



Stellus Capital Investment Corporation

Investor Presentation

Quarter ended December 31, 2024



HOUSTON, TX

WASHINGTON D.C.

CHARLOTTE, NC

Disclaimer

THIS PRESENTATION IS FOR INFORMATIONAL PURPOSES ONLY. THE INFORMATION CONTAINED HEREIN IS NOT INTENDED TO PROVIDE, AND SHOULD NOT BE RELIED UPON FOR, ACCOUNTING, LEGAL OR TAX ADVICE OR INVESTMENT RECOMMENDATIONS. THIS PRESENTATION IS NEITHER AN OFFER TO SELL NOR A SOLICITATION OF AN OFFER TO BUY STELLUS CAPITAL INVESTMENT CORPORATION ("SCM") SECURITIES. AN OFFERING IS ONLY MADE BY AN APPLICABLE PROSPECTUS. THIS PRESENTATION MUST BE READ IN CONJUNCTION WITH A PROSPECTUS IN ORDER TO FULLY UNDERSTAND ALL OF THE IMPLICATIONS AND RISKS OF THE OFFERING OF SECURITIES TO WHICH THE PROSPECTUS RELATES INCLUDING THOSE LISTED IN THE "RISK FACTORS" SECTION OF OUR FILINGS WITH THE SECURITIES AND EXCHANGE COMMISSION ("SEC"), INCLUDING THE IMPACT OF THE COVID-19 PANDEMIC ON SCM, ITS PORTFOLIO COMPANIES, AND THE GLOBAL AND UNITED STATES ECONOMY. A COPY OF SUCH A PROSPECTUS MUST BE MADE AVAILABLE TO YOU IN CONNECTION WITH ANY OFFERING. BEFORE MAKING AN INVESTMENT DECISION WITH RESPECT TO SCM, INVESTORS ARE ADVISED TO CAREFULLY REVIEW AN APPLICABLE PROSPECTUS TO REVIEW THE RISK FACTORS DESCRIBED THEREIN, AND TO CONSULT WITH THEIR TAX, FINANCIAL, INVESTMENT AND LEGAL ADVISORS. THESE MATERIALS DO NOT PURPORT TO BE COMPLETE, AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE MORE DETAILED DISCLOSURES CONTAINED IN AN APPLICABLE PROSPECTUS AND SCM'S RELATED DOCUMENTATION INCLUDING SEC FILINGS.

STATEMENTS INCLUDED HEREIN MAY CONTAIN "FORWARD-LOOKING STATEMENTS" WHICH RELATE TO FUTURE PERFORMANCE OR FINANCIAL CONDITION. STATEMENTS OTHER THAN STATEMENTS OF HISTORICAL FACTS INCLUDED IN THIS PRESENTATION MAY CONSTITUTE FORWARD-LOOKING STATEMENTS AND ARE NOT GUARANTEES OF FUTURE PERFORMANCE OR RESULTS AND INVOLVE A NUMBER OF ASSUMPTIONS, RISKS AND UNCERTAINTIES, INCLUDING RISKS AND UNCERTAINTIES ASSOCIATED WITH THE COVID-19 PANDEMIC ON SCM, ITS PORTFOLIO COMPANIES, AND THE GLOBAL AND UNITED STATES ECONOMY, WHICH CHANGE OVER TIME. ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THOSE ANTICIPATED IN ANY FORWARD-LOOKING STATEMENTS AS A RESULT OF A NUMBER OF FACTORS, INCLUDING THOSE DESCRIBED FROM TIME TO TIME IN FILINGS BY SCM WITH THE SECURITIES AND EXCHANGE COMMISSION. SCM UNDERTAKES NO DUTY TO UPDATE ANY FORWARD-LOOKING STATEMENT MADE HEREIN. ALL OF THE INFORMATION IN THIS PRESENTATION, INCLUDING ANY FORWARD-LOOKING STATEMENTS, IS PRESENTED AS OF THE TIME PERIOD ON THE COVER OF THIS PRESENTATION (EXCEPT AS OTHERWISE SPECIFIED), IS SUBJECT TO CHANGE WITHOUT NOTICE, AND MAY HAVE CHANGED (POSSIBLY MATERIALLY) SINCE THE DATE ON THE COVER OF THIS PRESENTATION. SCM UNDERTAKES NO OBLIGATION TO UPDATE THE INFORMATION CONTAINED IN THIS PRESENTATION TO ACCOUNT FOR CHANGES SUBSEQUENT TO ANY DATE AS OF WHICH SUCH INFORMATION IS GIVEN, EXCEPT AS REQUIRED BY APPLICABLE SECURITIES LAWS AND REGULATIONS.

NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, IS MADE AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN, AND NOTHING SHALL BE RELIED UPON AS A PROMISE OR REPRESENTATION AS TO THE FUTURE PERFORMANCE OF SCM.

- *All daily trading information/multiples in this presentation as of March 17, 2025, unless otherwise noted*
- *All other financial information as of December 31, 2024*

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 \$953.5 million as of December 31, 2024
- Diversified portfolio by size of investment, industry and geography

Favorable Performance Over Time

- ROE since IPO of 9.7%*
- Stable portfolio performance over 12 years

Stable and Growing Dividend

- Quarterly aggregate dividend of \$0.40 per share
 - Monthly dividend of \$0.1333 per share
- Approximate annualized dividend yield of 11.2%
- LTD dividends declared of \$16.95 per share to an IPO investor through March 17, 2025

Performance and Stability / Trading at NAV

- Net asset value per share was \$13.46 at December 31, 2024
- Trading at approximately 1.06x the December 31, 2024 per share NAV

* Source: Company Filings
All daily trading information/ multiples in this presentation as of March 17, 2025 unless otherwise noted

SCM Provides Flexible Financing for Middle Market Companies

Investment Type & Size

- Investment size between \$10 and \$60 million per transaction.
- Senior secured first lien and unitranche debt financings, often with corresponding equity investments.
- Cash interest, up-front fee and prepayment penalties, SOFR floors
- Nominal equity co-invest in certain transactions

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.

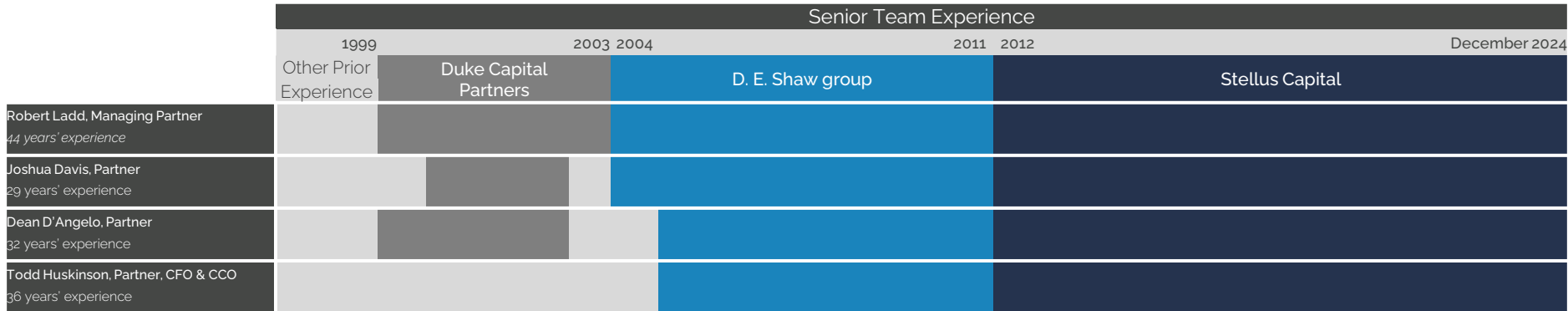
Established Private Credit Team and Institutional Platform

- Stellus' private credit team's long tenure enables cohesive evaluation and efficient execution of investment opportunities

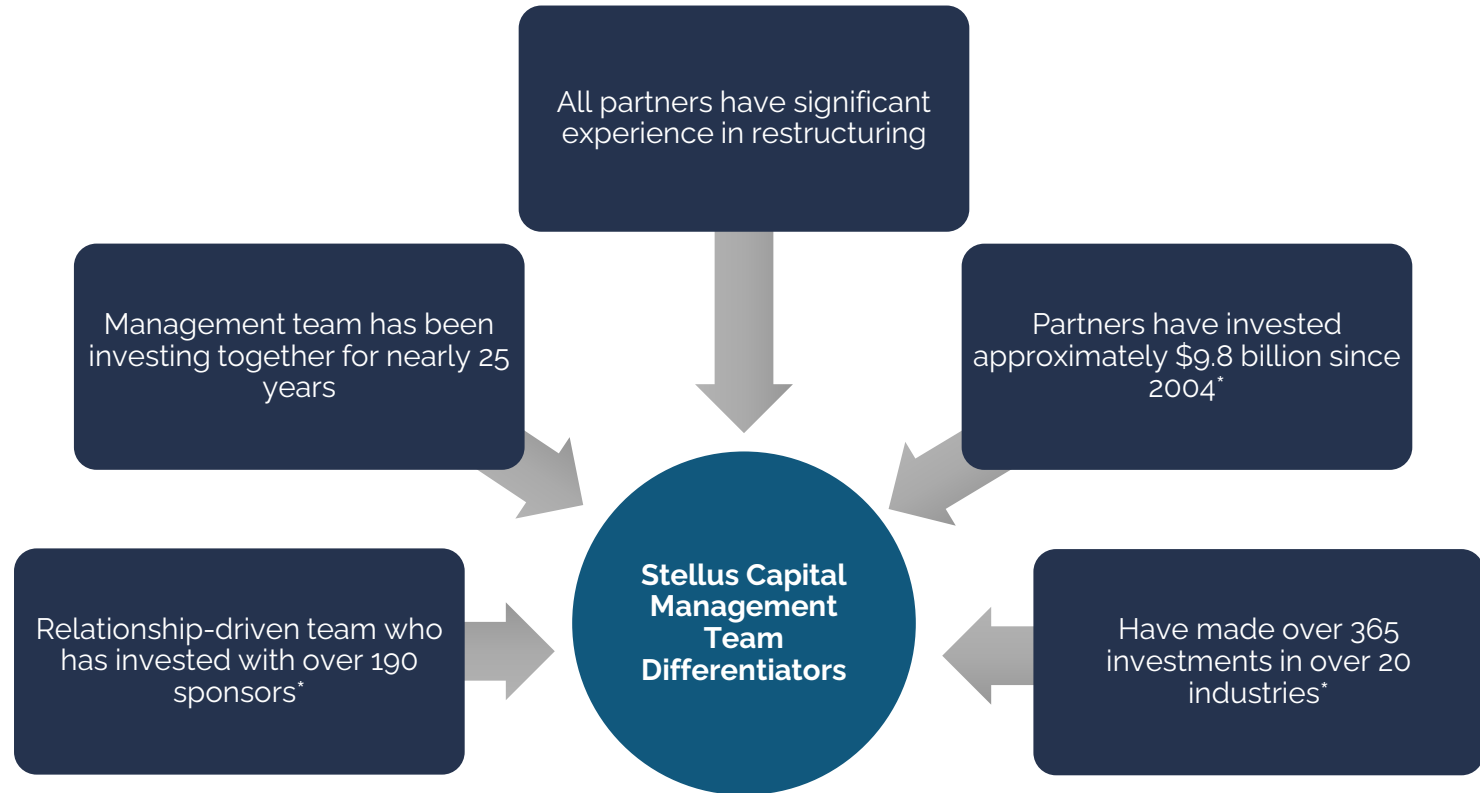
Experienced Team
Extensive underwriting and restructuring capabilities

Longevity
Senior members of the investment team have invested together for nearly 25 years

Continuity
Six of the seven Managing Directors hired as junior professionals



Diverse Sponsor Relationships and Investment Experience



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

Sourcing and Origination

- The Stellus deal team is responsible for origination and sourcing utilizing a highly focused regional approach resulting in a diverse financial sponsor network.
- Since 2004, the Stellus Capital team has partnered with over 190 unique sponsors¹



¹ Includes investments consistent with Stellus Capital's credit strategy since 2004 including predecessor firm



Stellus Capital Management has one of the most experienced lower middle market investment teams in the marketplace with over 315 combined years of principal investing experience

105

Current Active
Investments

>365

Cumulative
Completed
Investments

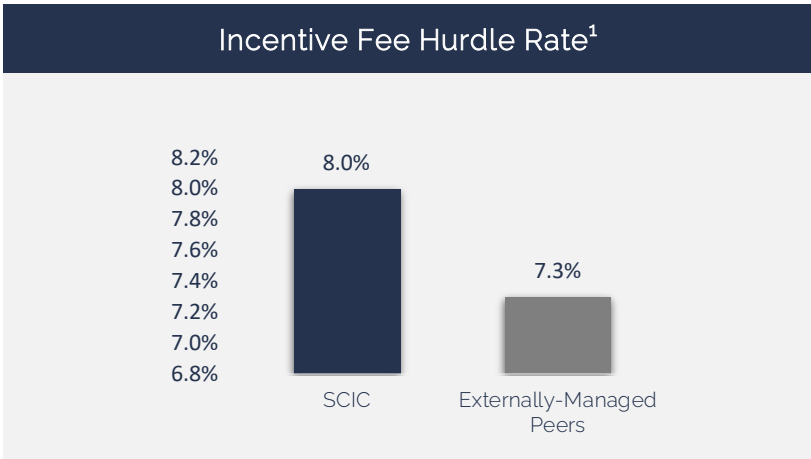
~\$9.8

Billion
Invested Capital

[Select List of Investments Available Here](#)

SCM Focuses on Shareholders

- SCIC aligns interest with shareholders

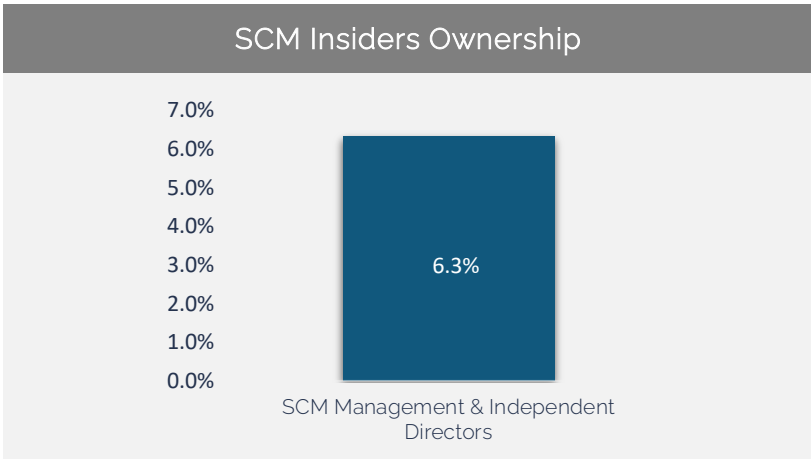


Total Return Hurdle Rate¹

SCIC has a total return hurdle (aka a "lookback") that can limit the income-based incentive fee in the event of losses

<50% of externally-managed publicly-traded BDCs have a total return hurdle

- Significant equity ownership by SCIC Insiders valued at \$24.5 million



¹Source: Public filings; externally-managed peer group of TCPC, FDUS, GAIN, GLAD, HRZN, MRCC, OFS, PTMN, WHF
 All daily trading information/multiples in this presentation as of March 17, 2025 unless otherwise noted

Stable Asset Quality: Portfolio is Performing in Accordance with Plan

Investment Category Definitions at fair value ("Risk Grade" or "RG"):

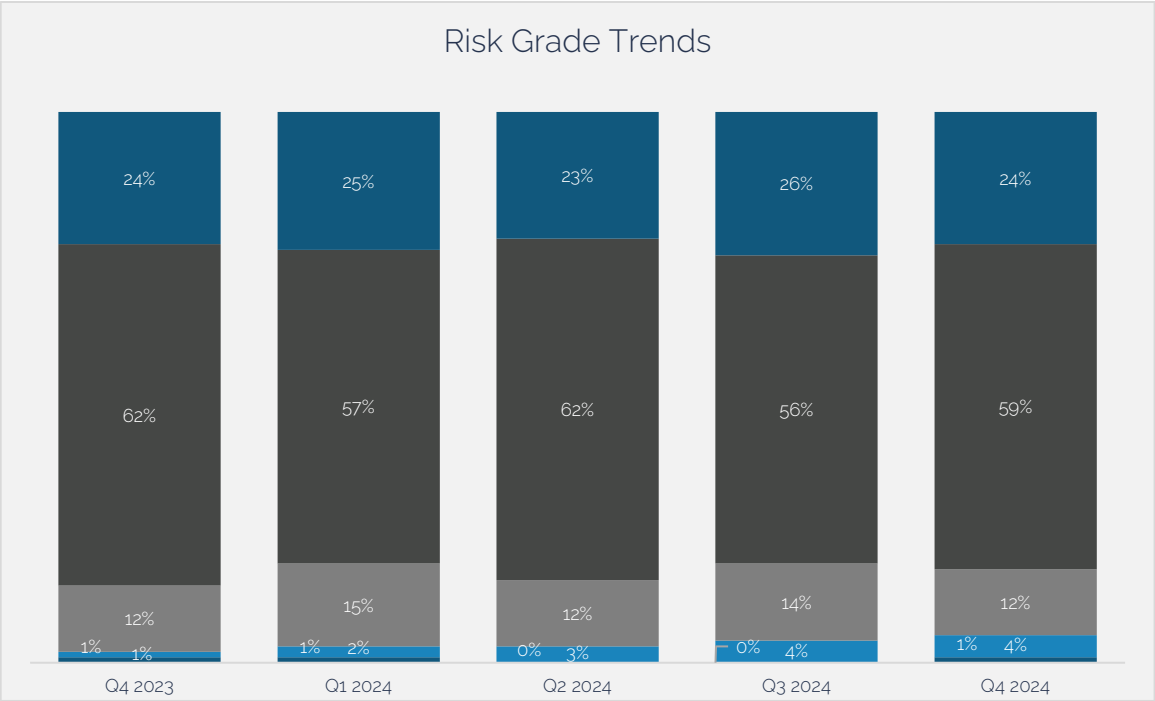
1 Exceeding expectations

2 Performing in accordance with plan

3 Requires closer monitoring (no loss of return or principal)

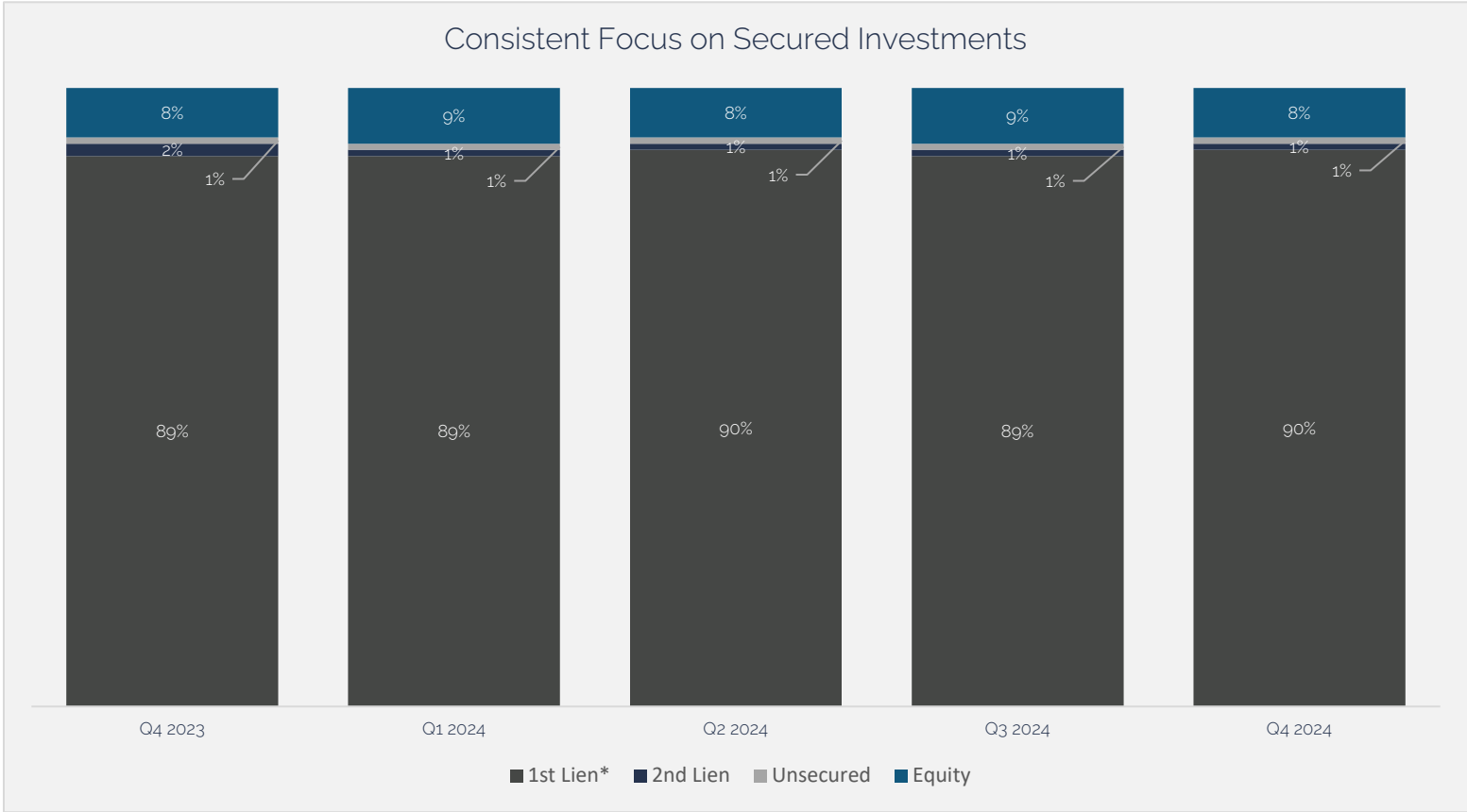
4 In workout (some loss of return; no loss of principal)

5 In workout (some loss of principal)



Investment Portfolio

- We originate and invest primarily in private middle-market companies through first lien (including unitranche) debt financing, often with corresponding equity co-investments.
- Historical return on equity co-investments of >2.5x**



*Includes unitranche investments. Unitranche structures may combine characteristics of first lien senior secured as well as second lien loans

**Historical performance is not indicative of current or future performance.

Note: Percentages are based on market value

Portfolio Construction as of December 31, 2024

10.3%

Weighted Average Yield¹

\$9.91

Average Loan Investment Size
(in millions)¹

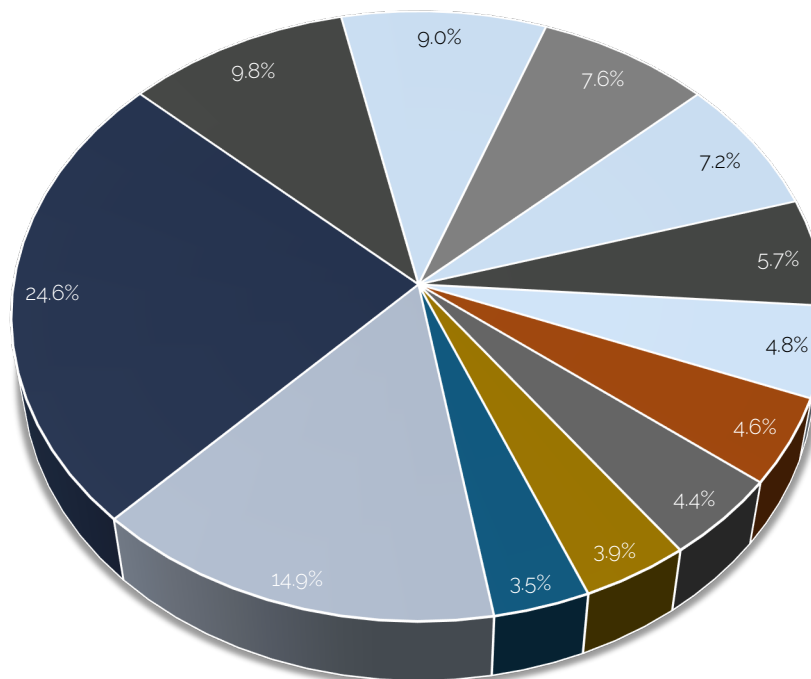
2.4%

Largest Investment as a
Percentage of Total Portfolio
(in millions)²

\$17.24

Weighted Average Borrower
EBITDA (in millions)³

Broad Industry Diversification



- Services: Business 24.6%
- Healthcare & Pharmaceuticals 9.0%
- Beverage & Food 7.2%
- Services: Consumer 4.8%
- Consumer Goods: Durable 4.4%
- Construction & Building 3.5%
- High Tech Industries 9.8%
- Media: Advertising, Printing & Publishing 7.6%
- Consumer Goods: Non-Durable 5.7%
- Capital Equipment 4.6%
- Chemicals, Plastics, & Rubber 3.9%
- Other (<3%) 14.9%

98%

First Lien / Senior Secured
Debt⁴

99%

Sponsor Backed
Transactions¹

95%

Floating Rate⁴

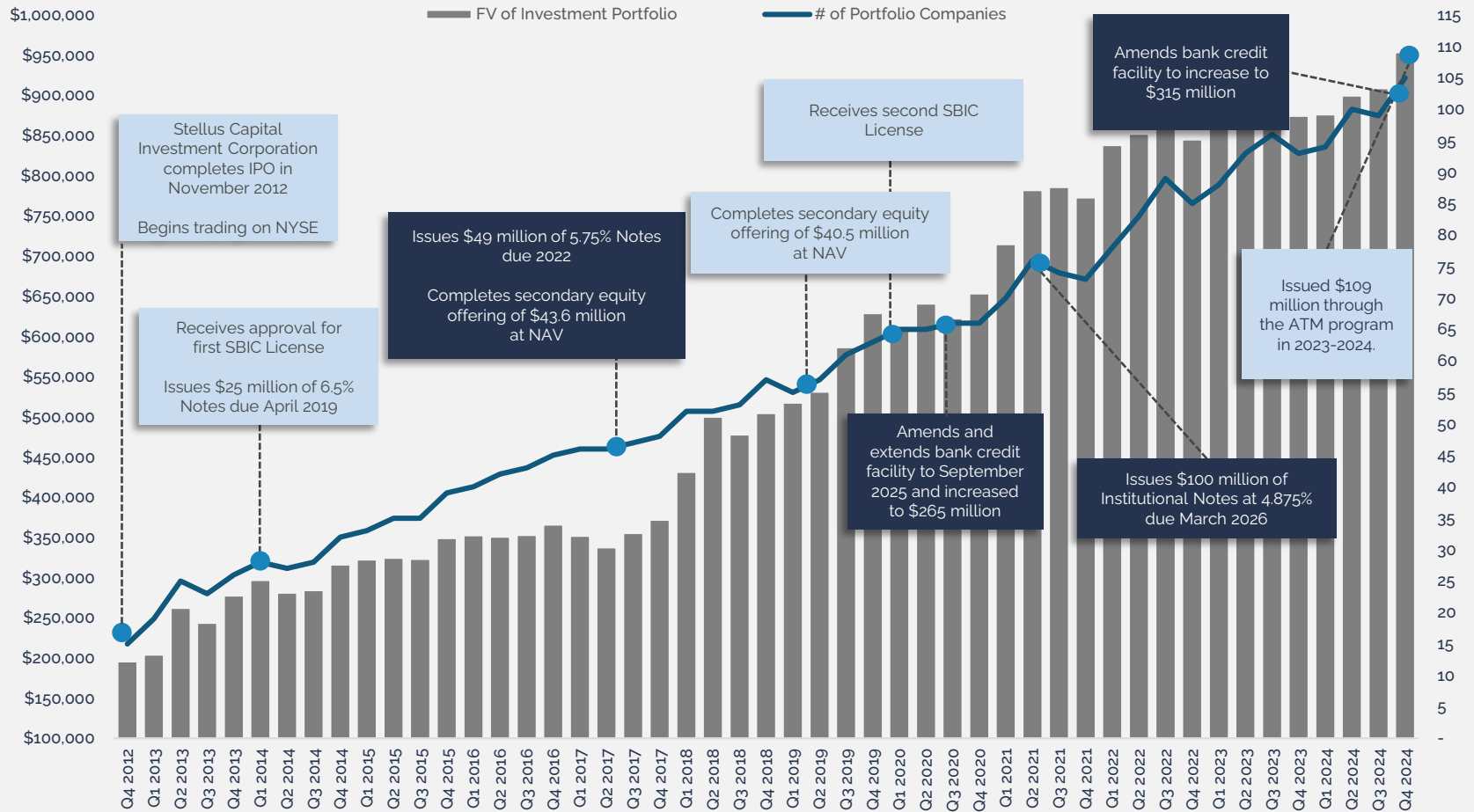
93%

Cash Interest¹

1. Calculation based on principal as of December 31, 2024, not including equity
 2. Calculation based on value as of December 31, 2024, including equity
 3. Calculation represents the weighted average EBITDA for the trailing twelve-month period ended June 30, 2024, based on principal balance.
 4. Calculation based on value as of December 31, 2024, not including equity

Investment Portfolio Growth Since IPO

Historical Capital Deployment, Deal Activity, and SCIC Milestones



\$0.37

Core NII per share¹

\$96.6 million

New investment activity during the quarter²

\$953.5 million

Investments at fair value as of December 31, 2024

10.14%

Weighted average yield on new debt investments

\$13.46

NAV as of December 31, 2024

Nine New Initial Investment Funding & Nine Follow On Investments

New loan fundings were 100% 1st lien

¹ Core NII excludes any capital gains incentive fee accrual and income taxes, the majority of which are excise taxes; \$0.35 GAAP NII per share

² Based on funded principal

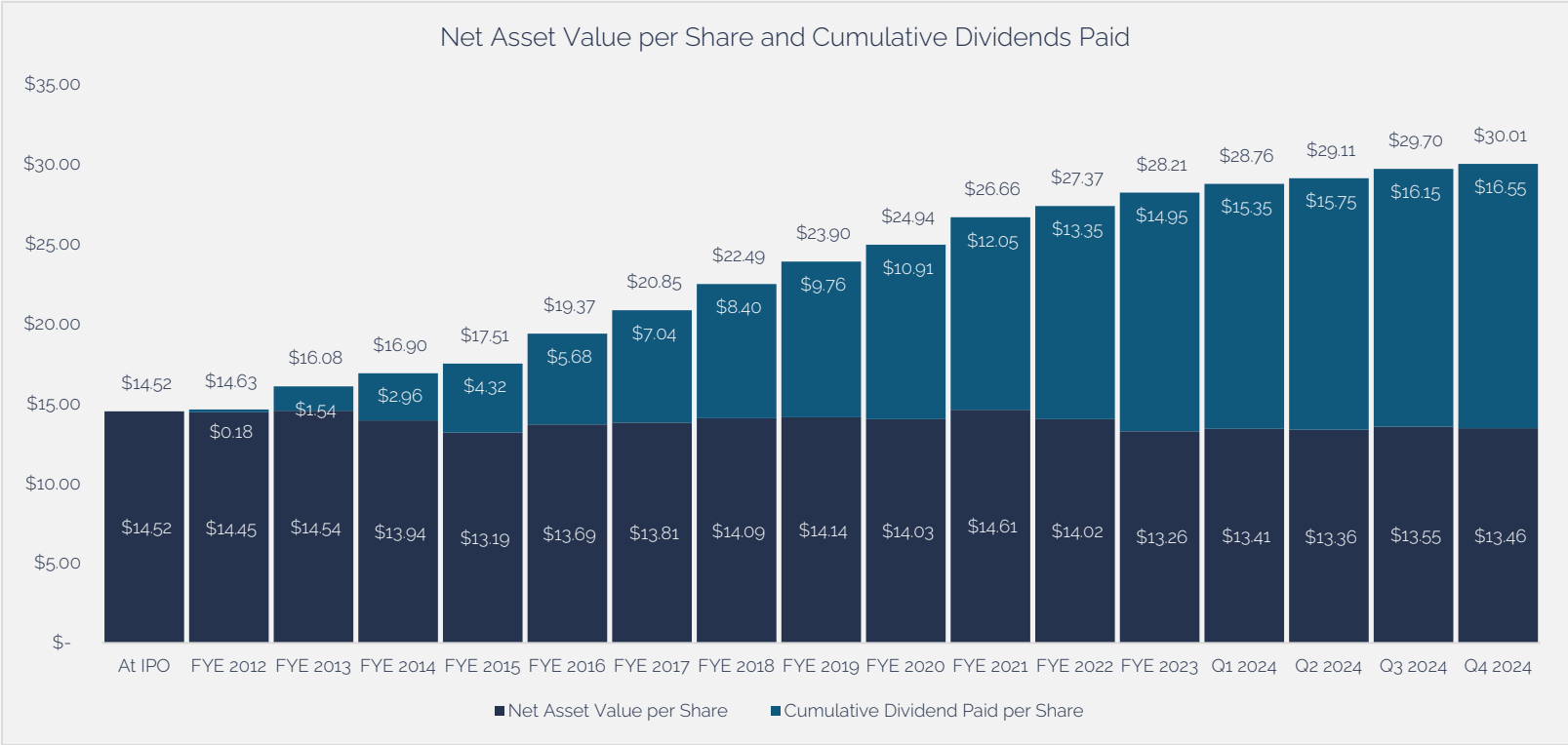
Cumulative Distributions Declared per share Since IPO

\$16.95 per share in cumulative distributions since SCM IPO in 2012*

Monthly dividends of \$0.1333 per share declared in Q1 for January, February and March 2025*

Approximate annualized dividend yield of 11.2% while maintaining a stable NAV per share

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



- Includes dividends for first quarter ended March 31, 2025
- All daily trading information/multiples in this presentation as of March 17, 2025 unless otherwise noted

Numerous Sources of Long-Term / Cost-Efficient Capital

- Favorable floating rate asset and liability mix as 95% of our portfolio companies are floating rate loans and 71% of our funded debt liabilities are at fixed interest rates.
- Access to low cost, fixed rate, longer-term leverage from the U.S. Small Business Administration

Funding Sources	Facility/Issuance Size	Outstanding ⁽²⁾	Interest Rate ⁽³⁾	Maturity
Syndicated Credit Facility led by Amegy ⁽¹⁾	\$315 million	\$175.4million	SOFR + 2.6%	November 21, 2028
SBIC I Debentures	\$150 million	\$150 million	3.41%	Varied ⁽⁴⁾
SBIC II Debentures	\$175 million	\$175 million	3.07%	Varied ⁽⁵⁾
Unsecured Notes	\$100 million	\$100 million	4.88%	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, May 2022, November 2023 and October 2024.

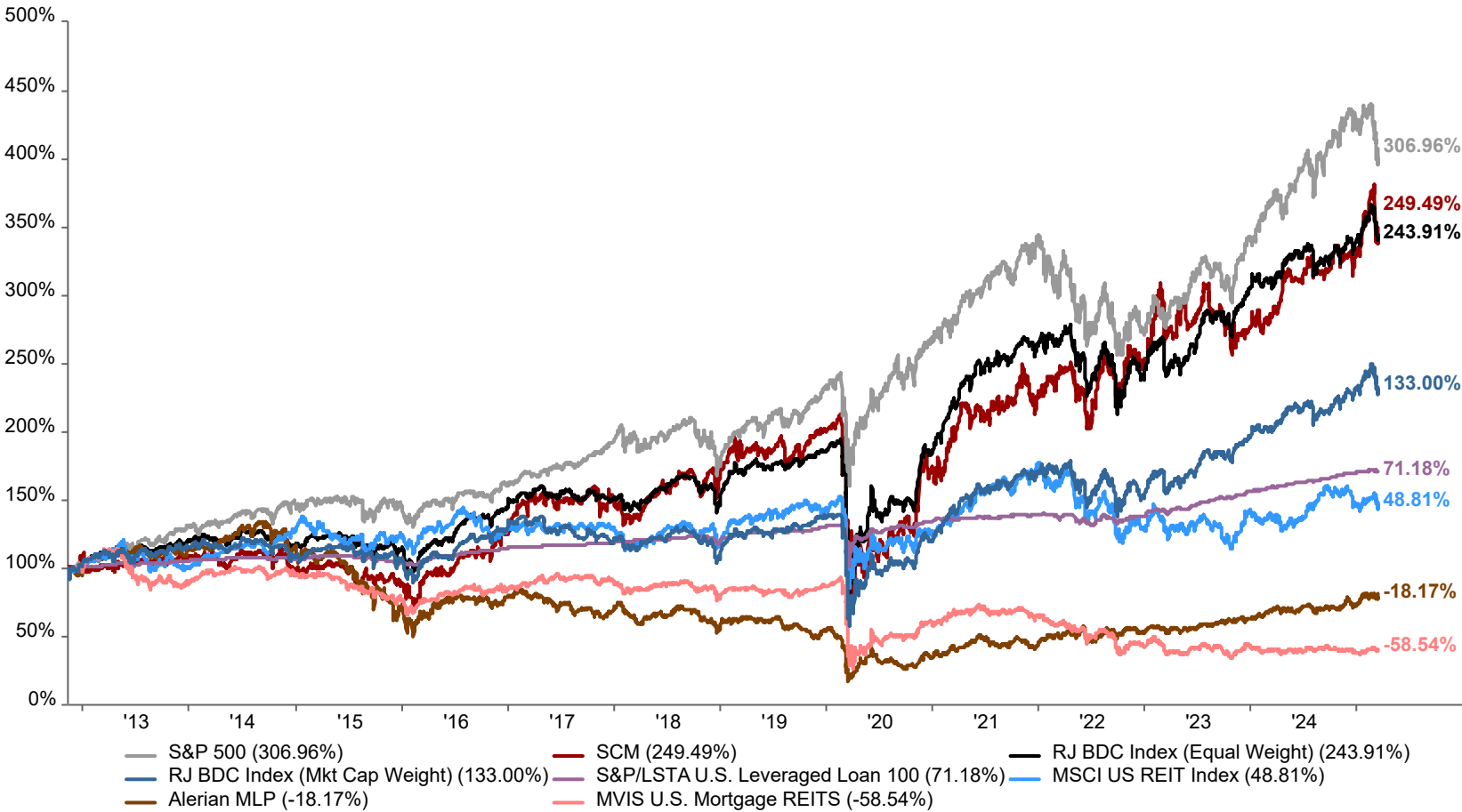
⁽²⁾ Outstanding balances are all as of December 31, 2024

⁽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

Comparative Total Return Since Stellus IPO



11/07/2012 to 03/17/2025
 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, BBDC, BCSF, BXSL, CCAP, CGBD, CION, CSWC, FDUS, FSK, GAIN, GBDC, GECC, GLAD, GSBD, HRZN, HTGC, ICMB, KBDC, LRFC, MAIN, MFIC, MRCC, MSBL, MSIF, NCDL, NMFC, OBDC, OCSL, OFS, OXSQ, PFLT, PFX, PNN, PSBD, PSEC, PTMN, RWAY, SAR, SCM, SLRC, TCPC, TPVG, TRIN, TSLX and WHF

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

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- Deloitte & Touche LLP

Counsel- Eversheds Sutherland, LLP

*Stellus Capital Management, LLC

**Includes dividends for first quarter ended March 31, 2025

All daily trading information/multiples in this presentation as of March 17, 2025 unless otherwise noted

Securities Listing

Common Stock NYSE : SCM

Corporate Headquarters

4400 Post Oak Parkway, Suite 2200

Houston, TX, 77027

Phone: 713-292-5400

Current Trading

Share Price	\$14.22
Shares Outstanding	27,481,118
Market Capitalization	\$390.8 Million
Total Assets	\$980.9 Million
Total Stockholders' Equity	\$369.9 Million
NAV per share	\$13.46
Ratio of Price to NAV per share	1.06x

Dividends

Dividend Frequency	Monthly
Last Monthly Dividend per share**	\$0.1333
Approximate Annualized Yield**	11.6%

Debt

Regulatory Leverage	0.74x
Total Leverage (incl. SBIC debentures)	1.62x

Research Coverage

Raymond James
Robert Dodd, 901-579-4560

Keefe, Bruyette & Woods
Paul Johnson, 617-848-2777

Oppenheimer Equity Research
Mitchel Penn, 212-667-6699

Ladenburg Thalmann
Christopher Nolan, 212-667-7136

Janney Montgomery Scott
John Rowan, 242-940-6981

B. Riley Securities
Bryce Rowe, 703-312-1820

Income Statement Summary

	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
INVESTMENT INCOME					
Interest income	\$ 26,721,303	\$ 25,038,487	\$ 25,164,944	\$ 25,338,361	\$ 24,344,028
Other income	1,300,875	958,262	1,461,255	1,159,898	1,270,898
Total Investment Income	\$ 28,022,178	\$ 25,996,749	\$ 26,626,199	\$ 26,498,259	\$ 25,614,926
OPERATING EXPENSES					
Interest expense and other fees	\$ 7,973,855	\$ 7,767,573	\$ 8,116,497	\$ 7,956,403	\$ 7,665,595
Management fees	3,918,536	3,852,233	3,852,233	3,959,554	4,034,109
Income incentive fees	2,756,849	2,509,110	2,542,530	2,564,922	2,429,404
Income tax expense	251,395	370,719	417,867	360,192	503,890
Other general and administrative expenses	1,520,071	1,465,549	1,526,953	1,397,498	1,340,602
Total Operating Expenses	\$ 16,420,706	\$ 15,965,184	\$ 16,456,080	\$ 16,238,569	\$ 15,973,600
Income incentive fee waiver	\$ (307,442)	\$ (204,351)	\$ (1,622,542)	\$ —	\$ —
Net Investment Income	\$ 11,908,914	\$ 10,235,916	\$ 11,792,661	\$ 10,259,690	\$ 9,641,326
Net realized (loss) gain	(30,575,948)	(20,409,837)	1,962,693	(3,319,710)	5,935,120
Net change in unrealized appreciation (depreciation)	27,145,086	23,514,988	(5,592,568)	8,518,606	(6,885,372)
Benefit (provision) for taxes	3,005,315	(192,607)	381,500	2,221	—
Net Increase in Net Assets Resulting from Operations	\$ 11,483,367	\$ 13,148,460	\$ 8,544,286	\$ 15,460,807	\$ 8,691,074
Net Investment Income Per Share – basic and diluted	\$ 0.49	\$ 0.42	\$ 0.48	\$ 0.39	\$ 0.35
Net Increase in Net Assets Resulting from Operations Per Share – basic and diluted	\$ 0.48	\$ 0.54	\$ 0.35	\$ 0.59	\$ 0.32

Per Share Change in Net Asset Value (NAV)

	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
Per Share Data:⁽¹⁾	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Net asset value at beginning of period	\$ 13.19	\$ 13.26	\$ 13.41	\$ 13.36	\$ 13.55
Net investment income	0.49	0.42	0.48	0.39	0.35
Change in unrealized appreciation (depreciation)	1.13	0.98	(0.22)	0.33	(0.25)
Net realized (loss) gain	(1.26)	(0.85)	0.07	(0.13)	0.22
Benefit (provision) for taxes	0.12	(0.01)	0.02	—	—
Total from operations	\$ 0.48	\$ 0.54	\$ 0.35	\$ 0.59	\$ 0.32
Sales load	—	—	(0.02)	—	—
Offering costs	—	—	(0.01)	—	—
Stockholder distributions	(0.41)	(0.40)	(0.41)	(0.40)	(0.40)
Accretive effect of stock offerings	—	—	0.02	—	—
Other ⁽²⁾	—	0.01	0.02	—	(0.01)
Net asset value at end of period	\$ 13.26	\$ 13.41	\$ 13.36	\$ 13.55	\$ 13.46

1 Based on weighted average shares of common stock outstanding for the period.

2. Includes the impact of different share amounts as a result of calculating certain per share data based on weighted average shares outstanding during the period and certain per share data based on shares outstanding as of the period end.

Balance Sheet Summary

	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
ASSETS	(audited)	(unaudited)	(unaudited)	(unaudited)	(audited)
Investments at fair value	\$ 874,460,683	\$ 875,884,146	\$ 899,678,449	\$ 908,718,893	\$ 953,497,688
Cash and cash equivalents	26,125,741	48,761,721	35,867,781	38,580,261	20,058,594
Interest receivable	4,882,338	6,484,400	7,663,147	6,272,194	4,947,765
Other assets	2,617,566	4,091,081	3,296,867	3,500,511	2,396,202
Total Assets	\$ 908,086,328	\$ 935,221,348	\$ 946,506,244	\$ 957,071,859	\$ 980,900,249
LIABILITIES					
Notes payable	\$ 98,996,412	\$ 99,107,786	\$ 99,219,159	\$ 99,331,757	\$ 99,444,355
Credit Facility payable	156,564,776	181,343,929	166,396,015	154,578,467	172,314,315
SBA-guaranteed debentures	320,273,358	320,587,412	320,823,417	321,058,121	321,251,939
Other accrued expenses and liabilities	12,311,994	10,741,817	12,882,160	15,818,227	17,967,700
Total Liabilities	\$ 588,146,540	\$ 611,780,944	\$ 599,320,751	\$ 590,786,572	\$ 610,978,309
Net Assets	\$ 319,939,788	\$ 323,440,404	\$ 347,185,493	\$ 366,285,287	\$ 369,921,940
Total Liabilities and Net Assets	\$ 908,086,328	\$ 935,221,348	\$ 946,506,244	\$ 957,071,859	\$ 980,900,249
Net Asset Value Per Share	\$ 13.26	\$ 13.41	\$ 13.36	\$ 13.55	\$ 13.46

Liquidity and Capitalization

	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
Assets Available	(audited)	(unaudited)	(unaudited)	(unaudited)	(audited)
SCM cash and cash equivalents	\$ 2,215,740	\$ 716,426	\$ 1,036,201	\$ 2,820,617	\$ 339,740
SBIC cash and cash equivalents ⁽¹⁾	23,910,001	48,045,295	34,831,580	35,759,644	19,718,854
Available under Credit Facility ⁽²⁾	99,914,295	75,349,881	90,561,088	102,625,149	139,613,700
Unfunded commitments	(37,021,242)	(34,404,328)	(42,716,858)	(34,404,328)	(39,493,138)
Total Liquidity	\$ 89,018,794	\$ 89,707,274	\$ 83,712,011	\$ 106,801,082	\$ 120,179,156
Debt at Par Value					
Notes payable	\$ 100,000,000	\$ 100,000,000	\$ 100,000,000	\$ 100,000,000	\$ 100,000,000
Credit Facility payable	160,085,705	184,650,119	169,438,912	157,374,851	175,386,301
SBA-guaranteed debentures	325,000,000	325,000,000	325,000,000	325,000,000	325,000,000
Total Debt	\$ 585,085,705	\$ 609,650,119	\$ 594,438,912	\$ 582,374,851	\$ 600,386,301
Net Asset Value	\$ 319,939,788	\$ 323,440,404	\$ 347,185,493	\$ 366,285,287	\$ 369,921,940
Total Capitalization	\$ 905,025,493	\$ 933,090,523	\$ 941,624,405	\$ 948,660,138	\$ 970,308,241
Debt to NAV ⁽³⁾	1.83x	1.88x	1.71x	1.59x	1.62x
Regulatory Debt to NAV ⁽⁴⁾	0.82x	0.88x	0.78x	0.70x	0.74x
Net Debt to NAV ⁽⁵⁾	1.82x	1.88x	1.71x	1.58x	1.62x
Interest Coverage Ratio ⁽⁶⁾	2.37x	2.43x	2.49x	2.48x	2.42x

1 Cash available to be reinvested in SBA qualified portfolio companies or used to repay SBIC Debentures.

2 Subject to a borrowing base limitation.

3 SBIC Debentures are not included as "senior debt" for purposes of the BDC asset coverage requirements pursuant to exemptive relief received by SCM. Debt to NAV Ratio is calculated based upon the par value of debt.

4 Regulatory Debt to NAV Ratio is calculated based upon the par value of debt of both the Credit Facility and Notes payable.

5 Net debt in this ratio includes par value of total debt less SCM cash and cash equivalents.

6 Net investment income, excluding deferred income incentive fees, non-payable net investment income or capital gains incentive fees, and OID / cash interest expense on a trailing twelve-month basis.