



*Capital Southwest Corporation*

*Capital Southwest Corporation  
Investor Presentation*

August 2025

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# Forward-Looking Statements

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- This presentation contains forward-looking statements relating to, among other things, the business, market conditions, financial condition and results of operations of Capital Southwest, the anticipated investment strategies and investments of Capital Southwest, and future market demand. Any statements that are not statements of historical fact are forward-looking statements. Forward-looking statements are often, but not always, preceded by, followed by, or include words such as "believe," "expect," "intend," "plan," "should" or similar words, phrases or expressions or the negative thereof. These statements are made on the basis of the current beliefs, expectations and assumptions of the management of Capital Southwest and speak only as of the date of this presentation. There are a number of risks and uncertainties that could cause Capital Southwest's actual results to differ materially from the forward-looking statements included in this presentation.
- These risks include risks related to: changes in the markets in which Capital Southwest invests; changes in the financial, capital, and lending markets; changes in the interest rate environment and its impact on our business and our portfolio companies; the impact of supply chain constraints on our portfolio companies; elevated levels of inflation and its impact on Capital Southwest's portfolio companies and the industries in which it invests; regulatory changes; tax treatment and general economic and business conditions; our ability to operate our wholly owned subsidiaries, Capital Southwest SBIC I, LP and Capital Southwest SBIC II, LP, as small business investment companies ("SBIC"); the uncertainty associated with the imposition of tariffs and trade barriers and changes in trade policy and its impact on our portfolio companies and our financial condition; and an economic downturn or recession and its impact on the ability of our portfolio companies to operate and the investment opportunities available to us.
- For a further discussion of some of the risks and uncertainties applicable to Capital Southwest and its business, see Capital Southwest's Annual Report on Form 10-K for the fiscal year ended March 31, 2025 and its subsequent filings with the SEC. Other unknown or unpredictable factors could also have a material adverse effect on Capital Southwest's actual future results, performance, or financial condition. As a result of the foregoing, readers are cautioned not to place undue reliance on these forward-looking statements. Capital Southwest does not assume any obligation to revise or to update these forward-looking statements, whether as a result of new information, subsequent events or circumstances, or otherwise, except as may be required by law.

# CSWC Company Overview

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*CSWC is a middle-market lending firm focused on supporting the acquisition and growth of middle-market companies across the capital structure*

- CSWC was formed in 1961, and elected to be regulated as a BDC in 1988
- Publicly-traded on Nasdaq: Common Stock ("CSWC") and 7.75% Notes due 2028 ("CSWCZ")
- Internally Managed BDC with RIC tax treatment for U.S. federal income tax purposes
- 31 employees based in Dallas, Texas
- Total Balance Sheet Assets of \$1.9 B as of June 30, 2025
- Operate Capital Southwest SBIC I, LP and Capital Southwest SBIC II, LP as wholly-owned subsidiaries
- Maintain investment grade issuer ratings of Baa3 from Moody's and BBB- from Fitch

# CSWC Senior Management

**Michael S. Sarner**  
*President and Chief Executive Officer*



- Joined Capital Southwest in June 2015
- Former SVP Treasurer at American Capital
- 30+ years of financial, treasury and BDC experience
- BA – James Madison | MBA – George Washington University

**Chris T. Rehberger**  
*Chief Financial Officer, Treasurer and Secretary*



- Joined Capital Southwest in September 2015
- Former VP at American Capital
- 20+ years of BDC experience
- BS – University of Virginia | MBA – University of Virginia

**Josh S. Weinstein**  
*Senior Managing Director and Chief Investment Officer*



- Joined Capital Southwest in June 2015
- Former Principal at H.I.G. WhiteHorse
- 20+ years of investment experience in middle market debt and equity
- BA – Columbia University | MBA – University of Southern California
- Chartered Financial Analyst

**Ryan P. Kelly**  
*Managing Director and Investment Committee Member*



- Joined Capital Southwest in August 2010
- Previous experience at Houlihan Lokey
- 15+ years of BDC experience
- BBA – University of Texas

**Amy L. Baker**  
*Executive Vice President of Accounting*



- Joined Capital Southwest in August 2017
- Former Assistant Controller at MoneyGram and former Senior Manager at Deloitte
- 20+ years of accounting experience
- BS – University of Illinois | MSA – University of Illinois
- Certified Public Accountant

**Tabitha D. Geiger**  
*Chief Compliance Officer*



- Joined Capital Southwest in April 2024
- Former Senior MD at IQ-EQ
- 8+ years of compliance experience
- BASc – Texas A&M University | JD – South Texas College

# ***Lower Middle Market Credit Strategy***

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***CSWC leads financing transactions, primarily backing private equity firms that generally fit the following parameters***

- Flexible financing solutions to fund growth, changes of control, or other corporate events
- Investments are diverse among industries, geographic regions, and end markets
- Companies with EBITDA between \$3 MM and \$25 MM
- Typical leverage of 2.5x – 4.5x Debt to EBITDA through CSWC debt position and Loan-to-Value of 25% - 50%
- Investments generally range in size from \$5 MM to \$50 MM
- Both sponsored and non-sponsored deals
- Floating rate first lien debt securities
- Frequently make equity co-investments alongside CSWC debt

# Strong Investment & Capitalization Track Record

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- **CSWC:** Invested \$3.4 B in 174 middle-market portfolio companies
  - ✓ 101 portfolio company exits generating proceeds of \$1.2 B and a weighted average IRR of 13.6%
- **I-45 SLF:** Invested \$645 MM in 133 middle-market credits
  - ✓ 100 exits generating proceeds of \$490 MM and a weighted average IRR of 10.7%
  - ✓ In March 2024, I-45 SLF was dissolved and the residual assets were distributed to the joint venture partners
- **Debt Capital:** Cumulatively raised approximately ~\$1.5 Bn of debt capital over last 10 years
  - ✓ Raised \$510 MM Senior Secured Credit Facility, consisting of a syndicate of eleven banks
  - ✓ Raised \$200 MM SPV Credit Facility
  - ✓ Issued \$77.1 MM of 5.95% Five Year Unsecured Notes (“December 2022 Notes”)
  - ✓ Issued \$125 MM of 5.375% Five Year Unsecured Notes (“October 2024 Notes”)
  - ✓ Issued \$140 MM of 4.50% Five Year Unsecured Notes (“January 2026 Notes”)
  - ✓ Issued \$150 MM of 3.375% of Five Year Unsecured Notes (“October 2026 Notes”)
  - ✓ Issued \$71.9 MM of 7.75% of Five Year Unsecured Notes (“August 2028 Notes”) (Nasdaq: “CSWCZ”)
  - ✓ Issued \$230 MM of 5.125% of Five Year Convertible Notes (“2029 Convertible Notes”)
- **Equity Capital:** Cumulatively raised over \$811 MM of equity capital over last 9 years
  - ✓ Raised \$752 MM in gross proceeds at an average price of \$21.43 since inception of Equity ATM Program
  - ✓ Raised \$59 MM in gross proceeds through underwritten public equity offerings
- **SBIC I:** Received \$175 MM in leverage commitments from the SBA
- **SBIC II:** Received second SBIC license from the SBA in April 2025
- **Investment Grade Credit Rating:** Baa3 rating from Moody’s and BBB- from Fitch
- **Strong Value Creation:** Cumulative value creation of \$18.25 per share (Net Asset Value + Cumulative Dividends Paid) since 9/30/2015 spin-off
- **Strong Wall Street Following:** Active research coverage from seven firms

# Q1 2026 Highlights

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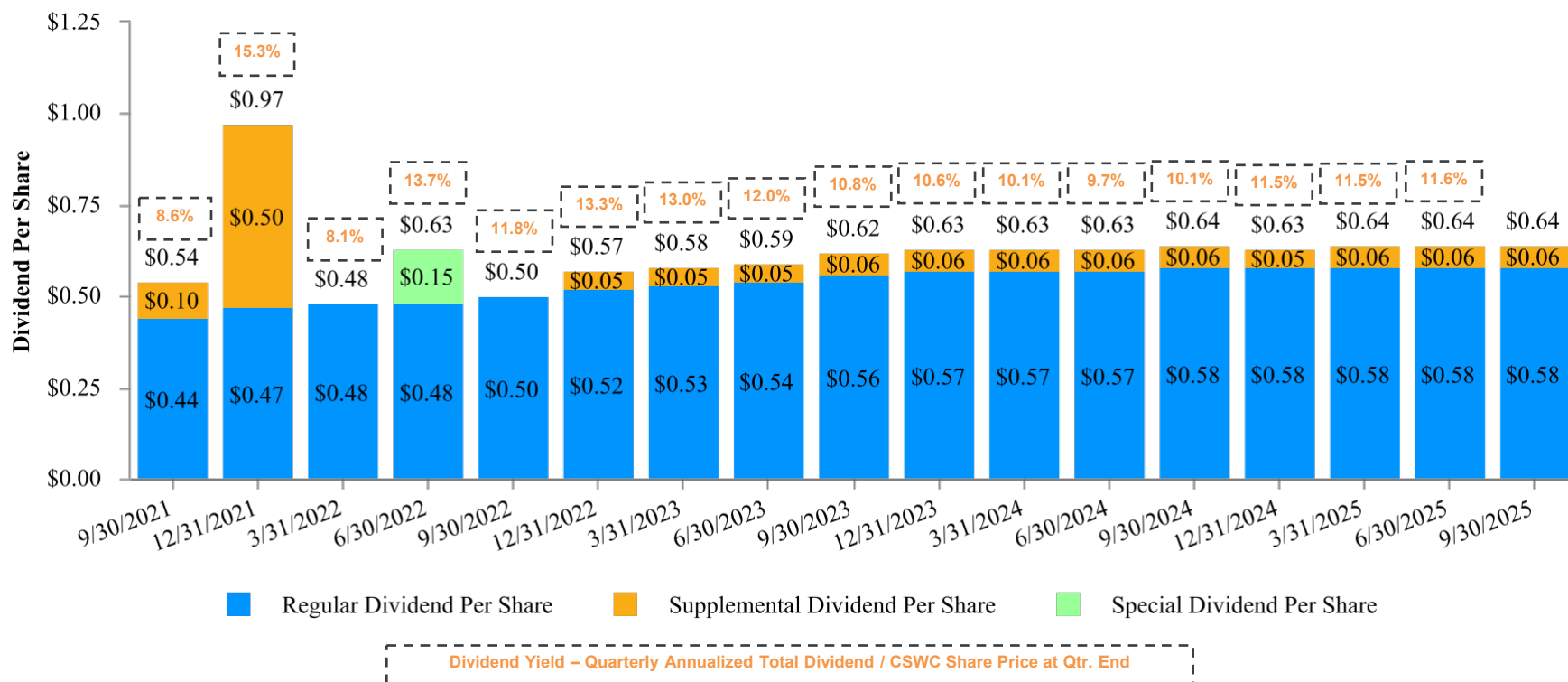
## Financial Highlights

- Q1 2026 Pre-Tax Net Investment Income ("NII") of \$32.7 MM or \$0.61 per share
- Announced change to regular dividend payment frequency from quarterly to monthly
  - Declared monthly regular dividend of \$0.1934 per share for each of July, August, and September 2025 (\$0.58 per share quarterly)
  - In addition, declared a quarterly supplemental dividend of \$0.06 per share for the quarter ending September 30, 2025
- Generated net realized gains of \$27.2 MM from the exit of two equity investments
- Increased Undistributed Taxable Income ("UTI") to \$1.00 per share as of June 30, 2025 from \$0.79 per share as of March 31, 2025
- Investment Portfolio at Fair Value of approximately \$1.8 B
- Net Asset Value per share of \$16.59
- Raised \$41.7 MM in gross proceeds through Equity ATM Program during the quarter
  - Sold shares at weighted-average price of \$20.50 per share, or 123% of the prevailing NAV per share
- Regulatory Debt to Equity ended at 0.82x for the quarter
- \$397 MM of total availability under credit facilities and \$47 MM in cash and cash equivalents
  - During the quarter, increased total commitments on existing Corporate Credit Facility to \$510 MM from \$485 MM
- Received second SBIC license from the SBA in April 2025
- Post quarter-end, Fitch affirmed BBB- corporate rating and BBB secured debt rating



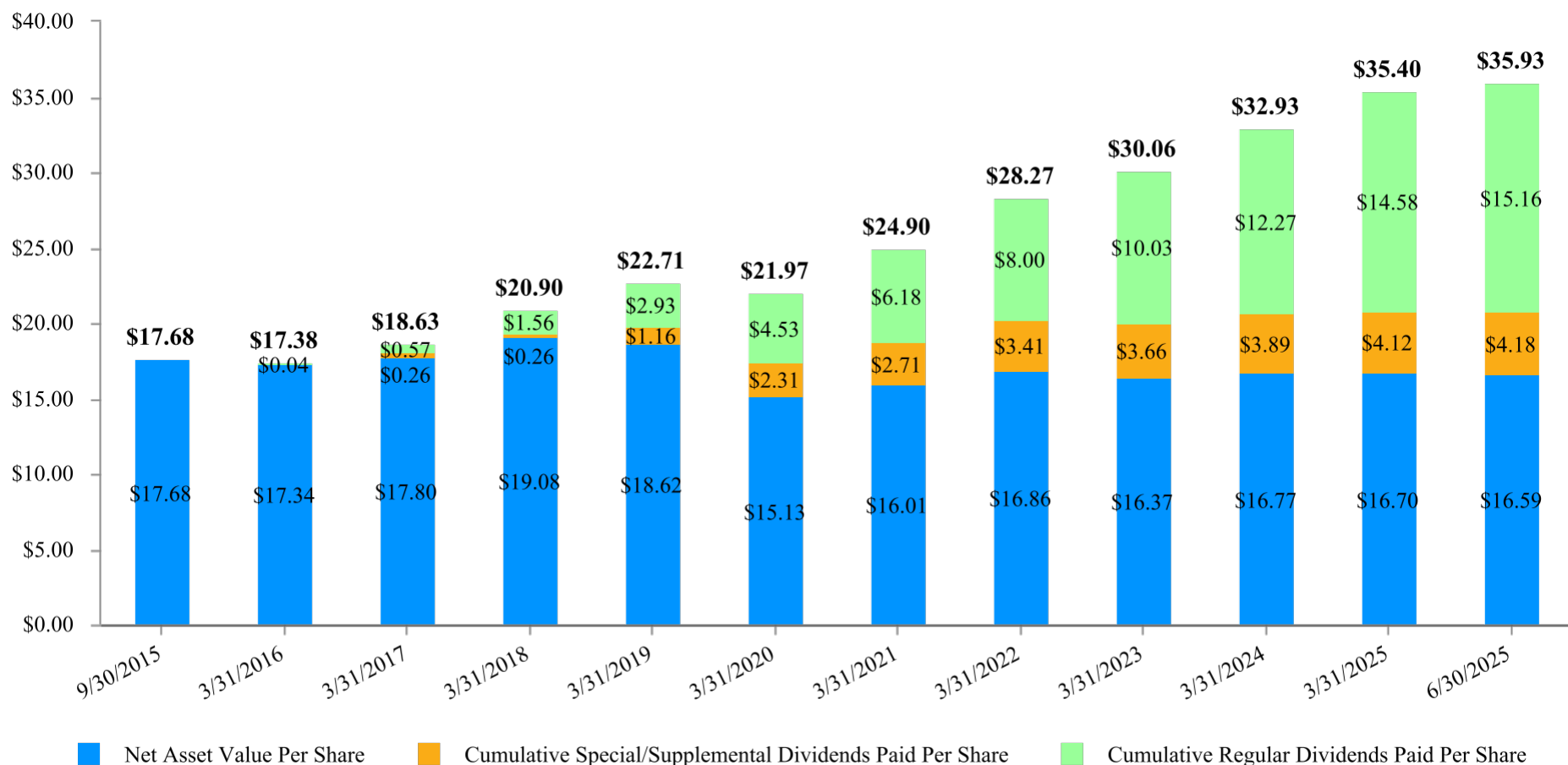
# Track Record of Consistent Dividends Continues

- In the last twelve months ended 6/30/2025, CSWC generated \$2.45 per share in Pre-Tax NII and paid out \$2.32 per share in Regular Dividends
  - LTM Pre-Tax NII Regular Dividend Coverage of 106%
- Cumulative Pre-Tax NII Regular Dividend Coverage of 110% since launch of credit strategy in 2015
- Total of \$4.24 per share Special and Supplemental Dividends declared since launch of credit strategy in 2015
- Estimated Undistributed Taxable Income ("UTI") of \$1.00 per share as of June 30, 2025



# History of Value Creation

*Total Value (Net Asset Value + Cumulative Dividends Paid) Increase from Credit Strategy of \$18.25 per share through 6/30/2025*



# Q1 2026 Investment Activity

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## Investment Activity Highlights

- During the quarter, CSWC originated \$115.2 MM in total new committed investments (\$63.9 MM funded at close) to three new portfolio companies and twelve existing portfolio companies
  - New committed investments consisted of \$113.4 MM in first lien debt and \$1.8 MM in equity
  - Weighted average spread on new debt commitments was 6.57%
- During the quarter, CSWC exited three debt investments and two equity investments generating total proceeds of \$80.6 MM and net realized gains of \$27.1 MM
  - Total proceeds were comprised of \$55.9 MM from debt investments and \$24.7 MM from equity investments
- In the last twelve months, CSWC originated \$672.4 MM in total new committed investments and generated \$193.0 MM in proceeds from portfolio investment exits
- Cumulative weighted average IRR of 13.6% on 101 portfolio company exits, generating \$1.2 B in proceeds since launch of credit strategy in January 2015

# CSWC Investment Portfolio Composition

*Maintaining appropriate portfolio leverage while receiving attractive risk-adjusted returns*

Investment Portfolio - Statistics		
(in \$000's)	3/31/2025	6/30/2025
	Total CSWC Portfolio	Total CSWC Portfolio
Number of Portfolio Companies	121	122
Total Cost	\$1,779,360	\$1,798,438
Total Fair Value	\$1,785,299	\$1,780,198
Average Hold Size Debt Investments (at Fair Value)	\$15,150	\$14,944
Average Hold Size Equity Investments (at Fair Value)	\$2,271	\$2,078
% First Lien Investments (at Fair Value)	88.9%	89.6%
% Second Lien Investments (at Fair Value)	1.0%	1.0%
% Subordinated Debt Investments (at Fair Value)	0.1%	0.1%
% Equity (at Fair Value) <sup>(1)</sup>	10.0%	9.3%
Wtd. Avg. Yield on Debt Investments <sup>(2)</sup>	11.7%	11.8%
Wtd. Avg. Yield on Total Investments <sup>(3)</sup>	11.5%	12.2%
Wtd. Avg. EBITDA of Issuer (\$MM's) <sup>(4)</sup>	\$18.5	\$19.6
Wtd. Avg. Leverage through CSWC Security <sup>(5)</sup>	3.5x	3.4x

(1) At June 30, 2025 and March 31, 2025, we had equity ownership in approximately 66% and 65%, respectively, of our investments

(2) The weighted-average annual effective yields were computed using the effective interest rates during the quarter for all debt investments at cost as of June 30, 2025, including accretion of original issue discount but excluding fees payable upon repayment of the debt instruments

(3) The weighted average annual effective yields on total investments were calculated by dividing total investment income, exclusive of non-recurring fees, by average total investments at fair value

(4) Includes CSWC debt investments only. Weighted average EBITDA metric is calculated using investment cost basis weighting. For the quarters ended June 30, 2025 and March 31, 2025, fifteen portfolio companies and twelve portfolio companies, respectively, are excluded from this calculation due to a reported debt to adjusted EBITDA ratio that was not meaningful.

(5) Includes CSWC debt investments only. Calculated as the amount of each portfolio company's debt (including CSWC's position and debt senior or pari passu to CSWC's position, but excluding debt subordinated to CSWC's position) in the capital structure divided by each portfolio company's adjusted EBITDA. Weighted average leverage is calculated using investment cost basis weighting. For the quarters ended June 30, 2025 and March 31, 2025, fifteen portfolio companies and twelve portfolio companies, respectively, are excluded from this calculation due to a reported debt to adjusted EBITDA ratio that was not meaningful.

# Quarter-over-Quarter Investment Rating Migration

*Approximately 92% of all debt investments are currently rated a "1" or "2" as credit portfolio continues to demonstrate solid performance*

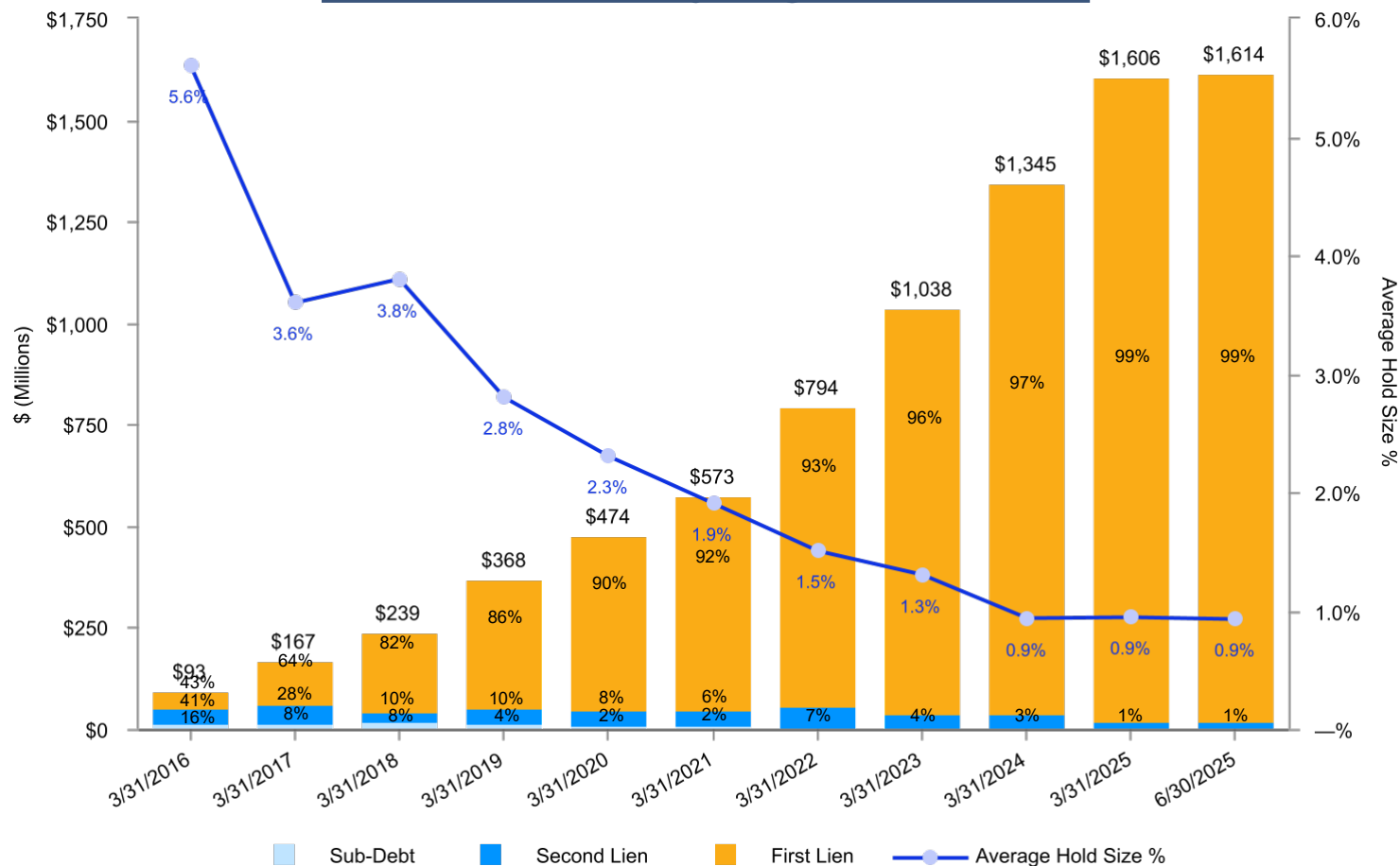
Investment Rating	3/31/2025			6/30/2025		
	# of Companies	Fair Value (\$MM)	% of Portfolio (FV)	# of Companies	Fair Value (\$MM)	% of Portfolio (FV)
1	20	\$401.0	25.0%	19	\$336.9	20.9%
2	70	\$1,036.0	64.5%	72	\$1,142.2	70.8%
3	14	\$144.9	9.0%	13	\$113.6	7.0%
4	2	\$20.3	1.3%	2	\$17.5	1.1%
5	2	\$3.8	0.2%	2	\$3.8	0.2%
Total	108	\$1,605.9	100.0%	108	\$1,614.0	100.0%

*Note: We utilize an internally developed investment rating system to rate the performance and monitor the expected level of returns for each debt investment in our portfolio. The investment rating system takes into account both quantitative and qualitative factors of the portfolio company and the investments held therein. Investment Ratings range from a rating of 1, which represents the least amount of risk in our portfolio, to 5, which indicates that the investment is performing materially below underwriting expectations.*

# Granular Credit Portfolio Heavily Weighted Towards First Lien Investments

99% of credit portfolio in first lien senior secured loans with an average investment hold size of 0.9% as of 6/30/2025

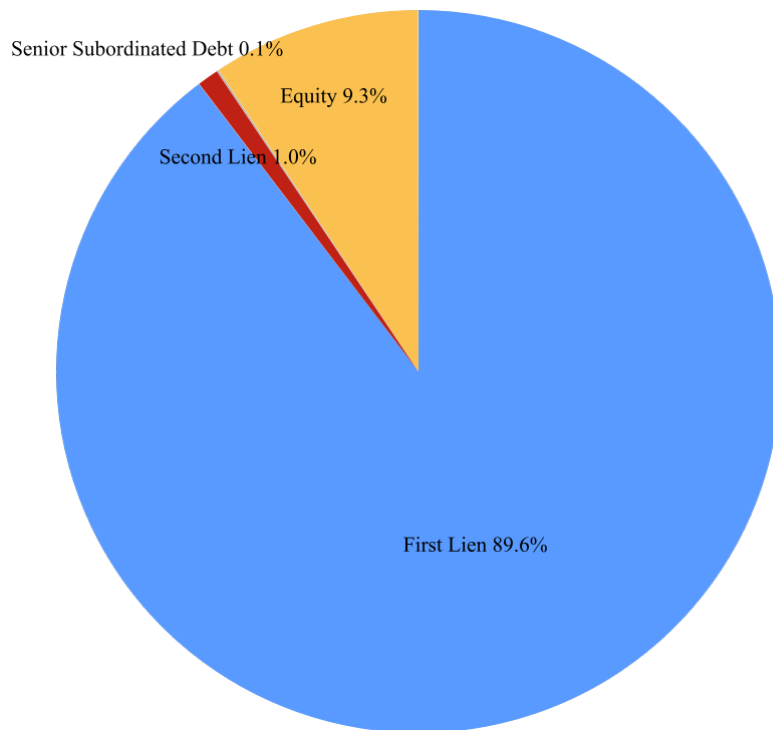
## Credit Portfolio Heavily Weighted to First Lien



# CSWC Portfolio Mix as of June 30, 2025 at Fair Value

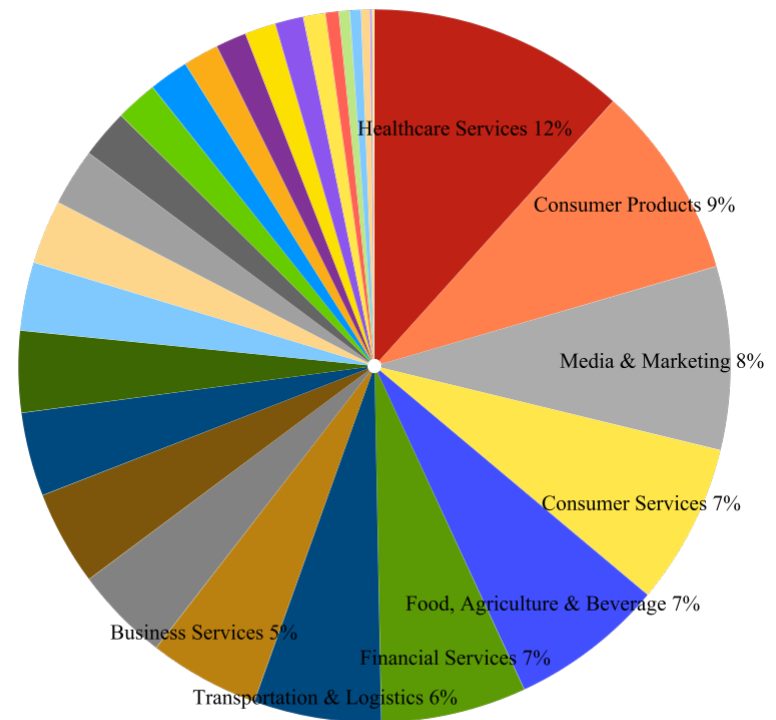
*Current Investment Portfolio of approximately \$1.8 B continues to be heavily weighted towards first lien loans and diversified across industries*

Current Investment Portfolio (By Type)



*Note: Equity represents equity co-investments across 80 portfolio companies.*

Current Investment Portfolio (By Industry)



# CSWC Capitalization

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- \$510 MM Credit Facility: led by ING Capital (eleven banks)
  - \$200 MM drawn as of 6/30/25
  - Matures August 2028; Adjusted Term SOFR + 215
- \$200 MM SPV Credit Facility: led by Deutsche Bank
  - \$112 MM drawn as of 6/30/25
  - Matures March 2029; Term SOFR + 250
- SBIC I: \$175 MM Leverage Commitment
  - \$175 MM in Debentures drawn as of 6/30/25
  - Current regulations permit SBIC I to borrow up to \$175 MM in SBA Debentures
- SBIC II: Received second SBIC license from the SBA in April 2025
  - No Debentures drawn as of 6/30/25
  - Current regulations permit SBIC II to borrow up to \$175 MM in SBA Debentures
- \$150 MM October 2026 Notes
  - Matures October 2026, 3.375% Fixed
- \$71.9 MM August 2028 Notes (Nasdaq: "CSWCZ")
  - Matures August 2028, 7.75% Fixed
- \$230 MM 2029 Convertible Notes
  - Matures November 2029 (unless earlier converted, redeemed or repurchased), 5.125% Fixed
- Balance Sheet Cash: Approximately \$47 MM as of 6/30/25
- Regulatory Leverage (Debt/Equity): 0.82x as of 6/30/25
  - Well below the current 2:1 regulatory limitation

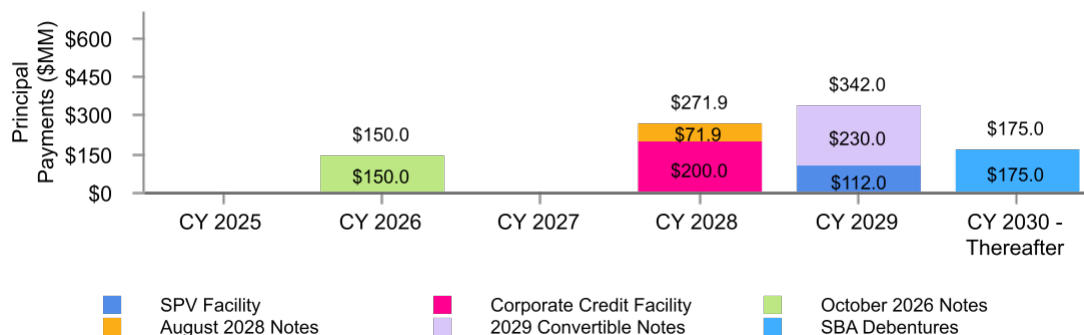


# Significant Unused Debt Capacity with Long-Term Duration

Earliest debt maturity occurs in October 2026

Facility	Total Commitments	Interest Rate	Maturity	Principal Drawn	Undrawn Commitment
October 2026 Notes <sup>(1)</sup>	\$150.0 MM	3.375%	October 2026	\$150.0 MM	N/A
Corporate Credit Facility	\$510.0 MM	Term SOFR + 2.15%	August 2028	\$200.0 MM	\$309.1 MM <sup>(2)</sup>
August 2028 Notes <sup>(3)</sup>	\$71.9 MM	7.75%	August 2028	\$71.9 MM	N/A
SPV Credit Facility	\$200.0 MM	Term SOFR + 2.50%	March 2029	\$112.0 MM	\$88.0 MM
2029 Convertible Notes <sup>(4)</sup>	\$230.0 MM	5.125%	November 2029	\$230.0 MM	N/A
SBA Debentures	\$175.0 MM	4.42% <sup>(5)</sup>	September 2031 <sup>(6)</sup>	\$175.0 MM	\$0.0 MM

Long-Term Debt Obligations (Calendar Year)



(1) Redeemable in whole or in part at Capital Southwest's option any time prior to July 1, 2026, at par plus a "make whole" premium, and thereafter at par

(2) Net of \$0.9 MM in letters of credit outstanding

(3) Redeemable in whole or in part at Capital Southwest's option on or after August 1, 2025

(4) Redeemable in whole or in part at Capital Southwest's option on or after November 20, 2027 or before the 45th scheduled trading day immediately prior to the maturity date if the price of CSWC common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period

(5) Weighted average interest rate of all SBA Debentures for the three months ended June 30, 2025

(6) First SBA Debentures mature on September 1, 2031

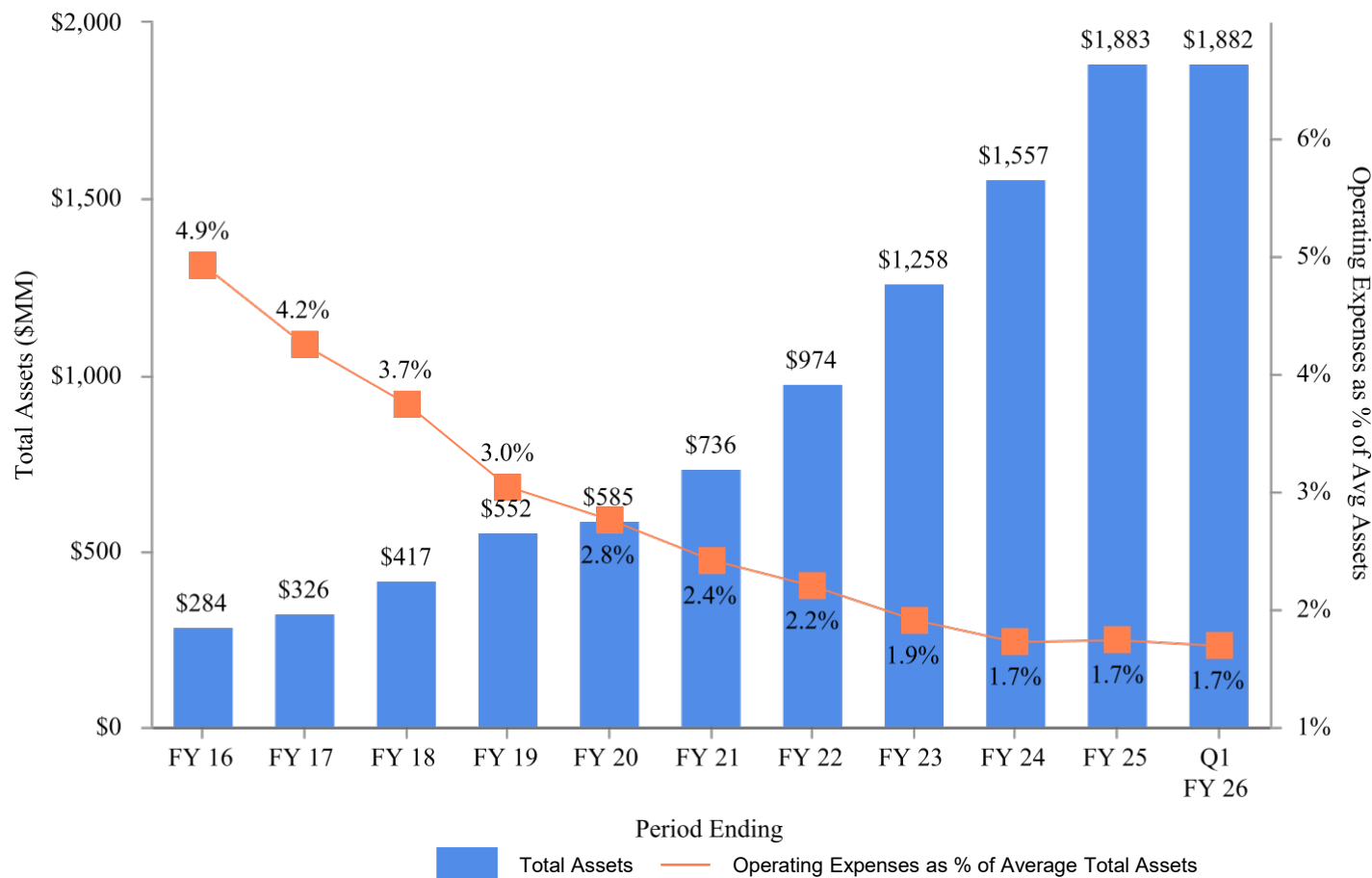
# *Internally Managed BDC Advantages*

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- We operate under a shareholder friendly Internally Managed structure which:
  - Aligns management incentives with long term sustainable shareholder value creation
  - Historically has rewarded performing Internally Managed BDCs with price to book premiums of 0.5x versus Externally Managed peers
  - CSWC LTM Operating Leverage of 1.7% as of 6/30/25 compares favorably to BDC industry average of approximately 2.6%.
  - Senior personnel and corporate infrastructure already in place; Management plans to conservatively add junior members to the team in lock step with growth in the asset base
- With the passage of the BDC Modernization Act, virtually 100% of incremental levered returns will go directly to shareholders of Internally Managed BDCs in the form of dividends, while only a portion of the incremental levered returns will translate into increased dividends to shareholders of Externally Managed BDCs
  - Externally Managed BDCs pay incremental management and incentive fees on incremental dollars invested
  - Internally Managed BDCs do not have management or incentive fee structures

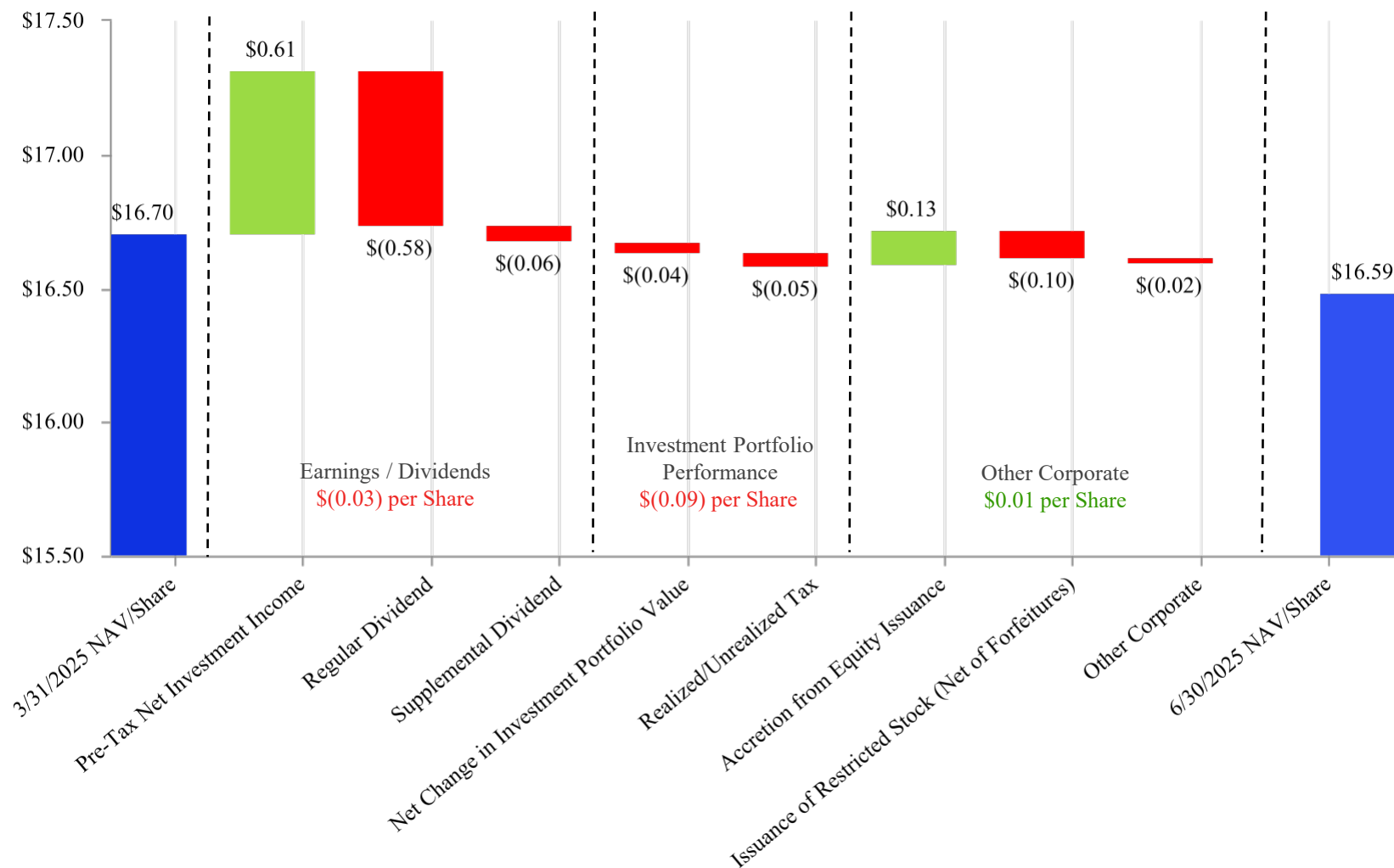
# Operating Leverage Trend

*Driving exceptional Operating Leverage through benefits of internally-managed structure*



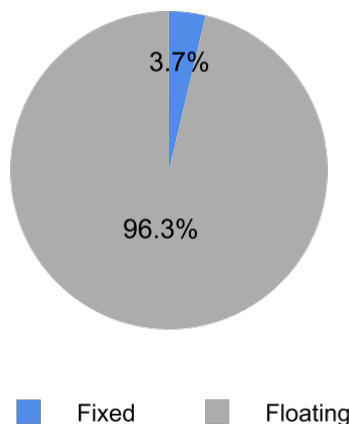
*Note: Operating Leverage calculated as last twelve months operating expenses (excluding interest expense) divided by average annual assets*

# NAV per Share Bridge for Quarter Ended 6/30/25



# Interest Rate Sensitivity

## Fixed vs. Floating Credit Portfolio Exposure



Change in Base Interest Rates	Illustrative Annual NII Change (\$'s)	Illustrative Annual NII Change (\$ Per Share)
(200 bps)	(25,548,443)	(0.46)
(150 bps)	(19,210,309)	(0.35)
(100 bps)	(12,806,873)	(0.23)
(50 bps)	(6,403,436)	(0.12)
50 bps	6,403,436	0.12

*Note: Illustrative change in annual NII does not adjust for potential changes in the credit market, credit quality, size and composition of the assets in the portfolio. It also does not adjust for other business developments, including future originations and repayments. Accordingly, no assurances can be given that actual results would not differ materially from the table above.*

# ***Appendix A: Investment Team***

# Investment Team with Strong Credit Experience

Name	Title	Years Experience	Year Joined CSWC	Relevant Experience
Michael Sarner	President / Chief Executive Officer	30	2015	<ul style="list-style-type: none"> <li>- Senior Vice President of Treasury at American Capital</li> <li>- Investment Committee Member since 2015</li> </ul>
Josh Weinstein	Senior Managing Director / Chief Investment Officer	24	2015	<ul style="list-style-type: none"> <li>- Principal at H.I.G. WhiteHorse</li> <li>- VP at WhiteHorse Capital Partners</li> <li>- Analyst at Morgan Stanley and Citigroup</li> </ul>
Ryan Kelly	Managing Director	18	2010	<ul style="list-style-type: none"> <li>- Analyst at Houlihan Lokey</li> </ul>
Grant Eason	Principal	15	2019	<ul style="list-style-type: none"> <li>- VP at Stonehenge Capital Company</li> <li>- Analyst at Stephens, Inc.</li> </ul>
Will Riley	Principal	7	2019	<ul style="list-style-type: none"> <li>- Associate at PricewaterhouseCoopers</li> </ul>
Garrett Hancock	Vice President	10	2022	<ul style="list-style-type: none"> <li>- Analyst at Capital One</li> <li>- Analyst at Wintrust Financial Corporation</li> </ul>
Matthew Silvey	Vice President	8	2023	<ul style="list-style-type: none"> <li>- Sr Associate at Stellus Management</li> <li>- Analyst at J.P. Morgan</li> </ul>
Colin Ruska	Vice President	10	2025	<ul style="list-style-type: none"> <li>- VP at J.P. Morgan</li> </ul>
Michael Bruley	Senior Associate	6	2020	<ul style="list-style-type: none"> <li>- Analyst at Rosewood Private Investments</li> </ul>
Brock Sutton	Senior Associate	6	2023	<ul style="list-style-type: none"> <li>- Associate at J.P. Morgan</li> </ul>
Priya Desai	Associate	3	2023	<ul style="list-style-type: none"> <li>- Analyst at Stephens</li> </ul>
Rohan John	Associate	3	2025	<ul style="list-style-type: none"> <li>- Associate at StepStone Group</li> </ul>
Sam Gambow	Analyst	1	2024	<ul style="list-style-type: none"> <li>- New Analyst at Capital Southwest</li> </ul>
Kristen Wander	Analyst	1	2024	<ul style="list-style-type: none"> <li>- New Analyst at Capital Southwest</li> </ul>
Tanner Wojciechowski	Analyst	1	2024	<ul style="list-style-type: none"> <li>- New Analyst at Capital Southwest</li> </ul>

# ***Appendix B: Underwriting & Portfolio Management***

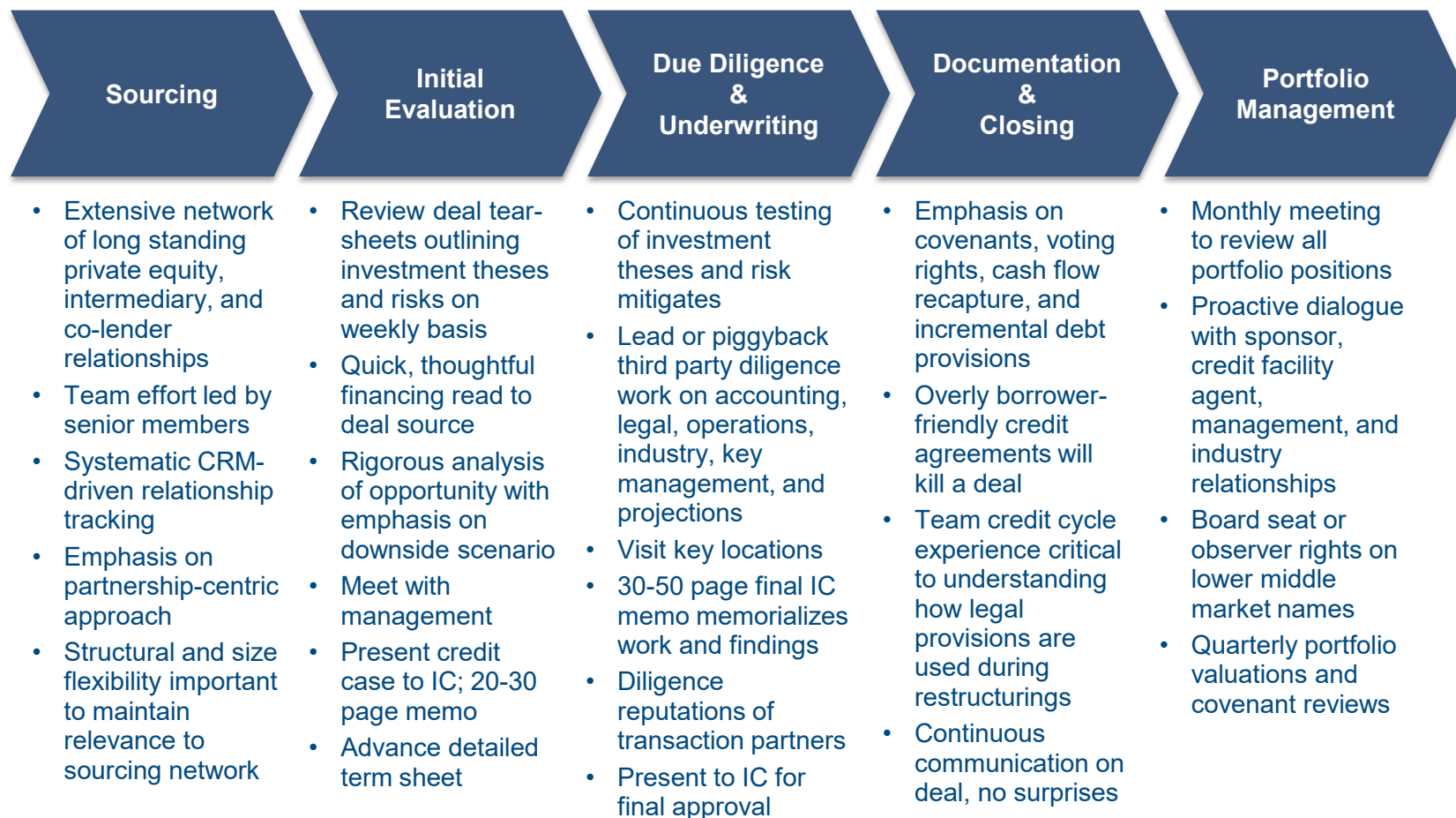


# ***Disciplined Investment Process: Investment Criteria***

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<b>Experienced Management Team with Meaningful Equity Ownership</b>	<ul style="list-style-type: none"><li>• Relevant experience and track record of success</li><li>• Significant economic interest in the future success of the company</li></ul>
<b>Sustainable Business Model</b>	<ul style="list-style-type: none"><li>• Differentiated product and/or service that gives company a sustainable reason to exist</li><li>• Leverageable cash flow with ability to maintain or grow margins</li></ul>
<b>Strong Competitive Position</b>	<ul style="list-style-type: none"><li>• Market leader, or at least a major player, in its business segments</li><li>• Quantifiable competitive advantage versus their competitors with barriers to entry</li></ul>
<b>Diversification of Customers and Suppliers</b>	<ul style="list-style-type: none"><li>• Inability for any one customer to significantly affect the company's financial performance and ability to service debt</li><li>• Sustainability of supply and cost of inputs</li></ul>
<b>Ability of Capital Structure to Sustain Economic Cycles</b>	<ul style="list-style-type: none"><li>• Capital structure appropriate for business model and industry</li><li>• Downside scenario modeling proves ability to sustain economic cycles while servicing debt with leverage inside enterprise value</li></ul>
<b>Significant Equity Value Supporting Debt</b>	<ul style="list-style-type: none"><li>• Significant underlying equity value to support debt in capital structure</li></ul>

# Disciplined Process: Focus on Capital Preservation



**Consistent, Downside-Focused, Risk-Return Centric Credit Approach**

# Portfolio Monitoring Process

- Team-based approach with objectives to:
  - Continually evaluate portfolio
  - Identify potential problems early
  - Prompt deal teams to proactively address issues
- Monitoring mechanisms
  - Monthly/quarterly financials
  - Regular communication with management/sponsor/agent
  - Board observation/membership rights in direct deals
- Investment team meeting
  - Review package of credit portfolio tracker reports for each investment
  - Discuss performance and issues for each deal
  - Assign follow-up duties to team overseeing struggling positions
- Assign and monitor 1 to 5 Investment Rating for each debt investment
  - 1 represents material outperformance, 5 represents material underperformance
- Senior executives will be involved day-to-day on workouts

## Example Monthly Portfolio Tracker

ABC Corporation

(\$ in thousands)

As of: 7/31/2017

Business Overview

Business Description

Headquarters: City, State

Website: [www.abc.com](http://www.abc.com)

Financial Update\*

Yes

CEO: Name 1 123.456.7891 Email 1

CFO: Name 2 123.456.7890 Email 2

Board of Directors:

CSWC Coverage: MD, VP, Associate

Investment Summary

Security: Sub Debt Total Facility: \$25,000

Cost Basis: 6/1/2015 CSWC: \$5,000

LIBOR Floor: N/A Net OID: \$4,900

Signed: 11/10/15 Covenants: Tight, L&S

First Frequency: Quarterly Restr. Covenant: Fixed Charge

OID: \$8.00 Accretion: \$7.0 avg line

Yield (Stated): 11.00% Maturity: 6/1/2021

Net Yield (YTM): 12.15% Ratings: N/A

Net Yield (to Maturity): 11.47% Call Protection: 102 through 6/1/14

Annualized Income (\$): \$250 101 through 6/1/17

Agent: Capital Southwest

Financing Partner:

Legal Counsel:

Financials Timing: Monthly

Industry: Distribution

Previous FY End: 7/31/2014

Financials Delivery: Within 30 days of each month

Valuation Summary

Cost Basis FM Value Change Unreal. Gain Investment Rating: 2

6/30/2017 \$5,000 6/30/2017 \$5,000 \$0 \$0 ASC 820 Hierarchy: Level 3

9/31/2017 \$5,000 9/31/2017 \$5,000 \$0 \$0 RBC Status: Qualifying

12/31/2018 \$5,000 12/31/2018 \$5,000 \$0 \$0 RBC Status: Qualifying

9/30/2018 \$5,000 9/30/2018 \$5,000 \$0 \$0 SBC Status: Non-Qualifying

Business Max: N/A

Summary Financials

Actual Closing LTM Actual Actual Current LTM Mgmt. Bud Current YTD Prior YTD Budget YTD YTD Variance

7/31/14 3/31/15 7/31/15 7/31/16 6/30/17 7/31/17 6/30/17 6/30/16 6/30/17 6/30/17

Income Statement

Revenue \$45,154 \$45,549 \$45,729 \$45,477 \$51,036 \$54,398 \$46,793 \$44,170 \$50,005 5.8% (6.5%)

% Growth - 2.3% 6.4%

Gross Profit \$30,189 \$30,339 \$30,420 \$30,511 \$34,314 \$36,688 \$31,330 \$28,524 \$33,742 6.1% (7.1%)

% Margin 66.8% 66.6% 66.6% 67.1% 67.2% 67.4% 67.0% 64.6% 67.3%

Operating Expenses \$24,473 \$24,689 \$24,558 \$24,159 \$28,770 \$30,657 \$26,111 \$25,505 \$27,881 2.4% (6.2%)

% of Revenue 54.2% 54.2% 53.5% 53.1% 56.4% 58.0% 55.8% 57.7% 55.8%

Adjusted EBITDA \$5,724 \$5,689 \$6,090 \$6,372 \$7,321 \$7,810 \$6,751 \$5,750 \$7,385 17.8% (8.2%)

% Margin 12.7% 12.4% 13.3% 13.1% 14.4% 14.4% 14.4% 12.8% 14.8%

Covenant EBITDA \$6,440 \$7,284 \$7,321 \$7,321

% Margin 14.1% 16.0% 14.4%

Free Cash Flow \$1,503 \$639 \$1,754 \$1,727 \$3,821 \$4,197

% of EBITDA 40.7% 11.3% 28.8% 27.1% 52.0% 53.7%

Balance Sheet

Cash \$618 \$140 \$197 \$191 \$311 \$311

Other Current Assets \$12,449 \$12,977 \$13,111 \$15,717 \$15,718

PP&E \$5,120 \$5,444 \$4,301 \$4,923 \$4,550

Other Assets \$9,305 \$9,402 \$10,381 \$14,132 \$13,382

Total Assets \$25,492 \$25,947 \$28,110 \$35,064 \$33,962

Current Liabilities \$9,291 \$2,979 \$2,815 \$4,051 \$9,421

Senior Debt - America \$10,502 \$8,951 \$9,557 \$12,424 \$10,548

Subordinated Debt \$0 \$8,000 \$8,000 \$8,000 \$8,000

Senior Note \$0 \$650 \$1,351 \$1,901 \$2,275

Other Liabilities \$253 \$498 \$278 \$252 \$270

Equity \$11,344 \$6,441 \$8,011 \$7,195 \$9,000

Total Liabilities & Equity \$25,492 \$25,947 \$28,110 \$35,064 \$33,962

Credit Stats

Senior Debt / EBITDA 1.83x 1.56x 1.48x 1.71x 1.43x

Total Debt / EBITDA 1.83x 1.56x 1.48x 1.71x 1.43x

Net Senior Debt / EBITDA 1.83x 1.56x 1.48x 1.71x 1.43x

Net Total Debt / EBITDA 1.83x 1.56x 1.48x 1.71x 1.43x

Commentary

> June 2017 financials have been received:

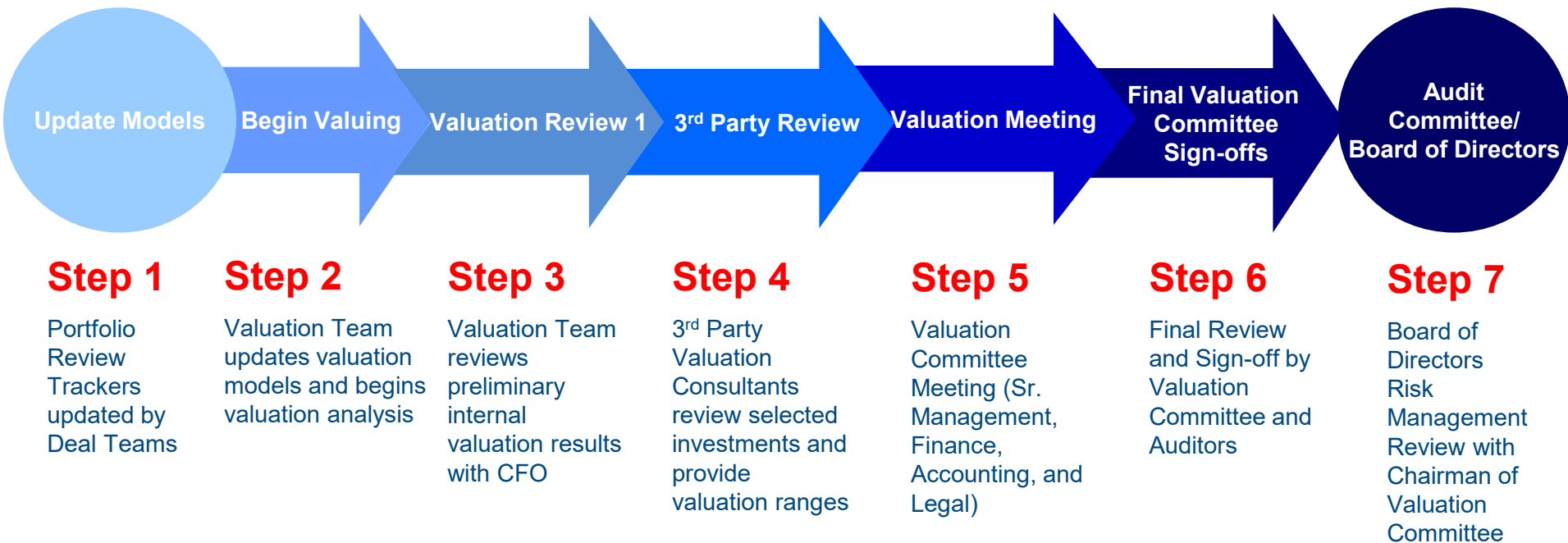
> YTD revenue is down 4.2% relative to budget (comparison versus the prior year is not apples to apples given the recent acquisitions).

> Gross profit is down 7.1% compared to budget, and slightly below the budgeted gross margin.

> Adjusted EBITDA is down 8.3% compared to budget.

> Company has not elected to proceed with another mezzanine debt provider and CSWC is likely to be taken out sometime in September.

# Valuation Process Overview



## Valuation Methodologies Utilized:

- DCF
- Comparable Public Companies
- Comparable Transactions
- Market Yield Pricing Analysis
- Market Quotes
- Third Party Offers
- Liquidation Value
- Option Pricing Models

# ***Appendix C: Financial Statements***

# Balance Sheet

<i>(In Thousands, except per share amounts)</i>	Quarter Ended 9/30/2024	Quarter Ended 12/31/2024	Quarter Ended 3/31/2025	Quarter Ended 6/30/2025
<b>Assets</b>				
Portfolio Investments	\$1,508,507	\$1,701,286	\$1,785,299	\$1,780,198
Cash & Cash Equivalents	47,237	36,013	43,221	46,889
Restricted Cash	—	—	1,650	1,650
Other Assets	48,754	51,766	52,670	53,675
<b>Total Assets</b>	<b>\$1,604,498</b>	<b>\$1,789,065</b>	<b>\$1,882,840</b>	<b>\$1,882,412</b>
<b>Liabilities</b>				
SBA Debentures	\$149,064	\$170,721	\$170,918	\$171,115
January 2026 Notes	139,557	—	—	—
October 2026 Notes	148,462	148,654	148,846	149,038
August 2028 Notes	69,948	70,075	70,194	70,320
2029 Convertible Notes	—	222,744	223,107	223,477
Credit Facilities	278,000	308,000	343,000	312,000
Other Liabilities	28,209	38,429	43,142	39,988
<b>Total Liabilities</b>	<b>\$813,240</b>	<b>\$958,623</b>	<b>\$999,207</b>	<b>\$965,938</b>
<b>Shareholders Equity</b>				
<b>Net Asset Value</b>	<b>\$791,258</b>	<b>\$830,442</b>	<b>\$883,633</b>	<b>\$916,474</b>
<b>Net Asset Value per Share</b>	<b>\$16.59</b>	<b>\$16.59</b>	<b>\$16.70</b>	<b>\$16.59</b>
<b>Regulatory Debt to Equity</b>	<b>0.80x</b>	<b>0.90x</b>	<b>0.89x</b>	<b>0.82x</b>

# Income Statement

<i>(In Thousands, except per share amounts)</i>	Quarter Ended 9/30/2024	Quarter Ended 12/31/2024	Quarter Ended 3/31/2025	Quarter Ended 6/30/2025
<b>Investment Income</b>				
Interest Income	\$43,698	\$42,889	\$44,619	\$47,115
PIK Interest Income	2,398	3,246	3,982	3,260
Dividend Income	572	586	970	3,677
Fees and Other Income	2,038	5,252	2,835	1,895
<b>Total Investment Income</b>	<b>\$48,706</b>	<b>\$51,973</b>	<b>\$52,406</b>	<b>\$55,947</b>
<b>Expenses</b>				
Cash Compensation	\$1,990	\$2,388	\$3,299	\$3,956
Share Based Compensation	1,538	1,544	2,657	1,143
General & Administrative	2,577	2,641	2,778	2,867
<b>Total Expenses (excluding Interest)</b>	<b>\$6,105</b>	<b>\$6,573</b>	<b>\$8,734</b>	<b>\$7,966</b>
Interest Expense	\$12,587	\$14,717	\$15,208	\$15,264
<b>Pre-Tax Net Investment Income</b>	<b>\$30,014</b>	<b>\$30,683</b>	<b>\$28,464</b>	<b>\$32,717</b>
Income Tax (Expense) / Benefit	1,151	(367)	(622)	(828)
<b>Net Investment Income</b>	<b>\$31,165</b>	<b>\$30,316</b>	<b>\$27,842</b>	<b>\$31,889</b>
Net Realized and Unrealized Losses	\$(8,481)	\$(14,048)	\$(10,281)	\$(4,888)
<b>Net increase in Net Assets Resulting from Operations</b>	<b>\$22,684</b>	<b>\$16,268</b>	<b>\$17,561</b>	<b>\$27,001</b>
Weighted Average Basic Shares Outstanding	47,243	48,315	50,654	53,517
<b>Pre-Tax NII Per Basic Weighted Average Share</b>	<b>\$0.64</b>	<b>\$0.64</b>	<b>\$0.56</b>	<b>\$0.61</b>
<b>NII per Basic Weighted Average Share</b>	<b>\$0.66</b>	<b>\$0.63</b>	<b>\$0.54</b>	<b>\$0.59</b>
<b>Net Increase in Net Assets Per Basic Wtd. Average Share</b>	<b>\$0.48</b>	<b>\$0.34</b>	<b>\$0.34</b>	<b>\$0.50</b>

Note: For the quarter ended 3/31/2025, Total Expenses include one-time net expenses of \$2.8 million, or \$0.05 per share, related to the departure of the former President and Chief Executive Officer

# Portfolio Statistics

*Continuing to build a well performing credit portfolio*

<i>(In Thousands)</i>	Quarter Ended 9/30/2024	Quarter Ended 12/31/2024	Quarter Ended 3/31/2025	Quarter Ended 6/30/2025
<b>Portfolio Statistics</b>				
Fair Value of Debt Investments	\$1,374,041	\$1,542,524	\$1,605,906	\$1,613,985
Average Debt Investment Hold Size	\$13,086	\$13,897	\$14,870	\$14,807
Fair Value of Debt Investments as a % of Par	95%	95%	96%	96%
% of Investment Portfolio on Non-Accrual at Fair Value	3.5%	2.7%	1.7%	0.8%
Weighted Average Yield on Debt Investments	12.87%	12.08%	11.68%	11.83%
Fair Value of All Portfolio Investments	\$1,508,507	\$1,701,286	\$1,785,299	\$1,780,198
Weighted Average Yield on all Portfolio Investments	12.73%	12.06%	11.50%	12.16%
Investment Mix (Debt vs. Equity) at Fair Value	91% / 9%	91% / 9%	90% / 10%	91% / 9%



# Investment Income Detail

*Constructing a portfolio of investments with recurring cash yield*

<i>(In Thousands)</i>	Quarter Ended 9/30/2024	Quarter Ended 12/31/2024	Quarter Ended 3/31/2025	Quarter Ended 6/30/2025
<b>Investment Income Breakdown</b>				
Cash Interest	\$42,629	\$42,294	\$42,985	\$44,689
Cash Dividends	572	586	970	3,677
PIK Income	2,398	3,246	3,982	3,260
Amortization of Purchase Discounts and Fees	1,560	1,641	1,922	2,712
Management/Admin Fees	480	491	535	525
Fees & Other Income	1,067	3,715	2,013	1,084
<b>Total Investment Income</b>	<b>\$48,706</b>	<b>\$51,973</b>	<b>\$52,407</b>	<b>\$55,947</b>
<b>Key Metrics</b>				
Cash Income as a % of Investment Income <sup>(1)</sup>	95%	94%	92%	94%
% of Total Investment Income that is Recurring	98%	92%	96%	95%

*(1) Includes Purchase Discounts and Fees previously received in cash*

# Key Financial Metrics

*Strong Pre-Tax Net Investment Income and Dividend Yield driven by net portfolio growth and investment performance*

	Quarter Ended 9/30/2024	Quarter Ended 12/31/2024	Quarter Ended 3/31/2025	Quarter Ended 6/30/2025
<b>Key Financial Metrics</b>				
Pre-Tax Net Investment Income Per Wtd Avg Basic Share	\$0.64	\$0.64	\$0.56	\$0.61
Pre-Tax Net Investment Income Return on Equity (ROE) <sup>(1)</sup>	15.31%	15.31%	13.30%	14.59%
Realized Earnings Per Wtd Avg Basic Share	\$0.44	\$0.35	\$0.01	\$0.88
Realized Earnings Return on Equity (ROE) <sup>(1)</sup>	10.65%	8.55%	0.27%	21.22%
Earnings Per Wtd Avg Basic Share	\$0.48	\$0.34	\$0.34	\$0.50
Earnings Return on Equity (ROE) <sup>(1)</sup>	11.57%	8.12%	8.20%	12.04%
Regular Dividends per Share	\$0.58	\$0.58	\$0.58	\$0.58
Supplemental / Special Dividends per Share	\$0.06	\$0.05	\$0.06	\$0.06
<b>Total Dividends per Share</b>	<b>\$0.64</b>	<b>\$0.63</b>	<b>\$0.64</b>	<b>\$0.64</b>

(1) Return on Equity is calculated as the quarterly annualized Pre-Tax NII, Realized Earnings, or Total Earnings, respectively, divided by equity at the end of the prior quarter

# Corporate Information

## Board of Directors

### Inside Director

Michael S. Sarner

### Independent Directors

David R. Brooks

Christine S. Battist

Jack D. Furst

William R. Thomas

Ramona Rogers-Windsor

## Corporate Offices & Website

8333 Douglas Avenue

Suite 1100

Dallas, TX 75225

<http://www.capitalsouthwest.com>

## Investor Relations

Michael S. Sarner

Capital Southwest

214-884-3829

[msarner@capitalsouthwest.com](mailto:msarner@capitalsouthwest.com)

## Senior Management

Michael S. Sarner

*President & Chief Executive Officer*

Chris T. Rehberger

*Chief Financial Officer, Secretary & Treasurer*

Josh S. Weinstein

*Senior Managing Director & Chief Investment Officer*

Ryan P. Kelly

*Managing Director & Investment Committee Member*

Amy L. Baker

*Executive Vice President of Accounting*

Tabitha D. Geiger

*Chief Compliance Officer*

## Fiscal Year End

March 31

## Independent Auditor

RSM US LLP  
Chicago, IL

## Corporate Counsel

Eversheds Sutherland (US) LLP

## Transfer Agent

Equiniti Trust Company, LLC

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

## Securities Listing

Nasdaq: "CSWC" (Common Stock)

Nasdaq: "CSWCZ" (7.75% Notes due 2028)

## Industry Analyst Coverage

Firm	Analyst	Contact Information
Citizens JMP	Brian McKenna	Direct: 585-217-7407
B. Riley Securities	Sean-Paul Adams	Direct: 415-229-4851
Jefferies, LLC	Matthew Hurwit	Direct: 415-419-9644
Lucid Capital Markets, LLC	Erik Zwick	Direct: 917-658-3982
Oppenheimer & Co., Inc.	Mitchel Penn	Direct: 212-667-7136
Raymond James & Associates	Robert Dodd	Direct: 901-579-4560
UBS Securities, LLC	Douglas Harter	Direct: 212-882-0080