

Stellus Capital Management, LLC Provides Second Lien Financing to Support MidOcean's Acquisition of KidKraft

Houston, TX - October 14, 2016 - Stellus Capital Management, LLC ("Stellus") announced today that it provided second lien debt to support KidKraft's ("KidKraft") acquisition of the outdoor play systems business of Solowave Design ("Solowave"). KidKraft is an existing portfolio company of MidOcean Partners ("MidOcean").

Established in 1968, KidKraft is an industry leader in the design, development, marketing, and distribution of award-winning products. The Company's innovative portfolio includes dollhouses, play kitchens, wooden toy trains, children's furniture, and other products that are staples of the toy industry and are carried by retailers, independent toy shops, catalogs, and websites around the world.

Solowave is a leader in the design and manufacturing of premium ready-to-assemble children's outdoor play systems. Products are designed, engineered and manufactured to the highest standards in quality, safety and value. Play sets are sold under the Big Backyard and Cedar Summit brand names.

The combination of KidKraft and Solowave will create a leader in wooden children's products, with a broad portfolio to serve a range of ages for both indoor and outdoor play.

About Stellus

Stellus is a leading middle market private investment firm with approximately \$1.3 billion of assets under management (as of June 30, 2016) across its two investment platforms - private credit and energy private equity. The private credit platform focuses on originating direct loans to middle market companies. The energy private equity platform focuses on providing flexible equity capital to small and middle market energy companies. Each platform is led by a dedicated investment team investing out of strategy-specific private institutional funds.

Collectively, the Stellus team has invested over \$4 billion in the middle market over the last 10+ years. Stellus has offices in Houston, TX and the Washington D.C. area. For additional information, please visit us at www.stelluscapital.com.

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