



MVC Capital Announces Second Quarter 2020 Results

June 9, 2020

PURCHASE, N.Y., June 09, 2020 (GLOBE NEWSWIRE) -- MVC Capital, Inc. (NYSE: MVC) (the "Company"), a publicly traded business development company (BDC) that makes private debt and equity investments, announced its financial results for the fiscal second quarter ended April 30, 2020.

Financial Results

For the second quarter of fiscal 2020, the Company earned interest income of \$7.5 million and dividend, fee and other income of \$0.2 million, compared to \$6.4 million and \$2.2 million, respectively, for the same quarter of fiscal 2019.

The Company reported total operating income of \$7.7 million for the second quarter of fiscal 2020, compared to \$8.6 million for the second quarter of fiscal 2019. The Company reported net operating income of \$3.5 million for the second quarter of fiscal 2020, compared to \$4.2 million for the same quarter in fiscal 2019.

As of April 30, 2020, the Company's net assets were \$186.0 million or \$10.49 per share, compared with \$229.4 million or \$12.94 per share at the end of the prior fiscal quarter. The reduction in net assets during the quarter was largely attributable to unrealized losses across the portfolio primarily caused by the adverse global economic effects of COVID-19, but also includes portfolio company specific events.

As of April 30, 2020, MVC had investments in portfolio companies totaling \$226.3 million and cash and cash equivalents of \$50.6 million, including \$5.0 million in restricted cash and cash equivalents.

Key Financial Metrics

(Unaudited)(\$ in thousands, except per share data)	Quarter Ended				
	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Total operating income	7,652	7,786	8,046	7,469	8,593
Management fee	1,104	1,370	1,662	1,643	1,590
Portfolio fees - asset management	71	169	82	89	76
Management fee - asset management	52	64	69	79	69
Administrative	922	1,221	1,404	998	990
Interest, fees and other borrowing costs	2,125	2,206	2,378	2,510	2,283
Net Incentive compensation	-	-	-	-	-
Loss on extinguishment of debt	345	-	-	-	-
Total waiver by adviser	(452)	(551)	(660)	(654)	(635)
Tax expense	-	1	-	1	1
Net operating income before net realized and unrealized gains	3,485	3,306	3,111	2,803	4,219
Net increase (decrease) in net assets resulting from operations	(40,332)	4,416	3,057	348	15,964
Net increase (decrease) in net assets resulting from operations per share	(2.28)	0.25	0.17	0.02	0.90
Net asset value per share	10.49	12.94	12.86	12.86	12.99

Portfolio Activity

During the second quarter of fiscal 2020, the Company made five follow-on investments in four portfolio companies totaling approximately \$3.1 million in Jedson (\$1.7 million), RuMe (\$300,000), Security Holdings (\$381,500) and Custom Alloy (\$320,000 and \$430,000).

Dividends

On April 14, 2020, the Company's Board of Directors declared a quarterly dividend of \$0.17 per share, which was paid on April 30, 2020.

Since implementing its dividend policy in July of 2005, the Company has paid sixty consecutive quarterly dividends. Through April 30, 2020, dividends paid total \$8.25 per share and total distributions and share repurchases (including tender offers) have surpassed \$287 million.

Subsequent Events

On May 14, 2020, Folio announced it entered into an agreement to become a part of The Goldman Sachs Group, Inc. ("Goldman Sachs"). The acquisition, while subject to regulatory approval, is expected to close in the third calendar quarter of 2020. If the transaction closes, the Company expects to receive approximately \$15 million in proceeds.

On May 27, 2020, the Company and Wynnefield Capital announced an agreement under which six of the Company's current directors and three independent director candidates proposed by Wynnefield Capital will be nominated by the Company's Board of Directors for election at the 2020 annual meeting of stockholders, currently scheduled for July 15, 2020. The Board of Directors will remain at its current size of nine directors. A committee comprised of Chairman Tokarz and two independent Board members will continue to explore strategic alternatives and other value enhancing opportunities and there will be no changes to the Company's current management agreement with The Tokarz Group Advisers LLC prior to

the annual meeting. Under the agreement, the Company has agreed to pay the fees and expenses of Wynnefield Capital in the amount of approximately \$290,000.

On June 5, 2020, the Company and BB&T entered into a Waiver and Thirteenth Amendment to the Secured Revolving Credit Agreement (the "Credit Facility Amendment"), amending the Net Worth covenant to no less than \$150 million. All other terms of the Credit Facility II remain unchanged and borrowings continue to be secured by cash, short-term and long-term government securities.

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About MVC Capital, Inc.

MVC Capital (MVC) is a business development company traded on the New York Stock Exchange that provides long-term debt and equity investment capital to fund growth, acquisitions and recapitalizations of companies in a variety of industries. For additional information about MVC, please visit MVC's website at www.mvccapital.com.

Safe Harbor Statement and Other Disclosures

These forward-looking statements are subject to the inherent uncertainties in predicting future results and conditions. Certain factors could cause actual results and conditions to differ materially from those projected in these forward-looking statements, including, among other things: MVC Capital's ability to deliver value to shareholders; MVC Capital's ability to generate and grow net operating and net investment income, including beyond the current dividend level; the ability to pay and grow shareholder distributions (including beyond the \$0.17 dividend level recently paid); MVC Capital's ability to support and cover its dividend on an on-going basis; the ability to maintain expenses; the performance of MVC Capital's investments and changes in economic or financial market conditions and other factors that are enumerated in the Company's periodic filings with the Securities and Exchange Commission. MVC Capital disclaims and does not undertake any obligation to update or revise any forward-looking statement in this press release.

The press release contains unaudited financial results. For ease of review, we have excluded the word "approximately" when rounding the results.

There can be no assurance that future dividend payments will match or exceed historic ones, or that they will be made at all. This press release is for informational purposes only and is not an offer to purchase or a solicitation of an offer to sell shares of MVC's common stock. There can be no assurance that MVC will achieve its investment objective.

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Source: MVC Capital, Inc.