



Capital Southwest Corporation

Capital Southwest Corporation
Investor Presentation

January 2024

Important Notices

- These materials and any presentation of which they form a part are neither an offer to sell, nor a solicitation of an offer to purchase, any securities of Capital Southwest.
- These materials and the presentations of which they are a part, and the summaries contained herein, do not purport to be complete and no obligation to update or otherwise revise such information is being assumed. Nothing shall be relied upon as a promise or representation as to the future performance of Capital Southwest. Such information is qualified in its entirety by reference to the more detailed discussions contained elsewhere in Capital Southwest's public filings with the Securities and Exchange Commission (the "SEC").
- There is no guarantee that any of the estimates, targets or projections illustrated in these materials and any presentation of which they form a part will be achieved. Any references herein to any of the Capital Southwest's past or present investments or its past or present performance, have been provided for illustrative purposes only. It should not be assumed that these investments were or will be profitable or that any future investments by Capital Southwest will be profitable or will equal the performance of these investments.
- The information contained herein has been derived from financial statements and other documents provided by the portfolio companies unless otherwise stated.
- Past performance is not indicative of future results. In addition, there can be no assurance that unrealized investments will be realized at the expected multiples shown as actual realized returns will depend on, among other factors, future operating results of each of Capital Southwest's current portfolio companies, the value of the assets and economic conditions at the time of disposition, any related transaction costs, and the timing and manner of sale, all of which may differ from the assumptions on which Capital Southwest's expected returns are based. In many instances, Capital Southwest will not determine the timing or manner of sale of its portfolio companies.
- Capital Southwest has filed a registration statement (which contains the prospectus) with the SEC for any offering to which this communication may relate and may file one or more prospectus supplements to the prospectus in the future. Before you invest in any of Capital Southwest's securities, you should read the registration statement and the applicable prospectus and prospectus supplement(s), including the information incorporated by reference therein, in order to fully understand all of the implications and risks of an offering of Capital Southwest's securities. You should also read other documents Capital Southwest has filed with the SEC for more complete information about Capital Southwest and any offering of its securities. You may get these documents for free by visiting EDGAR on the SEC's website at www.sec.gov. Alternatively, Capital Southwest will arrange to send you any applicable prospectus and prospectus supplement(s) if you request such materials by calling us at (214) 238-5700. These materials are also made available, free of charge, on our website at www.capitalsouthwest.com. Information contained on our website is not incorporated by reference into this communication.

Forward-Looking Statements

- 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; the impact of rising interest rates on Capital Southwest's business and its portfolio companies; the impact of supply chain constraints and labor difficulties 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 subsidiary, Capital Southwest SBIC I, LP, as a small business investment company ("SBIC"); and an economic downturn 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, 2023 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 Senior Management



Bowen S. Diehl

- Joined Capital Southwest in March 2014
- Former Co-Head of Sponsor Finance Group at American Capital
- 20+ years of investing experience in middle market debt and equity
- BE – Vanderbilt University. MBA – UT Austin
- Lives in Dallas with wife and three children



Michael S. Sarnier

- Joined Capital Southwest in June 2015
- Former SVP Treasurer at American Capital
- 20+ years of financial, treasury and BDC experience
- BA – James Madison. MBA – George Washington University
- Certified Public Accountant
- Lives in Dallas with wife and three children

CSWC Company Overview

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

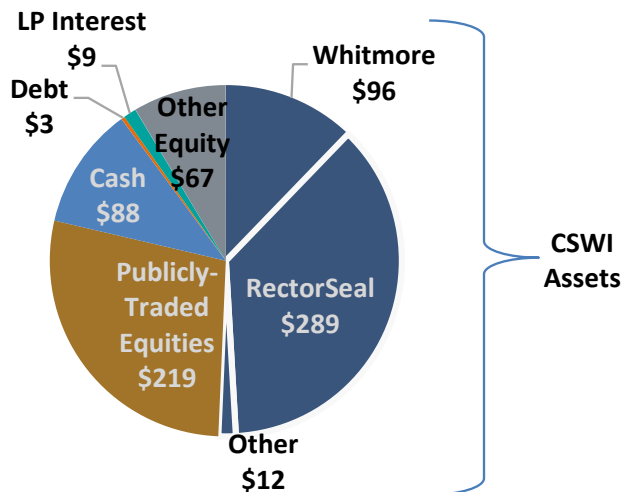
- CSWC was formed in 1961, and elected to be regulated as a BDC in 1988
- Publicly-traded on Nasdaq: Common Stock ("CSWC") and 7.75% Notes due 2028 ("CSWCZ")
- Internally Managed BDC with RIC tax treatment for U.S. federal income tax purposes
- 27 employees based in Dallas, Texas
- Total Balance Sheet Assets of \$1.4 B as of December 31, 2023
- Operate Capital Southwest SBIC I, LP, a wholly-owned subsidiary
- Maintain investment grade issuer ratings of Baa3 from Moody's and BBB- from Fitch

Pre-2015 Challenges

- Until spin off announcement, CSWC traded at a significant discount to NAV
 - Virtually 100% of CSWC's portfolio was invested in equity
 - There was significant concentration in two industrial companies, with very large embedded capital gains
 - Did not pay meaningful dividend

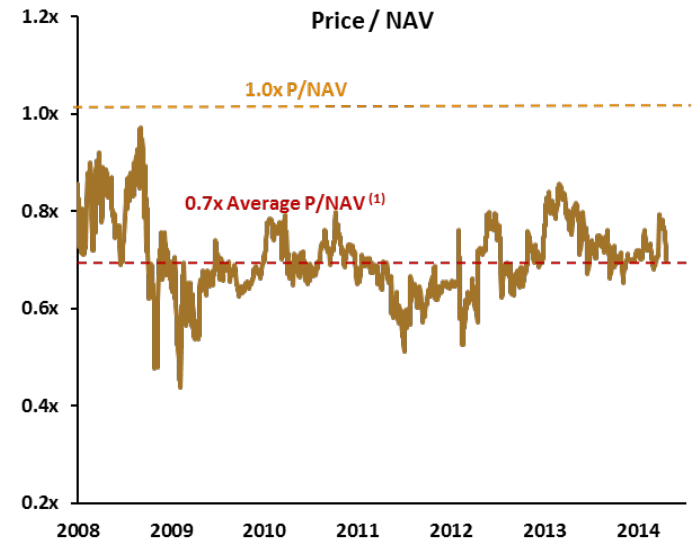
Asset Allocation – 6/30/14

(\$ in millions)



(1) Average P/NAV from 1/2/08 to 9/30/14

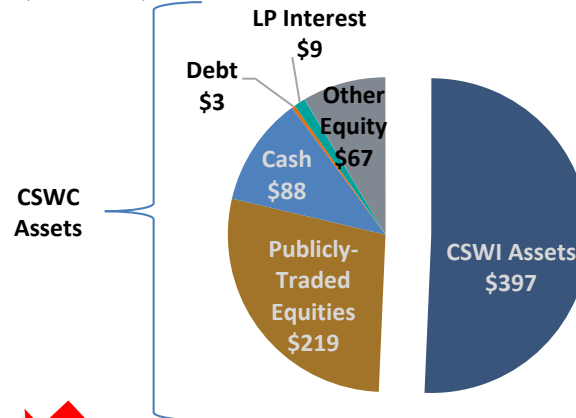
Significant Market Discount to NAV



Solution: 2015 Tax Free Spin of Industrial Assets

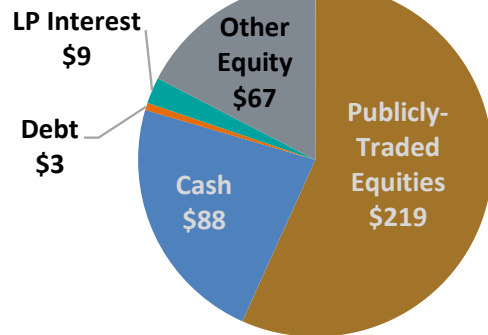
CSWC Pre-Spinoff - 6/30/14

(\$ in millions)



CSWC Portfolio - 6/30/2014 ⁽¹⁾

(\$ in millions)



CSW Industrials, Inc. ⁽²⁾

NASDAQ Ticker	CSWI
Market Cap	\$3.2 B
Debt	\$219.1 MM
Revenue	\$773.8 MM
EBITDA	\$186.5 MM
EBITDA Multiple	18.5x

(1) 6/30/2014 portfolio mix is pro forma for the spin off of the CSW Industrials companies

(2) Data from CapitalIQ on 1/25/2024

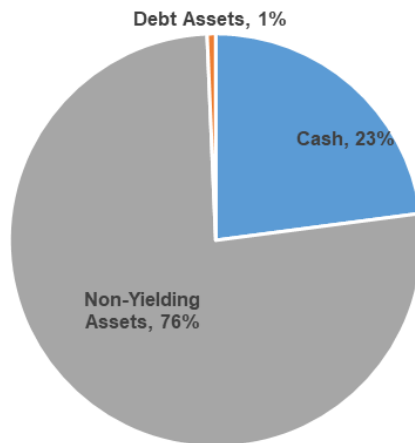
Portfolio Rotation to Income Generation

Since June 2014, CSWC transformed its investment portfolio from 1% in income earning assets to 89% as of December 2023

- Exited 24 pre-spin-off legacy portfolio equity investments, generating \$288 MM in proceeds
- Originated \$2.5 B in 145 middle-market portfolio companies on balance sheet
- Originated \$645 MM in 133 middle-market credits within I-45

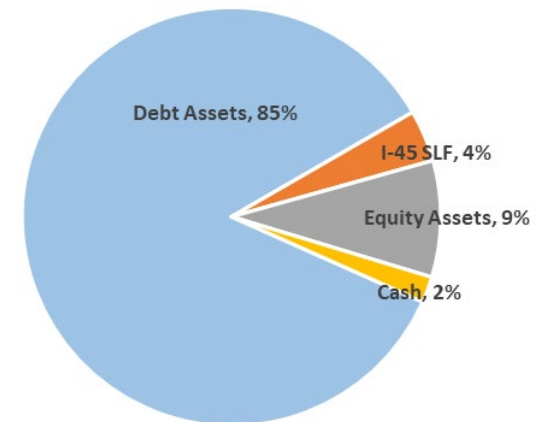
6/30/2014 (excl. CSWI Companies)

1% of Total Assets Generating Recurring Income



12/31/23 Investable Assets

89% of Total Assets Generating Recurring Income



Credit Investment Strategy

CORE: Lower Middle Market (“LMM”): CSWC led Deals

- Companies with EBITDA between \$3 MM and \$20 MM
- Typical leverage of 2.0x – 4.0x Debt to EBITDA through CSWC debt position
- Commitment size up to \$50 MM with hold sizes generally \$5 MM to \$35 MM
- Both sponsored and non-sponsored deals
- Floating rate first lien debt securities
- Frequently make equity co-investments alongside CSWC debt

OPPORTUNISTIC: Upper Middle Market (“UMM”): Club, First and Second Lien

- Companies typically have in excess of \$20 MM in EBITDA
- Typical leverage of 3.5x – 5.0x Debt to EBITDA through CSWC debt position
- Hold sizes generally \$5 MM to \$20 MM
- Floating rate first and second lien debt securities

Strong Investment & Capitalization Track Record

- Built investment and finance teams made up of people with long track records of investing in the middle market
 - ✓ Of the 27 employees, 25 joined CSWC since launching the middle market lending strategy
- **CSWC**: Invested \$2.5 B in 145 middle-market portfolio companies
 - ✓ 73 portfolio company exits generating proceeds of \$885 MM and a weighted average IRR of 13.9%
- **I-45 SLF**: Invested \$645 MM in 133 middle-market credits
 - ✓ 96 exits generating proceeds of \$470 MM and a weighted average IRR of 10.8%
- **Debt Capital**: Cumulatively raised approximately ~\$1 Bn of debt capital over last 9 years
 - ✓ Raised \$460 MM Senior Secured Credit Facility, consisting of a syndicate of ten banks
 - ✓ 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”)
- **Equity Capital**: Cumulatively raised over \$539 MM of equity capital over last 9 years
 - ✓ Raised \$480 MM in gross proceeds at an average price of \$20.61 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
- **Investment Grade Credit Rating**: Baa3 rating from Moody’s and BBB- from Fitch
- **Strong Value Creation**: Cumulative value creation of \$14.62 per share (Net Asset Value + Cumulative Dividends Paid) since 9/30/2015 spin-off
- **Strong Wall Street Following**: Active research coverage from seven firms

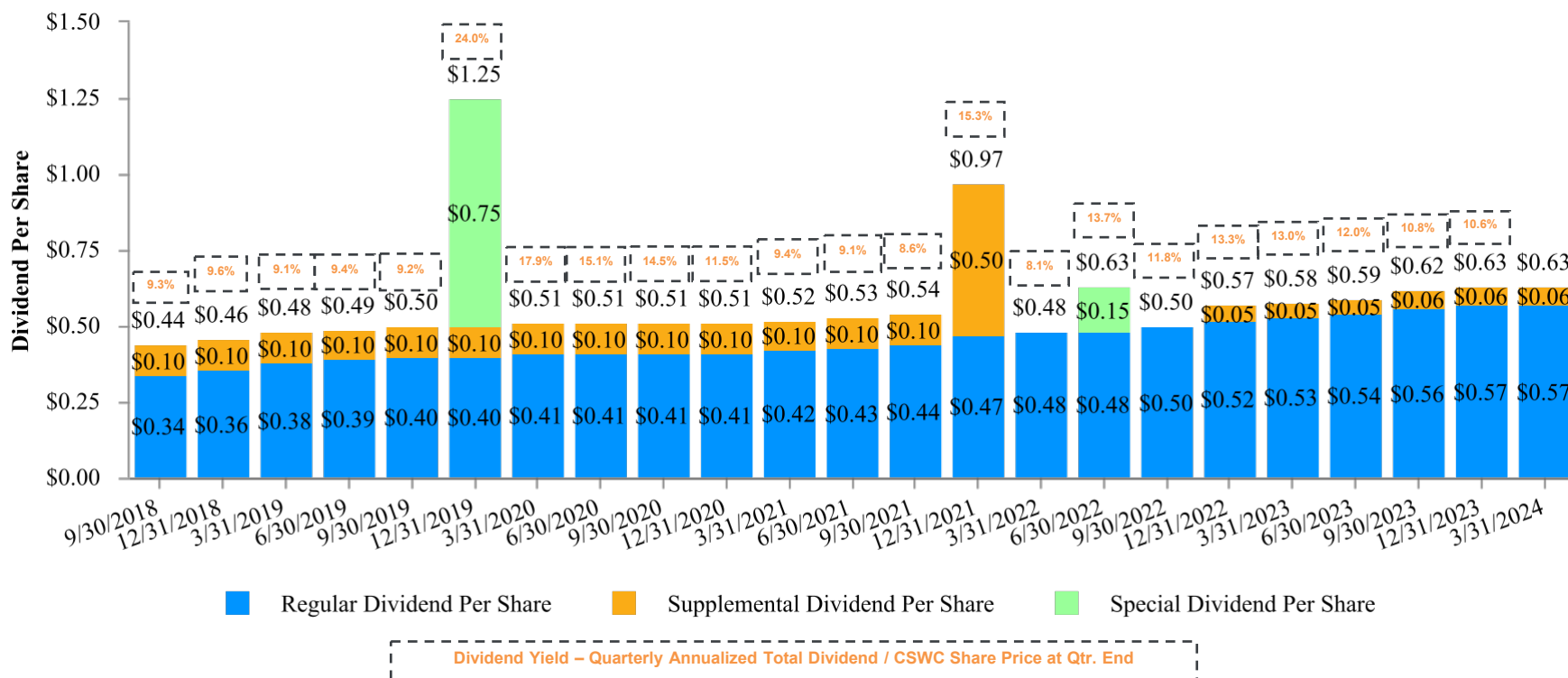
Q3 2024 Highlights

Financial Highlights

- Q3 2024 Pre-Tax Net Investment Income (“NII”) of \$29.8 MM or \$0.72 per share
- Declared Regular Dividend of \$0.57 per share for the quarter ending March 31, 2024
 - Declared Supplemental Dividend of \$0.06 per share for the quarter ending March 31, 2024
- Investment Portfolio at Fair Value increased to \$1.37 B from \$1.35 B in prior quarter
 - \$116.3 MM in total new committed investments to four new portfolio companies and twelve existing portfolio companies
 - \$79.0 MM in total proceeds from five debt prepayments and one equity exit generating realized gains of \$1.0 MM and a weighted average IRR of 12.2%
- Net Asset Value per share increased to \$16.77 per share as of December 31, 2023, compared to \$16.46 in prior quarter, an increase of 1.9%
- Raised \$66.5 MM in gross proceeds through Equity ATM Program during the quarter
 - Sold shares at weighted-average price of \$21.92 per share, or 133% of the prevailing NAV per share
- Regulatory Debt to Equity ended at 0.77x for the quarter
- Increased Credit Facility commitments to \$460 MM from \$435 MM during the quarter
- SBIC I received an additional leverage commitment in the amount of \$45 MM during the quarter
- \$309 MM of total availability and \$24 MM in cash and cash equivalents as of quarter end
 - \$264 MM available on Credit Facility and \$45 MM of SBA Debentures available to be drawn

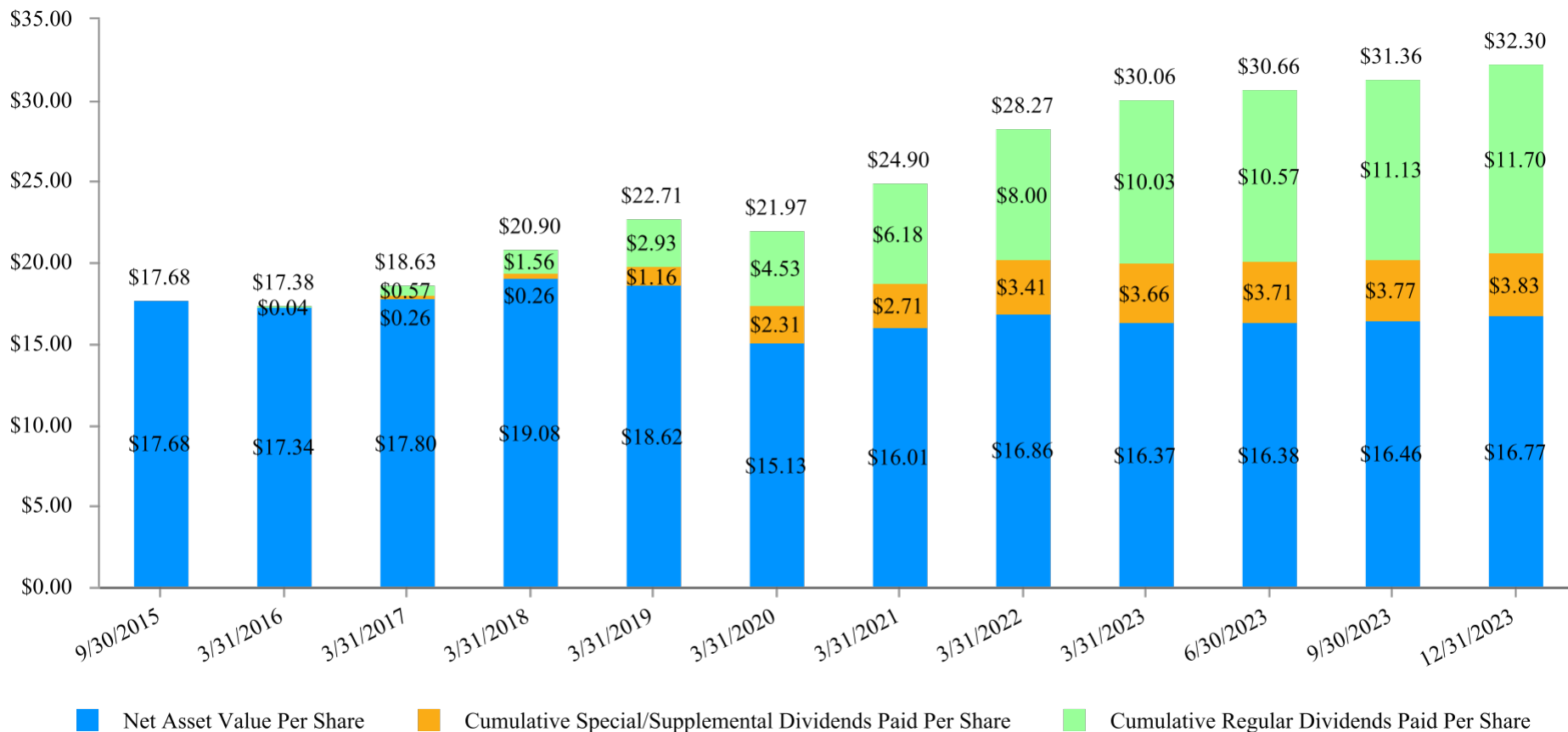
Track Record of Consistent Dividends Continues

- In the last twelve months ended 12/31/2023, CSWC generated \$2.71 per share in Pre-Tax NII and paid out \$2.20 per share in Regular Dividends
 - LTM Pre-Tax NII Regular Dividend Coverage of 123%
- Cumulative Pre-Tax NII Regular Dividend Coverage of 110% since launch of credit strategy in 2015
- Total of \$3.89 per share Special and Supplemental Dividends declared since launch of credit strategy in 2015
- Estimated Undistributed Taxable Income ("UTI") of \$0.52 per share as of December 31, 2023



History of Value Creation

Total Value (Net Asset Value + Cumulative Dividends Paid) Increase from Credit Strategy of \$14.62 per share through 12/31/2023



Q3 2024 Originations

\$116.3 MM in total new committed investments to four new portfolio companies and twelve existing portfolio companies

- \$93.3 MM funded at close

Portfolio Originations		Q3 2024				
Name	Industry	Type	Total Debt Funded at Close (\$000s)	Total Equity Funded at Close (\$000s)	Unfunded Commitments at Close (\$000s)	Debt Yield to Maturity
Mammoth BorrowCo, Inc.	Food, Agriculture & Beverage	First Lien / Equity	\$21,500	\$1,000	\$6,625	11.6%
Ignite Visibility LLC	Media & Marketing	First Lien / Equity	\$10,000	\$1,000	\$4,000	12.5%
CDC Dental Management Co., LLC	Healthcare Services	First Lien / Equity	\$11,000	\$1,000	\$2,000	13.9%
NeuroPsychiatric Hospitals, LLC	Healthcare Services	First Lien	\$12,988	\$—	\$—	13.8%
Undisclosed Portfolio Company	N/A	First Lien / Equity	\$5,000	\$1,000	\$6,600	12.3%
Air Conditioning Specialist, Inc.	Consumer Services	First Lien / Equity	\$9,670	\$534	\$2,250	13.0%
NinjaTrader, LLC	Financial Services	First Lien	\$7,717	\$—	\$—	12.8%
LGM Pharma	Healthcare Products	First Lien	\$5,000	\$—	\$1,500	14.3%
Guardian Fleet Services	Transportation & Logistics	First Lien / Equity	\$2,500	\$—	\$—	13.0%
USA Debusk	Industrial Services	First Lien	\$1,664	\$—	\$—	12.3%
ArborWorks, LLC	Environmental Services	First Lien	\$200	\$—	\$—	12.3%
Other Equity Co-Investments	Various	Equity	\$—	\$1,570	\$—	N/A
Total / Wtd. Avg			\$87,239	\$6,104	\$22,975	12.8%

Track Record of CSWC Exits Continues

\$79.0 MM in total proceeds from five debt prepayments and one equity exit

- During the quarter, CSWC exited five debt investments and one equity investment, generating proceeds of \$79.0 MM and a weighted average IRR of 12.2%
- Cumulative weighted average IRR of 13.9% on 73 portfolio company exits, generating \$885 MM in proceeds since launch of credit strategy in January 2015

Portfolio Exits		Q3 2024			
Name	Industry	Type	Total Proceeds (\$000s)	Realized Gain /(Loss) (\$000s)	IRR
Flip Electronics, LLC	Technology Products & Components	First Lien	\$34,664	\$515	13.5%
Shearwater Research, Inc.	Consumer Products & Retail	First Lien	\$13,539	\$169	10.9%
NWN Parent Holdings, LLC	Software & IT Services	First Lien	\$12,542	\$157	12.1%
SIB Holdings, LLC	Business Services	First Lien / Equity	\$12,566	\$91	10.8%
Camin Cargo Control, Inc.	Energy Services (Midstream)	First Lien	\$5,662	\$31	10.3%
Total / Wtd. Avg			\$78,973	\$963	12.2%

CSWC Investment Portfolio Composition

Maintaining appropriate portfolio leverage while receiving attractive risk-adjusted returns

Investment Portfolio - Statistics		
(in \$000's)	9/30/2023	12/31/2023
	Total CSWC Portfolio	Total CSWC Portfolio
Number of Portfolio Companies	94	95
Total Cost	\$1,280,155	\$1,289,106
Total Fair Value	\$1,300,144	\$1,310,837
Average Hold Size Debt Investments (at Fair Value)	\$13,553	\$13,741
Average Hold Size Equity Investments (at Fair Value)	\$2,052	\$2,082
% First Lien Investments (at Fair Value)	87.8%	87.5%
% Second Lien Investments (at Fair Value)	2.8%	2.6%
% Subordinated Debt Investments (at Fair Value)	0.1%	0.1%
% Equity (at Fair Value) ⁽¹⁾	9.3%	9.8%
Wtd. Avg. Yield on Debt Investments ⁽²⁾	13.5%	13.5%
Wtd. Avg. Yield on Total Investments ⁽³⁾	13.0%	13.7%
Wtd. Avg. EBITDA of Issuer (\$MM's) ⁽⁴⁾	\$20.0	\$19.1
Wtd. Avg. Leverage through CSWC Security ⁽⁵⁾	3.6x	3.6x

Note: All metrics above exclude the I-45 Senior Loan Fund

(1) At December 31, 2023 and September 30, 2023, we had equity ownership in approximately 65% and 63%, 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 December 31, 2023, 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 December 31, 2023 and September 30, 2023, eleven portfolio companies and ten 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 December 31, 2023 and September 30, 2023, eleven portfolio companies and ten 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 95% of all debt investments are currently rated a "1" or "2" as credit portfolio continues to demonstrate strong performance

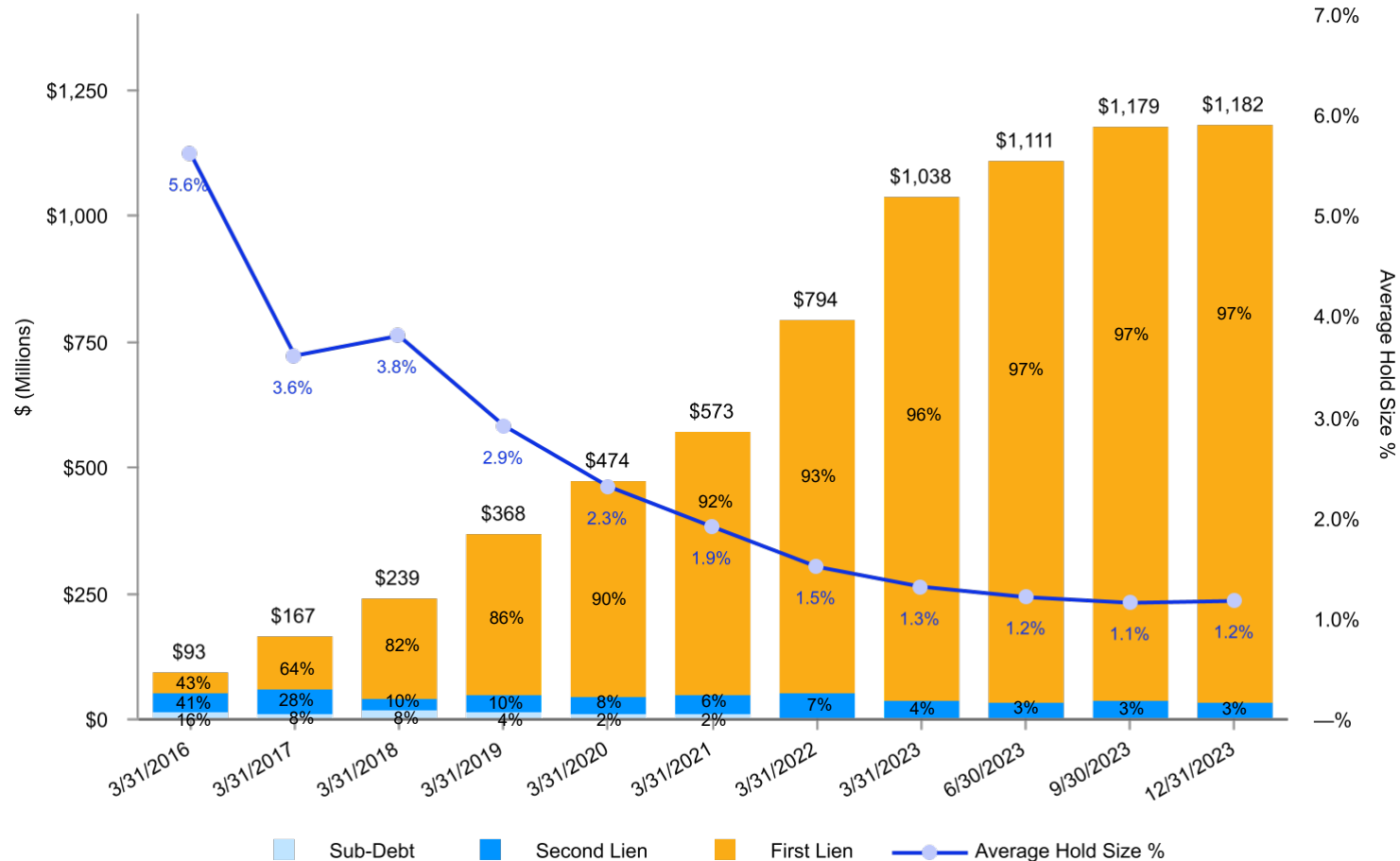
Investment Rating	9/30/2023			Investment Rating Upgrades			Investment Rating Downgrades			12/31/2023		
	# of Loans	Fair Value (\$MM)	% of Portfolio (FV)	# of Loans	Fair Value (\$MM)	% of Portfolio (FV)	# of Loans	Fair Value (\$MM)	% of Portfolio (FV)	# of Loans	Fair Value (\$MM)	% of Portfolio (FV)
1	12	\$162.9	13.8%	8	\$58.8	5.0%	—	\$—	—%	18	\$182.0	15.4%
2	99	\$980.1	83.1%	1	\$3.8	0.3%	—	\$—	—%	96	\$940.3	79.6%
3	4	\$29.5	2.5%	—	\$—	—%	2	\$31.4	2.7%	6	\$59.5	5.0%
4	1	\$6.6	0.6%	—	\$—	—%	—	\$—	—%	—	\$—	—%
Wtd. Avg. Investment Rating (at Cost)	1.92									1.91		

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 4, which indicates that the investment is performing materially below underwriting expectations.

Granular Credit Portfolio Heavily Weighted Towards First Lien Investments

97% of credit portfolio in first lien senior secured loans with an average investment hold size of 1.2% as of 12/31/23

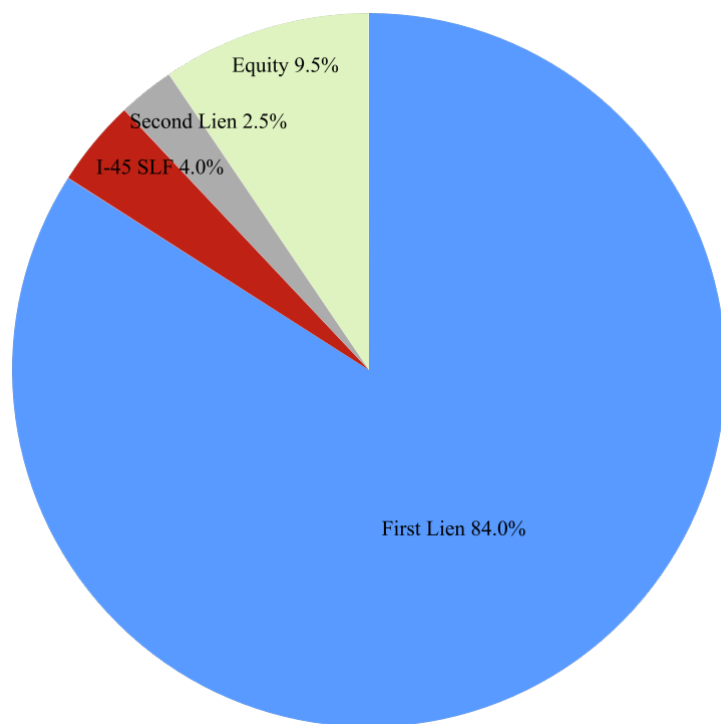
Credit Portfolio Heavily Weighted to First Lien



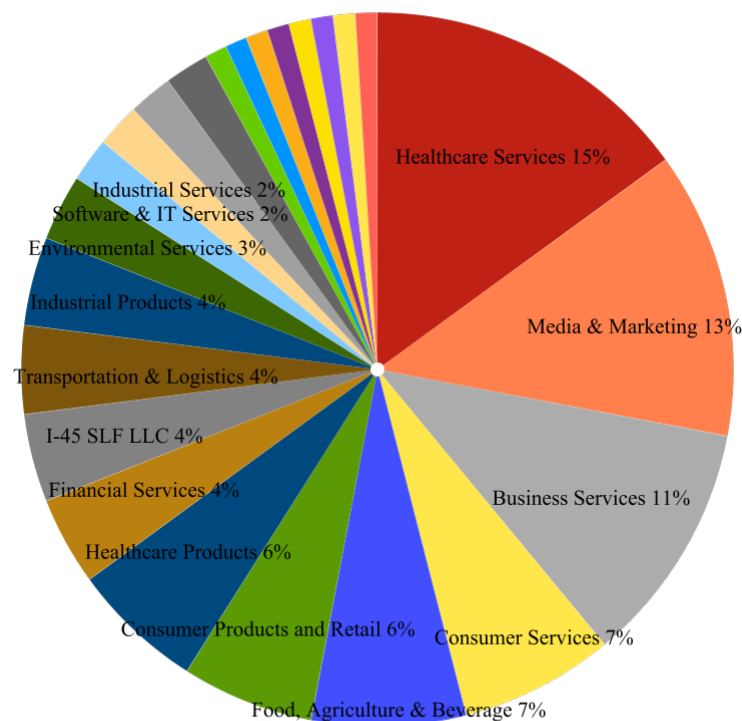
CSWC Portfolio Mix as of December 31, 2023 at Fair Value

Current Investment Portfolio of \$1.4 B continues to be diverse across industries

Current Investment Portfolio (By Type)



Current Investment Portfolio (By Industry)



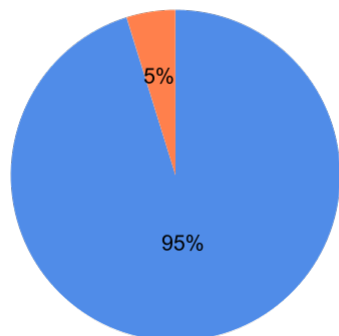
(Note 1) I-45 Senior Loan Fund ("I-45 SLF") consists of 95% first lien senior secured debt

(Note 2) Equity represents equity co-investments across 62 portfolio companies

I-45 Senior Loan Fund Portfolio Overview

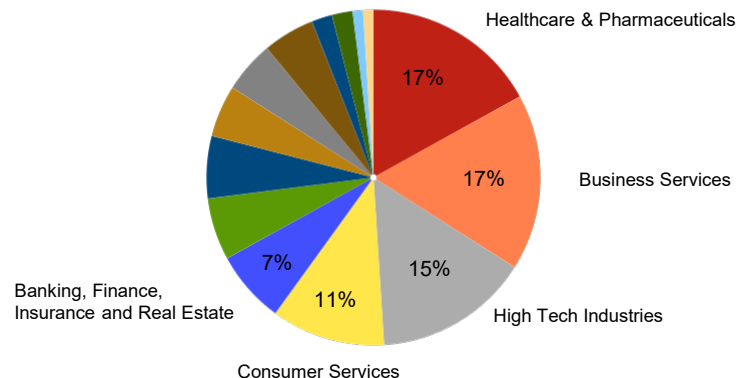
I-45 SLF loan portfolio of \$118 MM is 95% first lien senior secured debt

Current I-45 Portfolio (By Type)



■ First Lien ■ Non-First Lien

Current I-45 Portfolio (By Industry)



I-45 Portfolio Statistics				
(In Thousands)				
	<u>3/31/2023</u>	<u>6/30/2023</u>	<u>9/30/2023</u>	<u>12/31/2023</u>
Total Investments at Fair Value	\$143,712	\$131,723	\$132,123	\$118,218
Fund Leverage (Debt to Equity) at Fair Value	1.34x	1.20x	1.00x	0.77x
Number of Issuers	36	33	33	30
Wtd. Avg. Issuer EBITDA ⁽¹⁾	\$74,955	\$70,692	\$71,441	\$73,281
Avg. Investment Size as a % of Portfolio	2.8%	3.0%	3.0%	3.3%
Wtd. Avg. Net Leverage on Investments ⁽¹⁾⁽²⁾	4.8x	4.9x	5.0x	5.3x
Wtd. Avg. Spread to LIBOR / SOFR	6.3%	6.4%	6.4%	6.5%
Wtd. Avg. Duration (Yrs)	2.6	2.4	2.3	2.2

(1) For the quarter ended December 31, 2023, four portfolio companies are excluded from this calculation due to a reported debt to adjusted EBITDA ratio that was not meaningful

(2) Through I-45 SLF security

CSWC Capitalization

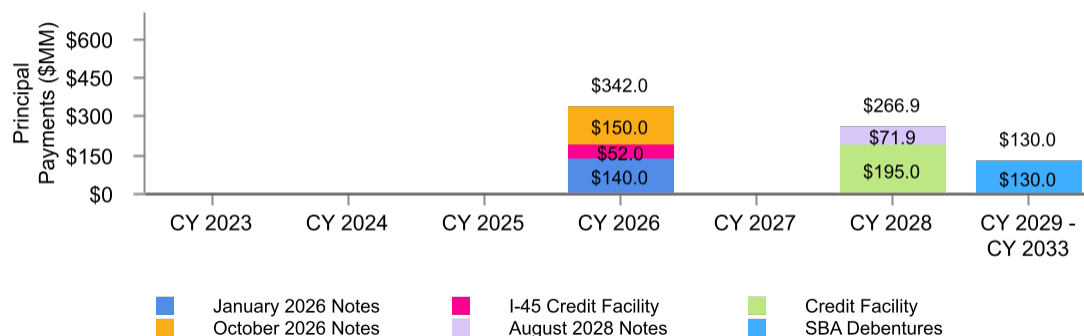
- \$460 MM Credit Facility: led by ING Capital (ten banks)
 - \$195 MM drawn as of 12/31/23
 - Matures August 2028; Adjusted Term SOFR + 215
- SBIC I: \$175 MM Leverage Commitment
 - \$130 MM in Debentures drawn as of 12/31/23
 - Current regulations permit SBIC I to borrow up to \$175 MM in SBA Debentures
- \$140 MM January 2026 Notes
 - Matures January 2026, 4.50% Fixed
- \$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
- Balance Sheet Cash: Approximately \$24 MM as of 12/31/23
- Regulatory Leverage (Debt/Equity): 0.77x to 1.00x
 - Well below the current 2:1 regulatory limitation

Significant Unused Debt Capacity with Long-Term Duration

Subsequent to quarter end, the I-45 Credit Facility was terminated and repaid in full at the option of the Joint Venture Partners

Facility	Total Commitments	Interest Rate	Maturity	Principal Drawn	Undrawn Commitment
January 2026 Notes ⁽¹⁾	\$140.0 MM	4.50%	January 2026	\$140.0 MM	N/A
I-45 Credit Facility	\$100.0 MM	Term SOFR + 2.41%	March 2026	\$52.0 MM	\$48.0 MM
Credit Facility	\$460.0 MM	Term SOFR + 2.15%	August 2028	\$195.0 MM	\$264.4 MM ⁽²⁾
October 2026 Notes ⁽³⁾	\$150.0 MM	3.375%	October 2026	\$150.0 MM	N/A
August 2028 Notes ⁽⁴⁾	\$71.9 MM	7.75%	August 2028	\$71.9 MM	N/A
SBA Debentures	\$175.0 MM	4.21% ⁽⁵⁾	September 2031 ⁽⁶⁾	\$130.0 MM	\$45.0 MM

Long-Term Debt Obligations (Calendar Year)



(1) Redeemable in whole or in part at any time prior to October 31, 2025, at par plus a "make whole" premium, and thereafter at par

(2) Net of \$0.6 MM in letters of credit outstanding

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

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

(5) Weighted average interest rate of all SBA Debentures for the three months ended December 31, 2023

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

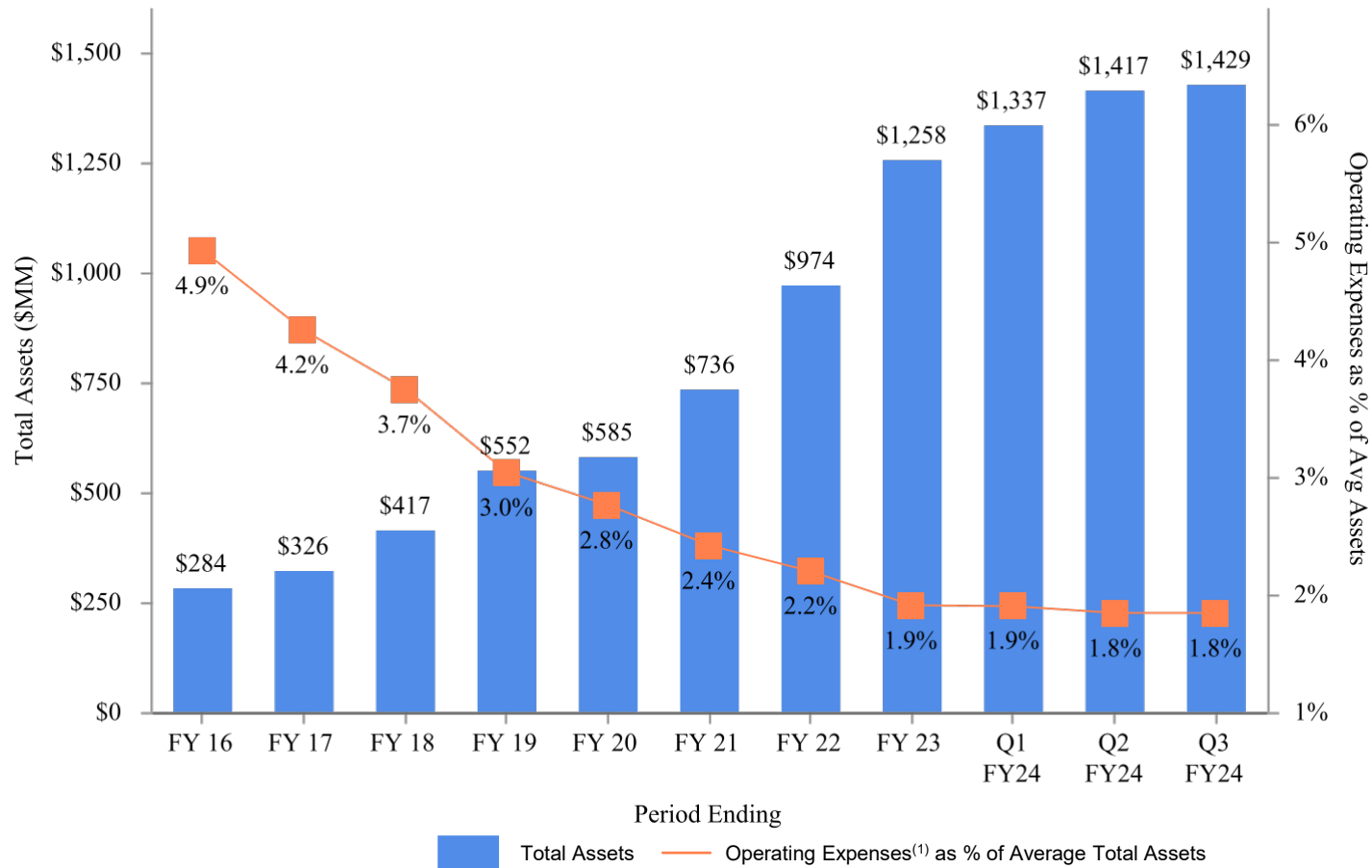
Internally Managed BDC Advantages

- 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
 - Incurs lower operating expenses versus the Externally Managed Structure
 - Average of 1.8%¹ for Internally Managed BDCs vs. 3.2%¹ for similarly sized Externally Managed BDCs
- Management is targeting a long-term operating expense ratio of less than 2.0% of assets
 - LTM Operating Leverage of 1.8% as of 12/31/23
 - 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

(1) Internally managed BDCs include MAIN and HTGC. Externally Managed BDCs include 13 BDCs with approximately \$999 MM - \$2.5 B of assets

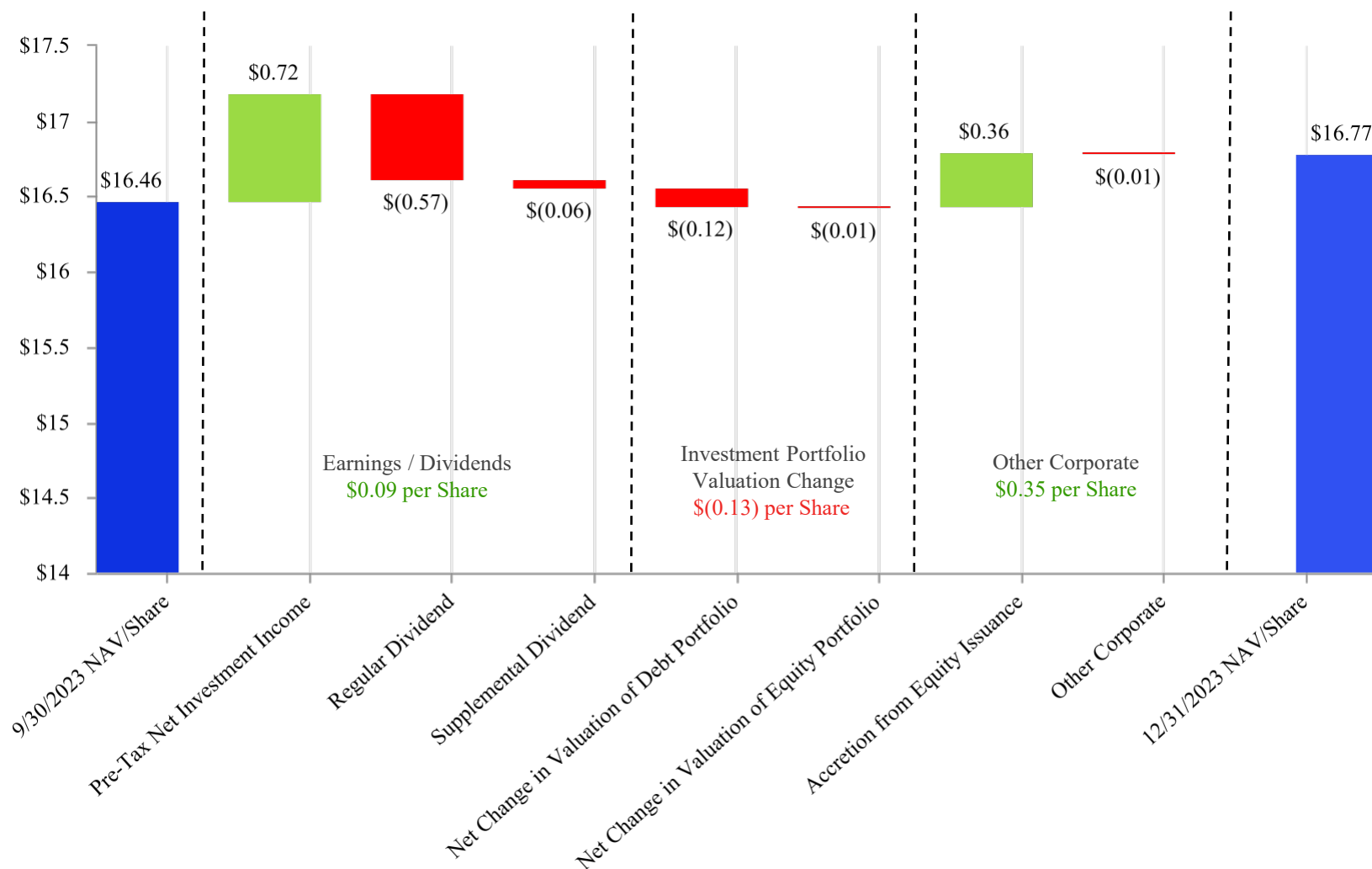
Operating Leverage Trend

Continuing to improve Operating Leverage through benefits of internally-managed structure



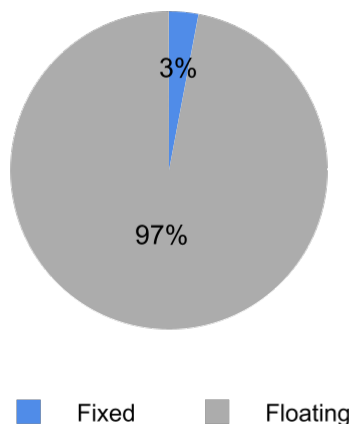
*Note: Operating Leverage calculated as last twelve months operating expenses (excluding interest expense) divided by average annual assets
 (1) Operating expenses exclude interest expense*

NAV per Share Bridge for Quarter Ended 12/31/2023



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)	(20,146,765)	(0.47)
(150 bps)	(15,110,074)	(0.35)
(100 bps)	(10,073,382)	(0.23)
(50 bps)	(5,036,691)	(0.12)
50 bps	5,036,691	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

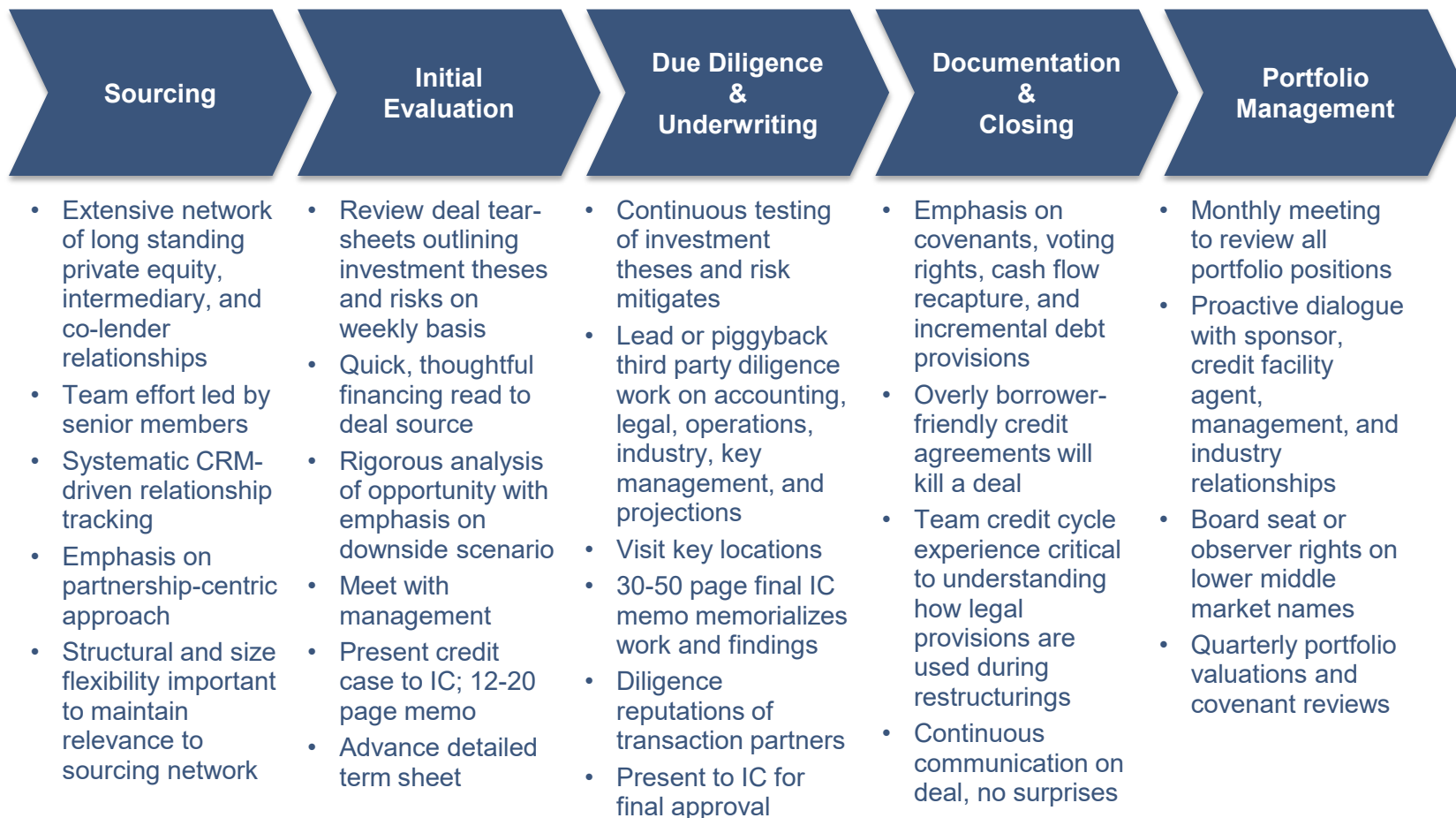
Name	Title	Years Experience	Year Joined CSWC	Relevant Experience
Bowen Diehl	Chief Executive Officer / CIO	28	2014	<ul style="list-style-type: none"> - Managing Director and Co-Head of Sponsor Finance at American Capital - Merrill Lynch Investment Banking - Chase Securities Investment Banking
Josh Weinstein	Senior Managing Director	23	2015	<ul style="list-style-type: none"> - Principal at H.I.G. WhiteHorse - VP at WhiteHorse Capital Partners - Analyst at Morgan Stanley and Citigroup
Ryan Kelly	Managing Director	17	2010	<ul style="list-style-type: none"> - Analyst at Houlihan Lokey
Grant Eason	Principal	13	2019	<ul style="list-style-type: none"> - VP at Stonehenge Capital Company - Analyst at Stephens, Inc.
Spencer Klein	Principal	11	2015	<ul style="list-style-type: none"> - Analyst at J.P. Morgan
Will Riley	Vice President	6	2019	<ul style="list-style-type: none"> - Associate at PricewaterhouseCoopers
Garrett Hancock	Vice President	9	2022	<ul style="list-style-type: none"> - Analyst at Capital One - Analyst at Wintrust Financial Corporation
Matthew Silvey	Vice President	7	2023	<ul style="list-style-type: none"> - Sr Associate at Stellus Management - Analyst at J.P. Morgan
Michael Bruley	Associate	4	2020	<ul style="list-style-type: none"> - Analyst at Rosewood Private Investments
Maggie Barbour	Associate	3	2021	<ul style="list-style-type: none"> - Analyst at Hudson Way Capital Partners
Brock Sutton	Associate	6	2023	<ul style="list-style-type: none"> - Associate at J.P. Morgan
David Evans	Analyst	2	2022	<ul style="list-style-type: none"> - Analyst at William C. Connor Investment Fund
Ryan Carricaburu	Analyst	2	2022	<ul style="list-style-type: none"> - Analyst at Crestline Investors Inc.
Priya Desai	Analyst	2	2023	<ul style="list-style-type: none"> - Analyst at Stephens

Appendix B: Underwriting & Portfolio Management

Disciplined Investment Process: Investment Criteria

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

Disciplined Process: Focus on Capital Preservation

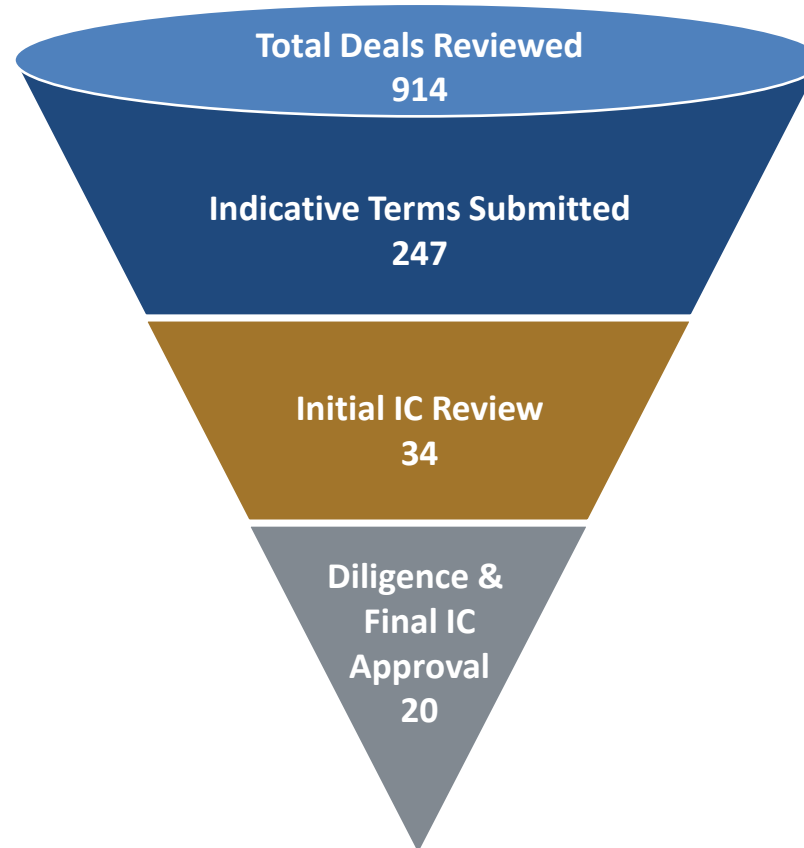


Consistent, Downside-Focused, Risk-Return Centric Credit Approach

LTM Deal Pipeline as of 12/31/23

914 deals reviewed, \$405.5 million closed in LTM ending 12/31/23

Lower Middle Market



**20 Portfolio Investments & 40 Add-Ons / Upsizes
\$405.5mm Invested**

CSWC Taps Into a Broad Network of Deal Sources

Private Equity



Intermediaries and Lending Partners



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 4 Investment Rating for each debt investment
 - 1 represents material outperformance, 4 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

CEO: Name 1 123.456.7891 Email: Email 1

CFO: Name 2 123.456.7890 Email: Email 2

Board of Directors: MD, VP, Associate

CWC Coverage:

Financial Update? Yes

Investment Summary

Security: Sub Debt

Closing Date: 6/1/2017

LIBOR Floor: n/a

Spread: 11.00%

First Frequency: Quarterly

OID: 98.00

Yield (Stated): 11.00%

Net Yield (YTM): 12.15%

Net Yield (to Maturity): 11.47%

Annualized Income (\$): \$250

Total Facility: \$25,000

CSWC: \$5,000

Net OID: \$4,900

Covenants: Tight, 1.4%

Restr. Covenant: First Charge

Accrual: \$7.0 aq line

Maturity: 6/1/2021

Ratings: n/a

Call Protection: 102 through 6/1/14
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

6/30/2017 \$5,000

9/30/2017 \$5,000

12/31/2016 \$5,000

9/30/2016 \$5,000

FM Value

6/30/2017 \$5,000

9/30/2017 \$5,000

12/31/2016 \$5,000

9/30/2016 \$5,000

Change

6/30/2017 \$0

9/30/2017 \$0

12/31/2016 \$0

9/30/2016 \$0

Unreal Gain

6/30/2017 \$0

9/30/2017 \$0

12/31/2016 \$0

9/30/2016 \$0

Investment Rating: 2

ASC 820 Hierarchy: Level 3

BIC Status: Qualifying

SBC Status: Qualifying

Business Mix: Non-Qualifying
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 \$54,399 \$46,793 \$44,179 \$50,005 5.8% (6.5%)

% Growth - - 2.3% 6.4% - 29.4% 19.4% - - -

Gross Profit \$30,189 \$30,339 \$30,420 \$30,511 \$34,314 \$36,688 \$31,330 \$29,524 \$33,742 6.1% (7.1%)

% Margin 66.8% 66.6% 66.5% 67.1% 67.2% 67.4% 67.0% 66.8% 67.3% 0.2% (0.4%)

Operating Expenses \$24,473 \$24,689 \$24,558 \$24,159 \$28,770 \$30,857 \$26,111 \$25,505 \$27,831 2.4% (6.2%)

% of Revenue 54.2% 54.2% 53.5% 53.1% 56.4% 56.6% 55.8% 57.7% 55.7% (1.8%) 0.2%

Adjusted EBITDA \$5,724 \$5,689 \$6,090 \$6,372 \$7,331 \$7,810 \$6,751 \$5,759 \$7,385 17.8% (8.8%)

% Margin 12.7% 12.4% 13.3% 13.9% 14.4% 15.3% 14.4% 12.8% 14.7% 1.4% (0.3%)

Covered EBITDA \$6,440 \$7,284 \$7,331

% Margin 14.1% 15.0% 14.4%

Free Cash Flow \$1,503 \$639 \$1,754 \$1,727 \$3,821 \$4,197 \$2,819 \$2,759 \$3,795 33.7%

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

Balance Sheet

Cash \$618 \$140 \$197 \$191 \$311 \$311 \$157 \$157 \$157

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

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

Other Assets \$9,305 \$9,400 \$10,381 \$14,132 \$14,132 \$14,132 \$14,132 \$14,132 \$14,132

Total Assets \$25,492 \$25,947 \$28,110 \$34,963 \$34,963 \$34,963 \$34,963 \$34,963 \$34,963

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

Senior Debt - America \$10,501 \$8,951 \$9,557 \$12,424 \$12,424 \$12,424 \$12,424 \$12,424 \$12,424

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

Senior Note \$0 \$650 \$4,351 \$4,901 \$4,901 \$4,901 \$4,901 \$4,901 \$4,901

Other Liabilities \$250 \$489 \$278 \$258 \$258 \$258 \$258 \$258 \$258

Equity \$15,844 \$24,841 \$20,011 \$27,159 \$27,159 \$27,159 \$27,159 \$27,159 \$27,159

Total Liabilities & Equity \$25,492 \$25,947 \$28,110 \$34,963 \$34,963 \$34,963 \$34,963 \$34,963 \$34,963

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 1.55x 1.40x 1.67x 1.39x

Net Total Debt / EBITDA 1.83x 1.55x 1.40x 1.67x 1.39x

Comments

> 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 expects to proceed with another mezzanine debt provider and CSWC is likely to be taken out sometime in September.

Notes

~ 2014 reflects actual results and do not include FF adjustments from the Q3 report.

~ Closing LTM reflects FF adjustments in the Q3 report.

~ 2014 results exclude FF adjustments for acquisitions completed during the period.

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 3/31/23	Quarter Ended 6/30/23	Quarter Ended 9/30/23	Quarter Ended 12/31/23
Assets				
Portfolio Investments	\$1,206,388	\$1,285,318	\$1,353,566	\$1,365,037
Cash & Cash Equivalents	21,585	21,278	23,020	23,605
Other Assets	29,711	30,407	40,327	40,845
Total Assets	\$1,257,684	\$1,337,003	\$1,416,913	\$1,429,487
Liabilities				
SBA Debentures	\$116,330	\$121,352	\$126,376	\$126,081
January 2026 Notes	139,051	139,135	139,220	139,304
October 2026 Notes	147,263	147,448	147,633	147,884
August 2028 Notes	—	69,327	69,438	69,566
Credit Facility	235,000	195,000	250,000	195,000
Other Liabilities	29,632	28,540	26,472	30,687
Total Liabilities	\$667,276	\$700,802	\$759,139	\$708,522
Shareholders Equity				
Net Asset Value	\$590,408	\$636,201	\$657,774	\$720,965
Net Asset Value per Share	\$16.37	\$16.38	\$16.46	\$16.77
Regulatory Debt to Equity	0.88x	0.87x	0.92x	0.77x

Income Statement

<i>(In Thousands, except per share amounts)</i>	Quarter Ended 3/31/23	Quarter Ended 6/30/23	Quarter Ended 9/30/23	Quarter Ended 12/31/23
Investment Income				
Interest Income	\$31,622	\$34,819	\$37,955	\$37,841
PIK Interest Income	1,870	1,656	1,526	4,073
Dividend Income	2,207	2,703	2,484	4,672
Fees and Other Income	1,493	1,183	812	1,980
Total Investment Income	\$37,192	\$40,361	\$42,777	\$48,566
Expenses				
Cash Compensation	\$2,693	\$2,510	\$2,333	\$3,919
Share Based Compensation	832	963	1,236	1,188
General & Administrative	2,091	2,204	2,316	2,220
Total Expenses (excluding Interest)	\$5,616	\$5,677	\$5,885	\$7,327
Interest Expense	\$8,823	\$9,681	\$10,481	\$11,473
Pre-Tax Net Investment Income	\$22,753	\$25,003	\$26,411	\$29,766
Gains / Losses and Taxes				
Net Realized and Unrealized Losses	\$(4,228)	\$(744)	\$(4,209)	\$(5,375)
Realized Loss on Extinguishment of Debt	—	—	(361)	—
Income Tax (Expense) / Benefit	(349)	(447)	783	(907)
Net increase in Net Assets Resulting from Operations	\$18,176	\$23,812	\$22,624	\$23,484
Weighted Average Diluted Shares Outstanding	35,244	37,598	39,698	41,514
Pre-Tax NII Per Diluted Weighted Average Share	\$0.65	\$0.67	\$0.67	\$0.72
Net Increase in Net Assets Per Dil. Wtd. Average Share	\$0.52	\$0.63	\$0.57	\$0.57

Portfolio Statistics

Continuing to build a well performing credit portfolio

<i>(In Thousands)</i>	Quarter Ended 3/31/23	Quarter Ended 6/30/23	Quarter Ended 9/30/23	Quarter Ended 12/31/23
Portfolio Statistics				
Fair Value of Debt Investments	\$1,037,595	\$1,110,915	\$1,179,074	\$1,181,737
Average Debt Investment Hold Size	\$13,303	\$13,548	\$13,553	\$13,741
Fair Value of Debt Investments as a % of Par	96%	97%	97%	97%
% of Investment Portfolio on Non-Accrual (at Fair Value)	0.3%	1.7%	2.0%	2.2%
Weighted Average Investment Rating ⁽¹⁾	1.93	1.91	1.92	1.91
Weighted Average Yield on Debt Investments	12.78%	12.94%	13.50%	13.53%
Fair Value of All Portfolio Investments	\$1,206,388	\$1,285,318	\$1,353,566	\$1,365,037
Weighted Average Yield on all Portfolio Investments	12.11%	12.64%	12.97%	13.74%
Investment Mix (Debt vs. Equity) ⁽²⁾⁽³⁾	90% / 10%	90% / 10%	90% / 10%	90% / 10%

(1) CSWC utilizes an internal 1 - 4 investment rating system in which 1 represents material outperformance and 4 represents material underperformance. All new investments are initially set to 2. Weighted average investment rating is calculated at cost.

(2) Excludes CSWC equity investment in I-45 SLF

(3) At Fair Value

Investment Income Detail

Constructing a portfolio of investments with recurring cash yield

(In Thousands)	Quarter Ended 3/31/23	Quarter Ended 6/30/23	Quarter Ended 9/30/23	Quarter Ended 12/31/23
Investment Income Breakdown				
Cash Interest	\$30,712	\$33,703	\$36,588	\$36,743
Cash Dividends	2,208	2,703	2,484	4,672
PIK Income	1,869	1,656	1,526	4,073
Amortization of Purchase Discounts and Fees	969	1,172	1,447	1,292
Management/Admin Fees	369	380	401	467
Prepayment Fees & Other Income	1,065	747	331	1,319
Total Investment Income	\$37,192	\$40,361	\$42,777	\$48,566
Key Metrics				
Cash Income as a % of Investment Income ⁽¹⁾	95%	96%	96%	92%
% of Total Investment Income that is Recurring	97%	98%	99%	93%

(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 3/31/23	Quarter Ended 6/30/23	Quarter Ended 9/30/23	Quarter Ended 12/31/23
Key Financial Metrics				
Pre-Tax Net Investment Income Per Wtd Avg Diluted Share	\$0.65	\$0.67	\$0.67	\$0.72
Pre-Tax Net Investment Income Return on Equity (ROE) ⁽¹⁾	15.89%	16.25%	16.25%	17.42%
Realized Earnings Per Wtd Avg Diluted Share	\$0.65	\$0.31	\$0.69	\$0.51
Realized Earnings Return on Equity (ROE) ⁽¹⁾	15.91%	7.65%	16.75%	12.30%
Earnings Per Wtd Avg Diluted Share	\$0.52	\$0.63	\$0.57	\$0.57
Earnings Return on Equity (ROE) ⁽¹⁾	12.69%	15.48%	13.92%	13.75%
Regular Dividends per Share	\$0.53	\$0.54	\$0.56	\$0.57
Supplemental / Special Dividends per Share	\$0.05	\$0.05	\$0.06	\$0.06
Total Dividends per Share	\$0.58	\$0.59	\$0.62	\$0.63

(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

Bowen S. Diehl

Independent Directors

David R. Brooks

Christine S. Battist

Jack D. Furst

William R. Thomas

Ramona Rogers-Windsor

Senior Management

Bowen S. Diehl

President & Chief Executive Officer

Michael S. Sarner

Chief Financial Officer, Secretary & Treasurer

Joshua S. Weinstein

Senior Managing Director

Fiscal Year End

March 31

Independent Auditor

RSM US LLP
Chicago, IL

Corporate Counsel

Eversheds Sutherland (US) LLP

Transfer Agent

American Stock Transfer & Trust Company, LLC

800-937-5449

www.astfinancial.com

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

Securities Listing

Nasdaq: "CSWC" (Common Stock)

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

Industry Analyst Coverage

Firm	Analyst	Contact Information
Ladenburg Thalmann & Co., Inc.	Mickey M. Schleien, CFA	Direct: 305-572-4131
JMP Securities, LLC	Devin Ryan	Direct: 415-835-8900
Hovde Group	Erik Zwick	Direct: 617-510-1239
Jefferies, LLC	Kyle Joseph	Direct: 510-418-0754
Raymond James & Associates	Robert Dodd	Direct: 901-579-4560
Oppenheimer & Co., Inc.	Mitchel Penn	Direct: 212-667-7136
UBS Securities, LLC	Vilas Abraham	Direct: 212-713-3241