

Investor Presentation

Quarter ended September 30, 2023

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- All daily trading information/multiples in this presentation as of November 3, 2023, unless otherwise noted
- All other financial information as of September 30, 2023



Contents

Page 4 Stellus Cap	ital Management's Competitive Advantage
Page 5 Company (Overview
Page 11 Portfolio O	verview
Page 16 Performand	ce and Dividends
Page 20 Valuation	
Page 23 Corporate	nformation and Financial Supplements

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





There are 47 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 \$886 million as of September 30, 2023
 - Grown at a 3-year CAGR of 13%
- Achieving loan growth while practicing conservative lending
- Diversified portfolio by size of investment, industry and geography

Stable and Growing Dividend

- Quarterly aggregate dividend of \$0.40
- Monthly dividend of \$0.1333
- Annualized indicated dividend yield of 12.6%
- LTD dividends declared of \$14.95 to an IPO investor through October 13, 2023
- SCIC has covered dividends from earnings since inception

Favorable Performance Over Time

- ROE since IPO of 9.0%*
- Stable portfolio performance over 10 years

Performance and Stability / Trading at a Discount to NAV

- Net asset value per share was \$13.19 at September 30, 2023
- Trading at approximately 0.96x the September 30, 2023 per share NAV







Stable Growth with Access to Low-Cost Capital

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

2012 2020 2021 2023 2014 2017 2019 \$316.0 Million \$628.9 Million \$881.7 Million \$370.8 Million \$195.5 Million \$653.4 Million \$772.9 Million Receives approval Issues \$49 million Completes Issues \$100 million Issued \$62 million Amends and through the ATM for of 5.75% Notes due secondary equity extends bank of Institutional first SBIC License offering of \$40.5 program in YTD credit facility to Notes at 4.875% 2022 million September 2025 due March 2026 through Issues \$25 million Completes at NAV and increased to September 30, of 6.5% Notes due secondary equity 2023. April 2019 offering of \$43.6 Receives second SBIC License million at NAV



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 EBITDA.
- 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.

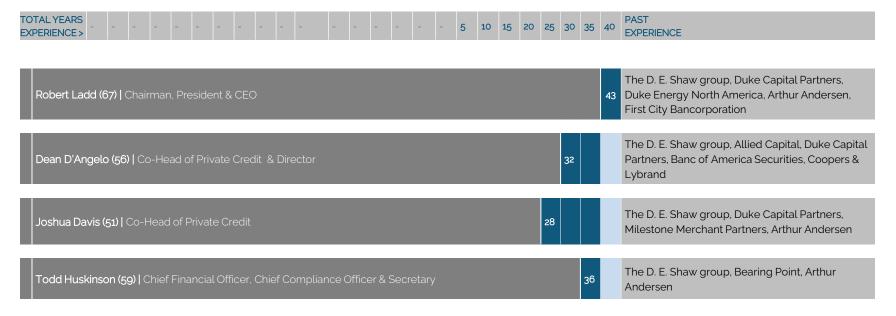
Origination Focus

- 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.



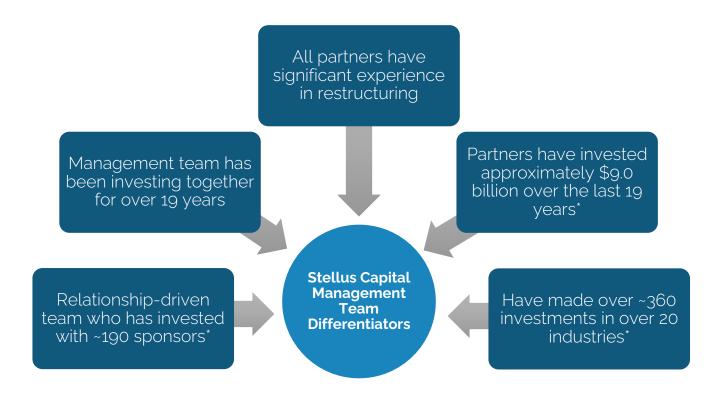
Established Team and Institutional Platform

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





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

96
Current Active
Investments

~360
Cumulative
Completed
Investments

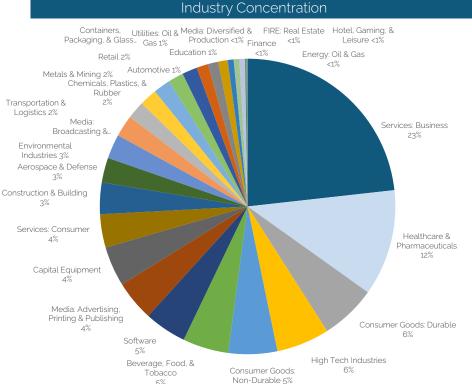
~\$9.0

Billion
Invested Capital

Select List of Investments Available Here

Portfolio Statistics as of September 30, 2023

Diverse Portfolio / Low Exposure to Retail and Energy



Note: Percentages are based on market value

No Geographic Concentration Over 25%

Geographic Concentration Idaho New York United Kingdom Tennessee 1% Canada <1% Minnesota 0% Missouri 1% New Jersey Michigan California North Carolina 21% District of Columbia Massachusetts Maryland 2% Georgia Colorado South Carolin 3% Washington 3% Wisconsin 3% Ohio Texas 4% 20% Arizona Illinois 5%

Pennsylvania

10%



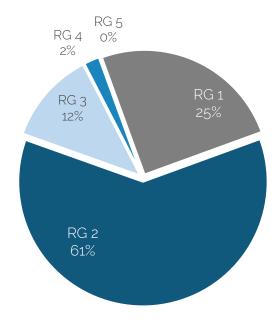
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Stable Asset Quality: Portfolio is Performing in Accordance with Plan

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 09/30/2023

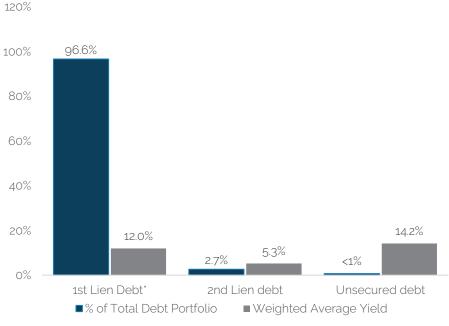


Weighted Average Risk Grade: 1.93

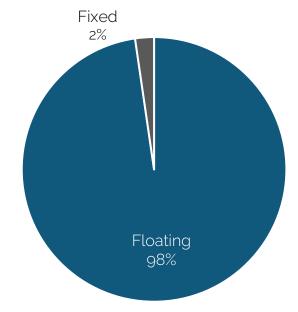


Debt Portfolio is 97% 1st Lien

Debt Investment Portfolio as of September 30, 2023



Fixed vs. Floating Rate Debt Investments *



Compared to 97% Floating / 3% Fixed at 06/30/2023



[&]quot;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

^{*} Subject to LIBOR or SOFR floors

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	\$171.5 million	SOFR + 2,6%	September 18, 2025
SBIC I Debentures	\$150 million	\$150 million	3.41%	Varied ⁽⁴⁾
SBIC II Debentures	\$175 million	\$175 million	2.91%	Varied ⁵⁾
Unsecured Notes	\$100 million	\$100 million	4.94%	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.



⁽²⁾ Outstanding balances are all as of September 30, 2023

⁽³⁾ Does not include amortization of loan fees.

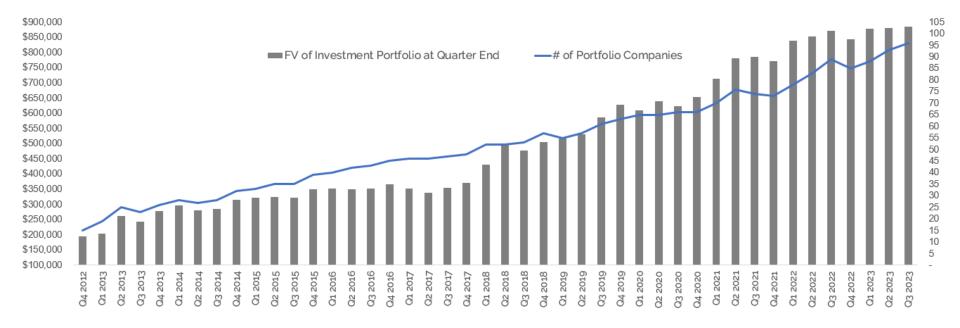
⁽⁴⁾ SBA debentures issued to SBIC I mature March 1, 2025 - March 1, 2029.

⁽⁵⁾ SBA debentures issued to SBIC II mature March 1, 2030 - March 1, 2034



Financial Performance and Distributions

Investment Portfolio Growth Since IPO





Third Quarter 2023 Overview

\$0.49

Core NII per share*

\$44.1 million

New investment activity during the quarter

\$886.3 Million

Investments at fair value at September 30, 2023

11.95%

Weighted average yield on new investments

\$13.19

NAV at September 30, 2023

Six New Initial Investment Fundings & Six Follow On Investments

New loan fundings were 100% $1^{\rm st}$ lien, with a weighted average yield of 11.95%



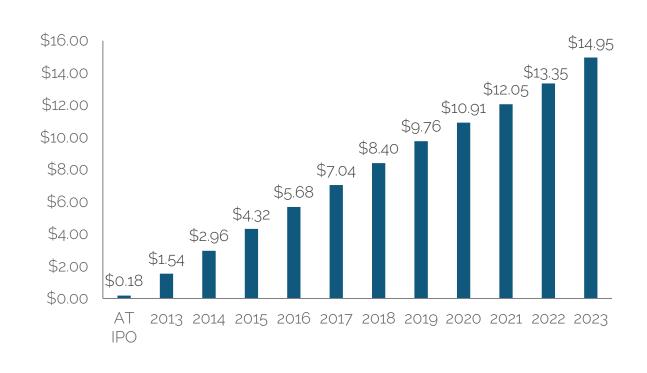
Cumulative Distributions Declared per share Since IPO

\$14.95 per share in cumulative distributions declared since SCM IPO in 2012*

\$14.95 per share in cumulative distributions since SCM IPO in 2012*

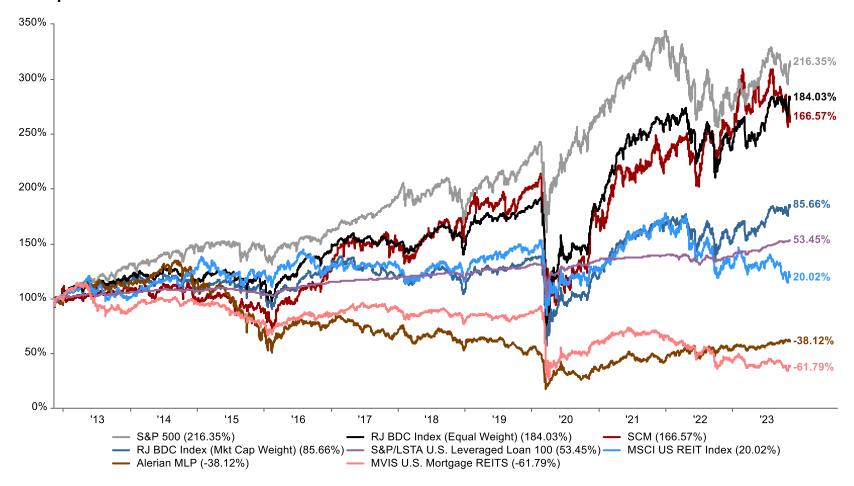
Monthly dividends of \$0.1333 declared in Q4 for October, November, and December 2023*

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





Comparative Total Return Since Stellus IPO



11/07/2012 to 11/13/2023

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, OBDC, OCSL, OFS, 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 $^{\scriptscriptstyle 1}$

Bruce R. Bilger ¹ Dean D'Angelo

Robert T. Ladd, Chairman

William C. Repko ¹

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 \$13.29 **Shares Outstanding** 24,125,642 Market Capitalization \$320.6M Total Assets \$912.0 Million Total Stockholders' Equity \$318:.1 Million NAV per share \$13.19 Ratio of Price to NAV per 1.01X share

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

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**	12.0%
Debt	
Regulatory Leverage	0.82x
Total Leverage (incl. SBIC debentures)	1.82X





Investor Presentation

Quarter ended September 30, 2023

Financial Highlights

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

	Three M	onths Ended	Three Months Ended		
	September 30, 2023		September 30, 2022		
	Amount	Per Share	Amount	Per Share	
Net investment income	\$10.82	\$0.47	\$7.19	\$0.37	
Core net investment income ⁽¹⁾	11.16	0.49	6.90	0.35	
Net realized gain on investments	0.60	0.03	1.55	0.08	
Net realized loss on foreign currency translation	(0.02)	-	-	-	
Total realized income ⁽²⁾	\$11.40	\$0.50	\$8.74	\$0.45	
Distributions	(9.27)	(0.41)	(6.64)	(0.34)	
Net unrealized change in depreciation on investments	(13.80)	(0.61)	(4.80)	(0.25)	
Net unrealized change in depreciation on foreign currency translation	-	-	(0.01)	-	
Benefit (provision) for taxes on unrealized depreciation (appreciation) on investments in taxable subsidiaries	-	-	0.03	-	
Net (decrease) increase in net assets resulting from operations	(\$2.40)	(\$0.11)	\$3.96	\$0.20	
Weighted average shares outstanding	2	22,824,221	1	9,545,935	



(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-U.S.GAAP. A reconciliation of net investment income and other earnings measures presented in accordance with U.S.GAAP. A reconciliation of net investment. income in accordance with U.S.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	As of		
	September 30, 2023	December 31, 2022		
Investments at fair value	\$886.3	\$844.7		
Total assets	\$912.0	\$898.2		
Net assets	\$318.1	\$275.8		
Shares outstanding	24,125,642	19,666,769		
Net asset value per share	\$13.19	\$14.02		

	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2023		
New investments	\$51.9	\$139.7		
Repayments of investments	(34.8)	(79.1)		
Net activity	\$17.1	\$60.6		

	As of September 30, 2023	As of December 31, 2022
Number of portfolio company investments	96	85
Number of debt investments	83	73
Weighted average yield of debt and other income producing investment	ents (3)	
Cash	10.7%	10.3%
Payment-in-kind ("PIK")	0.4%	0.4%
Fee amortization	0.4%	0.4%
Total	11.5%	11.1%
Weighted average yield on total investments (4)		
Cash	10.2%	9.7%
Payment-in-kind ("PIK")	0.3%	0.3%
Fee amortization	0.3%	0.4%
Total	10.8%	10.4%

⁽¹⁾ The dollar-weighted average annualized effective yield is computed using the effective interest rate for our debt investments and other income producing investments, including cash and PIK interest, as well as 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.



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 October 5, 2023, the board declared a regular dividend of \$0.1333 per share for each of October, November and December 2023, for an aggregate of \$0.40 per share.

Declared	Ex-Dividend Date	Record Date	Payment Date	A	mount per Share
10/5/2023	10/30/2023	10/31/2023	11/15/2023	\$	0.1333
10/5/2023	11/29/2023	11/30/2023	12/15/2023	\$	0.1333
10/5/2023	12/15/2023	12/18/2023	12/29/2023	\$	0.1333

