

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**  
**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2023

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**COMMISSION FILE NUMBER: 1-35730**

**STELLUS CAPITAL INVESTMENT CORPORATION**

(Exact Name of Registrant as Specified in Its Charter)

**Maryland**

(State or Other Jurisdiction of Incorporation or Organization)

**46-0937320**

(I.R.S. Employer Identification No.)

**4400 Post Oak Parkway, Suite 2200**

**Houston, Texas 77027**

(Address of Principal Executive Offices) (Zip Code)

**(713) 292-5400**

(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class                       | Trading Symbol(s) | Name of each exchange on which registered |
|---|-------------------|---|
| Common Stock, par value \$0.001 per share | SCM               | New York Stock Exchange                   |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

|                         |                                     |                           |                          |
|-------------------------|-------------------------------------|---------------------------|--------------------------|
| Large accelerated filer | <input type="checkbox"/>            | Accelerated filer         | <input type="checkbox"/> |
| Non-accelerated filer   | <input checked="" type="checkbox"/> | Smaller reporting company | <input type="checkbox"/> |
| Emerging growth company | <input type="checkbox"/>            |                           |                          |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The number of shares of the issuer's Common Stock, \$0.001 par value per share, outstanding as of November 7, 2023 was 24,125,642.

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STELLUS CAPITAL INVESTMENT CORPORATION

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**PART I—FINANCIAL INFORMATION**  
**STELLUS CAPITAL INVESTMENT CORPORATION**  
**CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES**

|  | <u>September 30, 2023</u><br>(unaudited) | <u>December 31, 2022</u> |
|--|--|--------------------------|
| <b>ASSETS</b>  |  |                          |
| Non-controlled, non-affiliated investments, at fair value (amortized cost of \$ 941,679,195 and \$875,823,177, respectively)               | \$ 886,338,148                           | \$ 844,733,638           |
| Cash and cash equivalents  | 19,210,721                               | 48,043,329               |
| Receivable for sales and repayments of investments   | 594,726                                  | 718,794                  |
| Interest receivable  | 5,600,021                                | 3,984,409                |
| Other receivables  | 60,495                                   | 34,245                   |
| Deferred offering costs  | —  | 1,100                    |
| Prepaid expenses   | 149,755                                  | 667,267                  |
| <b>Total Assets</b>  | <b>\$ 911,953,866</b>                    | <b>\$ 898,182,782</b>    |
| <b>LIABILITIES</b>   |  |                          |
| Notes payable  | \$ 98,883,814                            | \$ 98,549,692            |
| Credit Facility payable  | 161,192,612                              | 197,685,281              |
| SBA-guaranteed debentures  | 319,955,852                              | 307,895,195              |
| Dividends payable  | 3,215,948                                | —                        |
| Management fees payable  | 3,933,121                                | 7,150,407                |
| Income incentive fees payable  | 3,058,550                                | 2,464,408                |
| Capital gains incentive fees payable   | —  | 569,528                  |
| Interest payable   | 1,316,334                                | 4,640,841                |
| Related party payable  | —  | 1,060,321                |
| Unearned revenue   | 343,210                                  | 320,675                  |
| Administrative services payable  | 402,627                                  | 356,919                  |
| Income tax payable   | 1,116,369                                | 1,175,373                |
| Deferred tax liability   | 206,361                                  | 61,936                   |
| Other accrued expenses and liabilities   | 203,288                                  | 475,593                  |
| <b>Total Liabilities</b>   | <b>\$ 593,828,086</b>                    | <b>\$ 622,406,169</b>    |
| <b>Commitments and contingencies (Note 7)</b>  |  |                          |
| <b>Net Assets</b>  | <b>\$ 318,125,780</b>                    | <b>\$ 275,776,613</b>    |
| <b>NET ASSETS</b>  |  |                          |
| Common stock, par value \$ 0.001 per share (100,000,000 shares authorized; 24,125,642 and 19,666,769 issued and outstanding, respectively) | \$ 24,125                                | \$ 19,667                |
| Paid-in capital  | 337,289,265                              | 275,114,720              |
| Total distributable (loss) earnings  | (19,187,610)                             | 642,226                  |
| <b>Net Assets</b>  | <b>\$ 318,125,780</b>                    | <b>\$ 275,776,613</b>    |
| <b>Total Liabilities and Net Assets</b>  | <b>\$ 911,953,866</b>                    | <b>\$ 898,182,782</b>    |
| <b>Net Asset Value Per Share</b>   | <b>\$ 13.19</b>                          | <b>\$ 14.02</b>          |

**STELLUS CAPITAL INVESTMENT CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)**

|  | For the three<br>months ended<br>September 30, 2023 | For the three<br>months ended<br>September 30, 2022 | For the nine<br>months ended<br>September 30, 2023 | For the nine<br>months ended<br>September 30, 2022 |
|--|---|---|--|--|
| <b>INVESTMENT INCOME</b>   |   |   |  |  |
| Interest income  | \$ 26,223,986                                       | \$ 19,617,468                                       | \$ 75,295,485                                      | \$ 50,392,437                                      |
| Other income   | 941,040   | 524,799   | 2,529,905  | 1,353,279  |
| <b>Total Investment Income</b>   | <b>\$ 27,165,026</b>                                | <b>\$ 20,142,267</b>                                | <b>\$ 77,825,390</b>                               | <b>\$ 51,745,716</b>                               |
| <b>OPERATING EXPENSES</b>  |   |   |  |  |
| Management fees  | \$ 3,933,121  | \$ 3,827,669  | \$ 11,533,811                                      | \$ 11,025,435                                      |
| Valuation fees   | 139,267   | 145,865   | 332,762  | 315,482  |
| Administrative services expenses   | 470,846   | 447,381   | 1,399,188  | 1,388,602  |
| Income incentive fees  | 2,705,200   | 1,635,641   | 7,433,039  | 1,635,641  |
| Capital gains incentive fee reversal   | —   | (646,757)   | (569,528)  | (1,672,549)  |
| Professional fees  | 276,592   | 315,809   | 877,276  | 845,275  |
| Directors' fees  | 93,250  | 83,500  | 303,750  | 254,500  |
| Insurance expense  | 123,725   | 127,274   | 366,156  | 377,671  |
| Interest expense and other fees  | 8,049,063   | 6,448,280   | 24,037,462   | 16,864,255   |
| Income tax expense   | 335,508   | 361,115   | 1,082,057  | 1,066,768  |
| Other general and administrative expenses  | 217,655   | 207,170   | 727,754  | 766,562  |
| <b>Total Operating Expenses</b>  | <b>\$ 16,344,227</b>                                | <b>\$ 12,952,947</b>                                | <b>\$ 47,523,727</b>                               | <b>\$ 32,867,642</b>                               |
| <b>Net Investment Income</b>   | <b>\$ 10,820,799</b>                                | <b>\$ 7,189,320</b>                                 | <b>\$ 30,301,663</b>                               | <b>\$ 18,878,074</b>                               |
| Net realized gain on non-controlled, non-affiliated investments                                      | \$ 600,403  | \$ 1,553,450  | \$ 324,782   | \$ 4,658,817                                       |
| Net realized loss on foreign currency translation  | (22,166)  | (676)   | (72,782)   | (8,026)  |
| Net change in unrealized depreciation on non-controlled, non-affiliated investments                  | (13,793,320)  | (4,798,980)   | (24,338,195)                                       | (12,810,173)                                       |
| Net change in unrealized depreciation on foreign currency translation                                | (2,794)   | (18,120)  | (21,243)   | (53,874)   |
| (Provision) benefit for taxes on net unrealized (appreciation) depreciation on investments           | (312)   | 30,535  | (144,425)  | (151,278)  |
| <b>Net (Decrease) Increase in Net Assets Resulting from Operations</b>                               | <b>(2,397,390)</b>                                  | <b>3,955,529</b>                                    | <b>\$ 6,049,800</b>                                | <b>\$ 10,513,540</b>                               |
| <b>Net Investment Income Per Share—basic and diluted</b>   | <b>\$ 0.47</b>                                      | <b>\$ 0.37</b>                                      | <b>\$ 1.42</b>                                     | <b>\$ 0.97</b>                                     |
| <b>Net (Decrease) Increase in Net Assets Resulting from Operations Per Share – basic and diluted</b> | <b>\$ (0.11)</b>                                    | <b>\$ 0.20</b>                                      | <b>\$ 0.28</b>                                     | <b>\$ 0.54</b>                                     |
| <b>Weighted Average Shares of Common Stock Outstanding—basic and diluted</b>                         | <b>22,824,221</b>                                   | <b>19,545,935</b>                                   | <b>21,289,880</b>                                  | <b>19,535,708</b>                                  |
| <b>Distributions Per Share—basic and diluted</b>   | <b>\$ 0.41</b>                                      | <b>\$ 0.34</b>                                      | <b>\$ 1.22</b>                                     | <b>\$ 0.96</b>                                     |

**STELLUS CAPITAL INVESTMENT CORPORATION**  
**CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS (unaudited)**

|   | Common Stock      |                 | Total                |   |
|---|-------------------|-----------------|----------------------|---|
|   | Number of shares  | Par value       | Paid-in capital      | distributable earnings (loss)               |
|   | <u>19,517,595</u> | <u>\$19,518</u> | <u>\$274,559,121</u> | <u>\$ 10,532,594</u>                        |
| <b>Balances at December 31, 2021</b>  |                   |                 |                      | <b>\$285,111,233</b>                        |
| Net investment income   | —                 | —               | —                    | 5,514,183 5,514,183                         |
| Net realized gain on non-controlled, non-affiliated investments                     | —                 | —               | —                    | 3,458,090 3,458,090                         |
| Net realized loss on foreign currency translation                                   | —                 | —               | —                    | (7,350) (7,350)                             |
| Net change in unrealized depreciation on non-controlled, non-affiliated investments | —                 | —               | —                    | (3,721,602) (3,721,602)                     |
| Provision for taxes on unrealized appreciation on investments                       | —                 | —               | —                    | (21,157) (21,157)                           |
| Distributions from net investment income  | —                 | —               | —                    | (5,464,666) (5,464,666)                     |
| Issuance of common stock, net of offering costs <sup>(1)</sup>                      | 14,924            | 15              | 167,655              | — 167,670                                   |
| <b>Balances at March 31, 2022</b>   | <u>19,532,519</u> | <u>\$19,533</u> | <u>\$274,726,776</u> | <u>\$ 10,290,092</u> <u>\$285,036,401</u>   |
| Net investment income   | —                 | —               | —                    | 6,174,571 6,174,571                         |
| Net realized loss on non-controlled, non-affiliated investments                     | —                 | —               | —                    | (352,723) (352,723)                         |
| Net change in unrealized depreciation on non-controlled, non-affiliated investments | —                 | —               | —                    | (4,289,591) (4,289,591)                     |
| Net change in unrealized depreciation on foreign currency translations              | —                 | —               | —                    | (35,754) (35,754)                           |
| Provision for taxes on unrealized appreciation on investments                       | —                 | —               | —                    | (160,656) (160,656)                         |
| Distributions from net investment income  | —                 | —               | —                    | (6,643,663) (6,643,663)                     |
| Issuance of common stock, net of offering costs <sup>(1)</sup>                      | 13,416            | 13              | 137,520              | — 137,533                                   |
| <b>Balances at June 30, 2022</b>  | <u>19,545,935</u> | <u>\$19,546</u> | <u>\$274,864,296</u> | <u>\$ 4,982,276</u> <u>\$279,866,118</u>    |
| Net investment income   | —                 | —               | —                    | 7,189,320 7,189,320                         |
| Net realized gain on non-controlled, non-affiliated investments                     | —                 | —               | —                    | 1,553,450 1,553,450                         |
| Net realized loss on foreign currency translation                                   | —                 | —               | —                    | (676) (676)                                 |
| Net change in unrealized depreciation on non-controlled, non-affiliated investments | —                 | —               | —                    | (4,798,980) (4,798,980)                     |
| Net change in unrealized depreciation on foreign currency translations              | —                 | —               | —                    | (18,120) (18,120)                           |
| Benefit for taxes on unrealized depreciation on investments                         | —                 | —               | —                    | 30,535 30,535                               |
| Distributions from net investment income  | —                 | —               | —                    | (6,643,663) (6,643,663)                     |
| <b>Balances at September 30, 2022</b>   | <u>19,545,935</u> | <u>\$19,546</u> | <u>\$274,864,296</u> | <u>\$ 2,294,142</u> <u>\$277,177,984</u>    |
| <b>Balances at December 31, 2022</b>  | <u>19,666,769</u> | <u>\$19,667</u> | <u>\$275,114,720</u> | <u>\$ 642,226</u> <u>\$275,776,613</u>      |
| Net investment income   | —                 | —               | —                    | 9,067,620 9,067,620                         |
| Net realized gain on non-controlled, non-affiliated investments                     | —                 | —               | —                    | 34,967 34,967                               |
| Net realized loss on foreign currency translation                                   | —                 | —               | —                    | (39,912) (39,912)                           |
| Net change in unrealized depreciation on non-controlled, non-affiliated investments | —                 | —               | —                    | (4,249,642) (4,249,642)                     |
| Net change in unrealized appreciation on foreign currency translations              | —                 | —               | —                    | 1,874 1,874                                 |
| Provision for taxes on unrealized appreciation on investments                       | —                 | —               | —                    | (78,760) (78,760)                           |
| Distributions from net investment income  | —                 | —               | —                    | (7,951,284) (7,951,284)                     |
| Issuance of common stock, net of offering costs <sup>(1)</sup>                      | 581,614           | 581             | 8,289,988            | — 8,290,569                                 |
| <b>Balances at March 31, 2023</b>   | <u>20,248,383</u> | <u>\$20,248</u> | <u>\$283,404,708</u> | <u>\$ (2,572,911)</u> <u>\$280,852,045</u>  |
| Net investment income   | —                 | —               | —                    | 10,413,244 10,413,244                       |
| Net realized loss on non-controlled, non-affiliated investments                     | —                 | —               | —                    | (310,588) (310,588)                         |
| Net realized loss on foreign currency translation                                   | —                 | —               | —                    | (10,704) (10,704)                           |
| Net change in unrealized depreciation on non-controlled, non-affiliated investments | —                 | —               | —                    | (6,295,233) (6,295,233)                     |
| Net change in unrealized depreciation on foreign currency translations              | —                 | —               | —                    | (20,323) (20,323)                           |
| Provision for taxes on unrealized appreciation on investments                       | —                 | —               | —                    | (65,353) (65,353)                           |
| Distributions from net investment income  | —                 | —               | —                    | (8,659,144) (8,659,144)                     |
| Issuance of common stock, net of offering costs <sup>(1)</sup>                      | 2,309,521         | 2,310           | 32,418,774           | — 32,421,084                                |
| <b>Balances at June 30, 2023</b>  | <u>22,557,904</u> | <u>\$22,558</u> | <u>\$315,823,482</u> | <u>\$ (7,521,012)</u> <u>\$308,325,028</u>  |
| Net investment income   | —                 | —               | —                    | 10,820,799 10,820,799                       |
| Net realized gain on non-controlled, non-affiliated investments                     | —                 | —               | —                    | 600,403 600,403                             |
| Net realized loss on foreign currency translation                                   | —                 | —               | —                    | (22,166) (22,166)                           |
| Net change in unrealized depreciation on non-controlled, non-affiliated investments | —                 | —               | —                    | (13,793,320) (13,793,320)                   |
| Net change in unrealized depreciation on foreign currency translations              | —                 | —               | —                    | (2,794) (2,794)                             |
| Provision for taxes on unrealized appreciation on investments                       | —                 | —               | —                    | (312) (312)                                 |
| Distributions from net investment income  | —                 | —               | —                    | (9,269,208) (9,269,208)                     |
| Issuance of common stock, net of offering costs <sup>(1)</sup>                      | 1,567,738         | 1,567           | 21,465,783           | — 21,467,350                                |
| <b>Balances at September 30, 2023</b>   | <u>24,125,642</u> | <u>\$24,125</u> | <u>\$337,289,265</u> | <u>\$ (19,187,610)</u> <u>\$318,125,780</u> |

(1) See Note 4 to the Consolidated Financial Statements contained herein for more information on offering costs.

**STELLUS CAPITAL INVESTMENT CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)**

|   | <b>For the nine<br/>months ended<br/>September 30, 2023</b> | <b>For the nine<br/>months ended<br/>September 30, 2022</b> |
|---|---|---|
| <b>Cash flows from operating activities</b>   |   |   |
| Net increase in net assets resulting from operations  | \$ 6,049,800  | \$ 10,513,540   |
| Adjustments to reconcile net increase in net assets from operations to net cash used in operating activities: |   |   |
| Purchases of investments  | (139,650,422)   | (180,956,810)   |
| Proceeds from sales and repayments of investments   | 79,053,967  | 74,385,466  |
| Net change in unrealized depreciation on investments  | 24,338,195  | 12,810,173  |
| Net change in unrealized depreciation on foreign currency translations  | 21,087  | 28,405  |
| Increase in investments due to PIK  | (2,732,530)   | (1,010,061)   |
| Amortization of premium and accretion of discount, net  | (2,078,183)   | (1,839,720)   |
| Deferred tax provision  | 144,425   | 151,278   |
| Amortization of loan structure fees   | 436,257   | 420,356   |
| Amortization of deferred financing costs  | 334,122   | 334,122   |
| Amortization of loan fees on SBA-guaranteed debentures  | 938,247   | 905,294   |
| Net realized gain on investments  | (324,782)   | (4,658,817)   |
| Changes in other assets and liabilities   |   |   |
| Increase in interest receivable   | (1,615,612)   | (907,787)   |
| Increase in other receivables   | (26,250)  | (5,743)   |
| Increase in related party receivables   | —   | (19,034)  |
| Decrease in prepaid expenses  | 517,512   | 293,135   |
| (Decrease) increase in management fees payable  | (3,217,286)   | 3,578,496   |
| Increase in income incentive fees payable   | 594,142   | 160,521   |
| Decrease in capital gains incentive fees payable  | (569,528)   | (1,672,549)   |
| Increase (decrease) in administrative services payable  | 45,708  | (9,481)   |
| Decrease in interest payable  | (3,324,507)   | (2,808,314)   |
| Decrease in related party payable   | (1,060,321)   | —   |
| Increase (decrease) in unearned revenue   | 22,535  | (185,171)   |
| Decrease in income tax payable  | (59,004)  | (2,183,176)   |
| (Decrease) increase in other accrued expenses and liabilities   | (272,305)   | 59,623  |
| <b>Net Cash Used in Operating Activities</b>  | <b>\$ (42,434,733)</b>                                      | <b>\$ (92,616,254)</b>                                      |
| <b>Cash flows from Financing Activities</b>   |   |   |
| Proceeds from the issuance of common stock  | \$ 63,348,436   | \$ 420,004  |
| Sales load for common stock issued  | (943,248)   | (5,957)   |
| Offering costs paid for common stock issued   | (225,085)   | (335,953)   |
| Stockholder distributions paid  | (22,663,688)  | (17,708,494)  |
| Proceeds from SBA-guaranteed debentures   | 11,400,000  | 56,000,000  |
| Financing costs paid on SBA-guaranteed debentures   | (277,590)   | (1,363,600)   |
| Financing costs paid on Credit facility   | (35,000)  | (193,659)   |
| Borrowings under Credit Facility  | 79,700,000  | 121,608,702   |
| Repayments of Credit Facility   | (116,701,700)   | (97,559,902)  |
| <b>Net Cash Provided by Financing Activities</b>  | <b>\$ 13,602,125</b>  | <b>\$ 60,861,141</b>  |
| <b>Net Decrease in Cash and Cash Equivalents</b>  | <b>\$ (28,832,608)</b>                                      | <b>\$ (31,755,113)</b>                                      |
| <b>Cash and Cash Equivalents Balance at Beginning of Period</b>   | <b>\$ 48,043,329</b>  | <b>\$ 44,174,856</b>  |
| <b>Cash and Cash Equivalents Balance at End of Period</b>   | <b>\$ 19,210,721</b>  | <b>\$ 12,419,743</b>  |
| <b>Supplemental and Non-Cash Activities</b>   |   |   |
| Cash paid for interest expense  | \$ 25,653,343   | \$ 18,012,797   |
| Income and excise tax paid  | 1,141,061   | 3,249,944   |
| Increase in dividends payable   | 3,215,948   | 1,043,498   |
| (Decrease) increase in deferred offering costs  | (1,100)   | 227,109   |

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**Stellus Capital Investment Corporation**

**Consolidated Schedule of Investments**  
**September 30, 2023**  
**(unaudited)**

| Investments  | Footnotes | Security <sup>(2)</sup> | Investment                   |       |            |            |      | Headquarters/                  | Principal             |                      |                           | % of          |  |
|--|-----------|-------------------------|------------------------------|-------|------------|------------|------|--------------------------------|-----------------------|----------------------|---------------------------|---------------|--|
|  |           |                         | Coupon                       | Floor | Cash       | PIK        | Date |                                | Shares <sup>(3)</sup> | Amortized Cost       | Fair Value <sup>(1)</sup> | Net Assets    |  |
| <b>Non-controlled, non-affiliated investments</b>              |           |                         |                              |       |            |            |      |                                |                       |                      |                           |               |  |
| 2X LLC   | (9)       |                         |                              |       |            |            |      | Berwyn, PA                     |                       |                      |                           |               |  |
| Term Loan  | (11)      | First Lien              | 3M SOFR+6.50% 2.00 % 11.89 % |       | 6/5/2023   | 6/5/2028   |      | Services: Business             | \$ 5,500,208          | 5,369,314            | 5,445,206                 | 1.71 %        |  |
| 2X Investors LP Class A Units                                  |           | Equity                  |                              |       | 6/5/2023   |            |      |                                | 58,949                | 589,496              | 572,719                   | 0.18 %        |  |
| <b>Total</b>   |           |                         |                              |       |            |            |      |                                |                       | <b>\$ 5,958,810</b>  | <b>\$ 6,017,925</b>       | <b>1.89 %</b> |  |
| Ad.Net Acquisition, LLC  | (9)       |                         |                              |       |            |            |      | Los Angeles, CA                |                       |                      |                           |               |  |
| Term Loan (SBIC II)  | (5)(11)   | First Lien              | 3M SOFR+6.00% 1.00 % 11.65 % |       | 5/7/2021   | 5/7/2026   |      | Services: Business             | \$ 15,237,500         | 15,107,037           | 15,237,500                | 4.79 %        |  |
| Revolver   | (11)      | First Lien              | 3M SOFR+6.00% 1.00 % 11.65 % |       | 5/7/2021   | 5/7/2026   |      |                                | 649,510               | 649,510              | 649,510                   | 0.20 %        |  |
| Ad.Net Holdings, Inc. Series A Common Stock (SBIC II)          | (5)       | Equity                  |                              |       | 5/7/2021   |            |      |                                | 7,794                 | 77,941               | 66,754                    | 0.02 %        |  |
| Ad.Net Holdings, Inc. Series A Preferred Stock (SBIC II)       | (5)       | Equity                  |                              |       | 5/7/2021   |            |      |                                | 7,015                 | 701,471              | 600,785                   | 0.19 %        |  |
| <b>Total</b>   |           |                         |                              |       |            |            |      |                                |                       | <b>\$ 16,535,959</b> | <b>\$ 16,554,549</b>      | <b>5.20 %</b> |  |
| ADS Group Opco, LLC  |           |                         |                              |       |            |            |      | Lakewood, CO                   |                       |                      |                           |               |  |
| Term Loan (SBIC II)  | (5)(11)   | First Lien              | 3M SOFR+6.75% 2.00 % 12.24 % |       | 6/4/2021   | 6/4/2026   |      | Aerospace & Defense            | \$ 14,325,000         | 14,155,309           | 14,253,375                | 4.48 %        |  |
| Revolver   | (11)      | First Lien              | 3M SOFR+6.75% 2.00 % 12.24 % |       | 6/4/2021   | 6/4/2026   |      |                                | 100,000               | 100,000              | 99,500                    | 0.03 %        |  |
| ADS Group Topco, LLC Class A Units                             |           | Equity                  |                              |       | 6/4/2021   |            |      |                                | 77,626                | 288,691              | -                         | 0.00 %        |  |
| ADS Group Topco, LLC Class B Units                             |           | Equity                  |                              |       | 6/4/2021   |            |      |                                | 56,819                | 211,309              | -                         | 0.00 %        |  |
| ADS Group Topco, LLC Class Z Units                             |           | Equity                  |                              |       | 6/15/2022  |            |      |                                | 72,043                | 267,929              | -                         | 0.00 %        |  |
| ADS Group Topco, LLC Class Y Units                             |           | Equity                  |                              |       | 4/11/2023  |            |      |                                | 23,859                | 88,733               | 124,047                   | 0.04 %        |  |
| <b>Total</b>   |           |                         |                              |       |            |            |      |                                |                       | <b>\$ 15,111,971</b> | <b>\$ 14,476,922</b>      | <b>4.55 %</b> |  |
| American Refrigeration, LLC                                    | (9)       |                         |                              |       |            |            |      | Jacksonville, FL               |                       |                      |                           |               |  |
| Term Loan (SBIC)   | (4)(11)   | First Lien              | 3M SOFR+6.50% 1.50 % 11.89 % |       | 3/31/2023  | 3/31/2028  |      | Services: Business             | \$ 8,234,299          | 8,043,923            | 8,234,299                 | 2.59 %        |  |
| AR-USA Holdings, LLC Class A Units                             |           | Equity                  |                              |       | 3/31/2023  |            |      |                                | 141                   | 141,261              | 214,565                   | 0.07 %        |  |
| <b>Total</b>   |           |                         |                              |       |            |            |      |                                |                       | <b>\$ 8,185,184</b>  | <b>\$ 8,448,864</b>       | <b>2.66 %</b> |  |
| Advanced Barrier Extrusions, LLC                               |           |                         |                              |       |            |            |      | Rhineland, WI                  |                       |                      |                           |               |  |
| Term Loan B (SBIC)   | (4)(11)   | First Lien              | 1M SOFR+7.50% 1.00 % 11.25 % |       | 11/30/2020 | 11/30/2026 |      | Containers, Packaging, & Glass | \$ 17,018,750         | 16,819,198           | 14,636,124                | 4.60 %        |  |
| GP ABX Holdings Partnership, L.P. Partner Interests            |           | Equity                  |                              |       | 8/8/2018   |            |      |                                | 644,737               | 528,395              | -                         | 0.00 %        |  |
| GP ABX Holdings Partnership, L.P. Series B Preferred Interests |           | Equity                  |                              |       | 1/5/2023   |            |      |                                | 353                   | 35,308               | 15,828                    | 0.00 %        |  |
| <b>Total</b>   |           |                         |                              |       |            |            |      |                                |                       | <b>\$ 17,382,901</b> | <b>\$ 14,651,952</b>      | <b>4.60 %</b> |  |
| Anne Lewis Strategies, LLC                                     | (9)       |                         |                              |       |            |            |      | Washington, DC                 |                       |                      |                           |               |  |
| Term Loan (SBIC II)  | (5)(11)   | First Lien              | 3M SOFR+6.50% 2.00 % 11.89 % |       | 3/5/2021   | 5/9/2028   |      | Services: Business             | \$ 10,220,625         | 10,109,467           | 10,016,213                | 3.15 %        |  |
| Term Loan (SBIC II)  | (5)(11)   | First Lien              | 3M SOFR+6.50% 2.00 % 11.89 % |       | 4/15/2022  | 5/9/2028   |      |                                | 3,189,548             | 3,147,215            | 3,125,757                 | 0.98 %        |  |
| Revolver   | (11)      | First Lien              | 3M SOFR+6.50% 2.00 % 11.89 % |       | 3/5/2021   | 5/9/2028   |      |                                | 40,000                | 40,000               | 39,200                    | 0.01 %        |  |
| SG AL Investment, LLC Common Units                             | (6)       | Equity                  |                              |       | 3/5/2021   |            |      |                                | 1,000                 | 606,733              | 1,765,399                 | 0.55 %        |  |
| <b>Total</b>   |           |                         |                              |       |            |            |      |                                |                       | <b>\$ 13,903,415</b> | <b>\$ 14,946,569</b>      | <b>4.69 %</b> |  |
| APE Holdings, LLC  |           |                         |                              |       |            |            |      | Deer Park, TX                  |                       |                      |                           |               |  |
| Class A Units  |           | Equity                  |                              |       | 9/5/2014   |            |      | Chemicals, Plastics, & Rubber  | 375,000               | 375,000              | 28,410                    | 0.01 %        |  |
| <b>Total</b>   |           |                         |                              |       |            |            |      |                                |                       | <b>\$ 375,000</b>    | <b>\$ 28,410</b>          | <b>0.01 %</b> |  |
| Atmosphere Aggregator Holdings II, L.P.                        |           |                         |                              |       |            |            |      | Atlanta, GA                    |                       |                      |                           |               |  |
| Common Units   |           | Equity                  |                              |       | 1/26/2016  |            |      | Services: Business             | 254,250               | -                    | 2,456,288                 | 0.77 %        |  |
| Stratose Aggregator Holdings, L.P. Common Units                |           | Equity                  |                              |       | 6/30/2015  |            |      |                                | 750,000               | -                    | 7,245,688                 | 2.28 %        |  |
| <b>Total</b>   |           |                         |                              |       |            |            |      |                                |                       | <b>\$ -</b>          | <b>\$ 9,701,976</b>       | <b>3.05 %</b> |  |
| ArborWorks Acquisition LLC                                     |           |                         |                              |       |            |            |      | Oakhurst, CA                   |                       |                      |                           |               |  |
| Term Loan  | (11)(18)  | First Lien              | 1M SOFR+7.00% 1.00 % - %     |       | 11/23/2021 | 11/9/2026  |      | Environmental Industries       | \$ 14,923,831         | 14,825,696           | 5,745,675                 | 1.81 %        |  |
| Revolver   | (11)(18)  | First Lien              | 1M SOFR+0.00% 1.00 % - %     |       | 11/23/2021 | 11/9/2026  |      |                                | 3,446,002             | 3,446,002            | 1,326,711                 | 0.42 %        |  |
| ArborWorks Holdings LLC Units                                  |           | Equity                  |                              |       | 12/29/2021 |            |      |                                | 115                   | 115,385              | -                         | 0.00 %        |  |
| ArborWorks Holdings LLC Class A-1 Units                        |           | Equity                  |                              |       | 5/15/2023  |            |      |                                | 29                    | 15,515               | -                         | 0.00 %        |  |
| <b>Total</b>   |           |                         |                              |       |            |            |      |                                |                       | <b>\$ 18,402,598</b> | <b>\$ 7,072,386</b>       | <b>2.23 %</b> |  |

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**Stellus Capital Investment Corporation**

**Consolidated Schedule of Investments**  
**September 30, 2023**  
**(unaudited)**

| Investments   | Footnotes   | Security <sup>(2)</sup> | Investment     |        |         |     |           | Headquarters/Industry | Principal                                 |               |            | % of Assets               |               |
|---|-------------|-------------------------|----------------|--------|---------|-----|-----------|-----------------------|---|---------------|------------|---------------------------|---------------|
|   |             |                         | Coupon         | Floor  | Cash    | PIK | Date      |                       | Shares <sup>(3)</sup>                     | Amount/ Cost  | Amortized  | Fair Value <sup>(1)</sup> | Net Assets    |
| Archer Systems, LLC   | (9)         |                         |                |        |         |     |           | Houston, TX           |   |               |            |                           |               |
| Term Loan   | (11)        | First Lien              | 3M SOFR+6.00 % | 1.00 % | 11.54 % |     | 8/11/2022 | 8/11/2027             | Services: Business                        | \$3,788,754   | 3,751,744  | 3,788,754                 | 1.19 %        |
| CF Arch Holdings LLC Class A Units                            |             | Equity                  |                |        |         |     |           |                       | 100,000                                   | 100,000       | 151,168    | 0.05 %                    |               |
| Total   |             |                         |                |        |         |     |           |                       |   |               |            | \$ 3,851,744              | \$ 3,939,922  |
| Axis Portable Air, LLC  | (9)         |                         |                |        |         |     |           | Phoenix, AZ           |   |               |            |                           |               |
| Term Loan (SBIC II)   | (5)(11)     | First Lien              | 3M SOFR+5.75 % | 2.00 % | 11.29 % |     | 3/22/2022 | 3/22/2028             | Capital Equipment                         | \$12,000,000  | 11,810,730 | 12,000,000                | 3.77 %        |
| Term Loan (SBIC II)   | (5)(11)     | First Lien              | 3M SOFR+5.75 % | 2.00 % | 11.29 % |     | 4/17/2023 | 3/22/2028             |   | \$ 1,893,610  | 1,858,191  | 1,893,610                 | 0.60 %        |
| Revolver  | (11)        | First Lien              | 1M SOFR+5.75 % | 2.00 % | 11.17 % |     | 3/22/2022 | 3/22/2028             |   | 80,000        | 80,000     | 80,000                    | 0.03 %        |
| Delayed Draw Term Loan  | (11)        | First Lien              | 3M SOFR+5.75 % | 1.00 % | 11.29 % |     | 3/22/2022 | 3/22/2028             |   | 100,000       | 99,161     | 100,000                   | 0.03 %        |
| Axis Air Parent, LLC Preferred Units                          |             | Equity                  |                |        |         |     |           |                       | 4,436                                     | 443,636       | 780,891    | 0.25 %                    |               |
| Total   |             |                         |                |        |         |     |           |                       |   |               |            | \$14,291,718              | \$14,854,501  |
| Baker Manufacturing Company, LLC                              |             |                         |                |        |         |     |           | Evansville, IN        |   |               |            |                           |               |
| Term Loan (SBIC II)   | (5)(10)(12) | First Lien              | 3M SOFR+5.25 % | 1.00 % | 11.36 % |     | 7/5/2022  | 7/5/2027              | Capital Equipment                         | \$13,701,636  | 13,479,303 | 13,701,636                | 4.31 %        |
| BSC Blue Water Holdings, LLC Series A Units (SBIC II)         | (5)         | Equity                  |                |        |         |     | 7/5/2022  |                       |   | 743,770       | 743,770    | 805,661                   | 0.25 %        |
| Total   |             |                         |                |        |         |     |           |                       |   |               |            | \$14,223,073              | \$14,507,297  |
| BLP Buyer, Inc.   | (9)         |                         |                |        |         |     |           | Houston, TX           |   |               |            |                           |               |
| Term Loan   | (11)        | First Lien              | 3M SOFR+6.50 % | 1.25 % | 12.02 % |     | 2/1/2022  | 2/1/2027              | Capital Equipment                         | \$ 6,132,049  | 6,044,461  | 6,101,389                 | 1.92 %        |
| Term Loan   | (11)        | First Lien              | 1M SOFR+6.75 % | 2.00 % | 12.27 % |     | 4/14/2023 | 2/1/2027              |   | \$ 1,729,958  | 1,683,744  | 1,721,308                 | 0.54 %        |
| Revolver  | (11)        | First Lien              | 1M SOFR+6.50 % | 1.25 % | 11.92 % |     | 2/1/2022  | 2/1/2027              |   | 76,566        | 76,566     | 76,183                    | 0.02 %        |
| BL Products Parent, L.P. Class A Units                        |             | Equity                  |                |        |         |     | 2/1/2022  |                       |   | 879,060       | 983,608    | 1,316,125                 | 0.41 %        |
| Total   |             |                         |                |        |         |     |           |                       |   |               |            | \$ 8,788,379              | \$ 9,215,005  |
| Café Valley, Inc.   |             |                         |                |        |         |     |           | Phoenix, AZ           |   |               |            |                           |               |
| Term Loan   | (11)        | First Lien              | 3M SOFR+7.24 % | 2.00 % | 12.63 % |     | 8/28/2019 | 8/28/2024             | Beverage, Food, & Tobacco                 | \$ 15,592,857 | 15,526,148 | 15,592,857                | 4.90 %        |
| CF Topco LLC Units  |             | Equity                  |                |        |         |     | 8/28/2019 |                       |   | 9,160         | 916,015    | 1,329,108                 | 0.42 %        |
| Total   |             |                         |                |        |         |     |           |                       |   |               |            | \$ 16,442,163             | \$ 16,921,965 |
| Camp Profiles LLC   | (9)         |                         |                |        |         |     |           | Boston, MA            |   |               |            |                           |               |
| Term Loan (SBIC)  | (4)(11)     | First Lien              | 3M SOFR+5.25 % | 1.00 % | 10.79 % |     | 9/3/2021  | 9/3/2026              | Media: Advertising, Printing & Publishing | \$ 10,045,000 | 9,917,365  | 10,045,000                | 3.16 %        |
| CIVC VI-A 829 Blocker, LLC Units                              |             | Equity                  |                |        |         |     | 9/3/2021  |                       |   | 250           | 250,000    | 494,949                   | 0.16 %        |
| Total   |             |                         |                |        |         |     |           |                       |   |               |            | \$ 10,167,365             | \$ 10,539,949 |
| CEATI International Inc.                                      | (7)(9)      |                         |                |        |         |     |           | Montreal, Canada      |   |               |            |                           |               |
| Term Loan   | (11)        | First Lien              | 3M SOFR+6.50 % | 1.00 % | 12.09 % |     | 2/19/2021 | 2/19/2026             | Services: Business                        | \$ 8,549,525  | 8,458,104  | 8,506,777                 | 2.67 %        |
| CEATI Holdings, LP Class A Units                              |             | Equity                  |                |        |         |     | 2/19/2021 |                       |   | 250,000       | 250,000    | 259,707                   | 0.08 %        |
| Total   |             |                         |                |        |         |     |           |                       |   |               |            | \$ 8,708,104              | \$ 8,766,484  |
| Cerebro Buyer, LLC  | (9)         |                         |                |        |         |     |           | Columbia, SC          |   |               |            |                           |               |
| Term Loan   | (11)        | First Lien              | 1M SOFR+6.75 % | 1.00 % | 12.17 % |     | 3/15/2023 | 3/15/2029             | Healthcare & Pharmaceuticals              | \$ 4,658,911  | 4,550,245  | 4,635,616                 | 1.46 %        |
| Cerebro Holdings Partnership, L.P. Series A Partner Interests |             | Equity                  |                |        |         |     | 3/15/2023 |                       |   | 62,961        | 62,961     | 59,128                    | 0.02 %        |
| Cerebro Holdings Partnership, L.P. Series B Partner Interests |             | Equity                  |                |        |         |     | 3/15/2023 |                       |   | 341,091       | 341,091    | 320,323                   | 0.10 %        |
| Total   |             |                         |                |        |         |     |           |                       |   |               |            | \$ 4,954,297              | \$ 5,015,067  |
| CF512, Inc.   | (9)         |                         |                |        |         |     |           | Blue Bell, PA         |   |               |            |                           |               |
| Term Loan (SBIC)  | (4)(11)     | First Lien              | 3M SOFR+6.00 % | 1.00 % | 11.60 % |     | 9/1/2021  | 9/1/2026              | Media: Advertising, Printing & Publishing | \$ 13,946,832 | 13,769,619 | 13,807,364                | 4.34 %        |
| Delayed Draw Term Loan  | (11)        | First Lien              | 3M SOFR+6.00 % | 1.00 % | 11.58 % |     | 9/1/2021  | 9/1/2026              |   | 3,011,596     | 2,991,683  | 2,981,480                 | 0.94 %        |
| StellPen Holdings, LLC Membership Interests                   |             | Equity                  |                |        |         |     | 9/1/2021  |                       |   | 220,930       | 220,930    | 225,062                   | 0.07 %        |
| Total   |             |                         |                |        |         |     |           |                       |   |               |            | \$ 16,982,232             | \$ 17,013,906 |
| Channel Partners Intermediateco, LLC                          | (9)         |                         |                |        |         |     |           | Tampa Bay, FL         |   |               |            |                           |               |
| Term Loan (SBIC)  | (4)(11)     | First Lien              | 3M SOFR+7.00 % | 1.00 % | 12.53 % |     | 2/24/2022 | 2/7/2027              | Retail                                    | \$ 13,287,041 | 13,190,845 | 13,087,735                | 4.11 %        |
| Term Loan (SBIC)  | (4)(11)     | First Lien              | 3M SOFR+7.00 % | 1.00 % | 12.53 % |     | 3/27/2023 | 2/7/2027              | Retail                                    | 1,694,182     | 1,679,006  | 1,668,769                 | 0.52 %        |
| Revolver  | (11)        | First Lien              | 3M SOFR+7.00 % | 1.00 % | 12.60 % |     | 2/24/2022 | 2/7/2027              |   | 49,998        | 49,998     | 49,248                    | 0.02 %        |
| Total   |             |                         |                |        |         |     |           |                       |   |               |            | \$ 14,919,849             | \$ 14,805,752 |

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**Stellus Capital Investment Corporation**

**Consolidated Schedule of Investments**  
**September 30, 2023**  
**(unaudited)**

| Investments  | Footnotes | Security <sup>(2)</sup> | Investment                     |       |      |     |            | Headquarters/Industry | Principal                    |                 |               | % of Assets               |            |
|--|-----------|-------------------------|--------------------------------|-------|------|-----|------------|-----------------------|------------------------------|-----------------|---------------|---------------------------|------------|
|  |           |                         | Coupon                         | Floor | Cash | PIK | Date       |                       | Shares <sup>(3)</sup>        | Amount/<br>Cost | Amortized     | Fair Value <sup>(1)</sup> | Net Assets |
| <b>CompleteCase, LLC</b>                                       | (9)       |                         |                                |       |      |     |            | Seattle, WA           |                              |                 |               |                           |            |
| Term Loan (SBIC II)  | (5)(11)   | First Lien              | 3M SOFR+ 6.50 % 2.00 % 12.04 % |       |      |     | 12/21/2020 | 12/21/2025            | Services: Consumer           | \$ 6,699,028    | 6,632,116     | 6,665,533                 | 2.10 %     |
| CompleteCase Holdings, Inc. Class A Common Stock (SBIC II)     | (5)       | Equity                  |                                |       |      |     | 12/21/2020 |                       |                              | 417             | 5             | 5                         | 0.00 %     |
| CompleteCase Holdings, Inc. Series A Preferred Stock (SBIC II) | (5)       | Equity                  |                                |       |      |     | 12/21/2020 |                       |                              | 522             | 521,734       | 470,841                   | 0.15 %     |
| CompleteCase Holdings, Inc. Class A Common Stock               |           | Equity                  |                                |       |      |     | 4/27/2023  |                       |                              | 89              | 1             | 1                         | 0.00 %     |
| CompleteCase Holdings, Inc. Series C Preferred Stock           |           | Equity                  |                                |       |      |     | 4/27/2023  |                       |                              | 111             | 111,408       | 100,542                   | 0.03 %     |
| <b>Total</b>   |           |                         |                                |       |      |     |            |                       |                              | \$ 7,265,264    | \$ 7,236,922  |                           | 2.28 %     |
| <b>Compost 360 Acquisition, LLC</b>                            | (9)       |                         |                                |       |      |     |            | Tampa, FL             |                              |                 |               |                           |            |
| Term Loan (SBIC II)  | (5)(11)   | First Lien              | 3M SOFR+ 6.50 % 2.00 % 11.87 % |       |      |     | 8/2/2023   | 8/2/2028              | Environmental Industries     | \$ 9,595,100    | 9,360,916     | 9,360,916                 | 2.94 %     |
| Revolver   | (11)      | First Lien              | 3M SOFR+ 6.50 % 2.00 % 11.89 % |       |      |     | 8/2/2023   | 8/2/2028              |                              | 8,333           | 8,333         | 8,130                     | 0.00 %     |
| Compost 360 Investments, LLC Class A Units                     |           | Equity                  |                                |       |      |     | 8/2/2023   |                       |                              | 2,508           | 250,761       | 250,800                   | 0.08 %     |
| <b>Total</b>   |           |                         |                                |       |      |     |            |                       |                              | \$ 9,620,010    | \$ 9,619,846  |                           | 3.02 %     |
| <b>COPilot Provider Support Services, LLC</b>                  | (9)       |                         |                                |       |      |     |            | Maitland, FL          |                              |                 |               |                           |            |
| Term Loan  | (11)      | First Lien              | 3M SOFR+ 6.50 % 2.00 % 12.04 % |       |      |     | 11/22/2022 | 11/22/2027            | Healthcare & Pharmaceuticals | \$ 4,950,000    | 4,863,835     | 4,950,000                 | 1.56 %     |
| QHP Project Captivate Blocker, Inc. Common Stock               |           | Equity                  |                                |       |      |     | 11/22/2022 |                       |                              | 4               | 285,714       | 264,343                   | 0.08 %     |
| <b>Total</b>   |           |                         |                                |       |      |     |            |                       |                              | \$ 5,149,549    | \$ 5,214,343  |                           | 1.64 %     |
| <b>Craftable Intermediate II Inc.</b>                          | (9)       |                         |                                |       |      |     |            | Dallas, TX            |                              |                 |               |                           |            |
| Term Loan (SBIC II)  | (5)(11)   | First Lien              | 3M SOFR+ 6.50 % 1.50 % 11.89 % |       |      |     | 6/30/2023  | 6/30/2028             | High Tech Industries         | \$ 10,083,715   | 9,889,469     | 9,889,469                 | 3.11 %     |
| Gauge Craftable LP Partnership Interests                       |           | Equity                  |                                |       |      |     | 6/30/2023  |                       |                              | 626,690         | 626,690       | 626,690                   | 0.20 %     |
| <b>Total</b>   |           |                         |                                |       |      |     |            |                       |                              | \$ 10,516,159   | \$ 10,516,159 |                           | 3.31 %     |
| <b>Curion Holdings, LLC</b>                                    |           |                         |                                |       |      |     |            | Chicago, IL           |                              |                 |               |                           |            |
| Term Loan (SBIC II)  | (5)(11)   | First Lien              | 3M SOFR+ 6.75 % 1.00 % 12.29 % |       |      |     | 7/29/2022  | 7/29/2027             | Services: Business           | \$ 12,929,401   | 12,720,756    | 12,541,519                | 3.94 %     |
| Revolver   | (11)      | First Lien              | 3M SOFR+ 6.75 % 1.00 % 12.29 % |       |      |     | 7/29/2022  | 7/29/2027             |                              | 100,000         | 100,000       | 97,000                    | 0.03 %     |
| SP CS Holdings LLC Class A Units                               |           | Equity                  |                                |       |      |     | 7/29/2022  |                       |                              | 739,999         | 739,999       | 685,539                   | 0.22 %     |
| <b>Total</b>   |           |                         |                                |       |      |     |            |                       |                              | \$ 13,560,755   | \$ 13,324,058 |                           | 4.19 %     |
| <b>Dresser Utility Solutions, LLC</b>                          |           |                         |                                |       |      |     |            | Bradford, PA          |                              |                 |               |                           |            |
| Term Loan (SBIC)   | (4)(11)   | Second Lien             | 1M SOFR+ 8.50 % 1.00 % 13.92 % |       |      |     | 10/1/2018  | 4/1/2026              | Utilities: Oil & Gas         | \$ 10,000,000   | 9,937,449     | 10,000,000                | 3.14 %     |
| <b>Total</b>   |           |                         |                                |       |      |     |            |                       |                              | \$ 9,937,449    | \$ 10,000,000 |                           | 3.14 %     |
| <b>DRS Holdings III, Inc.</b>                                  | (9)       |                         |                                |       |      |     |            | St. Louis, MO         |                              |                 |               |                           |            |
| Term Loan  | (11)      | First Lien              | 1M SOFR+ 6.25 % 1.00 % 11.67 % |       |      |     | 11/1/2019  | 11/1/2025             | Consumer Goods: Durable      | \$ 9,043,265    | 9,006,651     | 8,998,049                 | 2.83 %     |
| <b>Total</b>   |           |                         |                                |       |      |     |            |                       |                              | \$ 9,006,651    | \$ 8,998,049  |                           | 2.83 %     |
| <b>DTE Enterprises, LLC</b>                                    |           |                         |                                |       |      |     |            | Roselle, IL           |                              |                 |               |                           |            |
| DTE Holding Company, LLC Class A-2 Units                       |           | Equity                  |                                |       |      |     | 4/13/2018  |                       | Energy: Oil & Gas            | 776,316         | 466,204       | 275,763                   | 0.09 %     |
| DTE Holding Company, LLC Class AA Units                        |           | Equity                  |                                |       |      |     | 4/13/2018  |                       |                              | 723,684         | 723,684       | 1,241,097                 | 0.39 %     |
| <b>Total</b>   |           |                         |                                |       |      |     |            |                       |                              | \$ 1,189,888    | \$ 1,516,860  |                           | 0.48 %     |
| <b>EH Real Estate Services, LLC</b>                            |           |                         |                                |       |      |     |            | Skokie, IL            |                              |                 |               |                           |            |
| Term Loan A-1 (SBIC)   | (4)(17)   | First Lien              | 12.00%                         | -     | %    | -   | 9/3/2021   | 9/3/2026              | FIRE: Real Estate            | \$ 5,337,200    | 5,249,242     | 1,601,160                 | 0.50 %     |
| Term Loan A-2 (SBIC)   | (4)(17)   | First Lien              | 12.00%                         | -     | %    | -   | 4/3/2023   | 9/3/2026              |                              | \$ 1,140,558    | 1,140,558     | 1,140,558                 | 0.36 %     |
| Term Loan A-2  | (17)      | First Lien              | 12.00%                         | -     | %    | -   | 4/3/2023   | 9/3/2026              |                              | \$ 570,279      | 570,279       | 570,279                   | 0.18 %     |
| Term Loan A-3 (SBIC)   | (4)(17)   | First Lien              | 12.00%                         | -     | %    | -   | 6/7/2023   | 9/3/2026              |                              | \$ 392,910      | 392,910       | 392,910                   | 0.12 %     |
| Term Loan A-3  | (17)      | First Lien              | 12.00%                         | -     | %    | -   | 6/7/2023   | 9/3/2026              |                              | \$ 196,455      | 196,455       | 196,455                   | 0.06 %     |
| Term Loan A-4 (SBIC)   | (4)(17)   | First Lien              | 12.00%                         | -     | %    | -   | 7/12/2023  | 9/3/2026              |                              | \$ 1,003,691    | 1,003,691     | 1,003,691                 | 0.32 %     |
| Term Loan A-4  | (17)      | First Lien              | 12.00%                         | -     | %    | -   | 7/12/2023  | 9/3/2026              |                              | \$ 501,846      | 501,846       | 501,846                   | 0.16 %     |
| EH Holdco, LLC Series A Preferred Units                        |           | Equity                  |                                |       |      |     | 9/3/2021   |                       |                              | 7,892           | 7,891,642     | -                         | 0.00 %     |
| <b>Total</b>   |           |                         |                                |       |      |     |            |                       |                              | \$ 16,946,623   | \$ 5,406,899  |                           | 1.70 %     |
| <b>EHI Buyer, Inc.</b>   | (9)       |                         |                                |       |      |     |            | Grand Prairie, TX     |                              |                 |               |                           |            |
| Term A Loan (SBIC)   | (4)(11)   | First Lien              | 3M SOFR+ 6.50 % 1.50 % 11.89 % |       |      |     | 7/31/2023  | 7/31/2029             | Environmental Industries     | \$ 6,111,343    | 5,961,449     | 5,961,448                 | 1.87 %     |
| EHI Group Holdings, L.P. Class A Units                         |           | Equity                  |                                |       |      |     | 7/31/2023  |                       |                              | 618             | 617,801       | 617,801                   | 0.19 %     |
| <b>Total</b>   |           |                         |                                |       |      |     |            |                       |                              | \$ 6,579,250    | \$ 6,579,249  |                           | 2.06 %     |

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**Stellus Capital Investment Corporation**

**Consolidated Schedule of Investments**  
**September 30, 2023**  
**(unaudited)**

| Investments   | Footnotes | Security <sup>(2)</sup> | Investment           |         |        |     |            | Headquarters/Industry | Principal                                 |               |            | % of Assets               |               |
|---|-----------|-------------------------|----------------------|---------|--------|-----|------------|-----------------------|---|---------------|------------|---------------------------|---------------|
|   |           |                         | Coupon               | Floor   | Cash   | PIK | Date       |                       | Shares <sup>(3)</sup>                     | Amount/ Cost  | Amortized  | Fair Value <sup>(1)</sup> | Net Assets    |
| <b>Elliott Aviation, LLC</b>                          | (9)       |                         |                      |         |        |     |            | Moline, IL            |   |               |            |                           |               |
| Term Loan   | (11)      | First Lien              | 1M SOFR+8.00% 2.00 % | 11.47 % | 2.00 % |     | 1/31/2020  | 6/30/2025             | Aerospace & Defense                       | \$ 8,493,140  | 8,444,039  | 7,389,032                 | 2.32 %        |
| Revolver A  | (11)      | First Lien              | 1M SOFR+8.00% 2.00 % | 11.47 % | 2.00 % |     | 1/31/2020  | 6/30/2025             |   | 1,403,251     | 1,403,251  | 1,220,828                 | 0.38 %        |
| Revolver B  | (11)      | First Lien              | 1M SOFR+8.00% 2.00 % | 11.47 % | 2.00 % |     | 3/1/2023   | 6/30/2025             |   | 333,926       | 333,926    | 290,516                   | 0.09 %        |
| SP EA Holdings LLC Class A Units                      |           | Equity                  |                      |         |        |     | 1/31/2020  |                       |   | 900,000       | 900,000    | -                         | 0.00 %        |
| Total   |           |                         |                      |         |        |     |            |                       |   |               |            | \$ 11,081,216             | \$ 8,900,376  |
| <b>EOS Fitness Holdings, LLC</b>                      |           |                         |                      |         |        |     |            | Phoenix, AZ           |   |               |            |                           | 2.79 %        |
| Class A Preferred Units                               |           | Equity                  |                      |         |        |     | 12/30/2014 |                       | Hotel, Gaming, & Leisure                  | 118           | -          | 242,989                   | 0.08 %        |
| Class B Common Units                                  |           | Equity                  |                      |         |        |     | 12/30/2014 |                       |   | 3,017         | -          | 638,973                   | 0.20 %        |
| Total   |           |                         |                      |         |        |     |            |                       |   |               |            | \$ -                      | \$ 881,962    |
| <b>Equine Network, LLC</b>                            | (9)       |                         |                      |         |        |     |            | Boulder, CO           |   |               |            |                           |               |
| Term A Loan (SBIC)                                    | (4)(11)   | First Lien              | 3M SOFR+6.50% 1.00 % | 12.15 % |        |     | 5/22/2023  | 5/22/2028             | Services: Consumer                        | \$ 4,995,699  | 4,876,957  | 4,945,742                 | 1.55 %        |
| Delayed Draw Term Loan                                | (11)      | First Lien              | 3M SOFR+6.50% 1.00 % | 12.15 % |        |     | 5/22/2023  | 5/22/2028             |   | 12,000        | 12,000     | 11,880                    | 0.00 %        |
| Total   |           |                         |                      |         |        |     |            |                       |   |               |            | \$ 4,888,957              | \$ 4,957,622  |
| <b>Evriholder Acquisition, Inc.</b>                   | (9)       |                         |                      |         |        |     |            | Anaheim, CA           |   |               |            |                           |               |
| Term Loan (SBIC II)                                   | (5)(11)   | First Lien              | 3M SOFR+6.75% 1.50 % | 12.29 % |        |     | 1/23/2023  | 1/24/2028             | Consumer Goods: Durable                   | \$ 12,837,500 | 12,549,100 | 12,837,500                | 4.04 %        |
| KEJ Holdings LP Class A Units                         |           | Equity                  |                      |         |        |     | 1/23/2023  |                       |   | 873,333       | 873,333    | 1,034,409                 | 0.33 %        |
| Total   |           |                         |                      |         |        |     |            |                       |   |               |            | \$ 13,422,433             | \$ 13,871,909 |
| <b>Exacta Land Surveyors, LLC</b>                     | (20)      |                         |                      |         |        |     |            | Cleveland, OH         |   |               |            |                           |               |
| Term Loan (SBIC)                                      | (4)(11)   | First Lien              | 3M SOFR+6.75% 1.50 % | 11.29 % | 1.00 % |     | 2/8/2019   | 2/8/2024              | Services: Business                        | \$ 16,317,614 | 16,285,542 | 15,991,261                | 5.04 %        |
| Term Loan (SBIC)                                      | (4)(11)   | First Lien              | 3M SOFR+6.75% 1.50 % | 11.29 % | 1.00 % |     | 7/15/2022  | 2/8/2024              |   | 991,799       | 986,556    | 971,963                   | 0.31 %        |
| SP ELS Holdings LLC Class A Units                     |           | Equity                  |                      |         |        |     | 2/8/2019   |                       |   | 1,122,250     | 1,122,250  | 367,199                   | 0.12 %        |
| Total   |           |                         |                      |         |        |     |            |                       |   |               |            | \$ 18,394,348             | \$ 17,330,423 |
| <b>Exigo, LLC</b>                                     | (9)       |                         |                      |         |        |     |            | Dallas, TX            |   |               |            |                           |               |
| Term Loan   | (11)      | First Lien              | 1M SOFR+5.75% 1.00 % | 11.17 % |        |     | 3/16/2022  | 3/16/2027             | Software                                  | \$ 8,834,320  | 8,736,756  | 8,790,148                 | 2.76 %        |
| Gauge Exigo Coinvest, LLC Common Units                |           | Equity                  |                      |         |        |     | 3/16/2022  |                       |   | 377,535       | 377,535    | 377,535                   | 0.12 %        |
| Total   |           |                         |                      |         |        |     |            |                       |   |               |            | \$ 9,114,291              | \$ 9,167,683  |
| <b>Florachem Corporation</b>                          | (9)       |                         |                      |         |        |     |            | Jacksonville, FL      |   |               |            |                           |               |
| Term Loan (SBIC)                                      | (4)(11)   | First Lien              | 3M SOFR+6.50% 1.00 % | 12.04 % |        |     | 4/29/2022  | 4/29/2028             | Chemicals, Plastics, & Rubber             | \$ 9,875,000  | 9,715,841  | 9,677,500                 | 3.04 %        |
| Revolver  | (11)      | First Lien              | 3M SOFR+6.50% 1.00 % | 12.04 % |        |     | 4/29/2022  | 4/29/2028             |   | 56,667        | 56,667     | 55,534                    | 0.02 %        |
| SK FC Holdings, L.P. Class A Units                    |           | Equity                  |                      |         |        |     | 4/29/2022  |                       |   | 362           | 362,434    | 321,832                   | 0.10 %        |
| Total   |           |                         |                      |         |        |     |            |                       |   |               |            | \$ 10,134,942             | \$ 10,054,866 |
| <b>General LED OPCO, LLC</b>                          |           |                         |                      |         |        |     |            | San Antonio, TX       |   |               |            |                           |               |
| Term Loan   | (11)      | Second Lien             | 3M SOFR+9.00% 1.50 % | 14.49 % |        |     | 5/1/2018   | 3/31/2026             | Services: Business                        | \$ 4,500,000  | 4,470,263  | 4,320,000                 | 1.36 %        |
| Total   |           |                         |                      |         |        |     |            |                       |   |               |            | \$ 4,470,263              | \$ 4,320,000  |
| <b>Green Intermediateco II, Inc.</b>                  | (9)       |                         |                      |         |        |     |            | Irvine, CA            |   |               |            |                           |               |
| Term Loan   | (11)      | First Lien              | 3M SOFR+6.75% 2.00 % | 12.12 % |        |     | 8/8/2023   | 8/8/2028              | High Tech Industries                      | \$ 11,170,252 | 10,897,577 | 10,897,577                | 3.43 %        |
| Green Topco Holdings, LLC Class A Units               |           | Equity                  |                      |         |        |     | 8/8/2023   |                       |   | 271,401       | 271,401    | 271,401                   | 0.09 %        |
| Total   |           |                         |                      |         |        |     |            |                       |   |               |            | \$ 11,168,978             | \$ 11,168,978 |
| <b>GS HVAM Intermediate, LLC</b>                      | (9)       |                         |                      |         |        |     |            | Carlsbad, CA          |   |               |            |                           |               |
| Term Loan   | (11)      | First Lien              | 1M SOFR+6.50% 1.00 % | 11.92 % |        |     | 10/18/2019 | 4/2/2025              | Beverage, Food, & Tobacco                 | \$ 12,426,405 | 12,395,693 | 12,426,405                | 3.91 %        |
| Revolver  | (11)      | First Lien              | 1M SOFR+6.50% 1.00 % | 11.93 % |        |     | 10/18/2019 | 4/2/2025              |   | 2,280,303     | 2,280,303  | 2,280,303                 | 0.72 %        |
| HV GS Acquisition, LP Class A Interests               |           | Equity                  |                      |         |        |     | 10/2/2019  |                       |   | 2,144         | 1,967,133  | 3,407,235                 | 1.07 %        |
| Total   |           |                         |                      |         |        |     |            |                       |   |               |            | \$ 16,643,129             | \$ 18,113,943 |
| <b>Health Monitor Holdings, LLC</b>                   |           |                         |                      |         |        |     |            | Montvale, NJ          |   |               |            |                           |               |
| Health Monitor Holdings, LLC Series A Preferred Units |           | Equity                  |                      |         |        |     | 5/15/2019  |                       | Media: Advertising, Printing & Publishing | 1,105,838     | 1,052,919  | 1,052,919                 | 0.33 %        |
| Total   |           |                         |                      |         |        |     |            |                       |   |               |            | \$ 1,052,919              | \$ 1,052,919  |

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**Stellus Capital Investment Corporation**

**Consolidated Schedule of Investments**  
**September 30, 2023**  
**(unaudited)**

| Investments                                      | Footnotes | Security <sup>(2)</sup> | Investment                     |       |      |     |            | Headquarters/Industry | Principal                                 |                |                           | % of Assets   |        |
|--|-----------|-------------------------|--------------------------------|-------|------|-----|------------|-----------------------|---|----------------|---------------------------|---------------|--------|
|  |           |                         | Coupon                         | Floor | Cash | PIK | Date       |                       | Shares <sup>(3)</sup>                     | Amortized Cost | Fair Value <sup>(1)</sup> | Net Assets    |        |
| <b>Heartland Business Systems, LLC</b>           | (9)       |                         |                                |       |      |     |            | Little Chute, WI      |   |                |                           |               |        |
| Term Loan (SBIC II)                              | (5)(11)   | First Lien              | 3M SOFR+ 6.25% 1.00 % 11.79 %  |       |      |     | 8/26/2022  | 8/26/2027             | High Tech Industries                      | \$ 9,900,000   | 9,737,093                 | 9,900,000     | 3.11 % |
| Delayed Draw Term Loan                           | (11)      | First Lien              | 3M SOFR+ 6.25% 1.00 % 11.79 %  |       |      |     | 8/26/2022  | 8/26/2027             |   | 49,750         | 49,299                    | 49,750        | 0.02 % |
| AMCO HBS Holdings, LP Class A Units              | (6)       | Equity                  |                                |       |      |     | 8/26/2022  |                       |   | 2,861          | 249,873                   | 705,860       | 0.22 % |
| <b>Total</b>                                     |           |                         |                                |       |      |     |            |                       |   |                | \$10,036,265              | \$10,655,610  | 3.35 % |
| <b>Heat Makes Sense Shared Services, LLC</b>     | (9)       |                         |                                |       |      |     |            | Brooklyn, NY          |   |                |                           |               |        |
| Term Loan  | (11)      | First Lien              | 6M SOFR+ 5.25% 0.75 % 10.87 %  |       |      |     | 7/1/2022   | 7/1/2029              | Consumer Goods: Non-Durable               | \$ 94,107      | 92,443                    | 94,107        | 0.03 % |
| Ishtar Co-Invest-B LP Partnership Interests      |           | Equity                  |                                |       |      |     | 7/1/2022   |                       |   | 77,778         | 77,778                    | 207,327       | 0.07 % |
| Oshun Co-Invest-B LP Partnership Interests       |           | Equity                  |                                |       |      |     | 7/1/2022   |                       |   | 22,222         | 22,222                    | 59,236        | 0.02 % |
| <b>Total</b>                                     |           |                         |                                |       |      |     |            |                       |   |                | \$ 192,443                | \$ 360,670    | 0.12 % |
| <b>HV Watterson Holdings, LLC</b>                | (9)       |                         |                                |       |      |     |            | Schaumburg, IL        |   |                |                           |               |        |
| Term Loan  | (11)      | First Lien              | 3M SOFR+ 6.25% 1.00 % 11.79 %  |       |      |     | 12/17/2021 | 12/17/2026            | Services: Business                        | \$13,201,462   | 13,018,417                | 13,069,447    | 4.11 % |
| Revolver   | (11)      | First Lien              | 3M SOFR+ 6.25% 1.00 % 11.79 %  |       |      |     | 12/17/2021 | 12/17/2026            |   | 96,000         | 96,000                    | 95,040        | 0.03 % |
| Delayed Draw Term Loan                           | (11)      | First Lien              | 3M SOFR+ 6.25% 1.00 % 11.79 %  |       |      |     | 12/17/2021 | 12/17/2026            |   | 320,679        | 318,152                   | 317,472       | 0.10 % |
| HV Acquisition VI, LLC Class A Units             |           | Equity                  |                                |       |      |     | 12/17/2021 |                       |   | 1,632          | 1,631,591                 | 2,046,367     | 0.64 % |
| <b>Total</b>                                     |           |                         |                                |       |      |     |            |                       |   |                | \$15,064,160              | \$15,528,326  | 4.88 % |
| <b>I2P Holdings, LLC</b>                         |           |                         |                                |       |      |     |            | Cleveland, OH         |   |                |                           |               |        |
| Series A Preferred Units                         |           | Equity                  |                                |       |      |     | 1/31/2018  |                       | Services: Business                        | 750,000        | -                         | 3,113,861     | 0.98 % |
| <b>Total</b>                                     |           |                         |                                |       |      |     |            |                       |   |                | \$ -                      | \$ 3,113,861  | 0.98 % |
| <b>ICD Holdings, LLC</b>                         | (7)       |                         |                                |       |      |     |            | San Francisco, CA     |   |                |                           |               |        |
| Class A Units                                    | (6)       | Equity                  |                                |       |      |     | 1/1/2018   |                       | Finance                                   | 9,962          | 449,758                   | 1,764,755     | 0.55 % |
| <b>Total</b>                                     |           |                         |                                |       |      |     |            |                       |   |                | \$ 449,758                | \$ 1,764,755  | 0.55 % |
| <b>Impact Home Services LLC</b>                  | (9)       |                         |                                |       |      |     |            | Tampa, FL             |   |                |                           |               |        |
| Term Loan (SBIC)                                 | (4)(11)   | First Lien              | 3M SOFR+ 6.50% 2.00 % 11.89 %  |       |      |     | 4/28/2023  | 4/28/2028             | Services: Consumer                        | \$ 5,922,057   | 5,782,855                 | 5,803,616     | 1.82 % |
| Term Loan (SBIC)                                 | (4)(11)   | First Lien              | 3M SOFR+ 6.50% 2.00 % 11.89 %  |       |      |     | 6/30/2023  | 4/28/2028             | Services: Consumer                        | \$ 269,184     | 262,697                   | 263,800       | 0.08 % |
| Revolver   | (11)      | First Lien              | 3M SOFR+ 6.50% 2.00 % 11.89 %  |       |      |     | 4/28/2023  | 4/28/2028             |   | 55,833         | 55,833                    | 54,716        | 0.02 % |
| Impact Holdings Georgia LLC Class A Units        |           | Equity                  |                                |       |      |     | 4/28/2023  |                       |   | 311            | 310,844                   | 214,078       | 0.07 % |
| <b>Total</b>                                     |           |                         |                                |       |      |     |            |                       |   |                | \$ 6,412,229              | \$ 6,336,210  | 1.99 % |
| <b>Infolinks Media Buyco, LLC</b>                | (9)       |                         |                                |       |      |     |            | Ridgewood, NJ         |   |                |                           |               |        |
| Term Loan (SBIC II)                              | (5)(11)   | First Lien              | 1M SOFR+ 5.75% 1.00 % 11.17 %  |       |      |     | 11/1/2021  | 11/1/2026             | Media: Advertising, Printing & Publishing | \$ 8,375,813   | 8,264,143                 | 8,375,813     | 2.63 % |
| Delayed Draw Term Loan                           | (11)      | First Lien              | 1M SOFR+ 5.75% 1.00 % 11.17 %  |       |      |     | 11/1/2021  | 11/1/2026             |   | \$ 1,481,288   | 1,467,374                 | 1,481,288     | 0.47 % |
| Tower Arch Infolinks Media, LP LP Interests      | (6)(16)   | Equity                  |                                |       |      |     | 10/28/2021 |                       |   | 450,462        | 422,930                   | 754,067       | 0.24 % |
| <b>Total</b>                                     |           |                         |                                |       |      |     |            |                       |   |                | \$ 10,154,447             | \$ 10,611,168 | 3.34 % |
| <b>Informativ, LLC</b>                           | (9)       |                         |                                |       |      |     |            | Fresno, CA            |   |                |                           |               |        |
| Term Loan (SBIC II)                              | (5)(11)   | First Lien              | 3M SOFR+ 5.75% 1.00 % 11.29 %  |       |      |     | 7/30/2021  | 7/30/2026             | Software                                  | \$ 9,800,000   | 9,680,650                 | 9,702,000     | 3.05 % |
| Term Loan (SBIC II)                              | (5)(11)   | First Lien              | 3M SOFR+ 5.75% 1.00 % 11.29 %  |       |      |     | 3/31/2022  | 7/30/2026             |   | 7,387,500      | 7,285,719                 | 7,313,625     | 2.30 % |
| Credit Connection Holdings, LLC Series A Units   |           | Equity                  |                                |       |      |     | 7/30/2021  |                       |   | 804,384        | 804,384                   | 900,834       | 0.28 % |
| <b>Total</b>                                     |           |                         |                                |       |      |     |            |                       |   |                | \$ 17,770,753             | \$ 17,916,459 | 5.63 % |
| <b>Inoapps Bidco, LLC</b>                        | (9)       |                         |                                |       |      |     |            | Houston, TX           |   |                |                           |               |        |
| Term Loan B                                      | (11)      | First Lien              | 3M SONIA+ 5.75% 1.00 % 11.25 % |       |      |     | 2/15/2022  | 2/15/2027             | High Tech Industries                      | £ 9,875,000    | \$13,197,258              | \$11,930,055  | 3.75 % |
| Delayed Draw Term Loan                           | (11)      | First Lien              | 3M SOFR+ 5.75% 1.00 % 11.38 %  |       |      |     | 2/15/2022  | 2/15/2027             |   | \$ 82,500      | 81,855                    | 82,500        | 0.03 % |
| Inoapps Holdings, LLC Series A-1 Preferred Units |           | Equity                  |                                |       |      |     | 2/15/2022  |                       |   | 739,844        | 783,756                   | 908,651       | 0.29 % |
| <b>Total</b>                                     |           |                         |                                |       |      |     |            |                       |   |                | \$ 14,062,869             | \$ 12,921,206 | 4.07 % |
| <b>Integrated Oncology Network, LLC</b>          | (9)       |                         |                                |       |      |     |            | Newport Beach, CA     |   |                |                           |               |        |
| Term Loan  | (11)      | First Lien              | 3M SOFR+ 6.00% 1.00 % 11.40 %  |       |      |     | 7/17/2019  | 6/24/2025             | Healthcare & Pharmaceuticals              | \$ 15,713,138  | 15,658,214                | 15,477,440    | 4.87 % |
| Term Loan  | (11)      | First Lien              | 3M SOFR+ 6.00% 1.00 % 11.40 %  |       |      |     | 11/1/2021  | 6/24/2025             |   | 1,087,669      | 1,081,086                 | 1,071,354     | 0.34 % |
| Revolver   | (11)      | First Lien              | 3M SOFR+ 6.00% 1.00 % 11.52 %  |       |      |     | 7/17/2019  | 6/24/2025             |   | 498,165        | 498,165                   | 490,693       | 0.15 % |
| <b>Total</b>                                     |           |                         |                                |       |      |     |            |                       |   |                | \$ 17,237,465             | \$ 17,039,487 | 5.36 % |

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**Stellus Capital Investment Corporation**

**Consolidated Schedule of Investments**  
**September 30, 2023**  
**(unaudited)**

| Investments   | Footnotes   | Security <sup>(2)</sup> | Investment                      |       |               |            |            | Headquarters/Industry       | Principal                    |               |               | % of Assets               |            |        |
|---|-------------|-------------------------|---------------------------------|-------|---------------|------------|------------|-----------------------------|------------------------------|---------------|---------------|---------------------------|------------|--------|
|   |             |                         | Coupon                          | Floor | Cash          | PIK        | Date       |                             | Shares <sup>(3)</sup>        | Amount/ Cost  | Amortized     | Fair Value <sup>(1)</sup> | Net Assets |        |
| <b>International Designs Holdings LLC</b>             |             |                         |                                 |       |               |            |            | Farmingville, NY            |                              |               |               |                           |            |        |
| Common Units  |             | Equity                  |                                 |       |               |            | 4/1/2022   | Construction & Building     | 200,000                      | 200,000       | 148,670       | 0.05 %                    |            |        |
| Total   |             |                         |                                 |       |               |            |            |                             |                              | \$ 200,000    | \$ 148,670    |                           | 0.05 %     |        |
| <b>Interstate Waste Services, Inc.</b>                |             |                         |                                 |       |               |            |            | Amsterdam, OH               |                              |               |               |                           |            |        |
| Common Stock  |             | Equity                  |                                 |       |               |            | 1/15/2020  | Environmental Industries    | 21,925                       | 946,125       | 342,465       | 0.11 %                    |            |        |
| Total   |             |                         |                                 |       |               |            |            |                             |                              | \$ 946,125    | \$ 342,465    |                           | 0.11 %     |        |
| <b>Intuitive Health, LLC</b>                          |             |                         |                                 |       |               |            |            | Plano, TX                   |                              |               |               |                           |            |        |
| Term Loan (SBIC II)                                   | (5)(10)(12) | First Lien              | 3M SOFR+ 5.50 % 1.50 % 12.23 %  |       |               |            | 10/18/2019 | 10/18/2027                  | Healthcare & Pharmaceuticals | \$ 5,771,920  | 5,715,986     | 5,771,920                 | 1.81 %     |        |
| Term Loan   | (10)(12)    | First Lien              | 3M SOFR+ 5.50 % 1.50 % 12.23 %  |       |               |            | 10/18/2019 | 10/18/2027                  |                              | 8,117,989     | 8,039,721     | 8,117,989                 | 2.55 %     |        |
| Term Loan (SBIC II)                                   | (5)(10)(12) | First Lien              | 3M SOFR+ 5.50 % 1.50 % 12.23 %  |       |               |            | 8/31/2021  | 10/18/2027                  |                              | 3,040,324     | 3,007,974     | 3,040,324                 | 0.96 %     |        |
| Legacy Parent, Inc. Class A Common Stock              |             | Equity                  |                                 |       |               |            | 10/30/2020 |                             |                              | 58            | -             | 173,189                   | 0.05 %     |        |
| Total   |             |                         |                                 |       |               |            |            |                             |                              |               | \$ 16,763,681 | \$ 17,103,422             |            | 5.37 % |
| <b>Invincible Boat Company LLC</b>                    | (9)         |                         |                                 |       |               |            |            | Opa Locka, FL               |                              |               |               |                           |            |        |
| Term Loan   | (11)        | First Lien              | 3M LIBOR+ 6.50 % 1.50 % 12.15 % |       |               |            | 8/28/2019  | 8/28/2025                   | Consumer Goods: Durable      | \$ 5,381,042  | 5,317,010     | 5,273,421                 | 1.66 %     |        |
| Term Loan (SBIC II)                                   | (5)(11)     | First Lien              | 3M LIBOR+ 6.50 % 1.50 % 12.15 % |       |               |            | 8/28/2019  | 8/28/2025                   |                              | 4,967,116     | 4,929,802     | 4,867,774                 | 1.53 %     |        |
| Term Loan (SBIC II)                                   | (5)(11)     | First Lien              | 3M LIBOR+ 6.50 % 1.50 % 12.15 % |       |               |            | 6/1/2021   | 8/28/2025                   |                              | 1,104,255     | 1,093,300     | 1,082,170                 | 0.34 %     |        |
| Revolver  | (11)        | First Lien              | 3M LIBOR+ 6.50 % 1.50 % 12.15 % |       |               |            | 8/28/2019  | 8/28/2025                   |                              | 319,149       | 319,149       | 312,766                   | 0.10 %     |        |
| Warbird Parent Holdco, LLC Class A Units              |             | Equity                  |                                 |       |               |            | 8/28/2019  |                             |                              | 1,362,575     | 1,299,691     | 998,057                   | 0.31 %     |        |
| Total   |             |                         |                                 |       |               |            |            |                             |                              |               | \$ 12,958,952 | \$ 12,534,188             |            | 3.94 % |
| <b>J.R. Watkins, LLC</b>                              |             |                         |                                 |       |               |            |            | San Francisco, CA           |                              |               |               |                           |            |        |
| Term Loan (SBIC)                                      | (4)         | First Lien              | 12.00%                          |       | 7.00 % 5.00 % | 12/22/2017 | 3/31/2024  | Consumer Goods: Non-Durable | \$ 13,192,965                | 13,192,965    | 7,717,885     | 2.43 %                    |            |        |
| J.R. Watkins Holdings, Inc. Class A Preferred Stock   |             | Equity                  |                                 |       |               | 12/22/2017 |            |                             | 1,133                        | 1,132,576     | -             | 0.00 %                    |            |        |
| Total   |             |                         |                                 |       |               |            |            |                             |                              |               | \$ 14,325,541 | \$ 7,717,885              |            | 2.43 % |
| <b>Jurassic Acquisition Corp.</b>                     |             |                         |                                 |       |               |            |            | Sparks, MD                  |                              |               |               |                           |            |        |
| Term Loan   | (11)        | First Lien              | 1M SOFR+ 5.50 % - % 10.92 %     |       |               |            | 12/28/2018 | 11/15/2024                  | Metals & Mining              | \$ 16,668,750 | 16,612,448    | 16,585,405                | 5.22 %     |        |
| Total   |             |                         |                                 |       |               |            |            |                             |                              |               | \$ 16,612,448 | \$ 16,585,405             |            | 5.22 % |
| <b>Kelleyamerit Holdings, Inc.</b>                    |             |                         |                                 |       |               |            |            | Walnut Creek, CA            |                              |               |               |                           |            |        |
| Term Loan (SBIC)                                      | (4)(10)(12) | First Lien              | 1M BSBY+ 6.75 % 1.00 % 13.31 %  |       |               |            | 12/24/2020 | 12/24/2025                  | Automotive                   | \$ 9,750,000  | 9,652,308     | 9,750,000                 | 3.06 %     |        |
| Term Loan   | (10)(12)    | First Lien              | 1M BSBY+ 6.75 % 1.00 % 13.31 %  |       |               |            | 12/24/2020 | 12/24/2025                  |                              | 1,500,000     | 1,484,970     | 1,500,000                 | 0.47 %     |        |
| Total   |             |                         |                                 |       |               |            |            |                             |                              |               | \$ 11,137,278 | \$ 11,250,000             |            | 3.53 % |
| <b>KidKraft, Inc.</b>                                 |             |                         |                                 |       |               |            |            | Dallas, TX                  |                              |               |               |                           |            |        |
| Term Loan   | (10)(12)    | First Lien              | PRIME+ 6.50 % - % - %           |       |               |            | 4/3/2020   | 6/30/2023                   | Consumer Goods: Durable      | \$ 1,580,768  | 1,580,768     | 821,999                   | 0.26 %     |        |
| KidKraft Group Holdings, LLC Preferred B Units        | (19)        | Equity                  |                                 |       |               |            | 4/3/2020   |                             |                              | 4,000,000     | 4,000,000     | -                         | 0.00 %     |        |
| Total   |             |                         |                                 |       |               |            |            |                             |                              |               | \$ 5,580,768  | \$ 821,999                |            | 0.26 % |
| <b>Ledge Lounger, Inc.</b>                            | (9)         |                         |                                 |       |               |            |            | Katy, TX                    |                              |               |               |                           |            |        |
| Term Loan A (SBIC)                                    | (4)(11)     | First Lien              | 3M SOFR+ 6.25 % 1.00 % 11.79 %  |       |               |            | 11/9/2021  | 11/9/2026                   | Consumer Goods: Durable      | \$ 7,510,954  | 7,410,599     | 7,510,954                 | 2.36 %     |        |
| SP L2 Holdings LLC Class A Units (SBIC)               | (4)         | Equity                  |                                 |       |               |            | 11/9/2021  |                             |                              | 375,000       | 375,000       | 245,110                   | 0.08 %     |        |
| Total   |             |                         |                                 |       |               |            |            |                             |                              |               | \$ 7,785,599  | \$ 7,756,064              |            | 2.44 % |
| <b>Lightning Intermediate II, LLC</b>                 | (9)         |                         |                                 |       |               |            |            | Jacksonville, FL            |                              |               |               |                           |            |        |
| Term Loan (SBIC)                                      | (4)(11)     | First Lien              | 6M SOFR+ 6.50 % 1.00 % 12.09 %  |       |               |            | 6/6/2022   | 6/6/2027                    | Consumer Goods: Non-Durable  | \$ 13,329,085 | 13,121,614    | 13,195,794                | 4.15 %     |        |
| Revolver  | (6)(11)     | First Lien              | 1M SOFR+ 6.50 % 1.00 % 11.93 %  |       |               |            | 6/6/2022   | 6/6/2027                    |                              | 30,000        | 30,000        | 29,700                    | 0.01 %     |        |
| Gauge Vimergy Coinvest, LLC Units                     |             | Equity                  |                                 |       |               |            | 6/6/2022   |                             |                              | 399           | 391,274       | 221,011                   | 0.07 %     |        |
| Total   |             |                         |                                 |       |               |            |            |                             |                              |               | \$ 13,542,888 | \$ 13,446,505             |            | 4.23 % |
| <b>MacKenzie-Childs Acquisition, Inc.</b>             | (9)         |                         |                                 |       |               |            |            | Aurora, NY                  |                              |               |               |                           |            |        |
| Term Loan   | (11)        | First Lien              | 3M SOFR+ 6.00 % 1.00 % 11.54 %  |       |               |            | 9/2/2022   | 9/2/2027                    | Consumer Goods: Durable      | \$ 99,000     | 97,774        | 98,505                    | 0.03 %     |        |
| Revolver  | (11)        | First Lien              | 3M SOFR+ 6.00 % 1.00 % 11.54 %  |       |               |            | 9/2/2022   | 9/2/2027                    |                              | 86,667        | 86,667        | 86,234                    | 0.03 %     |        |
| MacKenzie-Childs Investment, LP Partnership Interests |             | Equity                  |                                 |       |               |            | 9/2/2022   |                             |                              | 100,000       | 100,000       | 81,364                    | 0.03 %     |        |
| Total   |             |                         |                                 |       |               |            |            |                             |                              |               | \$ 284,441    | \$ 266,103                |            | 0.09 % |

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**Stellus Capital Investment Corporation**

**Consolidated Schedule of Investments**  
**September 30, 2023**  
**(unaudited)**

| Investments  | Footnotes | Security <sup>(2)</sup> | Investment    |        |           |     |            | Headquarters/Industry      | Principal                          |               |            | % of Assets               |               |        |
|--|-----------|-------------------------|---------------|--------|-----------|-----|------------|----------------------------|------------------------------------|---------------|------------|---------------------------|---------------|--------|
|  |           |                         | Coupon        | Floor  | Cash      | PIK | Date       |                            | Shares <sup>(3)</sup>              | Amount/ Cost  | Amortized  | Fair Value <sup>(1)</sup> |               |        |
| <b>Madison Logic Holdings, Inc.</b>                              | (9)       |                         |               |        |           |     |            | New York, NY               |                                    |               |            |                           |               |        |
| Term Loan  | (11)      | First Lien              | 3M SOFR+7.00% | 1.00   | % 12.39 % |     | 12/30/2022 | 12/30/2028                 | Media: Broadcasting & Subscription | \$ 4,506,571  | 4,386,742  | 4,484,038                 | 1.41 %        |        |
| BC Partners Glengarry Co-Investment LP Class 1 Interests         |           | Equity                  |               |        |           |     | 7/7/2023   |                            |                                    | 394,767       | 394,767    | 394,767                   | 0.12 %        |        |
| Total  |           |                         |               |        |           |     |            |                            |                                    |               |            | \$ 4,781,509              | \$ 4,878,805  | 1.53 % |
| <b>Microbe Formulas LLC</b>                                      | (9)       |                         |               |        |           |     |            | Meridian, ID               |                                    |               |            |                           |               |        |
| Term Loan (SBIC II)  | (5)(11)   | First Lien              | 1M SOFR+6.00% | 1.00   | % 11.42 % |     | 4/4/2022   | 4/3/2028                   | Consumer Goods: Non-Durable        | \$ 8,945,557  | 8,874,557  | 8,945,557                 | 2.81 %        |        |
| Total  |           |                         |               |        |           |     |            |                            |                                    |               |            | \$ 8,874,557              | \$ 8,945,557  | 2.81 % |
| <b>MOM Enterprises, LLC</b>                                      | (9)       |                         |               |        |           |     |            | Richmond, CA               |                                    |               |            |                           |               |        |
| Term Loan (SBIC II)  | (5)(11)   | First Lien              | 3M SOFR+6.48% | 1.00   | % 11.87 % |     | 5/19/2021  | 5/19/2026                  | Consumer Goods: Non-Durable        | \$ 16,096,167 | 15,909,146 | 15,935,204                | 5.01 %        |        |
| MBliss SPC Holdings, LLC Units                                   |           | Equity                  |               |        |           |     | 5/19/2021  |                            |                                    | 933,333       | 933,333    | 990,813                   | 0.31 %        |        |
| Total  |           |                         |               |        |           |     |            |                            |                                    |               |            | \$ 16,842,479             | \$ 16,926,017 | 5.32 % |
| <b>Monitorus Holding, LLC</b>                                    | (7)       |                         |               |        |           |     |            | London, UK                 |                                    |               |            |                           |               |        |
| Term Loan  | (11)      | First Lien              | 3M SOFR+7.00% | 1.00   | % 12.65 % |     | 5/24/2022  | 5/24/2027                  | Media: Diversified & Production    | \$ 100,000    | 99,226     | 99,500                    | 0.03 %        |        |
| Revolver   | (11)      | First Lien              | 3M SOFR+7.00% | 1.00   | % 12.65 % |     | 5/24/2022  | 5/24/2027                  |                                    | € 100,000     | 108,716    | 108,172                   | 0.03 %        |        |
| Delayed Draw Term Loan   | (11)      | First Lien              | 3M SOFR+7.00% | 1.00   | % 12.65 % |     | 5/24/2022  | 5/24/2027                  |                                    | € 100,000     | 100,931    | 100,426                   | 0.03 %        |        |
| Sapphire Aggregator S.a.r.l. Class A Shares                      |           | Equity                  |               |        |           |     | 9/1/2022   |                            |                                    | € 557,689     | 11,156     | 12,961                    | 0.00 %        |        |
| Sapphire Aggregator S.a.r.l. Class B Shares                      |           | Equity                  |               |        |           |     | 9/1/2022   |                            |                                    | € 557,682     | 11,156     | 12,960                    | 0.00 %        |        |
| Sapphire Aggregator S.a.r.l. Class C Shares                      |           | Equity                  |               |        |           |     | 9/1/2022   |                            |                                    | € 557,682     | 11,156     | 12,960                    | 0.00 %        |        |
| Sapphire Aggregator S.a.r.l. Class D Shares                      |           | Equity                  |               |        |           |     | 9/1/2022   |                            |                                    | € 557,682     | 11,156     | 12,960                    | 0.00 %        |        |
| Sapphire Aggregator S.a.r.l. Class E Shares                      |           | Equity                  |               |        |           |     | 9/1/2022   |                            |                                    | € 557,682     | 11,156     | 12,960                    | 0.00 %        |        |
| Sapphire Aggregator S.a.r.l. Class F Shares                      |           | Equity                  |               |        |           |     | 9/1/2022   |                            |                                    | € 557,682     | 11,156     | 12,960                    | 0.00 %        |        |
| Sapphire Aggregator S.a.r.l. Class G Shares                      |           | Equity                  |               |        |           |     | 9/1/2022   |                            |                                    | € 557,682     | 11,156     | 12,960                    | 0.00 %        |        |
| Sapphire Aggregator S.a.r.l. Class H Shares                      |           | Equity                  |               |        |           |     | 9/1/2022   |                            |                                    | € 557,682     | 11,156     | 12,960                    | 0.00 %        |        |
| Sapphire Aggregator S.a.r.l. Class I Shares                      |           | Equity                  |               |        |           |     | 9/1/2022   |                            |                                    | € 557,682     | 11,156     | 12,960                    | 0.00 %        |        |
| Total  |           |                         |               |        |           |     |            |                            |                                    |               |            | \$ 409,277                | \$ 424,739    | 0.09 % |
| <b>Morgan Electrical Group Intermediate Holdings, Inc.</b>       | (9)       |                         |               |        |           |     |            | Freemont, CA               |                                    |               |            |                           |               |        |
| Term Loan  | (11)      | First Lien              | 1M SOFR+6.25% | 1.50   | % 11.57 % |     | 8/3/2023   | 8/3/2029                   | Construction & Building            | \$ 4,439,439  | 4,341,427  | 4,341,427                 | 1.36 %        |        |
| Morgan Electrical Group Holdings, LLC Series A-2 Preferred Units |           | Equity                  |               |        |           |     | 8/3/2023   |                            |                                    | 357           | 356,800    | 356,800                   | 0.11 %        |        |
| Total  |           |                         |               |        |           |     |            |                            |                                    |               |            | \$ 4,698,227              | \$ 4,698,227  | 1.47 % |
| <b>Naumann/Hobbs Material Handling Corporation II, Inc.</b>      | (9)       |                         |               |        |           |     |            | Phoenix, AZ                |                                    |               |            |                           |               |        |
| Term Loan  | (11)      | First Lien              | 3M SOFR+6.75% | 1.50   | % 12.14 % |     | 8/30/2019  | 8/30/2024                  | Services: Business                 | \$ 8,407,498  | 8,371,290  | 8,407,498                 | 2.64 %        |        |
| Term Loan (SBIC II)  | (5)(11)   | First Lien              | 3M SOFR+6.75% | 1.50   | % 12.14 % |     | 8/30/2019  | 8/30/2024                  |                                    | 5,301,800     | 5,278,967  | 5,301,800                 | 1.67 %        |        |
| Naumann Hobbs Holdings, L.P. Class A-1 Units                     |           | Equity                  |               |        |           |     | 9/29/2022  |                            |                                    | 123           | 220,379    | 423,825                   | 0.13 %        |        |
| Naumann Hobbs Holdings, L.P. Class A-2 Units                     |           | Equity                  |               |        |           |     | 9/29/2022  |                            |                                    | 123           | 220,379    | 423,825                   | 0.13 %        |        |
| Total  |           |                         |               |        |           |     |            |                            |                                    |               |            | \$ 14,091,015             | \$ 14,556,948 | 4.57 % |
| <b>NINJIO, LLC</b>   | (9)       |                         |               |        |           |     |            | Westlake Village, CA       |                                    |               |            |                           |               |        |
| Term Loan  | (11)      | First Lien              | 3M SOFR+6.50% | 1.50   | % 12.14 % |     | 10/12/2022 | 10/12/2027                 | Media: Diversified & Production    | \$ 4,962,500  | 4,878,670  | 4,962,500                 | 1.56 %        |        |
| Revolver   | (11)      | First Lien              | 3M SOFR+6.50% | 1.50   | % 12.14 % |     | 10/12/2022 | 10/12/2027                 |                                    | 33,333        | 33,333     | 33,333                    | 0.01 %        |        |
| NINJIO Holdings, LLC Units                                       |           | Equity                  |               |        |           |     | 10/12/2022 |                            |                                    | 184           | 313,253    | 259,103                   | 0.08 %        |        |
| Gauge NINJIO Blocker LLC Preferred Units                         |           | Equity                  |               |        |           |     | 9/22/2023  |                            |                                    | 14            | 14,470     | 61,355                    | 0.02 %        |        |
| Total  |           |                         |               |        |           |     |            |                            |                                    |               |            | \$ 5,239,726              | \$ 5,316,291  | 1.67 % |
| <b>NS412, LLC</b>  |           |                         |               |        |           |     |            | Dallas, TX                 |                                    |               |            |                           |               |        |
| Term Loan  | (11)      | Second Lien             | 3M SOFR+8.50% | 1.00   | % 13.99 % |     | 5/6/2019   | 11/6/2025                  | Services: Consumer                 | \$ 7,615,000  | 7,555,212  | 7,615,000                 | 2.39 %        |        |
| NS Group Holding Company, LLC Class A Units                      |           | Equity                  |               |        |           |     | 5/6/2019   |                            |                                    | 782           | 795,002    | 915,014                   | 0.29 %        |        |
| Total  |           |                         |               |        |           |     |            |                            |                                    |               |            | \$ 8,350,214              | \$ 8,530,014  | 2.68 % |
| <b>NuMet Machining Techniques, LLC</b>                           | (7)       |                         |               |        |           |     |            | Birmingham, United Kingdom |                                    |               |            |                           |               |        |
| Term Loan  | (11)(14)  | Second Lien             | PRIME+        | 8.00 % | - %       | - % | 11/5/2019  | 5/5/2026                   | Aerospace & Defense                | \$ 12,675,000 | 12,553,102 | -                         | 0.00 %        |        |
| Bromford Industries Limited Term Loan                            | (11)(14)  | Second Lien             | PRIME+        | 8.00 % | - %       | - % | 11/5/2019  | 5/5/2026                   |                                    | 7,800,000     | 7,722,555  | -                         | 0.00 %        |        |
| Total  |           |                         |               |        |           |     |            |                            |                                    |               |            | \$ 20,275,657             | \$ -          | 0.00 % |

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**Stellus Capital Investment Corporation**

**Consolidated Schedule of Investments**  
**September 30, 2023**  
**(unaudited)**

| Investments                                    | Footnotes   | Security <sup>(2)</sup> | Investment      |        |         |     |            | Headquarters/Industry | Principal             |              |           | % of Assets               |           |
|--|-------------|-------------------------|-----------------|--------|---------|-----|------------|-----------------------|-----------------------|--------------|-----------|---------------------------|-----------|
|  |             |                         | Coupon          | Floor  | Cash    | PIK | Date       |                       | Shares <sup>(3)</sup> | Amount/ Cost | Amortized | Fair Value <sup>(1)</sup> | Net       |
| <b>NuSource Financial, LLC</b>                 |             |                         |                 |        |         |     |            |                       |                       |              |           |                           |           |
| NuSource Financial Acquisition, Inc. (SBIC II) | (5)         | Unsecured               | 13.75%          | 4.00 % | 9.75 %  |     | 1/29/2021  | 7/29/2026             |                       |              |           |                           |           |
| NuSource Holdings, Inc. Warrants (SBIC II)     | (5)         | Equity                  |                 |        |         |     | 1/29/2021  |                       | 54,966                |              | -         | -                         | 0.00 %    |
| Total  |             |                         |                 |        |         |     |            |                       |                       |              |           |                           |           |
| <b>Nutritional Medicinals, LLC</b>             | (9)         |                         |                 |        |         |     |            |                       |                       |              |           |                           |           |
| Term Loan                                      | (11)        | First Lien              | 3M SOFR+ 6.21 % | 1.00 % | 11.60 % |     | 11/15/2018 | 11/15/2025            |                       |              |           |                           |           |
| Term Loan                                      | (11)        | First Lien              | 3M SOFR+ 6.21 % | 1.00 % | 11.60 % |     | 10/28/2021 | 11/15/2025            |                       |              |           |                           |           |
| Functional Aggregator, LLC Units               |             | Equity                  |                 |        |         |     | 11/15/2018 |                       |                       | 12,500       |           | 972,803                   | 1,895,863 |
| Total  |             |                         |                 |        |         |     |            |                       |                       |              |           |                           |           |
| <b>Onpoint Industrial Services, LLC</b>        |             |                         |                 |        |         |     |            |                       |                       |              |           |                           |           |
| Term Loan (SBIC)                               | (4)(11)     | First Lien              | 3M SOFR+ 7.00 % | 1.75 % | 12.39 % |     | 11/16/2022 | 11/16/2027            |                       |              |           |                           |           |
| Spearhead TopCo, LLC Class A Units             |             | Equity                  |                 |        |         |     | 11/16/2022 |                       |                       | 606,742      |           | 606,742                   | 717,526   |
| Total  |             |                         |                 |        |         |     |            |                       |                       |              |           |                           |           |
| <b>PCP MT Aggregator Holdings, L.P.</b>        | (7)         |                         |                 |        |         |     |            |                       |                       |              |           |                           |           |
| Common Units                                   |             | Equity                  |                 |        |         |     | 3/29/2019  |                       |                       |              |           |                           |           |
| Total  |             |                         |                 |        |         |     |            |                       |                       | 825,020      |           | 119,281                   | 3,790,459 |
| <b>PCS Software, Inc.</b>                      | (9)         |                         |                 |        |         |     |            |                       |                       |              |           |                           |           |
| Term Loan                                      | (11)        | First Lien              | 3M SOFR+ 6.00 % | 1.50 % | 11.54 % |     | 7/1/2019   | 7/1/2024              |                       |              |           |                           |           |
| Term Loan (SBIC)                               | (4)(11)     | First Lien              | 3M SOFR+ 6.00 % | 1.50 % | 11.54 % |     | 7/1/2019   | 7/1/2024              |                       |              |           |                           |           |
| Delayed Draw Term Loan                         | (11)        | First Lien              | 3M SOFR+ 6.00 % | 1.50 % | 11.54 % |     | 7/1/2019   | 7/1/2024              |                       |              |           |                           |           |
| PCS Software Parent, LLC Class A Common Units  | (6)         | Equity                  |                 |        |         |     | 9/16/2022  |                       |                       | 965,000      |           | 965,000                   | 965,000   |
| Total  |             |                         |                 |        |         |     |            |                       |                       | 461,216      |           | -                         | 434,793   |
|  |             |                         |                 |        |         |     |            |                       |                       |              |           |                           |           |
| <b>Pearl Media Holdings, LLC</b>               | (9)         |                         |                 |        |         |     |            |                       |                       |              |           |                           |           |
| Term Loan (SBIC II)                            | (5)(11)     | First Lien              | 3M SOFR+ 6.25 % | 1.50 % | 11.79 % |     | 8/31/2022  | 8/31/2027             |                       |              |           |                           |           |
| Revolver                                       | (11)        | First Lien              | 3M SOFR+ 6.25 % | 1.50 % | 11.79 % |     | 8/31/2022  | 8/31/2027             |                       |              |           |                           |           |
| Total  |             |                         |                 |        |         |     |            |                       |                       | 25,000       |           | 25,000                    | 24,500    |
| <b>Peltram Plumbing Holdings, LLC</b>          | (9)         |                         |                 |        |         |     |            |                       |                       |              |           |                           |           |
| Term Loan                                      | (11)        | First Lien              | 3M SOFR+ 6.50 % | 2.00 % | 11.89 % |     | 12/30/2021 | 12/30/2026            |                       |              |           |                           |           |
| Revolver                                       | (11)        | First Lien              | 3M SOFR+ 6.50 % | 2.00 % | 11.89 % |     | 12/30/2021 | 12/30/2026            |                       |              |           |                           |           |
| Peltram Group Holdings LLC Class A Units       |             | Equity                  |                 |        |         |     | 12/30/2021 |                       |                       |              |           |                           |           |
| Total  |             |                         |                 |        |         |     |            |                       |                       | 508,516      |           | 508,516                   | 384,865   |
| <b>Premiere Digital Services, Inc.</b>         | (9)         |                         |                 |        |         |     |            |                       |                       |              |           |                           |           |
| Term Loan                                      | (11)        | First Lien              | 1M SOFR+ 5.25 % | 1.00 % | 10.68 % |     | 11/3/2021  | 11/3/2026             |                       |              |           |                           |           |
| Premiere Digital Holdings, Inc. Common Stock   |             | Equity                  |                 |        |         |     | 10/18/2018 |                       |                       |              |           |                           |           |
| Total  |             |                         |                 |        |         |     |            |                       |                       | 5,000        |           | -                         | 2,817,394 |
| <b>Protect America, Inc.</b>                   |             |                         |                 |        |         |     |            |                       |                       |              |           |                           |           |
| Term Loan                                      | (11)(13)    | Second Lien             | 3M SOFR+ 7.75 % | 1.00 % | - %     |     | 8/30/2017  | 9/1/2024              |                       |              |           |                           |           |
| Total  |             |                         |                 |        |         |     |            |                       |                       | \$17,979,749 |           |                           |           |
| <b>Red's All Natural, LLC</b>                  |             |                         |                 |        |         |     |            |                       |                       |              |           |                           |           |
| Term Loan (SBIC II)                            | (5)(10)(12) | First Lien              | 3M SOFR+ 6.00 % | 1.50 % | 12.57 % |     | 1/31/2023  | 1/31/2029             |                       |              |           |                           |           |
| Centeotl Co-Invest B, LP Common Units          |             | Equity                  |                 |        |         |     | 1/31/2023  |                       |                       |              |           |                           |           |
| Total  |             |                         |                 |        |         |     |            |                       |                       | 710,600      |           | 710,600                   | 481,059   |
| <b>RIA Advisory Borrower, LLC</b>              | (9)         |                         |                 |        |         |     |            |                       |                       |              |           |                           |           |
| Term Loan                                      | (11)        | First Lien              | 3M SOFR+ 6.50 % | 2.00 % | 12.02 % |     | 5/1/2023   | 8/2/2027              |                       |              |           |                           |           |
| Revolver                                       | (11)        | First Lien              | 3M SOFR+ 6.50 % | 2.00 % | 12.02 % |     | 5/1/2023   | 8/2/2027              |                       |              |           |                           |           |
| RIA Advisory Aggregator, LLC Class A Units     |             | Equity                  |                 |        |         |     | 5/1/2023   |                       |                       |              |           |                           |           |
| RIA Products Aggregator, LLC Class A Units     |             | Equity                  |                 |        |         |     | 5/1/2023   |                       |                       |              |           |                           |           |
| Total  |             |                         |                 |        |         |     |            |                       |                       | 134,841      |           | 78,390                    | 78,390    |
|  |             |                         |                 |        |         |     |            |                       |                       |              |           |                           |           |

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**Stellus Capital Investment Corporation**

**Consolidated Schedule of Investments**  
**September 30, 2023**  
**(unaudited)**

| Investments                                    | Footnotes | Security <sup>(2)</sup> | Investment    |        |        |        |            | Headquarters/Industry | Principal                     |               |               | % of Assets               |            |  |
|--|-----------|-------------------------|---------------|--------|--------|--------|------------|-----------------------|-------------------------------|---------------|---------------|---------------------------|------------|--|
|  |           |                         | Coupon        | Floor  | Cash   | PIK    | Date       |                       | Shares <sup>(3)</sup>         | Amount/Cost   | Amortized     | Fair Value <sup>(1)</sup> | Net Assets |  |
| Rogers Mechanical Contractors, LLC             | (9)       |                         |               |        |        |        |            | Atlanta, GA           |                               |               |               |                           |            |  |
| Term Loan                                      | (11)      | First Lien              | 6M SOFR+8.00% | 1.00 % | 12.28% | 1.00 % | 4/28/2021  | 9/9/2025              | 9,229,554                     | 9,149,949     | 9,137,258     | 2.87 %                    |            |  |
| Delayed Draw Term Loan                         | (11)      | First Lien              | 6M SOFR+8.00% | 1.00 % | 12.28% | 1.00 % | 4/28/2021  | 9/9/2025              | 46,288                        | 46,039        | 45,825        | 0.01 %                    |            |  |
| Total  |           |                         |               |        |        |        |            |                       |                               | \$ 9,195,988  | \$ 9,183,083  | 2.88 %                    |            |  |
| Sales Benchmark Index, LLC                     | (9)       |                         |               |        |        |        |            | Dallas, TX            |                               |               |               |                           |            |  |
| Term Loan                                      | (11)      | First Lien              | 3M SOFR+6.00% | 1.00 % | 11.59% |        | 1/7/2020   | 1/7/2025              | Services: Business            | \$12,481,823  | 12,405,969    | 12,419,414                | 3.90 %     |  |
| SBI Holdings Investments LLC Class A Units     |           | Equity                  |               |        |        |        | 1/7/2020   |                       | 66,573                        | 665,730       | 396,840       | 0.12 %                    |            |  |
| Total  |           |                         |               |        |        |        |            |                       |                               | \$ 13,071,699 | \$ 12,816,254 | 4.02 %                    |            |  |
| Service Minds Company, LLC                     | (9)       |                         |               |        |        |        |            | Bradenton, FL         |                               |               |               |                           |            |  |
| Term Loan                                      | (11)      | First Lien              | 6M SOFR+7.50% | 1.00 % | 11.37% | 2.00 % | 2/7/2022   | 2/7/2028              | Services: Consumer            | \$ 5,317,593  | 5,236,106     | 5,104,889                 | 1.60 %     |  |
| Revolver                                       | (11)      | First Lien              | 6M SOFR+7.50% | 1.00 % | 10.90% | 2.00 % | 2/7/2022   | 2/7/2028              |                               | 80,008        | 80,008        | 76,808                    | 0.02 %     |  |
| Delayed Draw Term Loan                         | (11)      | First Lien              | 6M SOFR+7.50% | 1.00 % | 11.19% | 2.00 % | 2/7/2022   | 2/7/2028              |                               | 99,009        | 98,161        | 95,049                    | 0.03 %     |  |
| Total  |           |                         |               |        |        |        |            |                       |                               | \$ 5,414,275  | \$ 5,276,746  | 1.65 %                    |            |  |
| SIB Holdings, LLC                              | (9)       |                         |               |        |        |        |            | Charleston, SC        |                               |               |               |                           |            |  |
| Term Loan (SBIC)                               | (4)(11)   | First Lien              | 3M SOFR+6.25% | 1.00 % | 11.81% |        | 10/29/2021 | 10/29/2026            | Services: Business            | \$12,545,260  | 12,378,593    | 12,294,355                | 3.86 %     |  |
| Term Loan (SBIC)                               | (4)(11)   | First Lien              | 3M SOFR+6.25% | 1.00 % | 11.81% |        | 6/15/2022  | 10/29/2026            |                               | 843,422       | 826,813       | 826,554                   | 0.26 %     |  |
| Term Loan (SBIC)                               | (4)(11)   | First Lien              | 3M SOFR+6.25% | 1.00 % | 11.81% |        | 7/20/2022  | 10/29/2026            |                               | 2,249,126     | 2,214,599     | 2,204,143                 | 0.69 %     |  |
| Delayed Draw Term Loan                         | (11)      | First Lien              | 3M SOFR+6.25% | 1.00 % | 11.81% |        | 10/29/2021 | 10/29/2026            |                               | 2,811,407     | 2,790,649     | 2,755,179                 | 0.87 %     |  |
| Revolver                                       | (11)      | First Lien              | 3M SOFR+6.25% | 1.00 % | 11.81% |        | 10/29/2021 | 10/29/2026            |                               | 123,333       | 123,333       | 120,866                   | 0.04 %     |  |
| SIB Holdings, LLC Units                        |           | Equity                  |               |        |        |        | 10/29/2021 |                       | 238,095                       | 500,000       | 325,965       | 0.10 %                    |            |  |
| Total  |           |                         |               |        |        |        |            |                       |                               | \$ 18,833,987 | \$ 18,527,062 | 5.82 %                    |            |  |
| TAC LifePort Holdings, LLC                     |           |                         |               |        |        |        |            | Woodland, WA          |                               |               |               |                           |            |  |
| Common Units                                   | (6)       | Equity                  |               |        |        |        | 3/1/2021   |                       | Aerospace & Defense           | 546,543       | 537,049       | 685,572                   | 0.22 %     |  |
| Total  |           |                         |               |        |        |        |            |                       |                               | \$ 537,049    | \$ 685,572    | 0.22 %                    |            |  |
| The Hardenbergh Group, Inc.                    | (9)       |                         |               |        |        |        |            | Livonia, MI           |                               |               |               |                           |            |  |
| Term Loan (SBIC II)                            | (5)(11)   | First Lien              | 3M SOFR+6.25% | 2.00 % | 11.74% |        | 8/7/2023   | 8/7/2028              | Healthcare & Pharmaceuticals  | \$10,501,898  | 10,245,607    | 10,245,606                | 3.22 %     |  |
| BV HGI Holdings, L.P. Class A Units            |           | Equity                  |               |        |        |        | 8/7/2023   |                       |                               | 434,504       | 434,504       | 434,504                   | 0.14 %     |  |
| Total  |           |                         |               |        |        |        |            |                       |                               | \$ 10,680,111 | \$ 10,680,110 | 3.36 %                    |            |  |
| Tilley Distribution, Inc.                      | (9)       |                         |               |        |        |        |            | Baltimore, MD         |                               |               |               |                           |            |  |
| Term Loan                                      | (11)      | First Lien              | 3M SOFR+6.00% | 1.00 % | 11.55% |        | 4/1/2022   | 12/31/2026            | Chemicals, Plastics, & Rubber | \$ 98,491     | 97,404        | 95,536                    | 0.03 %     |  |
| Total  |           |                         |               |        |        |        |            |                       |                               | \$ 97,404     | \$ 95,536     | 0.03 %                    |            |  |
| Trade Education Acquisition, L.L.C.            |           |                         |               |        |        |        |            | Austin, TX            |                               |               |               |                           |            |  |
| Term Loan (SBIC)                               | (4)(11)   | First Lien              | 1M SOFR+6.25% | 1.00 % | 11.67% |        | 12/28/2021 | 12/28/2027            | Education                     | \$ 9,754,353  | 9,607,251     | 8,974,005                 | 2.82 %     |  |
| Trade Education Holdings, L.L.C. Class A Units |           | Equity                  |               |        |        |        | 12/28/2021 |                       |                               | 662,660       | 662,660       | 209,341                   | 0.07 %     |  |
| Total  |           |                         |               |        |        |        |            |                       |                               | \$ 10,269,911 | \$ 9,183,346  | 2.89 %                    |            |  |
| TradePending OpCo Aggregator, LLC              | (9)       |                         |               |        |        |        |            | Carrboro, NC          |                               |               |               |                           |            |  |
| Term Loan (SBIC II)                            | (5)(11)   | First Lien              | 3M SOFR+6.25% | 2.00 % | 11.79% |        | 3/2/2021   | 3/2/2026              | Software                      | \$ 9,651,515  | 9,547,158     | 9,555,000                 | 3.00 %     |  |
| Term Loan (SBIC II)                            | (5)(11)   | First Lien              | 3M SOFR+6.25% | 2.00 % | 11.79% |        | 8/4/2023   | 3/2/2026              |                               | \$ 2,467,044  | 2,420,326     | 2,442,374                 | 0.77 %     |  |
| Revolver                                       | (11)      | First Lien              | 3M SOFR+6.25% | 2.00 % | 11.79% |        | 3/2/2021   | 3/2/2026              |                               | \$ 33,333     | 33,333        | 33,000                    | 0.01 %     |  |
| TradePending Holdings, LLC Series A Units      | (6)       | Equity                  |               |        |        |        | 3/2/2021   |                       |                               | 908,333       | 967,114       | 1,457,959                 | 0.46 %     |  |
| TradePending Holdings, LLC Series A-1 Units    |           | Equity                  |               |        |        |        | 8/4/2023   |                       |                               | 132,783       | 260,254       | 384,242                   | 0.12 %     |  |
| Total  |           |                         |               |        |        |        |            |                       |                               | \$ 13,228,185 | \$ 13,872,575 | 4.36 %                    |            |  |
| Unicat Catalyst Holdings, LLC                  | (21)      |                         |               |        |        |        |            | Alvin, TX             |                               |               |               |                           |            |  |
| Term Loan                                      | (11)      | First Lien              | 1M SOFR+6.50% | 1.00 % | 11.92% |        | 4/27/2021  | 4/27/2026             | Chemicals, Plastics, & Rubber | \$ 7,078,125  | 6,997,458     | 6,724,219                 | 2.11 %     |  |
| Unicat Catalyst, LLC Class A Units             |           | Equity                  |               |        |        |        | 4/27/2021  |                       |                               | 7,500         | 750,000       | 137,927                   | 0.04 %     |  |
| Total  |           |                         |               |        |        |        |            |                       |                               | \$ 7,747,458  | \$ 6,862,146  | 2.15 %                    |            |  |

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**Stellus Capital Investment Corporation**

**Consolidated Schedule of Investments**  
**September 30, 2023**  
**(unaudited)**

| Investments   | Footnotes | Security <sup>(2)</sup> | Coupon   | Floor | Cash      | PIK       | Investment Date | Maturity   | Headquarters/ Industry       | Principal                     |                |                           | % of Assets                 |
|---|-----------|-------------------------|--|-------|-----------|-----------|-----------------|------------|------------------------------|-------------------------------|----------------|---------------------------|-----------------------------|
|   |           |                         |  |       |           |           |                 |            |                              | Amount/ Shares <sup>(3)</sup> | Amortized Cost | Fair Value <sup>(1)</sup> |                             |
| <b>U.S. Auto Sales, Inc. et al</b>                      | (7)       |                         |  |       |           |           |                 |            | Lawrenceville, GA            |                               |                |                           |                             |
| USASF Blocker II LLC Units                              |           | Equity                  |  |       |           |           | 6/8/2015        |            | Finance                      | 441                           | 441,000        | -                         | 0.00 %                      |
| USASF Blocker III LLC 2018 Series Units                 |           | Equity                  |  |       |           |           | 2/13/2018       |            |                              | 50                            | 50,000         | -                         | 0.00 %                      |
| USASF Blocker III LLC 2019 Series Units                 |           | Equity                  |  |       |           |           | 12/27/2019      |            |                              | 75                            | 75,000         | -                         | 0.00 %                      |
| USASF Blocker IV LLC Units                              |           | Equity                  |  |       |           |           | 5/27/2020       |            |                              | 110                           | 110,000        | -                         | 0.00 %                      |
| USASF Blocker IV LLC 2022 Series Units                  |           | Equity                  |  |       |           |           | 7/28/2022       |            |                              | 100                           | 100,000        | -                         | 0.00 %                      |
| USASF Blocker V LLC Units                               |           | Equity                  |  |       |           |           | 12/20/2022      |            |                              | 200                           | 200,000        | -                         | 0.00 %                      |
| USASF Blocker LLC Units                                 |           | Equity                  |  |       |           |           | 6/8/2015        |            |                              | 9,000                         | 9,000          | -                         | 0.00 %                      |
| <b>Total</b>  |           |                         |  |       |           |           |                 |            |                              |                               | \$ 985,000     | \$ -                      | 0.00 %                      |
| <b>U.S. Expeditors, LLC</b>                             | (9)       |                         |  |       |           |           |                 |            | Stafford, TX                 |                               |                |                           |                             |
| Term Loan   | (11)      | First Lien              | 3M SOFR+ 6.00 % 1.00 % 11.59 %                 |       |           |           | 12/22/2021      | 12/22/2026 | Healthcare & Pharmaceuticals | \$15,746,595                  | 15,528,259     | 15,667,862                | 4.93 %                      |
| Cathay Hypnos LLC Units                                 |           | Equity                  |  |       |           |           | 12/22/2021      |            |                              | 1,372,932                     | 1,316,740      | 1,772,330                 | 0.56 %                      |
| <b>Total</b>  |           |                         |  |       |           |           |                 |            |                              |                               | \$ 16,844,999  | \$ 17,440,192             | 5.49 %                      |
| <b>Venbrook Buyer, LLC</b>                              |           |                         |  |       |           |           |                 |            | Los Angeles, CA              |                               |                |                           |                             |
| Term Loan B (SBIC)                                      | (4)(11)   | First Lien              | 3M SOFR+ 8.00 % 1.50 % 6.54 % 7.00 % 3/13/2020 |       |           |           | 3/13/2026       |            | Services: Business           | \$13,481,295                  | 13,360,849     | 12,335,385                | 3.88 %                      |
| Term Loan B   | (11)      | First Lien              | 3M SOFR+ 8.00 % 1.50 % 6.54 % 7.00 % 3/13/2020 |       |           |           | 3/13/2026       |            |                              | 153,390                       | 152,020        | 140,352                   | 0.04 %                      |
| Revolver  | (11)      | First Lien              | 3M SOFR+ 8.00 % 1.50 % 6.54 % 7.00 % 3/13/2020 |       |           |           | 3/13/2026       |            |                              | 2,354,013                     | 2,354,013      | 2,153,922                 | 0.68 %                      |
| Delayed Draw Term Loan                                  | (11)      | First Lien              | 3M SOFR+ 8.00 % 1.50 % 6.54 % 7.00 % 3/13/2020 |       |           |           | 3/13/2026       |            |                              | 4,596,451                     | 4,572,568      | 4,205,753                 | 1.32 %                      |
| Venbrook Holdings, LLC Convertible Term Loan            | (15)      | Unsecured               | 10.00%   | -     | % 10.00 % | 3/31/2022 | 12/20/2028      |            |                              | 96,214                        | 96,214         | 88,036                    | 0.03 %                      |
| Venbrook Holdings, LLC Common Units                     |           | Equity                  |  |       |           | 3/13/2020 |                 |            |                              | 822,758                       | 819,262        | -                         | 0.00 %                      |
| <b>Total</b>  |           |                         |  |       |           |           |                 |            |                              |                               | \$ 21,354,926  | \$ 18,923,448             | 5.95 %                      |
| <b>Whips Holdings LP</b>                                |           |                         |  |       |           |           |                 |            | Elgin, IL                    |                               |                |                           |                             |
| Class A Units   |           | Equity                  |  |       |           | 4/18/2019 |                 |            | Beverage, Food, & Tobacco    | 500,000                       | 500,000        | -                         | 0.00 %                      |
| Class A-1 Units   |           | Equity                  |  |       |           | 3/6/2023  |                 |            | Beverage, Food, & Tobacco    | 107,418                       | 107,418        | 96,676                    | 0.03 %                      |
| <b>Total</b>  |           |                         |  |       |           |           |                 |            |                              |                               | \$ 607,418     | \$ 96,676                 | 0.00 %                      |
| <b>Xanitos, Inc.</b>                                    | (9)       |                         |  |       |           |           |                 |            | Newtown Square, PA           |                               |                |                           |                             |
| Term Loan (SBIC)  | (4)(11)   | First Lien              | 3M SOFR+ 6.50 % 1.00 % 12.04 %                 |       |           |           | 6/25/2021       | 6/25/2026  | Healthcare & Pharmaceuticals | \$12,512,000                  | 12,362,165     | 12,386,880                | 3.89 %                      |
| Revolver  | (11)      | First Lien              | 3M SOFR+ 6.50 % 1.00 % 12.04 %                 |       |           |           | 6/25/2021       | 6/25/2026  |                              | 82,500                        | 82,500         | 81,675                    | 0.03 %                      |
| Delayed Draw Term Loan                                  | (11)      | First Lien              | 3M SOFR+ 6.50 % 1.00 % 12.04 %                 |       |           |           | 6/25/2021       | 6/25/2026  |                              | 2,204,354                     | 2,189,987      | 2,182,310                 | 0.69 %                      |
| Pure TopCo, LLC Class A Units                           |           | Equity                  |  |       |           | 6/25/2021 |                 |            |                              | 442,133                       | 1,053,478      | 1,057,287                 | 0.33 %                      |
| <b>Total</b>  |           |                         |  |       |           |           |                 |            |                              |                               | \$ 15,688,130  | \$ 15,708,152             | 4.94 %                      |
| <b>Total Non-controlled, non-affiliated investments</b> |           |                         |  |       |           |           |                 |            |                              |                               | \$941,679,195  | \$ 886,338,148            | 278.61 %                    |
| <b>Net Investments</b>                                  |           |                         |  |       |           |           |                 |            |                              |                               | \$941,679,195  | \$ 886,338,148            | 278.61 %                    |
| <b>LIABILITIES IN EXCESS OF OTHER ASSETS</b>            |           |                         |  |       |           |           |                 |            |                              |                               |                |                           | \$ (568,212,368) (178.61) % |
| <b>NET ASSETS</b>                                       |           |                         |  |       |           |           |                 |            |                              |                               |                |                           | \$ 318,125,780 100.00 %     |

**Stellus Capital Investment Corporation****Consolidated Schedule of Investments**  
**September 30, 2023**  
**(unaudited)**

(1) See Note 1 of the Notes to the Consolidated Financial Statements for a discussion of the methodologies used to value securities in the portfolio.

(2) Debt investments are income producing and equity securities are non-income producing, unless otherwise noted.

(3) Par amount is presented for debt investments, while the number of shares or units owned is presented for equity investments. Par amount is denominated in U.S. Dollars ("\$") unless otherwise noted, Euro ("€"), or Great British Pound ("£").

(4) Investments held by the SBIC subsidiary (as defined in Note 1), which include \$2,508,104 of cash and \$233,915,221 of investments (at cost), are excluded from the obligations to the lenders of the Credit Facility (as defined in Note 9). Stellus Capital Investment Corporation's (the "Company") obligations to the lenders of the Credit Facility are secured by a first priority security interest in all investments and cash and cash equivalents, except for cash and investments held by the SBIC subsidiaries (as defined in Note 1).

(5) Investments held by the SBIC II subsidiary (as defined in Note 1), which include \$16,042,550 of cash and \$249,092,843 of investments (at cost), are excluded from the obligations to the lenders of the Credit Facility. The Company's obligations to the lenders of the Credit Facility are secured by a first priority security interest in all investments and cash and cash equivalents, except for cash and investments held by the SBIC subsidiaries.

(6) Security is income producing through dividends or distributions.

(7) The investment is not a "qualifying asset" under the Investment Company Act of 1940, as amended. The Company may not acquire any non-qualifying assets unless, at the time of the acquisition, qualifying assets represent at least 70% of the Company's total assets. Qualifying assets represent approximately 97.8% of the Company's total assets as of September 30, 2023.

(8) Represents a PIK interest security. At the option of the issuer, interest can be paid in cash or cash and PIK interest. The percentage of PIK interest shown is the maximum PIK interest that can be elected by the issuer.

(9) September 30, 2023, the Company had the following outstanding revolver and delayed draw term loan commitments:

| <b>Investments</b>                     | <b>Security</b>        | <b>Unfunded Commitment</b> | <b>Unused Commitment</b> | <b>Maturity</b>   |
|--|------------------------|----------------------------|--------------------------|-------------------|
| 2X LLC                                 | Revolver               | \$ 100,000                 | 0.50%                    | June 5, 2028      |
| Ad.Net Acquisition, LLC                | Revolver               | 649,510                    | 0.50%                    | May 7, 2026       |
| American Refrigeration, LLC            | Revolver               | 100,000                    | 0.50%                    | March 31, 2028    |
| American Refrigeration, LLC            | Delayed Draw Term Loan | 100,000                    | 1.00%                    | March 31, 2028    |
| Anne Lewis Strategies, LLC             | Revolver               | 60,000                     | 0.50%                    | May 9, 2028       |
| Archer Systems, LLC                    | Revolver               | 100,000                    | 0.50%                    | August 11, 2027   |
| Axis Portable Air, LLC                 | Revolver               | 20,000                     | 0.50%                    | March 22, 2028    |
| BLP Buyer, Inc.                        | Revolver               | 23,434                     | 0.50%                    | February 1, 2027  |
| Camp Profiles LLC                      | Revolver               | 100,000                    | 0.50%                    | September 3, 2026 |
| CEATI International Inc.               | Revolver               | 100,000                    | 0.50%                    | February 19, 2026 |
| Cerebro Buyer, LLC                     | Revolver               | 100,000                    | 0.50%                    | March 15, 2029    |
| CF512, Inc.                            | Revolver               | 100,000                    | 0.50%                    | September 1, 2026 |
| Channel Partners Intermediateco, LLC   | Revolver               | 116,668                    | 0.50%                    | February 7, 2027  |
| CompleteCase, LLC                      | Revolver               | 166,667                    | 0.50%                    | December 21, 2025 |
| Compost 360 Acquisition, LLC           | Revolver               | 91,667                     | 0.50%                    | August 2, 2028    |
| Compost 360 Acquisition, LLC           | Delayed Draw Term Loan | 4,096,741                  | 0.50%                    | August 2, 2028    |
| COPILOT Provider Support Services, LLC | Revolver               | 100,000                    | 0.50%                    | November 22, 2027 |
| Craftable Intermediate II Inc.         | Revolver               | 100,000                    | 0.50%                    | June 30, 2028     |
| DRS Holdings III, Inc.                 | Revolver               | 909,091                    | 0.50%                    | November 1, 2025  |
| EHI Buyer, Inc.                        | Revolver               | 100,000                    | 0.50%                    | July 31, 2029     |
| EHI Buyer, Inc.                        | Delayed Draw Term Loan | 3,055,671                  | 1.00%                    | July 31, 2029     |
| Elliott Aviation, LLC                  | Revolver B             | 332,741                    | 0.50%                    | June 30, 2025     |
| Equine Network, LLC                    | Revolver               | 100,000                    | 0.50%                    | May 22, 2028      |
| Equine Network, LLC                    | Delayed Draw Term Loan | 88,000                     | 1.00%                    | May 22, 2028      |
| Evriholder Acquisition, Inc.           | Revolver               | 100,000                    | 0.50%                    | January 24, 2028  |
| Exigo, LLC                             | Revolver               | 100,000                    | 0.50%                    | March 16, 2027    |
| Florachem Corporation                  | Revolver               | 43,333                     | 0.50%                    | April 29, 2028    |
| Florachem Corporation                  | Delayed Draw Term Loan | 100,000                    | 0.50%                    | April 29, 2028    |
| Green Intermediateco II, Inc.          | Delayed Draw Term Loan | 500,000                    | 0.50%                    | August 8, 2028    |
| GS HVAM Intermediate, LLC              | Revolver               | 371,212                    | 0.50%                    | April 2, 2025     |
| Heartland Business Systems, LLC        | Delayed Draw Term Loan | 50,000                     | 0.50%                    | August 26, 2027   |
| Heat Makes Sense Shared Services, LLC  | Revolver               | 100,000                    | 0.50%                    | July 1, 2028      |
| HV Watterson Holdings, LLC             | Revolver               | 4,000                      | 0.50%                    | December 17, 2026 |
| HV Watterson Holdings, LLC             | Delayed Draw Term Loan | 2,555,354                  | 1.00%                    | December 17, 2026 |
| Impact Home Services LLC               | Revolver               | 44,167                     | 0.50%                    | April 28, 2028    |
| Infolinks Media Buyco, LLC             | Delayed Draw Term Loan | 990,000                    | 0.50%                    | November 1, 2026  |

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**Stellus Capital Investment Corporation**

**Consolidated Schedule of Investments**  
**September 30, 2023**  
**(unaudited)**

| <b>Investments</b>                                   | <b>Security</b>            | <b>Unfunded Commitment</b> | <b>Unused Commitment Fee</b> | <b>Maturity</b>   |
|--|----------------------------|----------------------------|------------------------------|-------------------|
| Informativ, LLC                                      | Revolver                   | \$ 100,000                 | 0.50%                        | July 30, 2026     |
| Inoapps Bidco, LLC                                   | Revolver                   | 100,000                    | 0.50%                        | February 15, 2027 |
| Integrated Oncology Network, LLC                     | Revolver                   | 55,352                     | 0.50%                        | June 24, 2025     |
| Invincible Boat Company LLC                          | Revolver                   | 744,681                    | 0.50%                        | August 28, 2025   |
| Ledge Lounger, Inc.                                  | Revolver                   | 100,000                    | 0.50%                        | November 9, 2026  |
| Lightning Intermediate II, LLC                       | Revolver                   | 70,000                     | 0.50%                        | June 6, 2027      |
| MacKenzie-Childs Acquisition, Inc.                   | Revolver                   | 13,333                     | 0.50%                        | September 2, 2027 |
| Madison Logic Holdings, Inc.                         | Revolver                   | 100,000                    | 0.50%                        | December 30, 2027 |
| Microbe Formulas LLC                                 | Revolver                   | 100,000                    | 0.50%                        | April 3, 2028     |
| MOM Enterprises, LLC                                 | Revolver                   | 100,000                    | 0.50%                        | May 19, 2026      |
| Morgan Electrical Group Intermediate Holdings, Inc.  | Delayed Draw Term Loan     | 2,864,154                  | 1.00%                        | August 3, 2029    |
| Morgan Electrical Group Intermediate Holdings, Inc.  | Revolver                   | 100,000                    | 0.50%                        | August 3, 2029    |
| Naumann/Hobbs Material Handling Corporation II, Inc. | Revolver – Working Capital | 1,763,033                  | 0.50%                        | August 30, 2024   |
| NINJIO, LLC  | Delayed Draw Term Loan     | 100,000                    | 1.00%                        | October 12, 2027  |
| NINJIO, LLC  | Revolver                   | 66,667                     | 0.50%                        | October 12, 2027  |
| Nutritional Medicinals, LLC                          | Revolver                   | 2,000,000                  | 0.50%                        | November 15, 2025 |
| PCS Software, Inc.                                   | Revolver                   | 1,318,143                  | 0.50%                        | July 1, 2024      |
| Pearl Media Holdings, LLC                            | Delayed Draw Term Loan     | 100,000                    | 0.50%                        | August 31, 2027   |
| Pearl Media Holdings, LLC                            | Revolver                   | 75,000                     | 0.50%                        | August 31, 2027   |
| Peltram Plumbing Holdings, LLC                       | Revolver                   | 57,500                     | 0.50%                        | December 30, 2026 |
| Premiere Digital Services, Inc.                      | Revolver                   | 576,923                    | 0.50%                        | November 3, 2026  |
| RIA Advisory Borrower, LLC                           | Revolver                   | 55,028                     | 0.50%                        | August 2, 2027    |
| Rogers Mechanical Contractors, LLC                   | Revolver                   | 83,333                     | 0.75%                        | September 9, 2025 |
| Sales Benchmark Index, LLC                           | Revolver                   | 1,331,461                  | 0.50%                        | January 7, 2025   |
| Service Minds Company, LLC                           | Revolver                   | 20,000                     | 0.50%                        | February 7, 2028  |
| SIB Holdings, LLC                                    | Revolver                   | 3,333                      | 0.50%                        | October 29, 2026  |
| The Hardenbergh Group, Inc.                          | Revolver                   | 100,000                    | 0.50%                        | August 6, 2028    |
| Tilley Distribution, Inc.                            | Revolver                   | 100,000                    | 0.50%                        | December 31, 2026 |
| TradePending OpCo Aggregator, LLC                    | Delayed Draw Term Loan     | 687,007                    | 0.50%                        | March 2, 2026     |
| TradePending OpCo Aggregator, LLC                    | Revolver                   | 66,667                     | 0.50%                        | March 2, 2026     |
| U.S. Expeditors, LLC                                 | Revolver                   | 100,000                    | 0.50%                        | December 22, 2026 |
| Xanitos, Inc.  | Revolver                   | 17,500                     | 0.50%                        | June 25, 2026     |

(10) This loan is a unitranche investment.

(11) These loans include an interest rate floor feature which is lower than the applicable rates; therefore, the floor is not in effect.

(12) These loans are last-out term loans with contractual rates higher than the applicable rates; therefore, the floor is not in effect.

(13) Investment has been on non-accrual since June 28, 2019.

(14) Investment has been on non-accrual since April 1, 2022.

(15) This loan is convertible to common units at maturity or at the election of the issuer.

(16) Excluded from the investment is an uncalled capital commitment in an amount not to exceed \$299,538.

(17) Term Loan A-1, Term Loan A-2, Term Loan A-3 and Term Loan A-4 have been on non-accrual since January 1, 2023, April 3, 2023, June 7, 2023 and July 12, 2023, respectively.

(18) Investment has been on non-accrual since July 1, 2023.

(19) Investment has been on non-accrual since August 10, 2023.

(20) Excluded from the investment is an undrawn revolver commitment in an amount not to exceed \$1,500,000, with an unfunded rate of 0.50% and a maturity of February 8, 2024. The Company has full discretion to fund the revolver commitment.

(21) Excluded from the investment is an undrawn revolver commitment in an amount not to exceed \$2,000,000, with an unfunded rate of 0.50% and a maturity of April 27, 2026. The Company has full discretion to fund the revolver commitment.

**Abbreviation Legend**

BSBY — Bloomberg Short-Term Bank Yield Index

LIBOR — London Interbank Offered Rate

PIK — Payment-In-Kind

SOFR — Secured Overnight Financing Rate

SONIA — Sterling Overnight Index Average

**Stellus Capital Investment Corporation**  
**Consolidated Schedule of Investments**  
**December 31, 2022**

| Investments  | Footnotes   | Security <sup>(2)</sup> | Investment                      |            |            |     | Headquarters/Industry          | Principal                    |                     |                           | % of Net Assets |               |
|--|-------------|-------------------------|---------------------------------|------------|------------|-----|--------------------------------|------------------------------|---------------------|---------------------------|-----------------|---------------|
|  |             |                         | Coupon                          | Floor      | Cash       | PIK |                                | Amount/Shares <sup>(3)</sup> | Amortized Cost      | Fair Value <sup>(1)</sup> |                 |               |
| <b>Non-controlled, non-affiliated investments</b>        |             |                         |                                 |            |            |     |                                |                              |                     |                           |                 |               |
| Ad.Net Acquisition, LLC                                  | (4)(5)      | (9)                     |                                 |            |            |     |                                |                              |                     |                           |                 |               |
| Term Loan (SBIC II)                                      | (5)(11)     | First Lien              | 3M SOFR+ 6.00 % 1.00 % 10.84 %  | 5/7/2021   | 5/7/2026   |     | Los Angeles, CA                | \$15,354,412                 | 15,190,375          | 15,124,097                | 5.48 %          |               |
| Revolver   | (11)        | First Lien              | 3M SOFR+ 6.00 % 1.00 % 10.84 %  | 5/7/2021   | 5/7/2026   |     |                                | \$1,039,216                  | 1,039,216           | 1,023,628                 | 0.37 %          |               |
| Ad.Net Holdings, Inc. Series A Common Stock (SBIC II)    | (5)         | Equity                  |                                 |            | 5/7/2021   |     |                                | 7,794                        |                     | 77,941                    | 85,488          | 0.03 %        |
| Ad.Net Holdings, Inc. Series A Preferred Stock (SBIC II) | (5)         | Equity                  |                                 |            | 5/7/2021   |     |                                | 7,015                        |                     |                           |                 | 0.28 %        |
| <b>Total</b>   |             |                         |                                 |            |            |     |                                |                              | <u>701,471</u>      | <u>769,393</u>            |                 | <u>6.16 %</u> |
| <b>ADS Group Opco, LLC</b>                               |             |                         |                                 |            |            |     | Lakewood, CO                   |                              |                     |                           |                 |               |
| Term Loan (SBIC II)                                      | (5)(11)     | First Lien              | 3M LIBOR+ 6.75 % 1.00 % 11.48 % | 6/4/2021   | 6/4/2026   |     | Aerospace & Defense            | \$14,550,000                 | 14,337,005          | 13,822,500                | 5.01 %          |               |
| Revolver   | (11)        | First Lien              | 3M LIBOR+ 6.75 % 1.00 % 11.48 % | 6/4/2021   | 6/4/2026   |     |                                | 100,000                      | 100,000             | 95,000                    | 0.03 %          |               |
| ADS Group Topco, LLC Class A Units                       |             | Equity                  |                                 |            | 6/4/2021   |     |                                | 77,626                       | 288,691             | 48,571                    | 0.02 %          |               |
| ADS Group Topco, LLC Class B Units                       |             | Equity                  |                                 |            | 6/4/2021   |     |                                | 56,819                       | 211,309             | 35,552                    | 0.01 %          |               |
| ADS Group Topco, LLC Class Z Units                       |             | Equity                  |                                 |            | 6/15/2022  |     |                                | 72,043                       | 267,929             | 293,847                   | 0.11 %          |               |
| <b>Total</b>   |             |                         |                                 |            |            |     |                                |                              | <u>\$15,204,934</u> | <u>\$14,295,470</u>       |                 | <u>5.18 %</u> |
| <b>Advanced Barrier Extrusions, LLC</b>                  |             |                         |                                 |            |            |     | Rhineland, WI                  |                              |                     |                           |                 |               |
| Term Loan B (SBIC)                                       | (4)(11)     | First Lien              | 3M SOFR+ 7.50 % 1.00 % 11.88 %  | 11/30/2020 | 11/30/2026 |     | Containers, Packaging, & Glass | \$17,150,000                 | 16,908,205          | 13,977,250                | 5.07 %          |               |
| GP ABX Holdings Partnership, L.P. Partner Interests      |             | Equity                  |                                 |            | 8/8/2018   |     |                                | 644,737                      | 528,395             | -                         | 0.00 %          |               |
| <b>Total</b>   |             |                         |                                 |            |            |     |                                |                              | <u>\$17,436,600</u> | <u>\$13,977,250</u>       |                 | <u>5.07 %</u> |
| <b>AIP ATCO Buyer, LLC</b>                               | (9)         |                         |                                 |            |            |     | Sterling Heights, MI           |                              |                     |                           |                 |               |
| Term Loan  | (11)        | First Lien              | 6M SOFR+ 6.50 % 1.00 % 11.31 %  | 5/17/2022  | 5/17/2028  |     | Automotive                     | \$ 99,750                    | 97,906              | 99,251                    | 0.04 %          |               |
| Revolver   | (11)        | First Lien              | 1M SOFR+ 6.50 % 1.00 % 10.93 %  | 5/17/2022  | 5/17/2028  |     |                                | 50,000                       | 50,000              | 49,750                    | 0.02 %          |               |
| <b>Total</b>   |             |                         |                                 |            |            |     |                                |                              | <u>\$ 147,906</u>   | <u>\$ 149,001</u>         |                 | <u>0.06 %</u> |
| <b>Anne Lewis Strategies, LLC</b>                        | (9)         |                         |                                 |            |            |     | Washington, DC                 |                              |                     |                           |                 |               |
| Term Loan (SBIC II)                                      | (5)(11)     | First Lien              | 3M LIBOR+ 6.50 % 1.00 % 11.23 % | 3/5/2021   | 3/5/2026   |     | Services: Business             | \$10,493,750                 | 10,349,704          | 10,493,750                | 3.81 %          |               |
| Term Loan (SBIC II)                                      | (5)(11)     | First Lien              | 3M LIBOR+ 6.50 % 1.00 % 11.23 % | 4/15/2022  | 3/5/2026   |     |                                | 6,311,895                    | 6,206,222           | 6,311,895                 | 2.29 %          |               |
| SG AL Investment, LLC Common Units                       | (6)         | Equity                  |                                 |            | 3/5/2021   |     |                                | 1,000                        | 680,630             | 4,318,702                 | 1.57 %          |               |
| <b>Total</b>   |             |                         |                                 |            |            |     |                                |                              | <u>\$17,236,556</u> | <u>\$21,124,347</u>       |                 | <u>7.67 %</u> |
| <b>APE Holdings, LLC</b>                                 |             |                         |                                 |            |            |     | Deer Park, TX                  |                              |                     |                           |                 |               |
| Class A Units  |             | Equity                  |                                 |            | 9/5/2014   |     | Chemicals, Plastics, & Rubber  | 375,000                      | 375,000             | 29,209                    | 0.01 %          |               |
| <b>Total</b>   |             |                         |                                 |            |            |     |                                |                              | <u>\$ 375,000</u>   | <u>\$ 29,209</u>          |                 | <u>0.01 %</u> |
| <b>Atmosphere Aggregator Holdings II, L.P.</b>           |             |                         |                                 |            |            |     | Atlanta, GA                    |                              |                     |                           |                 |               |
| Common Units   |             | Equity                  |                                 |            | 1/26/2016  |     | Services: Business             | 254,250                      | -                   | 2,134,220                 | 0.77 %          |               |
| Stratose Aggregator Holdings, L.P. Common Units          |             | Equity                  |                                 |            | 6/30/2015  |     |                                | 750,000                      | -                   | 6,295,635                 | 2.28 %          |               |
| <b>Total</b>   |             |                         |                                 |            |            |     |                                |                              | <u>\$ 749,285</u>   | <u>\$ 8,429,855</u>       |                 | <u>3.05 %</u> |
| <b>ArborWorks Acquisition LLC</b>                        | (9)         |                         |                                 |            |            |     | Oakhurst, CA                   |                              |                     |                           |                 |               |
| Term Loan  | (11)        | First Lien              | 3M LIBOR+ 9.00 % 1.00 % 13.56 % | 11/23/2021 | 11/9/2026  |     | Environmental Industries       | \$14,662,500                 | 14,543,314          | 13,636,125                | 4.94 %          |               |
| Revolver   | (11)        | First Lien              | 3M LIBOR+ 9.00 % 1.00 % 13.41 % | 11/23/2021 | 11/9/2026  |     |                                | 2,307,692                    | 2,307,692           | 2,146,154                 | 0.78 %          |               |
| ArborWorks Holdings LLC Units                            |             | Equity                  |                                 |            | 12/29/2021 |     |                                | 115                          | 115,385             | -                         | 0.00 %          |               |
| <b>Total</b>   |             |                         |                                 |            |            |     |                                |                              | <u>\$16,966,391</u> | <u>\$15,782,279</u>       |                 | <u>5.72 %</u> |
| <b>Archer Systems, LLC</b>                               | (9)         |                         |                                 |            |            |     | Houston, TX                    |                              |                     |                           |                 |               |
| Term Loan  | (11)        | First Lien              | 1M SOFR+ 6.50 % 1.00 % 10.92 %  | 8/11/2022  | 8/11/2027  |     | Services: Business             | \$1,000,000                  | 981,305             | 985,000                   | 0.36 %          |               |
| CF Arch Holdings LLC Class A Units                       |             | Equity                  |                                 |            | 8/10/2022  |     |                                | 100,000                      | 100,000             | 106,221                   | 0.04 %          |               |
| <b>Total</b>   |             |                         |                                 |            |            |     |                                |                              | <u>\$ 1,081,305</u> | <u>\$ 1,091,221</u>       |                 | <u>0.40 %</u> |
| <b>Axis Portable Air, LLC</b>                            | (9)         |                         |                                 |            |            |     | Phoenix, AZ                    |                              |                     |                           |                 |               |
| Term Loan (SBIC II)                                      | (5)(11)     | First Lien              | 3M SOFR+ 5.75 % 1.00 % 10.48 %  | 3/22/2022  | 3/22/2028  |     | Capital Equipment              | \$12,000,000                 | 11,784,686          | 11,940,000                | 4.33 %          |               |
| Delayed Draw Term Loan                                   | (11)        | First Lien              | 3M SOFR+ 5.75 % 1.00 % 10.48 %  | 3/22/2022  | 3/22/2028  |     |                                | \$ 100,000                   | 99,050              | 99,500                    | 0.04 %          |               |
| Axis Air Parent, LLC Preferred Units                     |             | Equity                  |                                 |            | 3/22/2022  |     |                                | 4,436                        | 443,636             | 686,447                   | 0.25 %          |               |
| <b>Total</b>   |             |                         |                                 |            |            |     |                                |                              | <u>\$12,327,372</u> | <u>\$12,725,947</u>       |                 | <u>4.62 %</u> |
| <b>Baker Manufacturing Company, LLC</b>                  |             |                         |                                 |            |            |     | Evansville, IN                 |                              |                     |                           |                 |               |
| Term Loan (SBIC II)                                      | (5)(10)(12) | First Lien              | 3M SOFR+ 5.25 % 1.00 % 10.75 %  | 7/5/2022   | 7/5/2027   |     | Capital Equipment              | \$13,863,087                 | 13,602,312          | 13,655,141                | 4.95 %          |               |
| BSC Blue Water Holdings, LLC Series A Units (SBIC II)    | (5)         | Equity                  |                                 |            | 7/5/2022   |     |                                | 743,770                      | 743,770             | 590,291                   | 0.21 %          |               |
| <b>Total</b>   |             |                         |                                 |            |            |     |                                |                              | <u>\$14,346,082</u> | <u>\$14,245,432</u>       |                 | <u>5.16 %</u> |

**Stellus Capital Investment Corporation**  
**Consolidated Schedule of Investments**  
**December 31, 2022**

| Investments  | Footnotes | Security <sup>(2)</sup> | Investment              |         |      |     |            | Headquarters/Industry | Principal             |                |                           | % of Assets |        |
|--|-----------|-------------------------|-------------------------|---------|------|-----|------------|-----------------------|-----------------------|----------------|---------------------------|-------------|--------|
|  |           |                         | Coupon                  | Floor   | Cash | PIK | Date       |                       | Shares <sup>(3)</sup> | Amortized Cost | Fair Value <sup>(1)</sup> | Net         |        |
| <b>BDS Solutions Intermediateco, LLC</b>                       |           |                         |                         |         |      |     |            |                       |                       |                |                           |             |        |
| Term Loan (SBIC)   | (4)(11)   | First Lien              | 3M SOFR+ 6.25 % 1.00 %  | 10.71 % |      |     | 2/24/2022  | 2/7/2027              |                       |                |                           |             |        |
| Revolver   | (11)      | First Lien              | 3M SOFR+ 6.25 % 1.00 %  | 10.55 % |      |     | 2/24/2022  | 2/7/2027              |                       | 30,065         | 30,065                    | 29,614      | 0.01 % |
| Total  |           |                         |                         |         |      |     |            |                       |                       |                |                           |             |        |
| <b>BLP Buyer, Inc.</b>   |           |                         |                         |         |      |     |            |                       |                       |                |                           |             |        |
| Term Loan  | (11)      | First Lien              | 3M SOFR+ 6.25 % 1.00 %  | 10.49 % |      |     | 2/1/2022   | 2/1/2027              |                       |                |                           |             |        |
| Revolver   | (11)      | First Lien              | 1M SOFR+ 6.25 % 1.00 %  | 10.67 % |      |     | 2/1/2022   | 2/1/2027              |                       |                |                           |             |        |
| BL Products Parent, L.P. Class A Units                         |           | Equity                  |                         |         |      |     |            | 2/1/2022              |                       |                |                           |             |        |
| Total  |           |                         |                         |         |      |     |            |                       |                       |                |                           |             |        |
| <b>Café Valley, Inc.</b>                                       |           |                         |                         |         |      |     |            |                       |                       |                |                           |             |        |
| Term Loan  | (11)      | First Lien              | 3M SOFR+ 7.24 % 2.00 %  | 11.82 % |      |     | 8/28/2019  | 8/28/2024             |                       |                |                           |             |        |
| CF Topco LLC Units   |           | Equity                  |                         |         |      |     | 8/28/2019  |                       |                       |                |                           |             |        |
| Total  |           |                         |                         |         |      |     |            |                       |                       |                |                           |             |        |
| <b>Camp Profiles LLC</b>                                       |           |                         |                         |         |      |     |            |                       |                       |                |                           |             |        |
| Term Loan (SBIC)   | (4)(11)   | First Lien              | 3M LIBOR+ 5.25 % 1.00 % | 9.98 %  |      |     | 9/3/2021   | 9/3/2026              |                       |                |                           |             |        |
| CIVC VI-A 829 Blocker, LLC Units                               |           | Equity                  |                         |         |      |     | 9/3/2021   |                       |                       |                |                           |             |        |
| Total  |           |                         |                         |         |      |     |            |                       |                       |                |                           |             |        |
| <b>CEATI International Inc.</b>                                |           |                         |                         |         |      |     |            |                       |                       |                |                           |             |        |
| Term Loan  | (11)      | First Lien              | 3M LIBOR+ 6.50 % 1.00 % | 11.23 % |      |     | 2/19/2021  | 2/19/2026             |                       |                |                           |             |        |
| CEATI Holdings, LP Class A Units                               |           | Equity                  |                         |         |      |     | 2/19/2021  |                       |                       |                |                           |             |        |
| Total  |           |                         |                         |         |      |     |            |                       |                       |                |                           |             |        |
| <b>CF512, Inc.</b>   |           |                         |                         |         |      |     |            |                       |                       |                |                           |             |        |
| Term Loan (SBIC)   | (4)(11)   | First Lien              | 3M LIBOR+ 6.00 % 1.00 % | 10.76 % |      |     | 9/1/2021   | 9/1/2026              |                       |                |                           |             |        |
| Delayed Draw Term Loan   | (11)      | First Lien              | 3M LIBOR+ 6.00 % 1.00 % | 10.73 % |      |     | 9/1/2021   | 9/1/2026              |                       |                |                           |             |        |
| StellPen Holdings, LLC Membership Interests                    |           | Equity                  |                         |         |      |     | 9/1/2021   |                       |                       |                |                           |             |        |
| Total  |           |                         |                         |         |      |     |            |                       |                       |                |                           |             |        |
| <b>CompleteCase, LLC</b>                                       |           |                         |                         |         |      |     |            |                       |                       |                |                           |             |        |
| Term Loan (SBIC II)  | (5)(11)   | First Lien              | 3M LIBOR+ 6.50 % 1.00 % | 11.23 % |      |     | 12/21/2020 | 12/21/2025            |                       |                |                           |             |        |
| Revolver A   | (11)      | First Lien              | 3M LIBOR+ 6.50 % 1.00 % | 11.23 % |      |     | 12/21/2020 | 12/21/2025            |                       |                |                           |             |        |
| CompleteCase Holdings, Inc. Class A Common Stock (SBIC II)     | (5)       | Equity                  |                         |         |      |     | 12/21/2020 |                       |                       |                |                           |             |        |
| CompleteCase Holdings, Inc. Series A Preferred Stock (SBIC II) | (5)       | Equity                  |                         |         |      |     | 12/21/2020 |                       |                       |                |                           |             |        |
| Total  |           |                         |                         |         |      |     |            |                       |                       |                |                           |             |        |
| <b>COPilot Provider Support Services, LLC</b>                  |           |                         |                         |         |      |     |            |                       |                       |                |                           |             |        |
| Term Loan  | (11)      | First Lien              | 3M SOFR+ 6.50 % 2.00 %  | 11.23 % |      |     | 11/22/2022 | 11/22/2027            |                       |                |                           |             |        |
| QHP Project Captivate Blocker, Inc. Common Stock               |           | Equity                  |                         |         |      |     | 11/22/2022 |                       |                       |                |                           |             |        |
| Total  |           |                         |                         |         |      |     |            |                       |                       |                |                           |             |        |
| <b>Credit Connection, LLC</b>                                  |           |                         |                         |         |      |     |            |                       |                       |                |                           |             |        |
| Term Loan (SBIC II)  | (5)(11)   | First Lien              | 3M LIBOR+ 5.75 % 1.00 % | 10.48 % |      |     | 7/30/2021  | 7/30/2026             |                       |                |                           |             |        |
| Term Loan (SBIC II)  | (5)(11)   | First Lien              | 3M LIBOR+ 5.75 % 1.00 % | 10.48 % |      |     | 3/31/2022  | 7/30/2026             |                       |                |                           |             |        |
| Series A Units   |           | Equity                  |                         |         |      |     | 7/30/2021  |                       |                       |                |                           |             |        |
| Total  |           |                         |                         |         |      |     |            |                       |                       |                |                           |             |        |
| <b>Curion Holdings, LLC</b>                                    |           |                         |                         |         |      |     |            |                       |                       |                |                           |             |        |
| Term Loan (SBIC II)  | (5)(11)   | First Lien              | 3M SOFR+ 6.25 % 1.00 %  | 10.98 % |      |     | 7/29/2022  | 7/29/2027             |                       |                |                           |             |        |
| Revolver   | (11)      | First Lien              | 3M SOFR+ 6.25 % 1.00 %  | 10.98 % |      |     | 7/29/2022  | 7/29/2027             |                       |                |                           |             |        |
| SP CS Holdings LLC Class A Units                               |           | Equity                  |                         |         |      |     | 7/29/2022  |                       |                       |                |                           |             |        |
| Total  |           |                         |                         |         |      |     |            |                       |                       |                |                           |             |        |
| <b>Data Centrum Communications, Inc.</b>                       |           |                         |                         |         |      |     |            |                       |                       |                |                           |             |        |
| Term Loan B  | (11)      | First Lien              | 3M SOFR+ 8.50 % 1.00 %  | 13.29 % |      |     | 5/15/2019  | 5/15/2024             |                       |                |                           |             |        |
| Health Monitor Holdings, LLC Series A Preferred Units          |           | Equity                  |                         |         |      |     | 5/15/2019  |                       |                       |                |                           |             |        |
| Total  |           |                         |                         |         |      |     |            |                       |                       |                |                           |             |        |

**Stellus Capital Investment Corporation**  
**Consolidated Schedule of Investments**  
**December 31, 2022**

| Investments                              | Footnotes | Security <sup>(2)</sup> | Investment       |        |         |        |            | Headquarters/Industry         | Principal                     |               |               | % of Assets               |         |        |
|--|-----------|-------------------------|------------------|--------|---------|--------|------------|-------------------------------|-------------------------------|---------------|---------------|---------------------------|---------|--------|
|  |           |                         | Coupon           | Floor  | Cash    | PIK    | Date       |                               | Shares <sup>(3)</sup>         | Amount/ Cost  | Amortized     | Fair Value <sup>(1)</sup> | Net     |        |
| <b>Douglas Products Group, LP</b>        |           |                         |                  |        |         |        |            | Liberty, MO                   |                               |               |               |                           |         |        |
| Partnership Interests                    | (6)       | Equity                  |                  |        |         |        | 12/27/2018 | Chemicals, Plastics, & Rubber | 322                           | -             | 695,072       | 695,072                   | 0.25 %  |        |
| <b>Total</b>                             |           |                         |                  |        |         |        |            |                               |                               | \$ -          | \$ 695,072    | \$ 695,072                | 0.25 %  |        |
| <b>Dresser Utility Solutions, LLC</b>    |           |                         |                  |        |         |        |            | Bradford, PA                  |                               |               |               |                           |         |        |
| Term Loan (SBIC)                         | (4)(11)   | Second Lien             | 1M LIBOR+ 8.50 % | 1.00 % | 12.88 % |        | 10/1/2018  | 4/1/2026                      | Utilities: Oil & Gas          | \$10,000,000  | 9,921,469     | 9,800,000                 | 3.55 %  |        |
| <b>Total</b>                             |           |                         |                  |        |         |        |            |                               |                               | \$ 9,921,469  | \$ 9,800,000  | \$ 9,800,000              | 3.55 %  |        |
| <b>DRS Holdings III, Inc.</b>            | (9)       |                         |                  |        |         |        |            | St. Louis, MO                 |                               |               |               |                           |         |        |
| Term Loan                                | (11)      | First Lien              | 1M LIBOR+ 5.75 % | 1.00 % | 10.13 % |        | 11/1/2019  | 11/1/2025                     | Consumer Goods: Durable       | \$ 9,190,990  | 9,142,111     | 8,961,215                 | 3.25 %  |        |
| <b>Total</b>                             |           |                         |                  |        |         |        |            |                               |                               | \$ 9,142,111  | \$ 8,961,215  | \$ 8,961,215              | 3.25 %  |        |
| <b>DTE Enterprises, LLC</b>              | (9)       |                         |                  |        |         |        |            | Roselle, IL                   |                               |               |               |                           |         |        |
| Term Loan                                | (11)      | First Lien              | 3M LIBOR+ 7.50 % | 1.50 % | 12.24 % |        | 4/13/2018  | 4/13/2023                     | Energy: Oil & Gas             | \$ 6,134,219  | 6,124,342     | 6,134,219                 | 2.22 %  |        |
| DTE Holding Company, LLC Class A-2 Units |           | Equity                  |                  |        |         |        | 4/13/2018  |                               |                               | 776,316       | 466,204       | 706,459                   | 0.26 %  |        |
| DTE Holding Company, LLC Class AA Units  |           | Equity                  |                  |        |         |        | 4/13/2018  |                               |                               | 723,684       | 723,684       | 514,396                   | 0.19 %  |        |
| <b>Total</b>                             |           |                         |                  |        |         |        |            |                               |                               | \$ 7,314,230  | \$ 7,355,074  | \$ 7,355,074              | 2.67 %  |        |
| <b>EH Real Estate Services, LLC</b>      |           |                         |                  |        |         |        |            | Skokie, IL                    |                               |               |               |                           |         |        |
| Term Loan (SBIC)                         | (4)       | First Lien              | 10.00%           |        | 10.00 % |        | 9/3/2021   | 9/3/2026                      | FIRE: Real Estate             | \$ 7,874,359  | 7,750,451     | 5,866,397                 | 2.13 %  |        |
| EH Holdco, LLC Series A Preferred Units  |           | Equity                  |                  |        |         |        | 9/3/2021   |                               |                               | 7,892         | 7,891,642     | -                         | 0.00 %  |        |
| <b>Total</b>                             |           |                         |                  |        |         |        |            |                               |                               | \$ 15,642,093 | \$ 5,866,397  | \$ 5,866,397              | 2.13 %  |        |
| <b>Elliott Aviation, LLC</b>             |           |                         |                  |        |         |        |            | Moline, IL                    |                               |               |               |                           |         |        |
| Term Loan                                | (11)      | First Lien              | 1M LIBOR+ 8.00 % | 2.00 % | 10.38 % | 2.00 % | 1/31/2020  | 1/31/2025                     | Aerospace & Defense           | \$ 10,010,654 | 9,920,657     | 8,959,535                 | 3.25 %  |        |
| Revolver                                 | (11)      | First Lien              | 1M LIBOR+ 8.00 % | 2.00 % | 10.38 % | 2.00 % | 1/31/2020  | 1/31/2025                     |                               | 1,382,146     | 1,382,146     | 1,237,021                 | 0.45 %  |        |
| SP EA Holdings LLC Class A Units         |           | Equity                  |                  |        |         |        | 1/31/2020  |                               |                               | 900,000       | 900,000       | 146,541                   | 0.05 %  |        |
| <b>Total</b>                             |           |                         |                  |        |         |        |            |                               |                               | \$ 12,202,803 | \$ 10,343,097 | \$ 10,343,097             | 3.75 %  |        |
| <b>EOS Fitness Holdings, LLC</b>         |           |                         |                  |        |         |        |            | Phoenix, AZ                   |                               |               |               |                           |         |        |
| Class A Preferred Units                  |           | Equity                  |                  |        |         |        | 12/30/2014 |                               | Hotel, Gaming, & Leisure      | 118           | -             | 232,320                   | 232,320 | 0.08 % |
| Class B Common Units                     |           | Equity                  |                  |        |         |        | 12/30/2014 |                               |                               | 3,017         | -             | 567,579                   | 567,579 | 0.21 % |
| <b>Total</b>                             |           |                         |                  |        |         |        |            |                               |                               | \$ -          | \$ 799,899    | \$ 799,899                | 0.29 %  |        |
| <b>Exacta Land Surveyors, LLC</b>        | (9)       |                         |                  |        |         |        |            | Cleveland, OH                 |                               |               |               |                           |         |        |
| Term Loan (SBIC)                         | (4)(11)   | First Lien              | 3M LIBOR+ 5.75 % | 1.50 % | 10.48 % |        | 2/8/2019   | 2/8/2024                      | Services: Business            | \$ 16,374,375 | 16,286,433    | 16,128,760                | 5.86 %  |        |
| Term Loan (SBIC)                         | (4)(11)   | First Lien              | 3M LIBOR+ 5.75 % | 1.00 % | 10.48 % |        | 7/15/2022  | 2/8/2024                      |                               | \$ 995,000    | 980,742       | 980,075                   | 0.36 %  |        |
| SP ELS Holdings LLC Class A Units        |           | Equity                  |                  |        |         |        | 2/8/2019   |                               |                               | 1,122,250     | 1,122,250     | 969,726                   | 0.35 %  |        |
| <b>Total</b>                             |           |                         |                  |        |         |        |            |                               |                               | \$ 18,389,425 | \$ 18,078,561 | \$ 18,078,561             | 6.57 %  |        |
| <b>Exigo, LLC</b>                        | (9)       |                         |                  |        |         |        |            | Dallas, TX                    |                               |               |               |                           |         |        |
| Term Loan                                | (11)      | First Lien              | 1M LIBOR+ 5.75 % | 1.00 % | 10.13 % |        | 3/16/2022  | 3/16/2027                     | Software                      | \$ 8,992,885  | 8,875,308     | 8,857,992                 | 3.21 %  |        |
| Revolver                                 | (11)      | First Lien              | 1M LIBOR+ 5.75 % | 1.00 % | 10.13 % |        | 3/16/2022  | 3/16/2027                     |                               | 20,000        | 20,000        | 19,700                    | 0.01 %  |        |
| Gauge Exigo Coinvest, LLC Common Units   |           | Equity                  |                  |        |         |        | 3/16/2022  |                               |                               | 377,535       | 377,535       | 341,050                   | 0.12 %  |        |
| <b>Total</b>                             |           |                         |                  |        |         |        |            |                               |                               | \$ 9,272,843  | \$ 9,218,742  | \$ 9,218,742              | 3.34 %  |        |
| <b>Florachem Corporation</b>             | (9)       |                         |                  |        |         |        |            | Jacksonville, FL              |                               |               |               |                           |         |        |
| Term Loan (SBIC)                         | (4)(11)   | First Lien              | 3M LIBOR+ 6.50 % | 1.00 % | 11.23 % |        | 4/29/2022  | 4/29/2028                     | Chemicals, Plastics, & Rubber | \$ 9,950,000  | 9,768,170     | 9,751,000                 | 3.54 %  |        |
| SK FC Holdings, L.P. Class A Units       |           | Equity                  |                  |        |         |        | 4/29/2022  |                               |                               | 362           | 362,434       | 365,198                   | 0.13 %  |        |
| <b>Total</b>                             |           |                         |                  |        |         |        |            |                               |                               | \$ 10,130,604 | \$ 10,116,198 | \$ 10,116,198             | 3.67 %  |        |
| <b>General LED OPCO, LLC</b>             |           |                         |                  |        |         |        |            | San Antonio, TX               |                               |               |               |                           |         |        |
| Term Loan                                | (11)(14)  | Second Lien             | 3M LIBOR+ 9.00 % | 1.50 % | - %     |        | 5/1/2018   | 3/31/2026                     | Services: Business            | \$ 4,500,000  | 4,462,793     | 4,140,000                 | 1.50 %  |        |
| <b>Total</b>                             |           |                         |                  |        |         |        |            |                               |                               | \$ 4,462,793  | \$ 4,140,000  | \$ 4,140,000              | 1.50 %  |        |
| <b>GS HVAM Intermediate, LLC</b>         | (9)       |                         |                  |        |         |        |            | Carlsbad, CA                  |                               |               |               |                           |         |        |
| Term Loan                                | (11)      | First Lien              | 3M LIBOR+ 6.50 % | 1.00 % | 11.24 % |        | 10/18/2019 | 10/2/2024                     | Beverage, Food, & Tobacco     | \$ 12,523,234 | 12,472,183    | 12,398,002                | 4.50 %  |        |
| Revolver                                 | (11)      | First Lien              | 3M LIBOR+ 6.50 % | 1.00 % | 11.24 % |        | 10/18/2019 | 10/2/2024                     |                               | 2,539,470     | 2,539,470     | 2,514,075                 | 0.91 %  |        |
| HV GS Acquisition, LP Class A Interests  |           | Equity                  |                  |        |         |        | 10/2/2019  |                               |                               | 2,144         | 1,967,133     | 1,455,955                 | 0.53 %  |        |
| <b>Total</b>                             |           |                         |                  |        |         |        |            |                               |                               | \$ 16,978,786 | \$ 16,368,032 | \$ 16,368,032             | 5.94 %  |        |

**Stellus Capital Investment Corporation**  
**Consolidated Schedule of Investments**  
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| Investments                                      | Footnotes | Security <sup>(2)</sup> | Investment              |         |      |     |            | Headquarters/     | Principal             |   |               | % of                |                            |
|--|-----------|-------------------------|-------------------------|---------|------|-----|------------|-------------------|-----------------------|---|---------------|---------------------|----------------------------|
|  |           |                         | Coupon                  | Floor   | Cash | PIK | Date       |                   | Shares <sup>(3)</sup> | Amount/                                   | Amortized     | Fair                | Net                        |
| <b>Heartland Business Systems, LLC</b>           | (9)       |                         |                         |         |      |     |            | Little Chute, WI  |                       |   |               |                     |                            |
| Term Loan (SBIC II)                              | (5)(11)   | First Lien              | 3M SOFR+ 6.25 % 1.00 %  | 10.79 % |      |     | 8/26/2022  | 8/26/2027         |                       | Services: Business                        | \$ 9,975,000  | 9,785,984           | 9,825,375 3.56 %           |
| Delayed Draw Term Loan                           | (11)      | First Lien              | 3M SOFR+ 6.25 % 1.00 %  | 10.91 % |      |     | 8/26/2022  | 8/26/2027         |                       |   | 25,000        | 24,753              | 24,625 0.01 %              |
| AMCO HBS Holdings, LP Class A Units              |           | Equity                  |                         |         |      |     |            |                   |                       |   | 2,861         | 286,065             | 444,511 0.16 %             |
| <b>Total</b>                                     |           |                         |                         |         |      |     |            |                   |                       |   |               | <u>\$10,096,802</u> | <u>\$10,294,511</u> 3.73 % |
| <b>Heat Makes Sense Shared Services, LLC</b>     | (9)       |                         |                         |         |      |     |            | Brooklyn, NY      |                       |   |               |                     |                            |
| Term Loan  | (11)      | First Lien              | 6M SOFR+ 5.50 % 0.75 %  | 9.63 %  |      |     | 7/1/2022   | 7/1/2029          |                       | Consumer Goods: Non-Durable               | \$ 99,750     | 97,814              | 98,254 0.04 %              |
| Revolver   | (11)      | First Lien              | 6M SOFR+ 5.50 % 0.75 %  | 10.37 % |      |     | 7/1/2022   | 7/1/2028          |                       |   | 20,000        | 20,000              | 19,700 0.01 %              |
| Ishtar Co-Invest-B LP Partnership Interests      |           | Equity                  |                         |         |      |     |            |                   |                       |   | 77,778        | 77,778              | 88,684 0.03 %              |
| Oshun Co-Invest-B LP Partnership Interests       |           | Equity                  |                         |         |      |     |            |                   |                       |   | 22,222        | 22,222              | 25,338 0.01 %              |
| <b>Total</b>                                     |           |                         |                         |         |      |     |            |                   |                       |   |               | <u>\$ 217,814</u>   | <u>\$ 231,976</u> 0.09 %   |
| <b>HV Watterson Holdings, LLC</b>                | (9)       |                         |                         |         |      |     |            | Schaumburg, IL    |                       |   |               |                     |                            |
| Term Loan  | (11)      | First Lien              | 3M LIBOR+ 6.25 % 1.00 % | 10.98 % |      |     | 12/17/2021 | 12/17/2026        |                       | Services: Business                        | \$ 13,302,236 | 13,081,774          | 12,903,169 4.68 %          |
| Revolver   | (11)      | First Lien              | 3M LIBOR+ 6.25 % 1.00 % | 10.98 % |      |     | 12/17/2021 | 12/17/2026        |                       |   | 16,000        | 16,000              | 15,520 0.01 %              |
| Delayed Draw Term Loan                           | (11)      | First Lien              | 3M LIBOR+ 6.25 % 1.00 % | 10.98 % |      |     | 12/17/2021 | 12/17/2026        |                       |   | 323,108       | 320,082             | 313,415 0.11 %             |
| HV Acquisition VI, LLC Class A Units             |           | Equity                  |                         |         |      |     |            |                   |                       |   | 1,632         | 1,631,591           | 1,374,844 0.50 %           |
| <b>Total</b>                                     |           |                         |                         |         |      |     |            |                   |                       |   |               | <u>\$15,049,447</u> | <u>\$14,606,948</u> 5.30 % |
| <b>I2P Holdings, LLC</b>                         |           |                         |                         |         |      |     |            | Cleveland, OH     |                       |   |               |                     |                            |
| Series A Preferred Units                         | (6)       | Equity                  |                         |         |      |     |            |                   |                       |   | 750,000       | -                   | 3,238,328 1.17 %           |
| <b>Total</b>                                     |           |                         |                         |         |      |     |            |                   |                       |   |               | <u>\$ -</u>         | <u>\$ 3,238,328</u> 1.17 % |
| <b>ICD Holdings, LLC</b>                         | (7)       |                         |                         |         |      |     |            | San Francisco, CA |                       |   |               |                     |                            |
| Class A Units                                    |           | Equity                  |                         |         |      |     |            |                   |                       |   | 9,962         | 464,619             | 1,033,332 0.37 %           |
| <b>Total</b>                                     |           |                         |                         |         |      |     |            |                   |                       |   |               | <u>\$ 464,619</u>   | <u>\$ 1,033,332</u> 0.37 % |
| <b>Infolinks Media Buyco, LLC</b>                | (9)       |                         |                         |         |      |     |            | Ridgewood, NJ     |                       |   |               |                     |                            |
| Term Loan (SBIC II)                              | (5)(11)   | First Lien              | 3M LIBOR+ 5.50 % 1.00 % | 10.23 % |      |     | 11/1/2021  | 11/1/2026         |                       | Media: Advertising, Printing & Publishing | \$ 8,439,750  | 8,304,246           | 8,439,750 3.06 %           |
| Tower Arch Infolinks Media, LP LP Interests      | (6)(17)   | Equity                  |                         |         |      |     |            |                   |                       |   | 447,183       | 429,507             | 796,939 0.29 %             |
| <b>Total</b>                                     |           |                         |                         |         |      |     |            |                   |                       |   |               | <u>\$ 8,733,753</u> | <u>\$ 9,236,689</u> 3.35 % |
| <b>Inoapps Bidco, LLC</b>                        | (9)       |                         |                         |         |      |     |            | Houston, TX       |                       |   |               |                     |                            |
| Term Loan B                                      | (11)      | First Lien              | 3M SONIA+ 5.75 % 1.00 % | 9.09 %  |      |     | 2/15/2022  | 2/15/2027         |                       | High Tech Industries                      | £ 9,950,000   | \$13,260,842        | \$11,801,635 4.28 %        |
| Delayed Draw Term Loan                           | (11)      | First Lien              | 3M LIBOR+ 5.75 % 1.00 % | 10.19 % |      |     | 2/15/2022  | 2/15/2027         |                       |   | \$ 83,125     | 82,356              | 81,463 0.03 %              |
| Inoapps Holdings, LLC Series A-1 Preferred Units |           | Equity                  |                         |         |      |     |            |                   |                       |   | 739,844       | 783,756             | 765,249 0.28 %             |
| <b>Total</b>                                     |           |                         |                         |         |      |     |            |                   |                       |   |               | <u>\$14,126,954</u> | <u>\$12,648,347</u> 4.59 % |
| <b>Integrated Oncology Network, LLC</b>          | (9)       |                         |                         |         |      |     |            | Newport Beach, CA |                       |   |               |                     |                            |
| Term Loan  | (11)      | First Lien              | 3M SOFR+ 6.00 % 1.00 %  | 9.71 %  |      |     | 7/17/2019  | 6/24/2025         |                       | Healthcare & Pharmaceuticals              | \$ 15,832,478 | 15,724,809          | 15,357,505 5.58 %          |
| Term Loan  | (11)      | First Lien              | 3M SOFR+ 6.00 % 1.00 %  | 9.71 %  |      |     | 11/1/2021  | 6/24/2025         |                       |   | 1,095,930     | 1,083,042           | 1,063,052 0.39 %           |
| <b>Total</b>                                     |           |                         |                         |         |      |     |            |                   |                       |   |               | <u>\$16,807,851</u> | <u>\$16,420,557</u> 5.97 % |
| <b>International Designs Holdings LLC</b>        |           |                         |                         |         |      |     |            | Farmingville, NY  |                       |   |               |                     |                            |
| Common Units                                     |           | Equity                  |                         |         |      |     |            |                   |                       |   | 200,000       | 200,000             | 195,412 0.07 %             |
| <b>Total</b>                                     |           |                         |                         |         |      |     |            |                   |                       |   |               | <u>\$ 200,000</u>   | <u>\$ 195,412</u> 0.07 %   |
| <b>Interstate Waste Services, Inc.</b>           |           |                         |                         |         |      |     |            | Amsterdam, OH     |                       |   |               |                     |                            |
| Common Stock                                     |           | Equity                  |                         |         |      |     |            |                   |                       |   | 21,925        | 946,125             | 615,657 0.22 %             |
| <b>Total</b>                                     |           |                         |                         |         |      |     |            |                   |                       |   |               | <u>\$ 946,125</u>   | <u>\$ 615,657</u> 0.22 %   |
| <b>Intuitive Health, LLC</b>                     |           |                         |                         |         |      |     |            | Plano, TX         |                       |   |               |                     |                            |
| Term Loan (SBIC II)                              | (5)(11)   | First Lien              | 3M LIBOR+ 5.50 % 1.00 % | 10.23 % |      |     | 10/18/2019 | 10/18/2027        |                       | Healthcare & Pharmaceuticals              | \$ 5,835,000  | 5,769,877           | 5,835,000 2.12 %           |
| Term Loan  | (11)      | First Lien              | 3M LIBOR+ 5.50 % 1.00 % | 10.23 % |      |     | 10/18/2019 | 10/18/2027        |                       |   | 8,206,709     | 8,115,519           | 8,206,709 2.98 %           |
| Term Loan (SBIC II)                              | (5)(11)   | First Lien              | 3M LIBOR+ 5.50 % 1.00 % | 10.23 % |      |     | 8/31/2021  | 10/18/2027        |                       |   | 3,073,431     | 3,035,678           | 3,073,431 1.11 %           |
| Legacy Parent, Inc. Class A Common Stock         |           | Equity                  |                         |         |      |     |            |                   |                       |   | 58            | -                   | 191,375 0.07 %             |
| <b>Total</b>                                     |           |                         |                         |         |      |     |            |                   |                       |   |               | <u>\$16,921,074</u> | <u>\$17,306,515</u> 6.28 % |

**Stellus Capital Investment Corporation**  
**Consolidated Schedule of Investments**  
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| Investments   | Footnotes   | Security <sup>(2)</sup> | Coupon                         | Floor     | Cash          | PIK        | Investment |          | Headquarters/<br>Industry          | Principal<br>Amount/<br>Shares <sup>(3)</sup> | Amortized<br>Cost | Fair<br>Value <sup>(1)</sup> | % of<br>Net<br>Assets |
|---|-------------|-------------------------|--------------------------------|-----------|---------------|------------|------------|----------|------------------------------------|---|-------------------|------------------------------|-----------------------|
|   |             |                         |                                |           |               |            | Date       | Maturity |                                    |   |                   |                              |                       |
| <b>Invincible Boat Company LLC</b>                    | (9)         |                         |                                |           |               |            |            |          | Opa Locka, FL                      |   |                   |                              |                       |
| Term Loan   | (11)        | First Lien              | 3M LIBOR+ 6.50 % 1.50 % 11.23% |           | 8/28/2019     | 8/28/2025  |            |          | Consumer Goods: Durable            | \$ 5,381,042                                  | 5,294,704         | 5,219,611                    | 1.89 %                |
| Term Loan (SBIC II)                                   | (5)(11)     | First Lien              | 3M LIBOR+ 6.50 % 1.50 % 11.23% |           | 8/28/2019     | 8/28/2025  |            |          |                                    | 4,967,116                                     | 4,916,760         | 4,818,103                    | 1.75 %                |
| Term Loan (SBIC II)                                   | (5)(11)     | First Lien              | 3M LIBOR+ 6.50 % 1.50 % 11.23% |           | 6/1/2021      | 8/28/2025  |            |          |                                    | 1,104,255                                     | 1,089,478         | 1,071,127                    | 0.39 %                |
| Revolver  | (11)        | First Lien              | 3M LIBOR+ 6.50 % 1.50 % 11.23% |           | 8/28/2019     | 8/28/2025  |            |          |                                    | 319,149                                       | 319,149           | 309,575                      | 0.11 %                |
| Warbird Parent Holdco, LLC                            |             | Class A Units           | Equity                         |           | 8/28/2019     |            |            |          |                                    | 1,362,575                                     | 1,299,691         | 733,149                      | 0.27 %                |
| <b>Total</b>  |             |                         |                                |           |               |            |            |          |                                    |   | \$12,919,782      | \$12,151,565                 | 4.41 %                |
| <b>J.R. Watkins, LLC</b>                              |             |                         |                                |           |               |            |            |          | San Francisco                      |   |                   |                              |                       |
| Term Loan (SBIC)                                      | (4)         | First Lien              | 12.00%                         |           | 7.00 % 5.00 % | 12/22/2017 | 3/31/2024  |          | Consumer Goods: Non-Durable        | \$12,764,441                                  | 12,764,441        | 11,168,886                   | 4.05 %                |
| J.R. Watkins Holdings, Inc.                           |             | Class A Preferred Stock | Equity                         |           | 12/22/2017    |            |            |          |                                    | 1,133   | 1,132,576         | 149,640                      | 0.05 %                |
| <b>Total</b>  |             |                         |                                |           |               |            |            |          |                                    |   | \$13,897,017      | \$11,318,526                 | 4.10 %                |
| <b>Jurassic Acquisition Corp.</b>                     |             |                         |                                |           |               |            |            |          | Sparks, MD                         |   |                   |                              |                       |
| Term Loan   | (11)        | First Lien              | 1M SOFR+ 5.50 % - % 9.92 %     |           | 12/28/2018    | 11/15/2024 |            |          | Metals & Mining                    | \$16,800,000                                  | 16,708,750        | 16,464,001                   | 5.98 %                |
| <b>Total</b>  |             |                         |                                |           |               |            |            |          |                                    |   | \$16,708,750      | \$16,464,001                 | 5.98 %                |
| <b>Kelleyamerit Holdings, Inc.</b>                    |             |                         |                                |           |               |            |            |          | Walnut Creek, CA                   |   |                   |                              |                       |
| Term Loan (SBIC)                                      | (4)(10)(12) | First Lien              | 1M BSBY+ 6.75 % 1.00 % 12.36%  |           | 12/24/2020    | 12/24/2025 |            |          | Automotive                         | \$ 9,750,000                                  | 9,624,052         | 9,701,250                    | 3.52 %                |
| Term Loan   | (10)(12)    | First Lien              | 1M BSBY+ 6.75 % 1.00 % 12.36%  |           | 12/24/2020    | 12/24/2025 |            |          |                                    | 1,500,000                                     | 1,480,623         | 1,492,500                    | 0.54 %                |
| <b>Total</b>  |             |                         |                                |           |               |            |            |          |                                    |   | \$11,104,675      | \$11,193,750                 | 4.06 %                |
| <b>KidKraft, Inc.</b>                                 |             |                         |                                |           |               |            |            |          | Dallas, TX                         |   |                   |                              |                       |
| Term Loan   | (10)(12)    | First Lien              | 3M LIBOR+ 6.00 % 1.00 % 10.72% |           | 4/3/2020      | 6/30/2023  |            |          | Consumer Goods: Durable            | \$ 1,580,768                                  | 1,580,768         | 1,580,768                    | 0.57 %                |
| KidKraft Group Holdings, LLC                          |             | Preferred B Units       | Equity                         |           | 4/3/2020      |            |            |          |                                    | 4,000,000                                     | 4,000,000         | 4,000,000                    | 1.45 %                |
| <b>Total</b>  |             |                         |                                |           |               |            |            |          |                                    |   | \$ 5,580,768      | \$ 5,580,768                 | 2.02 %                |
| <b>Ledge Lounger, Inc.</b>                            | (9)         |                         |                                |           |               |            |            |          | Katy, TX                           |   |                   |                              |                       |
| Term Loan A (SBIC)                                    | (4)(11)     | First Lien              | 3M SOFR+ 6.25 % 1.00 % 10.98%  |           | 11/9/2021     | 11/9/2026  |            |          | Consumer Goods: Durable            | \$ 7,568,289                                  | 7,446,619         | 7,416,923                    | 2.69 %                |
| Revolver  | (11)        | First Lien              | 3M SOFR+ 6.25 % 1.00 % 10.98%  |           | 11/9/2021     | 11/9/2026  |            |          |                                    | 33,333  | 33,333            | 32,666                       | 0.01 %                |
| SP L2 Holdings LLC Class A Units (SBIC)               | (4)         | Equity                  |                                | 11/9/2021 |               |            |            |          |                                    | 375,000                                       | 375,000           | 302,593                      | 0.11 %                |
| <b>Total</b>  |             |                         |                                |           |               |            |            |          |                                    |   | \$ 7,854,952      | \$ 7,752,182                 | 2.81 %                |
| <b>Lightning Intermediate II, LLC</b>                 | (9)         |                         |                                |           |               |            |            |          | Jacksonville, FL                   |   |                   |                              |                       |
| Term Loan (SBIC)                                      | (4)(11)     | First Lien              | 6M SOFR+ 6.50 % 1.00 % 11.54%  |           | 6/6/2022      | 6/6/2027   |            |          | Consumer Goods: Non-Durable        | \$13,587,067                                  | 13,340,843        | 13,179,455                   | 4.78 %                |
| Gauge Vimergy Coinvest, LLC                           |             | Units                   | Equity                         |           | 6/6/2022      |            |            |          |                                    | 399   | 398,677           | 298,376                      | 0.11 %                |
| <b>Total</b>  |             |                         |                                |           |               |            |            |          |                                    |   | \$13,739,520      | \$13,477,831                 | 4.89 %                |
| <b>MacKenzie-Childs Acquisition, Inc.</b>             | (9)         |                         |                                |           |               |            |            |          | Aurora, NY                         |   |                   |                              |                       |
| Term Loan   | (11)        | First Lien              | 3M SOFR+ 6.00 % 1.00 % 10.73%  |           | 9/2/2022      | 9/2/2027   |            |          | Consumer Goods: Durable            | \$ 99,750                                     | 98,331            | 98,254                       | 0.04 %                |
| Revolver  | (11)        | First Lien              | 3M SOFR+ 6.00 % 1.00 % 10.73%  |           | 9/2/2022      | 9/2/2027   |            |          |                                    | 86,667  | 86,667            | 85,367                       | 0.03 %                |
| MacKenzie-Childs Investment, LP Partnership Interests |             | Equity                  |                                | 9/2/2022  |               |            |            |          |                                    | 100,000                                       | 100,000           | 91,659                       | 0.03 %                |
| <b>Total</b>  |             |                         |                                |           |               |            |            |          |                                    |   | \$ 284,998        | \$ 275,280                   | 0.10 %                |
| <b>Madison Logic Holdings, Inc.</b>                   | (9)         |                         |                                |           |               |            |            |          | New York, NY                       |   |                   |                              |                       |
| Term Loan   | (11)        | First Lien              | 3M SOFR+ 7.00 % 1.00 % 11.58%  |           | 12/30/2022    | 12/30/2028 |            |          | Media: Broadcasting & Subscription | \$ 4,529,217                                  | 4,393,340         | 4,393,340                    | 1.59 %                |
| <b>Total</b>  |             |                         |                                |           |               |            |            |          |                                    |   | \$ 4,393,340      | \$ 4,393,340                 | 1.59 %                |
| <b>Microbe Formulas LLC</b>                           | (9)         |                         |                                |           |               |            |            |          | Meridian, ID                       |   |                   |                              |                       |
| Term Loan (SBIC II)                                   | (5)(11)     | First Lien              | 1M SOFR+ 6.25 % 1.00 % 10.67%  |           | 4/4/2022      | 4/3/2028   |            |          | Consumer Goods: Non-Durable        | \$ 9,962,730                                  | 9,873,093         | 9,863,103                    | 3.58 %                |
| <b>Total</b>  |             |                         |                                |           |               |            |            |          |                                    |   | \$ 9,873,093      | \$ 9,863,103                 | 3.58 %                |
| <b>MOM Enterprises, LLC</b>                           | (9)         |                         |                                |           |               |            |            |          | Richmond, CA                       |   |                   |                              |                       |
| Term Loan (SBIC II)                                   | (5)(11)     | First Lien              | 3M LIBOR+ 6.25 % 1.00 % 10.98% |           | 5/19/2021     | 5/19/2026  |            |          | Consumer Goods: Non-Durable        | \$16,219,667                                  | 15,984,825        | 15,651,980                   | 5.69 %                |
| Revolver  | (11)        | First Lien              | 3M LIBOR+ 6.25 % 1.00 % 10.98% |           | 5/19/2021     | 5/19/2026  |            |          |                                    | 37,500  | 37,500            | 36,188                       | 0.01 %                |
| MBliss SPC Holdings, LLC                              |             | Units                   | Equity                         |           | 5/19/2021     |            |            |          |                                    | 933,333                                       | 933,333           | 700,989                      | 0.25 %                |
| <b>Total</b>  |             |                         |                                |           |               |            |            |          |                                    |   | \$16,955,658      | \$16,389,157                 | 5.95 %                |

**Stellus Capital Investment Corporation**  
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| Investments  | Footnotes | Security <sup>(2)</sup> | Investment |        |        |               |            | Headquarters/<br>Industry | Principal                        |                      | Amortized<br>Cost    | Fair<br>Value <sup>(1)</sup> | % of<br>Net<br>Assets |
|--|-----------|-------------------------|------------|--------|--------|---------------|------------|---------------------------|----------------------------------|----------------------|----------------------|------------------------------|-----------------------|
|  |           |                         | Coupon     | Floor  | Cash   | PIK           | Date       |                           | Amount/<br>Shares <sup>(3)</sup> |                      |                      |                              |                       |
| Monitors Holding, LLC                                | (7)(9)    | First Lien              | 3M LIBOR+  | 7.00 % | 1.00 % | 11.73%        | 5/24/2022  | 5/24/2027                 | Media: Diversified & Production  | \$ 100,000           | 99,095               | 99,000                       | 0.04 %                |
| Term Loan  | (11)      | First Lien              | 3M LIBOR+  | 7.00 % | 1.00 % | 11.73%        | 5/24/2022  | 5/24/2027                 |                                  | € 100,000            | 100,931              | 106,132                      | 0.04 %                |
| Delayed Draw Term Loan                               | (11)      |                         |            |        |        |               |            |                           |                                  |                      |                      |                              |                       |
| Sapphire Aggregator S.a.r.l. Class A Shares          |           | Equity                  |            |        |        |               | 9/1/2022   |                           |                                  | 557,689              | 11,156               | 12,511                       | 0.00 %                |
| Sapphire Aggregator S.a.r.l. Class B Shares          |           | Equity                  |            |        |        |               | 9/1/2022   |                           |                                  | 557,682              | 11,156               | 12,511                       | 0.00 %                |
| Sapphire Aggregator S.a.r.l. Class C Shares          |           | Equity                  |            |        |        |               | 9/1/2022   |                           |                                  | 557,682              | 11,156               | 12,511                       | 0.00 %                |
| Sapphire Aggregator S.a.r.l. Class D Shares          |           | Equity                  |            |        |        |               | 9/1/2022   |                           |                                  | 557,682              | 11,156               | 12,511                       | 0.00 %                |
| Sapphire Aggregator S.a.r.l. Class E Shares          |           | Equity                  |            |        |        |               | 9/1/2022   |                           |                                  | 557,682              | 11,156               | 12,511                       | 0.00 %                |
| Sapphire Aggregator S.a.r.l. Class F Shares          |           | Equity                  |            |        |        |               | 9/1/2022   |                           |                                  | 557,682              | 11,156               | 12,511                       | 0.00 %                |
| Sapphire Aggregator S.a.r.l. Class G Shares          |           | Equity                  |            |        |        |               | 9/1/2022   |                           |                                  | 557,682              | 11,156               | 12,511                       | 0.00 %                |
| Sapphire Aggregator S.a.r.l. Class H Shares          |           | Equity                  |            |        |        |               | 9/1/2022   |                           |                                  | 557,682              | 11,156               | 12,511                       | 0.00 %                |
| Sapphire Aggregator S.a.r.l. Class I Shares          |           | Equity                  |            |        |        |               | 9/1/2022   |                           |                                  | 557,682              | 11,156               | 12,511                       | 0.00 %                |
| <b>Total</b>   |           |                         |            |        |        |               |            |                           |                                  | <b>\$ 300,430</b>    | <b>\$ 317,731</b>    | <b>0.08 %</b>                |                       |
| Naumann/Hobbs Material Handling Corporation II, Inc. | (9)       |                         |            |        |        |               |            |                           | Phoenix, AZ                      |                      |                      |                              |                       |
| Term Loan  | (11)      | First Lien              | 3M SOFR+   | 6.75 % | 1.50 % | 11.33%        | 8/30/2019  | 8/30/2024                 | Services: Business               | \$ 8,552,022         | 8,487,053            | 8,423,742                    | 3.05 %                |
| Term Loan (SBIC II)                                  | (5)(11)   | First Lien              | 3M SOFR+   | 6.75 % | 1.50 % | 11.33%        | 8/30/2019  | 8/30/2024                 |                                  | 5,392,937            | 5,351,968            | 5,312,043                    | 1.93 %                |
| Naumann Hobbs Holdings, L.P. Class A-1 Units         |           | Equity                  |            |        |        |               | 9/29/2022  |                           |                                  | 123                  | 220,379              | 314,486                      | 0.11 %                |
| Naumann Hobbs Holdings, L.P. Class A-2 Units         |           | Equity                  |            |        |        |               | 9/29/2022  |                           |                                  | 123                  | 220,379              | 314,486                      | 0.11 %                |
| <b>Total</b>   |           |                         |            |        |        |               |            |                           |                                  | <b>\$ 14,279,779</b> | <b>\$ 14,364,757</b> | <b>5.20 %</b>                |                       |
| NINJIO, LLC  | (9)       |                         |            |        |        |               |            |                           | Westlake Village, CA             |                      |                      |                              |                       |
| Term Loan  | (11)      | First Lien              | 3M SOFR+   | 6.50 % | 1.50 % | 11.33%        | 10/12/2022 | 10/12/2027                | Media: Diversified & Production  | \$ 5,000,000         | 4,903,726            | 4,903,726                    | 1.78 %                |
| NINJIO Holdings, LLC Units                           |           | Equity                  |            |        |        |               | 10/12/2022 |                           |                                  | 184                  | 313,253              | 313,253                      | 0.11 %                |
| <b>Total</b>   |           |                         |            |        |        |               |            |                           |                                  | <b>\$ 5,216,979</b>  | <b>\$ 5,216,979</b>  | <b>1.89 %</b>                |                       |
| NS412, LLC   |           |                         |            |        |        |               |            |                           | Dallas, TX                       |                      |                      |                              |                       |
| Term Loan  | (11)      | Second Lien             | 3M LIBOR+  | 8.50 % | 1.00 % | 13.23%        | 5/6/2019   | 11/6/2025                 | Services: Consumer               | \$ 7,615,000         | 7,536,527            | 7,386,550                    | 2.68 %                |
| NS Group Holding Company, LLC Class A Units          |           | Equity                  |            |        |        |               | 5/6/2019   |                           |                                  | 782                  | 795,002              | 536,120                      | 0.19 %                |
| <b>Total</b>   |           |                         |            |        |        |               |            |                           |                                  | <b>\$ 8,331,529</b>  | <b>\$ 7,922,670</b>  | <b>2.87 %</b>                |                       |
| NuMet Machining Techniques, LLC                      | (7)       |                         |            |        |        |               |            |                           | Birmingham, United Kingdom       |                      |                      |                              |                       |
| Term Loan  | (11)(15)  | Second Lien             | PRIME+     | 8.00 % | - %    | - %           | 11/5/2019  | 5/5/2026                  | Aerospace & Defense              | \$ 12,675,000        | 12,524,972           | 8,745,750                    | 3.17 %                |
| Bromford Industries Limited Term Loan                | (11)(15)  | Second Lien             | PRIME+     | 8.00 % | - %    | - %           | 11/5/2019  | 5/5/2026                  |                                  | 7,800,000            | 7,704,685            | 5,382,000                    | 1.95 %                |
| <b>Total</b>   |           |                         |            |        |        |               |            |                           |                                  | <b>\$ 20,229,657</b> | <b>\$ 14,127,750</b> | <b>5.12 %</b>                |                       |
| NuSource Financial, LLC                              |           |                         |            |        |        |               |            |                           | Eden Prairie, MN                 |                      |                      |                              |                       |
| Term Loan (SBIC II)                                  | (5)(11)   | First Lien              | 1M LIBOR+  | 9.00 % | 1.00 % | 13.12%        | 1/29/2021  | 1/29/2026                 | Services: Business               | \$ 11,562,548        | 11,403,406           | 11,215,672                   | 4.07 %                |
| NuSource Financial Acquisition, Inc. (SBIC II)       | (5)       | Unsecured               |            | 13.75% |        | 2.00 % 11.75% | 1/29/2021  | 7/29/2026                 |                                  | 5,638,571            | 5,568,680            | 4,736,400                    | 1.72 %                |
| NuSource Holdings, Inc. Warrants (SBIC II)           | (5)       | Equity                  |            |        |        |               | 1/29/2021  |                           |                                  | 54,966               | -                    | -                            | 0.00 %                |
| <b>Total</b>   |           |                         |            |        |        |               |            |                           |                                  | <b>\$ 16,972,086</b> | <b>\$ 15,952,072</b> | <b>5.79 %</b>                |                       |
| Nutritional Medicinals, LLC                          | (9)       |                         |            |        |        |               |            |                           | Centerville, OH                  |                      |                      |                              |                       |
| Term Loan  | (11)      | First Lien              | 3M LIBOR+  | 6.00 % | 1.00 % | 10.73%        | 11/15/2018 | 11/15/2025                | Healthcare & Pharmaceuticals     | \$ 9,848,290         | 9,781,484            | 9,700,566                    | 3.52 %                |
| Term Loan  | (11)      | First Lien              | 3M LIBOR+  | 6.00 % | 1.00 % | 10.73%        | 10/28/2021 | 11/15/2025                |                                  | 4,180,294            | 4,133,615            | 4,117,590                    | 1.49 %                |
| Functional Aggregator, LLC Units                     |           | Equity                  |            |        |        |               | 11/15/2018 |                           |                                  | 12,500               | 972,803              | 1,582,534                    | 0.57 %                |
| <b>Total</b>   |           |                         |            |        |        |               |            |                           |                                  | <b>\$ 14,887,902</b> | <b>\$ 15,400,690</b> | <b>5.58 %</b>                |                       |
| Onpoint Industrial Services, LLC                     |           |                         |            |        |        |               |            |                           | Deer Park, TX                    |                      |                      |                              |                       |
| Term Loan (SBIC)                                     | (4)(11)   | First Lien              | 3M SOFR+   | 7.00 % | 1.75 % | 11.58%        | 11/16/2022 | 11/16/2027                | Services: Business               | \$ 12,893,258        | 12,638,571           | 12,638,571                   | 4.58 %                |
| Spearhead TopCo, LLC Class A Units                   |           | Equity                  |            |        |        |               | 11/16/2022 |                           |                                  | 606,742              | 606,742              | 606,742                      | 0.22 %                |
| <b>Total</b>   |           |                         |            |        |        |               |            |                           |                                  | <b>\$ 13,245,313</b> | <b>\$ 13,245,313</b> | <b>4.80 %</b>                |                       |
| PCP MT Aggregator Holdings, L.P.                     | (7)       |                         |            |        |        |               |            |                           | Oak Brook, IL                    |                      |                      |                              |                       |
| Common Units   |           | Equity                  |            |        |        |               | 3/29/2019  |                           | Finance                          | 825,020              | 119,281              | 1,686,647                    | 0.61 %                |
| <b>Total</b>   |           |                         |            |        |        |               |            |                           |                                  | <b>\$ 119,281</b>    | <b>\$ 1,686,647</b>  | <b>0.61 %</b>                |                       |

**Stellus Capital Investment Corporation**  
**Consolidated Schedule of Investments**  
**December 31, 2022**

| Investments                                   | Footnotes | Security <sup>(2)</sup> | Investment      |       |          |        |            | Headquarters/Industry | Principal                          |              |              | % of Assets               |        |
|---|-----------|-------------------------|-----------------|-------|----------|--------|------------|-----------------------|------------------------------------|--------------|--------------|---------------------------|--------|
|   |           |                         | Coupon          | Floor | Cash     | PIK    | Date       |                       | Shares <sup>(3)</sup>              | Amount/ Cost | Amortized    | Fair Value <sup>(1)</sup> | Net    |
| <b>PCS Software, Inc.</b>                     | (9)       |                         |                 |       |          |        |            | Shenandoah, TX        |                                    |              |              |                           |        |
| Term Loan                                     | (11)      | First Lien              | 3M SOFR+ 6.00%  | 1.50  | % 10.73% |        | 7/1/2019   | 7/1/2024              |                                    | \$14,064,493 | 13,964,812   | 13,923,848                | 5.05 % |
| Term Loan (SBIC)                              | (4)(11)   | First Lien              | 3M SOFR+ 6.00%  | 1.50  | % 10.73% |        | 7/1/2019   | 7/1/2024              |                                    | 1,844,524    | 1,831,451    | 1,826,079                 | 0.66 % |
| Delayed Draw Term Loan                        | (11)      | First Lien              | 3M SOFR+ 6.00%  | 1.50  | % 10.73% |        | 7/1/2019   | 7/1/2024              |                                    | 972,500      | 972,500      | 962,775                   | 0.35 % |
| PCS Software Parent, LLC Class A Common Units |           | Equity                  |                 |       |          |        | 9/16/2022  |                       |                                    | 461,216      | -            | 449,270                   | 0.16 % |
| Total   |           |                         |                 |       |          |        |            |                       |                                    | \$16,768,763 | \$17,161,972 |                           | 6.22 % |
| <b>Pearl Media Holdings, LLC</b>              | (9)       |                         |                 |       |          |        |            | Garland, TX           |                                    |              |              |                           |        |
| Term Loan (SBIC II)                           | (5)(11)   | First Lien              | 3M SOFR+ 6.25%  | 1.50  | % 10.98% |        | 8/31/2022  | 8/31/2027             | Consumer Goods: Durable            | \$9,975,000  | 9,785,984    | 9,775,500                 | 3.54 % |
| Revolver                                      | (11)      | First Lien              | 3M SOFR+ 6.25%  | 1.50  | % 10.93% |        | 8/31/2022  | 8/31/2027             |                                    | 33,333       | 33,333       | 32,666                    | 0.01 % |
| Total   |           |                         |                 |       |          |        |            |                       |                                    | \$ 9,819,317 | \$ 9,808,166 |                           | 3.55 % |
| <b>Peltram Plumbing Holdings, LLC</b>         | (9)       |                         |                 |       |          |        |            | Auburn, WA            |                                    |              |              |                           |        |
| Term Loan                                     | (11)      | First Lien              | 3M LIBOR+ 6.25% | 1.00  | % 10.98% |        | 12/30/2021 | 12/30/2026            | Construction & Building            | \$16,579,758 | 16,304,977   | 15,999,467                | 5.81 % |
| Peltram Group Holdings LLC Class A Units      |           | Equity                  |                 |       |          |        | 12/30/2021 |                       |                                    | 508,516      | 508,516      | 311,668                   | 0.11 % |
| Total   |           |                         |                 |       |          |        |            |                       |                                    | \$16,813,493 | \$16,311,135 |                           | 5.92 % |
| <b>Premiere Digital Services, Inc.</b>        | (9)       |                         |                 |       |          |        |            | Los Angeles, CA       |                                    |              |              |                           |        |
| Term Loan                                     | (11)      | First Lien              | 1M LIBOR+ 5.25% | 1.00  | % 9.64   | %      | 11/3/2021  | 11/3/2026             | Media: Broadcasting & Subscription | \$14,278,846 | 14,221,712   | 14,278,846                | 5.18 % |
| Premiere Digital Holdings, Inc. Common Stock  |           | Equity                  |                 |       |          |        | 10/18/2018 |                       |                                    | 5,000        | -            | 2,773,121                 | 1.01 % |
| Total   |           |                         |                 |       |          |        |            |                       |                                    | \$14,221,712 | \$17,051,967 |                           | 6.19 % |
| <b>Protect America, Inc.</b>                  |           |                         |                 |       |          |        |            | Austin, TX            |                                    |              |              |                           |        |
| Term Loan                                     | (11)(13)  | Second Lien             | 3M LIBOR+ 7.75% | 1.00  | % -      | %      | 8/30/2017  | 9/1/2024              | Services: Consumer                 | \$17,979,749 | 17,979,749   | -                         | 0.00 % |
| Total   |           |                         |                 |       |          |        |            |                       |                                    | \$17,979,749 | \$ -         | \$ -                      | 0.00 % |
| <b>Rogers Mechanical Contractors, LLC</b>     | (9)       |                         |                 |       |          |        |            | Atlanta, GA           |                                    |              |              |                           |        |
| Term Loan                                     | (11)      | First Lien              | 6M SOFR+ 8.00%  | 1.00  | % 11.70  | % 1.00 | 4/28/2021  | 9/9/2025              | Construction & Building            | \$10,001,068 | 9,884,999    | 9,851,052                 | 3.57 % |
| Delayed Draw Term Loan                        | (11)      | First Lien              | 6M SOFR+ 8.00%  | 1.00  | % 11.70  | % 1.00 | 4/28/2021  | 9/9/2025              |                                    | 50,000       | 49,643       | 49,250                    | 0.02 % |
| Total   |           |                         |                 |       |          |        |            |                       |                                    | \$ 9,934,642 | \$ 9,900,302 |                           | 3.59 % |
| <b>Sales Benchmark Index, LLC</b>             | (9)       |                         |                 |       |          |        |            | Dallas, TX            |                                    |              |              |                           |        |
| Term Loan                                     | (11)      | First Lien              | 3M LIBOR+ 6.00% | 1.00  | % 10.73  | %      | 1/7/2020   | 1/7/2025              | Services: Business                 | \$12,481,823 | 12,366,809   | 12,169,777                | 4.41 % |
| SBI Holdings Investments LLC Class A Units    |           | Equity                  |                 |       |          |        | 1/7/2020   |                       |                                    | 66,573       | 665,730      | 390,822                   | 0.14 % |
| Total   |           |                         |                 |       |          |        |            |                       |                                    | \$13,032,539 | \$12,560,599 |                           | 4.55 % |
| <b>Service Minds Company, LLC</b>             | (9)       |                         |                 |       |          |        |            | Bradenton, FL         |                                    |              |              |                           |        |
| Term Loan                                     | (11)      | First Lien              | 1M LIBOR+ 5.00% | 1.00  | % 9.29   | %      | 2/7/2022   | 2/7/2028              | Services: Consumer                 | \$5,357,887  | 5,264,150    | 5,223,940                 | 1.89 % |
| Revolver                                      | (11)      | First Lien              | 1M SOFR+ 5.00%  | 1.00  | % 9.44   | %      | 2/7/2022   | 2/7/2028              |                                    | 30,000       | 30,000       | 29,250                    | 0.01 % |
| Delayed Draw Term Loan                        | (11)      | First Lien              | 1M LIBOR+ 5.00% | 1.00  | % 9.29   | %      | 2/7/2022   | 2/7/2028              |                                    | 32,081       | 31,791       | 31,279                    | 0.01 % |
| Total   |           |                         |                 |       |          |        |            |                       |                                    | \$ 5,325,941 | \$ 5,284,469 |                           | 1.91 % |
| <b>SIB Holdings, LLC</b>                      | (9)       |                         |                 |       |          |        |            | Charleston, SC        |                                    |              |              |                           |        |
| Term Loan (SBIC)                              | (4)(11)   | First Lien              | 1M LIBOR+ 6.25% | 1.00  | % 11.01  | %      | 10/29/2021 | 10/29/2026            | Services: Business                 | \$12,789,331 | 12,584,996   | 12,405,651                | 4.50 % |
| Term Loan (SBIC)                              | (4)(11)   | First Lien              | 1M LIBOR+ 6.25% | 1.00  | % 11.01  | %      | 6/15/2022  | 10/29/2026            |                                    | 859,747      | 842,658      | 833,955                   | 0.30 % |
| Term Loan (SBIC)                              | (4)(11)   | First Lien              | 1M LIBOR+ 6.25% | 1.00  | % 11.01  | %      | 7/20/2022  | 10/29/2026            |                                    | 2,292,657    | 2,250,559    | 2,223,877                 | 0.81 % |
| Delayed Draw Term Loan                        | (11)      | First Lien              | 1M LIBOR+ 6.25% | 1.00  | % 11.01  | %      | 10/29/2021 | 10/29/2026            |                                    | 2,865,822    | 2,840,406    | 2,779,847                 | 1.01 % |
| Revolver                                      | (11)      | First Lien              | 1M LIBOR+ 6.25% | 1.00  | % 11.01  | %      | 10/29/2021 | 10/29/2026            |                                    | 70,754       | 70,754       | 68,631                    | 0.02 % |
| SIB Holdings, LLC Units                       |           | Equity                  |                 |       |          |        | 10/29/2021 |                       |                                    | 238,095      | 500,000      | 342,821                   | 0.12 % |
| Total   |           |                         |                 |       |          |        |            |                       |                                    | \$19,089,373 | \$18,654,782 |                           | 6.76 % |
| <b>TAC LifePort Holdings, LLC</b>             |           |                         |                 |       |          |        |            | Woodland, WA          |                                    |              |              |                           |        |
| Common Units                                  |           | Equity                  |                 |       |          |        | 3/1/2021   |                       | Aerospace & Defense                | 500,000      | 500,000      | 759,769                   | 0.28 % |
| Total   |           |                         |                 |       |          |        |            |                       |                                    | \$ 500,000   | \$ 759,769   |                           | 0.28 % |
| <b>Tilley Distribution, Inc.</b>              | (9)       |                         |                 |       |          |        |            | Baltimore, MD         |                                    |              |              |                           |        |
| Term Loan                                     | (11)      | First Lien              | 3M SOFR+ 5.50%  | 1.00  | % 10.14  | %      | 4/1/2022   | 12/31/2026            | Chemicals, Plastics, & Rubber      | \$ 99,245    | 97,936       | 95,771                    | 0.03 % |
| Revolver                                      | (11)      | First Lien              | 3M SOFR+ 5.50%  | 1.00  | % 10.14  | %      | 4/1/2022   | 12/31/2026            |                                    | 17,391       | 17,391       | 16,782                    | 0.01 % |
| Total   |           |                         |                 |       |          |        |            |                       |                                    | \$ 115,327   | \$ 112,553   |                           | 0.04 % |

**Stellus Capital Investment Corporation**

**Consolidated Schedule of Investments**

**December 31, 2022**

| Investments   | Footnotes | Security <sup>(2)</sup> | Investment                           |           |           |           |            | Headquarters/      | Principal                     |                |                           | % of<br>Assets |        |
|---|-----------|-------------------------|--------------------------------------|-----------|-----------|-----------|------------|--------------------|-------------------------------|----------------|---------------------------|----------------|--------|
|   |           |                         | Coupon                               | Floor     | Cash      | PIK       | Date       |                    | Shares <sup>(3)</sup>         | Amortized Cost | Fair Value <sup>(1)</sup> |                |        |
| <b>Trade Education Acquisition, L.L.C.</b>              | (9)       |                         |                                      |           |           |           |            | Austin, TX         |                               |                |                           |                |        |
| Term Loan (SBIC)  | (4)(11)   | First Lien              | 1M LIBOR+ 6.25 % 1.00 % 10.63 %      |           |           |           | 12/28/2021 | 12/28/2027         |                               |                |                           | 3.60 %         |        |
| Revolver  | (11)      | First Lien              | 1M LIBOR+ 6.25 % 1.00 % 10.52 %      |           |           |           | 12/28/2021 | 12/28/2027         |                               |                |                           | 0.03 %         |        |
| Trade Education Holdings, L.L.C. Class A Units          |           |                         | Equity                               |           |           |           |            | 12/28/2021         |                               |                |                           | 0.18 %         |        |
| <b>Total</b>  |           |                         |                                      |           |           |           |            |                    |                               |                |                           | 3.81 %         |        |
| <b>TradePending, LLC</b>                                | (9)       |                         |                                      |           |           |           |            | Carrollboro, NC    |                               |                |                           |                |        |
| Term Loan (SBIC II)                                     | (5)(11)   | First Lien              | 3M LIBOR+ 6.25 % 1.00 % 10.98 %      |           |           |           | 3/2/2021   | 3/2/2026           |                               |                |                           | 3.46 %         |        |
| TradePending Holdings, LLC Series A Units               |           |                         | Equity                               |           |           |           |            | 3/2/2021           |                               |                |                           | 0.41 %         |        |
| <b>Total</b>  |           |                         |                                      |           |           |           |            |                    |                               |                |                           | 3.87 %         |        |
| <b>Unicat Catalyst Holdings, LLC</b>                    | (9)       |                         |                                      |           |           |           |            | Alvin, TX          |                               |                |                           |                |        |
| Term Loan   | (11)      | First Lien              | 3M LIBOR+ 6.50 % 1.00 % 11.23 %      |           |           |           | 4/27/2021  | 4/27/2026          | Chemicals, Plastics, & Rubber | \$ 7,218,750   | 7,116,275                 | 6,821,719      | 2.47 % |
| Unicat Catalyst, LLC Class A Units                      |           |                         | Equity                               |           |           |           |            | 4/27/2021          |                               | 7,500          | 750,000                   | 129,248        | 0.05 % |
| <b>Total</b>  |           |                         |                                      |           |           |           |            |                    |                               |                |                           | 2.52 %         |        |
| <b>U.S. Auto Sales, Inc. et al</b>                      | (7)       |                         |                                      |           |           |           |            | Lawrenceville, GA  |                               |                |                           |                |        |
| USASF Blocker II LLC Units                              |           |                         | Equity                               |           |           |           | 6/8/2015   |                    | Finance                       | 441            | 441,000                   | -              | 0.00 % |
| USASF Blocker III LLC 2018 Series Units                 |           |                         | Equity                               |           |           |           | 2/13/2018  |                    |                               | 50             | 50,000                    | 53,040         | 0.02 % |
| USASF Blocker III LLC 2019 Series Units                 |           |                         | Equity                               |           |           |           | 12/27/2019 |                    |                               | 75             | 75,000                    | 79,560         | 0.03 % |
| USASF Blocker IV LLC Units                              |           |                         | Equity                               |           |           |           | 5/27/2020  |                    |                               | 110            | 110,000                   | 330,000        | 0.12 % |
| USASF Blocker IV LLC 2022 Series Units                  |           |                         | Equity                               |           |           |           | 7/28/2022  |                    |                               | 100            | 100,000                   | 300,000        | 0.11 % |
| USASF Blocker V LLC Units                               |           |                         | Equity                               |           |           |           | 12/20/2022 |                    |                               | 200            | 200,000                   | 600,000        | 0.22 % |
| USASF Blocker LLC Units                                 |           |                         | Equity                               |           |           |           | 6/8/2015   |                    |                               | 9,000          | 9,000                     | -              | 0.00 % |
| <b>Total</b>  |           |                         |                                      |           |           |           |            |                    |                               |                |                           | 0.50 %         |        |
| <b>U.S. Expeditors, LLC</b>                             | (9)       |                         |                                      |           |           |           |            | Stafford, TX       |                               |                |                           |                |        |
| Term Loan   | (11)      | First Lien              | 3M LIBOR+ 6.00 % 1.00 % 10.73 %      |           |           |           | 12/22/2021 | 12/22/2026         | Healthcare & Pharmaceuticals  | \$ 15,866,798  | 15,603,833                | 15,866,799     | 5.76 % |
| Cathay Hypnos LLC Units                                 | (6)       | Equity                  |                                      |           |           |           | 12/22/2021 |                    |                               | 1,372,932      | 1,316,740                 | 2,702,795      | 0.98 % |
| <b>Total</b>  |           |                         |                                      |           |           |           |            |                    |                               |                |                           | 6.74 %         |        |
| <b>Venbrook Buyer, LLC</b>                              |           |                         |                                      |           |           |           |            | Los Angeles, CA    |                               |                |                           |                |        |
| Term Loan B (SBIC)                                      | (4)(11)   | First Lien              | 3M SOFR+ 8.00 % 1.50 % 5.73 % 7.00 % | 3/13/2020 | 3/13/2026 |           |            | Services: Business | \$ 12,872,663                 | 12,719,565     | 12,615,210                | 4.57 %         |        |
| Term Loan B   | (11)      | First Lien              | 3M SOFR+ 8.00 % 1.50 % 5.73 % 7.00 % | 3/13/2020 | 3/13/2026 |           |            |                    | 146,465                       | 144,723        | 143,536                   | 0.05 %         |        |
| Revolver  | (11)      | First Lien              | 3M SOFR+ 8.00 % 1.50 % 5.73 % 7.00 % | 3/13/2020 | 3/13/2026 |           |            |                    | 2,231,119                     | 2,231,119      | 2,186,497                 | 0.79 %         |        |
| Delayed Draw Term Loan                                  | (11)      | First Lien              | 3M SOFR+ 8.00 % 1.50 % 5.73 % 7.00 % | 3/13/2020 | 3/13/2026 |           |            |                    | 4,388,645                     | 4,358,279      | 4,300,872                 | 1.56 %         |        |
| Venbrook Holdings, LLC Term Loan                        | (16)      | Unsecured               | 10.00%                               | -         | % 10.00 % | 3/31/2022 | 12/20/2028 |                    |                               | 89,284         | 89,284                    | 87,498         | 0.03 % |
| Venbrook Holdings, LLC Common Units                     |           |                         | Equity                               |           |           | 3/13/2020 |            |                    |                               | 822,758        | 819,262                   | 121,938        | 0.04 % |
| <b>Total</b>  |           |                         |                                      |           |           |           |            |                    |                               |                |                           | 7.04 %         |        |
| <b>Vortex Companies, LLC</b>                            |           |                         |                                      |           |           |           |            | Houston, TX        |                               |                |                           |                |        |
| Term Loan (SBIC II)                                     | (5)(11)   | Second Lien             | 3M SOFR+ 9.50 % 1.00 % 14.18 %       |           |           |           | 12/21/2020 | 6/21/2026          | Environmental Industries      | \$ 10,000,000  | 9,859,282                 | 9,850,000      | 3.57 % |
| <b>Total</b>  |           |                         |                                      |           |           |           |            |                    |                               |                |                           | 3.57 %         |        |
| <b>Whisps Holdings LP</b>                               |           |                         |                                      |           |           |           |            | Elgin, IL          |                               |                |                           |                |        |
| Class A Units   |           |                         | Equity                               |           |           |           | 4/18/2019  |                    | Beverage, Food, & Tobacco     | 500,000        | 500,000                   | -              | 0.00 % |
| <b>Total</b>  |           |                         |                                      |           |           |           |            |                    |                               | \$ 500,000     | \$ -                      | 0.00 %         |        |
| <b>Xanitos, Inc.</b>                                    | (9)       |                         |                                      |           |           |           |            | Newtown Square, PA |                               |                |                           |                |        |
| Term Loan (SBIC)  | (4)(11)   | First Lien              | 3M LIBOR+ 6.50 % 1.00 % 11.23 %      |           |           |           | 6/25/2021  | 6/25/2026          | Healthcare & Pharmaceuticals  | \$ 12,608,000  | 12,421,258                | 12,166,720     | 4.41 % |
| Revolver  | (11)      | First Lien              | 3M LIBOR+ 6.50 % 1.00 % 11.24 %      |           |           |           | 6/25/2021  | 6/25/2026          |                               | 80,000         | 80,000                    | 77,200         | 0.03 % |
| Delayed Draw Term Loan                                  | (11)      | First Lien              | 3M LIBOR+ 6.50 % 1.00 % 11.23 %      |           |           |           | 6/25/2021  | 6/25/2026          |                               | 2,221,181      | 2,203,262                 | 2,143,440      | 0.78 % |
| Pure TopCo, LLC Class A Units                           |           |                         | Equity                               |           |           |           | 6/25/2021  |                    |                               | 442,133        | 1,053,478                 | 844,147        | 0.31 % |
| <b>Total</b>  |           |                         |                                      |           |           |           |            |                    |                               | \$ 15,757,998  | \$ 15,231,507             | 5.53 %         |        |
| <b>Total Non-controlled, non-affiliated investments</b> |           |                         |                                      |           |           |           |            |                    |                               | \$ 875,823,177 | \$ 844,733,638            | 306.31 %       |        |
| <b>Net Investments</b>                                  |           |                         |                                      |           |           |           |            |                    |                               | \$ 875,823,177 | \$ 844,733,638            | 306.31 %       |        |
| <b>LIABILITIES IN EXCESS OF OTHER ASSETS</b>            |           |                         |                                      |           |           |           |            |                    |                               |                | \$ 563,881,593            | (206.31) %     |        |
| <b>NET ASSETS</b>                                       |           |                         |                                      |           |           |           |            |                    |                               |                | \$ 275,776,613            | 100.00 %       |        |

**Stellus Capital Investment Corporation**

**Consolidated Schedule of Investments**

**December 31, 2022**

(1) See Note 1 of the Notes to the Consolidated Financial Statements for a discussion of the methodologies used to value securities in the portfolio.

(2) Debt investments are income producing and equity securities are non-income producing, unless otherwise noted.

(3) Par amount is presented for debt investments, while the number of shares or units owned is presented for equity investments. Par amount is denominated in U.S. Dollars ("\$") unless otherwise noted, Euro ("€"), or Great British Pound ("£").

(4) Investments held by the SBIC subsidiary (as defined in Note 1), which include \$19,716,893 of cash and \$207,971,244 of investments (at cost), are excluded from the obligations to the lenders of the Credit Facility (as defined in Note 9). Stellus Capital Investment Corporation's (the "Company") obligations to the lenders of the Credit Facility are secured by a first priority security interest in all investments and cash and cash equivalents, except for cash and investments held by the SBIC subsidiaries (as defined in Note 1).

(5) Investments held by the SBIC II subsidiary (as defined in Note 1), which include \$26,303,849 of cash and \$224,768,652 of investments (at cost), are excluded from the obligations to the lenders of the Credit Facility. The Company's obligations to the lenders of the Credit Facility are secured by a first priority security interest in all investments and cash and cash equivalents, except for cash and investments held by the SBIC subsidiaries.

(6) Security is income producing through dividends or distributions.

(7) The investment is not a "qualifying asset" under the Investment Company Act of 1940, as amended. The Company may not acquire any non-qualifying assets unless, at the time of the acquisition, qualifying assets represent at least 70% of the Company's total assets. Qualifying assets represent approximately 95.7% of the Company's total assets as of December 31, 2022.

(8) Represents a PIK interest security. At the option of the issuer, interest can be paid in cash or cash and PIK interest. The percentage of PIK interest shown is the maximum PIK interest that can be elected by the issuer.

(9) At December 31, 2022, the Company had the following outstanding revolver and delayed draw term loan commitments:

| Investments                            | Security               | Unfunded Commitment | Unused Commitment Fee | Maturity          |
|--|------------------------|---------------------|-----------------------|-------------------|
| Ad.Net Acquisition, LLC                | Revolver               | \$ 259,804          | 0.50%                 | May 7, 2026       |
| AIP ATCO Buyer, LLC                    | Revolver               | 50,000              | 0.50%                 | May 17, 2028      |
| Anne Lewis Strategies, LLC             | Revolver               | 100,000             | 0.50%                 | March 5, 2026     |
| ArborWorks Acquisition LLC (a)         | Revolver               | 1,153,846           | 0.50%                 | November 9, 2026  |
| Archer Systems, LLC                    | Revolver               | 100,000             | 0.50%                 | August 11, 2027   |
| Axis Portable Air, LLC                 | Revolver               | 100,000             | 0.50%                 | March 22, 2028    |
| BDS Solutions Intermediateco, LLC      | Revolver               | 69,935              | 0.50%                 | February 7, 2027  |
| BLP Buyer, Inc.                        | Revolver               | 63,434              | 0.50%                 | February 1, 2027  |
| Camp Profiles LLC                      | Delayed Draw Term Loan | 3,750,000           | 1.00%                 | September 3, 2026 |
| Camp Profiles LLC                      | Revolver               | 100,000             | 0.50%                 | September 3, 2026 |
| CEATI International Inc.               | Revolver               | 100,000             | 0.50%                 | February 19, 2026 |
| CF512, Inc.                            | Delayed Draw Term Loan | 220,930             | 0.50%                 | September 1, 2026 |
| CF512, Inc.                            | Revolver               | 100,000             | 0.50%                 | September 1, 2026 |
| CompleteCase, LLC                      | Revolver A             | 60,000              | 0.50%                 | December 21, 2025 |
| COPILOT Provider Support Services, LLC | Revolver               | 100,000             | 0.50%                 | November 22, 2027 |
| Credit Connection, LLC                 | Revolver               | 100,000             | 0.50%                 | July 30, 2026     |
| Curion Holdings, LLC                   | Delayed Draw Term Loan | 100,000             | 0.50%                 | July 29, 2027     |
| Curion Holdings, LLC                   | Revolver               | 30,000              | 0.50%                 | July 29, 2027     |
| DRS Holdings III, Inc.                 | Revolver               | 909,091             | 0.50%                 | November 1, 2025  |
| DTE Enterprises, LLC                   | Revolver               | 750,000             | 0.50%                 | April 13, 2023    |
| Exacta Land Surveyors, LLC             | Revolver               | 1,500,000           | 0.50%                 | February 8, 2024  |
| Exigo, LLC                             | Revolver               | 80,000              | 0.50%                 | March 16, 2027    |
| Exigo, LLC                             | Delayed Draw Term Loan | 100,000             | 0.50%                 | March 16, 2027    |
| Florachem Corporation                  | Revolver               | 100,000             | 0.50%                 | April 29, 2028    |
| Florachem Corporation                  | Delayed Draw Term Loan | 100,000             | 0.50%                 | April 29, 2028    |
| GS HVAM Intermediate, LLC              | Revolver               | 112,045             | 0.50%                 | October 2, 2024   |
| Heartland Business Systems, LLC        | Delayed Draw Term Loan | 75,000              | 0.50%                 | August 26, 2027   |
| Heat Makes Sense Shared Services, LLC  | Revolver               | 80,000              | 0.50%                 | July 1, 2028      |
| HV Watterson Holdings, LLC             | Revolver               | 84,000              | 0.50%                 | December 17, 2026 |
| HV Watterson Holdings, LLC             | Delayed Draw Term Loan | 2,555,354           | 1.00%                 | December 17, 2026 |
| Infolinks Media Buyco, LLC             | Delayed Draw Term Loan | 2,475,000           | 0.50%                 | November 1, 2026  |
| Inoapps Bidco, LLC                     | Revolver               | 100,000             | 0.50%                 | February 15, 2027 |
| Inoapps Bidco, LLC                     | Delayed Draw Term Loan | 16,667              | 0.50%                 | February 15, 2027 |
| Integrated Oncology Network, LLC       | Revolver               | 553,517             | 0.50%                 | June 24, 2025     |
| Invincible Boat Company LLC            | Revolver               | 744,681             | 0.50%                 | August 28, 2025   |
| Ledge Lounger, Inc.                    | Revolver               | 66,667              | 0.50%                 | November 9, 2026  |

**Stellus Capital Investment Corporation**

**Consolidated Schedule of Investments**

**December 31, 2022**

| <b>Investments</b>                                   | <b>Security</b>            | <b>Unfunded Commitment</b> | <b>Unused Commitment Fee</b> | <b>Maturity</b>   |
|--|----------------------------|----------------------------|------------------------------|-------------------|
| Lightning Intermediate II, LLC                       | Revolver                   | \$ 100,000                 | 0.50%                        | June 6, 2027      |
| MacKenzie-Childs Acquisition, Inc.                   | Revolver                   | 13,333                     | 0.50%                        | September 2, 2027 |
| Madison Logic Holdings, Inc.                         | Revolver                   | 100,000                    | 0.50%                        | December 30, 2027 |
| Microbe Formulas LLC                                 | Revolver                   | 100,000                    | 0.50%                        | April 3, 2028     |
| MOM Enterprises, LLC                                 | Revolver                   | 62,500                     | 0.50%                        | May 19, 2026      |
| Monitorus Holding, LLC                               | Revolver                   | € 100,000                  | 0.50%                        | May 24, 2027      |
| Naumann/Hobbs Material Handling Corporation II, Inc. | Revolver – Working Capital | 1,763,033                  | 0.50%                        | August 30, 2024   |
| NINJIO, LLC  | Delayed Draw Term Loan     | 100,000                    | 0.50%                        | October 12, 2027  |
| NINJIO, LLC  | Revolver                   | 100,000                    | 0.50%                        | October 12, 2027  |
| Nutritional Medicinals, LLC                          | Revolver                   | 2,000,000                  | 0.50%                        | November 15, 2025 |
| PCS Software, Inc.                                   | Revolver                   | 1,318,143                  | 0.50%                        | July 1, 2024      |
| Pearl Media Holdings, LLC                            | Delayed Draw Term Loan     | 100,000                    | 0.50%                        | August 31, 2027   |
| Pearl Media Holdings, LLC                            | Revolver                   | 66,667                     | 0.50%                        | August 31, 2027   |
| Peltram Plumbing Holdings, LLC                       | Revolver                   | 100,000                    | 0.50%                        | December 30, 2026 |
| Premiere Digital Services, Inc.                      | Revolver                   | 576,923                    | 0.50%                        | November 3, 2026  |
| Rogers Mechanical Contractors, LLC                   | Revolver                   | 83,333                     | 0.75%                        | September 9, 2025 |
| Rogers Mechanical Contractors, LLC                   | Delayed Draw Term Loan     | 50,000                     | 1.00%                        | September 9, 2025 |
| Sales Benchmark Index, LLC                           | Revolver                   | 1,331,461                  | 0.50%                        | January 7, 2025   |
| Service Minds Company, LLC                           | Revolver                   | 70,000                     | 0.50%                        | February 7, 2028  |
| Service Minds Company, LLC                           | Delayed Draw Term Loan     | 67,677                     | 1.00%                        | February 7, 2028  |
| SIB Holdings, LLC                                    | Revolver                   | 29,246                     | 0.50%                        | October 29, 2026  |
| Tilley Distribution, Inc.                            | Revolver                   | 82,609                     | 0.50%                        | December 31, 2026 |
| Trade Education Acquisition, L.L.C.                  | Revolver                   | 20,000                     | 0.50%                        | December 28, 2027 |
| TradePending, LLC                                    | Revolver                   | 100,000                    | 0.50%                        | March 2, 2026     |
| Unicat Catalyst Holdings, LLC                        | Revolver                   | 2,000,000                  | 0.50%                        | April 27, 2026    |
| U.S. Expediters, LLC                                 | Revolver                   | 100,000                    | 0.50%                        | December 22, 2026 |
| Xanitos, Inc.  | Revolver                   | 20,000                     | 0.50%                        | June 25, 2026     |

(a) The Company has full discretion to fund this revolver commitment.

(10) This loan is a unitranche investment.

(11) These loans include an interest rate floor feature which is lower than the applicable rates; therefore, the floor is not in effect.

(12) These loans are last-out term loans with contractual rates higher than the applicable rates; therefore, the floor is not in effect.

(13) Investment has been on non-accrual since June 28, 2019.

(14) Investment has been on non-accrual since December 31, 2020.

(15) Investment has been on non-accrual since April 1, 2022.

(16) This loan is convertible to common units at maturity or at the election of the issuer.

(17) Maturity date is under ongoing negotiations with portfolio company and other lenders.

(18) Excluded from the investment is an uncalled capital commitment in an amount not to exceed \$302,817.

**Abbreviation Legend**

BSBY — Bloomberg Short-Term Bank Yield Index

LIBOR — London Interbank Offered Rate

PIK — Payment-In-Kind

SOFR — Secured Overnight Financing Rate

STELLUS CAPITAL INVESTMENT CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023

(unaudited)

**NOTE 1—NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

Stellus Capital Investment Corporation ("we", "us", "our" and the "Company") was formed as a Maryland corporation on May 18, 2012 ("Inception") and is an externally managed, closed-end, non-diversified investment management company. The Company is applying the guidance of Accounting Standards Codification ("ASC") Topic 946, *Financial Services Investment Companies* ("ASC Topic 946"). The Company has elected to be regulated as a business development company ("BDC") under the Investment Company Act of 1940, as amended (the "1940 Act"), and treated as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"), for U.S. federal income tax purposes. The Company's investment activities are managed by our investment adviser, Stellus Capital Management, LLC ("Stellus Capital" or the "Advisor").

As of September 30, 2023, the Company had issued a total of 24,125,642 shares and raised \$352,021,616 in gross proceeds since Inception, incurring \$11,022,607 in offering expenses and sales load fees. Additionally, the Company has received \$ 672,917 in offering expenses reimbursements from the Advisor for net proceeds from offerings of \$341,671,926. The Company's shares are currently listed on the New York Stock Exchange under the symbol "SCM". See Note 4 for further details.

The Company has established the following wholly owned subsidiaries: SCIC—Consolidated Blocker, Inc., SCIC—ICD Blocker 1, Inc., SCIC—Invincible Blocker 1, Inc., SCIC—SKP Blocker 1, Inc., SCIC—APE Blocker 1, Inc., SCIC—Venbrook Blocker, Inc., SCIC—CC Blocker 1, Inc., SCIC—ERC Blocker 1, Inc., and SCIC—Hollander Blocker 1, Inc., which are structured as Delaware entities, to hold equity or equity-like investments in portfolio companies organized as limited liability companies, or LLCs (or other forms of pass-through entities) (collectively, the "Taxable Subsidiaries"). The Taxable Subsidiaries are consolidated for U.S. generally accepted accounting principles ("U.S. GAAP") reporting purposes, and the portfolio investments held by them are included in the consolidated financial statements.

On June 14, 2013, the Company formed Stellus Capital SBIC, LP (the "SBIC subsidiary"), a Delaware limited partnership, and its general partner, Stellus Capital SBIC GP, LLC, a Delaware limited liability company, as wholly owned subsidiaries of the Company. On June 20, 2014, the SBIC subsidiary received a license from the U.S. Small Business Administration ("SBA") to operate as a Small Business Investment Company ("SBIC") under Section 301(c) of the Small Business Investment Company Act of 1958, as amended (the "SBIC Act"). The SBIC subsidiary and its general partner are consolidated for U.S. GAAP reporting purposes, and the portfolio investments held by it are included in the consolidated financial statements.

On November 29, 2018, the Company formed Stellus Capital SBIC II, LP (the "SBIC II subsidiary"), a Delaware limited partnership. On August 14, 2019, the SBIC II subsidiary received a license from the SBA to operate as an SBIC under Section 301(c) of the SBIC Act. The SBIC II subsidiary is consolidated for U.S. GAAP reporting purposes, and the portfolio investments held by it are included in the consolidated financial statements.

The SBIC licenses allow the SBIC subsidiary and SBIC II subsidiary (together, "the SBIC subsidiaries") to obtain leverage by issuing SBA-guaranteed debentures, subject to the issuance of a capital commitment by the SBA and other customary procedures. SBA-guaranteed debentures are non-recourse, interest only debentures with interest payable semi-annually and have a ten-year maturity. The principal amount of SBA-guaranteed debentures is not required to be paid prior to maturity but may be prepaid at any time without penalty. The interest rate of SBA-guaranteed debentures is fixed on a semi-annual basis at market-driven spread over U.S. Treasury Notes with 10-year maturities. The SBA, as a creditor, will have a superior claim to the SBIC subsidiaries' assets over the Company's stockholders in the event the Company liquidates one or both of the SBIC subsidiaries or the SBA exercises its remedies under the SBA-guaranteed debentures issued by the SBIC subsidiaries upon an event of default. For the SBIC subsidiary, SBA regulations currently limit the amount that a single licensee may borrow to a maximum of \$150,000,000 when it has at least \$75,000,000 in regulatory capital, as such term is defined by the SBA, receives a capital commitment from the SBA and has been through an examination by the SBA subsequent to licensing. For the SBIC II subsidiary, SBA regulations limit these amounts to \$175,000,000 of borrowings when it has at least \$87,500,000 of regulatory capital.

**STELLUS CAPITAL INVESTMENT CORPORATION**  
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As of both September 30, 2023 and December 31, 2022, the SBIC subsidiary had \$ 75,000,000 in regulatory capital. As of both September 30, 2023 and December 31, 2022, the SBIC II subsidiary had \$87,500,000 in regulatory capital.

As of both September 30, 2023 and December 31, 2022, the SBIC subsidiary had \$ 150,000,000 of SBA-guaranteed debentures outstanding. As of September 30, 2023 and December 31, 2022, the SBIC II subsidiary had \$175,000,000 and \$163,600,000 of SBA-guaranteed debentures outstanding, respectively. See footnote (4) and (5) of the Consolidated Schedule of Investments for additional information regarding the treatment of investments in the SBIC subsidiaries with respect to the Credit Facility (as defined in Note 9).

As a BDC, the Company is required to comply with certain regulatory requirements. On March 23, 2018, the Small Business Credit Availability Act (the "SBCAA") was signed into law, which included various changes to regulations under the federal securities laws that impact BDCs. The SBCAA included changes to the 1940 Act to allow BDCs to decrease their asset coverage requirement to 150% from 200% subject to certain conditions.

On April 4, 2018, the Company's board of directors (the "Board"), including a "required majority" (as such term is defined in Section 57(o) of the 1940 Act) of the Board, approved the application of the modified asset coverage requirements set forth in Section 61(a)(2) of the 1940 Act. At the Company's 2018 annual meeting of stockholders, our stockholders also approved the application of the modified asset coverage requirements set forth in Section 61(a)(2) of the 1940 Act. As a result, the asset coverage ratio test applicable to the Company was decreased from 200% to 150%, effective June 29, 2018. The amount of leverage that we employ at any time depends on our assessment of the market and other factors at the time of any proposed borrowing. As of September 30, 2023, our asset coverage ratio was 221%.

The Company's investment objective is to maximize the total return to its stockholders in the form of current income and capital appreciation through debt and related equity investments in middle-market companies. The Company seeks to achieve its investment objective by originating and investing primarily in private U.S. middle-market companies (typically those with \$5,000,000 to \$50,000,000 of EBITDA (earnings before interest, taxes, depreciation and amortization)) through first lien, second lien, unitranche and unsecured debt financing, with corresponding equity co-investments. The Company sources investments primarily through the extensive network of relationships that the principals of Stellus Capital have developed with financial sponsor firms, financial institutions, middle-market companies, management teams and other professional intermediaries.

#### **Summary of Significant Accounting Policies**

##### ***Basis of Presentation***

The accompanying unaudited consolidated financial statements have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles in the U.S. GAAP for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Article 10 of Regulation S-X under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Accordingly, certain disclosures accompanying the annual financial statements prepared in accordance with U.S. GAAP are omitted. The unaudited consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries.

In the opinion of management, the unaudited consolidated financial results included herein contain all adjustments, consisting solely of normal recurring accruals, considered necessary for the fair presentation of the financial statements for the interim periods included herein. The results of operations for the three and nine months ended September 30, 2023 and September 30, 2022 are not necessarily indicative of the operating results to be expected for the full year. Also, the unaudited consolidated financial statements and notes should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2022.

In accordance with Regulation S-X under the Exchange Act, the Company does not consolidate portfolio company investments. The accounting records of the Company are maintained in U.S. dollars.

**STELLUS CAPITAL INVESTMENT CORPORATION**  
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**Economic Developments**

Economic activity has continued to accelerate across sectors and regions. Nonetheless, we have observed and continue to observe supply chain interruptions, labor resource shortages, commodity inflation, rising interest rates, bank impairments and failures, economic sanctions in response to international conflicts and instances of geopolitical, economic and financial market instability in the United States and abroad. One or more of these factors may contribute to increased market volatility and may have long- and short-term effects in the United States and worldwide financial markets.

**Portfolio Investment Classification**

The Company classifies its portfolio investments in accordance with the requirements of the 1940 Act as follows: (a) "Control Investments" are defined as investments in which the Company owns more than 25% of the voting securities or has rights to maintain greater than 50% of the board representation, (b) "Affiliate Investments" are defined as investments in which the Company owns between 5% and 25% of the voting securities and does not have rights to maintain greater than 50% of the board representation, and (c) "Non-controlled, non-affiliate investments" are defined as investments that are neither Control Investments or Affiliate Investments.

**Cash and Cash Equivalents**

As of September 30, 2023, cash balances totaling \$ 389,676, including foreign currency of \$276 (acquisition cost of \$288), exceeded Federal Deposit Insurance Corporation insurance protection levels of \$250,000 by \$139,676. In addition, as of September 30, 2023, the Company held \$18,821,045 in cash equivalents, which are carried at cost, which approximates fair value. All of the Company's cash deposits are held at large established high credit quality financial institutions and management believes that risk of loss associated with any uninsured balances is remote.

Cash consists of bank demand deposits. We deem certain U.S. Treasury Bills and other high-quality, short-term debt securities as cash equivalents.

**Fair Value Measurements**

We account for all of our financial instruments at fair value in accordance with ASC Topic 820, *Fair Value Measurements and Disclosures* ("ASC Topic 820"). ASC Topic 820 defines fair value, establishes a framework used to measure fair value, and requires disclosures for fair value measurements, including the categorization of financial instruments into a three-level hierarchy based on the transparency of valuation inputs. ASC Topic 820 requires disclosure of the fair value of financial instruments for which it is practical to estimate such value. We believe that the carrying amounts of our financial instruments such as cash, receivables and payables approximate the fair value of these items due to the short maturity of these instruments. This is considered a Level 1 valuation technique.

The Credit Facility, SBA-guaranteed debentures, and Notes Payable are carried at amortized cost in the Consolidated Statements of Assets and Liabilities. As of September 30, 2023, the estimated fair value of the Credit Facility approximates the carrying value because the interest rates adjust to the current market interest rate (Level 3 input). The estimated fair value of the SBA-guaranteed debentures and Notes Payable was determined by discounting projected remaining payments using market interest rates for borrowings of the Company and entities with similar credit risks at the measurement date. At the measurement date, the estimated fair values of the SBA-guaranteed debentures and Notes Payable as prepared for disclosure purposes was \$291,023,000 and \$89,061,000, respectively. See Note 6 to the consolidated financial statements for further discussion regarding the fair value measurements and hierarchy.

**Consolidation**

As permitted under Regulation S-X under the Exchange Act and ASC Topic 946, we generally do not consolidate our investment in a portfolio company other than an investment company subsidiary. Accordingly, we consolidated the results of the SBIC subsidiaries and the Taxable Subsidiaries. All intercompany balances have been eliminated upon consolidation.

**STELLUS CAPITAL INVESTMENT CORPORATION**  
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***Use of Estimates***

The preparation of the Statements of Assets and Liabilities in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Changes in the economic environment, financial markets and any other parameters used in determining these estimates could cause actual results to differ materially. Additionally, as explained in Note 1 contained herein, the Consolidated Financial Statements includes investments in the portfolio whose values have been estimated by the Company, pursuant to procedures established by our Board, in the absence of readily ascertainable market values. Because of the inherent uncertainty of the investment portfolio valuations, those estimated values may differ materially from the values that would have been determined had a ready market for the securities existed.

***Deferred Financing Costs***

Deferred financing costs, prepaid loan fees on SBA-guaranteed debentures and prepaid loan structure fees consist of fees and expenses paid in connection with the closing of our Credit Facility, Notes Payable and SBA-guaranteed debentures and are capitalized at the time of payment. These costs are amortized using the straight line method over the term of the respective instrument and presented as an offset to the corresponding debt on the Consolidated Statements of Assets and Liabilities.

***Offering Costs***

Deferred offering costs consist of fees and expenses incurred in connection with the offer and sale of the Company's common stock, including legal, accounting, printing fees and other related expenses, as well as costs incurred in connection with the filing of a shelf registration statement. These costs are capitalized when incurred and recognized as a reduction of offering proceeds when the offering is consummated and shown on the Consolidated Statements of Changes in Net Assets and Liabilities as a reduction to Paid-in-capital.

***Investments***

In December 2020, the U.S. Securities and Exchange Commission (the "SEC") adopted a new rule providing a framework for fund valuation practices. Rule 2a-5 under the 1940 Act ("Rule 2a-5") establishes requirements for determining fair value in good faith for purposes of the 1940 Act. Rule 2a-5 permits boards, subject to board oversight and certain other conditions, to designate certain parties to perform fair value determinations. Rule 2a-5 also defines when market quotations are "readily available" for purposes of the 1940 Act and the threshold for determining whether a fund must determine the fair value of a security. The SEC also adopted new Rule 31a-4 under the 1940 Act ("Rule 31a-4"), which provides the recordkeeping requirements associated with fair value determinations. Finally, the SEC rescinded previously issued guidance on related issues, including the role of the board in determining fair value and the accounting and auditing of fund investments. Rule 2a-5 and Rule 31a-4 became effective on March 8, 2021, and had a compliance date of September 8, 2022. While our Board has not elected to designate a valuation designee, the Company has adopted certain revisions to its valuation policies and procedures in order to comply with the applicable requirements of Rule 2a-5 and Rule 31a-4.

As a BDC, the Company will generally invest in illiquid loans and securities including debt and equity securities of private middle-market companies. Section 2(a)(41) of the 1940 Act requires that a BDC value its assets as follows: (i) the third party price for securities for which a quotation is readily available; and (ii) for all other securities and assets, fair value, as determined in good faith by a BDC's Board. Under procedures established by our Board, the Company intends to value investments for which market quotations are readily available at such market quotations. The Company will obtain these market values from an independent pricing service or at the midpoint of the bid and ask prices obtained from at least two brokers or dealers (if available, otherwise by a principal market maker or a primary market dealer). Debt and equity securities that are not publicly traded or whose market prices are not readily available will be valued at fair value as determined in good faith by our Board. Such determination of fair values may involve subjective judgments and estimates. The Company also engages independent valuation providers to review the valuation of each portfolio investment that does not have a readily available market quotation at least twice annually.

Debt and equity investments purchased within approximately 90 days of the valuation date will be valued at cost, plus accreted discount, or minus amortized premium, which approximates fair value. With respect to unquoted securities, our Board will value each

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investment considering, among other measures, discounted cash flow models, comparisons of financial ratios of peer companies that are public and other factors. When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, the Board will use the pricing indicated by the external event to corroborate and/or assist us in our valuation. Because the Company expects that there will not be a readily available market quotation for many of the investments in its portfolio, the Company expects to value most of its portfolio investments at fair value as determined in good faith by the Board using a documented valuation policy and a consistently applied valuation process. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may differ significantly from the values that would have been used had a readily available market value existed for such investments, and the differences could be material.

In following these approaches, the types of factors that will be taken into account in fair value pricing investments will include, as relevant, but not be limited to:

- available current market data, including relevant and applicable market trading and transaction comparables;
- applicable market yields and multiples;
- financial covenants;
- call protection provisions;
- information rights;
- the nature and realizable value of any collateral;
- the portfolio company's ability to make payments, its earnings and discounted cash flows and the markets in which it does business;
- comparisons of financial ratios of peer companies that are public;
- comparable merger and acquisition transactions; and
- the principal market and enterprise values.

***Revenue Recognition***

We record interest income on an accrual basis to the extent such interest is deemed collectible. Payment-in-kind ("PIK") interest represents contractual interest accrued and added to the loan balance that generally becomes due at maturity. We will not accrue any form of interest on loans and debt securities if we have reason to doubt our ability to collect such interest. Loan origination fees, original issue discount and market discount or premium are capitalized, and we then accrete or amortize such amounts using the effective interest method as interest income. Upon the prepayment of a loan or debt security, any unamortized loan origination fee is recorded as interest income. We record prepayment premiums on loans and debt securities as other income. Dividend income, if any, will be recognized on the declaration date.

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A presentation of the interest income we have earned from portfolio companies for the three and nine months ended September 30, 2023 and 2022 is as follows:

|  | For the three months ended |                      | For the nine months ended |                      |
|--|----------------------------|----------------------|---------------------------|----------------------|
|  | September 30, 2023         | September 30, 2022   | September 30, 2023        | September 30, 2022   |
| Loan interest                          | \$ 24,266,242              | \$ 18,194,230        | \$ 69,665,939             | \$ 46,926,570        |
| PIK income                             | 827,678                    | 356,527              | 2,732,530                 | 1,010,061            |
| Fee amortization income <sup>(1)</sup> | 745,222                    | 769,272              | 2,228,069                 | 2,070,733            |
| Fee income acceleration <sup>(2)</sup> | 384,844                    | 297,439              | 668,947                   | 385,073              |
| <b>Total Interest Income</b>           | <b>\$ 26,223,986</b>       | <b>\$ 19,617,468</b> | <b>\$ 75,295,485</b>      | <b>\$ 50,392,437</b> |

(1) Includes amortization of fees on unfunded commitments.

(2) Unamortized loan origination fees recognized upon full or partial realization of investment.

To maintain our treatment as a RIC, substantially all of this income must be paid to stockholders in the form of distributions, even if we have not collected any cash.

Management considers portfolio company specific circumstances as well as other economic factors in determining collectability of interest income. As of September 30, 2023, we had five loans on non-accrual status, which represented approximately 7.6% of our loan portfolio at cost and 1.6% at fair value. As of December 31, 2022, we had three loans on non-accrual status, which represented approximately 5.2% of our loan portfolio at cost and 2.3% at fair value. As of September 30, 2023 and December 31, 2022, \$ 11,382,360 and \$4,828,880, respectively, of income from investments on non-accrual has not been accrued. If a loan or debt security's status significantly improves regarding the debtor's ability to service the debt or other obligations, or if a loan or debt security is sold or written off, we will remove it from non-accrual status.

***Net Realized Gains or Losses and Net Change in Unrealized Appreciation or Depreciation***

Realized gains or losses are measured by the difference between the net proceeds from the repayment, sale or disposition and the amortized cost basis of the investment, without regard to unrealized appreciation or depreciation previously recognized. Net change in unrealized appreciation or depreciation reflects the change in portfolio investment values during the reporting period, including any reversal of previously recorded unrealized appreciation or depreciation, when gains or losses are realized.

***Investment Transaction Costs***

Costs that are material and associated with an investment transaction, including legal expenses, are included in the cost basis of purchases and deducted from the proceeds of sales unless such costs are reimbursed by the borrower.

***Receivables and Payables for Unsettled Securities Transaction***

The Company records all investments on a trade date basis.

***U.S. Federal Income Taxes***

The Company has elected, qualified, and intends to continue to qualify annually to be treated as a RIC under Subchapter M of the Code, and to operate in a manner to qualify for the tax treatment applicable to RICs. To qualify for tax treatment as a RIC, among other things, the Company is required to timely distribute to its stockholders at least 90% of investment company taxable income, as defined by the Code, for each year. So long as the Company maintains its status as a RIC, it generally will not pay corporate-level U.S. federal income taxes on any ordinary income or capital gains that it distributes at least annually to its stockholders as dividends. Rather, any tax liability related to income earned by the Company represents obligations of the Company's investors and will not be reflected in the consolidated financial statements of the Company.

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To avoid a 4% U.S federal excise tax on undistributed earnings, the Company is required to distribute each calendar year the sum of (i) 98% of its ordinary income for such calendar year (ii) 98.2% of its net capital gains for the one-year period ending December 31 (iii) any income recognized, but not distributed, in preceding years and on which the Company paid no federal income tax or the Excise Tax Avoidance Requirement. For this purpose, however, any net ordinary income or capital gain net income retained by the Company that is subject to corporate income tax for the tax year ending in that calendar year will be considered to have been distributed by year end (or earlier if estimated taxes are paid). The Company, at its discretion, may choose not to distribute all of its taxable income for the calendar year and pay a non-deductible 4% excise tax on this income. If the Company chooses to do so, all other things being equal, this would increase expenses and reduce the amount available to be distributed to stockholders. To the extent that the Company determines that its estimated current year annual taxable income will be in excess of estimated current year dividend distributions from such taxable income, the Company accrues excise taxes on estimated excess taxable income as taxable income is earned. Income tax expense for the three and nine months ended September 30, 2023 of \$335,508 and \$1,082,057, respectively, was mostly related to excise and franchise taxes. Income tax expense for the three and nine months ended September 30, 2022 of \$361,115 and \$1,066,768, respectively, was mostly related to excise and franchise taxes.

The Company evaluates tax positions taken or expected to be taken while preparing its tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions deemed to meet a "more-likely-than-not" threshold would be recorded as a tax benefit or expense in the applicable period. As of September 30, 2023 and December 31, 2022, the Company had not recorded a liability for any unrecognized tax positions. Management's evaluation of uncertain tax positions may be subject to review and adjustment at a later date based upon factors including, but not limited to, an on-going analysis of tax laws, regulations and interpretations thereof. The Company's policy is to include interest and penalties related to income taxes, if applicable, in general and administrative expenses. Any expenses for the three and nine months ended September 30, 2023 and 2022 were de minimis.

The Taxable Subsidiaries are direct wholly-owned subsidiaries of the Company that have elected to be taxable entities. The Taxable Subsidiaries permit the Company to hold equity investments in portfolio companies that are "pass through" entities for tax purposes and continue to comply with the "source-of-income" requirements contained in RIC tax provisions of the Code. The Taxable Subsidiaries are not consolidated with the Company for income tax purposes and may generate income tax expense, benefit, and the related tax assets and liabilities, as a result of their ownership of certain portfolio investments. The income tax expense, or benefit, if any, and related tax assets and liabilities are reflected in the Company's consolidated financial statements.

The Taxable Subsidiaries use the liability method in accounting for income taxes. Deferred tax assets and liabilities are recorded for temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, using statutory tax rates in effect for the year in which the temporary differences are expected to reverse. A valuation allowance is provided against deferred tax assets when it is more likely than not that some portion or all of the deferred tax asset will not be realized.

Taxable income generally differs from net income for financial reporting purposes due to temporary and permanent differences in the recognition of income and expenses. Taxable income generally excludes net unrealized appreciation or depreciation, as investment gains or losses are not included in taxable income until they are realized.

For the three and nine months ended September 30, 2023, the Company recorded deferred income tax provision of \$ 312 and \$144,425, respectively, related to the Taxable Subsidiaries. For the three and nine months ended September 30, 2022, the Company recorded deferred income tax benefit (provision) of \$30,535 and (\$151,278), respectively, related to the Taxable Subsidiaries. In addition, as of September 30, 2023 and December 31, 2022, the Company had a deferred tax liability of \$206,361 and \$61,936, respectively.

***Earnings per Share***

Basic per share calculations are computed utilizing the weighted average number of shares of the Company's common stock outstanding for the period. The Company has no common stock equivalents. As a result, there is no difference between diluted earnings per share and basic per share amounts.

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***Paid In Capital***

The Company records the proceeds from the sale of shares of its common stock on a net basis to (i) capital stock and (ii) paid in capital in excess of par value, excluding all commissions and marketing support fees.

***Distributable (Loss) Earnings***

The components that make up distributable (loss) earnings on the Statements of Assets and Liabilities as of September 30, 2023 and December 31, 2022 are as follows:

|   | <u>September 30, 2023</u> | <u>December 31, 2022</u> |
|---|---------------------------|--------------------------|
| Accumulated net realized gain from investments, net of cumulative dividends of \$ 29,361,648 for both periods   | \$ 2,927,719              | \$ 2,675,719             |
| Net unrealized depreciation on non-controlled, non-affiliated investments and cash equivalents, net of deferred tax liability of \$206,361 and \$61,936, respectively | (54,219,416)              | (29,736,797)             |
| Net unrealized (depreciation) appreciation on foreign currency translations   | (15,204)                  | 6,040                    |
| Accumulated undistributed net investment income   | 32,119,291                | 27,697,264               |
| <b>Total distributable (loss) earnings</b>  | <b>\$ (19,187,610)</b>    | <b>\$ 642,226</b>        |

***Recently Issued Accounting Standards***

In March 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-04, Reference Rate Reform. The amendments in ASU 2020-04 provide optional expedites and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The standard is effective as of March 12, 2020 through December 31, 2022. The Company has agreements that have the London Interbank Offered Rate ("LIBOR") as a reference rate with certain portfolio companies and with certain lenders. Many of these agreements include language for choosing an alternative successor rate if LIBOR reference is no longer considered to be appropriate. Contract modifications are required to be evaluated in determining whether the modifications result in the establishment of new contracts or the continuation of existing contracts. The Company adopted this amendment in March 2020 and plans to apply the amendments in this update to account for contract modifications as contracts are amended to include a new reference rate or when LIBOR reference is no longer used. The Company did not utilize the optional expedites and exceptions provided by ASU 2020-04 during the three and nine months ended September 30, 2023.

From time to time, new accounting pronouncements are issued by the FASB or other standards setting bodies that are adopted by the Company as of the specified effective date. We believe the impact of the recently issued standards and any that are not yet effective will not have a material impact on our consolidated financial statements upon adoption.

**NOTE 2—RELATED PARTY ARRANGEMENTS**

**Investment Advisory Agreement**

The Company has entered into an investment advisory agreement with Stellus Capital pursuant to which Stellus Capital serves as its investment adviser. Pursuant to this agreement, the Company has agreed to pay to Stellus Capital an annual base management fee of 1.75% of gross assets, including assets purchased with borrowed funds or other forms of leverage and excluding cash and cash equivalents, and an incentive fee.

For the three and nine months ended September 30, 2023, the Company recorded an expense for base management fees of \$3,933,121 and \$11,533,811, respectively. For the three and nine months ended September 30, 2022, the Company recorded an expense for base management fees of \$3,827,669 and \$11,025,435, respectively. As of September 30, 2023 and December 31, 2022, \$ 3,933,121 and \$7,150,407 of such management fees, respectively, were payable to Stellus Capital.

The incentive fee has two components, the investment income incentive fee and the capital gains incentive fee, as follows:

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***Investment Income Incentive Fee***

The investment income component ("Income Incentive Fee") is calculated, and payable to the Advisor, quarterly in arrears based on the Company's pre-incentive fee net investment income for the immediately preceding calendar quarter, subject to a cumulative total return requirement and to deferral of non-cash amounts. The pre-incentive fee net investment income, which is expressed as a rate of return on the value of the Company's net assets attributable to the Company's common stock, for the immediately preceding calendar quarter, will have a 2.0% (which is 8.0% annualized) hurdle rate (also referred to as the "Hurdle"). Pre-incentive fee net investment income means interest income, dividend income and any other income accrued during the calendar quarter, minus the Company's operating expenses for the quarter excluding the incentive fee. Pre-incentive fee net investment income includes, in the case of investments with a deferred interest feature (such as original issue discount, debt instruments with PIK interest and zero coupon securities), accrued income that the Company has not yet received in cash. The Advisor receives no incentive fee for any calendar quarter in which the Company's pre-incentive fee net investment income does not exceed the Hurdle. Subject to the cumulative total return requirement described below, the Advisor receives 100% of the Company's pre-incentive fee net investment income for any calendar quarter with respect to that portion of the pre-incentive net investment income for such quarter, if any, that exceeds the Hurdle but is less than 2.5% (which is 10.0% annualized) of net assets (also referred to as the "Catch-up") and 20.0% of the Company's pre-incentive fee net investment income for such calendar quarter, if any, greater than 2.5% (10.0% annualized) of net assets.

The foregoing Income Incentive Fee is subject to a total return requirement, which provides that no Income Incentive Fee in respect of the Company's pre-incentive fee net investment income is payable except to the extent 20.0% of the cumulative net increase in net assets resulting from operations over the then current and 11 preceding calendar quarters exceeds the cumulative Income Incentive Fees accrued and/or paid for the 11 preceding quarters. In other words, any Income Incentive Fee that is payable in a calendar quarter is limited to the lesser of (i) 20% of the amount by which the Company's pre-incentive fee net investment income for such calendar quarter exceeds the 2.0% hurdle, subject to the Catch-up, and (ii) (x) 20% of the cumulative net increase in net assets resulting from operations for the then current and 11 preceding quarters minus (y) the cumulative incentive fees accrued and/or paid for the 11 preceding calendar quarters. For the foregoing purpose, the "cumulative net increase in net assets resulting from operations" is the amount, if positive, of the sum of pre-incentive fee net investment income, realized gains and losses and unrealized appreciation and depreciation of the Company for the then current and 11 preceding calendar quarters. In addition, the Advisor is not paid the portion of such Income Incentive Fee that is attributable to deferred interest until the Company actually receives such interest in cash.

For the three and nine months ended September 30, 2023, the Company incurred \$ 2,705,200 and \$7,433,039 of Income Incentive Fees, respectively. For both the three and nine months ended September 30, 2022, the Company incurred \$1,635,641 of Income Incentive Fees. As of September 30, 2023 and December 31, 2022, \$ 3,058,550 and \$2,464,408, respectively, of such Income Incentive Fees were payable to the Advisor, of which \$2,622,778 and \$2,083,928, respectively, are currently payable (as explained below). As of September 30, 2023 and December 31, 2022, \$435,772 and \$380,480, respectively, of Income Incentive Fees incurred but not paid by the Company were generated from deferred interest (i.e. PIK, certain discount accretion and deferred interest) and are not payable until such amounts are received by the Company in cash.

***Capital Gains Incentive Fee***

The Company also pays the Advisor an incentive fee based on capital gains (the "Capital Gains Incentive Fee"). The Capital Gains Incentive Fee is determined and payable in arrears as of the end of each calendar year (or upon termination of the investment management agreement, as of the termination date). The Capital Gains Incentive Fee is equal to 20.0% of the Company's cumulative aggregate realized capital gains from Inception through the end of that calendar year, computed net of the cumulative aggregate realized capital losses and cumulative aggregate unrealized capital depreciation through the end of such year. The aggregate amount of any previously paid Capital Gain Incentive Fees is subtracted from such Capital Gain Incentive Fees calculated.

U.S. GAAP requires that the Capital Gains Incentive Fee accrual considers the cumulative aggregate realized gains and losses and unrealized capital appreciation or depreciation of investments and other financial instruments in the calculation, as an incentive fee would be payable if such realized gains and losses and unrealized capital appreciation or depreciation were realized, even though such realized gains and losses and unrealized capital appreciation or depreciation is not permitted to be considered in calculating the Capital Gains Incentive Fee actually payable under the investment advisory agreement. There can be no assurance that unrealized appreciation or

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depreciation will be realized in the future. Accordingly, such fees, as calculated and accrued, may not necessarily be payable under the investment advisory agreement, and may never be paid based upon the computation of incentive fees in subsequent periods.

For the three months ended September 30, 2023, the Company did not incur any Capital Gains Incentive Fees. For the nine months ended September 30, 2023, the Company reversed \$569,528 related to the Capital Gains Incentive Fee. For the three and nine months ended September 30, 2022, the Company reversed \$646,757 and \$1,672,549, respectively, related to the Capital Gains Incentive Fee. As of September 30, 2023 and December 31, 2022, \$0 and \$569,528, respectively, of Capital Gains Incentive Fees were accrued but not currently payable to the Advisor.

The following tables summarize the components of the incentive fees discussed above:

|   | For the three months ended |                    | For the nine months ended |                    |
|---|----------------------------|--------------------|---------------------------|--------------------|
|   | September 30, 2023         | September 30, 2022 | September 30, 2023        | September 30, 2022 |
| Investment income incentive fees incurred         | \$ 2,705,200               | \$ 1,635,641       | \$ 7,433,039              | \$ 1,635,641       |
| Capital gains incentive fees reversed             | —                          | (646,757)          | (569,528)                 | (1,672,549)        |
| Incentive fees expense (reversal)                 | \$ 2,705,200               | \$ 988,884         | \$ 6,863,511              | \$ (36,908)        |
|   |                            |                    | September 30, 2023        | December 31, 2022  |
| Investment income incentive fee currently payable |                            |                    | \$ 2,622,778              | \$ 2,083,928       |
| Investment income incentive fee deferred          |                            |                    | 435,772                   | 380,480            |
| Capital gains incentive fee deferred              |                            |                    | —                         | 569,528            |
| Incentive fee payable                             |                            |                    | \$ 3,058,550              | \$ 3,033,936       |

**Director Fees**

For the three and nine months ended September 30, 2023, the Company recorded an expense relating to independent director fees of \$93,250 and \$303,750, respectively. For the three and nine months ended September 30, 2022, the Company recorded an expense relating to independent director fees of \$83,500 and \$254,500, respectively. As of both September 30, 2023 and December 31, 2022, the Company had no unpaid independent director fees.

**Co-Investment Pursuant to SEC Order**

On October 23, 2013, the Company received an exemptive order as superseded by a new exemptive relief order on December 18, 2018 (the "Prior Order") from the SEC to co-invest with private funds managed by Stellus Capital where doing so is consistent with the Company's investment strategy as well as applicable law (including the terms and conditions of the exemptive order issued by the SEC). On May 9, 2022, the Company received a new exemptive order (the "Order") that superseded the Prior Order and permits the Company greater flexibility to enter into co-investment transactions. The Order expands on the Prior Order and allows the Company to co-invest with additional types of private funds, other BDCs, and registered investment companies managed by Stellus Capital or an adviser that is controlled, controlling, or under common control with Stellus Capital, subject to the conditions included therein. Additionally, the Order provided added relief which allows the Company, subject to the satisfaction of certain conditions, to co-invest in existing portfolio companies with certain affiliates that are private funds if such private funds did not have an existing co-investment in such existing portfolio company. Pursuant to the Order, a "required majority" (as defined in Section 57(o) of the 1940 Act) of the Company's independent directors must make certain conclusions in connection with a co-investment transaction, including (1) the terms of the proposed transaction, including the consideration to be paid, are reasonable and fair to the Company and its stockholders and do not involve overreaching of the Company or its stockholders on the part of any person concerned and (2) the transaction is consistent with the interests of the Company's stockholders and is consistent with its investment objectives and strategies. The Company co-invests, subject to the conditions in the Order, with private credit funds and a BDC managed by Stellus Capital or its affiliate that have an investment strategy that is similar or identical to the Company's investment strategy, and the Company may co-invest with other BDCs, and registered investment companies managed by Stellus Capital or an adviser that is controlled, controlling, or under common control with Stellus Capital in the future. The Company believes that such co-investments may afford it additional investment opportunities and an ability to achieve greater diversification.

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**Administrative Agent**

The Company serves as the administrative agent on certain investment transactions, including co-investments with its affiliates under the Order. As of both September 30, 2023 and December 31, 2022, there were no payables due to other investment funds related to interest paid by a borrower to the Company as administrative agent. Any such amount would be included in "Other accrued expenses and liabilities" on the Consolidated Statements of Assets and Liabilities. Additionally, as of September 30, 2023 and December 31, 2022, there was \$0 and \$1,060,321, respectively, due to related parties related to interest paid by a borrower to the Company as administrative agent which is included in "Related party payable" on the Consolidated Statement of Assets and Liabilities.

**License Agreement**

The Company has entered into a license agreement with Stellus Capital under which Stellus Capital has agreed to grant the Company a non-exclusive, royalty-free license to use the name "Stellus Capital." Under this agreement, the Company has a right to use the "Stellus Capital" name for so long as Stellus Capital or one of its affiliates remains its investment adviser. Other than with respect to this limited license, the Company has no legal right to the "Stellus Capital" name. This license agreement will remain in effect for so long as the investment advisory agreement with Stellus Capital is in effect.

**Administration Agreement**

The Company entered into an administration agreement with Stellus Capital pursuant to which Stellus Capital will furnish the Company with office facilities and equipment and will provide the Company with the clerical, bookkeeping, recordkeeping and other administrative services necessary to conduct day-to-day operations. Under this administration agreement, Stellus Capital will perform, or oversee the performance of, its required administrative services, which includes, among other things, being responsible for the financial records which the Company is required to maintain and preparing reports to its stockholders and reports filed with the SEC.

For the three and nine months ended September 30, 2023, the Company recorded expenses of \$ 389,595 and \$1,163,441, respectively, related to the administration agreement and are included in "Administrative services expenses" on our Consolidated Statements of Operations. For the three and nine months ended September 30, 2022, the Company recorded expenses of \$369,209 and \$1,162,527, respectively, related to the administration agreement and are included in "Administrative services expenses" on our Consolidated Statements of Operations. As of September 30, 2023 and December 31, 2022, \$ 389,595 and \$343,817, respectively, remained payable to Stellus Capital related to the administration agreement and were included in administrative services payable on our Consolidated Statements of Assets and Liabilities.

**Indemnifications**

The investment advisory agreement provides that, absent willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of the reckless disregard of its duties and obligations under the investment advisory agreement, Stellus Capital and its officers, managers, partners, agents, employees, controlling persons and members, and any other person or entity affiliated with it, are entitled to indemnification from the Company for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of Stellus Capital's services under the investment advisory agreement or otherwise as our investment adviser.

The Company has also entered into indemnification agreements with its directors. The indemnification agreements are intended to provide the Company's directors the maximum indemnification permitted under Maryland law and the 1940 Act. Each indemnification agreement provides that the Company shall indemnify the director who is a party to the agreement (an "Indemnitee"), including the advancement of legal expenses, if, by reason of his or her corporate status, the Indemnitee is, or is threatened to be, made a party to or a witness in any threatened, pending, or completed proceeding, other than a proceeding by or in the right of the Company.

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**NOTE 3 — DISTRIBUTIONS**

Distributions are generally declared by the Company's Board each calendar quarter and recognized as distribution liabilities on the declaration date. The stockholder distributions, if any, will be determined by the Board. Any distribution to stockholders are declared out of assets legally available for distribution.

For the three and nine months ended September 30, 2023, the Company declared aggregate distributions of \$ 0.40 and \$1.20 per share on its common stock, respectively. For the three and nine months ended September 30, 2022, the Company declared aggregate distributions of \$0.34 and \$0.96 per share on its common stock, respectively. The Company has declared aggregate distributions of \$14.55 per share on its common stock since Inception:

| Date Declared      | Record Date        | Payment Date       | Per Share <sup>(1)</sup> |
|--------------------|--------------------|--------------------|--------------------------|
| <b>Fiscal 2012</b> |                    |                    | \$ 0.18                  |
| <b>Fiscal 2013</b> |                    |                    | \$ 1.36                  |
| <b>Fiscal 2014</b> |                    |                    | \$ 1.42                  |
| <b>Fiscal 2015</b> |                    |                    | \$ 1.36                  |
| <b>Fiscal 2016</b> |                    |                    | \$ 1.36                  |
| <b>Fiscal 2017</b> | <b>Various</b>     |                    | \$ 1.36                  |
| <b>Fiscal 2018</b> |                    |                    | \$ 1.36                  |
| <b>Fiscal 2019</b> |                    |                    | \$ 1.36                  |
| <b>Fiscal 2020</b> |                    |                    | \$ 1.15                  |
| <b>Fiscal 2021</b> |                    |                    | \$ 1.14                  |
| <b>Fiscal 2022</b> |                    |                    | \$ 1.30                  |
| <b>Fiscal 2023</b> |                    |                    |                          |
| January 11, 2023   | January 31, 2023   | February 15, 2023  | \$ 0.1333                |
| January 11, 2023   | February 28, 2023  | March 15, 2023     | \$ 0.1333                |
| January 11, 2023   | March 31, 2023     | April 14, 2023     | \$ 0.1333                |
| April 19, 2023     | May 1, 2023        | May 15, 2023       | \$ 0.1333                |
| April 19, 2023     | May 31, 2023       | June 15, 2023      | \$ 0.1333                |
| April 19, 2023     | June 30, 2023      | July 14, 2023      | \$ 0.1333                |
| July 14, 2023      | July 31, 2023      | August 15, 2023    | \$ 0.1333                |
| July 14, 2023      | August 31, 2023    | September 15, 2023 | \$ 0.1333                |
| July 14, 2023      | September 29, 2023 | October 13, 2023   | \$ 0.1333                |
| <b>Total</b>       |                    |                    | <b>\$ 14.55</b>          |

(1) Distributions for fiscal years 2012 through 2022 are shown in aggregate amounts.

The Company has adopted an "opt out" dividend reinvestment plan ("DRIP") pursuant to which a stockholder whose shares are held in his own name will receive distributions in shares of the Company's common stock under the Company's DRIP unless it elects to receive distributions in cash. Stockholders whose shares are held in the name of a broker or the nominee of a broker may have distributions reinvested only if such service is provided by the broker or the nominee, or if the broker of the nominee permits participation in the Company's DRIP.

Although distributions paid in the form of additional shares of the Company's common stock will generally be subject to U.S. federal, state and local taxes in the same manner as cash distributions, investors participating in the Company's DRIP will not receive any corresponding cash distributions with which to pay any such applicable taxes. Any distributions reinvested through the issuance of shares through the Company's DRIP will increase the Company's gross assets on which the base management fee and the incentive fee are determined and paid to Stellus Capital. The Company did not issue shares through the DRIP during either of the three and nine months ended September 30, 2023 or 2022.

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**NOTE 4 — EQUITY OFFERINGS AND RELATED EXPENSES**

The table below illustrates the number of common stock shares the Company issued since Inception through various equity offerings and pursuant to the Company's DRIP.

| Issuance of Common Stock              | Number of Shares  | Gross Proceeds <sup>(1)(2)</sup> | Underwriting fees   | Offering Expenses   | Fees Covered by Advisor | Net Proceeds <sup>(3)</sup> | Average Offering Price |
|---------------------------------------|-------------------|----------------------------------|---------------------|---------------------|-------------------------|-----------------------------|------------------------|
| Year ended December 31, 2012          | 12,035,023        | \$180,522,093                    | \$ 4,959,720        | \$ 835,500          | \$ —                    | \$174,726,873               | \$ 14.90               |
| Year ended December 31, 2013          | 63,998            | 899,964                          | —                   | —                   | —                       | 899,964                     | 14.06                  |
| Year ended December 31, 2014          | 380,936           | 5,485,780                        | 75,510              | 29,904              | —                       | 5,380,366                   | 14.47                  |
| Year ended December 31, 2017          | 3,465,922         | 48,741,406                       | 1,358,880           | 307,021             | —                       | 47,075,505                  | 14.06                  |
| Year ended December 31, 2018          | 7,931             | 93,737                           | —                   | —                   | —                       | 93,737                      | 11.85                  |
| Year ended December 31, 2019          | 3,177,936         | 45,862,995                       | 1,015,127           | 559,261             | 37,546                  | 44,326,153                  | 14.43                  |
| Year ended December 31, 2020          | 354,257           | 5,023,843                        | 5,680               | 84,592              | 66,423                  | 4,999,994                   | 14.40                  |
| Year ended December 31, 2021          | 31,592            | 449,515                          | 6,744               | 53,327              | 4,255                   | 393,699                     | 14.23                  |
| Year ended December 31, 2022          | 149,174           | 2,070,935                        | 31,066              | 530,842             | 87,605                  | 1,596,632                   | 13.88                  |
| Three months ended March 31, 2023     | 581,614           | 8,418,160                        | 126,303             | 70,255              | 68,967                  | 8,290,569                   | 14.47                  |
| Three months ended June 30, 2023      | 2,309,521         | 32,553,697                       | 488,418             | 52,316              | 408,121                 | 32,421,084                  | 14.10                  |
| Three months ended September 30, 2023 | 1,567,738         | 21,899,491                       | 328,527             | 103,614             | —                       | 21,467,350                  | 13.97                  |
| <b>Total</b>                          | <b>24,125,642</b> | <b>\$352,021,616</b>             | <b>\$ 8,395,975</b> | <b>\$ 2,626,632</b> | <b>\$ 672,917</b>       | <b>\$341,671,926</b>        |                        |

(1) Net of partial share transactions. Such share transactions impacted gross proceeds by (\$94), \$757, (\$1,051), (\$142), (\$31) and (\$29) in 2020, 2019, 2018, 2017, 2016 and 2015, respectively.

(2) Includes common shares issued under the DRIP of \$228,943 and \$94,788 during the years ended December 31, 2020 and 2018, respectively; \$0 for the three and nine months ended September 30, 2023 and years ended 2022, 2021, 2019, 2017, 2016 and 2015, and \$390,505, \$938,385, and \$113,000 for the years ended 2014, 2013, and 2012, respectively.

(3) Total Net Proceeds per this equity table will differ from the Statements of Assets and Liabilities as of September 30, 2023 and December 31, 2022 in the amount of \$4,358,535, which represents a cumulative tax reclassification of stockholders' equity in accordance with U.S. GAAP. This reclassification reduces paid-in capital and increases (decreases) distributable earnings (loss) (by increasing (decreasing) accumulated undistributed gain (deficit)).

On November 16, 2021, the Company entered into an equity distribution agreement, as amended and restated on August 29, 2022 (the "2021 Equity Distribution Agreement") with Keefe Bruyette & Woods, Inc. and Raymond James & Associates, Inc., as sales agents and/or principal thereunder. Under the Equity Distribution Agreement, the Company was permitted to issue and sell, from time to time, up to \$50,000,000 in aggregate offering price of shares of common stock, par value \$ 0.001 per share, with the intention to use the net proceeds from this at-the-market sales program to repay certain outstanding indebtedness and make investments in portfolio companies in accordance with its investment objective and strategies.

On August 11, 2023, the Company entered into an equity distribution agreement (the "2023 Equity Distribution Agreement" and together with the 2021 Equity Distribution Agreement, the "Equity Distribution Agreements") with Keefe Bruyette & Woods, Inc. and Raymond James & Associates, Inc., as sales agents and/or principal thereunder. Under the Equity Distribution Agreement, the Company may issue and sell, from time to time, up to \$100,000,000 in aggregate offering price of shares of common stock, par value \$ 0.001 per share, with the intention to use the net proceeds from this at-the-market sales program to repay certain outstanding indebtedness and make investments in portfolio companies in accordance with its investment objective and strategies. Upon execution of the 2023 Equity Distribution Agreement, the Company no longer sold any shares under the 2021 Equity Distribution Agreement. The Company refers to its issuance and sale of shares under the Equity Distribution Agreements as the "ATM Program".

The Company issued 1,567,738 shares during the three months ended September 30, 2023 under the ATM Program, for gross proceeds of \$21,899,491 and underwriting fees and other expenses of \$432,141. The average per share offering price of shares issued in the ATM Program during the three months ended September 30, 2023 was \$13.97. The Company issued 4,458,873 shares during the nine months ended September 30, 2023 under the ATM Program, for gross proceeds of \$62,871,348 and underwriting fees and other expenses of \$1,169,433. The average per share offering price of shares issued under the ATM Program during the nine months ended September 30, 2023 was \$14.10. The Advisor agreed to reimburse the Company for underwriting fees to the extent the per share price of the shares to the public, less underwriting fees, was less than net asset value per share. For the three months ended September 30, 2023, the Advisor did not

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reimburse any underwriting fees. For the nine months ended September 30, 2023, the Advisor reimbursed the Company \$477,088, which resulted in net proceeds of \$62,179,003, or \$14.00 per share, excluding the impact of offering expenses.

The Company issued 0 shares of common stock through the DRIP for both the three and nine months ended September 30, 2023 and 2022.

**NOTE 5—NET (DECREASE) INCREASE IN NET ASSETS PER COMMON SHARE**

The following information sets forth the computation of net (decrease) increase in net assets resulting from operations per common share for the three and nine months ended September 30, 2023 and September 30, 2022.

|   | For the three months ended |                    | For the nine months ended |                    |
|---|----------------------------|--------------------|---------------------------|--------------------|
|   | September 30, 2023         | September 30, 2022 | September 30, 2023        | September 30, 2022 |
| Net (decrease) increase in net assets resulting from operations           | \$ (2,397,390)             | \$ 3,955,529       | \$ 6,049,800              | \$ 10,513,540      |
| Weighted average common shares  | 22,824,221                 | 19,545,935         | 21,289,880                | 19,535,708         |
| Net (decrease) increase in net assets resulting from operations per share | <u>\$ (0.11)</u>           | <u>0.20</u>        | <u>\$ 0.28</u>            | <u>0.54</u>        |

**NOTE 6—PORTFOLIO INVESTMENTS AND FAIR VALUE**

In accordance with the authoritative guidance on fair value measurements and disclosures under U.S. GAAP, the Company discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The guidance establishes three levels of the fair value hierarchy as follows:

Level 1—Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2—Quoted prices in markets that are not considered to be active or financial instruments for which significant inputs are observable, either directly or indirectly;

Level 3—Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

The level of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes “observable” requires significant judgment by management.

The Company considers whether the volume and level of activity for the asset or liability have significantly decreased and identifies transactions that are not orderly in determining fair value. Accordingly, if the Company determines that either the volume and/or level of activity for an asset or liability has significantly decreased (from normal conditions for that asset or liability) or price quotations or observable inputs are not associated with orderly transactions, increased analysis and management judgment will be required to estimate fair value. Valuation techniques such as an income approach might be appropriate to supplement or replace a market approach in those circumstances.

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At September 30, 2023, the Company had investments in 96 portfolio companies. The total cost and fair value of the investments were \$941,679,195 and \$886,338,148, respectively. The composition of our investments as of September 30, 2023 is as follows:

|  | <b>Cost</b>           | <b>Fair Value</b>     |
|--|-----------------------|-----------------------|
| Senior Secured – First Lien <sup>(1)</sup> | \$ 818,753,394        | \$ 793,131,815        |
| Senior Secured – Second Lien               | 60,218,330            | 21,935,000            |
| Unsecured Debt                             | 5,922,437             | 5,675,605             |
| Equity                                     | 56,785,034            | 65,595,728            |
| <b>Total Investments</b>                   | <b>\$ 941,679,195</b> | <b>\$ 886,338,148</b> |

(1) Includes unitranche investments, which may combine characteristics of first lien senior secured, as well as second lien and/or subordinated loans. Our unitranche loans may expose us to certain risk associated with second lien and subordinated loans to the extent we invest in the "last-out" portion of the unitranche loans which account for 5.8% of our portfolio at fair value.

At December 31, 2022, the Company had investments in 85 portfolio companies. The total cost and fair value of the investments were \$875,823,177 and \$844,733,638, respectively. The composition of our investments as of December 31, 2022 was as follows:

|  | <b>Cost</b>           | <b>Fair Value</b>     |
|--|-----------------------|-----------------------|
| Senior Secured – First Lien <sup>(1)</sup> | \$ 750,527,999        | \$ 735,555,508        |
| Senior Secured – Second Lien               | 69,989,477            | 45,304,300            |
| Unsecured Debt                             | 5,657,964             | 4,823,898             |
| Equity                                     | 49,647,737            | 59,049,932            |
| <b>Total Investments</b>                   | <b>\$ 875,823,177</b> | <b>\$ 844,733,638</b> |

(1) Includes unitranche investments, which may combine characteristics of first lien senior secured, as well as second lien and/or subordinated loans. Our unitranche loans may expose us to certain risk associated with second lien and subordinated loans to the extent we invest in the "last-out" portion of the unitranche loans which account for 3.1% of our portfolio at fair value.

The Company's investment portfolio may contain loans that are in the form of lines of credit or revolving credit facilities, which require the Company to provide funding when requested by portfolio companies in accordance with the terms of the underlying loan agreements. As of September 30, 2023 and December 31, 2022, the Company had 58 and 52 of such investments with aggregate unfunded commitments of \$29,136,909 and \$27,824,917, respectively. The Company maintains sufficient liquidity (through cash on hand and available borrowings under the Credit Facility) to fund such unfunded loan commitments should the need arise.

The aggregate gross unrealized appreciation and depreciation and the aggregate cost and fair value of the Company's portfolio company securities as of September 30, 2023 and December 31, 2022 were as follows:

|  | <b>September 30, 2023</b> | <b>December 31, 2022</b> |
|--|---------------------------|--------------------------|
| Aggregate cost of portfolio company securities   | \$ 941,679,195            | \$ 875,823,177           |
| Gross unrealized appreciation of portfolio company securities                                  | 35,791,279                | 28,927,746               |
| Gross unrealized depreciation of portfolio company securities                                  | (89,804,334)              | (58,602,607)             |
| Gross unrealized appreciation on foreign currency translations of portfolio company securities | 5,881                     | —                        |
| Gross unrealized depreciation on foreign currency translations of portfolio company securities | (1,333,873)               | (1,414,678)              |
| <b>Aggregate fair value of portfolio company securities</b>                                    | <b>\$ 886,338,148</b>     | <b>\$ 844,733,638</b>    |

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The fair values of our investments disaggregated into the three levels of the fair value hierarchy based upon the lowest level of significant input used in the valuation as of September 30, 2023 are as follows:

|                              | <b>Quoted Prices<br/>in Active<br/>Markets<br/>for Identical<br/>Securities<br/>(Level 1)</b> | <b>Significant Other<br/>Observable<br/>Inputs<br/>(Level 2)</b> | <b>Significant<br/>Unobservable<br/>Inputs<br/>(Level 3)</b> | <b>Total</b>          |
|------------------------------|---|--|--|-----------------------|
| Senior Secured – First Lien  | \$ —  | \$ —   | \$ 793,131,815   | \$ 793,131,815        |
| Senior Secured – Second Lien | —   | —  | 21,935,000   | 21,935,000            |
| Unsecured Debt               | —   | —  | 5,675,605  | 5,675,605             |
| Equity                       | —   | —  | 65,595,728   | 65,595,728            |
| <b>Total Investments</b>     | <b>\$ —</b>   | <b>\$ —</b>  | <b>\$ 886,338,148</b>  | <b>\$ 886,338,148</b> |

The fair values of our investments disaggregated into the three levels of the fair value hierarchy based upon the lowest level of significant input used in the valuation as of December 31, 2022 are as follows:

|                              | <b>Quoted Prices<br/>in Active<br/>Markets<br/>for Identical<br/>Securities<br/>(Level 1)</b> | <b>Significant Other<br/>Observable<br/>Inputs<br/>(Level 2)</b> | <b>Significant<br/>Unobservable<br/>Inputs<br/>(Level 3)</b> | <b>Total</b>          |
|------------------------------|---|--|--|-----------------------|
| Senior Secured – First Lien  | \$ —  | \$ —   | \$ 735,555,508   | \$ 735,555,508        |
| Senior Secured – Second Lien | —   | —  | 45,304,300   | 45,304,300            |
| Unsecured Debt               | —   | —  | 4,823,898  | 4,823,898             |
| Equity                       | —   | —  | 59,049,932   | 59,049,932            |
| <b>Total Investments</b>     | <b>\$ —</b>   | <b>\$ —</b>  | <b>\$ 844,733,638</b>  | <b>\$ 844,733,638</b> |

The aggregate values of Level 3 portfolio investments change during the nine months ended September 30, 2023 are as follows:

|   | <b>Senior Secured<br/>Loans-First<br/>Lien</b> | <b>Senior Secured<br/>Loans-Second<br/>Lien</b> | <b>Unsecured<br/>Debt</b> | <b>Equity</b>        | <b>Total</b>          |
|---|--|---|---------------------------|----------------------|-----------------------|
| Fair value at beginning of period   | \$ 735,555,508                                 | \$ 45,304,300                                   | \$ 4,823,898              | \$ 59,049,932        | \$ 844,733,638        |
| Purchases of investments  | 132,330,331                                    | —   | —                         | 7,320,091            | 139,650,422           |
| Payment-in-kind interest  | 2,268,148                                      | —   | 464,382                   | —                    | 2,732,530             |
| Sales and redemptions   | (68,327,719)                                   | (9,882,105)                                     | (211,627)                 | (840,267)            | (79,261,718)          |
| Realized (losses) gains   | (870)  | —   | —                         | 657,471              | 656,601               |
| Change in unrealized (depreciation) appreciation included in earnings <sup>(1)</sup>      | (10,737,043)                                   | (13,598,151)                                    | 587,234                   | (590,235)            | (24,338,195)          |
| Change in unrealized appreciation (depreciation) on foreign currency included in earnings | 87,951   | —   | —                         | (1,264)              | 86,687                |
| Amortization of premium and accretion of discount, net                                    | 1,955,509                                      | 110,956   | 11,718                    | —                    | 2,078,183             |
| <b>Fair value at end of period</b>  | <b>\$ 793,131,815</b>                          | <b>\$ 21,935,000</b>                            | <b>\$ 5,675,605</b>       | <b>\$ 65,595,728</b> | <b>\$ 886,338,148</b> |

(1) Includes reversal of positions during the nine months ended September 30, 2023.

There were no Level 3 transfers during the nine months ended September 30, 2023.

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The aggregate values of Level 3 portfolio investments change during the year ended December 31, 2022 are as follows:

|   | Senior Secured<br>Loans-First<br>Lien | Senior Secured<br>Loans-Second<br>Lien | Unsecured<br>Debt   | Equity               | Total                 |
|---|---------------------------------------|--|---------------------|----------------------|-----------------------|
| Fair value at beginning of period   | \$ 646,352,935                        | \$ 56,733,110                          | \$ 4,883,854        | \$ 64,903,427        | \$ 772,873,326        |
| Purchases of investments  | 196,925,873                           | 4,900,000                              | 83,511              | 9,101,485            | 211,010,869           |
| Payment-in-kind interest  | 826,816                               | —                                      | 530,361             | —                    | 1,357,177             |
| Sales and redemptions   | (98,160,329)                          | (10,809,276)                           | —                   | (18,873,195)         | (127,842,800)         |
| Realized (losses) gains   | (3,929,334)                           | (4,109,525)                            | —                   | 11,811,371           | 3,772,512             |
| Change in unrealized depreciation included in earnings <sup>(1)</sup>                     | (7,342,462)                           | (1,611,688)                            | (687,778)           | (7,900,302)          | (17,542,230)          |
| Change in unrealized (depreciation) appreciation on foreign currency included in earnings | (1,421,824)                           | —                                      | —                   | 7,146                | (1,414,678)           |
| Amortization of premium and accretion of discount, net                                    | 2,303,833                             | 201,679                                | 13,950              | —                    | 2,519,462             |
| Fair value at end of period   | <b>\$ 735,555,508</b>                 | <b>\$ 45,304,300</b>                   | <b>\$ 4,823,898</b> | <b>\$ 59,049,932</b> | <b>\$ 844,733,638</b> |

(1) Includes reversal of positions during the twelve months ended December 31, 2022.

There were no Level 3 transfers during the twelve months ended December 31, 2022.

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The following is a summary of geographical concentration of our investment portfolio as of September 30, 2023:

|                      | <b>Cost</b>                  | <b>Fair Value</b>            | <b>% of Total Investments</b> |
|----------------------|------------------------------|------------------------------|-------------------------------|
| California           | \$ 198,435,914               | \$ 184,402,328               | 20.79 %                       |
| Texas                | 201,784,259                  | 177,626,821                  | 20.03 %                       |
| Florida              | 92,485,850                   | 91,929,779                   | 10.36 %                       |
| Pennsylvania         | 48,566,621                   | 48,739,983                   | 5.50 %                        |
| Illinois             | 58,569,341                   | 48,563,654                   | 5.48 %                        |
| Arizona              | 44,824,896                   | 47,215,376                   | 5.33 %                        |
| Ohio                 | 33,229,064                   | 35,678,523                   | 4.03 %                        |
| Wisconsin            | 27,419,166                   | 25,307,562                   | 2.86 %                        |
| Washington           | 24,330,488                   | 24,469,868                   | 2.76 %                        |
| South Carolina       | 23,788,284                   | 23,542,129                   | 2.66 %                        |
| Colorado             | 20,000,928                   | 19,434,544                   | 2.19 %                        |
| Georgia              | 10,180,988                   | 18,885,059                   | 2.13 %                        |
| Maryland             | 16,709,852                   | 16,680,941                   | 1.88 %                        |
| District of Columbia | 13,903,415                   | 14,946,569                   | 1.69 %                        |
| Indiana              | 14,223,073                   | 14,507,297                   | 1.64 %                        |
| North Carolina       | 13,228,185                   | 13,872,575                   | 1.57 %                        |
| New Jersey           | 11,207,366                   | 11,664,087                   | 1.32 %                        |
| Michigan             | 10,680,111                   | 10,680,110                   | 1.20 %                        |
| Massachusetts        | 10,167,365                   | 10,539,949                   | 1.19 %                        |
| Tennessee            | 9,385,167                    | 9,274,348                    | 1.05 %                        |
| Missouri             | 9,006,651                    | 8,998,049                    | 1.02 %                        |
| Idaho                | 8,874,557                    | 8,945,557                    | 1.01 %                        |
| Canada               | 8,708,104                    | 8,766,484                    | 0.99 %                        |
| New York             | 5,458,393                    | 5,654,248                    | 0.64 %                        |
| Minnesota            | 5,826,223                    | 5,587,569                    | 0.63 %                        |
| United Kingdom       | 20,684,934                   | 424,739                      | 0.05 %                        |
|                      | <b><u>\$ 941,679,195</u></b> | <b><u>\$ 886,338,148</u></b> | <b><u>100.00 %</u></b>        |

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The following is a summary of geographical concentration of our investment portfolio as of December 31, 2022:

|                      | <u>Cost</u>           | <u>Fair Value</u>     | <u>% of Total Investments at fair value</u> |
|----------------------|-----------------------|-----------------------|---|
| Texas                | \$ 191,422,143        | \$ 171,165,597        | 20.26 %                                     |
| California           | 167,833,384           | 165,340,017           | 19.57 %                                     |
| Florida              | 60,593,839            | 59,421,775            | 7.03 %                                      |
| Illinois             | 64,421,998            | 53,218,615            | 6.30 %                                      |
| Arizona              | 43,129,283            | 44,277,625            | 5.24 %                                      |
| Pennsylvania         | 42,899,504            | 41,889,344            | 4.96 %                                      |
| Ohio                 | 34,223,452            | 37,333,236            | 4.42 %                                      |
| Washington           | 28,978,375            | 28,480,471            | 3.37 %                                      |
| New Jersey           | 25,395,054            | 25,140,343            | 2.98 %                                      |
| Wisconsin            | 27,533,402            | 24,271,761            | 2.87 %                                      |
| District of Columbia | 17,236,556            | 21,124,347            | 2.50 %                                      |
| Georgia              | 10,919,642            | 19,692,757            | 2.33 %                                      |
| South Carolina       | 19,089,373            | 18,654,782            | 2.21 %                                      |
| Maryland             | 16,824,077            | 16,576,554            | 1.96 %                                      |
| Minnesota            | 16,972,086            | 15,952,072            | 1.89 %                                      |
| United Kingdom       | 20,530,087            | 14,445,481            | 1.71 %                                      |
| Colorado             | 15,204,934            | 14,295,470            | 1.69 %                                      |
| Indiana              | 14,346,082            | 14,245,432            | 1.69 %                                      |
| Canada               | 13,333,737            | 13,266,669            | 1.57 %                                      |
| North Carolina       | 10,461,551            | 10,649,232            | 1.26 %                                      |
| Massachusetts        | 10,215,356            | 10,527,659            | 1.25 %                                      |
| Idaho                | 9,873,093             | 9,863,103             | 1.17 %                                      |
| Missouri             | 9,142,111             | 9,656,287             | 1.14 %                                      |
| New York             | 5,096,152             | 5,096,008             | 0.61 %                                      |
| Michigan             | 147,906               | 149,001               | 0.02 %                                      |
|                      | <u>\$ 875,823,177</u> | <u>\$ 844,733,638</u> | <u>100.00 %</u>                             |

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The following is a summary of industry concentration of our investment portfolio as of September 30, 2023:

|   | <u>Cost</u>                  | <u>Fair Value</u>            | <u>% of Total Investments</u> |
|---|------------------------------|------------------------------|-------------------------------|
| Services: Business                        | \$ 194,990,932               | \$ 205,918,323               | 23.24 %                       |
| Healthcare & Pharmaceuticals              | 101,206,823                  | 103,092,547                  | 11.63 %                       |
| Consumer Goods: Durable                   | 58,800,939                   | 53,974,812                   | 6.09 %                        |
| High Tech Industries                      | 51,932,243                   | 51,454,412                   | 5.81 %                        |
| Consumer Goods: Non-Durable               | 53,777,908                   | 47,396,634                   | 5.35 %                        |
| Beverage, Food, & Tobacco                 | 43,077,877                   | 44,406,932                   | 5.01 %                        |
| Software                                  | 40,113,229                   | 40,956,717                   | 4.62 %                        |
| Media: Advertising, Printing & Publishing | 38,356,963                   | 39,217,942                   | 4.42 %                        |
| Capital Equipment                         | 37,303,170                   | 38,576,803                   | 4.35 %                        |
| Services: Consumer                        | 50,310,688                   | 32,337,514                   | 3.65 %                        |
| Construction & Building                   | 30,622,390                   | 30,577,354                   | 3.45 %                        |
| Aerospace & Defense                       | 47,005,893                   | 24,062,870                   | 2.71 %                        |
| Environmental Industries                  | 35,547,983                   | 23,613,946                   | 2.66 %                        |
| Media: Broadcasting & Subscription        | 17,988,173                   | 20,946,799                   | 2.36 %                        |
| Transportation & Logistics                | 16,689,791                   | 17,185,165                   | 1.94 %                        |
| Chemicals, Plastics, & Rubber             | 18,354,804                   | 17,040,958                   | 1.92 %                        |
| Metals & Mining                           | 16,612,448                   | 16,585,405                   | 1.87 %                        |
| Retail                                    | 14,919,849                   | 14,805,752                   | 1.67 %                        |
| Containers, Packaging, & Glass            | 17,382,901                   | 14,651,952                   | 1.65 %                        |
| Automotive                                | 11,137,278                   | 11,250,000                   | 1.27 %                        |
| Utilities: Oil & Gas                      | 9,937,449                    | 10,000,000                   | 1.13 %                        |
| Education                                 | 10,269,911                   | 9,183,346                    | 1.04 %                        |
| Media: Diversified & Production           | 5,649,003                    | 5,741,030                    | 0.65 %                        |
| Finance                                   | 1,554,039                    | 5,555,214                    | 0.63 %                        |
| FIRE: Real Estate                         | 16,946,623                   | 5,406,899                    | 0.61 %                        |
| Energy: Oil & Gas                         | 1,189,888                    | 1,516,860                    | 0.17 %                        |
| Hotel, Gaming, & Leisure                  | -                            | 881,962                      | 0.10 %                        |
| <b>Total</b>                              | <b><u>\$ 941,679,195</u></b> | <b><u>\$ 886,338,148</u></b> | <b><u>100.00 %</u></b>        |

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The following is a summary of industry concentration of our investment portfolio as of December 31, 2022:

|   | <b>Cost</b>                  | <b>Fair Value</b>            | <b>% of Total Investments at fair value</b> |
|---|------------------------------|------------------------------|---|
| Services: Business                        | \$ 207,234,534               | \$ 218,866,572               | 25.91 %                                     |
| Healthcare & Pharmaceuticals              | 86,469,854                   | 88,103,319                   | 10.43 %                                     |
| Media: Advertising, Printing & Publishing | 52,830,447                   | 52,525,839                   | 6.22 %                                      |
| Consumer Goods: Non-Durable               | 54,683,102                   | 51,280,593                   | 6.07 %                                      |
| Consumer Goods: Durable                   | 45,601,928                   | 44,529,176                   | 5.27 %                                      |
| Aerospace & Defense                       | 48,137,394                   | 39,526,086                   | 4.68 %                                      |
| Software                                  | 37,582,855                   | 37,975,255                   | 4.50 %                                      |
| Capital Equipment                         | 33,538,647                   | 33,801,951                   | 4.00 %                                      |
| Beverage, Food, & Tobacco                 | 34,000,918                   | 32,755,054                   | 3.88 %                                      |
| Construction & Building                   | 26,948,135                   | 26,406,849                   | 3.13 %                                      |
| Environmental Industries                  | 27,771,798                   | 26,247,936                   | 3.11 %                                      |
| Services: Consumer                        | 43,302,101                   | 24,616,706                   | 2.92 %                                      |
| Media: Broadcasting & Subscription        | 18,615,052                   | 21,445,307                   | 2.54 %                                      |
| Chemicals, Plastics, & Rubber             | 18,487,206                   | 17,903,999                   | 2.12 %                                      |
| Transportation & Logistics                | 16,768,763                   | 17,161,972                   | 2.03 %                                      |
| Metals & Mining                           | 16,708,750                   | 16,464,001                   | 1.95 %                                      |
| Containers, Packaging, & Glass            | 17,436,600                   | 13,977,250                   | 1.65 %                                      |
| Retail                                    | 13,303,536                   | 13,217,256                   | 1.56 %                                      |
| High Tech Industries                      | 14,126,954                   | 12,648,347                   | 1.50 %                                      |
| Automotive                                | 11,252,581                   | 11,342,751                   | 1.34 %                                      |
| Education                                 | 11,057,921                   | 10,498,760                   | 1.24 %                                      |
| Utilities: Oil & Gas                      | 9,921,469                    | 9,800,000                    | 1.16 %                                      |
| Energy: Oil & Gas                         | 7,314,230                    | 7,355,074                    | 0.87 %                                      |
| FIRE: Real Estate                         | 15,642,093                   | 5,866,397                    | 0.69 %                                      |
| Media: Diversified & Production           | 5,517,409                    | 5,534,710                    | 0.66 %                                      |
| Finance                                   | 1,568,900                    | 4,082,579                    | 0.48 %                                      |
| Hotel, Gaming, & Leisure                  | —                            | 799,899                      | 0.09 %                                      |
|   | <b><u>\$ 875,823,177</u></b> | <b><u>\$ 844,733,638</u></b> | <b><u>100.00 %</u></b>                      |

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The following provides quantitative information about Level 3 fair value measurements as of September 30, 2023:

| <b>Description:</b>                        | <b>Fair Value</b>            | <b>Valuation Technique</b>            | <b>Unobservable Inputs</b>                                | <b>Range (Average)<sup>(1)(3)</sup></b>  |
|--|------------------------------|---------------------------------------|---|--|
| First lien debt                            | \$ 793,131,815               | Income/Market approach <sup>(2)</sup> | HY credit spreads,<br>Risk free rates<br>Market multiples | -3.40% to 7.20% (-0.43%)<br>0.00% to 3.97% (0.98%)<br>5.0x to 17.0x (10.5x) <sup>(4)</sup> |
| Second lien debt                           | \$ 21,935,000                | Income/Market approach <sup>(2)</sup> | HY credit spreads,<br>Risk free rates<br>Market multiples | -0.74% to 7.97% (1.56%)<br>0.27% to 1.13% (0.57%)<br>5.7x to 10.8x (7.8x) <sup>(4)</sup>   |
| Unsecured debt                             | \$ 5,675,605                 | Income/Market approach <sup>(2)</sup> | HY credit spreads,<br>Risk free rates<br>Market multiples | 4.57% to 4.57% (4.57%)<br>4.39% to 4.39% (4.39%)<br>9.3x to 9.3x (9.3x) <sup>(4)</sup>     |
| Equity investments                         | \$ 65,595,728                | Market approach <sup>(5)</sup>        | Underwriting multiple/<br>EBITDA Multiple                 | 1.4x to 24.4x (12.5x)  |
| <b>Total Long Term Level 3 Investments</b> | <b><u>\$ 886,338,148</u></b> |                                       |   |  |

(1) Weighted average based on fair value as of September 30, 2023.

(2) Included but not limited to (a) the market approach, which is used to determine sufficient enterprise value, and (b) the income approach which is based on discounting future cash flows using an appropriate market yield.

(3) The Company calculates the price of the loan by discounting future cash flows, which include forecasted future BSBY, LIBOR, SOFR, or SONIA rates based on the published forward curve at the valuation date, using an appropriate yield calculated as of the valuation date. This yield is calculated based on the loan's yield at the original investment and is adjusted as of the valuation date based on: changes in comparable credit spreads, changes in risk free interest rates (per swap rates), and changes in credit quality (via an estimated shadow rating). Significant movements in any of these factors could result in a significantly lower or higher fair value measurement. As an example, the "Range (Average)" for first lien debt instruments in the table above indicates that the change in the HY spreads between the date a loan closed and the valuation date ranged from -3.40% (-340 basis points) to 7.20% (720 basis points). The average of all changes was -0.43% (-43 basis points).

(4) Median of LTM (last twelve months) EBITDA multiples of comparable companies.

(5) The primary significant unobservable input used in the fair value measurement of the Company's equity investments is the EBITDA multiple (the "Multiple"). Significant increases (decreases) in the Multiple in isolation could result in a significantly higher (lower) fair value measurement. To determine the Multiple for the market approach, the Company considers current market trading and/or transaction multiple, portfolio company performance (financial ratios) relative to public and private peer companies and leverage levels, among other factors. Changes in one or more of these factors can have a similar directional change on other factors in determining the appropriate Multiple to use in the market approach.

The following provides quantitative information about Level 3 fair value measurements as of December 31, 2022:

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| Description:                               | Fair Value            | Valuation Technique                   | Unobservable Inputs                                       | Range (Average) <sup>(1)(3)</sup>  |
|--|-----------------------|---------------------------------------|---|--|
| First lien debt                            | \$ 735,555,508        | Income/Market approach <sup>(2)</sup> | HY credit spreads,<br>Risk free rates<br>Market multiples | -2.29% to 6.53% (1.52%)<br>-1.43% to 4.31% (2.31%)<br>4.5x to 19.3x (10.1x) <sup>(4)</sup> |
| Second lien debt                           | \$ 45,304,300         | Income/Market approach <sup>(2)</sup> | HY credit spreads,<br>Risk free rates<br>Market multiples | -0.17% to 5.18% (2.39%)<br>-0.02% to 3.91% (1.94%)<br>5.6x to 15.1x (11.4x) <sup>(4)</sup> |
| Unsecured debt                             | \$ 4,823,898          | Income/Market approach <sup>(2)</sup> | HY credit spreads,<br>Risk free rates<br>Market multiples | 7.97% to 7.97% (7.97%)<br>3.63% to 3.63% (3.63%)<br>9.1x to 9.1x (9.1x) <sup>(4)</sup>     |
| Equity investments                         | \$ 59,049,932         | Market approach <sup>(5)</sup>        | Underwriting multiple/<br>EBITDA Multiple                 | 1.3x to 24.8x (11.7x)  |
| <b>Total Long Term Level 3 Investments</b> | <b>\$ 844,733,638</b> |                                       |   |  |

- (1) Weighted average based on fair value as of December 31, 2022.
- (2) Inclusive of but not limited to (a) the market approach, which is used to determine sufficient enterprise value, and (b) the income approach which is based on discounting future cash flows using an appropriate market yield.
- (3) The Company calculates the price of the loan by discounting future cash flows, which include forecasted future LIBOR rates based on the published forward LIBOR curve at the valuation date, using an appropriate yield calculated as of the valuation date. This yield is calculated based on the loan's yield at the original investment and is adjusted as of the valuation date based on: changes in comparable credit spreads, changes in risk free interest rates (per swap rates), and changes in credit quality (via an estimated shadow rating). Significant movements in any of these factors would result in a significantly lower or higher fair value measurement. As an example, the "Range (Average)" for a first lien debt instruments in the table above indicates that the change in the HY spreads between the date a loan closed and the valuation date ranged from -2.29% (-229 basis points) to 6.53% (653 basis points). The average of all changes was 1.52% (152 basis points).
- (4) Median of LTM (last twelve months) EBITDA multiples of comparable companies.
- (5) The primary significant unobservable input used in the fair value measurement of the Company's equity investments is the EBITDA multiple (the "Multiple"). Significant increases (decreases) in the Multiple in isolation would result in a significantly higher (lower) fair value measurement. To determine the Multiple for the market approach, the Company considers current market trading and/or transaction multiple, portfolio company performance (financial ratios) relative to public and private peer companies and leverage levels, among other factors. Changes in one or more of these factors can have a similar directional change on other factors in determining the appropriate Multiple to use in the market approach.

**NOTE 7 — COMMITMENTS AND CONTINGENCIES**

The Company is currently not subject to any material legal proceedings, nor, to our knowledge, is any material legal proceeding threatened against us. From time to time, we may be a party to certain legal proceedings in the ordinary course of business, including proceedings relating to the enforcement of our rights under contracts with our portfolio companies. While the outcome of these legal proceedings cannot be predicted with certainty, we do not expect that these proceedings will have a material effect upon our business, financial condition or results of operations.

As of September 30, 2023, the Company had \$ 28,837,731, in unfunded debt commitments and \$ 299,538 in unfunded equity commitments to 58 existing portfolio companies. As of December 31, 2022, the Company had \$ 27,522,100 in unfunded debt commitments and \$302,817 in unfunded equity commitments to 52 existing portfolio companies. As of September 30, 2023, the Company had sufficient liquidity (through cash on hand and available borrowings under the Credit Facility) to fund such unfunded loan commitments should the need arise.

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**NOTE 8 — FINANCIAL HIGHLIGHTS**

|  | <b>For the nine months ended</b>                |   |
|--|---|---|
|  | <b>September 30, 2023</b><br><b>(unaudited)</b> | <b>September 30, 2022</b><br><b>(unaudited)</b> |
| <b>Per Share Data:<sup>(1)</sup></b>   |   |   |
| Net asset value at beginning of period   | \$ 14.02  | \$ 14.61  |
| Net investment income  | 1.42  | 0.97  |
| Change in unrealized depreciation on investments                                     | (1.14)  | (0.66)  |
| Net realized gain  | 0.01  | 0.24  |
| Provision for taxes on net unrealized appreciation on investments                    | (0.01)  | (0.01)  |
| Total from operations  | \$ 0.28   | \$ 0.54   |
| Sales load   | (0.04)  | —   |
| Offering costs   | (0.01)  | (0.01)  |
| Stockholder distributions from:  |   |   |
| Net investment income  | (1.22)  | (0.96)  |
| Accretive effect of stock offerings (issuing shares above net asset value per share) | 0.10  | —   |
| Other <sup>(6)</sup>   | 0.06  | —   |
| Net asset value at end of period   | \$ 13.19  | \$ 14.18  |
| Per share market value at end of period  | \$ 14.07  | \$ 11.93  |
| Total return based on market value <sup>(2)</sup>                                    | 10.4 %  | (2.3)%  |
| Weighted average shares outstanding for the period                                   | 21,289,880                                      | 19,535,708                                      |
| <b>Ratio/Supplemental Data:<sup>(1)</sup></b>  |   |   |
| Net assets at end of period  | \$ 318,125,780                                  | \$ 277,177,984                                  |
| Weighted average net assets  | \$ 294,999,242                                  | \$ 283,289,645                                  |
| Annualized ratio of gross operating expenses to net assets <sup>(5)</sup>            | 21.59 %   | 15.57 %   |
| Annualized ratio of interest expense and other fees to net assets                    | 10.89 %   | 7.96 %  |
| Annualized ratio of net investment income to net assets <sup>(5)</sup>               | 13.73 %   | 8.91 %  |
| Portfolio turnover <sup>(3)</sup>  | 12.11 %   | 8.92 %  |
| Notes payable  | \$ 100,000,000                                  | \$ 100,000,000                                  |
| Credit Facility payable  | \$ 162,306,499                                  | \$ 199,033,419                                  |
| SBA-guaranteed debentures  | \$ 325,000,000                                  | \$ 306,000,000                                  |
| Asset coverage ratio <sup>(4)</sup>  | 2.21 x  | 1.93 x  |

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

(2) Total return on market value is based on the change in market price per share since the end of the prior year and assumes enrollment in the Company's DRIP. The total returns are not annualized.

(3) Portfolio turnover is calculated as the lesser of purchases or sales and repayments of investments divided by average portfolio balance and is not annualized.

(4) Asset coverage ratio is equal to total assets less all liabilities and indebtedness not represented by senior securities over the aggregate amount of the senior securities. SBA-guaranteed debentures are excluded from the numerator and denominator.

(5) These ratios include the impact of income tax provision on net unrealized appreciation in Taxable Subsidiaries of \$ 144,425 and \$151,278 for the nine months ended September 30, 2023 and 2022, respectively, which are not reflected in total operating expenses or net investment income. The impact of the tax provision on net unrealized appreciation to weighted average net assets for the nine months ended September 30, 2023 and 2022 is (0.07)% for both periods.

(6) 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.

**NOTE 9 — CREDIT FACILITY**

On October 11, 2017, the Company entered into a senior secured revolving credit agreement, as amended, dated as of October 10, 2017, that was amended and restated on December 21, 2021, February 28, 2022 and May 13, 2022, with Zions Bancorporation, N.A., dba Amegy Bank and various other lenders (the "Credit Facility").

The Credit Facility provides for borrowings up to a maximum of \$ 265,000,000 on a committed basis with an accordion feature that allows the Company to increase the aggregate commitments up to \$280,000,000, subject to new or existing lenders agreeing to participate in the increase and other customary conditions.

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Pursuant to the Third Amendment and Commitment Increase to Amended and Restated Senior Secured Revolving Credit Agreement, the Credit Facility will bear interest, subject to the Company's election, on a per annum basis equal to (i) term SOFR plus 2.50% (or 2.75% during certain periods in which the Company's asset coverage ratio is equal to or below 1.90 to 1.00) plus a SOFR credit spread adjustment 0.10% for one-month term SOFR and 0.15% for three-month term SOFR, with a 0.25% SOFR floor, or (ii) 1.50% (or 1.75% during certain periods in which the Company's asset coverage ratio is equal to or below 1.90 to 1.00) plus an alternate base rate based on the highest of the prime rate (subject to a 3% floor), Federal Funds Rate plus 0.50% and one month term SOFR plus 1.00%. The Company pays unused commitment fees of 0.50% per annum on the unused lender commitments under the Credit Facility. Interest is payable monthly or quarterly in arrears. The commitment to fund the revolver expires on September 18, 2024, after which the Company may no longer borrow under the Credit Facility and must begin repaying principal equal to 1/12 of the aggregate amount outstanding under the Credit Facility each month. Any amounts borrowed under the Credit Facility will mature, and all accrued and unpaid interest thereunder will be due and payable, on September 18, 2025.

The Company's obligations to the lenders are secured by a first priority security interest in its portfolio of securities and cash not held at the SBIC subsidiaries, but excluding short term investments. The Credit Facility contains certain covenants, including but not limited to: (i) maintaining a minimum liquidity test of at least \$10,000,000, including cash, liquid investments and undrawn availability, (ii) maintaining an asset coverage ratio of at least 1.67 to 1.00, (iii) maintaining a minimum stockholder's equity, and (iv) maintaining a minimum interest coverage ratio of at least 2.00 to 1.00. As of September 30, 2023 and December 31, 2022, the Company was in compliance with these covenants.

As of September 30, 2023 and December 31, 2022, \$ 162,306,499 and \$199,200,425, respectively, was outstanding under the Credit Facility. The carrying amount of the amount outstanding under the Credit Facility approximates its fair value. The fair value of the Credit Facility is determined in accordance with ASC 820, which defines fair value in terms of the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The fair value of the Credit Facility is estimated based upon market interest rates for our own borrowings or entities with similar credit risk, adjusted for nonperformance risk, if any. The Company has incurred costs of \$3,967,284 in connection with the current Credit Facility, which are being amortized over the life of the facility. Additionally, \$341,979 of costs from a prior credit facility will continue to be amortized over the life of the Credit Facility. As of September 30, 2023 and December 31, 2022, \$1,113,887 and \$1,515,144 of such prepaid loan structure fees and administration fees had yet to be amortized, respectively. These prepaid loan fees are presented on our Consolidated Statements of Assets and Liabilities as a deduction from the debt liability.

The following is a summary of the Credit Facility, net of prepaid loan structure fees:

|  | <u>September 30, 2023</u> | <u>December 31, 2022</u> |
|--|---------------------------|--------------------------|
| Credit Facility payable  | \$ 162,306,499            | \$ 199,200,425           |
| Prepaid loan structure fees  | (1,113,887)               | (1,515,144)              |
| <b>Credit Facility payable, net of prepaid loan structure fees</b> | <b>\$ 161,192,612</b>     | <b>\$ 197,685,281</b>    |

Interest is paid monthly or quarterly in arrears. The following table summarizes the interest expense and amortized loan fees on the Credit Facility for the three and nine months ended September 30, 2023 and 2022:

|  | <b>For the three months ended</b> |                           | <b>For the nine months ended</b> |                           |
|--|-----------------------------------|---------------------------|----------------------------------|---------------------------|
|  | <u>September 30, 2023</u>         | <u>September 30, 2022</u> | <u>September 30, 2023</u>        | <u>September 30, 2022</u> |
| Interest expense                                     | \$ 3,697,085                      | \$ 2,575,787              | \$ 11,263,132                    | \$ 5,800,223              |
| Loan fee amortization                                | 147,014                           | 148,121                   | 436,257                          | 420,356                   |
| <b>Total interest and financing expenses</b>         | <b>\$ 3,844,099</b>               | <b>\$ 2,723,908</b>       | <b>\$ 11,699,389</b>             | <b>\$ 6,220,579</b>       |
| Weighted average interest rate                       | 8.2 %                             | 4.9 %                     | 7.8 %                            | 3.8 %                     |
| Effective interest rate (including fee amortization) | 8.6 %                             | 5.2 %                     | 8.1 %                            | 4.1 %                     |
| Average debt outstanding                             | \$ 178,024,719                    | \$ 207,437,767            | \$ 193,547,859                   | \$ 201,712,826            |
| Cash paid for interest and unused fees               | \$ 3,538,976                      | \$ 2,548,660              | \$ 11,125,494                    | \$ 5,772,502              |

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**NOTE 10—SBA-GUARANTEED DEBENTURES**

Due to the SBIC subsidiaries' status as licensed SBICs, the Company has the ability to issue debentures guaranteed by the SBA at favorable interest rates. Under the regulations applicable to SBIC funds, a single licensee can have outstanding debentures guaranteed by the SBA subject to a regulatory leverage limit, up to two times the amount of "regulatory capital", as such term is defined by the SBA. As of both September 30, 2023 and December 31, 2022, the SBIC subsidiary had \$75,000,000 in regulatory capital, as such term is defined by the SBA, and \$150,000,000 of SBA-guaranteed debentures outstanding.

As of both September 30, 2023 and December 31, 2022, the SBIC II subsidiary had \$ 87,500,000 in regulatory capital. As of September 30, 2023 and December 31, 2022, the SBIC II subsidiary had \$175,000,000 and \$163,600,000 of SBA-guaranteed debentures outstanding, respectively.

On August 12, 2014, the Company obtained exemptive relief from the SEC to permit it to exclude the debt of the SBIC subsidiaries guaranteed by the SBA from its asset coverage test under the 1940 Act. The exemptive relief provides the Company with increased flexibility under the asset coverage test by permitting it to borrow up to \$325,000,000 more than it would otherwise be able to absent the receipt of this exemptive relief.

On a stand-alone basis, the SBIC subsidiaries held \$ 489,210,263 and \$470,659,123 in assets at September 30, 2023 and December 31, 2022, respectively, which accounted for approximately 54.2% and 52.4% of the Company's total consolidated assets, respectively.

Debentures guaranteed by the SBA have fixed interest rates that equal prevailing 10-year U.S. Treasury Note rates plus a market spread and have a maturity of ten years with interest payable semi-annually. The principal amount of the debentures is not required to be paid before maturity, but may be pre-paid at any time with no prepayment penalty. SBA-guaranteed debentures drawn before October 1, 2019 incur upfront fees of 3.425%, which consists of a 1.00% commitment fee and a 2.425% issuance discount, which are amortized over the life of the SBA-guaranteed debentures. SBA-guaranteed debentures drawn after October 1, 2019 incur upfront fees of 3.435%, which consists of a 1.00% commitment fee and a 2.435% issuance discount, which are amortized over the life of the SBA-guaranteed debentures. Once pooled, which occurs in March and September of each applicable year, the SBA-guaranteed debentures bear interest at a fixed rate that is set to the current 10-year treasury rate plus a spread at each pooling date.

The following table summarizes the SBIC subsidiaries' aggregate SBA-guaranteed debentures outstanding as of September 30, 2023:

| Issuance Date  | Licensee | Maturity Date     | Debenture Amount      | Interest Rate | SBA Annual Charge |
|--|----------|-------------------|-----------------------|---------------|-------------------|
| October 14, 2014   | SBIC I   | March 1, 2025     | \$ 6,500,000          | 2.52 %        | 0.36 %            |
| October 17, 2014   | SBIC I   | March 1, 2025     | 6,500,000             | 2.52 %        | 0.36 %            |
| December 24, 2014  | SBIC I   | March 1, 2025     | 3,250,000             | 2.52 %        | 0.36 %            |
| June 29, 2015  | SBIC I   | September 1, 2025 | 9,750,000             | 2.83 %        | 0.36 %            |
| October 22, 2015   | SBIC I   | March 1, 2026     | 6,500,000             | 2.51 %        | 0.36 %            |
| October 22, 2015   | SBIC I   | March 1, 2026     | 1,500,000             | 2.51 %        | 0.74 %            |
| November 10, 2015  | SBIC I   | March 1, 2026     | 8,800,000             | 2.51 %        | 0.74 %            |
| November 18, 2015  | SBIC I   | March 1, 2026     | 1,500,000             | 2.51 %        | 0.74 %            |
| November 25, 2015  | SBIC I   | March 1, 2026     | 8,800,000             | 2.51 %        | 0.74 %            |
| December 16, 2015  | SBIC I   | March 1, 2026     | 2,200,000             | 2.51 %        | 0.74 %            |
| December 29, 2015  | SBIC I   | March 1, 2026     | 9,700,000             | 2.51 %        | 0.74 %            |
| November 28, 2017  | SBIC I   | March 1, 2028     | 25,000,000            | 3.19 %        | 0.22 %            |
| April 27, 2018   | SBIC I   | September 1, 2028 | 40,000,000            | 3.55 %        | 0.22 %            |
| July 30, 2018  | SBIC I   | September 1, 2028 | 17,500,000            | 3.55 %        | 0.22 %            |
| September 25, 2018                                       | SBIC I   | March 1, 2029     | 2,500,000             | 3.11 %        | 0.22 %            |
| <b>Total SBIC I Subsidiary SBA-guaranteed Debentures</b> |          |                   | <b>\$ 150,000,000</b> |               |                   |

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| <b>Issuance Date</b>                                      | <b>Licensee</b> | <b>Maturity Date</b> | <b>Debenture Amount</b> | <b>Interest Rate</b> | <b>SBA Annual Charge</b> |
|---|-----------------|----------------------|-------------------------|----------------------|--------------------------|
| October 17, 2019  | SBIC II         | March 1, 2030        | \$ 6,000,000            | 2.08 %               | 0.09 %                   |
| November 15, 2019   | SBIC II         | March 1, 2030        | 5,000,000               | 2.08 %               | 0.09 %                   |
| December 17, 2020   | SBIC II         | March 1, 2031        | 9,000,000               | 1.67 %               | 0.09 %                   |
| December 17, 2020   | SBIC II         | March 1, 2031        | 6,500,000               | 1.67 %               | 0.27 %                   |
| February 16, 2021   | SBIC II         | March 1, 2031        | 13,500,000              | 1.67 %               | 0.27 %                   |
| February 26, 2021   | SBIC II         | March 1, 2031        | 10,000,000              | 1.67 %               | 0.27 %                   |
| March 2, 2021   | SBIC II         | March 1, 2031        | 10,000,000              | 1.67 %               | 0.27 %                   |
| April 21, 2021  | SBIC II         | September 1, 2031    | 10,000,000              | 1.30 %               | 0.27 %                   |
| May 14, 2021  | SBIC II         | September 1, 2031    | 6,700,000               | 1.30 %               | 0.27 %                   |
| May 28, 2021  | SBIC II         | September 1, 2031    | 7,300,000               | 1.30 %               | 0.27 %                   |
| July 23, 2021   | SBIC II         | September 1, 2031    | 16,000,000              | 1.30 %               | 0.27 %                   |
| February 25, 2022   | SBIC II         | March 1, 2032        | 10,000,000              | 2.94 %               | 0.27 %                   |
| March 29, 2022  | SBIC II         | September 1, 2032    | 10,000,000              | 4.26 %               | 0.27 %                   |
| April 1, 2022   | SBIC II         | September 1, 2032    | 6,670,000               | 4.26 %               | 0.27 %                   |
| April 12, 2022  | SBIC II         | September 1, 2032    | 6,665,000               | 4.26 %               | 0.27 %                   |
| April 21, 2022  | SBIC II         | September 1, 2032    | 6,665,000               | 4.26 %               | 0.27 %                   |
| June 30, 2022   | SBIC II         | September 1, 2032    | 3,600,000               | 4.26 %               | 0.27 %                   |
| July 28, 2022   | SBIC II         | September 1, 2032    | 6,400,000               | 4.26 %               | 0.27 %                   |
| September 9, 2022   | SBIC II         | March 1, 2033        | 6,000,000               | 5.17 %               | 0.27 %                   |
| November 9, 2022  | SBIC II         | March 1, 2033        | 7,600,000               | 5.17 %               | 0.27 %                   |
| August 8, 2023  | SBIC II         | September 1, 2033    | 9,120,000               | 5.69 %               | 0.27 %                   |
| September 19, 2023  | SBIC II         | March 1, 2034        | 2,280,000               | 6.04 % (1)           | 0.27 %                   |
| <b>Total SBIC II Subsidiary SBA-guaranteed Debentures</b> |                 |                      | <b>\$ 175,000,000</b>   |                      |                          |
| <b>Total SBA-guaranteed Debentures</b>                    |                 |                      | <b>\$ 325,000,000</b>   |                      |                          |

(1) Interest rate of the SBA-guaranteed debentures will be set as determined by the SBA when pooled on March 20, 2024.

As of September 30, 2023 and December 31, 2022, the SBA-guaranteed debentures would be deemed to be Level 3, as defined in Note 6.

As of September 30, 2023 and December 31, 2022, the Company has incurred \$ 11,148,750 and \$10,871,160, respectively, in financing costs related to the SBA-guaranteed debentures since receiving its licenses, which were recorded as prepaid loan fees. As of September 30, 2023 and December 31, 2022, \$5,044,148 and \$5,704,805 of prepaid financing costs had yet to be amortized, respectively. These prepaid loan fees are presented on the Consolidated Statements of Assets and Liabilities as a deduction from the debt liability.

The following is a summary of the SBA-guaranteed debentures, net of prepaid loan fees:

|   | <b>September 30, 2023</b> | <b>December 31, 2022</b> |
|---|---------------------------|--------------------------|
| SBA debentures payable                          | \$ 325,000,000            | \$ 313,600,000           |
| Prepaid loan fees                               | (5,044,148)               | (5,704,805)              |
| <b>SBA Debentures, net of prepaid loan fees</b> | <b>\$ 319,955,852</b>     | <b>\$ 307,895,195</b>    |

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The following table summarizes the interest expense and amortized fees on the SBA-guaranteed debentures for the three and nine months ended September 30, 2023 and 2022:

|  | For the three months ended |                           | For the nine months ended |                           |
|--|----------------------------|---------------------------|---------------------------|---------------------------|
|  | <u>September 30, 2023</u>  | <u>September 30, 2022</u> | <u>September 30, 2023</u> | <u>September 30, 2022</u> |
| Interest expense                                     | \$ 2,559,727               | \$ 2,076,751              | \$ 7,403,454              | \$ 5,743,011              |
| Debenture fee amortization                           | 313,889                    | 316,274                   | 938,247                   | 905,294                   |
| Total interest and financing expenses                | <u>\$ 2,873,616</u>        | <u>\$ 2,393,025</u>       | <u>\$ 8,341,701</u>       | <u>\$ 6,648,305</u>       |
| Weighted average interest rate                       | 3.1 %                      | 2.8 %                     | 3.1 %                     | 2.7 %                     |
| Effective interest rate (including fee amortization) | 3.5 %                      | 3.2 %                     | 3.5 %                     | 3.2 %                     |
| Average debt outstanding                             | \$ 323,017,391             | \$ 299,556,522            | \$ 316,773,626            | \$ 280,681,996            |
| Cash paid for interest                               | \$ 4,965,850               | \$ 3,955,224              | \$ 9,646,849              | \$ 7,360,295              |

**NOTE 11—NOTES**

On January 14, 2021, the Company issued \$100,000,000 in aggregate principal amount of 4.875% fixed-rate notes due 2026 (the “Notes Payable”). The Notes Payable will mature on March 30, 2026 and may be redeemed in whole or in part at any time or from time to time at our option on or after December 31, 2025, at a redemption price equal to 100% of the outstanding principal, plus accrued and unpaid interest. Interest on the Notes Payable is payable semi-annually beginning September 30, 2022. As of both September 30, 2023 and December 31, 2022, the aggregate carrying amount of the Notes Payable was approximately \$100,000,000. The Notes Payable are institutional, non-traded notes.

In connection with the issuance and maintenance of the Notes Payable, the Company incurred \$ 2,327,835 of fees which are being amortized over the term of the Notes Payable. As of September 30, 2023 and December 31, 2022, \$1,116,186 and \$1,450,308 of prepaid financing costs had yet to be amortized, respectively. These financing costs are presented on the Consolidated Statements of Assets and Liabilities as a deduction from the debt liability.

The following table summarizes the interest expense and deferred financing costs on the Notes Payable for the three and nine months ended September 30, 2023 and 2022:

|  | For the three months ended |                           | For the nine months ended |                           |
|--|----------------------------|---------------------------|---------------------------|---------------------------|
|  | <u>September 30, 2023</u>  | <u>September 30, 2022</u> | <u>September 30, 2023</u> | <u>September 30, 2022</u> |
| Interest expense                                     | \$ 1,218,750               | \$ 1,218,750              | \$ 3,662,250              | \$ 3,656,250              |
| Deferred financing costs                             | 112,598                    | 112,598                   | 334,122                   | 339,122                   |
| Total interest and financing expenses                | <u>\$ 1,331,348</u>        | <u>\$ 1,331,348</u>       | <u>\$ 3,996,372</u>       | <u>\$ 3,995,372</u>       |
| Weighted average interest rate                       | 4.8 %                      | 4.8 %                     | 4.9 %                     | 4.9 %                     |
| Effective interest rate (including fee amortization) | 5.3 %                      | 5.3 %                     | 5.3 %                     | 5.3 %                     |
| Average debt outstanding                             | \$ 100,000,000             | \$ 100,000,000            | \$ 100,000,000            | \$ 100,000,000            |
| Cash paid for interest                               | \$ 2,437,500               | \$ 2,437,500              | \$ 4,881,000              | \$ 4,880,000              |

The following is a summary of the Notes Payable Payable, net of deferred financing costs:

|  | <u>September 30, 2023</u> | <u>December 31, 2022</u> |
|--|---------------------------|--------------------------|
| Notes payable                                  | \$ 100,000,000            | \$ 100,000,000           |
| Deferred financing costs                       | (1,116,186)               | (1,450,308)              |
| Notes payable, net of deferred financing costs | <u>\$ 98,883,814</u>      | <u>\$ 98,549,692</u>     |

The indenture and supplements thereto relating to the Notes Payable contain certain covenants, including but not limited to (i) a requirement that the Company comply with the asset coverage requirements of the 1940 Act or any successor provisions, and (ii) a requirement to provide financial information to the holders of the notes and the trustee under the indenture if the Company should no

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longer be subject to the reporting requirements under the Exchange Act. As of September 30, 2023 and 2022, the Company was in compliance with these covenants.

**NOTE 12 — SUBSEQUENT EVENTS**

The Company's management has evaluated subsequent events through the date of issuance of the financial statements included herein. There have been no subsequent events that require recognition or disclosure in these financial statements except for the following described below.

*Investment Portfolio*

The Company invested in the following portfolio companies subsequent to September 30, 2023:

| Activity Type     | Date             | Company Name                  | Company Description  | Investment Amount | Instrument Type                    |
|-------------------|------------------|-------------------------------|--|-------------------|------------------------------------|
| Add-On Investment | October 3, 2023  | EH Real Estate Services, LLC* | Offers residential property brokerage, title & settlement, and property and casualty insurance brokerage services to home buyers and sellers | \$ 2,281,116      | Revolver Commitment <sup>(a)</sup> |
| Add-On Investment | October 11, 2023 | Impact Home Services LLC*     | Residential, garage door, electrical, and plumbing services provider   | \$ 539,718        | Senior Secured – First Lien        |
|                   |                  |                               |  | 13,398            | Equity                             |
| Add-On Investment | October 16, 2023 | Equine Network, LLC*          | Provider of content, information, tech-enabled services, and hosts competitions for the U.S. equine industry                                 | \$ 955,516        | Senior Secured – First Lien        |
| Add-On Investment | October 19, 2023 | ArborWorks Acquisition LLC*   | A professional tree care firm  | \$ 230,769        | Senior Secured – First Lien        |
| Add-On Investment | October 31, 2023 | 2X LLC*                       | Provider of outsourced digital B2B marketing-as-a-service  | \$ 1,448,388      | Senior Secured – First Lien        |

\* Existing portfolio company

(a) The Company has full discretion to fund this revolver commitment

The Company realized the following portfolio company subsequent to September 30, 2023:

| Activity Type    | Date             | Company Name                     | Company Description  | Proceeds Received | Realized Loss | Instrument Type |
|------------------|------------------|----------------------------------|--|-------------------|---------------|-----------------|
| Full Realization | October 24, 2023 | Interstate Waste Services, Inc.* | Provider of non-hazardous waste management, collection, and recycling services | \$ 389,496        | \$ (556,629)  | Equity          |

\* Existing portfolio company

*Credit Facility*

The outstanding balance under the Credit Facility as of November 7, 2023 was \$ 163,000,000.

*Dividends Declared*

On October 5, 2023, the Board declared a regular monthly dividend for each of October 2023, November 2023, and December 2023 as follows:

| Declared  | Ex-Dividend Date | Record Date | Payment Date | Amount 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        |

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

### **Forward-Looking Statements**

Some of the statements in this quarterly report on Form 10-Q constitute forward-looking statements, which relate to future events or Stellus Capital Investment Corporation's ("we", "us", "our" and the "Company") future performance or financial condition. The forward-looking statements contained in this quarterly report on Form 10-Q involve risks and uncertainties, including statements as to:

- our future operating results;
- our business prospects and the prospects of our portfolio companies;
- the effect of investments that we expect to make;
- our contractual arrangements and relationships with third parties;
- actual and potential conflicts of interest with Stellus Capital Management, LLC ("Stellus Capital" or the "Advisor");
- the dependence of our future success on the general economy and its effect on the industries in which we invest;
- the impact of interest rate volatility, including the decommissioning of London Interbank Offered Rate ("LIBOR") and rising interest rates, on our business and our portfolio companies;
- the ability of our portfolio companies to achieve their objectives;
- the use of borrowed money to finance a portion of our investments;
- the adequacy of our financing sources and working capital;
- the timing of cash flows, if any, from the operations of our portfolio companies;
- the ability of Stellus Capital to locate suitable investments for us and to monitor and administer our investments;
- the ability of Stellus Capital to attract and retain highly talented professionals;
- our ability to maintain our qualification as a regulated investment company ("RIC") and as a business development company ("BDC"); and
- the effect of future changes in laws or regulations (including the interpretation of these laws and regulations by regulatory authorities) and conditions in our operating areas, particularly with respect to BDC or RICs.

Such forward-looking statements may include statements preceded by, followed by or that otherwise include the words "may," "might," "will," "intend," "should," "could," "can," "would," "expect," "believe," "estimate," "anticipate," "predict," "potential," "plan" or similar words.

We have based the forward-looking statements included in this quarterly report on Form 10-Q on information available to us on the date of this quarterly report on Form 10-Q. Actual results could differ materially from those anticipated in our forward-looking statements, and future results could differ materially from historical performance. We undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law or U.S. Securities and Exchange Commission ("SEC") rule or regulation. You are advised to consult any additional disclosures that we may make directly to you or through reports that we in the future may file with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.

## Overview

We were organized as a Maryland corporation on May 18, 2012, and formally commenced operations on November 7, 2012. Our investment objective is to maximize the total return to our stockholders in the form of current income and capital appreciation through debt and related equity investments in middle-market companies.

We are an externally managed, non-diversified, closed-end investment company that has elected to be regulated as a BDC under the Investment Company Act of 1940, as amended (the "1940 Act"). Our investment activities are managed by our investment adviser, Stellus Capital.

As a BDC, we are required to comply with certain regulatory requirements. For instance, as a BDC, we must not acquire any assets other than "qualifying assets" specified in the 1940 Act unless, at the time the acquisition is made, at least 70% of our total assets are qualifying assets. Qualifying assets include investments in "eligible portfolio companies." (as defined in the 1940 Act). Under the relevant SEC rules, the term "eligible portfolio company" includes all private operating companies, operating companies whose securities are not listed on a national securities exchange, and certain public operating companies that have listed their securities on a national securities exchange and have a market capitalization of less than \$250 million, in each case organized and with their principal place of business in the United States.

We have elected, qualified, and intend to continue to qualify annually to be treated for tax purposes as a RIC under Subchapter M of the internal Revenue Code of 1986, as amended (the "Code"). To maintain our qualification as a RIC, we must, among other things, meet certain source-of-income and asset diversification requirements. As of September 30, 2023, we were in compliance with the RIC requirements. As a RIC, we generally will not have to pay corporate-level U.S. federal income taxes on any income we distribute to our stockholders.

On March 23, 2018, the Small Business Credit Availability Act (the "SBCAA") was signed into law, which included various changes to regulations under the federal securities laws that impact BDCs. The SBCAA included changes to the 1940 Act to allow BDCs to decrease their asset coverage requirement to 150% from 200% subject to certain circumstances.

On April 4, 2018, the board of directors of the Company (the "Board"), including a "required majority" (as such term is defined in Section 57(o) of the 1940 Act) of the Board, approved the application of the modified asset coverage requirements set forth in Section 61(a)(2) of the 1940 Act. At our 2018 annual meeting of stockholders our stockholders also approved the application of the modified asset coverage requirements set forth in Section 61(a)(2) of the 1940 Act. As a result, the asset coverage ratio applicable to us was decreased from 200% to 150%, effective June 29, 2018, which effectively increased the amount of leverage we may incur. As of September 30, 2023, our asset coverage ratio was 221%. The amount of leverage that we employ at any time depends on our assessment of the market and other factors at the time of any proposed borrowing.

## **Economic Developments**

Economic activity has continued to accelerate across sectors and regions. Nonetheless, we have observed and continue to observe supply chain interruptions, labor resource shortages, commodity inflation, rising interest rates, bank impairments and failures, economic sanctions in response to international conflicts and instances of geopolitical, economic and financial market instability in the United States and abroad. One or more of these factors may contribute to increased market volatility and may have long- and short-term effects in the United States and worldwide financial markets.

## **Portfolio Composition and Investment Activity**

### **Portfolio Composition**

We originate and invest primarily in privately-held middle-market companies (typically those with \$5.0 million to \$50.0 million of EBITDA (earnings before interest, taxes, depreciation and amortization)) through first lien (including unitranche), second lien, and unsecured debt financing, often times with a corresponding equity investment.

As of September 30, 2023, we had \$886.3 million (at fair value) invested in 96 portfolio companies. As of September 30, 2023, our portfolio included approximately 90% of first lien debt, 2% of second lien debt, 1% of unsecured debt and 7% of equity investments at fair value. The composition of our investments at cost and fair value as of September 30, 2023 was as follows:

|  | <b>Cost</b>           | <b>Fair Value</b>     |
|--|-----------------------|-----------------------|
| Senior Secured – First Lien <sup>(1)</sup> | \$ 818,753,394        | \$ 793,131,815        |
| Senior Secured – Second Lien               | 60,218,330            | 21,935,000            |
| Unsecured Debt                             | 5,922,437             | 5,675,605             |
| Equity                                     | 56,785,034            | 65,595,728            |
| <b>Total Investments</b>                   | <b>\$ 941,679,195</b> | <b>\$ 886,338,148</b> |

(1) Includes unitranche investments, which may combine characteristics of first lien senior secured, as well as second lien and/or subordinated loans. Our unitranche loans may expose us to certain risk associated with second lien and subordinated loans to the extent we invest in the "last-out" portion of the unitranche loans which account for 5.8% of our portfolio at fair value.

As of December 31, 2022, we had \$844.7 million (at fair value) invested in 85 portfolio companies. As of December 31, 2022, our portfolio included approximately 87% of first lien debt, 5% of second lien debt, 1% of unsecured debt and 7% of equity investments at fair value. The composition of our investments at cost and fair value as of December 31, 2022 was as follows:

|  | <b>Cost</b>           | <b>Fair Value</b>     |
|--|-----------------------|-----------------------|
| Senior Secured – First Lien <sup>(1)</sup> | \$ 750,527,999        | \$ 735,555,508        |
| Senior Secured – Second Lien               | 69,989,477            | 45,304,300            |
| Unsecured Debt                             | 5,657,964             | 4,823,898             |
| Equity                                     | 49,647,737            | 59,049,932            |
| <b>Total Investments</b>                   | <b>\$ 875,823,177</b> | <b>\$ 844,733,638</b> |

(1) Includes unitranche investments, which may combine characteristics of first lien senior secured, as well as second lien and/or subordinated loans. Our unitranche loans may expose us to certain risk associated with second lien and subordinated loans to the extent we invest in the "last-out" portion of the unitranche loans which account for 3.1% of our portfolio at fair value.

Our investment portfolio may contain loans that are in the form of lines of credit or revolving credit facilities, which require us to provide funding when requested by portfolio companies in accordance with the terms and conditions of the underlying loan agreements. As of September 30, 2023 and December 31, 2022, we had unfunded commitments of \$29.1 million and \$27.8 million, respectively, to provide financing to 58 and 52 portfolio companies, respectively. As of September 30, 2023, we had sufficient liquidity (through cash on hand and available borrowings under the Credit Facility (as defined below)) to fund such unfunded commitments should the need arise.

The following is a summary of geographical concentration of our investment portfolio as of September 30, 2023:

|                      | <b>Cost</b>                  | <b>Fair Value</b>            | <b>% of Total Investments</b> |
|----------------------|------------------------------|------------------------------|-------------------------------|
| California           | \$ 198,435,914               | \$ 184,402,328               | 20.79 %                       |
| Texas                | 201,784,259                  | 177,626,821                  | 20.03 %                       |
| Florida              | 92,485,850                   | 91,929,779                   | 10.36 %                       |
| Pennsylvania         | 48,566,621                   | 48,739,983                   | 5.50 %                        |
| Illinois             | 58,569,341                   | 48,563,654                   | 5.48 %                        |
| Arizona              | 44,824,896                   | 47,215,376                   | 5.33 %                        |
| Ohio                 | 33,229,064                   | 35,678,523                   | 4.03 %                        |
| Wisconsin            | 27,419,166                   | 25,307,562                   | 2.86 %                        |
| Washington           | 24,330,488                   | 24,469,868                   | 2.76 %                        |
| South Carolina       | 23,788,284                   | 23,542,129                   | 2.66 %                        |
| Colorado             | 20,000,928                   | 19,434,544                   | 2.19 %                        |
| Georgia              | 10,180,988                   | 18,885,059                   | 2.13 %                        |
| Maryland             | 16,709,852                   | 16,680,941                   | 1.88 %                        |
| District of Columbia | 13,903,415                   | 14,946,569                   | 1.69 %                        |
| Indiana              | 14,223,073                   | 14,507,297                   | 1.64 %                        |
| North Carolina       | 13,228,185                   | 13,872,575                   | 1.57 %                        |
| New Jersey           | 11,207,366                   | 11,664,087                   | 1.32 %                        |
| Michigan             | 10,680,111                   | 10,680,110                   | 1.20 %                        |
| Massachusetts        | 10,167,365                   | 10,539,949                   | 1.19 %                        |
| Tennessee            | 9,385,167                    | 9,274,348                    | 1.05 %                        |
| Missouri             | 9,006,651                    | 8,998,049                    | 1.02 %                        |
| Idaho                | 8,874,557                    | 8,945,557                    | 1.01 %                        |
| Canada               | 8,708,104                    | 8,766,484                    | 0.99 %                        |
| New York             | 5,458,393                    | 5,654,248                    | 0.64 %                        |
| Minnesota            | 5,826,223                    | 5,587,569                    | 0.63 %                        |
| United Kingdom       | 20,684,934                   | 424,739                      | 0.05 %                        |
|                      | <b><u>\$ 941,679,195</u></b> | <b><u>\$ 886,338,148</u></b> | <b><u>100.00 %</u></b>        |

The following is a summary of geographical concentration of our investment portfolio as of December 31, 2022:

|                      | Cost                  | Fair Value            | % of Total Investments at fair value |
|----------------------|-----------------------|-----------------------|--------------------------------------|
| Texas                | \$ 191,422,143        | \$ 171,165,597        | 20.26 %                              |
| California           | 167,833,384           | 165,340,017           | 19.57 %                              |
| Florida              | 60,593,839            | 59,421,775            | 7.03 %                               |
| Illinois             | 64,421,998            | 53,218,615            | 6.30 %                               |
| Arizona              | 43,129,283            | 44,277,625            | 5.24 %                               |
| Pennsylvania         | 42,899,504            | 41,889,344            | 4.96 %                               |
| Ohio                 | 34,223,452            | 37,333,236            | 4.42 %                               |
| Washington           | 28,978,375            | 28,480,471            | 3.37 %                               |
| New Jersey           | 25,395,054            | 25,140,343            | 2.98 %                               |
| Wisconsin            | 27,533,402            | 24,271,761            | 2.87 %                               |
| District of Columbia | 17,236,556            | 21,124,347            | 2.50 %                               |
| Georgia              | 10,919,642            | 19,692,757            | 2.33 %                               |
| South Carolina       | 19,089,373            | 18,654,782            | 2.21 %                               |
| Maryland             | 16,824,077            | 16,576,554            | 1.96 %                               |
| Minnesota            | 16,972,086            | 15,952,072            | 1.89 %                               |
| United Kingdom       | 20,530,087            | 14,445,481            | 1.71 %                               |
| Colorado             | 15,204,934            | 14,295,470            | 1.69 %                               |
| Indiana              | 14,346,082            | 14,245,432            | 1.69 %                               |
| Canada               | 13,333,737            | 13,266,669            | 1.57 %                               |
| North Carolina       | 10,461,551            | 10,649,232            | 1.26 %                               |
| Massachusetts        | 10,215,356            | 10,527,659            | 1.25 %                               |
| Idaho                | 9,873,093             | 9,863,103             | 1.17 %                               |
| Missouri             | 9,142,111             | 9,656,287             | 1.14 %                               |
| New York             | 5,096,152             | 5,096,008             | 0.61 %                               |
| Michigan             | 147,906               | 149,001               | 0.02 %                               |
|                      | <u>\$ 875,823,177</u> | <u>\$ 844,733,638</u> | <u>100.00 %</u>                      |

The following is a summary of industry concentration of our investment portfolio as of September 30, 2023:

|   | <b>Cost</b>           | <b>Fair Value</b>     | <b>% of Total Investments</b> |
|---|-----------------------|-----------------------|-------------------------------|
| Services: Business                        | \$ 194,990,932        | \$ 205,918,323        | 23.24 %                       |
| Healthcare & Pharmaceuticals              | 101,206,823           | 103,092,547           | 11.63 %                       |
| Consumer Goods: Durable                   | 58,800,939            | 53,974,812            | 6.09 %                        |
| High Tech Industries                      | 51,932,243            | 51,454,412            | 5.81 %                        |
| Consumer Goods: Non-Durable               | 53,777,908            | 47,396,634            | 5.35 %                        |
| Beverage, Food, & Tobacco                 | 43,077,877            | 44,406,932            | 5.01 %                        |
| Software                                  | 40,113,229            | 40,956,717            | 4.62 %                        |
| Media: Advertising, Printing & Publishing | 38,356,963            | 39,217,942            | 4.42 %                        |
| Capital Equipment                         | 37,303,170            | 38,576,803            | 4.35 %                        |
| Services: Consumer                        | 50,310,688            | 32,337,514            | 3.65 %                        |
| Construction & Building                   | 30,622,390            | 30,577,354            | 3.45 %                        |
| Aerospace & Defense                       | 47,005,893            | 24,062,870            | 2.71 %                        |
| Environmental Industries                  | 35,547,983            | 23,613,946            | 2.66 %                        |
| Media: Broadcasting & Subscription        | 17,988,173            | 20,946,799            | 2.36 %                        |
| Transportation & Logistics                | 16,689,791            | 17,185,165            | 1.94 %                        |
| Chemicals, Plastics, & Rubber             | 18,354,804            | 17,040,958            | 1.92 %                        |
| Metals & Mining                           | 16,612,448            | 16,585,405            | 1.87 %                        |
| Retail                                    | 14,919,849            | 14,805,752            | 1.67 %                        |
| Containers, Packaging, & Glass            | 17,382,901            | 14,651,952            | 1.65 %                        |
| Automotive                                | 11,137,278            | 11,250,000            | 1.27 %                        |
| Utilities: Oil & Gas                      | 9,937,449             | 10,000,000            | 1.13 %                        |
| Education                                 | 10,269,911            | 9,183,346             | 1.04 %                        |
| Media: Diversified & Production           | 5,649,003             | 5,741,030             | 0.65 %                        |
| Finance                                   | 1,554,039             | 5,555,214             | 0.63 %                        |
| FIRE: Real Estate                         | 16,946,623            | 5,406,899             | 0.61 %                        |
| Energy: Oil & Gas                         | 1,189,888             | 1,516,860             | 0.17 %                        |
| Hotel, Gaming, & Leisure                  | —                     | 881,962               | 0.10 %                        |
| <b>Total</b>                              | <b>\$ 941,679,195</b> | <b>\$ 886,338,148</b> | <b>100.00 %</b>               |

The following is a summary of industry concentration of our investment portfolio as of December 31, 2022:

|   | <u>Cost</u>           | <u>Fair Value</u>     | <u>% of Total Investments at fair value</u> |
|---|-----------------------|-----------------------|---|
| Services: Business                        | \$ 207,234,534        | \$ 218,866,572        | 25.91 %                                     |
| Healthcare & Pharmaceuticals              | 86,469,854            | 88,103,319            | 10.43 %                                     |
| Media: Advertising, Printing & Publishing | 52,830,447            | 52,525,839            | 6.22 %                                      |
| Consumer Goods: Non-Durable               | 54,683,102            | 51,280,593            | 6.07 %                                      |
| Consumer Goods: Durable                   | 45,601,928            | 44,529,176            | 5.27 %                                      |
| Aerospace & Defense                       | 48,137,394            | 39,526,086            | 4.68 %                                      |
| Software                                  | 37,582,855            | 37,975,255            | 4.50 %                                      |
| Capital Equipment                         | 33,538,647            | 33,801,951            | 4.00 %                                      |
| Beverage, Food, & Tobacco                 | 34,000,918            | 32,755,054            | 3.88 %                                      |
| Construction & Building                   | 26,948,135            | 26,406,849            | 3.13 %                                      |
| Environmental Industries                  | 27,771,798            | 26,247,936            | 3.11 %                                      |
| Services: Consumer                        | 43,302,101            | 24,616,706            | 2.92 %                                      |
| Media: Broadcasting & Subscription        | 18,615,052            | 21,445,307            | 2.54 %                                      |
| Chemicals, Plastics, & Rubber             | 18,487,206            | 17,903,999            | 2.12 %                                      |
| Transportation & Logistics                | 16,768,763            | 17,161,972            | 2.03 %                                      |
| Metals & Mining                           | 16,708,750            | 16,464,001            | 1.95 %                                      |
| Containers, Packaging, & Glass            | 17,436,600            | 13,977,250            | 1.65 %                                      |
| Retail                                    | 13,303,536            | 13,217,256            | 1.56 %                                      |
| High Tech Industries                      | 14,126,954            | 12,648,347            | 1.50 %                                      |
| Automotive                                | 11,252,581            | 11,342,751            | 1.34 %                                      |
| Education                                 | 11,057,921            | 10,498,760            | 1.24 %                                      |
| Utilities: Oil & Gas                      | 9,921,469             | 9,800,000             | 1.16 %                                      |
| Energy: Oil & Gas                         | 7,314,230             | 7,355,074             | 0.87 %                                      |
| FIRE: Real Estate                         | 15,642,093            | 5,866,397             | 0.69 %                                      |
| Media: Diversified & Production           | 5,517,409             | 5,534,710             | 0.66 %                                      |
| Finance                                   | 1,568,900             | 4,082,579             | 0.48 %                                      |
| Hotel, Gaming, & Leisure                  | —                     | 799,899               | 0.09 %                                      |
|   | <u>\$ 875,823,177</u> | <u>\$ 844,733,638</u> | <u>100.00 %</u>                             |

At September 30, 2023, our average portfolio company investment at amortized cost and fair value was approximately \$9.8 million and \$9.2 million, respectively, and our largest portfolio company investment at amortized cost and fair value was \$21.4 million and \$18.9 million, respectively. At December 31, 2022, our average portfolio company investment at amortized cost and fair value was approximately \$10.3 million and \$9.9 million, respectively, and our largest portfolio company investment at amortized cost and fair value was approximately \$21.3 million and \$20.5 million, respectively.

At both September 30, 2023 and December 31, 2022, 98% of our debt investments bore interest based on floating rates (subject to interest rate floors) and 2% bore interest at fixed rates.

The weighted average yield on all of our debt investments as of September 30, 2023 and December 31, 2022 was approximately 11.5% and 11.1%, respectively. The weighted average yield on all of our investments, including non-income producing equity positions, as of September 30, 2023 and December 31, 2022 was approximately 10.8% and 10.4%, respectively. The weighted average yield was computed using the effective interest rates for all of our debt investments, including accretion of original issue discount. The weighted average yield of our debt investments is not the same as a return on investment for our stockholders, but rather relates to a portion of our investment portfolio and is calculated before the payment of all of our subsidiaries' fees and expenses.

As of September 30, 2023 and December 31, 2022, we had cash and cash equivalents of \$19.2 million and \$48.0 million, respectively.

### Investment Activity

During the nine months ended September 30, 2023, we made an aggregate of \$140.7 million of investments in 17 new portfolio companies and 18 existing portfolio companies. During the nine months ended September 30, 2023, we received an aggregate of \$80.1 million in proceeds from repayments of our investments.

Our level of investment activity can vary substantially from period to period depending on many factors, including the amount of debt and equity capital to middle-market companies, the level of merger and acquisition activity, the general economic environment and the competitive environment for the types of investments we make.

### Asset Quality

In addition to various risk management and monitoring tools, Stellus Capital uses an investment rating system to characterize and monitor the credit profile and expected level of returns on each investment in our portfolio. This investment rating system uses a five-level numeric scale. The following is a description of the conditions associated with each investment category:

- Investment Category 1 is used for investments that are performing above expectations, and whose risks remain favorable compared to the expected risk at the time of the original investment.
- Investment Category 2 is used for investments that are performing within expectations and whose risks remain neutral compared to the expected risk at the time of the original investment. All new loans are initially rated 2.
- Investment Category 3 is used for investments that are performing below expectations and that require closer monitoring, but where no loss of return or principal is expected. Portfolio companies with a rating of 3 may be out of compliance with financial covenants.
- Investment Category 4 is used for investments that are performing substantially below expectations and whose risks have increased substantially since the original investment. These investments are often in work out. Investments with a rating of 4 are those for which some loss of return but no loss of principal is expected.
- Investment Category 5 is used for investments that are performing substantially below expectations and whose risks have increased substantially since the original investment. These investments are almost always in work out. Investments with a rating of 5 are those for which some loss of return and principal is expected.

| Investment Category | As of September 30, 2023 |                      |  | As of December 31, 2022 |                      |                               |
|---------------------|--------------------------|----------------------|--|-------------------------|----------------------|-------------------------------|
|                     |                          |                      | Number of Portfolio Companies <sup>(1)</sup> |                         |                      | Number of Portfolio Companies |
|                     | Fair Value               | % of Total Portfolio |  | Fair Value              | % of Total Portfolio |                               |
| 1                   | \$ 216.1                 | 24 %                 | 23   | \$ 146.6                | 17 %                 | 17                            |
| 2                   | 540.8                    | 62 %                 | 53   | 553.2                   | 66 %                 | 52                            |
| 3                   | 108.4                    | 12 %                 | 12   | 120.7                   | 14 %                 | 13                            |
| 4                   | 21.0                     | 2 %                  | 3  | 18.3                    | 2 %                  | 2                             |
| 5                   | —                        | — %                  | 7  | 5.9                     | 1 %                  | 1                             |
| Total               | \$ 886.3                 | 100 %                | 98   | \$ 844.7                | 100 %                | 85                            |

(1) Two portfolio companies appear in two categories as of September 30, 2023.

### Loans and Debt Securities on Non-Accrual Status

We will not accrue interest on loans and debt securities if we have reason to doubt our ability to collect such interest. As of September 30, 2023, we had loans to five portfolio companies that were on non-accrual status, which represented approximately 7.6% of our loan portfolio at cost and 1.6% at fair value. As of December 31, 2022, we had loans to three portfolio companies that were on non-accrual status, which represented approximately 5.2% of our loan portfolio at cost and 2.3% at fair value. As of September 30, 2023 and December 31, 2022, \$11.4 million and \$4.8 million of income from investments on non-accrual has not been accrued, respectively.

## Results of Operations

An important measure of our financial performance is net increase (decrease) in net assets resulting from operations, which includes net investment income (loss), net realized gain (loss) and net unrealized appreciation (depreciation). Net investment income (loss) is the difference between our income from interest, dividends, fees and other investment income and our operating expenses including interest on borrowed funds. Net realized gain (loss) on investments is the difference between the proceeds received from dispositions of portfolio investments and their amortized cost. Net unrealized appreciation (depreciation) on investments is the net change in the fair value of our investment portfolio.

### Comparison of the three and nine months ended September 30, 2023 and 2022

#### Revenues

We generate revenue in the form of interest income on debt investments and capital gains and distributions, if any, on investment securities that we may acquire in portfolio companies. Our debt investments typically have a term of five to seven years and bear interest primarily at floating rates. Interest on our debt securities is generally payable quarterly. Payments of principal on our debt investments may be amortized over the stated term of the investment, deferred for several years or due entirely at maturity. In some cases, our debt investments may pay interest in-kind, or PIK interest. Any outstanding principal amount of our debt securities and any accrued but unpaid interest will generally become due at the maturity date. The level of interest income we receive is directly related to the balance of interest-bearing investments multiplied by the weighted average yield of our investments. We expect that the total dollar amount of interest and any dividend income that we earn will increase as the size of our investment portfolio increases. In addition, we may generate revenue in the form of prepayment fees, commitment, loan origination, structuring or due diligence fees, fees for providing significant managerial assistance and consulting fees.

The following shows the breakdown of investment income for the three and nine months ended September 30, 2023 and 2022 (in millions).

|                                   | For the three months ended |                    | For the nine months ended |                    |
|-----------------------------------|----------------------------|--------------------|---------------------------|--------------------|
|                                   | September 30, 2023         | September 30, 2022 | September 30, 2023        | September 30, 2022 |
| Interest income <sup>(1)</sup>    | \$ 25.0                    | \$ 19.0            | \$ 71.9                   | \$ 49.0            |
| PIK interest                      | 0.8                        | 0.3                | 2.7                       | 1.0                |
| Miscellaneous fees <sup>(1)</sup> | 1.3                        | 0.8                | 3.2                       | 1.7                |
| <b>Total</b>                      | <b>\$ 27.2</b>             | <b>\$ 20.1</b>     | <b>\$ 77.8</b>            | <b>\$ 51.7</b>     |

(1) For the three and nine months ended September 30, 2023, we recognized \$0.7 million and \$1.4 million, respectively, of non-recurring income related to early repayments and amendments to specific loan positions. For the three and nine months ended September 30, 2022, we recognized \$0.6 million and \$0.5 million, respectively, of non-recurring income related to early repayments, interest write-offs and amendments to specific loan positions.

The increase in interest income from the respective periods was due primarily to growth in the overall investment portfolio and rising interest rates.

#### Expenses

Our primary operating expenses include the payment of fees to Stellus Capital under the investment advisory agreement, our allocable portion of overhead expenses under the administration agreement and other operating costs described below. We bear all other out-of-pocket costs and expenses of our operations and transactions, which may include:

- organization and offering costs;
- valuing our assets and calculating our net asset value (including the cost and expenses of any independent valuation firm);
- fees and expenses payable to third parties, including agents, consultants or other advisors, in monitoring financial and legal affairs for us and in monitoring our investments and performing due diligence on our prospective portfolio companies or otherwise relating to, or associated with, evaluating and making investments;

- interest payable on debt, if any, incurred to finance our investments and expenses related to unsuccessful portfolio acquisition efforts;
- offerings of our commons stock and other securities;
- base management and incentive fees;
- administration fees and expenses, if any, payable under the administration agreement (including our allocable portion of Stellus Capital's overhead in performing its obligations under the administration agreement, including rent and the allocable portion of the cost of our chief financial officer and chief compliance officer and their respective staffs);
- transfer agent and custodial fees and expenses;
- U.S. federal and state registration fees;
- all costs of registration and listing our securities on any securities exchange;
- U.S. federal, state and local taxes;
- independent directors' fees and expenses;
- costs of preparing and filing reports or other documents required by the SEC or other regulators;
- costs of any reports, proxy statements or other notices to stockholders, including printing costs;
- costs and fees associated with any fidelity bond, directors and officers/errors and omissions liability insurance, and any other insurance premiums;
- direct costs and expenses of administration and operation, including printing, mailing, long distance telephone, copying, secretarial and other staff, independent auditors and outside legal costs;
- proxy voting expenses; and
- all other expenses incurred by us or Stellus Capital in connection with administering our business.

The following shows the breakdown of operating expenses for the three and nine months ended September 30, 2023 and 2022 (in millions).

|   | For the three months ended |                    | For the nine months ended |                    |
|---|----------------------------|--------------------|---------------------------|--------------------|
|   | September 30, 2023         | September 30, 2022 | September 30, 2023        | September 30, 2022 |
| <b>Operating Expenses</b>                 |                            |                    |                           |                    |
| Management fees                           | \$ 3.9                     | \$ 3.8             | \$ 11.5                   | \$ 11.0            |
| Valuation fees                            | 0.1                        | 0.1                | 0.3                       | 0.3                |
| Administrative services expenses          | 0.5                        | 0.5                | 1.4                       | 1.4                |
| Income incentive fees                     | 2.7                        | 1.6                | 7.4                       | 1.6                |
| Capital gains incentive fee reversal      | —                          | (0.6)              | (0.6)                     | (1.7)              |
| Professional fees                         | 0.3                        | 0.3                | 0.9                       | 0.8                |
| Directors' fees                           | 0.1                        | 0.1                | 0.3                       | 0.3                |
| Insurance expense                         | 0.2                        | 0.1                | 0.4                       | 0.4                |
| Interest expense and other fees           | 8.0                        | 6.5                | 24.0                      | 16.9               |
| Income tax expense                        | 0.3                        | 0.4                | 1.1                       | 1.1                |
| Other general and administrative expenses | 0.2                        | 0.2                | 0.8                       | 0.8                |
| <b>Total Operating Expenses</b>           | <b>\$ 16.3</b>             | <b>\$ 13.0</b>     | <b>\$ 47.5</b>            | <b>\$ 32.9</b>     |

The increase in operating expenses for the three and nine months ended September 30, 2023 as compared to the three and nine months ended September 30, 2022 was due to (1) higher interest expense as a result of higher outstanding balances on our SBA-guaranteed debentures, as well as rising interest rates, (2) higher management fees due to a larger investment portfolio and (3) higher incentive fees due to portfolio performance, offset by the capital gains incentive fee reversal.

#### ***Net Investment Income***

For the three months ended September 30, 2023, net investment income was \$10.8 million, or \$0.47 per common share (based on 22,824,221 weighted average shares outstanding for the three months ended September 30, 2023).

For the three months ended September 30, 2022, net investment income was \$7.2 million, or \$0.37 per common share (based on 19,545,935 weighted average shares outstanding for the three months ended September 30, 2022).

For the nine months ended September 30, 2023, net investment income was \$30.3 million, or \$1.42 per common share (based on 21,289,880 weighted average shares outstanding for the nine months ended September 30, 2023).

For the nine months ended September 30, 2022, net investment income was \$18.9 million, or \$0.97 per common share (based on 19,535,708 weighted average shares outstanding for the nine months ended September 30, 2022).

The increase in net investment income over the respective periods was due to higher investment income as a result of a larger investment portfolio and rising interest rates, offset by the increase in expenses as explained in the "Expenses" section above.

#### ***Net Realized Gains and Losses***

We measure realized gains or losses by the difference between the net proceeds from the repayment, sale or other disposition and the amortized cost basis of the investment, using the specific identification method, without regard to unrealized appreciation or depreciation previously recognized.

Proceeds from repayments of investments and amortization of certain other investments for the three months ended September 30, 2023 totaled \$34.8 million and net realized gains totaled \$0.6 million.

Proceeds from repayments of investments and amortization of certain other investments for the three months ended September 30, 2022 totaled \$16.2 million and net realized gains totaled \$1.6 million.

Proceeds from repayments of investments and amortization of certain other investments for the nine months ended September 30, 2023 totaled \$80.1 million and net realized gains totaled \$0.2 million.

Proceeds from repayments of investments and amortization of certain other investments for the nine months ended September 30, 2022 totaled \$74.4 million and net realized gains totaled \$4.7 million.

#### ***Net Change in Unrealized Appreciation (Depreciation) of Investments***

Net change in unrealized appreciation (depreciation) primarily reflects the change in portfolio investment values during the reporting period, including the reversal of previously recorded appreciation or depreciation when gains or losses are realized.

Net change in unrealized depreciation on investments and cash equivalents for the three months ended September 30, 2023 and 2022 totaled (\$13.8) million and (\$4.8) million, respectively.

Net change in unrealized depreciation on investments and cash equivalents for the nine months ended September 30, 2023 and 2022 totaled (\$24.3) million and (\$12.8) million, respectively.

The change in unrealized depreciation over the respective periods was due to company-specific investment write-downs, offset by company-specific write-ups.

#### **Benefit (Provision) for Taxes on Unrealized Depreciation (Appreciation) on Investments**

We have direct wholly owned subsidiaries that have elected to be taxable entities (the "Taxable Subsidiaries"). The Taxable Subsidiaries permit us to hold equity investments in portfolio companies which are "pass through" entities for U.S. federal income tax purposes and continue to comply with the "source income" requirements contained in RIC tax provisions of the Code. The Taxable Subsidiaries are not consolidated with us for U.S. federal income tax purposes and may generate U.S. federal income tax expense, benefit, and the related tax assets and liabilities, as a result of their ownership of certain portfolio investments. The U.S. federal income tax expense, or benefit, if any, and related tax assets and liabilities are reflected in our consolidated financial statements. For the three months ended September 30, 2023 and 2022, we recognized a (provision) benefit for income tax on unrealized investments of (\$0.3) thousand and \$30.5 thousand for the Taxable Subsidiaries, respectively. For the nine months ended September 30, 2023 and 2022, we recognized a provision for income tax on unrealized investments of (\$144.4) thousand and (\$151.3) thousand for the Taxable Subsidiaries, respectively. As of September 30, 2023 and December 31, 2022, there was \$206.4 thousand and \$61.9 thousand of deferred tax liabilities on the Consolidated Statements of Assets and Liabilities, respectively.

#### **Net Increase (Decrease) in Net Assets Resulting from Operations**

For the three months ended September 30, 2023, net decrease in net assets resulting from operations totaled (\$2.4) million, or (\$0.11) per common share (based on 22,824,221 weighted average shares outstanding for the three months ended September 30, 2023).

For the three months ended September 30, 2022, net increase in net assets resulting from operations totaled \$4.0 million, or \$0.20 per common share (based on 19,545,935 weighted average shares outstanding for the three months ended September 30, 2022).

For the nine months ended September 30, 2023, net increase in net assets resulting from operations totaled \$6.0 million, or \$0.28 per common share (based on 21,289,880 weighted average shares outstanding for the nine months ended September 30, 2023).

For the nine months ended September 30, 2022, net increase in net assets resulting from operations totaled \$10.5 million, or \$0.54 per common share (based on 19,535,708 weighted average shares outstanding for the nine months ended September 30, 2022).

The net decrease in net assets between the respective periods was due to higher by unrealized depreciation recognized, offset by increase net investment income in the current year. The net increase in net assets between the respective periods was due to higher net investment income, offset by unrealized depreciation recognized in the current year.

#### **Financial Condition, Liquidity and Capital Resources**

##### **Cash Flows from Operating and Financing Activities**

Our operating activities used net cash of \$42.4 million for the nine months ended September 30, 2023, primarily in connection with the purchase of portfolio investments, offset by sales and repayments of portfolio investments. Our financing activities for the nine months ended September 30, 2023 used cash of \$13.6 million primarily from proceeds from the issuance of common stock, offset by net paydowns on our Credit Facility.

Our operating activities used net cash of \$92.6 million for the nine months ended September 30, 2022, primarily in connection with the purchase of portfolio investments, offset by sales and repayments of portfolio investments. Our financing activities for the nine months ended September 30, 2022 provided cash of \$60.9 million primarily from proceeds from SBA-guaranteed debentures and net borrowings on our Credit Facility.

##### **Liquidity and Capital Resources**

Our liquidity and capital resources are derived from the Credit Facility, Notes Payable, SBA-guaranteed debentures and cash flows from operations, including investment sales and repayments, the ATM Program, and income earned. Our primary use of funds from operations includes investments in portfolio companies and other operating expenses we incur, as well as the payment of dividends to the holders of our common stock. We used, and expect to continue to use, these capital resources as well as proceeds from turnover within our portfolio and from public and private offerings of securities to finance our investment activities.

Although we expect to fund the growth of our investment portfolio through the net proceeds from future public and private equity offerings and issuances of senior securities or future borrowings to the extent permitted by the 1940 Act, our plans to raise capital may not be successful. In this regard, if our common stock trades at a price below our then-current net asset value per share, we may be limited in our ability to raise equity capital given that we cannot sell our common stock at a price below net asset value per share unless our stockholders approve such a sale and our Board makes certain determinations in connection therewith. A proposal, approved by our stockholders at our 2023 annual stockholders meeting, authorizes us to sell up to 25% of our outstanding common shares at a price equal to or below the then current net asset value per share in one or more offerings. This authorization will expire on the earlier of June 22, 2024, the one-year anniversary of our 2023 annual stockholders meeting or the date of our 2024 annual stockholder meeting. We would need similar future approval from our stockholders to issue shares below the then current net asset value per share any time after the expiration of the current approval. In addition, we intend to distribute between 90% and 100% of our taxable income to our stockholders in order to satisfy the requirements applicable to RICs under Subchapter M of the Code. Consequently, we may not have the funds or the ability to fund new investments, to make additional investments in our portfolio companies, to fund our unfunded commitments to portfolio companies or to repay borrowings. In addition, the illiquidity of our portfolio investments may make it difficult for us to sell these investments when desired and, if we are required to sell these investments, we may realize significantly less than their recorded value.

Also, as a BDC, we generally are required to meet an asset coverage ratio of total assets, less liabilities and indebtedness not represented by senior securities, over the aggregate amount of the senior securities, which include all of our borrowings and any outstanding preferred stock, of at least 150% effective June 29, 2018 (at least 200% prior to June 29, 2018). This requirement limits the amount that we may borrow. We have received exemptive relief from the SEC to permit us to exclude the debt of the Stellus Capital SBIC, LP (the "SBIC subsidiary") and Stellus Capital SBIC II, LP (the "SBIC II subsidiary") (collectively, the "SBIC subsidiaries") guaranteed by the U.S. Small Business Administration ("SBA") from the definition of senior securities in the asset coverage test under the 1940 Act. We were in compliance with the asset coverage ratios at all times. As of September 30, 2023 and December 31, 2022, our asset coverage ratio was 221% and 192%, respectively. The amount of leverage that we employ will depend on our assessment of market conditions and other factors at the time of any proposed borrowing, such as the maturity, covenant package and rate structure of the proposed borrowings, our ability to raise funds through the issuance of shares of our common stock and the risks of such borrowings within the context of our investment outlook. Ultimately, we only intend to use leverage if the expected returns from borrowing to make investments will exceed the cost of such borrowing. As of September 30, 2023 and December 31, 2022, we had cash and cash equivalents of \$19.2 million and \$48.0 million, respectively.

#### ***Credit Facility***

On October 11, 2017, the Company entered into a senior secured revolving credit agreement, as amended, dated as of October 10, 2017, that was amended and restated on December 21, 2021, February 28, 2022 and May 13, 2022, with Zions Bancorporation, N.A., dba Amegy Bank and various other lenders (the "Credit Facility").

The Credit Facility, as amended and restated, provides for borrowings up to a maximum of \$265.0 million on a committed basis with an accordion feature that allows us to increase the aggregate commitments up to \$280.0 million, subject to new or existing lenders agreeing to participate in the increase and other customary conditions.

Pursuant to the Third Amendment and Commitment Increase to Amended and Restated Senior Secured Revolving Credit Agreement the Credit Facility will bear interest, subject to the Company's election, on a per annum basis equal to (i) term SOFR plus 2.50% (or 2.75% during certain periods in which the Company's asset coverage ratio is equal to or below 1.90 to 1.00) plus a SOFR credit spread adjustment (0.10% for one-month term SOFR and 0.15% for three-month term SOFR), with a 0.25% SOFR floor, or (ii) 1.50% (or 1.75% during certain periods in which the Company's asset coverage ratio is equal to or below 1.90 to 1.00) plus an alternate base rate based on the highest of the prime rate (subject to a 3% floor), Federal Funds Rate plus 0.50% and one month term SOFR plus 1.00%. The Company pays unused commitment fees of 0.50% per annum on the unused lender commitments under the Credit Facility. Interest is payable monthly or quarterly in arrears. The commitment to fund the revolver expires on September 18, 2024, after which the Company may no longer borrow under the Credit Facility and must begin repaying principal equal to 1/12 of the aggregate amount outstanding under the Credit Facility each month. Any amounts borrowed under the Credit Facility will mature, and all accrued and unpaid interest thereunder will be due and payable, on September 18, 2025.

Our obligations to the lenders are secured by a first priority security interest in our portfolio of securities and cash not held at the SBIC subsidiaries, but excluding short term investments. The Credit Facility contains certain covenants, including but not limited to: (i) maintaining a minimum liquidity test of at least \$10.0 million, including cash, liquid investments and undrawn availability, (ii) maintaining an asset coverage ratio of at least 1.67 to 1.0, and (iii) maintaining a minimum stockholder's equity, and (iv) maintaining a

minimum interest coverage ratio of at least 2.00 to 1.00. As of September 30, 2023 and December 31, 2022, we were in compliance with these covenants.

As of September 30, 2023 and December 31, 2022, \$162.3 million and \$199.2 million, respectively, was outstanding under the Credit Facility. The carrying amount of the amount outstanding under the Credit Facility approximates its fair value. The fair values of the Credit Facility is determined in accordance with Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements and Disclosures* ("ASC 820"), which defines fair value in terms of the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The fair value of the Credit Facility is estimated based upon market interest rates for our own borrowings or entities with similar credit risk, adjusted for nonperformance risk, if any. We incurred costs of \$4.0 million in connection with the current Credit Facility, which are being amortized over the life of the facility. Additionally, \$0.3 million of costs from a prior credit facility will continue to be amortized over the remaining life of the Credit Facility. As of September 30, 2023 and December 31, 2022, \$1.1 million and \$1.5 million of such prepaid loan structure fees and administration fees had yet to be amortized, respectively. These prepaid loan fees are presented on the Consolidated Statements of Assets and Liabilities as a deduction from the debt liability.

Interest is paid quarterly in arrears. The following table summarizes the interest expense and amortized loan fees on the Credit Facility for the three and nine months ended September 30, 2023 and 2022 (dollars in millions):

|  | For the three months ended |                    | For the nine months ended |                    |
|--|----------------------------|--------------------|---------------------------|--------------------|
|  | September 30, 2023         | September 30, 2022 | September 30, 2023        | September 30, 2022 |
| Interest expense                                     | \$ 3.7                     | \$ 2.6             | \$ 11.3                   | \$ 5.8             |
| Loan fee amortization                                | 0.1                        | 0.1                | 0.4                       | 0.4                |
| Total interest and financing expenses                | <u>\$ 3.8</u>              | <u>\$ 2.7</u>      | <u>\$ 11.7</u>            | <u>\$ 6.2</u>      |
| Weighted average interest rate                       | 8.2 %                      | 4.9 %              | 7.8 %                     | 3.8 %              |
| Effective interest rate (including fee amortization) | 8.6 %                      | 5.2 %              | 8.1 %                     | 4.1 %              |
| Average debt outstanding                             | \$ 178.0                   | \$ 207.4           | \$ 193.5                  | \$ 201.7           |
| Cash paid for interest and unused fees               | \$ 3.5                     | \$ 2.5             | \$ 11.1                   | \$ 5.8             |

#### **SBA-Guaranteed Debentures**

Due to the SBIC subsidiaries' status as Small Business Investment Companies ("SBICs"), we have the ability to issue debentures guaranteed by the SBA at favorable interest rates ("SBA-guaranteed debentures"). Under the regulations applicable to SBIC funds, a single licensee can have outstanding SBA-guaranteed debentures, subject to a regulatory leverage limit, up to two times the amount of regulatory capital. As of both September 30, 2023 and December 31, 2022, the SBIC subsidiary had \$75.0 million in "regulatory capital", as such term is defined by the SBA, and \$150.0 million of SBA-guaranteed debentures outstanding.

As of both September 30, 2023 and December 31, 2022, the SBIC II subsidiary had \$87.5 million in regulatory capital. As of September 30, 2023 and December 31, 2022, the SBIC II subsidiary had \$175.0 million and \$163.6 million of SBA-guaranteed debentures outstanding, respectively.

On August 12, 2014, we obtained exemptive relief from the SEC to permit us to exclude the debt of the SBIC subsidiaries guaranteed by the SBA from our 150% asset coverage test under the 1940 Act. The exemptive relief provides us with increased flexibility under the 150% asset coverage test by permitting us to borrow up to \$325.0 million more than we would otherwise be able to absent the receipt of this exemptive relief.

On a stand-alone basis, the SBIC subsidiaries held \$489.2 million and \$470.7 million in assets at September 30, 2023 and December 31, 2022, respectively, which accounted for approximately 54.2% and 52.4% of our total consolidated assets, respectively.

SBA-guaranteed debentures have fixed interest rates that equal prevailing 10-year U.S. Treasury Note rates plus a market spread and have a maturity of ten years with interest payable semi-annually. The principal amount of the debentures is not required to be paid before maturity but may be pre-paid at any time with no prepayment penalty. SBA-guaranteed debentures drawn before October 1, 2019 incur upfront fees of 3.425%, which consists of a 1.00% commitment fee and a 2.425% issuance discount, which are amortized over the life of the SBA-guaranteed debentures. SBA-guaranteed debentures drawn after October 1, 2019 incur upfront fees of 3.435%, which consists of a 1.00% commitment fee and a 2.435% issuance discount, which are amortized over the life of the SBA-guaranteed debentures. Once pooled, which occurs in March and September of each applicable year, the SBA-guaranteed debentures bear interest at a fixed rate that is set to the current 10-year treasury rate plus a spread at each pooling date.

The fair values of the SBA-guaranteed debentures are determined in accordance with ASC 820, which defines fair value in terms of the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The fair value of the SBA-guaranteed debentures is estimated based upon market interest rates for our own borrowings or entities with similar credit risk, adjusted for nonperformance risk, if any. At September 30, 2023 and December 31, 2022, the SBA-guaranteed debentures would be deemed to be Level 3, as defined in Note 6 to the Consolidated Financial Statements.

As of September 30, 2023, we have incurred \$11.1 million in financing costs related to the SBA-guaranteed debentures since the SBIC subsidiaries received their licenses, which were recorded as prepaid loan fees. As of September 30, 2023 and December 31, 2022, \$5.0 and \$5.7 million of prepaid financing costs had yet to be amortized, respectively. These prepaid loan fees are presented on the Consolidated Statements of Assets and Liabilities as a deduction from the debt liability.

The following table summarizes the interest expense and amortized fees on the SBA-guaranteed debentures for the three and nine months ended September 30, 2023 and 2022 (dollars in millions):

|  | For the three months ended |                    | For the nine months ended |                    |
|--|----------------------------|--------------------|---------------------------|--------------------|
|  | September 30, 2023         | September 30, 2022 | September 30, 2023        | September 30, 2022 |
| Interest expense                                     | \$ 2.6                     | \$ 2.1             | \$ 7.4                    | \$ 5.7             |
| Debenture fee amortization                           | 0.3                        | 0.3                | 0.9                       | 0.9                |
| Total interest and financing expenses                | <u>\$ 2.9</u>              | <u>\$ 2.4</u>      | <u>\$ 8.3</u>             | <u>\$ 6.6</u>      |
| Weighted average interest rate                       | 3.1 %                      | 2.8 %              | 3.1 %                     | 2.7 %              |
| Effective interest rate (including fee amortization) | 3.5 %                      | 3.2 %              | 3.5 %                     | 3.2 %              |
| Average debt outstanding                             | \$ 323.0                   | \$ 299.6           | \$ 316.8                  | \$ 280.7           |
| Cash paid for interest                               | \$ 5.0                     | \$ 4.0             | \$ 9.6                    | \$ 7.4             |

#### Notes Offering

On January 14, 2021, we issued \$100.0 million in aggregate principal amount of 4.875% fixed-rate notes due 2026 (the "Notes Payable"). The Notes Payable will mature on March 30, 2026 and may be redeemed in whole or in part at any time or from time to time at our option on or after December 31, 2025 at a redemption price equal to 100% of the outstanding principal, plus accrued and unpaid interest. Interest is payable semi-annually beginning September 30, 2022.

As of both September 30, 2023 and December 31, 2022, the aggregate carrying amount of the Notes Payable were approximately \$100.0 million. The Notes Payable are institutional, non-traded notes.

In connection with the issuance of the Notes Payable, we have incurred \$2.3 million of fees which are being amortized over the term of the Notes Payable, of which \$1.1 million and \$1.5 million remains to be amortized as of September 30, 2023 and December 31, 2022, respectively. These financing costs are presented on the Consolidated Statements of Assets and Liabilities as a deduction from the debt liability.

The following table summarizes the interest expense and deferred financing costs on the Notes Payable for the three and nine months ended September 30, 2023 and 2022 (dollars in millions):

|  | For the three months ended |                    | For the nine months ended |                    |
|--|----------------------------|--------------------|---------------------------|--------------------|
|  | September 30, 2023         | September 30, 2022 | September 30, 2023        | September 30, 2022 |
| Interest expense                                     | \$ 1.2                     | \$ 1.2             | \$ 3.7                    | \$ 3.7             |
| Deferred financing costs                             | 0.1                        | 0.1                | 0.3                       | 0.3                |
| Total interest and financing expenses                | <u>\$ 1.3</u>              | <u>\$ 1.3</u>      | <u>\$ 4.0</u>             | <u>\$ 4.0</u>      |
| Weighted average interest rate                       | 4.8 %                      | 4.8 %              | 4.9 %                     | 4.9 %              |
| Effective interest rate (including fee amortization) | 5.3 %                      | 5.3 %              | 5.3 %                     | 5.3 %              |
| Average debt outstanding                             | \$ 100.0                   | \$ 100.0           | \$ 100.0                  | \$ 100.0           |
| Cash paid for interest                               | \$ 2.4                     | \$ 2.4             | \$ 4.9                    | \$ 4.9             |

## **Off-Balance Sheet Arrangements**

We may be a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financial needs of our portfolio companies. As of September 30, 2023, our only off-balance sheet arrangements consisted of \$28.8 million of unfunded commitments to provide debt financing and \$0.3 million in unfunded equity commitments to 58 existing portfolio companies. As of December 31, 2022, our only off-balance sheet arrangements consisted of \$27.5 million of unfunded commitments to provide debt financing to 52 existing portfolio companies and \$0.3 million in unfunded equity commitments to one existing portfolio company. As of September 30, 2023, we had sufficient liquidity (through cash on hand and available borrowings under the Credit Facility) to fund such unfunded commitments should the need arise.

## **Regulated Investment Company Status and Dividends**

We have elected, have qualified, and intend to qualify annually to be treated for U.S. federal income tax purposes as a RIC under Subchapter M of the Code. So long as we maintain our qualification as a RIC, we will not be taxed on our investment company taxable income or realized net capital gains, to the extent that such taxable income or gains are distributed, or deemed to be distributed, to stockholders as dividends on a timely basis.

Taxable income generally differs from net income for financial reporting purposes due to temporary and permanent differences in the recognition of income and expenses, and generally excludes net unrealized appreciation or depreciation until realized. Distributions declared and paid by us in a year may differ from taxable income for that year as such dividends may include the distribution of current year taxable income or the distribution of prior year taxable income carried forward into and distributed in the current year. Distributions also may include returns of capital.

To qualify for RIC tax treatment, we must, among other things, distribute, with respect to each taxable year, at least 90% of our investment company net taxable income (i.e., our net ordinary income and our realized net short-term capital gains in excess of realized net long-term capital losses, if any). If we maintain our qualification as a RIC, we must also satisfy certain distribution requirements each calendar year in order to avoid a federal excise tax on our undistributed earnings of a RIC. As of December 31, 2022, we had \$28.6 million of undistributed taxable income that will be carried forward toward distributions paid during the year ending December 31, 2023.

We intend to distribute to our stockholders between 90% and 100% of our annual taxable income (which includes our taxable interest and fee income). However, the covenants contained in the Credit Facility may prohibit us from making distributions to our stockholders, and, as a result, could hinder our ability to satisfy the distribution requirement. In addition, we may retain for investment some or all of our net taxable capital gains (i.e., realized net long-term capital gains in excess of realized net short-term capital losses) and treat such amounts as deemed distributions to our stockholders. If we do this, our stockholders will be treated as if they received actual distributions of the capital gains we retained and then reinvested the net after-tax proceeds in our common stock. Our stockholders also may be eligible to claim tax credits (or, in certain circumstances, tax refunds) equal to their allocable share of the tax we paid on the capital gains deemed distributed to them. To the extent our taxable earnings for a fiscal taxable year fall below the total amount of our dividends for that fiscal year, a portion of those dividend distributions may be deemed a return of capital to our stockholders.

We may not be able to achieve operating results that will allow us to make distributions at a specific level or to increase the amount of these distributions from time to time. In addition, we may be limited in our ability to make distributions due to the asset coverage test for borrowings applicable to us as a business development company under the 1940 Act and due to provisions in Credit Facility. We cannot assure stockholders that they will receive any distributions or distributions at a particular level.

In accordance with certain applicable U.S. Treasury regulations and private letter rulings issued by the Internal Revenue Service (the "IRS"), a RIC may treat a distribution of its own stock as fulfilling its RIC distribution requirements if each stockholder may elect to receive his or her entire distribution in either cash or stock of the RIC, subject to a limitation that the aggregate amount of cash to be distributed to all stockholders must be at least 20% of the aggregate declared distribution. If too many stockholders elect to receive cash, each stockholder electing to receive cash must receive a pro rata amount of cash (with the balance of the distribution paid in stock). In no event will any stockholder, electing to receive cash, receive less than 20% of his or her entire distribution in cash.

If these and certain other requirements are met, for U.S. federal income tax purposes, the amount of the dividend paid in stock will be equal to the amount of cash that could have been received instead of stock. We have no current intention of paying dividends in shares of our stock in accordance with these U.S. Treasury regulations or private letter rulings. However, we continue to monitor the Company's liquidity position and the overall economy and will continue to assess whether it would be in our and our shareholders best interest to take advantage of the IRS rulings.

## Recent Accounting Pronouncements

See Note 1 to the consolidated financial statements contained herein for a description of recent accounting pronouncements, if any, including the expected dates of adoption and the anticipated impact on the financial statements.

## Critical Accounting Policies

See Note 1 to the consolidated financial statements contained herein for a description of critical accounting policies.

## Subsequent Events

The Company's management has evaluated subsequent events through the date of issuance of the financial statements included herein. There have been no subsequent events that require recognition or disclosure in these financial statements except for the following described below.

### Investment Portfolio

The Company invested in the following portfolio companies subsequent to September 30, 2023:

| Activity Type     | Date             | Company Name                  | Company Description  | Investment Amount | Instrument Type                    |
|-------------------|------------------|-------------------------------|--|-------------------|------------------------------------|
| Add-On Investment | October 3, 2023  | EH Real Estate Services, LLC* | Offers residential property brokerage, title & settlement, and property and casualty insurance brokerage services to home buyers and sellers | \$ 2,281,116      | Revolver Commitment <sup>(a)</sup> |
| Add-On Investment | October 11, 2023 | Impact Home Services LLC*     | Residential, garage door, electrical, and plumbing services provider   | \$ 539,718        | Senior Secured – First Lien        |
|                   |                  |                               |  | 13,398            | Equity                             |
| Add-On Investment | October 16, 2023 | Equine Network, LLC*          | Provider of content, information, tech-enabled services, and hosts competitions for the U.S. equine industry                                 | \$ 955,516        | Senior Secured – First Lien        |
| Add-On Investment | October 19, 2023 | ArborWorks Acquisition LLC*   | A professional tree care firm  | \$ 230,769        | Senior Secured – First Lien        |
| Add-On Investment | October 31, 2023 | 2X LLC*                       | Provider of outsourced digital B2B marketing-as-a-service  | \$ 1,448,388      | Senior Secured – First Lien        |

\* Existing portfolio company

(a) The Company has full discretion to fund this revolver commitment

The Company realized the following portfolio company subsequent to September 30, 2023:

| Activity Type    | Date             | Company Name                     | Company Description  | Proceeds Received | Realized Loss | Instrument Type |
|------------------|------------------|----------------------------------|--|-------------------|---------------|-----------------|
| Full Realization | October 24, 2023 | Interstate Waste Services, Inc.* | Provider of non-hazardous waste management, collection, and recycling services | \$ 389,496        | \$ (556,629)  | Equity          |

\* Existing portfolio company

## Credit Facility

The outstanding balance under the Credit Facility as of November 7, 2023 was \$163.0 million.

## Dividend Declared

On October 5, 2023, the Board declared a regular monthly dividend for each of October 2023, November 2023, and December 2023 as follows:

| Declared  | Ex-Dividend Date | Record Date | Payment Date | Amount 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        |

### Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are subject to financial market risks, including changes in interest rates. In connection with the COVID-19 pandemic, the U.S. Federal Reserve (the "Federal Reserve") and other central banks had reduced certain interest rates. However, in March 2022, the Federal Reserve raised interest rates for the first time since December 2018, and subsequently raised interest rates several times, most recently in July 2023, bringing the target for the federal funds rate to 5.25% - 5.50%, the highest since January 2001. As of September 30, 2023 and December 31, 2022, 98% and 97% of the loans in our portfolio bore interest at floating rates, respectively. These floating rate loans typically bear interest in reference to LIBOR and SOFR, which are indexed to 30-day or 90-day LIBOR and SOFR rates, subject to an interest rate floor. As of September 30, 2023 and December 31, 2022, the weighted average interest rate floor on our floating rate loans was 1.18% and 1.07%, respectively.

On July 1, 2023, the publication of all LIBOR settings as representative rates has ceased. As of September 30, 2023, we have facilitated an orderly transition of our LIBOR-based investments to SOFR. Any remaining USD LIBOR-based investments will transition subsequent to September 30, 2023 or the next contract reset date.

Assuming that the Consolidated Statements of Assets and Liabilities as of September 30, 2023 were to remain constant and no actions were taken to alter the existing interest rate sensitivity, the following table shows the annual impact on net income of changes in interest rates:

| Change in Basis Points <sup>(2)</sup> | (\$ in millions) |                                 |                                    |
|---------------------------------------|------------------|---------------------------------|------------------------------------|
|                                       | Interest Income  | Interest Expense <sup>(3)</sup> | Net Interest Income <sup>(1)</sup> |
| Up 200 basis points                   | \$ 16.1          | \$ (3.2)                        | \$ 12.9                            |
| Up 150 basis points                   | 12.1             | (2.4)                           | 9.7                                |
| Up 100 basis points                   | 8.1              | (1.6)                           | 6.5                                |
| Up 50 basis points                    | 4.0              | (0.8)                           | 3.2                                |
| Down 50 basis points                  | (4.0)            | 0.8                             | (3.2)                              |
| Down 100 basis points                 | (8.1)            | 1.6                             | (6.5)                              |
| Down 150 basis points                 | (12.1)           | 2.4                             | (9.7)                              |
| Down 200 basis points                 | (16.1)           | 3.2                             | (12.9)                             |

(1) Excludes the impact of incentive fees based on pre-incentive fee net investment income. See Note 2 for more information on the incentive fee.

(2) At September 30, 2023, the three month LIBOR rate was 566 basis points and the three month SOFR rate was 540 basis points. This table assumes floating rates would not fall below zero.

(3) Includes the impact of the 25 bps LIBOR floor in place on the Credit Facility.

Although we believe that this measure is indicative of our sensitivity to interest rate changes, it does not adjust for potential changes in credit quality, size and composition of the assets on the balance sheet and other business developments that could affect net increase in net assets resulting from operations. Accordingly, no assurances can be given that actual results would not differ materially from the potential outcome simulated by this estimate. We may hedge against interest rate fluctuations by using standard hedging instruments such as futures, options and forward contracts subject to the requirements of the 1940 Act. While hedging activities may insulate us against adverse changes in interest rates, they may also limit our ability to participate in the benefits of lower interest rates with respect to our portfolio of investments. For the three and nine months ended September 30, 2023 and 2022, we did not engage in hedging activities.

### Item 4. Controls and Procedures

#### (a) Evaluation of Disclosure Controls and Procedures

The Company's management, under the supervision and with the participation of various members of management, including its Chief Executive Officer and its Chief Financial Officer, has evaluated the effectiveness of its disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") as of the end of the period covered by this report. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures are effective as of the end of the period covered by this report.

***(b) Changes in Internal Control Over Financial Reporting***

The Company's management did not identify any change in the Company's internal control over financial reporting that occurred during the quarter ended September 30, 2023 that has materially affected, or is reasonable likely to materially affect, the Company's internal control over financial reporting.

## PART II—OTHER INFORMATION

### Item 1. Legal Proceedings

We are not currently subject to any material legal proceedings, nor, to our knowledge, is any material legal proceeding threatened against us or our subsidiaries. From time to time, we may be a party to certain legal proceedings in the ordinary course of business, including proceedings relating to the enforcement of our rights under contracts with our portfolio companies. While the outcome of these legal proceedings cannot be predicted with certainty, we do not expect that these proceedings will have a material effect upon our financial condition or results of operations.

### Item 1A. Risk Factors

Investing in our securities involves a number of significant risks. In addition to the other information set forth in this quarterly report on Form 10-Q, including the risk factors set forth below, you should carefully consider the risk factors discussed in "Item 1A. Risk Factors" of Annual Report on Form 10-K filed with the SEC on February 28, 2023, all of which could materially affect our business, financial condition and/or results of operations. Although the risks described below and in our other SEC filings referenced above represent the principal risks associated with an investment in us, they are not the only risks we face. Additional risks and uncertainties not currently known to us, or that we currently deem to be immaterial, might materially and adversely affect our business, financial condition and/or results of operations.

Other than as described below, during the nine months ended September 30, 2023, there have been no material changes to the risk factors discussed in our SEC filings referenced above.

***We may be subject to risk related to bank impairments or failure either directly or through our portfolio companies, which, in turn, could indirectly impact our performance and results of operations.***

In March 2023, the U.S. Federal Deposit Insurance Corporation ("FDIC") took control of Silicon Valley Bank and Signature Bank, and in May 2023, the FDIC took control of First Republic Bank due to liquidity concerns. The impairment or failure of one or more banks with whom any of our portfolio companies transact may inhibit the ability of our portfolio companies to access depository accounts, including cash and cash equivalents, as well as investment accounts, which, in turn, may indirectly impact our performance and results of operations. In the event of a bank impairment or failure, affected portfolio companies may default on their debt obligations to us, resulting in impacts to our performance. In the event of such a failure of a banking institution where one or more of our portfolio companies holds depository accounts, access to such accounts could be restricted and FDIC protection may not be available for balances in excess of amounts insured by the FDIC. In such instances, our affected portfolio companies would not recover such excess, uninsured amounts, and they may not be able to cure any defaults. Additionally, unfavorable economic conditions also could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events could prevent us from increasing our investments and harm business, financial condition, operating results and prospects. We closely monitor activity in the banking sector as it relates to any of our borrowers and continually assess any potential indirect impact to us as a result of the same.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

No shares were issued under the distribution reinvestment program during either of the nine months ended September 30, 2023 and 2022.

### Item 3. Defaults Upon Senior Securities

Not applicable.

### Item 4. Mine Safety Disclosures

Not applicable.

**Item 5. Other Information****Rule 10b5-1 Trading Plans**

During the fiscal quarter ended September 30, 2023, none of the Company's directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

**Item 6. Exhibits.**

The following exhibits are filed as part of this report or hereby incorporated by reference to exhibits filed with the SEC:

| Exhibit Number | Description   |
|----------------|---|
| 3.1            | <a href="#">Articles of Amendment and Restatement (Incorporated by reference to Exhibit (a)(1) to the Registrant's Registration Statement on Form N-2 (File No. 333-184195), filed on October 23, 2012).</a>  |
| 3.2            | <a href="#">Bylaws (Incorporated by reference to Exhibit (b)(1) to the Registrant's Registration Statement on Form N-2 (File No. 333-184195), filed on October 23, 2012).</a>   |
| 4.1            | <a href="#">Form of Stock Certificate (Incorporated by reference to Exhibit (d) to the Registrant's Registration Statement on Form N-2 (File No. 333-184195), filed on October 23, 2012).</a>   |
| 10.1           | <a href="#">Equity Distribution Agreement, dated August 11, 2023, by and among Stellus Capital Investment Corporation and Stellus Capital Management, LLC, on the one hand, and Keefe, Bruyette &amp; Woods, Inc. and Raymond James &amp; Associates, Inc. on the other hand (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 814-00971), filed on August 14, 2023).</a> |
| 31.1           | <a href="#">Chief Executive Officer Certification pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*</a>  |
| 31.2           | <a href="#">Chief Financial Officer Certification pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*</a>  |
| 32.1           | <a href="#">Chief Executive Officer Certification pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*</a>  |
| 32.2           | <a href="#">Chief Financial Officer Certification pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*</a>  |
| 101.INS*       | XBRL Instance Document — the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.   |
| 101.SCH*       | Inline XBRL Taxonomy Extension Schema Document  |
| 101.CAL*       | Inline XBRL Taxonomy Extension Calculation Linkbase Document  |
| 101.DEF*       | Inline XBRL Taxonomy Extension Definition Linkbase Document   |
| 101.LAB*       | Inline XBRL Taxonomy Extension Label Linkbase Document  |
| 101.PRE*       | Inline XBRL Taxonomy Extension Presentation Linkbase Document   |
| 104            | Cover Page Interactive Data File — The cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document   |

\* Filed herewith

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: November 7, 2023

**STELLUS CAPITAL INVESTMENT CORPORATION**

By: /s/ Robert T. Ladd

**Name:** Robert T. Ladd

**Title:** Chief Executive Officer and President

By: /s/ W. Todd Huskinson

**Name:** W. Todd Huskinson

**Title:** Chief Financial Officer

**Exhibit 31.1**

I, Robert T. Ladd, Chief Executive Officer of Stellus Capital Investment Corporation certify that:

1. I have reviewed this quarterly report on Form 10-Q of Stellus Capital Investment Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated this 7<sup>th</sup> day of November 2023.

By: /s/ Robert T. Ladd  
**Robert T. Ladd**  
**Chief Executive Officer**

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**Exhibit 31.2**

I, W. Todd Huskinson, Chief Financial Officer of Stellus Capital Investment Corporation certify that:

1. I have reviewed this quarterly report on Form 10-Q of Stellus Capital Investment Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated this 7<sup>th</sup> day of November 2023.

By: /s/ W. Todd Huskinson  
**W. Todd Huskinson**  
**Chief Financial Officer**

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**Certification of Chief Executive Officer  
Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)**

In connection with this Quarterly report on Form 10-Q (the "Report") of Stellus Capital Investment Corporation (the "Registrant"), as filed with the Securities and Exchange Commission on the date hereof, I, Robert T. Ladd, the Chief Executive Officer of the Registrant, hereby certify, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Robert T. Ladd  
**Name: Robert T. Ladd**  
**Date: November 7, 2023**

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**Certification of Chief Financial Officer  
Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)**

In connection with this Quarterly report on Form 10-Q (the "Report") of Stellus Capital Investment Corporation (the "Registrant"), as filed with the Securities and Exchange Commission on the date hereof, I, W. Todd Huskinson, the Chief Financial Officer of the Registrant, hereby certify, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ W. Todd Huskinson  
**Name:W. Todd Huskinson**  
**Date: November 7, 2023**

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