



*Capital Southwest Corporation*

# *Q4 2022 Earnings Presentation*

May 23, 2022

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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; 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 uncertainties associated with the continued impact from the COVID-19 pandemic, including its impact on the global and U.S. capital markets and the global and U.S. economy, the length and duration of the COVID-19 outbreak in the United States as well as worldwide and the magnitude of the economic impact of that outbreak, the effect of the COVID-19 pandemic on our business prospects and the operational and financial performance of our portfolio companies, including our and their ability to achieve their respective objectives, and the effects of the disruptions caused by the COVID-19 pandemic on our ability to continue to effectively manage our business.
- 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, 2022 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.

# ***Conference Call Participants***

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***Bowen S. Diehl***

***President and Chief Executive Officer***

***Michael S. Sarner***

***Chief Financial Officer***

***Chris Rehberger***

***VP Finance / Treasurer***

# 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”)
- Internally managed BDC with RIC tax treatment for U.S. federal income tax purposes
- September 2015: completed tax free spin off of CSW Industrials ("Spin Off") (NASDAQ; "CSWI")
- April 2021: received SBIC license from the U.S. Small Business Administration
- 24 employees based in Dallas, Texas
- Total Balance Sheet Assets of \$974 MM as of March 31, 2022
- Manage I-45 Senior Loan Fund (“I-45 SLF”) in partnership with Main Street Capital Corporation (NYSE: “MAIN”)

# Fiscal Year 2022 Highlights

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## Financial Highlights

- 18% FY 2022 Total Return to Shareholders
  - \$2.52 in total dividends per share paid during the year
- NAV per share increased to \$16.86 from \$16.01 in prior year, an increase of 5%
- Investments at Fair Value of \$937 MM compared to \$688 MM in prior year, an increase of 36%
- Pre-Tax Net Investment Income increased to \$1.90 per share from \$1.79 per share in prior year, an increase of 6%
- Paid Regular Dividends of \$1.82 compared to \$1.65 in prior year, an increase of 10%
- Strengthened Balance Sheet through capital raising activities
  - Raised \$150.0 MM in gross proceeds of 3.375% Unsecured Notes
  - Raised \$99.6 MM in gross proceeds through Equity ATM Program at an average of 158% of the prevailing NAV per share
- Began operations within our wholly-owned SBIC subsidiary (Capital Southwest SBIC I)
  - Contributed \$40 MM in equity capital and received leverage approval of \$80 MM from the SBA
- Operating Leverage<sup>(1)</sup> decreased to 2.2% as of 3/31/22 from 2.4% as of 3/31/21

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

# Q4 2022 Highlights

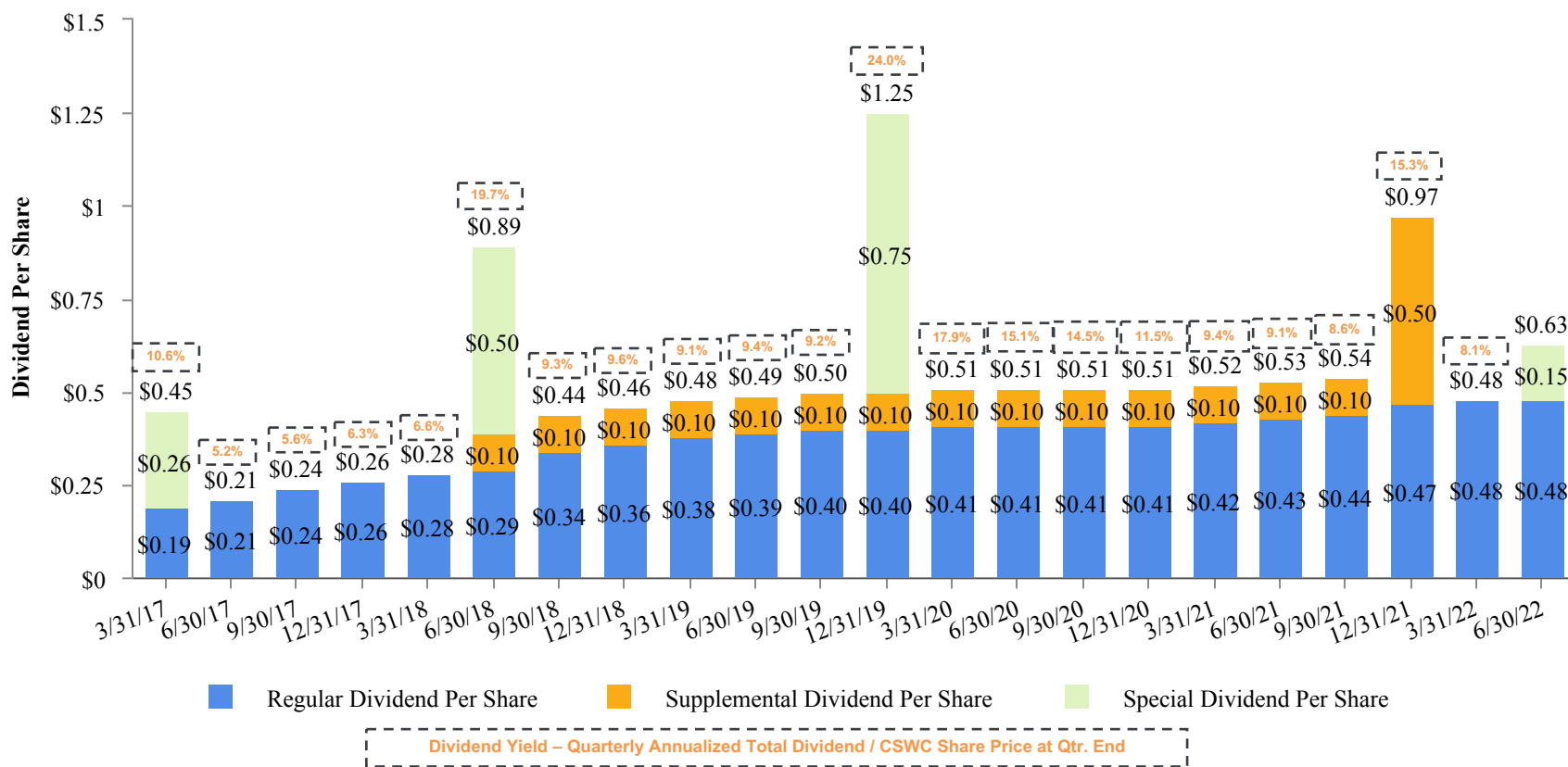
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## Financial Highlights

- Q4 2022 Pre-Tax Net Investment Income (“NII”) of \$12.0 MM or \$0.50 Per Share
- Paid \$0.48 per share Regular Dividend for the quarter ended March 31, 2022
  - Announced Regular Dividend of \$0.48 per share and declared \$0.15 per share Special Dividend for the quarter ending June 30, 2022
- Investment Portfolio at Fair Value increased to \$936.6 MM from \$876.8 MM in Prior Quarter
  - \$102.8 MM in total new committed investments
  - \$49.2 MM in total proceeds from four debt prepayments
  - \$7.7 MM in net realized and unrealized gains on the portfolio
- Raised \$25.2 MM in gross proceeds through Equity ATM Program during the quarter
  - Sold shares at average price of \$24.27, or 150% of the prevailing NAV per share
- \$126.3 MM Available on Credit Facility, \$40.0 MM available on SBA leverage commitment to SBIC I, and \$11.4 MM in cash and cash equivalents as of quarter end

# Track Record of Consistent Dividends Continues

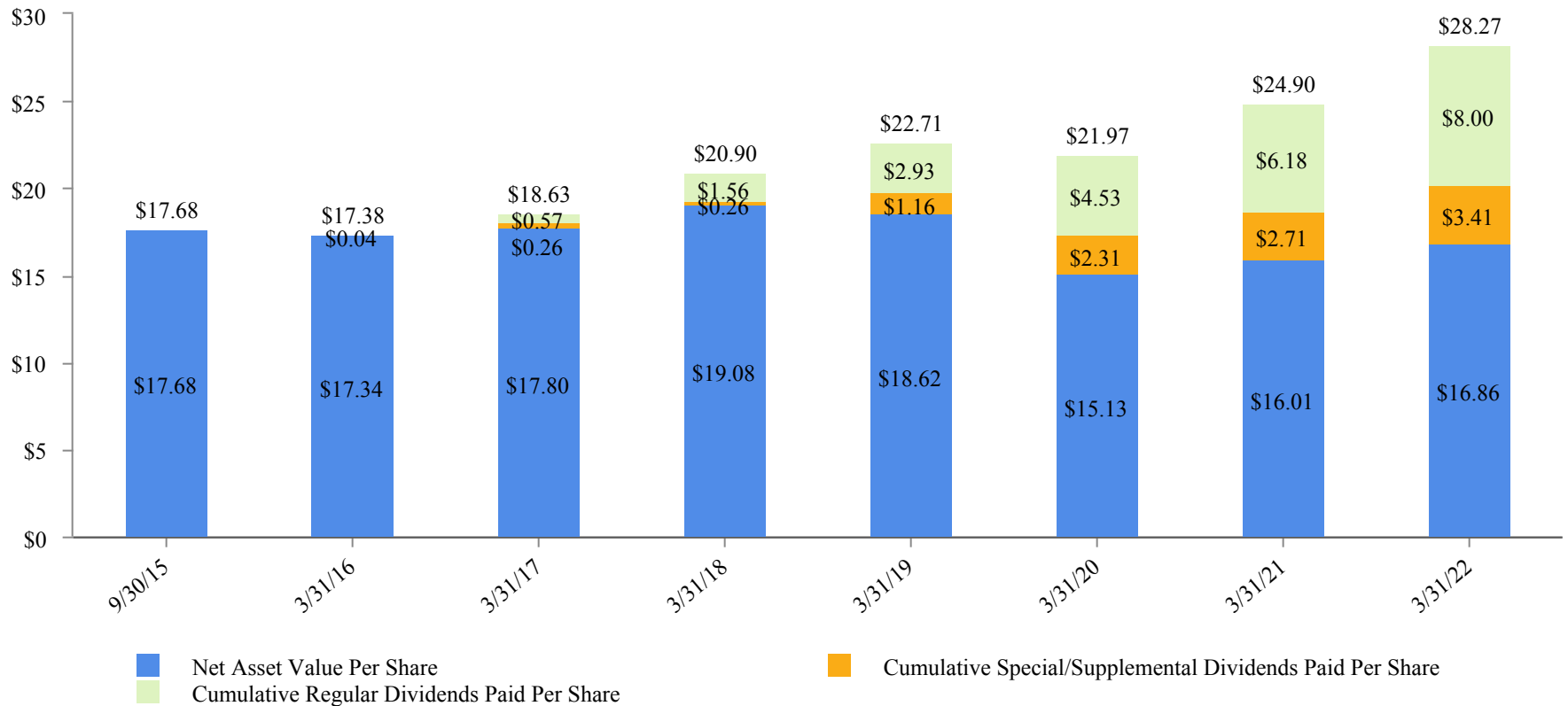
- In the Last Twelve Months Ending 3/31/22, CSWC generated \$1.90 per share in Pre-Tax NII and paid out \$1.82 per share in Regular Dividends
- Cumulative Pre-Tax NII Regular Dividend Coverage of 107% since the 2015 Spin-Off
- Total Special and Supplemental Dividends of \$3.41 per share since the 2015 Spin-Off
- Undistributed Taxable Income ("UTI") of \$0.47 per share as of March 31, 2022





# History of Value Creation

**Total Value (Net Asset Value + Cumulative Dividends Paid) Increase of \$10.59 at 3/31/22 from 9/30/15 Spin-off of CSWI**



# Two Pronged Investment Strategy

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## **CORE: Lower Middle Market (“LMM”): CSWC led or Club 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 \$35 MM with hold sizes generally \$5 MM to \$35 MM
- Both Sponsored and Non-sponsored deals
- Securities include first lien, unitranche, and second lien
- Frequently make equity co-investments alongside CSWC debt

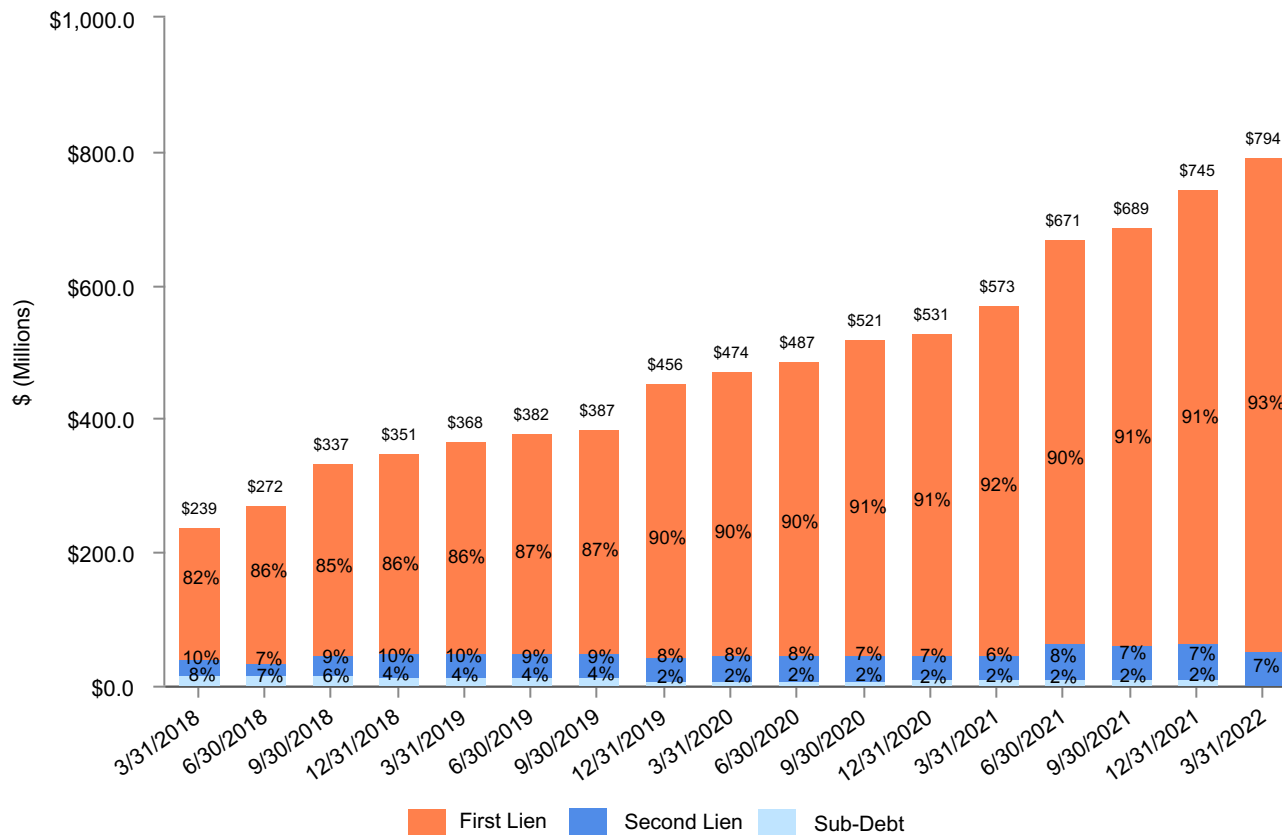
## **OPPORTUNISTIC: Upper Middle Market (“UMM”): Syndicated or Club, First and Second Lien**

- Companies typically have in excess of \$20 MM in EBITDA
- Typical leverage of 3.0x – 5.5x Debt to EBITDA through CSWC debt position
- Hold sizes generally \$5 MM to \$20 MM
- Floating rate first and second lien debt securities
- More liquid assets relative to LMM investments
- Provides flexibility to invest/divest opportunistically based on market conditions and liquidity position

# Credit Portfolio Heavily Weighted Towards First Lien Investments

93% of Credit Portfolio as of 3/31/22 in first lien senior secured loans

## Credit Portfolio Heavily Weighted to First Lien



# Q4 2022 Originations

**\$102.8 MM in total new committed investments to three new portfolio companies and ten existing portfolio companies**

- \$70.0 MM funded at close

Portfolio Originations			Q4 2022				
Name	Industry	Type	Total Debt Funded at Close (\$000s)	Total Equity Funded at Close (\$000s)	Unfunded Commitments at Close (\$000s) <sup>(1)</sup>	Debt Spread	Debt Yield to Maturity
American Nuts Operations LLC	Food, agriculture and beverage	First Lien	\$24,900	\$0	\$0	7.75%	9.25%
Zips Car Wash, LLC <sup>(2)</sup>	Consumer services	First Lien	\$0	\$0	\$20,000	7.25%	8.75%
ATS Operating, LLC (dba America's Thrift Store)	Consumer products & retail	First Lien / Equity	\$18,500	\$1,000	\$2,500	6.50%	8.00%
GS Operating, LLC (dba Gexpro)	Distribution	First Lien	\$9,427	\$0	\$6,573	6.00%	7.25%
Cadmium, LLC	Software & IT services	First Lien	\$7,385	\$0	\$615	7.00%	8.88%
Flip Electronics, LLC	Technology products & components	First Lien	\$2,255	\$0	\$2,818	7.50%	9.00%
Air Conditioning Specialist, Inc.	Consumer services	First Lien / Equity	\$3,800	\$124	\$0	7.25%	8.75%
National Credit Care, LLC	Consumer services	Equity	\$0	\$2,000	\$0	N/A	N/A
Delphi Behavioral Health Group, LLC	Healthcare services	First Lien	\$439	\$0	\$0	11.50%	13.00%
RTIC Subsidiary Holdings, LLC	Consumer products & retail	First Lien	\$0	\$0	\$274	7.75%	9.50%
Trafera, LLC	Technology products & components	Unsecured Convertible Note	\$82	\$0	\$0	10.00%	10.00%
GammaTech, Inc.	Software & IT services	Equity	\$0	\$56	\$0	N/A	N/A
ASC Ortho Management Company, LLC	Healthcare services	Equity	\$0	\$51	\$0	N/A	N/A
<b>Total / Weighted Average</b>			<b>\$66,788</b>	<b>\$3,231</b>	<b>\$32,780</b>	<b>7.06%</b>	<b>8.57%</b>

(1) Unfunded Commitments consist of \$27.9 MM in delayed draw term loans and \$4.9 MM in revolvers

(2) CSWC has funded \$16.2 MM as of 3/31/22

# Track Record of CSWC Exits Continues

## \$49.2 MM in total proceeds from four debt prepayments

- During the quarter, CSWC received four debt prepayments generating total proceeds of \$49.2 MM and weighted average IRR of 12.9%
- Cumulative IRR of 14.4% on 60 portfolio company exits generating \$694.4 MM in proceeds since spin-off in September 2015

Portfolio Prepayments Q4 2022					
Name	Industry	Type	Net Proceeds (\$000)	Realized Gain/Loss (\$000s)	IRR
American Nuts Operations LLC	Food, agriculture and beverage	First Lien	\$18,648	\$131	12.6%
Alliance Sports Group, L.P.	Consumer products & retail	Subordinated Debt	\$11,521	\$45	13.1%
Allover Media, LLC	Media, marketing & entertainment	First Lien	\$11,267	\$225	14.7%
GS Operating, LLC (dba Gexpro)	Distribution	First Lien	\$7,742	\$111	10.4%
<b>Total / Weighted Average</b>			<b>\$49,178</b>	<b>\$512</b>	<b>12.9%</b>

# CSWC Portfolio Asset Mix by Market

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

Investment Portfolio - Statistics		Q4 2022	
<i>(in \$000's)</i>		12/31/2021	3/31/2022
		Total CSWC Portfolio	Total CSWC Portfolio
Number of Portfolio Companies		70	72
Total Cost		\$810,800	\$862,303
Total Fair Value		\$819,176	\$879,011
Average Hold Size Debt Investments (at Fair Value)		\$11,820	\$12,213
Average Hold Size Equity Investments (at Fair Value)		\$1,910	\$2,078
% First Lien Investments (at Fair Value)		82.9%	84.2%
% Second Lien Investments (at Fair Value)		6.5%	6.0%
% Subordinated Debt Investments (at Fair Value)		1.5%	0.1%
% Equity (at Fair Value) <sup>(1)</sup>		9.1%	9.7%
Wtd. Avg. Yield <sup>(2)</sup>		9.5%	9.3%
Wtd. Avg. EBITDA of Issuer (\$MM's) <sup>(3)</sup>		\$19.6	\$20.9
Wtd. Avg. Leverage through CSWC Security <sup>(4)</sup>		3.9x	4.0x

Note: All metrics above exclude I-45 SLF

(1) At March 31, 2022 and December 31, 2021, we had equity ownership in approximately 57% and 56%, 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 March 31, 2022, including accretion of original issue discount but excluding fees payable upon repayment of the debt instruments. As of March 31, 2022, there were three investments on non-accrual status. As of December 31, 2021, there were three investments on non-accrual status. Weighted-average annual effective yield is not a return to shareholders and is higher than what an investor in shares in our common stock will realize on its investment because it does not reflect our expenses or any sales load paid by an investor.

(3) Includes CSWC debt investments only. Weighted average EBITDA metric is calculated using investment cost basis weighting. For the quarter ended March 31, 2022, three portfolio companies are excluded from this calculation due to a reported debt to adjusted EBITDA ratio that was not meaningful. For the quarter ended December 31, 2021, three portfolio companies are excluded from this calculation due to a reported debt to adjusted EBITDA ratio that was not meaningful

(4) 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. Management uses this metric as a guide to evaluate relative risk of its position in each portfolio debt investment. For the quarter ended March 31, 2022, three portfolio companies are excluded from this calculation due to a reported debt to adjusted EBITDA ratio that was not meaningful. For the quarter ended December 31, 2021, three portfolio companies are excluded from this calculation due to a reported debt to adjusted EBITDA ratio that was not meaningful

# Quarter-over-Quarter Investment Rating Migration

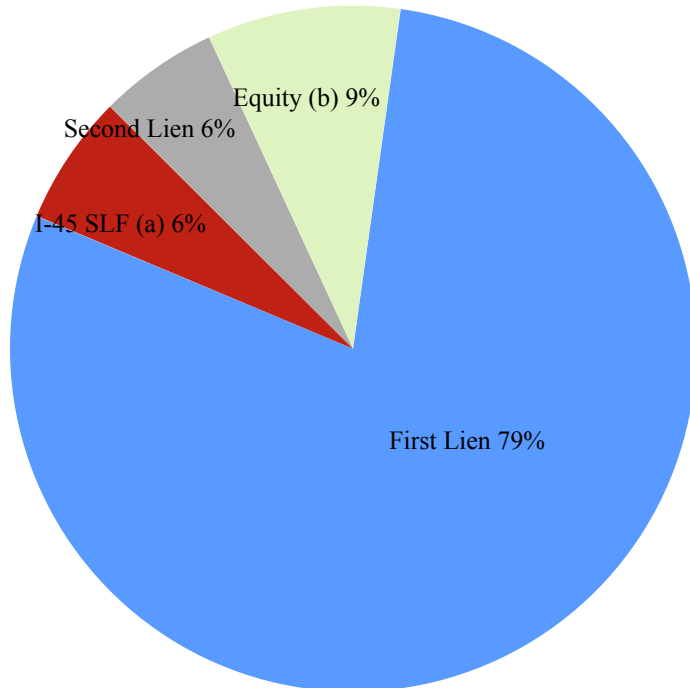
Over 95% of all debt investments are currently rated a "1" or "2" as credit portfolio continues to demonstrate strong performance

Investment Rating	12/31/2021			Investment Rating Upgrades			Investment Rating Downgrades			3/31/2022		
	# 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	8	\$129.5	17.4%	—	\$—	—%	—	\$—	—%	7	\$124.2	15.6%
2	60	\$580.6	78.0%	—	\$—	—%	—	\$—	—%	64	\$632.7	79.7%
3	5	\$34.4	4.6%	—	\$—	—%	1	\$2.2	0.3%	6	\$36.6	4.6%
4	1	\$0.2	—%	—	\$—	—%	—	\$—	—%	1	\$0.3	—%
<b>Wtd. Avg. Investment Rating</b>	<b>1.9</b>									<b>1.9</b>		

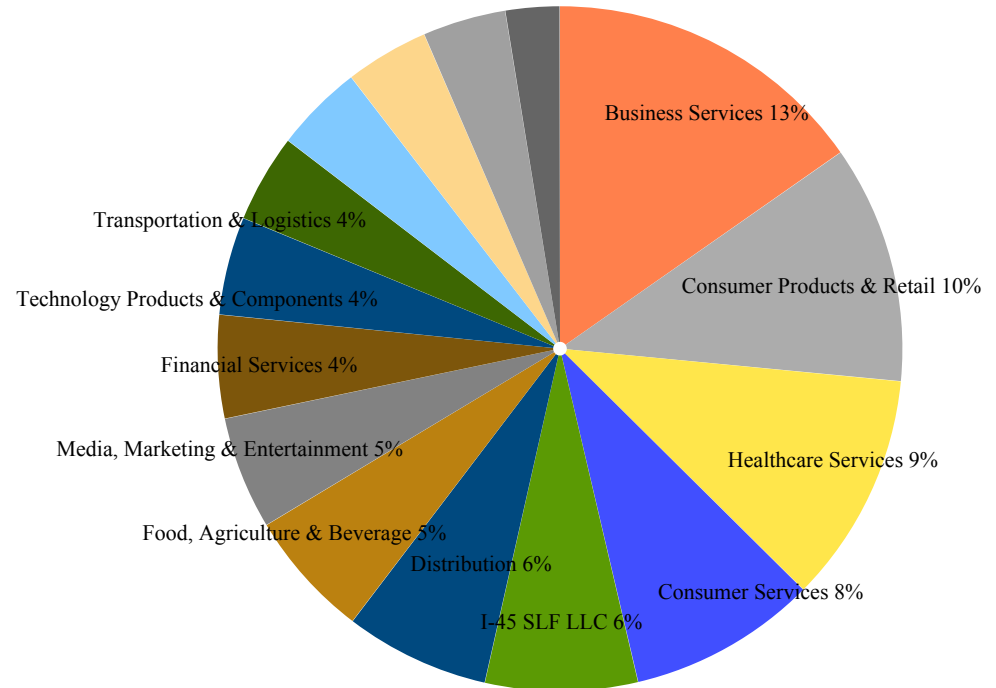
# CSWC Portfolio Mix as of March 31, 2022 at Fair Value

Current investment portfolio of \$936.6 MM continues to be diverse across industries

Current Investment Portfolio (By Type)



Current Investment Portfolio (By Industry)



(a) I-45 SLF consists of 97% first lien senior secured debt

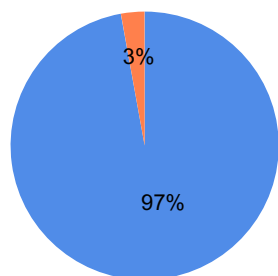
(b) Equity represents equity co-investments across 41 portfolio companies



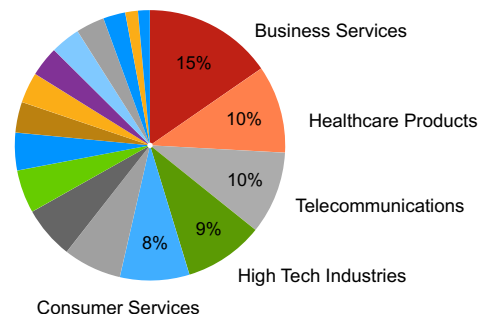
# I-45 SLF Portfolio Overview

I-45 SLF loan portfolio of \$176.7 MM is 97% first lien with average hold size of 2.4% of the I-45 portfolio

Current I-45 SLF Portfolio (By Type)



Current I-45 SLF Portfolio (By Industry)



■ First Lien    ■ Second Lien

I-45 SLF Portfolio Statistics				
(In Thousands)	<u>6/30/21</u>	<u>9/30/21</u>	<u>12/31/21</u>	<u>3/31/22</u>
Total Debt Investments at Fair Value	\$169,610	\$169,042	\$180,052	\$176,704
Fund Leverage (Debt to Equity) at FV	1.40x	1.30x	1.52x	1.59x
Number of Issuers	38	38	42	42
Wtd. Avg. Issuer EBITDA <sup>(1)</sup>	\$77,851	\$75,025	\$72,800	\$71,857
Avg. Investment Size as a % of Portfolio	2.6%	2.6%	2.4%	2.4%
Wtd. Avg. Net Leverage on Investments <sup>(1)(2)</sup>	4.8x	4.7x	5.0x	4.2x
Wtd. Avg. Spread to LIBOR	6.0%	5.9%	6.2%	6.2%
Wtd. Avg. Duration (Yrs)	3.0	3.7	3.7	3.6

(1) For the quarter ended March 31, 2022, one portfolio company is excluded from this calculation due to a reported debt to adjusted EBITDA ratio that was not meaningful

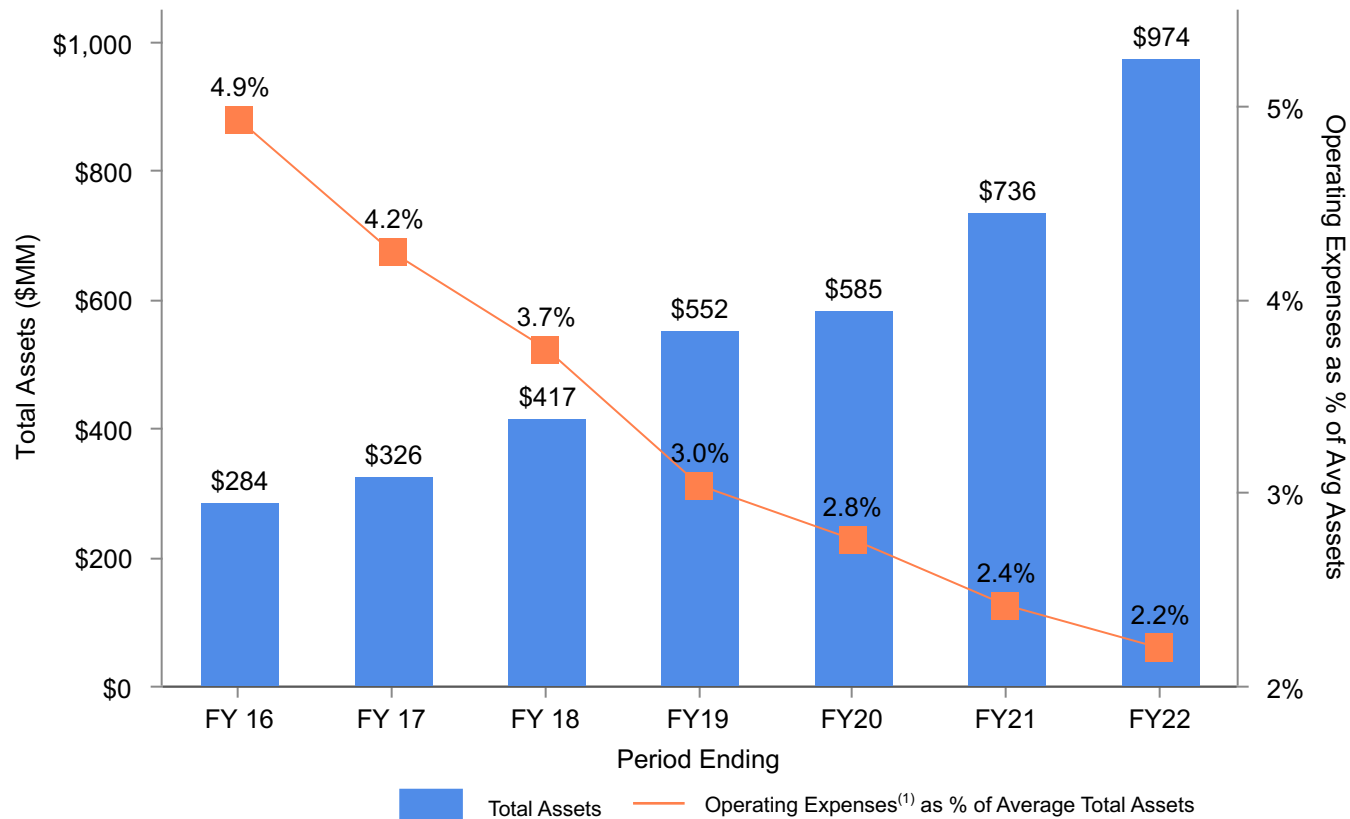
(2) Through I-45 SLF security

# Income Statement

<i>(In Thousands, except per share amounts)</i>	Quarter Ended 6/30/21	Quarter Ended 9/30/21	Quarter Ended 12/31/21	Quarter Ended 3/31/22
<b>Investment Income</b>				
Interest Income	\$14,626	\$16,100	\$16,921	\$17,611
PIK Interest Income	975	879	814	543
Dividend Income	2,657	2,070	1,714	1,961
Fees and Other Income	321	1,247	2,862	915
<b>Total Investment Income</b>	<b>\$18,579</b>	<b>\$20,296</b>	<b>\$22,311</b>	<b>\$21,030</b>
<b>Expenses</b>				
Cash Compensation	\$1,432	\$2,298	\$3,353	\$1,755
Share Based Compensation	1,076	923	849	737
General & Administrative	1,677	1,630	1,617	1,643
<b>Total Expenses (excluding Interest Expense)</b>	<b>\$4,185</b>	<b>\$4,851</b>	<b>\$5,819</b>	<b>\$4,135</b>
Interest Expense	\$4,955	\$5,405	\$4,655	\$4,909
<b>Pre-Tax Net Investment Income</b>	<b>\$9,439</b>	<b>\$10,040</b>	<b>\$11,837</b>	<b>\$11,986</b>
<b>Gains / Losses and Taxes</b>				
Net Realized and Unrealized Gains on Investments	\$6,099	\$2,805	\$661	\$7,736
Realized Losses on Extinguishment of Debt	—	(17,087)	—	—
Realized Loss on Disposal of Fixed Assets	—	—	—	(86)
Income Tax (Expense) / Benefit	(396)	(314)	62	33
<b>Net Increase (Decrease) in Net Assets resulting from Operations</b>	<b>\$15,142</b>	<b>\$(4,556)</b>	<b>\$12,560</b>	<b>\$19,669</b>
Weighted Average Diluted Shares Outstanding	21,202	22,534	23,433	24,202
<b>Pre-Tax Net Investment Income Per Dil. Wtd. Average Share</b>	<b>\$0.45</b>	<b>\$0.45</b>	<b>\$0.51</b>	<b>\$0.50</b>
<b>Net Increase (Decrease) in Net Assets Per Dil. Wtd. Average Share</b>	<b>\$0.71</b>	<b>\$(0.20)</b>	<b>\$0.54</b>	<b>\$0.82</b>

# Operating Leverage Trend

Continue to realize operating efficiencies 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

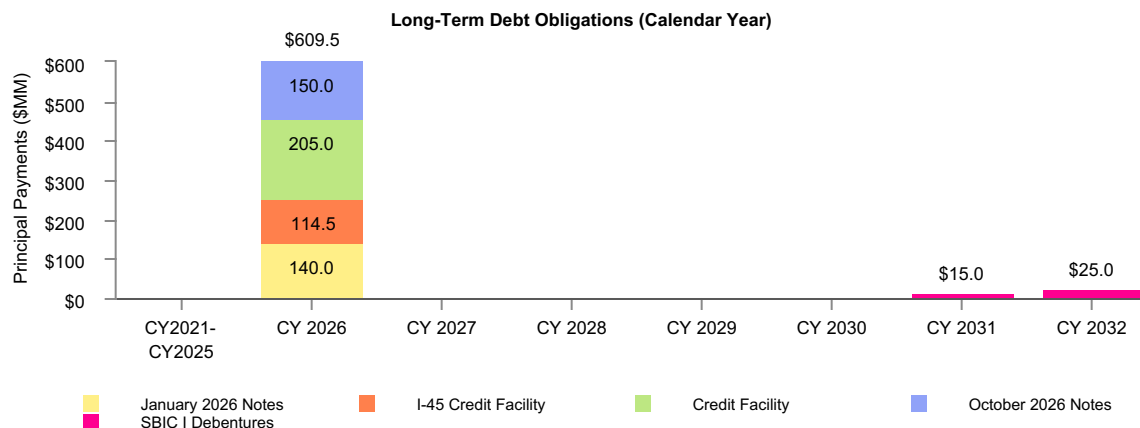
# NAV per Share Bridge for Quarter Ended 3/31/22



# Significant Unused Debt Capacity with Long-Term Duration

## Earliest debt maturity occurs in January 2026

Facility	Total Commitments	Interest Rate	Maturity	Principal Drawn	Undrawn Commitment
January 2026 Notes <sup>(1)</sup>	\$140.0 MM	4.50%	January 2026	\$140.0 MM	N/A
I-45 Credit Facility <sup>(2)</sup>	\$150.0 MM	L + 2.15%	March 2026	\$114.5 MM	\$35.5 MM
Credit Facility <sup>(3)</sup>	\$335.0 MM	L + 2.15%	August 2026	\$205.0 MM	\$126.3 MM <sup>(4)</sup>
October 2026 Notes <sup>(5)</sup>	\$150.0 MM	3.375%	October 2026	\$150.0 MM	N/A
SBA Debentures	\$80.0 MM	2.60% <sup>(6)</sup>	September 2031 <sup>(7)</sup>	\$40.0 MM	\$40.0 MM <sup>(8)</sup>



(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) CSWC owns 80% of the equity and 50% of the voting rights of I-45 SLF LLC with a joint venture partner

(3) The Credit Facility has an accordion feature that allows for an increase in total commitments up to \$400 MM

(4) Net of \$3.7 MM in letters of credit outstanding

(5) 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

(6) Weighted average interest rate of all pooled and non-pooled SBA Debentures as of March 31, 2022

(7) First pooled SBA Debentures mature on September 1, 2031

(8) Current statutes and regulations permit SBIC I to borrow up to \$175 million in SBA Debentures with at least \$87.5 million in regulatory capital, subject to SBA approval

# Balance Sheet

<i>(In Thousands, except per share amounts)</i>	Quarter Ended 6/30/21	Quarter Ended 9/30/21	Quarter Ended 12/31/21	Quarter Ended 3/31/22
<b>Assets</b>				
Portfolio Investments	\$798,647	\$818,218	\$876,765	\$936,614
Cash & Cash Equivalents	16,543	26,840	18,668	11,431
Other Assets	20,858	21,764	17,122	25,912
<b>Total Assets</b>	<b>\$836,048</b>	<b>\$866,822</b>	<b>\$912,555</b>	<b>\$973,957</b>
<b>Liabilities</b>				
SBA Debentures	\$—	\$16,709	\$27,965	\$38,352
October 2024 Notes	123,041	—	—	—
January 2026 Notes	138,504	138,545	138,630	138,714
October 2026 Notes	—	97,264	146,357	146,522
Credit Facility	190,000	215,000	190,000	205,000
Other Liabilities	16,408	17,359	22,266	24,502
<b>Total Liabilities</b>	<b>\$467,953</b>	<b>\$484,877</b>	<b>\$525,218</b>	<b>\$553,090</b>
<b>Shareholders Equity</b>				
<b>Net Asset Value</b>	<b>\$368,095</b>	<b>\$381,945</b>	<b>\$387,337</b>	<b>\$420,867</b>
<b>NAV per Share</b>	<b>\$16.58</b>	<b>\$16.36</b>	<b>\$16.19</b>	<b>\$16.86</b>
<b>Regulatory Debt to Equity</b>	<b>1.23x</b>	<b>1.18x</b>	<b>1.23x</b>	<b>1.16x</b>

# Portfolio Statistics

*Continuing to build a well performing credit portfolio*

<i>(In Thousands)</i>	Quarter Ended 6/30/21	Quarter Ended 9/30/21	Quarter Ended 12/31/21	Quarter Ended 3/31/22
<b>Portfolio Statistics</b>				
Fair Value of Debt Investments	\$671,257	\$689,421	\$744,681	\$793,834
Average Debt Investment Hold Size	\$11,377	\$11,490	\$11,820	\$12,213
Fair Value of Debt Investments as a % of Par	97%	97%	97%	97%
% of Investment Portfolio on Non-Accrual (at Fair Value)	1.8%	3.0%	1.6%	1.5%
Weighted Average Investment Rating <sup>(1)</sup>	1.96	1.96	1.90	1.92
Weighted Average Yield on Debt Investments	10.04%	9.66%	9.48%	9.30%
Total Fair Value of Portfolio Investments	\$798,647	\$818,218	\$876,765	\$936,614
Weighted Average Yield on all Portfolio Investments	10.12%	9.60%	9.35%	9.01%
Investment (Mix Debt vs. Equity) <sup>(2)(3)</sup>	91% / 9%	91% / 9%	91% / 9%	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 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

<i>(In Thousands)</i>	Quarter Ended 6/30/21	Quarter Ended 9/30/21	Quarter Ended 12/31/21	Quarter Ended 3/31/22
<b>Investment Income Breakdown</b>				
Cash Interest	\$13,939	\$15,370	\$16,164	\$16,785
Cash Dividends	2,657	2,069	1,714	1,962
PIK Income	975	879	814	543
Amortization of purchase discounts and fees	688	731	758	828
Management/Admin Fees	227	327	340	259
Prepayment Fees & Other Income	93	920	2,520	653
<b>Total Investment Income</b>	<b>\$18,579</b>	<b>\$20,296</b>	<b>\$22,310</b>	<b>\$21,030</b>
<b>Key Metrics</b>				
Cash Income as a % of Investment Income	91%	92%	93%	93%
% of Total Investment Income that is Recurring	96%	95%	89%	96%



# Key Financial Metrics

*Strong Pre-Tax Net Investment Income and Return on Equity driven by net portfolio growth and investment performance*

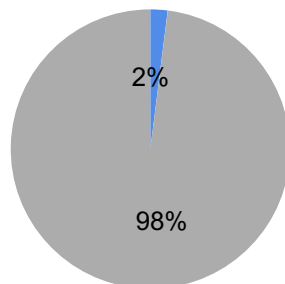
	Quarter Ended 6/30/21	Quarter Ended 9/30/21	Quarter Ended 12/31/21	Quarter Ended 3/31/22
<b>Key Financial Metrics</b>				
Pre-Tax Net Investment Income Per Wtd Avg Diluted Share	\$0.45	\$0.45	\$0.51	\$0.50
Pre-Tax Net Investment Income Return on Equity (ROE) <sup>(1)</sup>	11.12%	10.75%	12.35%	12.24%
Realized Earnings Per Wtd Avg Diluted Share	\$0.38	(\$0.17)	\$0.62	\$0.52
Realized Earnings Return on Equity (ROE) <sup>(1)(2)</sup>	9.53%	(4.14)%	15.25%	12.86%
Earnings Per Wtd Avg Diluted Share	\$0.71	(\$0.20)	\$0.54	\$0.81
Earnings Return on Equity (ROE) <sup>(1)(2)</sup>	17.84%	(4.88)%	13.11%	20.08%
Regular Dividends per Share	\$0.43	\$0.44	\$0.47	\$0.48
Supplemental Dividends per Share	\$0.10	\$0.10	\$0.50	\$—
<b>Total Dividends per Share</b>	<b>\$0.53</b>	<b>\$0.54</b>	<b>\$0.97</b>	<b>\$0.48</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*

*(2) Realized Earnings and Earnings include (\$17.1) MM or (\$0.76) per weighted average diluted share for realized losses on extinguishment of debt in the 9/30/21 quarter*

# CSWC Portfolio Well Positioned for Rising Interest Rate Environment

## Fixed vs. Floating Portfolio Exposure <sup>(1)</sup>



■ Fixed      ■ Floating

Change in Base Interest Rates	Illustrative Annual NII Change (\$'s)	Illustrative Annual NII Change (Per Share)
(25 bps)	\$561,919	\$0.02
25 bps	\$1,055,146	\$0.04
50 bps	\$2,417,430	\$0.10
75 bps	\$3,782,906	\$0.15
100 bps	\$5,165,095	\$0.21
125 bps	\$6,658,005	\$0.27
150 bps	\$8,170,474	\$0.33

(1) Portfolio Exposure includes I-45 SLF assets pro rata as a % of CSWC's equity investment in the fund

Note: Illustrative change in annual NII is based on a projection of CSWC's existing debt investments as of March 31, 2022, adjusted only for changes in Base Interest Rate. Base Interest Rate used in this analysis is 3-Month LIBOR of 0.96% at March 31, 2022. The results of this analysis include I-45 SLF, which is comprised of 98% floating rate assets and liabilities

# Corporate Information

## Board of Directors

### Interested Directors

Bowen S. Diehl

### Independent Directors

David R. Brooks

Christine S. Battist

T. Duane Morgan

Jack D. Furst

William R. Thomas

Ramona Rogers-Windsor

## Senior Management

Bowen S. Diehl

*President & Chief Executive Officer*

Michael S. Sarnar

*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.amstock.com](http://www.amstock.com)

## Corporate Offices & Website

8333 Douglas Avenue

11th Floor

Dallas, TX 75225

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

## Investor Relations

Michael S. Sarnar

Capital Southwest

214-884-3829

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## Securities Listing

Nasdaq: "CSWC" (Common Stock)

## Industry Analyst Coverage

Firm	Analyst	Contact Information
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Hovde Group	Bryce Rowe	Direct: 804-318-0969
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