

FLEXIBLE CAPITAL FOR THE MIDDLE MARKET

Investor Presentation

Year ended December 31, 2020

STELLUS
CAPITAL
INVESTMENT CORPORATION

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Table of Contents

Page 4	Company Background
Page 9	Key Middle Market Relationships
Page 10	Financial Highlights
Page 12	Portfolio Overview
Page 16	Funding Sources
Page 17	Corporate Information

Business Development Company (BDC)

- Publicly traded business development company (NYSE: “SCM”)
- Investment portfolio of \$653 million as of December 31, 2020
- Externally managed by Stellus Capital Management, LLC, a registered investment advisor with approximately \$1.7 billion in AUM as of January 31, 2021 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 160 different financial sponsors*
- Over 155 middle market opportunities reviewed over the last twelve months and closed approximately 2% of the deals reviewed

Long Term Shareholder Focus

- Total of \$11.08 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.

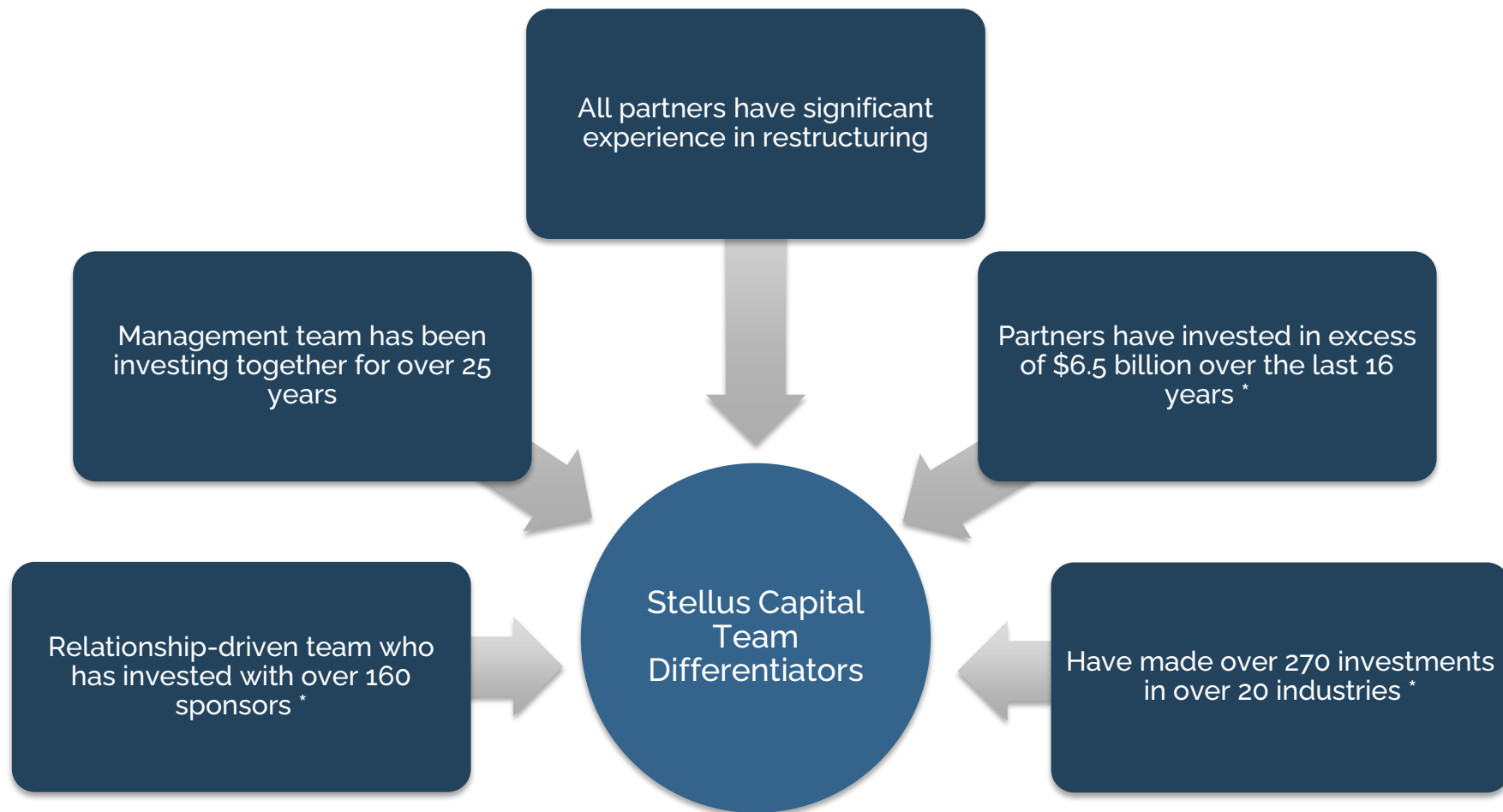
Established Team and Institutional Platform

Stellus Capital Investment Corporation investment committee members have over 160 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																									41	The D. E. Shaw group, Duke Capital Partners, Duke Energy North America, Arthur Andersen, First City Bancorporation
Dean D'Angelo (53) Co-Head of Private Credit * & Director																								29		The D. E. Shaw group, Allied Capital, Duke Capital Partners, Banc of America Securities, Coopers & Lybrand
Joshua Davis (48) Co-Head of Private Credit *																								26		The D. E. Shaw group, Duke Capital Partners, Milestone Merchant Partners, Arthur Andersen
Todd Overbergen (55) Partner *																								31		The D. E. Shaw group, Duke Capital Partners, Arthur Andersen
Todd Huskinson (57) Chief Financial Officer, Chief Compliance Officer & Secretary																								33		The D. E. Shaw group, Bearing Point, Arthur Andersen

* Stellus Capital Management, LLC

Stellus Capital Differentiators



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

Product

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 160 equity sponsors

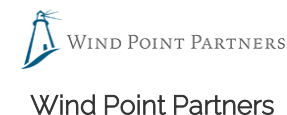
Geography

- 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)	FY 2020		FY 2019		FY 2018	
	Audited		Audited		Audited	
Assets						
Cash	\$	18,477	\$	16,133	\$	17,467
Investment Portfolio (at fair value)		653,424		628,948		504,483
Other Assets		3,009		3,432		4,337
Total Assets	\$	674,910	\$	648,513	\$	526,287
Liabilities						
Credit Facility	\$	171,728	\$	160,511	\$	98,237
Notes Payable		48,308		47,974		47,642
SBA Debentures		173,167		157,544		146,388
Total Funded Debt	\$	393,203	\$	366,029	\$	292,267
Other Liabilities		8,346		11,913		9,175
Total Liabilities	\$	401,549	\$	377,942	\$	301,442
Total Stockholder Equity		273,361		270,571		224,845
Total Capitalization	\$	674,910	\$	648,513	\$	526,287
NAV Per Share	\$	14.03	\$	14.14	\$	14.09

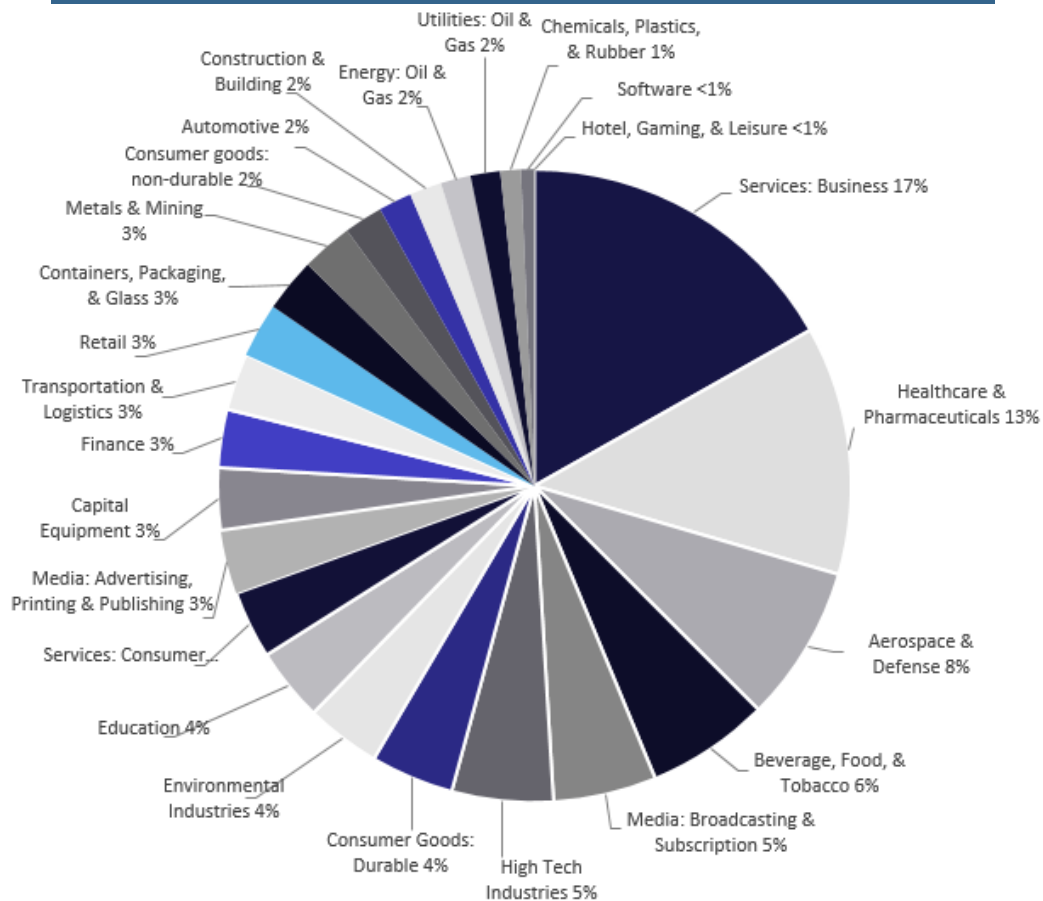
Income Statement and Distributions

(\$ in 000's except per share data)	FY 2020 Audited	FY 2019 Audited	FY 2018 Audited
Total Investment Income	\$ 56,658	\$ 58,912	\$ 53,266
Interest expense and debt financing fees	\$ 15,950	\$ 14,976	\$ 12,339
Operating Expenses	\$ 18,305	\$ 19,793	\$ 17,934
Income Tax Expense	\$ 771	\$ 904	\$ 275
Capital Gains Incentive (Reversal) Fees	\$ (360)	\$ 800	\$ 81
Net Investment Income	\$ 21,992	\$ 22,439	\$ 22,637
Core Net Investment Income ^(a)	\$ 22,403	\$ 24,143	\$ 22,993
Net Realized Gain (Loss)	\$ (10,130)	\$ 19,566	\$ 5,273
Net Unrealized Gain (Loss)	\$ 8,555	\$ (15,500)	\$ (1,647)
Benefit (Provision) for taxes	\$ (225)	\$ (67)	\$ (68)
Change in Net Assets	\$ 20,192	\$ 26,438	\$ 26,195
Weighted Average Shares Outstanding	19,471,500	18,275,696	15,953,571
Net Investment Income Per Share (NII)	\$ 1.13	\$ 1.23	\$ 1.42
Core NII per Share ^(a)	\$ 1.15	\$ 1.32	\$ 1.44
Net Increase (Decrease) in Net Assets Per Share	\$ 1.04	\$ 1.45	\$ 1.64
Realized Income Per Share	\$ 0.61	\$ 2.30	\$ 1.75
Distributions Per Share	\$ 1.15	\$ 1.36	\$ 1.36

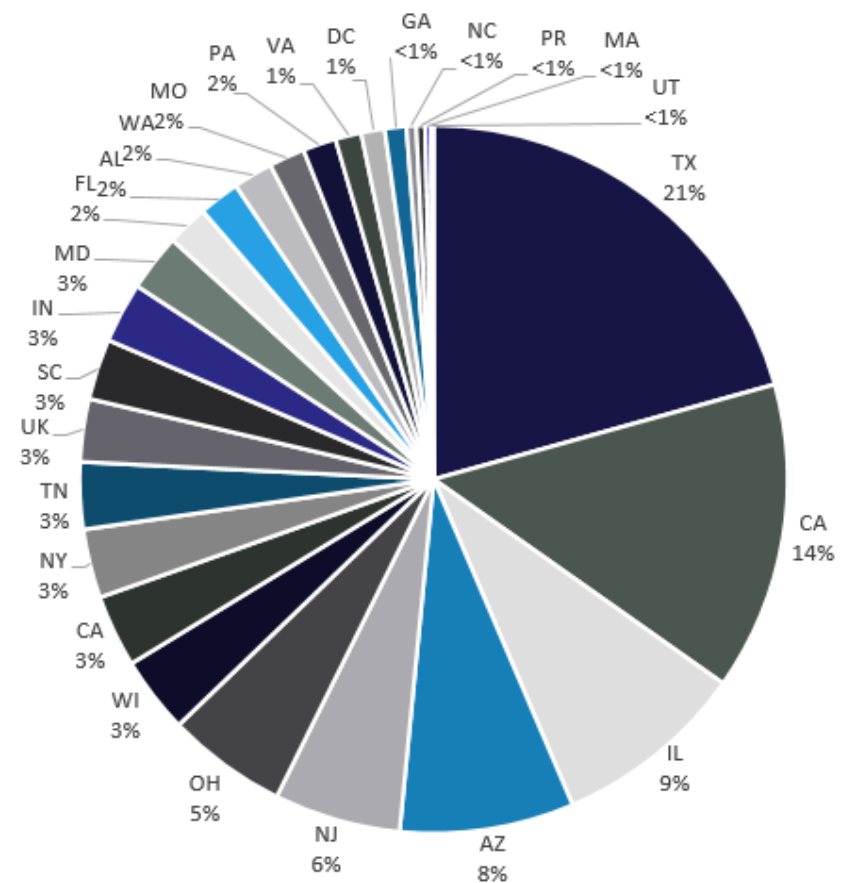
(a) Core net investment income, as presented, excludes the impact of capital gains incentive fees and income taxes

Portfolio Statistics as of December 31, 2020

Industry Concentration

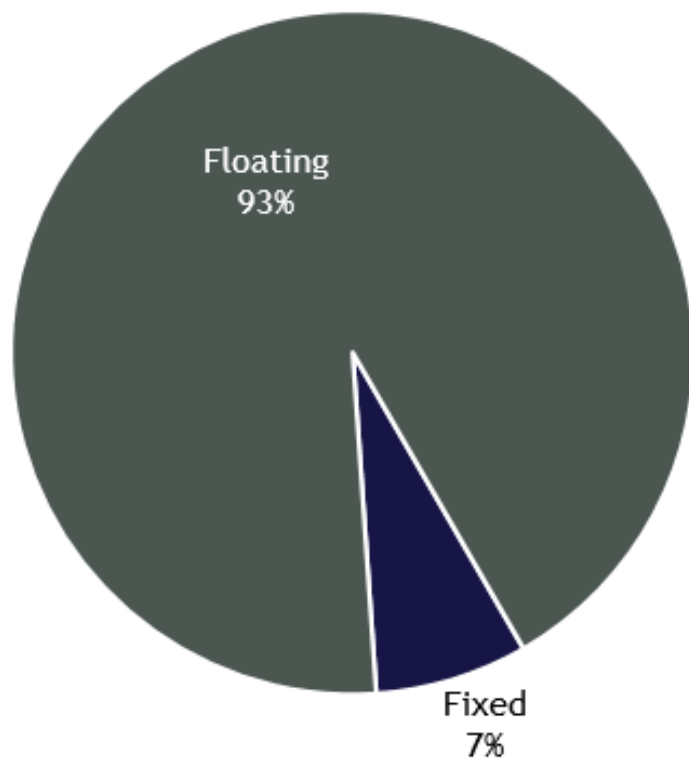


Geographic Concentration

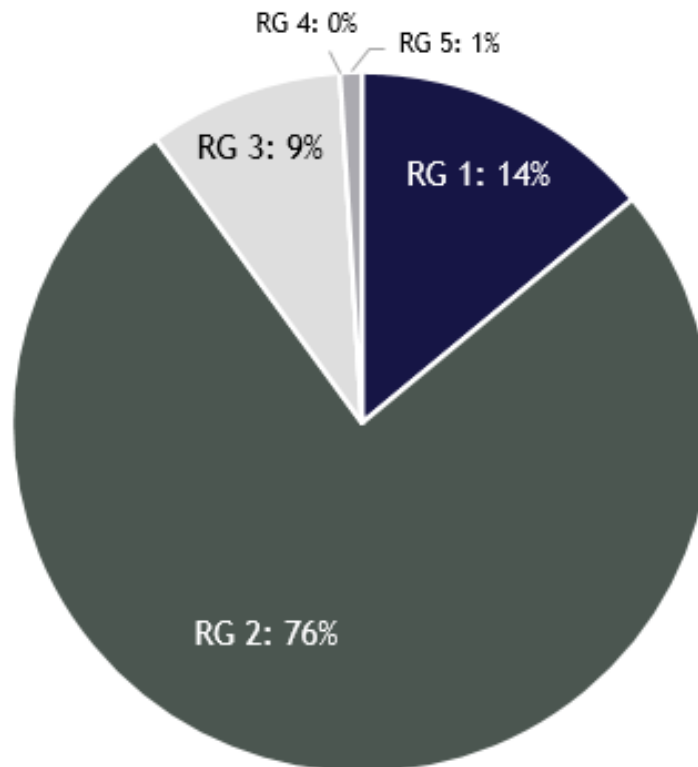


Note: Percentages are based on Market Value

Fixed vs. Floating Rate Debt Investments *



Risk Grade

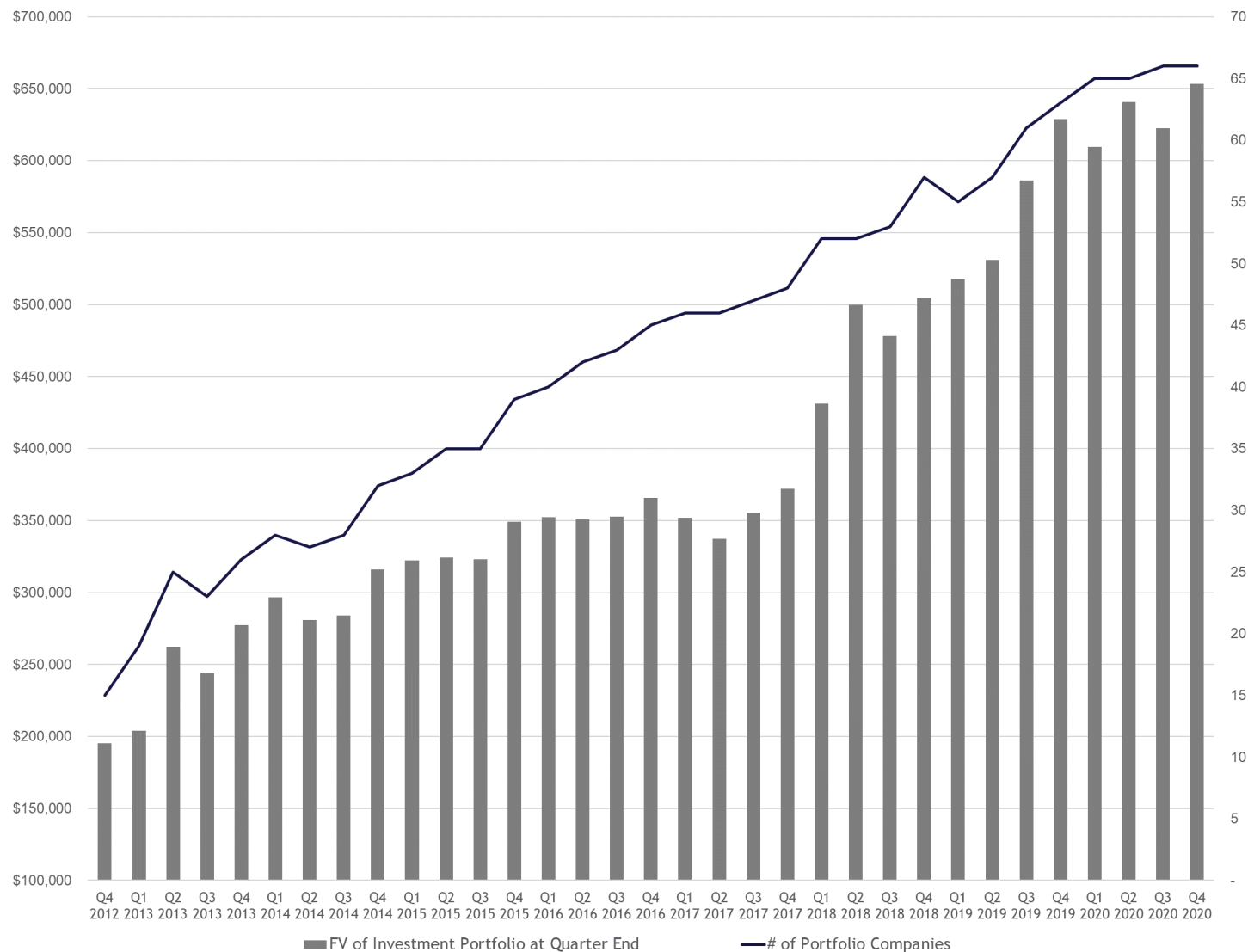


* Subject to LIBOR floors. The weighted average interest rate floor on floating rate loans was 1.21% as of December 31, 2021

Risk Grade Definition:

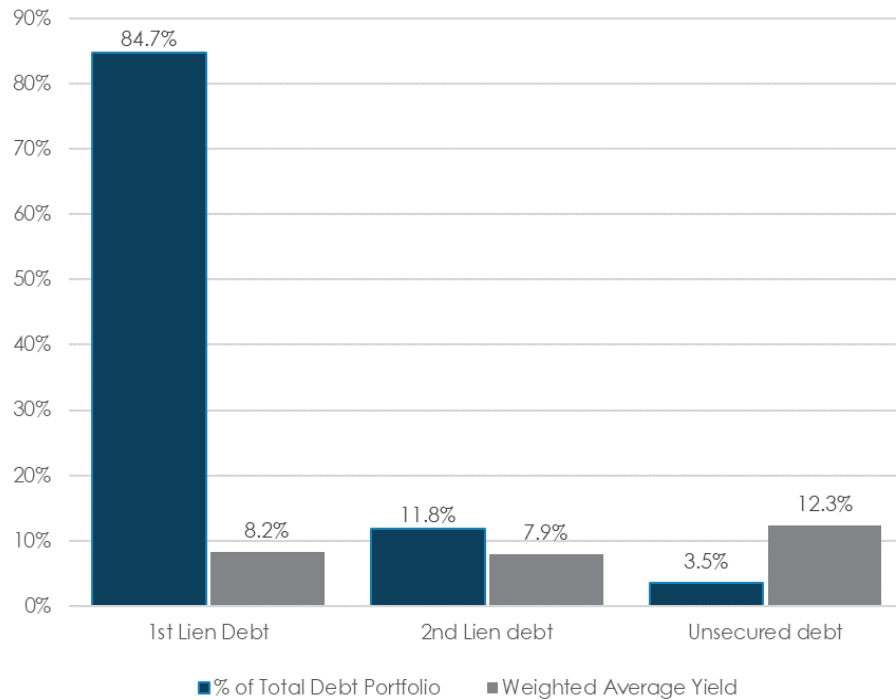
1 - Exceeding expectations; 2 - Performing in accordance with plan; 3- Requires closer monitoring (no loss of return or principal); 4 - In workout (some loss of return; no loss of principal); 5 - In workout (some loss of principal)

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



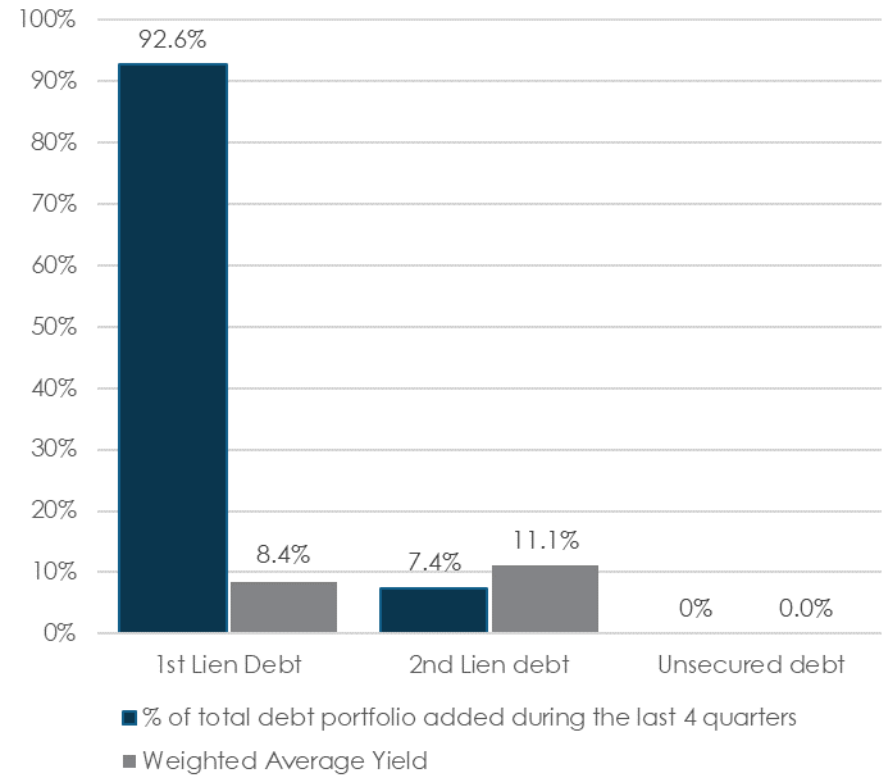
Weighted Average Yields

Debt Investment Portfolio as of December 31, 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 December 31, 2020

Diverse sources of long-term, cost-efficient capital

FUNDING SOURCES	FACILITY/ISSUANCE SIZE	OUTSTANDING	INTEREST RATE ⁽⁴⁾	MATURITY
Syndicated Credit Facility led by Amegy ⁽¹⁾	\$230 million	\$167 million (As of 3/11/21)	LIBOR + 2.5%	September 18, 2025
SBIC I Debentures	\$150 million	\$150 million	3.41%	Varied ⁽²⁾
SBIC II Debentures	\$70 million	\$60 million (As of 3/11/21)	2.17%	Varied ⁽³⁾
Unsecured Notes	\$100 million	\$100 million	4.875%	March 30, 2026

⁽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⁾ SBA debentures issued to SBIC II mature March 25, 2030 - March 24, 2031

⁽⁴⁾ 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
Partner
* 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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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

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