

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): **January 29, 2024**

CAPITAL SOUTHWEST CORPORATION

(Exact Name Of Registrant As Specified In Charter)

Texas
(State or Other Jurisdiction of Incorporation)

814-00061
(Commission File Number)

75-1072796
(IRS Employer Identification No.)

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

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

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

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

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

Title of Each Class
Common Stock, \$0.25 par value per share
7.75% Notes due 2028

Trading Symbol(s)
CSWC
CSWCZ

Name of Each Exchange on Which Registered
The Nasdaq Global Select Market
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 January 29, 2024, 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 January 30, 2024. A copy of the investor presentation slides to be used by the Company on such conference call is furnished as Exhibit 99.2 to this Form 8-K and incorporated herein by reference.

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

Item 9.01 Financial Statements and Exhibits

(d) Exhibits	
<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release issued by Capital Southwest Corporation on January 29, 2024
99.2	Investor presentation slides
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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: January 29, 2024

By: /s/ Michael S. Sarner
Name: Michael S. Sarner
Title: Chief Financial Officer

Capital Southwest Announces Financial Results for Third Fiscal Quarter Ended December 31, 2023 and Announces Total Dividends of \$0.63 per share for the Quarter Ended March 31, 2024

CSWC Reports Pre-Tax Net Investment Income of \$0.72 Per Share for Quarter Ended December 31, 2023

Dallas, Texas – January 29, 2024 – 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 third fiscal quarter ended December 31, 2023.

Third Quarter Fiscal Year 2024 Financial Highlights

- Total Investment Portfolio: \$1.4 billion
 - Credit Portfolio of \$1.2 billion:
 - 97% 1st Lien Senior Secured Debt
 - \$110.2 million in new committed credit investments
 - Weighted Average Yield on Debt Investments: 13.5%
 - Current non-accruals with a fair value of \$29.4 million, representing 2.2% of the total investment portfolio
 - Equity Portfolio of \$129.1 million, excluding investment in I-45 Senior Loan Fund (“I-45 SLF”)
 - \$6.1 million in new equity co-investments
- Pre-Tax Net Investment Income: \$29.8 million, or \$0.72 per weighted average share outstanding
- Dividends: Paid \$0.57 per share Regular Dividend and \$0.06 per share Supplemental Dividend
 - 123% LTM Pre-Tax NII Regular Dividend Coverage
 - Total Dividends for the quarter ended December 31, 2023 of \$0.63 per share
- Net Realized and Unrealized Depreciation: \$5.4 million, or 0.4% of total investments at fair value
 - \$0.8 million of net appreciation related to I-45 SLF
 - \$0.6 million of net depreciation related to the equity portfolio
 - \$5.6 million of net depreciation related to the credit portfolio
- Balance Sheet:
 - Cash and Cash Equivalents: \$23.6 million
 - Total Net Assets: \$721.0 million
 - Net Asset Value (“NAV”) per Share: \$16.77

In commenting on the Company's results, Bowen Diehl, President and Chief Executive Officer, stated, "The December quarter was another strong quarter for Capital Southwest, with \$116 million of originations in four new and 12 existing portfolio companies. Our portfolio continued to perform well, producing \$0.72 of pre-tax net investment income for the quarter, which more than earned both our \$0.57 per share regular dividend and our \$0.06 per share supplemental dividend paid for the quarter. In addition, our Net Asset Value per share increased to \$16.77 from \$16.46, an increase of 1.9% compared to the prior quarter. In consideration of the strong performance of our portfolio, the Board of Directors has again declared a regular quarterly dividend of \$0.57 per share for the March 31, 2024 quarter. Given the continued excess earnings being generated by our floating rate debt portfolio, our Board of Directors has also declared a supplemental dividend of \$0.06 per share for the March 31, 2024 quarter, resulting in total dividends for the March 31, 2024 quarter of \$0.63 per share. While future dividend declarations are at the discretion of our Board of Directors, it is our intent to continue to distribute quarterly supplemental dividends for the foreseeable future while base rates remain materially above long-term historical averages and we have a meaningful UTI balance."

Third Quarter Fiscal Year Investment Activities

Originations

During the quarter ended December 31, 2023, the Company originated \$116.3 million in new commitments, consisting of investments in four new portfolio companies totaling \$70.7 million and add-on commitments in 12 portfolio companies totaling \$45.6 million. New portfolio company investment transactions that closed during the quarter ended December 31, 2023 are summarized as follows:

Mammoth BorrowCo, Inc., \$21.5 million 1st Lien Senior Secured Debt, \$3.8 million Revolving Loan, \$2.9 million Delayed Draw Term Loan, \$1.0 million Preferred Equity: The company is a vertically integrated manufacturer and direct distributor of beaded ice cream that sells its products through convenience and drug stores, third-party distributors and family entertainment centers.

Ignite Visibility LLC, \$10.0 million 1st Lien Senior Secured Debt, \$2.0 million Delayed Draw Term Loan, \$2.0 million Revolving Loan, \$0.8 million Preferred Equity and \$0.2 million Common Equity: The company is a marketing services agency, whose services include earned media, paid media and owned revenue with a focus on multi-location, multi-jurisdiction service providers and franchises.

CDC Dental Management Co., LLC, \$11.0 million 1st Lien Senior Secured Debt, \$2.0 million Revolving Loan, \$1.0 million Preferred Equity: The company is a provider of pediatric dentistry, orthodontics and oral surgery services.

Undisclosed Portfolio Company, \$5.0 million 1st Lien Senior Secured Debt, \$5.6 million Delayed Draw Term Loan, \$1.0 million Revolving Loan, \$1.0 million Common Equity

Prepayments and Exits

During the quarter ended December 31, 2023, the Company received full prepayments on five debt investments totaling \$78.6 million and proceeds from the sale of one equity investment totaling \$0.4 million.

Flip Electronics, LLC: Proceeds of \$34.7 million, generating an IRR of 13.5%.

Shearwater Research, Inc.: Proceeds of \$13.5 million, generating an IRR of 10.9%.

NWN Parent Holdings, LLC: Proceeds of \$12.5 million, generating an IRR of 12.1%.

SIB Holdings, LLC: Debt proceeds of \$12.1 million and equity proceeds of \$0.4 million, generating an IRR of 10.8%

Camini Cargo Control, Inc.: Proceeds of \$5.7 million, generating an IRR of 10.3%.

Third Fiscal Quarter 2024 Operating Results

For the quarter ended December 31, 2023, Capital Southwest reported total investment income of \$48.6 million, compared to \$42.8 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.

For the quarter ended December 31, 2023, total operating expenses (excluding interest expense) were \$7.3 million, compared to \$5.9 million in the prior quarter. The increase was primarily attributable to an increase in accrued bonus compensation in the current quarter.

For the quarter ended December 31, 2023, interest expense was \$11.5 million as compared to \$10.5 million in the prior quarter. The increase was primarily attributable to an increase in average debt outstanding and an increase in the weighted average interest rate on total debt.

For the quarter ended December 31, 2023, total pre-tax net investment income was \$29.8 million, compared to \$26.4 million in the prior quarter.

During the quarter ended December 31, 2023, Capital Southwest recorded total net realized and unrealized losses on investments of \$5.4 million, compared to \$4.2 million of total net realized and unrealized losses in the prior quarter. For the quarter ended December 31, 2023, this included net unrealized gains on I-45 SLF of \$0.8 million, net realized and unrealized losses on equity investments of \$0.6 million and net realized and unrealized losses on debt investments of \$5.6 million. The net increase in net assets resulting from operations was \$23.5 million for the quarter, compared to \$22.6 million in the prior quarter.

The Company's NAV at December 31, 2023 was \$16.77 per share, as compared to \$16.46 at September 30, 2023. The increase in NAV per share from the prior quarter is primarily due to pre-tax net investment income in excess of dividends paid for the quarter, as well as the issuance of common stock at a premium to NAV per share through the Equity ATM Program (as described below), partially offset by net realized and unrealized losses on investments.

Liquidity and Capital Resources

At December 31, 2023, Capital Southwest had approximately \$23.6 million in unrestricted cash and money market balances, \$195.0 million of total debt outstanding on the Credit Facility (as defined below), \$139.3 million, net of unamortized debt issuance costs, of the 4.50% Notes due January 2026 outstanding, \$147.9 million, net of unamortized debt issuance costs, of the 3.375% Notes due October 2026, \$69.6 million, net of unamortized debt issuance costs, of the 7.75% Notes due August 2028 and \$126.1 million, net of unamortized debt issuance costs, of SBA Debentures (as defined below) outstanding. As of December 31, 2023, Capital Southwest had \$264.4 million in available borrowings under the Credit Facility. The regulatory debt to equity ratio at the end of the quarter was 0.77 to 1.

In August 2016, CSWC entered into a senior secured credit facility (the "Credit Facility") to provide additional liquidity to support its investment and operational activities. Borrowings under the Credit Facility accrue interest on a per annum basis at a rate equal to the applicable SOFR rate plus 2.15%. On August 2, 2023, CSWC entered into the Third Amended and Restated Senior Secured Revolving Credit Agreement which (1) increased commitments under the Credit Facility from \$400 million to \$435 million; (2) added an uncommitted accordion feature that could increase the maximum commitments up to \$750 million; (3) extended the end of the Credit Facility's revolving period from August 9, 2025 to August 2, 2027 and extended the final maturity from August 9, 2026 to August 2, 2028; and (4) amended several financial covenants.

On December 7, 2023, the Company entered into an Incremental Commitment and Assumption Agreement that increased the total commitments under the accordion feature of the Credit Agreement by \$25 million, which increased total commitments from \$435 million to \$460 million. The \$25 million increase was provided by one new lender, bringing the total bank syndicate to ten participants.

On October 11, 2023, after receiving the requisite shareholder approval, the Company filed an amendment to its Amended and Restated Articles of Incorporation with the office of the Secretary of State of the State of Texas to increase the amount of authorized shares of common stock from 40,000,000 to 75,000,000.

In June 2023, the Company issued approximately \$71.9 million in aggregate principal amount, including the underwriters' full exercise of their option to purchase an additional \$9.4 million in aggregate principal amount to cover over-allotments, of 7.75% notes due 2028 (the "August 2028 Notes"). The August 2028 Notes mature on August 1, 2028.

and may be redeemed in whole or in part at any time, or from time to time, at the Company's option on or after August 1, 2025. The August 2028 Notes bear interest at a rate of 7.75% per year, payable quarterly on February 1, May 1, August 1 and November 1 of each year, beginning on August 1, 2023. The August 2028 Notes are the direct unsecured obligations of the Company, rank pari passu with the Company's other outstanding and future unsecured unsubordinated indebtedness and are effectively or structurally subordinated to all of the Company's existing and future secured indebtedness, including borrowings under the Credit Facility and the SBA Debentures. The August 2028 Notes are listed on the Nasdaq Global Select Market under the trading symbol "CSWCZ."

The Company has an "at-the-market" offering (the "Equity ATM Program"), pursuant to which the Company may offer and sell, from time to time through sales agents, shares of its common stock having an aggregate offering price of up to \$650 million. During the quarter ended December 31, 2023, the Company sold 3,036,234 shares of its common stock under the Equity ATM Program at a weighted-average price of \$21.92 per share, raising \$66.5 million of gross proceeds. Net proceeds were \$65.6 million after commissions to the sales agents on shares sold. Cumulative to date, the Company has sold 23,276,814 shares of its common stock under the Equity ATM Program at a weighted-average price of \$20.61, raising \$479.6 million of gross proceeds. Net proceeds were \$472.0 million after commissions to the sales agents on shares sold. As of December 31, 2023, the Company has \$170.4 million available under the Equity ATM Program.

On April 20, 2021, our wholly owned subsidiary, Capital Southwest SBIC I, LP ("SBIC I"), received a license from the Small Business Administration (the "SBA") to operate as a Small Business Investment Company ("SBIC") under Section 301(c) of the Small Business Investment Act of 1958, as amended. The SBIC license allows SBIC I to obtain leverage by issuing SBA-guaranteed debentures ("SBA Debentures"), subject to the issuance of a leverage commitment by the SBA. SBA debentures are loans issued to an SBIC that 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. On December 20, 2023, SBIC I received an additional leverage commitment in the amount of \$45.0 million to be issued on or prior to September 30, 2028. As of December 31, 2023, SBIC I had a total leverage commitment from the SBA in the amount of \$175.0 million, of which \$45.0 million remains unused.

In November 2015, I-45 SLF entered into a senior secured credit facility led by Deutsche Bank. On March 30, 2023, the I-45 credit facility was amended to permanently reduce total commitments to \$100 million from a group of four bank lenders. After giving effect to the amendment, borrowings under the I-45 credit facility bear interest at a rate equal to Term SOFR plus 2.41%. The I-45 credit facility is scheduled to mature in March 2026. As of December 31, 2023, I-45 SLF had \$52.0 million in borrowings outstanding under the I-45 credit facility. Subsequent to quarter end, I-45 SLF fully repaid and terminated the I-45 credit facility.

Share Repurchase Program

On July 28, 2021, the Company's board of directors (the "Board") approved a share repurchase program authorizing the Company to repurchase up to \$20 million of its outstanding shares of common stock in the open market at certain thresholds below its NAV per share, in accordance with guidelines specified in Rules 10b5-1(c)(1)(i)(B) and 10b-18 under the Securities Exchange Act of 1934. On August 31, 2021, the Company entered into a share repurchase agreement, which became effective immediately, and the Company will cease purchasing its common stock under the share repurchase program upon the earlier of, among other things: (1) the date on which the aggregate purchase price for all shares equals \$20 million including, without limitation, all applicable fees, costs and expenses; or (2) upon written notice by the Company to the broker that the share repurchase agreement is terminated. During the quarter ended December 31, 2023, the Company did not repurchase any shares of the Company's common stock under the share repurchase program.

Regular Dividend of \$0.57 Per Share and Supplemental Dividend of \$0.06 Per Share for Quarter Ended March 31, 2024

On January 24, 2024, the Board declared a total dividend of \$0.63 per share for the quarter ended March 31, 2024, comprised of a Regular Dividend of \$0.57 per share and a Supplemental Dividend of \$0.06 per share.

The Company's dividend will be payable as follows:

Regular Dividend

Amount Per Share: \$0.57
Ex-Dividend Date: March 14, 2024
Record Date: March 15, 2024
Payment Date: March 29, 2024

Supplemental Dividend

Amount Per Share: \$0.06
Ex-Dividend Date: March 14, 2024
Record Date: March 15, 2024
Payment Date: March 29, 2024

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.

Third Quarter 2024 Earnings Results Conference Call and Webcast

Capital Southwest has scheduled a conference call on Tuesday, January 30, 2024, at 11:00 a.m. Eastern Time to discuss the third quarter 2024 financial results. You may access the call by using the Investor Relations section of Capital Southwest's website at www.capitalsouthwest.com, or by using <http://edge.media-server.com/mmc/p/6yqqe247>.

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's Form 10-Q for the period ended December 31, 2023 to be filed with the Securities and Exchange Commission and Capital Southwest's Third Fiscal Quarter 2024 Earnings Presentation to be posted on the Investor Relations section of Capital Southwest's website at www.capitalsouthwest.com.

About Capital Southwest

Capital Southwest Corporation (Nasdaq: CSWC) is a Dallas, Texas-based, internally managed business development company with approximately \$1.4 billion in investments at fair value as of December 31, 2023. Capital Southwest is a middle market lending firm focused on supporting the acquisition and growth of middle market businesses with \$5 million to \$35 million investments across the capital structure, including first lien, second lien and non-control equity co-investments. As a public company with a permanent capital base, Capital Southwest has the flexibility to be creative in its financing solutions and to invest to support the growth of its portfolio companies over long periods of time.

Forward-Looking Statements

This press release contains historical information and forward-looking statements with respect to the business and investments of Capital Southwest, including, but not limited to, the statements about Capital Southwest's future performance and financial performance and financial condition, and the timing, form and amount of any distributions or supplemental dividends in the future. Forward-looking statements are statements that are not historical statements and can often be identified by words such as "will," "believe," "expect" and similar expressions and variations or negatives of these words. These statements are based on management's current expectations, assumptions and beliefs. They are not guarantees of future results and are subject to numerous risks, uncertainties and assumptions that could cause actual results to differ materially from those expressed in any forward-looking statement. These risks include risks related to: changes in the markets in which Capital Southwest invests; changes in the financial, capital, and lending markets; changes in the interest rate environment and its impact on our business and our portfolio companies; regulatory changes; tax treatment; our ability to operate our wholly owned subsidiary, Capital Southwest SBIC I, LP, as a small business investment company; an economic downturn and its impact on the ability of our portfolio companies to operate and the investment opportunities available to us; the impact of supply chain constraints and labor shortages on our portfolio companies; and the elevated levels of inflation and its impact on our portfolio companies and the industries in which we invests.

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, 2023 and any 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. 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)

	December 31, 2023 (Unaudited)	March 31, 2023
Assets		
Investments at fair value:		
Non-control/Non-affiliate investments (Cost: \$1,101,342 and \$947,829, respectively)	\$ 1,124,887	\$ 966,627
Affiliate investments (Cost: \$187,764 and \$191,523, respectively)	185,950	188,505
Control investments (Cost: \$80,800 and \$80,800, respectively)	54,200	51,256
Total investments (Cost: \$1,369,906 and \$1,220,152, respectively)	1,365,037	1,206,388
Cash and cash equivalents	23,605	21,585
Receivables:		
Dividends and interest	23,609	18,430
Escrow	16	363
Other	1,264	647
Income tax receivable	349	368
Debt issuance costs (net of accumulated amortization of \$7,213 and \$5,642, respectively)	9,655	3,717
Other assets	5,952	6,186
Total assets	<u>\$ 1,429,487</u>	<u>\$ 1,257,684</u>
Liabilities		
SBA Debentures (net of \$3,919 and \$3,670, respectively, of unamortized debt issuance costs)	\$ 126,081	\$ 116,330
January 2026 Notes (net of \$696 and \$949, respectively, of unamortized debt issuance costs)	139,304	139,051
October 2026 Notes (net of \$2,116 and \$2,737, respectively, of unamortized debt issuance costs)	147,884	147,263
August 2028 Notes (net of \$2,309 and \$0, respectively, of unamortized debt issuance costs)	69,566	—
Credit facility	195,000	235,000
Other liabilities	18,376	16,761
Accrued restoration plan liability	584	598
Income tax payable	802	156
Deferred tax liability	10,925	12,117
Total liabilities	<u>708,522</u>	<u>667,276</u>
Commitments and contingencies (Note 10)		
Net Assets		
Common stock, \$0.25 par value: authorized, 75,000,000 shares at December 31, 2023 and 40,000,000 shares at March 31, 2023; issued, 42,981,139 shares at December 31, 2023 and 38,415,937 shares at March 31, 2023	10,745	9,604
Additional paid-in capital	751,411	646,586
Total distributable (loss) earnings	(41,191)	(41,845)
Treasury stock - at cost, no shares at December 31, 2023 and 2,339,512 shares at March 31, 2023	—	(23,937)
Total net assets	<u>720,965</u>	<u>590,408</u>
Total liabilities and net assets	<u>\$ 1,429,487</u>	<u>\$ 1,257,684</u>
Net asset value per share (42,981,139 shares outstanding at December 31, 2023 and 36,076,425 shares outstanding at March 31, 2023)	<u>\$ 16.77</u>	<u>\$ 16.37</u>

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

(In thousands, except shares and per share data)

	Three Months Ended		Nine Months Ended	
	December 31,		December 31,	
	2023	2022	2023	2022
Investment income:				
Interest income:				
Non-control/Non-affiliate investments	\$ 33,627	\$ 24,411	\$ 97,924	\$ 59,791
Affiliate investments	4,214	3,228	12,691	8,227
Payment-in-kind interest income:				
Non-control/Non-affiliate investments	3,452	830	5,329	1,796
Affiliate investments	621	671	1,926	1,776
Dividend income:				
Non-control/Non-affiliate investments	2,447	478	3,233	1,555
Affiliate investments	96	—	187	101
Control investments	2,129	1,904	6,439	5,439
Fee income:				
Non-control/Non-affiliate investments	1,655	1,067	2,949	2,924
Affiliate investments	115	110	632	362
Control investments	17	25	62	75
Other income	193	42	332	62
Total investment income	<u>48,566</u>	<u>32,766</u>	<u>131,704</u>	<u>82,108</u>
Operating expenses:				
Compensation	3,919	3,381	8,762	7,177
Share-based compensation	1,188	992	3,387	2,873
Interest	11,473	7,937	31,635	20,050
Professional fees	919	666	2,863	2,325
General and administrative	1,301	1,111	3,877	3,396
Total operating expenses	<u>18,800</u>	<u>14,087</u>	<u>50,524</u>	<u>35,821</u>
Income before taxes	29,766	18,679	81,180	46,287
Federal income, excise and other taxes	392	217	841	468
Deferred taxes	515	(963)	(270)	(488)
Total income tax provision (benefit)	907	(746)	571	(20)
Net investment income	<u>\$ 28,859</u>	<u>\$ 19,425</u>	<u>\$ 80,609</u>	<u>\$ 46,307</u>
Realized (loss) gain				
Non-control/Non-affiliate investments	\$ (7,849)	\$ (6,267)	\$ (13,445)	\$ (6,114)
Affiliate investments	—	(4,724)	(6,503)	(11,027)
Income tax benefit (provision)	7	(95)	(286)	(260)
Total net realized (loss) gain on investments, net of tax	<u>(7,842)</u>	<u>(11,086)</u>	<u>(20,234)</u>	<u>(17,401)</u>
Net unrealized appreciation (depreciation) on investments				
Non-control/Non-affiliate investments	8,569	(2,244)	4,648	(4,186)
Affiliate investments	(6,829)	3,563	1,302	6,187
Control investments	778	(3,272)	2,944	(9,978)
Income tax (provision) benefit	(51)	(3,437)	1,012	(6,012)
Total net unrealized appreciation (depreciation) on investments, net of tax	<u>2,467</u>	<u>(5,390)</u>	<u>9,906</u>	<u>(13,989)</u>
Net realized and unrealized (losses) gains on investments	<u>(5,375)</u>	<u>(16,476)</u>	<u>(10,328)</u>	<u>(31,390)</u>
Realized loss on extinguishment of debt	<u>—</u>	<u>—</u>	<u>(361)</u>	<u>—</u>
Net increase in net assets from operations	<u>\$ 23,484</u>	<u>\$ 2,949</u>	<u>\$ 69,920</u>	<u>\$ 14,917</u>
Pre-tax net investment income per share - basic and diluted	<u>\$ 0.72</u>	<u>\$ 0.60</u>	<u>\$ 2.05</u>	<u>\$ 1.64</u>
Net investment income per share - basic and diluted	<u>\$ 0.70</u>	<u>\$ 0.62</u>	<u>\$ 2.04</u>	<u>\$ 1.64</u>
Net increase in net assets from operations - basic and diluted	<u>\$ 0.57</u>	<u>\$ 0.09</u>	<u>\$ 1.77</u>	<u>\$ 0.53</u>
Weighted average shares outstanding - basic and diluted	<u>41,513,773</u>	<u>31,381,360</u>	<u>39,610,643</u>	<u>28,304,309</u>



Capital Southwest Corporation

Q3 2024 Earnings Presentation

January 30, 2024

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

Important Notices

- These materials and any presentation of which they form a part are neither an offer to sell, nor a solicitation of an offer to purchase, any securities of Capital Southwest.
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Forward-Looking Statements

- This presentation contains forward-looking statements relating to, among other things, the business, market conditions, financial condition and results of operations of Capital Southwest, the anticipated investment strategies and investments of Capital Southwest, and future market demand. Any statements that are not statements of historical fact are forward-looking statements. Forward-looking statements are often, but not always, preceded by, followed by, or include words such as "believe," "expect," "intend," "plan," "should" or similar words, phrases or expressions or the negative thereof. These statements are made on the basis of the current beliefs, expectations and assumptions of the management of Capital Southwest and speak only as of the date of this presentation. There are a number of risks and uncertainties that could cause Capital Southwest's actual results to differ materially from the forward-looking statements included in this presentation.
- These risks include risks related to: changes in the markets in which Capital Southwest invests; changes in the financial, capital, and lending markets; the impact of rising interest rates on Capital Southwest's business and its portfolio companies; the impact of supply chain constraints and labor difficulties on our portfolio companies; elevated levels of inflation and its impact on Capital Southwest's portfolio companies and the industries in which it invests; regulatory changes; tax treatment and general economic and business conditions; our ability to operate our wholly owned subsidiary, Capital Southwest SBIC I, LP, as a small business investment company ("SBIC"); and an economic downturn and its impact on the ability of our portfolio companies to operate and the investment opportunities available to us.
- For a further discussion of some of the risks and uncertainties applicable to Capital Southwest and its business, see Capital Southwest's Annual Report on Form 10-K for the fiscal year ended March 31, 2023 and its subsequent filings with the SEC. Other unknown or unpredictable factors could also have a material adverse effect on Capital Southwest's actual future results, performance, or financial condition. As a result of the foregoing, readers are cautioned not to place undue reliance on these forward-looking statements. Capital Southwest does not assume any obligation to revise or to update these forward-looking statements, whether as a result of new information, subsequent events or circumstances, or otherwise, except as may be required by law.

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

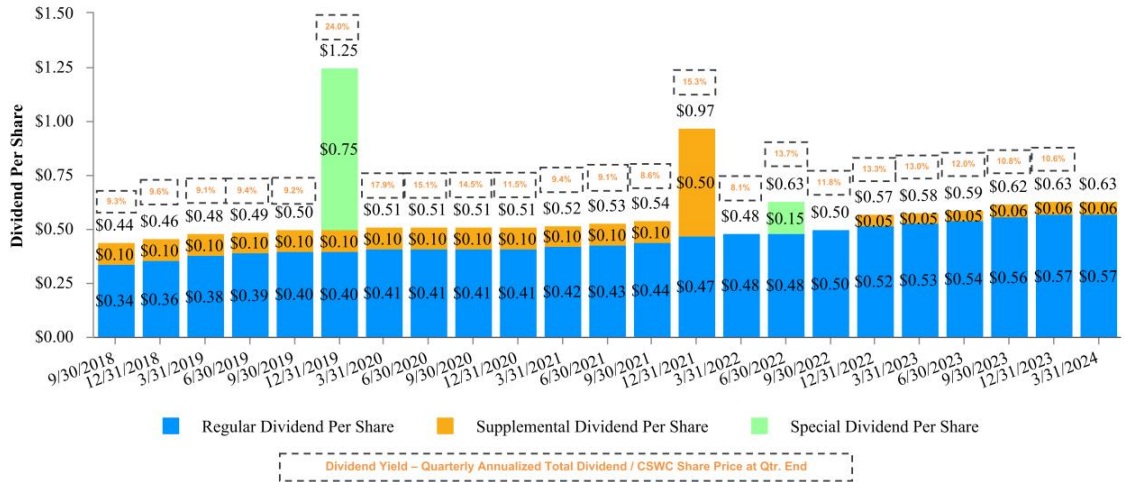
Q3 2024 Highlights

Financial Highlights

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

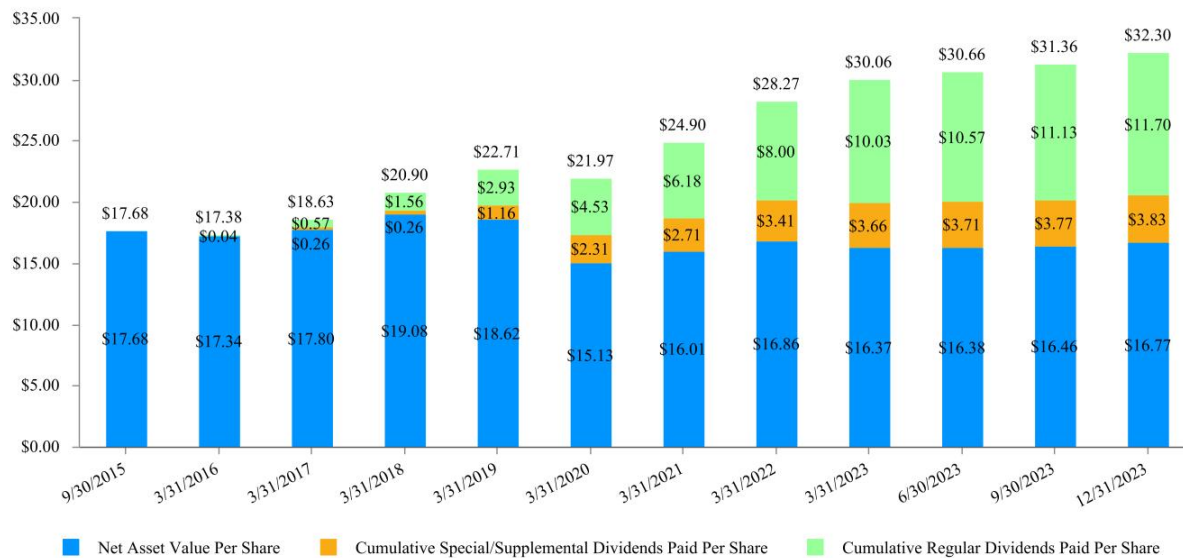
Track Record of Consistent Dividends Continues

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



History of Value Creation

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



Credit Investment Strategy

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

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

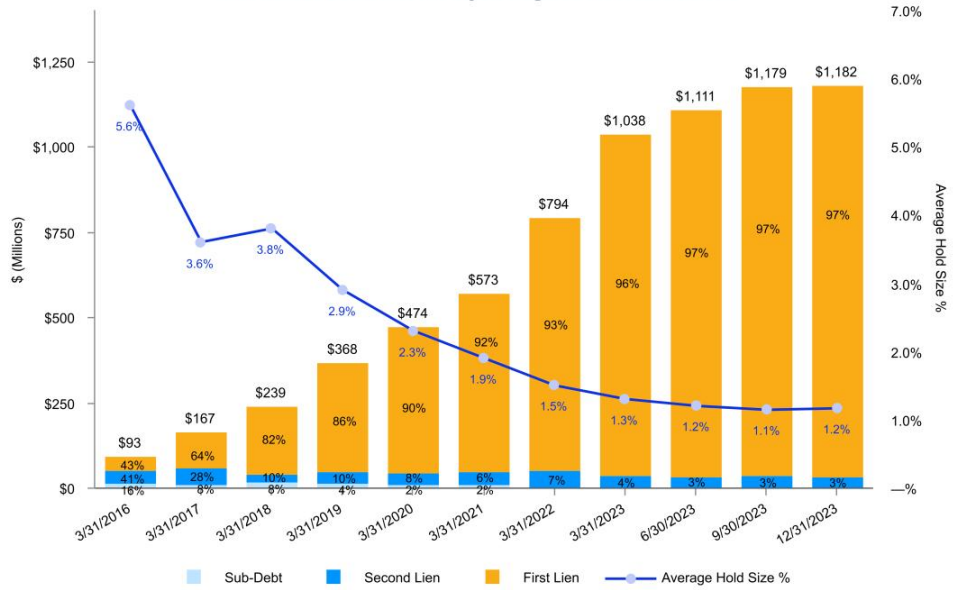
OPPORTUNISTIC: Upper Middle Market (“UMM”): Club, First and Second Lien

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

Granular Credit Portfolio Heavily Weighted Towards First Lien Investments

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

Credit Portfolio Heavily Weighted to First Lien



Q3 2024 Originations

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

- \$93.3 MM funded at close

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

Track Record of CSWC Exits Continues

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

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

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

CSWC Investment Portfolio Composition

Maintaining appropriate portfolio leverage while receiving attractive risk-adjusted returns

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

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

(1) At December 31, 2023 and September 30, 2023, we had equity ownership in approximately 65% and 63%, respectively, of our investments

(2) The weighted-average annual effective yields were computed using the effective interest rates during the quarter for all debt investments at cost as of December 31, 2023, including accretion of original issue discount but excluding fees payable upon repayment of the debt instruments

(3) The weighted average annual effective yields on total investments were calculated by dividing total investment income, exclusive of non-recurring fees, by average total investments at fair value

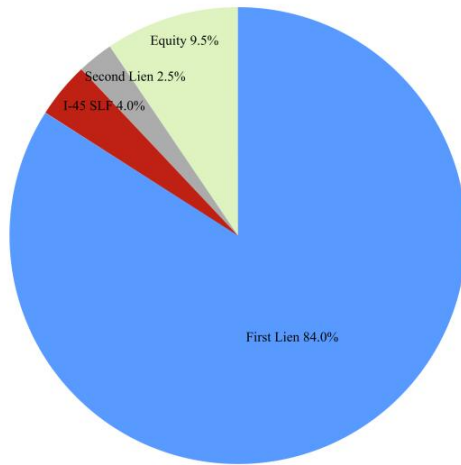
(4) Includes CSWC debt investments only. Weighted average EBITDA metric is calculated using investment cost basis weighting. For the quarters ended December 31, 2023 and September 30, 2023, eleven portfolio companies and ten portfolio companies, respectively, are excluded from this calculation due to a reported debt to adjusted EBITDA ratio that was not meaningful.

(5) Includes CSWC debt investments only. Calculated as the amount of each portfolio company's debt (including CSWC's position and debt senior or pari passu to CSWC's position, but excluding debt subordinated to CSWC's position) in the capital structure divided by each portfolio company's adjusted EBITDA. Weighted average leverage is calculated using investment cost basis weighting. For the quarters ended December 31, 2023 and September 30, 2023, eleven portfolio companies and ten portfolio companies, respectively, are excluded from this calculation due to a reported debt to adjusted EBITDA ratio that was not meaningful.

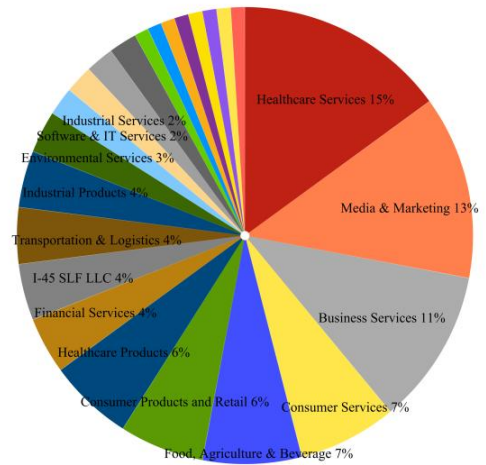
CSWC Portfolio Mix as of December 31, 2023 at Fair Value

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

Current Investment Portfolio (By Type)



Current Investment Portfolio (By Industry)



(Note 1) I-45 Senior Loan Fund ("I-45 SLF") consists of 95% first lien senior secured debt
 (Note 2) Equity represents equity co-investments across 62 portfolio companies

Quarter-over-Quarter Investment Rating Migration

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

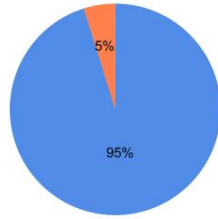
Investment Rating	9/30/2023			Investment Rating Upgrades			Investment Rating Downgrades			12/31/2023		
	# of Loans	Fair Value (\$MM)	% of Portfolio (FV)	# of Loans	Fair Value (\$MM)	% of Portfolio (FV)	# of Loans	Fair Value (\$MM)	% of Portfolio (FV)	# of Loans	Fair Value (\$MM)	% of Portfolio (FV)
1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

Note: We utilize an internally developed investment rating system to rate the performance and monitor the expected level of returns for each debt investment in our portfolio. The investment rating system takes into account both quantitative and qualitative factors of the portfolio company and the investments held therein. Investment Ratings range from a rating of 1, which represents the least amount of risk in our portfolio, to 4, which indicates that the investment is performing materially below underwriting expectations.

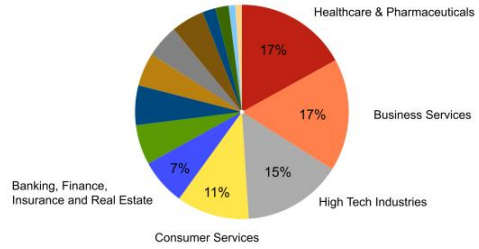
I-45 Senior Loan Fund Portfolio Overview

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

Current I-45 Portfolio (By Type)



Current I-45 Portfolio (By Industry)



■ First Lien ■ Non-First Lien

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

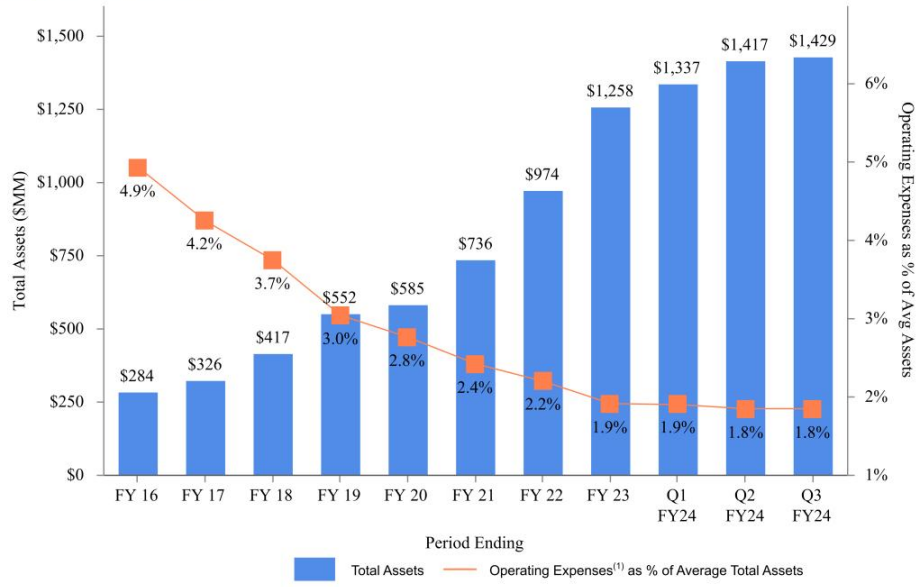
(1) For the quarter ended December 31, 2023, four portfolio companies are excluded from this calculation due to a reported debt to adjusted EBITDA ratio that was not meaningful
 (2) Through I-45 SLF security

Income Statement

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

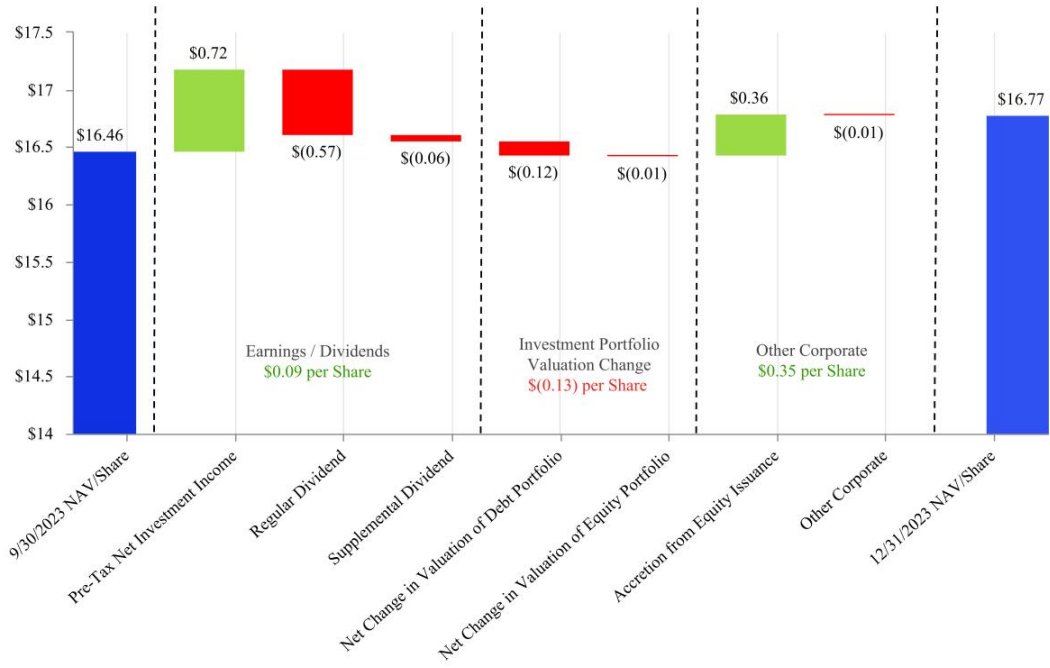
Operating Leverage Trend

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



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

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



Significant Unused Debt Capacity with Long-Term Duration

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

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

Long-Term Debt Obligations (Calendar Year)



- (1) Redeemable in whole or in part at any time prior to October 31, 2025, at par plus a "make whole" premium, and thereafter at par
 (2) Net of \$0.6 MM in letters of credit outstanding
 (3) Redeemable in whole or in part at any time prior to July 1, 2026, at par plus a "make whole" premium, and thereafter at par
 (4) Redeemable in whole or in part at Capital Southwest's option on or after August 1, 2025
 (5) Weighted average interest rate of all SBA Debentures for the three months ended December 31, 2023
 (6) First SBA Debentures mature on September 1, 2031

Balance Sheet

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

Portfolio Statistics

Continuing to build a well performing credit portfolio

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

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

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

(3) At Fair Value

Investment Income Detail

Constructing a portfolio of investments with recurring cash yield

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

(1) Includes Purchase Discounts and Fees previously received in cash

Key Financial Metrics

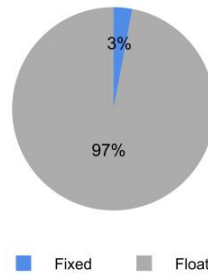
Strong Pre-Tax Net Investment Income and Dividend Yield driven by net portfolio growth and investment performance

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

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

Interest Rate Sensitivity

Fixed vs. Floating Credit Portfolio Exposure



Change in Base Interest Rates	Illustrative Annual NII Change (\$'s)	Illustrative Annual NII Change (\$ Per Share)
(200 bps)	(20,146,765)	(0.47)
(150 bps)	(15,110,074)	(0.35)
(100 bps)	(10,073,382)	(0.23)
(50 bps)	(5,036,691)	(0.12)
50 bps	5,036,691	0.12

Note: Illustrative change in annual NII does not adjust for potential changes in the credit market, credit quality, size and composition of the assets in the portfolio. It also does not adjust for other business developments, including future originations and repayments. Accordingly, no assurances can be given that actual results would not differ materially from the table above.

Corporate Information

Board of Directors
Inside Director Bowen S. Diehl
Independent Directors David R. Brooks Christine S. Battist Jack D. Furst William R. Thomas Ramona Rogers-Windsor

Senior Management
Bowen S. Diehl <i>President & Chief Executive Officer</i>
Michael S. Sarnier <i>Chief Financial Officer, Secretary & Treasurer</i>
Joshua S. Weinstein <i>Senior Managing Director</i>

Fiscal Year End
March 31

Independent Auditor
RSM US LLP Chicago, IL

Corporate Counsel
Eversheds Sutherland (US) LLP

Corporate Offices & Website
8333 Douglas Avenue Suite 1100 Dallas, TX 75225 http://www.capitalsouthwest.com

Investor Relations
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Transfer Agent
American Stock Transfer & Trust Company, LLC 800-937-5449 www.astfinancial.com

Securities Listing
Nasdaq: "CSWC" (Common Stock) Nasdaq: "CSWCZ" (7.75% Notes due 2028)

Industry Analyst Coverage		
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