



# FIDUS

INVESTMENT  
CORPORATION

## Investor Presentation

NASDAQ:  
Common Stock – FDUS



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Fidus Investment Corporation (“Fidus”) cautions that statements in this presentation that are forward-looking, and provide other than historical information, involve risks and uncertainties that may impact our future results of operations. The forward-looking statements in this presentation are based on current conditions and include statements regarding our goals, beliefs, strategies and future operating results and cash flows, including but not limited to the equivalent annual yield represented by our dividends declared, the tax attributes of dividends and the amount of leverage available to us. Although our management believes that the expectations reflected in any forward-looking statements are reasonable, we can give no assurance that those expectations will prove to have been correct. Those statements are made based on various underlying assumptions and are subject to numerous uncertainties and risks, including, without limitation: our continued effectiveness in raising, investing and managing capital; adverse changes in the economy generally or in the industries in which our portfolio companies operate; changes in laws and regulations that may adversely impact our operations or the operations of one or more of our portfolio companies; the operating and financial performance of our portfolio companies; retention of key investment personnel; competitive factors; and such other factors described under the caption “Risk Factors” and described in the sections regarding forward looking statements included in our filings with the Securities and Exchange Commission ([www.sec.gov](http://www.sec.gov)). We undertake no obligation to update the information contained herein to reflect subsequently occurring events or circumstances, except as required by applicable securities laws and regulations.

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# I. Overview

# Fidus Investment Corporation

Long term focus on delivering stable dividends, preserving capital and growing net asset value for our shareholders

## History

- May 2007 – Closed initial fund and licensed as Small Business Investment Company (“SBIC”)
- June 2011 – Launched Initial Public Offering as externally managed Business Development Company (“BDC”)
- Today - Diversified investment portfolio totaling \$856.9 million in 75 companies (September 30, 2022)

## Target Company Characteristics

- Niche market leaders with defensible market positions
- Diversified customer and supplier bases
- Strong free cash flows or asset support
- Significant enterprise value / equity cushions
- Strong management teams with meaningful equity ownership or incentives

## Strategy

- Provide customized debt and equity financing solutions primarily to lower middle market companies based in the U.S.
- Well-established direct origination network
- Deep industry sector experience
- Disciplined investment and asset management process

## Key Investment Highlights

- Lower middle market offers significant opportunity for attractive risk-adjusted returns
- SBIC licenses provide access to low cost, fixed rate unsecured debt financing
- Seasoned management team with a proven track record of preserving capital, growing NAV and generating cumulative adjusted NII in excess of cumulative dividends
- Consistently deliver higher ROE vs. BDC peers

## **II. Investment Strategy & Performance**

# Proven Investment Strategy

- **Provide custom-tailored debt and equity financing solutions for lower middle market companies**
  - Finance event-driven transactions such as leveraged buyouts, refinancings, recapitalizations, acquisitions and growth capital
  - Opportunistic investments in special situations with high downside protection or asset support
  - Partnership approach with long-term investment perspective
- **Disciplined investment and asset management process**
  - Highly selective, “PE style” underwriting methodology
  - Focus on industries and sponsors we know well
  - Manage the credit documentation process to ensure structural protections
  - Proactive risk management
- **Target investments between \$5 - \$35 million per portfolio company**
  - First lien / unitranche debt
  - Second lien and subordinated debt
  - Equity, including preferred, common and/or warrants

**Emphasis on Capital Preservation with Upside Potential**

# Lower Middle Market Focus

- **Large, fragmented market**
  - More than 100,000 companies in the lower middle market
  - Target firms with annual revenues between \$10 and \$150 million
- **Consistent long-term need for investment capital**
  - Lower middle market predominantly comprised of private companies
  - Limited access to the broader capital markets
- **Underserved by traditional capital providers**
  - Great Recession led to the exit of many traditional financing sources
  - Recent COVID-19 crisis has exacerbated the problem
- **Opportunity for attractive risk-adjusted returns**
  - Lower leverage and higher pricing
  - Structural protections and covenants that allow for proactive risk management
- **Ability to co-invest in equity securities alongside deal partners or management teams**
- **Fidus professionals have been active in the lower middle market for > two decades**

**Fidus Is Well Positioned in the attractive Lower Middle Market**



# Investment Criteria

**Target established, profitable companies with the following characteristics:**

- **Niche market leaders with defensible market positions**
  - Products or services of enduring value and/or sustainable competitive advantages
- **Diversified customer and supplier bases**
- **Proven business models with strong free cash flows or asset support**
  - Annual EBITDA of \$5 to \$30 million
- **Significant margin of safety / meaningful enterprise value cushion**
  - Robust assessment of relative value using public and private data sources
  - Significant equity cushions and multiple refinancing / exit options
- **Experienced and successful management teams with meaningful ownership stakes**
- **Well-defined value creation strategies:**
  - Growth: Business plans with growth potential supported by underlying industry themes
  - Consolidation: Numerous acquisition or sale opportunities, often with high synergy capture rate
  - Operational: Under-developed companies with clearly stated improvement areas
  - Opportunistic: Strong intrinsic value and asset support; adversely impacted by isolated events, industry cycles, or temporary stress

# Proprietary Direct Origination Platform

Extensive, diverse relationships across the lower middle market drive attractive deal flow and present significant growth opportunities

## Platform Overview

- Unique platform with direct origination capabilities across multiple channels
  - ✓ Leading private equity firms
  - ✓ Independent deal sponsors
  - ✓ “The Lower Middle Market Ecosystem”
- Emphasis on repeat clients and high quality partners → building real relationships
  - ✓ 2+ transactions completed with 22 firms
- Three regional offices allow for nationwide deal sourcing and strong local presence
  - ✓ Evanston
  - ✓ New York
  - ✓ Charlotte

## Broad Origination Network

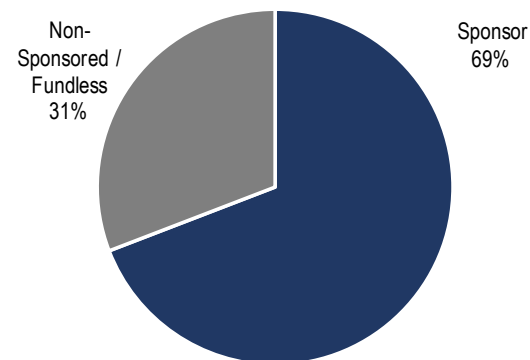
Committed Private  
Equity Funds

Independent Sponsors

Intermediaries  
and Advisors

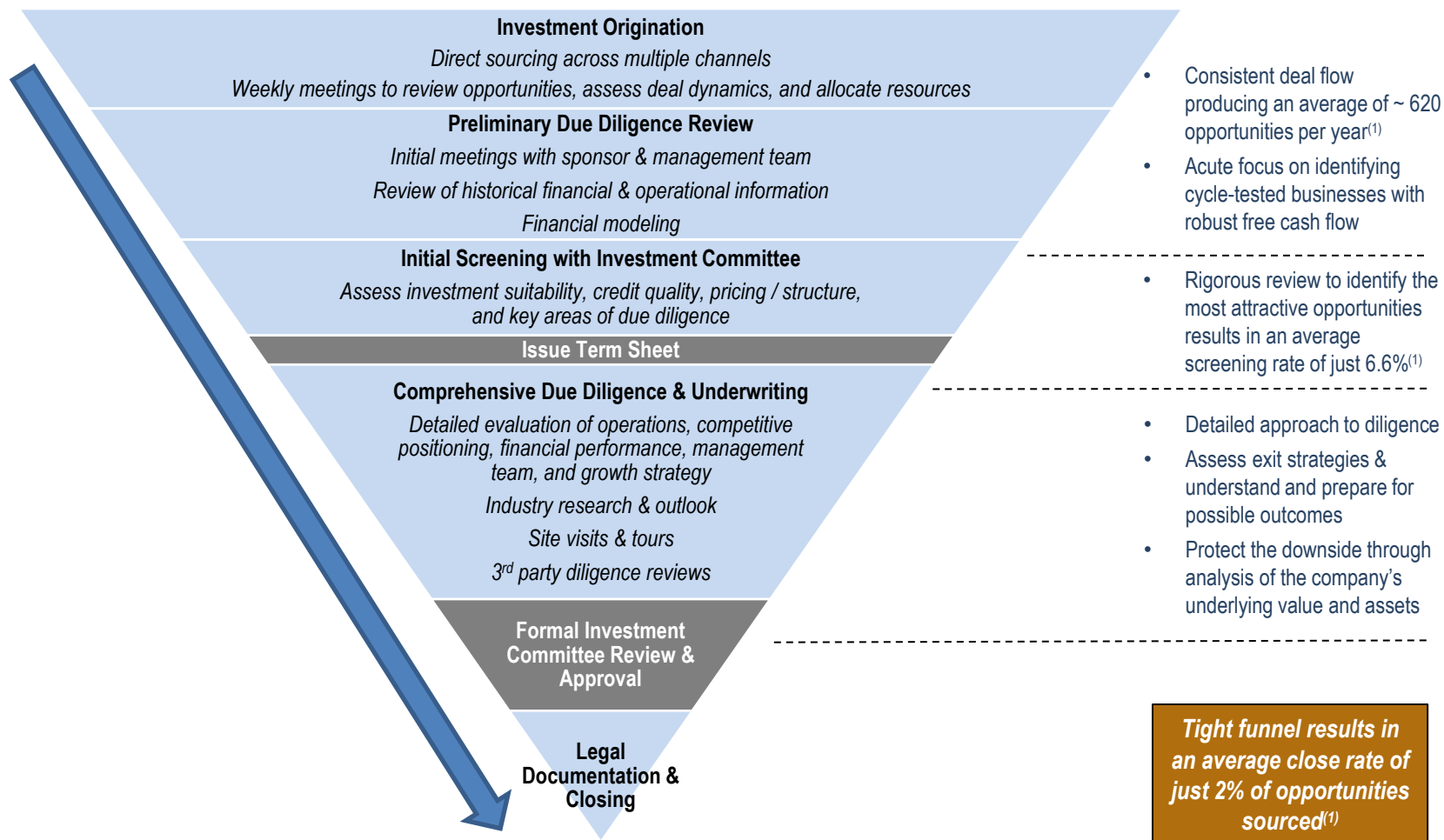
Other Lower Middle  
Market Participants

Source of Originations (LTM Sep-22)



# Disciplined Investment Process

- Rigorous analysis → deep, data-intensive review of investment target and industry fundamentals
- Focus on minimizing risk of capital loss without forgoing opportunity for capital appreciation



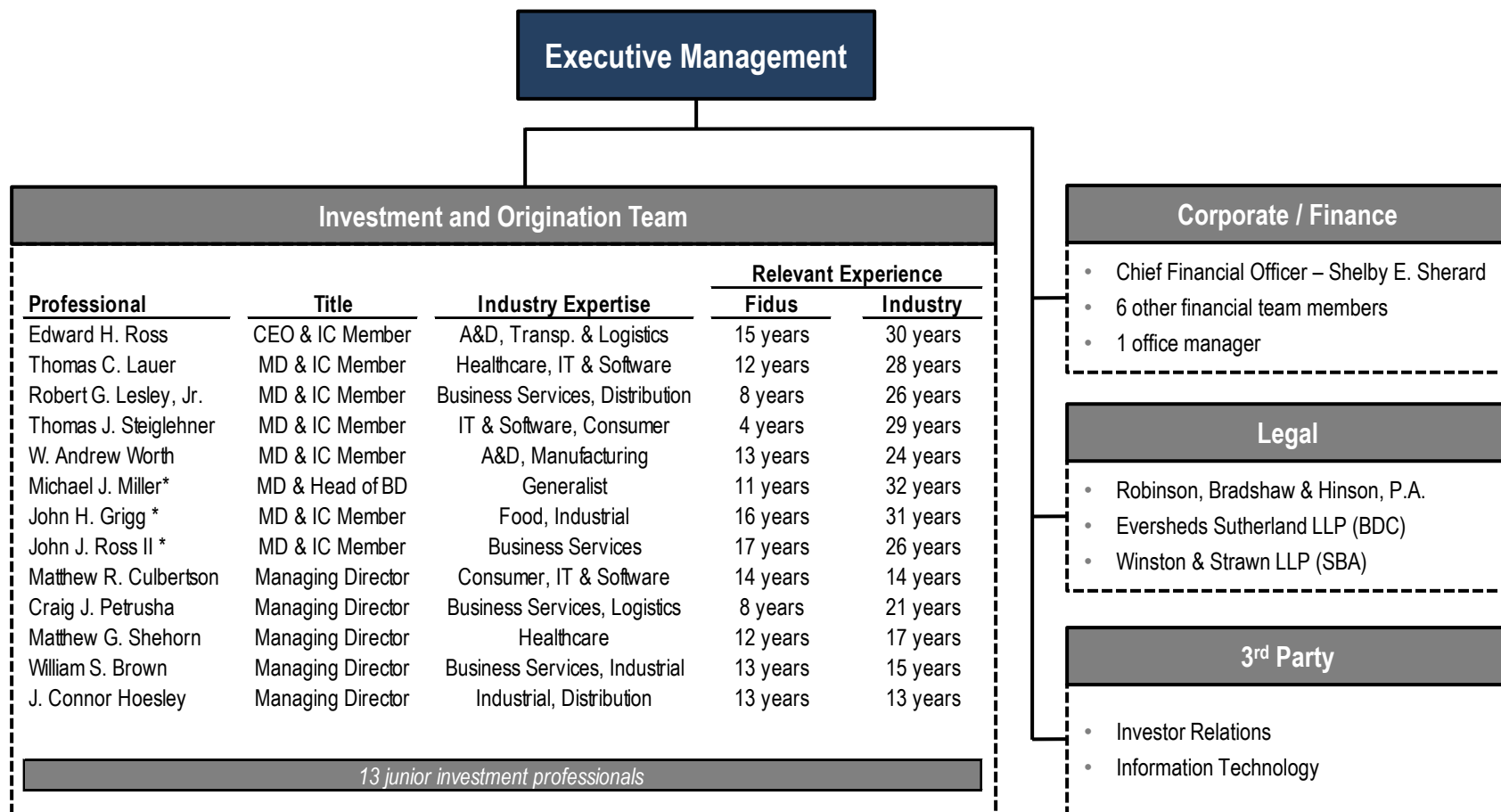
(1) Based on five-year averages (2017-2021).

# Proactive Risk Management

- **Proactive portfolio monitoring**
  - Monthly financial review and quarterly covenant compliance
  - Active dialogue with management teams and sponsors
  - Board observation rights in large majority of investments
  - Quarterly portfolio reviews with Investment Committee
  - Objective risk rating system
  - Structural protections provide the ability to impact outcomes
- **Culture of capital preservation**
  - Regular / ad hoc reporting to the Investment Committee
  - Anticipation of negative credit events
  - Multiple layers of review (internal & external)
  - Robust internal compliance controls
- **Independent oversight of fair value process**
  - Multiple 3<sup>rd</sup> party valuation firms

# Experienced Team

- Fidus' senior investment professionals have an average of >25 years of relevant experience
- Founding members have worked together for the majority of the last 20+ years
- 30 professionals across three offices (Charlotte, Evanston, and New York)



\* Denotes a team member that is also employed by Fidus Partners, LLC, an M&A advisory services firm and an affiliate of Fidus Investment Advisors, LLC, the external manager of FDUS.

# Performance Track Record

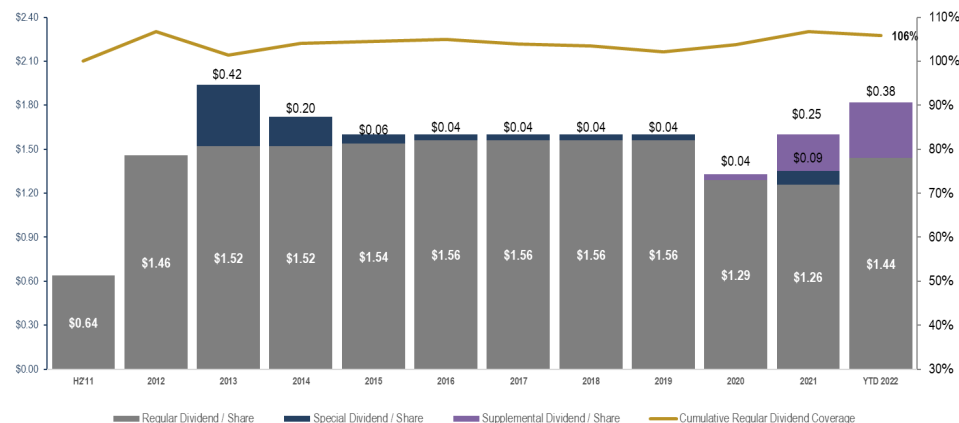
Long-term focus on maintaining dividend coverage and preserving capital

## Dividend and Distributions

(\$ per share)

- Cumulative adjusted net investment income exceeds cumulative regular dividends
  - ✓ Twenty-one special or supplemental dividends declared since IPO (aggregate of \$1.60 per share)
  - ✓ Undistributed spillover income of \$2.86 per share as of September 30, 2022
- Current annualized dividend yield of 8.4% as of September 30, 2022<sup>(1)</sup>

FDUS Shareholder Distributions and Cumulative Adjusted NII Coverage

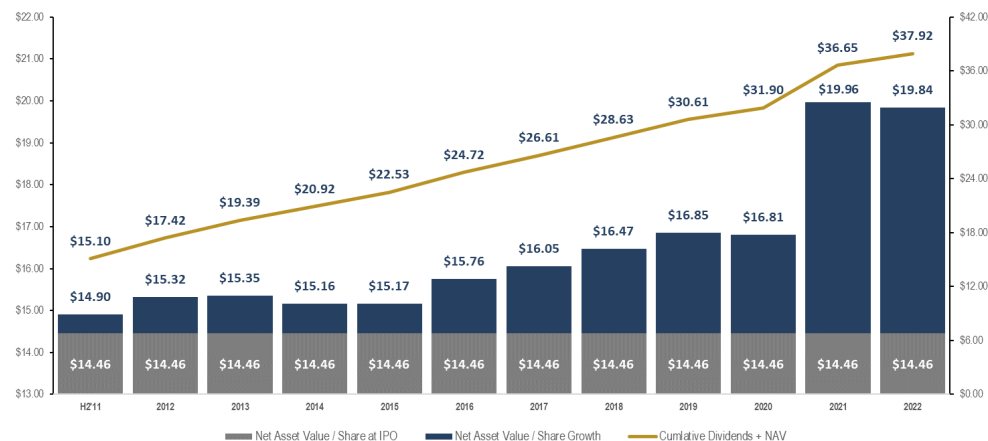


## Capital Preservation

(\$ per share)

- NAV consistently above initial IPO level for 45 consecutive quarters
  - ✓ Timing of equity gains are difficult to predict but provide long-term NAV support
  - ✓ Cumulative realized net capital gains of \$133.4 million
- Adjusted NAV per share at September 30, 2022 = \$19.84<sup>(2)</sup> (37.2% premium to IPO level of \$14.46)

FDUS NAV Growth and Cumulative Dividends



Capital. Partnership. Expertise.

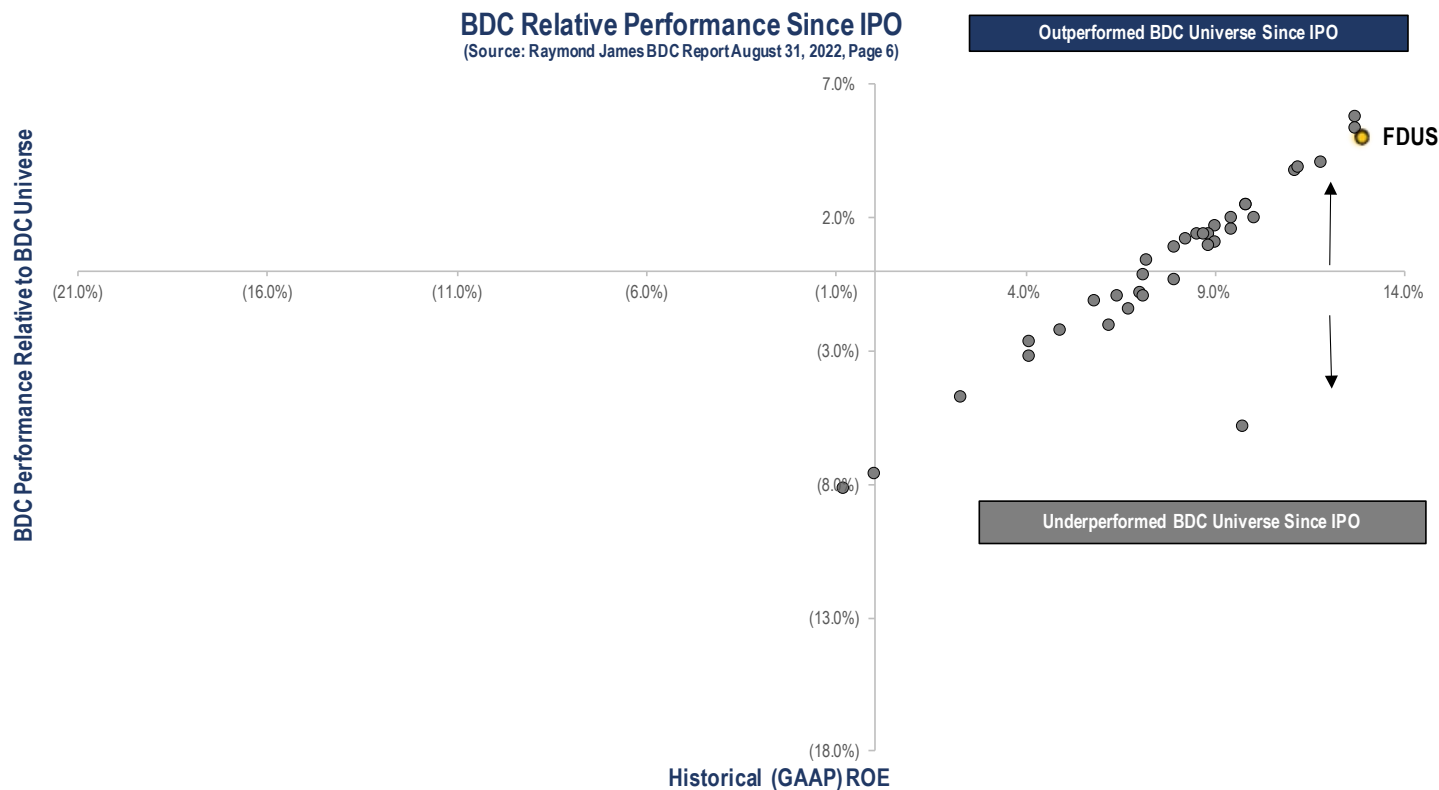
[www.fidus.com](http://www.fidus.com)

(1) Based on annualized regular dividend of \$1.44 per share and \$17.18 closing price on September 30, 2022  
 (2) Adjusted to exclude the early declaration of a minimum Q4 dividend of \$0.43 per share

# BDC Industry Performance

FDUS has generated excellent results compared to other industry participants

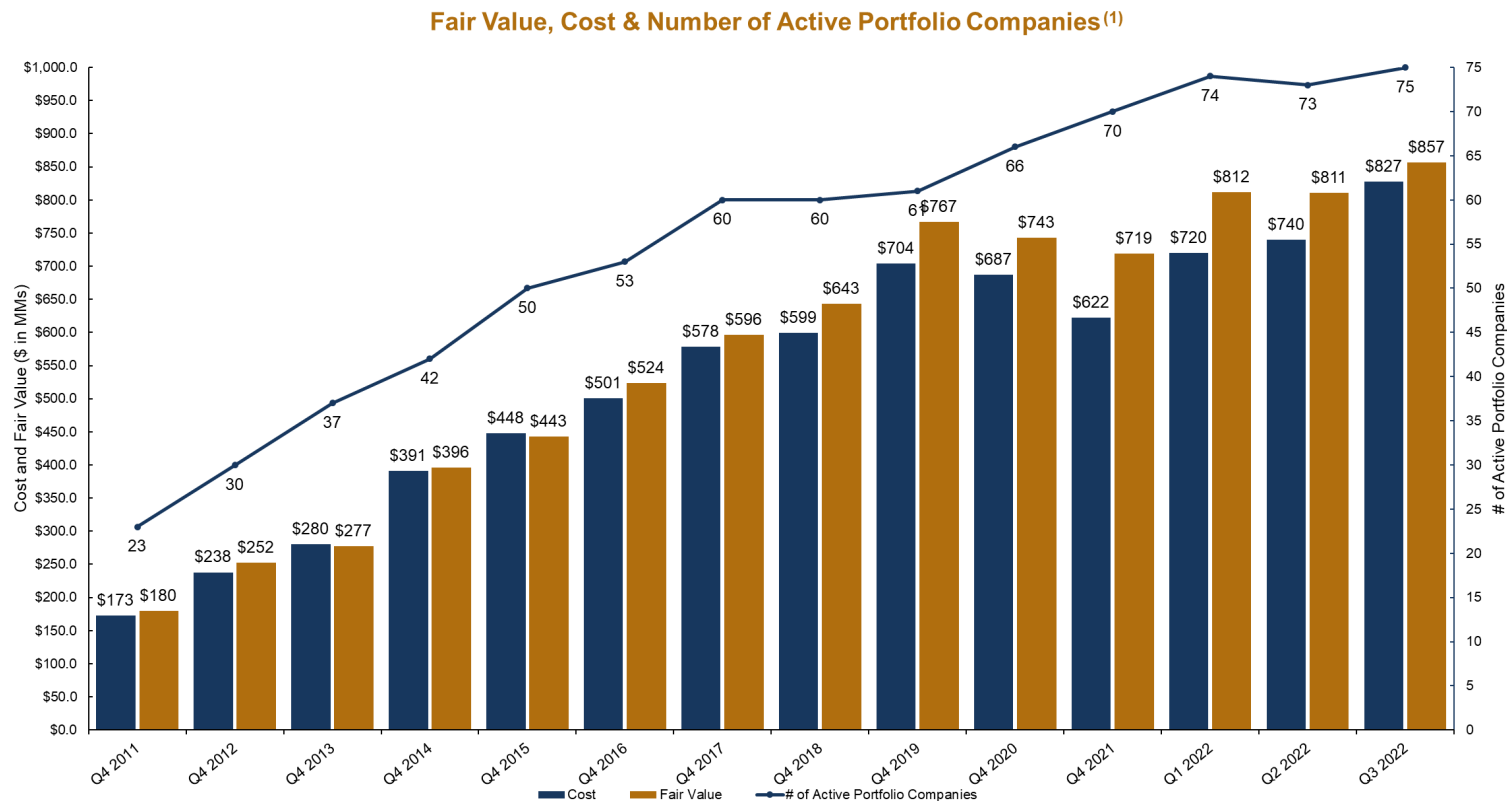
- Historical annual average GAAP ROE of 12.9% since initial IPO
- One of the top five BDCs among 38 BDCs monitored by Raymond James (data through Q2'22)



## **III. Portfolio & Financial Review**



# Measured Annual Portfolio Growth



<sup>(1)</sup> Portfolio count excludes residual investments in portfolio companies that have sold their underlying operations

# Diversified Portfolio<sup>(1)</sup>

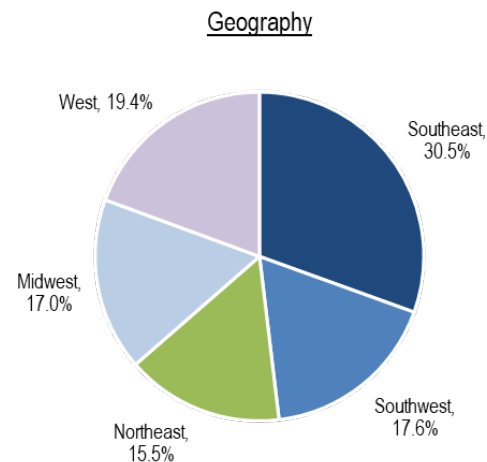
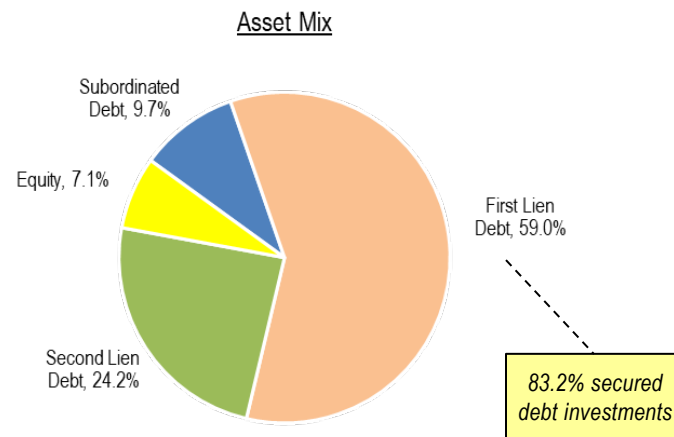
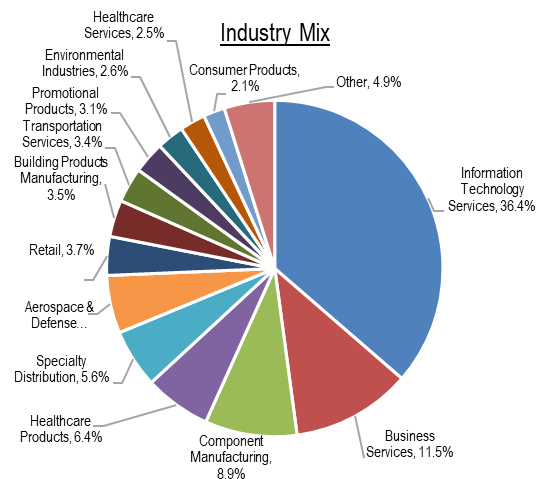
(\$ in Millions)

## Invested Portfolio

Investments at Fair Value	\$856.9
Weighted Average Debt Yield <sup>(2)</sup>	12.9%
Investments on Non-Accrual at Cost	2.0%
Investments on Non-Accrual at Fair Value	0.5%
Fair Value to Cost Ratio	103.6%

## Portfolio Companies

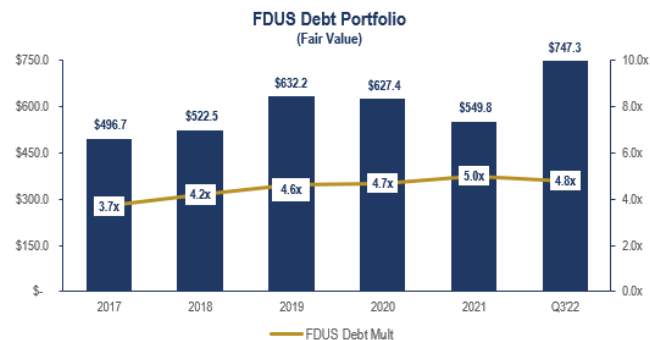
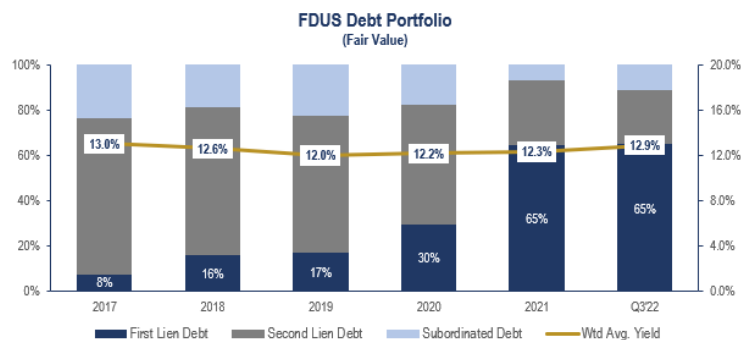
Number of Active Portfolio Companies <sup>(3)</sup>	75
Weighted Average Total Net Leverage <sup>(4)</sup>	4.8x
Weighted Average Interest Coverage <sup>(5)</sup>	3.9x



- (1) Pie charts represent Fidus Investment Corporation's portfolio at cost as of September 30, 2022.
- (2) Weighted average yield calculated based on effective interest rates for all debt investments at cost at end of period, including accretion of original issue discount and loan origination fees but excluding investments on non-accrual and investments recorded as a secured borrowing, if any.
- (3) Excludes thirteen inactive portfolio companies that have sold their underlying operations.
- (4) Represents the combined ratio of total net debt through Fidus' debt investments to total EBITDA (excluding equity only and ARR investments). Total Net Leverage excluding three middle market deals (i.e., EBITDA > \$250 million) is 4.0x as of September 30, 2022.
- (5) Excludes equity-only and ARR portfolio company investments.

# Debt Portfolio Trends

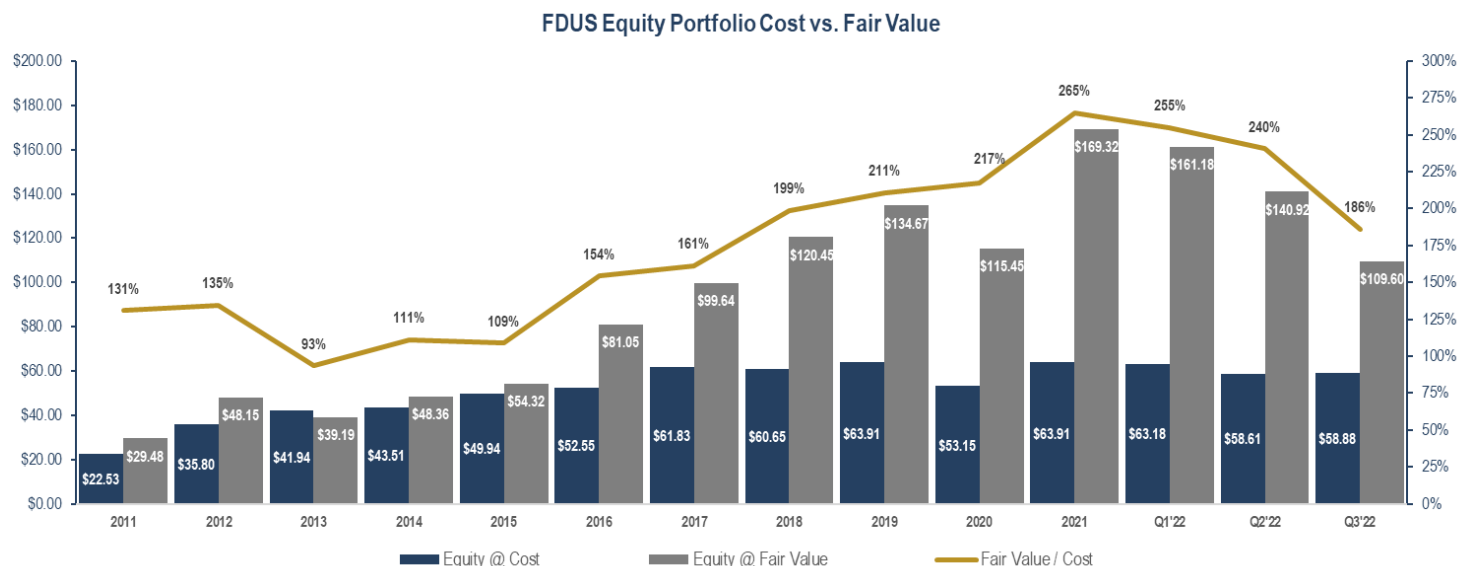
- **FDUS typically leads the debt structuring process**
  - ✓ Focus on maintaining attractive risk-adjusted returns and structural downside protections
  - ✓ Emphasis on first lien, senior-secured structures
- **Continually targeting larger, more stable companies within the lower middle market**
  - ✓ Weighted average debt leverage has risen accordingly
  - ✓ Last dollar of exposure consistently below middle market averages



Note: Total Net Leverage excluding three middle market deals (i.e., EBITDA > \$250 million) is 4.0x as of September 30, 2022.

# Upside Potential from Equity Investments

- **FDUS equity investment portfolio provides additional potential upside to shareholders through capital gains and dividend income**
  - Maintain equity investments in 77.3% of portfolio companies (avg. ownership 3.7%)
  - Equity represents 12.8% of portfolio fair value vs. cost of 7.1%
  - Long-term target of allocating ~10% of invested capital towards equity
  - Current appreciation over cost of 186% as of September 30, 2022
- **Since IPO, FDUS has realized net cumulative capital gains of \$241.7 million from equity investments**



**Meaningful Equity Component in FDUS Portfolio based on Fair Value**

# Financial Highlights

(\$ in 000s, except per share data)

	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22
<u>Income Statement Highlights, per share</u>					
Adjusted Net Investment Income <sup>(1)</sup>	\$ 0.40	\$ 0.49	\$ 0.43	\$ 0.43	\$ 0.51
Net Investment Income	0.21	0.10	0.42	0.45	0.52
Net Increase in Net Assets	1.16	2.06	0.48	0.33	0.47
Dividends Paid	0.42 <sup>(2)</sup>	0.41 <sup>(3)</sup>	0.53 <sup>(4)</sup>	0.43 <sup>(5)</sup>	0.43 <sup>(6)</sup>
Wtd. Avg. Shares Outstanding (000s)	24,437	24,437	24,437	24,437	24,437
<u>Portfolio Activity</u>					
Gross Originations	\$ 78,196	\$ 101,192	\$ 114,428	\$ 45,670	\$ 107,852
Less Repayments	(127,476)	(153,746)	(23,185)	(44,824)	(60,247)
Net Investment Activity	\$ (49,280)	\$ (52,554)	\$ 91,243	\$ 846	\$ 47,605
<u>Balance Sheet Highlights</u>					
Total Investments, at fair value	\$ 719,124	\$ 719,124	\$ 811,995	\$ 810,520	\$ 856,914
SBA debentures	\$ 95,000	\$ 107,000	\$ 128,500	\$ 128,500	\$ 133,000
Line of credit outstanding	40,000	-	-	-	-
Secured Borrowings	17,746	17,637	17,443	17,263	16,995
Public bonds	207,250	250,000	250,000	250,000	250,000
Total Debt Outstanding	\$ 359,996	\$ 374,637	\$ 395,943	\$ 395,763	\$ 399,995
Net Assets	\$ 447,545	\$ 487,764	\$ 486,502	\$ 483,975	\$ 474,387
NAV per share	\$ 18.31	\$ 19.96	\$ 19.91	\$ 19.80	\$ 19.41 <sup>(7)</sup>
Total Leverage	0.8x	0.7x	0.8x	0.8x	0.8x
Regulatory Leverage <sup>(8)</sup>	0.6x	0.5x	0.5x	0.6x	0.6x

<sup>1</sup> Adjusted net investment income, a non-GAAP measure, is net investment income excluding any capital gains incentive fee expense or (reversal) attributable to realized and unrealized gains and losses. See page 30 for reconciliation of net investment income to adjusted net investment income.

<sup>2</sup> Includes supplemental dividend of \$0.06 per share and a special dividend of \$0.04 per share

<sup>3</sup> Includes supplemental dividend of \$0.04 per share and a special dividend of \$0.05 per share

<sup>4</sup> Includes supplemental dividend of \$0.17 per share

<sup>5</sup> Includes supplemental dividend of \$0.07 per share

<sup>6</sup> Includes Q3 supplemental dividend of \$0.07 per share

<sup>7</sup> Includes early declaration of minimum Q4 dividend of \$0.43 per share

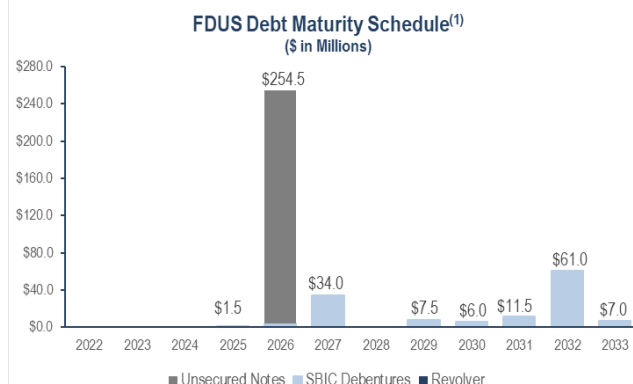
<sup>8</sup> SBA debentures are exempt from regulatory leverage

# Diversified Liability Profile

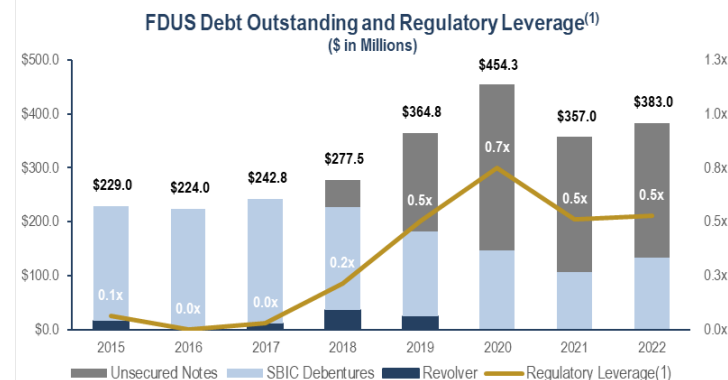
- **FDUS maintains an attractive and diversified liability funding structure**
  - ✓ \$100 million senior secured floating-rate syndicated revolving credit facility (ING agent)
  - ✓ Five year unsecured fixed-rate notes
  - ✓ 10-year fixed-rate SBIC debentures
- As of September 30, 2022, 100%<sup>(1)</sup> of outstanding liabilities are fixed rate obligations
- **Current weighted average interest rate of 3.8%<sup>(1)</sup>**

## Summary of Borrowings

(\$'s in Millions)	December 31, 2021			September 30, 2022			Blended	Maturity
Security	Available	Outstanding	%	Available	Outstanding	%	Rate	
Senior Secured Revolving Credit Facility	\$ 100.0	\$ -	0%	\$ 100.0	\$ -	0%	0.0%	2026
SBIC Debentures	245.0	107.0	30%	215.0	133.0	35%	3.2%	2025 - 2033
Unsecured Notes due January 2026	125.0	125.0	35%	125.0	125.0	33%	4.8%	2026
Unsecured Notes due November 2026	125.0	125.0	35%	125.0	125.0	33%	3.5%	2026
Total <sup>(1)</sup>	\$ 595.0	\$ 357.0	100%	\$ 565.0	\$ 383.0	100%	3.8%	



<sup>(1)</sup> Excludes secured borrowings



## **IV. Conclusion**

# Why Invest in FDUS?

## Proven Investment Track Record:

- Attractive 8.4% dividend yield<sup>1</sup> based on annualized regular dividend of \$1.44 per share. Spillover income of \$2.86 per share as of September 30, 2022.
- Average annual GAAP ROE of 12.9%, consistently exceeding average BDC performance (Raymond James<sup>2</sup>).
- Strong balance sheet and liquidity position support portfolio growth.
- SBIC debt provides lower cost of debt capital.

## Highly Experienced Team:

- Fidus' principals average more than 25 years of professional experience. The core investment team has worked together for over 20 years.

## Deal Origination Network in Attractive Lower Middle-Market:

- Focused on the lower middle market since its founding over twelve years ago.
- Lower middle market offers significant opportunity for attractive risk-adjusted returns.
- Well established direct origination network with private equity ("PE") firms, independent sponsors, intermediaries, and lending partners drives repeat business.
- Highly selective deal screening process (5-year average of ~ 630 transactions reviewed annually with an investment close rate less than 2%).
- Three regional offices (Charlotte, Evanston, and New York) allow for nation-wide deal sourcing, supported by strong regional relationships.

## Disciplined Investment Strategy & Process:

- Focus on seasoned, smaller and lower middle market companies in underserved capital markets / industries with a history of generating revenue and positive cash flow.
- Differentiated investment strategy focused on preservation of capital while generating attractive risk-adjusted returns.
- Highly disciplined and comprehensive investment and risk management process.

## Dividends & NAV Upside

- Primarily current cash income with additional return from origination and structuring fees.
- Monetization of mature equity investments a key driver of net investment income growth.
- Potential upside through equity distributions and appreciation.

(1) Closing price of \$17.18 on September 30, 2022  
(2) Raymond James Weekly BDC Report, August 31, 2022, page 6



# Appendices

# Investment Portfolio as of September 30, 2022

\$ in '000s

Portfolio Company	Nature of Principal Business	Investment Types <sup>(1)</sup>	Cost	Fair Value
2KDirect, Inc. (dba iPromote)	Information Technology Services	FL-Debt, Equity	\$ 16,176	\$ 15,785
Acendre Midco, Inc.	Information Technology Services	FL-Debt, Equity, Warrant	18,521	18,319
Aeronix Inc.	Aerospace & Defense Manufacturing	FL-Debt, Equity	14,772	14,754
Allredi, LLC (fka Marco Group International OpCo, LLC)	Industrial Cleaning & Coatings	SL-Debt, Equity	10,983	8,009
American AllWaste LLC (dba WasteWater Transport Services)	Environmental Industries	FL-Debt, Equity	21,666	21,571
AmeriWater, LLC	Component Manufacturing	SUB-Debt, FL-Debt, Equity	10,728	10,727
AOM Intermediate Holdco, LLC (dba AllOver Media)	Information Technology Services	FL-Debt, Equity	10,685	10,799
Applegate Greenfiber Intermediate Inc. (fka US GreenFiber, LLC)	Building Products Manufacturing	SUB-Debt, Equity	22,405	21,620
Applied Data Corporation	Information Technology Services	FL-Debt, Equity	20,159	20,803
Auto CRM LLC (dba Dealer Holdings)	Information Technology Services	SUB-Debt, FL-Debt, Equity	8,570	8,558
AVC Investors, LLC (dba Auveco)	Specialty Distribution	Equity	-	6
BCM One Group Holdings, Inc.	Information Technology Services	SUB-Debt	11,277	11,220
Bedford Precision Parts LLC	Specialty Distribution	Equity	484	415
BP Thrift Buyer, LLC (dba myUnique and Ecothrift)	Retail	FL-Debt, Equity	20,542	20,542
Cardback Intermediate, LLC (dba Chargeback Gurus)	Information Technology Services	FL-Debt, Equity	12,766	12,882
Cardboard Box LLC (dba Anthony's Coal Fired Pizza)	Restaurants	Equity	617	317
Choice Technology Solutions, LLC (dba Choice Merchant Solutions)	Information Technology Services	FL-Debt	8,457	8,457
CIH Intermediate, LLC	Business Services	SUB-Debt, Equity	14,393	14,712
Combined Systems, Inc.	Aerospace & Defense Manufacturing	FL-Debt	10,347	10,456
Comply365, LLC	Aerospace & Defense Manufacturing	Equity	627	1,109
CRS Solutions Holdings, LLC (dba CRS Texas)	Business Services	Equity	272	499
Dataguise, Inc.	Information Technology Services	FL-Debt, Equity	21,158	20,407
Diversified Search LLC	Business Services	FL-Debt, Equity	24,580	25,104
EBL, LLC (EbLens)	Retail	SL-Debt, Equity	10,083	2,427
ECM Industries, LLC	Component Manufacturing	Equity	221	1,290
Elements Brands, LLC	Consumer Products	FL-Debt	5,817	5,850
FAR Research Inc.	Specialty Chemicals	Equity	-	28
Fishbowl Solutions, LLC	Information Technology Services	FL-Debt	14,366	14,463
Frontline Food Services, LLC (f/k/a Accent Food Services, LLC)	Vending Equipment Manufacturing	Equity	-	-
Global Plasma Solutions, Inc.	Component Manufacturing	Equity	52	373
GP&C Operations, LLC (dba Garlock Printing and Converting)	Component Manufacturing	FL-Debt, Equity	11,406	11,334
Green Cubes Technology, LLC (dba Green Cubes)	Information Technology Services	FL-Debt	12,946	13,000
Gurobi Optimization, LLC	Information Technology Services	Equity	605	2,160
Haematologic Technologies, Inc.	Healthcare Services	FL-Debt, Equity	5,991	5,592
Hallmark Health Care Solutions, Inc.	Healthcare Services	FL-Debt, Equity	9,090	12,497
Healthfuse, LLC	Healthcare Services	Equity	748	1,397
Hilco Plastics Holdings, LLC (dba Hilco Technologies)	Component Manufacturing	Equity	-	-
Hub Acquisition Sub, LLC (dba Hub Pen)	Promotional products	SL-Debt, Equity	25,239	25,530
IBH Holdings, LLC (fka Inflexxion, Inc.)	Business Services	Equity	-	309
Ipro Tech, LLC	Information Technology Services	FL-Debt, Equity	19,599	20,696
ISI PSG Holdings, LLC (dba Incentive Solutions, Inc.)	Business Services	FL-Debt, Equity	25,765	25,835
K2 Merger Agreement Agent, LLC (fka K2 Industrial Services, Inc.)	Industrial Cleaning & Coatings	SL-Debt	2,368	2,169
Level Education Group, LLC (dba CE4Less)	Business Services	FL-Debt, Equity	6,170	6,426
LifeSpan Biosciences, Inc.	Healthcare Products	SUB-Debt, Equity	16,942	16,753
Magenta Buyer LLC (dba Trellix)	Information Technology Services	SL-Debt	6,795	6,795

# Investment Portfolio as of September 30, 2022

\$ in '000s

Portfolio Company	Nature of Principal Business	Investment Types <sup>(1)</sup>	Cost	Fair Value
MBS Opco, LLC (dba Marketron)	Information Technology Services	FL-Debt	\$ 26,865	\$ 26,865
Medsurant Holdings, LLC	Healthcare Services	Equity, Warrant	2,974	2,542
Mesa Line Services, LLC	Utilities: Services	Equity	-	-
Micronics Filtration Holdings, Inc. (dba Micronics Engineered Filtration)	Component Manufacturing	FL-Debt, Equity	17,852	19,209
Midwest Transit Equipment, Inc.	Transportation services	Warrant	370	579
Mirage Trailers LLC	Utility Equipment Manufacturing	Equity	-	-
Mobilewalla, Inc.	Information Technology Services	FL-Debt	5,694	5,715
Netbase Solutions, Inc. (dba Netbase Quid)	Information Technology Services	FL-Debt	16,611	16,708
NGT Acquisition Holdings, LLC (dba Techniks Industries)	Component Manufacturing	Equity	500	118
OMC Investors, LLC (dba Ohio Medical Corporation)	Healthcare Products	SL-Debt, Equity	5,161	5,591
OnePath Systems, LLC	Information Technology Services	FL-Debt, Equity	11,418	11,418
Palmetto Moon, LLC	Retail	Equity	265	512
Planstiehl, Inc.	Healthcare Products	SUB-Debt, Equity	10,207	51,796
Pinnergy, Ltd.	Oil & Gas Services	SUB-Debt	14,929	14,929
Pool & Electrical Products, LLC	Specialty Distribution	Equity	549	4,362
PowerGrid Services Acquisition, LLC	Utilities: Services	SL-Debt, Equity	11,318	11,787
Power Grid Components, Inc.	Specialty Distribution	SL-Debt, Equity	18,557	19,282
Prime AE Group, Inc.	Business Services	FL-Debt, Equity	6,650	5,985
Pugh Lubricants, LLC	Specialty Distribution	Equity	-	-
Quest Software US Holdings Inc.	Information Technology Services	SL-Debt	19,338	18,004
Rhino Assembly Company, LLC	Specialty Distribution	SL-Debt, Equity	16,229	16,726
Road Safety Services, Inc.	Business Services	SL-Debt, Equity	16,847	16,854
SES Investors, LLC (dba SES Foam)	Building Products Manufacturing	Equity	-	104
Sonicwall US Holdings, Inc.	Information Technology Services	SL-Debt	4,489	4,489
Spectra A&D Acquisition, Inc. (fka FDS Avionics Corp.)	Aerospace & Defense Manufacturing	FL-Debt, Equity	19,237	15,928
Steward Holding LLC (dba Steward Advanced Materials)	Aerospace & Defense Manufacturing	Equity	1,000	3,661
Suited Connector LLC	Information Technology Services	SL-Debt, Equity	16,680	11,721
Tedia Company, LLC	Healthcare Products	SUB-Debt, FL-Debt, Equity	20,682	22,436
The Kyjen Company, LLC (dba Outward Hound)	Consumer Products	Equity	933	468
The Tranzonic Companies	Specialty Distribution	Equity	-	18
TransGo, LLC	Component Manufacturing	Equity	-	-
UBEO, LLC	Business Services	Equity	655	1,158
United Biologics, LLC	Healthcare Services	Equity, Warrant	1,574	-
UPG Company, LLC	Component Manufacturing	FL-Debt	16,625	16,990
US GreenFiber, LLC	Building Products Manufacturing	SL-Debt, Equity	6,833	-
Virginia Tile Company, LLC	Specialty Distribution	Equity	-	683
Vortex Enterprises, LP	Component Manufacturing	SL-Debt	10,901	8,857
Western's Smokehouse, LLC	Consumer Products	FL-Debt	10,215	10,293
Winona Foods, Inc.	Specialty Distribution	FL-Debt	10,863	11,000
Wonderware Holdings, LLC (dba CORE Business Technologies)	Information Technology Services	FL-Debt	8,275	8,316
Worldwide Express Operations, LLC	Transportation services	SL-Debt, Equity	27,377	28,077
Xeeva, Inc.	Information Technology Services	FL-Debt	9,365	7,166
Zonkd, LLC	Component Manufacturing	FL-Debt, Equity	4,964	4,572
			<u>\$ 827,390</u>	<u>\$ 856,914</u>

(1) The Company's debt securities are classified as either First Lien Debt, Second Lien Debt or Subordinated Debt depending on the level security interest in the assets of the portfolio company as collateral in support of the repayment of such loans provided pursuant to agreements with the portfolio company. Refer to the Company's periodic 10-Q and 10-K filings with the SEC for additional information concerning these classifications.

# Statements of Assets & Liabilities

(\$ in 000s, except per share data)

	<u>Q3'21</u>	<u>Q4'21</u>	<u>Q1'22</u>	<u>Q2'22</u>	<u>Q3'22</u>
Investments, at fair value					
Control Investments	\$ 43,284	\$ 2,151	\$ 2,150	\$ -	\$ -
Affiliate Investments	107,053	137,284	122,428	106,374	95,575
Non-control/Non-affiliate Investments	568,787	579,689	687,417	704,146	761,339
Total Investments	<u>\$719,124</u>	<u>\$719,124</u>	<u>\$811,995</u>	<u>\$810,520</u>	<u>\$856,914</u>
Cash & Cash Equivalents	98,812	169,417	86,113	72,466	40,411
Other Assets	9,830	8,644	10,898	26,135	12,423
Total Assets	<u>\$827,766</u>	<u>\$897,185</u>	<u>\$909,006</u>	<u>\$909,121</u>	<u>\$909,748</u>
Long-Term Debt	\$342,250	\$357,000	\$378,500	\$378,500	\$383,000
Less: Deferred Financing Costs	(7,671)	(8,601)	(8,890)	(8,856)	(9,805)
Other Liabilities	45,642	61,022	52,894	55,502	62,166
Total Liabilities	<u>380,221</u>	<u>409,421</u>	<u>422,504</u>	<u>425,146</u>	<u>435,361</u>
Net Assets	<u>\$447,545</u>	<u>\$487,764</u>	<u>\$486,502</u>	<u>\$483,975</u>	<u>\$474,387</u>
NAV Per Common Share	\$18.31	\$19.96	\$19.91	\$19.80	\$19.41

# Statements of Operations

(\$ in 000s, except per share data)

	<u>Q3'21</u>	<u>Q4'21</u>	<u>Q1'22</u>	<u>Q2'22</u>	<u>Q3'22</u>
Total Investment Income	\$21,229	\$24,101	\$20,518	\$21,153	\$24,992
Expenses:					
Interest Expense	\$4,662	\$4,746	\$4,412	\$4,639	\$4,686
Base Management Fee	3,270	3,213	3,343	3,618	3,763
Incentive Fee - Income	2,425	2,622	1,053	1,183	3,047
Incentive Fee - Capital Gains	4,664	9,558	270	(605)	(258)
G&A Expense	<u>1,159</u>	<u>1,115</u>	<u>1,224</u>	<u>1,331</u>	<u>1,122</u>
Total Expenses, before Base Management Fee Waiver	16,180	21,254	10,302	10,166	12,360
Base Management Fee Waiver	<u>(69)</u>	<u>(78)</u>	<u>(76)</u>	<u>(76)</u>	<u>(76)</u>
Total Expenses, net of Base Management Fee Waiver	\$16,111	\$21,176	\$10,226	\$10,090	\$12,284
Net Investment Income before Taxes	<u>\$5,118</u>	<u>\$2,925</u>	<u>\$10,292</u>	<u>\$11,063</u>	<u>\$12,708</u>
Income Tax Expense (Benefit)	<u>-</u>	<u>477</u>	<u>(46)</u>	<u>55</u>	<u>(11)</u>
Net Investment Income	\$5,118	\$2,448	\$10,338	\$11,008	\$12,719
Net Gains (Losses) on Investments	<u>23,784</u>	<u>49,413</u>	<u>1,550</u>	<u>(3,027)</u>	<u>(1,238)</u>
Realized losses on extinguishment of debt	(460)	(1,623)	(198)	-	(53)
Net Increase (Decrease) in Net Assets	<u>\$28,442</u>	<u>\$50,238</u>	<u>\$ 11,690</u>	<u>\$ 7,981</u>	<u>\$ 11,428</u>

Per Common Share Data:

Adjusted Net Investment Income <sup>(1)</sup>	\$0.40	\$0.49	\$0.43	\$0.43	\$0.51
Net Investment Income	\$0.21	\$0.10	\$0.42	\$0.45	\$0.52
Net Increase (Decrease) in Net Assets	\$1.16	\$2.06	\$0.48	\$0.33	\$0.47
Dividends Paid	\$0.42 <sup>2</sup>	\$0.41 <sup>3</sup>	\$0.53 <sup>4</sup>	\$0.43 <sup>5</sup>	\$0.43 <sup>6</sup>
Wtd. Avg. Shares Outstanding (000s)	24,437	24,437	24,437	24,437	24,437

<sup>1</sup> Adjusted net investment income, a non-GAAP measure, is net investment income excluding any capital gains incentive fee expense or (reversal) attributable to realized and unrealized gains and losses. See page 30 for reconciliation of net investment income to adjusted net investment income.

<sup>2</sup> Includes supplemental dividend of \$0.06 per share and a special dividend of \$0.04 per share

<sup>3</sup> Includes supplemental dividend of \$0.04 per share and a special dividend of \$0.05 per share

<sup>4</sup> Includes supplemental dividend of \$0.17 per share

<sup>5</sup> Includes supplemental dividend of \$0.07 per share

<sup>6</sup> Includes Q3 supplemental dividend of \$0.07 per share

# Reconciliation of Adjusted Net Investment Income

The following are reconciliations of net investment income (NII) and NII per share computed in accordance with GAAP to Adjusted NII, a non-GAAP measure, and Adjusted NII per share which exclude capital gains incentive fee expense or (reversal) based on realized and unrealized capital gains and losses:

**(\$ in 000's)**

	<u>Q3 2021</u>	<u>Q4 2021</u>	<u>Q1 2022</u>	<u>Q2 2022</u>	<u>Q3 2022</u>
Net Investment Income	\$ 5,118	\$ 2,448	\$ 10,338	\$ 11,008	\$ 12,719
Capital Gains Incentive Fee Expense (Reversal)	4,664	9,558	270	(605)	(258)
Adjusted Net Investment Income <sup>(1)</sup>	<u>\$ 9,782</u>	<u>\$ 12,006</u>	<u>\$ 10,608</u>	<u>\$ 10,403</u>	<u>\$ 12,461</u>

**Per Share**

Net Investment Income	\$ 0.21	\$ 0.10	\$ 0.42	\$ 0.45	\$ 0.52
Capital Gains Incentive Fee Expense (Reversal)	0.19	0.39	0.01	(0.02)	(0.01)
Adjusted Net Investment Income <sup>(1)</sup>	<u>\$ 0.40</u>	<u>\$ 0.49</u>	<u>\$ 0.43</u>	<u>\$ 0.43</u>	<u>\$ 0.51</u>

(1) Adjusted net investment income per share amounts are calculated as adjusted net investment income divided by weighted average shares outstanding for the period. Due to rounding, the sum of net investment income per share and capital gains incentive fee expense or (reversal) per share amounts may not equal the adjusted net investment income per share amount presented here.

# Corporate Data

## Executive Officers

Edward H. Ross  
Chairman & CEO

Thomas C. Lauer  
President

Shelby E. Sherard  
CFO & CCO

## Independent Directors

Raymond L. Anstiss, Jr.

Kelly McNamara Corley

Charles D. Hyman

Edward X. Tune

## Investment Committee

John H. Grigg  
Managing Director

Thomas C. Lauer  
President

Robert G. Lesley, Jr.  
Managing Director

Edward H. Ross  
Chairman of Investment Committee

John J. Ross, II  
Managing Director

Thomas J. Steiglehner  
Managing Director

W. Andrew Worth  
Managing Director

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"FDUS" - Common Stock

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Bryce Rowe

Hovde Group  
Erik Zwick, CFA

Keefe, Bruyette & Woods, Inc.  
Ryan Lynch, CFA, CPA

Ladenburg Thalmann & Co. Inc.  
Mickey M. Schleien, CFA

Oppenheimer & Co. Inc.  
Mitchel Penn, CFA

Raymond James & Associates, Inc.  
Robert J. Dodd, PhD

## Corporate Counsel

Eversheds Sutherland (US) LLP

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