

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 2, 2021**

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
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 2, 2021, 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 3, 2021. 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 8.01 Other Events.

On July 28, 2021, the Company's board of directors 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 Exchange Act.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
<u>99.1</u>	<u>Press release issued by Capital Southwest Corporation on August 2, 2021</u>
<u>99.2</u>	<u>Investor presentation slides</u>

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 2, 2021

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, 2021 and Announces Increase in Total Dividends to \$0.54 per share for the Quarter Ended September 30, 2021

CSWC Reports Pre-Tax Net Investment Income of \$0.45 Per Share for Quarter Ended June 30, 2021 and Increases Regular Dividend to \$0.44 Per Share

Dallas, Texas – August 2, 2021 – 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, 2021.

First Quarter Fiscal Year 2022 Financial Highlights

- Total Investment Portfolio: \$798.6 million
 - Credit Portfolio of \$671.3 million:
 - 90% 1st Lien Senior Secured Debt
 - \$135.1 million in new committed credit investments
 - Weighted Average Yield on Debt Investments: 10.0%
 - Two credit investments currently on non-accrual with a fair value of \$14.5 million, representing 1.8% of the total investment portfolio
 - Equity Portfolio of \$66.1 million, excluding investment in I-45 Senior Loan Fund (“I-45 SLF”)
 - \$3.8 million in new equity co-investments
 - CSWC Investment in I-45 SLE of \$61.3 million at fair value
 - I-45 SLF portfolio of \$169.6 million
 - Portfolio consists of 38 issuers: 96% 1st Lien Debt and 4% 2nd Lien Debt
 - \$107.0 million of debt outstanding at I-45 SLF as of June 30, 2021
 - I-45 SLF fund leverage of 1.40x debt to equity at fair value at quarter end
 - I-45 SLF paid a \$1.6 million quarterly dividend to CSWC; an annualized yield of 10.4%
- Pre-Tax Net Investment Income: \$9.4 million, or \$0.45 per weighted average diluted share
- Dividends: Paid \$0.43 per share Regular Dividend, \$0.10 per share Supplemental Dividend
 - 110% LTM Pre-Tax NII Regular Dividend Coverage
 - Total Dividends for the quarter ended June 30, 2021 of \$0.53 per share
 - Undistributed Taxable Income at quarter end estimated at \$0.83 per share
- Net Realized and Unrealized Appreciation on Investments: \$6.1 million
 - \$4.9 million of net appreciation related to the equity portfolio
 - \$0.7 million of net appreciation related to the upper middle market debt portfolio, including I-45 SLF
 - \$0.5 million of net appreciation related to the lower middle market debt portfolio

- **Balance Sheet:**

- Received a leverage commitment from the SBA (as defined below) in the amount of \$40.0 million in May 2021
- Cash and Cash Equivalents: \$16.5 million
- Total Net Assets: \$368.1 million
- Net Asset Value (“NAV”) per Share: \$16.58

In commenting on the Company’s results, Bowen Diehl, President and Chief Executive Officer, stated, “Our portfolio continued to perform well this quarter, producing \$0.45 of Pre-Tax Net Investment Income and \$6.1 million in net unrealized and realized gains. Deal activity continues to be robust, as we closed new commitments of approximately \$139 million during the quarter. Our team continues to do an excellent job broadening the top end of our deal funnel, increasing the percentage of deals in the market which we have the opportunity to review and consider. On the capitalization front, we continued our success raising \$28.1 million in gross proceeds through our equity ATM program and receiving our initial \$40 million leverage commitment from the SBA during the quarter. Based on our continued strong performance, our Board of Directors has again declared an increase in our regular dividend to \$0.44 per share and affirmed our supplemental dividend of \$0.10 per share for the quarter ended September 30, 2021.”

First Quarter Fiscal Year Investment Activities

During the quarter ended June 30, 2021, the Company originated investments in eight new portfolio companies, totaling \$138.9 million in capital commitments. New portfolio company investment transactions that occurred during the quarter ended June 30, 2021 are summarized as follows:

Camin Cargo Control, Inc., \$6.0 million 1st Lien Senior Secured Debt: Camin Cargo provides inspection, lab testing, and fuel treatment services, located in 15 countries throughout North and South America, as well as western Europe.

Crafty Apes, LLC, \$10.0 million 1st Lien Senior Secured Debt, \$2.0 million Delayed Draw Term Loan: Crafty Apes is a full-service visual effects company offering high-end 2D compositing services and standard computer-generated imagery for feature film, episodic television and commercial clients.

FoodPharma Subsidiary Holdings, LLC, \$5.0 million 1st Lien Senior Secured Debt, \$7.5 million Delayed Draw Term Loan, \$3.0 million Revolving Loan, \$0.8 million Common Equity: FoodPharma is a developer and contract manufacturer of nutritional foods with a focus on functional bars, soft chews and confectionary products.

Hybrid Promotions, LLC, \$15.7 million Split Lien Senior Secured Debt: Hybrid Promotions is a wholesaler of licensed, branded and private label apparel across multiple tiers of retail.

NeuroPsychiatric Hospitals, LLC, \$15.0 million 1st Lien Senior Secured Debt, \$10.0 million Delayed Draw Term Loan, \$5.0 million Revolving Loan: NeuroPsychiatric Hospitals provides short-term care for patients with acute psychiatric disorders and complex medical and/or neurological disorders.

NWN Parent Holdings, LLC, \$13.2 million 1st Lien Senior Secured Debt, \$1.8 million Revolving Loan: NWN is a provider of secure cloud and on-premise communications solutions and managed services at scale, primarily for the government and education end markets.

Shearwater Research, Inc., \$13.9 million 1st Lien Senior Secured Debt, \$3.3 million Delayed Draw Term Loan, \$2.4 million Revolving Loan, \$1.0 million Common Equity: Shearwater Research designs and manufactures dive computers and rebreather electronics for technical and recreational diving.

Student Resource Center LLC, \$20.0 million 1st Lien Senior Secured Debt, \$1.3 million Revolving Loan, \$2.0 million Preferred Equity: Student Resource Center provides free online college education for labor unions in partnership with public, accredited higher education institutions through the Free College Program.

During the quarter ended June 30, 2021, the Company received proceeds on the sale of one lower middle market equity investment totaling \$1.6 million.

Tax Advisors Group, LLC: Proceeds of \$1.6 million, generating an IRR of 34.0%.

First Fiscal Quarter 2022 Operating Results

For the quarter ended June 30, 2021, Capital Southwest reported total investment income of \$18.6 million, compared to \$17.2 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 dividend income due to distributions received from portfolio companies during the quarter.

For the quarter ended June 30, 2021, total operating expenses (excluding interest expense) were \$4.2 million, compared to \$3.6 million in the prior quarter. The increase in expenses was primarily attributable to an increase in board compensation due to the appointment of an additional independent director, employee recruiting costs related to the hiring of a new principal, and a one-time expense related to the acceleration of restricted stock award vesting.

For the quarter ended June 30, 2021, interest expense was \$5.0 million as compared to \$4.7 million in the prior quarter. The increase was primarily due to an increase in average debt outstanding.

For the quarter ended June 30, 2021, total pre-tax net investment income was \$9.4 million, compared to \$8.9 million in the prior quarter.

For the quarter ended June 30, 2021, Capital Southwest had tax expense of \$0.4 million as compared to \$0.9 million in the previous quarter. The decrease was primarily due to the write-off of the deferred tax asset at Capital Southwest Management Corporation, a wholly owned subsidiary that was a management company for CSWC ("CSMC"), in the prior quarter. Effective December 31, 2020, CSMC merged with and into CSWC, which is not subject to corporate federal income taxes. As such, the deferred tax asset was fully written off as of March 31, 2021.

During the quarter ended June 30, 2021, Capital Southwest recorded total net realized and unrealized gains on investments of \$6.1 million, compared to \$2.6 million in the prior quarter. For the quarter ended June 30, 2021, this included total net realized losses on investments of \$1.0 million and net unrealized appreciation on investments of \$7.1 million. The net increase in net assets resulting from operations was \$15.1 million for the quarter, compared to \$10.2 million in the prior quarter.

The Company's NAV at June 30, 2021 was \$16.58 per share, as compared to \$16.01 at March 31, 2021. The increase in NAV per share from the prior quarter is primarily due to net unrealized appreciation on the investment portfolio and 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, 2021, Capital Southwest had approximately \$16.5 million in unrestricted cash and money market balances, \$190.0 million of total debt outstanding on the Credit Facility, \$123.0 million, net of unamortized debt issuance costs, of the October 2024 Notes (as defined below) outstanding and \$138.5 million, net of unamortized debt issuance costs, of the January 2026 Notes (as defined below) outstanding. As of June 30, 2021, Capital Southwest had \$146.7 million in available borrowings under the Credit Facility and \$40.0 million in undrawn commitments on a Small Business Administration ("SBA") leverage commitment. The debt to equity ratio at the end of the quarter was 1.23 to 1.

The Company has 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 \$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, 2021, the Company sold 1,077,309 shares of its common stock under the Equity ATM Program at a weighted-average price of \$26.10 per share, raising \$28.1 million of gross proceeds. Net proceeds were \$27.7 million after commissions to the sales agents on shares sold. Cumulative to date, the Company has sold 5,382,938 shares of its common stock under the Equity ATM Program at a weighted-average price of \$20.80, raising \$111.9 million of gross proceeds. Net proceeds were \$109.9 million after commissions to the sales agents on shares sold. As of June 30, 2021, the Company has \$138.1 million available under the Equity ATM Program.

In September 2019, the Company issued \$65.0 million in aggregate principal amount of 5.375% Notes due 2024 (the "Existing October 2024 Notes"). In October 2019, the Company issued an additional \$10.0 million in aggregate principal

amount of the October 2024 Notes (the "Additional October 2024 Notes"). In August 2020, the Company issued an additional \$50.0 million in aggregate principal amount of the October 2024 Notes (the "New Notes" together with the Existing October 2024 Notes and the Additional October 2024 Notes, the "October 2024 Notes"). The total net proceeds from the offering of the October 2024 Notes was \$122.5 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 2020, the Company issued \$75.0 million in aggregate principal amount of 4.50% Notes due 2026 (the "Existing January 2026 Notes"). In February 2021, the Company issued an additional \$65.0 million in aggregate principal amount of the January 2026 Notes (the "Additional January 2026 Notes" together with the Existing January 2026 Notes, the "January 2026 Notes"). The Additional January 2026 Notes were issued at a price of 102.11% of the aggregate principal amount of the Additional January 2026 Notes, resulting in a yield-to-maturity of approximately 4.0% at issuance. The total net proceeds from the offering of the January 2026 Notes was \$138.6 million, before offering expenses payable by us. The January 2026 Notes mature on January 31, 2026 and may be redeemed in whole or in part at any time prior to October 31, 2025, at par plus a "make-whole" premium, and thereafter at par. The January 2026 Notes bear interest at a rate of 4.50% per year, payable semi-annually on January 31 and July 31 of each year, beginning on July 31, 2021.

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. Borrowings under the Credit Facility accrue interest on a per annum basis at a rate equal to the applicable LIBOR rate plus 2.50% with no LIBOR floor. 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. The total borrowing capacity under the Credit Facility is \$340 million, with commitments from a diversified group of nine lenders.

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, 2021, I-45 SLF had \$107 million in borrowings outstanding under its credit facility.

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, 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. On May 25, 2021, SBIC I received a leverage commitment from the SBA in the amount of \$40.0 million to be issued on or prior to September 30, 2025.

Share Repurchase Program

On January 25, 2016, Capital Southwest announced that its Board of Directors authorized the repurchase of up to \$10.0 million of its common stock at prices below the Company's net asset value 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. On March 1, 2016, the Company entered into a share repurchase agreement, which became effective immediately and terminated on March 26, 2020 upon the Company's purchase of the aggregate gross dollar amount (inclusive of commission fees) of its common stock under the share repurchase program meeting the threshold set forth in the share repurchase agreement.

On July 28, 2021, the Company's Board of Directors 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, as amended.

Declared Dividend of \$0.54 Per Share for Quarter Ended September 30, 2021

On July 28, 2021, the Board declared total dividends of \$0.54 per share for the quarter ended September 30, 2021, comprised of a Regular Dividend of \$0.44 per share and a Supplemental Dividend of \$0.10 per share.

The Company's dividend will be payable as follows:

September 30, 2021 Dividend

Amount Per Share: \$0.54
Ex-Dividend Date: September 14, 2021
Record Date: September 15, 2021
Payment Date: September 30, 2021

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 2022 Earnings Results Conference Call and Webcast

Capital Southwest has scheduled a conference call on Tuesday, August 3, 2021, at 11:00 a.m. Eastern Time to discuss the first quarter 2022 financial results. You may access the call by dialing (866) 502-8274 and using the Conference ID 5139316 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/6yv3ufbb>.

A telephonic replay will be available through August 10, 2021 by dialing (855) 859-2056 and using the Conference ID 5139316. 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, 2021 to be filed with the Securities and Exchange Commission and Capital Southwest's First Fiscal Quarter 2022 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 \$368 million in net assets as of June 30, 2021. 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, capital, and lending markets; regulatory changes; tax treatment and general economic and business conditions; our ability to operate our wholly owned subsidiary, SBIC I, 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, 2021 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, 2021 (Unaudited)	March 31, 2021
Assets		
Investments at fair value:		
Non-control/Non-affiliate investments (Cost: \$639,438 and \$540,556, respectively)	\$ 651,940	\$ 546,028
Affiliate investments (Cost: \$90,848 and \$90,201, respectively)	85,435	85,246
Control investments (Cost: \$76,000 and \$72,800, respectively)	61,272	57,158
Total investments (Cost: \$806,286 and \$703,557, respectively)	798,647	688,432
Cash and cash equivalents	16,543	31,613
Receivables:		
Dividends and interest	11,197	10,533
Escrow	975	1,150
Other	5,107	171
Income tax receivable	15	155
Debt issuance costs (net of accumulated amortization of \$3,813 and \$3,582, respectively)	2,416	2,246
Other assets	1,148	1,284
Total assets	\$ 836,048	\$ 735,584
Liabilities		
October 2024 Notes (Par value: \$125,000 and \$125,000, respectively)	\$ 123,041	\$ 122,879
January 2026 Notes (Par value: \$140,000 and \$140,000, respectively)	138,504	138,425
Credit facility	190,000	120,000
Other liabilities	9,378	11,655
Accrued restoration plan liability	2,937	2,979
Income tax payable	117	50
Deferred tax liability	3,976	3,345
Total liabilities	467,953	399,333
Commitments and contingencies (Note 10)		
Net Assets		
Common stock, \$0.25 par value: authorized, 40,000,000 shares; issued, 24,539,464 shares at June 30, 2021 and 23,344,836 shares at March 31, 2021	6,135	5,836
Additional paid-in capital	384,379	356,447
Total distributable earnings (loss)	1,518	(2,095)
Treasury stock - at cost, 2,339,512 shares	(23,937)	(23,937)
Total net assets	368,095	336,251
Total liabilities and net assets	\$ 836,048	\$ 735,584
Net asset value per share (22,199,952 shares outstanding at June 30, 2021 and 21,005,324 shares outstanding at March 31, 2021)	\$ 16.58	\$ 16.01

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

(In thousands, except shares and per share data)

	Three Months Ended	
	2021	2020
Investment income:		
Interest income:		
Non-control/Non-affiliate investments	\$ 13,953	\$ 10,069
Affiliate investments	1,648	2,576
Control investments	—	—
Dividend income:		
Non-control/Non-affiliate investments	1,060	183
Affiliate investments	—	—
Control investments	1,597	1,774
Interest income from cash and cash equivalents	1	3
Fees and other income	320	559
Total investment income	<u>18,579</u>	<u>15,164</u>
Operating expenses:		
Compensation	1,432	1,720
Share-based compensation	1,076	612
Interest	4,955	4,328
Professional fees	701	570
General and administrative	976	765
Total operating expenses	<u>9,140</u>	<u>7,995</u>
Income before taxes	9,439	7,169
Federal income, excise and other taxes	200	210
Deferred taxes	196	140
Total income tax expense	<u>396</u>	<u>350</u>
Net investment income	<u>\$ 9,043</u>	<u>\$ 6,819</u>
Realized (loss) gain		
Non-control/Non-affiliate investments	\$ (952)	\$ (5,547)
Affiliate investments	—	—
Control investments	—	—
Total net realized loss on investments, net of tax	<u>(952)</u>	<u>(5,547)</u>
Net unrealized appreciation (depreciation) on investments		
Non-control/Non-affiliate investments	7,030	6,905
Affiliate investments	(458)	(2,967)
Control investments	914	4,191
Income tax (provision) benefit	(435)	(524)
Total net unrealized appreciation (depreciation) on investments, net of tax	<u>7,051</u>	<u>7,605</u>
Net realized and unrealized gains on investments	<u>6,099</u>	<u>2,058</u>
Net increase in net assets from operations	<u>\$ 15,142</u>	<u>\$ 8,877</u>
Pre-tax net investment income per share - basic and diluted	<u>\$ 0.45</u>	<u>\$ 0.40</u>
Net investment income per share – basic and diluted	<u>\$ 0.43</u>	<u>\$ 0.38</u>
Net increase in net assets from operations – basic and diluted	<u>\$ 0.71</u>	<u>\$ 0.49</u>
Weighted average shares outstanding – basic	<u>21,201,884</u>	<u>18,147,888</u>
Weighted average shares outstanding – diluted	<u>21,201,884</u>	<u>18,147,888</u>



Capital Southwest Corporation

Q1 2022 Earnings Presentation

August 3, 2021

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 (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; 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 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, 2021 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")
- April 2021: received SBIC license from the U.S. Small Business Administration
- 23 employees based in Dallas, Texas
- Total Balance Sheet Assets of \$836 MM as of June 30, 2021
- Manage I-45 Senior Loan Fund ("I-45 SLF") in partnership with Main Street Capital (NYSE: "MAIN")

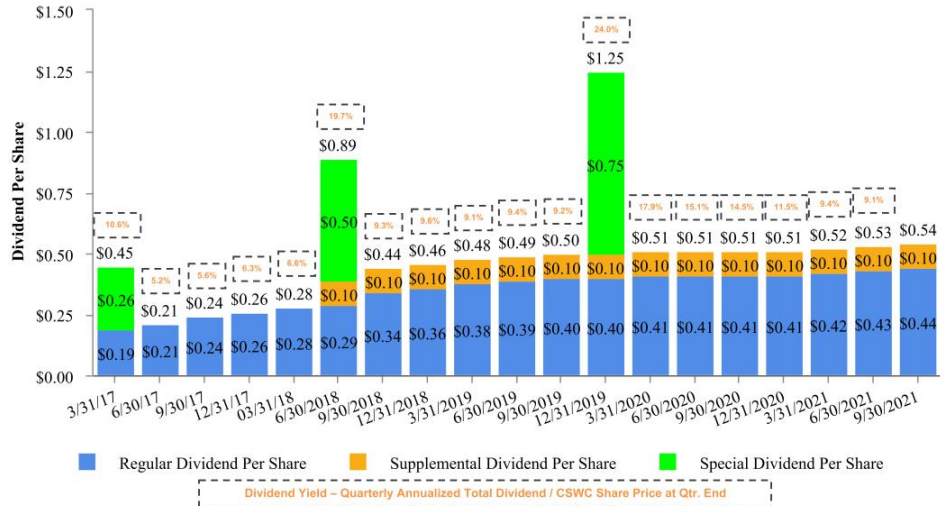
Q1 2022 Highlights

Financial Highlights

- Q1 2022 Pre-Tax Net Investment Income (“NII”) of \$9.4 MM or \$0.45 per share
- Paid \$0.43 per share Regular Dividend and \$0.10 per share Supplemental Dividend for the quarter ended June 30, 2021
 - Increased Regular Dividend to \$0.44 per share and declared \$0.10 per share Supplemental Dividend for the quarter ending September 30, 2021
- Investment Portfolio at Fair Value increased to \$799 MM from \$688 MM in prior quarter
 - \$138.9 MM in total new committed investments
 - \$102.6 MM funded at close
 - \$1.6 MM in total proceeds from one portfolio company exit
 - \$6.1 MM net realized and unrealized appreciation on the portfolio
- Raised \$28.1 MM in gross proceeds through Equity ATM Program during the quarter
 - Sold shares at weighted-average price of \$26.10 per share, or 163% of the prevailing NAV per share
- CSWC SBIC I received \$40.0 MM initial leverage commitment from the SBA in May 2021
- \$146.7 MM available on Credit Facility, \$40.0 MM available on SBA leverage commitment to CSWC SBIC I, and \$16.5 MM in cash and cash equivalents as of quarter end

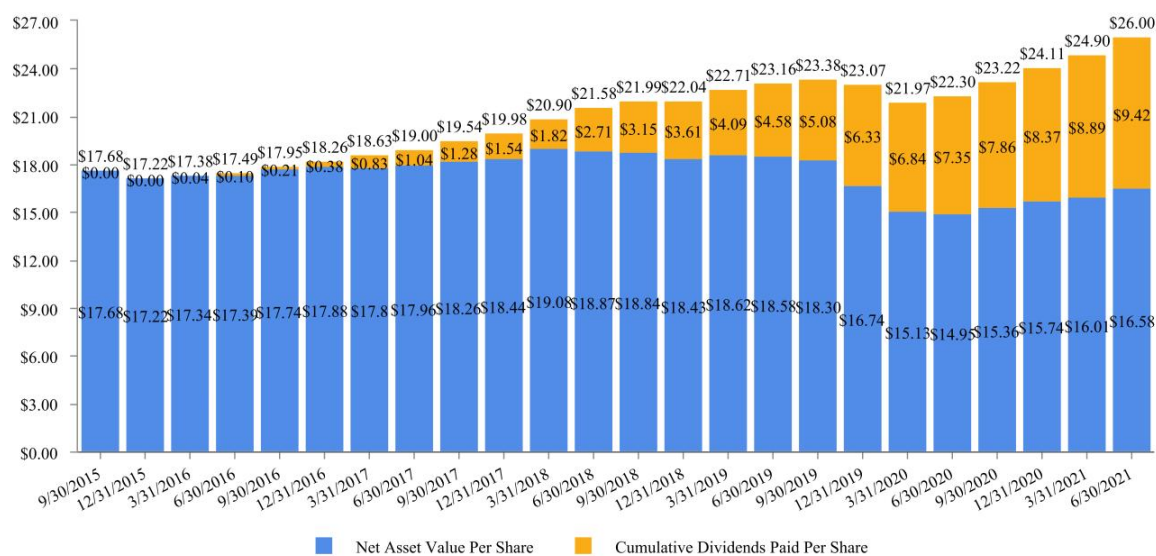
Track Record of Consistent Dividends Continues

- In the last twelve months ended 6/30/2021, CSWC generated \$1.84 per share in Pre-Tax NII and paid out \$1.67 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
 - Undistributed Taxable Income ("UTI") of \$0.83 per share as of June 30, 2021



History of Value Creation

Total Value (Net Asset Value + Cumulative Dividends Paid) Increase of \$8.32 per share at 6/30/2021 from 9/30/2015 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 \$20 MM
- Typical leverage of 2.0x – 4.0x Debt to EBITDA through CSWC debt position
- Commitment size up to \$30 MM with hold sizes generally \$10 MM to \$25 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

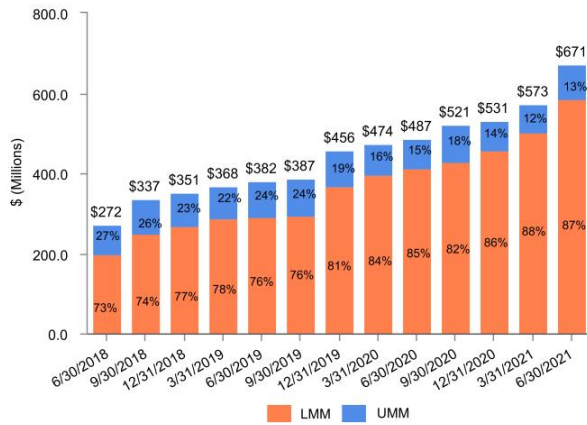
OPPORTUNISTIC: Upper Middle Market (“UMM”): Syndicated or Club, First and Second Lien

- Companies typically have in excess of \$20 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 LMM investments
- Provides flexibility to invest/divest opportunistically based on market conditions and liquidity position

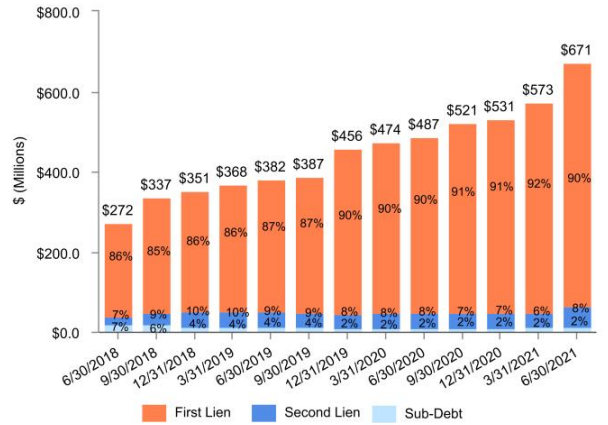
Credit Portfolio Heavily Weighted Towards LMM and First Lien Investments

LMM and First Lien Investments are 87% and 90% of the credit portfolio, respectively, as of 6/30/2021

Robust LMM Credit Portfolio Growth



Credit Portfolio Heavily Weighted to First Lien



Q1 2022 Originations

\$138.9 MM in total new committed investments to eight new portfolio companies

- \$102.6 MM funded at close

Portfolio Originations		Q1 2022						
Name	Industry	Type	Market	Total Debt Funded at Close (\$000s)	Total Equity Funded at Close (\$000s)	Unfunded Commitments at Close (\$000s)	Debt Spread	Debt Yield to Maturity
Shearwater Research, Inc.	Consumer Products & Retail	First Lien	LMM	\$13,863	\$1,011	\$5,708	6.25%	7.96%
NWN Parent Holdings, LLC	Software & IT Services	First Lien	UMM	\$13,200	\$—	\$1,800	6.50%	8.23%
NeuroPsychiatric Hospitals, LLC	Healthcare Services	First Lien	LMM	\$15,000	\$—	\$15,000	8.00%	9.50%
FoodPharma Subsidiary Holdings, LLC	Food, Agriculture & Beverage	First Lien	LMM	\$5,000	\$750	\$10,500	6.50%	8.34%
Camin Cargo Control, Inc.	Energy Services (Midstream)	First Lien	UMM	\$6,000	\$—	\$—	6.50%	8.77%
Crafty Apes, LLC	Media, Marketing & Entertainment	First Lien - Last Out	LMM	\$10,000	\$—	\$2,000	6.46%	7.75%
Student Resource Center	Education	First Lien	LMM	\$20,000	\$2,000	\$1,333	8.00%	9.96%
Hybrid Promotions, LLC	Consumer Products & Retail	Split Lien ⁽¹⁾	LMM	\$15,750	\$—	\$—	8.25%	10.12%
Total / Weighted Average				\$98,813	\$3,761	\$36,341 ⁽²⁾	7.27%	9.03%

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

(1) The investment is structured as a split lien term loan, which provides the Company with a first lien priority on certain assets of the obligor and a second lien priority on different assets of the obligor

(2) Unfunded Commitments consist of \$13.5 MM in revolving loans and \$22.8 in delayed draw term loans

Track Record of CSWC Exits Continues

\$1.6 MM in total proceeds from one portfolio company exit

- During the quarter, CSWC exited one equity investment, generating total proceeds of \$1.6 MM and an IRR of 34.0%
- Cumulative IRR of 15.2% on 39 portfolio company exits generating \$385.1 MM in proceeds since launch of credit strategy in January 2015

Portfolio Exits		Q1 2022				
Name	Industry	Type	Market	Net Proceeds (\$000s)	Realized Gain (\$000s)	IRR
Tax Advisors Group, LLC	Business Services	Equity	LMM	\$1,632	\$1,091	34.01%
Total / Weighted Average				\$1,632	\$1,091	34.01%

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 Q1 2022		
(In Thousands)	Lower Middle Market ⁽¹⁾	Upper Middle Market
Number of Portfolio Companies	49	12
Total Cost	\$635,315	\$94,971
Total Fair Value	\$641,940	\$95,435
Average Hold Size (at Cost)	\$12,966	\$7,914
% First Lien Investments (at Cost)	84.7%	78.6%
% Second Lien Investments (at Cost)	6.3%	14.6%
% Subordinated Debt Investments (at Cost)	1.9%	0.0%
% Equity (at Cost)	7.1%	6.8%
Wtd. Avg. Yield ⁽²⁾	10.1%	9.2%
Wtd. Avg. EBITDA of Issuer (\$MM's) ⁽³⁾	\$10.6	\$61.8
Wtd. Avg. Leverage through CSWC Security ⁽⁴⁾	4.2x	4.0x

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

(1) At June 30, 2021, we had equity ownership in approximately 57.1% 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 June 30, 2021, including accretion of original issue discount but excluding fees payable upon repayment of the debt instruments. As of June 30, 2021, there were two 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 June 30, 2021, three LMM portfolio companies and one UMM portfolio company 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, 2021, three LMM portfolio companies and one UMM portfolio company are excluded from this calculation due to a reported debt to adjusted EBITDA ratio that was not meaningful

Credit Portfolio Investment Rating Migration

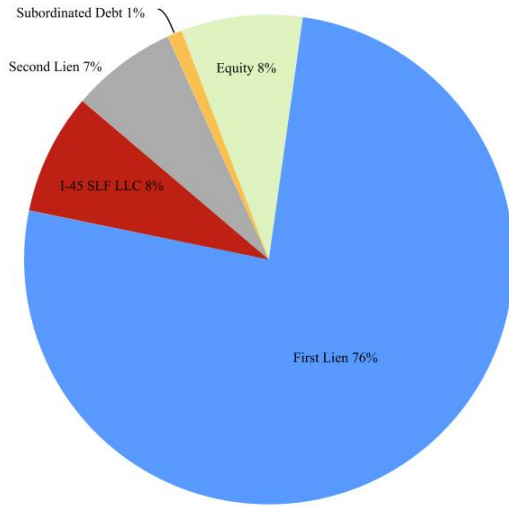
Four Loans Upgraded and No Loans Downgraded During the Quarter

Investment Rating	3/31/2021			Investment Rating Upgrades			Investment Rating Downgrades			6/30/2021		
	# 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	4	\$58.5	10.2%	3	\$32.6	4.9%	0	\$0.0	—%	7	\$90.7	13.5%
2	52	\$461.2	80.6%	1	\$3.1	0.5%	0	\$0.0	—%	57	\$528.0	78.7%
3	7	\$52.9	9.2%	0	\$0.0	—%	0	\$0.0	—%	6	\$52.5	7.8%
4	0	\$0.0	—%	0	\$0.0	—%	0	\$0.0	—%	0	\$0.0	—%
Wtd. Avg. Investment Rating (at Cost)	2.00									1.96		

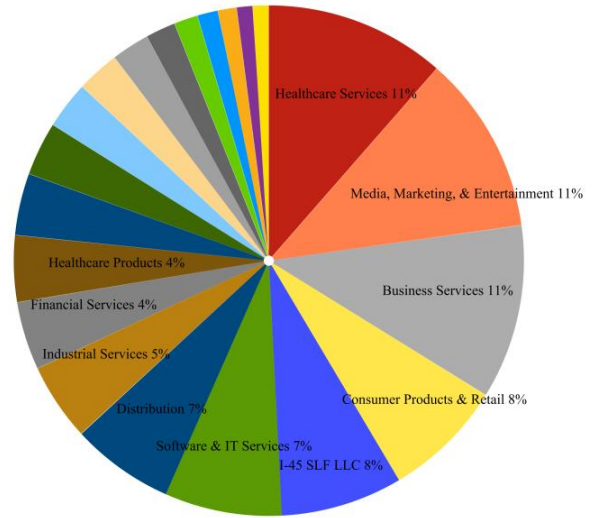
CSWC Portfolio Mix as of 6/30/2021 at Fair Value

Current Investment Portfolio of \$798.6 MM continues to be diverse across industries

Current Investment Portfolio (By Type)



Current Investment Portfolio (By Industry)

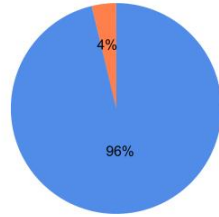


Note: I-45 SLF consists of 96% first lien debt

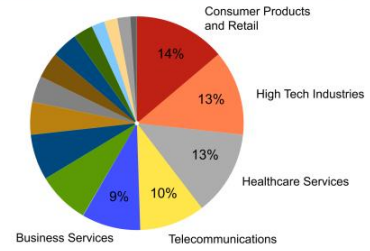
I-45 Portfolio Overview

I-45 loan portfolio of \$169.6 MM is 96% first lien 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 ■ Second Lien

I-45 Portfolio Statistics				
(In Thousands)	9/30/2020	12/31/2020	3/31/2021	6/30/2021
Total Investments at Fair Value	\$177,527	\$159,598	\$164,351	\$169,610
Fund Leverage (Debt to Equity) at Fair Value	1.39x	1.07x	1.27x	1.40x
Number of Issuers	42	38	36	38
Wtd. Avg. Issuer EBITDA	\$66,879	\$73,384	\$77,649	\$77,851
Avg. Investment Size as a % of Portfolio	2.4%	2.6%	2.8%	2.6%
Wtd. Avg. Net Leverage on Investments ⁽¹⁾⁽²⁾	4.7x	4.7x	4.4x	4.8x
Wtd. Avg. Spread to LIBOR	6.3%	6.1%	6.0%	6.0%
Wtd. Avg. Duration (Yrs)	3.1	3.1	3.0	3.0

(1) Through I-45 security

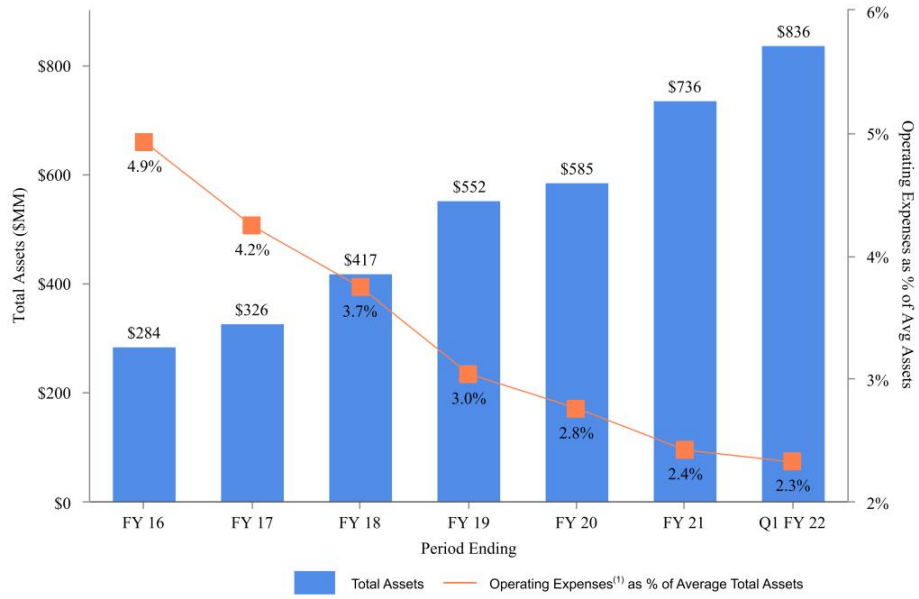
(2) One portfolio company is excluded from this calculation due to a reported debt to adjusted EBITDA ratio that was not meaningful

Income Statement

<i>(In Thousands, except per share amounts)</i>	Quarter Ended 9/30/20	Quarter Ended 12/31/20	Quarter Ended 3/31/21	Quarter Ended 6/30/21
Investment Income				
Interest Income	\$13,882	\$14,687	\$15,078	\$15,601
Dividend Income	1,860	2,916	1,661	2,657
Fees and Other Income	943	1,437	434	321
Total Investment Income	\$16,685	\$19,040	\$17,173	\$18,579
Expenses				
Cash Compensation	\$1,961	\$2,444	\$1,631	\$1,432
Share Based Compensation	853	771	708	1,076
General & Administrative	1,370	1,325	1,278	1,677
Total Expenses (excluding Interest)	\$4,184	\$4,540	\$3,617	\$4,185
Interest Expense	\$4,397	\$4,528	\$4,688	\$4,955
Pre-Tax Net Investment Income	\$8,104	\$9,972	\$8,868	\$9,439
Taxes and Gain / (Loss)				
Income Tax Benefit (Expense)	\$215	\$(1,455)	\$(852)	\$(396)
Net realized gain (loss) on investments	(1,279)	(127)	(1,583)	(952)
Net increase (decrease) in unrealized appreciation of investments	9,636	7,271	4,243	7,051
Realized losses on extinguishment of debt	(286)	(262)	(459)	—
Net increase (decrease) in net assets resulting from operations	\$16,390	\$15,399	\$10,217	\$15,142
Weighted Average Diluted Shares Outstanding	18,600	19,135	20,376	21,202
Pre-Tax NII Per Diluted Weighted Average Share	\$0.44	\$0.52	\$0.44	\$0.45

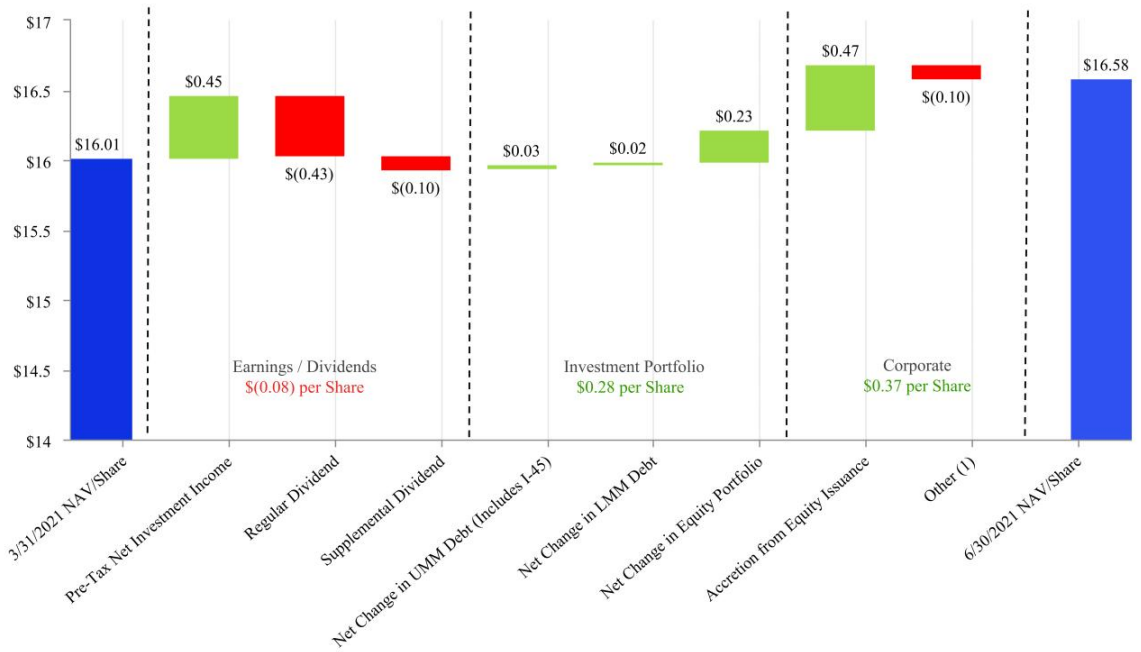
Operating Leverage Trend

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 from Quarter Ended 3/31/2021

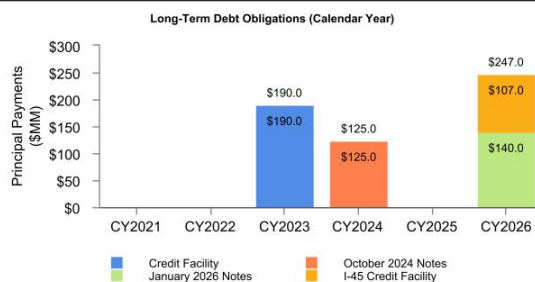


(1) Other consists primarily of dilution from annual RSU issuance of \$(0.10)

Significant Unused Debt Capacity with Long-Term Duration

Earliest debt maturity occurs in December 2023

Facility	Total Commitments	Interest Rate	Maturity	Principal Drawn	Undrawn Commitment
Credit Facility ⁽¹⁾	\$340.0 MM	L + 2.50% subject to certain conditions	December 2023	\$190.0 MM	\$146.7 MM ⁽²⁾
October 2024 Notes ⁽³⁾	\$125.0 MM	5.375%	October 2024	\$125.0 MM	N/A
CSWC SBIC I	\$40.0 MM	TBD ⁽⁴⁾	September 2025 ⁽⁵⁾	\$0.0 MM	\$40.0 MM
January 2026 Notes ⁽⁶⁾	\$140.0 MM	4.500%	January 2026	\$140.0 MM	N/A
I-45 Credit Facility ⁽⁷⁾	\$150.0 MM	L + 2.15%	March 2026	\$107.0 MM	\$43.0 MM



- (1) The Credit Facility has an accordion feature that allows for an increase in total commitments up to \$400 MM
 (2) Net of \$3.3 MM in letters of credit outstanding
 (3) 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
 (4) Interest rate is fixed shortly after issuance at a market-driven spread over U.S. Treasury Notes with ten-year maturities
 (5) SBA Leverage Commitment of \$40.0 MM expires in September 2025. Actual maturity of debentures outstanding will be based on draw date of each debenture
 (6) 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
 (7) CSWC owns 80% of the equity and 50% of the voting rights of I-45 SLF LLC with a joint venture partner

Balance Sheet

<i>(In Thousands, except per share amounts)</i>	Quarter Ended 9/30/20	Quarter Ended 12/31/20	Quarter Ended 3/31/21	Quarter Ended 6/30/21
Assets				
Portfolio Investments	\$631,197	\$648,773	\$688,432	\$798,647
Cash & Cash Equivalents	16,011	43,724	31,613	16,543
Other Assets	17,057	16,337	15,539	20,858
Total Assets	\$664,265	\$708,834	\$735,584	\$836,048
Liabilities				
December 2022 Notes	\$56,339	\$36,689	\$—	\$—
October 2024 Notes	122,623	122,775	122,879	123,041
January 2026 Notes	—	73,410	138,425	138,504
Credit Facility	187,000	150,000	120,000	190,000
Other Liabilities	12,174	13,310	18,029	16,408
Total Liabilities	\$378,136	\$396,184	\$399,333	\$467,953
Shareholders Equity				
Net Asset Value	\$286,129	\$312,650	\$336,251	\$368,095
Net Asset Value per Share	\$15.36	\$15.74	\$16.01	\$16.58
Debt to Equity	1.28x	1.22x	1.13x	1.23x

Portfolio Statistics

Continuing to build a well performing credit portfolio

<i>(In Thousands)</i>	Quarter Ended 9/30/20	Quarter Ended 12/31/20	Quarter Ended 3/31/21	Quarter Ended 6/30/21
Portfolio Statistics				
Fair Value of Debt Investments	\$520,651	\$531,103	\$572,614	\$671,257
Average Debt Investment Hold Size	\$11,319	\$11,300	\$11,228	\$11,377
Fair Value of Debt Investments as a % of Par	95%	96%	97%	97%
% of Investment Portfolio on Non-Accrual (at Fair Value)	1.7%	0.1%	—%	1.8%
Weighted Average Investment Rating ⁽¹⁾	2.05	2.01	2.00	1.96
Weighted Average Yield on Debt Investments	10.34%	10.64%	10.76%	10.04%
Total Fair Value of Portfolio Investments	\$631,197	\$648,773	\$688,432	\$798,647
Weighted Average Yield on all Portfolio Investments	10.43%	11.20%	10.22%	10.12%
Investment Mix (Debt vs. Equity) ⁽²⁾⁽³⁾	91% / 9%	91% / 9%	92% / 8%	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 Senior Loan Fund

(3) At Fair Value

Investment Income Detail

Constructing a portfolio of investments with recurring cash yield

(In Thousands)	Quarter Ended 9/30/20	Quarter Ended 12/31/20	Quarter Ended 3/31/21	Quarter Ended 6/30/21
Investment Income Breakdown				
Cash Interest	\$11,581	\$12,413	\$11,668	\$13,939
Cash Dividends	1,860	2,916	1,660	2,657
PIK Income	1,761	1,608	2,796	975
Amortization of purchase discounts and fees	543	667	616	688
Management/Admin Fees	198	199	234	227
Prepayment Fees & Other Income	742	1,237	199	93
Total Investment Income	\$16,685	\$19,040	\$17,173	\$18,579
Key Metrics				
Cash Income as a % of Investment Income	86%	88%	80%	91%
% of Total Investment Income that is Recurring	95%	92%	99%	96%

Key Financial Metrics

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

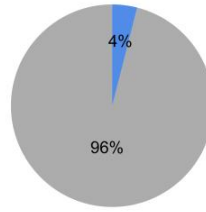
	Quarter Ended 9/30/20	Quarter Ended 12/31/20	Quarter Ended 3/31/21	Quarter Ended 6/30/21
Key Financial Metrics				
Pre-Tax Net Investment Income Per Wtd Avg Diluted Share	\$0.44	\$0.52	\$0.44	\$0.45
Pre-Tax Net Investment Income Return on Equity (ROE) ⁽¹⁾	11.66%	13.57%	11.06%	11.12%
Realized Earnings Per Wtd Avg Diluted Share	\$0.38	\$0.44	\$0.32	\$0.38
Realized Earnings Return on Equity (ROE) ⁽¹⁾	10.13%	11.42%	8.02%	9.53%
Earnings Per Wtd Avg Diluted Share	\$0.88	\$0.80	\$0.50	\$0.71
Earnings Return on Equity (ROE) ⁽¹⁾	23.58%	20.96%	12.74%	17.84%
Regular Dividends per Share	\$0.41	\$0.41	\$0.42	\$0.43
Supplemental/Special Dividends per Share	\$0.10	\$0.10	\$0.10	\$0.10
Total Dividends per Share	\$0.51	\$0.51	\$0.52	\$0.53
Dividend Yield ⁽²⁾	14.52%	11.49%	9.39%	9.13%

(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⁾



■ Fixed ■ Floating

Change in Base Interest Rates	Illustrative Annual NII Change (\$'s)	Illustrative Annual NII Change (Per Share)
(25 bps)	365,685	0.02
25 bps	(627,248)	(0.03)
50 bps	(1,254,496)	(0.06)
75 bps	(1,833,026)	(0.08)
100 bps	(1,596,932)	(0.07)
125 bps	(792,753)	(0.04)
150 bps	64,094	—

(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 6/30/2021, adjusted only for changes in Base Interest Rate. Base Interest Rate used in this analysis is 3-Month LIBOR of 0.15% at 6/30/2021. The results of this analysis include the I-45 Senior Loan Fund, which is comprised of 99% floating rate 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 T. Duane Morgan 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>5400 Lyndon B. Johnson Freeway 13th Floor Dallas, TX 75240 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 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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