was \$303,273. This represented 22.7% of net assets as of September 30, 2021. The fair value as of September 30, 2021 for affiliate investments located in this region was \$55,239. This represented 11.4% of net assets as of September 30, 2021.
  - (10) All of the Company’s portfolio investments are generally subject to restrictions on resale as “restricted securities,” unless otherwise noted.
  - (11) This schedule should be read in conjunction with the consolidated schedule of investments and notes to the consolidated financial statements. Supplemental information can be located within the schedule of investments including end of period interest rate, preferred dividend rate, maturity date, investments not paid currently in cash and investments whose value was determined using significant unobservable inputs.

(12) Investment has an unfunded commitment as of September 30, 2021 (see Note K). The fair value of the investment includes the impact of the fair value of any unfunded commitments.

**MAIN STREET CAPITAL CORPORATION**  
**Consolidated Schedule of Investments in and Advances to Affiliates**  
**September 30, 2020**  
**(dollars in thousands)**  
**(unaudited)**

Company	Investment(1)(10)(11)	Geography	Amount of Realized Gain/(Loss)	Amount of Unrealized Gain/(Loss)	Amount of Interest, Fees or Dividends Credited to Income(2)	December 31, 2019 Fair Value	Gross Additions(3)	Gross Reductions(4)	September 30, 2020 Fair Value
<b>Majority-owned investments</b>									
Café Brazil, LLC	Member Units	(8)	\$ —	\$ (410)	\$ 38	\$ 2,440	\$ —	\$ 410	\$ 2,030
California Splendor Holdings LLC	LIBOR Plus 8.00% (Floor 1.00%)	(9)	—	(40)	826	7,104	18,200	5,840	19,464
	LIBOR Plus 10.00% (Floor 1.00%)	(9)	—	(65)	2,490	27,801	39	65	27,775
	Preferred Member Units	(9)	—	(1)	818	7,163	818	1	7,980
	Preferred Member Units	(9)	—	(1,141)	188	7,382	—	1,141	6,241
Clad-Rex Steel, LLC	LIBOR Plus 9.50% (Floor 1.00%)	(5)	—	49	897	10,781	66	—	10,847
	Member Units	(5)	—	(1,020)	317	9,630	—	1,020	8,610
	10% Secured Debt	(5)	—	(11)	85	1,137	—	30	1,107
	Member Units	(5)	—	—	—	460	—	—	460
CMS Minerals Investments	Member Units	(9)	—	(69)	—	1,900	—	203	1,697
Cody Pools, Inc.	LIBOR Plus 10.50% (Floor 1.75%)	(8)	—	143	1,320	—	16,000	400	15,600
	Preferred Member Units	(8)	—	3,523	58	—	11,840	—	11,840
CompareNetworks Topco, LLC	LIBOR Plus 11.00% (Floor 1.00%)	(9)	—	—	826	8,288	2,019	910	9,397
	Preferred Member Units	(9)	—	2,350	—	3,010	2,350	—	5,360
Direct Marketing Solutions, Inc.	LIBOR Plus 11.00% (Floor 1.00%)	(9)	—	(18)	1,464	15,707	36	653	15,090
	Preferred Stock	(9)	—	(140)	—	20,200	—	140	20,060
Gamber-Johnson Holdings, LLC	LIBOR Plus 6.50% (Floor 2.00%)	(5)	—	(26)	1,303	19,022	1,626	810	19,838
	Member Units	(5)	—	(170)	3,054	53,410	—	170	53,240
GRT Rubber Technologies LLC	LIBOR Plus 7.00%	(8)	—	—	988	15,016	1,759	—	16,775
	Member Units	(8)	—	(2,020)	2,593	47,450	—	2,020	45,430
Guerdon Modular Holdings, Inc.	16.00% Secured Debt	(9)	—	—	—	—	—	—	—
	LIBOR Plus 8.50% (Floor 1.00%)	(9)	(12,776)	12,588	—	—	12,776	12,776	—
	Preferred Stock	(9)	(993)	1,010	—	—	993	993	—
	Common Stock	(9)	(1,140)	1,140	—	—	1,140	1,140	—
	Warrants	(9)	(2,849)	2,983	—	—	2,849	2,849	—
Harborside Holdings, LLC	Member Units	(8)	—	(4,640)	—	9,560	100	4,640	5,020
IDX Broker, LLC	11.00% Secured Debt	(9)	—	(42)	711	13,400	42	13,442	—
	Preferred Member Units	(9)	9,337	(9,088)	1,193	15,040	—	15,040	—
Jensen Jewelers of Idaho, LLC	Prime Plus 6.75% (Floor 2.00%)	(9)	—	(56)	324	4,000	10	356	3,654
	Member Units	(9)	—	(1,000)	236	8,270	—	1,000	7,270
Kickhaefer Manufacturing Company, LLC	9.50% Current/2.00% PIK Secured Debt	(5)	—	—	2,247	24,982	1,414	2,947	23,449
	Member Units	(5)	—	(90)	—	12,240	—	90	12,150
	9.00% Secured Debt	(5)	—	—	268	3,939	—	22	3,917
	Member Units	(5)	—	—	68	1,160	—	—	1,160
Market Force Information, LLC	12.00% PIK Secured Debt	(9)	—	(11,612)	242	22,621	2,795	11,704	13,712
	LIBOR Plus 11.00% (Floor 1.00%)	(9)	—	—	78	2,695	1,091	2,886	900
	Member Units	(9)	—	(5,280)	—	5,280	—	5,280	—
MH Corbin Holding LLC	13.00% Secured Debt	(5)	—	(76)	888	8,890	24	316	8,598
	Preferred Member Units	(5)	—	(20)	—	20	—	20	—
	Preferred Member Units	(5)	—	(1,810)	—	4,770	—	1,810	2,960
Mid-Columbia Lumber Products, LLC	10.00% Secured Debt	(9)	—	—	—	—	—	—	—
	12.00% Secured Debt	(9)	—	148	44	1,602	148	1,750	—
	Member Units	(9)	—	256	119	3,644	256	3,900	—
	9.50% Secured Debt	(9)	(1)	(1,000)	1	—	101	101	—
	Member Units	(9)	—	—	30	701	19	720	—
	Member Units	(9)	—	(959)	20	1,640	709	959	1,390
MSC Adviser I, LLC	Member Units	(8)	—	(3,440)	1,394	74,520	—	3,440	71,080
Mystic Logistics Holdings, LLC	12.00% Secured Debt	(6)	—	—	605	6,253	988	520	6,721
	Common Stock	(6)	—	1,760	—	8,410	1,760	—	10,170
OMi Holdings, Inc.	Common Stock	(8)	—	2,480	543	16,950	2,480	—	19,430
Pearl Meyer Topco LLC	12.00% Secured Debt	(6)	—	—	2,243	—	34,676	—	34,676
	Member Units	(6)	—	—	269	—	13,800	800	13,000

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Company	Investment(1)(10)(11)	Geography	Amount of Realized Gain/(Loss)	Amount of Unrealized Gain/(Loss)	Amount of Interest, Fees or Dividends Credited to Income(2)	December 31, 2019 Fair Value	Gross Additions(3)	Gross Reductions(4)	September 30, 2020 Fair Value
PPL RVs, Inc.	LIBOR Plus 8.75% PIK (Floor 0.50%)	(8)	—	—	964	12,118	149	500	11,767
	Common Stock	(8)	—	1,210	—	9,930	1,210	—	11,140
Principle Environmental, LLC (d/b/a TruHorizon Environmental Solutions)	13.00% Secured Debt	(8)	—	50	658	6,397	—	—	6,397
	Preferred Member Units	(8)	—	(2,160)	—	13,390	—	2,160	11,230
	Warrants	(8)	—	(160)	—	1,090	—	160	930
Quality Lease Service, LLC	Member Units	(7)	—	(4,880)	—	9,289	301	4,880	4,710
Trantech Radiator Topco, LLC	12.00% Secured Debt	(7)	—	69	832	9,102	86	480	8,708
	Common Stock	(7)	—	3,115	87	4,655	3,115	1	7,769
Vision Interests, Inc.	13.00% Secured Debt	(9)	—	—	201	2,028	—	—	2,028
	Series A Preferred Stock	(9)	—	(630)	—	4,089	—	630	3,459
	Common Stock	(9)	(3,586)	—	—	409	3,296	3,705	—
Ziegler's NYPD, LLC	6.50% Secured Debt	(8)	—	(21)	49	1,000	—	21	979
	12.00% Secured Debt	(8)	—	—	57	625	—	—	625
	14.00% Secured Debt	(8)	—	(35)	293	2,750	—	35	2,715
	Warrants	(8)	—	—	—	—	—	—	—
	Preferred Member Units	(8)	—	(130)	—	1,269	—	130	1,139
<b>Other controlled investments</b>									
Access Media Holdings, LLC	10.00% PIK Secured Debt	(5)	—	(2,449)	38	6,387	—	2,449	3,938
	Preferred Member Units	(5)	—	—	—	(284)	—	—	(284)
	Member Units	(5)	—	—	—	—	—	—	—
Analytical Systems Keeco, LLC	LIBOR Plus 10.00% (Floor 2.00%)	(8)	—	—	546	5,210	55	340	4,925
	Preferred Member Units	(8)	—	—	—	3,200	—	—	3,200
	Warrants	(8)	—	34	—	316	34	—	350
ASC Interests, LLC	13.00% Secured Debt	(8)	—	—	176	1,639	—	28	1,611
	Member Units	(8)	—	(240)	—	1,290	—	240	1,050
ATS Workholding, LLC	5.00% Secured Debt	(9)	—	(1,230)	282	4,521	136	1,250	3,407
	Preferred Member Units	(9)	—	(939)	—	939	—	939	—
Bond-Coat, Inc.	15.00% Secured Debt	(8)	—	—	1,399	11,473	123	11,596	—
	Common Stock	(8)	—	(4,990)	—	8,300	—	4,990	3,310
Brewer Crane Holdings, LLC	LIBOR Plus 10.00% (Floor 1.00%)	(9)	—	—	767	8,989	15	372	8,632
	Preferred Member Units	(9)	—	1,330	90	4,280	1,330	—	5,610
Bridge Capital Solutions Corporation	13.00% Secured Debt	(6)	—	—	1,316	7,797	443	—	8,240
	Warrants	(6)	—	(500)	—	3,500	—	500	3,000
	13.00% Secured Debt	(6)	—	—	101	996	2	—	998
	Preferred Member Units	(6)	—	—	75	1,000	—	—	1,000
CBT Nuggets, LLC	Member Units	(9)	—	(5,120)	954	50,850	—	5,120	45,730
Centre Technologies Holdings, LLC	LIBOR Plus 10.00% (Floor 2.00%)	(8)	—	—	1,114	12,136	19	459	11,696
	Preferred Member Units	(8)	—	220	90	5,840	220	—	6,060
Chamberlin Holding LLC	LIBOR Plus 10.00% (Floor 1.00%)	(8)	—	(35)	1,551	17,773	35	1,835	15,973
	Member Units	(8)	—	3,960	2,915	24,040	3,960	—	28,000
	Member Units	(8)	—	(530)	51	1,450	—	530	920
Charps, LLC	15.00% Secured Debt	(5)	—	—	223	2,000	—	154	1,846
	8.67% Current / 1.33% PIK	(5)	—	596	186	—	8,507	—	8,507
	Preferred Member Units	(5)	—	2,480	455	6,920	2,480	—	9,400
Copper Trail Fund Investments	LP Interests (CTMH, LP)	(9)	—	—	—	872	—	125	747
Datacom, LLC	8.00% Secured Debt	(8)	—	—	—	1,615	—	—	1,615
	10.50% PIK Secured Debt	(8)	—	—	—	10,142	—	—	10,142
	Class A Preferred Member Units	(8)	—	—	—	—	—	—	—
	Class B Preferred Member Units	(8)	—	—	—	—	—	—	—
Digital Products Holdings LLC	LIBOR Plus 10.00% (Floor 1.00%)	(5)	—	643	1,655	18,452	678	1,117	18,013
	Preferred Member Units	(5)	—	1,734	150	5,174	1,734	—	6,908
Garreco, LLC	LIBOR Plus 8.00% (Floor 1.00%, Ceiling 1.50%)	(8)	—	—	324	4,515	4	—	4,519
	Member Units	(8)	—	(860)	—	2,560	—	860	1,700
Gulf Manufacturing, LLC	Member Units	(8)	—	(3,030)	135	7,430	—	3,030	4,400
Gulf Publishing Holdings, LLC	LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 5.25% / 5.25% PIK	(8)	—	—	21	280	10	43	247
	6.25% Current / 6.25% PIK	(8)	—	(1,091)	1,226	12,493	630	1,295	11,828
	Member Units	(8)	—	(2,420)	—	2,420	—	2,420	—
Harris Preston Fund Investments	LP Interests (2717 MH, L.P.)	(8)	—	120	—	3,157	172	52	3,277
Harrison Hydra-Gen, Ltd.	Common Stock	(8)	—	(2,330)	104	7,970	—	2,330	5,640
J&J Services, Inc.	11.50% Secured Debt	(7)	—	122	1,508	17,430	170	3,200	14,400
	Preferred Stock	(7)	—	4,835	—	7,160	4,835	75	11,920
KBK Industries, LLC	Member Units	(5)	—	(2,330)	446	15,470	—	2,330	13,140
NAPCO Precast, LLC	Member Units	(8)	—	(2,280)	425	14,760	—	2,280	12,480
NexRev LLC	11.00% PIK Secured Debt	(8)	—	(596)	1,483	17,469	191	1,032	16,628
	Preferred Member Units	(8)	—	(5,360)	(55)	6,310	—	5,360	950

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Company	Investment(1)(10)(11)	Geography	Amount of Realized Gain/(Loss)	Amount of Unrealized Gain/(Loss)	Amount of Interest, Fees or Dividends Credited to Income(2)	December 31,	Gross	Gross	September 30,
						2019	Additions(3)	Reductions(4)	2020
						Fair Value			Fair Value
NRI Clinical Research, LLC	10.50% Secured Debt	(9)	—	(35)	598	5,981	1,554	1,415	6,120
	Warrants	(9)	—	160	—	1,230	160	—	1,390
	Member Units	(9)	—	333	377	4,988	710	377	5,321
NRP Jones, LLC	12.00% Secured Debt	(5)	—	—	582	6,376	—	—	6,376
	Member Units	(5)	—	(1,400)	25	4,710	—	1,400	3,310
NuStep, LLC	12.00% Secured Debt	(5)	—	—	1,832	19,703	32	160	19,575
	Preferred Member Units	(5)	—	—	—	10,200	—	—	10,200
Pegasus Research Group, LLC	Member Units	(8)	—	1,530	491	8,170	1,530	—	9,700
River Aggregates, LLC	Zero Coupon Secured Debt	(8)	—	28	—	722	28	750	—
	Member Units	(8)	4,015	(3,840)	187	4,990	—	4,990	—
	Member Units	(8)	—	221	—	3,169	221	—	3,390
Tedder Industries, LLC	12.00% Secured Debt	(9)	—	—	1,582	16,912	22	—	16,934
	Preferred Member Units	(9)	—	—	—	8,136	—	—	8,136
UnionRock Energy Fund II, LP	LP Interests	(9)	—	—	—	—	2,894	—	2,894
<b>Other</b>									
<b>Amounts related to investments transferred to or from other 1940 Act classification during the period</b>									
			(7,832)	4,252	3	4,564	—	—	—
<b>Total Control Investments</b>			<b>\$ (15,825)</b>	<b>\$ (35,096)</b>	<b>\$ 57,357</b>	<b>\$ 1,032,721</b>	<b>\$ 174,015</b>	<b>\$ 181,459</b>	<b>\$ 1,020,713</b>
<b>Affiliate Investments</b>									
AFG Capital Group, LLC	10.00% Secured Debt	(8)	\$ —	\$ —	\$ 53	\$ 838	\$ —	\$ 260	\$ 578
	Preferred Member Units	(8)	—	180	—	5,180	180	—	5,360
American Trailer Rental Group LLC	LIBOR Plus 7.25% (Floor 1.00%)	(5)	—	(182)	1,119	27,087	182	27,269	—
	Member Units	(5)	—	1,269	—	8,540	5,010	—	13,550
BBB Tank Services, LLC	LIBOR Plus 11.00% (Floor 1.00%)	(8)	—	(51)	501	4,698	55	51	4,702
	Preferred Member Units	(8)	—	—	15	131	15	—	146
	Member Units	(8)	—	(80)	—	290	—	80	210
Boccella Precast Products LLC	LIBOR Plus 10.00% (Floor 1.00%)	(6)	—	(138)	982	13,244	138	13,382	—
	Member Units	(6)	—	(670)	424	6,270	—	670	5,600
Buca C, LLC	LIBOR Plus 9.25% (Floor 1.00%)	(7)	—	(1,326)	1,534	18,794	23	1,326	17,491
	Preferred Member Units	(7)	—	(4,005)	69	4,701	69	4,005	765
CAI Software LLC	12.50% Secured Debt	(6)	—	84	1,897	9,160	19,500	2,053	26,607
	Member Units	(6)	—	369	10	5,210	720	—	5,930
Chandler Signs Holdings, LLC	Class A Units	(8)	—	(690)	(91)	2,740	—	690	2,050
Charlotte Russe, Inc	Common Stock	(9)	—	—	—	—	—	—	—
Classic H&G Holdings, LLC	12.00% Secured Debt	(6)	—	227	2,338	—	26,000	1,200	24,800
	Preferred Member Units	(6)	—	2,790	259	—	8,550	—	8,550
Congruent Credit Opportunities Funds	LP Interests (Fund II)	(8)	—	—	—	855	—	—	855
	LP Interests (Fund III)	(8)	—	(399)	576	13,915	—	1,819	12,096
Copper Trail Fund Investments	LP Interests (Copper Trail Energy Fund I, LP)	(9)	—	(672)	597	2,362	—	508	1,854
Dos Rios Partners	LP Interests (Dos Rios Partners, LP)	(8)	—	(759)	—	7,033	759	759	7,033
	LP Interests (Dos Rios Partners - A, LP)	(8)	—	(241)	—	2,233	241	241	2,233
East Teak Fine Hardwoods, Inc.	Common Stock	(7)	—	(100)	4	400	—	100	300
EIG Fund Investments	LP Interests (EIG Global Private Debt fund-A, L.P.)	(8)	6	(165)	104	720	110	304	526
Freeport Financial Funds	LP Interests (Freeport Financial SBIC Fund LP)	(5)	—	(697)	—	5,778	—	697	5,081
	LP Interests (Freeport First Lien Loan Fund III LP)	(5)	—	(204)	631	9,696	989	364	10,321
Harris Preston Fund Investments	LP Interests (HPEP 3, L.P.)	(8)	—	—	—	2,474	597	—	3,071
Hawk Ridge Systems, LLC	LIBOR Plus 6.00% (Floor 1.00%)	(9)	—	—	41	600	384	—	984
	11.00% Secured Debt	(9)	—	(23)	1,230	13,400	3,023	23	16,400
	Preferred Member Units	(9)	—	130	69	7,900	130	—	8,030
	Preferred Member Units	(9)	—	—	—	420	—	—	420
Houston Plating and Coatings, LLC	8.00% Unsecured Convertible Debt	(8)	—	(1,260)	183	4,260	—	1,260	3,000
	Member Units	(8)	—	(4,270)	163	10,330	—	4,270	6,060
I-45 SLF LLC	Member Units	(8)	—	(2,215)	1,803	14,407	3,200	2,215	15,392
L.F. Manufacturing Holdings, LLC	Preferred Member Units	(8)	—	—	9	81	9	—	90
	Member Units	(8)	—	—	—	2,050	—	—	2,050
OnAsset Intelligence, Inc.	12.00% PIK Secured Debt	(8)	—	—	609	6,474	710	100	7,084
	10.00% PIK Secured Debt	(8)	—	—	4	58	6	1	63
	Preferred Stock	(8)	—	—	—	—	—	—	—
	Warrants	(8)	—	—	—	—	—	—	—
PCI Holding Company, Inc.	12.00% Current Secured Debt	(9)	—	—	1,037	11,356	—	—	11,356
	Preferred Stock	(9)	—	1,750	—	2,680	1,750	—	4,430

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Company	Investment(1)(10)(11)	Geography	Amount of Realized Gain/(Loss)	Amount of Unrealized Gain/(Loss)	Amount of Interest, Fees or Dividends Credited to Income(2)	December 31,	Gross	Gross	September 30,
						2019	Additions(3)	Reductions(4)	2020
						Fair Value			Fair Value
	Preferred Stock	(9)	—	—	—	4,350	—	—	4,350
Rocaccia, LLC (Quality Lease and Rental Holdings, LLC)	12.00% Secured Debt	(8)	(413)	—	—	—	413	413	—
	Preferred Member Units	(8)	—	—	—	—	—	—	—
Salado Stone Holdings, LLC	Class A Preferred Units	(8)	—	200	—	570	200	—	770
SI East, LLC	9.50% Current, Secured Debt	(7)	—	(55)	2,459	32,963	54	55	32,962
	Preferred Member Units	(7)	—	1,520	1,292	8,200	1,520	—	9,720
Slick Innovations, LLC	14.00% Current, Secured Debt	(6)	—	131	701	6,197	163	280	6,080
	Warrants	(6)	—	40	—	290	40	—	330
	Common Stock	(6)	—	170	—	1,080	170	—	1,250
Superior Rigging & Erecting Co.	12.00% Current, Secured Debt	(7)	—	—	443	—	21,290	—	21,290
	Preferred Member Units	(7)	—	—	—	—	4,500	—	4,500
UniTek Global Services, Inc.	LIBOR Plus 6.50% (Floor 1.00%)	(6)	—	(283)	178	2,962	15	306	2,671
	Preferred Stock	(6)	—	(2,684)	—	2,684	—	2,684	—
	Preferred Stock	(6)	—	(771)	212	2,282	212	771	1,723
	Preferred Stock	(6)	—	382	185	1,889	945	1	2,833
	Preferred Stock	(6)	—	(3,667)	—	3,667	—	3,667	—
	Common Stock	(6)	—	—	—	—	—	—	—
Universal Wellhead Services Holdings, LLC	Preferred Member Units	(8)	—	(800)	—	800	—	800	—
	Member Units	(8)	—	—	—	—	—	—	—
Volution, LLC	11.50% Secured Debt	(8)	—	(181)	1,843	19,352	72	181	19,243
	8.00% Unsecured Convertible Debt	(8)	—	—	25	291	—	1	290
	Preferred Member Units	(8)	—	(9,050)	—	14,000	—	9,050	4,950
	Warrants	(8)	—	(150)	—	150	—	150	—
<b>Other</b>									
Amounts related to investments transferred to or from other 1940 Act classification during the period									
			—	(337)	118	2,195	—	—	—
<b>Total Affiliate investments</b>			<b>\$ (407)</b>	<b>\$ (26,883)</b>	<b>\$ 23,626</b>	<b>\$ 330,287</b>	<b>\$ 101,944</b>	<b>\$ 82,006</b>	<b>\$ 348,030</b>

- (1) The principal amount, the ownership detail for equity investments and if the investment is income producing is included in the consolidated schedule of investments.
- (2) Represents the total amount of interest, fees and dividends credited to income for the portion of the period for which an investment was included in Control or Affiliate categories, respectively. For investments transferred between Control and Affiliate categories during the period, any income or investment balances related to the time period it was in the category other than the one shown at period end is included in “Amounts from investments transferred from other 1940 Act classifications during the period.”
- (3) Gross additions include increases in the cost basis of investments resulting from new portfolio investments, follow-on investments and accrued PIK interest, and the exchange of one or more existing securities for one or more new securities. Gross additions also include net increases in unrealized appreciation or net decreases in net unrealized depreciation as well as the movement of an existing portfolio company into this category and out of a different category.
- (4) Gross reductions include decreases in the cost basis of investments resulting from principal repayments or sales and the exchange of one or more existing securities for one or more new securities. Gross reductions also include net increases in net unrealized depreciation or net decreases in unrealized appreciation as well as the movement of an existing portfolio company out of this category and into a different category.
- (5) Portfolio company located in the Midwest region as determined by location of the corporate headquarters. The fair value as of September 30, 2020 for control investments located in this region was \$247,265. This represented 17.4% of net assets as of September 30, 2020. The fair value as of September 30, 2020 for affiliate investments located in this region was \$28,952. This represented 2.0% of net assets as of September 30, 2020.

- (6) Portfolio company located in the Northeast region as determined by location of the corporate headquarters. The fair value as of September 30, 2020 for control investments located in this region was \$77,805. This represented 5.5% of net assets as of September 30, 2020. The fair value as of September 30, 2020 for affiliate investments located in this region was \$86,374. This represented 6.1% of net assets as of September 30, 2020.
- (7) Portfolio company located in the Southeast region as determined by location of the corporate headquarters. The fair value as of September 30, 2020 for control investments located in this region was \$47,507. This represented 3.3% of net assets as of September 30, 2020. The fair value as of September 30, 2020 for affiliate investments located in this region was \$87,028. This represented 6.1% of net assets as of September 30, 2020.
- (8) Portfolio company located in the Southwest region as determined by location of the corporate headquarters. The fair value as of September 30, 2020 for control investments located in this region was \$397,738. This represented 27.9% of net assets as of September 30, 2020. The fair value as of September 30, 2020 for affiliate investments located in this region was \$97,852. This represented 6.9% of net assets as of September 30, 2020.
- (9) Portfolio company located in the West region as determined by location of the corporate headquarters. The fair value as of September 30, 2020 for control investments located in this region was \$250,398. This represented 17.6% of net assets as of September 30, 2020. The fair value as of September 30, 2020 for affiliate investments located in this region was \$47,824. This represented 3.4% of net assets as of September 30, 2020.
- (10) All of the Company's portfolio investments are generally subject to restrictions on resale as "restricted securities," unless otherwise noted.
- (11) This schedule should be read in conjunction with the consolidated schedule of investments and notes to the consolidated financial statements. Supplemental information can be located within the schedule of investments including end of period interest rate, preferred dividend rate, maturity date, investments not paid currently in cash and investments whose value was determined using significant unobservable inputs.
- (12) Investment has an unfunded commitment as of September 30, 2020 (see Note K). The fair value of the investment includes the impact of the fair value of any unfunded commitments.

## **Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*This Quarterly Report on Form 10-Q contains forward-looking statements regarding the plans and objectives of management for future operations and which relate to future events or our future performance or financial condition. Any such forward-looking statements may involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by any forward-looking statements. Forward-looking statements, which involve assumptions and describe our future plans, strategies and expectations, are generally identifiable by use of the words “may,” “will,” “should,” “expect,” “anticipate,” “estimate,” “believe,” “intend” or “project” or the negative of these words or other variations on these words or comparable terminology. These forward-looking statements are based on assumptions that may be incorrect, and we cannot assure you that the projections included in these forward-looking statements will come to pass. Our actual results could differ materially from those expressed or implied by the forward-looking statements as a result of various factors, including, without limitation: changes in laws and regulations and adverse changes in the economy generally or in the industries in which our portfolio companies operate, including with respect to changes from the impact of the COVID-19 pandemic, and the resulting impacts on our and our portfolio companies’ business and operations, liquidity and access to capital; and such other factors referenced in Item 1A entitled “Risk Factors” below in Part 2 of this Quarterly Report on Form 10-Q, if any, and discussed in Item 1A entitled “Risk Factors” in Part I of our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the Securities and Exchange Commission (“SEC”) on February 26, 2021 and elsewhere in this Quarterly Report on Form 10-Q and our other SEC filings.*

*We have based the forward-looking statements included in this Quarterly Report on Form 10-Q on information available to us on the date of this Quarterly Report on Form 10-Q, and we assume no obligation to update any such forward-looking statements, unless we are required to do so by applicable law. However, you are advised to refer to any additional disclosures that we may make directly to you or through reports that we in the future may file with the SEC, including subsequent periodic and current reports.*

### **ORGANIZATION**

Main Street Capital Corporation (“MSCC” or “Main Street”) is a principal investment firm. MSCC wholly owns several investment funds, including Main Street Mezzanine Fund, LP (“MSMF”) and Main Street Capital III, LP (“MSC III” and, collectively with MSMF, the “Funds”) and each of their general partners.

### **COVID-19 UPDATE**

The COVID-19 pandemic, and the related effect on the U.S. and global economies, has had, and threatens to continue to have, adverse consequences for our business and operating results, and the businesses and operating results of our portfolio companies. During the quarter ended September 30, 2021, we continued to work collectively with our employees and portfolio companies to navigate the significant challenges created by the COVID-19 pandemic and the labor and supply constraints, rising costs, and supply chain disruptions. We remain focused on ensuring the safety of our employees and the employees of our portfolio companies, while also managing our ongoing business activities. In this regard, we remain heavily engaged with our portfolio companies. As discussed below under “Discussion and Analysis of Results of Operations,” our investment income, principally our interest and dividend income, was negatively impacted by the economic effects of the COVID-19 pandemic in 2020. We continue to maintain access to multiple sources of liquidity, including cash, unused capacity under our Credit Facility and, as discussed under Liquidity and Capital Resources, access to capital markets for both equity and unsecured note issuances. As of September 30, 2021, we were in compliance with all debt covenants and do not anticipate any issues with our ability to comply with all covenants in the future. Refer to “—Liquidity and Capital Resources” below for further discussion as of September 30, 2021. Neither our management nor our Board of Directors is able to predict the full impact of the COVID-19 pandemic, including its duration and the magnitude of its economic and societal impact. As such, while we will continue to monitor the evolving situation and guidance from U.S. authorities, including federal, state and local public health authorities, we are unable to predict with any certainty the extent to which the outbreak will negatively affect our portfolio companies’ operating



results and financial condition or the impact that such disruptions may have on our results of operations and financial condition in the future.

## OVERVIEW

Our principal investment objective is to maximize our portfolio's total return by generating current income from our debt investments and capital appreciation from our equity and equity-related investments, including warrants, convertible securities and other rights to acquire equity securities in a portfolio company. We seek to achieve this objective by primarily focusing on providing customized debt and equity financing to lower middle market ("LMM") companies and debt capital to middle market ("Middle Market") companies. Our LMM companies generally have annual revenues between \$10 million and \$150 million, and our LMM portfolio investments generally range in size from \$5 million to \$50 million. Our Middle Market investments are made in businesses that are generally larger in size than our LMM portfolio companies, with annual revenues typically between \$150 million and \$1.5 billion, and our Middle Market investments generally range in size from \$3 million to \$20 million. Our private loan ("Private Loan") portfolio investments are primarily debt securities in privately held companies that have been originated through strategic relationships with other investment funds on a collaborative basis and are often referred to in the debt markets as "club deals." Private Loan investments are typically similar in size, structure, terms and conditions to investments we hold in our LMM portfolio and Middle Market portfolio.

We seek to fill the financing gap for LMM businesses, which, historically, have had limited access to financing from commercial banks and other traditional sources. The underserved nature of the LMM creates the opportunity for us to meet the financing needs of LMM companies while also negotiating favorable transaction terms and equity participations. Our ability to invest across a company's capital structure, from secured loans to equity securities, allows us to offer portfolio companies a comprehensive suite of financing options, or a "one stop" financing solution. Providing customized, "one stop" financing solutions is important to LMM portfolio companies. We generally seek to partner directly with entrepreneurs, management teams and business owners in making our investments. Our LMM portfolio debt investments are generally secured by a first lien on the assets of the portfolio company and typically have a term of between five and seven years from the original investment date.

Our Middle Market portfolio investments primarily consist of direct investments in or secondary purchases of interest-bearing debt securities in privately held companies based in the United States that are generally larger in size than the companies included in our LMM portfolio. Our Middle Market portfolio debt investments are generally secured by either a first or second priority lien on the assets of the portfolio company and typically have an expected duration of between three and seven years from the original investment date.

Private Loan investments are typically similar in size, structure, terms and conditions to investments we hold in our LMM portfolio and Middle Market portfolio. Our Private Loan portfolio debt investments are generally secured by either a first or second priority lien on the assets of the portfolio company and typically have a term of between three and seven years from the original investment date.

Our other portfolio ("Other Portfolio") investments primarily consist of investments that are not consistent with the typical profiles for our LMM, Middle Market or Private Loan portfolio investments, including investments which may be managed by third parties. In our Other Portfolio, we may incur indirect fees and expenses in connection with investments managed by third parties, such as investments in other investment companies or private funds.

Subject to changes in our cash and overall liquidity, as well as our capital structure management activities, our Investment Portfolio may also include short-term portfolio investments that are atypical of our LMM, Middle Market and Private Loan portfolio investments in that they are intended to be a short-term deployment of capital. These assets are typically expected to be liquidated in one year or less and are not expected to be a significant portion of the overall Investment Portfolio.

Our external asset management business is conducted through MSC Adviser I, LLC (the "External Investment Manager"). The External Investment Manager earns management fees based on the assets under management for external parties and may earn incentive fees, or a carried interest, based on the performance of the assets managed. We have entered into an agreement with the External Investment Manager to share employees in connection with its asset management business generally, and specifically for its relationship with MSC Income Fund, Inc. ("MSC Income"), formerly known as HMS Income Fund, Inc., and its other investment advisory clients. Through this agreement, we share

employees with the External Investment Manager, including their related infrastructure, business relationships, management expertise and capital raising capabilities.

During May 2012, we entered into an investment sub advisory agreement with HMS Adviser, LP (“HMS Adviser”), which was the investment adviser to MSC Income at the time, to provide certain investment advisory services to HMS Adviser. In December 2013, after obtaining required no action relief from the SEC to allow us to own a registered investment adviser, we assigned the sub advisory agreement to the External Investment Manager since the fees received from such arrangement could otherwise have negative consequences on our ability to meet the source of income requirement necessary for us to maintain our RIC tax treatment. Under the investment sub advisory agreement, the External Investment Manager was entitled to 50% of the annual base management fee and the incentive fees earned by HMS Adviser under its advisory agreement with MSC Income. Effective October 30, 2020, the External Investment Manager and HMS Adviser consummated the transactions contemplated by that certain asset purchase agreement by and among the External Investment Manager, HMS Adviser and the other parties thereto whereby the External Investment Manager became the sole investment adviser and administrator to MSC Income pursuant to an Investment Advisory and Administrative Services Agreement entered into between the External Investment Manager and MSC Income (the “Advisory Agreement”). The Advisory Agreement includes a 1.75% annual management fee, reduced from 2.00% previously, and the same incentive fee as under MSC Income’s prior advisory agreement with HMS Adviser, with the External Investment Manager receiving 100% of such fee income (increased from 50% previously).

In April 2014, we received an exemptive order from the SEC permitting co-investments by us and MSC Income in certain negotiated transactions where co-investing would otherwise be prohibited under the 1940 Act. During December 2020, we received an amended exemptive order from the SEC permitting co-investments by us, MSC Income and other funds advised by the External Investment Manager in certain negotiated transactions where co-investing would otherwise be prohibited under the 1940 Act. We have made co-investments with MSC Income and the Private Loan Fund (as defined below), and in the future intend to make co-investments with MSC Income, the Private Loan Fund and other funds advised by the External Investment Manager, in accordance with the conditions of the order. The order requires, among other things, that we and the External Investment Manager consider whether each such investment opportunity is appropriate for us and the External Investment Manager’s advised clients, including MSC Income, as applicable, and if it is appropriate, to propose an allocation of the investment opportunity between such parties. Because the External Investment Manager may receive performance-based fee compensation from funds advised by the External Investment Manager, including MSC Income and the Private Loan Fund, this may provide the Company and the External Investment Manager an incentive to allocate opportunities to other participating funds instead of us. However, both we and the External Investment Manager have policies and procedures in place to manage this conflict, including oversight by the independent members of our Board of Directors.

The External Investment Manager launched its first private fund, MS Private Loan Fund I, LP, a private investment fund with a strategy to co-invest with Main Street in Private Loan portfolio investments (the “Private Loan Fund”), in December 2020. The External Investment Manager entered into an Investment Management Agreement in December 2020 with the Private Loan Fund, pursuant to which the External Investment Manager provides investment advisory and management services to the Private Loan Fund in exchange for an asset-based fee and certain incentive fees.

The External Investment Manager earned base management fee income of \$4.6 million and \$2.3 million during the three months ended September 30, 2021 and 2020, respectively, and \$12.7 million and \$7.2 million during the nine months ended September 30, 2021 and 2020, respectively. During the three and nine months ended September 30, 2021, an insignificant amount of incentive fee income was earned, while no incentive fee income was earned in the three and nine months ended September 30, 2020.

We allocate certain expenses to the External Investment Manager pursuant to the sharing agreement between it and MSCC. Our total expenses are net of expenses allocated to the External Investment Manager for the three months ended September 30, 2021 and 2020 of \$2.7 million and \$1.9 million, respectively, and for the nine months ended September 30, 2021 and 2020 of \$7.7 million and \$5.3 million, respectively. The total contribution of the External Investment Manager to our net investment income consists of the combination of the expenses allocated to the External Investment Manager and the dividend income earned from the External Investment Manager. The total contribution to our net investment income was \$4.2 million and \$2.2 million for the three months ended September 30, 2021 and 2020, respectively, and \$11.6 million and \$6.7 million for the nine months ended September 30, 2021 and 2020, respectively.

See “Note C – Fair Value Hierarchy for Investments and Debentures – Portfolio Composition – Investment Portfolio Composition” in the notes to consolidated financial statements for a summary of Main Street’s investments in the LMM, Middle Market and Private Loan portfolios as of September 30, 2021 and December 31, 2020.

Our portfolio investments are generally made through MSCC and the Funds. MSCC and the Funds share the same investment strategies and criteria, although they are subject to different regulatory regimes. An investor’s return in MSCC will depend, in part, on the Funds’ investment returns as they are wholly owned subsidiaries of MSCC.

The level of new portfolio investment activity will fluctuate from period to period based upon our view of the current economic fundamentals, our ability to identify new investment opportunities that meet our investment criteria, and our ability to consummate the identified opportunities. The level of new investment activity, and associated interest and fee income, will directly impact future investment income. In addition, the level of dividends paid by portfolio companies and the portion of our portfolio debt investments on non-accrual status will directly impact future investment income. While we intend to grow our portfolio and our investment income over the long term, our growth and our operating results may be more limited during depressed economic periods. However, we intend to appropriately manage our cost structure and liquidity position based on applicable economic conditions and our investment outlook. The level of realized gains or losses and unrealized appreciation or depreciation on our investments will also fluctuate depending upon portfolio activity, economic conditions and the performance of our individual portfolio companies. The changes in realized gains and losses and unrealized appreciation or depreciation could have a material impact on our operating results.

Because we are internally managed, we do not pay any external investment advisory fees, but instead directly incur the operating costs associated with employing investment and portfolio management professionals. We believe that our internally managed structure provides us with a beneficial operating expense structure when compared to other publicly traded and privately held investment firms which are externally managed, and our internally managed structure allows us the opportunity to leverage our non-interest operating expenses as we grow our Investment Portfolio and our External Investment Manager’s asset management business. The ratio of our total operating expenses, excluding interest expense, as a percentage of our quarterly average total assets was 1.5% and 1.3%, respectively, for the trailing twelve months ended September 30, 2021 and 2020, and 1.3% for the year ended December 31, 2020. The ratio of our total operating expenses, including interest expense, as a percentage of our quarterly average total assets was 3.4% and 3.2%, respectively, for the trailing twelve months ended September 30, 2021 and 2020, and 3.2% for the year ended December 31, 2020. Our ratio of expenses as a percentage of our average net asset value is described in greater detail in Note F to the consolidated financial statements included in “Item 1. Consolidated Financial Statements” of this Quarterly Report on Form 10-Q.

## **CRITICAL ACCOUNTING POLICIES**

The preparation of financial statements and related disclosures in conformity with generally accepted accounting principles (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the periods reported. Actual results could materially differ from those estimates. Critical accounting policies are those that require management to make subjective or complex judgments about the effect of matters that are inherently uncertain and may change in subsequent periods. Changes that may be required in the underlying assumptions or estimates in these areas could have a material impact on our current and future financial condition and results of operations.

Management has discussed the development and selection of each critical accounting policy and estimate with the Audit Committee of the Board of Directors. Our critical accounting policies and estimates include the Investment Portfolio Valuation and Revenue Recognition policies described below. Our significant accounting policies are described in greater detail in Note B to the consolidated financial statements included in “Item 1. Consolidated Financial Statements” of this Quarterly Report on Form 10-Q.

### ***Investment Portfolio Valuation***

The most significant determination inherent in the preparation of our consolidated financial statements is the valuation of our Investment Portfolio and the related amounts of unrealized appreciation and depreciation. We consider

this determination to be a critical accounting estimate, given the significant judgments and subjective measurements required. As of September 30, 2021 and December 31, 2020 our Investment Portfolio valued at fair value represented approximately 96% and 97% of our total assets, respectively. We are required to report our investments at fair value. We follow the provisions of FASB ASC 820, *Fair Value Measurements and Disclosures* (“ASC 820”). ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value and enhances disclosure requirements for fair value measurements. ASC 820 requires us to assume that the portfolio investment is to be sold in the principal market to independent market participants, which may be a hypothetical market. Market participants are defined as buyers and sellers in the principal market that are independent, knowledgeable and willing and able to transact. See “Note B.1.—Valuation of the Investment Portfolio” in the notes to consolidated financial statements for a detailed discussion of our investment portfolio valuation process and procedures.

Due to the inherent uncertainty in the valuation process, our determination of fair value for our Investment Portfolio may differ materially from the values that would have been determined had a ready market for the securities existed. In addition, changes in the market environment, portfolio company performance and other events that may occur over the lives of the investments may cause the gains or losses ultimately realized on these investments to be materially different than the valuations currently assigned. We determine the fair value of each individual investment and record changes in fair value as unrealized appreciation or depreciation.

The SEC recently adopted new Rule 2a-5 under the 1940 Act, which permits a BDC’s board of directors to designate its executive officers or investment adviser as a valuation designee to determine the fair value for its investment portfolio, subject to the active oversight of the board. Our board of directors has approved policies and procedures pursuant to Rule 2a-5 (the “Valuation Procedures”) and has designated a group of our executive officers to serve as the Board’s valuation designee. We adopted the Valuation Procedures effective April 1, 2021. We believe our investment portfolio as of September 30, 2021 and December 31, 2020 approximates fair value as of those dates based on the markets in which we operate and other conditions in existence on those reporting dates.

### ***Revenue Recognition***

#### *Interest and Dividend Income*

We record interest and dividend income on the accrual basis to the extent amounts are expected to be collected. Dividend income is recorded as dividends are declared by the portfolio company or at the point an obligation exists for the portfolio company to make a distribution. In accordance with our valuation policies, we evaluate accrued interest and dividend income periodically for collectability. When a loan or debt security becomes 90 days or more past due, and if we otherwise do not expect the debtor to be able to service all of its debt or other obligations, we will generally place the loan or debt security on non-accrual status and cease recognizing interest income on that loan or debt security until the borrower has demonstrated the ability and intent to pay contractual amounts due. If a loan or debt security’s status significantly improves regarding the debtor’s ability to service the debt or other obligations, or if a loan or debt security is sold or written off, we remove it from non-accrual status.

#### *Fee Income*

We may periodically provide services, including structuring and advisory services, to our portfolio companies or other third parties. For services that are separately identifiable and evidence exists to substantiate fair value, fee income is recognized as earned, which is generally when the investment or other applicable transaction closes. Fees received in connection with debt financing transactions for services that do not meet these criteria are treated as debt origination fees and are deferred and accreted into income over the life of the financing.

#### *Payment-in-Kind (“PIK”) Interest and Cumulative Dividends*

We hold certain debt and preferred equity instruments in our Investment Portfolio that contain PIK interest and cumulative dividend provisions. The PIK interest, computed at the contractual rate specified in each debt agreement, is periodically added to the principal balance of the debt and is recorded as interest income. Thus, the actual collection of this interest may be deferred until the time of debt principal repayment. Cumulative dividends are recorded as dividend income, and any dividends in arrears are added to the balance of the preferred equity investment. The actual collection of

these dividends in arrears may be deferred until such time as the preferred equity is redeemed or sold. To maintain RIC tax treatment (as discussed below), these non-cash sources of income may need to be paid out to stockholders in the form of distributions, even though we may not have collected the PIK interest and cumulative dividends in cash. We stop accruing PIK interest and cumulative dividends and write off any accrued and uncollected interest and dividends in arrears when we determine that such PIK interest and dividends in arrears are no longer collectible. For the three months ended September 30, 2021 and 2020, (i) approximately 2.1% and 3.7%, respectively, of our total investment income was attributable to PIK interest income not paid currently in cash and (ii) approximately 0.6% and 0.7%, respectively, of our total investment income was attributable to cumulative dividend income not paid currently in cash. For the nine months ended September 30, 2021 and 2020, (i) approximately 3.0% and 3.0%, respectively, of our total investment income was attributable to PIK interest income not paid currently in cash and (ii) approximately 0.6% and 0.6%, respectively, of our total investment income was attributable to cumulative dividend income not paid currently in cash.

## INVESTMENT PORTFOLIO COMPOSITION

The following tables summarize the composition of our total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments at cost and fair value by type of investment as a percentage of the total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments as of September 30, 2021 and December 31, 2020 (this information excludes the Other Portfolio, short-term investments and the External Investment Manager).

<b>Cost:</b>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
First lien debt	80.5 %	77.0 %
Equity	17.6 %	19.0 %
Second lien debt	1.1 %	2.7 %
Equity warrants	0.3 %	0.5 %
Other	0.5 %	0.8 %
	<u>100.0 %</u>	<u>100.0 %</u>
<b>Fair Value:</b>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
First lien debt	71.6 %	70.0 %
Equity	26.7 %	26.4 %
Second lien debt	1.0 %	2.4 %
Equity warrants	0.3 %	0.4 %
Other	0.4 %	0.8 %
	<u>100.0 %</u>	<u>100.0 %</u>

Our LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments carry a number of risks including: (1) investing in companies which may have limited operating histories and financial resources; (2) holding investments that generally are not publicly traded and which may be subject to legal and other restrictions on resale; and (3) other risks common to investing in below investment grade debt and equity investments in our Investment Portfolio. Please see “Risk Factors—Risks Related to Our Investments” contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020 for a more complete discussion of the risks involved with investing in our Investment Portfolio.

## PORTFOLIO ASSET QUALITY

We utilize an internally developed investment rating system to rate the performance of each LMM portfolio company and to monitor our expected level of returns on each of our LMM investments in relation to our expectations for the portfolio company. The investment rating system takes into consideration various factors, including each investment’s expected level of returns, the collectability of our debt investments and the ability to receive a return of the invested capital in our equity investments, comparisons to competitors and other industry participants, the portfolio company’s future outlook and other factors that are deemed to be significant to the portfolio company.

As of September 30, 2021, our total Investment Portfolio had eight investments on non-accrual status, which comprised approximately 0.9% of its fair value and 3.5% of its cost. As of December 31, 2020, our total Investment

Portfolio had seven investments on non-accrual status, which comprised approximately 1.3% of its fair value and 3.6% of its cost.

The operating results of our portfolio companies are impacted by changes in the broader fundamentals of the United States economy. In periods during which the United States economy contracts, as it did due to the impact of COVID-19, it is likely that the financial results of small to mid-sized companies, like those in which we invest, could experience deterioration or limited growth from current levels, which could ultimately lead to difficulty in meeting their debt service requirements, to an increase in defaults on our debt investments or in realized losses on our investments and to difficulty in maintaining historical dividend payment rates and unrealized appreciation on our equity investments. Consequently, we can provide no assurance that the performance of certain portfolio companies will not be negatively impacted by future economic cycles or other conditions, which could also have a negative impact on our future results.

## DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS

### *Comparison of the three months ended September 30, 2021 and September 30, 2020*

	Three Months Ended		Net Change	
	September 30,		Amount	%
	2021	2020		
	(dollars in thousands)			
Total investment income	\$ 76,779	\$ 51,954	\$ 24,825	48 %
Total expenses	(27,475)	(21,492)	(5,983)	28 %
Net investment income	49,304	30,462	18,842	62 %
Net realized gain (loss) from investments	8,305	(13,874)	22,179	NM
Net unrealized appreciation (depreciation) from investments	38,631	63,114	(24,483)	NM
Income tax benefit (provision)	(12,284)	(1,507)	(10,777)	NM
Net increase in net assets resulting from operations	\$ 83,956	\$ 78,195	\$ 5,761	7 %

	Three Months Ended		Net Change	
	September 30,		Amount	%
	2021	2020		
	(dollars in thousands, except per share amounts)			
Net investment income	\$ 49,304	\$ 30,462	\$ 18,842	62 %
Share-based compensation expense	2,869	2,561	308	12 %
Distributable net investment income(a)	\$ 52,173	\$ 33,023	\$ 19,150	58 %
Net investment income per share—Basic and diluted	\$ 0.71	\$ 0.46	\$ 0.25	54 %
Distributable net investment income per share—Basic and diluted(a)	\$ 0.76	\$ 0.50	\$ 0.26	52 %

NM Not Meaningful

- (a) Distributable net investment income is net investment income as determined in accordance with U.S. GAAP, excluding the impact of share-based compensation expense which is non-cash in nature. We believe presenting distributable net investment income and related per share amounts is useful and appropriate supplemental disclosure of information for analyzing our financial performance since share-based compensation does not require settlement in cash. However, distributable net investment income is a non-U.S. GAAP measure and should not be considered as a replacement to net investment income and other earnings measures presented in accordance with U.S. GAAP. Instead, distributable net investment income should be reviewed only in connection with such U.S. GAAP measures in analyzing our financial performance. A reconciliation of net investment income in accordance with U.S. GAAP to distributable net investment income is presented in the table above.

*Investment Income*

Total investment income for the three months ended September 30, 2021 was \$76.8 million, a 48% increase from the \$52.0 million of total investment income for the corresponding period of 2020. The following table provides a summary of the changes in the comparable period activity.

	Three Months Ended September 30,		Net Change	
	2021	2020	Amount	%
	(dollars in thousands)			
Interest income	\$ 50,468	\$ 42,138	\$ 8,330	20 % (a)
Dividend income	23,012	8,106	14,906	184 % (b)
Fee income	3,299	1,710	1,589	93 % (c)
Total investment income	\$ 76,779	\$ 51,954	\$ 24,825	48 % (d)

- (a) The increase in interest income is primarily related to (i) a \$5.8 million increase related to higher average levels of Investment Portfolio debt investments and (ii) a \$2.5 million increase related to repayment, repricing and other activities related to certain Investment Portfolio debt investments.
- (b) The increase in dividend income from Investment Portfolio equity investments is primarily a result of (i) improved operating results, financial condition and liquidity positions of certain of our portfolio companies following the impacts from the COVID-19 pandemic in 2020 and (ii) a \$4.7 million increase related to elevated dividend income considered to be less consistent or non-recurring
- (c) The increase in fee income is primarily related to (i) a \$0.9 million increase related to elevated repricing and prepayment activity related to certain Investment Portfolio debt investments and (ii) a \$0.7 million increase related to higher originations of Investment Portfolio investments.
- (d) The increase in total investment income includes the impact of (i) a \$4.7 million increase in dividend income considered less consistent or non-recurring and (ii) a \$3.5 million increase in accelerated prepayment, repricing and other activity related to certain Investment Portfolio debt investments.

*Expenses*

Total expenses for the three months ended September 30, 2021 was \$27.5 million, a 28% increase from the \$21.5 million in the corresponding period of 2020. The following table provides a summary of the changes in the comparable period activity.

	Three Months Ended September 30,		Net Change	
	2021	2020	Amount	%
	(dollars in thousands)			
Employee compensation expenses	\$ 9,598	\$ 4,407	\$ 5,191	118 % (a)
Deferred compensation plan expense	(22)	573	(595)	(104)% (b)
Total compensation expense	9,576	4,980	4,596	92 %
G&A expense	3,047	3,354	(307)	(9)%
Interest expense	14,711	12,489	2,222	18 % (c)
Share-based compensation expense	2,869	2,561	308	12 %
Gross expenses	30,203	23,384	6,819	29 %
Allocation of expenses to the External Investment Manager	(2,728)	(1,892)	(836)	44 % (d)
Total expenses	\$ 27,475	\$ 21,492	\$ 5,983	28 %

- (a) The increase in employee compensation expenses was primarily due to incentive compensation accruals generally corresponding with our improved operating results.
- (b) The change in the non-cash deferred compensation plan expense is due to changes in the fair value of our deferred compensation plan assets, which are correlated with changes in the overall stock market and is not directly attributable to our operating activities or results.

- (c) The increase in interest expense is primarily related to greater amounts of borrowings due to our 3.00% Notes (as defined in “—Liquidity and Capital Resources—Capital Resources” below) issued in January 2021.
- (d) The increase in the allocation of expenses to the External Investment Manager primarily relates to the impact of the transaction in October 2020, whereby the External Investment Manager became the sole investment adviser to MSC Income.

*Net Investment Income*

Net investment income for the three months ended September 30, 2021 increased 62% to \$49.3 million, or \$0.71 per share, compared to net investment income of \$30.5 million, or \$0.46 per share, for the corresponding period of 2020. The increase in net investment income and net investment income per share was principally attributable to the 48% increase in total investment income, partially offset by the 28% increase in total expenses, both as discussed above, and the 4% increase in weighted average shares outstanding to 69.0 million for the three months ended September 30, 2021, primarily due to shares issued through the ATM Program (as defined in “—Liquidity and Capital Resources—Capital Resources” below), shares issued pursuant to our equity incentive plans and shares issued pursuant to our dividend reinvestment plan. The increase in net investment income per share includes (i) an increase of \$0.07 per share in investment income from dividend income activity considered to be less consistent or non-recurring and (ii) an increase of \$0.05 per share related to higher accelerated prepayment, repricing and other activity related to certain Investment Portfolio debt investments, as discussed above, and (iii) an increase of \$0.01 per share due to the decrease in compensation expense related to our deferred compensation plan, primarily attributable to changes in the fair value of the deferred compensation plan assets.

*Distributable Net Investment Income*

Distributable net investment income for the three months ended September 30, 2021 increased 58% to \$52.2 million, or \$0.76 per share, compared with \$33.0 million, or \$0.50 per share, in the corresponding period of 2020. The increase in distributable net investment income and distributable net investment income per share was primarily due to the increased level of total investment income, partially offset by (i) the increase in total expenses, excluding share-based compensation expense, and (ii) a greater number of average shares outstanding compared to the corresponding period in 2020, all as described above. The increase in distributable net investment income per share includes the impacts of (i) the increase in investment income from dividend activity considered to be less consistent or non-recurring and an increase in accelerated prepayment, repricing and other income activity related to certain Investment Portfolio debt investments and (ii) the decrease in compensation expense attributable to the change in the fair value of the deferred compensation plan assets during the third quarter of 2021, both as discussed above.

*Net Realized Gain (Loss) from Investments*

The following table provides a summary of the primary components of the total net realized gain on investments of \$8.3 million for the three months ended September 30, 2021:

	Three Months Ended September 30, 2021							
	Full Exits		Partial Exits		Restructures		Other (a)	Total (a)
	Net Gain/(Loss)	# of Investments	Net Gain/(Loss)	# of Investments	Net Gain/(Loss)	# of Investments	Net Gain/(Loss)	Net Gain/(Loss)
	(dollars in thousands)							
LMM Portfolio	\$ 13,275	2	\$ -	-	\$ -	-	\$ (362)	\$ 12,913
Middle Market Portfolio	-	-	-	-	(4,528)	1	43	(4,485)
Private Loan Portfolio	-	-	-	-	-	-	(31)	(31)
Other Portfolio	-	-	-	-	-	-	(101)	(101)
Short-term Portfolio	-	-	-	-	-	-	9	9
Total net realized gain/(loss)	\$ 13,275	2	\$ -	-	\$ (4,528)	1	\$ (442)	\$ 8,305

- (a) Other activity includes realized gains and losses from transactions involving 16 portfolio companies which are not considered to be significant individually or in the aggregate.



*Net Unrealized Appreciation (Depreciation)*

The following table provides a summary of the total net unrealized appreciation of \$38.6 million for the three months ended September 30, 2021:

	Three Months Ended September 30, 2021				Total
	LMM(a)	Middle Market	Private Loan	Other	
					(dollars in millions)
Accounting reversals of net unrealized (appreciation) depreciation recognized in prior periods due to net realized (gains / income) losses recognized during the current period	\$ (9.6)	\$ (0.3)	\$ (1.4)	\$ 0.2	\$ (11.1)
Net unrealized appreciation relating to investments	27.9	2.9	3.2	15.7 (b)	49.7
<b>Total net unrealized appreciation relating to investments</b>	<b>\$ 18.3</b>	<b>\$ 2.6</b>	<b>\$ 1.8</b>	<b>\$ 15.9</b>	<b>\$ 38.6</b>

(a) LMM includes unrealized appreciation on 33 LMM portfolio investments and unrealized depreciation on 16 LMM portfolio investments.

(b) Other includes (i) \$9.4 million of net unrealized appreciation relating to the Other Portfolio and (ii) \$6.4 million of appreciation relating to the External Investment Manager.

*Income Tax Benefit (Provision)*

The income tax provision for the three months ended September 30, 2021 of \$12.3 million principally consisted of (i) a deferred tax provision of \$11.3 million, which is primarily the result of the net activity relating to our portfolio investments held in our wholly owned taxable subsidiaries, including changes in loss carryforwards, changes in net unrealized appreciation/depreciation and other temporary book-tax differences, and (ii) a current tax provision of \$1.0 million, related to a \$0.9 million provision for current U.S. federal and state income taxes and a \$0.1 million provision for excise tax on our estimated undistributed taxable income. The income tax provision for the three months ended September 30, 2020 of \$1.5 million principally consisted of (i) a current tax provision of \$1.2 million related to a \$0.8 million provision for current U.S. federal and state income taxes, and a \$0.4 million provision for excise tax on our estimated undistributed taxable income and (ii) a deferred tax provision of \$0.3 million.

*Net Increase (Decrease) in Net Assets Resulting from Operations*

The net increase in net assets resulting from operations for the three months ended September 30, 2021 was \$84.0 million, or \$1.22 per share, compared with \$78.2 million, or \$1.18 per share, during the three months ended September 30, 2020. The tables above provide a summary of the net increase in net assets resulting from operations for the three months ended September 30, 2021.

*Comparison of the nine months ended September 30, 2021 and September 30, 2020*

	Nine Months Ended September 30,		Net Change	
	2021	2020	Amount	%
	(dollars in thousands)			
Total investment income	\$ 206,881	\$ 160,109	\$ 46,772	29 %
Total expenses	(75,424)	(61,809)	(13,615)	22 %
Net investment income	131,457	98,300	33,157	34 %
Net realized gain (loss) from investments	10,575	(44,323)	54,898	NM
Net realized loss on extinguishment of debt	—	(534)	534	NM
Net unrealized appreciation (depreciation) from:				
Investments	117,072	(118,030)	235,102	NM
SBIC debentures	—	460	(460)	NM
Total net unrealized appreciation (depreciation)	117,072	(117,570)	234,642	NM
Income tax benefit (provision)	(22,691)	14,253	(36,944)	NM
Net increase (decrease) in net assets resulting from operations	\$ 236,413	\$ (49,874)	\$ 286,287	NM

	Nine Months Ended September 30,		Net Change	
	2021	2020	Amount	%
	(dollars in thousands, except per share amounts)			
Net investment income	\$ 131,457	\$ 98,300	\$ 33,157	34 %
Share-based compensation expense	7,961	8,215	(254)	(3)%
Distributable net investment income(a)	\$ 139,418	\$ 106,515	\$ 32,903	31 %
Net investment income per share—Basic and diluted	\$ 1.92	\$ 1.50	\$ 0.42	28 %
Distributable net investment income per share—Basic and diluted(a)	\$ 2.03	\$ 1.63	\$ 0.40	25 %

NM Not Meaningful

- (b) Distributable net investment income is net investment income as determined in accordance with U.S. GAAP, excluding the impact of share-based compensation expense which is non-cash in nature. We believe presenting distributable net investment income and related per share amounts is useful and appropriate supplemental disclosure of information for analyzing our financial performance since share-based compensation does not require settlement in cash. However, distributable net investment income is a non-U.S. GAAP measure and should not be considered as a replacement to net investment income and other earnings measures presented in accordance with U.S. GAAP. Instead, distributable net investment income should be reviewed only in connection with such U.S. GAAP measures in analyzing our financial performance. A reconciliation of net investment income in accordance with U.S. GAAP to distributable net investment income is presented in the table above.

*Investment Income*

Total investment income for the nine months ended September 30, 2021 was \$206.9 million, a 29% increase from the \$160.1 million of total investment income for the corresponding period of 2020. The following table provides a summary of the changes in the comparable period activity.

	Nine Months Ended September 30,		Net Change	
	2021	2020	Amount	%
	(dollars in thousands)			
Interest Income	\$ 139,882	\$ 128,587	\$ 11,295	9 % (a)
Dividend Income	59,328	23,942	35,386	148 % (b)
Fee Income	7,671	7,580	91	1 %
Total Investment Income	\$ 206,881	\$ 160,109	\$ 46,772	29 % (c)

- (a) The increase in interest income is primarily related to (i) a \$7.8 million increase related to higher average levels of Investment Portfolio debt investments and (ii) a \$2.2 million increase related to prepayment, repricing and other activities related to certain Investment Portfolio debt investments.
- (b) The increase in dividend income from Investment Portfolio equity investments is primarily a result of (i) improved operating results, financial condition and liquidity positions of certain of our portfolio companies following the impacts from the COVID-19 pandemic in 2020, and (ii) a \$10.2 million increase related to elevated dividend income considered to be less consistent or non-recurring
- (c) The increase in total investment income includes the impact of (i) a \$10.2 million increase in dividend income considered less consistent or non-recurring and (ii) a \$1.6 million increase in accelerated prepayment, repricing and other activity related to certain Investment Portfolio debt investments.

*Expenses*

Total expenses for the nine months ended September 30, 2021 was \$75.4 million, a 22% increase from the \$61.8 million in the corresponding period of 2020. The following table provides a summary of the changes in the comparable period activity.

	Nine Months Ended September 30,		Net Change	
	2021	2020	Amount	%
	(dollars in thousands)			
Employee compensation expenses	\$ 21,834	\$ 11,589	\$ 10,245	88 % (a)
Deferred compensation plan expense	956	691	265	38 %
Total compensation expense	22,790	12,280	10,510	86 %
G&A expense	9,439	9,827	(388)	(4) %
Interest expense	42,914	36,827	6,087	17 % (b)
Share-based compensation expense	7,961	8,215	(254)	(3) %
Gross expenses	83,104	67,149	15,955	24 %
Allocation of expenses to the external investment manager	(7,680)	(5,340)	(2,340)	44 % (c)
Total expenses	\$ 75,424	\$ 61,809	\$ 13,615	22 %

- (a) The increase in employee compensation expenses was primarily due to incentive compensation accruals generally corresponding with our improved operating results.
- (b) The increase in interest expense is primarily related to elevated borrowings under (i) our 3.00% Notes issued in January 2021 and (ii) an additional \$125.0 million aggregate principal amount which we issued under our 5.20% Notes in July 2020, partially offset by decreased interest expense relating to our Credit Facility due to the lower average balance outstanding and the lower average interest rate.

- (c) The increase in the allocation of expenses to the External Investment Manager primarily relates to the impact of the transaction in October 2020, whereby the External Investment Manager became the sole investment adviser to MSC Income.

*Net Investment Income*

Net investment income for the nine months ended September 30, 2021 increased 34% to \$131.5 million, or \$1.92 per share, compared to net investment income of \$98.3 million, or \$1.50 per share, for the corresponding period of 2020. The increase in net investment income and net investment income per share was principally attributable to the 29% increase in total investment income, partially offset by the 22% increase in total expenses, both as discussed above, and the 5% increase in weighted average shares outstanding to 68.6 million for the nine months ended September 30, 2021, primarily due to shares issued through the ATM Program, shares issued pursuant to our equity incentive plans and shares issued pursuant to our dividend reinvestment plan. The increase in net investment income per share includes (i) an increase of \$0.15 per share in investment income from dividend income activity considered to be less consistent or non-recurring and (ii) an increase of \$0.02 per share related to higher accelerated prepayment, repricing and other activity related to certain Investment Portfolio debt investments.

*Distributable Net Investment Income*

Distributable net investment income for the nine months ended September 30, 2021 increased 31% to \$139.4 million, or \$2.03 per share, compared with \$106.5 million, or \$1.63 per share, in the corresponding period of 2020. The increase in distributable net investment income and distributable net investment income per share was primarily due to the increased level of total investment income, partially offset by (i) the increase in total expenses, excluding share-based compensation expense, and (ii) a greater number of average shares outstanding compared to the corresponding period in 2020, all as described above. The increase in distributable net investment income per share includes the impacts of the increase in investment income from dividend income activity considered to be less consistent or non-recurring, and the increase in accelerated prepayment, repricing and other income activity related to certain Investment Portfolio debt investments, as discussed above.

*Net Realized Gain (Loss) from Investments*

The following table provides a summary of the primary components of the total net realized gain on investments of \$10.6 million for the nine months ended September 30, 2021:

	Nine Months Ended September 30, 2021							
	Full Exits		Partial Exits		Restructures		Other (a)	Total (a)
	Net Gain/(Loss)	# of Investments	Net Gain/(Loss)	# of Investments	Net Gain/(Loss)	# of Investments	Net Gain/(Loss)	Net Gain/(Loss)
	(dollars in thousands)							
LMM Portfolio	\$ 28,004	4	\$ -	-	\$ (10,925)	1	\$ (569)	\$ 16,510
Middle Market Portfolio	(4,243)	2	6,153	1	(4,528)	1	43	(2,575)
Private Loan Portfolio	-	-	-	-	-	-	(48)	(48)
Other Portfolio	(4,449)	1	777	1	-	-	351	(3,321)
Short-term Portfolio	-	-	-	-	-	-	9	9
Total net realized gain/(loss)	\$ 19,312	7	\$ 6,930	2	\$ (15,453)	2	\$ (214)	\$ 10,575

- (a) Other activity includes realized gains and losses from transactions involving 21 portfolio companies which are not considered to be significant individually or in the aggregate.

*Net Unrealized Appreciation (Depreciation)*

The following table provides a summary of the total net unrealized appreciation of \$117.1 million for the nine months ended September 30, 2021:

	Nine Months Ended September 30, 2021				Total
	LMM(a)	Middle Market	Private Loan	Other	
	(dollars in millions)				
Accounting reversals of net unrealized (appreciation) depreciation recognized in prior periods due to net realized (gains / income) losses recognized during the current period	\$ (5.9)	\$ 1.4	\$ (1.4)	\$ 4.6	\$ (1.3)
Net unrealized appreciation relating to investments	73.7	6.4	10.9	27.4 (b)	118.4
<b>Total net unrealized appreciation relating to investments</b>	<b>\$ 67.8</b>	<b>\$ 7.8</b>	<b>\$ 9.5</b>	<b>\$ 32.0</b>	<b>\$ 117.1</b>

(a) LMM includes unrealized appreciation on 42 LMM portfolio investments and unrealized depreciation on 21 LMM portfolio investments.

(b) Other includes (i) \$16.1 million of net unrealized appreciation relating to the Other Portfolio and (ii) \$11.4 million of net appreciation relating to the External Investment Manager.

*Income Tax Benefit (Provision)*

The income tax provision for the nine months ended September 30, 2021 of \$22.7 million principally consisted of (i) a deferred tax provision of \$20.4 million, which is primarily the result of the net activity relating to our portfolio investments held in our wholly owned taxable subsidiaries, including changes in loss carryforwards, changes in net unrealized appreciation/depreciation and other temporary book-tax differences and (ii) a current tax provision of \$2.2 million, related to a \$1.6 million provision for current U.S. federal and state income taxes and a \$0.6 million provision for excise tax on our estimated undistributed taxable income. The income tax benefit for the nine months ended September 30, 2020 of \$14.3 million principally consisted of a deferred tax benefit of \$15.7 million, partially offset by a current tax provision of \$1.4 million, primarily related to a \$1.1 million provision for excise tax on our estimated undistributed taxable income and \$0.3 million provision for current U.S. federal and state income taxes.

*Net Increase (Decrease) in Net Assets Resulting from Operations*

The net increase in net assets resulting from operations for the nine months ended September 30, 2021 was \$236.4 million, or \$3.45 per share, compared with a net decrease of \$49.9 million, or \$0.76 per share, during the nine months ended September 30, 2020. The tables above provide a summary of the net increase in net assets resulting from operations for the nine months ended September 30, 2021.

*Liquidity and Capital Resources*

This "Liquidity and Capital Resources" section should be read in conjunction with the "COVID-19 Update" section above.

*Cash Flows*

For the nine months ended September 30, 2021, we realized a net increase in cash and cash equivalents of \$27.7 million, which is the net result of \$158.7 million of cash used in our operating activities and \$186.4 million of cash provided by our financing activities.

The \$158.7 million of cash used in our operating activities resulted primarily from cash uses totaling \$911.1 million for the funding of new portfolio company investments and settlement of accruals for portfolio investments existing as of December 31, 2020, partially offset by (i) cash proceeds totaling \$614.4 million from the sales and repayments of debt investments and sales of and return on capital from equity investments, (ii) cash flows that we

generated from the operating profits earned totaling \$123.1 million, which is our distributable net investment income, excluding the non-cash effects of the accretion of unearned income, payment-in-kind interest income, cumulative dividends and the amortization expense for deferred financing costs, and (iii) cash proceeds of \$14.9 million related to changes in other assets and liabilities.

The \$186.4 million of cash provided by our financing activities principally consisted of (i) \$300.0 million in cash proceeds from the issuance of the 3.00% Notes, (ii) \$80.2 million in cash proceeds from the issuance of SBIC debentures and (iii) \$44.8 million in net cash proceeds from our ATM Program (described below) and direct stock purchase plan, partially offset by (i) \$114.5 million in cash dividends paid to stockholders, (ii) \$69.0 million in net repayments on the Credit Facility, (iii) \$40.0 million in repayment of SBIC debentures, (iv) \$10.2 million for debt issuance costs, SBIC debenture fees and other costs, and (v) \$5.0 million for purchases of vested restricted stock from employees to satisfy their tax withholding requirements upon the vesting of such restricted stock.

#### *Capital Resources*

As of September 30, 2021, we had \$59.6 million in cash and cash equivalents and \$655.0 million of unused capacity under the Credit Facility, before considering the accordion feature discussed below, which we maintain to support our investment and operating activities. As of September 30, 2021, our net asset value totaled \$1,684.3 million, or \$24.27 per share.

The Credit Facility provides additional liquidity to support our investment and operational activities. As of September 30, 2021, the Credit Facility included total commitments of \$855.0 million from a diversified group of 18 lenders, held a maturity date in April 2026 and contained an accordion feature which allowed us to increase the total commitments under the facility to up to \$1,200.0 million from new and existing lenders on the same terms and conditions as the existing commitments. As of September 30, 2021, borrowings under the Credit Facility bore interest, subject to our election and resetting on a monthly basis on the first of each month, on a per annum basis at a rate equal to the applicable LIBOR rate (0.1% as of September 30, 2021) plus (i) 1.875% (or the applicable base rate (Prime Rate of 3.25% as of September 30, 2021) plus 0.875%) as long as we meet certain agreed upon excess collateral and maximum leverage requirements or (ii) 2.0% (or the applicable base rate plus 1.0%) otherwise. We pay unused commitment fees of 0.25% per annum on the unused lender commitments under the Credit Facility. The Credit Facility is secured by a first lien on the assets of MSCC and its subsidiaries, excluding the equity ownership or assets of the Funds and the External Investment Manager. As of September 30, 2021, the Credit Facility contained certain affirmative and negative covenants, including but not limited to: (i) maintaining minimum liquidity, (ii) maintaining an interest coverage ratio of at least 2.0 to 1.0, (iii) maintaining an asset coverage ratio (tangible net worth to Credit Facility borrowings) of at least 1.5 to 1.0, (iv) maintaining a minimum tangible net worth and (v) maintaining a minimum asset coverage ratio of 200% with respect to the consolidated assets (with certain limitations on the contribution of equity in financing subsidiaries as specified therein) of MSCC and the guarantors under the Credit Facility to the secured debt of MSCC and the guarantors. As of September 30, 2021, we had \$200.0 million in borrowings outstanding under the Credit Facility, the interest rate on the Credit Facility was 2.0% (based on the LIBOR rate of 0.1% as of the most recent reset date of September 1, 2021 plus 1.875%) and we were in compliance with all financial covenants of the Credit Facility.

Through the Funds, we have the ability to issue SBIC debentures guaranteed by the SBA at favorable interest rates and favorable terms and conditions. Under existing SBIC regulations, SBA-approved SBICs under common control have the ability to issue debentures guaranteed by the SBA up to a regulatory maximum amount of \$350.0 million. Under existing SBA-approved commitments, we had \$350.0 million of outstanding SBIC debentures guaranteed by the SBA as of September 30, 2021 through our wholly owned SBICs, which bear a weighted-average annual fixed interest rate of approximately 2.9%, paid semiannually, and mature ten years from issuance. The first maturity related to our SBIC debentures occurs in 2023, and the weighted-average remaining duration is approximately 6.4 years as of September 30, 2021. During the nine months ended September 30, 2021, Main Street issued \$80.2 million of SBIC debentures and opportunistically prepaid \$40.0 million of existing SBIC debentures that were scheduled to mature over the next year as part of an effort to manage the maturity dates of the oldest SBIC debentures. Debentures guaranteed by the SBA have fixed interest rates that equal prevailing 10-year Treasury Note rates plus a market spread and have a maturity of ten years with interest payable semiannually. The principal amount of the debentures is not required to be paid before maturity, but may be pre-paid at any time with no prepayment penalty. We expect to maintain SBIC debentures under the SBIC program in the future, subject to periodic repayments and borrowings, in an amount up to the regulatory maximum amount for affiliated SBIC funds.

In November 2017, we issued \$185.0 million in aggregate principal amount of 4.50% unsecured notes due December 1, 2022 (the “4.50% Notes due 2022”) at an issue price of 99.16%. The 4.50% Notes due 2022 are unsecured obligations and rank pari passu with our current and future unsecured indebtedness; senior to any of our future indebtedness that expressly provides it is subordinated to the 4.50% Notes due 2022; effectively subordinated to all of our existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness, including borrowings under our Credit Facility; and structurally subordinated to all existing and future indebtedness and other obligations of any of our subsidiaries, including without limitation, the indebtedness of the Funds. The 4.50% Notes due 2022 may be redeemed in whole or in part at any time at our option subject to certain make-whole provisions. The 4.50% Notes due 2022 bear interest at a rate of 4.50% per year payable semiannually on June 1 and December 1 of each year. We may from time to time repurchase the 4.50% Notes due 2022 in accordance with the 1940 Act and the rules promulgated thereunder. As of September 30, 2021, the outstanding principal balance of the 4.50% Notes due 2022 was \$185.0 million.

The indenture governing the 4.50% Notes due 2022 (the “4.50% Notes Indenture”) contains certain covenants, including covenants requiring our compliance with (regardless of whether we are subject to) the asset coverage requirements set forth in Section 18(a)(1)(A) as modified by Section 61(a)(1) of the 1940 Act, as well as covenants requiring us to provide financial information to the holders of the 4.50% Notes due 2022 and the trustee if we cease to be subject to the reporting requirements of the Exchange Act. These covenants are subject to limitations and exceptions that are described in the 4.50% Notes Indenture. As of September 30, 2021, we were in compliance with these covenants.

In April 2019, we issued \$250.0 million in aggregate principal amount of 5.20% unsecured Notes due May 1, 2024 (the “5.20% Notes”) at an issue price of 99.125%. Subsequently, in December 2019, we issued an additional \$75.0 million of the 5.20% Notes at an issue price of 105.0%. Also, in July 2020, we issued an additional \$125.0 million aggregate principal amount of the 5.20% Notes at an issue price of 102.674%. The 5.20% Notes issued in December 2019 and July 2020 have identical terms as, and are a part of a single series with, the 5.20% Notes issued in April 2019. The aggregate net proceeds from the 5.20% Notes issuances were used to repay a portion of the borrowings outstanding under the Credit Facility. The 5.20% Notes are unsecured obligations and rank pari passu with our current and future unsecured indebtedness; senior to any of our future indebtedness that expressly provides it is subordinated to the 5.20% Notes; effectively subordinated to all of our existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness, including borrowings under our Credit Facility; and structurally subordinated to all existing and future indebtedness and other obligations of any of our subsidiaries, including without limitation, the indebtedness of the Funds. The 5.20% Notes may be redeemed in whole or in part at any time at our option subject to certain make-whole provisions. The 5.20% Notes bear interest at a rate of 5.20% per year payable semiannually on May 1 and November 1 of each year. We may from time to time repurchase the 5.20% Notes in accordance with the 1940 Act and the rules promulgated thereunder. As of September 30, 2021, the outstanding principal balance of the 5.20% Notes was \$450.0 million.

The indenture governing the 5.20% Notes (the “5.20% Notes Indenture”) contains certain covenants, including covenants requiring our compliance with (regardless of whether we are subject to) the asset coverage requirements set forth in Section 18(a)(1)(A) as modified by Section 61(a)(1) of the 1940 Act, as well as covenants requiring us to provide financial information to the holders of the 5.20% Notes and the trustee if we cease to be subject to the reporting requirements of the Exchange Act. These covenants are subject to limitations and exceptions that are described in the 5.20% Notes Indenture. As of September 30, 2021, we were in compliance with these covenants.

In January 2021, we issued \$300.0 million in aggregate principal amount of 3.00% unsecured notes due July 14, 2026 (the “3.00% Notes”) at an issue price of 99.004%. The total net proceeds from the 3.00% Notes, resulting from the issue price and after underwriting discounts and estimated offering expenses payable, were approximately \$294.8 million. The 3.00% Notes are unsecured obligations and rank pari passu with our current and future unsecured indebtedness; senior to any of its future indebtedness that expressly provides it is subordinated to the 3.00% Notes; effectively subordinated to all of its existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness, including borrowings under its Credit Facility; and structurally subordinated to all existing and future indebtedness and other obligations of any of its subsidiaries, including without limitation, the indebtedness of the Funds. The 3.00% Notes may be redeemed in whole or in part at any time at our option subject to certain make whole provisions. The 3.00% Notes bear interest at a rate of 3.00% per year payable semiannually on January 14 and July 14 of each year. We may from time to time repurchase the 3.00% Notes in accordance with the 1940 Act and the rules promulgated thereunder. As of September 30, 2021, the outstanding principal balance of the 3.00% Notes was

\$300.0 million. In October 2021, we issued an additional \$200.0 million in aggregate principal amount of the 3.00% Notes at an issue price of 101.741%. See *Recent Developments* for further discussion.

The indenture governing the 3.00% Notes (the “3.00% Notes Indenture”) contains certain covenants, including covenants requiring our compliance with (regardless of whether we are subject to) the asset coverage requirements set forth in Section 18(a)(1)(A) as modified by Section 61(a)(1) of the 1940 Act, as well as covenants requiring us to provide financial information to the holders of the 3.00% Notes and the trustee if we cease to be subject to the reporting requirements of the Exchange Act. These covenants are subject to limitations and exceptions that are described in the 3.00% Notes Indenture. As of September 30, 2021, we were in compliance with these covenants.

We maintain a program with certain selling agents through which we can sell shares of our common stock by means of at-the-market offerings from time to time (the “ATM Program”). During the nine months ended September 30, 2021, we sold 1,111,194 shares of our common stock at a weighted-average price of \$40.59 per share and raised \$45.1 million of gross proceeds under the ATM Program. Net proceeds were \$44.5 million after commissions to the selling agents on shares sold and offering costs. As of September 30, 2021, 4,602,178 shares remained available for sale under the ATM Program.

During the year ended December 31, 2020, we sold 2,645,778 shares of our common stock at a weighted-average price of \$32.10 per share and raised \$84.9 million of gross proceeds under the ATM Program. Net proceeds were \$83.8 million after commissions to the selling agents on shares sold and offering costs.

We anticipate that we will continue to fund our investment activities through existing cash and cash equivalents, cash flows generated through our ongoing operating activities, utilization of available borrowings under our Credit Facility, and a combination of future issuances of debt and equity capital. Our primary uses of funds will be investments in portfolio companies, operating expenses and cash distributions to holders of our common stock.

We periodically invest excess cash balances into marketable securities and idle funds investments. The primary investment objective of marketable securities and idle funds investments is to generate incremental cash returns on excess cash balances prior to utilizing those funds for investment in our LMM, Middle Market and Private Loan portfolio investments. Marketable securities and idle funds investments generally consist of debt investments, independently rated debt investments, certificates of deposit with financial institutions, diversified bond funds and publicly traded debt and equity investments. We may also invest in short-term portfolio investments that are atypical of our LMM, Middle Market and Private Loan portfolio investments in that they are intended to be a short-term deployment of capital and are more liquid than investments within the other portfolios. Short-term portfolio investments consist primarily of investments in secured debt investments and independently rated debt investments.

If our common stock trades below our net asset value per share, we will generally not be able to issue additional common stock at the market price, unless our stockholders approve such a sale and our Board of Directors makes certain determinations. We did not seek stockholder authorization to sell shares of our common stock below the then current net asset value per share of our common stock at our 2021 annual meeting of stockholders because our common stock price per share has generally traded significantly above the net asset value per share of our common stock since 2011. We would therefore need future approval from our stockholders to issue shares below the then current net asset value per share.

In order to satisfy the Code requirements applicable to a RIC, we intend to distribute to our stockholders, after consideration and application of our ability under the Code to carry forward certain excess undistributed taxable income from one tax year into the next tax year, substantially all of our taxable income. In addition, as a BDC, we generally are required to meet a coverage ratio of total assets to total senior securities, which include borrowings and any preferred stock we may issue in the future, of at least 200% (or 150% if certain requirements are met). This requirement limits the amount that we may borrow. In January 2008, we received an exemptive order from the SEC to exclude SBA-guaranteed debt securities issued by the Funds and any other wholly owned subsidiaries of ours which operate as SBICs from the asset coverage requirements of the 1940 Act as applicable to us, which, in turn, enables us to fund more investments with debt capital.



Although we have been able to secure access to additional liquidity, including through the Credit Facility, public debt issuances, leverage available through the SBIC program and equity offerings, there is no assurance that debt or equity capital will be available to us in the future on favorable terms, or at all.

**Recently Issued or Adopted Accounting Standards**

See “Note B.13 – Recently Issued or Adopted Accounting Standards” to the consolidated financial statements included in this Quarterly Report on Form 10-Q for a discussion of recently issued or adopted accounting standards.

From time to time, new accounting pronouncements are issued by the FASB or other standards setting bodies that are adopted by us as of the specified effective date. We believe that the impact of recently issued standards and any that are not yet effective will not have a material impact on our consolidated financial statements upon adoption.

**Inflation**

Inflation has not had a significant effect on our results of operations in any of the reporting periods presented herein. However, our portfolio companies have experienced, including as a result of the COVID 19 pandemic, and may continue to experience, the impacts of inflation on their operating results, including periodic escalations in their costs for labor, raw materials and third-party services and required energy consumption. Prolonged or more severe impacts of inflation to our portfolio companies could impact their ability to service their debt obligations and/or reduce their available cash for distributions which in turn could negatively affect our results of operations.

**Off-Balance Sheet Arrangements**

We may be a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financial needs of our portfolio companies. These instruments include commitments to extend credit and fund equity capital and involve, to varying degrees, elements of liquidity and credit risk in excess of the amount recognized in the balance sheet. At September 30, 2021, we had a total of \$175.1 million in outstanding commitments comprised of (i) fifty-one investments with commitments to fund revolving loans that had not been fully drawn or term loans with additional commitments not yet funded and (ii) ten investments with equity capital commitments that had not been fully called.

**Contractual Obligations**

As of September 30, 2021, the future fixed commitments for cash payments in connection with our SBIC debentures, the 4.50% Notes due 2022, the 5.20% Notes, the 3.00% Notes and rent obligations under our office lease for each of the next five years and thereafter are as follows (dollars in thousands):

	2021	2022	2023	2024	2025	Thereafter	Total
SBIC debentures	\$ —	\$ —	\$ 16,000	\$ 63,800	\$ —	\$ 270,200	\$ 350,000
Interest due on SBIC debentures	-	10,209	9,899	8,455	7,228	22,793	58,584
4.50% Notes due 2022	—	185,000	—	—	—	—	185,000
Interest due on 4.50% Notes due 2022	4,163	8,325	—	—	—	—	12,488
5.20% Notes due 2024	—	—	—	450,000	—	—	450,000
Interest due on 5.20% Notes due 2024	11,700	23,400	23,400	11,700	—	—	70,200
3.00% Notes due 2026	—	—	—	—	—	300,000	300,000
Interest due on 3.00% Notes due 2026	-	9,050	9,000	9,000	9,000	9,000	45,050
Operating Lease Obligation (1)	194	790	804	818	832	1,779	5,217
Total	\$ 16,057	\$ 236,774	\$ 59,103	\$ 543,773	\$ 17,060	\$ 603,772	\$ 1,476,539

(1) Operating Lease Obligation means a rent payment obligation under a lease classified as an operating lease and disclosed pursuant to ASC 842, as may be modified or supplemented.

As of September 30, 2021, we had \$200.0 million in borrowings outstanding under our Credit Facility, and the Credit Facility is scheduled to mature in April 2026.

### ***Related Party Transactions***

As discussed further above, the External Investment Manager is treated as a wholly owned portfolio company of MSCC and is included as part of our Investment Portfolio. At September 30, 2021, we had a receivable of \$4.7 million due from the External Investment Manager, which included \$3.2 million related primarily to operating expenses incurred by us as required to support the External Investment Manager's business and amounts due from the External Investment Manager to Main Street under a tax sharing agreement (see further discussion in Note B.9 and Note D in the notes to consolidated financial statements) and \$1.5 million of dividends declared but not paid by the External Investment Manager.

From time to time, we may make investments in clients of the External Investment Manager in the form of debt or equity capital on terms approved by our Board of Directors. In January 2021, we entered into a Term Loan Agreement with MSC Income (the "Term Loan Agreement"). The Term Loan Agreement was unanimously approved by our Board, including each director who is not an "interested person," as such term is defined in Section 2(a)(19) of the 1940 Act and the board of directors of MSC Income, including each director who is not an "interested person" of MSC Income or the External Investment Manager. The Term Loan Agreement provides for a term loan of \$75.0 million to MSC Income, bearing interest at a fixed rate of 5.00% per annum, and matures in January 2026. Borrowings under the Term Loan Agreement are expressly subordinated and junior in right of payment to all secured indebtedness of MSC Income. In October 2021, MSC Income fully repaid all borrowings outstanding under the Term Loan Agreement and the Term Loan Agreement was terminated.

In December 2020, the External Investment Manager entered into an Investment Management Agreement with the Private Loan Fund, pursuant to which the External Investment Manager provides investment advisory and management services to the Private Loan Fund in exchange for an asset-based fee and certain incentive fees. The Private Loan Fund is a private investment fund exempt from registration under the 1940 Act that invests in debt investments in middle market companies generally with EBITDA between \$7.5 million and \$50 million and generally owned by a private equity sponsor, which we generally refer to as Private Loan investments. In connection with the Private Loan Fund's initial closing in December 2020, we committed to contribute up to \$10.0 million as a limited partner and will be entitled to distributions on such interest. In addition, certain of our officers and employees (and certain of their immediate family members) made capital commitments to the Private Loan Fund as limited partners and therefore have direct pecuniary interests in the Private Loan Fund. Additionally, we have provided the Private Loan Fund with a revolving line of credit pursuant to an Unsecured Revolving Promissory Note, dated February 5, 2021 (the "Private Loan Fund Loan"), in an aggregate amount equal to the amount of limited partner capital commitments to the Private Loan Fund up to \$50.0 million. Borrowings under the Private Loan Fund Loan bear interest at a fixed rate of 5.00% per annum and will mature on the earlier of June 30, 2022 and the date of the Private Loan Fund's final closing. The Private Loan Fund Loan was unanimously approved by our Board, including each director who is not an "interested person," as such term is defined in Section 2(a)(19) of the 1940 Act and the board of directors of the Private Loan Fund, including each director who is not an "interested person" of the Private Loan Fund or the External Investment Manager.

In November 2015, our Board of Directors approved and adopted the Main Street Capital Corporation Deferred Compensation Plan (the "2015 Deferred Compensation Plan"). The 2015 Deferred Compensation Plan became effective on January 1, 2016 and replaced the Deferred Compensation Plan for Non-Employee Directors previously adopted by the Board of Directors in June 2013 (the "2013 Deferred Compensation Plan"). Under the 2015 Deferred Compensation Plan, non-employee directors and certain key employees may defer receipt of some or all of their cash compensation and directors' fees, subject to certain limitations. Individuals participating in the 2015 Deferred Compensation Plan receive distributions of their respective balances based on predetermined payout schedules or other events as defined by the plan and are also able to direct investments made on their behalf among investment alternatives permitted from time to time under the plan, including phantom Main Street stock units. As of September 30, 2021, \$14.6 million of compensation and dividend reinvestments net of unrealized gains and losses and distributions had been deferred under the 2015 Deferred Compensation Plan (including amounts previously deferred under the 2013 Deferred Compensation Plan). Of this amount, \$6.6 million had been deferred into phantom Main Street stock units, representing 159,369 shares of Main Street's common stock. Any amounts deferred under the plan represented by phantom Main Street stock units will not be issued or included as outstanding on the consolidated statements of changes in net assets until such shares are actually distributed to the participant in accordance with the plan, but the related phantom stock units are included in weighted-average shares outstanding with the related dollar amount of the deferral included in total expenses in Main

Street's consolidated statements of operations as earned. The dividend amounts related to additional phantom stock units are included in the statements of changes in net assets as an increase to dividends to stockholders offset by a corresponding increase to additional paid-in capital.

### ***Recent Developments***

In October 2021, we issued an additional \$200.0 million in aggregate principal amount of the 3.00% Notes at an issue price of 101.741%, resulting in an effective interest rate of 2.60%. The total net proceeds from the offering of the 3.00% Notes, resulting from the public issue price and after underwriting discounts and estimated offering expenses payable, were approximately \$203.5 million. We used the proceeds from this debt issuance to repay outstanding borrowings under our Credit Facility, providing significant additional liquidity for our ongoing investment activities and to facilitate future availability for the repayment of our existing 4.50% Notes due 2022.

In November 2021, we declared a supplemental cash dividend of \$0.10 per share payable in December 2021. This supplemental cash dividend is in addition to the previously announced regular monthly cash dividends that we declared for the fourth quarter of 2021 of \$0.210 per share for each of October, November and December 2021.

During November 2021, we declared regular monthly dividends of \$0.215 per share for each month of January, February and March of 2022. These regular monthly dividends equal a total of \$0.645 per share for the first quarter of 2022, representing a 4.9% increase from the regular monthly dividends paid in the first quarter of 2021. Including the regular monthly and supplemental dividends declared for the fourth quarter of 2021 and first quarter of 2022, we will have paid \$32.820 per share in cumulative dividends since our October 2007 initial public offering.

### **Item 3. *Quantitative and Qualitative Disclosures about Market Risk***

We are subject to financial market risks, including changes in interest rates, and changes in interest rates may affect both our interest expense on the debt outstanding under our Credit Facility and our interest income from portfolio investments. Our risk management systems and procedures are designed to identify and analyze our risk, to set appropriate policies and limits and to continually monitor these risks. Our investment income will be affected by changes in various interest rates, including LIBOR and prime rates, to the extent that any debt investments include floating interest rates. See "Risk Factors—Risks Relating to Our Investments — Changes relating to the LIBOR calculation process, the phase-out of LIBOR and the use of replacement rates for LIBOR may adversely affect the value of our portfolio securities.", "Risk Factors — Risks Relating to Our Investments — Changes in interest rates may affect our cost of capital, net investment income and value of our investments." and "Risk Factors — Risks Relating to Our Debt Financing — Because we borrow money, the potential for gain or loss on amounts invested in us is magnified and may increase the risk of investing in us." included in our Form 10-K for the fiscal year ended December 31, 2020 for more information regarding risks associated with our debt investments and borrowings that utilize LIBOR as a reference rate.

The majority of our debt investments are made with either fixed interest rates or floating rates that are subject to contractual minimum interest rates for the term of the investment. As of September 30, 2021, approximately 67.4% of our debt investment portfolio (at cost) bore interest at floating rates, 89.2% of which were subject to contractual minimum interest rates. Our interest expense will be affected by changes in the published LIBOR rate in connection with our Credit Facility; however, the interest rates on our outstanding SBIC debentures, 3.00% Notes, 4.50% Notes due 2022 and 5.20% Notes, which collectively comprise the majority of our outstanding debt, are fixed for the life of such debt. As of September 30, 2021, we had not entered into any interest rate hedging arrangements. Due to our limited use of derivatives, we have claimed an exclusion from the definition of the term "commodity pool operator" under the Commodity Exchange Act and, therefore, are not subject to registration or regulation as a pool operator under such Act. The following table shows the approximate annualized increase or decrease in the components of net investment income

due to hypothetical base rate changes in interest rates, assuming no changes in our investments and borrowings as of September 30, 2021.

<u>Basis Point Change</u>	<u>Increase (Decrease) in Interest Income</u>	<u>(Increase) Decrease in Interest Expense</u>	<u>Increase (Decrease) in Net Investment Income</u>	<u>Increase (Decrease) in Net Investment Income per Share</u>
	(dollars in thousands, except per share amounts)			
(150)	\$ (222)	\$ 180	\$ (42)	\$ —
(100)	(215)	180	(35)	—
(50)	(201)	180	(21)	—
(25)	(194)	180	(14)	—
25	436	(500)	(64)	—
50	888	(1,000)	(112)	—
75	1,496	(1,500)	(4)	—
100	3,358	(2,000)	1,358	0.02
125	6,583	(2,500)	4,083	0.06
150	10,029	(3,000)	7,029	0.10

The hypothetical results assume that all LIBOR and prime rate changes would be effective on the first day of the period. However, the contractual LIBOR and prime rate reset dates would vary throughout the period, on either a monthly or quarterly basis, for both our investments and our Credit Facility. The hypothetical results would also be impacted by the changes in the amount of debt outstanding under our Credit Facility (with an increase (decrease) in the debt outstanding under the Credit Facility resulting in an (increase) decrease in the hypothetical interest expense).

**Item 4. Controls and Procedures**

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer, President, Chief Financial Officer, Chief Compliance Officer and Chief Accounting Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15 of the Exchange Act). Based on that evaluation, our Chief Executive Officer, President, Chief Financial Officer, Chief Compliance Officer and Chief Accounting Officer have concluded that our current disclosure controls and procedures are effective in timely alerting them of material information relating to us that is required to be disclosed in the reports we file or submit under the Exchange Act. There have been no changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**PART II—OTHER INFORMATION**

**Item 1. Legal Proceedings**

We may, from time to time, be involved in litigation arising out of our operations in the normal course of business or otherwise. Furthermore, third parties may seek to impose liability on us in connection with the activities of our portfolio companies. While the outcome of any current legal proceedings cannot at this time be predicted with certainty, we do not expect any current matters will materially affect our financial condition or results of operations; however, there can be no assurance whether any pending legal proceedings will have a material adverse effect on our financial condition or results of operations in any future reporting period.

**Item 1A. Risk Factors**

In addition to the other information set forth in this report, you should carefully consider the risk factors described in Part I, Item 1A. “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020, which could materially affect our business, financial condition and/or operating results. There have been no material changes to the risk factors as previously disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

The risks described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020 are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition and/or operating results.

**Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds***

During the three months ended September 30, 2021, we issued 95,364 shares of our common stock under our dividend reinvestment plan. These issuances were not subject to the registration requirements of the Securities Act of 1933, as amended. The aggregate value of the shares of common stock issued during the three months ended September 30, 2021 under the dividend reinvestment plan was approximately \$4.0 million.

Upon vesting of restricted stock awarded pursuant to our employee equity compensation plan, shares may be withheld to meet applicable tax withholding requirements. Any withheld shares are treated as common stock purchases by the Company in our consolidated financial statements as they reduce the number of shares received by employees upon vesting (see “Purchase of vested stock for employee payroll tax withholding” in the consolidated statements of changes in net assets for share amounts withheld).

**Item 6. Exhibits**

Listed below are the exhibits which are filed as part of this report (according to the number assigned to them in Item 601 of Regulation S-K):

<b>Exhibit Number</b>	<b>Description of Exhibit</b>
31.1	<a href="#">Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.</a>
31.2	<a href="#">Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.</a>
32.1	<a href="#">Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).</a>
32.2	<a href="#">Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).</a>

\* Exhibit previously filed with the Securities and Exchange Commission, as indicated, and incorporated herein by reference.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: November 5, 2021	<b>Main Street Capital Corporation</b> _____ <i>/s/ DWAYNE L. HYZAK</i> Dwayne L. Hyzak <i>Chief Executive Officer</i> <i>(principal executive officer)</i>
Date: November 5, 2021	_____ <i>/s/ JESSE E. MORRIS</i> Jesse E. Morris <i>Chief Financial Officer and Chief Operating Officer</i> <i>(principal financial officer)</i>
Date: November 5, 2021	_____ <i>/s/ LANCE A. PARKER</i> Lance A. Parker <i>Vice President and Chief Accounting Officer</i> <i>(principal accounting officer)</i>

I, Dwayne L. Hyzak, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarterly period ended September 30, 2021 of Main Street Capital Corporation (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(c) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Dated this November 5, 2021.

By: /s/ DWAYNE L. HYZAK  
Dwayne L. Hyzak  
*Chief Executive Officer*

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I, Jesse E. Morris, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarterly period ended September 30, 2021 of Main Street Capital Corporation (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(c) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Dated this November 5, 2021.

By: /s/ JESSE E. MORRIS

Jesse E. Morris  
*Chief Financial Officer and Chief Operating Officer*

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**Certification of Chief Executive Officer  
Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)**

In connection with the Quarterly Report of Main Street Capital Corporation (the "Registrant") on Form 10-Q for the quarter ended September 30, 2021 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, Dwayne L. Hyzak, the Chief Executive Officer of the Registrant, hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ DWAYNE L. HYZAK

Name: Dwayne L. Hyzak

Date: November 5, 2021

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**Certification of Chief Financial Officer  
Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)**

In connection with the Quarterly Report of Main Street Capital Corporation (the "Registrant") on Form 10-Q for the quarter ended September 30, 2021 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, Jesse E. Morris, the Chief Financial Officer of the Registrant, hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ JESSE E. MORRIS

Name: Jesse E. Morris

Date: November 5, 2021

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