

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): **August 1, 2022**

CAPITAL SOUTHWEST CORPORATION

(Exact Name Of Registrant As Specified In Charter)

Texas
(State or Other Jurisdiction of Incorporation)

814-00061
(Commission File Number)

75-1072796
(IRS Employer Identification No.)

8333 Douglas Avenue, Suite 1100
Dallas, Texas 75225
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: **(214) 238-5700**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class
Common Stock, \$0.25 par value per share

Trading Symbol(s)
CSWC

Name of Each Exchange on Which Registered
The Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On August 1, 2022, Capital Southwest Corporation (the "Company") issued a press release, a copy of which has been furnished as Exhibit 99.1 hereto.

The information furnished in this Current Report on Form 8-K under Item 2.02, including Exhibit 99.1, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended (the "Securities Act"), except as shall be expressly set forth by reference in a future filing.

Item 7.01 Regulation FD Disclosure.

The Company expects to hold a conference call with analysts and investors on August 2, 2022. A copy of the investor presentation slides to be used by the Company on such conference call is furnished as Exhibit 99.2 to this Form 8-K and incorporated herein by reference.

The information set forth under this Item 7.01, including Exhibit 99.2, is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Exchange Act, nor shall it be deemed incorporated by reference into any filing under the Securities Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits	
<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release issued by Capital Southwest Corporation on August 1, 2022
99.2	Investor presentation slides

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: August 1, 2022

By: /s/ Bowen S. Diehl
Name: Bowen S. Diehl
Title: Chief Executive Officer and President

Capital Southwest Announces Financial Results for First Fiscal Quarter Ended June 30, 2022

CSWC Reports Pre-Tax Net Investment Income of \$0.50 Per Share for Quarter Ended June 30, 2022 and Announces Increase in Quarterly Dividend to \$0.50 per share for the Quarter Ended September 30, 2022

Dallas, Texas – August 1, 2022 – Capital Southwest Corporation (“Capital Southwest,” “CSWC” or the “Company”) (Nasdaq: CSWC), an internally managed business development company focused on providing flexible financing solutions to support the acquisition and growth of middle market businesses, today announced its financial results for the first fiscal quarter ended June 30, 2022.

First Quarter Fiscal Year 2023 Financial Highlights

- Total Investment Portfolio: \$1.0 billion
 - Credit Portfolio of \$865.4 million:
 - 94% 1st Lien Senior Secured Debt
 - \$145.0 million in new committed credit investments
 - Weighted Average Yield on Debt Investments: 9.3%
 - Four credit investments currently on non-accrual with a fair value of \$16.1 million, representing 1.6% of the total investment portfolio
 - Equity Portfolio of \$89.5 million, excluding investment in I-45 Senior Loan Fund (“I-45 SLF”)
 - \$3.3 million in new equity co-investments
 - CSWC Investment in I-45 SLF of \$51.7 million at fair value
 - I-45 SLF portfolio of \$173.5 million
 - Portfolio consists of 40 issuers: 95% 1st Lien Debt
 - \$110.0 million of debt outstanding at I-45 SLF as of June 30, 2022
 - I-45 SLF fund leverage of 1.70x debt to equity at fair value at quarter end
 - I-45 SLF paid a \$1.5 million quarterly dividend to CSWC; an annualized yield of 11.9%
- Pre-Tax Net Investment Income: \$12.6 million, or \$0.50 per weighted average diluted share
- Dividends: Paid \$0.48 per share Regular Dividend and \$0.15 per share Special Dividend
 - 105% LTM Pre-Tax NII Regular Dividend Coverage
 - Total Dividends for the quarter ended June 30, 2022 of \$0.63 per share
 - Undistributed Taxable Income at quarter end estimated at \$0.15 per share
- Net Realized and Unrealized Depreciation on Investments: \$9.9 million
 - \$1.5 million of net appreciation related to the equity portfolio
 - \$5.5 million of net depreciation related to the credit portfolio
 - \$5.9 million of net depreciation related to I-45 SLF LLC

- **Balance Sheet:**

- Cash and Cash Equivalents: \$18.8 million
- Total Net Assets: \$453.0 million
- Net Asset Value (“NAV”) per Share: \$16.54

In commenting on the Company’s results, Bowen Diehl, President and Chief Executive Officer, stated, “Our portfolio continued to perform well this quarter, producing \$0.50 of Pre-Tax Net Investment Income. Deal activity continued to be strong, as we closed new commitments of approximately \$148.3 million during the quarter. Though repayment activity has largely slowed, we closed three successful exits generating \$49.6 million in proceeds received, \$2.3 million in realized gains and a weighted average IRR on the exits of 19.6%. On the capitalization front, we continued to programmatically raise equity through our equity ATM program, raising \$46.8 million in gross proceeds at 123% of the prevailing NAV per share during the quarter. Over the past six months, we have raised over \$70.0 million in equity capital and reduced our regulatory leverage from 1.23x to 1.10x today. Additionally, we increased our Credit Facility by \$45 million in total new commitments, bringing the total size of the Credit Facility to \$380 million. Finally, in consideration of the performance of our portfolio, improvements in our operating leverage, and rising market interest rates, the Board of Directors has declared an increase in our regular quarterly dividend to \$0.50 per share for the September quarter end, compared to \$0.48 per share in the June quarter. Based on the strength of our balance sheet, liquidity position, leverage profile, and overall health of the portfolio, we feel confident in our ability to continue to grow earnings and distributions to our shareholders.”

First Quarter Fiscal Year Investment Activities

Originations

During the quarter ended June 30, 2022, the Company originated \$148.3 million in new commitments, consisting of investments in six new portfolio companies totaling \$139.0 million and add-on commitments in eight portfolio companies totaling \$9.3 million. New portfolio company investment transactions that closed during the quarter ended June 30, 2022 are summarized as follows:

Acceleration, LLC, \$30.3 million 1st Lien Senior Secured Debt, \$5.0 million Delayed Draw Term Loan, \$2.7 million Revolving Loan, \$0.9 million Preferred Equity, \$0.1 million Common Equity: Acceleration, LLC is a collaborative platform of pure play marketing, media and communications agencies complemented by an internal consultancy service that provides lead generation, operational and strategic integrative and custom-made services to the various agencies within the company.

360 Quote Topco, LLC, \$25.0 million 1st Lien Senior Secured Debt, \$3.3 million Revolving Loan: Quote.com is a multi-channel and multi-product digital media and performance marketing business that generates and connects potential insurance customers with trusted insurance providers.

Lightning Intermediate II, LLC (dba Vimergy), \$23.1 million 1st Lien Senior Secured Debt, \$1.9 million Revolving Loan, \$0.6 million Common Equity: Vimergy is a leading supplier of high-quality branded vitamins, minerals and supplement products sold direct to consumer.

US CourtScript Holdings, Inc., \$6.8 million 1st Lien Senior Secured Debt, \$10.0 million Delayed Draw Term Loan, \$1.0 million Preferred Equity: US CourtScript provides outsourced, value-added digital transcription and digital reporting services for courtrooms and hearing rooms.

Microbe Formulas LLC, \$13.4 million 1st Lien Senior Secured Debt, \$1.6 million Revolving Loan: Microbe Formulas is a wellness platform that provides dietary supplements and other natural solutions for detox and gut health.

Outerbox, LLC, \$10.8 million 1st Lien Senior Secured Debt, \$2.0 million Revolving Loan, \$0.5 million Common Equity: Outerbox is a results-driven eCommerce marketing agency serving B2B and B2C brands across the United States and Canada.

Prepayments and Exits

During the quarter ended June 30, 2022, the Company received full prepayments on three debt investments totaling \$47.9 million and proceeds from the sale of one equity investment totaling \$1.7 million.

Klein Hersh: Proceeds of \$23.8 million, generating an IRR of 13.0%.

CityVet, Inc.: Debt proceeds of \$13.0 million and equity proceeds of \$1.7 million, generating an IRR of 24.5%.

GS Operating, LLC (dba Gexpro): Proceeds of \$11.2 million, generating an IRR of 28.2%. The loan generated a cumulative IRR of 12.2% since the original investment in 2020.

First Fiscal Quarter 2023 Operating Results

For the quarter ended June 30, 2022, Capital Southwest reported total investment income of \$22.5 million, compared to \$21.0 million in the prior quarter. The increase in investment income was primarily attributable to an increase in average debt investments outstanding and an increase in prepayment fees received from portfolio companies.

For the quarter ended June 30, 2022, total operating expenses (excluding interest expense) were \$4.4 million, compared to \$4.1 million in the prior quarter. The increase in expenses was primarily attributable to an increase in professional fees incurred in connection with the compensation consultant engaged by the Compensation Committee.

For the quarter ended June 30, 2022, interest expense was \$5.5 million as compared to \$4.9 million in the prior quarter. The increase was primarily attributable to an increase in average debt outstanding and an increase in the weighted average interest rate on debt.

For the quarter ended June 30, 2022, total pre-tax net investment income was \$12.6 million, compared to \$12.0 million in the prior quarter.

During the quarter ended June 30, 2022, Capital Southwest recorded total net realized and unrealized losses on investments of \$9.9 million, compared to net realized and unrealized gains on investments of \$7.7 million in the prior quarter. For the quarter ended June 30, 2022, this included net realized and unrealized gains on equity investments of \$1.5 million, net realized and unrealized losses on debt investments of \$5.5 million and net unrealized losses on I-45 SLF LLC of \$5.9 million. The net increase in net assets resulting from operations was \$2.5 million for the quarter, compared to \$19.7 million in the prior quarter.

The Company's NAV at June 30, 2022 was \$16.54 per share, as compared to \$16.86 at March 31, 2022. The decrease in NAV per share from the prior quarter is primarily due to net unrealized depreciation on investments, partially offset by the issuance of common stock at a premium to NAV per share under the Equity ATM Program (as described below).

Liquidity and Capital Resources

At June 30, 2022, Capital Southwest had approximately \$18.8 million in unrestricted cash and money market balances, \$215.0 million of total debt outstanding on the Credit Facility (as defined below), \$138.8 million, net of unamortized debt issuance costs, of the 4.50% Notes due January 2026 outstanding, \$146.7 million, net of unamortized debt issuance costs, of the 3.375% Notes due October 2026 and \$77.5 million, net of unamortized debt issuance costs, of SBA Debentures (as defined below) outstanding. As of June 30, 2022, Capital Southwest had \$161.3 million in available borrowings under the Credit Facility. The regulatory debt to equity ratio at the end of the quarter was 1.10 to 1.

The Company has an "at-the-market" offering (the "Equity ATM Program"), pursuant to which the Company may offer and sell, from time to time through sales agents, shares of its common stock having an aggregate offering price of up to \$100,000,000. On May 26, 2021, the Company (i) increased the maximum amount of shares of its common stock to be sold through the Equity ATM Program to \$250,000,000 from \$100,000,000 and (ii) reduced the commission paid to the sales agents for the Equity ATM Program to 1.5% from 2.0% of the gross sales price of shares of the Company's common stock sold through the sales agents pursuant to the Equity ATM Program on and after May 26, 2021.

During the quarter ended June 30, 2022, the Company sold 2,262,852 shares of its common stock under the Equity ATM Program at a weighted-average price of \$20.66 per share, raising \$46.8 million of gross proceeds. Net proceeds were \$46.1 million after commissions to the sales agents on shares sold. Cumulative to date, the Company has sold 10,440,512 shares of its common stock under the Equity ATM Program at a weighted-average price of \$22.05, raising \$230.2 million of gross proceeds. Net proceeds were \$226.3 million after commissions to the sales agents on shares sold. As of June 30, 2022, the Company has \$19.8 million available under the Equity ATM Program.

In August 2016, CSWC entered into a senior secured credit facility (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Facility") to provide additional liquidity to support its investment and

operational activities. The Credit Facility contains an accordion feature that allows CSWC to increase the total commitments under the Credit Facility up to \$400 million from new and existing lenders on the same terms and conditions as the existing commitments. On August 9, 2021, CSWC entered into the Second Amended and Restated Senior Secured Revolving Credit Agreement (the "Credit Agreement"). Prior to the Credit Agreement, (1) borrowings under the Credit Facility accrued interest on a per annum basis at a rate equal to the applicable LIBOR rate plus 2.50% with no LIBOR floor, and (2) the total borrowing capacity was \$340 million with commitments from a diversified group of eleven lenders. The Credit Agreement (1) decreased the total borrowing capacity under the Credit Facility to \$335 million with commitments from a diversified group of ten lenders, (2) reduced the interest rate on borrowings to LIBOR plus 2.15% with no LIBOR floor and removed conditions related thereto as previously set forth in the Amended and Restated Senior Secured Revolving Credit Agreement, and (3) extended the end of the Credit Facility's revolver period from December 21, 2022 to August 9, 2025 and extended the final maturity from December 21, 2023 to August 9, 2026. The Credit Agreement also modified certain covenants in the Credit Facility, including, among other things, to increase the minimum obligors' net worth test from \$180 million to \$200 million. CSWC pays unused commitment fees of 0.50% to 1.00% per annum, based on utilization, on the unused lender commitments under the Credit Facility.

On May 11, 2022, CSWC entered into Amendment No. 2 (the "Amendment") to the Credit Agreement. The Amendment changed the benchmark interest rate from LIBOR to Term SOFR. In addition, on May 11, 2022, CSWC entered into an Incremental Commitment Agreement, pursuant to which the total commitments under the Credit Agreement increased from \$335 million to \$380 million.

On April 20, 2021, our wholly owned subsidiary, Capital Southwest SBIC I, LP ("SBIC I"), received a license from the SBA to operate as a Small Business Investment Company ("SBIC") under Section 301(c) of the Small Business Investment Act of 1958, as amended. The SBIC license allows SBIC I to obtain leverage by issuing SBA-guaranteed debentures ("SBA Debentures"), subject to the issuance of a leverage commitment by the SBA. SBA debentures are loans issued to an SBIC which have interest payable semi-annually and a ten-year maturity. The interest rate is fixed shortly after issuance at a market-driven spread over U.S. Treasury Notes with ten-year maturities. 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.

In November 2015, I-45 SLF entered into a senior secured credit facility led by Deutsche Bank. The I-45 credit facility has total commitments outstanding of \$150 million from a group of four bank lenders, which is scheduled to mature in March 2026. Borrowings under the I-45 credit facility bear interest at a rate equal to LIBOR plus 2.15%. As of June 30, 2022, I-45 SLF had \$110.0 million in borrowings outstanding under its credit facility.

Share Repurchase Program

On July 28, 2021, the Company's board of directors (the "Board") approved a share repurchase program authorizing the Company to repurchase up to \$20 million of its outstanding shares of common stock in the open market at certain thresholds below its NAV per share, in accordance with guidelines specified in Rules 10b5-1(c)(1)(i)(B) and 10b-18 under the Securities Exchange Act of 1934. On August 31, 2021, the Company entered into a share repurchase agreement, which became effective immediately, and the Company will cease purchasing its common stock under the share repurchase program upon the earlier of, among other things: (1) the date on which the aggregate purchase price for all shares equals \$20 million including, without limitation, all applicable fees, costs and expenses; or (2) upon written notice by the Company to the broker that the share repurchase agreement is terminated. During the quarter ended June 30, 2022, the Company did not repurchase any shares of the Company's common stock under the share repurchase program.

Declared Dividend of \$0.50 Per Share for Quarter Ended September 30, 2022

On July 27, 2022, the Board declared a quarterly dividend of \$0.50 per share for the quarter ended September 30, 2022.

The Company's dividend will be payable as follows:

Quarterly Dividend

Amount Per Share: \$0.50
Ex-Dividend Date: September 14, 2022
Record Date: September 15, 2022
Payment Date: September 30, 2022

When declaring dividends, the Board reviews estimates of taxable income available for distribution, which may differ from net investment income under generally accepted accounting principles. The final determination of taxable income for each year, as well as the tax attributes for dividends in such year, will be made after the close of the tax year.

Capital Southwest maintains a dividend reinvestment plan ("DRIP") that provides for the reinvestment of dividends on behalf of its registered stockholders who hold their shares with Capital Southwest's transfer agent and registrar, American Stock Transfer and Trust Company. Under the DRIP, if the Company declares a dividend, registered stockholders who have opted into the DRIP by the dividend record date will have their dividend automatically reinvested into additional shares of Capital Southwest common stock.

First Quarter 2023 Earnings Results Conference Call and Webcast

Capital Southwest has scheduled a conference call on Tuesday, August 2, 2022, at 11:00 a.m. Eastern Time to discuss the first quarter 2023 financial results. You may access the call by using the Investor Relations section of Capital Southwest's website at www.capitalsouthwest.com, or by using <http://edge.media-server.com/mmc/p/iymbf6rzq>.

An audio archive of the conference call will also be available on the Investor Relations section of Capital Southwest's website.

For a more detailed discussion of the financial and other information included in this press release, please refer to the Capital Southwest Form 10-Q for the period ended June 30, 2022 to be filed with the Securities and Exchange Commission and Capital Southwest's First Fiscal Quarter 2023 Earnings Presentation to be posted on the Investor Relations section of Capital Southwest's website at www.capitalsouthwest.com.

About Capital Southwest

Capital Southwest Corporation (Nasdaq: CSWC) is a Dallas, Texas-based, internally managed business development company with approximately \$1.0 billion in investments at fair value as of June 30, 2022. Capital Southwest is a middle market lending firm focused on supporting the acquisition and growth of middle market businesses with \$5 million to \$35 million investments across the capital structure, including first lien, second lien and non-control equity co-investments. As a public company with a permanent capital base, Capital Southwest has the flexibility to be creative in its financing solutions and to invest to support the growth of its portfolio companies over long periods of time.

Forward-Looking Statements

This press release contains historical information and forward-looking statements with respect to the business and investments of Capital Southwest, including, but not limited to, the statements about Capital Southwest's future performance and financial condition, and the timing, form and amount of any distributions in the future. Forward-looking statements are statements that are not historical statements and can often be identified by words such as "will," "believe," "expect" and similar expressions and variations or negatives of these words. These statements are based on management's current expectations, assumptions and beliefs. They are not guarantees of future results and are subject to numerous risks, uncertainties and assumptions that could cause actual results to differ materially from those expressed in any forward-looking statement. 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, SBIC 1, as an SBIC; and uncertainties associated with the 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 ability 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.

Readers should not place undue reliance on any forward-looking statements and are encouraged to review Capital Southwest's Annual Report on Form 10-K for the year ended March 31, 2022 and subsequent filings, including the "Risk Factors" sections therein, with the Securities and Exchange Commission for a more complete discussion of the risks and other factors that could affect any forward-looking statements. Except as required by the federal securities laws, Capital Southwest does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changing circumstances or any other reason after the date of this press release.

Investor Relations Contact:

Michael S. Sarnier, Chief Financial Officer
214-884-3829

CAPITAL SOUTHWEST CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES
(In thousands, except shares and per share data)

	June 30, 2022 (Unaudited)	March 31, 2022
Assets		
Investments at fair value:		
Non-control/Non-affiliate investments (Cost: \$786,736 and \$721,392, respectively)	\$ 807,925	\$ 747,132
Affiliate investments (Cost: \$156,760 and \$140,911, respectively)	147,014	131,879
Control investments (Cost: \$76,000 and \$76,000, respectively)	51,701	57,603
Total investments (Cost: \$1,019,496 and \$938,303, respectively)	1,006,640	936,614
Cash and cash equivalents	18,770	11,431
Receivables:		
Dividends and interest	11,951	12,106
Escrow	1,380	1,344
Other	4,329	2,238
Income tax receivable	158	158
Debt issuance costs (net of accumulated amortization of \$4,827 and \$4,573, respectively)	4,307	4,038
Other assets	6,424	6,028
Total assets	\$ 1,053,959	\$ 973,957
Liabilities		
SBA Debentures (Par value: \$80,000 and \$40,000, respectively)	\$ 77,461	\$ 38,352
January 2026 Notes (Par value: \$140,000 and \$140,000, respectively)	138,798	138,714
October 2026 Notes (Par value: \$150,000 and \$150,000, respectively)	146,708	146,522
Credit facility	215,000	205,000
Other liabilities	13,234	14,808
Accrued restoration plan liability	2,668	2,707
Income tax payable	157	1,240
Deferred tax liability	6,948	5,747
Total liabilities	600,974	553,090
Commitments and contingencies (Note 10)		
Net Assets		
Common stock, \$0.25 par value: authorized, 40,000,000 shares; issued, 29,730,253 shares at June 30, 2022 and 27,298,032 shares at March 31, 2022	7,433	6,825
Additional paid-in capital	493,851	448,235
Total distributable (loss) earnings	(24,362)	(10,256)
Treasury stock - at cost, 2,339,512 shares	(23,937)	(23,937)
Total net assets	452,985	420,867
Total liabilities and net assets	\$ 1,053,959	\$ 973,957
Net asset value per share (27,390,741 shares outstanding at June 30, 2022 and 24,958,520 shares outstanding at March 31, 2022)	\$ 16.54	\$ 16.86

CAPITAL SOUTHWEST CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(In thousands, except shares and per share data)

	Three Months Ended	
	June 30,	
	2022	2021
Investment income:		
Interest income:		
Non-control/Non-affiliate investments	\$ 15,748	\$ 13,316
Affiliate investments	2,512	1,310
Payment-in-kind interest income:		
Non-control/Non-affiliate investments	416	637
Affiliate investments	271	338
Dividend income:		
Non-control/Non-affiliate investments	550	1,060
Affiliate investments	101	—
Control investments	1,535	1,597
Fee income:		
Non-control/Non-affiliate investments	1,290	277
Affiliate investments	118	41
Other income	2	3
Total investment income	<u>22,543</u>	<u>18,579</u>
Operating expenses:		
Compensation	1,542	1,432
Share-based compensation	821	1,076
Interest	5,484	4,955
Professional fees	849	701
General and administrative	1,217	976
Total operating expenses	<u>9,913</u>	<u>9,140</u>
Income before taxes	12,630	9,439
Federal income, excise and other taxes	73	200
Deferred taxes	119	196
Total income tax provision (benefit)	<u>192</u>	<u>396</u>
Net investment income	<u>\$ 12,438</u>	<u>\$ 9,043</u>
Realized gain (loss)		
Non-control/Non-affiliate investments	\$ 2,549	\$ (952)
Affiliate investments	15	—
Income tax provision	(244)	—
Total net realized gain (loss) on investments, net of tax	<u>2,320</u>	<u>(952)</u>
Net unrealized (depreciation) appreciation on investments		
Non-control/Non-affiliate investments	(4,551)	7,030
Affiliate investments	(714)	(458)
Control investments	(5,902)	914
Income tax provision	(1,081)	(435)
Total net unrealized (depreciation) appreciation on investments, net of tax	<u>(12,248)</u>	<u>7,051</u>
Net realized and unrealized (losses) gains on investments	<u>(9,928)</u>	<u>6,099</u>
Net increase in net assets from operations	<u>\$ 2,510</u>	<u>\$ 15,142</u>
Pre-tax net investment income per share - basic and diluted	<u>\$ 0.50</u>	<u>\$ 0.45</u>
Net investment income per share – basic and diluted	<u>\$ 0.49</u>	<u>\$ 0.43</u>
Net increase in net assets from operations – basic and diluted	<u>\$ 0.10</u>	<u>\$ 0.71</u>
Weighted average shares outstanding – basic and diluted	<u>25,513,534</u>	<u>21,201,884</u>



Capital Southwest Corporation

Q1 2023 Earnings Presentation

August 2, 2022

8333 Douglas Avenue, Suite 1100 | Dallas, Texas 75225 | 214.238.5700 | capitalsouthwest.com

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; 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

Bowen S. Diehl
President and Chief Executive Officer

Michael S. Sarnier
Chief Financial Officer

Chris Rehberger
VP Finance / Treasurer

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")
- 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 \$1.1 B as of June 30, 2022
- Manage I-45 Senior Loan Fund ("I-45 SLF") in partnership with Main Street Capital (NYSE: "MAIN")

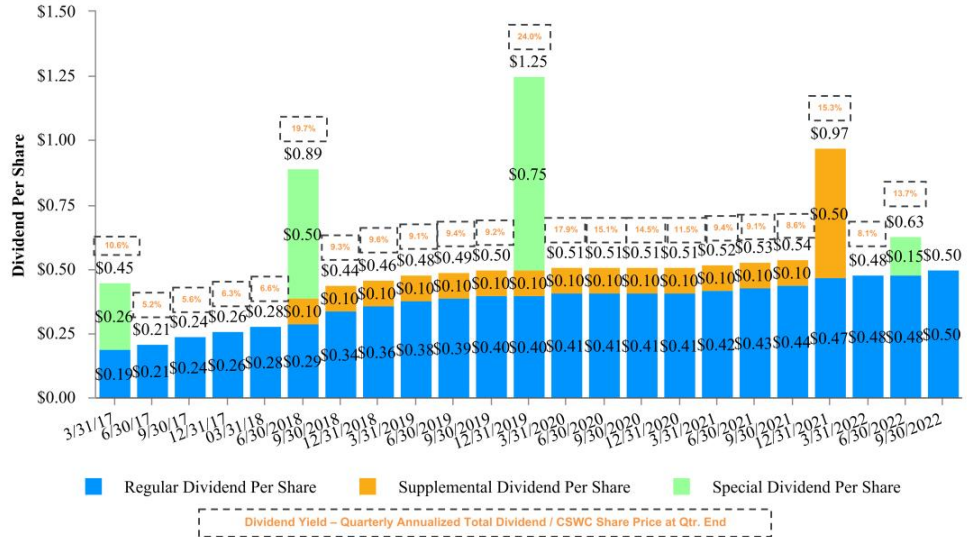
Q1 2023 Highlights

Financial Highlights

- Q1 2023 Pre-Tax Net Investment Income (“NII”) of \$12.6 MM or \$0.50 per share
- Paid \$0.48 per share Regular Dividend and \$0.15 per share Special Dividend for the quarter ended June 30, 2022
 - Increased Regular Dividend to \$0.50 per share for the quarter ending September 30, 2022, an increase of 4.2% compared to the prior quarter
- Investment Portfolio at Fair Value increased to \$1.0 B from \$937 MM in prior quarter
 - \$148.3 MM in total new committed investments
 - \$49.6 MM in total proceeds from three debt prepayments and one equity exit
 - Exits during the quarter generated realized gains of \$2.3 MM and an IRR of 19.6%
- Raised \$46.8 MM in gross proceeds through Equity ATM Program during the quarter
 - Sold shares at weighted-average price of \$20.66 per share, or 123% of the prevailing NAV per share
- Total commitments on Credit Facility increased \$45 MM to a total of \$380 MM from \$335 MM in prior quarter
- \$161.3 MM available on Credit Facility and \$18.8 MM in cash and cash equivalents as of quarter end

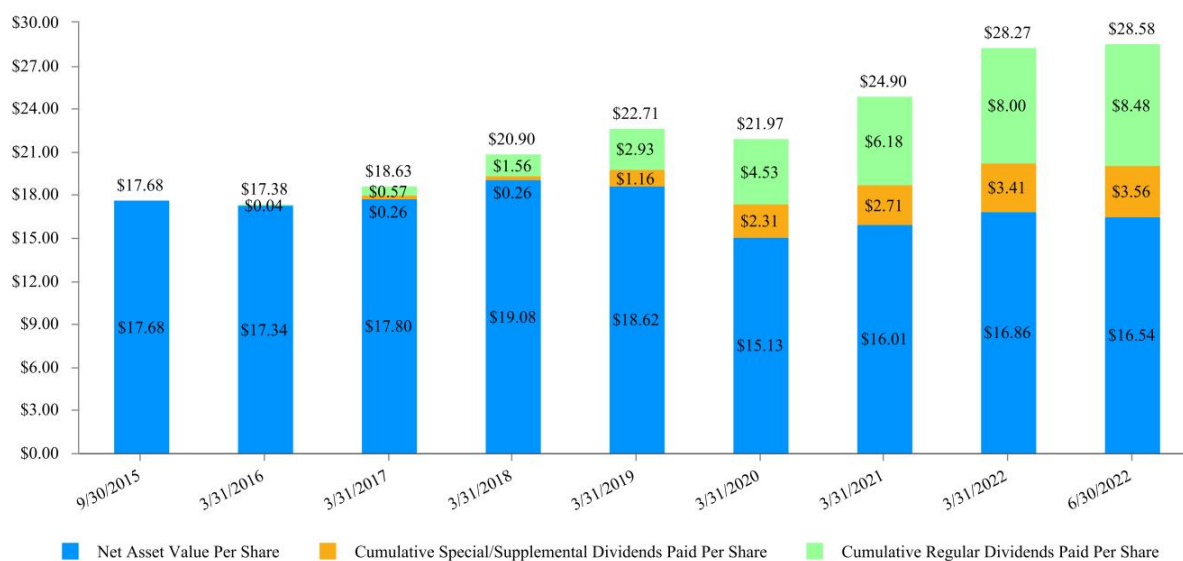
Track Record of Consistent Dividends Continues

- In the last twelve months ended 6/30/2022, CSWC generated \$1.96 per share in Pre-Tax NII and paid out \$1.87 per share in Regular Dividends
- Cumulative Pre-Tax NII Regular Dividend Coverage of 106% since the 2015 Spin-Off
- Total Special and Supplemental Dividends of \$3.56 per share since the 2015 Spin-Off
- Undistributed Taxable Income ("UTI") of \$0.15 per share as of June 30, 2022



History of Value Creation

Total Value (Net Asset Value + Cumulative Dividends Paid) Increase of \$10.90 per share at 6/30/2022 from 9/30/2015 Spin-off of CSWI



Investment Strategy

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

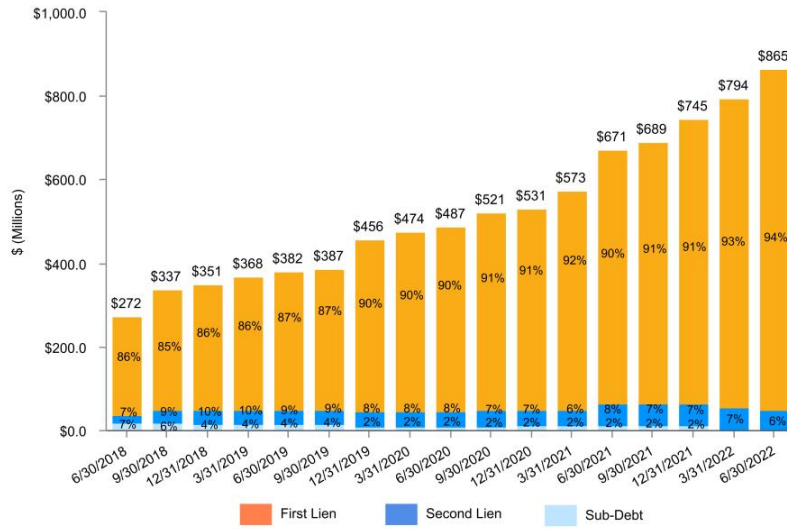
OPPORTUNISTIC: Upper Middle Market (“UMM”): Syndicated or Club, First and Second Lien

- 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

94% of Credit Portfolio as of 6/30/2022 in first lien senior secured loans

Credit Portfolio Heavily Weighted to First Lien



Q1 2023 Originations

\$148.3 MM in total new committed investments to six new portfolio companies and eight existing portfolio companies

- \$121.0 MM funded at close

Portfolio Originations		Q1 2023				
Name	Industry	Type	Total Debt Funded at Close (\$000s)	Total Equity Funded at Close (\$000s)	Unfunded Commitments at Close (\$000s) ⁽¹⁾	Debt Yield to Maturity
Acceleration, LLC	Media, marketing & entertainment	First Lien / Equity	\$30,278	\$1,000	\$7,722	10.40%
360 Quote Topco, LLC	Media, marketing & entertainment	First Lien	\$25,000	\$—	\$3,250	8.77%
Lightning Intermediate II, LLC (DBA Vimergy)	Healthcare products	First Lien / Equity	\$23,472	\$600	\$1,528	9.19%
US CourtScript Holdings, Inc.	Business services	First Lien / Equity	\$6,800	\$1,000	\$10,000	8.89%
Microbe Formulas LLC	Healthcare products	First Lien	\$13,698	\$—	\$1,302	7.96%
Outerbox, LLC	Media, marketing & entertainment	First Lien / Equity	\$10,800	\$500	\$2,000	9.10%
Acceleration Partners, LLC	Media, marketing & entertainment	First Lien	\$3,000	\$—	\$—	10.46%
Air Conditioning Specialist, Inc.	Consumer services	First Lien / Equity	\$2,100	\$104	\$—	9.94%
Amware Fulfillment LLC	Distribution	First Lien	\$1,500	\$—	\$—	11.69%
ITA Holdings Group, LLC	Transportation & logistics	First Lien	\$—	\$—	\$1,500	11.69%

Q1 2023 Originations cont.

Portfolio Originations		Q1 2023				
Name	Industry	Type	Total Debt Funded at Close (\$000s)	Total Equity Funded at Close (\$000s)	Unfunded Commitments at Close (\$000s)	Debt Yield to Maturity
SIB Holdings, LLC	Business services	First Lien	\$561	\$—	\$—	8.69%
SIMR, LLC	Healthcare services	First Lien	\$382	\$—	\$—	21.69%
GammaTech, Inc.	Software & IT services	Equity	\$—	\$113	\$—	12.19%
Delphi Behavioral Health Group, LLC	Healthcare services	First Lien	\$76	\$—	\$—	15.35%
Total / Wtd. Avg			\$117,667	\$3,317	\$27,302⁽¹⁾	9.36%

(1) Unfunded Commitments consist of \$15.0 MM in delayed draw term loans and \$12.3 MM in revolvers

Track Record of CSWC Exits Continues

\$49.6 MM in total proceeds from three portfolio company exits

- During the quarter, CSWC exited three debt investments and one equity investment, generating total proceeds of \$49.6 MM and an IRR of 19.6%
- Cumulative IRR of 14.8% on 63 portfolio company exits generating \$745.2 MM in proceeds since launch of credit strategy in January 2015

Portfolio Exits		Q1 2023				
Name	Industry	Type	Net Proceeds (\$000s)	Realized Gain (\$000s)	IRR	
Klein Hersh, LLC	Business services	First Lien	\$23,821	\$411	13.0%	
CityVet, Inc.	Healthcare services	First Lien / Equity	\$14,726	\$1,592	24.5%	
GS Operating, LLC ⁽¹⁾	Distribution	First Lien	\$11,050	\$310	28.2%	
Total / Weighted Average			\$49,597	\$2,313	19.6%	

(1) The loan generated a cumulative IRR of 12.2% since the original investment in 2020

CSWC Investment Portfolio Composition

Maintaining appropriate portfolio leverage while receiving attractive risk-adjusted returns

Investment Portfolio - Statistics		
(in \$000's)	3/31/2022	6/30/2022
	Total CSWC Portfolio	Total CSWC Portfolio
Number of Portfolio Companies	72	75
Total Cost	\$862,303	\$943,496
Total Fair Value	\$879,011	\$954,939
Average Hold Size Debt Investments (at Fair Value)	\$12,213	\$12,727
Average Hold Size Equity Investments (at Fair Value)	\$2,078	\$2,082
% First Lien Investments (at Fair Value)	84.2%	85.4%
% Second Lien Investments (at Fair Value)	6.0%	5.1%
% Subordinated Debt Investments (at Fair Value)	0.1%	0.1%
% Equity (at Fair Value) ⁽¹⁾	9.7%	9.4%
Wtd. Avg. Yield ⁽²⁾	9.3%	9.3%
Wtd. Avg. EBITDA of Issuer (\$MM's) ⁽³⁾	\$20.9	\$20.4
Wtd. Avg. Leverage through CSWC Security ⁽⁴⁾	4.0x	4.0x

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

(1) At June 30, 2022 and March 31, 2022, we had equity ownership in approximately 59% and 57%, 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, 2022, including accretion of original issue discount but excluding fees payable upon repayment of the debt instruments. As of June 30, 2022, there were four investments on non-accrual status. As of March 31, 2022, 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 June 30, 2022, six portfolio companies are excluded from this calculation due to a reported debt to adjusted EBITDA ratio that was not meaningful. 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

(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 June 30, 2022, six portfolio companies are excluded from this calculation due to a reported debt to adjusted EBITDA ratio that was not meaningful. 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

Quarter-over-Quarter Investment Rating Migration

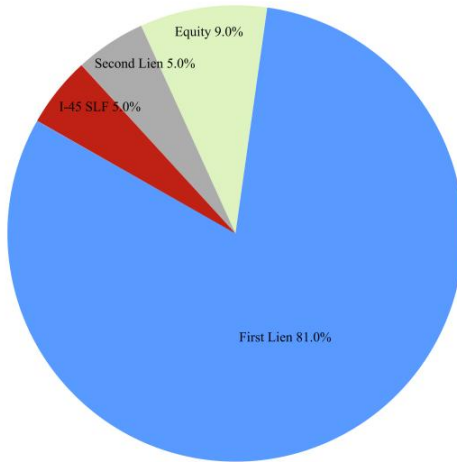
Approximately 95% of all debt investments are currently rated a "1" or "2" as credit portfolio continues to demonstrate strong performance

Investment Rating	3/31/2022			Investment Rating Upgrades			Investment Rating Downgrades			6/30/2022		
	# 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	7	\$124.2	15.6%	1	\$10.0	1.2%	—	\$—	—%	5	\$87.1	10.1%
2	64	\$632.7	79.7%	—	\$—	—%	—	\$—	—%	69	\$733.1	84.7%
3	6	\$36.6	4.6%	—	\$—	—%	3	\$10.0	1.2%	8	\$44.2	5.1%
4	1	\$0.3	—%	—	\$—	—%	1	\$0.7	0.1%	2	\$1.0	0.1%
Wtd. Avg. Investment Rating (at Cost)	1.92									1.98		

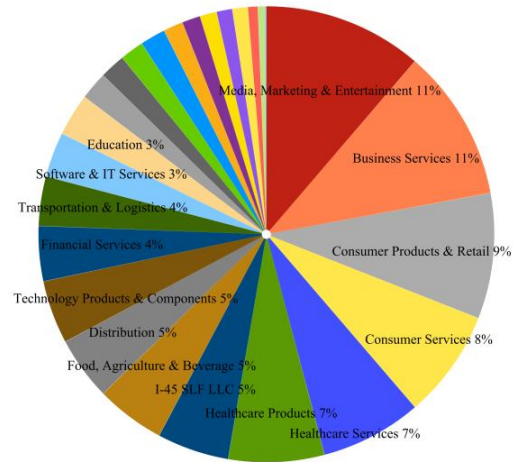
CSWC Portfolio Mix as of June 30, 2022 at Fair Value

Current Investment Portfolio of \$1.0 B continues to be diverse across industries

Current Investment Portfolio (By Type)



Current Investment Portfolio (By Industry)



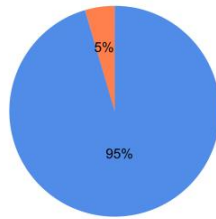
(Note 1) I-45 SLF consists of 95% first lien senior secured debt

(Note 2) Equity represents equity co-investments across 44 portfolio companies

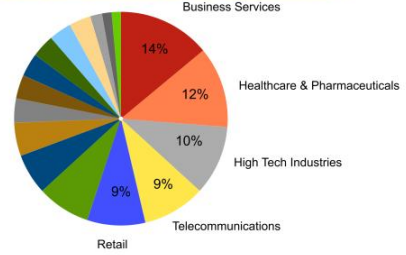
I-45 SLF Portfolio Overview

I-45 SLF loan portfolio of \$173.5 MM is 95% first lien senior secured debt with average hold size of 2.6% of the I-45 portfolio

Current I-45 Portfolio (By Type)



Current I-45 Portfolio (By Industry)



■ First Lien ■ Non-First Lien

I-45 Portfolio Statistics				
(In Thousands)	9/30/2021	12/31/2021	3/31/2022	6/30/2022
Total Investments at Fair Value	\$169,042	\$180,052	\$176,704	\$173,509
Fund Leverage (Debt to Equity) at Fair Value	1.30x	1.52x	1.59x	1.70x
Number of Issuers	38	42	42	39
Wtd. Avg. Issuer EBITDA ⁽¹⁾	\$75,025	\$72,800	\$71,857	\$78,190
Avg. Investment Size as a % of Portfolio	2.6%	2.4%	2.4%	2.6%
Wtd. Avg. Net Leverage on Investments ⁽¹⁾⁽²⁾	4.7x	5.0x	4.2x	4.7x
Wtd. Avg. Spread to LIBOR	5.9%	6.2%	6.2%	6.1%
Wtd. Avg. Duration (Yrs)	3.7	3.7	3.6	3.5

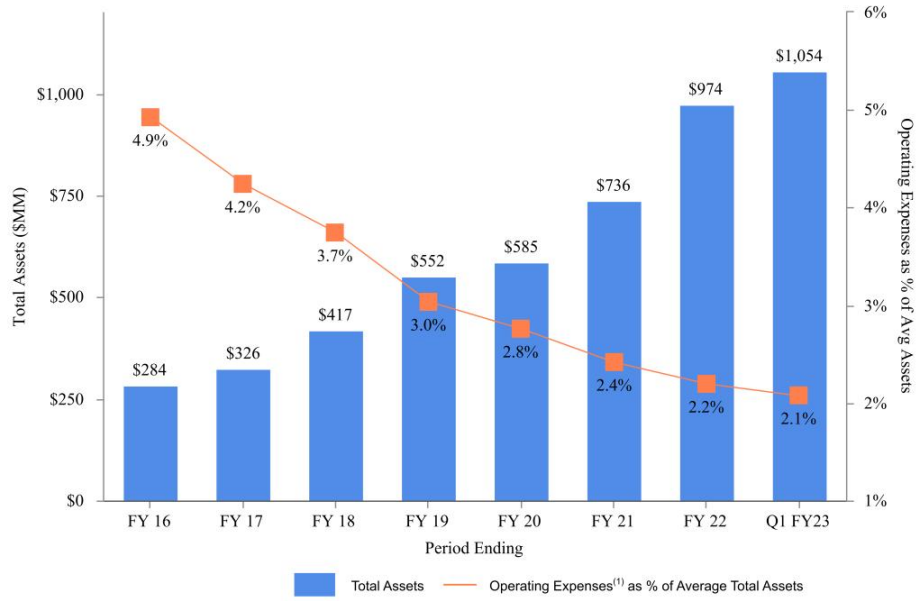
(1) For the quarter ended June 30, 2022, one portfolio company is excluded from this calculation due to a reported debt to adjusted EBITDA ratio that was not meaningful
 (2) Through I-45 SLF security

Income Statement

<i>(In Thousands, except per share amounts)</i>	Quarter Ended 9/30/21	Quarter Ended 12/31/21	Quarter Ended 3/31/22	Quarter Ended 6/30/22
Investment Income				
Interest Income	\$16,100	\$16,921	\$17,611	\$18,260
PIK Interest Income	879	814	543	687
Dividend Income	2,070	1,714	1,961	2,186
Fees and Other Income	1,247	2,862	915	1,410
Total Investment Income	\$20,296	\$22,311	\$21,030	\$22,543
Expenses				
Cash Compensation	\$2,298	\$3,353	\$1,755	\$1,542
Share Based Compensation	923	849	737	821
General & Administrative	1,630	1,617	1,643	2,066
Total Expenses (excluding Interest)	\$4,851	\$5,819	\$4,135	\$4,429
Interest Expense	\$5,405	\$4,655	\$4,909	\$5,484
Pre-Tax Net Investment Income	\$10,040	\$11,837	\$11,986	\$12,630
Gains / Losses and Taxes				
Net Realized and Unrealized Gains on Investments	\$2,805	\$661	\$7,736	\$(9,928)
Realized Losses on Extinguishment of Debt	(17,087)	—	—	—
Realized Loss on Disposal of Fixed Assets	—	—	(86)	—
Income Tax (Expense) / Benefit	(314)	62	33	(192)
Net increase (decrease) in Net Assets Resulting from Operations	\$(4,556)	\$12,560	\$19,669	\$2,510
Weighted Average Diluted Shares Outstanding	22,534	23,433	24,202	25,514
Pre-Tax NII Per Diluted Weighted Average Share	\$0.45	\$0.51	\$0.50	\$0.50
Net Increase (Decrease) in Net Assets Per Dil. Wtd. Average Share	\$(0.20)	\$0.54	\$0.82	\$0.10

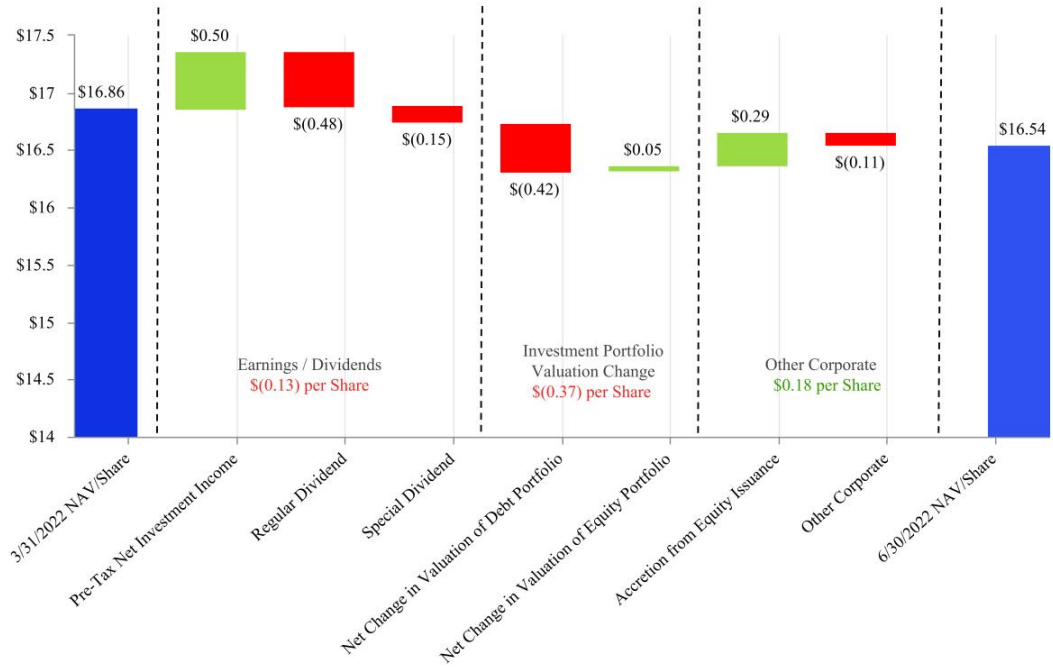
Operating Leverage Trend

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

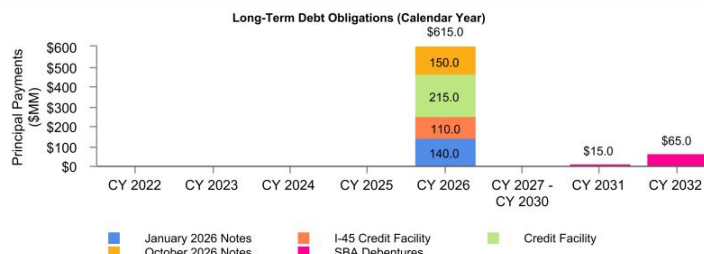
NAV per Share Bridge for Quarter Ended 6/30/2022



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 ⁽¹⁾	\$140.0 MM	4.50%	January 2026	\$140.0 MM	N/A
I-45 Credit Facility ⁽²⁾	\$150.0 MM	L + 2.15%	March 2026	\$110.0 MM	\$40.0 MM
Credit Facility ⁽³⁾	\$380.0 MM	Term SOFR + 2.15% ⁽⁴⁾	August 2026	\$215.0 MM	\$161.3 MM ⁽⁵⁾
October 2026 Notes ⁽⁶⁾	\$150.0 MM	3.375%	October 2026	\$150.0 MM	N/A
SBA Debentures	\$80.0 MM	2.39% ⁽⁷⁾	September 2031 ⁽⁸⁾	\$80.0 MM	\$0.0 MM ⁽⁹⁾



(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) Additional 0.10% adjustment for 1-month SOFR loans, and 0.15% adjustment for 3-month SOFR loans

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

(6) 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

(7) Weighted average interest rate of all pooled and non-pooled SBA Debentures for the three months ended June 30, 2022

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

(9) 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 9/30/21	Quarter Ended 12/31/21	Quarter Ended 3/31/22	Quarter Ended 6/30/22
Assets				
Portfolio Investments	\$818,218	\$876,765	\$936,614	\$1,006,640
Cash & Cash Equivalents	26,840	18,668	11,431	18,770
Other Assets	21,764	17,122	25,912	28,549
Total Assets	\$866,822	\$912,555	\$973,957	\$1,053,959
Liabilities				
SBA Debentures	\$16,709	\$27,965	\$38,352	\$77,461
January 2026 Notes	138,545	138,630	138,714	138,798
October 2026 Notes	97,264	146,357	146,522	146,708
Credit Facility	215,000	190,000	205,000	215,000
Other Liabilities	17,359	22,266	24,502	23,007
Total Liabilities	\$484,877	\$525,218	\$553,090	\$600,974
Shareholders Equity				
Net Asset Value	\$381,945	\$387,337	\$420,867	\$452,985
Net Asset Value per Share	\$16.36	\$16.19	\$16.86	\$16.54
Regulatory Debt to Equity	1.18x	1.23x	1.16x	1.10x

Portfolio Statistics

Continuing to build a well performing credit portfolio

<i>(In Thousands)</i>	Quarter Ended 9/30/21	Quarter Ended 12/31/21	Quarter Ended 3/31/22	Quarter Ended 6/30/22
Portfolio Statistics				
Fair Value of Debt Investments	\$689,421	\$744,681	\$793,834	\$865,432
Average Debt Investment Hold Size	\$11,490	\$11,820	\$12,213	\$12,727
Fair Value of Debt Investments as a % of Par	97%	97%	97%	97%
% of Investment Portfolio on Non-Accrual (at Fair Value)	3.0%	1.6%	1.5%	1.6%
Weighted Average Investment Rating ⁽¹⁾	1.96	1.90	1.92	1.98
Weighted Average Yield on Debt Investments	9.66%	9.48%	9.30%	9.31%
Total Fair Value of Portfolio Investments	\$818,218	\$876,765	\$936,614	\$1,006,640
Weighted Average Yield on all Portfolio Investments	9.60%	9.35%	9.01%	9.11%
Investment Mix (Debt vs. Equity) ⁽²⁾⁽³⁾	91% / 9%	91% / 9%	90% / 10%	91% / 9%

(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

(In Thousands)	Quarter Ended 9/30/21	Quarter Ended 12/31/21	Quarter Ended 3/31/22	Quarter Ended 6/30/22
Investment Income Breakdown				
Cash Interest	\$15,370	\$16,164	\$16,785	\$17,414
Cash Dividends	2,069	1,714	1,962	2,186
PIK Income	879	814	543	687
Amortization of purchase discounts and fees	731	758	828	848
Management/Admin Fees	327	340	259	264
Prepayment Fees & Other Income	920	2,520	653	1,144
Total Investment Income	\$20,296	\$22,310	\$21,030	\$22,543
Key Metrics				
Cash Income as a % of Investment Income	92%	93%	93%	93%
% of Total Investment Income that is Recurring	95%	89%	96%	95%

Key Financial Metrics

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

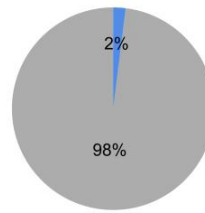
	Quarter Ended 9/30/21	Quarter Ended 12/31/21	Quarter Ended 3/31/22	Quarter Ended 6/30/22
Key Financial Metrics				
Pre-Tax Net Investment Income Per Wtd Avg Diluted Share	\$0.45	\$0.51	\$0.50	\$0.50
Pre-Tax Net Investment Income Return on Equity (ROE) ⁽¹⁾	10.75%	12.35%	12.24%	11.74%
Realized Earnings Per Wtd Avg Diluted Share	(\$0.17)	\$0.62	\$0.52	\$0.58
Realized Earnings Return on Equity (ROE) ⁽¹⁾⁽²⁾	(4.14)%	15.25%	12.86%	13.72%
Earnings Per Wtd Avg Diluted Share	\$(0.20)	\$0.54	\$0.81	\$0.10
Earnings Return on Equity (ROE) ⁽¹⁾⁽²⁾	(4.88)%	13.11%	20.08%	2.33%
Regular Dividends per Share	\$0.44	\$0.47	\$0.48	\$0.48
Supplemental / Special Dividends per Share	\$0.10	\$0.50	\$—	\$0.15
Total Dividends per Share	\$0.54	\$0.97	\$0.48	\$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

(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

Interest Rate Sensitivity

Fixed vs. Floating Credit Portfolio Exposure ⁽¹⁾



■ Fixed ■ Floating

Change in Base Interest Rates	Illustrative Annual NII Change (\$'s)	Illustrative Annual NII Change (Per Share)
(100 bps)	(6,430,401)	(0.23)
(75 bps)	(4,869,369)	(0.18)
(50 bps)	(3,305,176)	(0.12)
(25 bps)	(1,704,585)	(0.06)
25 bps	1,704,585	0.06
50 bps	3,409,170	0.12
75 bps	5,113,755	0.19
100 bps	6,818,340	0.25

(1) Portfolio Exposure includes I-45 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 6/30/2022, adjusted only for changes in Base Interest Rate. Base Interest Rate used in this analysis is 3-Month LIBOR of 2.29% at 6/30/2022. The results of this analysis include the I-45 Senior Loan Fund, which is comprised of 98% floating rate debt assets and 100% floating rate liabilities

Corporate Information

<p>Board of Directors</p> <p>Inside Directors Bowen S. Diehl</p> <p>Independent Directors David R. Brooks Christine S. Battist Jack D. Furst William R. Thomas Ramona Rogers-Windsor</p>	<p>Senior Management</p> <p>Bowen S. Diehl <i>President & Chief Executive Officer</i></p> <p>Michael S. Sarner <i>Chief Financial Officer, Secretary & Treasurer</i></p> <p>Joshua S. Weinstein <i>Senior Managing Director</i></p>	<p>Fiscal Year End March 31</p>
<p>Corporate Offices & Website</p> <p>8333 Douglas Avenue 11th Floor Dallas, TX 75225 http://www.capitalsouthwest.com</p>	<p>Investor Relations</p> <p>Michael S. Sarner Capital Southwest 214-884-3829 msarner@capitalsouthwest.com</p>	<p>Independent Auditor</p> <p>RSM US LLP Chicago, IL</p>
<p>Securities Listing</p> <p>Nasdaq: "CSWC" (Common Stock)</p>	<p>Corporate Counsel</p> <p>Eversheds Sutherland (US) LLP</p>	<p>Transfer Agent</p> <p>American Stock Transfer & Trust Company, LLC 800-937-5449 www.amstock.com</p>

Industry Analyst Coverage		
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