

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): **June 1, 2020**

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.)

5400 Lyndon B. Johnson Freeway, Suite 1300
Dallas, Texas 75240
(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	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, \$0.25 par value per share	CSWC	The Nasdaq Global Select Market
5.95% Notes due 2022	CSWCL	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 June 1, 2020, 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, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1934, 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 June 2, 2020. 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 Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, 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 June 1, 2020
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: June 1, 2020

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

Capital Southwest Announces Financial Results for Fourth Quarter and Fiscal Year Ended March 31, 2020 and Announces Total Dividends of \$0.51 Per Share for the Quarter Ended September 30, 2020

CSWC Reports Pre-Tax Net Investment Income of \$0.40 Per Share for the Quarter Ended March 31, 2020

Dallas, Texas – June 1, 2020 – 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 fourth fiscal quarter and fiscal year ended March 31, 2020.

Fourth Quarter Fiscal Year 2020 Financial Highlights

- Total Investment Portfolio: \$553.1 million
 - Credit Portfolio of \$474.3 million:
 - 90% 1st Lien Secured Debt
 - \$38.1 million in new committed credit investments
 - Weighted Average Yield on Debt Investments: 10.5%
 - Four Upper Middle Market 1st Lien Senior Secured Debt investments currently on non-accrual with a fair value of \$18.2 million, representing 3.3% of the total investment portfolio
 - Equity Portfolio of \$39.0 million, excluding investment in I-45 Senior Loan Fund (“I-45 SLF”)
 - CSWC Investment in I-45 SLF of \$39.8 million
 - I-45 SLF portfolio of \$170.9 million
 - Portfolio consists of 43 issuers: 97% 1st Lien Debt and 3% 2nd Lien Debt
 - I-45 SLF paid a \$2.1 million quarterly dividend to CSWC, an annualized yield of 21.4%
- Pre-Tax Net Investment Income: \$7.4 million, or \$0.40 per weighted average diluted share
- Dividends: Paid \$0.41 per share in a Regular Dividend, plus \$0.10 per share in a Supplemental Dividend
 - 105.0% LTM Pre-Tax NII Regular Dividend Coverage
 - Total Dividends for the quarter of \$0.51 per share
- Net Realized and Unrealized Portfolio Depreciation: \$31.9 million
 - \$24.5 million of net depreciation related to the upper middle market portfolio, including I-45 SLF
 - \$7.4 million of net depreciation related to the lower middle market portfolio
- Balance Sheet:
 - Cash and Cash Equivalents: \$13.7 million
 - Total Net Assets: \$272.2 million
 - Net Asset Value (“NAV”) per Share: \$15.13

Fiscal Year 2020 Financial Highlights

- **Total Investment Portfolio**: Increased by \$29.0 million (Fair Value), from \$524.1 million to \$553.1 million, representing 6% growth, during the year
 - Credit Portfolio increased by \$106.6 million
- **Sale of Media Recovery, Inc.**: Completed successful exit of Media Recovery, resulting in net proceeds of \$48.4 million and an IRR of 11.8%
- **Pre-Tax Net Investment Income**: \$30.3 million for the fiscal year, or \$1.68 per weighted average diluted share versus \$1.48 per weighted average diluted share in the previous fiscal year, representing 14% growth
- **Dividends**: Declared and Paid Total Dividends of \$2.75 per share versus \$2.27 in the prior fiscal year, representing 21% growth
 - \$1.60 per share in regular dividends
 - \$1.15 per share in supplemental and special dividends
 - UTI Balance at the end of the fiscal year ended March 31, 2020 was \$1.44 per share

In commenting on the Company's results, Bowen Diehl, President and Chief Executive Officer, stated, "The unprecedented effects of the COVID-19 pandemic and associated shelter-in-place directives began during the March quarter and continued into the June quarter, creating instability and uncertainty in the market and largely halting the US economy. That said, we are encouraged by the signs that the economy is opening back up. We are pleased to report that our team is healthy and has been working remotely since mid-March with almost no disruption to our operations. Some key decisions we made over the past two years have prepared us well for the current environment. First, we reduced equity exposure in our portfolio through the sale of Media Recovery. Second, we have been consistent since the launch of our credit strategy in our focus on first lien senior secured debt and today have a credit portfolio that is 90% first lien senior secured. We have conservatively managed our capital structure by being diligent to raise unsecured debt and sell equity through our ATM program in lockstep with being able to put the capital to work and today have 50% of our debt capital sourced from the unsecured bond markets with the earliest maturity in December 2022. In addition, during the quarter, we enhanced our liquidity profile by increasing our bank borrowing capacity by \$30 million, growing total commitments to \$325 million. Finally, over the past two years we have negotiated for higher LIBOR floors on our loans such that today we have a robust weighted average LIBOR floor across our loan portfolio of 1.4%. While we have several credits in the portfolio that have experienced declining performance this quarter, as evidenced by the 9.6% decrease in our net asset value per share, we believe that the majority of the unrealized depreciation is a result of mark to market volatility and temporary operational issues associated with the aftermath of COVID-19. We believe our flexible capital structure and significant liquidity position allows us to fully support our existing portfolio companies, where needed, while continuing to seek new investment opportunities on a highly selective basis. As a further demonstration of our confidence and shareholder alignment, our directors and officers purchased approximately 107,000 shares of CSWC stock during the quarter, bringing the group's total ownership in Capital Southwest to approximately 10% of the outstanding common stock. In addition, we are pleased that the board declared \$0.51 per share in total dividends for the September 2020 quarter as a further demonstration of our confidence in the earnings power of our asset base and the flexibility of our capital structure. In summary, we believe that our conservative underwriting and proactive strategic planning prior to the pandemic have prepared us to weather the impacts from COVID-19 and thrive in the long term."

Fourth Quarter Fiscal Year 2020 Investment Activities

During the quarter ended March 31, 2020, the Company originated three new investments and three follow-on investments totaling \$38.1 million in commitments. New investment transactions that occurred during the quarter ended March 31, 2020 are summarized as follows:

ESCP DTFS, Inc., \$10.7 million 1st Lien Senior Secured Debt, \$5.25 million Delayed Draw Term Loan: ESCP provides mechanical services to maintain asset integrity within the downstream, industrial, midstream and power sectors.

USA DeBusk LLC, \$8.0 million 1st Lien Senior Secured Debt: USA DeBusk is an industrial services company focused on providing specialty and traditional industrial cleaning and mechanical services.

GS Operating LLC (d/b/a Gexpro), \$8.0 million 1st Lien Senior Secured Debt: GS Operating is a provider of customized supply chain solutions.

During the quarter ended March 31, 2020, the Company received full prepayment on one Upper Middle Market investment totaling \$12.6 million.

Digital River: Proceeds of \$12.6 million, generating an IRR of 8.3%.

Fourth Quarter Fiscal Year 2020 Operating Results

For the quarter ended March 31, 2020, Capital Southwest reported total investment income of \$15.0 million, compared to \$16.0 million in the prior quarter. The decrease in total investment income was attributable to the one-time transaction fee and final dividend received in connection with the sale of Media Recovery, Inc. in the prior quarter and a decrease in the weighted average yield on debt investments due to lower LIBOR, partially offset by an increase in average debt investments outstanding.

For the quarter ended March 31, 2020, total operating expenses (excluding interest expense) were \$3.5 million as compared to \$4.0 million in the prior quarter. The decrease was primarily related to a decrease in the cash compensation accrual in the current quarter.

For the quarter ended March 31, 2020, interest expense was \$4.2 million as compared to the \$4.1 million in the prior quarter. The increase was due to an increase in the average outstanding debt on the credit facility partially offset by a decrease in the weighted average interest rate due to lower LIBOR.

For the quarter ended March 31, 2020, total pre-tax net investment income was \$7.4 million, compared to \$7.9 million in the prior quarter.

For the quarter ended March 31, 2020, there was tax expense of \$0.4 million, compared to \$0.8 million in the prior quarter. The decrease was due to a larger than normal excise tax accrual in the prior quarter, driven by the undistributed taxable income balance at the 2019 tax year end.

During the quarter ended March 31, 2020, Capital Southwest recorded total net realized and unrealized losses on investments of \$31.9 million, compared to total net realized and unrealized losses on investments of \$13.9 million in the prior quarter. For the quarter ended March 31, 2020, this included total net realized losses on investments of \$0.1 million, net unrealized depreciation on investments of \$31.8 million. The net decrease in net assets resulting from operations was \$25.0 million for the quarter, compared to \$6.8 million in the prior quarter.

The Company's NAV per share at March 31, 2020 was \$15.13, as compared to \$16.74 at December 31, 2019. The decrease in NAV per share from the prior quarter is primarily due to net unrealized depreciation on the investment portfolio.

Fiscal Year 2020 Operating Results

For the year ended March 31, 2020, Capital Southwest reported total investment income of \$62.0 million, compared to \$51.9 million in the prior year. The increase in investment income was attributable primarily to an increase in average debt investments outstanding offset by a decrease in the weighted average yield on debt investments.

For the year ended March 31, 2020, total operating expenses (excluding interest expense) were \$15.9 million, compared to \$14.9 million in the prior year. The increase in operating expenses was primarily due to the write off of deferred offering costs of approximately \$0.5 million as well as an increase in audit and legal fees related to maintaining the Equity ATM Program (as described below).

For the year ended March 31, 2020, there was interest expense of \$15.8 million, compared to \$12.2 million in the prior year. The increase in interest expense during the year was due to increased average debt outstanding on our senior secured credit facility (the "Credit Facility"), as well as the addition of the 5.375% Notes due 2024 (the "October 2024 Notes") outstanding.

For the year ended March 31, 2020, total pre-tax net investment income was \$30.3 million, compared to \$24.8 million in the prior year.

For the year ended March 31, 2020, there was tax expense of \$2.1 million recorded, compared to \$1.0 million in the prior year. The increase in tax expense versus the prior year was due primarily to an increase in excise tax, an increase in taxable income due to the use of the net operating loss in the prior tax year, and a gain on the exit of an investment held in the Company's taxable subsidiary.

During the year ended March 31, 2020, Capital Southwest recorded total net realized gains on investments of \$42.2 million and net unrealized depreciation on investments of \$92.8 million, of which \$49.2 million was the reversal of net unrealized appreciation recognized in prior periods due to realized gains noted above. The net decrease in net assets resulting from operations was \$22.4 million for the year, compared to the net increase in net assets resulting from operations of \$33.1 million in the prior year.

The Company's NAV per share at March 31, 2020 was \$15.13, as compared to \$18.62 at March 31, 2019. The decrease in NAV per share from the prior year was primarily due to \$0.40 per share in supplemental dividends and \$0.75 per share in a special dividend paid during the year, taxes incurred in connection with the deemed distribution of our retained capital gains, and net unrealized depreciation on investments.

Liquidity and Capital Resources

At March 31, 2020, Capital Southwest had approximately \$13.7 million in unrestricted cash and money market balances, \$154.0 million of total debt outstanding on the Credit Facility, \$75.8 million, net of unamortized debt issuance costs, of the December 2022 Notes outstanding and \$73.5 million, net of unamortized debt issuance costs, of the October 2024 Notes outstanding. As of March 31, 2020, Capital Southwest had \$167.6 million in available borrowings under the Credit Facility. The debt to equity ratio at the end of the quarter was 1.11 to 1.

In September 2019, the Company issued \$65.0 million in aggregate principal amount of 5.375% Notes due 2024 (the "Existing October 2024 Notes"). On October 8, 2019, the Company issued an additional \$10.0 million in aggregate principal amount of the October 2024 Notes (the "Additional October 2024 Notes" together with the Existing October 2024 Notes, the "October 2024 Notes"). The total net proceeds from the offering of the October 2024 Notes was \$73.5 million, before offering expenses payable by us. The October 2024 Notes mature on October 1, 2024 and may be redeemed in whole or in part at any time prior to July 1, 2024, at par plus a "make-whole" premium, and thereafter at par. The October 2024 Notes bear interest at a rate of 5.375% per year, payable semi-annually on April 1 and October 1 of each year, beginning on April 1, 2020.

In December 2018, the Company entered into the Amended and Restated Senior Secured Revolving Credit Agreement (the "Amended and Restated Agreement"), and a related Amended and Restated Guarantee, Pledge and Security Agreement, to amend and restate its Senior Secured Revolving Credit Facility (the "Credit Facility"). On May 23, 2019, CSWC entered into an Incremental Assumption Agreement, which increased the total commitments under the accordion feature of the Credit Facility by \$25 million, increasing total commitments from \$270 million to \$295 million. On March 19, 2020, CSWC entered into an Incremental Assumption Agreement, which increased the total commitments under the accordion feature of the Credit Facility by \$30 million, increasing total commitments from \$295 million to \$325 million.

On March 4, 2019, the Company established an "at-the-market" offering (the "Equity ATM Program") 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 \$50,000,000. On February 4, 2020, the Company (i) increased the maximum amount of shares of its common stock to be sold through the Equity ATM Program to \$100,000,000 from \$50,000,000 and (ii) added two additional sales agents to the Equity ATM Program. During the quarter ended March 31, 2020, the Company sold 181,500 shares of its common stock under the Equity ATM program at a weighted-average price of \$20.61 per share, raising \$3.7 million of gross proceeds. During the year ended March 31, 2020, the Company sold 1,231,432 shares of its common stock under the Equity ATM Program at a weighted-average price of \$21.71 per share, raising \$26.7 million of gross proceeds. Net proceeds were \$26.2 million after commissions to the sales agents on shares sold. Cumulative to date, the Company has sold 1,495,088 shares of its common stock under the Equity ATM Program at a weighted-average price of \$21.67, raising \$32.4 million of gross proceeds. Net proceeds were \$31.7 million after commissions to the sales agents on shares sold.

Additionally, I-45 SLF has total commitments outstanding of \$165 million from a group of four bank lenders in its Deutsche Bank led credit facility, which is scheduled to mature in July 2022. As of March 31, 2020, I-45 SLF had \$125 million in borrowings outstanding under its credit facility. Subsequent to the quarter ended March 31, 2020, I-45 reduced its credit facility commitments to \$150 million through an optional prepayment.

Share Repurchase Program

On January 25, 2016, Capital Southwest announced that its Board of Directors (the "Board") authorized the repurchase of up to \$10 million of its common stock at prices below the Company's NAV per share as reported in its most recent financial statements. The Board authorized the share repurchase program because it believes that the Company's common stock may be undervalued from time to time due to market volatility.

During the year ended March 31, 2020, the Company repurchased 794,180 shares of common stock at an average price of \$11.57 per share, including commissions paid. All of the share buyback activity for the fiscal year occurred during the quarter ended March 31, 2020. Cumulative to date, the Company has repurchased a total of 840,543 shares at an average price of \$11.85 per share, including commissions paid. The Company currently has up to an additional \$43 thousand available for repurchases under the program.

Declared Dividend of \$0.51 Per Share for Quarter Ended September 30, 2020

On May 28, 2020, the Board declared a total dividend of \$0.51 per share for the quarter ended September 30, 2020, comprised of a regular dividend of \$0.41 per share and a supplemental dividend of \$0.10 per share.

The Company's dividend will be payable as follows:

September 30, 2020 Dividend

Amount Per Share: \$0.51
Ex-Dividend Date: September 14, 2020
Record Date: September 15, 2020
Payment Date: September 30, 2020

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.

Annual Meeting of Shareholders

The 2020 Annual Meeting of Shareholders of Capital Southwest Corporation will be held at the Hilton Dallas Lincoln Centre located at 5410 LBJ Freeway, Dallas, Texas 75240 on Wednesday, July 29, 2020, at 9:00 a.m. (Central Time) for shareholders of record as of the close of business on June 1, 2020.

Fourth Quarter 2020 Earnings Results Conference Call and Webcast

Capital Southwest has scheduled a conference call on Tuesday, June 2, 2020, at 11:00 a.m. Eastern Time to discuss the fourth quarter 2020 financial results. You may access the call by dialing (866) 502-8274 and using the Conference ID 2096883 at least 10 minutes before the call. The call can also be accessed using the Investor Relations section of Capital Southwest's website at www.capitalsouthwest.com, or by using <http://edge.media-server.com/mmc/p/2hoxzf25>.

A telephonic replay will be available through June 9, 2020 by dialing (855) 859-2056 and using the Conference ID 2096883. 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 Capital Southwest's Annual Report on Form 10-K for the year ended March 31, 2020 to be filed with the Securities and Exchange Commission and Capital Southwest's Fourth Fiscal Quarter 2020 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 \$272 million in net assets as of March 31, 2020. Capital Southwest is a middle market lending firm focused on supporting the acquisition and growth of middle market businesses with \$5 million to \$25 million investments across the capital structure, including first lien, unitranche, second lien, subordinated debt 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. 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 and lending markets; regulatory changes; tax treatment and general economic and business conditions; 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, 2020 and subsequent filings 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. Sarner, 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)

	March 31, 2020	March 31, 2019
	(Unaudited)	
Assets		
Investments at fair value:		
Non-control/Non-affiliate investments (Cost: \$436,463 and \$305,596, respectively)	\$ 421,280	\$ 304,663
Affiliate investments (Cost: \$94,724 and \$79,277, respectively)	92,032	80,905
Control investments (Cost: \$68,000 and \$93,182, respectively)	39,760	138,503
Total investments (Cost: \$599,187 and \$478,055, respectively)	553,072	524,071
Cash and cash equivalents	13,744	9,924
Receivables:		
Dividends and interest	10,389	9,252
Escrow	1,643	370
Other	51	1,244
Income tax receivable	147	183
Deferred tax asset	1,402	1,807
Debt issuance costs (net of accumulated amortization of \$2,720 and \$1,814, respectively)	2,980	3,364
Other assets	1,531	1,628
Total assets	\$ 584,959	\$ 551,843
Liabilities		
December 2022 Notes (Par value: \$77,136 and \$77,136, respectively)	\$ 75,812	\$ 75,099
October 2024 Notes (Par value: \$75,000 and \$0, respectively)	73,484	—
Credit facility	154,000	141,000
Other liabilities	4,883	6,516
Accrued restoration plan liability	3,082	3,073
Income tax payable	513	192
Deferred income taxes	963	—
Total liabilities	312,737	225,880
Commitments and contingencies (Note 11)		
Net Assets		
Common stock, \$0.25 par value: authorized, 40,000,000 shares at March 31, 2020 and 25,000,000 at March 31, 2019; issued, 20,337,610 shares at March 31, 2020 and 19,842,528 shares at March 31, 2019	5,085	4,961
Additional paid-in capital	310,846	281,205
Total distributable earnings	(19,772)	63,734
Treasury stock - at cost, 2,339,512 shares	(23,937)	(23,937)
Total net assets	272,222	325,963
Total liabilities and net assets	\$ 584,959	\$ 551,843
Net asset value per share (17,998,098 shares outstanding at March 31, 2020 and 17,503,016 shares outstanding at March 31, 2019)	\$ 15.13	\$ 18.62

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

(In thousands, except shares and per share data)

	Years Ended March 31,		
	2020	2019	2018
Investment income:			
Interest income:			
Non-control/Non-affiliate investments	\$ 38,094	\$ 28,716	\$ 18,257
Affiliate investments	8,559	7,143	3,513
Control investments	265	1,406	82
Dividend income:			
Non-control/Non-affiliate investments	166	197	—
Affiliate investments	141	82	127
Control investments	12,136	12,648	12,254
Interest income from cash and cash equivalents	73	36	21
Fees and other income	2,605	1,653	872
Total investment income	<u>62,039</u>	<u>51,881</u>	<u>35,126</u>
Operating expenses:			
Compensation	7,310	7,715	7,013
Spin-off compensation plan	—	—	517
Share-based compensation	2,853	2,271	1,708
Interest	15,836	12,178	4,875
Professional fees	2,029	1,737	1,580
Net pension expense	143	159	164
General and administrative	3,574	3,063	2,841
Total operating expenses	<u>31,745</u>	<u>27,123</u>	<u>18,698</u>
Income before taxes	30,294	24,758	16,428
Income tax expense	2,062	1,048	195
Net investment income	<u>\$ 28,232</u>	<u>\$ 23,710</u>	<u>\$ 16,233</u>
Net realized gain			
Non-control/Non-affiliate investments	\$ 1,335	\$ 2,124	\$ 1,492
Affiliate investments	57	77	90
Control investments	44,300	18,653	—
Taxes on deemed distribution of long-term capital gains	(3,461)	—	—
Total net realized gain on investments before income tax	<u>42,231</u>	<u>20,854</u>	<u>1,582</u>
Change in unrealized (depreciation) appreciation of investments			
Non-control/Non-affiliate investments	(14,250)	(934)	(4,325)
Affiliate investments	(4,320)	1,109	337
Control investments	(73,561)	(11,859)	25,347
Income tax (provision) benefit	(683)	178	133
Total net change in unrealized (depreciation) appreciation of investments, net of tax	<u>(92,814)</u>	<u>(11,506)</u>	<u>21,492</u>
Net realized and unrealized (losses) gains on investments	<u>\$ (50,583)</u>	<u>\$ 9,348</u>	<u>\$ 23,074</u>
Net (decrease) increase in net assets from operations	<u>\$ (22,351)</u>	<u>\$ 33,058</u>	<u>\$ 39,307</u>
Pre-tax net investment income per share - basic and diluted	<u>\$ 1.68</u>	<u>\$ 1.48</u>	<u>\$ 1.02</u>
Net investment income per share – basic and diluted	<u>\$ 1.57</u>	<u>\$ 1.42</u>	<u>\$ 1.01</u>
Net (decrease) increase in net assets from operations – basic and diluted	<u>\$ (1.24)</u>	<u>\$ 1.98</u>	<u>\$ 2.45</u>
Weighted average shares outstanding – basic	<u>17,999,836</u>	<u>16,727,254</u>	<u>16,073,642</u>
Weighted average shares outstanding – diluted	<u>17,999,836</u>	<u>16,734,369</u>	<u>16,138,541</u>



Capital Southwest Corporation

Q4 2020 Earnings Presentation

June 2, 2020

5400 Lyndon B. Johnson Freeway, Suite 1300 | Dallas, Texas 75240 | 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.
- 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.



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 and lending markets; regulatory changes; tax treatment and general economic and business conditions; 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 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, 2020 and its subsequent filings with the Securities and Exchange Commission. 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”) and December 2022 Notes (“CSWCL”)
- Internally Managed BDC with RIC tax treatment for U.S. federal income tax purposes
- December 2014: announced intent to spin-off industrial growth company (“CSW Industrials”; Nasdaq: “CSWI”) tax free
- January 2015: launched credit investment strategy
- September 2015: completed tax free spin off of CSWI (“Spin Off”)
- 22 employees based in Dallas, Texas
- Total Balance Sheet Assets of \$585MM as of March 31, 2020
- Manage I-45 Senior Loan Fund (“I-45 SLF”) in partnership with Main Street Capital (NYSE: “MAIN”)



Key Attributes that Prepare CSWC for Tough Environmen

- 90% of CSWC Credit Portfolio invested in First Lien Senior Secured Debt
 - Additionally, 97% of I-45 Portfolio invested in First Lien Senior Secured Debt
- Completed successful sale of Media Recovery in November 2019, reducing balance sheet eq exposure from 19% to 8%
- Floating rate credit investments all have LIBOR floors of 1.0% - 2.0%, with a weighted averag 1.4% across the portfolio
 - CSWC Revolving Credit Facility does not have a LIBOR floor, decreasing our cost of debt as L decreases
- Given that 84% of our credit portfolio is invested in the Lower Middle Market, many portfolio companies were eligible for the Payment Protection Plan ("PPP")
 - Approximately \$90MM of "PPP" funding has been applied for and received by 24 of our portfoli companies
- During Fiscal Year 2020, we increased our Revolving Credit Facility from \$270MM to \$325MM
 - Approximately \$170MM available on the credit facility as of 3/31/20
 - \$15.2MM total unfunded commitments to our portfolio companies as of 3/31/20, with only approximately \$7.5MM accessible to our portfolio companies based on compliance with drawir conditions
- Completed \$75MM Unsecured Bond Offering in September 2020, allowing us to end Fiscal Ye 2020 with 50% of our liabilities in unsecured debt



Fiscal Year 2020 Highlights

Financial Highlights

- Investments at Fair Value of \$553.1MM compared to \$524.1MM in Prior Year, an increase of 6%
 - Originated \$195.1MM in total commitments in 19 portfolio companies
 - Credit Portfolio increased by \$106.6MM compared to prior year
 - Exited five companies for \$99.6MM in proceeds, generating a weighted average IRR of 11.6%
 - Exited Media Recovery, Inc. for net proceeds of \$48.4MM, generating an IRR of 11.8%
 - Since Spin Off, Cumulative IRR of 16.4% on 31 Portfolio Exits Generating \$287.1MM in total proceeds
- Total Investment Revenue of \$62.0MM compared to \$51.9MM in Prior Year, an increase of 20%
- Strengthened Balance Sheet Through Variety of Capital Raising Activities
 - Raised \$75.0MM in aggregate principal through 5.375% October 2024 Notes
 - Raised \$26.2MM in net proceeds through Equity ATM Program
 - Upsized the CSWC Revolving Credit Facility to \$325MM from \$270MM
- Operating Leverage⁽¹⁾ decreased to 2.4% as of 3/31/20 from 2.8% as of 3/31/19
- Total Dividends of \$2.75 per share compared to \$2.27 per share in Prior Year, an increase of 21%

(1) Operating Leverage calculated as Quarterly Annualized Operating Expenses excluding Interest Expense divided by Average Total Assets



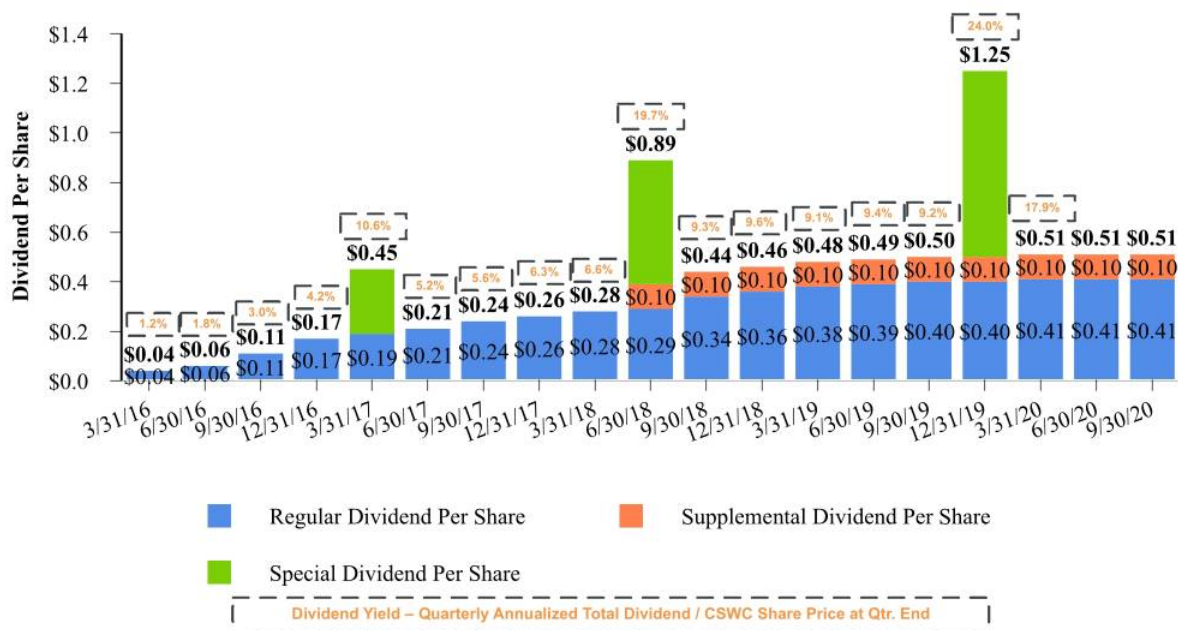
Q4 2020 Highlights

Financial Highlights

- Q4 2020 Pre-Tax Net Investment Income (“NII”) of \$7.4MM or \$0.40 Per Share
- Paid \$0.41 Per Share in Regular Dividends, Plus \$0.10 Per Share Supplemental Dividend
 - Total Dividends for the quarter of \$0.51 per share
 - UTI Balance at quarter end of \$1.44 per share
- Net Asset Value decreased to \$15.13 from \$16.74 in Prior Quarter
- Investment Portfolio at Fair Value decreased to \$553.1MM from \$558.6MM in Prior Quarter
- Received \$2.1MM Dividend from I-45 SLF, an Annualized Yield of 21.4% at Fair Value
- Continued Opportunistic Capital Market Activities
 - Raised \$3.7MM in gross proceeds through Equity ATM Program, resulting in \$0.04 of accretion for the quarter
 - Shares sold at average price of \$20.61, or 123% of the prevailing NAV per share
 - Repurchased \$9.2MM worth of shares through Share Buyback Program, resulting in \$0.04 of accretion for the quarter
 - Shares bought at average price of \$11.57, or 69% of the prevailing NAV per share
- \$167.6MM Available on Credit Facility as of Quarter End, inclusive of \$30MM upside in March 2020

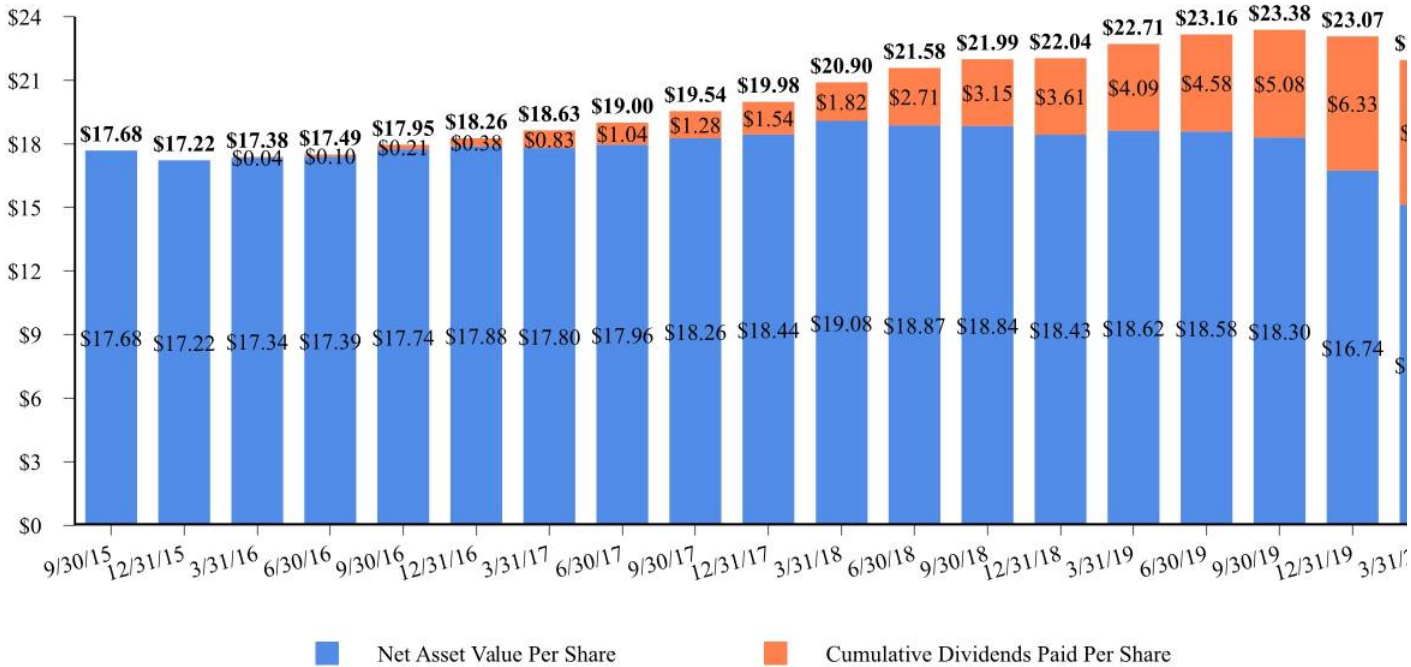
Track Record of Increasing Dividends Continues

- In the Last Twelve Months Ending 3/31/20, CSWC Generated \$1.68 Per Share in Pre-Tax NII and Paid Out \$1 Per Share in Regular Dividends
- Cumulative Pre-Tax NII Regular Dividend Coverage of 107% since the 2015 spin-off
- Announced Supplemental Dividend Program in June 2018
 - Expect to pay \$0.10 per share Supplemental Dividend per quarter going forward, subject to Board approval
 - Fiscal Year End 2020 UTI Balance of \$1.44 per share



History of Value Creation

Total Value (Net Asset Value + Cumulative Dividends Paid) Increase of \$4.29 at 3/31/20 from 9/30/15 Spin-off of CSWI



Two Pronged Investment Strategy

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

- Companies with EBITDA between \$3 MM and \$15 MM
- Typical leverage of 2.0x – 4.0x Debt to EBITDA through CSWC debt position
- Commitment size up to \$25 MM with hold sizes generally \$10 MM to \$20 MM
- Both Sponsored and Non-sponsored deals
- Securities include first lien, unitranche, second lien and subordinated debt
- Frequently make equity co-investments alongside CSWC debt

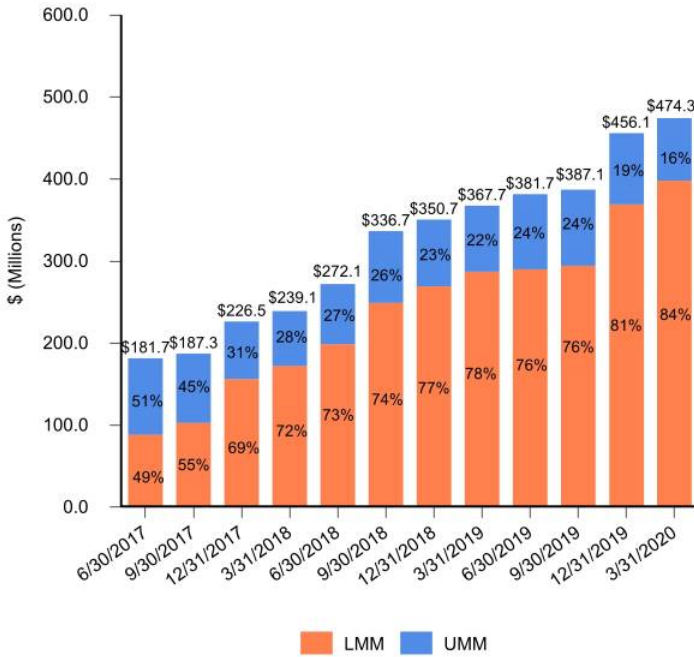
OPPORTUNISTIC: Upper Middle Market (“UMM”): Syndicated or Club First and Second Lien

- Companies typically have in excess of \$50 MM in EBITDA
- Typical leverage of 3.0x – 5.5x Debt to EBITDA through CSWC debt position
- Hold sizes generally \$5 MM to \$15 MM
- Floating rate first and second lien debt securities
- More liquid assets relative to Lower Middle Market investments
- Provides flexibility to invest/divest opportunistically based on market conditions and liquidity position

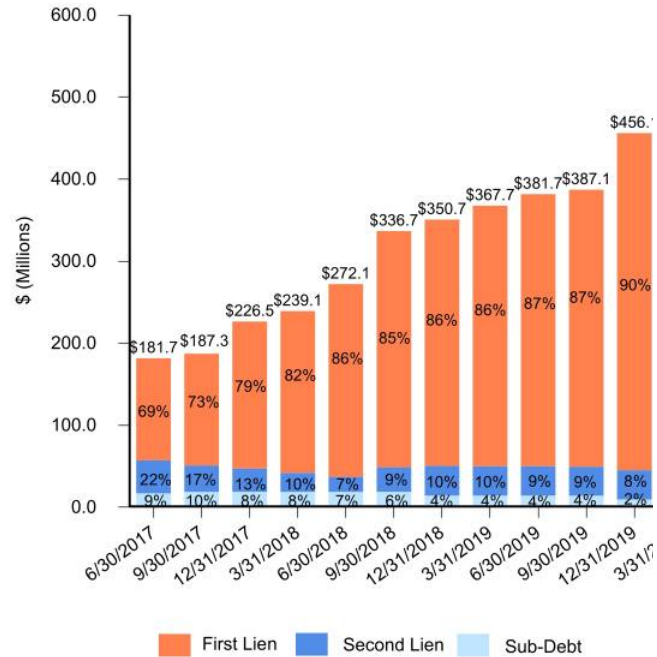
CSWC Credit Portfolio Heavily Weighted Towards LMM and First Lien Investm

LMM and First Lien Investments have increased to 84% and 90% of the Credit Portfolio as of 3/31/20, respectively

Robust LMM Credit Portfolio Growth



Credit Portfolio Heavily Weighted to Firs



CSWC Originations and Prepayments - Q4 20

**\$38.1MM in New Committed Investments During the Quarter
(\$32.8MM funded at close) at a Weighted Average Debt YTM of 9.6%**

Portfolio Originations		Q4 2020						
Name	Industry	Type	Market	Total Debt Funded at Close (\$000s)	Total Equity Funded at Close (\$000s)	Unfunded Commitments at Close (\$000s)	Debt Spread over LIBOR	D
AAC Holdings - Priming	Healthcare Services	Priming 1st Lien	UMM	\$563	\$0	\$0	13.50%	
ESCP DTFS	Industrial Services	1st Lien / DDTL	LMM	\$10,700	\$0	\$5,250	7.50%	
Clickbooth	Media, Marketing, & Entertainment	1st Lien	LMM	\$3,576	\$0	\$0	8.50%	
USA Debusk	Industrial Services	1st Lien	UMM	\$8,000	\$0	\$0	5.75%	
GS Operating d/b/a Gexpro	Distribution	1st Lien	LMM	\$8,000	\$0	\$0	6.50%	
Blaschak	Commodities & Mining	2nd Lien	LMM	\$2,000	\$0	\$0	12.00%	
Total / Weighted Average				\$32,839	\$0	\$5,250	7.32%	

Portfolio Prepayments		Q4 2020						
Name	Industry	Type	Market	Net Proceeds (\$000)	Realized Gain/Loss (\$000s)	IF		
Digital River	Software & IT Services	1st Lien	UMM	\$12,630	\$(27)	8.2		
Total / Weighted Average				\$12,630	\$(27)	8.2		

Note: Market refers to Upper Middle Market ("UMM") and Lower Middle Market ("LMM")



CSWC Portfolio Asset Mix by Market

Maintaining Conservative Portfolio Leverage While Receiving Attractive Risk Adjusted Returns

Investment Portfolio - Statistics Q4 2020		
(In Thousands)	Lower Middle Market ⁽¹⁾	Upper Middle Market
Number of Portfolio Companies	34	11
Total Cost	\$435,015	\$96,172
Total Fair Value	\$437,142	\$76,170
Average Hold Size (at Cost)	\$12,795	\$8,743
% First Lien Investments (at Cost)	84.1%	84.5%
% Second Lien Investments (at Cost)	5.4%	15.5%
% Subordinated Debt Investments (at Cost)	2.3%	0.0%
% Equity (at Cost)	8.2%	0.0%
Wtd. Avg. Yield ⁽²⁾⁽³⁾	11.2%	6.6%
Wtd. Avg. EBITDA of Issuer (\$MM's) ⁽³⁾	\$8.3	\$74.1
Wtd. Avg. Leverage through CSWC Security ^{(3) (4)}	3.7x	4.2x

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

(1) At March 31, 2020, we had equity ownership in approximately 64.7% of our LMM 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, 2020, including accretion of original issue discount but excluding fees payable upon repayment of the debt instruments. As of March 31, 2020, there were four 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) Weighted average EBITDA metric is calculated using investment cost basis weighting. For the quarter ended March 31, 2020, two UMM 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, 2020, two UMM portfolio companies are excluded from this calculation due to reporting a debt to adjusted EBITDA ratio that was not meaningful



Quarter-over-Quarter Investment Rating Migration

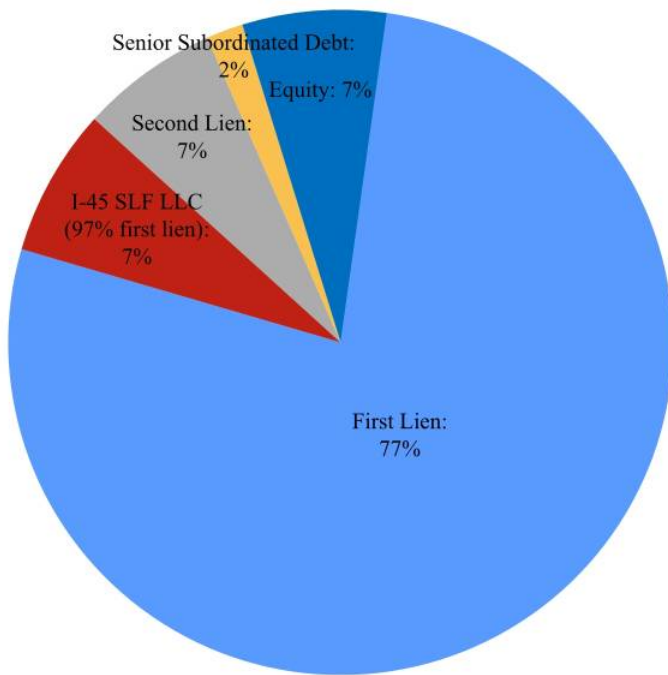
Investment Rating Downgrades During the Quarter Largely the Result of Anticipated Covid-19 Impact on Portfolio Companies

Investment Rating	12/31/2019			Investment Rating Upgrades			Investment Rating Downgrades			3/31/2020	
	# 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)
1	3	\$49.1	10.8%	1	\$12.0	2.5%	—	\$—	—	3	\$53.5
2	38	\$384.5	84.3%	—	\$—	—	1	\$11.4	2.4%	34	\$347.1
3	4	\$16.6	3.6%	—	\$—	—	6	\$53.9	11.4%	9	\$59.3
4	1	\$5.9	1.3%	—	\$—	—	2	\$9.1	1.9%	3	\$14.5
Wtd. Avg. Investment Rating	2.0									2.1	

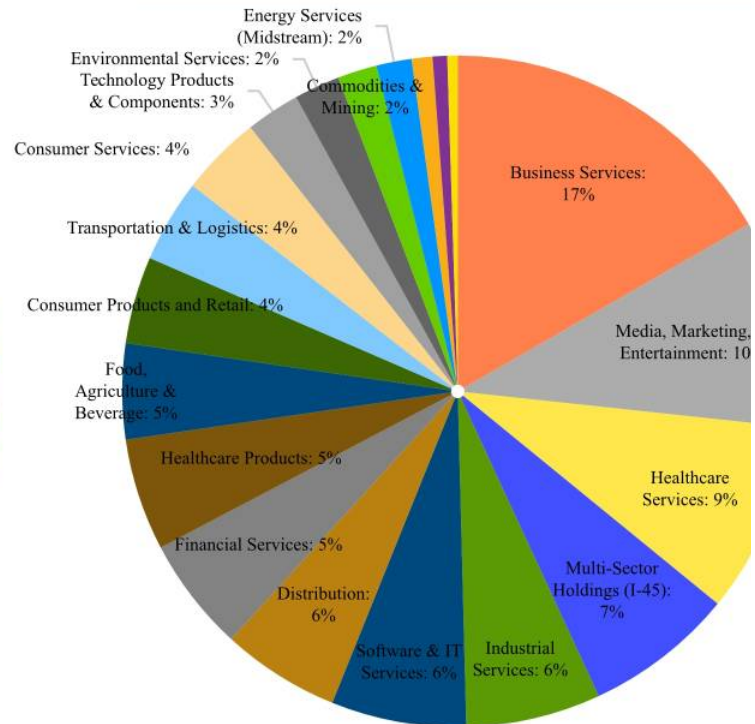
CSWC Portfolio Mix as of 3/31/20 at Fair Value

Current Investment Portfolio of \$553.1MM Continues to be Diverse Across Industries

Current Investment Portfolio (By Type)



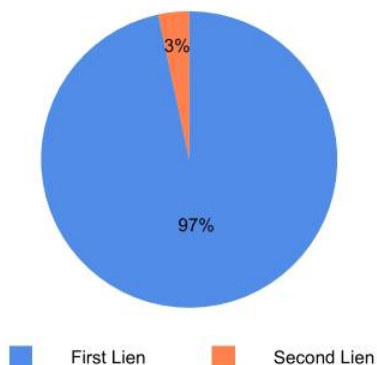
Current Investment Portfolio (By Industry)



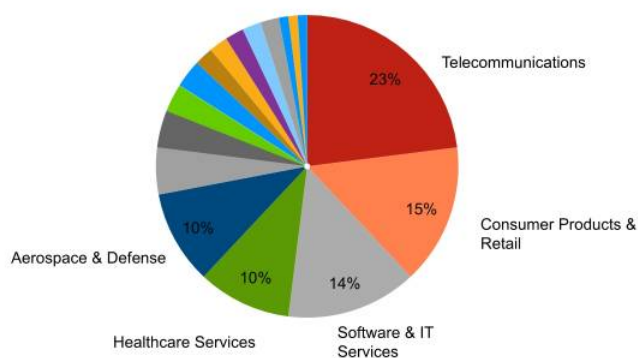
I-45 Portfolio Overview

I-45 Loan Portfolio of \$170.9MM is 97% First Lien with Average Hold Size of 2.3% of the I-45 Portfolio

Current I-45 Portfolio (By Type)



Current I-45 Portfolio (By Industry)



I-45 Portfolio Statistics				
(In Thousands)	6/30/19	9/30/19	12/31/19	3/31/20
Total Debt Investments at Fair Value	\$234,700	\$214,762	\$206,208	\$170,860
Number of Issuers	50	46	46	43
Wtd. Avg. Issuer EBITDA	\$70,807	\$69,270	\$64,968	\$65,098
Avg. Investment Size as a % of Portfolio	2.0%	2.2%	2.2%	2.3%
Wtd. Avg. Net Leverage on Investments ⁽¹⁾	3.9x	4.3x	4.5x	4.6x
Wtd. Avg. Spread to LIBOR	6.4%	6.4%	6.3%	6.3%
Wtd. Avg. Duration (Yrs)	4.0	3.9	3.8	3.5

(1) Through I-45 Security

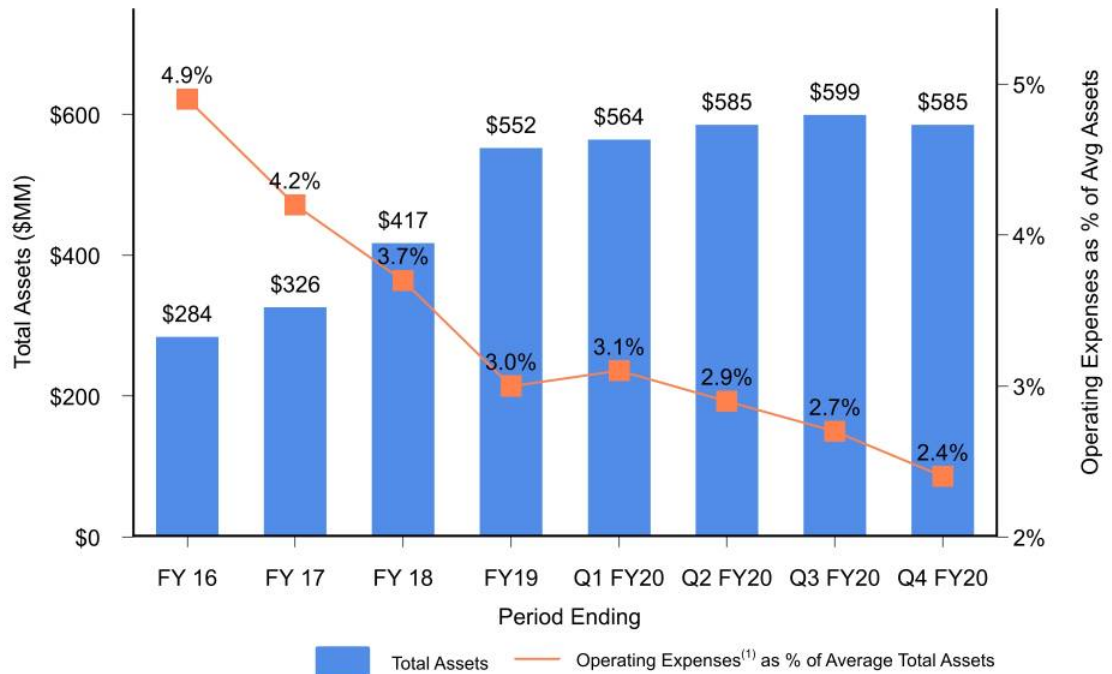
Income Statement

<i>(In Thousands, except per share amounts)</i>	Quarter Ended 6/30/19	Quarter Ended 9/30/19	Quarter Ended 12/31/19	Quarter 3/31
Investment Income				
Interest Income	\$11,346	\$11,237	\$11,685	\$12,1
Dividend Income	4,019	3,587	2,688	2,1
Fees and Other Income	434	394	1,611	23
Total Investment Income	\$15,799	\$15,218	\$15,984	\$15,1
Expenses				
Cash Compensation	\$2,021	\$1,708	\$2,034	\$1,5
Share Based Compensation	837	685	690	64
General & Administrative	1,451	1,728	1,243	1,3
Total Expenses (excluding Interest)	\$4,309	\$4,121	\$3,967	\$3,5
Interest Expense	\$3,806	\$3,716	\$4,142	\$4,1
Pre-Tax Net Investment Income	\$7,684	\$7,381	\$7,875	\$7,3
Taxes and Gain / (Loss)				
Income Tax Benefit (Expense)	\$(324)	\$(566)	\$(761)	\$(41
Net realized gain (loss) on investments	1,217	283	40,818	(87
Net increase (decrease) in unrealized appreciation of investments	(1,864)	(4,369)	(54,765)	(31,8
Net increase (decrease) in net assets resulting from operations	\$6,713	\$2,729	\$(6,833)	\$(24,1
Weighted Average Diluted Shares Outstanding	17,536	17,770	18,100	18,5
Pre-Tax Net Investment Income Per Dil. Wtd. Average Share	\$0.44	\$0.42	\$0.44	\$0.4



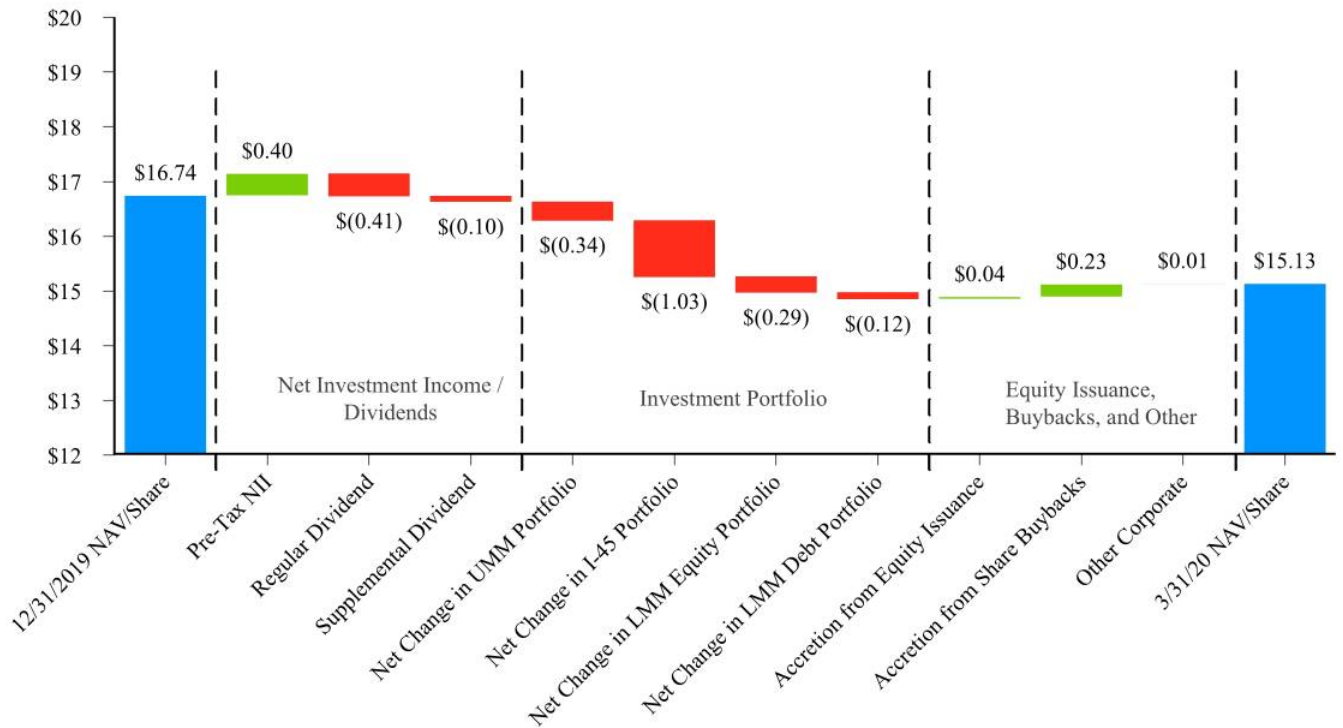
Operating Leverage Improves

Continue to Realize Operating Efficiencies of Internally-Managed Structure Migrating to a Target Operating Leverage of sub-2.5%



Note: FY16 includes only the quarters after the 2015 spin-off. Q1 2020, Q2 2020, Q3 2020, and Q4 2020 are quarterly annualized
 (1) Operating Expenses exclude Interest Expense

NAV per Share Bridge since Quarter Ended 12/31/

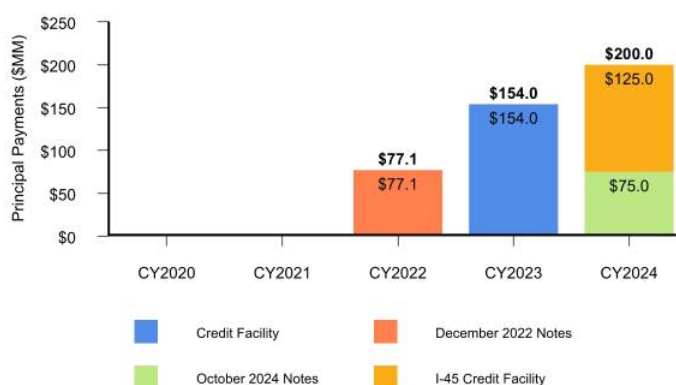


Significant Unused Debt Capacity with Long-Term Duration

Earliest Debt Maturity Occurs in December 2022

Facility	Total Commitments	Interest Rate	Maturity	Principal Drawn	Undrawn Co
Credit Facility ⁽¹⁾	\$325.0 MM	L + 2.50% subject to certain conditions	December 2023	\$154.0 MM	\$167.6 M
December 2022 Notes (NASDAQ: "CSWCL") ⁽³⁾	\$77.1 MM	5.950%	December 2022	\$77.1 MM	N/A
October 2024 Notes ⁽⁴⁾	\$75.0 MM	5.375%	October 2024	\$75.0 MM	N/A
I-45 Credit Facility ⁽⁵⁾	\$165.0 MM	L + 2.25%	November 2024	\$125.0 MM	\$40.0 M

Long-Term Debt Obligations (Calendar Year)



(1) The Credit Facility has an accordion feature that allows for an increase in total commitments up to \$350 MM. Principal Drawn is based upon outstanding balances as of 03/31/2020

(2) Net of \$3.4 MM in letters of credit outstanding

(3) Redeemable in whole or in part at CSWC's option at any time. Principal drawn is based upon outstanding balances as of 03/31/2020

(4) Redeemable in whole or in part at any time prior to July 1, 2024, at par plus a "make whole" premium, and thereafter at par. Principal drawn is based upon outstanding balances as of 03/31/2020

(5) CSWC owns 80% of the equity and 50% of the voting rights of I-45 SLF LLC with a joint venture partner. Subsequent to quarter end, I-45 reduced its Credit Facility commitments to \$40.0 MM through an optional prepayment



Balance Sheet

<i>(In Thousands, except per share amounts)</i>	Quarter Ended 6/30/19	Quarter Ended 9/30/19	Quarter Ended 12/31/19	Quarter Ended 3/31/20
Assets				
Portfolio Investments	\$533,491	\$538,876	\$558,552	\$553,072
Cash & Cash Equivalents	11,969	30,019	22,966	13,744
Deferred Tax Asset	1,672	1,628	1,336	1,402
Other Assets	17,044	14,510	16,494	16,741
Total Assets	\$564,176	\$585,033	\$599,348	\$584,959
Liabilities				
December 2022 Notes ⁽¹⁾	\$75,440	\$75,564	\$75,688	\$75,812
October 2024 Notes ⁽¹⁾	—	63,585	73,393	73,484
Credit Facility	151,000	108,000	124,000	154,000
Other Liabilities	8,922	9,785	14,411	9,441
Total Liabilities	\$235,362	\$256,934	\$287,492	\$312,737
Shareholders Equity				
Net Asset Value	\$328,814	\$328,099	\$311,856	\$272,222
NAV per Share⁽²⁾	\$18.58	\$18.30	\$16.74	\$15.13
Debt to Equity	0.69x	0.75x	0.88x	1.11x

(1) Net of unamortized debt issuance costs

(2) NAV per Share includes the impact of \$1.15 per share in supplemental/special dividends paid over the last 12 months



Portfolio Statistics

Continuing to Build a Well Performing Credit Portfolio

<i>(In Thousands)</i>	Quarter Ended 6/30/19	Quarter Ended 9/30/19	Quarter Ended 12/31/19	Quarter E 3/31/2
Portfolio Statistics				
Fair Value of Debt Investments	\$381,704	\$387,168	\$456,095	\$474,3
Average Debt Investment Hold Size	\$10,906	\$11,062	\$11,695	\$11,56
Fair Value of Debt Investments as a % of Par	97%	96%	95%	94%
% of Investment Portfolio on Non-Accrual (at Fair Value)	1.5%	2.6%	3.3%	3.3%
Weighted Average Investment Rating ⁽¹⁾	1.9	2.0	2.0	2.1
Weighted Average Yield on Debt Investments	11.73%	11.02%	11.26%	10.50%
Total Fair Value of Portfolio Investments	\$533,491	\$538,876	\$558,552	\$553,0
Weighted Average Yield on all Portfolio Investments ⁽²⁾	11.73%	11.10%	10.69%	10.63%
Investment (Mix Debt vs. Equity) ^{(3) (4)}	81% / 19%	81% / 19%	91% / 9%	92% / 8%

(1) Weighted Average Investment Rating is calculated at cost. 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

(2) Includes dividends from Media Recovery, Inc. and I-45 Senior Loan Fund

(3) Excludes CSWC equity investment in I-45 Senior Loan Fund

(4) At Fair Value



Investment Income Detail

Constructing a Portfolio of Investments with Recurring Cash Yield

- Non-Cash and Non-Recurring investment income remain a minor portion of Total Investment Income

<i>(In Thousands)</i>	Quarter Ended 6/30/19	Quarter Ended 9/30/19	Quarter Ended 12/31/19	Quarter Ended 3/31/20
Investment Income Breakdown				
Cash Interest	\$10,526	\$10,573	\$10,430	\$11,421
Cash Dividends	3,959	3,576	2,703	2,150
PIK Income	424	191	801	741
Amortization of purchase discounts and fees	472	496	460	511
Management/Admin Fees	211	246	199	177
Prepayment Fees & Other Income	207	136	1,391	38
Total Investment Income	\$15,799	\$15,218	\$15,984	\$15,038
Key Metrics				
Cash Income as a % of Investment Income	94%	95%	92%	92%
% of Total Investment Income that is Recurring ⁽¹⁾	96%	98%	88%	98%

(1) Non-Recurring income principally made up of loan prepayment and amendment fees

Key Financial Metrics

Strong Pre-Tax Net Investment Income and Regular Dividend Growth Driven by Net Portfolio Growth and Investment Performance

	Quarter Ended 6/30/2019	Quarter Ended 9/30/19	Quarter Ended 12/31/19	Quarter 3/31/
Key Financial Metrics				
Pre-Tax Net Investment Income Per Wtd Avg Diluted Share	\$0.44	\$0.42	\$0.44	\$0.4
Pre-Tax Net Investment Income Return on Equity (ROE) ⁽¹⁾	9.41%	8.94%	9.51%	9.45
Realized Earnings Per Wtd Avg Diluted Share	\$0.49	\$0.40	\$2.65	\$0.3
Realized Earnings Return on Equity (ROE) ⁽¹⁾	10.51%	8.60%	57.88%	8.81
Earnings Per Wtd Avg Diluted Share	\$0.38	\$0.15	\$(0.38)	\$(1.3
Total Earnings Return on Equity (ROE) ⁽¹⁾	8.22%	3.31%	(8.25)%	(32.07
Regular Dividends per Share	\$0.39	\$0.40	\$0.40	\$0.4
Supplemental Dividends per Share	\$0.10	\$0.10	\$0.85	\$0.1
Total Dividends per Share	\$0.49	\$0.50	\$1.25	\$0.5
Dividend Yield ⁽²⁾	9.36%	9.17%	24.03%	17.86

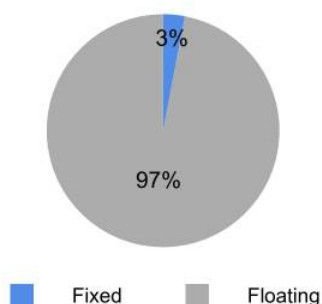
(1) Return on Equity is calculated as the quarterly annualized Pre-Tax NII, Realized Earnings, or Total Earnings, respectively, divided by equity at the end of the prior quarter

(2) Dividend Yield is calculated as the quarterly annualized Total Dividend divided by share price at quarter end



Interest Rate Sensitivity

Fixed vs. Floating Portfolio Exposure ⁽¹⁾



Change in Base Interest Rates	Illustrative Annual NII Change (\$'s)	Illustrative Annual NII Change (Per Share)
(100 bps)	\$399,773	\$0.02
(75 bps)	\$(136,284)	\$(0.01)
(50 bps)	\$(664,404)	\$(0.04)
(25 bps)	\$(426,517)	\$(0.02)
25 bps	\$509,747	\$0.03
50 bps	\$1,061,495	\$0.06
75 bps	\$1,887,616	\$0.10
100 bps	\$2,780,167	\$0.15

(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 3/31/20, adjusted only for changes in Base Interest Rate. Base Interest Rate used in this analysis is 3-Month LIBOR of 1.45% at 3/31/20. The results of this analysis include the I-45 Senior Loan which is comprised of 100% floating rate assets and liabilities

Corporate Information

Board of Directors

Inside Directors

Bowen S. Diehl

Independent Directors

David R. Brooks
Christine S. Battist
T. Duane Morgan
Jack D. Furst
William R. Thomas

Senior Management

Bowen S. Diehl
President & Chief Executive Officer

Michael S. Sarner
Chief Financial Officer, Secretary & Treasurer

Fiscal Year End

March 31

Independent Auditor

RSM US
Chicago, IL

Corporate Counsel

Eversheds Sutherland (US) LLP

Transfer Agent

American Stock Transfer & Trust Compa
800-937-5449
www.amstock.com

Corporate Offices & Website

5400 Lyndon B. Johnson Freeway
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Securities Listing

Nasdaq: "CSWC" (Common Stock)
Nasdaq: "CSWCL" (December 2022 Notes)

Industry Analyst Coverage

Firm	Analyst	Contact Information
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