

Overview

Capital Southwest (NASDAQ: CSWC) is an internally-managed, credit-focused BDC that is an active lender to middle market companies across the capital structure. CSWC provides flexible capital that fills financing needs that traditional first lien senior lenders are unwilling to meet. In particular, CSWC is well-positioned to finance lower middle market businesses with \$3 to \$15 million of EBITDA.

CSWC manages investable capital of approximately \$775 million. As of September 30 2018, CSWC had funded over \$980 million in new credit investments, including the capital invested in its I-45 Senior Loan Fund.

The Company is managed by an investment team with decades of experience working with one another. The firm and all of its employees are located in Dallas, Texas.

Recent Investment Activity

In 2018, CSWC committed approximately **\$216 million** in new and add-on direct debt and equity financings across **18** different middle market portfolio companies.

Industry Preferences

CSWC is a **generalist** investment firm with certain preferred sectors:

- Business services
- Digital media and advertising
- Healthcare products and services
- Value-added distribution
- Industrial manufacturing and services
- Consumer products and retail
- Tech-enabled and digital media services

Investment Parameters

Investment Size	<ul style="list-style-type: none"> • \$5 to \$50 million financings • \$5 to ~\$25 million commitment size per deal • Active network of co-investors
Company Size	<ul style="list-style-type: none"> • Minimum of \$3 million of EBITDA • Typically \$3 to \$15 million of EBITDA
Situations	<ul style="list-style-type: none"> • New platform acquisitions • Dividend recapitalizations • Refinancings • Bolt-on acquisitions • Growth financings
Clients	<ul style="list-style-type: none"> • Financial sponsors • Investment banks and business brokers • Founder and independently-owned businesses • Independent sponsors
Investment Structures	<ul style="list-style-type: none"> • Unitranche debt (with network of first out senior lending relationships) • First lien debt • Second lien debt • Subordinated debt • Preferred and common equity • Flexibility to invest across multiple securities
Equity Investments	<ul style="list-style-type: none"> • Equity co-investments alongside debt investments • Non-control investor
Geography	<ul style="list-style-type: none"> • Anywhere in the United States
Partnership	<ul style="list-style-type: none"> • Relationship-centric firm focused on mutually beneficial partnerships over several deals
Committee Process	<ul style="list-style-type: none"> • Investment committee all co-located in Dallas • <u>CSWC deal leaders have day-to-day access to Senior Management and can “speak for the firm” and execute without surprises</u>

Capital Southwest Investment Team



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ACE GATHERING
Energy Services
(Midstream)

\$10mm
Split Lien Term Loan

December 2018



PRECISION
SPINE CARE

Healthcare Services

\$14mm
Revolver, First Lien
& Equity

November 2018



Danforth
Advisors

Business Services

\$9mm
Revolver, First Lien
& Equity

September 2018



STAT
IN
MED

Healthcare Services

\$17mm
First Lien & Equity

September 2018



Ortho
Bethesda

RESTORING FUNCTION

Healthcare Services

\$15mm
First Lien, Second Lien
& Equity

August 2018

Confidential

Digital Media

\$21mm
Last Out Unitranchise
& Equity

August 2018 (add-on)
April 2018 (add-on)
October 2017 (add-on)
February 2017



PRISM

Business Services

\$20mm
Revolver, First Lien
& Equity

August 2018 (3x add-on)
February 2018



BLASCHAK
COAL CORP

Natural Resources

\$9mm
Split Lien

July 2018



DYNAMIC
COMMUNITIES

Business Services

\$14mm
Revolver, First Lien
& Equity

July 2018



APG

ADAMS PUBLISHING GROUP LLC
Media, Marketing &
Entertainment

\$17mm
First Lien
& Delayed Draw

July 2018



Environmental
Pest Service

Consumer Services

\$23mm
First Lien
& Delayed Draw

June 2018



PAST SANDWICH
FS

Consumer Products & Retail

\$8mm
Revolver & First Lien

May 2018



DELPHI
Behavioral Health Group

Healthcare Services

\$13mm
First Lien

April 2018 (add-on)
November 2017



THE AMERICAN NURSERY
FRESHLY ROASTED

Distribution

\$26mm
Revolver, First Lien,
Delayed Draw & Equity

April 2018



APOLLO
Medflight

Healthcare Services

\$15mm
Revolver, First Lien,
Delayed Draw & Equity

February 2018



Capital
PAWN

Consumer Products & Retail

\$13mm
First Lien

December 2017



cb clickbooth

Digital Media

\$18mm
First Lien

December 2017



LGM PHARMA

Healthcare Services

\$14mm
Revolver, First Lien
& Equity

November 2017



AMWARE
MULTI-CHANNEL LOGISTICS

Logistics

\$14mm
First Lien

October 2017 add-on



Alliance Sports Group
ONE COMPANY MANY BRANDS

Consumer Products & Retail

\$13mm
Secured Sub Debt
& Equity

August 2017



zenfolio

Business Services

\$19mm
First Lien & Equity

July 2017



TAX
ADVISORS
GROUP

Business Services

\$5mm
Secured Sub Debt
& Equity

June 2017



ENVO
CORE

Business Services

\$16mm
First Lien & Equity

June 2017 add-on



WASTE WATER
SPECIALTIES

Business Services

\$11mm
First Lien

April 2017



Binswanger
Glass

Business Services

\$14mm
First Lien & Equity

March 2017