



January 5, 2017

Capitala Group Announces \$21.0 Million Exit of Medical Depot, Inc.

Exit Generates \$5.0 Million in Capital Gains

CHARLOTTE, N.C.--(BUSINESS WIRE)-- Capitala Finance Corp. ("Capitala" or the "Company") (Nasdaq:CPTA), a provider of capital to lower and traditional middle market companies, is pleased to announce that it recently fully exited its debt and equity investments in Medical Depot, Inc. ("Drive Medical"), a leading global manufacturer and distributor of durable medical equipment.

On January 3, 2016, the Company exited its investment in Drive Medical and received \$21.0 million for its equity and senior subordinated debt investments. Capitala was repaid at par \$14.7 million for its senior subordinated note. In addition, the Company received \$6.3 million for its equity investment, netting a realized gain of approximately \$5.0 million with a cumulative cash-on-cash return of 4.7x.

"Our investment was a great opportunity to work with an excellent management team that was passionate about their mission, fully knowledgeable of their market space, and was able to effectively execute multiple, complex, international acquisitions in a short time frame," stated Joe Alala, III, Chairman and CEO of Capitala. "We are excited to kick off 2017 with such a successful exit and a healthy appetite to continue investing in quality opportunities."

About Capitala Group

Capitala Group is a leading provider of capital to lower and traditional middle market companies, through its family of credit focused funds. Since 1998, Capitala Group's managed funds have participated in over 138 transactions, representing over \$1.3 billion of investments in a variety of industries throughout North America. Capitala Group manages both public capital (Capitala Finance Corp.) (Nasdaq:CPTA) and private capital (Capitala Private Credit Fund V, L.P. and CapitalSouth SBIC Fund IV, L.P.) for institutional and individual investors, and seeks to partner with strong management teams to create value and serve as long term partners. For more information, please visit www.CapitalaGroup.com

About Capitala Finance Corp

Capitala Finance Corp. is a business development company that invests primarily in traditional mezzanine, senior subordinated and unitranche debt, as well as senior and second-lien loans and, to lesser extent, equity securities issued by lower and traditional middle market companies. The Company is managed by Capitala Investment Advisors, LLC. For more information on Capitala, or to automatically receive email notifications of Company financial information, press releases, stock alerts, or other corporate filings, please visit the Investor Relations section of our website.

Forward-Looking Statements

This press release contains certain forward-looking statements. Words such as "believes," "intends," "expects," "projects," "anticipates," and "future" or similar expressions are intended to identify forward-looking statements. These forward-looking statements are not guarantees of future performance, condition or results and involve a number of risks and uncertainties. Actual results may differ materially from those in the forward-looking statements as a result of a number of factors, including those described from time to time in the Capitala's filings with the Securities and Exchange Commission. Capitala Finance Corp. undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law.

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