

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): **May 14, 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 May 14, 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 May 15, 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 May 14, 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: May 14, 2024

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

Capital Southwest Announces Financial Results for Fourth Fiscal Quarter and Fiscal Year Ended March 31, 2024 and Announces Total Dividends of \$0.63 per share for the Quarter Ending June 30, 2024

CSWC Reports Pre-Tax Net Investment Income of \$0.68 Per Share for Quarter Ended March 31, 2024

Dallas, Texas – May 14, 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 fourth fiscal quarter and fiscal year ended March 31, 2024.

Fourth Quarter Fiscal Year 2024 Financial Highlights

- Total Investment Portfolio: \$1.5 billion
 - Credit Portfolio of \$1.3 billion:
 - 97% 1st Lien Senior Secured Debt
 - \$154.6 million in new committed credit investments during the quarter
 - Weighted Average Yield on Debt Investments: 13.3%
 - Current non-accruals with a fair value of \$33.8 million, representing 2.3% of the total investment portfolio
 - Equity Portfolio of \$132.0 million
 - \$2.9 million in new equity co-investments during the quarter
- Pre-Tax Net Investment Income: \$29.8 million, or \$0.68 per weighted average share outstanding
- Dividends: Paid \$0.57 per share Regular Dividend and \$0.06 per share Supplemental Dividend
 - 121% LTM Pre-Tax NII Regular Dividend Coverage
 - Total Dividends for the quarter ended March 31, 2024 of \$0.63 per share
- Net Realized and Unrealized Depreciation: \$15.9 million, or 1.1% of total investments at fair value
 - \$1.0 million of net depreciation related to the equity portfolio
 - \$15.6 million of net depreciation related to the credit portfolio
 - \$0.7 million of net appreciation related to I-45 SLF LLC
 - During the quarter ended March 31, 2024, the board of managers of I-45 SLF LLC (“I-45 SLF”) approved the dissolution and liquidation of I-45 SLF and distributed all of the assets of I-45 to its members
- Balance Sheet:
 - Cash and Cash Equivalents: \$32.3 million
 - Total Net Assets: \$755.7 million
 - Net Asset Value (“NAV”) per Share: \$16.77

Fiscal Year 2024 Financial Highlights

- Total Investment Portfolio: Increased by \$270.2 million in total fair value, from \$1.2 billion to \$1.5 billion, representing 22.4% growth during the year
 - Credit Portfolio increased by \$307.0 million, representing 30% growth during the year
- Operating Leverage: Improved to 1.7% as of March 31, 2024 from 1.9% as of March 31, 2023
- Pre-Tax Net Investment Income: \$2.72 per weighted average diluted share compared to \$2.30 per weighted average diluted share in the prior fiscal year, representing 18% growth year over year
- Dividends: Declared and Paid Total Dividends of \$2.47 per share
 - \$2.24 per share in regular dividends, an increase of 10% compared to the prior year
 - \$0.23 per share in supplemental dividends
 - Estimated undistributed taxable income ("UTI") balance at the end of the fiscal year ended March 31, 2024 was \$0.64 per share

In commenting on the Company's results, Bowen Diehl, President and Chief Executive Officer, stated, "The March quarter was another strong quarter for Capital Southwest, with \$158 million of originations. Our portfolio continued to perform well, producing \$0.68 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. On the capitalization front, we further diversified our funding sources by closing on a new \$150 million SPV financing credit facility during the quarter. We believe this new SPV credit facility will provide us with significant funding flexibility as we continue to thoughtfully grow our balance sheet. 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 June 30, 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 June 30, 2024 quarter, resulting in total dividends for the June 30, 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."

Fourth Quarter Fiscal Year Investment Activities

Originations

During the quarter ended March 31, 2024, the Company originated \$157.5 million in new commitments, consisting of investments in six new portfolio companies totaling \$126.3 million and add-on commitments in five portfolio companies totaling \$31.2 million. New portfolio company investment transactions that closed during the quarter ended March 31, 2024 are summarized as follows:

Revo Brands, Inc., \$33.5 million 1st Lien Senior Secured Debt, \$7.0 million Revolving Loan: The company is a branded outdoor products company that designs and sells knives, multi-tools, tooling supplies and accessories.

Tru Fragrance & Beauty LLC, \$30.5 million 1st Lien Senior Secured Debt, \$4.0 million Revolving Loan, \$1.0 million Preferred Equity: The company is a brand creator/aggregator and turnkey partner that offers product design and development, global sourcing and logistics, financial modeling, and other strategic solutions to a portfolio of owned/licensed and third-party brands, with a primary focus on the personal fragrance sector.

TMT BHC Buyer, Inc., \$10.0 million 1st Lien Senior Secured Debt, \$5.0 million Revolving Loan, \$5.0 million Delayed Draw Term Loan, \$0.5 million Common Equity: The company is the largest Two Men and a Truck franchisee in the United States by revenue.

BP Loenbro Holdings Inc., \$9.8 million 1st Lien Senior Secured Debt, \$1.1 million Delayed Draw Term Loan, \$1.1 million Revolving Loan: The company is a provider of mission critical industrial services for existing and new build data centers and other industrial facilities.

One Group, LLC, \$10.0 million 1st Lien Senior Secured Debt, \$0.5 million Delayed Draw Term Loan: The company is an operator of 55 Domino's franchises in Alabama, Tennessee, Texas and Mississippi.

Command Group Acquisition, LLC, \$6.0 million 1st Lien Senior Secured Debt, \$1.3 million Preferred Equity: The company is a contract manufacturer of "single-use" consumable medical products serving the medical device industry.

Prepayments and Exits

During the quarter ended March 31, 2024, the Company received full prepayments on two debt investments totaling \$13.7 million.

FM Sylvan, Inc.: Proceeds of \$11.8 million, generating an IRR of 18.9%.

JVMC Holdings Corp.: Proceeds of \$1.9 million, generating an IRR of 9.9%.

Fourth Fiscal Quarter 2024 Operating Results

For the quarter ended March 31, 2024, Capital Southwest reported total investment income of \$46.4 million, compared to \$48.6 million in the prior quarter. The decrease in investment income was primarily attributable to a decrease in dividend income due to less distributions received from equity investments.

For the quarter ended March 31, 2024, total operating expenses (excluding interest expense) were \$5.2 million, compared to \$7.3 million in the prior quarter. The decrease was primarily attributable to a decrease in accrued bonus compensation in the current quarter.

For the quarter ended March 31, 2024, interest expense remained flat at \$11.5 million as compared to the prior quarter.

For the quarter ended March 31, 2024, total pre-tax net investment income remained flat at \$29.8 million as compared to the prior quarter.

During the quarter ended March 31, 2024, Capital Southwest recorded total net realized and unrealized losses on investments of \$15.9 million, compared to \$5.4 million of total net realized and unrealized losses in the prior quarter. For the quarter ended March 31, 2024, the total net realized and unrealized losses on investments reflected net realized and unrealized losses on equity investments of \$1.0 million and net realized and unrealized losses on debt investments of \$15.6 million, offset by net realized and unrealized gains on I-45 SLF of \$0.7 million. The net increase in net assets resulting from operations was \$13.5 million for the quarter, compared to \$23.5 million in the prior quarter.

The Company's NAV at March 31, 2024 remained flat at \$16.77 per share as compared to the prior quarter.

Fiscal Year 2024 Operating Results

For the year ended March 31, 2024, Capital Southwest reported total investment income of \$178.1 million, compared to \$119.3 million in the prior year. The increase in investment income was primarily attributable to an increase in average debt investments outstanding and an increase in the weighted average yield of debt investments.

For the year ended March 31, 2024, total operating expenses (excluding interest expense) were \$24.1 million, compared to \$21.4 million in the prior year. The increase in operating expenses (excluding interest expense) during the current year was primarily attributable to an increase in employee compensation, an increase in costs related to the Company's office space and costs incurred for a special meeting of shareholders.

For the year ended March 31, 2024, interest expense was \$43.1 million, compared to \$28.9 million in the prior year. 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 year ended March 31, 2024, total pre-tax net investment income was \$110.9 million, compared to \$69.0 million in the prior year.

During the year ended March 31, 2024, Capital Southwest recorded total net realized and unrealized losses on investments of \$26.3 million, compared to \$35.6 million in the prior year. For the year ended March 31, 2024, the total net realized and unrealized losses on investments reflects net realized and unrealized losses on equity of \$5.3 million and net realized and unrealized losses on debt of \$24.7 million, partially offset by net realized and unrealized gains on I-45 SLF of \$3.7 million. The net increase in net assets resulting from operations was \$83.4 million, compared to \$33.1 million in the prior year.

The Company's NAV at March 31, 2024 was \$16.77, as compared to \$16.37 at March 31, 2023. The increase in NAV per share from the prior year is primarily due to pre-tax net investment income in excess of dividends paid, 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 March 31, 2024, Capital Southwest had approximately \$32.3 million in unrestricted cash and money market balances, \$265.0 million of total debt outstanding on the Corporate Credit Facility (as defined below), \$139.4 million, net of unamortized debt issuance costs, of the 4.50% Notes due January 2026 outstanding, \$148.1 million, net of unamortized debt issuance costs, of the 3.375% Notes due October 2026, \$69.7 million, net of unamortized debt issuance costs, of the 7.75% Notes due August 2028 and \$148.7 million, net of unamortized debt issuance costs, of SBA Debentures (as defined below) outstanding. As of March 31, 2024, Capital Southwest had \$194.2 million in available borrowings under the Corporate Credit Facility and \$150.0 million in available borrowings under the SPV Credit Facility (as defined below). The regulatory debt to equity ratio at the end of the quarter was 0.82 to 1.

In August 2016, CSWC entered into a senior secured credit facility (the "Corporate Credit Facility") to provide additional liquidity to support its investment and operational activities. Borrowings under the Corporate 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 (the "Credit Agreement") that (1) increased commitments under the Corporate 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 Corporate 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 March 1, 2024, the Company entered into Amendment No. 1 to the Credit Agreement (the "Amendment"). The Amendment amended the Credit Agreement and other related loan documents to, among other things, permit the Company to enter into special purpose vehicle financings and exclude assets held by any such special purpose vehicle from the assets pledged as collateral securing the Corporate Credit Facility.

On February 2, 2024, the Company formed Capital Southwest SPV LLC ("SPV"). SPV is a special purpose vehicle that was formed to hold investments for the SPV Credit Facility (as defined below) to support our investment and operating activities. On March 20, 2024, SPV entered into a special purpose vehicle financing credit facility (the "SPV Credit Facility"). The SPV Credit Facility includes total commitments of \$150 million of initial commitments with (i) an increase to \$200 million of total commitments on the earlier of (a) June 20, 2024 or (b) the date requested by the Company, in its sole discretion, and (ii) an accordion feature that allows increases up to \$400 million of total commitments from new and existing lenders on the same terms and conditions as the existing commitments. Borrowings under the SPV Credit Facility bear interest at three-month Term SOFR plus 2.50% per annum during the revolving period ending on March 20, 2027 and three-month Term SOFR plus an applicable margin of 2.85% thereafter. SPV pays unused commitment fees of (i) 0.10% through April 20, 2024 and (ii) 0.35% thereafter, on the unused lender commitments under the SPV Credit Facility, in addition to other customary fees. The SPV Credit Facility matures on March 20, 2029.

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. 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 Corporate Credit Facility, the SPV 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 March 31, 2024, the Company sold 2,069,620 shares of its common stock under

the Equity ATM Program at a weighted-average price of \$23.80 per share, raising \$49.3 million of gross proceeds. Net proceeds were \$48.5 million after commissions to the sales agents on shares sold. For the year ended March 31, 2024, the Company sold 8,733,315 shares of its common stock under the Equity ATM Program at a weighted-average price of \$21.09, raising \$184.2 million of gross proceeds. Net proceeds were \$181.5 million after commissions to the sales agents on shares sold. As of March 31, 2024, the Company has \$121.1 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 March 31, 2024, SBIC I had a total leverage commitment from the SBA in the amount of \$175.0 million, of which \$22.0 million remains unused.

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, as amended. 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 March 31, 2024, 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 June 30, 2024

On April 24, 2024, the Board declared a total dividend of \$0.63 per share for the quarter ended June 30, 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: June 14, 2024
Record Date: June 14, 2024
Payment Date: June 28, 2024

Supplemental Dividend

Amount Per Share: \$0.06
Ex-Dividend Date: June 14, 2024
Record Date: June 14, 2024
Payment Date: June 28, 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.

Fourth Quarter 2024 Earnings Results Conference Call and Webcast

Capital Southwest has scheduled a conference call on Wednesday, May 15, 2024, at 11:00 a.m. Eastern Time to discuss the fourth 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/bpo2bhpw>.

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-K for the year ended March 31, 2024 to be filed with the Securities and Exchange Commission (the "SEC") and Capital Southwest's Fourth 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 \$1.5 billion in investments at fair value as of March 31, 2024. 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, Capital Southwest's ability to continue to grow its balance sheet, 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, 2024 to be filed with the SEC, and any subsequent filings with the SEC, including the "Risk Factors" sections therein, 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)

	March 31, 2024 (Unaudited)	March 31, 2023
Assets		
Investments at fair value:		
Non-control/Non-affiliate investments (Cost: \$1,276,690 and \$947,829, respectively)	\$ 1,286,355	\$ 966,627
Affiliate investments (Cost: \$200,013 and \$191,523, respectively)	190,206	188,505
Control investments (Cost: \$0 and \$80,800, respectively)	—	51,256
Total investments (Cost: \$1,476,703 and \$1,220,152, respectively)	1,476,561	1,206,388
Cash and cash equivalents	32,273	21,585
Receivables:		
Dividends and interest	22,928	18,430
Escrow	16	363
Other	7,276	647
Income tax receivable	336	368
Debt issuance costs (net of accumulated amortization of \$7,741 and \$5,642, respectively)	10,928	3,717
Other assets	6,440	6,186
Total assets	\$ 1,556,758	\$ 1,257,684
Liabilities		
SBA Debentures (net of \$4,305 and \$3,670, respectively, of unamortized debt issuance costs)	\$ 148,695	\$ 116,330
January 2026 Notes (net of \$612 and \$949, respectively, of unamortized debt issuance costs)	139,388	139,051
October 2026 Notes (net of \$1,923 and \$2,737, respectively, of unamortized debt issuance costs)	148,077	147,263
August 2028 Notes (net of \$2,182 and \$0, respectively, of unamortized debt issuance costs)	69,693	—
Credit Facilities	265,000	235,000
Other liabilities	17,381	16,761
Accrued restoration plan liability	570	598
Income tax payable	281	156
Deferred tax liability	11,997	12,117
Total liabilities	801,082	667,276
Commitments and contingencies (Note 11)		
Net Assets		
Common stock, \$0.25 par value: authorized, 75,000,000 shares at March 31, 2024 and 40,000,000 shares at March 31, 2023; issued, 45,050,759 shares at March 31, 2024 and 38,415,937 shares at March 31, 2023	11,263	9,604
Additional paid-in capital	796,945	646,586
Total distributable (loss) earnings	(52,532)	(41,845)
Treasury stock - at cost, no shares at March 31, 2024 and 2,339,512 shares at March 31, 2023	—	(23,937)
Total net assets	755,676	590,408
Total liabilities and net assets	\$ 1,556,758	\$ 1,257,684
Net asset value per share (45,050,759 shares outstanding at March 31, 2024 and 36,076,425 shares outstanding at March 31, 2023)	\$ 16.77	\$ 16.37

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

(In thousands, except shares and per share data)

	Years Ended March 31,		
	2024	2023	2022
Investment income:			
Interest income:			
Non-control/Non-affiliate investments	\$ 133,329	\$ 87,982	\$ 58,136
Affiliate investments	17,209	11,658	7,122
Payment-in-kind interest income:			
Non-control/Non-affiliate investments	7,737	2,382	2,051
Affiliate investments	2,471	3,060	1,160
Dividend income:			
Non-control/Non-affiliate investments	3,533	1,824	1,654
Affiliate investments	230	141	28
Control investments	7,983	7,337	6,720
Fee income:			
Non-control/Non-affiliate investments	4,257	4,057	4,833
Affiliate investments	759	638	494
Control investments	82	100	—
Other income	545	121	17
Total investment income	<u>178,135</u>	<u>119,300</u>	<u>82,215</u>
Operating expenses:			
Compensation	10,631	9,870	8,838
Share-based compensation	4,518	3,705	3,585
Interest	43,088	28,873	19,924
Professional fees	3,705	3,180	2,489
General and administrative	5,244	4,632	4,077
Total operating expenses	<u>67,186</u>	<u>50,260</u>	<u>38,913</u>
Income before taxes	110,949	69,040	43,302
Federal income, excise and other taxes	1,135	630	181
Deferred taxes	(191)	(301)	434
Total income tax provision	<u>944</u>	<u>329</u>	<u>615</u>
Net investment income	<u>\$ 110,005</u>	<u>\$ 68,711</u>	<u>\$ 42,687</u>
Realized (loss) gain			
Non-control/Non-affiliate investments	\$ (18,062)	\$ (5,872)	\$ 7,136
Affiliate investments	(6,500)	(11,027)	140
Control investments	(15,047)	—	—
Income tax provision	(286)	(130)	(1,442)
Total net realized (loss) gain on investments, net of tax	<u>(39,895)</u>	<u>(17,029)</u>	<u>5,834</u>
Net unrealized appreciation (depreciation) on investments			
Non-control/Non-affiliate investments	1,584	(6,942)	20,940
Affiliate investments	(6,688)	6,014	(4,750)
Control investments	18,727	(11,147)	(2,755)
Income tax benefit (provision)	17	(6,514)	(1,968)
Total net unrealized appreciation (depreciation) on investments, net of tax	<u>13,640</u>	<u>(18,589)</u>	<u>11,467</u>
Net realized and unrealized (losses) gains on investments	<u>(26,255)</u>	<u>(35,618)</u>	<u>17,301</u>
Realized loss on extinguishment of debt	<u>(361)</u>	<u>—</u>	<u>(17,087)</u>
Realized loss on disposal of fixed assets	<u>—</u>	<u>—</u>	<u>(86)</u>
Net increase in net assets from operations	<u>\$ 83,389</u>	<u>\$ 33,093</u>	<u>\$ 42,815</u>
Pre-tax net investment income per share - basic and diluted	<u>\$ 2.72</u>	<u>\$ 2.30</u>	<u>\$ 1.90</u>
Net investment income per share - basic and diluted	<u>\$ 2.70</u>	<u>\$ 2.29</u>	<u>\$ 1.87</u>
Net increase in net assets from operations - basic and diluted	<u>\$ 2.05</u>	<u>\$ 1.10</u>	<u>\$ 1.87</u>
Weighted average shares outstanding - basic and diluted	<u>40,727,133</u>	<u>30,015,533</u>	<u>22,839,835</u>



Capital Southwest Corporation

Q4 2024 Earnings Presentation

May 15, 2024

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

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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 interest rate volatility; 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, 2024 to be filed 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

Josh S. Weinstein
Senior Managing Director and Chief Investment Officer

Chris Rehberger
Executive Vice President and 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 \$1.6 B as of March 31, 2024
- Operate Capital Southwest SBIC I, LP, a wholly-owned subsidiary
- Maintain investment grade issuer ratings of Baa3 from Moody's and BBB- from Fitch

Fiscal Year 2024 Highlights

Financial Highlights

- Investments at Fair Value of \$1.5 B compared to \$1.2 B in prior year, an increase of 22%
- Pre-Tax Net Investment Income increased to \$2.72 per share from \$2.30 per share in prior year, an increase of 18%
- Paid Regular Dividends of \$2.24 compared to \$2.03 in prior year, an increase of 10%
- NAV per Share increased to \$16.77 from \$16.37 in prior year
- Strengthened Balance Sheet through variety of capital raising activities
 - Raised \$184 MM in gross equity proceeds through Equity ATM Program at a weighted average price of \$21.09, or 128% of the prevailing NAV per share
 - Entered into new senior secured SPV Credit Facility with \$150 MM in initial commitments
 - Closed an underwritten offering of \$72 MM in aggregate principal of the 7.75% notes due 2028
 - Increased total commitments on existing Corporate Credit Facility to \$460 MM from \$400 MM during the year
 - Obtained additional \$45 MM in leverage commitments during the year resulting in total of \$175 MM in SBA approved leverage
- Operating Leverage⁽¹⁾ improved to 1.7% as of 3/31/24 from 1.9% as of 3/31/23
- Regulatory Debt to Equity decreased to 0.82x as of 3/31/24 from 0.88x as of 3/31/23

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

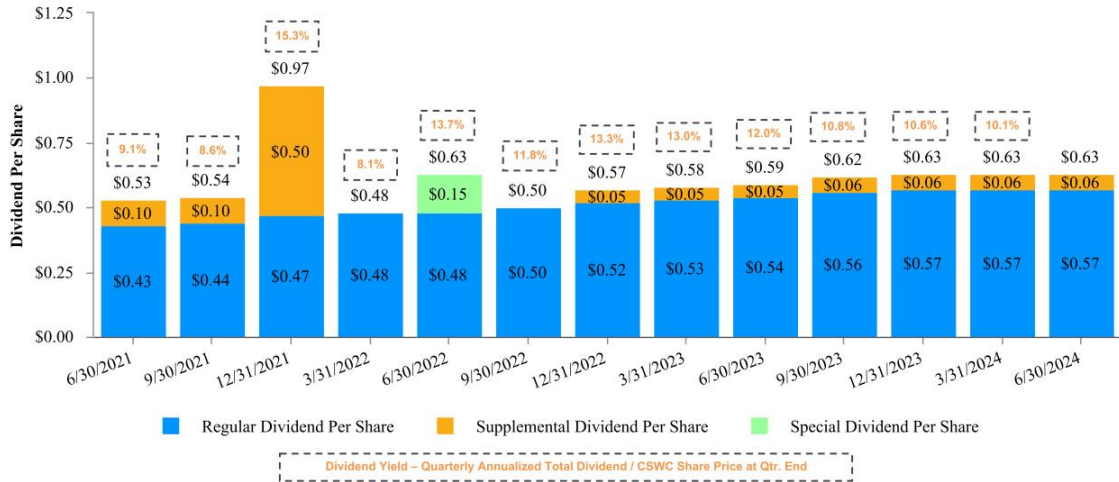
Q4 2024 Highlights

Financial Highlights

- Q4 2024 Pre-Tax Net Investment Income (“NII”) of \$29.8 MM or \$0.68 per share
- Declared Regular Dividend of \$0.57 per share for the quarter ending June 30, 2024
 - Declared Supplemental Dividend of \$0.06 per share for the quarter ending June 30, 2024
- Investment Portfolio at Fair Value increased to \$1.5 B from \$1.4 B in prior quarter
 - \$157.5 MM in total new committed investments to six new portfolio companies and five existing portfolio companies
 - \$13.7 MM in total proceeds from two debt prepayments generating a weighted average IRR of 16.5%
- Net Asset Value per share is \$16.77 per share as of March 31, 2024 as compared to \$16.77 in prior quarter
- Raised \$49.3 MM in gross proceeds through Equity ATM Program during the quarter
 - Sold shares at weighted-average price of \$23.80 per share, or 142% of the prevailing NAV per share
- Regulatory Debt to Equity ended at 0.82x for the quarter
- Entered into new senior secured SPV Credit Facility with \$150 MM in initial commitments
 - Increases to \$200 MM in total commitments in June 2024
- \$366 MM of total availability and \$32 MM in cash and cash equivalents as of quarter end
 - \$344 MM available on Credit Facilities and \$22 MM of SBA Debentures available to be drawn

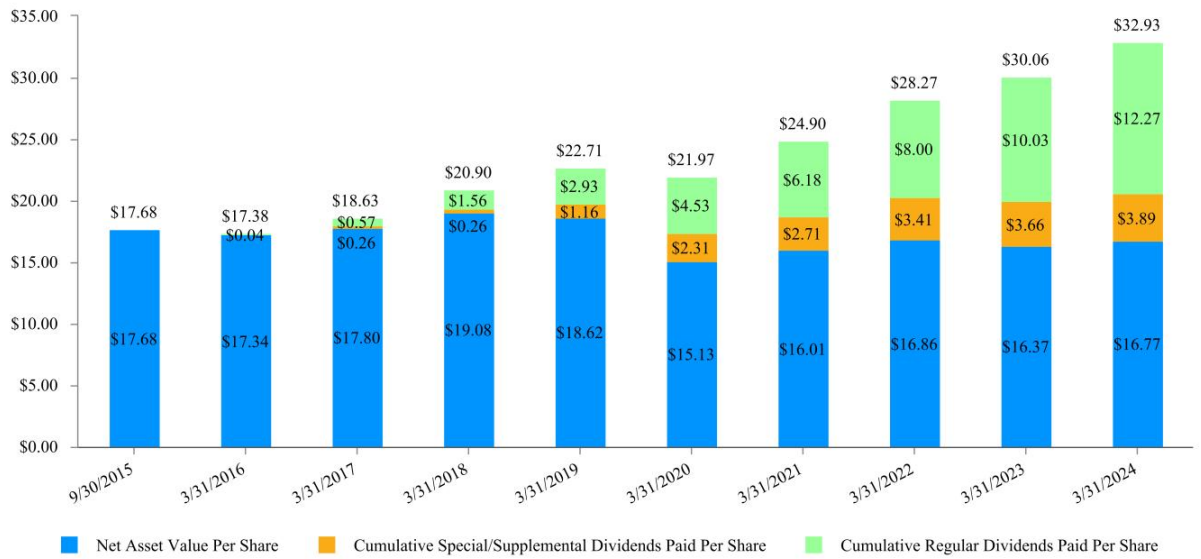
Track Record of Consistent Dividends Continues

- In the last twelve months ended 3/31/2024, CSWC generated \$2.72 per share in Pre-Tax NII and paid out \$2.24 per share in Regular Dividends
 - LTM Pre-Tax NII Regular Dividend Coverage of 121%
- Cumulative Pre-Tax NII Regular Dividend Coverage of 111% since launch of credit strategy in 2015
- Total of \$3.95 per share Special and Supplemental Dividends declared since launch of credit strategy in 2015
- Estimated Undistributed Taxable Income ("UTI") of \$0.64 per share as of March 31, 2024



History of Value Creation

Total Value (Net Asset Value + Cumulative Dividends Paid) Increase from Credit Strategy of \$15.25 per share through 3/31/2024



Lower Middle Market Credit Strategy

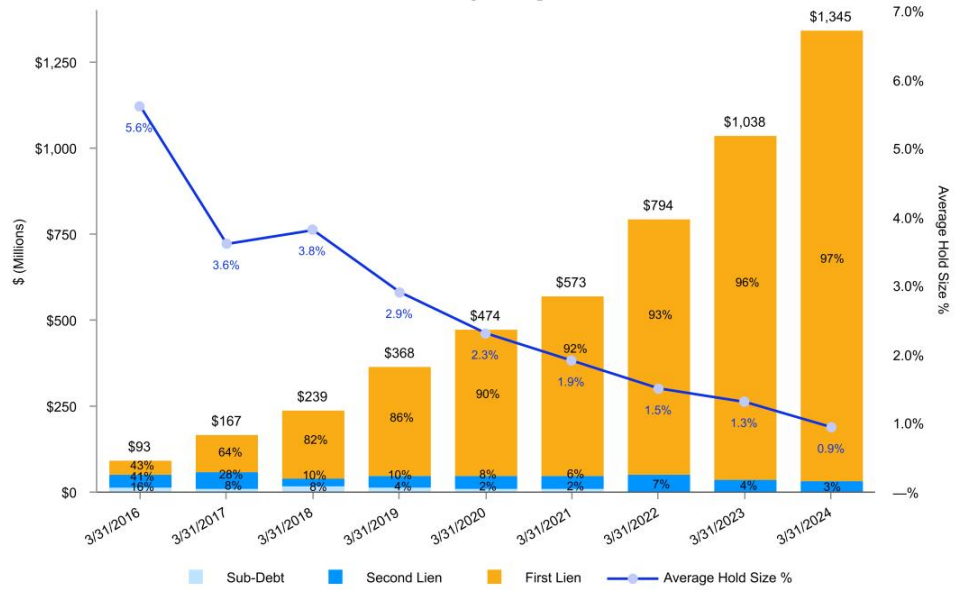
CSWC leads financing transactions, primarily backing private equity firms that generally fit the following parameters

- Flexible financing solutions to fund growth, changes of control, or other corporate events
- Investments are diverse among industries, geographic regions, and end markets
- Companies with EBITDA between \$3 MM and \$25 MM
- Typical leverage of 2.5x – 4.5x Debt to EBITDA through CSWC debt position and Loan-to-Value of 25% - 50%
- 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

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 0.9% as of 3/31/24

Credit Portfolio Heavily Weighted to First Lien



Q4 2024 Originations

\$157.5 MM in total new committed investments to six new portfolio companies and five existing portfolio companies

- \$130.6 MM funded at close

Portfolio Originations		Q4 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
Revo Brands, Inc.	Consumer Products & Retail	First Lien	\$33,500	\$—	\$7,000	13.2%
Tru Fragrance & Beauty LLC	Consumer Products & Retail	First Lien / Equity	\$30,603	\$1,000	\$3,900	12.0%
TMT BHC Buyer, Inc.	Consumer Services	First Lien / Equity	\$10,000	\$500	\$10,000	11.7%
Winter Services Operations, LLC	Business Services	First Lien	\$13,333	\$—	\$2,222	13.7%
BP Loenbro Holdings Inc.	Industrial Services	First Lien	\$9,798	\$—	\$2,202	12.0%
Island Pump and Tank, LLC	Environmental Services	First Lien / Equity	\$11,000	\$16	\$—	12.7%
One Group, LLC	Restaurants	First Lien	\$9,972	\$—	\$545	12.7%
Command Group Acquisition, LLC	Healthcare Products	First Lien / Equity	\$6,000	\$1,250	\$—	13.7%
Guardian Fleet Services, Inc. ⁽¹⁾	Transportation & Logistics	First Lien / Equity	\$2,500	\$—	\$—	13.0%
Zenfolio Inc.	Business Services	First Lien	\$1,000	\$—	\$1,000	14.7%
Damotech Inc.	Industrial Products	Equity	\$—	\$127	\$—	N/A
Total / Wtd. Avg			\$127,706	\$2,893	\$26,869	12.7%

(1) CSWC received new warrants as part of the add-on transaction

Track Record of CSWC Exits Continues

\$13.7 MM in total proceeds from two debt prepayments

- During the quarter, CSWC exited two debt investments generating proceeds of \$13.7 MM and a weighted average IRR of 16.5%
- Cumulative weighted average IRR of 14.0% on 74 portfolio company exits, generating \$918.9 MM in proceeds since launch of credit strategy in January 2015

Portfolio Exits		Q4 2024			
Name	Industry	Type	Total Proceeds (\$000s)	Realized Gain / (Loss) (\$000s)	IRR
FM Sylvan, Inc.	Industrial Services	First Lien	\$11,813	\$331	18.9%
JVMC Holdings Corp.	Financial Services	First Lien	\$1,855	\$0	9.9%
Total / Wtd. Avg			\$13,668	\$331	16.5%

CSWC Investment Portfolio Composition

Maintaining appropriate portfolio leverage while receiving attractive risk-adjusted returns

Investment Portfolio - Statistics		
(in \$000's)	12/31/2023	3/31/2024
	Total CSWC Portfolio	Total CSWC Portfolio
Number of Portfolio Companies ⁽¹⁾	95	116
Total Cost	\$1,289,106	\$1,476,703
Total Fair Value	\$1,310,837	\$1,476,561
Average Hold Size Debt Investments (at Fair Value)	\$13,741	\$12,566
Average Hold Size Equity Investments (at Fair Value)	\$2,082	\$2,031
% First Lien Investments (at Fair Value)	87.5%	88.7%
% Second Lien Investments (at Fair Value)	2.6%	2.3%
% Subordinated Debt Investments (at Fair Value)	0.1%	0.1%
% Equity (at Fair Value) ⁽²⁾	9.8%	8.9%
Wtd. Avg. Yield on Debt Investments ⁽³⁾	13.5%	13.3%
Wtd. Avg. Yield on Total Investments ⁽⁴⁾	13.7%	12.7%
Wtd. Avg. EBITDA of Issuer (\$MM's) ⁽⁵⁾	\$19.1	\$23.0
Wtd. Avg. Leverage through CSWC Security ⁽⁶⁾	3.6x	3.6x

Note: All metrics above exclude the investments held by the I-45 SLF for the period ending 12/31/23. During the quarter ended March 31, 2024, the board of managers of I-45 SLF approved the dissolution and liquidation of I-45 SLF.

(1) At March 31, 2024, investments in 17 portfolio companies were transferred from I-45 to CSWC.

(2) At March 31, 2024 and December 31, 2023, we had equity ownership in approximately 58% and 65%, respectively, of our investments.

(3) The weighted-average annual effective yields were computed using the effective interest rates during the quarter for all debt investments at cost as of March 31, 2024, including accretion of original issue discount but excluding fees payable upon repayment of the debt instruments.

(4) 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.

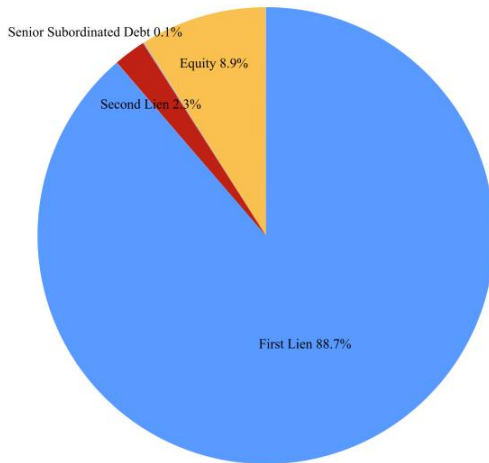
(5) Includes CSWC debt investments only. Weighted average EBITDA metric is calculated using investment cost basis weighting. For the quarters ended March 31, 2024 and December 31, 2023, twelve portfolio companies and eleven portfolio companies, respectively, are excluded from this calculation due to a reported debt to adjusted EBITDA ratio that was not meaningful.

(6) 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 March 31, 2024 and December 31, 2023, twelve portfolio companies and eleven portfolio companies, respectively, are excluded from this calculation due to a reported debt to adjusted EBITDA ratio that was not meaningful.

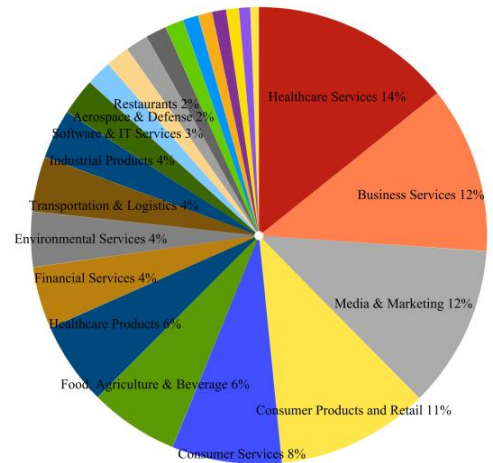
CSWC Portfolio Mix as of March 31, 2024 at Fair Value

Current Investment Portfolio of \$1.5 B continues to be heavily weighted towards first lien investments and diverse across industries

Current Investment Portfolio (By Type)



Current Investment Portfolio (By Industry)



Note: Equity represents equity co-investments across 65 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	12/31/2023			Investment Rating Upgrades			Investment Rating Downgrades			3/31/2024		
	# 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	18	\$182.0	15.4%	4	\$29.2	2.2%	—	\$—	—%	21	\$197.2	14.7%
2	96	\$940.3	79.6%	—	\$—	—%	—	\$—	—%	123	\$1,075.7	80.0%
3	6	\$59.5	5.0%	—	\$—	—%	3	\$10.7	0.8%	9	\$68.7	5.1%
4	—	\$—	—%	—	\$—	—%	1	\$2.9	0.2%	1	\$2.9	0.2%
Wtd. Avg. Investment Rating (at Cost)	1.91									1.95		

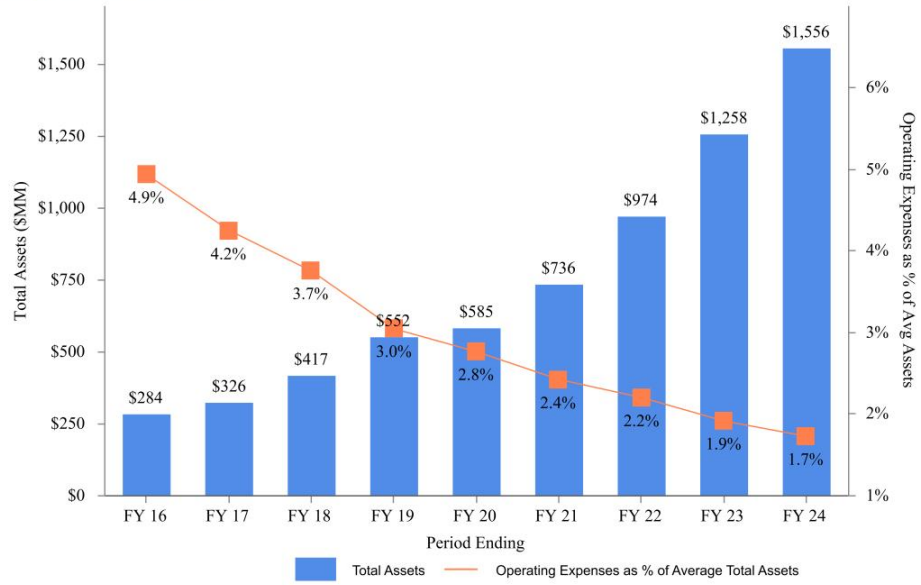
Note: We utilize an internally developed investment rating system to rate the performance and monitor the expected level of returns for each debt investment in our portfolio. The investment rating system takes into account both quantitative and qualitative factors of the portfolio company and the investments 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.

Income Statement

<i>(In Thousands, except per share amounts)</i>	Quarter Ended 6/30/23	Quarter Ended 9/30/23	Quarter Ended 12/31/23	Quarter Ended 3/31/24
Investment Income				
Interest Income	\$34,819	\$37,955	\$37,841	\$39,923
PIK Interest Income	1,656	1,526	4,073	2,953
Dividend Income	2,703	2,484	4,672	1,887
Fees and Other Income	1,183	812	1,980	1,668
Total Investment Income	\$40,361	\$42,777	\$48,566	\$46,431
Expenses				
Cash Compensation	\$2,510	\$2,333	\$3,919	\$1,869
Share Based Compensation	963	1,236	1,188	1,131
General & Administrative	2,204	2,316	2,220	2,209
Total Expenses (excluding Interest)	\$5,677	\$5,885	\$7,327	\$5,209
Interest Expense	\$9,681	\$10,481	\$11,473	\$11,453
Pre-Tax Net Investment Income	\$25,003	\$26,411	\$29,766	\$29,769
Gains / Losses and Taxes				
Net Realized and Unrealized Losses	\$(744)	\$(4,209)	\$(5,375)	\$(15,927)
Realized Loss on Extinguishment of Debt	—	(361)	—	—
Income Tax (Expense) / Benefit	(447)	783	(907)	(373)
Net increase in Net Assets Resulting from Operations	\$23,812	\$22,624	\$23,484	\$13,469
Weighted Average Diluted Shares Outstanding	37,598	39,698	41,514	44,101
Pre-Tax NII Per Diluted Weighted Average Share	\$0.67	\$0.67	\$0.72	\$0.68
Net Increase in Net Assets Per Dil. Wtd. Average Share	\$0.63	\$0.57	\$0.57	\$0.31

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

NAV per Share Bridge for Quarter Ended 3/31/24



Significant Unused Debt Capacity with Long-Term Duration

Raised SPV Credit Facility with \$150 MM in initial commitments during the quarter

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
October 2026 Notes ⁽²⁾	\$150.0 MM	3.375%	October 2026	\$150.0 MM	N/A
Corporate Credit Facility	\$460.0 MM	Term SOFR + 2.15%	August 2028	\$265.0 MM	\$194.2 MM ⁽³⁾
August 2028 Notes ⁽⁴⁾	\$71.9 MM	7.75%	August 2028	\$71.9 MM	N/A
SPV Credit Facility	\$150.0 MM ⁽⁵⁾	Term SOFR + 2.50%	March 2029	\$0.0 MM	\$150.0 MM
SBA Debentures	\$175.0 MM	4.31% ⁽⁶⁾	September 2031 ⁽⁷⁾	\$153.0 MM	\$22.0 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) 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
- (3) Net of \$0.9 MM in letters of credit outstanding
- (4) Redeemable in whole or in part at Capital Southwest's option on or after August 1, 2025
- (5) Increases to \$200 MM of total commitments on the earlier of (a) June 20, 2024 or (b) the date requested by Capital Southwest, in its sole discretion
- (6) Weighted average interest rate of all SBA Debentures for the three months ended March 31, 2024
- (7) First SBA Debentures mature on September 1, 2031

Balance Sheet

<i>(In Thousands, except per share amounts)</i>	Quarter Ended 6/30/23	Quarter Ended 9/30/23	Quarter Ended 12/31/23	Quarter Ended 3/31/24
Assets				
Portfolio Investments	\$1,285,318	\$1,353,566	\$1,365,037	\$1,476,561
Cash & Cash Equivalents	21,278	23,020	23,605	32,273
Other Assets	30,407	40,327	40,845	47,924
Total Assets	\$1,337,003	\$1,416,913	\$1,429,487	\$1,556,758
Liabilities				
SBA Debentures	\$121,352	\$126,376	\$126,081	\$148,695
January 2026 Notes	139,135	139,220	139,304	139,388
October 2026 Notes	147,448	147,633	147,884	148,077
August 2028 Notes	69,327	69,438	69,566	69,693
Corporate Credit Facility	195,000	250,000	195,000	265,000
Other Liabilities	28,540	26,472	30,687	30,229
Total Liabilities	\$700,802	\$759,139	\$708,522	\$801,082
Shareholders Equity				
Net Asset Value	\$636,201	\$657,774	\$720,965	\$755,676
Net Asset Value per Share	\$16.38	\$16.46	\$16.77	\$16.77
Regulatory Debt to Equity	0.87x	0.92x	0.77x	0.82x

Portfolio Statistics

Continuing to build a well performing credit portfolio

<i>(In Thousands)</i>	Quarter Ended 6/30/23	Quarter Ended 9/30/23	Quarter Ended 12/31/23	Quarter Ended 3/31/24
Portfolio Statistics				
Fair Value of Debt Investments	\$1,110,915	\$1,179,074	\$1,181,737	\$1,344,559
Average Debt Investment Hold Size	\$13,548	\$13,553	\$13,741	\$12,566
Fair Value of Debt Investments as a % of Par	97%	97%	97%	96%
% of Investment Portfolio on Non-Accrual (at Fair Value)	1.7%	2.0%	2.2%	2.3%
Weighted Average Investment Rating ⁽¹⁾	1.91	1.92	1.91	1.95
Weighted Average Yield on Debt Investments	12.94%	13.50%	13.53%	13.29%
Fair Value of All Portfolio Investments	\$1,285,318	\$1,353,566	\$1,365,037	\$1,476,561
Weighted Average Yield on all Portfolio Investments	12.64%	12.97%	13.74%	12.67%
Investment Mix (Debt vs. Equity) ⁽²⁾	90% / 10%	90% / 10%	90% / 10%	91% / 9%

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

(2) At Fair Value

Investment Income Detail

Constructing a portfolio of investments with recurring cash yield

(In Thousands)	Quarter Ended 6/30/23	Quarter Ended 9/30/23	Quarter Ended 12/31/23	Quarter Ended 3/31/24
Investment Income Breakdown				
Cash Interest	\$33,703	\$36,588	\$36,743	\$38,881
Cash Dividends	2,703	2,484	4,672	1,887
PIK Income	1,656	1,526	4,073	2,953
Amortization of Purchase Discounts and Fees	1,172	1,447	1,292	1,254
Management/Admin Fees	380	401	467	469
Prepayment Fees & Other Income	747	331	1,319	987
Total Investment Income	\$40,361	\$42,777	\$48,566	\$46,431
Key Metrics				
Cash Income as a % of Investment Income ⁽¹⁾	96%	96%	92%	94%
% of Total Investment Income that is Recurring	98%	99%	93%	98%

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

Key Financial Metrics

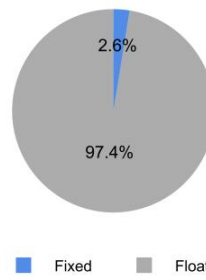
Strong Pre-Tax Net Investment Income and Dividend Yield driven by net portfolio growth and investment performance

	Quarter Ended 6/30/23	Quarter Ended 9/30/23	Quarter Ended 12/31/23	Quarter Ended 3/31/24
Key Financial Metrics				
Pre-Tax Net Investment Income Per Wtd Avg Diluted Share	\$0.67	\$0.67	\$0.72	\$0.68
Pre-Tax Net Investment Income Return on Equity (ROE) ⁽¹⁾	16.25%	16.25%	17.42%	16.10%
Realized Earnings Per Wtd Avg Diluted Share	\$0.31	\$0.69	\$0.51	\$0.22
Realized Earnings Return on Equity (ROE) ⁽¹⁾	7.65%	16.75%	12.30%	5.27%
Earnings Per Wtd Avg Diluted Share	\$0.63	\$0.57	\$0.57	\$0.31
Earnings Return on Equity (ROE) ⁽¹⁾	15.48%	13.92%	13.75%	7.28%
Regular Dividends per Share	\$0.54	\$0.56	\$0.57	\$0.57
Supplemental / Special Dividends per Share	\$0.05	\$0.06	\$0.06	\$0.06
Total Dividends per Share	\$0.59	\$0.62	\$0.63	\$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)	(21,181,416)	(0.47)
(150 bps)	(15,886,062)	(0.35)
(100 bps)	(10,590,708)	(0.24)
(50 bps)	(5,295,354)	(0.12)
50 bps	5,295,354	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. Sarner <i>Chief Financial Officer, Secretary & Treasurer</i> Josh S. Weinstein <i>Senior Managing Director & Chief Investment Officer</i>	Fiscal Year End March 31
Corporate Offices & Website 8333 Douglas Avenue Suite 1100 Dallas, TX 75225 http://www.capitalsouthwest.com	Investor Relations Michael S. Sarner Capital Southwest 214-884-3829 msarner@capitalsouthwest.com	Independent Auditor RSM US LLP Chicago, IL
	Securities Listing Nasdaq: "CSWC" (Common Stock) Nasdaq: "CSWCZ" (7.75% Notes due 2028)	Corporate Counsel Eversheds Sutherland (US) LLP
		Transfer Agent Equiniti Trust Company, LLC www.equiniti.com

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