

Investor Presentation

Year ended December 31, 2022

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- All daily trading information/multiples in this presentation as of March 15, 2023 unless otherwise noted
- All other financial information as of December 31, 2022



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Stellus Capital Investment Corp. (NYSE: "SCM")





There are 48 Publicly-Traded BDCs ~ What is our Competitive Advantage?

Strong Historical Portfolio Performance and Consistent Returns to Shareholders

Strong History of Underwriting Credit

- Fair Value of investment portfolio of \$845 million as of December 31, 2022
 - Grown at a 3-year CAGR of 10%
- Achieving loan growth while practicing conservative lending
- Diversified portfolio by size of investment, industry and geography

Stable and Growing Dividend

- Increased the quarterly aggregate dividend from \$0.34 to \$0.40
- Monthly dividend of \$0.1333
- Annualized indicated dividend yield of 11.4%
- LTD dividends of \$13.35 paid to an IPO investor through December 31, 2022
- We have covered dividends from earnings since inception

Favorable Performance Over Time

- 5-year ROE of 9.4%*
- ROE since IPO of 9.3%*
- Stable portfolio performance over 10 years

Performance and Stability / Trading at a Discount to NAV

- Net asset value per share was \$14.02 at December 31, 2022
- Trading at approximately 1.00x the December 31, 2022 per share NAV

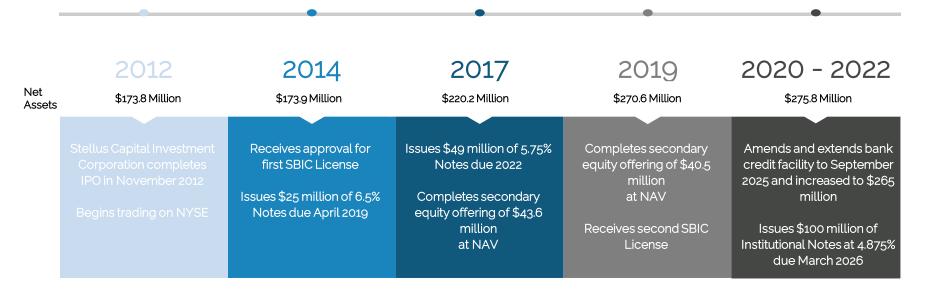






Stable Growth with Access to Low-Cost Capital

Management team focused on maintaining asset quality, proper capital allocation, and operational excellence





SCM Provides Flexible Financing for Middle Market Companies

Investment Type & Size

- Investment size between \$10 and \$30 million per transaction.
- Senior secured first lien, unitranche, split lien and second lien debt financings, often with corresponding equity investments.
- Underwriting capabilities up to \$100 million.

Investment Focus

- Private companies generating between \$5 and \$50 million of FBITDA
- Diverse industry sectors
- Capital is often used for acquisitions, growth capital, leveraged buyouts, and recapitalizations.
- Substantially all investments are in portfolio companies backed by high quality PE sponsors.

Origination Focus

- Focus on originated loans, as opposed to broadly syndicated financings. SCM is typically the sole lender in the tranches in which it invests. However, we are open to partnering with a small number of lenders in "club" deals.
- Companies headquartered (or with a majority of their operations) in the United States and Canada.



Established Team and Institutional Platform

Stellus Capital Management's* investment committee members have backgrounds in private credit, private equity, corporate finance, restructuring, management consulting, and accounting.

TOTALYEARS	 5 10 15 20 25 30 35 40	PAST
EXPERIENCE >		EXPERIENCE

Robert Ladd (66) Chairman, President & CEO		43	The D. E. Shaw group, Duke Capital Partners, Duke Energy North America, Arthur Andersen, First City Bancorporation
Dean D'Angelo (55) Co-Head of Private Credit & Director	31		The D. E. Shaw group, Allied Capital, Duke Capital Partners, Banc of America Securities, Coopers & Lybrand
Joshua Davis (50) Co-Head of Private Credit	28		The D. E. Shaw group, Duke Capital Partners, Milestone Merchant Partners, Arthur Andersen
Todd Overbergen (57) Investment Committee Member	33		The D. E. Shaw group, Duke Capital Partners, Arthur Andersen
Todd Huskinson (59) Chief Financial Officer, Chief Compliance Officer & Secretary	35		The D. E. Shaw group, Bearing Point, Arthur Andersen



Diverse Sponsor Relationships and Investment Experience





Diverse Financial Sponsor Relationships*











































































































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 SCM. Stellus Capital Management has no formal sourcing relationships with these firms and cannot guarantee that it will receive opportunities from these firms in the future.



Stellus Capital Management has one of the most experienced lower middle market investment teams in the marketplace with over 300 combined years of principal investing experience

87
Current Active
Investments

335+
Cumulative
Completed
Investments

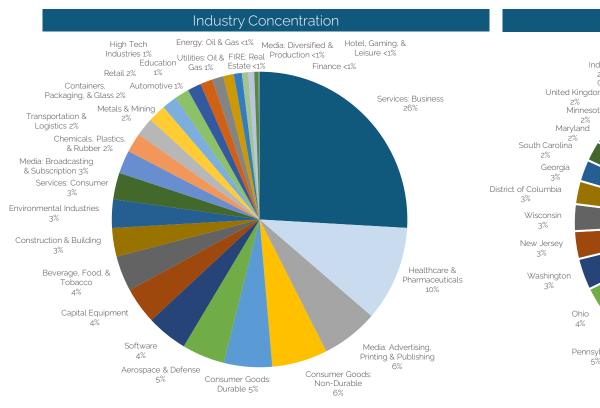
\$8.5+
Billion
Invested Capital

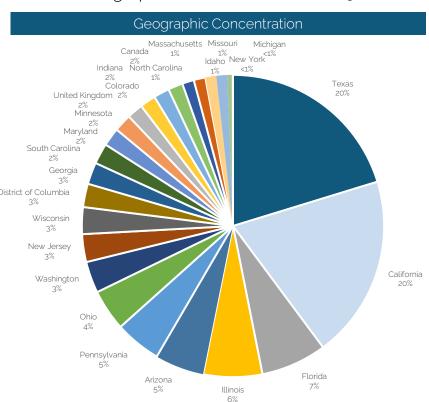
Select List of Investments Available Here

Portfolio Statistics as of December 31, 2022

Diverse Portfolio / Low Exposure to Retail and Energy

No Geographic Concentration Over 25%





Note: Percentages are based on market value

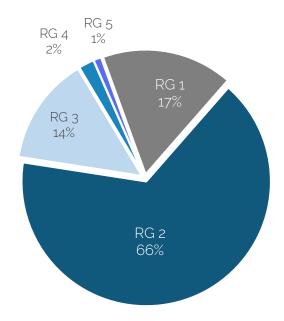


Stable Asset Quality: Portfolio is Performing in Accordance with Plan

Investment Category Definitions ("Risk Grade" or "RG"):

- 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)

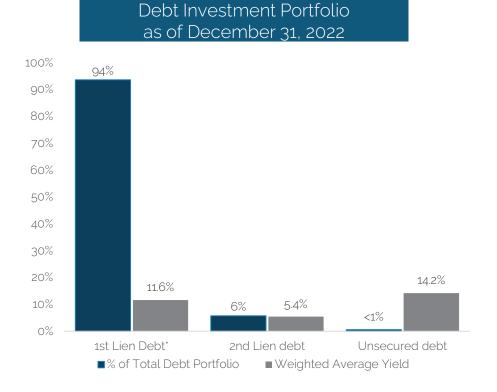
Investment Category at 12/31/2022



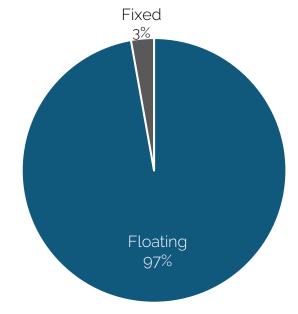
Weighted Average Risk Grade: 2.02



Debt Portfolio is 94% 1st Lien



Fixed vs. Floating Rate Debt Investments *



Compared to 96% Floating / 4% Fixed at 12/31/2021

* Subject to LIBOR or SOFR floors

'Includes unitranche investments. Unitranche structures may combine characteristics of first lien senior secured as well as second lien loans Note: Percentages are based on market value



Numerous Sources of Long-Term / Cost-Efficient Capital

FUNDING SOURCES	FACILITY/ISSUANCE SIZE	OUTSTANDING ⁽²⁾	INTEREST RATE ⁽³⁾	MATURITY
Syndicated Credit Facility led by Amegy ⁽¹⁾	\$265 million	\$199 million	SOFR + 2.6%	September 18, 2025
SBIC I Debentures	\$150 million	\$150 million	3.41%	Varied ⁽⁴⁾
SBIC II Debentures	\$164 million	\$164 million	2.76%	Varied ⁽⁵⁾
Unsecured Notes	\$100 million	\$100 million	4.875%	March 30, 2026

⁽¹⁾ Amegy Bank credit facility closed on October 11, 2017 and was amended and extended in September 2020, December 2021, February 2022 and May 2022.



 $^{^{\}mbox{\scriptsize (2)}}$ Outstanding balances are all as of December 31, 2022

⁽³⁾ Does not include amortization of loan fees.

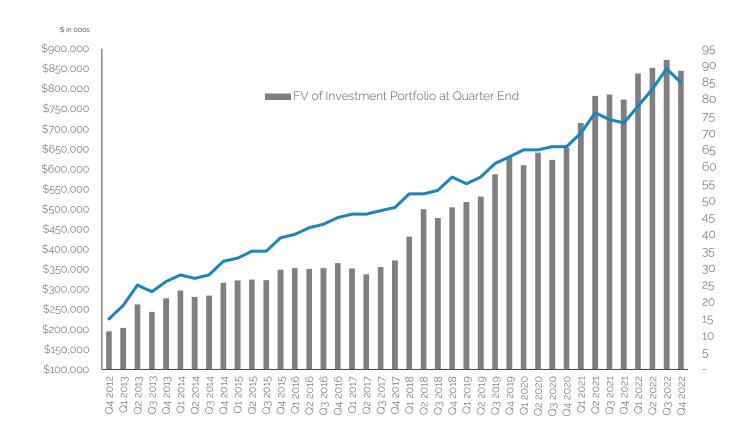
⁽⁴⁾ SBA debentures issued to SBIC I mature March 1, 2025 - March 1, 2029.

⁽⁵⁾ SBA debentures issued to SBIC II mature March 1, 2030 - March 1, 2033.



Financial Performance and Distributions

Investment Portfolio Growth Since IPO





Annual 2022 Overview

\$1.38

Core NII per share*

\$211.0 million

New investment activity during the quarter

\$3.7 million

Realized gain during the year (\$0.19 per share)

\$845 Million

Investments at fair value at December 31, 2022

11.26%

Weighted average yield on new investments

\$14.02

NAV at December 31, 2022

Twenty-Two New Initial Investment Fundings & Twenty-Eight Follow On Investments

New loan fundings were g1% 1st lien, 2% 2nd lien, 2% unsecured, and 6% equity with a weighted average yield of 11.26%

Increased Regular Dividend Subsequent to Year End

Declared a regular monthly dividend for each of January, February, and March, for an aggregate of \$0.40 per share, which is a 43% increase as compared to the prior quarter regular dividend.



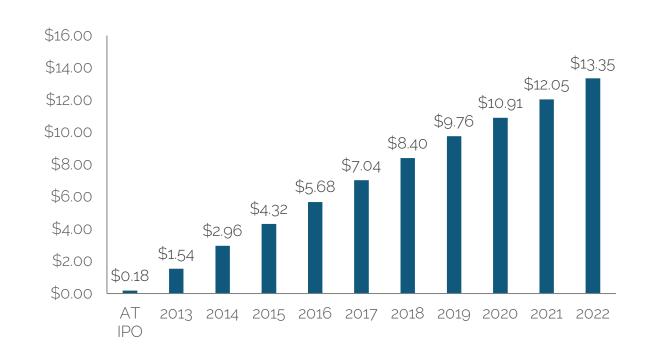
Cumulative Distributions Declared per share Since IPO

\$13.35 per share in cumulative distributions declared since SCM IPO in 2012 (as of December 31, 2022)

\$13.35 per share in cumulative distributions since SCM IPO in 2012 (as of December 31, 2022)

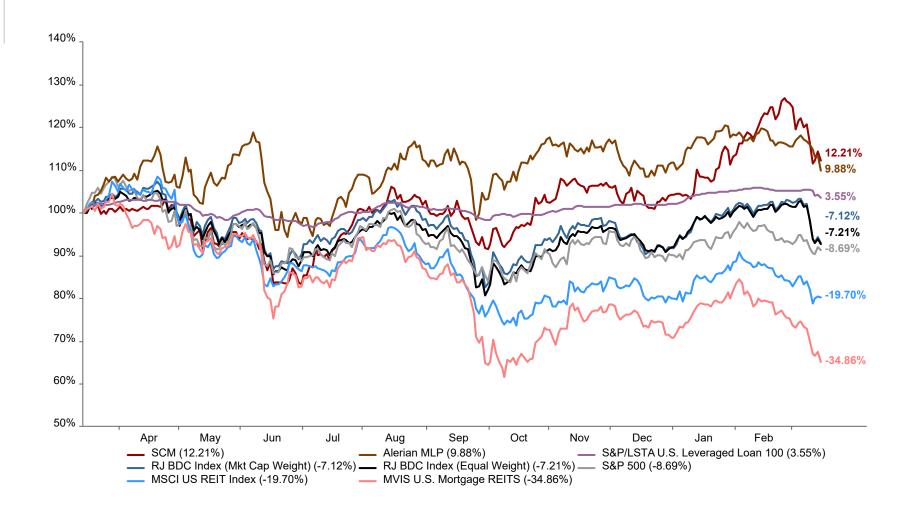
Monthly dividends of \$0.1333 declared in Q1 for January, February, and March 2023*

Current monthly dividend represents \$0.40 per share for the quarter*





Comparative Total Return LTM



03/15/2022 to 03/15/2023

FactSet's total return calculation begins with the closing stock price one day after each respective BDC's IPO Total return assumes dividends are reinvested on the ex-dividend dates

RJ BDC Index consists of: ARCC, BCSF, BBDC, BKCC, BXSL, CCAP, CGBD, CION, CSWC, FDUS, FSK, GAIN, GBDC, GECC, GLAD, GSBD, HRZN, HTGC, ICMB, LRFC, MAIN, MFIC, MRCC, NMFC, OCSL, OFS, ORCC, OXSQ, PFLT, PFX, PNNT, PTMN, PSEC, RWAY, SAR, SCM, SLRC, TCPC, TPVG, TRIN, TSLX and WHF



Corporate Information

Executive Officers

Robert T. Ladd
Chairman, President &
Chief Executive Officer

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

Directors

J. Tim Arnoult ¹ Bruce R. Bilger ¹

Dean D'Angelo

Robert T. Ladd, Chairman

William C. Repko ¹

Independent Directors

Research Coverage

Raymond James
Robert Dodd, 901-579-4560

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

Oppenheimer Equity Research Mitchel Penn, 212-667-6699

Ladenburg Thalmann Christopher Nolan, 212-667-7136

Hovde Group Erik Zwick, 617-510-1239

Janney Montgomery Scott John Rowan, 242-940-6981

Share Information	
Share Price	\$14.00
Shares Outstanding	19,959,126
Market Capitalization	\$279.4M
Total Assets	\$898.2 Million
Total Stockholders' Equity	\$275.8 Million
NAV per share	\$14.02
Ratio of Price to NAV per share	1.00X

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
Investment Committee Member*

Service Providers

Stock Transfer Agent- Broadridge Corporate Issuer Solutions, Inc.

Bond Trustee- US Bank National Association

Auditors- Grant Thornton, LLP

Counsel- Eversheds Sutherland, LLP

Securities Listing

Common Stock NYSE: SCM

Corporate Headquarters

4400 Post Oak Parkway, Suite 2200 Houston, TX, 77027 Phone: 713-292-5400

Dividends	
Dividend Frequency	Monthly
Last Monthly Dividend**	\$0.1333
Annualized Indicated Yield**	11.4%
Debt	
Regulatory Leverage	1.08x
Total Leverage (incl. SBIC debentures)	2.22X





Investor Presentation

Year ended December 31, 2022

Financial Highlights

(\$ in millions, except data relating to per share amounts and shares outstanding)

	20 Amount	022 Per Share	20 Amount	21 Per Share
Net investment income	\$28.59	\$1.46	\$19.78	\$1.01
Core net investment income (1)	26.93	1.38	23.75	1.22
Net realized gains on investments	3.66	0.19	23.71	1.22
Net realized loss on foreign currency translation	(0.01)	-	-	
Loss on debt extinguishment	-	-	(0.54)	(0.03)
Provision for taxes on realized gain on investments in taxable subsidiaries			(2.96)	(0.15)
Total realized income ⁽²⁾	\$32.24	1.65	40.53	2.05
Distributions	(25.42)	(1.30)	(22.22)	(1.14)
Net unrealized depreciation on investments	(17.54)	(0.90)	(6.93)	(0.36)
Net unrealized appreciation on foreign currency translation	0.01	-	-	-
Provision for taxes on unrealized appreciation on investments in taxable subsidiaries	(0.21)	(O.O1)	0.51	0.03
Net increase in net assets resulting from operations	\$14.49	\$0.74	\$33.57	\$1.72
Weighted average shares outstanding		19,552,931		19,489,750



(a) Core net, investment income, as presented, excludes the impact of capital gains incentive fees and income taxes, the majority of which are excise taxes. The company believes presenting core net investment income and the related per share amount is a useful supplemental disclosure for analyzing its financial performance. However, core net investment income is a non-US GAAP measure and should not be considered as a replacement for net investment income and other enerings measures presented in accordance with US GAAP to core net investment income is presented in the table below the financial statements.

(2) Total realized income is the sum of net investment income, net realized gains (losses) on investments, net realized gains (losses) on foreign currency, and loss on debt extinguishment all U.S.GAAP measures.

Portfolio Characteristics

(\$ in millions, except data relating to per share amounts and number of portfolio companies)

	As of December 31, 2022	As of December 31, 2021
Investments at fair value	\$844.7	\$772.9
Total assets	\$898.2	\$821.3
Net assets	\$275.8	\$285.1
Shares outstanding	19,666,769	19,517,595
Net asset value per share	\$14.02	\$14.61
	Year Ended December 31, 2022	Year Ended December 31, 2021
New investments	\$211.0	\$387.3
Repayments of investments	(127.5)	(287.6)
Net activity	\$83.5	\$99.7

	As of December 31, 2022	As of December 31, 2021
Number of portfolio company investments	85	73
Number of portfolio company debt investments	73	58
Weighted average yield of debt and other income producing investments (1)		
Cash	10.3%	7.4%
Payment-in-kind ("PIK")	0.4%	0.2%
Fee amortization	0.4%	0.4%
Total	11.1%	8.0%
Weighted average yield on total investments (2)		
Cash	9.7%	6.9%
Payment-in-kind ("PIK")	0.3%	0.2%
Fee amortization	0.4%	0.4%
Total	10.4%	7.5%

⁽¹⁾ The dollar-weighted average annualized effective yield is computed using the effective interest rate for our debt and other income producing investments, including cash, PIK interest, and the accretion of deferred fees. The individual investment yields are then weighted by the respective cost of the investments (as of the date presented) in calculating the weighted average effective yield of the portfolio. The dollar-weighted average annualized yield on the Company's investments for a given period will generally be higher than what investors of our common stock would realize in a return over the same period because the dollar-weighted average annualized yield does not reflect the Company's expense or any sales load that may be paid by investors.



²⁾ The dollar weighted average yield on total investments takes the same yields as calculated in the footnote above, but weights them to determine the weighted average effective yield as a percentage of the Company's total investments, including non-income producing loans and equity.

Recent Dividends Declared*

On January 11, 2023, the board declared a regular dividend of \$0.1333 per share for each of January, February, and March 2023, for an aggregate of \$0.40 per share.

Declared	Ex-Dividend Date	Record Date	Payment Date	Amount per Share
1/11/23	1/30/23	1/31/23	2/15/23	\$0.1333
1/11/23	2/27/23	2/28/23	3/15/23	\$0.1333
1/11/23	3/30/23	3/31/23	4/14/23	\$0.1333

