

FLEXIBLE CAPITAL FOR THE MIDDLE MARKET

Investor Presentation

Quarter ended June 30, 2020

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INVESTMENT CORPORATION

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Business Development Company (BDC)

- Publicly traded business development company (NYSE: "SCM")
- Investment portfolio of \$640 million as of June 30, 2020
- Externally managed by Stellus Capital Management, LLC, a registered investment advisor with approximately \$1.6 billion in AUM as of June 30, 2020 across the platform.

Provides Direct Investment to the Middle Market

- First lien, second lien, unitranche, mezzanine debt and equity
- \$10 to \$30 million targeted investment size
- Investing in companies with EBITDA of \$5 million to \$50 million

Experienced Cohesive Team

- Investing together in middle market credit for more than a decade
- Offices in Houston, Washington, D.C. area and Charlotte
- Compliance-oriented culture and robust management infrastructure

Strong Origination Platform and Selective Investment Process

- Closed over 270 direct lending transactions since 2004 with more than 155 different financial sponsors*
- Over 500 middle market opportunities reviewed over the last twelve months and closed approximately 2% of the deals reviewed

Long Term Shareholder Focus

- Total of \$10.60 dividends declared LTD for an IPO investor
- Incentive fee subject to a total return requirement and an 8% hurdle rate

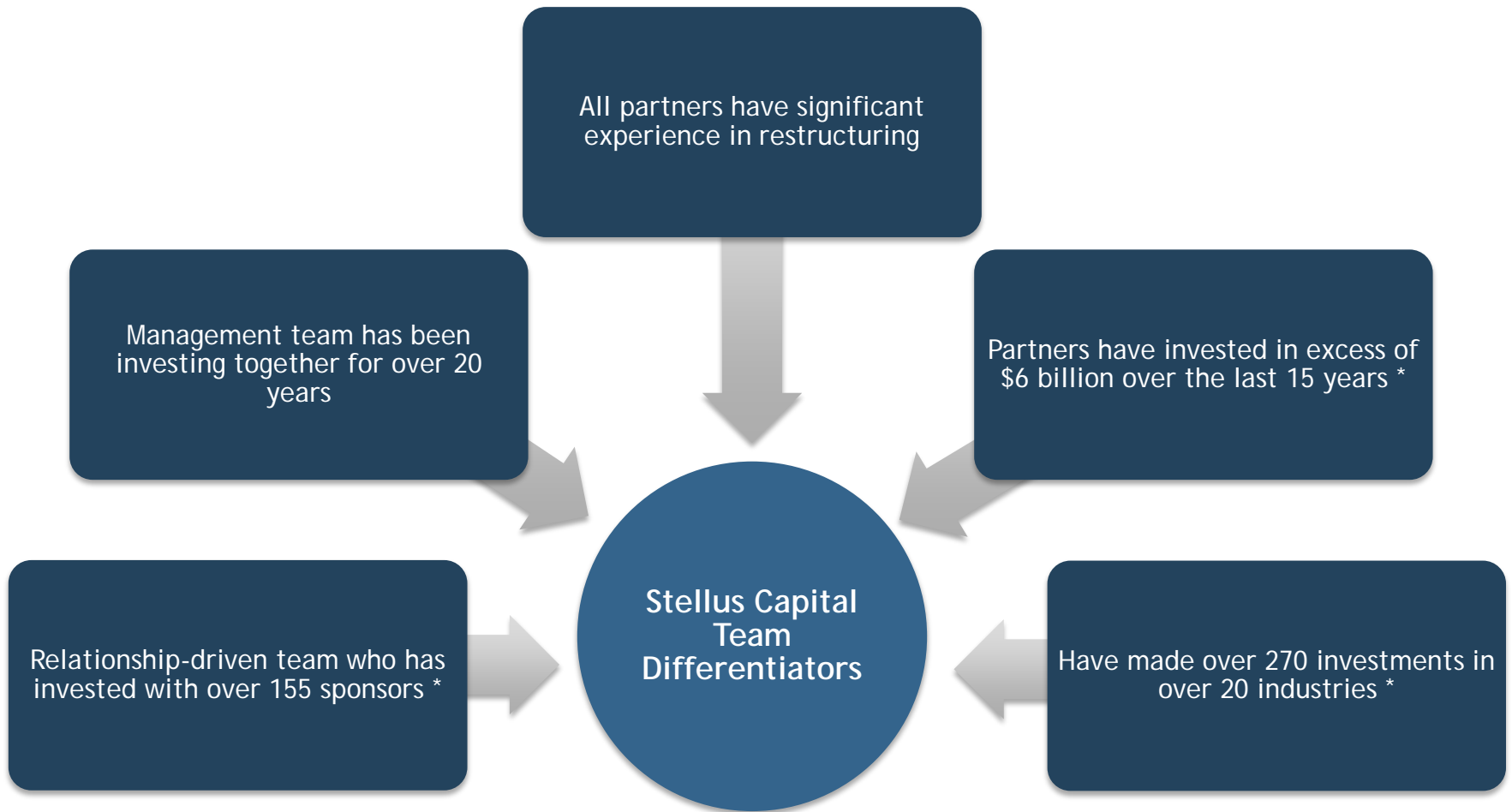
* Includes transactions closed by the management team prior to forming Stellus Capital Management.

Established Team and Institutional Platform

Stellus Capital Investment Corporation investment committee members have over 155 years of total experience, which includes backgrounds in private credit, private equity, corporate finance, restructuring, management consulting, and accounting.

TOTAL YEARS EXPERIENCE >	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5	10	15	20	25	30	35	40	PAST EXPERIENCE	
Robert Ladd (64) Chairman, President & CEO																									40	The D. E. Shaw group, Duke Capital Partners, Duke Energy North America, Arthur Andersen, First City Bancorporation
Dean D'Angelo (52) Co-Head of Private Credit * & Director																									28	The D. E. Shaw group, Allied Capital, Duke Capital Partners, Banc of America Securities, Coopers & Lybrand
Joshua Davis (48) Co-Head of Private Credit *																									25	The D. E. Shaw group, Duke Capital Partners, Milestone Merchant Partners, Arthur Andersen
Todd Overbergen (54) Head of Energy *																									30	The D. E. Shaw group, Duke Capital Partners, Arthur Andersen
Todd Huskinson (56) Chief Financial Officer, Chief Compliance Officer & Secretary																									33	The D. E. Shaw group, Bearing Point, Arthur Andersen

* Stellus Capital Management, LLC



* Includes transactions closed by the management team prior to forming Stellus Capital Management

SCM provides flexible financing for middle market companies.

Objective

- Provide first lien, second lien, unitranche and mezzanine debt financing, with corresponding equity co-investments

Investment Size

- Up to \$30 million

Investment Focus

- Middle market and small cap companies with EBITDA of \$5 million to \$50 million
- Predominantly private companies
- Numerous industry sectors including business services, general industrial, government, healthcare, software, and specialty finance
- Typical transactions include providing financing for leveraged buyouts, acquisitions, recapitalizations, growth opportunities, rescue financings, distressed or turnaround situations, and bridge loans
- Directly originated transactions rather than broadly syndicated financings
- We have developed long-term relationships with middle-market companies, management teams, financial sponsors, lending institutions, and intermediaries, and have completed financing transactions with more than 155 equity sponsors

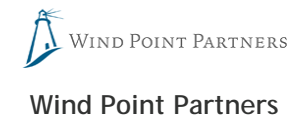
Geography

- United States and Canada

Diverse Financial Sponsor Relationships *



One Equity Partners



*Logos represent certain private equity firms that members of Stellus Capital have worked with in the past. Inclusion of a firm's logo in this list does not imply that such firm endorses Stellus Capital, its members or advisory services or the Fund. Stellus Capital has no formal sourcing relationships with these firms and cannot guarantee that it will receive opportunities from these firms in the future.

Balance Sheet

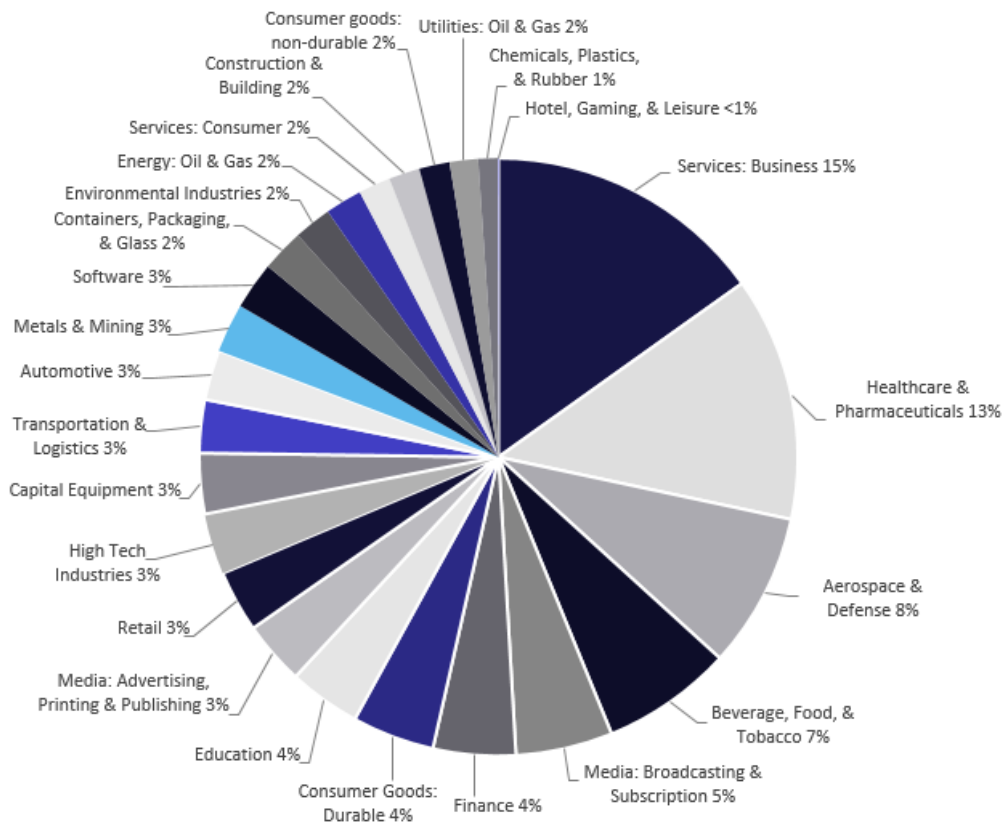
(\$ in 000's except per share data)	Q2 2020		Q1 2020		FY 2019		FY 2018	
	Unaudited		Unaudited		Audited		Audited	
Assets								
Cash	\$	23,210	\$	35,025	\$	16,133	\$	17,467
Investment Portfolio (at fair value)		640,714		609,544		628,948		504,483
Other Assets		2,732		4,487		3,432		4,337
Total Assets	\$	666,656	\$	649,056	\$	648,513	\$	526,287
Liabilities								
Credit Facility	\$	184,075	\$	209,111	\$	160,511	\$	98,237
Notes Payable		48,140		48,057		47,974		47,642
SBA Debentures		157,886		157,715		157,544		146,388
Total Funded Debt	\$	390,101	\$	414,883	\$	366,029	\$	292,267
Other Liabilities		16,602		9,255		11,913		9,175
Total Liabilities	\$	406,703	\$	424,138	\$	377,942	\$	301,442
Total Stockholder Equity		259,953		224,918		270,571		224,845
Total Capitalization	\$	666,656	\$	649,056	\$	648,513	\$	526,287
NAV Per Share	\$	13.34	\$	11.55	\$	14.14	\$	14.09

Income Statement and Distributions

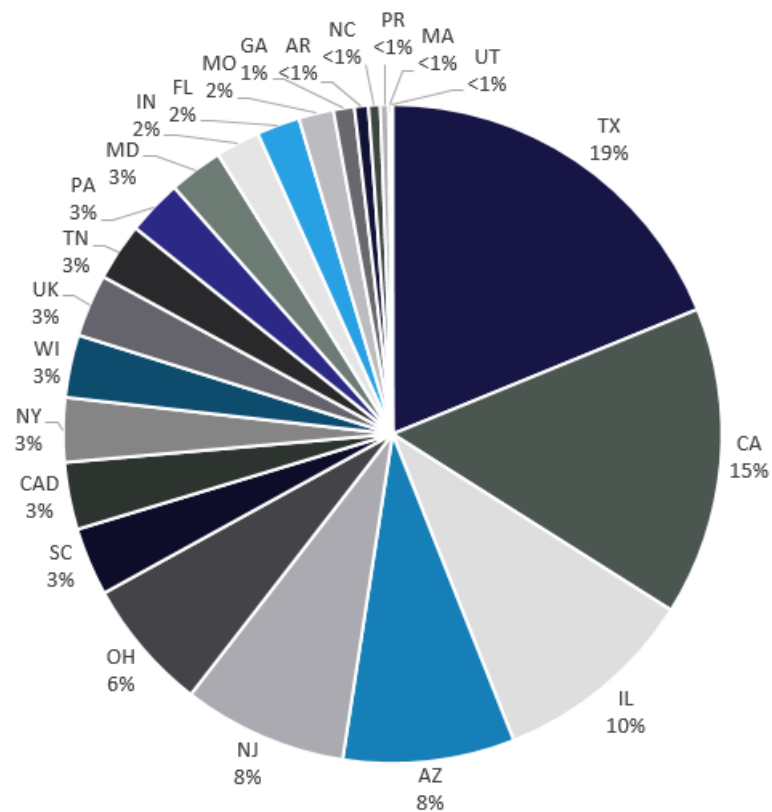
(\$ in 000's except per share data)	Q2 2020 Unaudited	Q1 2020 Unaudited	FY 2019 Audited	FY 2018 Audited
Total Investment Income	\$ 13,841	\$ 15,261	\$ 58,912	\$ 53,266
Interest expense and debt financing fees	\$ 4,093	\$ 4,292	\$ 14,976	\$ 12,339
Operating Expenses	\$ 4,023	\$ 5,414	\$ 19,793	\$ 17,934
Income Tax Expense	\$ 289	\$ 197	\$ 904	\$ 275
Capital Gains Incentive (Reversal) Fees	\$ -	\$ (881)	\$ 800	\$ 81
Net Investment Income	\$ 5,436	\$ 6,239	\$ 22,439	\$ 22,637
Core Net Investment Income ^(a)	\$ 5,725	\$ 5,555	\$ 24,143	\$ 22,993
Net Realized Gain (Loss)	\$ (3,893)	\$ 1,297	\$ 19,566	\$ 5,273
Net Unrealized Gain (Loss)	\$ 38,329	\$ (51,505)	\$ (15,500)	\$ (1,647)
Benefit (Provision) for taxes	\$ (59)	\$ 29	\$ (67)	\$ (68)
Change in Net Assets	\$ 39,813	\$ (43,940)	\$ 26,438	\$ 26,195
Weighted Average Shares Outstanding	19,484,217	19,429,480	18,275,696	15,953,571
Net Investment Income Per Share (NII)	\$ 0.28	\$ 0.32	\$ 1.23	\$ 1.42
Core NII per Share ^(a)	\$ 0.29	\$ 0.29	\$ 1.32	\$ 1.44
Net Increase (Decrease) in Net Assets Per Share	\$ 2.04	\$ (2.26)	\$ 1.45	\$ 1.64
Realized Income Per Share	\$ 0.08	\$ 0.39	\$ 2.30	\$ 1.75
Distributions Per Share (Regular)	\$ 0.25	\$ 0.34	\$ 1.36	\$ 1.36

(a) Core net investment income, as presented, excludes the impact of capital gains incentive fees and income taxes

Industry Concentration

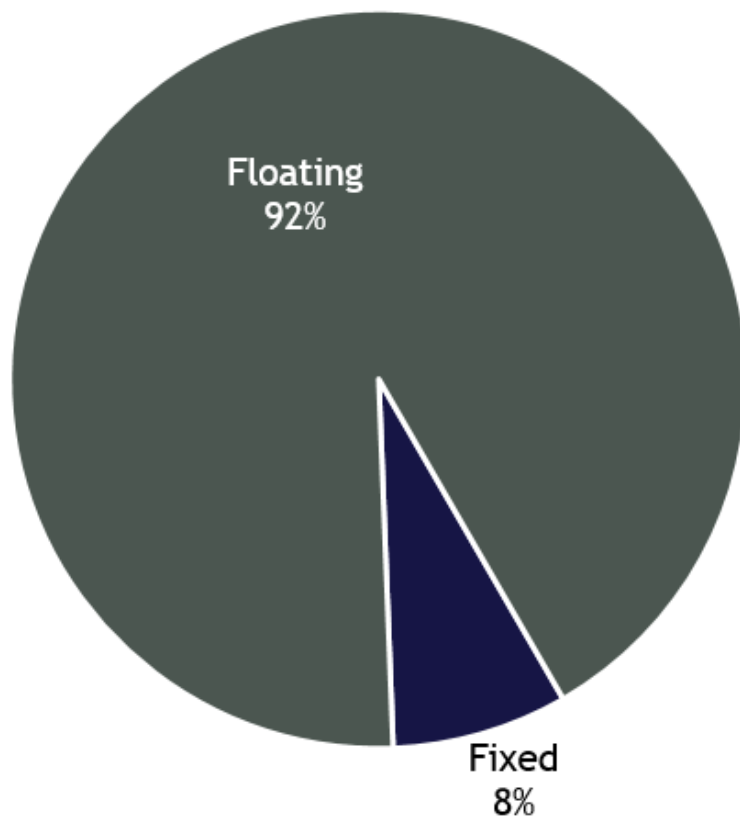


Geographic Concentration

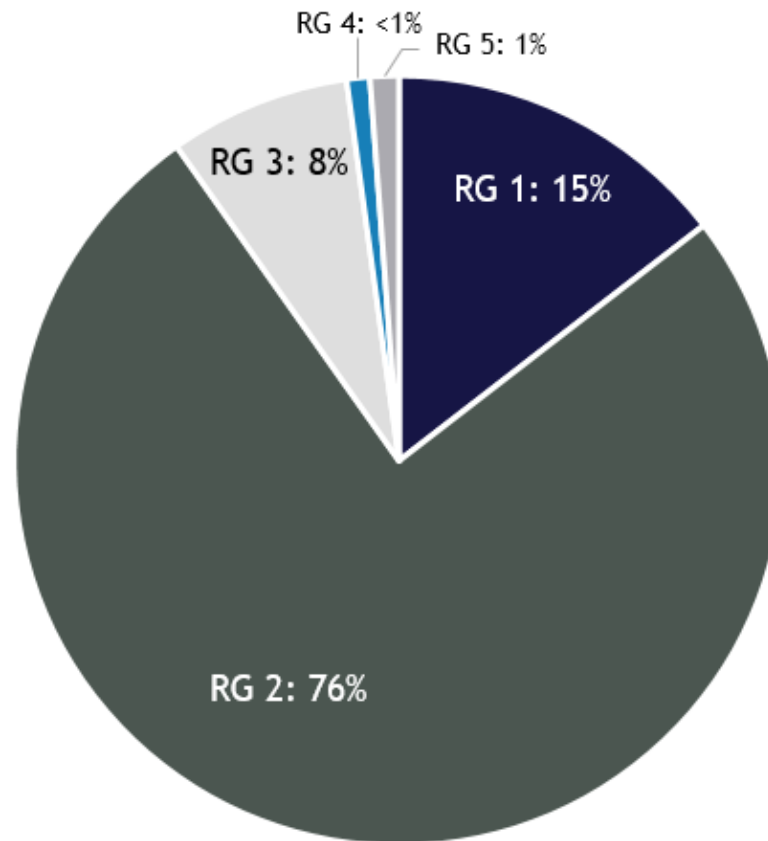


Note: Percentages are based on Market Value

Fixed vs. Floating Rate Debt Investments *



Risk Grade

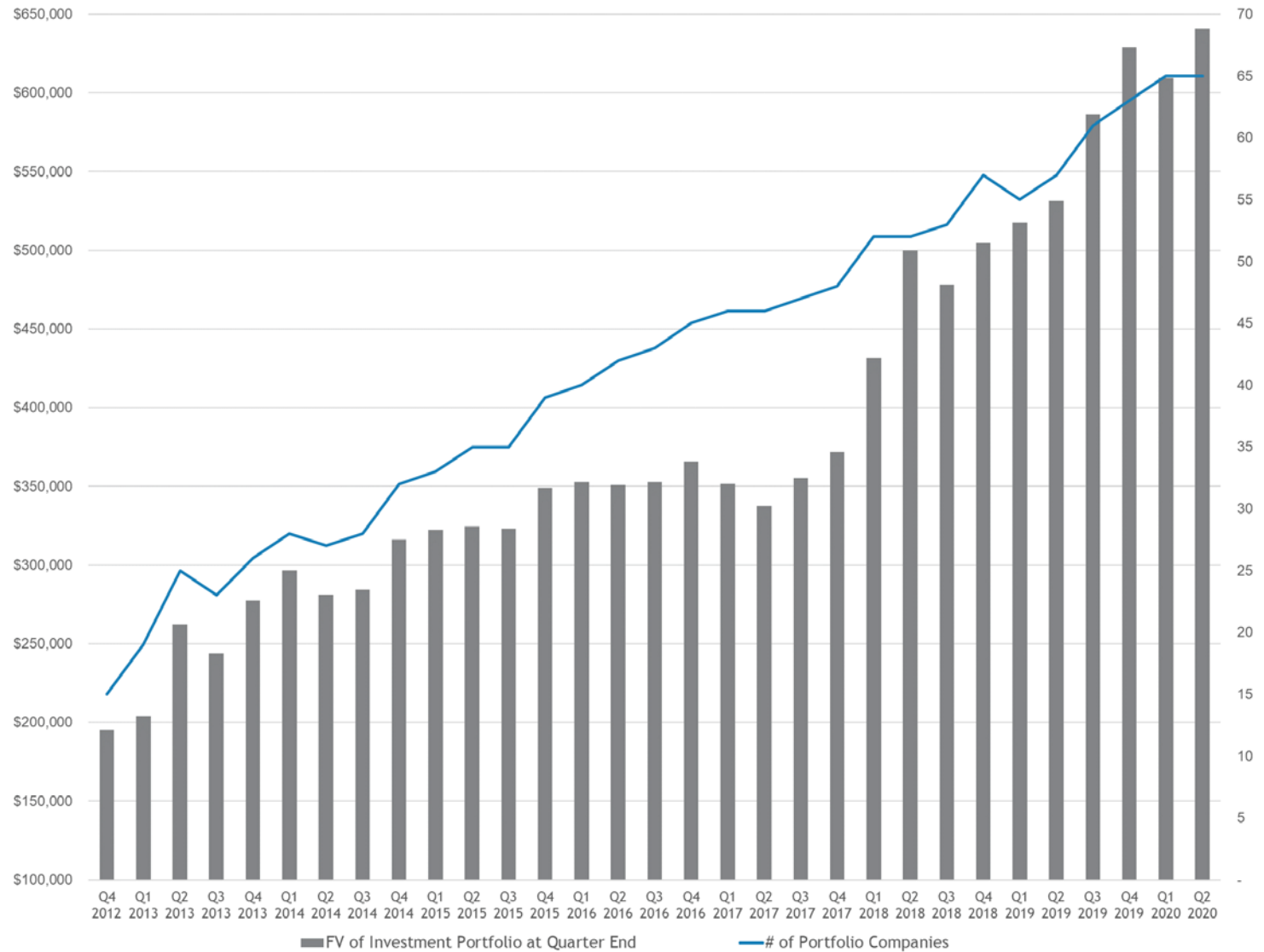


* Subject to LIBOR floors. The weighted average interest rate floor on floating rate loans was 1.20% as of June 30, 2020

Risk Grade Definition:

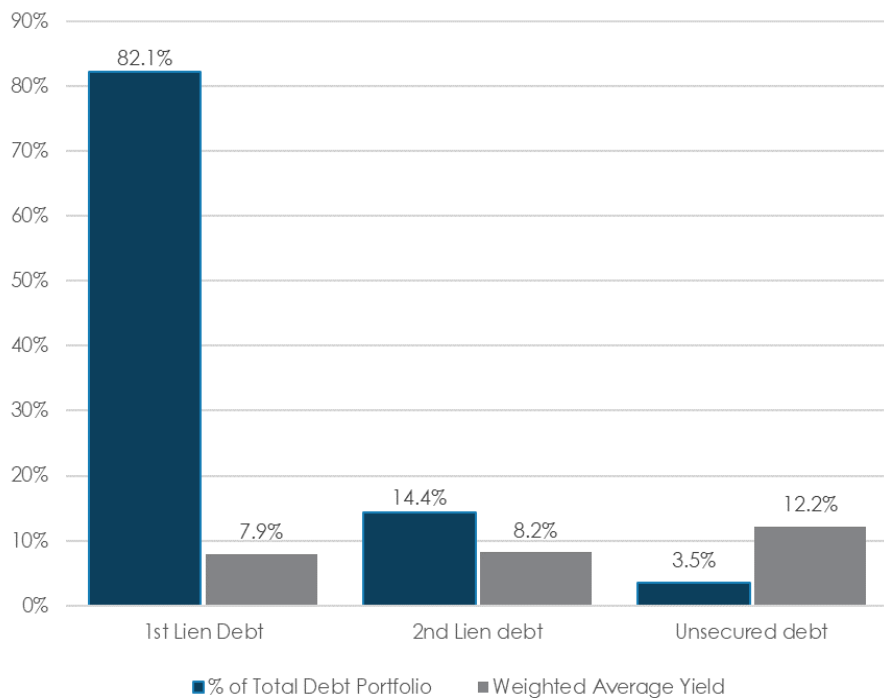
1 - Exceeding expectations; 2 - Performing in accordance with plan; 3- Requires closer monitoring (no loss of return or principal); 4 - In workout (some loss of return; no loss of principal); 5 - In workout (some loss of principal)

Investment Portfolio Growth (\$'s in 000's)



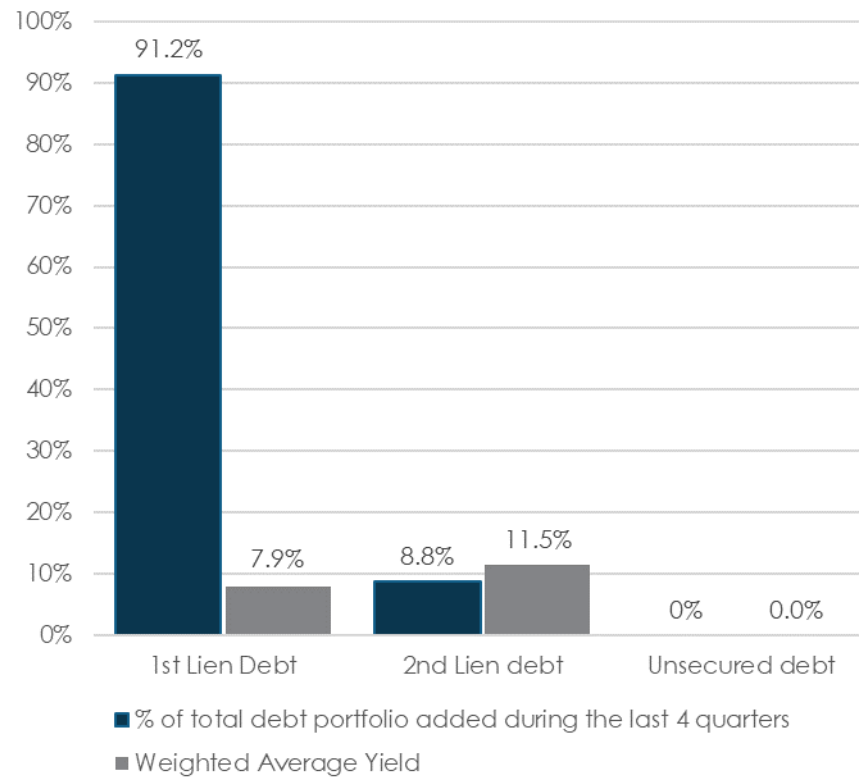
Weighted Average Yields

Debt Investment Portfolio as of June 30, 2020



Note: Reflects percentage of total debt investments at fair value.

New Debt Investments in the Last Four Quarters *



* Includes follow-on fundings for existing portfolio companies.

Diversified Funding Sources as of June 30, 2020

Diverse sources of long-term, cost-efficient capital

FUNDING SOURCES	FACILITY/ISSUANCE SIZE	OUTSTANDING	INTEREST RATE ⁽³⁾	MATURITY
Syndicated Credit Facility led by Amegy ⁽¹⁾	\$230 million	\$181 million <small>(As of 8/6/20)</small>	LIBOR + 2.50%	October 10, 2021
SBIC I Debentures	\$150 million	\$150 million	3.41%	Varied ⁽²⁾
SBIC II Debentures	\$20 million	\$11 million <small>(As of 8/6/20)</small>	2.17%	March 25, 2030
Unsecured Notes	\$48.9 million	\$48.9 million	5.75%	September 15, 2022

⁽¹⁾Amegy Bank credit facility closed on October 11, 2017, as amended.

⁽²⁾SBA debentures issued to SBIC I mature March 1, 2025 - March 1, 2029

⁽³⁾Does not include amortization of loan fees

Executive Officers

Robert T. Ladd
Chairman, President &
Chief Executive Officer

W. Todd Huskinson
Chief Financial Officer,
Chief Compliance Officer,
Treasurer and Secretary

Investment Committee

Robert T. Ladd
Chairman, President & Chief Executive Officer

Dean D'Angelo
Co-Head of Private Credit *

Joshua T. Davis
Co-Head of Private Credit *

W. Todd Huskinson
Chief Financial Officer, Chief Compliance
Officer, Treasurer and Secretary

Todd A. Overbergen
Head of Energy *

* Stellus Capital Management, LLC

Directors

J. Tim Arnoult ¹

Bruce R. Bilger ¹

Dean D'Angelo

Robert T. Ladd, Chairman

William C. Repko ¹

¹ Independent Directors

Service Providers

Stock Transfer Agent- Broadridge
Corporate Issuer Solutions, Inc.

Bond Trustee- US Bank National
Association

Auditors- Grant Thornton, LLP

Counsel- Eversheds Sutherland, LLP

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Mitchel Penn, 410-583-5976

Keefe, Bruyette & Woods
Ryan Lynch, 314-342-2194

Ladenburg Thalmann Financial Services
Christopher Nolan, 212-409-2068

Oppenheimer Equity Research
Chris Kotowski, 212-667-6699

Raymond James
Robert Dodd, 901-579-4560

National Securities Corporation
Bryce Rowe, 212-417-8243

Securities Listing

Common Stock NYSE : SCM

2022 Notes NYSE: SCA

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