

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

ANNUAL REPORT PURSUANT TO SECTIONS 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
**FORM 10-K**

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **March 31, 2024**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: **814-00061**

**CAPITAL SOUTHWEST CORPORATION**

(Exact name of registrant as specified in its charter)

**Texas**  
(State or other jurisdiction of incorporation  
or organization)

**75-1072796**  
(I.R.S. Employer  
Identification No.)

**8333 Douglas Avenue, Suite 1100,  
Dallas, Texas**  
(Address of principal executive offices)

**75225**  
(Zip Code)

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

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
<b>Common Stock, \$0.25 par value per share</b>	<b>CSWC</b>	<b>The Nasdaq Global Select Market</b>
<b>7.75% Notes due 2028</b>	<b>CSWCZ</b>	<b>The Nasdaq Global Select Market</b>

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company  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.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15.U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).  
Yes  No

The aggregate market value of the voting stock held by non-affiliates of the registrant as of September 30, 2023 was \$870,602,100 based on the last sale price of such stock as quoted by The Nasdaq Global Select Market on such date.

The number of shares of common stock, \$0.25 par value per share, outstanding as of May 17, 2024 was 45,050,759.

Documents Incorporated by Reference

Portions of the registrant's definitive Proxy Statement for its 2024 Annual Meeting of Shareholders to be filed not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K are incorporated by reference into Part III of this Annual Report on Form 10-K.

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## CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

*This Annual Report on Form 10-K contains forward-looking statements regarding the plans and objectives of management for future operations and future performance (including the internal rate of return to the Company). Any such forward-looking statements may involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by any forward-looking statements. Forward-looking statements, which involve assumptions and describe our future plans, strategies and expectations are generally identifiable by use of the words "may," "predict," "will," "continue," "likely," "would," "could," "should," "expect," "anticipate," "potential," "estimate," "indicate," "seek," "believe," "target," "intend," "plan," or "project" or the negative of these words or other variations on these words or comparable terminology. These forward-looking statements involve risks and uncertainties and are based on assumptions that may be incorrect, and we cannot assure you that the projections included in these forward-looking statements will come to pass. Accordingly, there are or will be important factors that could cause our actual results to differ materially from those expressed or implied by the forward-looking statements. We believe these factors include, but are not limited to, the following:*

- our future operating results;
- market conditions and our ability to access debt and equity capital and our ability to manage our capital resources effectively;
- the timing of cash flows, if any, from the operations of our portfolio companies;
- our business prospects and the prospects of our existing and prospective portfolio companies;
- the financial condition and ability of our existing and prospective portfolio companies to achieve their objectives;
- the adequacy of our cash resources and working capital;
- our ability to recover unrealized losses;
- our expected financings and investments;
- our contractual arrangements and other relationships with third parties;
- the impact of interest rate volatility and inflation on our business and our portfolio companies;
- the impact of a protracted decline in the liquidity of credit markets on our business;
- our ability to operate as a business development company and to qualify and maintain our qualification as a regulated investment company, including the impact of changes in laws or regulations, including the tax reform, governing our operations or the operations of our portfolio companies;
- our ability to operate our wholly owned subsidiary, Capital Southwest SBIC I, LP, as a small business investment company;
- the dependence of our future success on the general economy and its impact on the industries in which we invest;
- the impact of supply chain disruptions and labor shortages on our portfolio companies;
- changes in laws and regulations, changes in political, economic or industry conditions, and changes in the interest rate environment or other conditions affecting the financial and capital markets;
- our ability to successfully invest any capital raised in an offering;
- the return or impact of current and future investments;
- the performance and the valuation of our investments in portfolio companies, particularly those having no liquid trading market;
- our regulatory structure and tax treatment; and
- the timing, form and amount of any dividend distributions.

For a discussion of these and other factors that could cause our actual results to differ materially from forward-looking statements contained in this Annual Report on Form 10-K, please see the discussion under "Risk Factors" in Item 1A.

*We have based the forward-looking statements included in this Annual Report on Form 10-K on information available to us on the date of this Annual Report on Form 10-K. You should not place undue reliance on these forward-looking statements and you should carefully consider all of the factors identified in this report that could cause actual results to differ. We assume no obligation to update any such forward-looking statements, unless we are required to do so by applicable law.*

## PART I

### Item 1. Business

#### ORGANIZATION

Capital Southwest Corporation (“we,” “our,” “us,” “CSWC,” or the “Company”), a Texas corporation, is an internally managed closed-end, non-diversified investment company that has elected to be regulated as a business development company, or BDC, under the Investment Company Act of 1940, as amended, or the 1940 Act. Because CSWC is internally managed, all of the executive officers and other employees are employed by CSWC. Therefore, CSWC does not pay any external investment advisory fees, but instead directly incurs the operating costs associated with employing investment and portfolio management professionals.

Since September 30, 2015, we have pursued a credit-focused investing strategy. We specialize in providing customized financing to middle market companies in a broad range of industry segments located primarily in the United States. We invest primarily in debt securities, including senior debt and second lien, and also invest in preferred stock and common stock alongside our debt investments or through warrants. Our common stock trades on The Nasdaq Global Select Market under the ticker symbol “CSWC.”

As a BDC, we are required to comply with certain regulatory requirements. For instance, we generally have to invest at least 70% of our assets in “qualifying assets,” including securities of private or thinly traded public U.S. companies, cash, cash equivalents, U.S. government securities and high quality debt investments that mature in one year or less. In addition, effective April 25, 2019, we are allowed to borrow money such that our asset coverage, as defined in the 1940 Act, equals at least 150% after such borrowing. Additionally, the Board of Directors approved a resolution that limits the Company’s issuance of senior securities such that the asset coverage ratio, taking into account any such issuance, would not be less than 166%, at any time after the effective date.

We have elected, and intend to qualify annually, to be treated for U.S. federal income tax purposes as a regulated investment company, or RIC, under Subchapter M of the U.S. Internal Revenue Code of 1986, as amended, or the Code. As such, we generally will not be subject to U.S. federal income tax at corporate rates on any ordinary income or capital gains that we timely distribute to our shareholders as dividends. To continue to maintain our RIC tax treatment, we generally must meet specified source-of-income and asset diversification requirements and distribute annually at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. We will be subject to U.S. federal income tax, and possibly a 4% U.S. federal excise tax, on any income that we do not timely distribute to our shareholders. Our U.S. federal income tax liability may be reduced to the extent that we make certain distributions during the following calendar year and satisfy other procedural requirements.

Capital Southwest Equity Investments, Inc. (the “Taxable Subsidiary”), Capital Southwest SPV LLC (“SPV”), and Capital Southwest SBIC I, LP (“SBIC I”) are wholly owned subsidiaries of the Company and are consolidated in its financial statements. The Taxable Subsidiary was formed to permit us to hold certain interests in portfolio companies that are organized as limited liability companies, or LLCs (or other forms of pass-through entities) and still allow us to satisfy the RIC tax requirement that at least 90% of our gross income for U.S. federal income tax purposes must consist of qualifying investment income. The Taxable Subsidiary has elected to be treated as a corporation for U.S. federal income tax purposes and is subject to U.S. federal income tax at corporate rates based on its taxable income. 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 April 20, 2021, SBIC I received a license from the U.S. Small Business Administration (the “SBA”) to operate as an SBIC under Section 301(c) of the Small Business Investment Act of 1958, as amended. SBIC I has an investment strategy substantially similar to ours and makes similar types of investments in accordance with SBA regulations. SBIC I and its general partner are consolidated for U.S. GAAP reporting purposes, and the portfolio investments held by it are included in the consolidated financial statements. See “Regulation as a Small Business Investment Company” below for more information about the regulations applicable to SBIC I.

#### Corporate Information

Our principal executive offices are located at 8333 Douglas Avenue, Suite 1100, Dallas, Texas 75225. We maintain a website at [www.capitalsouthwest.com](http://www.capitalsouthwest.com). You can review the filings we have made with the Securities and Exchange Commission, or the SEC, free of charge on the SEC’s website at [www.sec.gov](http://www.sec.gov). We also make available free of charge on our website our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, any amendments to those reports and any other reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of

1934, as amended, or the Exchange Act, as soon as reasonably practicable after filing these reports with the SEC. Information on our website is not incorporated by reference into this Annual Report on Form 10-K and you should not consider that information to be part of this Annual Report on Form 10-K. The charters adopted by the committees of our Board of Directors are also available on our website.

## **OVERVIEW OF OUR BUSINESS**

We are an internally managed closed-end, non-diversified investment company that has elected to be regulated as a BDC under the 1940 Act. We specialize in providing customized debt and equity financing to lower middle market, or LMM, companies in a broad range of investment segments located primarily in the United States. Our investment objective is to produce attractive risk-adjusted returns by generating current income from our debt investments and capital appreciation from our equity and equity related investments. Our investment strategy is to partner with business owners, management teams and financial sponsors to provide flexible financing solutions to fund growth, changes of control, or other corporate events. We invest primarily in senior debt securities, secured by security interests in portfolio company assets. We also may invest in equity interests in our portfolio companies alongside our debt securities.

We focus on investing in companies with histories of generating revenues and positive cash flow, established market positions and proven management teams with strong operating discipline. Our core business is to target senior debt investments and equity investments in LMM companies. Our target companies generally have annual earnings before interest, taxes, depreciation and amortization, or EBITDA, between \$3.0 million and \$25.0 million, and our investments generally range in size from \$5.0 million to \$35.0 million.

We seek to fill the financing gap for LMM companies, which historically have had more limited access to financing from commercial banks and other traditional sources. The underserved nature of the LMM creates the opportunity for us to meet the financing needs of LMM companies while also negotiating favorable transaction terms and equity participation. Our ability to invest across a LMM company's capital structure, from secured loans to equity securities, allows us to offer portfolio companies a comprehensive suite of financing options. Providing customized financing solutions is important to LMM companies. We generally seek to partner directly with financial sponsors, entrepreneurs, management teams and business owners in making our investments. Our LMM debt investments typically include senior loans with a first lien on the assets of the portfolio company. Our LMM debt investments typically have a term of up to five years from the original investment date. We also often seek to invest in the equity securities of our LMM portfolio companies.

We offer managerial assistance to our portfolio companies and provide them access to our investment experience, direct industry expertise and contacts. Our obligation to offer to make available significant managerial assistance to our portfolio companies is consistent with our belief that providing managerial assistance to a portfolio company is important to its business development activities.

Because we are internally managed, we do not pay any external investment advisory fees, but instead directly incur the operating costs associated with employing investment and portfolio management professionals. We believe that our internally managed structure provides us with a beneficial operating expense structure when compared to other publicly traded and privately held investment firms that are externally managed, and our internally managed structure allows us the opportunity to leverage our non-interest operating expenses as we grow our investment portfolio.

### **Recent Developments**

On April 24, 2024, the Board of Directors declared a total dividend of \$0.63 per share, comprised of a regular dividend of \$0.57 and a supplemental dividend of \$0.06, for the quarter ending June 30, 2024. The record date for the dividend is June 14, 2024. The payment date for the dividend is June 28, 2024.

## Our Investment Strategy

We intend to achieve our investment objective of producing attractive risk-adjusted returns by generating current income from our debt investments and realizing capital appreciation from our equity and equity-related investments. We have adopted the following investment strategies to achieve our investment objective:

- **Leveraging the Experience of Our Management Team.** Our senior management team has extensive experience investing in and lending to middle market companies across changing market cycles. The members of our management team have diverse investment backgrounds, with prior experience at BDCs in the capacity of senior officers. We believe this extensive experience provides us with an in-depth understanding of the strategic, financial and operational challenges and opportunities of the middle market companies in which we invest. We believe this understanding allows us to select and structure better investments and to efficiently monitor and provide managerial assistance to our portfolio companies.
- **Applying Rigorous Underwriting Policies and Active Portfolio Management.** Our senior management team has implemented rigorous underwriting policies that are followed in each transaction. These policies include a thorough analysis of each potential portfolio company's competitive position, financial performance, management team operating discipline, growth potential and industry attractiveness, which we believe allows us to better assess the company's prospects. After investing in a company, we monitor the investment closely, typically receiving monthly, quarterly and annual financial statements. Senior management, together with the deal team and accounting and finance departments, generally meets at least quarterly to analyze and discuss in detail the company's financial performance and industry trends. We believe that our initial and ongoing portfolio review process allows us to effectively monitor the performance and prospects of our portfolio companies.
- **Investing Across Multiple Companies, Industries, Regions and End Markets.** We seek to maintain a portfolio of investments that is appropriately diverse among various companies, industries, geographic regions and end markets. This portfolio balance is intended to mitigate the potential effects of negative economic events for particular companies, regions, industries and end markets. However, we may from time to time hold securities of an individual portfolio company that comprise more than 5% of our total assets and/or more than 10% of the outstanding voting securities of the portfolio company. For that reason, we are classified as a non-diversified investment company that has elected to be regulated as a BDC under the 1940 Act.
- **Utilizing Long-Standing Relationships to Source Deals.** Our senior management team and investment professionals maintain extensive relationships with entrepreneurs, financial sponsors, attorneys, accountants, investment bankers, commercial bankers and other non-bank providers of capital who refer prospective portfolio companies to us. These relationships historically have generated significant investment opportunities. We believe that our network of relationships will continue to produce attractive investment opportunities.
- **Focusing on Underserved Markets.** The middle market has traditionally been underserved. We believe that operating margin and growth pressures, as well as regulatory concerns, have caused many financial institutions to de-emphasize services to middle market companies in favor of larger corporate clients and more liquid capital market transactions. We also invest in securities that would be rated below investment grade if they were rated. We believe these dynamics have resulted in the financing market for middle market companies being underserved, providing us with greater investment opportunities.
- **Focus on Established Companies.** We generally invest in companies with established market positions, proven management teams with strong operating discipline, histories of generating revenues, and recurring cash flow streams. We believe that those companies generally possess better risk adjusted return profiles than earlier stage companies that are building their management teams and establishing their revenue base. We also believe that established companies in our target size range generally provide opportunities for capital appreciation.
- **Capital Structures Appropriate for Potential Industry and Business Volatility.** Our investment team spends significant time understanding the performance of both the target portfolio company and its specific industry throughout a full economic cycle. The history of each specific industry and target portfolio company will demonstrate a different level of potential volatility in financial performance. We seek to understand this dynamic thoroughly and invest our capital at leverage levels in the capital structure that will remain within enterprise value and in securities that will receive interest payments if such downside volatility were to occur.

- **Providing Customized Financing Solutions.** We offer a variety of financing structures and have the flexibility to structure our investments to meet the needs of our portfolio companies. We primarily invest in senior debt securities coupled with equity interests. We believe our ability to customize financing structures makes us an attractive partner to middle market companies.

## INVESTMENT CRITERIA AND OBJECTIVES

Our investment team has identified the following investment criteria that we believe are important in evaluating prospective investment opportunities. However, not all of these criteria have been or will be met in connection with each of our investments:

- **Positive and Sustainable Cash Flow:** We generally seek to invest in established companies with sound historical financial performance.
- **Excellent Management:** Management teams with a proven record of achievement, exceptional ability, unyielding determination and integrity. We believe management teams with these attributes are more likely to manage the companies in a manner that protects and enhances value.
- **Competitive Advantages in Markets:** We primarily focus on companies having competitive advantages in their respective markets and/or operating in industries with barriers to entry, which may help protect their market position.
- **Strong Private Equity Sponsors:** We focus on developing relationships with leading private equity firms in order to partner with these firms and provide them capital to support the acquisition and growth of their portfolio companies.
- **Appropriate Risk-Adjusted Returns:** We focus on and price opportunities to generate returns that are attractive on a risk-adjusted basis, taking into consideration factors in addition to the ones depicted above, including credit structure, leverage levels and the general volatility and potential volatility of cash flows.

We have an investment committee that is responsible for all aspects of our investment process relating to investments made by us. The current members of the investment committee are Bowen Diehl, Chief Executive Officer; Michael Sarnar, Chief Financial Officer; Josh Weinstein, Chief Investment Officer; and Ramona Rogers-Windsor, a member of the Board of Directors and a non-voting, observer of the investment committee.

### Investment Process

Our investment strategy involves a team approach, whereby our investment team screens potential transactions before they are presented to the investment committee for approval. Transactions that are either above a certain hold size or outside our general investment policy will also be reviewed and approved by the Board of Directors. Our investment team generally categorizes the investment process into six distinctive stages:

- **Deal Generation/Origination:** Deal generation and origination is maximized through long-standing and extensive relationships with private equity firms, leveraged loan syndication desks, brokers, commercial and investment bankers, entrepreneurs, service providers such as lawyers and accountants, and current and former portfolio companies and investors.
- **Screening:** Once it is determined that a potential investment has met our investment criteria, we will screen the investment by performing preliminary due diligence, which could include discussions with the private equity firm, management team, loan syndication desk, etc. Upon successful screening of the proposed investment, the investment team makes a recommendation to move forward and prepares an initial screening memo for our investment committee. We then issue either a non-binding term sheet (in the case of a directly originated transaction), or submit an order to the loan syndication desk (in the case of a large-market syndicated loan transaction).
- **Term Sheet:** In a directly originated transaction, the non-binding term sheet will typically include the key economic terms of our investment proposal, along with exclusivity, confidentiality, and expense reimbursement provisions, as well as other terms relevant to the particular investment. Upon acceptance of the term sheet, we will begin our formal due diligence process. In a syndicated loan transaction, rather than a formal term sheet, we will submit an order for an allocation to the syndicated loan desk.
- **Due Diligence:** Due diligence is performed under the direction of our senior investment professionals, and involves our entire investment team as well as certain external resources who together perform due diligence to understand the relationships among the prospective portfolio company's business plan, operations, financial performance, and legal risks. On our directly originated transactions, our due diligence often will include (1) conducting site visits with management and key personnel; (2) performing a detailed review of historical and projected financial statements, often

with a third-party accounting firm, to evaluate the target company's normalized cash flow; (3) creating our own detailed modeling projections, including a downside case which attempts to project how the business would perform in a recession based on past operating history of either the company or the industry; (4) interviewing key customers and suppliers; (5) evaluating company management, including a formal background check; (6) reviewing material contracts; (7) conducting an industry, market and strategy analysis; and (8) obtaining a review by legal, environmental or other consultants. In instances where a financial sponsor is investing in the equity in a transaction, we will leverage work done by the financial sponsor for purposes of our due diligence. In syndicated loan transactions, our due diligence may exclude direct customer and supplier interviews, and will consist of a detailed review of reports from the financial sponsor or syndication agent for industry and market analysis and legal and environmental diligence.

- **Document and Close:** Upon completion of a satisfactory due diligence review, our investment team presents its written findings to the investment committee. For transactions that are either over a certain hold size or outside our general investment policy, the investment team will present the transaction to our Board of Directors for approval. Upon approval of the investment, we re-confirm our regulatory company compliance, process and finalize all required legal documents and fund the investment.
- **Post-Investment:** We continuously monitor the status and progress of our portfolio companies, as well as our investment thesis developed at the time of investment. We offer managerial assistance to our portfolio companies and provide them access to our investment experience, direct industry expertise and contacts. The same investment team leader that was involved in the investment process will continue to be involved in the portfolio company post-investment. This approach provides continuity of knowledge and allows the investment team to maintain a strong business relationship with the financial sponsor, business owner and key management of our portfolio companies. As part of the monitoring process, members of our investment team will analyze monthly, quarterly and annual financial statements against previous periods, review financial projections, meet with the financial sponsor and management (when necessary), attend board meetings (when appropriate) and review all compliance certificates and covenants. Our investment team generally meets once each quarter with senior management to review the performance of our portfolio companies.

We utilize an internally developed investment rating system to rate the performance of 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, including each investment's expected level of returns and the collectability of our debt investments, comparisons to competitors and other industry participants and the portfolio company's future outlook. The ratings are not intended to reflect the performance or expected level of returns of our equity investments.

- Investment Rating 1 represents the least amount of risk in our portfolio. The investment is performing materially above underwriting expectations and the trends and risk factors are generally favorable. The investment generally has a higher probability of being prepaid in part or in full.
- Investment Rating 2 indicates the investment is performing as expected at the time of underwriting and the trends and risk factors are generally favorable to neutral. All new loans are initially rated 2.
- Investment Rating 3 involves an investment performing below underwriting expectations and the trends and risk factors are generally neutral to negative. The investment may be out of compliance with financial covenants and interest payments may be impaired, however principal payments are generally not past due.
- Investment Rating 4 indicates that the investment is performing materially below underwriting expectations, the trends and risk factors are generally negative and the risk of the investment has increased substantially. Interest and principal payments on our investment are likely to be impaired.

## **Determination of Net Asset Value**

### *Quarterly Determinations*

We determine our net asset value, or NAV, per share on a quarterly basis. The NAV per share is equal to our total assets minus liabilities divided by the total number of shares of common stock outstanding.

We determine in good faith the fair value of our portfolio investments pursuant to a valuation policy in accordance with Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements and Disclosures* ("ASC 820") and a

valuation process approved by our Board of Directors and in accordance with the 1940 Act. Our valuation policy is intended to provide a consistent basis for determining the fair value of the portfolio.

We undertake a multi-step valuation process each quarter in connection with determining the fair value of our investments. The valuation process is led by the finance department in conjunction with the investment teams and senior management. Valuations of each portfolio security are prepared quarterly by the finance department using updated portfolio company financial and operational information. Each investment valuation is also subject to review by the executive officers and investment teams.

In conjunction with the internal valuation process, we have engaged multiple independent consulting firms that specialize in financial due diligence, valuation and business advisory services to provide third-party valuation reviews of the majority of our investments on a quarterly basis. Effective beginning in the fiscal quarter ended June 30, 2023, pursuant to Rule 2a-5 under the 1940 Act, the Board of Directors designated a valuation committee comprised of certain officers of the Company (the "Valuation Committee") as its valuation designee to determine the fair value of the Company's investments that do not have readily available market quotations, subject to the oversight of the Board of Directors.

#### *Determinations in Connection with our Offerings*

The 1940 Act prohibits us from selling shares of our common stock at a price below then current NAV per share of such stock, with certain exceptions. One such exception is prior shareholder approval of issuances below current NAV per share, provided that our Board of Directors determines that such sale is in the best interests of the Company and its shareholders. We do not intend to seek shareholder authorization to sell shares of our common stock below the then current NAV per share of our common stock at our 2024 annual meeting of shareholders. However, in the event we change our position, we will seek requisite approval of our shareholders.

In connection with each offering of shares of our common stock, our Valuation Committee is required by the 1940 Act to make the determination of whether we are selling shares of our common stock at a price below our then current NAV at the time at which the sale is made, subject to the oversight of the Board of Directors. Our Valuation Committee considers the following factors, among others, in making such determination:

- the NAV of our common stock disclosed in the most recent periodic report we filed with the SEC;
- our management's assessment of whether any material change in the NAV has occurred (including through the realization of net gains on the sale of our investments) from the period beginning on the date of the most recently disclosed NAV per share of our common stock and ending as of a time within 48 hours (excluding Sundays and holidays) of the sale of our common stock; and
- the magnitude of the difference between (i) a value that our Valuation Committee has determined reflects the current (as of a time within 48 hours, excluding Sundays and holidays) NAV of our common stock, which is based upon the NAV disclosed in the most recent periodic report we filed with the SEC, as adjusted to reflect our management's assessment of any material change in the NAV since the date of the most recently disclosed NAV, and (ii) the offering price of the shares of our common stock in the proposed offering.

Moreover, to the extent that there is even a remote possibility that we may (i) issue shares of our common stock at a price below the then current NAV of our common stock at the time at which the sale is made or (ii) trigger the undertaking (which we would provide to the SEC) to suspend the offering of shares of our common stock if the NAV fluctuates by certain amounts in certain circumstances, our Valuation Committee will elect, in the case of clause (i) above, either to postpone the offering until such time that there is no longer the possibility of the occurrence of such event or to undertake to determine NAV within two days prior to any such sale to ensure that such sale will not be below our then current NAV, and, in the case of clause (ii) above, to comply with such undertaking or to undertake to determine NAV to ensure that such undertaking has not been triggered.

These processes and procedures are part of our compliance policies and procedures. Records are made contemporaneously with all determinations described in this section and these records are maintained with other records we are required to maintain under the 1940 Act.

## **COMPETITION**

We compete for attractive investment opportunities with other financial institutions, including BDCs, junior capital lenders, and banks. We believe we are able to be competitive with these entities primarily on the basis of the experience and contacts of our management team and our responsive and efficient investment analysis and decision-making

processes. However, many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. Furthermore, our competitors may have a lower cost of funds and many have access to funding sources that are not available to us. In addition, certain of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments, establish more relationships, and build their market shares. Likewise, many of our competitors are not subject to the regulatory restrictions and valuation requirements that the 1940 Act imposes on us as a BDC. See “Risk Factors—Risks Related to Our Business and Structure—We operate in a highly competitive market for investment opportunities.”

We cannot assure you that the competitive pressures we face will not have a material adverse effect on our business, financial condition and results of operations. In addition, because of this competition, we may be unable to take advantage of attractive investment opportunities and may be unable to identify and make investments that satisfy our investment objectives or meet our investment goals.

## **HUMAN CAPITAL**

Our employees are vital to our success as an internally managed BDC. The long-term success of our business and the success of our investment strategy depends on our people. We strive to attract, develop and retain our employees by offering advancement and promotion opportunities, attractive compensation and benefit packages and a close-knit culture. The departure of our key investment and operations personnel could cause our operating results to suffer.

Our investment strategy depends heavily on the business owners, management teams, and financial sponsors of our portfolio companies and their respective employees, contractors and service providers. In our investment process, the analysis of these individuals is a critical part of our overall investment underwriting process and as a result we carefully review the qualifications and experience of the portfolio company’s business owners and management team and their employment practices. We strive to partner with business owners, management teams, and financial sponsors whose business practices reflect our core values.

We also strive to recruit talented and driven individuals who share our values. Our recruiting efforts utilize strong relationships with a variety of sources from which we recruit. We offer selected students investment analyst internships, which are expected to lead to permanent roles for high performing and high potential interns. Through our internship program, interns who want to become investment analysts have the opportunity to see the full investment process from origination to closing, as well as post-closing portfolio management activities. We routinely promote from within, promoting current employees who have shown the technical ability, attitude, interest and the initiative to take on greater responsibility.

We have designed a compensation structure, including an array of benefit plans and programs, that we believe is attractive to our current and prospective employees. For certain employees, our compensation strategy also includes an equity incentive plan, which we have structured to further align the interests of our employees with our shareholders, and to cultivate a strong sense of ownership and commitment to the Company. Through our performance review processes, our employees are annually evaluated by supervisors and our senior management team to ensure employees continue to develop and advance as expected. We provide a workplace designed to enable our employees to balance work, family and family-related situations including flexible working arrangements. Our employees have access to a parental leave program for birth, adoption placement or foster child placement. We are committed to creating and maintaining an atmosphere where all employees feel welcomed, valued, respected and heard so that they feel motivated and encouraged to contribute fully to their careers, the Company and our communities.

We are committed to fostering a workplace conducive to the open communication of any concerns regarding unethical, fraudulent or illegal activities. We seek to promote a safe environment that is free of harassment or bullying. We do not tolerate discrimination or harassment of any kind, including, but not limited to, sexual, gender identity, race, religion, ethnicity, age, or disability, among others. We seek feedback from employees on matters related to their employment or our operations including its financial statement disclosures, accounting, internal accounting controls or auditing matters. Under our Whistleblower Policy, each employee of the Company has the ability to confidentially report via a dedicated, confidential reporting hotline questionable or improper accounting, internal controls, auditing matters, disclosure, or fraudulent business practices or other illegal or unethical behavior. We seek to protect the confidentiality of those making reports of possible misconduct and our Whistleblower Policy prohibits retaliation against those who report activities believed in good faith to be a violation of any law, rule, regulation or internal policy. Our Code of Business Conduct establishes applicable policies, guidelines, and procedures that promote ethical practices and conduct by the Company and all its employees, officers, and directors. Our Whistleblower Policy and Code of Business Conduct can be found on our website at [www.capitalsouthwest.com/governance](http://www.capitalsouthwest.com/governance).

As of March 31, 2024, we had twenty-seven employees. These employees include our corporate officers, investment and portfolio management professionals and administrative staff. All of our employees are located in our principal executive offices in Dallas, Texas.

## **LEVERAGE**

We borrow funds to make investments, a practice known as “leverage,” in an effort to increase returns to our shareholders. Effective April 25, 2019, we are allowed to borrow amounts such that our asset coverage, as calculated in accordance with the 1940 Act, equals at least 150% after such borrowing. Additionally, the Board of Directors approved a resolution that limits the Company's issuance of senior securities such that the asset coverage ratio, taking into account any such issuance, would not be less than 166%, at any time after the effective date. The amount of leverage that we employ at any particular time will depend on management's and our Board of Directors' assessments of portfolio mix, prevailing market advance rates, and other market factors at the time of any proposed borrowing. See “Risk Factors – Risks Related to Our Business and Structure – Because we borrow money to make investments, the potential for gain or loss on amounts invested in us is magnified and may increase the risk of investing in us.” On August 11, 2021, we received an exemptive order from the SEC to permit us to exclude the senior securities issued by SBIC I or any future SBIC subsidiary of the Company from the definition of “senior securities” in the asset coverage requirement applicable to the Company under the 1940 Act.

We intend to continue borrowing under our senior secured revolving credit facility (the “Corporate Credit Facility”) and our special purpose vehicle financing credit facility (the “SPV Credit Facility,” and together with the Corporate Credit Facility, the “Credit Facilities”) in the future, and we may increase the size of the Corporate Credit Facility and/or the SPV Credit Facility, add additional credit facilities, or otherwise issue additional debt securities or other evidences of indebtedness in the future, although there can be no assurance that we will be able to do so.

See “Management's Discussion and Analysis of Financial Condition and Results of Operations—Financial Liquidity and Capital Resources” as well as Note 5 to our consolidated financial statements for the year ended March 31, 2024 for information regarding the Corporate Credit Facility, the SPV Credit Facility and the issuance of the 4.50% Notes due 2026 (the “January 2026 Notes”), the 3.375% Notes due 2026 (the “October 2026 Notes”) and the 7.75% Notes due 2028 (the “August 2028 Notes”).

## **DIVIDEND REINVESTMENT PLAN**

We have adopted a dividend reinvestment plan, or DRIP, that provides for the reinvestment of dividends on behalf of our shareholders in shares of our common stock. Under the DRIP, if we declare a dividend, registered shareholders who have opted into the DRIP as of the dividend record date will have their dividend automatically reinvested into additional shares of our common stock. The share requirements of the DRIP are satisfied through open market purchases of common stock by the DRIP plan administrator. Shares purchased in the open market to satisfy the DRIP requirements will be valued based upon the average price of the applicable shares purchased by the DRIP plan administrator, before any associated brokerage or other costs.

## **ELECTION TO BE REGULATED AS A BUSINESS DEVELOPMENT COMPANY**

We are a closed-end, non-diversified investment company that has elected to be regulated as a BDC under the 1940 Act. In addition, we have elected, and intend to qualify annually, to be treated as a RIC for U.S. federal income tax purposes. Our election to be regulated as a BDC and our election to be treated as a RIC for U.S. federal income tax purposes have a significant impact on our operations. Some of the most important effects on our operations of our election to be regulated as a BDC and our election to be treated as a RIC are outlined below.

- **We report our investments at market value or fair value with changes in value reported through our Consolidated Statements of Operations.**

In accordance with the requirements of the 1940 Act and Article 6 of Regulation S-X, we report all of our investments, including debt investments, at market value or, for investments that do not have a readily available market quotation, at their “fair value” as determined in good faith by the Valuation Committee, subject to the oversight of the Board of Directors. Changes in these values are reported through our Consolidated Statements of Operations under the caption of “net change in unrealized appreciation on investments.” See “Determination of Net Asset Value” above.

- **We intend to distribute substantially all of our income to our shareholders. We generally will be subject to U.S. federal income tax only on the portion of our taxable income we do not timely distribute to shareholders (actually or constructively).**

As a RIC, so long as we meet certain minimum distribution, source of income, and asset diversification requirements, we generally are subject to U.S. federal income tax, and possibly a 4% U.S. federal excise tax, on the portion of our taxable income and gains that we do not timely distribute (actually or constructively) and certain built-in gains. Our U.S. federal income tax liability may be reduced to the extent that we make certain distributions during the following calendar year and satisfy other procedural requirements. We intend to distribute to our shareholders substantially all of our income. We may, however, make deemed distributions to our shareholders of any retained net long-term capital gains. If this happens, our shareholders will be treated as if they received an actual distribution of the net capital gains and reinvested the net after-tax proceeds in us. Our shareholders also may be eligible to claim a tax credit (or, in certain circumstances, a tax refund) equal to their allocable share of the U.S. federal income tax we pay on the deemed distribution. See “Material U.S. Federal Income Tax Considerations.” We met the minimum distribution requirements for tax years 2022 and 2021 and intend to meet the minimum distribution requirements for tax year 2023. We continually monitor our distribution requirements with the goal of ensuring compliance with the Code.

In addition, the Taxable Subsidiary, SPV or SBIC I holds a portion of one or more of our portfolio investments that are listed on the Consolidated Schedule of Investments. The Taxable Subsidiary, SPV and SBIC I are consolidated for financial reporting purposes in accordance with U.S. Generally Accepted Accounting Principles, or GAAP, so that our consolidated financial statements reflect our investments in the portfolio companies held by the Taxable Subsidiary, SPV and SBIC I. The purpose of the Taxable Subsidiary is to permit us to hold certain interests in portfolio companies that are organized as limited liability companies, or LLCs (or other forms of pass-through entities) and still satisfy the RIC tax requirement that at least 90% of our gross income for U.S. federal income tax purposes must consist of qualifying investment income. Absent the Taxable Subsidiary, a proportionate amount of any gross income of a partnership or LLC (or other pass-through entity) portfolio investment generally would flow through directly to us. To the extent that such income did not consist of investment income, it could jeopardize our ability to qualify as a RIC and therefore cause us to incur significant amounts of U.S. federal income taxes. Where interests in LLCs (or other pass-through entities) are owned by the Taxable Subsidiary, the income from those interests is taxed to the Taxable Subsidiary and does not flow through to us, thereby helping us preserve our RIC status and resultant tax advantages. The Taxable Subsidiary is not consolidated for U.S. federal income tax purposes and may generate U.S. federal income tax expense as a result of its ownership of the portfolio companies. This U.S. federal income tax expense, if any, is reflected in our Consolidated Statements of Operations.

- **Our ability to use leverage as a means of financing our portfolio of investments is limited.**

As a BDC, we are required to meet a coverage ratio of total assets to total senior securities of at least 150%, which became effective April 25, 2019. Additionally, the Board of Directors approved a resolution that limits the Company's issuance of senior securities such that our asset coverage ratio, taking into account any such issuance, would not be less than 166% at any time after the effective date. For this purpose, senior securities include all borrowings and any preferred stock we may issue in the future. Additionally, our ability to utilize leverage as a means of financing our portfolio of investments may be limited by this asset coverage requirement. While the use of leverage may enhance returns if we meet our investment objective, our returns may be reduced or eliminated if our returns on investments are less than the costs of borrowing. On August 11, 2021, we received an exemptive order from the SEC to permit us to exclude the senior securities issued by SBIC I or any future SBIC subsidiary of the Company from the definition of senior securities in the asset coverage requirement applicable to the Company under the 1940 Act.

- **We are required to comply with the provisions of the 1940 Act applicable to business development companies.**

As a BDC, we are required to have a majority of directors who are not “interested persons” (as defined in Section 2(a)(19) of the 1940 Act) of the Company. In addition, we are required to comply with other applicable provisions of the 1940 Act, including those requiring the adoption of a code of ethics, maintaining a fidelity bond and placing and maintaining our securities and similar investments in custody. See “Regulation as a Business Development Company” below.

### **Regulation as a Business Development Company**

We have elected to be regulated as a BDC under the 1940 Act. The 1940 Act contains prohibitions and restrictions relating to transactions between BDCs and their affiliates and principal underwriters as well as their respective affiliates. The 1940 Act requires that a majority of the members of the board of directors of a BDC be persons other than “interested persons,” as defined in the 1940 Act. In addition, the 1940 Act provides that we may not change the nature of our business so as to cease to be, or to withdraw our election as, a BDC unless approved by holders of a majority of our outstanding voting securities.

The 1940 Act defines “a majority of the outstanding voting securities” as the lesser of (1) 67% or more of the voting securities of holders present or represented by proxy at a meeting if the holders of more than 50% of our outstanding voting securities are present or represented by proxy or (2) more than 50% of our voting securities.

The following is a brief description of the 1940 Act provisions applicable to BDCs, which is qualified in its entirety by reference to the full text of the 1940 Act and rules issued thereunder by the SEC:

- Generally, BDCs must offer, and must provide upon request, significant managerial assistance to eligible portfolio companies. In general, as a BDC, a company must, among other things: (1) be a domestic company; (2) have registered a class of its securities pursuant to Section 12 of the Exchange Act; (3) operate for the purpose of investing in the securities of certain types of eligible portfolio companies, which may include early stage or emerging companies and bankrupt, insolvent or distressed companies (see following paragraph); (4) offer to make available significant managerial assistance to such eligible portfolio companies; and (5) file a proper notice of election with the SEC.
- An “eligible portfolio company” generally is a domestic company that is not a regulated or private investment company or a financial company (such as brokerage firms, banks, insurance companies and investment banking firms) and that: (1) does not have a class of securities listed on a national securities exchange; (2) has a class of securities listed on a national securities exchange with an equity market capitalization of less than \$250 million; or (3) is controlled by the BDC itself or together with others and, as a result of such control, the BDC has an affiliated person on the board of directors of the company. The 1940 Act presumes that a person has “control” of a portfolio company if that person owns at least 25% of its outstanding voting securities.
- As a BDC, we are required to provide and maintain a bond issued by a reputable fidelity insurance company to protect against larceny and embezzlement. Furthermore, as a BDC, we are prohibited from protecting any director or officer against any liability to us or our shareholders arising from any act or omission constituting willful malfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of that person’s office.
- We are required to adopt and implement written policies and procedures reasonably designed to prevent violation of the federal securities laws, review these policies and procedures annually for their adequacy and the effectiveness of their implementation and designate a chief compliance officer who reports directly to the Board of Directors to be responsible for administering these policies and procedures.

#### *Qualifying Assets*

The 1940 Act provides that we may not acquire any assets other than “qualifying assets” specified in the 1940 Act unless at the time of the investment at least 70% of the value of our total assets (measured as of the date of our most recently filed financial statements) consists of qualifying assets. Qualifying assets include: (1) securities of eligible portfolio companies; (2) securities of certain companies that were eligible portfolio companies at the time we initially acquired their securities and in which we retain a substantial interest; (3) securities of certain controlled companies; (4) securities of certain bankrupt, insolvent or distressed companies; (5) securities received in exchange for or distributed in or with respect to any of the foregoing; and (6) cash items, U.S. government securities and high-quality short-term debt.

#### *Significant Managerial Assistance to Portfolio Companies*

BDCs generally must offer, and must provide upon request, significant managerial assistance to certain of their portfolio companies, except in circumstances where either (i) the BDC controls such issuer of securities or (ii) the BDC purchases such securities in conjunction with one or more other persons acting together and one of the other persons in the group makes available such managerial assistance. Making available managerial assistance means, among other things, any arrangement whereby the BDC, through its directors, officers or employees, offers to provide, and, if accepted, provides, significant guidance and counsel concerning the management, operations or business objectives and policies of a portfolio company.

#### *Temporary Investments*

Pending investment in other types of qualifying assets, as described above, our investments may consist of cash, cash equivalents, U.S. government securities, short-term investments in secured debt investments, independently rated debt investments, and diversified bond funds, which we refer to as temporary investments.

#### *Senior Securities*

BDCs generally have been permitted by the 1940 Act, under specific conditions, to issue multiple classes of debt and one class of stock senior to its common stock if its asset coverage, as defined by the 1940 Act, is at least 200% immediately after each such issuance. However, the 1940 Act allows a BDC to increase the maximum amount of leverage it may incur by reducing the minimum asset coverage ratio from 200% to 150%, if certain requirements under the 1940 Act are met. On April 25, 2018, the Board of Directors unanimously approved the application of the modified asset coverage requirements set forth in Section 61(a)(2) of the 1940 Act. As a result, effective April 25, 2019, the minimum asset coverage ratio applicable to the Company was decreased from 200% to 150%. Additionally, the Board of Directors approved a resolution that limits the Company's issuance of senior securities such that the asset coverage ratio, taking into account any such issuance, would not be less than 166%, at any time after the effective date. We are required to make certain disclosures on our website and in SEC filings regarding, among other things, the receipt of approval to reduce our asset coverage requirement to 150%, our leverage capacity and usage, and risks related to leverage.

As of March 31, 2024, we had \$265.0 million, \$140.0 million, \$150.0 million and \$71.9 million in total aggregate principal amount of debt outstanding under our Corporate Credit Facility, the January 2026 Notes, the October 2026 Notes and the August 2028 Notes, respectively. As of March 31, 2024, we did not have any borrowings outstanding on our SPV Credit Facility. As of March 31, 2024, our asset coverage for borrowed amounts was 221%.

In addition, while any preferred stock or publicly traded debt securities are outstanding, we may be prohibited from making distributions to our shareholders or repurchasing such securities or shares unless we meet the applicable asset coverage ratios at the time of the distribution or repurchase. We may also borrow amounts up to 5% of the value of our total assets for temporary or emergency purposes without regard to asset coverage. Under specific conditions, we are also permitted by the 1940 Act to issue warrants.

#### *Common Stock*

We are not generally able to issue and sell our common stock at a price below NAV per share. We may, however, sell our common stock, warrants, options or rights to acquire our common stock at a price below the then current NAV of our common stock if our Board of Directors determines that such sale is in our best interests and that of our shareholders, and our shareholders approve such sale. In any such case, the price at which our securities are to be issued and sold may not be less than a price which, in the determination of the Valuation Committee, closely approximates the market value of such securities (less any distributing commission or discount). We do not intend to seek shareholder authorization to sell shares of our common stock below the then current NAV per share of our common stock at our 2024 annual meeting of shareholders. See "Risk Factors - Risks Relating to Our Business and Structure - Regulations governing our operation as a BDC will affect our ability to, and the way in which we, raise additional capital."

#### *Code of Ethics and Code of Conduct*

We adopted a code of ethics pursuant to Rule 17j-1 under the 1940 Act that establishes procedures for personal investments and restricts certain personal securities transactions. Personnel subject to the code may invest in securities for their personal investment accounts, including securities that may be purchased or held by us, so long as those investments are made in accordance with the code's requirements. We have also adopted a code of conduct that applies to our Chief Executive Officer, our Chief Financial Officer (or persons performing similar functions), our Board of Directors, and all other employees. This code sets forth policies that these executives and employees must follow when performing their duties. The code of ethics and code of conduct are available on the Company website at [www.capitalsouthwest.com/governance](http://www.capitalsouthwest.com/governance).

#### *Proxy Voting Policies and Procedures*

We vote proxies relating to our portfolio securities in a manner in which we believe is consistent with the best interests of our shareholders. We review on a case-by-case basis each proposal submitted to a shareholder vote to determine its impact on the portfolio securities held by us. Although we generally vote against proposals that we expect would have a negative impact on our portfolio securities, we may vote for such a proposal if there exists compelling long-term reasons to do so. Our proxy voting decisions are made by the investment team that is responsible for monitoring the investments. To ensure that our vote is not the product of a conflict of interest, we require that anyone involved in the decision-making process discloses to our Chief Compliance Officer any potential conflict of which he or she is aware. Shareholders may obtain information, without charge, regarding how we voted proxies with respect to our portfolio securities by making a written request for proxy voting information to: Chief Financial Officer c/o Capital Southwest Corporation, 8333 Douglas Avenue, Suite 1100, Dallas, Texas 75225.

#### *Compliance Policies and Procedures*

We have adopted and implemented written policies and procedures reasonably designed to prevent violation of the U.S. federal securities laws, and we are required to review these compliance policies and procedures annually for their adequacy and the effectiveness of their implementation. We are further required to designate a Chief Compliance Officer to be responsible for administering these policies and procedures. Michael S. Sarner serves as our Chief Compliance Officer.

#### *Exemptive Relief*

The right to grant restricted stock awards under the 2010 Restricted Stock Award Plan (the “2010 Plan”) terminated on July 18, 2021, ten years after the date that the 2010 Plan was approved by the Company's shareholders pursuant to its terms.

In connection with the termination of the 2010 Plan, the Company's Board of Directors and shareholders approved the Capital Southwest Corporation 2021 Employee Restricted Stock Award Plan (the “2021 Employee Plan”), which became effective on July 28, 2021, as part of the compensation package for its employees, the terms of which are, in all material respects, identical to the 2010 Plan. On July 19, 2021, we received an exemptive order that supersedes the prior exemptive order relating to the 2010 Plan (the “Order”) to permit the Company to (i) issue restricted stock as part of the compensation package for its employees in the 2021 Employee Plan, and (ii) withhold shares of the Company's common stock or purchase shares of the Company's common stock from the participants to satisfy tax withholding obligations relating to the vesting of restricted stock pursuant to the 2021 Employee Plan. In addition, the Company's Board of Directors and shareholders approved the Capital Southwest Corporation 2021 Non-Employee Director Restricted Stock Award Plan (the “Non-Employee Director Plan”), which became effective on July 27, 2022, as part of the compensation package for non-employee directors of the Board of Directors. In connection therewith, on May 16, 2022, we received an exemptive order that supersedes the Order (the “Superseding Order”) and covers both employees and non-employee directors of the Board of Directors.

#### *Other*

We may also be prohibited under the 1940 Act from knowingly participating in certain transactions with our affiliates without the prior approval of our Board of Directors who are not interested persons and, in some cases, prior approval by the SEC. The prior approval of the SEC is not required, however, where a transaction involves no negotiation of terms other than price.

We expect to periodically be examined by the SEC for compliance with the 1940 Act.

### **MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS**

The following discussion is a general summary of the material U.S. federal income tax considerations applicable to us and to an investment in our shares. This summary does not purport to be a complete description of the income tax considerations applicable to us or to investors in such an investment. For example, we have not described tax consequences that we assume to be generally known by investors or certain considerations that may be relevant to certain types of holders subject to special treatment under U.S. federal income tax laws, including shareholders subject to the alternative minimum tax, tax-exempt organizations, insurance companies, dealers in securities, pension plans and trusts, financial institutions, U.S. shareholders (as defined below) whose functional currency is not the U.S. dollar, persons who mark-to-market our shares, persons who hold our shares as part of a “straddle,” “hedge” or “conversion” transaction, United States expatriates, “controlled foreign corporations,” “passive foreign investment companies,” or corporations that accumulate earnings to avoid United States U.S. federal income tax, real estate investment trusts, personal holding companies, persons required to accelerate the recognition of gross income as a result of such income being recognized on an applicable financial statement, and persons who acquire an interest in the Company in connection with the performance of services. Such persons should consult with their own tax advisers as to the U.S. federal income tax consequences of investment, which may differ substantially from those described herein. This summary assumes that investors hold shares of our common stock as capital assets (within the meaning of the Code). The discussion is based upon the Code, Treasury regulations, and administrative and judicial interpretations, each as of the date of this Annual Report on Form 10-K and all of which are subject to change, possibly retroactively, which could affect the continuing validity of this discussion. This summary does not discuss any aspects of U.S. estate or gift tax or foreign, state or local tax. It does not discuss the special treatment under U.S. federal income tax laws that could result if we invested in tax-exempt securities or certain other investment assets.

For purposes of our discussion, a “U.S. shareholder” means a beneficial owner of shares of our common stock that is for U.S. federal income tax purposes:

- A citizen or individual resident of the United States;

- A corporation, or other entity treated as a corporation, created or organized in or under the laws of the United States or any state thereof or the District of Columbia;
- An estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- A trust if (1) a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (2) it has a valid election in place to be treated as a U.S. person.

For purposes of our discussion, a “non-U.S. shareholder” means a beneficial owner of shares of our common stock that is neither a U.S. shareholder nor a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes).

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds shares of our common stock, the tax treatment of a partner or member of the partnership will generally depend upon the status of the partner or member and the activities of the partnership. A prospective shareholder that is a partner or member in a partnership holding shares of our common stock should consult his, her or its tax advisors with respect to the purchase, ownership and disposition of shares of our common stock.

Tax matters are very complicated and the tax consequences to an investor of an investment in our shares will depend on the facts of his, her, or its particular situation. We encourage investors to consult their own tax advisors regarding the specific consequences of such an investment, including tax reporting requirements, the applicability of U.S. federal, state, local and foreign tax laws, eligibility for the benefits of any applicable tax treaty and the effect of any possible changes in the tax laws.

### **Taxation as a Regulated Investment Company**

#### *Election to be Taxed as a RIC*

We have elected, and intend to qualify annually, to be treated as a RIC under Subchapter M of the Code. As a RIC, we generally are not subject to U.S. federal income tax on any income that we timely distribute to our shareholders from our tax earnings and profits. To qualify as a RIC, we must, among other things, meet certain source-of-income and asset diversification requirements (as described below). In addition, in order to obtain RIC tax treatment, we generally must distribute to our shareholders, for each taxable year, at least 90% of our “investment company taxable income,” which is generally our net ordinary income plus the excess, if any, of realized net short-term capital gain over realized net long-term capital loss, or the Annual Distribution Requirement. Depending on the level of taxable income earned in a tax year, we may choose to carry forward taxable income in excess of current year distributions into the next year. In such case, we generally will be subject to U.S. federal income tax at corporate rates on our undistributed taxable income and could be subject to U.S. federal excise, state, local and foreign taxes.

#### *Taxation as a RIC*

Provided that we qualify as a RIC, we will not be subject to U.S. federal income tax on the portion of our investment company taxable income and net capital gain (which we define as net long-term capital gain in excess of net short-term capital loss) that we timely distribute (or that are deemed to be distributed) to shareholders. We will be subject to U.S. federal income tax imposed at corporate rates on any income or capital gain not distributed (or deemed distributed) to our shareholders.

We will be subject to a 4% nondeductible U.S. federal excise tax on certain undistributed income unless we distribute in a timely manner an amount at least equal to the sum of (1) 98% of our ordinary income for each calendar year, (2) 98.2% of our capital gain net income for the calendar year ended December 31 and (3) any income and gains recognized, but not distributed, in preceding years and on which we paid no U.S. federal income tax.

In order to qualify as a RIC for U.S. federal income tax purposes, we must, among other things:

- Meet the Annual Distribution Requirement;
- Qualify to be regulated as a BDC or be registered as a management investment company under the 1940 Act at all times during each taxable year;
- Derive in each taxable year at least 90% of our gross income from dividends, interest, payments with respect to certain securities loans, gains from the sale or other disposition of stock or other securities or foreign currencies or other income derived with respect to our business of investing in such stock, securities or currencies and net

- income derived from an interest in a “qualified publicly traded partnership” (as defined in the Code), or the 90% Income Test; and
- Diversify our holdings so that at the end of each quarter of the taxable year:
  - at least 50% of the value of our assets consists of cash, cash equivalents, U.S. Government securities, securities of other RICs, and other securities, if such other securities of any one issuer do not represent more than 5% of the value of our assets or more than 10% of the outstanding voting securities of the issuer (which for these purposes includes the equity securities of a “qualified publicly traded partnership”); and
  - no more than 25% of the value of our assets is invested in (i) the securities, other than U.S. Government securities or securities of other RICs, of one issuer, (ii) the securities, other than the securities of other RICs, of two or more issuers that are controlled, as determined under applicable tax rules, by us and that are engaged in the same or similar or related trades or businesses, or (iii) the securities of one or more certain “qualified publicly traded partnerships,” or the Diversification Tests.

Under the Code, we may satisfy certain of our RIC distributions with dividends paid after the end of the current year. In particular, if we pay a distribution in January of the following year that was declared in October, November, or December of the current year and is payable to shareholders of record in the current year, the dividend will be treated for all U.S. federal tax purposes as if it were paid on December 31 of the current year. In addition, under the Code, we may pay dividends, referred to as “spillover dividends,” that are paid during the following taxable year that will allow us to maintain our qualification for taxation as a RIC and eliminate our liability for U.S. federal income tax. Under these spillover dividend procedures, we may defer distribution of income earned during the current year until December of the following year. For example, we may defer distributions of income earned during 2024 until as late as December 31, 2024. If we choose to pay a spillover dividend, we will incur the nondeductible 4% U.S. federal excise tax on some or all of the distribution.

To the extent that we invest in entities or arrangements treated as partnerships for U.S. federal income tax purposes (other than a “qualified publicly traded partnership”), we generally must include the items of gross income derived by the partnerships for purposes of the 90% Income Test, and the income that is derived from a partnership (other than a “qualified publicly traded partnership”) will be treated as qualifying income for purposes of the 90% Income Test only to the extent that such income is attributable to items of income of the partnership which would be qualifying income if realized by us directly. In addition, we generally must take into account our proportionate share of the assets held by partnerships (other than a “qualified publicly traded partnership”) in which we are a partner for purposes of the Diversification Tests.

In order to meet the 90% Income Test, we have established the Taxable Subsidiary to hold assets from which we do not anticipate earning dividends, interest or other income under the 90% Income Test. We may establish additional subsidiaries for the same purpose in the future. Any investments held through the Taxable Subsidiary generally are subject to U.S. federal income and other taxes, and therefore we can expect to achieve a reduced after-tax yield on such investments.

We may be required to recognize taxable income in circumstances in which we do not receive a corresponding payment in cash. For example, if we hold debt obligations that are treated under applicable tax rules as having original issue discount (including debt instruments with payment-in-kind interest or, in certain cases, increasing interest rates or issued with warrants), we must include in income each year a portion of the original issue discount or payment-in-kind interest that accrues over the life of the obligation, regardless of whether cash representing such income is received by us in the same taxable year. We anticipate that a portion of our income may constitute original issue discount or other income required to be included in taxable income prior to receipt of cash.

Because any original issue discount or other amounts accrued will be included in our investment company taxable income for the year of the accrual, we may be required to make a distribution to our shareholders in order to satisfy the Annual Distribution Requirement, even though we will not have received any corresponding cash amount. As a result, we may have difficulty meeting the annual distribution requirement necessary to obtain and maintain RIC tax treatment under the Code. We may have to sell some of our investments at times and/or at prices we would not consider advantageous, raise additional debt or equity capital or forgo new investment opportunities for this purpose. If we are not able to obtain cash from other sources, we may fail to qualify for RIC tax treatment and thus become subject to U.S. federal income tax.

Furthermore, a portfolio company in which we invest may face financial difficulty that requires us to work-out, modify or otherwise restructure our investment in the portfolio company. Any such restructuring may result in unusable capital losses and future non-cash income. Any restructuring may also result in our recognition of a substantial amount of non-qualifying income for purposes of the 90% Income Test, such as cancellation of indebtedness income in connection with the work-out of a leveraged investment (which, while not free from doubt, may be treated as non-qualifying income) or the receipt of other non-qualifying income.

Gain or loss realized by us from warrants acquired by us, as well as any loss attributable to the lapse of such warrants, generally will be treated as capital gain or loss. Such gain or loss generally will be long-term or short-term, depending on how long we held a particular warrant.

Investments by us in non-U.S. securities may be subject to non-U.S. income, withholding and other taxes, and therefore, our yield on any such securities may be reduced by such non-U.S. taxes. Shareholders will generally not be entitled to claim a credit or deduction with respect to non-U.S. taxes paid by us.

We are authorized to borrow funds and to sell assets in order to satisfy distribution requirements. Under the 1940 Act, we are not permitted to make distributions to our shareholders while our debt obligations and other senior securities are outstanding unless certain “asset coverage” tests are met. See “Regulation as a Business Development Company” above. Moreover, our ability to dispose of assets to meet our distribution requirements may be limited by (1) the illiquid nature of our portfolio and/or (2) other requirements relating to our status as a RIC, including the Diversification Tests. If we dispose of assets in order to meet the Annual Distribution Requirement or to avoid the excise tax, we may make such dispositions at times that are not advantageous from an investment standpoint.

If we fail to satisfy the Annual Distribution Requirement or otherwise fail to qualify as a RIC in any taxable year, we will be subject to tax in that year on all of our taxable income, regardless of whether we make any distributions to our shareholders. In that case, all of such income will be subject to U.S. federal income tax at corporate rates, reducing the amount available to be distributed to our shareholders. See “Failure To Obtain RIC Tax Treatment” below.

As a RIC, we are not allowed to carry forward or carry back a net operating loss for purposes of computing our investment company taxable income in other taxable years. U.S. federal income tax law generally permits a RIC to carry forward (1) the excess of its net short-term capital loss over its net long-term capital gain for a given year as a short-term capital loss arising on the first day of the following year and (2) the excess of its net long-term capital loss over its net short-term capital gain for a given year as a long-term capital loss arising on the first day of the following year. Future transactions we engage in may cause our ability to use any capital loss carryforwards, and unrealized losses once realized, to be limited under Section 382 of the Code. Certain of our investment practices may be subject to special and complex U.S. federal income tax provisions that may, among other things, (1) disallow, suspend, or otherwise limit the allowance of certain losses or deductions, (2) convert lower taxed long-term capital gain and qualified dividend income into higher taxed short-term capital gain or ordinary income, (3) convert an ordinary loss or a deduction into a capital loss (the deductibility of which is more limited), (4) cause us to recognize income or gain without a corresponding receipt of cash, (5) adversely affect the time as to when a purchase or sale of stock or securities is deemed to occur, (6) adversely alter the characterization of certain complex financial transactions and (7) produce income that will not be qualifying income for purposes of the 90% Income Test. We will monitor our transactions and may make certain tax elections in order to mitigate the effect of these provisions.

As described above, to the extent that we invest in equity securities of entities that are treated as partnerships for U.S. federal income tax purposes, the effect of such investments for purposes of the 90% Income Test and the Diversification Tests will depend on whether or not the partnership is a “qualified publicly traded partnership” (as defined in the Code). If the entity is a “qualified publicly traded partnership,” the net income derived from such investments will be qualifying income for purposes of the 90% Income Test and will be “securities” for purposes of the Diversification Tests. If the entity is not treated as a “qualified publicly traded partnership,” however, the consequences of an investment in the partnership will depend upon the amount and type of income and assets of the partnership allocable to us. The income derived from such investments may not be qualifying income for purposes of the 90% Income Test and therefore could adversely affect our qualification as a RIC. We intend to monitor our investments in equity securities of entities that are treated as partnerships for U.S. federal income tax purposes to prevent our disqualification as a RIC.

We may invest in preferred securities or other securities for which the U.S. federal income tax treatment may not be clear or may be subject to re-characterization by the Internal Revenue Service, or the IRS. To the extent the tax treatment of such securities or the income from such securities differs from the expected tax treatment, such tax treatment could affect the timing or character of income recognized, requiring us to purchase or sell securities or otherwise change our portfolio in order to comply with the tax rules applicable to RICs under the Code.

We may distribute taxable dividends that are payable in cash or shares of our common stock at the election of each shareholder. Under certain applicable provisions of the Code and the Treasury regulations, distributions payable in cash or in shares of stock at the election of shareholders are treated as taxable dividends. The IRS has issued a revenue procedure indicating that this rule will apply where the total amount of cash to be distributed is not less than 20% of the total distribution. Under this revenue procedure, if too many shareholders elect to receive their distributions in cash, each such shareholder would

receive a pro rata share of the total cash to be distributed and would receive the remainder of their distribution in shares of stock. If we decide to make any distributions consistent with this revenue procedure that are payable in part in our common stock, taxable shareholders receiving such dividends will be required to include the full amount of the dividend (whether received in cash, our common stock, or a combination thereof) as ordinary income (or as long-term capital gain, to the extent such distribution is properly reported as a capital gain dividend) to the extent of our current and accumulated earnings and profits for U.S. federal income tax purposes. As a result, a U.S. shareholder may be required to pay tax with respect to such dividends in excess of any cash received. If a U.S. shareholder sells the stock it receives in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our common stock at the time of the sale. Furthermore, with respect to non-U.S. shareholders, we may be required to withhold U.S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in stock. If a significant number of our shareholders determine to sell shares of our common stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our common stock.

#### *Failure to Obtain RIC Tax Treatment*

If we fail to satisfy the 90% Income Test or the Diversification Tests for any taxable year, we may nevertheless continue to qualify as a RIC for that year if certain relief provisions are applicable (which may, among other things, require us to pay certain U.S. federal tax imposed at corporate rates or to dispose of certain assets).

If we were unable to obtain tax treatment as a RIC, we would be subject to U.S. federal income tax on all of our taxable income imposed at corporate rates. We would not be able to deduct distributions to shareholders, nor would they be required to be made. Distributions would generally be taxable to our shareholders as dividend income to the extent of our current and accumulated earnings and profits. Subject to certain holding period and other limitations under the Code, corporate distributees may be eligible for the dividends-received deduction; non-corporate stockholders would generally be able to treat such dividends as "qualified dividend income," which is subject to reduced rates of U.S. federal income tax. Distributions in excess of our current and accumulated earnings and profits would be treated first as a return of capital to the extent of the shareholder's adjusted tax basis, and any remaining distributions would be treated as a capital gain.

To qualify again to be taxed as a RIC in a subsequent year, we would be required to distribute to our stockholders our earnings and profits attributable to non-RIC years. In addition, if we fail to meet the RIC requirements for more than two consecutive years and then seek to re-qualify as a RIC, we would be subject to U.S. federal income tax on any net built-in gain recognized during the succeeding five-year period, unless we made a special election to recognize all built-in gain upon our re-qualification as a RIC and pay the U.S. federal income tax on such built-in gain.

#### **Possible Legislative or Other Actions Affecting Tax Considerations**

Prospective investors should recognize that the present U.S. federal income tax treatment of an investment in our common stock may be modified by legislative, judicial or administrative action at any time, and that any such action may affect investments and commitments previously made. The rules governing U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department, resulting in revisions of regulations and revised interpretations of established concepts as well as statutory changes. Revisions in U.S. federal tax laws and interpretations thereof could affect the tax consequences of an investment in our common stock. See "Risk Factors – Legislative or other actions relating to taxes could have a negative effect on us."

#### **REGULATION AS A SMALL BUSINESS INVESTMENT COMPANY**

SBIC I's SBIC license allows it to incur leverage by issuing SBA-guaranteed debentures, subject to the issuance of a leverage commitment by the SBA and other customary procedures. SBA regulations currently permit SBIC I to borrow up to \$175 million in SBA-guaranteed debentures with at least \$87.5 million in regulatory capital (as defined in the SBA regulations), subject to SBA approval. SBA-guaranteed debentures are non-recourse, interest only debentures, with interest payable semi-annually and have a ten-year maturity. The principal amount of SBA-guaranteed debentures is not required to be paid prior to maturity but may be prepaid at any time without penalty. The interest rate of SBA-guaranteed debentures is fixed at the time of issuance at a market-driven spread over U.S. Treasury Notes with ten-year maturities. Receipt of an SBIC license does not assure that SBIC I will receive SBA-guaranteed debenture funding; rather, such funding is dependent upon SBIC I continuing to be in compliance with SBA regulations and policies. The SBA, as a creditor, will have a superior claim to SBIC I's assets over our shareholders in the event we liquidate SBIC I or the SBA exercises its remedies under the SBA-guaranteed debentures issued by SBIC I upon an event of default.

On August 11, 2021, we received an exemptive order from the SEC to permit us to exclude the senior securities issued by SBIC I or any future SBIC subsidiary of the Company from the definition of senior securities in the asset coverage requirement applicable to the Company under the 1940 Act.

SBICs are designed to stimulate the flow of private investor capital to eligible “small businesses” as defined by the SBA. Under SBA regulations, SBICs may make loans to eligible small businesses, invest in the equity securities of such businesses, and provide them with consulting and advisory services. Under current SBA regulations, eligible small businesses generally include businesses that (together with their affiliates) have a tangible net worth not exceeding \$24.0 million and has average annual net income after U.S. federal income taxes not exceeding \$8.0 million (average net income to be computed without benefit of any carryover loss) for the two most recent fiscal years. In addition, an SBIC must invest 25.0% of its investment capital to “smaller enterprises” as defined by the SBA. The definition of a smaller enterprise generally includes a business that (together with its affiliates) has a net worth not exceeding \$6.0 million for the most recent fiscal year and has average net income after U.S. federal income taxes not exceeding \$2.0 million (average net income to be computed without benefit of any carryover loss) for the two most recent fiscal years. SBA regulations also provide alternative industry size standard criteria to determine eligibility for designation as an eligible small business or a smaller enterprise, which criteria depends on the primary industry in which the business is engaged and is based on the number of employees or gross revenue of the business and its affiliates. However, once an SBIC has invested in an eligible small business, it may continue to make follow-on investments in the company, regardless of the size of the company at the time of the follow-on investment, up to the time of the company's initial public offering, if any.

The SBA generally prohibits an SBIC from providing financing to small businesses with certain characteristics, such as relending or businesses with the majority of their employees located outside the United States, and business engaged in certain prohibited industries, such as project finance, real estate, farmland, financial intermediaries or “passive” (i.e. non-operating) businesses. Without prior SBA approval, an SBIC may not provide financing or a commitment to a small business in an amount equal to more than approximately 30.0% of the SBIC’s regulatory capital in any one company and its affiliates.

The SBA places certain limitations on the financing terms of investments by SBICs in portfolio companies (such as limiting the permissible interest rate on debt securities held by an SBIC in a portfolio company). An SBIC may exercise control over a small business for a period of up to seven years from the date on which the SBIC initially acquires its control position. This control period may be extended for an additional period of time with the SBA's prior written approval.

The SBA restricts the ability of an SBIC to provide financing to an “associate,” as defined in the SBA regulations, without prior written approval from the SBA. SBA regulations also prohibit, without prior SBA approval, a “change of control” or “change in ownership” of transfer of an SBIC (as such terms are defined in the SBA regulations) and require that SBICs invest idle funds in accordance with SBA regulations. In addition, SBIC I may also be limited in its ability to make distributions to us if it does not have sufficient capital, in accordance with SBA regulations.

SBIC I is subject to regulation and oversight by the SBA, including, among other things, requirements with respect to maintaining certain minimum financial ratios and other covenants, a periodic examination by an SBA examiner, and the performance of a financial audit by an independent auditor.

#### **THE NASDAQ GLOBAL SELECT MARKET CORPORATE GOVERNANCE REGULATIONS**

The NASDAQ Global Select Market, or Nasdaq, has adopted corporate governance listing standards with which listed companies must comply in order to remain listed. We believe that we are in compliance with these corporate governance listing standards. We intend to monitor our compliance with future listing standards and to take all necessary actions to ensure that we remain in compliance.

#### **SECURITIES EXCHANGE ACT OF 1934 AND SARBANES-OXLEY ACT COMPLIANCE**

We are subject to the reporting and disclosure requirements of the Exchange Act, including the filing of quarterly, annual and current reports, proxy statements and other required items. In addition, we are subject to the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”) and regulations promulgated thereunder, which impose a wide variety of regulatory requirements on publicly-held companies and their insiders. For example:

- pursuant to Rule 13a-14 under the Exchange Act, our Chief Executive Officer and Chief Financial Officer are required to certify the accuracy of the financial statements contained in our periodic reports;
- pursuant to Item 307 of Regulation S-K, our periodic reports are required to disclose our conclusions about the effectiveness of our disclosure controls and procedures;

- pursuant to Rule 13a-15 under the Exchange Act, our management is required to prepare a report on its assessment of our internal control over financial reporting; and
- pursuant to Item 308 of Regulation S-K and Rule 13a-15 under the Exchange Act, our periodic reports must disclose whether there were significant changes in our internal control over financial reporting or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

## Item 1A. Risk Factors

*Investing in our securities involves a number of significant risks. In addition to other information contained in this Annual Report on Form 10-K, investors should consider the following information before making an investment in our securities. The risks and uncertainties described below could materially adversely affect our business, financial conditions and results of operations. The risks set forth below are not the only risks we face. Additional risks and uncertainties not presently known to us, or not presently deemed material by us, also may impair our operations and performance. If any of the following risks, or risks not presently known to us, actually occur, the trading price of our securities could decline, and you may lose all or part of your investment.*

The following is a summary of the principal risk factors associated with an investment in us. Further details regarding each risk included in the below summary list can be found further below.

- Our financial condition and results of operations will depend on our ability to effectively allocate and manage capital.
- Our business model depends to a significant extent upon strong referral relationships. Our inability to maintain or develop these relationships, as well as the failure of these relationships to generate investment opportunities, could adversely affect our business.
- All of our assets are subject to security interests under our Corporate Credit Facility and our SPV Credit Facility, except for assets held by SBIC I, and if we default on our obligations under the Corporate Credit Facility or the SPV Credit Facility, we may suffer adverse consequences, including foreclosure on our assets.
- In addition to regulatory limitations on our ability to raise capital, our current debt obligations contain various covenants, that, if not complied with, could accelerate our repayment obligations under the Corporate Credit Facility and/or the SPV Credit Facility —thereby materially and adversely affecting our liquidity, financial condition, results of operations and ability to pay distributions.
- Because we borrow money to make investments, the potential for gain or loss on amounts invested in us is magnified and may increase the risk of investing in us.
- A failure on our part to maintain our status as a BDC would significantly reduce our operating flexibility.
- We will become subject to U.S. federal income tax imposed at corporate rates if we are unable to maintain our qualification as a regulated investment company under Subchapter M of the Code or satisfy regulated investment company distribution requirements.
- Our portfolio investments generally are not publicly traded. As a result, the fair value of these investments may not be readily determinable and will be recorded at fair value as determined in good faith by the Valuation Committee, subject to the oversight of our Board of Directors. As a result, there may be uncertainty as to the value of our portfolio investments.
- We are currently operating in a period of economic uncertainty. Such market conditions may materially and adversely affect debt and equity capital markets, which may have a negative impact on our business, financial condition and results of operations.
- Inflation may adversely affect the business, results of operations and financial condition of our portfolio companies, which may, in turn, impact the valuation of such portfolio companies.
- We operate in a highly competitive market for investment opportunities.
- Our success depends on attracting and retaining qualified personnel in a competitive environment.
- Our investments in portfolio companies involve a number of significant risks.
- SBIC I has an SBIC license and is subject to SBA regulations, and any failure to comply with SBA regulations could have an adverse effect on our operations.
- Rising credit spreads could affect the value of our investments, and rising interest rates make it more difficult for portfolio companies to make periodic payments on their loans.
- The lack of liquidity in our investments may adversely affect our business.

- Defaults by our portfolio companies could harm our operating results.
- We generally will not control our portfolio companies.
- Investing in shares of our common stock may involve an above average degree of risk.
- Shares of closed-end investment companies, including BDCs, may trade at a discount to their NAV.
- The January 2026 Notes, the October 2026 Notes, and the August 2028 Notes are unsecured and therefore are effectively subordinated to any existing and future secured indebtedness, including indebtedness under our Corporate Credit Facility. The January 2026 Notes, the October 2026 Notes, and the August 2028 Notes are structurally subordinated to the indebtedness and other liabilities of our subsidiaries, including the SBA-guaranteed debentures and the SPV Credit Facility.
- We may not be able to repurchase the January 2026 Notes and the October 2026 Notes upon a Change of Control Repurchase Event.
- If we default on our obligations to pay our other indebtedness, we may not be able to make payments on the Notes.

## **RISKS RELATED TO OUR BUSINESS AND STRUCTURE**

### **Our financial condition and results of operations will depend on our ability to effectively allocate and manage capital.**

Our ability to achieve our investment objective of maximizing risk-adjusted returns to shareholders depends on our ability to effectively allocate and manage capital. Capital allocation depends in part upon our investment team's ability to identify, evaluate, invest in and monitor companies that meet our investment criteria.

Achieving our investment objectives is largely a function of our investment team's management of the investment process and our access to investments offering attractive risk adjusted returns. In addition, members of our investment team may be called upon, from time to time, to provide managerial assistance to some of our portfolio companies.

The results of our operations depend on many factors, including the availability of opportunities for investment, readily accessible short- and long-term funding alternatives in the financial markets and economic conditions. Our ability to make new investments at attractive relative returns is also a function of our marketing and our management of the investment process, as well as conditions in the private credit markets in which we invest. If we fail to invest our capital effectively, our return on equity may be negatively impacted, which could have a material adverse effect on the price of the shares of our common stock.

### **Any unrealized losses we experience may be an indication of future realized losses, which could reduce our income available to make distributions.**

As a BDC, we are required to carry our investments at market value or, if no market quotation is readily available, at fair value as determined in good faith by our Valuation Committee pursuant to a valuation methodology approved by our Board of Directors. Decreases in the market values or fair values of our investments will be recorded as unrealized losses. An unrealized loss could be an indication of a portfolio company's inability to generate cash flow or meet its repayment obligations. This could result in realized losses in the future and ultimately in reductions of our income available to pay dividends or interest and principal on our securities and could have a material adverse effect on your investment.

### **Our business model depends to a significant extent upon strong referral relationships. Our inability to develop or maintain these relationships, as well as the potential failure of these relationships to generate investment opportunities, could adversely affect our business.**

We expect that members of our management team will maintain their relationships with financial sponsors, intermediaries, financial institutions, investment bankers, commercial bankers, financial advisors, attorneys, accountants, consultants and other individuals within our network, and we will rely to a significant extent upon these relationships to provide us with potential investment opportunities. If our management team fails to maintain its existing relationships or develop new relationships with sources of investment opportunities, we will not be able to effectively invest our capital. Individuals with whom members of our management team have relationships are not obligated to provide us with investment opportunities; therefore, there is no assurance that these relationships will generate investment opportunities for us.

**All of our assets are subject to security interests under our Corporate Credit Facility and our SPV Credit Facility, except for assets held by SBIC I, and if we default on our obligations under the Corporate Credit Facility or the SPV Credit Facility, we may suffer adverse consequences, including foreclosure on our assets.**

All of our assets are currently pledged as collateral under our Corporate Credit Facility or our SPV Credit Facility, except for assets held by SBIC I. If we default on our obligations under the Corporate Credit Facility or the SPV Credit Facility, the lenders party thereto may have the right to foreclose upon and sell, or otherwise transfer, the collateral subject to their security interests. In such event, we may be forced to sell our investments to raise funds to repay our outstanding borrowings in order to avoid foreclosure and these forced sales may be at times and prices we would not consider advantageous. Moreover, such deleveraging of the Company could significantly impair our ability to effectively operate our business in the manner in which we have historically operated. As a result, we could be forced to curtail or cease new investment activities and lower or eliminate the dividends that we have historically paid to our shareholders. In addition, if the lenders exercise their right to sell the assets pledged under our Corporate Credit Facility or our SPV Credit Facility, such sales may be completed at distressed sale prices, thereby diminishing or potentially eliminating the amount of cash available to us after repayment of the amounts outstanding under the Corporate Credit Facility or the SPV Credit Facility. These distressed prices could be materially below our most recent valuation of each security, which could have a significantly negative effect on NAV.

**In addition to regulatory limitations on our ability to raise capital, our current debt obligations contain various covenants, that, if not complied with, could accelerate our repayment obligations under the Corporate Credit Facility or the SPV Credit Facility—thereby materially and adversely affecting our liquidity, financial condition, results of operations and ability to pay distributions.**

We will have a continuing need for capital to finance our investments. As of March 31, 2024, the Corporate Credit Facility provides us with a revolving credit line of up to \$460.0 million of which \$265.0 million was drawn. As of March 31, 2024, the SPV Credit Facility provides us with total commitments of \$150.0 million of which none was drawn.

The agreement relating to each of the Corporate Credit Facility and the SPV Credit Facility contains customary terms and conditions, including, without limitation, affirmative and negative covenants such as information reporting requirements, minimum consolidated net worth, minimum consolidated interest coverage ratio, minimum asset coverage, and maintenance of RIC tax treatment and BDC status. Each of the Corporate Credit Facility and the SPV Credit Facility also contains customary events of default with customary cure and notice provisions, including, without limitation, nonpayment, misrepresentation of representations and warranties in a material respect, breach of covenants, bankruptcy, and change of control. Each of the Corporate Credit Facility and the SPV Credit Facility permits us to fund additional loans and investments as long as we are within the conditions set out in the related agreements.

Our continued compliance with these covenants depends on many factors, some of which are beyond our control, and there are no assurances that we will continue to comply with these covenants. If we breach a covenant under the terms of the Corporate Credit Facility or the SPV Credit Facility and seek a waiver, we may not be able to obtain a waiver from the required lenders. Our failure to satisfy these covenants could result in foreclosure by our lenders, which would accelerate our repayment obligations under the Corporate Credit Facility or the SPV Credit Facility and thereby have a material adverse effect on our business, liquidity, financial condition, results of operations, and ability to pay distributions to our shareholders.

**Because we borrow money to make investments, the potential for gain or loss on amounts invested in us is magnified and may increase the risk of investing in us.**

Borrowings to fund investments, also known as leverage, magnify the potential for loss on investments in our indebtedness and gain or loss on investments in our equity capital. As we use leverage to partially finance our investments, you will experience increased risks of investing in our securities. We may borrow from banks and other lenders, including under our Corporate Credit Facility and our SPV Credit Facility, and may issue debt securities or enter into other types of borrowing arrangements in the future. If the value of our assets decreases, leveraging would cause NAV to decline more sharply than it otherwise would have had we not leveraged our business. Similarly, any decrease in our income would cause net investment income to decline more sharply than it would have had we not leveraged our business. Such a decline could negatively affect our ability to pay common stock dividends, scheduled debt payments or other payments related to our securities. Use of leverage is generally considered a speculative investment technique.

As of March 31, 2024, we had \$265.0 million borrowings outstanding out of \$460 million of total commitments under our Corporate Credit Facility. Borrowings under the Corporate Credit Facility bear interest, on a per annum basis, equal to the applicable Adjusted Term SOFR rate plus 2.15%. We pay unused commitment fees of 0.50% to 1.00% per annum, based on utilization, on the unused lender commitments under the Corporate Credit Facility. The Corporate Credit Facility is secured by

all of the Company's assets, except for assets held by SBIC I and Capital Southwest SPV. If we are unable to meet our financial obligations under the Corporate Credit Facility, the lenders under the Corporate Credit Facility may exercise their remedies under the Corporate Credit Facility as the result of a default by us.

As of March 31, 2024, we had no borrowings outstanding out of the \$150 million of total commitments under our SPV Credit Facility. Borrowings under the SPV Credit Facility bear interest, on a per annum basis, equal to three-month Term SOFR plus an applicable margin of 2.50% during the revolving period ending on March 20, 2027 and, thereafter, three-month Term SOFR plus an applicable margin of 2.85%. We pay unused commitment fees of 0.10% per annum on the unused commitments through April 20, 2024, and thereafter, 0.35% per annum on the unused commitments. The SPV Credit Facility is secured by all of SPV's assets. If we are unable to meet our financial obligations under the SPV Credit Facility, the lenders under the SPV Credit Facility may exercise their remedies under the SPV Credit Facility as the result of a default by us.

As of March 31, 2024, the carrying amount of the January 2026 Notes was \$139.4 million. The January 2026 Notes mature on January 31, 2026 and may be redeemed in whole or in part at any time prior to October 31, 2025, at par plus a "make-whole" premium, and thereafter at par. The January 2026 Notes bear interest at a rate of 4.50% per year, payable semi-annually on January 31 and July 31 of each year. The January 2026 Notes are the direct unsecured obligations of the Company and rank pari passu with our other outstanding and future unsecured unsubordinated indebtedness and are effectively subordinated to all of our existing and future secured indebtedness, including borrowings under our Credit Facility.

As of March 31, 2024, the carrying amount of the October 2026 Notes was \$148.1 million. The October 2026 Notes mature on October 1, 2026 and may be redeemed in whole or in part at any time prior to July 1, 2026, at par plus a "make-whole" premium, and thereafter at par. The October 2026 Notes bear interest at a rate of 3.375% per year, payable semi-annually on April 1 and October 1 of each year. The October 2026 Notes are the direct unsecured obligations of the Company and rank pari passu with our other outstanding and future unsecured unsubordinated indebtedness and are effectively subordinated to all of our existing and future secured indebtedness, including borrowings under our Credit Facility.

As of March 31, 2024, the carrying amount of the August 2028 Notes was \$69.7 million. 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."

Our ability to achieve our investment objective may depend in part on our ability to access additional leverage on favorable terms by borrowing from banks or insurance companies or by issuing debt securities and there can be no assurance that such additional leverage can in fact be achieved.

*Illustration.* The following table illustrates the effect of leverage on returns from an investment in our common stock assuming various annual returns, net of expenses. The calculations in the table below are hypothetical and actual returns may be higher or lower than those appearing below.

	<b>Assumed Return on Our Portfolio<sup>(1)</sup> (net of expenses)</b>				
	<b>(10.0)%</b>	<b>(5.0)%</b>	<b>0.0%</b>	<b>5.0%</b>	<b>10.0%</b>
Corresponding net return to common shareholder <sup>(2)</sup>	(26.65)%	(16.35)%	(6.05)%	4.25%	14.55%

(1) Assumes \$1,556.8 million in total assets, \$779.9 million in debt principal outstanding, \$755.7 million in net assets and a weighted-average interest rate of 5.64% on our indebtedness based on our financial data available on March 31, 2024. Actual interest payments may be different.

(2) In order for us to cover our annual interest payments on indebtedness, we must achieve annual returns on our March 31, 2024 total assets of at least 2.94%.

**If we do not invest a sufficient portion of our assets in qualifying assets, we could fail to qualify as a BDC or be precluded from investing according to our current business strategy.**

As a BDC, we are not permitted to acquire any assets other than “qualifying assets” unless, at the time of and after giving effect to such acquisition, at least 70% of our total assets are qualifying assets.

As of March 31, 2024, 89.4% of our total assets consisted of qualifying assets. However, we may be precluded from investing in what we believe are attractive investments if those investments are not qualifying assets for purposes of the 1940 Act. Similarly, these rules could prevent us from making follow-on investments in existing portfolio companies, or we could be required to dispose of investments at inopportune or inappropriate times to comply with the 1940 Act (which could result in the dilution of our position). If we need to dispose of investments quickly, it could be difficult to dispose of such investments on favorable terms. We may not be able to find a buyer for such investments and, even if we do find a buyer, we may have to sell the investments at a substantial loss. Any such outcomes could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

**A failure on our part to maintain our status as a BDC would significantly reduce our operating flexibility.**

If we fail to maintain our status as a BDC, we might be regulated as a closed-end investment company that is required to register under the 1940 Act, which would subject us to additional regulatory restrictions and significantly decrease our operating flexibility. In addition, any such failure could cause an event of default under our outstanding indebtedness, which could have a material adverse effect on our business, financial condition or results of operations.

**We will become subject to U.S. federal income tax imposed at corporate rates if we are unable to maintain our qualification as a regulated investment company under Subchapter M of the Code or satisfy regulated investment company distribution requirements.**

We have elected, and intend to qualify annually, to be treated as a RIC under Subchapter M of the Code. No assurance can be given that we will be able to maintain our qualification as a RIC. To maintain RIC tax treatment under the Code, we must meet the following annual distribution, income source and asset diversification requirements:

- The annual distribution requirement for a RIC is generally satisfied if we timely distribute to our shareholders on an annual basis at least 90% of our net ordinary taxable income and realized short-term capital gains in excess of realized net long-term capital losses. We will be subject to U.S. federal income tax, and possibly a 4% U.S. federal excise tax, on any income that we do not timely distribute to our shareholders. Our U.S. federal income tax liability may be reduced to the extent that we make certain distributions during the following calendar year and satisfy other procedural requirements.
- The source of income requirement is satisfied if we obtain at least 90% of our gross income for each taxable year from dividends, interest, payments with respect to certain securities loans, gains from the sale or other disposition of stock or other securities or foreign currencies or other income derived with respect to our business of investing in such stock, securities or currencies and net income derived from an interest in a “qualified publicly traded partnership” (as defined in the Code), or the 90% Income Test.
- The asset diversification requirement is satisfied if we meet certain asset diversification requirements at the end of each quarter of our taxable year. To satisfy this requirement, at least 50% of the value of our assets must consist of cash, cash equivalents, U.S. Government securities, securities of other RICs, and other securities, provided that such other securities will not include any securities of any one issuer, if our holdings of such issuer constitute more than 5% of the total value of our assets or if we hold more than 10% of the outstanding voting securities of the issuer (which for these purposes includes the equity securities of a “qualified publicly traded partnership”). In addition, no more than 25% of the value of our assets can be invested in (i) the securities, other than U.S. Government securities or securities of other RICs, of one issuer; (ii) the securities, other than securities of other RICs, of two or more issuers that are controlled, as determined under applicable tax rules, by us and that are engaged in the same or similar or related trades or businesses; or (iii) the securities of one or more “qualified publicly traded partnerships,” or the Diversification Tests.

Failure to meet these requirements may result in us having to dispose of certain unqualified investments quickly in order to prevent the loss of RIC tax treatment. If we fail to maintain RIC tax treatment for any reason and are subject to U.S. federal income tax, the resulting tax liability could substantially reduce our net assets, the amount of income available for distribution and the amount of our distributions. In addition, to the extent we have unrealized gains, we would have to establish deferred tax liabilities, which would reduce our NAV accordingly. In addition, our shareholders would lose the tax credit

realized when we, as a RIC, decide to retain the net realized capital gain and make deemed distributions of net realized capital gains, and pay taxes on behalf of our shareholders at the end of the tax year. The loss of this pass-through tax treatment could have a material adverse effect on the total return of an investment in our common stock.

**Even if the Company qualifies as a regulated investment company, it may face tax liabilities that reduce its cash flow.**

If we continue to qualify for taxation as a RIC under the Code, we generally will not be subject to U.S. federal income tax on income that we timely distribute to our shareholders as dividends. Income derived through the Taxable Subsidiary will be subject to U.S. federal income tax at corporate rates without regard to the Annual Distribution Requirement, and any taxes paid by the Taxable Subsidiary would decrease the cash available for distribution.

**Our portfolio investments generally are not publicly traded. As a result, the fair value of these investments may not be readily determinable and will be recorded at fair value as determined in good faith by the Valuation Committee, subject to the oversight of our Board of Directors. As a result, there may be uncertainty as to the value of our portfolio investments.**

Under the 1940 Act, we are required to carry our portfolio investments at market value or, if there is no readily available market quotation, at fair value as determined in good faith by the Valuation Committee, subject to the oversight of our Board of Directors. Typically, there is not a public market for the securities of the privately held companies in which we have invested and will continue to invest. As a result, the Valuation Committee values these securities quarterly at fair value based on inputs from our investment team and our third-party valuation firms, subject to the oversight of our Board of Directors.

The determination of fair value and, consequently, the amount of unrealized gains and losses in our portfolio are, to a certain degree, subjective and dependent on our valuation process. Certain factors that may be considered in determining the fair value of our investments include external events, such as private mergers, sales and acquisitions involving comparable companies. Because of the inherent uncertainty of the valuation of portfolio securities that do not have readily available market quotations, our fair value determinations may differ materially from the values a third party would be willing to pay for our portfolio securities or the values that would be applicable to unrestricted securities having a public market. Due to this uncertainty, our fair value determinations may cause our NAV on a given date to materially understate or overstate the value that we may ultimately realize on one or more of our investments. As a result, investors purchasing our common stock based on an overstated NAV may pay a higher price than the value of our investments might warrant. Conversely, investors selling shares during a period in which the NAV understates the value of our investments may receive a lower price for their shares than the value of our investments might warrant.

**We are currently operating in a period of economic uncertainty. Such market conditions may materially and adversely affect debt and equity capital markets, which may have a negative impact on our business, financial condition and results of operations.**

From time to time, capital markets may experience periods of disruption and instability. The U.S. capital markets have experienced extreme volatility and disruption following the global outbreak of COVID-19 that began in December 2019, the conflict between Russia and Ukraine that began in late February 2022, and the ongoing war in the Middle East (see "Terrorist attacks, acts of war or natural disasters may affect any market for our common stock, impact the business in which we invest and harm our business, operating results and financial condition" for more information). Even after the COVID-19 pandemic subsided, the U.S. economy, as well as most other major economies, have continued to experience unpredictable economic conditions, and we anticipate our businesses would be materially and adversely affected by a prolonged economic downturn or recession in the United States and other major markets. In addition, disruptions in the capital markets could increase the spread between the yields realized on risk-free and higher risk securities, which could result in illiquidity in parts of the capital markets.

These conditions and future market disruptions and/or illiquidity could have an adverse effect on our (and our portfolio companies') business, financial condition, results of operations and cash flows. Ongoing unfavorable economic conditions also could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to our portfolio companies and/or us. These events have limited and could continue to limit our investment originations and our ability to grow and could also have a material negative impact on our operating results and the fair values of our debt and equity investments. We may have to access, if available, alternative markets for debt and equity capital, and a severe disruption in the global financial markets, deterioration in credit and financing conditions, high interest rates or uncertainty regarding U.S. government spending and deficit levels or other global economic conditions could have a material adverse effect on our business, financial condition and results of operations.

Even if capital markets remain stable or improve, conditions could deteriorate again in the future. Past economic downturns or recessions have had a significant negative impact on the operating performance and fair value of middle market companies. For example, between 2008 and 2009, the U.S. and global capital markets were unstable, as evidenced by periodic disruptions in liquidity in the debt capital markets, significant write-offs in the financial services sector, the re-pricing of credit risk in the broadly syndicated credit market and the failure of major financial institutions. Despite actions of the U.S. federal government and foreign governments, these events contributed to worsening general economic conditions that materially and adversely impacted the broader financial and credit markets and reduced the availability of debt and equity capital for the market as a whole and financial services firms in particular.

Equity capital may be difficult to raise during periods of adverse or volatile market conditions because, subject to some limited exceptions, as a BDC, we are generally not able to issue additional shares of our common stock at a price less than NAV without first obtaining approval for such issuance from our shareholders and our directors who are not "interested persons" (as such term is used under Section 2(a)(19) of the 1940 Act) of the Company, or independent directors. Volatility and dislocation in the capital markets also can create a challenging environment in which to raise or access debt capital. Under these conditions, it could make it difficult to refinance or extend the maturity of our existing indebtedness or obtain new indebtedness with similar terms and any failure to do so could have a material adverse effect on our business. The debt capital that will be available to us in the future, if at all, may be at a higher cost and on less favorable terms and conditions than what we currently experience, including being at a higher cost in a rising interest rate environment. If any of these conditions appear, they may have an adverse effect on our business, financial condition, and results of operations. These events could limit our investment originations, limit our ability to increase returns to equity holders through the effective use of leverage, and negatively impact our operating results.

In addition, significant changes or volatility in the capital markets may also have a negative effect on the valuations of our investments. While most of our investments are not publicly traded, applicable accounting standards require us to assume as part of our valuation process that our investments are sold in a principal market to market participants (even if we plan on holding an investment through its maturity). Significant changes in the capital markets may also affect the pace of our investment activity and the potential for liquidity events involving our investments. Thus, the illiquidity of our investments may make it difficult for us to sell our investments to access capital if required, and as a result, we could realize significantly less than the value at which we have recorded our investments if we were required to sell them for liquidity purposes. An inability to raise or access capital could have a material adverse effect on our business, financial condition or results of operations.

Government authorities worldwide have taken increased measures to stabilize the markets and support economic growth. The success of these measures is unknown and they may not be sufficient to address the market dislocations or avert severe and prolonged reductions in economic activity.

We also face an increased risk of investor, creditor or portfolio company disputes, litigation, and governmental and regulatory scrutiny as a result of current economic and market conditions.

**Inflation may adversely affect the business, results of operations and financial condition of our portfolio companies, which may, in turn, impact the valuation of such portfolio companies.**

Certain of our portfolio companies may be impacted by inflation, which may, in turn, impact the valuation of such portfolio companies. If such portfolio companies are unable to pass any increases in their costs along to their customers, it could adversely affect their results and their ability to pay interest and principal on our loans, particularly if interest rates remain high in response to inflation. In addition, any projected future decreases in our portfolio companies' operating results due to inflation could adversely impact the fair value of those investments. Any decreases in the fair value of our investments could result in future unrealized losses and therefore reduce our net assets resulting from operations.

**Political, social and economic uncertainty creates and exacerbates risks.**

Social, political, economic and other conditions and events (such as natural disasters, epidemics and pandemics, terrorism, conflicts and social unrest) could occur, potentially creating uncertainty and significantly impacting issuers, industries, governments and other systems, including the financial markets, to which companies and their investments are exposed. As global systems, economies and financial markets are increasingly interconnected, events that once had only local impact are now more likely to have regional or even global effects. Events that occur in one country, region or financial market will, more frequently, adversely impact issuers in other countries, regions, or markets, including in established markets, such as the United States. These impacts can be exacerbated by failures of governments and societies to adequately respond to an emerging event or threat.

Uncertainty can result in or coincide with other phenomena, including, among other things: increased volatility in the financial markets for securities, derivatives, loans, credit and currency; a decrease in the reliability of market prices and difficulty in valuing assets (including portfolio company assets); greater fluctuations in spreads on debt investments and currency exchange rates; increased risk of default (by both government and private obligors and issuers); further social, economic, and political instability; nationalization of private enterprise; greater governmental involvement in the economy or in social factors that impact the economy; changes to governmental regulation and supervision of the loan, securities, derivatives and currency markets and market participants and decreased or revised monitoring of such markets by governments or self-regulatory organizations and reduced enforcement of regulations; limitations on the activities of investors in such markets; controls or restrictions on foreign investment, capital controls and limitations on repatriation of invested capital; the significant loss of liquidity and the inability to purchase, sell and otherwise fund investments or settle transactions (including, but not limited to, a market freeze); unavailability of currency hedging techniques; substantial, and in some periods extremely high, rates of inflation, which can last many years and have substantial negative effects on credit and securities markets as well as the economy as a whole; economic recessions or downturns; and difficulties in obtaining and/or enforcing legal judgments.

Following the November 2022 elections in the United States, the Democratic Party controls the Presidency and the Senate, with the Republican Party controlling the House of Representatives. Despite political tensions and uncertainty in a divided legislature, changes in federal policy, including tax policies, and at regulatory agencies may occur over time through policy and personnel changes, which can lead to changes involving the level of oversight and regulation of the financial services industry as well as changes in tax rates. The nature, timing and economic and political effects of potential changes to the current legal and regulatory framework affecting financial institutions remain highly uncertain.

Although it is impossible to predict the precise nature and consequences of these events, or of any political or policy decisions and regulatory changes occasioned by emerging events or uncertainty on applicable laws or regulations that impact us, our portfolio companies and our investments, it is clear that these types of events are impacting us and our portfolio companies and will, for at least some time, continue to impact us and our portfolio companies; further, in many instances, the impact will be adverse and profound.

**The effect of global climate change may impact the operations and valuation of our portfolio companies.**

Climate change creates physical and financial risk and some of our portfolio companies may be adversely affected by climate change. For example, the needs of customers of energy companies vary with weather conditions, primarily temperature and humidity. To the extent weather conditions are affected by climate change, energy use could increase or decrease depending on the duration and magnitude of any changes. Increases in the cost of energy could adversely affect the cost of operations of our portfolio companies if the use of energy products or services is material to their business. A decrease in energy use due to weather changes may affect some of our portfolio companies' financial condition through, for example, decreased revenues, which may, in turn, impact the valuation of such portfolio companies. Extreme weather conditions in general require more system backup, adding to costs, and can contribute to increased system stresses, including service interruptions.

In December 2015, the United Nations adopted a climate accord (the "Paris Agreement"), which the United States rejoined in 2021, with the long-term goal of limiting global warming and the short-term goal of significantly reducing greenhouse gas emissions. Additionally, the Inflation Reduction Act of 2022 included several measures designed to combat climate change, including restrictions on methane emissions. As a result, some of our portfolio companies may become subject to new or strengthened regulations or legislation, which could increase their operating costs and/or decrease their revenues, which may, in turn, impact their ability to make payments on our investments.

**Environmental, social and governance factors may adversely affect our business or cause us to alter our business strategy.**

Our business faces increasing public scrutiny related to environmental, social and governance ("ESG") activities. We risk damage to our brand and reputation if we fail to act responsibly in a number of areas, such as environmental stewardship, corporate governance and transparency. Adverse incidents with respect to ESG activities could impact the value of our brand, the cost of our operations and relationships with investors, all of which could adversely affect our business and results of operations. Additionally, new regulatory initiatives related to ESG could adversely affect our business. For example, pending the outcome of ongoing legal challenges to the rules, the SEC has announced that it will require disclosure of material climate-related risks and information about certain registrant's emissions if such emissions are material to its business, and may require disclosure of additional ESG-related matters in the future. Compliance with any new laws or regulations increases our regulatory burden and could make compliance more difficult and expensive, affect the manner in which we or our prospective portfolio companies conduct our businesses and adversely affect our profitability.

**Downgrades of the U.S. credit rating, automatic spending cuts, or another government shutdown could negatively impact our liquidity, financial condition, and results of operations.**

U.S. debt ceiling and budget deficit concerns have increased the possibility of credit-rating downgrades or a recession in the United States. U.S. lawmakers have passed legislation to raise the federal debt ceiling on multiple occasions, including, most recently, in June 2023, which suspended the debt ceiling through early 2025 unless Congress takes legislative action to further extend or defer it. Despite taking action to suspend the debt ceiling, ratings agencies have threatened to lower the long-term sovereign credit rating on the United States, including Fitch downgrading the U.S. government's long-term rating from AAA to AA+ in August 2023 and Moody's lowering the U.S. government's credit rating outlook from "stable" to "negative" in November 2023. The impact of the increased debt ceiling and/or downgrades to the U.S. government's sovereign credit rating or its perceived creditworthiness could adversely affect the U.S. and global financial markets and economic conditions. Absent further quantitative easing by the Federal Reserve, these developments could cause interest rates and borrowing costs to rise, which may negatively impact our ability to access the debt markets on favorable terms.

In addition, disagreement over the federal budget has caused the U.S. federal government to shut down for periods of time resulting in, among other things, inadequate funding for and/or the shutdown of certain government agencies, including the SEC and the SBA, on which the operation of our business may rely. Inadequate funding for and/or the shutdown of these or other government agencies prevents them from performing their normal business functions, which could impact, among other things: (i) our and our portfolio companies' ability to access the public markets and obtain necessary capital in order to, among other things, properly capitalize, continue or expand operations, or, in the case of portfolio investments held by us, liquidate such investments; (ii) the ability for SBIC I to originate loans; and (iii) the ability of other governmental agencies to timely review and process regulatory submissions of our portfolio companies, as applicable. Continued adverse political and economic conditions, including a prolonged U.S. federal government shutdown, could have a material adverse effect on our business, financial condition and results of operations.

**Our business is dependent on bank relationships and recent strain on the banking system may adversely impact us.**

The financial markets recently have encountered volatility associated with concerns about the balance sheets of banks, especially small and regional banks that may have significant losses associated with investments that make it difficult to fund demands to withdraw deposits and other liquidity needs. Although the federal government has announced measures to assist these banks and protect depositors, some banks have already been impacted and others may be materially and adversely impacted. Our business is dependent on bank relationships, including small and regional banks, and we are proactively monitoring the financial health of banks with which we (or our portfolio companies) do or may in the future do business. To the extent that our portfolio companies work with banks that are negatively impacted by the foregoing, such portfolio companies' ability to access their own cash, cash equivalents and investments may be threatened. In addition, such affected portfolio companies may not be able to enter into new banking arrangements or credit facilities or receive the benefits of their existing banking arrangements or credit facilities. Any such developments could harm our business, financial condition, and operating results, and prevent us from fully implementing our investment plan. Continued strain on the banking system may adversely impact our business, financial condition and results of operations.

**Changes in the laws or regulations governing our business or the operations of our portfolio companies, changes in the interpretations thereof or of newly enacted laws or regulations, and any failure by us to comply with these laws or regulations could require changes to certain business practices of us or our portfolio companies, negatively affect the profitability of the operations, cash flows or financial condition of us or our portfolio companies, impose additional costs on us or our portfolio companies or otherwise adversely affect our business or the business of our portfolio companies.**

We are subject to federal, state and local laws and regulations and are subject to judicial and administrative decisions that affect our operations, including our loan originations, maximum interest rates, fees and other charges, disclosures to portfolio companies, the terms of secured transactions, collection and foreclosure procedures and other trade practices. These laws and regulations, as well as their interpretation, may be changed from time to time, and new laws and regulations may be enacted. Any change in the laws or regulations, the interpretations of such laws and regulations, or newly enacted laws or regulations could require changes to certain business practices used by us or our portfolio companies, negatively impact the operations, cash flows or financial condition of us or our portfolio companies, impose additional costs on us or our portfolio companies or otherwise adversely affect our business or the business of our portfolio companies. In addition, if we do not comply with applicable laws, regulations and decisions, we may lose licenses needed for the conduct of our business and/or be subject to civil fines and criminal penalties, any of which could have a material adverse effect upon our business, results of operations or financial condition.

**We operate in a highly competitive market for investment opportunities.**

We compete for attractive investment opportunities with other financial institutions, including BDCs, junior capital lenders, and banks. Some of these competitors are substantially larger and have greater financial, technical and marketing resources, and some are subject to different, and frequently less stringent, regulations. Our competitors may have a lower cost of funds and may have access to funding sources that are not available to us. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us as a BDC and the Code imposes on us as a RIC. As a result of this competition, we may not be able to take advantage of attractive investment opportunities from time to time, and there can be no assurance that we will be able to identify and make investments that satisfy our objectives. A significant increase in the number and/or size of our competitors in our target market could force us to accept less attractive investment terms, which may impact our return on these investments. We cannot assure you that the competitive pressures we face will not have a materially adverse effect on our business, financial condition and results of operation.

**Our success depends on attracting and retaining qualified personnel in a competitive environment.**

Sourcing, selecting, structuring and closing our investments depends upon the diligence and skill of our management. Our management's capabilities may significantly impact our results of operations. Our success requires that we retain investment and operations personnel in a competitive environment. Our ability to attract and retain personnel with the requisite credentials, experience and skills depends on several factors, including, but not limited to, our ability to offer competitive wages, benefits and professional growth opportunities. Many of the entities, including investment funds (such as private equity funds and debt funds) and traditional financial services companies, with which we compete for experienced personnel have greater resources than we have.

The competitive environment for qualified personnel may require us to take certain measures to ensure that we are able to attract and retain experienced personnel. Such measures may include increasing the attractiveness of our overall compensation packages, altering the structure of our compensation packages through the use of additional forms of compensation or other steps. The inability to attract and retain experienced personnel could potentially have an adverse effect on our business.

**Effective April 25, 2019, our asset coverage requirement was reduced from 200% to 150%, which could increase the risk of investing in the Company.**

The 1940 Act generally prohibits BDCs from incurring indebtedness unless immediately after such borrowing it has an asset coverage for total borrowings of at least 200% or 150%, if certain requirements are met. On April 25, 2018, the Board of Directors, including a "required majority" (as such term is defined in Section 57(o) of the 1940 Act) of the Board of Directors, approved the application of the modified asset coverage requirements set forth in Section 61(a)(2) of the 1940 Act. As a result, the minimum asset coverage ratio applicable to the Company was decreased from 200% to 150%, which became effective April 25, 2019. Additionally, the Board of Directors also approved a resolution that limits the Company's issuance of senior securities such that the asset coverage ratio, taking into account such issuance, would not be less than 166%, at any time after the effective date. We are required to make certain disclosures on our website and in SEC filings regarding, among other things, the receipt of approval to reduce its asset coverage requirement to 150%, its leverage capacity and usage, and risks related to leverage. In addition, on August 11, 2021, we received an exemptive order from the SEC to permit us to exclude the senior securities issued by SBIC I or any future SBIC subsidiary of the Company from the definition of senior securities in the asset coverage requirement applicable to the Company under the 1940 Act.

Leverage is generally considered a speculative investment technique and increases the risk of investing in our securities. Leverage magnifies the potential for loss on investments in our indebtedness and on invested equity capital. As we use leverage to partially finance our investments, you will experience increased risks of investing in our securities. If the value of our assets increases, then leveraging would cause the NAV attributable to our common stock to increase more sharply than it would have had we not leveraged. Conversely, if the value of our assets decreases, leveraging would cause NAV to decline more sharply than it otherwise would have had we not leveraged our business. Similarly, any increase in our income in excess of interest payable on the borrowed funds would cause our net investment income to increase more than it would without the leverage, while any decrease in our income would cause net investment income to decline more sharply than it would have had we not borrowed. Such a decline could negatively affect our ability to pay common stock dividends, scheduled debt payments or other payments related to our securities. If we incur additional leverage, you will experience increased risks of investing in our common stock.

**We expend significant financial and other resources to comply with the requirements of being a public company.**

As a public entity, we are subject to the reporting requirements of the Exchange Act and requirements of the Sarbanes-Oxley Act and the related rules and regulations promulgated by the SEC. The Exchange Act requires that we file annual, quarterly and current reports with respect to our business and financial condition. The Sarbanes-Oxley Act requires that we maintain effective disclosure controls and procedures and internal controls over financial reporting. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal controls, significant resources and management oversight are required. We have implemented procedures, processes, policies and practices for the purpose of addressing the standards and requirements applicable to public companies. These activities may divert management's time and attention from other business concerns, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

**Our ability to enter into transactions with our affiliates is restricted.**

We are prohibited under the 1940 Act from participating in certain transactions with certain of our affiliates without the prior approval of our independent directors and, in some cases, the SEC. Any person that owns, directly or indirectly, 5% or more of our outstanding voting securities is our affiliate for purposes of the 1940 Act, and we generally are prohibited from buying or selling any security from or to an affiliate, absent the prior approval of our independent directors. The 1940 Act also prohibits certain "joint" transactions with certain of our affiliates, which could include investments in the same portfolio company (whether at the same or different times), without prior approval of our independent directors and, in some cases, the SEC. If a person acquires more than 25% of our voting securities, we are prohibited from buying or selling any security from or to that person or certain of that person's affiliates, or entering into prohibited joint transactions with that person, absent the prior approval of the SEC. Similar restrictions limit our ability to transact business with our officers or directors or their affiliates.

**Regulations governing our operation as a BDC will affect our ability to, and the way in which we, raise additional capital.**

Our business requires capital to operate and grow. We may acquire such additional capital from the following sources:

*Senior Securities.* We may issue debt securities, preferred stock and/or borrow money from banks or other financial institutions, which we refer to collectively as senior securities. As a result of issuing senior securities, we will be exposed to additional risks, including the following:

- Under the provisions of the 1940 Act and effective April 25, 2019, we are permitted, as a BDC, to issue senior securities only in amounts such that our asset coverage, as defined in the 1940 Act, equals at least 150% immediately after each issuance of senior securities. The Board also approved a resolution that limits the Company's issuance of senior securities such that the asset coverage ratio, taking into account such issuance, would not be less than 166%, at any time after the effective date. In addition, on August 11, 2021, we received an exemptive order from the SEC to permit us to exclude the senior securities issued by SBIC I or any future SBIC subsidiary of the Company from the definition of senior securities in the asset coverage requirement applicable to the Company under the 1940 Act. If the value of our assets declines, we may be unable to satisfy this requirement. If that happens, we will be prohibited from issuing debt securities and/or borrowing money from banks or other financial institutions and may not be permitted to declare a dividend or make any distribution to shareholders or repurchase shares until such time as we satisfy this test.
- Any amounts that we use to service our debt will not be available for dividends to our common shareholders.
- It is likely that any senior securities or other indebtedness we issue will be governed by an indenture or other instrument containing covenants restricting our operating flexibility. Additionally, some of these securities or other indebtedness may be rated by rating agencies, and in obtaining a rating for such securities and other indebtedness, we may be required to abide by operating and investment guidelines that further restrict operating and financial flexibility.
- We and, indirectly, our shareholders will bear the cost of issuing and servicing such securities and other indebtedness.
- Any unsecured debt issued by us would rank (1) *pari passu* with our future unsecured indebtedness and effectively subordinated to all of our existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness (such as the Corporate Credit Facility), and (2) structurally subordinated to all existing and future indebtedness and other obligations of any of our subsidiaries (such as our SBA-guaranteed debentures and the SPV Credit Facility).
- Upon a liquidation of the Company, holders of our debt securities and lenders with respect to other borrowings would receive a distribution of our available assets prior to the holders of our common stock. Future offerings of additional debt securities, which would be senior to our common stock upon liquidation, or equity securities, which could dilute our existing shareholders, may harm the value of our common stock.

*Additional Common Stock.* The 1940 Act prohibits us from selling shares of our common stock at a price below the current NAV per share of such stock, with certain exceptions. One such exception is prior shareholder approval of issuances below current NAV per share provided that our Board of Directors determines that such sale is in the best interests of the Company and its shareholders. We do not intend to seek shareholder authorization to sell shares of our common stock below the then current NAV per share of our common stock at our 2024 annual meeting of shareholders. However, in the event we change our position, we will seek requisite approval of our shareholders. See “- Shareholders may incur dilution if we sell shares of our common stock in one or more offerings at prices below the then current NAV per share of our common stock or issue securities that are convertible to shares of our common stock” for a discussion of the risks related to us issuing shares of our common stock below NAV. If we raise additional funds by issuing more common stock or senior securities convertible into, or exchangeable for, our common stock, the percentage ownership of our shareholders at that time would decrease, and they may experience dilution. Moreover, we can offer no assurance that we will be able to issue and sell additional equity securities in the future, on favorable terms or at all.

**SBIC I has an SBIC license and is subject to SBA regulations, and any failure to comply with SBA regulations could have an adverse effect on our operations.**

On April 20, 2021, SBIC I received a license from the SBA to operate as an SBIC under Section 301(c) of the Small Business Investment Act of 1958, as amended, and is regulated by the SBA.

The SBA places certain limitations on the financing terms of investments by SBICs in portfolio companies, regulates the types of financing, prohibits investing in small businesses with certain characteristics or in certain industries and requires capitalization thresholds that limit distributions to us. Accordingly, compliance with SBIC requirements may cause SBIC I to forego attractive investment opportunities that are not permitted under SBA regulations and/or to invest at less competitive rates in order to find investments that qualify under the SBA regulations.

Further, SBA regulations require that an SBIC be periodically examined and audited by the SBA to determine its compliance with the relevant SBA regulations. If SBIC I fails to comply with applicable regulations, the SBA could, depending on the severity of the violation, limit or prohibit SBIC I’s use of the debentures, declare outstanding debentures immediately due and payable, and/or limit SBIC I from making new investments. In addition, the SBA could revoke or suspend SBIC I’s license for willful or repeated violation of, or willful or repeated failure to observe, any provision of the Small Business Investment Act of 1958, as amended, or any rule or regulation promulgated thereunder. These actions by the SBA would, in turn, negatively affect our operations because SBIC I is our wholly owned subsidiary.

**Shareholders may incur dilution if we sell shares of our common stock in one or more offerings at prices below the then current NAV per share of our common stock or issue securities that are convertible to shares of our common stock.**

The 1940 Act prohibits us from selling shares of our common stock at a price below the current NAV per share of such stock, with certain exceptions. One such exception is prior shareholder approval of issuances below NAV provided that our Board of Directors determines that such sale is in the best interests of the Company and its shareholders. We do not intend to seek shareholder authorization to sell shares of our common stock below the then current NAV per share of our common stock at our 2024 annual meeting of shareholders. However, in the event we change our position, we will seek the requisite approval of our shareholders.

If we were to sell shares of our common stock below NAV per share, such sales would result in an immediate dilution to the NAV per share. This dilution would occur as a result of the sale of shares at a price below the then current NAV per share of our common stock and a proportionately greater decrease in a shareholder’s interest in our earnings and assets and voting interest in us than the increase in our assets resulting from such issuance. Because the number of shares of common stock that could be so issued and the timing of any issuance is not currently known, the actual dilutive effect cannot be predicted. Notwithstanding the foregoing, the example below illustrates the effect of dilution to existing shareholders resulting from the sale of common stock at prices below the NAV of such shares.

In addition, if we issue securities that are convertible to shares of common stock, the exercise or conversion of such securities would increase the number of outstanding shares of our common stock. Any such exercise would be dilutive on the voting power of existing shareholders, and could be dilutive with regard to dividends and our NAV, and other economic aspects of the common stock.

*Illustration: Example of Dilutive Effect of the Issuance of Shares Below NAV.* Assume that Company XYZ has 1,000,000 total shares outstanding, \$15,000,000 in total assets and \$5,000,000 in total liabilities. The NAV per share of the

common stock of Company XYZ is \$10.00. The following table illustrates the reduction NAV and the dilution experienced by shareholder A following the sale of 100,000 shares of the common stock of Company XYZ at \$9.00 per share, a price below its NAV per share.

	Prior to Sale Below NAV	Following Sale Below NAV	Percentage Change
<b>Reduction to NAV</b>			
Total Shares Outstanding	1,000,000	1,100,000	10.00 %
NAV per share	\$ 10.00	\$ 9.91	(0.91)%
<b>Dilution to Existing Shareholder</b>			
Shares held by Shareholder A	10,000	10,000 <sup>(1)</sup>	— %
Percentage Held by Shareholder A	1.00 %	0.91 %	(9.09)%
Total Interest of Shareholder A in NAV	\$ 100,000	\$ 99,091	(0.91)%

<sup>(1)</sup> Assumes that Shareholder A does not purchase additional shares in the sale of shares below NAV.

#### **Legislative or other actions relating to taxes could have a negative effect on us.**

Legislative or other actions relating to taxes could have a negative effect on us. The rules governing U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Department of the Treasury. We cannot predict with certainty how any changes in the tax laws might affect us, our shareholders, or our portfolio investments. New legislation and any U.S. Treasury regulations, administrative interpretations or court decisions interpreting such legislation or regulations could significantly and negatively affect our ability to qualify for tax treatment as a RIC or the U.S. federal income tax consequences to us and our shareholders of such qualification, or could have other adverse consequences. Shareholders are urged to consult with their tax advisor regarding tax legislative, regulatory, or administrative developments and proposals and their potential effect on an investment in our securities.

#### **We are highly dependent on information systems and systems failures could significantly disrupt our business, which may, in turn, have a material adverse effect on our operating results and negatively affect the market price of our common stock and our ability to pay dividends to our shareholders.**

Our business is highly dependent on our and third parties' communications and information systems. Any failure or interruption of those systems, including as a result of the termination of an agreement with any third-party service providers, could cause delays or other problems in our activities. Our financial, accounting, data processing, backup or other operating systems and facilities may fail to operate properly or become disabled or damaged as a result of a number of factors, including events that are wholly or partially beyond our control and adversely affect our business. There could be:

- sudden electrical or telecommunications outages;
- natural disasters such as earthquakes, tornadoes and hurricanes;
- disease pandemics;
- events arising from local or larger scale political or social matters, including terrorist acts; and
- cyber-attacks.

These events, in turn, could have a material adverse effect on our operating results and negatively affect the market price of our common stock and our ability to pay dividends to our shareholders.

#### **A failure of cybersecurity systems, as well as the occurrence of events unanticipated in our disaster recovery systems and management continuity planning, could impair our ability to conduct business effectively.**

We, and others in our industry, are the targets of malicious cyber activity. A successful cyber-attack, whether perpetrated by criminal or state-sponsored actors, against us or our service providers, or an accidental disclosure of non-public information could have an adverse effect on our ability to communicate or conduct business, negatively impacting our operations and financial condition. This adverse effect can become particularly acute if those events affect our electronic data processing, transmission, storage, and retrieval systems, or impact the availability, integrity, or confidentiality of our data, especially personal and other confidential information. If a significant number of our employees were unavailable in the event of a disaster, our ability to effectively conduct our business could be severely compromised.

We, and the third-party service providers with which we do business, depend heavily upon computer systems to perform necessary business functions. Despite our implementation of a variety of security measures, our computer systems, networks, and data, like those of other companies, could be subject to unauthorized access, acquisition, use, alteration, disruption, or destruction, such as from the insertion of malware (including ransomware), physical and electronic break-ins or unauthorized tampering. We may experience threats to our data and systems, including malware and computer virus attacks, unauthorized access, or system failures and disruptions. Such an attack could cause interruptions or malfunctions in our operations, misstated or unreliable financial data, misappropriation of assets, loss of personal information, or liability for stolen information, any of which could result in financial losses, litigation, regulatory enforcement action and penalties, client dissatisfaction or loss, reputational damage, and increased costs associated with mitigation of damages and remediation. We may have to make a significant investment to fix or replace any inoperable or compromised systems or to modify or enhance its cybersecurity controls, procedures and measures. Similarly, the public perception that we or our affiliates may have been the target of a cybersecurity threat, whether successful or not, also could have a material adverse effect on our reputation and lead to financial losses from loss of business, depending on the nature and severity of the threat.

Third parties with which we do business are sources of cybersecurity or other technological risks. We outsource certain functions, and these relationships allow for the storage and processing of our information, as well as counterparty, employee and borrower information. Cybersecurity failures or breaches to service providers (including, but not limited to, transfer agents and custodians), and the issuers of securities in which we invest, also have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, interference with our ability to calculate its NAV, impediments to trading, the inability of our stockholders to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputation damages, reimbursement of other compensation costs, or additional compliance costs. While we engage in actions to reduce our exposure resulting from outsourcing, ongoing threats may result in unauthorized access, loss, exposure or destruction of data, or other cybersecurity incidents with increased costs and other consequences, including those as described above. In addition, substantial costs may be incurred to prevent any cyber-incidents in the future. The Company does not control the cybersecurity measures put in place by third parties, and such third parties could have limited indemnification obligations to the Company and its affiliates. If such a third party fails to adopt or adhere to adequate cybersecurity procedures, or if despite such procedures its networks or systems are breached, information relating to investor transactions and/or personal information of investors may be lost or improperly accessed, used or disclosed.

Privacy and information security laws and regulatory changes, and compliance with those changes, may result in cost increases due to system changes and the development of new administrative processes. In addition, we may be required to expend significant additional resources to modify our protective measures and to investigate and remediate vulnerabilities or other exposures arising from operational and security risks.

**Terrorist attacks, acts of war or natural disasters may affect any market for our common stock, impact the businesses in which we invest and harm our business, operating results and financial condition.**

Terrorist attacks, acts of war or natural disasters may disrupt our operations, as well as the operations of the businesses in which we invest. These events have created, and continue to create, economic and political uncertainties and have contributed to global economic instability. Future terrorist activities, military or security operations, or natural disasters could further weaken the domestic or global economy. These events could create additional uncertainties, which may negatively affect the businesses in which we invest directly or indirectly and, in turn, could have a material adverse impact on our business, operating results and financial condition. Losses from terrorist attacks and natural disasters are generally uninsurable.

The continued threat of global terrorism and the impact of military and other action will likely continue to cause volatility in the economies of certain countries, contribute to increased market volatility and economic uncertainties or deterioration in the United States and worldwide and various aspects thereof, including in prices of commodities. Our portfolio investments may involve significant strategic assets having a national or regional profile. The nature of these assets could expose them to a greater risk of being the subject of a terrorist attack than other assets or businesses. In late February 2022, Russia launched a large scale military attack on Ukraine. The invasion significantly amplified already existing geopolitical tensions among Russia, Ukraine, Europe, NATO and the West, including the United States. In response to the ongoing military action by Russia, various countries, including the United States, the United Kingdom, and European Union issued broad-ranging economic sanctions against Russia. Such sanctions included, among other things, a prohibition on doing business with certain Russian companies, large financial institutions, officials and oligarchs; a commitment by certain countries and the European Union to remove selected Russian banks from the Society for Worldwide Interbank Financial Telecommunications (“SWIFT”), the electronic banking network that connects banks globally; and restrictive measures to prevent the Russian Central Bank from undermining the impact of the sanctions. Additional sanctions may be imposed in the future. Such sanctions (and any future sanctions) and other actions against Russia may adversely impact, among other things, the Russian economy and various sectors of the economy, including but not limited to, financials, energy, metals and mining, engineering and defense

and defense-related materials sectors; result in a decline in the value and liquidity of Russian securities; result in boycotts, tariffs, and purchasing and financing restrictions on Russia's government, companies and certain individuals; weaken the value of the ruble; downgrade the country's credit rating; freeze Russian securities and/or funds invested in prohibited assets and impair the ability to trade in Russian securities and/or other assets; and have other adverse consequences on the Russian government, economy, companies and region.

In addition, the recent outbreak of hostilities in the Middle East and escalating tensions in the region may create volatility and disruption of global markets.

The ramifications of the hostilities and sanctions, however, may not be limited to Russia and the Middle East and Russian and Middle Eastern companies, respectively, but may spill over to and negatively impact other regional and global economic markets (including Europe and the United States), companies in other countries (particularly those that have done business with Russia) and on various sectors, industries and markets for securities and commodities globally, such as oil and natural gas. Accordingly, the actions discussed above and the potential for a wider conflict could increase financial market volatility, cause severe negative effects on regional and global economic markets, industries, and companies and have a negative effect on the Company's investments and performance, which may, in turn, impact the valuation of such portfolio companies. In addition, parties in such conflicts may take retaliatory actions and other countermeasures, including cyberattacks and espionage against other countries and companies around the world, which may negatively impact such countries and the companies in which the Company invests. The extent and duration of the military action or future escalation of such hostilities, the extent and impact of existing and future sanctions, market disruptions and volatility, and the result of any diplomatic negotiations cannot be predicted. These and any related events could have a significant impact on the Company's performance and the value of an investment in the Company.

**Our business and operations may be negatively affected if we become subject to securities litigation or shareholder activism, which could cause us to incur significant expense, hinder execution of our investment strategy and impact our stock price.**

In the past, following periods of volatility in the market price of a company's securities, securities class-action litigation has often been brought against that company. Shareholder activism, which could take many forms or arise in a variety of situations, has been increasing in the BDC space. While we are currently not subject to any securities litigation or shareholder activism, due to the potential volatility of our stock price and for a variety of other reasons, we may in the future become the target of securities litigation or shareholder activism. Securities litigation and shareholder activism, including potential proxy contests, could result in substantial costs and divert management's and our Board of Directors' attention and resources from our business. Additionally, such securities litigation and shareholder activism could give rise to perceived uncertainties as to our future, adversely affect our relationships with service providers and make it more difficult to attract and retain qualified personnel. Also, we may be required to incur significant legal fees and other expenses related to any securities litigation and activist shareholder matters. Further, our stock price could be subject to significant fluctuation or otherwise be adversely affected by the events, risks and uncertainties of any securities litigation and shareholder activism.

## **RISKS RELATED TO OUR INVESTMENTS**

**Our investments in portfolio companies involve a number of significant risks.**

We primarily invest in privately held U.S. middle market companies. Investments in privately held middle market companies involve a number of significant risks, including the following:

- These companies are more likely to depend on the management talents and efforts of a small group of key employees. Therefore, the death, disability, resignation, termination, or significant under-performance of one or more of these persons could have a material adverse impact on our portfolio company and, in turn, on us.
- These companies may have unpredictable operating results, could become parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position.
- Private companies generally have less publicly available information about their businesses, operations and financial condition. Consequently, we rely on the ability of our management team and investment professionals to obtain adequate information to evaluate the potential returns from making investments in these portfolio companies. If we are unable to uncover all material information about the portfolio company, we may not make a fully informed investment decision and may lose all or part of our investment.

- These companies may have shorter operating histories, narrower product lines, smaller market shares and/or more significant customer concentration than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns.
- These companies may have limited financial resources and may be unable to meet their obligations under their debt instruments that we hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of us realizing any guarantees from subsidiaries or affiliates of our portfolio companies that we may have obtained in connection with our investment, as well as a corresponding decrease in the value of the equity components of our investments.

In addition, in the course of providing significant managerial assistance to certain of our portfolio companies, certain of our officers and directors may serve as directors on the boards of these companies. To the extent that litigation arises out of our investments in these companies, our officers and directors may be named as defendants in such litigation, which could result in an expenditure of funds for claims in excess of our directors' and officers' insurance coverage (through our indemnification of our officers and directors) and the diversion of management's time and resources.

**We are subject to risks associated with our investments in senior loans.**

We invest in senior loans, which are usually rated below investment grade or also may be unrated. As a result, the risks associated with senior loans may be considered by credit rating agencies to be similar to the risks of below investment grade fixed-income instruments. Investment in senior loans rated below investment grade is considered speculative because of the credit risk of the company incurring the indebtedness. Such companies are more likely than investment grade issuers to default on their payments of interest and principal owed to us, and such defaults could have a material adverse effect on our performance. An economic downturn would generally lead to a higher non-payment rate, and a senior loan may lose significant market value before a default occurs. Moreover, any specific collateral used to secure a senior loans may decline in value or become illiquid, which would adversely affect the senior loan's value.

There may be less readily available and reliable information about most senior loans than is the case for many other types of securities, including securities issued in transactions registered under the Securities Act or registered under the Exchange Act. As a result, we will rely primarily on our own evaluation of a borrower's credit quality rather than on any available independent sources.

In general, the secondary trading market for senior secured loans is not well developed. No active trading market may exist for certain senior loans, which may make it difficult to value them. Illiquidity and adverse market conditions may mean that we may not be able to sell senior loans quickly or at a fair price. To the extent that a secondary market does exist for certain senior loans, the market for them may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods.

**The lack of liquidity in our investments may adversely affect our business.**

We invest, and will continue to invest, in portfolio companies whose securities are not publicly traded. These securities generally are subject to legal and other restrictions on resale or will otherwise be less liquid than publicly traded securities. As a result, we do not expect to achieve liquidity in our investments in the near-term. The illiquidity of these investments may make it difficult for us to sell these investments when desired. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we had previously recorded these investments and, as a result, we may suffer losses.

**We may be subject to risks associated with "covenant-lite" loans.**

We may invest in "covenant-lite" loans, which generally refers to loans that do not have a complete set of financial maintenance covenants. Generally, "covenant-lite" loans provide borrower companies more freedom to negatively impact lenders because their covenants are incurrence-based, which means they are only tested and can only be breached following an affirmative action of the borrower, rather than by a deterioration in the borrower's financial condition. Accordingly, to the extent we are exposed to "covenant-lite" loans, we may have a greater risk of loss on such investments as compared to investments in or exposure to loans with financial maintenance covenants.

**Defaults by our portfolio companies could harm our operating results.**

Our business is at risk if one of our borrowers defaults. Portfolio companies may fail to satisfy financial, operating or other covenants imposed by us or other lenders, which could lead to non-payment of interest and other defaults and, potentially, acceleration of its loans and foreclosure on its secured assets. These events could trigger cross-defaults under other agreements and jeopardize the portfolio company's ability to meet its obligations, including under the debt or equity securities we hold. We may also incur expenses to the extent necessary to recover upon a default or to negotiate new terms, which may include the waiver of certain financial covenants, with the defaulting portfolio company.

**We may not realize gains from our equity investments.**

We may purchase common stock and other equity securities, including warrants, alongside our debt investments. Although equity securities have historically generated higher average total returns than fixed-income securities over the long term, equity securities have also experienced significantly more volatility in those returns. The equity securities we acquire may fail to appreciate and may decline in value or become worthless, and our ability to recover our investment depends on our portfolio company's success. Investments in equity securities involve a number of significant risks, including the risk of further dilution as a result of additional issuances, inability to access additional capital and failure to pay current distributions. Investments in preferred securities involve special risks, such as the risk of deferred distributions, credit risk, illiquidity and limited voting rights. In addition, we may from time to time make non-control, equity investments in portfolio companies. Our goal is ultimately to realize gains upon our disposition of these equity interests. However, the equity interests we receive may not appreciate in value and, in fact, may decline in value. Accordingly, we may not be able to realize gains from our equity interests, and any gains that we do realize on the disposition of any equity interests may not be sufficient to offset any other losses we experience. We also may be unable to realize any value if a portfolio company does not have a liquidity event, such as a sale of the business, recapitalization or public offering, which would allow us to sell the underlying equity interests. We often seek puts or similar rights to give us the right to sell our equity securities back to the portfolio company issuer; however, we may be unable to exercise these put rights for the consideration provided in our investment documents if the issuer is in financial distress.

**Prepayments of our debt investments by our portfolio companies could adversely impact our results of operations and reduce our return on equity.**

We are subject to the risk that the debt investments we make in our portfolio companies may be prepaid prior to maturity, the specific timing of which we do not control. When this occurs, we will generally reinvest these proceeds in temporary investments, pending their future investment in new portfolio companies. These temporary investments will typically have substantially lower yields than the debt being prepaid and we could experience significant delays in reinvesting these amounts. Any future investment in a new portfolio company may also be at lower yields than the debt that was repaid. As a result, our results of operations could be materially adversely affected if one or more of our portfolio companies elect to prepay amounts owed to us. Additionally, prepayments could negatively impact our return on equity, which could result in a decline in the market price of our securities.

**The loans we make in portfolio companies may become non-performing.**

A loan or debt obligation may become non-performing for a variety of reasons. Such non-performing loans may require substantial workout negotiations or restructuring that may entail, among other things, a substantial reduction in the interest rate, a substantial write-down of the principal amount of the loan and/or the deferral of payments. In addition, such negotiations or restructuring may be quite extensive and protracted over time, and therefore may result in substantial uncertainty with respect to the ultimate recovery. We also may incur additional expenses to the extent that it is required to seek recovery upon a default on a loan or participate in the restructuring of such obligation. The liquidity for defaulted loans may be limited, and, to the extent that defaulted loans are sold, it is highly unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest thereon. In connection with any such defaults, workouts or restructuring, although we exercise voting rights with respect to an individual loan, we may not be able to exercise votes in respect of a sufficient percentage of voting rights with respect to such loan to determine the outcome of such vote.

**We are exposed to risks associated with changes in interest rates.**

Because we have borrowed and intend to continue to borrow money to make investments, our net investment income depends, in part, upon the difference between the rate at which we borrow funds and the rate at which we invest those funds. As a result, we can offer no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income. In response to market indicators showing a rise in inflation, since March 2022, the Federal Reserve

has been rapidly increasing interest rates and has indicated that it may consider additional rate hikes in response to ongoing inflation concerns. Although the Federal Reserve left its benchmark rates steady in the first quarter of 2024, it has indicated that additional rate increases in the future may be necessary to mitigate inflationary pressures and there can be no assurance that the Federal Reserve will not make upwards adjustments to the federal funds rate in the future. It is possible that the Federal Reserve's tightening cycle could also result in a recession in the United States.

If interest rates rise, there is a risk that portfolio companies in which we hold floating rate loans will be unable to pay escalating interest amounts, which could increase the risk of payment defaults and cause the portfolio companies to defer or cancel needed investment. Any failure of one or more portfolio companies to repay or refinance its debt at or prior to maturity or the inability of one or more portfolio companies to make ongoing payments following an increase in contractual interest rates could have a material adverse effect on our business, financial condition, results of operations and cash flows. The value of our securities could also be reduced from an increase in market credit spreads as rates available to investors could make an investment in our securities less attractive than alternative investments.

Further, rising interest rates could also adversely affect our performance if such increases cause our borrowing costs to rise at a rate in excess of the rate that our investments yield. In the current and any future periods of rising interest rates, to the extent we borrow money subject to a floating interest rate (such as under the Corporate Credit Facility and the SPV Credit Facility), our cost of funds would increase, which could reduce our net investment income if there is not a corresponding increase in interest income generated by our investment portfolio. Conversely, if interest rates decline, there will be a decrease in investment income generated by our portfolio companies partially offset by a decrease in interest expense on our Credit Facilities, thereby decreasing our net investment income.

Additionally, rising interest rates could adversely affect our performance if we hold investments with floating interest rates, subject to specified minimum (or "floor") interest rates, while at the same time engaging in borrowings subject to floating interest rates not subject to such minimums. In such a scenario when interest rates are below the floor set for the investments we hold, rising interest rates may temporarily increase our interest expense, even though our interest income from investments is not increasing in a corresponding manner if market rates remain lower than the existing floor rate.

**There may be circumstances in which our debt investments could be subordinated to claims of other creditors or we could be subject to lender liability claims.**

Even though we may have structured our investments as secured debt, if one of our portfolio companies were to go bankrupt, depending on the facts and circumstances, and based upon principles of equitable subordination, a bankruptcy court could subordinate all or a portion of our claim to that of other creditors and transfer any lien securing our subordinated claim to the bankruptcy estate. The principles of equitable subordination based on case law generally provide that a claim may be subordinated only if its holder is guilty of misconduct or where the secured debt is re-characterized as an equity investment and the senior lender has actually provided significant managerial assistance to the bankrupt debtor. We may also be subject to lender liability claims for actions taken by us with respect to a borrower's business or instances where we exercise control over the borrower. It is possible that we could become subject to a lender's liability claim, including as a result of actions taken in rendering significant managerial assistance or actions to compel and collect payments from the borrower outside the ordinary course of business.

**As a RIC, we may have certain regulatory restrictions that could preclude us from making additional investments in our portfolio companies.**

We may not have the ability to make additional investments in our portfolio companies. After our initial investment in a portfolio company, we may be called upon from time to time to provide additional funds to that company or have the opportunity to increase our investment or make follow-on investments. Any decisions not to make a follow-on investment or any inability on our part to make such an investment may have a negative impact on a portfolio company in need of such an investment, may result in a missed opportunity for us to increase our participation in a successful operation, or may reduce the expected return on the investment.

**The alternative reference rates that have replaced LIBOR in our credit arrangements and other financial instruments may not yield the same or similar economic results as LIBOR over the life of such transactions.**

The London Interbank Offered Rate ("LIBOR") is an index rate that historically was widely used in lending transactions and was a common reference rate for setting the floating interest rate on private loans. LIBOR was typically the reference rate used in floating-rate loans extended to our portfolio companies.

The ICE Benchmark Administration (“IBA”) (the entity that is responsible for calculating LIBOR) ceased providing overnight, one, three, six and twelve months USD LIBOR tenors on June 30, 2023. In addition, the United Kingdom’s Financial Conduct Authority (“FCA”), which oversees the IBA, now prohibits entities supervised by the FCA from using LIBORs, including USD LIBOR, except in very limited circumstances.

In the United States, the Secured Overnight Financing Rate (“SOFR”) is the preferred alternative rate for LIBOR. SOFR is a measure of the cost of borrowing cash overnight, collateralized by U.S. Treasury securities, and is based on directly observable U.S. Treasury-backed repurchase transactions. SOFR is published by the Federal Reserve Bank of New York each U.S. Government Securities Business Day, for transactions made on the immediately preceding U.S. Government Securities Business Day. Alternative reference rates that may replace LIBOR, including SOFR for USD transactions, may not yield the same or similar economic results as LIBOR over the lives of such transactions.

All of our loans that referenced LIBOR have been amended to reference the forward-looking term rate published by CME Group Benchmark Administration Limited based on the secured overnight financing rate (“CME Term SOFR”). CME Term SOFR rates are forward-looking rates that are derived by compounding projected overnight SOFR rates over one, three, and six months taking into account the values of multiple consecutive, executed, one-month and three-month CME Group traded SOFR futures contracts and, in some cases, over-the-counter SOFR Overnight Indexed Swaps as an indicator of CME Term SOFR reference rate values. CME Term SOFR and the inputs on which it is based are derived from SOFR. Since CME Term SOFR is a relatively new market rate, there will likely be no established trading market for credit agreements or other financial instruments when they are issued, and an established market may never develop or may not be liquid. Market terms for instruments referencing CME Term SOFR rates may be lower than those of later-issued CME Term SOFR indexed instruments. Similarly, if CME Term SOFR does not prove to be widely used, the trading price of instruments referencing CME Term SOFR may be lower than those of instruments indexed to indices that are more widely used.

**We generally will not control our portfolio companies.**

We do not, and do not expect to, control most of our portfolio companies, even though we may have board representation or board observation rights, and our debt agreements may contain certain restrictive covenants. As a result, we are subject to the risk that a portfolio company in which we invest may make business decisions with which we disagree, and the management of such company, as representatives of the holders of their common equity, may take risks or otherwise act in ways that do not serve our interests as debt investors. Due to the lack of liquidity of our investments in private companies, we may not be able to dispose of our interests in our portfolio companies as readily as we would like or at an appropriate valuation. As a result, a portfolio company may make decisions that could decrease the value of our portfolio holdings.

**Second priority liens on collateral securing loans that we make to our portfolio companies may be subject to control by senior creditors with first priority liens. Further, in cases where we invest in unsecured subordinated debt, we would not have any lien on the collateral. In each of these cases, if there is a default, the value of the collateral may not be sufficient to repay in full both the first priority creditors and us.**

Certain loans that we make are either secured by a second priority security interest in the same collateral pledged by a portfolio company to secure senior debt owed by the portfolio company to commercial banks or other traditional lenders, or in the case of unsecured subordinated debt, we have no lien at all on the assets. Often the senior lender has procured covenants from the portfolio company prohibiting the incurrence of additional secured debt without the senior lender’s consent. Prior to and as a condition of permitting the portfolio company to borrow money from us secured by the same collateral pledged to the senior lender, or in the case where we invest in unsecured subordinated debt, the senior lender will require assurances that it will control the disposition of any collateral in the event of bankruptcy or other default. In many cases, the senior lender will require us to enter into an “intercreditor agreement” prior to permitting the portfolio company to borrow from us. Typically, the intercreditor agreements we are requested to execute expressly subordinate our debt instruments to those held by the senior lender and further provide that the senior lender will control: (1) the commencement of foreclosure or other proceedings to liquidate and collect on the collateral, subject to a negotiated “standstill period” after which we can initiate; (2) the nature, timing and conduct of foreclosure or other collection proceedings, subject to a negotiated “standstill period” after which we can initiate; (3) the amendment of any collateral document; (4) the release of the security interests in respect of any collateral; and (5) the waiver of defaults under any security agreement. Because of the control we may cede to senior lenders under intercreditor agreements we may enter, we may be unable to realize the proceeds of any collateral securing some of our loans.

**Our portfolio companies may incur debt that ranks equally with, or senior to, our investments in those companies.**

We invest primarily in the secured term debt of middle market companies and equity issued by middle market companies. Our portfolio companies may have, or may be permitted to incur, other debt that ranks equally with, or senior to, the debt in which we invest. By their terms, these debt instruments may entitle the holders to receive payment of interest or principal on or before the dates on which we are entitled to receive payments with respect to the debt instruments in which we invest. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of debt instruments ranking senior to our investment in that portfolio company would typically be entitled to receive payment in full before we receive any distribution. After repaying its senior creditors, the portfolio company may not have any remaining assets to use for repaying its obligation to us. In the case of debt ranking equally with debt instruments in which we invest, we would have to share on an equal basis any distributions with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company.

**Changes in healthcare laws and other regulations, or the enforcement or interpretation of such laws or regulations, applicable to some of our portfolio companies' businesses may constrain their ability to offer their products and services.**

Our investments in the healthcare sector are subject to substantial risk. The laws and rules governing the business of healthcare companies and interpretations of those laws and rules are subject to frequent change. Broad latitude is given to the agencies administering those regulations. Existing or future laws and rules could force our portfolio companies engaged in healthcare to change how they do business, restrict revenue, increase costs, change reserve levels and change business practice, require significant systems enhancements, or render their products or services less profitable or obsolete, any of which could have a material adverse effect on their results of operations. Healthcare companies often must obtain and maintain regulatory approvals to market many of their products, change prices for certain regulated products and consummate some of their acquisitions and divestitures. Delays in obtaining or failing to obtain or maintain these approvals could reduce revenue or increase costs. There has also been an increased political and regulatory focus on healthcare laws in recent years, and new legislation could have a material effect on the business and operations of some of our portfolio companies.

Additionally, because of the possibility of additional changes to healthcare laws and regulations under the current U.S. presidential administration, we cannot quantify or predict with any certainty the likely impact on our portfolio companies, our business model, prospects, financial condition or results of operations. We also anticipate that Congress, state legislatures, and third-party payors may continue to review and assess alternative healthcare delivery and payment systems and may in the future propose and adopt legislation or policy changes or implementations effecting additional fundamental changes in the healthcare delivery system. We cannot assure you as to the ultimate content, timing, or effect of changes, nor is it possible at this time to estimate the impact of any such potential legislation on certain of our portfolio companies, our business model, prospects, financial condition or results of operations.

**We may be subject to risks associated with our investments in the business services industry.**

Portfolio companies in the business services sector are subject to many risks, including the negative impact of regulation, changing technology, a competitive marketplace and difficulty in obtaining financing. Portfolio companies in the business services industry must respond quickly to technological changes and understand the impact of these changes on customers' preferences. Adverse economic, business, or regulatory developments affecting the business services sector could have a negative impact on the value of our investments in portfolio companies operating in this industry, and therefore could negatively impact our business and results of operations.

**RISKS RELATED TO OUR SECURITIES**

**The market price of our common stock may fluctuate significantly.**

The market price of our common stock will fluctuate with market conditions and other factors. Our common stock is intended for long-term investors and should not be treated as a trading vehicle. The market price and liquidity of the market for shares of our common stock may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include:

- significant volatility in the market price and trading volume of securities of BDCs or other companies in our sector, which is not necessarily related to the operating performance of these companies;
- exclusion of our common stock from certain market indices, such as the Russell 2000 Financial Services Index, which could reduce the ability of certain investment funds to own our common stock and put short-term selling pressure on our common stock;
- changes in regulatory policies, accounting pronouncements or tax guidelines, particularly with respect to BDCs or RICs;

- failure to qualify for RIC tax treatment;
- our origination activity, including the pace of, and competition for, new investment opportunities;
- changes or perceived changes in earnings or variations of operating results;
- changes or perceived changes in the value of our portfolio of investments;
- any shortfall in our investment income or net investment income or any increase in losses from levels expected by investors or securities analysts;
- proposed, or completed, offerings of our securities, including securities other than our common stock;
- departure of our key personnel;
- operating performance of companies comparable to us;
- credit market changes;
- general economic trends and other external factors; and
- loss of a major funding source.

**Investing in shares of our common stock may involve an above average degree of risk.**

The investments we make in accordance with our investment objectives may result in a higher amount of risk, volatility or loss of principal than alternative investment options. Our investments in portfolio companies may be highly speculative, and therefore, an investment in our common stock may not be suitable for investors with lower risk tolerance.

**Shares of closed-end investment companies, including BDCs, may trade at a discount to their NAV.**

Our common stock is listed on The Nasdaq Global Select Market. Shareholders desiring liquidity may sell their shares on The Nasdaq Global Select Market at current market value, which could be below NAV. Shares of closed-end investment companies frequently trade at discounts from NAV, which is a risk separate and distinct from the risk that a fund's performance will cause its NAV to decrease. We cannot predict whether our common stock will trade at, above or below NAV. In addition, if our common stock trades below our NAV per share, we will generally not be able to issue additional common stock at the market price unless our shareholders approve such a sale and our Board of Directors make certain determinations. See "Shareholders may incur dilution if we sell shares of our common stock in one or more offerings at prices below the then current NAV per share of our common stock or issue securities that are convertible to shares of our common stock" for a discussion of the risks related to us issuing shares of our common stock below NAV.

**The January 2026 Notes, the October 2026 Notes, and the August 2028 Notes are unsecured and therefore are effectively subordinated to any existing and future secured indebtedness, including indebtedness under our Corporate Credit Facility.**

Each of the January 2026 Notes, the October 2026 Notes, and the August 2028 Notes (collectively, the "Notes") are not secured by any of our assets or any of the assets of any of our subsidiaries. As a result, the Notes are effectively subordinated to any secured indebtedness we or our subsidiaries have currently incurred (including our Corporate Credit Facility) or may incur in the future (or any indebtedness that is initially unsecured as to which we subsequently grant a security interest) to the extent of the value of the assets securing such indebtedness. In any liquidation, dissolution, bankruptcy or other similar proceeding, the holders of any of our secured indebtedness or secured indebtedness of our subsidiaries may assert rights against the assets pledged to secure that indebtedness in order to receive full payment of their indebtedness before the assets may be used to pay other creditors, including the holders of the Notes. As of March 31, 2024, we had \$265.0 million in outstanding indebtedness under our Corporate Credit Facility, which is secured by (1) all of the present and future property and assets of the Company and the guarantors and (2) 100.0% of the equity interests in the Company's wholly owned subsidiaries (except for the assets held in SBIC I and SPV).

**The January 2026 Notes, the October 2026 Notes, and the August 2028 Notes are structurally subordinated to the indebtedness and other liabilities of our subsidiaries, including the SBA-guaranteed debentures and the SPV Credit Facility.**

The Notes are obligations exclusively of the Company, and not of any of our subsidiaries. None of our subsidiaries are a guarantor of the Notes, and the Notes are not required to be guaranteed by any subsidiary we may acquire or create in the future. Any assets of our subsidiaries will not be directly available to satisfy the claims of our creditors, including holders of the Notes. Except to the extent we are a creditor with recognized claims against our subsidiaries, all claims of creditors of our subsidiaries will have priority over our equity interests in such entities (and therefore the claims of our creditors, including holders of the Notes) with respect to the assets of such entities. Even if we are recognized as a creditor of one or more of these entities, our claims would still be effectively subordinated to any security interests in the assets of any such entity and to any indebtedness or other liabilities of any such entity senior to our claims. Consequently, the Notes will be structurally

subordinated to all indebtedness and other liabilities, including trade payables, of any of our existing or future subsidiaries (including the SBA-guaranteed debentures and the SPV Credit Facility). As of March 31, 2024, we had \$153.0 million in SBA-guaranteed debentures outstanding, and we had no outstanding indebtedness under our SPV Credit Facility, which is secured by all of SPV's assets.

**The respective indentures under which the January 2026 Notes, the October 2026 Notes, and the August 2028 Notes were issued contain limited protection for holders of the January 2026 Notes, the October 2026 Notes, and the August 2028 Notes.**

The respective indenture under which each of the Notes were issued offer limited protection to holders of the Notes. The terms of the respective indenture and the Notes do not restrict our or any of our subsidiaries' ability to engage in, or otherwise be a party to, a variety of corporate transactions, circumstances or events that could have a material adverse impact on the investment of the holders of the Notes, respectively. In particular, the terms of the respective indenture and the Notes will not place any restrictions on our or our subsidiaries' ability to:

- issue securities or otherwise incur additional indebtedness or other obligations, including (1) any indebtedness or other obligations that would be equal in right of payment to the Notes, (2) any indebtedness or other obligations that would be secured and therefore rank effectively senior in right of payment to the Notes to the extent of the values of the assets securing such debt, (3) indebtedness of ours that is guaranteed by one or more of our subsidiaries and which therefore is structurally senior to the Notes and (4) securities, indebtedness or obligations issued or incurred by our subsidiaries that would be senior to our equity interests in those entities and therefore rank structurally senior to the Notes with respect to the assets of our subsidiaries, in each case other than an incurrence of indebtedness or other obligation that would cause a violation of Section 18(a)(1)(A) as modified by Section 61(a)(2) of the 1940 Act or any successor provisions, whether or not we continue to be subject to such provisions of the 1940 Act, but giving effect, in each case, to any exemptive relief granted to us by the SEC. Currently, these provisions generally prohibit us from incurring additional borrowings, including through the issuance of additional debt securities, unless our asset coverage, as defined in the 1940 Act, equals at least 150% after such borrowings;
- pay dividends on, or purchase or redeem or make any payments in respect of, capital stock or other securities ranking junior in right of payment to the Notes, including subordinated indebtedness, except that we have agreed that, for the period of time during which the Notes are outstanding, we will not violate Section 18(a)(1)(B) as modified by (i) Section 61(a)(2) of the 1940 Act or any successor provisions and after giving effect to any exemptive relief granted to us by the SEC and (ii) the following two exceptions: (A) we will be permitted to declare a cash dividend or distribution notwithstanding the prohibition contained in Section 18(a)(1)(B) as modified by Section 61(a)(2) of the 1940 Act or any successor provisions, but only up to such amount as is necessary for us to maintain our status as a RIC under Subchapter M of the Code; and (B) this restriction will not be triggered unless and until such time as our asset coverage has not been in compliance with the minimum asset coverage required by Section 18(a)(1)(B) as modified by Section 61(a)(2) of the 1940 Act or any successor provisions (after giving effect to any exemptive relief granted to us by the SEC) for more than six consecutive months. If Section 18(a)(1)(B) as modified by Section 61(a)(2) of the 1940 Act were currently applicable to us in connection with this offering, these provisions would generally prohibit us from declaring any cash dividend or distribution upon any class of our capital stock, or purchasing any such capital stock if our asset coverage, as defined in the 1940 Act, were below 150% at the time of the declaration of the dividend or distribution or the purchase and after deducting the amount of such dividend, distribution or purchase;
- sell assets (other than certain limited restrictions on our ability to consolidate, merge or sell all or substantially all of our assets);
- enter into transactions with affiliates;
- create liens (including liens on the shares of our subsidiaries) or enter into sale and leaseback transactions;
- make investments; or
- create restrictions on the payment of dividends or other amounts to us from our subsidiaries.

In addition, the respective indenture governing the January 2026 Notes and the October 2026 Notes will require us to make an offer to purchase the January 2026 Notes and the October 2026 Notes in connection with a change of control or any other event, respectively. See "We may not be able to repurchase the January 2026 Notes and the October 2026 Notes upon a Change of Control Repurchase Event" for more information.

Furthermore, the terms of the respective indenture and the Notes do not protect holders of the Notes, respectively, in the event that we experience changes (including significant adverse changes) in our financial condition, results of operations or credit ratings, if any, as they do not require that we or our subsidiaries adhere to any financial tests or ratios or specified levels of net worth, revenues, income, cash flow, or liquidity.

Our ability to recapitalize, incur additional debt (including additional debt that matures prior to the maturity of the Notes), and take a number of other actions that are not limited by the terms of each of the Notes may have important consequences for you as a holder of the Notes, including making it more difficult for us to satisfy our obligations with respect to the Notes or negatively affecting the market value of the Notes.

Other debt we issue or incur in the future could contain more protections for its holders than the respective indenture and the Notes, including additional covenants and events of default. The issuance or incurrence of any such debt with incremental protections could affect the market for, trading levels, and prices of the Notes.

**We may not be able to repurchase the January 2026 Notes and the October 2026 Notes upon a Change of Control Repurchase Event.**

Upon a Change of Control Repurchase Event (as defined in the relevant indenture), holders of the January 2026 Notes and the October 2026 Notes may require us to repurchase for cash some or all of the January 2026 Notes and the October 2026 Notes, respectively, at a repurchase price equal to 100% of the aggregate principal amount of the January 2026 Notes and the October 2026 Notes, respectively, being repurchased, plus their respective accrued and unpaid interest to, but not including, the repurchase date. We may not be able to repurchase the January 2026 Notes and/or the October 2026 Notes upon a Change of Control Repurchase Event because we may not have sufficient funds. Before making any such repurchase of the January 2026 Notes or the October 2026 Notes, we would also have to comply with certain requirements under our Corporate Credit Facility, to the extent such requirements remain in effect at such time, or otherwise obtain consent from the lenders under our Corporate Credit Facility. The terms of our Corporate Credit Facility and our SPV Credit Facility also provide that certain change of control events will constitute an event of default thereunder entitling the respective lenders to accelerate any indebtedness outstanding under such credit facilities at that time and to terminate such credit facilities. In addition, the occurrence of a Change of Control Repurchase Event enabling the holders of the January 2026 Notes and/or the October 2026 Notes to require the mandatory purchase of the January 2026 Notes and/or the October 2026 Notes, respectively, would likely constitute an event of default under our Corporate Credit Facility and our SPV Credit Facility, entitling the respective lenders under such credit facilities to accelerate any indebtedness outstanding under such credit facilities at that time and to terminate such credit facilities. Our and our subsidiaries' future financing facilities may contain similar restrictions and provisions. Our failure to purchase such tendered January 2026 Notes or the October 2026 Notes upon the occurrence of such Change of Control Repurchase Event would cause an event of default under the respective indenture governing the January 2026 Notes or the October 2026 Notes, respectively, and a cross-default under the agreements governing certain of our other indebtedness, including under the agreements governing our Corporate Credit Facility and likely under the agreements governing our SPV Credit Facility, which may result in the acceleration of such indebtedness requiring us to repay such indebtedness immediately. If the holders of the January 2026 Notes or the October 2026 Notes exercise their respective right to require us to repurchase the January 2026 Notes or the October 2026 Notes, respectively, upon a Change of Control Repurchase Event, the financial effect of any such repurchase could cause a default under our current and future debt instruments, even if the Change of Control Repurchase Event itself would not cause a default. If a Change of Control Repurchase Event were to occur, we may not have sufficient funds to repay any such accelerated indebtedness.

**While a trading market developed after issuing the January 2026 Notes, the October 2026 Notes, and the August 2028 Notes, we cannot assure you that an active trading market for the January 2026 Notes, the October 2026 Notes, and the August 2028 Notes will be maintained.**

While a trading market developed after issuing the Notes, we cannot assure you that an active and liquid market for the Notes will be maintained. We do not intend to list the January 2026 Notes or the October 2026 Notes on any securities exchange or for quotation of the January 2026 Notes or the October 2026 Notes on any automated dealer quotation system. If the January 2026 Notes or October 2026 Notes are traded after their initial issuance, they may trade at a discount to their public offering price depending on prevailing interest rates, the market for similar securities, our credit ratings, our financial condition, performance and prospects, general economic conditions.

Although the August 2028 Notes are listed on the Nasdaq Global Select Market under the trading symbol "CSWCZ," we cannot assure you that an active and liquid trading market will be maintained for the August 2028 Notes or that holders will be able to sell their August 2028 Notes. In addition, the August 2028 Notes may trade at a discount from their initial offering price depending on prevailing interest rates, the market for similar securities, our credit rating, general economic conditions, our financial condition, performance and prospects and other factors.

The respective underwriters may discontinue market-making in the Notes at any time at their sole discretion. In addition, any market-making activity will be subject to limits imposed by law.

**If we default on our obligations to pay our other indebtedness, we may not be able to make payments on the January 2026 Notes, the October 2026 Notes, and the August 2028 Notes.**

Any default under the agreements governing our indebtedness, including a default under our Corporate Credit Facility, our SPV Credit Facility, the respective indenture governing the Notes, or other indebtedness to which we may be a party that is not waived by the required lenders or holders, and the remedies sought by lenders or the holders of such indebtedness could make us unable to pay principal, premium, if any, and interest on the Notes and substantially decrease the market value of the Notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, in the instruments governing our indebtedness (including the Corporate Credit Facility, the SPV Credit Facility and the Notes), we could be in default under the terms of the agreements governing such indebtedness, including the Notes. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest, the lenders under the Corporate Credit Facility, the SPV Credit Facility or other debt we may incur in the future could elect to terminate their commitment, cease making further loans and institute foreclosure proceedings against our assets, and we could be forced into bankruptcy or liquidation.

Our ability to generate sufficient cash flow in the future is, to some extent, subject to general economic, financial, competitive, legislative and regulatory factors as well as other factors that are beyond our control. We cannot assure you that our business will generate cash flow from operations, or that future borrowings will be available to us under the Corporate Credit Facility, the SPV Credit Facility or otherwise, in an amount sufficient to enable us to meet our payment obligations under the Notes, our other debt, and to fund other liquidity needs.

If our operating performance declines and we are not able to generate sufficient cash flow to service our debt obligations, we may in the future need to refinance or restructure our debt, including the Notes, sell assets, reduce or delay capital investments, seek to raise additional capital or seek to obtain waivers from the lenders under the Corporate Credit Facility, the SPV Credit Facility, the holders of the Notes, or other debt that we may incur in the future to avoid being in default. If we are unable to implement one or more of these alternatives, we may not be able to meet our payment obligations under the Notes and our other debt. If we breach our covenants under the Corporate Credit Facility, the SPV Credit Facility, the respective indenture governing the Notes, or any of our other debt and seek a waiver, we may not be able to obtain a waiver from the required lenders or holders thereof. If this occurs, we would be in default under the Corporate Credit Facility, the SPV Credit Facility, the Notes, the respective indenture governing the Notes, or other debt, the lenders or holders could exercise rights as described above, and we could be forced into bankruptcy or liquidation. If we are unable to repay debt, lenders having secured obligations could proceed against the collateral securing the debt. Because each of the Corporate Credit Facility and the SPV Credit Facility has, and any future credit facilities will likely have, customary cross-default provisions, if the indebtedness under the Notes, the Corporate Credit Facility, the SPV Credit Facility or under any future credit facility is accelerated, we may be unable to repay or finance the amounts due.

**Terms relating to redemption may materially adversely affect the return on our debt securities.**

The January 2026 Notes are redeemable, in whole or in part, at any time at our option prior to October 31, 2025, at par plus a "make-whole" premium, and thereafter at par. The October 2026 Notes are redeemable, in whole or in part, at any time at our option prior to July 1, 2026 at par plus a "make-whole" premium, and thereafter at par. The August 2028 Notes are redeemable, in whole or in part, at any time at our option after August 1, 2025, at par plus accrued and unpaid interest. We may choose to redeem the Notes at times when prevailing interest rates are lower than the interest rate paid on the Notes.

**We currently intend to pay quarterly dividends. However, in the future we may not pay any dividends depending on a variety of factors.**

While we intend to pay dividends to our shareholders out of taxable income available for distribution, there can be no assurance that we will do so. Any dividends that we do pay may be payable in cash, in our common stock, or in stock in any of our holdings or in a combination of all three. All dividends will be paid at the discretion of our Board of Directors and will depend upon our financial condition, maintenance of our RIC tax treatment, and compliance with applicable BDC regulations.

**We currently pay dividends in cash. However, in the future we may choose to pay dividends in our own stock, in which case you may be required to pay tax in excess of the cash you receive.**

We may distribute taxable dividends that are payable in part in our common stock. Under certain applicable provisions of the Code and the Treasury regulations, distributions payable by us in cash or in shares of stock (at the

shareholders election) would satisfy the annual distribution requirement for a RIC. The IRS has issued a revenue procedure providing that a dividend payable in stock or in cash at the election of the shareholders will be treated as a taxable dividend eligible for the dividends paid deduction provided that at least 20% of the total dividend is payable in cash and certain other requirements are satisfied. Taxable shareholders receiving such dividends will be required to include the full amount of the dividend as ordinary income (or as long-term capital gain to the extent such dividend is properly reported as a capital gain dividend) to the extent of our current and accumulated earnings and profits for U.S. federal income tax purposes. As a result, a U.S. shareholder may be required to pay tax with respect to such dividends in excess of any cash received. If a U.S. shareholder sells the stock it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our common stock at the time of the sale. Furthermore, with respect to non-U.S. shareholders, we may be required to withhold U.S. tax with respect to such dividends, including in respect of all or a portion of such dividends payable in stock. If a significant number of our shareholders determine to sell shares of our common stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our common stock.

**We may not be able to invest a significant portion of the net proceeds from future capital raises on acceptable terms, which could harm our financial condition and operating results.**

Delays in investing the net proceeds raised in an offering may cause our performance to be worse than that of other fully invested BDCs or other lenders or investors pursuing comparable investment strategies. We cannot assure you that we will be able to identify any investments that meet our investment objective or that any investment that we make will produce a positive return. We may be unable to invest the net proceeds of any offering on acceptable terms within the time period that we anticipate or at all, which could harm our financial condition and operating results.

In the event that we cannot invest our net proceeds as desired we will invest the net proceeds from any offering primarily in cash, cash equivalents, U.S. Government securities and other high-quality debt investments that mature in one year or less from the time of investment. These securities may have lower yields than our other investments and accordingly may result in lower distributions, if any, during such period.

**Provisions of Texas law and our charter could deter takeover attempts and have an adverse impact on the price of our common stock.**

Texas law and our charter contain provisions that may have the effect of discouraging, delaying or making difficult a change in control. The existence of these provisions, among others, may have a negative impact on the price of our common stock and may discourage third-party bids for ownership of the Company. These provisions may prevent any premiums being offered to you for our common stock.

**Item 1B. Unresolved Staff Comments**

None.

**Item 1C. Cybersecurity**

The Company maintains and, at least annually, reviews its information technology ("IT") and cybersecurity policies and procedures (the "Cybersecurity Program"). The Cybersecurity Program is aligned to the National Institute of Standards of Technology Cybersecurity Framework. The Cybersecurity Program includes technical security controls, policy enforcement mechanisms, monitoring systems, tools and related services, which include tools and services from third-party providers, and management oversight to assess, identify and manage risks from cybersecurity threats. Management has implemented and continues to implement risk-based controls designed to prevent, detect and respond to information security threats.

As part of our overall cybersecurity risk management process, our management engages at least annually in the review and evaluation of our risks relating to our Cybersecurity Program. Additionally, as part of our Rule 38a-1 compliance program, we review at least annually the compliance policies and procedures of our key service providers, including documentation discussing each service providers' information security controls. Any failure in our key service providers' cybersecurity systems could have a material impact on our operating results. See "Risk Factors - Risks Related to our Business and Structure - A failure of cybersecurity systems, as well as the occurrence of events unanticipated in our disaster recovery systems and management continuity planning, could impair our ability to conduct business effectively."

Additionally, the Cybersecurity Program includes quarterly general cybersecurity awareness and data protection training for employees as well as regular phishing simulations. The Company also has annual certification requirements for employees with respect to certain policies supporting the cybersecurity program including the IT, Cybersecurity and Physical Security Policies and Procedures, the Disaster Recovery Business Continuity Plan, the Electronic Communications Policy and the Privacy Policy.

Our Cybersecurity Program is administered by our Corporate Controller and our Chief Compliance Officer. These individuals, along with our external legal counsel and third party IT providers serve as the crisis response team in connection with any material cybersecurity incident under our Incident Response Plan. The Incident Response Plan provides guidelines for responding to a cybersecurity incident and facilitates coordination between the necessary parties. This includes notification to our senior management, and if material, reported to Board of Directors. We also utilize the services of IT and cybersecurity consultants and experts in the evaluation and periodic testing of our IT and cybersecurity systems to recommend improvements to our Cybersecurity Program. The Company maintains a cybersecurity insurance policy, which includes services of additional third party experts in the event of a cyber incident. The Company has not experienced any material cybersecurity incident, and the Company is not aware of any cybersecurity risks that are reasonably likely to materially affect its business.

The Board has the primary responsibility for overseeing and reviewing the guidelines and policies with respect to risk management, including cybersecurity. The Board receives quarterly updates to the Cybersecurity Program from the Company's management. These updates include the results of the cybersecurity risk assessments, the planning and results of the periodic testing by our third party IT and cybersecurity consultants, updates and enhancements to the Cybersecurity Program and the Incident Response Plan, and reporting of additional cybersecurity data metrics.

**Item 2. Properties**

We do not own any real estate or other physical properties. We maintain our offices at 8333 Douglas Avenue, Suite 1100, Dallas, Texas 75225, where we lease approximately 13,000 square feet of office space pursuant to a lease agreement expiring in September 2035. We believe that our offices are adequate to meet our current and expected future needs.

**Item 3. Legal Proceedings**

We and our subsidiaries may, from time to time, be involved in litigation arising out of our operations in the normal course of business or otherwise. Furthermore, third parties may try to seek to impose liability on us in connection with the activities of our portfolio companies. As of the date hereof, we and our subsidiaries are not a party to, and none of our assets are subject to, any material pending legal proceedings and are not aware of any claims that could have a materially adverse effect on our financial position, results of operations or cash flows.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Market for Registrant’s Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities**
**SENIOR SECURITIES**

Information about our senior securities is shown in the following table for the years ended March 31, 2024, 2023, 2022, 2021, 2020, 2019, 2018 and 2017. The report of RSM US LLP, our independent registered public accountants for the fiscal years ended March 31, 2024, 2023, 2022, 2021, 2020, 2019 and 2018, on the senior securities table as of March 31, 2024, 2023, 2022, 2021, 2020, 2019 and 2018 is attached as an exhibit to this Annual Report on Form 10-K.

Class and Year	Total Amount Outstanding Exclusive of Treasury Securities (1) <small>(dollars in thousands)</small>	Asset Coverage per Unit (2)	Involuntary Liquidating Preference per Unit (3)	Average Market Value per Unit (4)
<b>Corporate Credit Facility</b>				
2024	\$ 265,000	\$ 2,205	—	N/A
2023	235,000	2,125	—	N/A
2022	205,000	1,850	—	N/A
2021	120,000	1,873	—	N/A
2020	154,000	1,889	—	N/A
2019	141,000	2,495	—	N/A
2018	40,000	4,162	—	N/A
2017	25,000	12,403	—	N/A
<b>SPV Credit Facility</b>				
2024	—	\$ —	—	N/A
<b>December 2022 Notes</b>				
2024	\$ —	\$ —	—	N/A
2023	—	—	—	N/A
2022	—	—	—	N/A
2021	—	—	—	N/A
2020	77,136	1,889	—	\$ 22.01
2019	77,136	2,495	—	25.50
2018	57,500	4,162	—	25.40
2017	—	—	—	N/A
<b>October 2024 Notes</b>				
2024	\$ —	\$ —	—	N/A
2023	—	—	—	N/A
2022	—	—	—	N/A
2021	125,000	1,873	—	N/A
2020	75,000	1,889	—	N/A
2019	—	—	—	N/A
2018	—	—	—	N/A
2017	—	—	—	N/A
<b>January 2026 Notes</b>				
2024	\$ 140,000	\$ 2,205	—	N/A
2023	140,000	2,125	—	N/A
2022	140,000	1,850	—	N/A
2021	140,000	1,873	—	N/A

2020		—		—		—		N/A
2019		—		—		—		N/A
2018		—		—		—		N/A
2017		—		—		—		N/A
<b>October 2026 Notes</b>								
2024		\$	150,000	\$	2,205		—	N/A
2023			150,000		2,125		—	N/A
2022			150,000		1,850		—	N/A
<b>August 2028 Notes</b>								
2024		\$	71,875	\$	2,205		— \$	25.83

- (1) Total amount of each class of senior securities outstanding at the end of the period presented.
- (2) Asset coverage per unit is expressed in terms of dollar amounts per \$1,000 of indebtedness. On August 11, 2021, we received an exemptive order from the SEC to permit us to exclude the senior securities issued by SBIC 1 or any future SBIC subsidiary of CSWC from the definition of senior securities in the asset coverage requirement applicable to CSWC under the 1940 Act. The asset coverage ratio for a class of senior securities representing indebtedness is calculated as our consolidated total assets, less all liabilities and indebtedness not represented by senior securities (including the SBA Debentures, which represents indebtedness not represented by senior securities pursuant to our exemptive order), divided by senior securities representing indebtedness. Starting from the year ended March 31, 2024, the Company updated prior year asset coverage per unit values based on this calculation by subtracting SBA Debentures from consolidated total assets.
- (3) The amount to which such class of senior security would be entitled upon the involuntary liquidation of the issuer in preference to any security junior to it. The “—” indicates information which the SEC expressly does not require to be disclosed for certain types of senior securities.
- (4) Average market value per unit for our Corporate Credit Facility, SPV Credit Facility, October 2024 Notes, January 2026 Notes and October 2026 Notes is not applicable because these are not registered for public trading.

## PRICE RANGE OF COMMON STOCK AND HOLDERS

### Market Information

Our common stock is traded on the Nasdaq Global Select Market under the symbol “CSWC.”

The following table sets forth, for each fiscal quarter within the two most recent fiscal years and the current fiscal year to date, the range of high and low selling prices of our common stock as reported on the Nasdaq Global Select Market, as applicable, and the sales price as a percentage of the NAV per share of our common stock.

	NAV (1)	Price Range		Premium (Discount) of High Sales Price to NAV (2)	Premium (Discount) of Low Sales Price to NAV (2)
		High	Low		
<b>Year ending March 31, 2025</b>					
First Quarter (through May 17, 2024)	*	\$ 27.22	\$ 24.08	*	*
<b>Year ended March 31, 2024</b>					
Fourth Quarter	\$ 16.77	\$ 26.17	\$ 23.06	56.05 %	37.51 %
Third Quarter	16.77	24.29	20.72	44.84	23.55
Second Quarter	16.46	23.35	19.59	41.86	19.02
First Quarter	16.38	20.25	17.22	23.63	5.13
<b>Year ended March 31, 2023</b>					
Fourth Quarter	\$ 16.37	\$ 20.20	\$ 16.34	23.40 %	(0.18)%
Third Quarter	16.25	19.72	16.28	21.36	0.18
Second Quarter	16.53	21.23	16.70	28.43	1.03
First Quarter	16.54	24.40	17.79	47.52	7.56

- (1) NAV per share, is determined as of the last day in the relevant quarter and therefore may not reflect the NAV per share on the date of the high and low sales prices. The NAVs shown are based on outstanding shares at the end of each period.
  - (2) Calculated as the respective high or low share price divided by NAV and subtracting 1.
- \* Not determinable at the time of filing.

Our common stock is traded on The Nasdaq Global Select Market under the symbol "CSWC." On May 17, 2024, there were approximately 319 holders of record of our common stock, which did not include shareholders for whom shares are held in "nominee" or "street name."

Shares of BDCs may trade at a market price that is less than the value of the net assets attributable to those shares. The possibility that our shares of common stock will trade at a discount from net asset value per share or at premiums that are unsustainable over the long term are separate and distinct from the risk that our net asset value per share will decrease. It is not possible to predict whether our common stock will trade at, above, or below net asset value per share.

## **DISTRIBUTION POLICY**

We generally intend to make distributions on a quarterly basis to our shareholders of substantially all of our taxable income. In order to avoid certain excise taxes imposed on RICs, we must distribute during each calendar year an amount at least equal to the sum of (1) 98% of our ordinary income for the calendar year, (2) 98.2% of our capital gains in excess of capital losses for the calendar year ended December 31, and (3) any ordinary income and net capital gains for the preceding year that were not distributed during that year. We will not be subject to excise taxes on amounts on which we are required to pay corporate income tax (such as retained net capital gains). In order to obtain the tax benefits applicable to RICs, we will be required to distribute to our shareholders with respect to each taxable year at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses. We may be subject to U.S. federal income tax and a 4% U.S. federal excise tax on any income that we do not timely distribute to our shareholders. Our U.S. federal income tax liability may be reduced to the extent that we make certain distributions during the following calendar year and satisfy other procedural requirements.

We may retain for investment realized net long-term capital gains in excess of realized net short-term capital losses. We may make deemed distributions to our shareholders of any retained net capital gains. If this happens, our shareholders will be treated as if they received an actual distribution of the capital gains we retain and then reinvested the net after-tax proceeds in our common stock. Our shareholders also may be eligible to claim a tax credit (or, in certain circumstances, a tax refund) equal to their allocable share of the tax we paid on the capital gains deemed distributed to them. Please refer to "Business — Material U.S. Federal Income Tax Considerations" included in Item 1 of Part I of this Annual Report for further information regarding the consequences of our retention of net capital gains. We may, in the future, make actual distributions to our shareholders of some or all realized net long-term capital gains in excess of realized net short-term capital losses. Our ability to make distributions in the future may be limited by our Credit Facility, the indentures governing each of our January 2026 Notes and our October 2026 Notes and the 1940 Act. For a more detailed discussion, see "Business — Election to be Regulated as a Business Development Company – Regulation as a Business Development Company," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Note 5" to our consolidated financial statements included in this Annual Report on Form 10-K.

We have adopted a DRIP which provides for reinvestment of our distributions on behalf of our common shareholders if opted into by a common shareholder. See "Business — Dividend Reinvestment Plan" included in Item I of Part I of this Annual Report on Form 10-K.

Shareholders who receive dividends in the form of stock generally are subject to the same federal, state and local tax consequences as are shareholders who elect to receive their dividends in cash. A shareholder's basis for determining gain or loss upon the sale of stock received in a dividend from us will be equal to the total dollar amount of the dividend payable to the shareholder. Any stock received in a dividend will have a holding period for tax purposes commencing on the day following the day on which the shares are credited to the U.S. shareholder's account.

## FEES AND EXPENSES

The following table is intended to assist you in understanding the costs and expenses you will bear directly or indirectly. We caution you that some of the percentages indicated in the table below are estimates and may vary. Except where the context suggests otherwise, whenever there is a reference to fees or expenses paid by “you,” “us” or “CSWC,” or that “we” will pay fees or expenses, you will indirectly bear such fees or expenses as investors in us.

<b>Shareholder Transaction Expenses:</b>	
Sales load (as a percentage of offering price)	— % (1)
Offering expenses (as a percentage of offering price)	— % (2)
Dividend reinvestment plan expenses	— % (3)
Total shareholder transaction expenses (as a percentage of offering price)	— %
<b>Annual Expenses (as a percentage of net assets attributable to common stock for the fiscal year ended March 31, 2024):</b>	
Operating expenses	3.19 % (4)
Interest payments on borrowed funds	6.93 % (5)
Income tax provision	0.12 % (6)
Acquired fund fees and expenses	0.66 % (7)
Total annual expenses	10.90 %

- (1) In the event that our securities are sold to or through underwriters, a corresponding prospectus supplement will disclose the applicable sales load.
- (2) In the event that we conduct an offering of our securities, a corresponding prospectus supplement will disclose the estimated offering expenses.
- (3) The expenses of administering our dividend reinvestment plan (“DRIP”) are included in operating expenses. The DRIP does not allow shareholders to sell shares through the DRIP. If a shareholder wishes to sell shares they would be required to select a broker of their choice and pay any fees or other costs associated with the sale.
- (4) Operating expenses in this table represent the estimated annual operating expenses of CSWC and its consolidated subsidiaries based on actual operating expenses for the year ended March 31, 2024. We do not have an investment adviser and are internally managed by our executive officers under the supervision of our Board of Directors. As a result, we do not pay investment advisory fees, but instead we pay the operating costs associated with employing investment management professionals including, without limitation, compensation expenses related to salaries, discretionary bonuses and restricted stock grants.
- (5) Interest payments on borrowed funds represents our (a) estimated annual interest payments based on actual interest rate terms under our credit facilities, with available commitments of \$460 million under the Company’s senior secured revolving credit facility (the “Corporate Credit Facility”) and initial commitments of \$150 million under the Company’s special purpose vehicle financing credit facility (the “SPV Credit Facility”), and our anticipated drawdowns from our credit facilities, (b) our actual interest rate terms under the SBA Debentures and our anticipated drawdowns of the SBA Debentures, and (c) the 4.50% Notes due 2026 (the “January 2026 Notes”), the 3.375% Notes due 2026 (the “October 2026 Notes”) and the 7.75% Notes due 2028 (the “August 2028 Notes”). As of March 31, 2024, we had \$265.0 million outstanding under our Corporate Credit Facility, \$153.0 million outstanding under the SBA Debentures, \$140.0 million in aggregate principal of our January 2026 Notes outstanding, \$150.0 million in aggregate principal of our October 2026 Notes outstanding and \$71.9 million in aggregate principal of the August 2028 Notes outstanding. As of March 31, 2024, we had no borrowings outstanding under the SPV Credit Facility. Any future issuances of debt securities will be made at the discretion of management and our board of directors after evaluating the investment opportunities and economic situation of the Company and the market as a whole.
- (6) Income tax provision relates to the accrual of (a) deferred and current tax provision (benefit) for U.S. federal income taxes and (b) excise, state and other taxes. Deferred taxes are non-cash in nature and may vary significantly from period to period. We are required to include deferred taxes in calculating our annual expenses even though deferred taxes are not currently payable or receivable. Income tax provision represents the estimated annual income tax expense of CSWC and its consolidated subsidiaries based on actual income tax expense for the year ended March 31, 2024.
- (7) Acquired fund fees and expenses represent the estimated indirect expense incurred due to our investment in I-45 SLF LLC, a joint venture with Main Street Capital Corporation, based upon the actual amount incurred for the fiscal year ended March 31, 2024. During the fiscal year ended March 31, 2024, the board of managers of I-45 SLF LLC approved the dissolution and liquidation of I-45 SLF LLC and the wind up of its affairs.

### Example

The following example demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common stock. In calculating the following expense amounts, we have assumed we would have no additional leverage and that our annual operating expenses would remain at the levels set forth in the table above.

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a \$1,000 investment, assuming 5.0% annual return	\$ 109	\$ 309	\$ 485	\$ 842

**The example and the expenses in the table above should not be considered a representation of our future expenses, and actual expenses may be greater or less than those shown.** While the example assumes, as required by the SEC, a 5.0% annual return, our performance will vary and may result in a return greater or less than 5.0%. In addition, while the example assumes reinvestment of all dividends at NAV, participants in our DRIP will receive a number of shares of our common stock, determined by dividing the total dollar amount of the dividend payable to a participant by the average purchase price of all shares of common stock purchased by the administrator of the DRIP in the event that shares are purchased in the open market to satisfy the share requirements of the DRIP, which may be at, above or below NAV. See "Business - Dividend Reinvestment Plan" included in Item I of Part I of this Annual Report on Form 10-K for additional information regarding our DRIP.

## RECENT SALES OF UNREGISTERED EQUITY SECURITIES

We did not sell any securities during the period covered by this Annual Report that were not registered under the Securities Act of 1933, as amended.

## ISSUER PURCHASES OF EQUITY SECURITIES

On July 28, 2021, the Company's Board of Directors approved a share repurchase program authorizing the Company to repurchase up to \$20 million of its outstanding shares of common stock in the open market at certain thresholds below its NAV per share, in accordance with guidelines specified in Rules 10b5-1(c)(1)(i)(B) and 10b-18 under the Exchange Act. 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 year ended March 31, 2024, the Company did not repurchase any shares under the share repurchase program.

The following table provides information regarding purchases of our common stock during the year ended March 31, 2024.

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs (2)
April 1 through April 30, 2023	—	\$ —	—	\$ —
May 1 through May 31, 2023	—	—	—	—
June 1 through June 30, 2023 (1)	46,581	19.86	—	—
July 1 through July 31, 2023	—	—	—	—
August 1 through August 31, 2023	—	—	—	—
September 1 through September 30, 2023	—	—	—	—
October 1 through October 31, 2023	—	—	—	—
November 1 through November 30, 2023 (1)	6,216	22.17	—	—
December 1 through December 31, 2023	—	—	—	—
January 1 through January 31, 2024	—	—	—	—
February 1 through February 29, 2024	—	—	—	—
March 1 through March 31, 2024	—	—	—	—
<b>Total</b>	<b>52,797</b>	<b>\$ 20.13</b>	<b>—</b>	<b>\$ —</b>

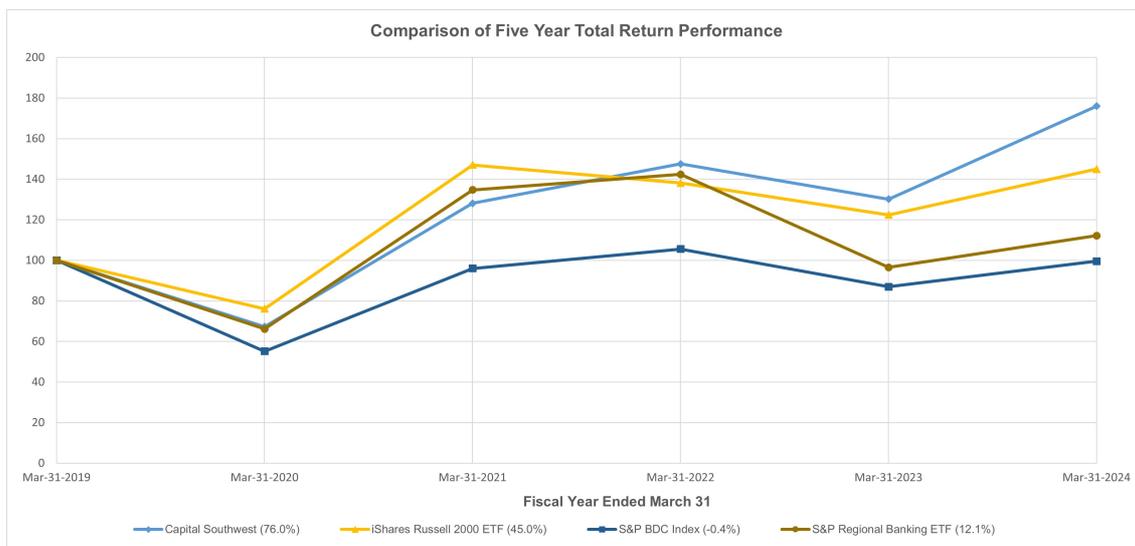
(1) Represents shares of common stock withheld upon vesting of restricted stock to cover withholding tax obligations.

(2) On July 28, 2021, the Company's Board of Directors approved a share repurchase program authorizing the Company to repurchase up to \$20 million of its outstanding shares of common stock in the open market at certain thresholds below its NAV per share, in accordance with guidelines specified in Rules 10b5-1(c)(1)(i)(B) and 10b-18 under the Exchange Act. On August 31, 2021, the Company entered into a share repurchase agreement, which became effective immediately, and the Company shall 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 year ended March 31, 2024, the Company did not repurchase any shares under the share repurchase program. As of March 31, 2024, the Company has \$20 million available under the share repurchase program.

### Performance Graph

The following graph compares our cumulative total shareholder return during the last five years (based on the market price of our common stock and assuming reinvestment of all dividends, prior to any tax effect) with the Russell 2000 ETF, the S&P BDC Index and the S&P Regional Banking ETF. The graph assumes initial investment of \$100 on March 31, 2019 and reinvestment of dividends. The graph measures total shareholder return, which takes into account both changes in stock price and distributions. It assumes that distributions paid are invested in like securities.



The graph and other information furnished under this Part II Item 5 of this Annual Report on Form 10-K shall not be deemed to be "soliciting material" or to be filed with the SEC or subject to Regulation 14A or 14C, or to the liabilities of Section 18 of the Exchange Act. The stock price performance included in the above graph is not necessarily indicative of future stock performance.

**Item 6. [Reserved]**

## **Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

*The following discussion should be read in conjunction with our consolidated financial statements and the notes thereto included elsewhere in this Annual Report on Form 10-K. Statements we make in the following discussion which express a belief, expectation or intention, as well as those that are not historical fact, are forward-looking statements that are subject to risks, uncertainties and assumptions. Our actual results, performance or achievements, or industry results, could differ materially from those we express in the following discussion as a result of a variety of factors, including the risks and uncertainties we have referred to under the headings "Cautionary Statement Concerning Forward-Looking Statements" and "Risk Factors" in Part I of this report.*

### **OVERVIEW**

We are an internally managed closed-end, non-diversified management investment company that has elected to be regulated as a BDC under the 1940 Act. We specialize in providing customized debt and equity financing to LMM companies in a broad range of investment segments located primarily in the United States. Our investment objective is to produce attractive risk-adjusted returns by generating current income from our debt investments and capital appreciation from our equity and equity related investments. Our investment strategy is to partner with business owners, management teams and financial sponsors to provide flexible financing solutions to fund growth, changes of control, or other corporate events. We invest primarily in senior debt securities, secured by security interests in portfolio company assets. We also may invest in equity interests in our portfolio companies alongside our debt securities.

We focus on investing in companies with histories of generating revenues and positive cash flow, established market positions and proven management teams with strong operating discipline. We primarily target senior debt and equity investments in LMM companies. Our target companies typically have annual EBITDA between \$3.0 million and \$25.0 million, and our investments generally range in size from \$5.0 million to \$35.0 million.

We seek to fill the financing gap for LMM companies, which, historically, have had more limited access to financing from commercial banks and other traditional sources. The underserved nature of the LMM creates the opportunity for us to meet the financing needs of LMM companies while also negotiating favorable transaction terms and equity participations. Our ability to invest across a LMM company's capital structure, from secured loans to equity securities, allows us to offer portfolio companies a comprehensive suite of financing options. Providing customized financing solutions is important to LMM companies. We generally seek to partner directly with financial sponsors, entrepreneurs, management teams and business owners in making our investments. Our LMM debt investments typically include senior loans with a first lien on the assets of the portfolio company. Our LMM debt investments typically have a term of up to five years from the original investment date. We also often seek to invest in the equity securities of our LMM portfolio companies.

Because we are internally managed, we do not pay any external investment advisory fees, but instead directly incur the operating costs associated with employing investment and portfolio management professionals. We believe that our internally managed structure provides us with a beneficial operating expense structure when compared to other publicly traded and privately held investment firms that are externally managed, and our internally managed structure allows us the opportunity to leverage our non-interest operating expenses as we grow our investment portfolio. For the years ended March 31, 2024, 2023, and 2022, the ratio of our last twelve months ("LTM") operating expenses, excluding interest expense, as a percentage of our LTM average total assets was 1.72%, 1.91%, and 2.20%, respectively.

### **CRITICAL ACCOUNTING POLICIES AND USE OF ESTIMATES**

The preparation of our consolidated financial statements in accordance with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses for the periods covered by the consolidated financial statements. We have identified investment valuation and revenue recognition as our most critical accounting estimates. On an on-going basis, we evaluate our estimates, including those related to the matters below. These estimates are based on the information that is currently available to us and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ materially from those estimates under different assumptions or conditions. A discussion of our critical accounting policies follows.

#### **Valuation of Investments**

The most significant determination inherent in the preparation of our consolidated financial statements is the valuation of our investment portfolio and the related amounts of unrealized appreciation and depreciation. As of March 31, 2024 and March 31, 2023, our investment portfolio at fair value represented approximately 94.8% and 95.9% of our total assets, respectively. We are required to report our investments at fair value. We follow the provisions of ASC 820. ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and enhances disclosure requirements for fair value measurements. ASC 820 requires us to assume that the portfolio investment is to be sold in the principal market to independent market participants, which may be a hypothetical market. See Note 4 — Fair Value Measurements in the notes to consolidated financial statements for a detailed discussion of our investment portfolio valuation process and procedures.

Due to the inherent uncertainty in the valuation process, our determination of fair value for our investment portfolio may differ materially from the values that would have been determined had a ready market for the securities actually existed. In addition, changes in the market environment, portfolio company performance, and other events may occur over the lives of the investments that may cause the gains or losses ultimately realized on these investments to be materially different than the valuations currently assigned. We determine the fair value of each individual investment and record changes in fair value as unrealized appreciation or depreciation.

As of March 31, 2023, our Board of Directors was responsible for determining, in good faith, the fair value for our investment portfolio and our valuation procedures, consistent with 1940 Act requirements. Beginning as of the fiscal quarter ended June 30, 2023, pursuant to Rule 2a-5 under the 1940 Act, the Board of Directors designated a Valuation Committee comprised of certain officers of the Company as its valuation designee to determine the fair value of the Company's investments that do not have readily available market quotations, subject to the oversight of the Board of Directors. Our Valuation Committee and the Board of Directors believe that our investment portfolio as of March 31, 2024 and March 31, 2023, respectively, reflects the fair value as of those dates based on the markets in which we operate and other conditions in existence on those reporting dates.

## **Revenue Recognition**

### *Interest and Dividend Income*

Interest and dividend income is recorded on an accrual basis to the extent amounts are expected to be collected. Dividend income is recognized on the date dividends are declared by the portfolio company or at the point an obligation exists for the portfolio company to make a distribution. Discounts/premiums received to par on loans purchased are capitalized and accreted or amortized into income over the life of the loan using the effective interest method. In accordance with our valuation policy, accrued interest and dividend income is evaluated quarterly for collectability. When we do not expect the debtor to be able to service all of its debt or other obligations, we will generally establish a reserve against interest income receivable, thereby placing the loan or debt security on non-accrual status, and cease to recognize interest income on that loan or debt security until the borrower has demonstrated the ability and intent to pay contractual amounts due. If a loan or debt security's status significantly improves regarding its ability to service debt or other obligations, it will be restored to accrual basis. As of March 31, 2024, investments on non-accrual status represented approximately 2.3% of our total investment portfolio's fair value and approximately 3.9% of its cost. As of March 31, 2023, investments on non-accrual status represented approximately 0.3% of our total investment portfolio's fair value and approximately 1.3% of its cost.

## **Recently Issued Accounting Standards**

In June 2022, the FASB issued Accounting Standards Update ("ASU") 2022-03, "Fair Value Measurement (Topic 820) - Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions" ("ASC 820"), which was issued to (1) clarify the guidance in ASC 820 when measuring the fair value of an equity security subject to contractual restrictions that prohibit the sale of an equity security, (2) amend a related illustrative example, and (3) introduce new disclosure requirements for equity securities subject to contractual sale restrictions that are measured at fair value in accordance with ASC 820. The new guidance is effective for interim and annual periods beginning after December 15, 2023. The Company adopted the guidance during the year ended March 31, 2024 and its adoption did not have a material impact on its consolidated financial statements or its disclosures.

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures," which was issued to enhance the transparency and decision usefulness of income tax disclosures, including an annual requirement to (1) disclose specific categories in the rate reconciliation and (2) provide additional information for reconciling items that meet a quantitative threshold. The new guidance is effective for annual periods beginning after December

15, 2024. The Company is currently evaluating the impact of the new standard on the Company's consolidated financial statements and related disclosures and does not believe it will have a material impact on its consolidated financial statements or its disclosure.

## INVESTMENT PORTFOLIO COMPOSITION

The total value of our investment portfolio was \$1,476.6 million as of March 31, 2024, as compared to \$1,206.4 million as of March 31, 2023. As of March 31, 2024, we had investments in 116 portfolio companies with an aggregate cost of \$1,476.7 million. As of March 31, 2023, we had investments in 86 portfolio companies with an aggregate cost of \$1,220.2 million. These balances are inclusive of our investment in I-45 SLF as of March 31, 2023. During the quarter ended March 31, 2024, the board of managers of I-45 SLF approved the dissolution and liquidation of I-45 SLF and the wind up of its affairs. See Note 13 - Related Party Transactions for more information.

As of March 31, 2024 and March 31, 2023, approximately \$1,310.0 million, or 97.4%, and \$1,002.9 million, or 96.7%, respectively, of our debt investment portfolio (at fair value) bore interest at floating rates, of which 96.5% and 100.0%, respectively, were subject to contractual minimum interest rates. As of March 31, 2024 and March 31, 2023, the weighted average contractual minimum interest rate is 1.28% and 1.15%, respectively. As of March 31, 2024 and March 31, 2023, approximately \$34.5 million, or 2.6%, and \$34.7 million, or 3.3%, respectively, of our debt investment portfolio (at fair value) bore interest at fixed rates.

The following tables provide a summary of our investments in portfolio companies as of March 31, 2024 and March 31, 2023 (excluding our investment in I-45 SLF (as defined below):

	March 31, 2024	March 31, 2023
	(dollars in thousands)	
Number of portfolio companies (a)	116	85
Fair value	\$ 1,476,561	\$ 1,155,132
Cost	\$ 1,476,703	\$ 1,139,352
% of portfolio at fair value - debt	91.1 %	89.8 %
% of portfolio at fair value - equity	8.9 %	10.2 %
% of investments at fair value secured by first lien	88.7 %	86.7 %
Weighted average annual effective yield on debt investments (b)	13.3 %	12.8 %
Weighted average annual effective yield on total investments (c)	12.7 %	12.1 %
Weighted average EBITDA (d)	\$ 22,988	\$ 21,049
Weighted average leverage through CSWC security (e)	3.6x	4.0x

(a) At March 31, 2024 and March 31, 2023, we had equity ownership in approximately 56.0% and 62.4%, respectively, of our investments.

(b) The weighted average annual effective yield of debt investments is not the same as a return on investment for CSWC's shareholders, but rather relates to CSWC's investment portfolio and is calculated before the payment of all of CSWC's and subsidiaries' fees and expenses. 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 and March 31, 2023, respectively, including accretion of original issue discount but excluding fees payable upon repayment of the debt instruments. As of March 31, 2024, investments on non-accrual status represented approximately 2.3% of our total investment portfolio's fair value and approximately 3.9% of its cost. As of March 31, 2023, investments on non-accrual status represented approximately 0.3% of our total investment portfolio's fair value and approximately 1.3% of its cost. Weighted average annual effective yield is not a return to shareholders and is higher than what an investor in shares in our common stock will realize on its investment because it does not reflect our expenses or any sales load paid by an investor.

(c) The weighted average annual effective yield of total investments is not the same as a return on investment for CSWC's shareholders, but rather relates to CSWC's investment portfolio and is calculated before the payment of all of CSWC's and subsidiaries' fees and expenses. 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.

(d) Includes CSWC debt investments only. Weighted average EBITDA metric is calculated using investment cost basis weighting. For the year ended March 31, 2024, 12 portfolio companies are excluded from this calculation due to a reported debt to adjusted EBITDA ratio that was not meaningful. For the year ended March 31, 2023, nine portfolio companies are excluded from this calculation due to a reported debt to adjusted EBITDA ratio that was not meaningful.

(e) Includes CSWC debt investments only. Calculated as the amount of each portfolio company's debt (including CSWC's position and debt senior or pari passu to CSWC's position, but excluding debt subordinated to CSWC's position) in the capital structure divided by each portfolio company's adjusted EBITDA. Weighted average leverage is calculated using investment cost basis weighting. Management

uses this metric as a guide to evaluate relative risk of its position in each portfolio debt investment. For the year ended March 31, 2024, 12 portfolio companies are excluded from this calculation due to a reported debt to adjusted EBITDA ratio that was not meaningful. For the year ended March 31, 2023, nine portfolio companies are excluded from this calculation due to a reported debt to adjusted EBITDA ratio that was not meaningful.

### Portfolio Asset Quality

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, including each investment's expected level of returns and the collectability of our debt investments, comparisons to competitors and other industry participants and the portfolio company's future outlook. The ratings are not intended to reflect the performance or expected level of returns of our equity investments.

- Investment Rating 1 represents the least amount of risk in our portfolio. The investment is performing materially above underwriting expectations and the trends and risk factors are generally favorable. The investment generally has a higher probability of being prepaid in part or in full.
- Investment Rating 2 indicates the investment is performing as expected at the time of underwriting and the trends and risk factors are generally favorable to neutral. All new loans are initially rated 2.
- Investment Rating 3 involves an investment performing below underwriting expectations and the trends and risk factors are generally neutral to negative. The investment may be out of compliance with financial covenants and interest payments may be impaired, however principal payments are generally not past due.
- Investment Rating 4 indicates that the investment is performing materially below underwriting expectations, the trends and risk factors are generally negative and the risk of the investment has increased substantially. Interest and principal payments on our investment are likely to be impaired.

We continue to observe supply chain disruptions, labor and resource shortages, commodity inflation, elements of financial market instability (including elevated interest rates and volatility in the banking systems, particularly with small and regional banks), an uncertain economic outlook for the United States (which may include a recession), and elements of geopolitical instability (including the ongoing war in Ukraine, conflict in the Middle East, and U.S. and China relations). In the event that the U.S. economy enters into a protracted recession, it is possible that the results of certain U.S. middle market companies could experience deterioration. We are closely monitoring the effect of such market volatility may have on our portfolio companies and our investment activities, and we have also increased oversight of credits in vulnerable industries to mitigate any decline in loan performance and reduce credit risk.

The following table shows the distribution of our debt portfolio investments on the 1 to 4 investment rating scale at fair value as of March 31, 2024 and March 31, 2023:

Investment Rating	As of March 31, 2024	
	Debt Investments at Fair Value	Percentage of Debt Portfolio
	(dollars in thousands)	
1	\$ 197,212	14.7 %
2	1,075,717	80.0
3	68,690	5.1
4	2,940	0.2
Total	<u>\$ 1,344,559</u>	<u>100.0 %</u>

Investment Rating	As of March 31, 2023	
	Debt Investments at Fair Value	Percentage of Debt Portfolio
	(dollars in thousands)	
1	\$ 153,118	14.8 %
2	839,456	80.9
3	44,726	4.3
4	295	0.0
Total	<u>\$ 1,037,595</u>	<u>100.0 %</u>

Interest and dividend income is recorded on an accrual basis to the extent amounts are expected to be collected. When we do not expect the debtor to be able to service all of its debt or other obligations, we will generally establish a reserve against interest income receivable, thereby placing the loan or debt security on non-accrual status, and cease to recognize interest income on that loan or debt security until the borrower has demonstrated the ability and intent to pay contractual amounts due.

As of March 31, 2024, investments on non-accrual status represented approximately 2.3% of our total investment portfolio's fair value and approximately 3.9% of its cost. As of March 31, 2023, investments on non-accrual status represented approximately 0.3% of our total investment portfolio's fair value and approximately 1.3% of its cost.

#### Investment Activity

During the year ended March 31, 2024, we made debt investments totaling \$403.4 million and equity investments totaling \$16.6 million. We received contractual principal repayments totaling approximately \$52.5 million and full prepayments of approximately \$99.9 million. We funded \$39.9 million on revolving loans and received \$27.3 million in repayments on revolving loans. In addition, we received proceeds from sales of debt and equity investments totaling \$18.0 million.

During the quarter ended March 31, 2024, the board of managers of I-45 SLF LLC ("I-45 SLF"), the joint venture between CSWC and Main Street Capital Corporation ("Main Street"), approved the dissolution and liquidation of I-45 SLF and the wind up of its affairs, including distributing all of the assets to CSWC and Main Street in accordance with their respective residual percentage. In connection with the paydown of I-45 SLF's credit facility, the members of I-45 SLF made additional capital commitments totaling \$47.0 million, of which \$37.6 million was contributed by us. We received return of capital distributions totaling \$13.6 million, of which \$0.8 million is receivable as of March 31, 2024. We also received distributions-in-kind of investments from I-45 SLF totaling \$78.9 million, of which \$6.4 million remains receivable as of March 31, 2024. On January 24, 2024, I-45 SLF paid down the full outstanding balance and terminated its credit facility.

During the year ended March 31, 2023, we made debt investments totaling \$374.6 million and equity investments totaling \$13.5 million. We also funded \$4.8 million on our existing equity commitment to I-45 SLF. We received contractual principal repayments totaling approximately \$29.4 million and full prepayments of approximately \$89.7 million. We funded \$40.3 million on revolving loans and received \$22.1 million in repayments on revolving loans. In addition, we received proceeds from sales of debt and equity investments totaling \$3.4 million.

Total portfolio investment activity for the year ended March 31, 2024 and 2023 was as follows (dollars in thousands):

Year ended March 31, 2024	First Lien Loans	Second Lien Loans	Subordinated Debt	Preferred & Common Equity	I-45 SLF LLC	Total
Fair value, beginning of period	\$ 1,000,984	\$ 35,820	\$ 791	\$ 117,537	\$ 51,256	\$ 1,206,388
New investments	443,326	—	—	16,560	37,600	497,486
Proceeds from sales of investments	(13,875)	—	—	(4,131)	—	(18,006)
Proceeds from return of capital	—	—	—	—	(13,645)	(13,645)
Principal repayments received	(176,763)	(2,913)	(19)	—	—	(179,695)
Distributions-in-kind <sup>1</sup>	71,919	—	562	—	(78,891)	(6,410)
Conversion/exchange of security <sup>2</sup>	(6,961)	—	—	6,961	—	—
PIK interest earned	10,845	356	33	—	—	11,234
Accretion of loan discounts	4,994	169	—	—	—	5,163
Realized (loss) gain	(22,674)	3	—	(1,859)	(15,047)	(39,577)
Unrealized gain (loss)	(2,346)	339	(31)	(3,066)	18,727	13,623
Fair value, end of period	\$ 1,309,449	\$ 33,774	\$ 1,336	\$ 132,002	\$ —	\$ 1,476,561

<sup>1</sup> In connection with the dissolution and liquidation of I-45 SLF, the Company received distributions-in-kind of investments, of which \$6.4 million remains receivable as of March 31, 2024.

<sup>2</sup> Includes \$3.8 million of cost basis allocated from first lien debt to warrants.

Year ended March 31, 2023	First Lien Loans	Second Lien Loans	Subordinated Debt	Preferred & Common Equity	I-45 SLF LLC	Total
Fair value, beginning of period	\$ 739,872	\$ 52,645	\$ 1,317	\$ 85,177	\$ 57,603	\$ 936,614
New investments	411,745	2,735	385	13,535	4,800	433,200
Proceeds from sales of investments	—	(692)	—	(2,664)	—	(3,356)
Principal repayments received	(128,932)	(12,310)	—	—	—	(141,242)
Conversion of security	(13,715)	—	(587)	14,302	—	—
PIK interest earned	5,577	314	74	—	—	5,965
Accretion of loan discounts	3,587	255	—	—	—	3,842
Realized (loss) gain	(4,957)	(2,239)	(104)	(9,260)	—	(16,560)
Unrealized (loss) gain	(12,193)	(4,888)	(294)	16,447	(11,147)	(12,075)
Fair value, end of period	\$ 1,000,984	\$ 35,820	\$ 791	\$ 117,537	\$ 51,256	\$ 1,206,388

## RESULTS OF OPERATIONS

The composite measure of our financial performance in the Consolidated Statements of Operations is captioned “Net increase in net assets from operations” and consists of four elements. The first is “Net investment income,” which is the difference between income from interest, dividends and fees and our combined operating and interest expenses, net of applicable income taxes. The second element is “Net realized (loss) gain on investments, net of tax,” which is the difference between the proceeds received from the disposition of portfolio securities and their stated cost. The third element is the “Net unrealized (depreciation) appreciation on investments, net of tax,” which is the net change in the market or fair value of our investment portfolio, compared with the stated cost. The “Net realized (loss) gain on investments before income tax” and “Net unrealized appreciation (depreciation) on investments, net of tax” are directly related in that when an appreciated portfolio security is sold to realize a gain, a corresponding decrease in net unrealized appreciation occurs by transferring the gain associated with the transaction from being “unrealized” to being “realized.” Conversely, when a loss is realized on a depreciated portfolio security, an increase in net unrealized appreciation occurs. The fourth element is the “Realized loss on extinguishment of debt”, which is the acceleration of unamortized deferred fees associated with amendments to the Corporate Credit Facility (as defined below) that trigger a debt extinguishment or, in relation to notes payable, the difference between the principal amount due at maturity adjusted for any unamortized debt issuance costs and any “make-whole” premium payable at the time of the debt extinguishment.

Set forth below is a comparison of the results of operations for the years ended March 31, 2024 and 2023. For the comparison of the results of operations for the years ended March 31, 2023 and 2022, see the Company's Annual Report on Form 10-K for the year ended March 31, 2023, which was filed with the SEC on May 23, 2023, located within Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, which is incorporated by reference herein.

### Comparison of year ended March 31, 2024 and March 31, 2023

	Years Ended March 31,		Net Change	
	2024	2023	Amount	%
	(in thousands)			
Total investment income	\$ 178,135	\$ 119,300	\$ 58,835	49.3 %
Interest expense	(43,088)	(28,873)	(14,215)	49.2 %
Other operating expenses	(24,098)	(21,387)	(2,711)	12.7 %
Income before taxes	110,949	69,040	41,909	60.7 %
Income tax provision (benefit)	944	329	615	186.9 %
Net investment income	110,005	68,711	41,294	60.1 %
Net realized (loss) gain on investments, net of tax	(39,895)	(17,029)	(22,866)	134.3 %
Net unrealized appreciation (depreciation) on investments, net of tax	13,640	(18,589)	32,229	173.4 %
Realized loss on extinguishment of debt	(361)	—	(361)	100.0 %
Net increase in net assets from operations	\$ 83,389	\$ 33,093	\$ 50,296	152.0 %

### Investment Income

Total investment income for the year ended March 31, 2024 was approximately \$178.1 million, a \$58.8 million, or 49.3%, increase as compared to the year ended March 31, 2023. Investment income primarily consists of interest income, dividend income, fee income and other income for each applicable period.

The following table summarizes the components of investment income for the years ended March 31, 2024 and 2023:

	Years Ended March 31,	
	2024	2023
Interest income	\$ 145,815	\$ 95,798
PIK interest income	9,766	5,442
Amortization of purchase discounts and fees	5,165	3,842
Dividend income	11,746	9,302
Fee income	5,098	4,795
Other investment income	545	121
<b>Total investment income</b>	<b>\$ 178,135</b>	<b>\$ 119,300</b>

Interest income (including PIK interest income and amortization of purchase discounts and fees) for the year ended March 31, 2024 totaled \$160.7 million as compared to \$105.1 million for the year ended March 31, 2023. The increase was primarily due to a 29.0% increase in the average monthly cost basis of debt investments held by us from \$922.2 million to \$1,189.2 million year-over-year and an increase in weighted average yield on debt investments from 12.8% to 13.3% year-over-year primarily due to an increase in benchmark interest rates. Dividend income for the year ended March 31, 2024 increased \$2.4 million as compared to the year ended March 31, 2023 primarily due to an increase in distributions received from our equity investments.

### ***Operating Expenses***

Due to the nature of our business, the majority of our operating expenses are related to interest and fees on our borrowings, employee compensation (including both cash and share-based compensation) and general and administrative expenses.

#### *Interest and Fees on our Borrowings*

For the year ended March 31, 2024, our total interest expense was \$43.1 million, an increase of \$14.2 million, as compared to the total interest expense of \$28.9 million for the year ended March 31, 2023. The increase was primarily attributable to an increase in average borrowings outstanding and an increase in the weighted average interest rate on our total debt from 4.32% to 5.45% for the year ended March 31, 2023 and March 31, 2024, respectively. The increase in the weighted average interest rate was primarily due to an increase to the base rate on our Corporate Credit Facility and the issuance of the August 2028 Notes.

#### *Salaries, General and Administrative Expenses*

For the year ended March 31, 2024, our total employee compensation expense (including both cash and share-based compensation) increased by \$1.6 million, or 11.6%, as compared to the total employee compensation expense for the year ended March 31, 2023. The increase was primarily due to an increase in headcount year over year. For the year ended March 31, 2024, our total general and administrative expense was \$8.9 million, an increase of \$1.1 million, or 14.6%, as compared to the total general and administrative expense of \$7.8 million for the year ended March 31, 2023. The increase was primarily attributable to an increase in costs associated with holding a special meeting of shareholders, an increase in insurance costs and an increase in expenses related to the Company's new office space.

### ***Net Investment Income***

For the year ended March 31, 2024, income before taxes increased by \$41.9 million, or 60.7%. Net investment income increased from the prior year period by \$41.3 million, or 60.1%, to \$110.0 million as a result of a \$58.8 million increase in total investment income, partially offset by a \$14.2 million increase in interest expense and a \$0.6 million increase in income tax provision.

### ***Net Realized Gains (Losses) on Investments***

The following table provides a summary of the primary components of the total net realized loss on investments of \$39.9 million for the year ended March 31, 2024:

	Year Ended March 31, 2024				
	Full Exits Net Gain (Loss)	Partial Exits Net Gain (Loss)	Restructuring Net Gain (Loss)	Other (1) Net Gain (Loss)	Total Net Gain (Loss)
Debt	\$ (9,868)	\$ 861	\$ (13,998)	\$ 260	\$ (22,745)
Equity	1,858	—	(3,615)	(346)	(2,103)
I-45 SLF LLC	(15,047)	—	—	—	(15,047)
Total net realized (loss) gain	<u>\$ (23,057)</u>	<u>\$ 861</u>	<u>\$ (17,613)</u>	<u>\$ (86)</u>	<u>\$ (39,895)</u>

(1) Included in other is a \$0.3 million income tax provision related to realized gains on equity investments, as well as realized gains and losses from transactions, which are not considered to be significant individually or in the aggregate.

The following table provides a summary of the primary components of the total net realized loss on investments of \$17.0 million for the year ended March 31, 2023:

	Year Ended March 31, 2023				
	Full Exits Net Gain (Loss)	Partial Exits Net Gain (Loss)	Restructuring Net Gain (Loss)	Other (1) Net Gain (Loss)	Total Net Gain (Loss)
Debt	\$ (1,220)	\$ 420	\$ (6,983)	\$ 302	\$ (7,481)
Equity	853	—	(10,107)	(294)	(9,548)
Total net realized (loss) gain	<u>\$ (367)</u>	<u>\$ 420</u>	<u>\$ (17,090)</u>	<u>\$ 8</u>	<u>\$ (17,029)</u>

(1) Included in other is a \$0.1 million income tax provision related to realized gains on equity investments, as well as realized gains and losses from transactions, which are not considered to be significant individually or in the aggregate.

### Net Unrealized Gains (Losses) on Investments

The following table provides a summary of the total net unrealized appreciation on investments of \$13.6 million for the year ended March 31, 2024 (amounts in thousands):

	Years Ended March 31, 2024			
	Debt	Equity	I-45 SLF LLC	Total
Accounting reversals of net unrealized (appreciation) depreciation recognized in prior periods due to net realized (gains) losses recognized during the current period	\$ 23,148	\$ 1,988	\$ 15,783	\$ 40,919
Net unrealized (depreciation) appreciation relating to portfolio investments	(25,185)	(5,038) <sup>1</sup>	2,944	(27,279)
Total net unrealized appreciation (depreciation) on investments	<u>\$ (2,037)</u>	<u>\$ (3,050)</u>	<u>\$ 18,727</u>	<u>\$ 13,640</u>

<sup>1</sup> Includes a deferred tax benefit of \$17.0 thousand associated with the Taxable Subsidiary.

The following table provides a summary of the total net unrealized depreciation on investments of \$18.6 million for the year ended March 31, 2023 (amounts in thousands):

	Years Ended March 31, 2023			
	Debt	Equity	I-45 SLF LLC	Total
Accounting reversals of net unrealized depreciation (appreciation) recognized in prior periods due to net realized losses (gains) recognized during the current period	\$ (2,009)	\$ (1,257)	\$ —	\$ (3,266)
Net unrealized (depreciation) appreciation relating to portfolio investments	(15,366)	11,190 <sup>1</sup>	(11,147)	(15,323)
Total net unrealized (depreciation) appreciation on investments	<u>\$ (17,375)</u>	<u>\$ 9,933</u>	<u>\$ (11,147)</u>	<u>\$ (18,589)</u>

<sup>1</sup> Includes a deferred tax provision of \$6.5 million associated with the Taxable Subsidiary.

***Realized Losses on Extinguishment of Debt***

During the year ended March 31, 2024, we recognized a loss on extinguishment of debt of \$0.4 million due to two non-extending lenders in connection with an amendment to the credit agreement relating to the Corporate Credit Facility on August 2, 2023. During the year ended March 31, 2023, we did not recognize any loss on extinguishment of debt.

## FINANCIAL LIQUIDITY AND CAPITAL RESOURCES

Our liquidity and capital resources are generated primarily from cash flows from operations, the net proceeds of public offerings of debt and equity securities, advances from our credit facilities and our continued access to the debentures guaranteed by the Small Business Administration (the "SBA Debentures"). Management believes that the Company's cash and cash equivalents, cash available from investments, and commitments under our credit facilities are adequate to meet its needs for the next twelve months. We anticipate that we will continue to fund our investment activities through existing cash and cash equivalents, cash flows generated through our ongoing operating activities, utilization of available borrowings under our credit facilities and future issuances of debt and equity on terms we believe are favorable to the Company and our shareholders (including our Equity ATM Program, as described below). Our primary uses of funds will be investments in portfolio companies and operating expenses. Due to the diverse capital sources available to us at this time, we believe we have adequate liquidity to support our near-term capital requirements. We continually evaluate our overall liquidity position and take proactive steps to maintain that position based on the current circumstances. This "Financial Liquidity and Capital Resources" section should be read in conjunction with the notes of our consolidated financial statements.

In accordance with the 1940 Act, effective April 25, 2019, the Company is only allowed to borrow amounts such that its asset coverage (i.e., the ratio of assets less liabilities not represented by senior securities to senior securities such as borrowings), calculated pursuant to the 1940 Act, is at least 150% after such borrowing. The Board of Directors also approved a resolution that limits the Company's issuance of senior securities such that the asset coverage ratio, taking into account any such issuance, would not be less than 166%, which became effective April 25, 2019. On August 11, 2021, we received an exemptive order from SEC to permit us to exclude the senior securities issued by SBIC I or any future SBIC subsidiary of the Company from the definition of senior securities in the asset coverage requirement applicable to the Company under the 1940 Act. As of March 31, 2024, the Company's asset coverage was 221%.

### *Cash Flows*

For the year ended March 31, 2024, we experienced a net increase in cash and cash equivalents in the amount of \$10.7 million. During the foregoing period, our operating activities used \$188.5 million in cash, consisting primarily of new portfolio investments of \$497.5 million, partially offset by \$191.4 million from sales and repayments received from debt investments in portfolio companies, \$12.8 million from a return of capital relating to our investment in I-45 SLF and \$4.1 million from sales and return of capital relating to our equity investments in portfolio companies. In addition, our financing activities provided cash of \$199.2 million, consisting primarily of net proceeds from the Equity ATM Program of \$181.5 million, net proceeds from the issuance of the August 2028 Notes (as defined below) of \$69.7 million, net proceeds from the issuance of SBA Debentures of \$32.2 million and net borrowings on our Corporate Credit Facility of \$30.0 million, partially offset by cash dividends paid in the amount of \$102.9 million. At March 31, 2024, the Company had cash and cash equivalents of approximately \$32.3 million.

For the year ended March 31, 2023, we experienced a net increase in cash and cash equivalents in the amount of \$10.2 million. During that period, our operating activities used \$227.1 million in cash, consisting primarily of new portfolio investments of \$433.2 million, partially offset by \$139.1 million from sales and repayments received from debt investments in portfolio companies and \$2.7 million from sales and return of capital relating to our equity investments in portfolio companies. In addition, our financing activities provided cash of \$237.5 million, consisting primarily of net proceeds from the Equity ATM Program of \$158.9 million, net proceeds from an underwritten equity offering of \$44.1 million, net proceeds from the issuance of SBA debentures of \$78.1 million and net borrowings on our Corporate Credit Facility of \$30.0 million, partially offset by cash dividends paid in the amount of \$71.1 million. At March 31, 2023, the Company had cash and cash equivalents of approximately \$21.6 million.

### *Capital Resources*

As of March 31, 2024, we had \$32.3 million in cash and cash equivalents and \$344.2 million of unused capacity under the Corporate Credit Facility and the SPV Credit Facility that we maintain to support our investment and operating activities.

### *Credit Facilities*

As of March 31, 2024, we had \$265.0 million outstanding and \$194.2 million of undrawn commitments under the Corporate Credit Facility, and no borrowings outstanding and \$150.0 million of undrawn commitments under the SPV Credit Facility. Availability under the credit facilities is subject to certain leverage and borrowing base limitations, various covenants, reporting requirements and other customary requirements for similar credit facilities. For more information on our credit

facilities, including material terms and financial covenants, refer to Note 5. Borrowings included in Item 8. Consolidated Financial Statements and Supplementary Data of this Annual Report on Form 10-K.

#### *Unsecured Notes*

In December 2020, the Company issued \$75.0 million in aggregate principal amount of 4.50% Notes due 2026 (the "January 2026 Notes"). In February 2021, the Company issued an additional \$65.0 million in aggregate principal amount of the January 2026 Notes. The outstanding aggregate principal amount of January 2026 Notes was \$140.0 million as of both March 31, 2024 and 2023.

In August 2021, the Company issued \$100.0 million in aggregate principal amount of 3.375% Notes due 2026 (the "October 2026 Notes"). In November 2021, the Company issued an additional \$50.0 million in aggregate principal amount of the October 2026 Notes. The outstanding aggregate principal amount of October 2026 Notes was \$150.0 million as of both March 31, 2024 and 2023.

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 outstanding aggregate principal amount of August 2028 Notes was \$71.9 million as of March 31, 2024 and \$0 as of March 31, 2023.

For more information on each of the January 2026 Notes, the October 2026 Notes, and the August 2028 Notes, including material terms, refer to Note 5. Borrowings included in Item 8. Consolidated Financial Statements and Supplementary Data of this Annual Report on Form 10-K.

#### *SBA Debentures*

On April 20, 2021, SBIC I received a license from the SBA to operate as an SBIC under Section 301(c) of the Small Business Investment Act of 1958, as amended. The license allows SBIC I to obtain leverage by issuing SBA Debentures, subject to the issuance of a leverage commitment by the SBA. Current SBA regulations permit SBIC I to borrow up to \$175 million in SBA Debentures with at least \$87.5 million in regulatory capital (as defined in the SBA regulations). As of March 31, 2024, SBIC I had a total leverage commitment from the SBA in the amount of \$175.0 million, of which \$153.0 million is outstanding. SBA Debentures have interest payable semi-annually and a ten-year maturity. The interest rate is fixed shortly after issuance at a market-drive spread over U.S. Treasury Notes with ten-year maturities. Interest on SBA Debentures is payable semi-annually on March 1 and September 1. The first maturity related to the SBA Debentures occurs in September 2031.

For more information on the SBA Debentures, refer to Note 5. Borrowings included in Item 8. Consolidated Financial Statements and Supplementary Data of this Annual Report on Form 10-K.

#### *Equity Capital Activities*

##### *Equity ATM Program*

On March 4, 2019, the Company established 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 \$50.0 million. On February 4, 2020, the Company (i) increased the maximum amount of shares of its common stock to be sold through the Equity ATM Program to \$100.0 million from \$50.0 million and (ii) added two additional sales agents to the Equity ATM Program. On May 26, 2021, the Company (i) increased the maximum amount of shares of its common stock to be sold through the Equity ATM Program to \$250.0 million from \$100.0 million and (ii) reduced the commission paid to the sales agents for the Equity ATM Program to 1.5% from 2.0% of the gross sales price of shares of the Company's common stock sold through the sales agents pursuant to the Equity ATM Program on and after May 26, 2021. On August 2, 2022, the Company increased the maximum amount of shares of its common stock to be sold through the Equity ATM Program to \$650.0 million from \$250.0 million.

The following table summarizes certain information relating to shares sold under the Equity ATM Program:

	Years Ended March 31,			
	2024			2023
Number of shares sold		8,733,315		8,435,462
Gross proceeds received (in thousands)	\$	184,217	\$	161,216
Net proceeds received (in thousands) <sup>1</sup>	\$	181,453	\$	158,798
Weighted average price per share	\$	21.09	\$	19.11

<sup>1</sup> Net proceeds reflects proceeds after deducting commissions to the sales agents on shares sold and offering expenses. As of March 31, 2024 and 2023, no amounts remained receivable.

Cumulative to date, the Company has sold 25,346,437 shares of its common stock under the Equity ATM Program at a weighted-average price of \$20.87, raising \$528.9 million of gross proceeds. Net proceeds were \$520.5 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.

#### *Public Equity Offering*

On November 17, 2022, the Company completed an underwritten public equity offering of 2,534,436 shares of common stock, including shares issuable pursuant to the underwriters' option to purchase additional shares, at a public offering price of \$18.15 per share, raising \$46.0 million of gross proceeds. Net proceeds were \$44.1 million after deducting underwriting discounts and offering expenses.

#### *Share Repurchases*

On July 28, 2021, the Board of Directors approved a share repurchase program authorizing the Company to repurchase up to \$20 million of its outstanding shares of common stock in the open market at certain thresholds below its NAV per share, in accordance with guidelines specified in Rules 10b5-1(c)(1)(i)(B) and 10b-18 under the Exchange Act. 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 years ended March 31, 2024 and 2023, the Company did not repurchase any shares under the share repurchase program.

#### *Authorized Shares*

On April 26, 2023, the Board of Directors approved the cancellation of 2,339,512 shares of treasury stock, which increased authorized and unissued shares by the same amount.

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.

### **OFF-BALANCE SHEET ARRANGEMENTS**

We may be a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financial needs of our portfolio companies. These instruments may include commitments to extend credit and fund equity capital and involve, to varying degrees, elements of liquidity and credit risk in excess of the amount recognized in the balance sheet. Because commitments may expire without being drawn upon, the total commitment amount does not necessarily represent future cash requirements. Additionally, our commitment to fund delayed draw term loans generally is triggered upon the satisfaction of certain pre-negotiated terms and conditions, such as meeting certain financial performance hurdles or financial covenants, which may limit a borrower's ability to draw on such delayed draw term loans.

At March 31, 2024 and March 31, 2023, we had a total of approximately \$140.1 million and \$125.2 million, respectively, in currently unfunded commitments (as discussed in Note 11 - Commitments and Contingencies to the Consolidated Financial Statements). As of March 31, 2024, the total unfunded commitments included commitments to issue

letters of credit through a financial intermediary on behalf of certain portfolio companies. As of March 31, 2024, we had \$0.9 million in letters of credit issued and outstanding under these commitments on behalf of the portfolio companies. For the letters of credit issued and outstanding, we would be required to make payments to third parties if the portfolio companies were to default on their related payment obligations. Of these letters of credit, \$0.4 million expire in February 2025, \$0.3 million expire in March 2025, and \$0.2 million expire in April 2025. As of March 31, 2024, none of the letters of credit issued and outstanding were recorded as a liability on the Company's balance sheet as such letters of credit are considered in the valuation of the investments in the portfolio company.

### Contractual Obligations

As shown below, we had the following contractual obligations as of March 31, 2024. For information on our unfunded investment commitments, see Note 11 - Commitments and Contingencies of the Notes to Consolidated Financial Statements.

Contractual Obligations	Payments Due By Period (in thousands)				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Operating lease obligations	\$ 5,792	\$ 416	\$ 862	\$ 903	\$ 3,611
Corporate Credit Facility	265,000	—	—	265,000	—
Interest due on Corporate Credit Facility (1)	84,725	19,523	39,046	26,156	—
January 2026 Notes	140,000	—	140,000	—	—
Interest due on January 2026 Notes	12,600	6,300	6,300	—	—
October 2026 Notes	150,000	—	150,000	—	—
Interest due on October 2026 Notes	15,187	5,062	10,125	—	—
August 2028 Notes	71,875	—	—	71,875	—
Interest due on August 2028 Notes	25,066	5,570	11,141	8,355	—
SBA Debentures	153,000	—	—	—	153,000
Interest due on SBA Debentures (2)	55,240	6,206	12,493	12,510	24,031
	<u>\$ 978,485</u>	<u>\$ 43,077</u>	<u>\$ 369,967</u>	<u>\$ 384,799</u>	<u>\$ 180,642</u>

(1) Amounts include interest payments calculated at an average rate of 7.66% of outstanding borrowings under the Corporate Credit Facility, which were \$265.0 million as of March 31, 2024.

(2) Includes only fixed interest on pooled debt.

### RECENT DEVELOPMENTS

On April 24, 2024, the Board of Directors declared a total dividend of \$0.63 per share, comprised of a regular dividend of \$0.57 and a supplemental dividend of \$0.06, for the quarter ending June 30, 2024. The record date for the dividend is June 14, 2024. The payment date for the dividend is June 28, 2024.

### Item 7A. Quantitative and Qualitative Disclosures about Market Risk

We are subject to market risk. Market risk includes risk that arise from changes in interest rates, commodity prices, equity prices and other market changes that affect market sensitive instruments. The prices of securities held by us may decline in response to certain events, including those directly involving the companies in which we invest; conditions affecting the general economy; overall market changes, including an increase in market volatility; interest rate volatility, including elevated interest rates; inflationary pressures; legislative reform; and local, regional, national or geopolitical, social or economic instability.

#### Interest Rate Risk

We are subject to interest rate risk. Interest rate risk is defined as the sensitivity of our current and future earnings to interest rate volatility, variability of spread relationships, the difference in re-pricing internals between our assets and liabilities and the effect that interest rates may have on our cash flows. Changes in the general level of interest rates can affect our net interest income, which is the difference between the interest income earned on interest earning assets and our interest expense

incurred in connection with our interest-bearing liabilities. Changes in interest rates can also affect, among other things, our ability to acquire and originate loans and securities and the value of our investment portfolio. Our net investment income is affected by fluctuations in various interest rate indices, including SOFR and Prime rates, to the extent our debt investments include floating interest rates. See Item 1A. Risk Factors "We are exposed to risks associated with changes in interest rates" for more information.

Our interest expenses also will be affected by changes in the published SOFR rate in connection with our Credit Facilities. The interest rates on the October 2026 Notes, the January 2026 Notes, the August 2028 Notes and the SBA Debentures are fixed for the life of such debt. Our risk management systems and procedures are designed to identify and analyze our risk, to set appropriate policies and limits and to continually monitor these risks. We regularly assess our interest rate risk and manage our interest rate exposure on an ongoing basis by comparing our interest rate sensitive assets to our interest rate sensitive liabilities. Based on that review, we determine whether or not any hedging transactions are necessary to mitigate exposure to changes in interest rates. As of March 31, 2024, we were not a party to any hedging arrangements.

As of March 31, 2024, approximately 97.4% of our debt investment portfolio (at fair value) bore interest at floating rates, 96.5% of which were subject to contractual minimum interest rates. Our Corporate Credit Facility bears interest on a per annum basis equal to the applicable Adjusted Term SOFR rate plus 2.15%. We pay unused commitment fees of 0.50% to 1.00% per annum, based on utilization. The SPV Credit Facility bears interest at a 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. The following table shows the approximate annualized increase or decrease in net investment income due to hypothetical base rate changes in interest rates (considering interest rate floors for variable rate instruments), assuming no changes in our investments and borrowings as of March 31, 2024.

Basis Point Change	Increase (decrease) in net investment income (in thousands)	Increase (decrease) net investment income per share
(200 bps)	\$ (21,181)	\$ (0.47)
(150 bps)	(15,886)	(0.35)
(100 bps)	(10,591)	(0.24)
(50 bps)	(5,295)	(0.12)
50 bps	5,295	0.12

Although we believe that the foregoing analysis is indicative of our sensitivity to interest rate changes, it does not adjust for potential changes in the credit market, credit quality, size and composition of the assets in our portfolio. It also does not adjust for other business developments, including future borrowings that could affect the net increase in net assets resulting from operations, or net income. It also does not assume any repayments or fees from borrowers. Accordingly, no assurances can be given that actual results would not differ materially from the table above.

Because we currently borrow, and plan to borrow in the future, money to make investments, our net investment income is dependent upon the difference between the rate at which we borrow funds and the rate at which we invest the funds borrowed. Accordingly, there can be no assurance that a significant change in interest rates will not have a material adverse effect on our net investment income. In periods of rising interest rates, our cost of funds would increase, which could reduce our net investment income if there is not a corresponding increase in interest income generated by our investment portfolio.

**Item 8. Consolidated Financial Statements and Supplementary Data**

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## Report of Independent Registered Public Accounting Firm

Shareholders and the Board of Directors of Capital Southwest Corporation and Subsidiaries

### Opinion on the Financial Statements

We have audited the accompanying consolidated statements of assets and liabilities of Capital Southwest Corporation and Subsidiaries (the Company), including the consolidated schedules of investments, as of March 31, 2024 and 2023, the related consolidated statements of operations, changes in net assets, and cash flows for each of the three years in the period ended March 31, 2024, and the related notes to the consolidated financial statements and the Schedule of Investments in and Advances to Affiliates of the Company listed in Schedule 12-14 for the year ended March 31, 2024 (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2024 and 2023, and the results of its operations, changes in net assets, and cash flows for each of the three years in the period ended March 31, 2024, in conformity with accounting principles generally accepted in the United States of America, and in our opinion, the related Schedule of Investments in and Advances to Affiliates, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of March 31, 2024, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013, and our report dated May 21, 2024, expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of March 31, 2024 and 2023, by correspondence with the custodians or the portfolio companies and other appropriate procedures where replies were not received. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

#### *Fair value of investments using significant unobservable inputs*

As discussed in Note 4, at March 31, 2024, the fair value of the Company's investments categorized as Level 3 investments within the fair value hierarchy (Level 3 investments) totaled \$1,476.561 million. Level 3 investments represent investments whose values are based on unobservable inputs that are significant to the overall fair value measurement. Management estimates the fair value of the Company's Level 3 investments by applying the methodologies outlined in Notes 2 and 4 to the financial statements.

We identified the fair value of Level 3 investments, excluding those valued using third party broker quotes as the significant unobservable input, as a critical audit matter because of the management judgment necessary to select the valuation techniques used to estimate the fair value of the Level 3 investments and to estimate the significant unobservable inputs used in those valuation techniques. Auditing the fair value of the Company's Level 3 investments is complex and involved a high degree of auditor judgment and increased audit effort, including the use of valuation specialists, as the valuation techniques, unobservable inputs and assumptions used by management are highly judgmental and changes could have a significant impact on the fair value measurements of such investments.

The audit procedures we performed to address this critical audit matter included the following, among others:

- We obtained an understanding of the relevant controls related to management's valuation of Level 3 fair value measurements, including those related to management's selection of valuation techniques and estimates of significant unobservable inputs, and tested such controls for design and operating effectiveness.
- For a sample of investments, we performed the following procedures, among others:
  - We evaluated the appropriateness of the Company's valuation techniques by reviewing the reasonableness of significant changes in those valuation techniques from the prior year-end, if applicable, and also comparing to those used by market participants.
  - We tested the reasonableness of assumptions used by management to estimate the unobservable inputs, including market yield, financial performance measures, and discount rates, by comparing these inputs to market information obtained from external sources.
- For a sample of investments, we utilized valuation specialists to evaluate of the Company's valuation techniques by comparing them to those used by market participants and testing the reasonableness of the assumptions used by management by comparing them to market data.
- We evaluated the Company's historical ability to estimate fair value by comparing the transaction price of available transactions occurring subsequent to the prior period valuation date against the fair value estimate determined by the Company in the prior period.
- We evaluated subsequent events and other available information and considered whether this information corroborated or contradicted the Company's year-end valuations.

/s/ RSM US LLP

We have served as the Company's auditor since 2017.

Chicago, Illinois  
May 21, 2024

## Report of Independent Registered Public Accounting Firm

Shareholders and the Board of Directors of Capital Southwest Corporation and Subsidiaries

### Opinion on the Internal Control Over Financial Reporting

We have audited Capital Southwest Corporation and Subsidiaries' (the Company) internal control over financial reporting as of March 31, 2024, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2024, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of assets and liabilities, including the consolidated schedules of investments, as of March 31, 2024 and 2023, the related consolidated statements of operations, changes in net assets, and cash flows for each of the three years in the period ended March 31, 2024, and the related notes to the consolidated financial statements (collectively, the financial statements) of the Company and our report dated May 21, 2024 expressed an unqualified opinion.

### Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting in the accompanying Management's Reports on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ RSM US LLP

Chicago, Illinois  
May 21, 2024

**CAPITAL SOUTHWEST CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES**

(In thousands, except shares and per share data)

	March 31, 2024	March 31, 2023
<b>Assets</b>		
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	<u>\$ 1,556,758</u>	<u>\$ 1,257,684</u>
<b>Liabilities</b>		
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	<u>801,082</u>	<u>667,276</u>
<b>Commitments and contingencies (Note 11)</b>		
<b>Net Assets</b>		
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	<u>\$ 1,556,758</u>	<u>\$ 1,257,684</u>
Net asset value per share (45,050,759 shares outstanding at March 31, 2024 and 36,076,425 shares outstanding at March 31, 2023)	<u>\$ 16.77</u>	<u>\$ 16.37</u>

The accompanying Notes are an integral part of these Consolidated Financial Statements.

**CAPITAL SOUTHWEST CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

(In thousands, except shares and per share data)

	Years Ended		
	March 31,		
	2024	2023	2022
<b>Investment income:</b>			
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>
<b>Net investment income</b>	<u>\$ 110,005</u>	<u>\$ 68,711</u>	<u>\$ 42,687</u>
<b>Realized (loss) gain</b>			
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)
<b>Total net realized (loss) gain on investments, net of tax</b>	<u>(39,895)</u>	<u>(17,029)</u>	<u>5,834</u>
<b>Net unrealized appreciation (depreciation) on investments</b>			
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)
<b>Total net unrealized appreciation (depreciation) on investments, net of tax</b>	<u>13,640</u>	<u>(18,589)</u>	<u>11,467</u>
<b>Net realized and unrealized (losses) gains on investments</b>	<u>(26,255)</u>	<u>(35,618)</u>	<u>17,301</u>
<b>Realized loss on extinguishment of debt</b>	(361)	—	(17,087)
<b>Realized loss on disposal of fixed assets</b>	—	—	(86)
<b>Net increase in net assets from operations</b>	<u>\$ 83,389</u>	<u>\$ 33,093</u>	<u>\$ 42,815</u>
<b>Pre-tax net investment income per share - basic and diluted</b>	<u>\$ 2.72</u>	<u>\$ 2.30</u>	<u>\$ 1.90</u>
<b>Net investment income per share – basic and diluted</b>	<u>\$ 2.70</u>	<u>\$ 2.29</u>	<u>\$ 1.87</u>
<b>Net increase in net assets from operations – basic and diluted</b>	<u>\$ 2.05</u>	<u>\$ 1.10</u>	<u>\$ 1.87</u>
<b>Weighted average shares outstanding – basic and diluted</b>	<u>40,727,133</u>	<u>30,015,533</u>	<u>22,839,835</u>

The accompanying Notes are an integral part of these Consolidated Financial Statements.

**CAPITAL SOUTHWEST CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS**

(In thousands, except shares)

	Common Stock		Treasury Stock		Additional Paid-In Capital	Total Distributable Earnings (Loss)	Total Net Asset Value
	Number of Shares	Par Value	Number of Shares	Par Value			
<b>Balances at March 31, 2021</b>	21,005,324	\$ 5,836	2,339,512	\$ (23,937)	\$ 356,447	\$ (2,095)	\$ 336,251
Issuance of common stock	3,872,031	969	—	—	97,138	—	98,107
Share-based compensation	—	—	—	—	3,585	—	3,585
Issuance of common stock under restricted stock plan, net of forfeitures	133,289	33	—	—	(33)	—	—
Common stock withheld for payroll taxes upon vesting of restricted stock	(52,124)	(13)	—	—	(1,395)	—	(1,408)
Dividends to shareholders	—	—	—	—	—	(58,624)	(58,624)
Change in restoration plan liability	—	—	—	—	141	—	141
Reclassification for certain permanent book-to-tax differences	—	—	—	—	(7,648)	7,648	—
Net investment income	—	—	—	—	—	42,687	42,687
Net realized loss on investments, extinguishment of debt and disposal of fixed assets	—	—	—	—	—	(11,339)	(11,339)
Net unrealized appreciation on investments	—	—	—	—	—	11,467	11,467
<b>Balances at March 31, 2022</b>	24,958,520	\$ 6,825	2,339,512	\$ (23,937)	\$ 448,235	\$ (10,256)	\$ 420,867
Issuance of common stock	10,969,898	2,742	—	—	200,039	—	202,781
Share-based compensation	—	—	—	—	3,705	—	3,705
Issuance of common stock under restricted stock plan, net of forfeitures	197,597	49	—	—	(49)	—	—
Common stock withheld for payroll taxes upon vesting of restricted stock	(49,590)	(12)	—	—	(1,009)	—	(1,021)
Dividends to shareholders	—	—	—	—	—	(71,102)	(71,102)
Change in restoration plan liability	—	—	—	—	2,085	—	2,085
Reclassification for certain permanent book-to-tax differences	—	—	—	—	(6,420)	6,420	—
Net investment income	—	—	—	—	—	68,711	68,711
Net realized loss on investments	—	—	—	—	—	(17,029)	(17,029)
Net unrealized depreciation on investments	—	—	—	—	—	(18,589)	(18,589)
<b>Balances at March 31, 2023</b>	36,076,425	\$ 9,604	2,339,512	\$ (23,937)	\$ 646,586	\$ (41,845)	\$ 590,408
Issuance of common stock	8,733,315	2,183	—	—	179,204	—	181,387
Cancellation of treasury shares	—	(585)	(2,339,512)	23,937	(23,352)	—	—
Share-based compensation	—	—	—	—	4,518	—	4,518
Issuance of common stock under restricted stock plan, net of forfeitures	293,816	74	—	—	(74)	—	—
Common stock withheld for payroll taxes upon vesting of restricted stock	(52,797)	(13)	—	—	(1,050)	—	(1,063)
Dividends to shareholders	—	—	—	—	—	(102,925)	(102,925)
Change in restoration plan liability	—	—	—	—	(38)	—	(38)
Reclassification for certain permanent book-to-tax differences	—	—	—	—	(8,849)	8,849	—
Net investment income	—	—	—	—	—	110,005	110,005
Net realized loss on investments and extinguishment of debt	—	—	—	—	—	(40,256)	(40,256)
Net unrealized appreciation on investments	—	—	—	—	—	13,640	13,640
<b>Balances at March 31, 2024</b>	45,050,759	\$ 11,263	—	\$ —	\$ 796,945	\$ (52,532)	\$ 755,676

**CAPITAL SOUTHWEST CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In thousands)

	Years Ended March 31,		
	2024	2023	2022
<b>Cash flows from operating activities</b>			
Net increase in net assets from operations	\$ 83,389	\$ 33,093	\$ 42,815
Adjustments to reconcile net increase in net assets from operations to net cash used in operating activities:			
Purchases and originations of investments	(497,486)	(433,200)	(499,218)
Proceeds from sales and repayments of debt investments in portfolio companies	191,407	139,051	259,158
Proceeds from sales and return of capital of equity investments in portfolio companies	4,131	2,664	11,881
Proceeds from return of capital of investment in I-45 SLF LLC	12,800	—	—
Payment of accreted original issue discounts	2,163	1,570	3,692
Payment of accrued payment-in-kind interest	—	1,313	3,485
Depreciation and amortization	4,304	2,750	2,230
Net pension benefit	(66)	(24)	(132)
Realized loss (gain) on investments before income tax	39,983	17,222	(6,617)
Realized loss on extinguishment of debt	361	—	17,103
Realized loss on disposal of fixed assets	—	—	86
Net unrealized (appreciation) depreciation on investments before income tax	(13,623)	12,075	(13,435)
Accretion of discounts on investments	(5,163)	(3,842)	(3,005)
Payment-in-kind interest	(11,234)	(5,965)	(4,190)
Share-based compensation expense	4,518	3,705	3,585
Deferred income taxes	(119)	6,369	2,402
Changes in other assets and liabilities:			
Increase in dividend and interest receivable	(4,829)	(6,803)	(1,539)
Decrease (increase) in escrow receivables	272	756	(159)
Decrease (increase) in tax receivable	31	(209)	(4)
Decrease (increase) in other receivables	627	1,591	(2,067)
Increase in other assets	(706)	(128)	(3,090)
Increase (decrease) in taxes payable	126	(1,085)	1,191
Increase in other liabilities	618	1,997	3,153
Net cash used in operating activities	<u>(188,496)</u>	<u>(227,100)</u>	<u>(182,675)</u>
<b>Cash flows from investing activities</b>			
Acquisition of fixed assets	(13)	(281)	(1,995)
Net cash used in investing activities	<u>(13)</u>	<u>(281)</u>	<u>(1,995)</u>
<b>Cash flows from financing activities</b>			
Proceeds from common stock offering	181,453	202,956	98,141
Equity offering costs paid	—	(102)	—
Borrowings under credit facility	305,000	185,000	315,000
Repayments of credit facility	(275,000)	(155,000)	(230,000)
Debt issuance costs paid	(10,183)	(1,248)	(3,865)
Proceeds from issuance of SBA Debentures	32,196	78,052	39,026
Proceeds from issuance of October 2026 Notes	—	—	146,414
Proceeds from issuance of August 2028 Notes	69,719	—	—
Redemption of October 2024 Notes	—	—	(125,000)
Payment for debt extinguishment costs	—	—	(15,196)
Dividends to shareholders	(102,925)	(71,102)	(58,624)
Common stock withheld for payroll taxes upon vesting of restricted stock	(1,063)	(1,021)	(1,408)
Net cash provided by financing activities	<u>199,197</u>	<u>237,535</u>	<u>164,488</u>
Net increase in cash and cash equivalents	10,688	10,154	(20,182)
Cash and cash equivalents at beginning of period	21,585	11,431	31,613
Cash and cash equivalents at end of period	<u>\$ 32,273</u>	<u>\$ 21,585</u>	<u>\$ 11,431</u>
<b>Supplemental cash flow disclosures:</b>			
Cash paid for income taxes	\$ 1,176	\$ 1,896	\$ 461
Cash paid for interest	37,753	25,466	18,404
Distributions in kind received	72,481	—	—

The accompanying Notes are an integral part of these Consolidated Financial Statements.

**CAPITAL SOUTHWEST CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**

March 31, 2024

Portfolio Company <sup>1,5,6,7,18,21</sup>	Type of Investment <sup>2</sup>	Current Interest Rate <sup>3</sup>	Acquisition Date <sup>14</sup>	Maturity	Principal	Cost <sup>12,17</sup>	Fair Value <sup>4</sup>
<b>Debt Investments</b>							
<b>Aerospace &amp; Defense</b>							
<b>ADS TACTICAL, INC.</b>	First Lien	SOFR+5.75% (Floor 1.00%/M, Current Coupon 11.19%)	3/5/2024	3/19/2026	\$ 1,625	\$ 1,609	\$ 1,625
<b>EDGE AUTONOMY HOLDINGS, LLC</b>	Revolving Loan <sup>10</sup>	SOFR+7.50% (Floor 2.00%)	4/21/2023	4/21/2028	—	(97)	—
	First Lien - Term Loan A	SOFR+6.50% (Floor 2.00%/Q, Current Coupon 11.98%)	4/21/2023	4/21/2028	11,250	10,959	11,250
	First Lien - Term Loan B	SOFR+8.50% (Floor 2.00%/Q, Current Coupon 13.98%)	4/21/2023	4/21/2028	11,250	10,962	11,250
						21,824	22,500
<b>STELLANT MIDCO, LLC</b>	First Lien	SOFR+5.50% (Floor 0.75%/S, Current Coupon 11.04%)	3/7/2024	10/2/2028	1,794	1,781	1,794
	First Lien	SOFR+5.75% (Floor 0.75%/S, Current Coupon 11.19%)	3/7/2024	10/2/2028	796	781	796
						2,562	2,590
<b>Subtotal: Aerospace &amp; Defense (3.54%)*</b>						25,995	26,715
<b>Business Services</b>							
<b>BURNING GLASS INTERMEDIATE HOLDING COMPANY, INC.</b>	Revolving Loan <sup>10</sup>	SOFR+5.00% (Floor 1.00%)	2/22/2024	6/10/2028	—	(3)	—
	First Lien	SOFR+5.00% (Floor 1.00%/M, Current Coupon 10.43%)	2/22/2024	6/10/2028	2,500	2,471	2,500
						2,468	2,500
<b>C&amp;M CONVEYOR, INC.</b>	First Lien - Term Loan A <sup>15</sup>	SOFR+5.50% (Floor 1.50%/M, Current Coupon 10.94%)	1/3/2023	9/30/2026	6,500	6,406	6,500
	First Lien - Term Loan B <sup>15</sup>	SOFR+7.50% (Floor 1.50%/M, Current Coupon 12.94%)	1/3/2023	9/30/2026	6,500	6,407	6,500
						12,813	13,000
<b>DYNAMIC COMMUNITIES, LLC<sup>6</sup></b>	First Lien - Term Loan A	SOFR+5.50% PIK (Floor 2.00%/M, Current Coupon 10.93%)	12/20/2022	12/31/2026	4,250	4,234	4,249
	First Lien - Term Loan B	SOFR+7.50% PIK (Floor 2.00%/M, Current Coupon 12.93%)	12/20/2022	12/31/2026	4,359	4,336	4,359
						8,570	8,608

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March 31, 2024

Portfolio Company <sup>1,5,6,7,18,21</sup>	Type of Investment <sup>2</sup>	Current Interest Rate <sup>3</sup>	Acquisition Date <sup>14</sup>	Maturity	Principal	Cost <sup>12,17</sup>	Fair Value <sup>4</sup>
<b>FS VECTOR LLC</b>	Revolving Loan <sup>10</sup>	SOFR+7.50% (Floor 2.00%)	4/26/2023	4/26/2028	—	(33)	—
	First Lien - Term Loan A	SOFR+6.50% (Floor 2.00%)/Q, Current Coupon 11.98%	4/26/2023	4/26/2028	9,000	8,845	8,919
	First Lien - Term Loan B	SOFR+8.50% (Floor 2.00%)/Q, Current Coupon 13.98%	4/26/2023	4/26/2028	9,000	8,846	8,919
						17,658	17,838
<b>GAINS INTERMEDIATE, LLC</b>	Revolving Loan <sup>10</sup>	SOFR+7.50% (Floor 2.00%)	12/15/2022	12/15/2027	—	(37)	—
	First Lien - Term Loan A	SOFR+6.50% (Floor 2.00%)/Q, Current Coupon 12.09%	12/15/2022	12/15/2027	7,125	7,012	7,125
	First Lien - Term Loan B	SOFR+8.50% (Floor 2.00%)/Q, Current Coupon 14.09%	12/15/2022	12/15/2027	7,125	7,011	7,125
						13,986	14,250
<b>LIGHTBOX INTERMEDIATE, L.P.</b>	First Lien	SOFR+5.00%/Q, Current Coupon 10.56%	3/4/2024	5/9/2026	5,444	5,419	5,281
<b>MAKO STEEL LP</b>	Revolving Loan <sup>10</sup>	SOFR+7.50% (Floor 0.75%)	3/15/2021	3/13/2026	—	(15)	—
	First Lien	SOFR+7.50% (Floor 0.75%)/Q, Current Coupon 12.98%	3/15/2021	3/13/2026	7,727	7,658	7,727
						7,643	7,727
<b>RESEARCH NOW GROUP, INC.</b>	First Lien	SOFR+5.50% (Floor 1.00%)/Q, Current Coupon 11.07%	3/18/2024	12/20/2024	4,649	4,636	2,804
	Second Lien <sup>16</sup>	SOFR+9.50% (Floor 1.00%)/Q, Current Coupon 15.07%	12/8/2017	12/20/2025	10,500	10,245	2,940
						14,881	5,744
<b>RETAIL SERVICES WIS CORPORATION</b>	First Lien	SOFR+8.35% (Floor 1.00%)/Q, Current Coupon 13.81%	3/7/2024	5/20/2025	2,676	2,658	2,651
<b>SPOTLIGHT AR, LLC</b>	Revolving Loan <sup>10</sup>	SOFR+6.75% (Floor 1.00%)	12/8/2021	6/8/2026	—	(19)	—
	First Lien	SOFR+6.75% (Floor 1.00%)/Q, Current Coupon 12.23%	12/8/2021	6/8/2026	6,637	6,566	6,637
						6,547	6,637

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March 31, 2024

Portfolio Company <sup>1,5,6,7,18,21</sup>	Type of Investment <sup>2</sup>	Current Interest Rate <sup>3</sup>	Acquisition Date <sup>4</sup>	Maturity	Principal	Cost <sup>12,17</sup>	Fair Value <sup>4</sup>
<b>SYSTEC CORPORATION</b>	Revolving Loan	SOFR+7.50% (Floor 1.00%/Q, Current Coupon 12.98% <sup>20</sup> )	8/13/2021	8/13/2025	2,000	1,986	1,984
	First Lien	SOFR+7.50% (Floor 1.00%/Q, Current Coupon 12.98% <sup>20</sup> )	8/13/2021	8/13/2025	8,440	8,375	8,372
						<u>10,361</u>	<u>10,356</u>
<b>US COURTSRIPT HOLDINGS, INC.</b>	First Lien	SOFR+6.00% (Floor 1.00%/Q, Current Coupon 11.59%)	5/17/2022	5/17/2027	14,800	14,589	14,800
<b>WINTER SERVICES OPERATIONS, LLC</b>	Revolving Loan <sup>10</sup>	SOFR+8.00% (Floor 1.00%/Q, Current Coupon 13.58% <sup>20</sup> )	11/19/2021	11/19/2026	3,556	3,447	3,449
	First Lien - Term Loan A	SOFR+7.00% (Floor 1.00%/Q, Current Coupon 12.59% <sup>20</sup> )	1/16/2024	11/19/2026	15,967	15,675	15,488
	First Lien - Term Loan B	SOFR+9.00% (Floor 1.00%/Q, Current Coupon 14.59% <sup>20</sup> )	1/16/2024	11/19/2026	15,967	15,674	15,488
	Delayed Draw Term Loan	SOFR+8.00% (Floor 1.00%/Q, Current Coupon 13.59%)	11/19/2021	11/19/2026	4,133	4,067	4,009
						<u>38,863</u>	<u>38,434</u>
<b>ZENFOLIO INC.</b>	Revolving Loan <sup>10</sup>	SOFR+9.00% (Floor 1.00%/Q, Current Coupon 14.48%)	7/17/2017	12/31/2026	2,000	1,976	1,980
	First Lien	SOFR+9.00% (Floor 1.00%/Q, Current Coupon 14.48% <sup>20</sup> )	7/17/2017	12/31/2026	19,744	19,577	19,547
						<u>21,553</u>	<u>21,527</u>
<b>Subtotal: Business Services (22.41%)*</b>						<u>178,009</u>	<u>169,353</u>
<b>Consumer Products &amp; Retail</b>							
<b>ALLIANCE SPORTS GROUP, L.P.</b>	Unsecured convertible Note	6.00% PIK	7/15/2020	9/30/2024	173	173	173
<b>ATS OPERATING, LLC</b>	Revolving Loan <sup>10</sup>	SOFR+6.50% (Floor 1.00%/Q, Current Coupon 12.09%)	1/18/2022	1/18/2027	500	472	500
	First Lien - Term Loan A	SOFR+5.50% (Floor 1.00%/Q, Current Coupon 11.09%)	1/18/2022	1/18/2027	9,250	9,139	9,250
	First Lien - Term Loan B	SOFR+7.50% (Floor 1.00%/Q, Current Coupon 13.09%)	1/18/2022	1/18/2027	9,250	9,136	9,250
						<u>18,747</u>	<u>19,000</u>

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March 31, 2024

Portfolio Company <sup>1,5,6,7,18,21</sup>	Type of Investment <sup>2</sup>	Current Interest Rate <sup>3</sup>	Acquisition Date <sup>14</sup>	Maturity	Principal	Cost <sup>12,17</sup>	Fair Value <sup>4</sup>
CATBIRD NYC, LLC <sup>6</sup>	Revolving Loan <sup>10</sup>	SOFR+7.00% (Floor 1.00%)	10/15/2021	10/15/2026	—	(41)	—
	First Lien	SOFR+7.00% (Floor 1.00%)/Q, Current Coupon 12.48%	10/15/2021	10/15/2026	15,100	14,926	15,100
						14,885	15,100
HEAT TRAK, LLC	First Lien	SOFR+9.50% (Floor 2.00%)/Q, Current Coupon 14.98%	6/12/2023	6/9/2028	11,500	10,308	11,270
HYBRID APPAREL, LLC	Second Lien <sup>15</sup>	SOFR+8.25% (Floor 1.00%)/Q, Current Coupon 13.84%	6/30/2021	6/30/2026	15,929	15,769	15,929
ISAGENIX INTERNATIONAL, LLC	First Lien	SOFR+5.50% (Floor 1.00%)/S, Current Coupon 11.04%	3/6/2024	4/14/2028	724	724	634
LASH OPCO, LLC	Revolving Loan	SOFR+7.75% (Floor 1.00%)/Q, Current Coupon 13.17% <sup>20</sup>	12/29/2021	9/18/2025	824	814	808
	First Lien	SOFR+2.65%, 5.10% PIK (Floor 1.00%)/Q, Current Coupon 13.16%	12/29/2021	3/18/2026	16,733	16,477	16,399
						17,291	17,207
REVO BRANDS, INC.	Revolving Loan <sup>10</sup>	SOFR+7.50% (Floor 1.50%)	2/21/2024	2/21/2029	—	(137)	—
	First Lien - Term Loan A	SOFR+6.50% (Floor 1.50%)/Q, Current Coupon 11.81%	2/21/2024	2/21/2029	11,167	10,947	10,947
	First Lien - Term Loan B	SOFR+7.50% (Floor 1.50%)/Q, Current Coupon 12.81%	2/21/2024	2/21/2029	11,167	10,947	10,947
	First Lien - Term Loan C	SOFR+8.50% (Floor 1.50%)/Q, Current Coupon 13.81%	2/21/2024	2/21/2029	11,167	10,947	10,947
						32,704	32,841
RTIC SUBSIDIARY HOLDINGS, LLC	Revolving Loan <sup>10</sup>	SOFR+7.75% (Floor 1.25%)/M, Current Coupon 13.17% <sup>20</sup>	9/1/2020	9/1/2025	1,068	1,063	1,060
	First Lien	SOFR+7.75% (Floor 1.25%)/M, Current Coupon 13.18%	9/1/2020	9/1/2025	5,684	5,660	5,639
						6,723	6,699

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March 31, 2024

Portfolio Company <sup>1,5,6,7,18,21</sup>	Type of Investment <sup>2</sup>	Current Interest Rate <sup>3</sup>	Acquisition Date <sup>14</sup>	Maturity	Principal	Cost <sup>12,17</sup>	Fair Value <sup>4</sup>
TRU FRAGRANCE & BEAUTY LLC	Revolving Loan <sup>10</sup>	SOFR+6.25% (Floor 1.50%)/Q, Current Coupon 11.58%	3/22/2024	3/21/2029	100	20	98
	First Lien - Term Loan A	SOFR+5.25% (Floor 1.50%)/Q, Current Coupon 10.58%	3/22/2024	3/21/2029	15,251	14,948	14,948
	First Lien - Term Loan B	SOFR+7.25% (Floor 1.50%)/Q, Current Coupon 12.58%	3/22/2024	3/21/2029	15,251	14,948	14,948
						29,916	29,994
YS GARMENTS, LLC	First Lien	SOFR+7.50% (Floor 1.00%)/Q, Current Coupon 12.92%	3/19/2024	8/9/2026	2,953	2,946	2,401
<b>Subtotal: Consumer Products &amp; Retail (20.01%)*</b>							
						150,186	151,248
<b>Consumer Services</b>							
AIR CONDITIONING SPECIALIST, INC. <sup>6</sup>	Revolving Loan <sup>10</sup>	SOFR+7.25% (Floor 1.00%)/Q, Current Coupon 12.84%	11/9/2021	11/9/2026	825	813	825
	First Lien	SOFR+7.25% (Floor 1.00%)/Q, Current Coupon 12.84%	11/9/2021	11/9/2026	24,407	24,116	24,407
	Delayed Draw Term Loan <sup>10</sup>	SOFR+7.25% (Floor 1.00%)	12/15/2023	11/9/2026	—	—	—
						24,929	25,232
LIFT BRANDS, INC.	Tranche A Term Loan	SOFR+7.50% (Floor 1.00%)/M, Current Coupon 12.93%	2/1/2024	6/29/2025	2,452	2,452	2,403
	Tranche B Term Loan	9.50% PIK	2/1/2024	6/29/2025	661	661	601
	Tranche C Loan	—%	2/1/2024	6/29/2025	565	565	514
						3,678	3,518
NATIONAL CREDIT CARE, LLC	First Lien - Term Loan A	SOFR+6.50% (Floor 1.00%)/Q, Current Coupon 11.93%	12/23/2021	12/23/2026	11,875	11,734	11,875
	First Lien - Term Loan B	SOFR+7.50% (Floor 1.00%)/Q, Current Coupon 12.93%	12/23/2021	12/23/2026	11,875	11,732	5,106
						23,466	16,981

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Portfolio Company <sup>1,5,6,7,18,21</sup>	Type of Investment <sup>2</sup>	Current Interest Rate <sup>3</sup>	Acquisition Date <sup>4</sup>	Maturity	Principal	Cost <sup>12,17</sup>	Fair Value <sup>4</sup>
<b>POOL SERVICE HOLDINGS, LLC<sup>6</sup></b>	Revolving Loan	SOFR+6.50% (Floor 2.00%/Q, Current Coupon 11.82% <sup>20</sup> )	12/20/2023	12/20/2028	1,000	981	980
	First Lien	SOFR+6.50% (Floor 2.00%/Q, Current Coupon 11.83%)	12/20/2023	12/20/2028	5,000	4,904	4,900
	Delayed Draw Term Loan <sup>10</sup>	SOFR+6.50% (Floor 2.00%/Q, Current Coupon 11.81%)	12/20/2023	12/20/2028	600	517	588
						<u>6,402</u>	<u>6,468</u>
<b>ROOF OPCO, LLC</b>	Revolving Loan <sup>10</sup>	SOFR+7.50% (Floor 1.00%)	8/27/2021	8/27/2026	—	(29)	—
	First Lien - Term Loan A	SOFR+6.50% (Floor 1.00%/Q, Current Coupon 12.09%)	8/27/2021	8/27/2026	13,261	13,079	12,638
	First Lien - Term Loan B	SOFR+8.50% (Floor 1.00%/Q, Current Coupon 14.09%)	4/12/2023	8/27/2026	13,261	13,079	12,638
						<u>26,129</u>	<u>25,276</u>
<b>TMT BHC BUYER, INC.</b>	Revolving Loan <sup>10</sup>	SOFR+6.00% (Floor 1.50%)	3/7/2024	3/7/2029	—	(99)	—
	First Lien	SOFR+6.00% (Floor 1.50%/Q, Current Coupon 11.33%)	3/7/2024	3/7/2029	10,000	9,802	9,802
	Delayed Draw Term Loan <sup>10</sup>	SOFR+6.00% (Floor 1.50%)	3/7/2024	3/7/2029	—	(49)	—
						<u>9,654</u>	<u>9,802</u>
<b>ZIPS CAR WASH, LLC</b>	Delayed Draw Term Loan - A	SOFR+7.25% (Floor 1.00%/M, Current Coupon 12.68%)	2/11/2022	12/31/2024	15,719	15,519	15,656
	Delayed Draw Term Loan - B	SOFR+7.25% (Floor 1.00%/M, Current Coupon 12.68% <sup>20</sup> )	2/11/2022	12/31/2024	3,940	3,891	3,924
						<u>19,410</u>	<u>19,580</u>
<b>Subtotal: Consumer Services (14.14%)*</b>						<u>113,668</u>	<u>106,857</u>
<b>Containers &amp; Packaging</b>							
<b>LLFLEX, LLC</b>	First Lien <sup>15</sup>	SOFR+9.00%, 0.50% PIK (Floor 1.00%/Q, Current Coupon 14.98%)	8/16/2021	8/14/2026	10,795	10,662	9,176
<b>Subtotal: Containers &amp; Packaging (1.21%)*</b>						<u>10,662</u>	<u>9,176</u>

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Portfolio Company <sup>1,5,6,7,18,21</sup>	Type of Investment <sup>2</sup>	Current Interest Rate <sup>3</sup>	Acquisition Date <sup>4</sup>	Maturity	Principal	Cost <sup>12,17</sup>	Fair Value <sup>4</sup>
<b>Distribution</b>							
KMS, INC.	First Lien <sup>15</sup>	SOFR+9.25% (Floor 1.00%/Q, Current Coupon 14.70%)	10/4/2021	10/2/2026	17,856	17,720	15,892
<b>Subtotal: Distribution (2.10%)*</b>						17,720	15,892
<b>Education</b>							
STUDENT RESOURCE CENTER LLC <sup>6</sup>	First Lien <sup>16</sup>	8.50% PIK	12/31/2022	12/30/2027	9,644	9,503	3,376
WALL STREET PREP, INC.	Revolving Loan <sup>10</sup>	SOFR+7.00% (Floor 1.00%)	7/19/2021	7/20/2026	—	(9)	—
	First Lien	SOFR+7.00% (Floor 1.00%/Q, Current Coupon 12.48%)	7/19/2021	7/20/2026	9,239	9,142	9,239
<b>Subtotal: Education (1.67%)*</b>						9,133	9,239
<b>Subtotal: Education (1.67%)*</b>						18,636	12,615
<b>Energy Services (Midstream)</b>							
ACE GATHERING, INC.	Second Lien <sup>15</sup>	SOFR+8.00% (Floor 2.00%/M, Current Coupon 13.59%)	12/13/2018	12/14/2026	4,793	4,749	4,793
PIPELINE TECHNIQUE LTD. <sup>9,22</sup>	Revolving Loan <sup>10</sup>	SOFR+7.25% (Floor 1.00%/Q, Current Coupon 12.77% <sup>20</sup> )	8/23/2022	8/19/2027	1,056	1,010	1,056
	First Lien	SOFR+7.25% (Floor 1.00%/Q, Current Coupon 12.84%)	8/23/2022	8/19/2027	7,583	7,473	7,583
<b>Subtotal: Energy Services (Midstream) (1.78%)*</b>						8,483	8,639
<b>Subtotal: Energy Services (Midstream) (1.78%)*</b>						13,232	13,432
<b>Energy Services (Upstream)</b>							
WELL-FOAM, INC.	Revolving Loan <sup>10</sup>	SOFR+8.00% (Floor 1.00%)	9/9/2021	9/9/2026	—	(46)	—
	First Lien	SOFR+8.00% (Floor 1.00%/Q, Current Coupon 13.48%)	9/9/2021	9/9/2026	12,541	12,401	12,541
<b>Subtotal: Energy Services (Upstream) (1.66%)*</b>						12,355	12,541
<b>Subtotal: Energy Services (Upstream) (1.66%)*</b>						12,355	12,541
<b>Environmental Services</b>							
ARBORWORKS, LLC <sup>6</sup>	Revolving Loan <sup>10</sup>	15.00% PIK	11/6/2023	11/6/2028	1,569	1,569	1,569
	First Lien	SOFR+6.50% PIK (Floor 1.00%/Q, Current Coupon 11.94%)	11/6/2023	11/6/2028	3,123	3,123	3,123
<b>Subtotal: Environmental Services</b>						4,692	4,692

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Portfolio Company <sup>1,5,6,7,18,21</sup>	Type of Investment <sup>2</sup>	Current Interest Rate <sup>3</sup>	Acquisition Date <sup>14</sup>	Maturity	Principal	Cost <sup>12,17</sup>	Fair Value <sup>4</sup>
<b>ISLAND PUMP AND TANK, LLC</b>	Revolving Loan <sup>10</sup>	SOFR+7.00% (Floor 2.00%)	3/2/2023	8/3/2026	—	(20)	—
	First Lien - Term Loan A	SOFR+6.00% (Floor 2.00%)/Q Current Coupon 11.59% <sup>20</sup>	2/23/2024	8/3/2026	12,000	11,797	12,000
	First Lien - Term Loan B	SOFR+7.00% (Floor 2.00%)/Q Current Coupon 12.59% <sup>20</sup>	2/23/2024	8/3/2026	12,000	11,797	12,000
	First Lien - Term Loan C	SOFR+8.00% (Floor 2.00%)/Q Current Coupon 13.59% <sup>20</sup>	2/23/2024	8/3/2026	12,000	11,796	12,000
						<u>35,370</u>	<u>36,000</u>
<b>LIGHTING RETROFIT INTERNATIONAL, LLC<sup>6</sup></b>	Revolving Loan <sup>10</sup>	7.50%	12/31/2021	12/31/2025	729	729	714
	First Lien	7.50%	12/31/2021	12/31/2025	5,091	5,091	4,984
	Second Lien <sup>16</sup>	10.00% PIK	12/31/2021	12/31/2026	5,208	5,208	4,917
						<u>11,028</u>	<u>10,615</u>
<b>VEREGY CONSOLIDATED, INC.</b>	First Lien	SOFR+6.00% (Floor 1.00%)/Q Current Coupon 11.57%	2/29/2024	11/3/2027	1,546	1,544	1,515
<b>Subtotal: Environmental Services (6.99%)*</b>						<u>52,634</u>	<u>52,822</u>
<b>Financial Services</b>							
<b>JACKSON HEWITT TAX SERVICE, INC.</b>	First Lien	SOFR+8.50% (Floor 2.50%)/Q Current Coupon 13.83%	9/14/2023	9/14/2028	10,000	9,862	9,850
<b>NINJATRADER, INC.</b>	Revolving Loan <sup>10</sup>	SOFR+7.00% (Floor 1.00%)	12/18/2019	12/18/2026	—	(3)	—
	First Lien	SOFR+7.00% (Floor 1.00%)/Q Current Coupon 12.48%	12/18/2019	12/18/2026	34,698	34,278	34,698
						<u>34,275</u>	<u>34,698</u>
<b>VIDA CAPITAL, INC.</b>	First Lien	SOFR+6.00%/M, Current Coupon 11.44%	3/15/2024	10/1/2026	2,362	2,342	2,065
<b>Subtotal: Financial Services (6.17%)*</b>						<u>46,479</u>	<u>46,613</u>
<b>Food, Agriculture &amp; Beverage</b>							
<b>AMERICAN NUTS OPERATIONS LLC</b>	First Lien - Term Loan A <sup>16</sup>	SOFR+8.75%, 1.00% PIK (Floor 1.00%)/Q Current Coupon 15.23%	3/11/2022	4/10/2026	12,944	12,903	10,356
	First Lien - Term Loan B <sup>16</sup>	SOFR+10.75%, 1.00% PIK (Floor 1.00%)/Q Current Coupon 17.23%	3/11/2022	4/10/2026	12,106	12,057	7,276
						<u>24,960</u>	<u>17,632</u>

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Portfolio Company <sup>1,5,6,7,18,21</sup>	Type of Investment <sup>2</sup>	Current Interest Rate <sup>3</sup>	Acquisition Date <sup>14</sup>	Maturity	Principal	Cost <sup>12,17</sup>	Fair Value <sup>4</sup>
<b>FOOD PHARMA SUBSIDIARY HOLDINGS, LLC</b>	First Lien	SOFR+6.50% (Floor 1.00%/M, Current Coupon 11.93%)	6/1/2021	6/1/2026	7,030	6,930	7,030
<b>GULF PACIFIC ACQUISITION, LLC</b>	Revolving Loan <sup>10</sup>	SOFR+6.00% (Floor 1.00%/Q, Current Coupon 11.46% <sup>20</sup> )	9/30/2022	9/29/2028	454	439	436
	First Lien	SOFR+6.00% (Floor 1.00%/Q, Current Coupon 11.45%)	9/30/2022	9/29/2028	3,606	3,547	3,461
	Delayed Draw Term Loan <sup>10</sup>	SOFR+6.00% (Floor 1.00%/Q, Current Coupon 11.48%)	9/30/2022	9/29/2028	300	286	288
						4,272	4,185
<b>INW MANUFACTURING, LLC</b>	First Lien	SOFR+5.75% (Floor 0.75%/Q, Current Coupon 11.31%)	3/6/2024	3/25/2027	2,100	2,062	1,681
<b>MAMMOTH BORROWCO, INC.</b>	Revolving Loan <sup>10</sup>	SOFR+6.25% (Floor 1.50%/Q, Current Coupon 11.57% <sup>20</sup> )	11/30/2023	11/30/2028	1,800	1,713	1,755
	First Lien - Term Loan A	SOFR+5.25% (Floor 1.50%/Q, Current Coupon 10.59%)	11/30/2023	11/30/2028	10,750	10,495	10,481
	First Lien - Term Loan B	SOFR+7.25% (Floor 1.50%/Q, Current Coupon 12.59%)	11/30/2023	11/30/2028	10,750	10,495	10,481
	Delayed Draw Term Loan <sup>10</sup>	SOFR+6.25% (Floor 1.50%/Q, Current Coupon 11.58% <sup>20</sup> )	11/30/2023	11/30/2028	1,550	1,497	1,511
						24,200	24,228
<b>MUENSTER MILLING COMPANY, LLC</b>	Revolving Loan	SOFR+8.00% (Floor 1.00%)	8/10/2021	8/10/2026	—	(47)	—
	First Lien	SOFR+8.00% (Floor 1.00%/Q, Current Coupon 13.48%)	8/10/2021	8/10/2026	21,800	21,536	21,364
						21,489	21,364
<b>NEW SKINNY MIXES, LLC</b>	Revolving Loan <sup>10</sup>	SOFR+8.00% (Floor 2.00%/Q, Current Coupon 13.53%)	12/21/2022	12/21/2027	500	440	500
	First Lien	SOFR+8.00% (Floor 2.00%/Q, Current Coupon 13.53%)	12/21/2022	12/21/2027	13,000	12,791	13,000
	Delayed Draw Term Loan <sup>10</sup>	SOFR+8.00% (Floor 2.00%)	12/21/2022	12/21/2027	—	(23)	—
						13,208	13,500
<b>Subtotal: Food, Agriculture &amp; Beverage (11.86%)*</b>						97,121	89,620

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Portfolio Company <sup>1,5,6,7,18,21</sup>	Type of Investment <sup>2</sup>	Current Interest Rate <sup>3</sup>	Acquisition Date <sup>14</sup>	Maturity	Principal	Cost <sup>12,17</sup>	Fair Value <sup>4</sup>
<b>Healthcare Products</b>							
<b>COMMAND GROUP ACQUISITION, LLC<sup>6</sup></b>	First Lien	SOFR+8.00% (Floor 2.00%/Q, Current Coupon 13.31%)	2/15/2024	2/15/2029	6,000	5,882	5,882
<b>LGM PHARMA, LLC</b>	Revolving Loan <sup>10</sup>	SOFR+8.00% (Floor 1.00%)	11/28/2023	11/20/2026	—	(26)	—
	First Lien - Term Loan A	SOFR+7.00% (Floor 1.00%/M, Current Coupon 12.43%)	11/28/2023	11/20/2026	4,872	4,834	4,872
	First Lien - Term Loan B	SOFR+9.00% (Floor 1.00%/M, Current Coupon 14.43%)	11/28/2023	11/20/2026	4,872	4,834	4,872
	First Lien	SOFR+8.00% (Floor 1.00%/M, Current Coupon 13.43%)	11/28/2023	11/20/2026	4,988	4,897	4,987
	Delayed Draw Term Loan	SOFR+8.00% (Floor 1.00%/M, Current Coupon 13.43%)	3/16/2018	11/20/2026	4,269	4,223	4,269
	Unsecured convertible note <sup>9,13</sup>	25.00% PIK	12/21/2021	12/31/2024	144	144	136
						<u>18,906</u>	<u>19,136</u>
<b>LIGHTNING INTERMEDIATE II, LLC</b>	Revolving Loan <sup>10</sup>	SOFR+6.50% (Floor 1.00%)	6/6/2022	6/7/2027	—	(23)	—
	First Lien	SOFR+6.50% (Floor 1.00%/S, Current Coupon 11.93%)	6/6/2022	6/7/2027	22,135	21,826	21,029
						<u>21,803</u>	<u>21,029</u>
<b>LKC TECHNOLOGIES, INC.</b>	Revolving Loan <sup>10</sup>	SOFR+7.00% (Floor 2.00%)	6/7/2023	6/7/2028	—	(33)	—
	First Lien	SOFR+7.00% (Floor 2.00%/Q, Current Coupon 12.59%)	6/7/2023	6/7/2028	5,917	5,813	5,917
						<u>5,780</u>	<u>5,917</u>
<b>MICROBE FORMULAS LLC</b>	Revolving Loan <sup>10</sup>	SOFR+6.00% (Floor 1.00%)	4/4/2022	4/3/2028	—	(22)	—
	First Lien	SOFR+6.00% (Floor 1.00%/M, Current Coupon 11.43%)	4/4/2022	4/3/2028	10,016	9,873	10,016
						<u>9,851</u>	<u>10,016</u>
<b>SCRIP INC.</b>	First Lien	SOFR+8.00% (Floor 2.00%/M, Current Coupon 13.45%)	3/21/2019	3/19/2027	16,583	16,505	16,416
<b>Subtotal: Healthcare Products (10.37%)*</b>						<u>78,727</u>	<u>78,396</u>

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Portfolio Company <sup>1,5,6,7,18,21</sup>	Type of Investment <sup>2</sup>	Current Interest Rate <sup>3</sup>	Acquisition Date <sup>4</sup>	Maturity	Principal	Cost <sup>12,17</sup>	Fair Value <sup>4</sup>
<b>Healthcare Services</b>							
AAC NEW HOLDCO INC.	First Lien	18.00% PIK	12/11/2020	6/25/2025	14,364	14,364	14,206
	Delayed Draw Term Loan	18.00% PIK	1/31/2023	6/25/2025	433	430	428
						14,794	14,634
CAVALIER BUYER, INC.	Revolving Loan <sup>10</sup>	SOFR+8.00% (Floor 2.00%)	2/10/2023	2/10/2028	—	(31)	—
	First Lien	SOFR+8.00% (Floor 2.00%)/Q, Current Coupon 13.45%	2/10/2023	2/10/2028	6,500	6,392	6,500
						6,361	6,500
CDC DENTAL MANAGEMENT CO., LLC	Revolving Loan <sup>10</sup>	SOFR+8.00% (Floor 2.00%)	10/31/2023	10/31/2028	—	(37)	—
	First Lien - Term Loan A	SOFR+7.00% (Floor 2.00%)/Q, Current Coupon 12.33%	10/31/2023	10/31/2028	5,500	5,397	5,390
	First Lien - Term Loan B	SOFR+9.00% (Floor 2.00%)/Q, Current Coupon 14.33%	10/31/2023	10/31/2028	5,500	5,396	5,390
						10,756	10,780
CENTRAL MEDICAL SUPPLY LLC <sup>6</sup>	Revolving Loan <sup>10</sup>	SOFR+9.00% (Floor 1.75%)/Q, Current Coupon 14.46% <sup>20</sup>	5/22/2020	5/22/2025	700	693	700
	First Lien	SOFR+9.00% (Floor 1.75%)/Q, Current Coupon 14.48%	5/22/2020	5/22/2025	7,540	7,500	7,540
	Delayed Draw Capex Term Loan <sup>10</sup>	SOFR+9.00% (Floor 1.75%)/Q, Current Coupon 14.48%	5/22/2020	5/22/2025	101	94	101
						8,287	8,341
CITYVET, INC.	First Lien	SOFR+7.00% (Floor 2.00%)/Q, Current Coupon 12.43%	9/6/2023	9/6/2028	15,000	14,725	15,000
	Delayed Draw Term Loan <sup>10</sup>	SOFR+7.00% (Floor 2.00%)	9/6/2023	9/6/2028	—	(44)	—
						14,681	15,000
HH-INSPIRE ACQUISITION, INC.	Revolving Loan <sup>10</sup>	SOFR+8.00% (Floor 2.00%)/Q, Current Coupon 13.44% <sup>20</sup>	4/3/2023	4/3/2028	719	703	653
	First Lien	SOFR+8.00% (Floor 2.00%)/Q, Current Coupon 13.48%	4/3/2023	4/3/2028	7,975	7,796	7,242
						8,499	7,895

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Portfolio Company <sup>1,5,6,7,18,21</sup>	Type of Investment <sup>2</sup>	Current Interest Rate <sup>3</sup>	Acquisition Date <sup>14</sup>	Maturity	Principal	Cost <sup>12,17</sup>	Fair Value <sup>4</sup>
<b>INSTITUTES OF HEALTH, LLC</b>	Revolving Loan <sup>10</sup>	SOFR+8.00% (Floor 2.00%)	9/29/2023	9/29/2028	—	(18)	—
	First Lien - Term Loan A	SOFR+7.00% (Floor 2.00%/Q, Current Coupon 12.33%)	9/29/2023	9/29/2028	7,500	7,361	7,297
	First Lien - Term Loan B	SOFR+9.00% (Floor 2.00%/Q, Current Coupon 14.33%)	9/29/2023	9/29/2028	7,500	7,361	7,297
						<u>14,704</u>	<u>14,594</u>
<b>LAB LOGISTICS, LLC</b>	First Lien	SOFR+7.25% (Floor 1.00%/M, Current Coupon 12.68% <sup>20</sup> )	2/22/2024	9/25/2024	7,958	7,954	7,959
<b>NEUROPSYCHIATRIC HOSPITALS, LLC</b>	Revolving Loan	SOFR+8.00% (Floor 1.00%/Q, Current Coupon 13.48%)	5/14/2021	5/14/2026	5,000	4,955	5,000
	First Lien - Term Loan A	SOFR+7.00% (Floor 1.00%/Q, Current Coupon 12.48%)	3/21/2023	5/14/2026	7,424	7,355	7,395
	First Lien - Term Loan B	SOFR+9.00% (Floor 1.00%/Q, Current Coupon 14.48%)	3/21/2023	5/14/2026	7,424	7,355	7,424
	First Lien - Term Loan C	SOFR+10.00% (Floor 1.00%/Q, Current Coupon 15.48%)	3/21/2023	5/14/2026	5,148	5,051	5,148
	First Lien - Term Loan D	SOFR+8.00% (Floor 1.00%/Q, Current Coupon 13.48%)	10/27/2023	5/14/2026	12,973	12,695	12,973
						<u>37,411</u>	<u>37,940</u>
<b>OPCO BORROWER, LLC</b>	Revolving Loan <sup>10</sup>	SOFR+6.50% (Floor 1.00%)	8/19/2022	8/19/2027	—	(6)	—
	First Lien	SOFR+6.50% (Floor 1.00%/M, Current Coupon 11.91%)	8/19/2022	8/19/2027	8,661	8,600	8,661
	Second Lien	12.50%	8/19/2022	2/19/2028	3,000	2,792	3,000
						<u>11,386</u>	<u>11,661</u>
<b>ROSELAND MANAGEMENT, LLC<sup>6</sup></b>	Revolving Loan <sup>10</sup>	SOFR+7.00% (Floor 2.00%)	11/9/2018	11/12/2024	—	—	—
	First Lien	SOFR+7.00% (Floor 2.00%/Q, Current Coupon 12.48%)	11/9/2018	11/12/2024	14,906	14,889	14,906
						<u>14,889</u>	<u>14,906</u>
<b>SPECTRUM OF HOPE, LLC</b>	First Lien	SOFR+8.00% (Floor 1.00%/Q, Current Coupon 13.48%)	9/6/2022	6/11/2024	22,188	22,130	20,833
<b>STATINMED, LLC<sup>6</sup></b>	First Lien <sup>16</sup>	SOFR+9.50% PIK (Floor 2.00%/M, Current Coupon 14.94%)	7/1/2022	7/1/2027	7,560	7,560	4,914

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VERSICARE MANAGEMENT LLC	Revolving Loan <sup>10</sup>	SOFR+8.00% (Floor 1.00%)	8/18/2022	8/18/2027	—	(34)	—
	First Lien - Term Loan A	SOFR+7.00% (Floor 1.00%/Q, Current Coupon 12.59%)	8/18/2022	8/18/2027	12,200	11,994	12,200
	First Lien - Term Loan B	SOFR+9.00% (Floor 1.00%/Q, Current Coupon 14.59%)	7/14/2023	8/18/2027	12,200	11,994	12,200
<b>Subtotal: Healthcare Services (26.51%)*</b>						<b>23,954</b>	<b>24,400</b>
<b>Industrial Products</b>							
DAMOTECH INC. <sup>9,22</sup>	Revolving Loan <sup>10</sup>	SOFR+7.00% (Floor 2.00%)	7/7/2023	7/7/2028	—	(51)	—
	First Lien - Term Loan A	SOFR+6.00% (Floor 2.00%/Q, Current Coupon 11.48%)	7/7/2023	7/7/2028	5,100	5,009	4,998
	First Lien - Term Loan B	SOFR+8.00% (Floor 2.00%/Q, Current Coupon 13.48%)	7/7/2023	7/7/2028	5,100	5,009	4,998
	Delayed Draw Term Loan	SOFR+7.00% (Floor 2.00%/Q, Current Coupon 12.48%)	7/7/2023	7/7/2028	3,000	2,944	3,000
						<b>12,911</b>	<b>12,996</b>
GPT INDUSTRIES, LLC <sup>6</sup>	Revolving Loan <sup>10</sup>	SOFR+8.00% (Floor 2.00%)	1/30/2023	1/31/2028	—	(45)	—
	First Lien <sup>19</sup>	SOFR+8.00% (Floor 2.00%/Q, Current Coupon 13.59%)	1/30/2023	1/31/2028	6,004	5,903	6,004
						<b>5,858</b>	<b>6,004</b>
THE PRODUCTO GROUP, LLC	First Lien	SOFR+8.00% (Floor 1.00%/M, Current Coupon 13.44%)	12/31/2021	12/31/2026	17,447	17,218	17,447
<b>Subtotal: Industrial Products (4.82%)*</b>						<b>35,987</b>	<b>36,447</b>
<b>Industrial Services</b>							
BP LOENBRO HOLDINGS INC.	Revolving Loan <sup>10</sup>	SOFR+6.25% (Floor 1.50%)	2/9/2024	2/1/2029	—	(21)	—
	First Lien	SOFR+6.25% (Floor 1.50%/Q, Current Coupon 11.66%)	2/9/2024	2/1/2029	9,798	9,607	9,607
	Delayed Draw Term Loan <sup>10</sup>	SOFR+6.25% (Floor 1.50%)	2/9/2024	2/1/2029	—	(11)	—
						<b>9,575</b>	<b>9,607</b>

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USA DEBUSK, LLC	First Lien	SOFR+6.00% (Floor 1.00%/M, Current Coupon 11.43%)	2/25/2020	9/8/2026	11,381	11,285	11,381
	First Lien	SOFR+6.50% (Floor 1.00%/M, Current Coupon 11.93%)	11/21/2023	9/8/2026	1,660	1,631	1,660
						12,916	13,041
<b>Subtotal: Industrial Services (3.00%)*</b>						22,491	22,648
<b>Media &amp; Marketing</b>							
360 QUOTE TOPCO, LLC	Revolving Loan	SOFR+6.50% (Floor 1.00%/Q, Current Coupon 11.95%)	6/16/2022	6/16/2027	3,346	3,313	2,676
	First Lien <sup>19</sup>	SOFR+6.50%, 3.00% PIK (Floor 1.00%/Q, Current Coupon 14.95%)	6/16/2022	6/16/2027	23,372	23,131	18,698
						26,444	21,374
ACCELERATION, LLC	Revolving Loan <sup>10</sup>	SOFR+8.75% (Floor 1.00%)	6/13/2022	6/14/2027	—	(64)	—
	First Lien - Term Loan A	SOFR+7.75% (Floor 1.00%/Q, Current Coupon 13.34%)	6/13/2022	6/14/2027	8,917	8,791	8,917
	First Lien - Term Loan B	SOFR+8.75% (Floor 1.00%/Q, Current Coupon 14.34%)	6/13/2022	6/14/2027	8,917	8,790	8,917
	First Lien - Term Loan C	SOFR+9.75% (Floor 1.00%/Q, Current Coupon 15.34%)	6/13/2022	6/14/2027	8,917	8,789	8,917
						26,306	26,751
ACCELERATION PARTNERS, LLC	First Lien <sup>8</sup>	SOFR+8.11% (Floor 1.00%/Q, Current Coupon 13.59% <sup>20</sup> )	12/1/2020	12/1/2025	19,550	19,283	19,550
BOND BRAND LOYALTY ULC <sup>9,22</sup>	Revolving Loan <sup>10</sup>	SOFR+7.00% (Floor 2.00%)	5/1/2023	5/1/2028	—	(32)	—
	First Lien - Term Loan A	SOFR+6.00% (Floor 2.00%/Q, Current Coupon 11.48%)	5/1/2023	5/1/2028	8,955	8,801	8,785
	First Lien - Term Loan B	SOFR+8.00% (Floor 2.00%/Q, Current Coupon 13.48%)	5/1/2023	5/1/2028	8,955	8,800	8,776
						17,569	17,561
CRAFTY APES, LLC	First Lien <sup>8</sup>	SOFR+9.25% PIK (Floor 1.00%/M, Current Coupon 14.58%)	6/9/2021	10/31/2025	16,644	16,576	15,778

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<b>EXACT BORROWER, LLC</b>	Revolving Loan <sup>10</sup>	SOFR+7.50% (Floor 2.00%)	12/7/2022	8/6/2027	—	(35)	—
	First Lien - Term Loan A	SOFR+7.50% (Floor 2.00%)/Q, Current Coupon 12.98%	12/7/2022	8/6/2027	7,777	7,656	7,777
	First Lien - Term Loan B	SOFR+7.50% (Floor 2.00%)/Q, Current Coupon 12.98%	12/7/2022	8/6/2027	7,777	7,655	7,777
	Delayed Draw Term Loan	SOFR+7.50% (Floor 2.00%)/Q, Current Coupon 12.98%	12/7/2022	8/6/2027	2,068	2,025	2,068
	Promissory Note	13.574%	12/7/2022	12/6/2028	385	385	385
						<u>17,686</u>	<u>18,007</u>
<b>IGNITE VISIBILITY LLC</b>	Revolving Loan <sup>10</sup>	SOFR+6.00% (Floor 1.50%)	12/1/2023	12/1/2028	—	(27)	—
	First Lien - Term Loan A	SOFR+5.00% (Floor 1.50%)/M, Current Coupon 10.33%	12/1/2023	12/1/2028	5,000	4,929	4,930
	First Lien - Term Loan B	SOFR+7.00% (Floor 1.50%)/M, Current Coupon 12.33%	12/1/2023	12/1/2028	5,000	4,929	4,930
	Delayed Draw Term Loan <sup>10</sup>	SOFR+6.00% (Floor 1.50%)	12/1/2023	12/1/2028	—	(18)	—
						<u>9,813</u>	<u>9,860</u>
<b>INFOLINKS MEDIA BUYCO, LLC</b>	First Lien	SOFR+5.75% (Floor 1.00%)/M, Current Coupon 11.18%	11/1/2021	10/30/2026	8,171	8,068	8,171
<b>OUTERBOX, LLC<sup>6</sup></b>	Revolving Loan <sup>10</sup>	SOFR+7.00% (Floor 1.00%)	6/8/2022	6/8/2027	—	(19)	—
	First Lien	SOFR+7.00% (Floor 1.00%)/Q, Current Coupon 12.59%	6/8/2022	6/8/2027	14,625	14,468	14,522
						<u>14,449</u>	<u>14,522</u>
<b>Subtotal: Media &amp; Marketing (20.06%)*</b>						<u>156,194</u>	<u>151,574</u>
<b>Restaurants</b>							
<b>ONE GROUP, LLC</b>	First Lien	SOFR+7.00% (Floor 1.00%)/M, Current Coupon 12.44%	2/22/2024	10/29/2026	9,972	9,876	9,876
	Delayed Draw Term Loan <sup>10</sup>	SOFR+7.00% (Floor 1.00%)	2/22/2024	10/29/2026	—	—	—
						<u>9,876</u>	<u>9,876</u>

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<b>SWENSONS DRIVE-IN RESTAURANTS, LLC</b>	Revolving Loan <sup>10</sup>	SOFR+7.50% (Floor 2.00%)	9/27/2023	9/27/2028	—	(27)	—
	First Lien - Term Loan A	SOFR+ 6.50% (Floor 2.00%)/Q, Current Coupon 11.83%	9/27/2023	9/27/2028	8,000	7,852	7,840
	First Lien - Term Loan B	SOFR+8.50% (Floor 2.00%)/Q, Current Coupon 13.83%	9/27/2023	9/27/2028	8,000	7,852	7,840
<b>Subtotal: Restaurants (3.38%)*</b>						<u>15,677</u>	<u>15,680</u>
<b>Software &amp; IT Services</b>						<u>25,553</u>	<u>25,556</u>
<b>ACACIA BUYERCO V LLC</b>	Revolving Loan <sup>10</sup>	SOFR+6.50% (Floor 1.00%)	11/25/2022	11/26/2027	—	(29)	—
	First Lien - Term Loan A	SOFR+6.50% (Floor 1.00%)/Q, Current Coupon 12.09%	11/25/2022	11/26/2027	5,000	4,921	5,000
	Delayed Draw Term Loan	SOFR+6.50% (Floor 1.00%)/Q, Current Coupon 12.09%	11/25/2022	11/26/2027	7,500	7,350	7,500
						<u>12,242</u>	<u>12,500</u>
<b>CADMIUM, LLC</b>	Revolving Loan	SOFR+8.00% (Floor 1.00%)/Q, Current Coupon 13.56%	1/7/2022	12/22/2026	615	612	615
	First Lien	SOFR+0.00%, 8.00% PIK (Floor 1.00%)/Q, Current Coupon 13.56%	1/7/2022	12/22/2026	7,505	7,461	7,505
						<u>8,073</u>	<u>8,120</u>
<b>COREL, INC.</b> <sup>9,22</sup>	First Lien	SOFR+5.00% /Q, Current Coupon 10.44%	3/4/2024	7/2/2026	4,862	4,791	4,794
<b>GRAMMATECH, INC.</b> <sup>6</sup>	Revolving Loan <sup>10</sup>	SOFR+9.50% (Floor 2.00%)	11/1/2019	11/1/2024	—	(5)	—
	First Lien	SOFR+9.50% (Floor 2.00%)/Q, Current Coupon 14.98%	11/1/2019	11/1/2024	1,000	998	1,000
						<u>993</u>	<u>1,000</u>
<b>ISI ENTERPRISES, LLC</b>	Revolving Loan <sup>10</sup>	SOFR+7.00% (Floor 1.00%)	10/1/2021	10/1/2026	—	(20)	—
	First Lien	SOFR+7.00% (Floor 1.00%)/Q, Current Coupon 12.59%	10/1/2021	10/1/2026	5,000	4,945	5,000
<b>Subtotal: Software &amp; IT Services (4.16%)*</b>						<u>4,925</u>	<u>5,000</u>
						<u>31,024</u>	<u>31,414</u>

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<b>Specialty Chemicals</b>							
SOUTH COAST TERMINALS, LLC	Revolving Loan <sup>10</sup>	SOFR+6.00% (Floor 1.00%)	12/13/2021	12/11/2026	—	(21)	—
	First Lien	SOFR+6.00% (Floor 1.00%)/M, Current Coupon 11.43%	12/13/2021	12/11/2026	14,413	14,243	14,269
						14,222	14,269
<b>Subtotal: Specialty Chemicals (1.89%)*</b>						14,222	14,269
<b>Technology Products &amp; Components</b>							
EMERALD TECHNOLOGIES (U.S.) ACQUISITIONCO, INC.	First Lien - Term B Loan	SOFR+6.25% (Floor 1.00%)/Q, Current Coupon 11.74%	3/12/2024	12/29/2027	3,496	3,460	3,216
TRAFERA, LLC (FKA TRINITY 3, LLC)	First Lien <sup>15</sup>	SOFR+7.00% (Floor 1.00%)/Q, Current Coupon 12.48%	9/30/2020	9/30/2025	5,675	5,645	5,590
	Unsecured convertible note <sup>9,13</sup>	12.00% PIK	2/7/2022	3/31/2026	75	75	75
						5,720	5,665
<b>Subtotal: Technology Products &amp; Components (1.18%)*</b>						9,180	8,881
<b>Telecommunications</b>							
INTERMEDIA HOLDINGS, INC.	First Lien	SOFR+6.00% (Floor 1.00%)/M, Current Coupon 11.43%	3/14/2024	7/21/2025	5,231	5,209	5,178
LOGIX HOLDINGS COMPANY, LLC	First Lien	P+4.75% (Floor 2.00%)/Q, Current Coupon 13.25%	3/11/2024	12/22/2024	3,555	3,551	2,755
MERCURY ACQUISITION 2021, LLC	First Lien	SOFR+8.00% (Floor 1.00%)/Q, Current Coupon 13.59%	12/6/2021	12/7/2026	12,957	12,802	11,338
	Second Lien	SOFR+11.00% (Floor 1.00%)/Q, Current Coupon 16.59%	12/6/2021	12/7/2026	2,927	2,891	2,195
						15,693	13,533
U.S. TELEPACIFIC CORP.	First Lien	SOFR+1.00%, 6.00% PIK (Floor 1.00%)/Q, Current Coupon 12.49%	3/19/2024	5/2/2026	2,409	2,409	923
	Third Lien	—	3/18/2024	5/2/2027	230	230	54
						2,639	977
<b>Subtotal: Telecommunications (2.97%)*</b>						27,092	22,443
<b>Transportation &amp; Logistics</b>							
EVEREST TRANSPORTATION SYSTEMS, LLC	First Lien	SOFR+8.00% (Floor 1.00%)/M, Current Coupon 13.43%	11/9/2021	8/26/2026	6,521	6,483	5,934

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GUARDIAN FLEET SERVICES, INC.	First Lien	SOFR+7.25%, 1.75% PIK (Floor 2.50%/Q), Current Coupon 14.48%	2/10/2023	2/10/2028	9,575	9,361	9,096
ITA HOLDINGS GROUP, LLC <sup>6</sup>	Revolving Loan <sup>10</sup>	SOFR+9.00%, 2.00% PIK (Floor 2.00%/Q), Current Coupon 16.48%	6/21/2023	6/21/2027	2,468	2,411	2,468
	First Lien - Term Loan	SOFR+8.00%, 2.00% PIK (Floor 2.00%/Q), Current Coupon 15.48%	6/21/2023	6/21/2027	13,038	11,186	13,038
	First Lien - Term B Loan	SOFR+10.00%, 2.00% PIK (Floor 2.00%/Q), Current Coupon 17.48%	6/21/2023	6/21/2027	13,038	11,174	13,038
	Delayed Draw Term Loan - A <sup>10</sup>	SOFR+8.00%, 2.00% PIK (Floor 2.00%/Q), Current Coupon 15.48%	6/21/2023	6/21/2027	1,058	1,034	1,058
	Delayed Draw Term Loan - B <sup>10</sup>	SOFR+10.00%, 2.00% PIK (Floor 2.00%/Q), Current Coupon 17.48%	6/21/2023	6/21/2027	1,058	1,034	1,058
						26,839	30,660
<b>Subtotal: Transportation &amp; Logistics (6.05%)*</b>						42,683	45,690
<b>Total: Debt Investments (177.93%)*</b>						\$ 1,383,216	\$ 1,344,559

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<b>Equity Investments</b>							
<b>Business Services</b>							
<b>DYNAMIC COMMUNITIES, LLC<sup>6</sup></b>	250,000 Class A Preferred Units <sup>9,13</sup>		12/20/2022	—	\$ —	\$ 250	\$ 317
	5,435,211.03 Class B Preferred Units <sup>9,13</sup>		12/20/2022	—	—	2,218	—
	255,984.22 Class C Preferred Units <sup>9,13</sup>		12/20/2022	—	—	—	—
	2,500,000 Common units <sup>9,13</sup>		12/20/2022	—	—	—	—
						2,468	317
<b>FS VECTOR LLC</b>	1,000 Common units <sup>9,11,13</sup>		4/26/2023	—	—	1,000	1,000
<b>SPOTLIGHT AR, LLC</b>	750 Common Units <sup>9,11,13</sup>		12/8/2021	—	—	750	1,164
<b>US COURTSRIPT HOLDINGS, INC.</b>	1,000,000 Class D-3 LP Units <sup>9,13</sup>		5/17/2022	—	—	1,000	1,346
	211,862.61 Class D-4 LP Units <sup>9,13</sup>		10/31/2022	—	—	212	273
	211,465.87 Class D-5 LP Units <sup>9,13</sup>		1/10/2023	—	—	211	269
						1,423	1,888
<b>Subtotal: Business Services (0.58%)*</b>						5,641	4,369
<b>Consumer Products and Retail</b>							
<b>ALLIANCE SPORTS GROUP, L.P.</b>	3.88% membership preferred interest		8/1/2017	—	—	2,500	646
<b>ATS OPERATING, LLC</b>	1,000,000 Preferred units <sup>9,13</sup>		1/18/2022	—	—	1,000	1,220
<b>CATBIRD NYC, LLC<sup>6</sup></b>	1,000,000 Class A units <sup>9,11,13</sup>		10/15/2021	—	—	1,000	1,781
	500,000 Class B units <sup>9,10,11,13</sup>		10/15/2021	—	—	500	757
						1,500	2,538
<b>HEAT TRAK, LLC</b>	Warrants (Expiration - June 9, 2033) <sup>9,13</sup>		6/12/2023	—	—	1,104	742
<b>SHEARWATER RESEARCH, INC.<sup>22</sup></b>	1,200,000 Class A Preferred Units <sup>9,11,13</sup>		4/30/2021	—	—	603	644
	40,000 Class A Common Units <sup>9,13</sup>		4/30/2021	—	—	33	787
						636	1,431
<b>TRU FRAGRANCE &amp; BEAUTY LLC</b>	1,000,000 Preferred Units <sup>9,13</sup>		3/22/2024	—	—	1,000	1,000
<b>Subtotal: Consumer Products and Retail (1.00%)*</b>						7,740	7,577
<b>Consumer Services</b>							
<b>AIR CONDITIONING SPECIALIST, INC.<sup>6</sup></b>	1,006,045.85 Preferred Units <sup>9,13</sup>		11/9/2021	—	—	1,344	3,319
<b>NATIONAL CREDIT CARE, LLC</b>	191,049.33 Class A-3 Preferred units <sup>9,11,13</sup>		3/17/2022	—	—	2,000	1,362
<b>POOL SERVICE PARTNERS, INC.<sup>6</sup></b>	10,000 Common units <sup>9,13</sup>		12/20/2023	—	—	1,000	1,384

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<b>ROOF OPCO, LLC</b>	535,714.29 Class A Units <sup>9,13</sup>		9/23/2022	—	—	750	775
	250,000 Class B Units <sup>9,13</sup>		4/13/2023	—	—	250	262
						1,000	1,037
<b>TMT BHC BUYER, INC.</b>	500,000.00 Class A Units <sup>9,13</sup>		3/7/2024	—	—	500	500
<b>Subtotal: Consumer Services (1.01%)*</b>						5,844	7,602
<b>Distribution</b>							
<b>BINSWANGER HOLDING CORP.</b>	900,000 shares of common stock		3/9/2017	—	—	900	598
<b>Subtotal: Distribution (0.08%)*</b>						900	598
<b>Education</b>							
<b>STUDENT RESOURCE CENTER LLC<sup>6</sup></b>	10,502,487.46 Preferred Units		12/31/2022	—	—	5,845	—
	2,000,000.00 Preferred Units <sup>9,13</sup>		12/31/2022	—	—	—	—
						5,845	—
<b>WALL STREET PREP, INC.</b>	1,000,000 Class A-1 Preferred Shares <sup>9,13</sup>		7/19/2021	—	—	1,000	2,012
<b>Subtotal: Education (0.27%)*</b>						6,845	2,012
<b>Environmental Services</b>							
<b>ARBORWORKS, LLC<sup>6</sup></b>	100 Class A Units <sup>9,13</sup>		11/17/2021	—	—	100	5
	13,898.32 Class A-1 Preferred Units		11/6/2023	—	—	3,170	3,170
	13,898.32 Class B-1 Preferred Units		11/6/2023	—	—	—	—
	1,666.67 Class A-1 Common Units		11/6/2023	—	—	—	—
						3,270	3,175
<b>ISLAND PUMP AND TANK, LLC</b>	1,204,099.26 Preferred units <sup>9,13</sup>		3/2/2023	—	—	1,212	2,325
<b>LIGHTING RETROFIT INTERNATIONAL, LLC<sup>6</sup></b>	208,333.3333 Series A Preferred units <sup>9,13</sup>		12/31/2021	—	—	—	—
	203,124.9999 Common units <sup>9,13</sup>		12/31/2021	—	—	—	—
						—	—
<b>Subtotal: Environmental Services (0.73%)*</b>						4,482	5,500
<b>Financial Services</b>							
<b>NINJATRADER, INC.</b>	2,000,000 Preferred Units <sup>9,11,13</sup>		12/18/2019	—	—	2,000	17,771
<b>Subtotal: Financial Services (2.35%)*</b>						2,000	17,771
<b>Food, Agriculture &amp; Beverage</b>							
<b>AMERICAN NUTS OPERATIONS LLC</b>	3,000,000 units of Class A common stock <sup>9,13</sup>		4/10/2018	—	—	3,000	—
<b>FOOD PHARMA SUBSIDIARY HOLDINGS, LLC</b>	75,000 Class A Units <sup>9,13</sup>		6/1/2021	—	—	750	1,815
<b>MAMMOTH BORROWCO, INC.</b>	1,000,000 Class A Preferred Units <sup>9,13</sup>		11/30/2023	—	—	1,000	1,000

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MUNSTER MILLING COMPANY, LLC	1,000,000 Class A units <sup>9,13</sup>		12/15/2022	—	—	1,000	633
	1,130,387.32 Class A-1 Units <sup>9,13</sup>		12/20/2023	—	—	500	316
						1,500	949
<b>Subtotal: Food, Agriculture &amp; Beverage (0.50%)*</b>						6,250	3,764
<b>Healthcare Products</b>							
COMMAND GROUP ACQUISITION, LLC <sup>6</sup>	1,250,000 Preferred Units <sup>9,13</sup>		2/15/2024	—	—	1,250	1,250
LGM PHARMA, LLC	142,278.89 units of Class A common stock <sup>9,13</sup>		11/15/2017	—	—	1,600	5,258
LIGHTNING INTERMEDIATE II, LLC	0.42% LLC interest <sup>9,11,13</sup>		6/6/2022	—	—	600	263
LKC TECHNOLOGIES, INC.	1,000,000 Class A units <sup>9,13</sup>		6/7/2023	—	—	1,000	1,460
SCRIP INC.	100 shares of common stock		3/21/2019	—	—	1,000	751
<b>Subtotal: Healthcare Products (1.19%)*</b>						5,450	8,982
<b>Healthcare Services</b>							
AAC NEW HOLDCO INC.	374,543 shares common stock		12/11/2020	—	—	1,785	1,173
	Warrants (Expiration - December 11, 2025)		12/11/2020	—	—	2,198	1,030
						3,983	2,203
ASC ORTHO MANAGEMENT COMPANY, LLC	2,572 Common Units <sup>9,13</sup>		8/31/2018	—	—	1,026	619
CAVALIER BUYER, INC.	690,324 Preferred Units <sup>9,13</sup>		2/10/2023	—	—	690	726
	690,324 Class A-1 Units <sup>9,13</sup>		2/10/2023	—	—	—	—
						690	726
CDC DENTAL MANAGEMENT CO., LLC	1,568.70 Class Y Preferred Units <sup>9,13</sup>		10/31/2023	—	—	1,000	1,000
CENTRAL MEDICAL SUPPLY LLC <sup>6</sup>	2,620,670 Preferred Units <sup>9,13</sup>		5/22/2020	—	—	1,224	1,360
DELPHI LENDER HOLDCO LLC	254 Common units		6/9/2023	—	—	—	—
HH-INSPIRE ACQUISITION, INC.	108,211.4 Preferred units <sup>9,13</sup>		4/3/2023	—	—	343	323
INSTITUTES OF HEALTH, LLC	100,000 Class A Preferred Units <sup>9,13</sup>		9/29/2023	—	—	1,000	1,000
OPCO BORROWER, LLC	Warrants (Expiration - August 19, 2029)		8/19/2022	—	—	207	1,006
ROSELAND MANAGEMENT, LLC <sup>6</sup>	3,364 Class A-2 Units		3/31/2023	—	—	202	762
	1,100 Class A-1 Units		9/26/2022	—	—	66	183
	16,084 Class A Units		11/9/2018	—	—	1,517	747
						1,785	1,692
SPECTRUM OF HOPE, LLC	1,074,786 Common units <sup>9,13</sup>		2/17/2023	—	—	1,075	661

**CAPITAL SOUTHWEST CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**

March 31, 2024

Portfolio Company <sup>1,5,6,7,18,21</sup>	Type of Investment <sup>2</sup>	Current Interest Rate <sup>3</sup>	Acquisition Date <sup>4</sup>	Maturity	Principal	Cost <sup>12,17</sup>	Fair Value <sup>4</sup>
STATINMED, LLC <sup>6</sup>	4,718.62 Class A Preferred Units		7/1/2022	—	—	4,838	—
	39,097.96 Class B Preferred Units		7/1/2022	—	—	1,400	—
						6,238	—
<b>Subtotal: Healthcare Services (1.40%)*</b>						18,571	10,590
<b>Industrial Products</b>							
DAMOTECH INC. <sup>22</sup>	1,127 Preferred units <sup>9,13</sup>		7/7/2023	—	—	1,127	1,228
	1,127 Class A Common units <sup>9,13</sup>		7/7/2023	—	—	—	355
						1,127	1,583
GPT INDUSTRIES, LLC <sup>6</sup>	1,000,000 Class A Preferred Units <sup>9,13</sup>		1/30/2023	—	—	1,000	2,064
THE PRODUCTO GROUP, LLC	1,500,000 Class A units <sup>9,11,13</sup>		12/31/2021	—	—	1,500	12,054
<b>Subtotal: Industrial Products (2.08%)*</b>						3,627	15,701
<b>Media &amp; Marketing</b>							
ACCELERATION, LLC	13,451.22 Preferred Units <sup>9,13</sup>		6/13/2022	—	—	893	1,554
	1,611.22 Common Units <sup>9,13</sup>		6/13/2022	—	—	107	—
						1,000	1,554
ACCELERATION PARTNERS, LLC	1,019 Preferred Units <sup>9,13</sup>		12/1/2020	—	—	1,019	1,063
	1,019 Class A Common Units <sup>9,13</sup>		12/1/2020	—	—	14	—
						1,033	1,063
BOND BRAND LOYALTY ULC <sup>22</sup>	1,000 Preferred units <sup>9,13</sup>		5/1/2023	—	—	1,000	799
	1,000 Class A common units <sup>9,13</sup>		5/1/2023	—	—	—	—
						1,000	799
EXACT BORROWER, LLC	615.156 Common units		12/7/2022	—	—	615	945
IGNITE VISIBILITY LLC	833 Preferred Units <sup>9,13</sup>		12/1/2023	—	—	833	833
	833 Class A Common Units <sup>9,13</sup>		12/1/2023	—	—	167	167
						1,000	1,000
INFOLINKS MEDIA BUYCO, LLC	1.67% LP interest <sup>9,10,11,13</sup>		10/29/2021	—	—	588	1,121
OUTERBOX, LLC <sup>6</sup>	6,308,2584 Class A common units <sup>9,13</sup>		6/8/2022	—	—	631	581
SONOBI, INC. <sup>6</sup>	500,000 Class A Common Units <sup>9,13</sup>		9/17/2020	—	—	500	1,958
VISTAR MEDIA INC.	171,617 shares of Series A preferred stock <sup>9,13</sup>		4/3/2019	—	—	1,874	8,485
<b>Subtotal: Media &amp; Marketing (2.32%)*</b>						8,241	17,506
<b>Software &amp; IT Services</b>							
ACACIA BUYERCO V LLC	1,000,000 Class B-2 Units <sup>9,13</sup>		11/25/2022	—	—	1,000	1,000
GRAMMATECH, INC. <sup>6</sup>	1,000 Class A units		11/1/2019	—	—	1,000	—
	360.06 Class A-1 units		1/10/2022	—	—	360	—
						1,360	—

**CAPITAL SOUTHWEST CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**

March 31, 2024

Portfolio Company <sup>1,5,6,7,18,21</sup>	Type of Investment <sup>2</sup>	Current Interest Rate <sup>3</sup>	Acquisition Date <sup>14</sup>	Maturity	Principal	Cost <sup>12,17</sup>	Fair Value <sup>4</sup>
ISI ENTERPRISES, LLC	1,000,000 Series A Preferred units		10/1/2021	—	—	1,000	1,296
	166,667 Series A-1 Preferred units		6/7/2023	—	—	167	706
						1,167	2,002
VTX HOLDINGS, INC.	1,597,707 Series A Preferred units <sup>9,13</sup>		7/23/2019	—	—	1,598	3,466
<b>Subtotal: Software &amp; IT Services (0.86%)*</b>						5,125	6,468
<b>Technology Products &amp; Components</b>							
FLIP ELECTRONICS, LLC	2,446,170 Common Units <sup>9,11,13</sup>		1/4/2021	—	—	2,892	9,505
TRAFERA, LLC (FKA TRINITY 3, LLC)	896.43 Class A units <sup>9,13</sup>		11/15/2019	—	—	1,205	583
<b>Subtotal: Technology Products &amp; Components (1.33%)*</b>						4,097	10,088
<b>Telecommunications</b>							
BROAD SKY NETWORKS LLC	1,131,579 Series A Preferred units <sup>9,13</sup>		12/11/2020	—	—	1,132	1,393
	89,335 Series C Preferred units <sup>9,13</sup>		10/21/2022	—	—	89	159
						1,221	1,552
MERCURY ACQUISITION 2021, LLC	12,059,033 Series A Units <sup>9,13</sup>		12/6/2021	—	—	—	—
<b>Subtotal: Telecommunications (0.21%)*</b>						1,221	1,552
<b>Transportation &amp; Logistics</b>							
GUARDIAN FLEET SERVICES, INC.	1,500,000 Class A Units <sup>9,13</sup>		2/10/2023	—	—	1,500	1,584
	Warrants (Expiration - February 10, 2033) <sup>9,13</sup>		2/10/2023	—	—	80	42
	Warrants (Expiration - November 30, 2033) <sup>9,13</sup>		11/30/2023	—	—	20	24
	Warrants (Expiration - January 24, 2034) <sup>9,13</sup>		1/24/2024	—	—	24	24
						1,624	1,674
ITA HOLDINGS GROUP, LLC <sup>6</sup>	Warrants (Expiration - March 29, 2029) <sup>9,13</sup>		3/29/2019	—	—	538	4,005
	Warrants (Expiration - June 21, 2033) <sup>9,13</sup>		6/21/2023	—	—	3,791	3,869
	9.25% Class A Membership Interest <sup>9,11,13</sup>		2/14/2018	—	—	1,500	2,374
						5,829	10,248
<b>Subtotal: Transportation &amp; Logistics (1.58%)*</b>						7,453	11,922
<b>Total: Equity Investments (17.47%)*</b>						\$ 93,487	\$ 132,002
<b>Total: Investments (195.40%)*</b>						\$ 1,476,703	\$ 1,476,561

\* Value as a percent of net assets. All amounts are stated in U.S. Dollars.

1. All debt investments are income-producing, unless otherwise noted. Equity investments are non-income producing, unless otherwise noted.
2. All of the Company's investments, the investments of Capital Southwest SPV LLC ("SPV") and the investments of SBIC I (as defined below) are pledged as collateral for the Company's senior secured revolving credit facility, the SPV's financing credit facility or in support of the SBA-guaranteed debentures to be issued by Capital Southwest SBIC I, LP, the Company's wholly-owned subsidiary that operates as a small business investment company ("SBIC I"), respectively.
3. The majority of investments bear interest at a rate that may be determined by reference to Secured Overnight Financing Rate ("SOFR") or Prime ("P") and reset daily (D), monthly (M), quarterly (Q), or semiannually (S). For each investment, the Company has provided the spread over SOFR or Prime and the current contractual interest rate in effect at March 31, 2024. Certain investments are subject to an interest rate floor. Certain investments, as noted, accrue payment-in-kind ("PIK") interest. SOFR based contracts may include a credit spread adjustment (the "Adjustment") that is charged in addition to the stated spread. The Adjustment is applied when the SOFR rate, plus the Adjustment, exceeds the stated floor rate, as applicable. As of March 31, 2024, SOFR based contracts in the portfolio had Adjustments ranging from 0.00% to 0.26161%.
4. The Company's investment portfolio is comprised entirely of debt and equity securities of privately held companies for which quoted prices falling within the categories of Level 1 and Level 2 inputs are not readily available. Therefore, the Company values all of its portfolio investments at fair value, as determined in good faith by the valuation committee comprised of certain officers of the Company (the "Valuation Committee") as the valuation designee of the Board of Directors (the "Valuation Designee") pursuant to Rule 2a-5 under the Investment Company Act of 1940, as amended (the "1940 Act"), using significant unobservable Level 3 inputs. Refer to Note 4 - Fair Value Measurements for further discussion.
5. Non-Control/Non-Affiliate investments are generally defined by the 1940 Act, as investments that are neither control investments nor affiliate investments. At March 31, 2024, the Company held \$1,286.4 million of non-control/non-affiliate investments, which represented approximately 87.1% of the Company's investment assets. The fair value of these investments as a percent of net assets is 170.2%.
6. Affiliate investments are generally defined by the 1940 Act as investments in which between 5% and 25% of the voting securities are owned and the investments are not classified as control investments. At March 31, 2024, the Company held \$190.2 million of affiliate investments, which represented approximately 12.9% of the Company's investment assets. The fair value of these investments as a percent of net assets is 25.2%.
7. Control investments are generally defined by the 1940 Act as investments in which more than 25% of the voting securities are owned. At March 31, 2024, the Company did not hold any control investments.
8. The investment is structured as a first lien last out term loan.
9. Indicates assets that are not considered "qualifying assets" under Section 55(a) of the 1940 Act. Qualifying assets must represent at least 70% of total assets at the time of acquisition of any additional non-qualifying assets. As of March 31, 2024, approximately 10.6% of the Company's total assets (at fair value) were non-qualifying assets.
10. The investment has an unfunded commitment as of March 31, 2024. Refer to Note 11 - Commitments and Contingencies for further discussion.
11. Income producing through dividends or distributions.
12. As of March 31, 2024, the cumulative gross unrealized appreciation for U.S. federal income tax purposes was approximately \$96.3 million; cumulative gross unrealized depreciation for federal income tax purposes was \$96.4 million. Cumulative net unrealized depreciation was \$0.1 million, based on a tax cost of \$1,471.1 million.
13. Investment is held through a wholly-owned taxable subsidiary.
14. The Company generally acquires its investments in private transactions exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"). These investments, which, as of March 31, 2024, represented 195.4% of the Company's net assets or 94.8% of the Company's total assets, are generally subject to certain limitations on resale, and may be deemed "restricted securities" under the Securities Act.
15. The investment is structured as a split lien term loan, which provides the Company with a first lien priority on certain assets of the obligor and a second lien priority on different assets of the obligor.
16. Investment is on non-accrual status as of March 31, 2024, meaning the Company has ceased to recognize interest income on the investment.

17. Negative cost in this column represents the original issue discount of certain undrawn revolvers and delayed draw term loans.
18. Equity ownership may be held in shares or units of a company that is either wholly owned by the portfolio company or under common control by the same parent company to the portfolio company.
19. The investment is structured as a first lien first out term loan.
20. The rate presented represents a weighted average rate for borrowings under the facility as of March 31, 2024.
21. Unless otherwise noted, all portfolio company headquarters are based in the United States.
22. Portfolio company headquarters are located outside of the United States.

As of March 31, 2024, there were no investments that represented greater than 5% of our total assets.

The accompanying Notes are an integral part of these Consolidated Financial Statements.

**CAPITAL SOUTHWEST CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**

March 31, 2023

Portfolio Company <sup>1,18</sup>	Type of Investment <sup>2</sup>	Industry	Current Interest Rate <sup>3</sup>	Acquisition Date <sup>14</sup>	Maturity	Principal	Cost <sup>12,17</sup>	Fair Value <sup>4</sup>
<b>Non-control/Non-affiliate Investments<sup>5</sup></b>								
<b>360 QUOTE TOPCO, LLC</b>	Revolving Loan	Media & marketing	SOFR+6.50% (Floor 1.00%/Q, Current Coupon 11.55%)	6/16/2022	6/16/2027	\$ 3,250	\$ 3,209	\$ 3,006
	First Lien <sup>19</sup>		SOFR+6.50% (Floor 1.00%/Q, Current Coupon 11.55%)	6/16/2022	6/16/2027	25,000	24,674	23,125
							27,883	26,131
<b>AAC NEW HOLDCO INC.</b>	First Lien	Healthcare services	18.00% PIK	12/11/2020	6/25/2025	10,199	10,199	9,842
	Delayed Draw Term Loan <sup>10</sup>		18.00% PIK	1/31/2023	6/25/2025	274	270	264
	374,543 shares common stock		—	12/11/2020	—	—	1,785	716
	Warrants (Expiration - December 11, 2025)		—	12/11/2020	—	—	2,198	881
							14,452	11,703
<b>ACACIA BUYERCO V LLC</b>	Revolver Loan <sup>10</sup>	Software & IT services	SOFR+6.50% (Floor 1.00%)	11/25/2022	11/26/2027	—	(37)	—
	First Lien - Term Loan A		SOFR+6.50% (Floor 1.00%/Q, Current Coupon 11.35%)	11/25/2022	11/26/2027	5,000	4,905	4,920
	Delayed Draw Term Loan <sup>10</sup>		SOFR+6.50% (Floor 1.00%/Q, Current Coupon 11.43%)	11/25/2022	11/26/2027	7,500	7,332	7,380
	1,000,000 Class B-2 Units <sup>9,13</sup>		—	11/25/2022	—	—	1,000	1,000
							13,200	13,300
<b>ACCELERATION, LLC</b>	Revolving Loan <sup>10</sup>	Media & marketing	SOFR+8.50% (Floor 1.00%/Q, Current Coupon 13.56% <sup>20</sup> )	6/13/2022	6/14/2027	3,700	3,616	3,700
	First Lien - Term Loan A		SOFR+7.50% (Floor 1.00%/Q, Current Coupon 12.35%)	6/13/2022	6/14/2027	9,228	9,067	9,228
	First Lien - Term Loan B		SOFR+8.50% (Floor 1.00%/Q, Current Coupon 13.35%)	6/13/2022	6/14/2027	9,228	9,066	9,228
	First Lien - Term Loan C		SOFR+9.50% (Floor 1.00%/Q, Current Coupon 14.35%)	6/13/2022	6/14/2027	9,228	9,066	9,228
	Delayed Draw Term Loan <sup>10</sup>		SOFR+8.50% (Floor 1.00%)	6/13/2022	6/14/2027	—	(42)	—
	13,451.22 Preferred Units <sup>9,13</sup>		—	6/13/2022	—	—	893	1,482
	1,611.22 Common Units <sup>9,13</sup>		—	6/13/2022	—	—	107	165
							31,773	33,031

**CAPITAL SOUTHWEST CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**

March 31, 2023

Portfolio Company <sup>1,18</sup>	Type of Investment <sup>2</sup>	Industry	Current Interest Rate <sup>3</sup>	Acquisition Date <sup>14</sup>	Maturity	Principal	Cost <sup>12,17</sup>	Fair Value <sup>4</sup>
ACCELERATION PARTNERS, LLC	First Lien <sup>8</sup>	Media & marketing	SOFR+8.15% (Floor 1.00%/Q, Current Coupon 12.90% <sup>20</sup> )	12/1/2020	12/1/2025	19,550	19,162	19,550
	1,019 Preferred Units <sup>9,13</sup>		—	12/1/2020	—	—	1,019	1,223
	1,019 Class A Common Units <sup>9,13</sup>		—	12/1/2020	—	—	14	—
						20,195	20,773	
ACE GATHERING, INC.	Second Lien <sup>15</sup>	Energy services (midstream)	SOFR+12.00% (Floor 2.00%/Q, Current Coupon 16.85%)	12/13/2018	12/13/2023	7,698	7,668	7,082
ALLIANCE SPORTS GROUP, L.P.	Unsecured convertible Note	Consumer products & retail	6.00% PIK	7/15/2020	9/30/2024	173	173	201
	3.88% membership preferred interest		—	8/1/2017	—	—	2,500	2,691
						2,673	2,892	
AMERICAN NUTS OPERATIONS LLC	First Lien - Term Loan A	Food, agriculture and beverage	SOFR+6.75%, 1.00% PIK (Floor 1.00%/Q, Current Coupon 12.49%)	3/11/2022	4/10/2026	11,716	11,667	10,978
	First Lien - Term Loan B		SOFR+8.75%, 1.00% PIK (Floor 1.00%/Q, Current Coupon 14.49%)	3/11/2022	4/10/2026	11,716	11,667	9,958
	3,000,000 units of Class A common stock <sup>9,13</sup>		—	4/10/2018	—	—	3,000	—
						26,334	20,936	
AMERICAN TELECONFERENCING SERVICES, LTD.	Revolving Loan <sup>10,16</sup>	Telecommunications	P+5.50%/Q (Floor 2.00%), Current Coupon 9.00%	9/17/2021	4/7/2023	862	853	44
	First Lien <sup>16</sup>		P+5.50%/Q (Floor 2.00%), Current Coupon 9.00%	9/21/2016	6/8/2023	4,899	4,858	251
						5,711	295	
ARBORWORKS, LLC	Revolving Loan <sup>10</sup>	Environmental services	L+7.00%, 3.00% PIK (Floor 1.00%/Q, Current Coupon 14.83%)	11/17/2021	11/9/2026	2,000	1,956	1,502
	First Lien		L+7.00%, 3.00% PIK (Floor 1.00%/Q, Current Coupon 14.85%)	11/17/2021	11/9/2026	12,610	12,417	9,470
	100 Class A Units <sup>9,13</sup>		—	11/17/2021	—	—	100	—
						14,473	10,972	
ASC ORTHO MANAGEMENT COMPANY, LLC	2,572 Common Units <sup>9,13</sup>	Healthcare services	—	8/31/2018	—	—	1,026	847

**CAPITAL SOUTHWEST CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**

March 31, 2023

Portfolio Company <sup>1,18</sup>	Type of Investment <sup>2</sup>	Industry	Current Interest Rate <sup>3</sup>	Acquisition Date <sup>14</sup>	Maturity	Principal	Cost <sup>12,17</sup>	Fair Value <sup>4</sup>
<b>ATS OPERATING, LLC</b>	Revolving Loan <sup>10</sup>	Consumer products & retail	SOFR+6.50% (Floor 1.00%/Q, Current Coupon 11.39%)	1/18/2022	1/18/2027	500	462	492
	First Lien - Term Loan A		SOFR+5.50% (Floor 1.00%/Q, Current Coupon 10.35%)	1/18/2022	1/18/2027	9,250	9,104	9,102
	First Lien - Term Loan B		SOFR+7.50% (Floor 1.00%/Q, Current Coupon 12.35%)	1/18/2022	1/18/2027	9,250	9,102	9,102
	1,000,000 Preferred units <sup>9,13</sup>		—	1/18/2022	—	—	1,000	1,000
						19,668	19,696	
<b>BINSWANGER HOLDING CORP.</b>	900,000 shares of common stock	Distribution	—	3/9/2017	—	—	900	—
<b>BROAD SKY NETWORKS LLC</b>	1,131,579 Series A Preferred units <sup>9,13</sup>	Telecommunications	—	12/11/2020	—	—	1,132	1,649
	89,335 Series C Preferred units <sup>9,13</sup>		—	10/21/2022	—	—	89	130
							1,221	1,779
<b>C&amp;M CONVEYOR, INC.</b>	First Lien - Term Loan A <sup>15</sup>	Business services	SOFR+7.50% (Floor 1.50%/M, Current Coupon 12.28%)	1/3/2023	9/30/2026	6,500	6,377	6,377
	First Lien - Term Loan B <sup>15</sup>		SOFR+5.50% (Floor 1.50%/M, Current Coupon 10.28%)	1/3/2023	9/30/2026	6,500	6,377	6,377
							12,754	12,754
<b>CADMUM, LLC</b>	Revolving Loan	Software & IT services	L+7.00% (Floor 1.00%/Q, Current Coupon 12.16%)	1/7/2022	12/22/2026	615	611	594
	First Lien		L+7.00% (Floor 1.00%/Q, Current Coupon 12.16%)	1/7/2022	12/22/2026	7,385	7,326	7,134
							7,937	7,728
<b>CAMIN CARGO CONTROL, INC.</b>	First Lien	Energy services (midstream)	SOFR+6.50% (Floor 1.00%/M, Current Coupon 11.42%)	6/2/2021	6/4/2026	5,692	5,652	5,692
<b>CAVALIER BUYER, INC.</b>	Revolving Loan <sup>10</sup>	Healthcare services	SOFR+8.00% (Floor 2.00%)	2/10/2023	2/10/2028	—	(19)	—
	First Lien		SOFR+8.00% (Floor 2.00%/Q, Current Coupon 12.88%)	2/10/2023	2/10/2028	6,500	6,372	6,372
	625,000 Preferred Units <sup>9,13</sup>		—	2/10/2023	—	—	625	625
	625,000 Class A-1 Units <sup>9,13</sup>		—	2/10/2023	—	—	—	—
							6,978	6,997

**CAPITAL SOUTHWEST CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**

March 31, 2023

Portfolio Company <sup>1,18</sup>	Type of Investment <sup>2</sup>	Industry	Current Interest Rate <sup>3</sup>	Acquisition Date <sup>14</sup>	Maturity	Principal	Cost <sup>12,17</sup>	Fair Value <sup>4</sup>
<b>CRAFTY APES, LLC</b>	First Lien <sup>8</sup>	Media & marketing	SOFR+7.02% (Floor 1.00%/Q, Current Coupon 12.07% <sup>20</sup> )	6/9/2021	11/1/2024	15,000	14,911	15,000
<b>EVEREST TRANSPORTATION SYSTEMS, LLC</b>	First Lien	Transportation & logistics	SOFR+8.00% (Floor 1.00%/M, Current Coupon 12.91%)	11/9/2021	8/26/2026	8,566	8,498	8,566
<b>EXACT BORROWER, LLC</b>	Revolving Loan <sup>10</sup>	Media & marketing	SOFR+7.50% (Floor 2.00%)	12/7/2022	8/6/2027	—	(47)	—
	First Lien - Term Loan A		SOFR+7.50% (Floor 2.00%/Q, Current Coupon 12.24%)	12/7/2022	8/6/2027	9,450	9,271	9,271
	First Lien - Term Loan B		SOFR+7.50% (Floor 2.00%/Q, Current Coupon 12.24%)	12/7/2022	8/6/2027	9,450	9,271	9,271
	Delayed Draw Term Loan <sup>10</sup>		SOFR+7.50% (Floor 2.00%)	12/7/2022	8/6/2027	—	(23)	—
	Promissory Note		13.574%	12/7/2022	12/6/2028	385	385	385
	615,156 Common units			12/7/2022	—	—	615	770
							19,472	19,697
<b>FLIP ELECTRONICS, LLC</b>	First Lien	Technology products & components	SOFR+7.50% (Floor 1.00%/Q, Current Coupon 12.41% <sup>20</sup> )	1/4/2021	1/2/2026	31,845	31,214	31,845
	Delayed Draw Term Loan		SOFR+7.50% (Floor 1.00%/Q, Current Coupon 12.25%)	3/24/2022	1/2/2026	2,818	2,777	2,818
	2,000,000 Common Units <sup>9,11,13</sup>		—	1/4/2021	—	—	2,000	17,678
							35,991	52,341
<b>FM SYLVAN, INC.</b>	Revolving Loan <sup>10</sup>	Industrial services	SOFR+8.00% (Floor 1.00%/Q, Current Coupon 12.94%)	11/8/2022	11/8/2027	2,000	1,816	2,000
	First Lien		SOFR+8.00% (Floor 1.00%/Q, Current Coupon 12.85%)	11/8/2022	11/8/2027	11,963	11,737	11,963
							13,553	13,963
<b>FOOD PHARMA SUBSIDIARY HOLDINGS, LLC</b>	First Lien	Food, agriculture & beverage	L+6.50% (Floor 1.00%/Q, Current Coupon 11.25%)	6/1/2021	6/1/2026	7,030	6,908	7,030
	75,000 Class A Units <sup>9,13</sup>		—	6/1/2021	—	—	750	911
							7,658	7,941

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Portfolio Company <sup>1,18</sup>	Type of Investment <sup>2</sup>	Industry	Current Interest Rate <sup>3</sup>	Acquisition Date <sup>14</sup>	Maturity	Principal	Cost <sup>12,17</sup>	Fair Value <sup>4</sup>
<b>GAINS INTERMEDIATE, LLC</b>	Revolving Loan <sup>10</sup>	Business services	SOFR+7.50% (Floor 2.00%)	12/15/2022	12/15/2027	—	(47)	—
	First Lien - Term Loan A		SOFR+6.50% (Floor 2.00%/Q, Current Coupon 11.35%)	12/15/2022	12/15/2027	7,500	7,357	7,358
	First Lien - Term Loan B		SOFR+8.50% (Floor 2.00%/Q, Current Coupon 13.35%)	12/15/2022	12/15/2027	7,500	7,356	7,358
	Delayed Draw Term Loan <sup>10</sup>		SOFR+7.50% (Floor 2.00%)	12/15/2022	12/15/2027	—	(162)	—
							14,504	14,716
<b>GUARDIAN FLEET SERVICES, INC.</b>	First Lien	Transportation & logistics	SOFR+7.25%, 1.75% PIK (Floor 2.50%/Q, Current Coupon 14.05%)	2/10/2023	2/10/2028	4,511	4,376	4,376
	1,500,000 Class A Units <sup>9,13</sup>		—	2/10/2023	—	—	1,500	1,500
	Warrants (Expiration - February 10, 2033)		—	2/10/2023	—	—	80	80
							5,956	5,956
<b>GULF PACIFIC ACQUISITION, LLC</b>	Revolving Loan <sup>10</sup>	Food, agriculture & beverage	SOFR+6.00% (Floor 1.00%/Q, Current Coupon 10.99% <sup>20</sup> )	9/30/2022	9/29/2028	353	335	347
	First Lien		SOFR+6.00% (Floor 1.00%/Q, Current Coupon 11.05%)	9/30/2022	9/29/2028	3,642	3,574	3,573
	Delayed Draw Term Loan <sup>10</sup>		SOFR+6.00% (Floor 1.00%/Q, Current Coupon 11.11%)	9/30/2022	9/29/2028	303	286	297
							4,195	4,217
<b>HYBRID APPAREL, LLC</b>	Second Lien <sup>15</sup>	Consumer products & retail	SOFR+8.25% (Floor 1.00%/Q, Current Coupon 13.10%)	6/30/2021	6/30/2026	15,750	15,528	13,120
<b>INFOLINKS MEDIA BUYCO, LLC</b>	First Lien	Media & marketing	L+5.50% (Floor 1.00%/Q, Current Coupon 10.66%)	11/1/2021	10/30/2026	7,653	7,537	7,653
	Delayed Draw Term Loan <sup>10</sup>		L+5.50% (Floor 1.00%)	11/1/2021	10/30/2026	—	(16)	—
	1.68% LP interest <sup>9,10,11,13</sup>		—	10/29/2021	—	—	588	944
						8,109	8,597	

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ISI ENTERPRISES, LLC	Revolving Loan <sup>10</sup>	Software & IT services	L+7.00% (Floor 1.00%)	10/1/2021	10/1/2026	—	(28)	—
	First Lien		L+7.00% (Floor 1.00%)/Q, Current Coupon 11.75%	10/1/2021	10/1/2026	5,000	4,926	5,000
	1,000,000 Series A Preferred units		—	10/1/2021	—	—	1,000	1,000
							5,898	6,000
ISLAND PUMP AND TANK, LLC	Revolving Loan <sup>10</sup>	Environmental services	SOFR+7.50% (Floor 2.00%)/Q, Current Coupon 12.67%	3/2/2023	8/3/2026	500	471	471
	First Lien		SOFR+7.50% (Floor 2.00%)/Q Current Coupon 12.66%	3/2/2023	8/3/2026	9,000	8,823	8,823
	750,000 Preferred units <sup>9,13</sup>		—	3/2/2023	—	—	750	750
							10,044	10,044
JVMC HOLDINGS CORP.	First Lien	Financial services	L+6.50% (Floor 1.00%)/M, Current Coupon 11.34%	2/28/2019	2/28/2024	6,132	6,117	6,132
KMS, INC. <sup>15</sup>	First Lien	Distribution	L+7.25% (Floor 1.00%)/Q, Current Coupon 12.44%	10/4/2021	10/2/2026	15,800	15,681	14,299
	Delayed Draw Term Loan <sup>10</sup>		L+7.25% (Floor 1.00%)/Q, Current Coupon 12.44%	10/4/2021	10/2/2026	2,228	2,174	2,016
							17,855	16,315
LASH OPCO, LLC	Revolving Loan <sup>10</sup>	Consumer products & retail	L+7.00% (Floor 1.00%)/S, Current Coupon 11.89% <sup>20</sup>	12/29/2021	9/18/2025	343	336	330
	First Lien		L+7.00% (Floor 1.00%)/S, Current Coupon 11.84%	12/29/2021	3/18/2026	10,532	10,315	10,110
							10,651	10,440
LGM PHARMA, LLC	First Lien	Healthcare products	L+8.50% (Floor 1.00%), 1.00% PIK/Q, Current Coupon 14.16%	11/15/2017	11/15/2023	11,477	11,436	11,477
	Delayed Draw Term Loan		L+10.00% (Floor 1.00%), 1.00% PIK/Q, Current Coupon 15.66%	7/24/2020	11/15/2023	2,501	2,491	2,501
	Unsecured convertible note <sup>9,13</sup>		25.00% PIK	12/21/2021	12/31/2024	113	113	113
	142,278.89 units of Class A common stock <sup>9,13</sup>		—	11/15/2017	—	—	1,600	1,692
							15,640	15,783

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<b>LIGHTNING INTERMEDIATE II, LLC</b>	Revolving Loan <sup>10</sup>	Healthcare products	SOFR+6.50% (Floor 1.00%)	6/6/2022	6/7/2027	—	(31)	—
	First Lien		SOFR+6.50% (Floor 1.00%)/S, Current Coupon 11.54%	6/6/2022	6/7/2027	22,714	22,318	22,305
	0.88% LLC interest <sup>9,13</sup>		—	6/6/2022	—	—	600	416
							22,887	22,721
<b>LLFLEX, LLC</b>	First Lien <sup>15</sup>	Containers & packaging	L+9.00% (Floor 1.00%)/Q, Current Coupon 13.75%	8/16/2021	8/14/2026	10,835	10,656	10,131
<b>MAKO STEEL LP</b>	Revolving Loan <sup>10</sup>	Business services	L+7.25% (Floor 0.75%)/S, Current Coupon 11.89% <sup>20</sup>	3/15/2021	3/13/2026	943	921	939
	First Lien		L+7.25% (Floor 0.75%)/Q, Current Coupon 12.30%	3/15/2021	3/13/2026	7,879	7,778	7,839
							8,699	8,778
<b>MERCURY ACQUISITION 2021, LLC</b>	First Lien	Telecommunications	L+8.00% (Floor 1.00%)/Q, Current Coupon 12.75%	12/6/2021	12/7/2026	12,344	12,150	11,949
	Second Lien		L+11.00% (Floor 1.00%)/Q, Current Coupon 15.75%	12/6/2021	12/7/2026	2,759	2,715	2,593
	2,089,599 Series A units <sup>9,13</sup>		—	12/6/2021	—	—	—	770
							14,865	15,312
<b>MICROBE FORMULAS LLC</b>	Revolving Loan <sup>10</sup>	Healthcare products	SOFR+6.25% (Floor 1.00%)	4/4/2022	4/3/2028	—	(27)	—
	First Lien		SOFR+6.25% (Floor 1.00%)/M, Current Coupon 11.09%	4/4/2022	4/3/2028	11,621	11,421	11,505
							11,394	11,505
<b>MUENSTER MILLING COMPANY, LLC</b>	Revolving Loan <sup>10</sup>	Food, agriculture & beverage	SOFR+7.25% (Floor 1.00%)	8/10/2021	8/10/2026	—	(67)	—
	First Lien		SOFR+7.25% (Floor 1.00%)/Q, Current Coupon 11.99%	8/10/2021	8/10/2026	21,800	21,457	21,800
	1,000,000 Class A units <sup>9,13</sup>		—	12/15/2022	—	—	1,000	1,185
							22,390	22,985

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NATIONAL CREDIT CARE, LLC	First Lien - Term Loan A	Consumer services	L+6.50% (Floor 1.00%/Q, Current Coupon 11.25%)	12/23/2021	12/23/2026	9,716	9,564	9,550
	First Lien - Term Loan B		L+7.50% (Floor 1.00%/Q, Current Coupon 12.25%)	12/23/2021	12/23/2026	9,716	9,563	9,550
	191,049.33 Class A-3 Preferred units <sup>9,11,13</sup>		—	3/17/2022	—	—	2,000	2,000
							21,127	21,100
NEUROPSYCHIATRIC HOSPITALS, LLC	Revolving Loan	Healthcare services	L+8.00% (Floor 1.00%/Q, Current Coupon 12.75%)	5/14/2021	5/14/2026	4,400	4,338	4,180
	First Lien - Term Loan A		L+7.00% (Floor 1.00%/Q, Current Coupon 11.75%)	3/21/2023	5/14/2026	7,478	7,375	7,104
	First Lien - Term Loan B		L+9.00% (Floor 1.00%/Q, Current Coupon 13.75%)	3/21/2023	5/14/2026	7,478	7,375	6,356
	First Lien - Term Loan C		SOFR+10.00% (Floor 1.00%/Q, Current Coupon 15.00%)	3/21/2023	5/14/2026	3,176	3,097	3,097
							22,185	20,737
NEW SKINNY MIXES, LLC	Revolving Loan <sup>10</sup>	Food, agriculture & beverage	SOFR+8.00% (Floor 2.00%)	12/21/2022	12/21/2027	—	(76)	—
	First Lien		SOFR+8.00% (Floor 2.00%/Q, Current Coupon 12.79%)	12/21/2022	12/21/2027	13,000	12,750	12,753
	Delayed Draw Term Loan <sup>10</sup>		SOFR+8.00% (Floor 2.00%)	12/21/2022	12/21/2027	—	(28)	—
							12,646	12,753
NINJATRADER, INC.	Revolving Loan <sup>10</sup>	Financial services	L+6.25% (Floor 1.00%)	12/18/2019	12/18/2024	—	(3)	—
	First Lien		L+6.25% (Floor 1.00%/Q, Current Coupon 11.00%)	12/18/2019	12/18/2024	23,150	22,864	23,150
	Delayed Draw Term Loan <sup>10</sup>		L+6.25% (Floor 1.00%)	12/31/2020	12/18/2024	—	(28)	—
	2,000,000 Preferred Units <sup>9,11,13</sup>		—	12/18/2019	—	—	2,000	11,138
							24,833	34,288
NWN PARENT HOLDINGS, LLC	Revolving Loan <sup>10</sup>	Software & IT services	SOFR+8.00% (Floor 1.00%/Q, Current Coupon 12.85% <sup>20</sup> )	5/7/2021	5/7/2026	1,020	997	1,006
	First Lien		SOFR+8.00% (Floor 1.00%/Q, Current Coupon 12.87%)	5/7/2021	5/7/2026	12,688	12,519	12,510
							13,516	13,516

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Portfolio Company <sup>1,18</sup>	Type of Investment <sup>2</sup>	Industry	Current Interest Rate <sup>3</sup>	Acquisition Date <sup>14</sup>	Maturity	Principal	Cost <sup>12,17</sup>	Fair Value <sup>4</sup>
<b>OPCO BORROWER, LLC</b>	Revolving Loan <sup>10</sup>	Healthcare services	SOFR+6.50% (Floor 1.00%)	8/19/2022	8/19/2027	—	(7)	—
	First Lien		SOFR+6.50% (Floor 1.00%)/M, Current Coupon 11.50%	8/19/2022	8/19/2027	9,052	8,970	9,052
	Second Lien		12.50%	8/19/2022	2/19/2028	3,000	2,755	3,000
	Warrants (Expiration - August 19, 2029)		—	8/19/2022	—	—	207	399
							11,925	12,451
<b>PIPELINE TECHNIQUE LTD.<sup>9</sup></b>	Revolving Loan <sup>10</sup>	Energy services (midstream)	P+6.25% (Floor 2.00%)/Q, Current Coupon 14.25%	8/23/2022	8/19/2027	500	441	490
	First Lien		SOFR+7.25% (Floor 1.00%)/Q, Current Coupon 12.32%	8/23/2022	8/19/2027	9,750	9,574	9,565
							10,015	10,055
<b>RESEARCH NOW GROUP, INC.</b>	Second Lien	Business services	L+9.50% (Floor 1.00%)/S, Current Coupon 14.31%	12/8/2017	12/20/2025	10,500	10,163	6,431
<b>ROOF OPCO, LLC</b>	Revolving Loan <sup>10</sup>	Consumer services	SOFR+6.50% (Floor 1.00%)	8/27/2021	8/27/2026	—	(42)	—
	First Lien		SOFR+6.50% (Floor 1.00%)/Q, Current Coupon 11.35%	8/27/2021	8/27/2026	21,633	21,267	21,071
	535,714.29 Class A Units <sup>9,13</sup>		—	9/23/2022	—	—	750	750
							21,975	21,821
<b>RTIC SUBSIDIARY HOLDINGS, LLC</b>	Revolving Loan <sup>10</sup>	Consumer products & retail	SOFR+7.75% (Floor 1.25%)/M, Current Coupon 12.56% <sup>20</sup>	9/1/2020	9/1/2025	822	813	715
	First Lien		SOFR+7.75% (Floor 1.25%)/M, Current Coupon 12.52%	9/1/2020	9/1/2025	6,166	6,123	5,364
							6,936	6,079
<b>SCRIP INC.</b>	First Lien <sup>8</sup>	Healthcare products	L+10.98% (Floor 2.00%)/M, Current Coupon 15.83%	3/21/2019	3/21/2024	16,750	16,634	15,594
	100 shares of common stock		—	3/21/2019	—	—	1,000	751
							17,634	16,345

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<b>SHEARWATER RESEARCH, INC.</b> <sup>9</sup>	Revolving Loan <sup>10</sup>	Consumer products & retail	L+6.25% (Floor 1.00%)	4/30/2021	4/30/2026	—	(30)	—
	First Lien		L+6.25% (Floor 1.00%/Q, Current Coupon 11.06%)	4/30/2021	4/30/2026	13,643	13,462	13,643
	1,200,000 Class A Preferred Units		—	4/30/2021	—	—	978	2,558
	40,000 Class A Common Units		—	4/30/2021	—	—	33	85
							14,443	16,286
<b>SIB HOLDINGS, LLC</b>	Revolving Loan	Business services	L+6.25% (Floor 1.00%/M, Current Coupon 11.23% <sup>20</sup> )	10/29/2021	10/29/2026	702	694	681
	First Lien		L+6.25% (Floor 1.00%/M, Current Coupon 11.21%)	10/29/2021	10/29/2026	11,382	11,235	11,040
	238,095.24 Common Units <sup>9,13</sup>		—	10/29/2021	—	—	500	411
						12,429	12,132	
<b>SOUTH COAST TERMINALS, LLC</b>	Revolving Loan <sup>10</sup>	Specialty chemicals	L+5.25% (Floor 1.00%)	12/13/2021	12/11/2026	—	(28)	—
	First Lien		L+5.25% (Floor 1.00%/M, Current Coupon 10.03%)	12/13/2021	12/11/2026	17,839	17,560	17,839
							17,532	17,839
<b>SPECTRUM OF HOPE, LLC</b>	First Lien	Healthcare services	SOFR+7.50% (Floor 1.00%/M, Current Coupon 12.24%)	9/6/2022	6/11/2024	22,358	22,020	21,934
	1,000,000 Common units <sup>9,13</sup>		—	2/17/2023	—	—	1,000	1,000
							23,020	22,934
<b>SPOTLIGHT AR, LLC</b>	Revolving Loan <sup>10</sup>	Business services	L+6.75% (Floor 1.00%)	12/8/2021	6/8/2026	—	(28)	—
	First Lien		L+6.75% (Floor 1.00%/Q, Current Coupon 11.50%)	12/8/2021	6/8/2026	7,481	7,370	7,481
	750 Common Units <sup>9,11,13</sup>		—	12/8/2021	—	—	750	972
							8,092	8,453
<b>SYSTEC CORPORATION</b>	Revolving Loan <sup>10</sup>	Business services	L+7.50% (Floor 1.00%/Q, Current Coupon 12.32% <sup>20</sup> )	8/13/2021	8/13/2025	1,600	1,576	1,600
	First Lien		L+7.50% (Floor 1.00%/Q, Current Coupon 12.25%)	8/13/2021	8/13/2025	9,000	8,886	9,000
							10,462	10,600

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<b>THE PRODUCTO GROUP, LLC</b>	First Lien	Industrial products	SOFR+8.00% (Floor 1.00%/M, Current Coupon 12.92%)	12/31/2021	12/31/2026	17,655	17,355	17,655
	1,500,000 Class A units <sup>9,13</sup>		—	12/31/2021	—	—	1,500	7,833
							18,855	25,488
<b>TRAFERA, LLC (FKA TRINITY 3, LLC)</b>	First Lien <sup>15</sup>	Technology products & components	L+6.50% (Floor 1.00%/Q, Current Coupon 11.26%)	9/30/2020	9/30/2025	5,775	5,727	5,775
	Unsecured convertible note <sup>9,13</sup>		10.00% PIK	2/7/2022	3/31/2026	92	92	92
	896.43 Class A units <sup>9,11,13</sup>		—	11/15/2019	—	—	1,205	1,509
						7,024	7,376	
<b>US COURTSRIPT HOLDINGS, INC.</b>	First Lien	Business services	SOFR+6.00% (Floor 1.00%/Q, Current Coupon 10.87% <sup>20</sup> )	5/17/2022	5/17/2027	16,800	16,540	16,800
	1,000,000 Class D-3 LP Units <sup>9,13</sup>		—	5/17/2022	—	—	1,000	1,354
	211,862.61 Class D-4 LP Units <sup>9,13</sup>		—	10/31/2022	—	—	212	278
	211,465.87 Class D-5 LP Units <sup>9,13</sup>		—	1/10/2023	—	—	211	275
								17,963
<b>USA DEBUSK, LLC</b>	First Lien	Industrial services	L+5.75% (Floor 1.00%/M, Current Coupon 10.59%)	2/25/2020	9/8/2026	11,498	11,367	11,498
<b>VERSICARE MANAGEMENT LLC</b>	Revolving Loan <sup>10</sup>	Healthcare services	SOFR+8.00% (Floor 1.00%)	8/18/2022	8/18/2027	—	(44)	—
	First Lien - Term Loan A		SOFR+8.00% (Floor 1.00%/Q, Current Coupon 12.85%)	8/18/2022	8/18/2027	13,500	13,256	13,257
	Delayed Draw Term Loan <sup>10</sup>		SOFR+8.00% (Floor 1.00%/Q, Current Coupon 13.16%)	8/18/2022	8/18/2027	2,400	2,332	2,357
						15,544	15,614	
<b>VISTAR MEDIA INC.</b>	171,617 shares of Series A preferred stock <sup>9,13</sup>	Media & marketing	—	4/3/2019	—	—	1,874	9,054
<b>VTX HOLDINGS, INC.</b>	1,597,707 Series A Preferred units <sup>9,13</sup>	Software & IT services	—	7/23/2019	—	—	1,598	2,694

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WALL STREET PREP, INC.	Revolving Loan <sup>10</sup>	Education	L+7.00% (Floor 1.00%)	7/19/2021	7/20/2026	—	(13)	—
	First Lien		L+7.00% (Floor 1.00%)/Q, Current Coupon 11.75%	7/19/2021	7/20/2026	10,588	10,436	10,588
	1,000,000 Class A-1 Preferred Shares		—	7/19/2021	—	—	1,000	1,205
							11,423	11,793
WELL-FOAM, INC.	Revolving Loan <sup>10</sup>	Energy services (upstream)	L+8.00% (Floor 1.00%)	9/9/2021	9/9/2026	—	(64)	—
	First Lien		L+8.00% (Floor 1.00%)/Q, Current Coupon 12.75%	9/9/2021	9/9/2026	17,730	17,466	17,730
							17,402	17,730
WINTER SERVICES OPERATIONS, LLC	Revolving Loan <sup>10</sup>	Business services	L+7.00% (Floor 1.00%)	11/19/2021	11/19/2026	—	(65)	—
	First Lien		L+7.00% (Floor 1.00%)/Q, Current Coupon 11.75%	11/19/2021	11/19/2026	20,000	19,693	20,000
	Delayed Draw Term Loan <sup>10</sup>		L+7.00% (Floor 1.00%)	11/19/2021	11/19/2026	—	(32)	—
							19,596	20,000
ZENFOLIO INC.	Revolving Loan	Business services	SOFR+9.00% (Floor 1.00%)/Q, Current Coupon 13.82%	7/17/2017	7/17/2025	2,000	1,994	1,954
	First Lien		SOFR+9.00% (Floor 1.00%)/Q, Current Coupon 13.82%	7/17/2017	7/17/2025	18,913	18,762	18,478
							20,756	20,432
ZIPS CAR WASH, LLC	Delayed Draw Term Loan - A	Consumer services	SOFR+7.25% (Floor 1.00%)/M, Current Coupon 12.15% <sup>20</sup>	2/11/2022	3/1/2024	15,840	15,611	15,634
	Delayed Draw Term Loan - B		SOFR+7.25% (Floor 1.00%)/M, Current Coupon 12.12% <sup>20</sup>	2/11/2022	3/1/2024	3,970	3,914	3,919
							19,525	19,553
<b>Total Non-control/Non-affiliate Investments (163.7% of net assets at fair value)</b>							<b>\$ 947,829</b>	<b>\$ 966,627</b>

**CAPITAL SOUTHWEST CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**

March 31, 2023

Portfolio Company <sup>1,18</sup>	Type of Investment <sup>2</sup>	Industry	Current Interest Rate <sup>3</sup>	Acquisition Date <sup>14</sup>	Maturity	Principal	Cost <sup>12,17</sup>	Fair Value <sup>4</sup>
<b>Affiliate Investments<sup>6</sup></b>								
<b>AIR CONDITIONING SPECIALIST, INC.</b>	Revolving Loan <sup>10</sup>	Consumer services	SOFR+7.25% (Floor 1.00%/Q, Current Coupon 12.40%)	11/9/2021	11/9/2026	\$ 800	\$ 766	\$ 800
	First Lien		SOFR+7.25% (Floor 1.00%/Q, Current Coupon 12.12% <sup>20</sup> )	11/9/2021	11/9/2026	27,438	26,940	27,438
	766,738.93 Preferred Units <sup>9,13</sup>		—	11/9/2021	—	—	809	1,202
							28,515	29,440
<b>CATBIRD NYC, LLC</b>	Revolving Loan <sup>10</sup>	Consumer products & retail	SOFR+7.00% (Floor 1.00%)	10/15/2021	10/15/2026	—	(57)	—
	First Lien		SOFR+7.00% (Floor 1.00%/Q, Current Coupon 11.88%)	10/15/2021	10/15/2026	15,500	15,265	15,500
	1,000,000 Class A units <sup>9,11,13</sup>		—	10/15/2021	—	—	1,000	1,658
	500,000 Class B units <sup>9,10,11,13</sup>		—	10/15/2021	—	—	500	714
							16,708	17,872
<b>CENTRAL MEDICAL SUPPLY LLC</b>	Revolving Loan <sup>10</sup>	Healthcare services	L+9.00% (Floor 1.75%/Q, Current Coupon 13.75%)	5/22/2020	5/22/2025	300	287	296
	First Lien		L+9.00% (Floor 1.75%/Q, Current Coupon 13.75%)	5/22/2020	5/22/2025	7,500	7,427	7,402
	Delayed Draw Capex Term Loan <sup>10</sup>		L+9.00% (Floor 1.75%/Q, Current Coupon 13.75%)	5/22/2020	5/22/2025	100	87	99
	1,380,500 Preferred Units <sup>9,13</sup>		—	5/22/2020	—	—	976	357
							8,777	8,154
<b>CHANDLER SIGNS, LLC</b>	1,500,000 units of Class A-1 common stock <sup>9,13</sup>	Business services	—	1/4/2016	—	—	1,500	3,215
<b>DELPHI BEHAVIORAL HEALTH GROUP, LLC</b>	Protective Advance <sup>16</sup>		L+16.70% PIK (Floor 1.00%/Q, Current Coupon 21.06%)	8/31/2021	4/7/2023	1,448	1,448	—
	First Lien <sup>16</sup>	Healthcare services	L+11.00% PIK (Floor 1.00%/S, Current Coupon 15.74%)	4/8/2020	4/7/2023	1,649	1,649	—
	First Lien <sup>16</sup>		L+9.00% PIK (Floor 1.00%/S, Current Coupon 14.13%)	4/8/2020	4/7/2023	1,829	1,829	—
	1,681.04 Common Units		—	4/8/2020	—	—	3,615	—
							8,541	—

**CAPITAL SOUTHWEST CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**

March 31, 2023

Portfolio Company <sup>1,18</sup>	Type of Investment <sup>2</sup>	Industry	Current Interest Rate <sup>3</sup>	Acquisition Date <sup>14</sup>	Maturity	Principal	Cost <sup>12,17</sup>	Fair Value <sup>4</sup>
<b>DYNAMIC COMMUNITIES, LLC</b>	First Lien - Term Loan A	Business services	SOFR+4.50% PIK (Floor 2.00%/Q, Current Coupon 9.41%	12/20/2022	12/31/2026	3,846	3,826	3,823
	First Lien - Term Loan B		SOFR+6.50% PIK (Floor 2.00%/Q, Current Coupon 11.41%	12/20/2022	12/31/2026	3,867	3,844	3,843
	250,000 Class A Preferred Units <sup>9,13</sup>		—	12/20/2022	—	—	250	625
	5,435,211.03 Class B Preferred Units <sup>9,13</sup>		—	12/20/2022	—	—	2,218	2,218
	255,984.22 Class C Preferred Units <sup>9,13</sup>		—	12/20/2022	—	—	—	—
	2,500,000 Common units <sup>9,13</sup>		—	12/20/2022	—	—	—	—
							10,138	10,509
<b>GPT INDUSTRIES, LLC</b>	Revolving Loan <sup>10</sup>	Industrial products	SOFR+9.00% (Floor 2.00%)	1/30/2023	1/31/2028	—	(58)	—
	First Lien <sup>19</sup>		SOFR+9.00% (Floor 2.00%/Q, Current Coupon 13.93%	1/30/2023	1/31/2028	6,150	6,030	6,030
	1,000,000 Class A Preferred Units <sup>9,13</sup>		—	1/30/2023	—	—	1,000	1,000
							6,972	7,030
<b>GRAMMATECH, INC.</b>	Revolving Loan <sup>10</sup>	Software & IT services	SOFR+9.50% (Floor 2.00%)	11/1/2019	11/1/2024	—	(14)	—
	First Lien		SOFR+9.50% (Floor 2.00%/Q, Current Coupon 14.24%	11/1/2019	11/1/2024	10,031	9,967	10,031
	1,000 Class A units		—	11/1/2019	—	—	1,000	—
	360.06 Class A-1 units		—	1/10/2022	—	—	360	372
							11,313	10,403

**CAPITAL SOUTHWEST CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**

March 31, 2023

Portfolio Company <sup>1,18</sup>	Type of Investment <sup>2</sup>	Industry	Current Interest Rate <sup>3</sup>	Acquisition Date <sup>14</sup>	Maturity	Principal	Cost <sup>12,17</sup>	Fair Value <sup>4</sup>
<b>ITA HOLDINGS GROUP, LLC</b>	Revolving Loan	Transportation & logistics	SOFR+9.00%, 0.50% PIK (Floor 1.00%/Q), Current Coupon 14.35%	2/14/2018	5/12/2023	7,000	6,974	7,014
	First Lien - Term Loan		SOFR+8.00%, 0.50% PIK (Floor 1.00%/Q), Current Coupon 13.35%	2/14/2018	5/12/2023	10,114	10,139	10,114
	First Lien - Term B Loan		SOFR+11.00%, 0.50% PIK (Floor 1.00%/Q), Current Coupon 16.35%	6/5/2018	5/12/2023	5,057	5,056	5,068
	First Lien - PIK Note A		10.00% PIK	3/29/2019	5/12/2023	3,271	3,259	3,255
	First Lien - PIK Note B		10.00% PIK	3/29/2019	5/12/2023	129	129	128
	Warrants (Expiration - March 29, 2029) <sup>9,13</sup>		—	3/29/2019	—	—	538	4,046
	9.25% Class A Membership Interest <sup>9,13</sup>		—	2/14/2018	—	—	1,500	4,348
							27,595	33,973
<b>LIGHTING RETROFIT INTERNATIONAL, LLC</b>	Revolving Loan <sup>10</sup>	Environmental services	7.50%	12/31/2021	12/31/2025	—	—	—
	First Lien		7.50%	12/31/2021	12/31/2025	5,143	5,143	5,143
	Second Lien <sup>16</sup>		10.00% PIK	12/31/2021	12/31/2026	5,208	5,208	3,594
	208,333.3333 Series A Preferred units <sup>9,13</sup>		—	12/31/2021	—	—	—	—
	203,124.9999 Common units <sup>9,13</sup>		—	12/31/2021	—	—	—	—
							10,351	8,737
<b>OUTERBOX, LLC</b>	Revolving Loan <sup>10</sup>	Media & marketing	SOFR+6.75% (Floor 1.00%)	6/8/2022	6/8/2027	—	(25)	—
	First Lien		SOFR+6.75% (Floor 1.00%/Q), Current Coupon 11.56% <sup>20</sup>	6/8/2022	6/8/2027	14,625	14,428	14,552
	6,308.2584 Class A common units <sup>9,13</sup>		—	6/8/2022	—	—	631	773
						15,034	15,325	

**CAPITAL SOUTHWEST CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**

March 31, 2023

Portfolio Company <sup>1,18</sup>	Type of Investment <sup>2</sup>	Industry	Current Interest Rate <sup>3</sup>	Acquisition Date <sup>14</sup>	Maturity	Principal	Cost <sup>12,17</sup>	Fair Value <sup>4</sup>
ROSELAND MANAGEMENT, LLC	Revolving Loan <sup>10</sup>	Healthcare services	SOFR+8.00%, 2.00% PIK (Floor 2.00%/Q), Current Coupon 14.74%	11/9/2018	11/12/2024	575	566	555
	First Lien		SOFR+8.00%, 2.00% PIK (Floor 2.00%/Q), Current Coupon 14.74%	11/9/2018	11/12/2024	15,051	15,008	14,524
	3,364 Class A-2 Units		—	3/31/2023	—	—	202	694
	1,100 Class A-1 Units		—	9/26/2022	—	—	66	161
	16,084 Class A Units		—	11/9/2018	—	—	1,517	422
							17,359	16,356
SONOBI, INC.	500,000 Class A Common Units <sup>9,13</sup>	Media & marketing	—	9/17/2020	—	—	500	1,749
STATINMED, LLC	First Lien	Healthcare services	SOFR+9.50% PIK (Floor 2.00%/M), Current Coupon 14.28%	7/1/2022	7/1/2027	7,288	7,288	7,288
	Delayed Draw Term Loan		SOFR+9.50% PIK (Floor 2.00%/M), Current Coupon 14.28%	12/23/2022	4/15/2023	122	122	122
	4,718.62 Class A Preferred Units		—	7/1/2022	—	—	4,838	3,767
	39,097.96 Class B Preferred Units		—	7/1/2022	—	—	1,400	—
							13,648	11,177
STUDENT RESOURCE CENTER LLC	First Lien	Education	8.50% PIK	12/31/2022	12/30/2027	8,889	8,727	8,720
	10,502,487.46 Preferred Units		—	12/31/2022	—	—	5,845	5,845
	2,000,000.00 Preferred Units <sup>9,13</sup>		—	12/31/2022	—	—	—	—
							14,572	14,565
<b>Total Affiliate Investments (31.9% of net assets at fair value)</b>							<u>\$ 191,523</u>	<u>\$ 188,505</u>
<b>Control Investments<sup>7</sup></b>								
I-45 SLF LLC <sup>9,10,11</sup>	80% LLC equity interest	Multi-sector holdings	—	10/20/2015	—	—	\$ 80,800	\$ 51,256
<b>Total Control Investments (8.7% of net assets at fair value)</b>							<u>\$ 80,800</u>	<u>\$ 51,256</u>
<b>TOTAL INVESTMENTS (204.3% of net assets at fair value)</b>							<u>\$ 1,220,152</u>	<u>\$ 1,206,388</u>

- <sup>1</sup> All debt investments are income-producing, unless otherwise noted. Equity investments are non-income producing, unless otherwise noted.
- <sup>2</sup> All of the Company's investments and the investments of SBIC I (as defined below), unless otherwise noted, are pledged as collateral for the Company's senior secured credit facility or in support of the SBA-guaranteed debentures to be issued by Capital Southwest SBIC I, LP, our wholly-owned subsidiary that operates as a small business investment company ("SBIC I"), respectively.
- <sup>3</sup> The majority of investments bear interest at a rate that may be determined by reference to Secured Overnight Financing Rate ("SOFR"), London Interbank Offered Rate ("LIBOR" or "L"), or Prime ("P") and reset daily (D), monthly (M), quarterly (Q), or semiannually (S). For each investment, the Company has provided the spread over SOFR, LIBOR or Prime and the current contractual interest rate in effect at March 31, 2023. Certain investments are subject to an interest rate floor. Certain investments, as noted, accrue payment-in-kind ("PIK") interest. SOFR based contracts may include a credit spread adjustment (the "Adjustment") that is charged in addition to the stated spread. The Adjustment is applied when the SOFR rate, plus the Adjustment, exceeds the stated floor rate, as applicable. As of March 31, 2023, SOFR based contracts in the portfolio had Adjustments ranging from 0.10% to 0.26161%.
- <sup>4</sup> The Company's investment portfolio is comprised entirely of debt and equity securities of privately held companies for which quoted prices falling within the categories of Level 1 and Level 2 inputs are not readily available. Therefore, the Company values all of its portfolio investments at fair value, as determined in good faith by the Board of Directors, using significant unobservable Level 3 inputs. Refer to Note 4 - Fair Value Measurements to our audited consolidated financial statements for further discussion.
- <sup>5</sup> Non-Control/Non-Affiliate investments are generally defined by the Investment Company Act of 1940, as amended (the "1940 Act"), as investments that are neither control investments nor affiliate investments. At March 31, 2023, approximately 80.1% of the Company's investment assets were non-control/non-affiliate investments. The fair value of these investments as a percent of net assets is 163.7%.
- <sup>6</sup> Affiliate investments are generally defined by the 1940 Act as investments in which between 5% and 25% of the voting securities are owned and the investments are not classified as control investments. At March 31, 2023, approximately 15.6% of the Company's investment assets were affiliate investments. The fair value of these investments as a percent of net assets is 31.9%.
- <sup>7</sup> Control investments are generally defined by the 1940 Act as investments in which more than 25% of the voting securities are owned. At March 31, 2023, approximately 4.2% of the Company's investment assets were control investments. The fair value of these investments as a percent of net assets is 8.7%.
- <sup>8</sup> The investment is structured as a first lien last out term loan.
- <sup>9</sup> Indicates assets that are not considered "qualifying assets" under Section 55(a) of the 1940 Act. Qualifying assets must represent at least 70% of total assets at the time of acquisition of any additional non-qualifying assets. As of March 31, 2023, approximately 13.9% of the Company's assets were non-qualifying assets.
- <sup>10</sup> The investment has an unfunded commitment as of March 31, 2023. Refer to Note 11 - Commitments and Contingencies to our audited consolidated financial statements for further discussion.
- <sup>11</sup> Income producing through dividends or distributions.
- <sup>12</sup> As of March 31, 2023, the cumulative gross unrealized appreciation for U.S. federal income tax purposes was approximately \$72.3 million; cumulative gross unrealized depreciation for federal income tax purposes was \$76.8 million. Cumulative net unrealized depreciation was \$4.5 million, based on a tax cost of \$1,210.8 million.
- <sup>13</sup> Investment is held through a wholly-owned taxable subsidiary.
- <sup>14</sup> The Company generally acquires its investments in private transactions exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"). These investments, which as of March 31, 2023 represented 204.3% of the Company's net assets or 95.9% of the Company's total assets, are generally subject to certain limitations on resale, and may be deemed "restricted securities" under the Securities Act.
- <sup>15</sup> The investment is structured as a split lien term loan, which provides the Company with a first lien priority on certain assets of the obligor and a second lien priority on different assets of the obligor.
- <sup>16</sup> Investment is on non-accrual status as of March 31, 2023, meaning the Company has ceased to recognize interest income on the investment.

<sup>17</sup> Negative cost in this column represents the original issue discount of certain undrawn revolvers and delayed draw term loans.

<sup>18</sup> Equity ownership may be held in shares or units of a company that is either wholly owned by the portfolio company or under common control by the same parent company to the portfolio company.

<sup>19</sup> The investment is structured as a first lien first out term loan.

<sup>20</sup> The rate presented represents a weighted-average rate for borrowings under the facility as of March 31, 2023.

As of March 31, 2023, there were no investments that represented greater than 5% of our total assets..

The accompanying Notes are an integral part of these Consolidated Financial Statements.

## Notes to Consolidated Financial Statements

### 1. ORGANIZATION AND BASIS OF PRESENTATION

References in this Annual Report on Form 10-K to “we,” “our,” “us,” “CSWC,” or the “Company” refer to Capital Southwest Corporation, unless the context requires otherwise.

#### Organization

Capital Southwest Corporation is an internally managed investment company that specializes in providing customized financing to middle market companies in a broad range of investment segments located primarily in the United States. CSWC has elected to be regulated as a business development company under the 1940 Act. Our common stock currently trades on The Nasdaq Global Select Market under the ticker symbol “CSWC.”

We have elected, and intend to qualify annually, to be treated for U.S. federal income tax purposes as a regulated investment company (“RIC”) under Subchapter M of the U.S. Internal Revenue Code of 1986, as amended (the “Code”). As such, we generally will not have to pay U.S. federal income tax at corporate rates on any ordinary income or capital gains that we distribute to our shareholders as dividends. To continue to maintain our RIC tax treatment, we must meet specified source-of-income and asset diversification requirements and timely distribute annually at least 90% of our net ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. We may be subject to U.S. federal income tax and a 4% U.S. federal excise tax on any income that we do not timely distribute to our shareholders. Our U.S. federal income tax liability may be reduced to the extent that we make certain distributions during the following calendar year and satisfy other procedural requirements.

We focus on investing in companies with histories of generating revenues and positive cash flow, established market positions and proven management teams with strong operating discipline. Our core business is to target senior debt investments and equity investments in lower middle market (“LMM”) companies. Our target companies typically have annual earnings before interest, taxes, depreciation and amortization (“EBITDA”) generally between \$3.0 million and \$25.0 million, and our investments generally range in size from \$5.0 million to \$35.0 million. We make available significant managerial assistance to the companies in which we invest as we believe that providing managerial assistance to an investee company is critical to its business development activities.

Capital Southwest Equity Investments, Inc. (the “Taxable Subsidiary”), Capital Southwest SPV LLC (“SPV”), and Capital Southwest SBIC I, LP (“SBIC I”) are wholly owned subsidiaries of the Company and are consolidated in its financial statements. The Taxable Subsidiary was formed to permit us to hold certain interests in portfolio companies that are organized as limited liability companies, or LLCs (or other forms of pass-through entities) and still allow us to satisfy the RIC tax requirement that at least 90% of our gross income for U.S. federal income tax purposes must consist of qualifying investment income. The Taxable Subsidiary has elected to be treated as a corporation for U.S. federal income tax purposes and is subject to U.S. federal income tax at corporate rates based on its taxable income. 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 April 20, 2021, SBIC I received a license from the U.S. 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. SBIC I has an investment strategy substantially similar to ours and makes similar types of investments in accordance with SBA regulations. SBIC I and its general partner are consolidated for financial reporting purposes under generally accepted accounting principles in the United States (“U.S. GAAP”), and the portfolio investments held by it are included in the consolidated financial statements.

#### Basis of Presentation

The consolidated financial statements have been prepared in accordance with U.S. GAAP. We meet the definition of an investment company and follow the accounting and reporting guidance in the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 946, *Financial Services – Investment Companies* (“ASC 946”). Under rules and regulations applicable to investment companies, we are generally precluded from consolidating any entity other than another investment company, subject to certain exceptions. One of the exceptions to this general principle occurs if the investment company has an investment in an operating company that provides services to the investment company. Accordingly, the consolidated financial statements include the Taxable Subsidiary, SPV, and SBIC I.

## Portfolio Investment Classification

We classify our investments in accordance with the requirements of the 1940 Act. Under the 1940 Act, "Control Investments" are generally defined as investments in which we own more than 25% of the voting securities; "Affiliate Investments" are generally defined as investments in which we own between 5% and 25% of the voting securities, and the investments are not classified as "Control Investments"; and "Non-Control/Non-Affiliate Investments" are generally defined as investments that are neither "Control Investments" nor "Affiliate Investments."

Under the 1940 Act, a BDC must meet certain requirements, including investing at least 70% of its total assets in qualifying assets. As of March 31, 2024, the Company has 89.4% of its total assets (at fair value) in qualifying assets. The principal categories of qualifying assets relevant to our business are:

- (1) securities purchased in transactions not involving any public offering from the issuer of such securities, which issuer (subject to certain limited exceptions) is an "eligible portfolio company," or from any person who is, or has been during the preceding 13 months, an affiliated person of an eligible portfolio company, or from any other person, subject to such rules as may be prescribed by the Securities and Exchange Commission ("SEC");
- (2) securities of any eligible portfolio company that we control;
- (3) securities purchased in a private transaction from a U.S. issuer that is not an investment company or from an affiliated person of the issuer, or in transactions incident thereto, if the issuer is in bankruptcy and subject to reorganization or if the issuer, immediately prior to the purchase of its securities was unable to meet its obligations as they came due without material assistance other than conventional lending or financing arrangements;
- (4) securities of an eligible portfolio company purchased from any person in a private transaction if there is no readily available market for such securities and we already own 60% of the outstanding equity of the eligible portfolio company;
- (5) securities received in exchange for or distributed on or with respect to securities described in (1) through (4) above, or pursuant to the exercise of warrants or rights relating to such securities; and
- (6) cash, cash equivalents, U.S. government securities or high-quality debt securities maturing in one year or less from the time of investment.

Additionally, in order to qualify for RIC tax treatment for U.S. federal income tax purposes, we must, among other things meet the following requirements:

- (1) continue to maintain our election as a BDC under the 1940 Act at all times during each taxable year;
- (2) derive in each taxable year at least 90% of our gross income from dividends, interest, payments with respect to certain securities, loans, gains from the sale of stock or other securities, net income from certain "qualified publicly traded partnerships," or other income derived with respect to our business of investing in such stock or securities; and
- (3) diversify our holdings in accordance with two diversification requirements: (a) diversify our holdings such that at the end of each quarter of the taxable year at least 50% of the value of our assets consists of cash, cash equivalents, U.S. Government securities, securities of other RICs, and such other securities if such other securities of any one issuer do not represent more than 5% of the value of our assets or more than 10% of the outstanding voting securities of the issuer; and (b) diversify our holdings such that no more than 25% of the value of our assets is invested in the securities, other than U.S. government securities or securities of other RICs, (i) of one issuer, (ii) of two or more issuers that are controlled, as determined under applicable Code rules, by us and that are engaged in the same or similar or related trades or businesses or (iii) of certain "qualified publicly traded partnerships" (collectively, the "Diversification Requirements");

The two Diversification Requirements must be satisfied quarterly. If a RIC satisfies the Diversification Requirements for one quarter, and then, due solely to fluctuations in market value, fails to meet one of the Diversification Requirements in the next quarter, it retains RIC tax treatment. A RIC that fails to meet the Diversification Requirements as a result of a nonqualified acquisition may be subject to excess taxes unless the nonqualified acquisition is disposed of and the Diversification Requirements are satisfied within 30 days of the close of the quarter in which the Diversification Requirements are failed.

For the quarter ended March 31, 2024, we satisfied all RIC requirements and have 10.1% in nonqualified assets according to measurement criteria established in Section 851(d) of the Code.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed in the preparation of the consolidated financial statements of CSWC.

**Fair Value Measurements** We account for substantially all of our financial instruments at fair value in accordance with ASC Topic 820, *Fair Value Measurements and Disclosures* (“ASC 820”). ASC 820 defines fair value, establishes a framework used to measure fair value and requires disclosures for fair value measurements, including the categorization of financial instruments into a three-level hierarchy based on the transparency of valuation inputs. ASC 820 requires disclosure of the fair value of financial instruments for which it is practical to estimate such value. We believe that the carrying amounts of our financial instruments such as cash, receivables and payables approximate the fair value of these items due to the short maturity of these instruments. This is considered a Level 1 valuation technique. The carrying value of our credit facilities approximates fair value (Level 3 input). See Note 4 below for further discussion regarding the fair value measurements and hierarchy.

**Investments** Investments are stated at fair value and are determined by the Valuation Committee as the Valuation Designee pursuant to Rule 2a-5 under the 1940 Act, subject to the oversight of our Board of Directors, as described in the Notes to the Consolidated Schedule of Investments and Notes 3 and 4 below. Investments are recorded on a trade date basis.

**Net Realized Gains or Losses and Net Unrealized Appreciation or Depreciation** Realized gains or losses are measured by the difference between the net proceeds from the sale or redemption of an investment or a financial instrument and the cost basis of the investment or financial instrument, without regard to unrealized appreciation or depreciation previously recognized, and includes investments written-off during the period net of recoveries and realized gains or losses from in-kind redemptions. Net unrealized appreciation or depreciation reflects the net change in the fair value of the investment portfolio and financial instruments and the reclassification of any prior period unrealized appreciation or depreciation on exited investments and financial instruments to realized gains or losses.

**Cash and Cash Equivalents** Cash and cash equivalents, which consist of cash and highly liquid investments with an original maturity of three months or less at the date of purchase, are carried at cost, which approximates fair value. Cash may be held in a money market fund from time to time, which is a Level 1 security. At March 31, 2024 and March 31, 2023, cash held in money market funds amounted to \$18.8 million and \$8.9 million, respectively. Cash and cash equivalents includes deposits at financial institutions. We deposit our cash balances in financial institutions and, at times, such balances may be in excess of the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. At March 31, 2024 and March 31, 2023, cash balances totaling \$30.7 million and \$20.3 million, respectively, exceeded FDIC insurance limits, subjecting us to risk related to the uninsured balance. All of our cash deposits are held at large established high credit quality financial institutions and management believes that the risk of loss associated with any uninsured balances is remote.

**Segment Information** We operate and manage our business in a singular segment. As an investment company, we invest in portfolio companies in various industries and geographic areas as discussed in Note 3.

**Consolidation** As permitted under Regulation S-X and ASC 946, we generally do not consolidate our investment in a portfolio company other than an investment company subsidiary or a controlled operating company whose business consists of providing services to CSWC. Accordingly, we consolidate the results of the Taxable Subsidiary, SPV and SBIC I. All intercompany balances have been eliminated upon consolidation.

**Use of Estimates** The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. We have identified investment valuation and revenue recognition as our most critical accounting estimates.

**Interest and Dividend Income** Interest and dividend income is recorded on an accrual basis to the extent amounts are expected to be collected. Dividend income is recognized on the date dividends are declared by the portfolio company or at the point an obligation exists for the portfolio company to make a distribution. Discounts/premiums received to par on loans purchased are capitalized and accreted or amortized into income over the life of the loan using the effective interest method. In accordance with our valuation policy, accrued interest and dividend income is evaluated quarterly for collectability. When we do not expect the debtor to be able to service all of its debt or other obligations, we generally will establish a reserve against interest income receivable, thereby placing the loan or debt security on non-accrual status, and cease to recognize interest income on that loan or debt security until the borrower has demonstrated the ability and intent to pay contractual amounts due. If a loan or debt security’s status significantly improves regarding its ability to service debt or other obligations, it will be

restored to accrual basis. As of March 31, 2024, investments on non-accrual status represented approximately 2.3% of our total investment portfolio at fair value and approximately 3.9% at cost. As of March 31, 2023, investments on non-accrual status represented approximately 0.3% of our total investment portfolio at fair value and approximately 1.3% at cost.

To maintain RIC tax treatment, non-cash sources of income, such as accretion of interest income, may need to be paid out to shareholders in the form of distributions, even though CSWC may not have collected the interest income. For the years ended March 31, 2024 and 2023, approximately 2.9% and 3.2%, respectively, of CSWC's total investment income was attributable to non-cash interest income for the accretion of discounts associated with debt investments, net of any premium reduction.

**Payment-in-Kind Interest** The Company currently holds, and expects to hold in the future, some investments in its portfolio that contain PIK interest provisions. The PIK interest, computed at the contractual rate specified in each loan agreement, is added to the principal balance of the loan, rather than being paid to the Company in cash, and is recorded as interest income. Thus, the actual collection of PIK interest may be deferred until the time of debt principal repayment. PIK interest, which is a non-cash source of income, is included in the Company's taxable income and therefore affects the amount the Company is required to distribute to shareholders to maintain its qualification as a RIC for U.S. federal income tax purposes, even though the Company has not yet collected the cash. Generally, when current cash interest and/or principal payments on a loan become past due, or if the Company otherwise does not expect the borrower to be able to service its debt and other obligations, the Company will place the investment on non-accrual status and will generally cease recognizing PIK interest income on that loan for financial reporting purposes until all principal and interest have been brought current through payment or due to a restructuring such that the interest income is deemed to be collectible. The Company writes off any accrued and uncollected PIK interest when it is determined that the PIK interest is no longer collectible. As of March 31, 2024 and March 31, 2023, we have not written off any accrued and uncollected PIK interest from prior periods. For the year ended March 31, 2024, we had five investments for which we stopped accruing PIK interest. For the year ended March 31, 2023, we had three investments for which we stopped accruing PIK interest. For the years ended March 31, 2024 and 2023, approximately 5.7% and 4.6%, respectively, of CSWC's total investment income was attributable to non-cash PIK interest income.

**Fee Income** Fee income, generally collected in advance, includes fees for administration and valuation services rendered by the Company. These fees are typically charged annually and are amortized into income over the year. The Company recognizes nonrecurring fees, including prepayment penalties, waiver fees and amendment fees, as fee income when earned. In addition, the Company also may be entitled to an exit fee that is amortized into income over the life of the loan. Loan exit fees to be paid at the termination of the loan are accreted into fee income over the contractual life of the loan.

**Warrants** In connection with the Company's debt investments, the Company may receive warrants or other equity-related securities from the borrower. The Company determines the cost basis of warrants based upon their respective fair values on the date of receipt in proportion to the total fair value of the debt and warrants received. Any resulting difference between the face amount of the debt and its recorded fair value resulting from the assignment of value to the warrants is treated as original issue discount ("OID"), and accreted into interest income using the effective interest method over the term of the debt investment.

**Debt Issuance Costs** Debt issuance costs include commitment fees and other costs related to the Corporate Credit Facility (as defined below), the SPV Credit Facility (as defined below), the Company's unsecured notes (as discussed further in Note 5) and the debentures guaranteed by the SBA (the "SBA Debentures"). The costs in connection with the credit facilities have been capitalized and are amortized into interest expense over the term of the respective credit facility. The costs in connection with the unsecured notes and the SBA Debentures are a direct deduction from the related debt liability and amortized into interest expense over the term of the January 2026 Notes (as defined below), the October 2026 Notes (as defined below), the August 2028 Notes (as defined below) and the SBA Debentures.

**Deferred Offering Costs** Deferred offering costs include registration expenses related to our shelf registration statement and expenses related to the launch of the "at-the-market" program through which we can sell, from time to time, shares of our common stock (the "Equity ATM Program"). These expenses consist primarily of SEC registration fees, legal fees and accounting fees incurred related thereto. These expenses are included in other assets on the Consolidated Statements of Assets and Liabilities. Upon the completion of an equity offering or a debt offering, the deferred expenses are charged to additional paid-in capital or debt issuance costs, respectively. If there are any deferred offering costs remaining at the expiration of the shelf registration statement, these deferred costs are charged to expense.

**Realized Losses on Extinguishment of Debt** Upon the repayment of debt obligations that are deemed to be extinguishments, the difference between the principal amount due at maturity adjusted for any unamortized debt issuance costs

is recognized as a loss (i.e., the unamortized debt issuance costs and any "make-whole" premium payment (as discussed in Note 5)) are recognized as a loss upon extinguishment of the underlying debt obligation).

**Leases** The Company is obligated under an operating lease pursuant to which it is leasing an office facility from a third party with a remaining term of approximately 11.5 years. The operating lease is included as an operating lease right-of-use ("ROU") asset and operating lease liability in the accompanying Consolidated Statements of Assets and Liabilities. The Company does not have any financing leases.

The ROU asset represents the Company's right to use an underlying asset for the lease term and the operating lease liability represents the Company's obligation to make lease payments arising from such lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the remaining lease term. The Company's lease does not provide an implicit discount rate, and as such the Company uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of the remaining lease payments. Lease expense is recognized on a straight-line basis over the remaining lease term.

**Federal Income Taxes** CSWC has elected, and intends to qualify annually, to be treated for U.S. federal income tax purposes as a RIC under Subsection M of the Code. By meeting these requirements, we will not be subject to U.S. federal income taxes at corporate rates on ordinary income or capital gains timely distributed to shareholders. In order to qualify as a RIC, the Company is required to timely distribute to its shareholders at least 90% of investment company taxable income, as defined by the Code, each year. Investment company taxable income generally differs from net income for financial reporting purposes due to temporary and permanent differences in the recognition of income and expenses. Investment company taxable income generally excludes net unrealized appreciation or depreciation, as investment gains and losses are not included in investment company taxable income until they are realized.

Depending on the level of taxable income or capital gains earned in a tax year, we may choose to carry forward taxable income or capital gains in excess of current year distributions into the next year and pay a 4% U.S. federal excise tax on such income. Any such carryover taxable income or capital gains must be distributed through a dividend declared on or prior to the later of (1) the filing of the U.S. federal income tax return for the applicable fiscal year and (2) the fifteenth day of the ninth month following the close of the year in which such taxable income was generated.

In lieu of distributing our net capital gains for a year, we may decide to retain some or all of our net capital gains. We will be required to pay a 21% corporate rate U.S. federal income tax on any such retained net capital gains. We may elect to treat such retained capital gain as a deemed distribution to shareholders. Under such circumstances, shareholders will be required to include their share of such retained capital gain in income, but will receive a credit for the amount of U.S. federal income tax paid at corporate rates with respect to their shares. As an investment company that qualifies as a RIC, federal income taxes payable on security gains that we elect to retain are accrued only on the last day of our tax year, December 31. Any net capital gains actually distributed to shareholders and properly reported by us as capital gain dividends are generally taxable to the shareholders as long-term capital gains. See Note 6 for further discussion.

The Taxable Subsidiary, a wholly-owned subsidiary of CSWC, is not a RIC and is required to pay taxes at the corporate rate of 21%. For tax purposes, the Taxable Subsidiary has elected to be treated as a taxable entity, and therefore is not consolidated for tax purposes and is taxed at normal corporate tax rates based on taxable income and, as a result of its activities, may generate an income tax provision or benefit. The taxable income, or loss, of the Taxable Subsidiary may differ from its book income, or loss, due to temporary book and tax timing differences and permanent differences. This income tax provision, or benefit, if any, and the related tax assets and liabilities, are reflected in our consolidated financial statements.

Management evaluates tax positions taken or expected to be taken in the course of preparing the Company's consolidated financial statements to determine whether the tax positions are "more-likely-than-not" to be sustained by the applicable tax authority. Tax positions with respect to tax at the CSWC level not deemed to meet the "more-likely-than-not" threshold would be recorded as an expense in the current year. Management's conclusions regarding tax positions will be subject to review and may be adjusted at a later date based on factors including, but not limited to, on-going analyses of tax laws, regulations and interpretations thereof. The Company has concluded that it does not have any uncertain tax positions that meet the recognition of measurement criteria of ASC Topic 740, *Income Taxes*, ("ASC 740") for the current period. Also, we account for interest and, if applicable, penalties for any uncertain tax positions as a component of income tax provision. No interest or penalties expense was recorded during the years ended March 31, 2024, 2023, and 2022.

**Deferred Taxes** Deferred tax assets and liabilities are recorded for losses or income at the Taxable Subsidiary using statutory tax rates. A valuation allowance is provided against deferred tax assets when it is more likely than not that some

portion or all of the deferred tax asset will not be realized. ASC 740 requires the effects of changes in tax rates and laws on deferred tax balances to be recognized in the period in which the legislation was enacted. See Note 6 for further discussion.

**Stock-Based Compensation** We account for our share-based compensation using the fair value method, as prescribed by ASC Topic 718, *Compensation – Stock Compensation*. Accordingly, we recognize share-based compensation cost on a straight-line basis for all share-based payments awarded to employees. For restricted stock awards, we measure the fair value based upon the market price of our common stock on the date of the grant. For restricted stock awards, we amortize this fair value to share-based compensation expense over the vesting term. We recognize forfeitures as they occur. The unvested shares of restricted stock awarded pursuant to CSWC’s equity compensation plans are participating securities and are included in the basic and diluted earnings per share calculation.

The right to grant restricted stock awards under the 2010 Plan terminated on July 18, 2021, ten years after the date that the 2010 Restricted Stock Award Plan (the “2010 Plan”) was approved by the Company’s shareholders pursuant to its terms. In connection with the termination of the 2010 Plan, the Board of Directors and shareholders approved the Capital Southwest Corporation 2021 Employee Restricted Stock Award Plan (the “2021 Employee Plan”), which became effective on July 28, 2021, as part of the compensation package for its employees, the terms of which are, in all material respects, identical to the 2010 Plan. On July 19, 2021, we received an exemptive order that supersedes the prior exemptive order relating to the 2010 Plan (the “Order”) to permit the Company to (i) issue restricted stock as part of the compensation package for its employees in the 2021 Employee Plan, and (ii) withhold shares of the Company’s common stock or purchase shares of the Company’s common stock from the participants to satisfy tax withholding obligations relating to the vesting of restricted stock pursuant to the 2021 Employee Plan. In addition, the Board of Directors and shareholders approved the Capital Southwest Corporation 2021 Non-Employee Director Restricted Stock Plan (the “Non-Employee Director Plan”), which became effective on July 27, 2022, as part of the compensation package for non-employee directors of the Board of Directors. In connection therewith, on May 16, 2022, we received an exemptive order that supersedes the Order (the “Superseding Order”) and covers both employees and non-employee directors of the Board of Directors.

**Shareholder Distributions** Distributions to common shareholders are recorded on the ex-dividend date. The amount of distributions, if any, is determined by the Board of Directors each quarter and is generally based upon the earnings estimated by management. Net realized capital gains, if any, generally are distributed, although the Company may decide to retain such capital gains for investment.

**Presentation** Presentation of certain amounts in the consolidated financial statements for the prior year comparative consolidated financial statements is updated to conform to the current period presentation.

**Recently Issued or Adopted Accounting Standards** In June 2022, the FASB issued Accounting Standards Update (“ASU”) 2022-03, “Fair Value Measurement (Topic 820) - Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions” (“ASC 820”) which was issued to (1) clarify the guidance in ASC 820 when measuring the fair value of an equity security subject to contractual restrictions that prohibit the sale of an equity security, (2) amend a related illustrative example, and (3) introduce new disclosure requirements for equity securities subject to contractual sale restrictions that are measured at fair value in accordance with ASC 820. The new guidance is effective for interim and annual periods beginning after December 15, 2023. The Company adopted the guidance during the year ended March 31, 2024 and its adoption did not have a material impact on its consolidated financial statements or its disclosures.

In December 2023, the FASB issued ASU 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures,” which was issued to enhance the transparency and decision usefulness of income tax disclosures, including an annual requirement to (1) disclose specific categories in the rate reconciliation and (2) provide additional information for reconciling items that meet a quantitative threshold. The new guidance is effective for annual periods beginning after December 15, 2024. The Company is currently evaluating the impact of the new standard on the Company’s consolidated financial statements and related disclosures and does not believe it will have a material impact on its consolidated financial statements or its disclosure.

### 3. INVESTMENTS

The following table shows the composition of the investment portfolio, at fair value and cost (with corresponding percentage of total portfolio investments) as of March 31, 2024 and March 31, 2023:

	Fair Value	Percentage of Total Portfolio at Fair Value	Percentage of Net Assets at Fair Value	Cost	Percentage of Total Portfolio at Cost
(dollars in thousands)					
<b>March 31, 2024:</b>					
First lien loans <sup>1,2</sup>	\$ 1,309,449	88.7 %	173.3 %	\$ 1,340,555	90.8 %
Second lien loans <sup>2</sup>	33,774	2.3	4.5	41,654	2.8
Subordinated debt <sup>3</sup>	1,336	0.1	0.2	1,007	0.1
Preferred equity	71,127	4.8	9.4	56,708	3.8
Common equity & warrants	60,875	4.1	8.0	36,779	2.5
	<u>\$ 1,476,561</u>	<u>100.0 %</u>	<u>195.4 %</u>	<u>\$ 1,476,703</u>	<u>100.0 %</u>
<b>March 31, 2023:</b>					
First lien loans <sup>1,2</sup>	\$ 1,000,984	83.0 %	169.5 %	\$ 1,018,595	83.5 %
Second lien loans <sup>2</sup>	35,820	3.0	6.1	44,038	3.6
Subordinated debt <sup>3</sup>	791	0.1	0.1	763	0.1
Preferred equity	63,393	5.2	10.7	43,634	3.6
Common equity & warrants	54,144	4.5	9.2	32,322	2.6
I-45 SLF LLC <sup>4</sup>	51,256	4.2	8.7	80,800	6.6
	<u>\$ 1,206,388</u>	<u>100.0 %</u>	<u>204.3 %</u>	<u>\$ 1,220,152</u>	<u>100.0 %</u>

<sup>1</sup> Included in first lien loans are loans structured as first lien last out loans. These loans may, in certain cases, be subordinated in payment priority to other senior secured lenders. As of March 31, 2024 and March 31, 2023, the fair value of the first lien last out loans are \$35.3 million and \$50.1 million, respectively.

<sup>2</sup> Included in first lien loans and second lien loans are loans structured as split lien term loans. These loans provide the Company with a first lien priority on certain assets of the obligor and a second lien priority on different assets of the obligor. As of March 31, 2024 and March 31, 2023, the fair value of the split lien term loans included in first lien loans is \$43.7 million and \$45.0 million, respectively. As of March 31, 2024 and March 31, 2023, the fair value of the split lien term loans included in second lien loans is \$20.7 million and \$20.2 million, respectively.

<sup>3</sup> Included in subordinated debt are unsecured convertible notes with a fair value of \$0.4 million as of both March 31, 2024 and March 31, 2023.

<sup>4</sup> I-45 SLF LLC was a joint venture between CSWC and Main Street Capital Corporation ("I-45 SLF"). This entity primarily invested in syndicated senior secured loans to the upper middle market. The portfolio companies held by I-45 SLF represented a diverse set of industry classifications, which are similar to those in which CSWC invests directly.

The following tables show the composition of the investment portfolio by industry, at fair value and cost (with corresponding percentage of total portfolio investments) as of March 31, 2024 and March 31, 2023:

	Fair Value	Percentage of Total Portfolio at Fair Value	Percentage of Net Assets at Fair Value	Cost	Percentage of Total Portfolio at Cost
(dollars in thousands)					
<b>March 31, 2024:</b>					
Healthcare Services	\$ 210,947	14.3 %	27.9 %	\$ 221,937	15.0 %
Business Services	173,722	11.8	23.0	183,650	12.4
Media & Marketing	169,080	11.5	22.4	164,435	11.1
Consumer Products and Retail	158,825	10.8	21.0	157,926	10.7
Consumer Services	114,459	7.8	15.1	119,512	8.1
Food, Agriculture & Beverage	93,384	6.3	12.4	103,371	7.0
Healthcare Products	87,378	5.9	11.6	84,177	5.7
Financial Services	64,384	4.4	8.5	48,479	3.3
Environmental Services	58,322	3.9	7.7	57,116	3.9
Transportation & Logistics	57,612	3.9	7.6	50,136	3.4
Industrial Products	52,148	3.5	6.9	39,614	2.7
Software & IT Services	37,882	2.6	5.0	36,149	2.4
Aerospace & Defense	26,715	1.8	3.5	25,995	1.8
Restaurants	25,556	1.7	3.4	25,553	1.7
Telecommunications	23,995	1.6	3.2	28,313	2.0
Industrial Services	22,648	1.5	3.0	22,491	1.5
Technology Products & Components	18,969	1.3	2.5	13,277	0.9
Distribution	16,490	1.1	2.2	18,620	1.3
Education	14,627	1.0	1.9	25,481	1.7
Specialty Chemicals	14,269	1.0	1.9	14,222	1.0
Energy Services (Midstream)	13,432	0.9	1.8	13,232	0.9
Energy Services (Upstream)	12,541	0.8	1.7	12,355	0.8
Containers & Packaging	9,176	0.6	1.2	10,662	0.7
	<u>\$ 1,476,561</u>	<u>100.0 %</u>	<u>195.4 %</u>	<u>\$ 1,476,703</u>	<u>100.0 %</u>

	Fair Value	Percentage of Total Portfolio at Fair Value	Percentage of Net Assets at Fair Value	Cost	Percentage of Total Portfolio at Cost
(dollars in thousands)					
<b>March 31, 2023:</b>					
Media & Marketing	\$ 149,357	12.4 %	25.3 %	\$ 139,750	11.5 %
Business Services	146,727	12.2	24.9	147,056	12.1
Healthcare Services	126,971	10.5	21.5	143,455	11.8
Consumer Services	91,913	7.6	15.6	91,142	7.5
Consumer Products and Retail	86,385	7.2	14.6	86,607	7.1
Food, Agriculture & Beverage	68,833	5.7	11.7	73,223	6.0
Healthcare Products	66,355	5.5	11.2	67,555	5.5
Technology Products & Components	59,718	5.0	10.1	43,016	3.5
I-45 SLF LLC <sup>1</sup>	51,256	4.2	8.7	80,800	6.6
Transportation & Logistics	48,494	4.0	8.2	42,049	3.4
Software & IT Services	47,641	3.9	8.1	47,563	3.9
Financial Services	40,420	3.3	6.8	30,950	2.5
Industrial Products	32,518	2.7	5.5	25,827	2.1
Environmental Services	29,753	2.5	5.0	34,869	2.9
Education	26,357	2.2	4.5	25,995	2.1
Industrial Services	25,460	2.1	4.3	24,920	2.0
Energy Services (Midstream)	22,829	1.9	3.9	23,337	1.9
Specialty Chemicals	17,839	1.5	3.0	17,531	1.4
Energy Services (Upstream)	17,730	1.5	3.0	17,402	1.4
Telecommunications	17,386	1.4	2.9	21,796	1.9
Distribution	16,315	1.4	2.8	18,755	1.5
Containers & Packaging	10,131	0.8	1.7	10,656	0.9
Aerospace & Defense	6,000	0.5	1.0	5,898	0.5
	<u>\$ 1,206,388</u>	<u>100.0 %</u>	<u>204.3 %</u>	<u>\$ 1,220,152</u>	<u>100.0 %</u>

<sup>1</sup> I-45 SLF was a joint venture between CSWC and Main Street Capital Corporation. This entity primarily invested in syndicated senior secured loans to the upper middle market. The portfolio companies in I-45 SLF represented a diverse set of industry classifications, which are similar to those in which CSWC invests directly.

The following tables summarize the composition of the investment portfolio by geographic region of the United States, at fair value and cost (with corresponding percentage of total portfolio investments), as of March 31, 2024 and March 31, 2023:

	Fair Value	Percentage of Total Portfolio at Fair Value	Percentage of Net Assets at Fair Value	Cost	Percentage of Total Portfolio at Cost
(dollars in thousands)					
<b>March 31, 2024:</b>					
Northeast	\$ 381,897	25.9 %	50.5 %	\$ 370,566	25.1 %
West	325,666	22.1	43.1	322,616	21.8
Southwest	247,526	16.7	32.8	259,991	17.6
Midwest	241,828	16.4	32.0	243,971	16.5
Southeast	231,842	15.7	30.7	233,042	15.8
International	47,802	3.2	6.3	46,517	3.2
	<u>\$ 1,476,561</u>	<u>100.0 %</u>	<u>195.4 %</u>	<u>\$ 1,476,703</u>	<u>100.0 %</u>
<b>March 31, 2023:</b>					
Northeast	\$ 269,569	22.3 %	45.7 %	\$ 255,995	21.0 %
Southeast	235,782	19.5	39.9	236,333	19.4
Southwest	234,127	19.4	39.6	231,467	19.0
West	233,079	19.3	39.5	232,109	19.0
Midwest	156,233	13.1	26.4	158,989	13.0
I-45 SLF LLC <sup>1</sup>	51,256	4.2	8.7	80,800	6.6
International	26,342	2.2	4.5	24,459	2.0
	<u>\$ 1,206,388</u>	<u>100.0 %</u>	<u>204.3 %</u>	<u>\$ 1,220,152</u>	<u>100.0 %</u>

<sup>1</sup> I-45 SLF was a joint venture between CSWC and Main Street Capital Corporation. This entity primarily invested in syndicated senior secured loans to the upper middle market. The portfolio companies held by I-45 SLF represented a diverse set of geographic regions, which are similar to those in which CSWC invests directly.

#### 4. FAIR VALUE MEASUREMENTS

##### Investment Valuation Process

Beginning as of the fiscal quarter ended June 30, 2023, pursuant to Rule 2a-5 under the 1940 Act, the Board of Directors has designated the Valuation Committee comprised of certain officers of the Company as the Valuation Designee to determine the fair value of the Company's investments that do not have readily available market quotations, subject to the oversight of the Board of Directors. The valuation process is led by the valuation team and the Valuation Committee in conjunction with the investment team. The process includes a quarterly review of each investment by our valuation team and the Valuation Committee. Valuations of each portfolio security are prepared quarterly by the valuation team using updated financial and other operational information collected from the investment team. In conjunction with the internal valuation process, the Valuation Committee also has engaged multiple independent consulting firms specializing in financial due diligence, valuation, and business advisory services to provide third-party valuation reviews and an independent range of values for selected investments, which is presented to the Valuation Committee.

CSWC also uses a standard internal investment rating system in connection with its investment oversight, portfolio management, and investment valuation procedures for its debt portfolio. This system takes into account both quantitative and qualitative factors of the portfolio company and the investments held therein.

There is no single standard for determining fair value in good faith, as fair value depends upon the specific circumstances of each individual investment. While management believes our valuation methodologies are appropriate and consistent with market participants, the recorded fair values of our investments may differ significantly from fair values that would have been used had an active market for the securities existed. In addition, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different than the valuations currently assigned.

### **Fair Value Hierarchy**

CSWC has established and documented processes for determining the fair values of portfolio company investments on a recurring basis in accordance with the 1940 Act and ASC 820. As required by ASC 820, when the inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement in its entirety. For example, a Level 3 fair value measurement may include inputs that are observable (Levels 1 and 2) and unobservable (Level 3). Therefore, unrealized appreciation and depreciation related to such investments categorized within the Level 3 tables below may include changes in fair value that are attributable to both observable inputs (Levels 1 and 2) and unobservable inputs (Level 3). CSWC conducts reviews of fair value hierarchy classifications on a quarterly basis. We also use judgment and consider factors specific to the investment in determining the significance of an input to a fair value measurement.

The three levels of valuation inputs established by ASC 820 are as follows:

- *Level 1:* Investments whose values are based on unadjusted quoted prices in active markets for identical assets or liabilities.
- *Level 2:* Investments whose values are based on quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- *Level 3:* Investments whose values are based on unobservable inputs that are significant to the overall fair value measurement.

As of March 31, 2024 and March 31, 2023, 100% of the CSWC investment portfolio consisted of privately held debt and equity instruments for which inputs falling within the categories of Level 1 and Level 2 are generally not readily available. Therefore, the Valuation Committee determines the fair value of our investments (excluding investments for which fair value is measured at net asset value ("NAV")) in good faith using Level 3 inputs, pursuant to CSWC's valuation policy and procedures subject to the oversight of the Board of Directors.

### **Investment Valuation Inputs**

ASC 820 defines fair value in terms of the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date excluding transaction costs. Under ASC 820, the fair value measurement also assumes that the transaction to sell an asset occurs in the principal market for the asset or, in the absence of a principal market, the most advantageous market for the asset. The principal market is the market in which the reporting entity would sell or transfer the asset with the greatest volume and level of activity for the asset. In determining the principal market for an asset or liability under ASC 820, it is assumed that the reporting entity has access to the market as of the measurement date.

The Level 3 inputs to CSWC's valuation process reflect our best estimate of the assumptions that would be used by market participants in pricing the investment in a transaction in the principal or most advantageous market for the asset.

The fair value determination of each portfolio investment categorized as Level 3 required one or more of the following unobservable inputs:

- financial information obtained from each portfolio company, including unaudited statements of operations and balance sheets for the most recent period available as compared to budgeted numbers;
- current and projected financial condition of the portfolio company;
- current and projected ability of the portfolio company to service its debt obligations;
- type and amount of collateral, if any, underlying the investment;

- current financial ratios (e.g., fixed charge coverage ratio, interest coverage ratio and net debt/EBITDA ratio) applicable to the investment;
- current liquidity of the investment and related financial ratios (e.g., current ratio and quick ratio);
- indicative dealer quotations from brokers, banks, and other market participants;
- market yields on other securities of similar risk;
- pending debt or capital restructuring of the portfolio company;
- projected operating results of the portfolio company;
- current information regarding any offers to purchase the investment;
- current ability of the portfolio company to raise any additional financing as needed;
- changes in the economic environment which may have a material impact on the operating results of the portfolio company;
- internal occurrences that may have an impact (both positive and negative) on the operating performance of the portfolio company;
- qualitative assessment of key management;
- contractual rights, obligations or restrictions associated with the investment; and
- other factors deemed relevant.

CSWC uses several different valuation approaches depending on the security type including the Market Approach, the Income Approach, the Enterprise Value Waterfall Approach, and the NAV Valuation Method.

#### *Market Approach*

Market Approach is a qualitative and quantitative analysis of the aforementioned unobservable inputs. It is a combination of the Enterprise Value Waterfall Approach and Income Approach as described in detail below. For investments recently originated (within a quarterly reporting period) or where the value has not departed significantly from its cost, we generally rely on our cost basis or recent transaction price to determine the fair value, unless a material event has occurred since origination.

#### *Income Approach*

In valuing debt securities, CSWC typically uses an Income Approach model, which considers some or all of the factors listed above. Under the Income Approach, CSWC develops an expectation of the yield that a hypothetical market participant would require when purchasing each debt investment (the “Required Market Yield”). The Required Market Yield is calculated in a two-step process. First, using quarterly market data we estimate the current market yield of similar debt securities. Next, based on the factors described above, we modify the current market yield for each security to produce a unique Required Market Yield for each of our investments. The resulting Required Market Yield is the significant Level 3 input to the Income Approach model. If, with respect to an investment, the unobservable inputs have not fluctuated significantly from the date the investment was made or have not fluctuated significantly from CSWC’s expectations on the date the investment was made, and there have been no significant fluctuations in the market pricing for such investments, we may conclude that the Required Market Yield for that investment is equal to the stated rate on the investment. In instances where CSWC determines that the Required Market Yield is different from the stated rate on the investment, we discount the contractual cash flows on the debt instrument using the Required Market Yield in order to estimate the fair value of the debt security.

In addition, under the Income Approach, CSWC also determines the appropriateness of the use of third-party broker quotes, if any, as a significant Level 3 input in determining fair value. In determining the appropriateness of the use of third-party broker quotes, CSWC evaluates the level of actual transactions used by the broker to develop the quote, whether the quote was an indicative price or binding offer, the depth and consistency of broker quotes, the source of the broker quotes, and the correlation of changes in broker quotes with underlying performance of the portfolio company and other market indices. To the extent sufficient observable inputs are available to determine fair value, CSWC may use third-party broker quotes or other independent pricing to determine the fair value of certain debt investments.

Fair value measurements using the Income Approach model can be sensitive to significant changes in one or more of the inputs. A significant increase (decrease) in the Required Market Yield for a particular debt security may result in a lower (higher) fair value for that security. A significant increase (decrease) in a third-party broker quote for a particular debt security may result in a higher (lower) value for that security.

### *Enterprise Value Waterfall Approach*

In valuing equity securities (including warrants), CSWC estimates fair value using an Enterprise Value Waterfall valuation model. CSWC estimates the enterprise value of a portfolio company and then allocates the enterprise value to the portfolio company's securities in order of their relative liquidation preference. In addition, CSWC assumes that any outstanding debt or other securities that are senior to CSWC's equity securities are required to be repaid at par. Additionally, we may estimate the fair value of non-performing debt securities using the Enterprise Value Waterfall approach as needed.

To estimate the enterprise value of the portfolio company, CSWC uses a weighted valuation model based on public comparable companies, observable transactions and discounted cash flow analyses. A main input into the valuation model is a measure of the portfolio company's financial performance, which generally is either earnings before interest, taxes, depreciation and amortization, as adjusted ("Adjusted EBITDA") or revenues. In addition, we consider other factors, including, but not limited to: (1) offers from third parties to purchase the portfolio company; and (2) the implied value of recent investments in the equity securities of the portfolio company. For certain non-performing assets, we may utilize the liquidation or collateral value of the portfolio company's assets in our estimation of its enterprise value.

The significant Level 3 inputs to the Enterprise Value Waterfall model are (1) an appropriate multiple derived from the comparable public companies and transactions, (2) discount rate assumptions used in the discounted cash flow model and (3) a measure of the portfolio company's financial performance, which generally is either Adjusted EBITDA or revenues. Inputs can be based on historical operating results, projections of future operating results or a combination thereof. The operating results of a portfolio company may be unaudited, projected or pro forma financial information and may require adjustments for certain non-recurring items. CSWC also may consult with the portfolio company's senior management to obtain updates on the portfolio company's performance, including information such as industry trends, new product development, loss of customers and other operational issues. Fair value measurements using the Enterprise Value Waterfall model can be sensitive to significant changes in one or more of the inputs. A significant increase (decrease) in either the multiple, Adjusted EBITDA or revenues for a particular equity security would result in a higher (lower) fair value for that security.

### *NAV Valuation Method*

Under the NAV valuation method, for an investment in an investment fund that does not have a readily determinable fair value, CSWC measures the fair value of the investment predominately based on the NAV of the investment fund as of the measurement date. However, in determining the fair value of the investment, we may consider whether adjustments to the NAV are necessary in certain circumstances, based on the analysis of any restrictions on redemption of our investment as of the measurement date, recent actual sales or redemptions of interests in the investment fund, expected future cash flows available to equity holders, or other uncertainties surrounding CSWC's ability to realize the full NAV of its interests in the investment fund.

The following fair value hierarchy tables set forth our investment portfolio by level as of March 31, 2024 and March 31, 2023 (in thousands):

<b>Fair Value Measurements at March 31, 2024 Using</b>				
<b>Asset Category</b>	<b>Total</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
First lien loans	\$ 1,309,449	\$ —	\$ —	\$ 1,309,449
Second lien loans	33,774	—	—	33,774
Subordinated debt	1,336	—	—	1,336
Preferred equity	71,127	—	—	71,127
Common equity & warrants	60,875	—	—	60,875
<b>Total Investments</b>	<b>\$ 1,476,561</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 1,476,561</b>

<b>Fair Value Measurements at March 31, 2023 Using</b>				
<b>Asset Category</b>	<b>Total</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
First lien loans	\$ 1,000,984	\$ —	\$ —	\$ 1,000,984
Second lien loans	35,820	—	—	35,820
Subordinated debt	791	—	—	791
Preferred equity	63,393	—	—	63,393
Common equity & warrants	54,144	—	—	54,144
Investments measured at net asset value <sup>1</sup>	51,256	—	—	—
<b>Total Investments</b>	<b>\$ 1,206,388</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 1,155,132</b>

<sup>1</sup> Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in Consolidated Statements of Assets and Liabilities. For the investment valued at NAV per share at March 31, 2023, the redemption restrictions dictated that we cannot withdraw our membership interest without unanimous approval. We were permitted to sell or transfer our membership interest provided we deliver written notice of such transfer to the other member no later than 60 business days prior to the sale or transfer.

The tables below present the Valuation Techniques and Significant Level 3 Inputs (ranges and weighted averages) used in the valuation of CSWC's debt and equity securities at March 31, 2024 and March 31, 2023. Significant Level 3 Inputs were weighted by the relative fair value of the investments. The tables are not intended to be all inclusive, but instead capture the significant unobservable inputs relevant to our determination of fair value.

Type	Valuation Technique	Fair Value at March 31, 2024 (in thousands)	Significant Unobservable Inputs	Range	Weighted Average
First lien loans	Income Approach	\$ 1,211,447	Discount Rate	5.5% - 43.8%	13.4%
			Third Party Broker Quote	38.3 - 100.0	92.4
Second lien loans	Market Approach	98,002	Cost	98.0 - 99.0	98.1
			Income Approach	33,774	Discount Rate
Subordinated debt	Income Approach	568			Third Party Broker Quote
			Discount Rate	18.7% - 18.7%	18.7%
	Market Approach	210	Third Party Broker Quote	23.3 - 23.3	23.3
			Cost	94.0 - 100.0	96.1
Preferred equity	Enterprise Value Waterfall Approach	558	EBITDA Multiple	5.7x - 7.9x	6.4x
			Discount Rate	13.2% - 18.6%	14.8%
	Enterprise Value Waterfall Approach	68,877	EBITDA Multiple	4.3x - 17.0x	9.9x
			Discount Rate	10.3% - 38.0%	16.7%
Common equity & warrants	Market Approach	2,250	Cost	100.0 - 100.0	100.0
			Enterprise Value Waterfall Approach	60,375	EBITDA Multiple
Market Approach	500	Discount Rate			10.3% - 30.2%
		Cost	100.0 - 100.0	100.0	
Total Level 3 Investments		\$ 1,476,561			

Type	Valuation Technique	Fair Value at March 31, 2023 (in thousands)	Significant Unobservable Inputs	Range	Weighted Average
First lien loans	Income Approach	\$ 953,918	Discount Rate	6.9% - 26.2%	13.0%
			Third Party Broker Quote	5.1 - 96.5	93.9
	Market Approach	41,923	Cost	94.1 - 98.1	97.9
Second lien loans	Enterprise Value Waterfall Approach	5,143	EBITDA Multiple	9.4x - 9.4x	9.4x
			Discount Rate	27.2% - 27.2%	27.2%
	Income Approach	32,226	Discount Rate	18.3% - 34.3%	25.1%
			Third Party Broker Quote	61.3 - 61.3	61.3
			Enterprise Value Waterfall Approach	3,594	EBITDA Multiple
Discount Rate	27.2% - 27.2%	27.2%			
Subordinated debt	Market Approach	205	Cost	100.0 - 100.0	100.0
			Enterprise Value Waterfall Approach	586	EBITDA Multiple
	Enterprise Value Waterfall Approach	59,518	Discount Rate	20.2% - 25.0%	21.8%
			EBITDA Multiple	4.7x - 16.7x	9.8x
Preferred equity	Market Approach	3,875	Discount Rate	11.7% - 30.8%	17.1%
			Cost	100.0 - 100.0	100.0
	Common equity & warrants	Enterprise Value Waterfall Approach	53,064	EBITDA Multiple	5.5x - 18.6x
Discount Rate				11.4% - 36.6%	18.2%
Market Approach		1,080	Exit Value	100.0 - 100.0	100.0
Total Level 3 Investments		<u>\$ 1,155,132</u>			

#### Changes in Fair Value Levels

We monitor the availability of observable market data to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model based valuation techniques may require the transfer of financial instruments from one fair value level to another. During the years ended March 31, 2024 and 2023, we had no transfers between levels.

The following tables provide a summary of changes in the fair value of investments measured using Level 3 inputs during the years ended March 31, 2024 and 2023 (in thousands):

	Fair Value March 31, 2023	Realized & Unrealized Gains (Losses)	Purchases of Investments <sup>1</sup>	Repayments	PIK Interest Capitalized	Divestitures	Conversion/Exchange of Security <sup>2</sup>	Fair Value March 31, 2024	YTD Un Apprec (Deprec Investment period
First lien loans	\$ 1,000,984	\$ (25,020)	\$ 520,239	\$ (176,763)	\$ 10,845	\$ (13,875)	\$ (6,961)	\$ 1,309,449	\$ (
Second lien loans	35,820	342	169	(2,913)	356	—	—	33,774	
Subordinated debt	791	(31)	562	(19)	33	—	—	1,336	
Preferred equity	63,393	(5,442)	10,279	—	—	(273)	3,170	71,127	
Common equity & warrants	54,144	517	6,281	—	—	(3,858)	3,791	60,875	
Total Investments	\$ 1,155,132	\$ (29,634)	\$ 537,530	\$ (179,695)	\$ 11,234	\$ (18,006)	\$ —	\$ 1,476,561	\$ (

	Fair Value March 31, 2022	Realized & Unrealized Gains (Losses)	Purchases of Investments <sup>1</sup>	Repayments	PIK Interest Capitalized	Divestitures	Conversion/Exchange of Security	Fair Value March 31, 2023	YTD Un Apprec (Deprec Investment period
First lien loans	\$ 739,872	\$ (17,150)	\$ 415,332	\$ (128,932)	\$ 5,577	\$ —	\$ (13,715)	\$ 1,000,984	\$ (
Second lien loans	52,645	(7,127)	2,990	(12,310)	314	(692)	—	35,820	
Subordinated debt	1,317	(398)	385	—	74	—	(587)	791	
Preferred equity	44,663	(3,360)	7,788	—	—	—	14,302	63,393	
Common equity & warrants	40,514	10,547	5,747	—	—	(2,664)	—	54,144	
Total Investments	\$ 879,011	\$ (17,488)	\$ 432,242	\$ (141,242)	\$ 5,965	\$ (3,356)	\$ —	\$ 1,155,132	\$

<sup>1</sup> Includes purchases of new investments, as well as discount accretion on existing investments. Also included are distributions-in-kind of investments received in connection with the dissolution and liquidation of I-45 SLF. See Note 13 - Related Party Transactions for more information.

<sup>2</sup> Includes \$3.8 million of cost basis allocated from first lien debt to warrants.

## 5. BORROWINGS

In accordance with the 1940 Act, effective April 25, 2019, the Company is only allowed to borrow amounts such that its asset coverage (i.e., the ratio of assets less liabilities not represented by senior securities to senior securities such as borrowings), calculated pursuant to the 1940 Act, is at least 150% after such borrowing. The Board of Directors also approved a resolution that limits the Company's issuance of senior securities such that the asset coverage ratio, taking into account any such issuance, would not be less than 166%, which became effective April 25, 2019. On August 11, 2021, we received an exemptive order from SEC to permit us to exclude the senior securities issued by SBIC I or any future SBIC subsidiary of the Company from the definition of senior securities in the asset coverage requirement applicable to the Company under the 1940 Act. As of March 31, 2024, the Company's asset coverage was 221%.

The Company had the following borrowings outstanding as of March 31, 2024 and March 31, 2023 (amounts in thousands):

	Outstanding Balance	Unamortized Debt Issuance Costs and Debt Discount/Premium <sup>(1)</sup>	Recorded Value	Estimated Fair Value <sup>(2)</sup>
<b>March 31, 2024</b>				
SBA Debentures	\$ 153,000	\$ (4,305)	\$ 148,695	\$ 141,638
Corporate Credit Facility	265,000	—	265,000	265,000
SPV Credit Facility	—	—	—	—
January 2026 Notes	140,000	(612)	139,388	118,249
October 2026 Notes	150,000	(1,923)	148,077	127,150
August 2028 Notes	71,875	(2,182)	69,693	74,261
	<u>\$ 779,875</u>	<u>\$ (9,022)</u>	<u>\$ 770,853</u>	<u>\$ 726,298</u>
<b>March 31, 2023</b>				
SBA Debentures	\$ 120,000	\$ (3,670)	\$ 116,330	\$ 115,836
Corporate Credit Facility	235,000	—	235,000	235,000
January 2026 Notes	140,000	(949)	139,051	122,768
October 2026 Notes	150,000	(2,737)	147,263	132,238
	<u>\$ 645,000</u>	<u>\$ (7,356)</u>	<u>\$ 637,644</u>	<u>\$ 605,842</u>

<sup>(1)</sup> The unamortized debt issuance costs for the Corporate Credit Facility and the SPV Credit Facility are reflected as Debt issuance costs on the Consolidated Statements of Assets and Liabilities.

<sup>(2)</sup> Each estimated fair value for the SBA Debentures, January 2026 Notes and October 2026 Notes is a Level 3 fair value measurement under ASC 820 based on a valuation model using a discounted cash flow analysis. The estimated fair value of the August 2028 Notes is based on the closing price of the security on The Nasdaq Global Select Market, which is a Level 1 input under ASC 820. The estimated fair value of the Corporate Credit Facility approximates its recorded value due to its variable interest rate.

### Credit Facilities

As of March 31, 2024, the Company had in place one revolving credit facility and one special purpose vehicle financing facility, the Corporate Credit Facility and the SPV Facility, respectively (each defined below and together, the "Credit Facilities"). For the year ended March 31, 2024, the weighted average interest rate on the Credit Facilities was 7.66%, and the average debt outstanding under the Credit Facilities was \$217.5 million.

#### Corporate Credit Facility

In August 2016, CSWC entered into a senior secured revolving credit facility (the "Corporate Credit Facility") to provide additional liquidity to support its investment and operational activities.

On August 2, 2023, the Company entered into the Third Amended and Restated Senior Secured Revolving Credit Agreement (as amended or otherwise modified from time to time, including the Amendment (as defined below), the "Credit Agreement"). Borrowings under the Corporate Credit Facility accrue interest at a rate equal to the applicable Adjusted Term

SOFR plus 2.15% per annum. The Credit Agreement (1) increased commitments under the Corporate Credit Facility from \$400 million to \$435 million from a diversified group of lenders; (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 amends 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.

CSWC pays unused commitment fees of 0.50% to 1.00% per annum, based on utilization, on the unused lender commitments under the Corporate Credit Facility. The Corporate Credit Facility contains certain affirmative and negative covenants, including but not limited to: (1) certain reporting requirements; (2) maintaining RIC and BDC status; (3) maintaining a minimum senior coverage ratio of 2.00 to 1; (4) maintaining a minimum shareholders' equity; (5) maintaining a minimum consolidated net worth; (6) maintaining a regulatory asset coverage of not less than 150%; and (7) maintaining an interest coverage ratio of at least 2.00 to 1.

The Credit Agreement also contains customary events of default, including, without limitation, nonpayment, misrepresentation of representations and warranties in a material respect, breach of covenant, bankruptcy, and change of control, with customary cure and notice provisions. If the Company defaults on its obligations under the Credit Agreement, the lenders may have the right to foreclose upon and sell, or otherwise transfer, the collateral subject to their security interests.

The Corporate Credit Facility is secured by (1) all of the present and future property and assets of the Company and the guarantors and (2) 100% of the equity interests in certain of the Company's wholly-owned subsidiaries (except for the assets held in SBIC I and SPV). As of March 31, 2024, all of the Company's assets were pledged as collateral for the Corporate Credit Facility, except for assets held by SBIC I and Capital Southwest SPV. As of March 31, 2024 and 2023, CSWC was in compliance with all financial covenants under the Credit Agreement.

The summary information regarding the Corporate Credit Facility is as follows (dollars in thousands):

	Years Ended March 31,		
	2024	2023	2022
Interest expense and unused commitment fees	\$ 17,813	\$ 12,008	\$ 5,166
Amortization of deferred financing costs	1,813	1,144	992
<b>Total interest and amortization of deferred financing costs</b>	<b>\$ 19,626</b>	<b>\$ 13,152</b>	<b>\$ 6,158</b>
Weighted average effective interest rate	7.66 %	5.22 %	2.50 %
Average borrowings	\$ 217,500	\$ 213,658	\$ 173,500

#### SPV Credit Facility

On March 20, 2024, SPV entered into a Loan Financing and Servicing Agreement (the "Loan Agreement") for a special purpose vehicle financing credit facility (the "SPV Credit Facility") to provide additional liquidity to support its investment and operational activities. The SPV Credit Facility includes total commitments of \$150.0 million of initial commitments with (i) an increase to \$200.0 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.

The Loan Agreement contains customary terms and conditions, including affirmative and negative covenants. The Loan Agreement also contains customary events of default including, without limitation, nonpayment, misrepresentation of representations and warranties in a material respect, breach of covenant, bankruptcy, and change of control, with customary cure and notice provisions.

The SPV Credit Facility is secured by all of the assets of SPV. As of March 31, 2024, SPV was in compliance with all financial covenants under the Loan Agreement.

At March 31, 2024, there were no borrowings outstanding under the SPV Credit Facility. For the year ended March 31, 2024, SPV recognized interest expense related to the SPV Credit Facility, including unused commitment fees and amortization of deferred loan costs, of \$45.0 thousand.

#### **October 2024 Notes**

In September 2019, the Company issued \$65.0 million in aggregate principal amount of 5.375% Notes due 2024 (the "Existing October 2024 Notes"). In October 2019, the Company issued an additional \$10.0 million in aggregate principal amount of the October 2024 Notes (the "Additional October 2024 Notes"). In August 2020, the Company issued an additional \$50.0 million in aggregate principal amount of the October 2024 Notes (the "New Notes" together with the Existing October 2024 Notes and the Additional October 2024 Notes, the "October 2024 Notes"). The Additional October 2024 Notes and the New Notes were treated as a single series with the Existing October 2024 Notes under the indenture and had the same terms as the Existing October 2024 Notes. The maturity date of the October 2024 Notes was October 1, 2024, and the October 2024 Notes were redeemable in whole or in part at any time prior to July 1, 2024, at par plus a "make-whole" premium, and thereafter at par. The October 2024 Notes bore interest at a rate of 5.375% per year.

On September 24, 2021, the Company redeemed \$125.0 million in aggregate principal amount of the issued and outstanding October 2024 Notes. The October 2024 Notes were redeemed at 100% of their principal amount, plus (i) the accrued and unpaid interest thereon, through, but excluding the redemption date, and (ii) a "make-whole" premium. Accordingly, the Company recognized a realized loss on extinguishment of debt, equal to the write-off of the related unamortized debt issuance costs of \$1.8 million and the "make-whole" premium of \$15.2 million during the three months ended September 30, 2021.

The Company did not recognize any interest expense related to the October 2024 Notes for the years ended March 31, 2024 and 2023. For the year ended March 31, 2022, the Company recognized interest expense related to the October 2024 Notes, including amortization of deferred issuance costs, of \$3.6 million. From April 1, 2021 through September 24, 2021 (the redemption date of the October 2024 Notes), average borrowings were \$125.0 million. The October 2024 Notes had a weighted average effective yield of 5.375%.

#### **January 2026 Notes**

In December 2020, the Company issued \$75.0 million in aggregate principal amount of 4.50% Notes due 2026 (the "Existing January 2026 Notes"). The Existing January 2026 Notes were issued at par. In February 2021, the Company issued an additional \$65.0 million in aggregate principal amount of the January 2026 Notes (the "Additional January 2026 Notes" together with the Existing January 2026 Notes, the "January 2026 Notes"). The Additional January 2026 Notes were issued at a price of 102.11% of the aggregate principal amount of the Additional January 2026 Notes, resulting in a yield-to-maturity of approximately 4.0% at issuance. The Additional January 2026 Notes are treated as a single series with the Existing January 2026 Notes under the indenture and have the same terms as the Existing January 2026 Notes. The January 2026 Notes mature on January 31, 2026 and may be redeemed in whole or in part at any time prior to October 31, 2025, at par plus a "make-whole" premium, and thereafter at par. The January 2026 Notes bear interest at a rate of 4.50% per year, payable semi-annually on January 31 and July 31 of each year. The January 2026 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 Facilities and the SBA Debentures.

The summary information regarding the January 2026 Notes is as follows (dollars in thousands):

	Years Ended March 31,		
	2024	2023	2022
Interest expense and unused commitment fees	\$ 6,300	\$ 6,300	\$ 6,300
Amortization of deferred financing costs	337	344	361
Total interest and amortization of deferred financing costs	\$ 6,637	\$ 6,644	\$ 6,661
Weighted average effective interest rate	4.46 %	4.46 %	4.46 %
Average borrowings	\$ 140,000	\$ 140,000	\$ 140,000

The indenture governing the January 2026 Notes contains certain covenants, including certain covenants requiring the Company to comply with Section 18(a)(1)(A) as modified by Section 61(a)(2) of the 1940 Act, or any successor provisions, whether or not the Company continues to be subject to such provisions of the 1940 Act, but giving effect, in either case, to any exemptive relief granted to the Company by the SEC, to comply with Section 18(a)(1)(B) as modified by Section 61(a)(2) of the 1940 Act, or any successor provisions, after giving effect to any exemptive relief granted to the Company by the SEC and subject to certain other exceptions, and to provide financial information to the holders of the January 2026 Notes and the trustee under the indenture if the Company is no longer subject to the reporting requirements under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These covenants are subject to important limitations and exceptions that are described in the indenture and the third supplemental indenture relating to the January 2026 Notes.

In addition, holders of the January 2026 Notes can require the Company to repurchase some or all of the January 2026 Notes at a purchase price equal to 100% of their principal amount, plus accrued and unpaid interest to, but not including, the repurchase date upon the occurrence of a "Change of Control Repurchase Event," as defined in the third supplemental indenture relating to the January 2026 Notes.

### October 2026 Notes

In August 2021, the Company issued \$100.0 million in aggregate principal amount of 3.375% Notes due 2026 (the "Existing October 2026 Notes"). The Existing October 2026 Notes were issued at a price of 99.418% of the aggregate principal amount of the Existing October 2026 Notes, resulting in a yield-to-maturity of 3.5%. In November 2021, the Company issued an additional \$50.0 million in aggregate principal amount of the October 2026 Notes (the "Additional October 2026 Notes" together with the Existing October 2026 Notes, the "October 2026 Notes"). The Additional October 2026 Notes were issued at a price of 99.993% of the aggregate principal amount, resulting in a yield-to-maturity of approximately 3.375% at issuance. The Additional October 2026 Notes are treated as a single series with the Existing October 2026 Notes under the indenture and have the same terms as the Existing October 2026 Notes. The October 2026 Notes mature on October 1, 2026 and may be redeemed in whole or in part at any time prior to July 1, 2026, at par plus a "make-whole" premium, and thereafter at par. The October 2026 Notes bear interest at a rate of 3.375% per year, payable semi-annually in arrears on April 1 and October 1 of each year. The October 2026 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 Facilities and the SBA Debentures.

The summary information regarding the October 2026 Notes is as follows (dollars in thousands):

	Years Ended March 31,		
	2024	2023	2022
Interest expense and unused commitment fees	\$ 5,062	\$ 5,062	\$ 2,658
Amortization of deferred financing costs	814	734	435
Total interest and amortization of deferred financing costs	\$ 5,876	\$ 5,796	\$ 3,093
Weighted average effective interest rate	3.50 %	3.50 %	3.50 %
Average borrowings <sup>1</sup>	\$ 150,000	\$ 150,000	\$ 132,900

<sup>1</sup> Average borrowings for the year ended March 31, 2022 are calculated from August 27, 2021 (the issuance date of the October 2026 Notes) through March 31, 2022.

The indenture governing the October 2026 Notes contains certain covenants, including certain covenants requiring the Company to comply with Section 18(a)(1)(A) as modified by Section 61(a)(2) of the 1940 Act, or any successor provisions, whether or not the Company continues to be subject to such provisions of the 1940 Act, but giving effect, in either case, to any exemptive relief granted to the Company by the SEC, to comply with Section 18(a)(1)(B) as modified by Section 61(a)(2) of the 1940 Act, or any successor provisions, after giving effect to any exemptive relief granted to the Company by the SEC and subject to certain other exceptions, and to provide financial information to the holders of the October 2026 Notes and the trustee under the indenture if the Company is no longer subject to the reporting requirements under the Exchange Act. These covenants are subject to important limitations and exceptions that are described in the indenture and the fourth supplemental indenture relating to the October 2026 Notes.

In addition, holders of the October 2026 Notes can require the Company to repurchase some or all of the October 2026 Notes at a purchase price equal to 100% of their principal amount, plus accrued and unpaid interest to, but not including, the repurchase date upon the occurrence of a "Change of Control Repurchase Event," as defined in the fourth supplemental indenture relating to the October 2026 Notes.

### August 2028 Notes

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 Credit Facilities and the SBA Debentures. The August 2028 Notes are listed on the Nasdaq Global Select Market under the trading symbol "CSWCZ."

The summary information regarding the August 2028 Notes is as follows (dollars in thousands):

	Years Ended March 31,		
	2024	2023	2022
Interest expense and unused commitment fees	\$ 4,425	\$ —	\$ —
Amortization of deferred financing costs	423	—	—
<b>Total interest and amortization of deferred financing costs</b>	<b>\$ 4,848</b>	<b>\$ —</b>	<b>\$ —</b>
Weighted average effective interest rate	7.75 %	— %	— %
Average borrowings <sup>1</sup>	\$ 71,875	\$ —	\$ —

<sup>1</sup> Average borrowings for the year ended March 31, 2024 are calculated from June 14, 2023 (the issuance date of the August 2028 Notes) through March 31, 2024.

The indenture governing the August 2028 Notes contains certain covenants, including certain covenants requiring the Company to comply with Section 18(a)(1)(A) as modified by Section 61(a)(2) of the 1940 Act, or any successor provisions, whether or not the Company continues to be subject to such provisions of the 1940 Act, but giving effect, in either case, to any exemptive relief granted to the Company by the SEC, to comply with Section 18(a)(1)(B) as modified by Section 61(a)(2) of the 1940 Act, or any successor provisions, after giving effect to any exemptive relief granted to the Company by the SEC and subject to certain other exceptions, and to provide financial information to the holders of the August 2028 Notes and the trustee under the indenture if the Company is no longer subject to the reporting requirements under the Exchange Act. These covenants are subject to important limitations and exceptions that are described in the indenture and the fifth supplemental indenture relating to the August 2028 Notes.

### SBA Debentures

On April 20, 2021, SBIC I received a license from the SBA to operate as an SBIC under Section 301(c) of the Small Business Investment Act of 1958, as amended. The license allows SBIC I to obtain leverage by issuing SBA Debentures, subject to the issuance of a leverage commitment by the SBA. SBA Debentures are loans issued to an SBIC which have interest payable semi-annually and a ten-year maturity. The interest rate is fixed shortly after issuance at a market-driven spread over U.S. Treasury Notes with ten-year maturities. Interest on SBA Debentures is payable semi-annually on March 1 and September

1. Current statutes and regulations permit SBIC I to borrow up to \$175 million in SBA Debentures with at least \$87.5 million in regulatory capital (as defined in the SBA regulations).

On May 25, 2021, SBIC I received a leverage commitment from the SBA in the amount of \$40.0 million to be issued on or prior to September 30, 2025. On January 28, 2022, SBIC I received an additional leverage commitment in the amount of \$40.0 million to be issued on or prior to September 30, 2026. On November 22, 2022, SBIC I received an additional leverage commitment in the amount of \$50.0 million to be issued on or prior to September 30, 2027. 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. The SBA may limit the amount that may be drawn each year under these commitments, and each issuance of leverage is conditioned on SBIC I's full compliance, as determined by the SBA, with the terms and conditions set forth in the SBA regulations. As of March 31, 2024, SBIC I had regulatory capital of \$87.5 million and leverageable capital of \$87.5 million. 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.

The summary information regarding the SBA Debentures is as follows (dollars in thousands):

	Years Ended March 31,		
	2024	2023	2022
Interest expense and fees	\$ 5,418	\$ 2,792	\$ 220
Amortization of deferred financing costs	619	426	126
<b>Total interest and amortization of deferred financing costs</b>	<b>\$ 6,037</b>	<b>\$ 3,218</b>	<b>\$ 346</b>
Weighted average effective interest rate	4.18 %	3.38 %	1.30 %
Average borrowings	\$ 129,708	\$ 82,641	\$ 16,971

As of March 31, 2024, the Company's issued and outstanding SBA Debentures mature as follows (amounts in thousands):

Pooling Date (1)	Maturity Date	Fixed Interest Rate	Debtenture Amount
9/22/2021	9/1/2031	1.575%	\$ 15,000
3/23/2022	3/1/2032	3.209%	25,000
9/21/2022	9/1/2032	4.435%	40,000
3/22/2023	3/1/2033	5.215%	40,000
9/20/2023	9/1/2033	5.735%	10,000
3/20/2024	3/1/2034	5.164%	15,000
(2)	(2)	(2)	8,000
			<b>\$ 153,000</b>

(1) The SBA has two scheduled pooling dates for SBA Debentures (in March and in September). Certain SBA Debentures funded during the reporting periods may not be pooled until the subsequent pooling date.

(2) The Company issued \$8.0 million in SBA Debentures that will pool in September 2024. Until the pooling date, the SBA Debentures bear interest at a fixed rate with a weighted-average interim interest rate of 5.91%.

**Contractual Payment Obligations**

A summary of the Company's contractual payment obligations for the repayment of outstanding indebtedness at March 31, 2024 is as follows:

	Years Ending March 31,						Total
	2025	2026	2027	2028	2029	Thereafter	
SBA Debentures	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 153,000	\$ 153,000
Corporate Credit Facility	—	—	—	—	265,000	—	265,000
January 2026 Notes	—	140,000	—	—	—	—	140,000
October 2026 Notes	—	—	150,000	—	—	—	150,000
August 2028 Notes	—	—	—	—	71,875	—	71,875
Total	\$ —	\$ 140,000	\$ 150,000	\$ —	\$ 336,875	\$ 153,000	\$ 779,875

**6. INCOME TAXES**

We have elected, and intend to qualify annually, to be treated for U.S. federal income tax purposes as a RIC under Subchapter M of the Code and have a tax year end of December 31. In order to qualify as a RIC, we must annually distribute at least 90% of our investment company taxable income, as defined by the Code, to our shareholders in a timely manner. Investment company income generally includes net short-term capital gains but excludes net long-term capital gains. A RIC is not subject to federal income tax on the portion of its ordinary income and capital gains that is distributed to its shareholders, including “deemed distributions” as discussed below. As part of maintaining RIC tax treatment, undistributed taxable income and capital gain, which is subject to a 4% non-deductible U.S. federal excise tax, pertaining to a given fiscal year may be distributed up to 12 months subsequent to the end of that fiscal year, provided such dividends are declared on or prior to the later of (1) the extended due date of the U.S. federal income tax return for the applicable fiscal year and (2) the fifteenth day of the ninth month following the close of the year in which such taxable income was generated.

For the tax years ended December 31, 2023, 2022 and 2021, CSWC qualified for RIC tax treatment. We intend to meet the applicable qualifications to be taxed as a RIC in future periods. However, the Company’s ability to meet certain portfolio diversification requirements of RICs in future years may not be controllable by the Company.

We have distributed or intend to distribute sufficient dividends to eliminate taxable income for our completed tax years. If we fail to satisfy the 90% distribution requirement or otherwise fail to qualify as a RIC in any tax year, we would be subject to tax in that year on all of our taxable income, regardless of whether we made any distributions to our shareholders. During the quarter ended March 31, 2024, CSWC declared and paid a quarterly dividend in the amount of \$28.4 million, or \$0.63 per share (\$0.57 per share in regular dividends and \$0.06 per share in supplemental dividends). Our distributions for the tax years ended December 31, 2023, 2022 and 2021 were as follows:



Payment Date	Cash Dividend
<b>Tax Year Ended December 31, 2023</b>	
March 31, 2023 <sup>1</sup>	0.58
June 30, 2023 <sup>1</sup>	0.59
September 30, 2023 <sup>2</sup>	0.62
December 31, 2023 <sup>2</sup>	0.63
	<u>2.42</u>
<b>Tax Year Ended December 31, 2022</b>	
March 31, 2022	0.48
June 30, 2022 <sup>3</sup>	0.63
September 30, 2022	0.50
December 31, 2022 <sup>1</sup>	0.57
	<u>2.18</u>
<b>Tax Year Ended December 31, 2021</b>	
March 31, 2021 <sup>4</sup>	0.52
June 30, 2021 <sup>4</sup>	0.53
September 30, 2021 <sup>4</sup>	0.54
December 31, 2021 <sup>5</sup>	0.97
	<u>2.56</u>

1. On each of these dates, the dividend paid included a supplemental dividend of \$0.05 per share.
2. On each of these dates, the dividend paid included a supplemental dividend of \$0.06 per share.
3. On June 30, 2022, CSWC paid a regular dividend of \$0.48 per share and a special dividend of \$0.15 per share.
4. On each of these dates, the dividend paid included a supplemental dividend of \$0.10 per share.
5. On December 31, 2021, CSWC paid a regular dividend of \$0.47 per share and a supplemental dividend of \$0.50 per share.

Book and tax basis differences relating to dividends and distributions to our shareholders and other permanent book and tax differences are typically reclassified among the CSWC's capital accounts. In addition, the character of income and gains to be distributed is determined in accordance with income tax regulations that may differ from U.S. GAAP; accordingly, for the years ended March 31, 2024 and 2023, CSWC reclassified for book purposes amounts arising from permanent book/tax differences related to the tax treatment of return of capital and/or deemed distributions, tax treatment of investments upon disposition, and non-deductible expenses, as follows (amounts in thousands):

	Years Ended March 31,	
	2024	2023
Additional capital	\$ (8,849)	\$ (6,420)
Total distributable earnings	8,849	6,420

The determination of the tax attributes for CSWC's distributions is made annually, based upon its taxable income for the full year and distributions paid for the full year. Therefore, any determination made on an interim basis is forward-looking based on currently available facts, rules and assumptions and may not be representative of the actual tax attributes of distributions determined at tax year end.

For tax purposes, the 2023 dividends totaled \$2.42 per share and were comprised entirely of ordinary income. In addition, 94.17% of each of the ordinary distributions represent interest-related dividends. 94.17% of total distributions represent the portion of CSWC's dividends received by non-U.S. residents and foreign corporation shareholders that are generally exempt from U.S. withholding tax. For tax purposes, the 2022 dividends totaled \$2.18 per share and were comprised entirely of ordinary income. In addition, 89.74% of each of the ordinary distributions represent interest-related dividends.

89.74% of total distributions represent the portion of CSWC's dividends received by non-U.S. residents and foreign corporation shareholders that are generally exempt from U.S. withholding tax.

Ordinary dividend distributions from a RIC do not qualify for the 20% maximum tax rate on dividend income from domestic corporations and qualified foreign corporations, except to the extent that the RIC received the income in the form of qualifying dividends from domestic corporations and qualified foreign corporations. The tax attributes for distributions will generally include both ordinary income and capital gains, but may also include qualified dividends or return of capital.

The tax character of distributions paid for the tax years ended December 31, 2023 and 2022 was as follows (amounts in thousands):

	Twelve Months Ended December 31,	
	2023	2022
Ordinary income	\$ 94,139	\$ 60,960
Distributions of long term capital gains	—	—
Distributions on tax basis <sup>1</sup>	<u>\$ 94,139</u>	<u>\$ 60,960</u>

<sup>1</sup> Includes only those distributions which reduce estimated taxable income.

As of March 31, 2024, CSWC estimates that it has cumulative undistributed taxable income of approximately \$28.8 million, or \$0.64 per share, that will be carried forward toward distributions to be paid in future periods. We intend to continue to meet the applicable qualifications to be taxed as a RIC in future periods.

The following reconciles net increase in net assets resulting from operations to estimated RIC taxable income for the years ended March 31, 2024, 2023, and 2022:

Reconciliation of RIC Distributable Income <sup>1</sup>	Years Ended March 31,		
	2024	2023	2022
Net increase in net assets from operations	\$ 83,389	\$ 33,093	\$ 4,444
Net unrealized (appreciation) depreciation on investments	(13,640)	18,589	(1,111)
(Expense/loss) income/gain recognized for tax on pass-through entities	(6,383)	962	—
Loss (gain) recognized on dispositions	16,074	(1,473)	—
Capital loss carryover <sup>2</sup>	26,449	12,796	—
Net operating (income) loss - wholly-owned subsidiary	(5,194)	809	(1,111)
Dividend income from wholly-owned subsidiary	2,000	1,068	—
Non-deductible tax expense	921	628	—
Loss on extinguishment of debt	(2,726)	(2,726)	—
Non-deductible compensation	3,665	3,243	—
Compensation related book/tax differences	1,116	812	—
Interest on non-accrual loans	5,636	3,343	—
Other book/tax differences	4,403	1,191	—
Estimated distributable income before deductions for distributions	<u>\$ 115,710</u>	<u>\$ 72,335</u>	<u>\$ 4,444</u>
Distributions <sup>3</sup> :			
Ordinary	<u>\$ 101,517</u>	<u>\$ 70,034</u>	<u>\$ 4,444</u>
Estimated annual RIC undistributed taxable income	<u>\$ 14,193</u>	<u>\$ 2,301</u>	<u>\$ —</u>

<sup>1</sup> The calculation of taxable income for each period is an estimate and will not be finally determined until the Company files its tax return each year. Final taxable income may be different than this estimate.

<sup>2</sup> At March 31, 2024, the Company had long-term capital loss carryforwards of \$60.1 million to offset future capital gains. These capital loss carryforwards are not subject to expiration.

<sup>3</sup> Includes only those distributions which reduce estimated distributable income.

As of March 31, 2024, 2023 and 2022, the components of estimated RIC accumulated earnings on a tax basis were as follows (amounts in thousands):

Components of RIC Accumulated Earnings on a Tax Basis <sup>1</sup>	Years Ended March 31,		
	2024	2023	2022
Undistributed ordinary income - tax basis	\$ 28,845	\$ 16,070	\$ 12,682
Undistributed net realized (loss) gain	(60,056)	(30,201)	(17,252)
Unrealized (depreciation) appreciation on investments	(68,529)	(61,710)	(20,126)
Other temporary differences	(9,584)	(13,639)	—
Components of distributable earnings at year-end	\$ (109,324)	\$ (89,480)	\$ (24,696)

<sup>1</sup> The calculation of taxable income for each period is an estimate and will not be finally determined until the Company files its tax return each year. Final taxable income may be different than this estimate.

A RIC may elect to retain all or a portion of its net capital gains by designating them as a “deemed distribution” to its shareholders and paying a federal tax on the net capital gains for the benefit of its shareholders. Shareholders then report their share of the retained capital gains on their income tax returns as if it had been received and report a tax credit for tax paid on their behalf by the RIC. Shareholders then add the amount of the “deemed distribution” net of such tax to the basis of their shares. For the tax years ended December 31, 2023, 2022 and 2021, there were no long-term capital gains and therefore had no deemed distributions to our shareholders or federal taxes incurred related to such items.

In addition, the Taxable Subsidiary holds a portion of one or more of our portfolio investments that are listed on the Consolidated Schedule of Investments. The Taxable Subsidiary is consolidated for financial reporting purposes in accordance with U.S. GAAP, so that our consolidated financial statements reflect our investments in the portfolio companies owned by the Taxable Subsidiary. The purpose of the Taxable Subsidiary is to permit us to hold certain interests in portfolio companies that are organized as limited liability companies, or LLCs (or other forms of pass-through entities) and still satisfy the RIC tax requirement that at least 90% of our gross income for U.S. federal income tax purposes must consist of qualifying investment income. Absent the Taxable Subsidiary, a proportionate amount of any gross income of a partnership or LLC (or other pass-through entity) portfolio investment would flow through directly to us. To the extent that our income did not consist of investment income, it could jeopardize our ability to qualify as a RIC and therefore cause us to incur significant amounts of U.S. federal income taxes at corporate rates. Where interests in LLCs (or other pass-through entities) are owned by the Taxable Subsidiary, however, the income from those interests is taxed to the Taxable Subsidiary and does not flow through to us, thereby helping us preserve our RIC tax treatment and resultant tax advantages. The Taxable Subsidiary is not consolidated for U.S. federal income tax purposes and may generate an income tax provision as a result of their ownership of the portfolio companies. The income tax provision, or benefit, and the related tax assets and liabilities, if any, are reflected in our Consolidated Statement of Operations.

As of March 31, 2024, the cost of investments held at the RIC for U.S. federal income tax purposes was \$1,425.9 million, with such investments having gross unrealized appreciation of \$16.7 million and gross unrealized depreciation of \$85.2 million, resulting in net unrealized depreciation of \$68.5 million. As of March 31, 2024, the cost of investments held at the Taxable Subsidiary for U.S. federal income tax purposes was \$45.2 million, with such investments having gross unrealized appreciation of \$79.6 million and gross unrealized depreciation of \$11.2 million, resulting in net unrealized appreciation of \$68.4 million. On a consolidated basis, the total investment portfolio has net unrealized depreciation of \$0.1 million for U.S. federal income tax purposes.

The Taxable Subsidiary is not a RIC and is required to pay taxes at the current corporate rate. For tax purposes, the Taxable Subsidiary has elected to be treated as a taxable entity, and therefore is not consolidated for tax purposes and is taxed at normal corporate tax rates based on its taxable income and, as a result of its activities, may generate an income tax provision or benefit.

The taxable income, or loss, of the Taxable Subsidiary may differ from book income, or loss, due to temporary book and tax timing differences and permanent differences. This income tax provision, or benefit, if any, and the related tax assets and liabilities, are reflected in our consolidated financial statements. The Taxable Subsidiary records valuation adjustments related to its investments on a quarterly basis. Deferred taxes related to the unrealized gain/loss on investments are also recorded on a quarterly basis. A valuation allowance is provided against deferred tax assets when it is more likely than not that some portion or all of the deferred tax asset will not be realized. Establishing a valuation allowance of a deferred tax asset requires management to make estimates related to expectations of future taxable income. As of March 31, 2024 and March 31, 2023, the Taxable Subsidiary had a deferred tax liability of \$12.0 million and \$12.1 million, respectively.

Based on our assessment of our unrecognized tax benefits, management believes that all benefits will be realized and they do not contain any uncertain tax positions.

The following table sets forth the significant components of the deferred tax assets and liabilities as of March 31, 2024 and March 31, 2023 (amounts in thousands):

	March 31, 2024	March 31, 2023
<b>Deferred tax asset:</b>		
Net operating loss carryforwards	\$ 159	\$ —
Interest	965	219
Total deferred tax asset	1,124	219
<b>Deferred tax liabilities:</b>		
Net unrealized appreciation on investments	(11,395)	(11,413)
Net basis differences in portfolio investments	(1,726)	(923)
Total deferred tax liabilities	(13,121)	(12,336)
Total net deferred tax (liabilities) assets	\$ (11,997)	\$ (12,117)

The income tax provision, or benefit, and the related tax assets and liabilities, generated by CSWC and the Taxable Subsidiary, if any, are reflected in CSWC's consolidated financial statements. The following table sets forth the significant components of income tax provision as of March 31, 2024, 2023 and 2022 (amounts in thousands):

Components of Income Tax Provision	2024	Years Ended March 31,	
		2023	2022
Excise tax	\$ 872	\$ 630	\$ 65
Tax provision (benefit) related to Taxable Subsidiary	22	(301)	550
Other	50	—	—
Total income tax provision	\$ 944	\$ 329	\$ 615

Although we believe our tax returns are correct, the final determination of tax examinations could be different from what was reported on the returns. In our opinion, we have made adequate tax provisions for years subject to examination. Generally, we are currently open to audit under the statute of limitations by the Internal Revenue Service as well as state taxing authorities for the years ended December 31, 2020 through December 31, 2022.

## 7. SHAREHOLDERS' EQUITY

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.

### Equity ATM Program

On March 4, 2019, the Company established 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 \$50.0 million. On February 4, 2020, the Company (i) increased the maximum amount of shares of its common stock to be sold through the Equity ATM Program to \$100.0 million from \$50.0 million and (ii) added two additional sales agents to the Equity ATM Program. On May 26, 2021, the Company (i) increased the maximum amount of shares of its common stock to be sold through the Equity ATM Program to \$250.0 million from \$100.0 million and (ii) reduced the commission paid to the sales agents for the Equity ATM Program to 1.5% from 2.0% of the gross sales price of shares of the Company's common stock sold through the sales agents pursuant to the Equity ATM Program on and after May 26, 2021. On August 2, 2022, the Company increased the maximum amount of shares of its common stock to be sold through the Equity ATM Program to \$650.0 million from \$250.0 million.

The following table summarizes certain information relating to shares sold under the Equity ATM Program:

	Years Ended March 31,			
	2024		2023	
Number of shares sold		8,733,315		8,435,462
Gross proceeds received (in thousands)	\$	184,217	\$	161,216
Net proceeds received (in thousands) <sup>1</sup>	\$	181,453	\$	158,798
Weighted average price per share	\$	21.09	\$	19.11

<sup>1</sup> Net proceeds reflects proceeds after deducting commissions to the sales agents on shares sold and offering expenses. As of March 31, 2024 and 2023, no proceeds remained receivable.

Cumulative to date, the Company has sold 25,346,437 shares of its common stock under the Equity ATM Program at a weighted-average price of \$20.87, raising \$528.9 million of gross proceeds. Net proceeds were \$520.5 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.

### Public Equity Offering

On November 17, 2022, the Company completed an underwritten public equity offering of 2,534,436 shares of common stock, including shares issuable pursuant to the underwriters' option to purchase additional shares, at a public offering price of \$18.15 per share, raising \$46.0 million of gross proceeds. Net proceeds were \$44.1 million after deducting underwriting discounts and offering expenses.

### Share Repurchases

The right to grant restricted stock awards under the 2010 Plan terminated on July 18, 2021, ten years after the date that the 2010 Plan was approved by the Company's shareholders pursuant to its terms. In connection with the termination of the 2010 Plan, the Board of Directors and shareholders approved the 2021 Employee Plan, which became effective on July 28, 2021, as part of the compensation package for its employees, the terms of which are, in all material respects, identical to the 2010 Plan. On July 19, 2021, we received an exemptive order that supersedes the prior exemptive order relating to the 2010 Plan (the "Order") to permit the Company to (i) issue restricted stock as part of the compensation package for its employees in the 2021 Employee Plan, and (ii) withhold shares of the Company's common stock or purchase shares of the Company's common stock from the participants to satisfy tax withholding obligations relating to the vesting of restricted stock pursuant to the 2021 Employee Plan.

In addition, the Board of Directors and shareholders approved the Capital Southwest Corporation 2021 Non-Employee Director Restricted Stock Plan (the "Non-Employee Director Plan"), which became effective on July 27, 2022, as part of the compensation package for non-employee directors of the Board of Directors. In connection therewith, on May 16, 2022, we received an exemptive order that supersedes the Order (the "Superseding Order") and covers both employees and non-employee directors of the Board of Directors.

The following table summarizes certain information relating to shares repurchased in connection with the vesting of restricted stock awards:

	Years Ended March 31,			
	2024		2023	
Number of shares repurchased		52,797		49,590
Aggregate cost of shares repurchased (in thousands)	\$	1,063	\$	1,021
Weighted average price per share	\$	20.13	\$	20.59

On July 28, 2021, the Board of Directors approved a share repurchase program authorizing the Company to repurchase up to \$20 million of its outstanding shares of common stock in the open market at certain thresholds below its NAV per share, in accordance with guidelines specified in Rules 10b5-1(c)(1)(i)(B) and 10b-18 under the Exchange Act. 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 years ended March 31, 2024 and 2023, the Company did not repurchase any shares under the share repurchase program.

## Treasury Stock

On April 26, 2023, the Board of Directors approved the cancellation of 2,339,512 shares of treasury stock, which increased authorized and unissued shares by the same amount.

### 8. STOCK BASED COMPENSATION PLANS

Under the 2010 Plan and the 2021 Employee Plan, a restricted stock award is an award of shares of our common stock, which have full voting and dividend rights but are restricted with regard to sale or transfer. Restricted stock awards are independent of stock grants and are generally subject to forfeiture if employment terminates prior to these restrictions lapsing. Unless otherwise specified in the award agreement, these shares vest in equal annual installments over a four-year period from the grant date and are expensed over the vesting period starting on the grant date.

The right to grant restricted stock awards under the 2010 Plan terminated on July 18, 2021, ten years after the date that the 2010 Plan was approved by the Company's shareholders pursuant to its terms.

In connection with the termination of the 2010 Plan, the Board of Directors and shareholders approved the 2021 Employee Plan as part of the compensation packages for its employees, the terms of which are, in all material respects, identical to the 2010 Plan. The 2021 Employee Plan makes available for issuance 1,200,000 shares of common stock. As of March 31, 2024, there are 722,267 shares of common stock available for issuance under the 2021 Employee Plan.

In addition, the Board of Directors and shareholders approved the Non-Employee Director Plan as part of the compensation package for non-employee directors of the Board of Directors. Under the Non-Employee Director Plan, at the beginning of each one-year term of service on our Board, each non-employee director will receive a number of shares equivalent to \$50,000 based on the market value at the close of the Nasdaq Global Select Market on the date of grant. These shares will vest one year from the date of the grant and are expensed over the one-year term of non-employee directors. The Non-Employee Director Plan makes available for issuance 120,000 shares of common stock. As of March 31, 2024, there were 96,695 shares of common stock available for issuance under the Non-Employee Director Plan.

We expense the cost of the restricted stock awards, which is determined to equal the fair value of the restricted stock award at the date of grant on a straight-line basis over the requisite service period. For these purposes, the fair value of the restricted stock award is determined based upon the closing price of our common stock on the date of the grant.

For the fiscal years ended March 31, 2024, 2023 and 2022, we recognized total share based compensation expense of \$4.5 million (of which \$0.3 million was related to restricted stock issued to non-employee directors), \$3.7 million (of which \$0.2 million was related to restricted stock issued to non-employee directors), and \$3.6 million, respectively, related to the restricted stock issued.

As of March 31, 2024, the total remaining unrecognized compensation expense related to non-vested restricted stock awards was \$8.3 million, which will be amortized over the weighted-average vesting period of approximately 2.3 years.

The following table summarizes the restricted stock outstanding under the 2010 Plan and the 2021 Employee Plan as of March 31, 2024 and 2023:

Restricted Stock Awards	Number of Shares	Weighted Average Fair Value Per Share at grant date	Weighted Average Remaining Vesting Term (in Years)
Unvested at March 31, 2022	395,993	\$ 21.48	2.4
Granted	199,042	21.25	—
Vested	(148,774)	20.49	—
Forfeited	(13,550)	24.71	—
Unvested at March 31, 2023	432,711	\$ 21.61	2.4
Granted	284,407	19.86	—
Vested	(156,755)	20.93	—
Forfeited	(1,791)	23.91	—
Unvested at March 31, 2024	558,572	\$ 20.90	2.4

The following table summarizes the restricted stock outstanding under the Non-Employee Director Plan as of March 31, 2024 and 2023:

Restricted Stock Awards	Number of Shares	Weighted Average Fair Value Per Share at grant date	Weighted Average Remaining Vesting Term (in Years)
Unvested at March 31, 2022	—	\$ —	—
Granted	12,105	20.66	—
Vested	—	—	—
Forfeited	—	—	—
Unvested at March 31, 2023	12,105	\$ 20.66	0.4
Granted	11,200	—	—
Vested	(12,105)	—	—
Forfeited	—	—	—
Unvested at March 31, 2024	11,200	\$ 22.33	0.4

## 9. OTHER EMPLOYEE COMPENSATION

We established a 401(k) plan (the “401K Plan”) effective October 1, 2015. All full-time employees are eligible to participate in the 401K Plan. The 401K Plan permits employees to defer a portion of their total annual compensation up to the Internal Revenue Service annual maximum based on age and eligibility. We made contributions to the 401K Plan of up to 4.5% of the Internal Revenue Service’s annual maximum eligible compensation, all of which is fully vested immediately. During each of the years March 31, 2024, 2023 and 2022, we made matching contributions of approximately \$0.2 million.

## 10. RETIREMENT PLANS

CSWC sponsors an unfunded Retirement Restoration Plan, which is a nonqualified plan. Unvested accrued benefits under the Retirement Restoration Plan were forfeited as of September 30, 2015. The Retirement Restoration Plan is a frozen plan under which no new service cost is being accrued by plan participants.

The following tables set forth the Retirement Restoration Plan's net pension benefit and benefit obligation amounts for the years ended March 31, 2024, 2023 and 2022, as well as amounts recognized in our Consolidated Statements of Assets and Liabilities at March 31, 2024 and 2023 (amounts in thousands):

	Years ended March 31,		
	2024	2023	2022
<b>Net pension cost</b>			
Interest cost on projected benefit obligation	\$ 28	\$ 90	\$ 79
Net amortization	(47)	33	37
Net pension cost from restoration plan	<u>\$ (19)</u>	<u>\$ 123</u>	<u>\$ 116</u>

	Years ended March 31,		
	2024	2023	2022
<b>Change in benefit obligation</b>			
Benefit obligation at beginning of year	\$ 598	\$ 2,707	\$ 2,979
Interest cost	28	90	79
Actuarial gain	(9)	(2,052)	(104)
Benefits paid	(47)	(147)	(247)
Benefit obligation at end of year	<u>\$ 570</u>	<u>\$ 598</u>	<u>\$ 2,707</u>

	Years ended March 31,	
	2024	2023
<b>Amounts recognized in our Consolidated Statements of Assets and Liabilities</b>		
Projected benefit obligation	\$ (570)	\$ (598)
Net actuarial gain recognized as a component of equity	(1,090)	(1,128)
Total	<u>\$ (1,660)</u>	<u>\$ (1,726)</u>
Accumulated benefit obligation	<u>\$ (570)</u>	<u>\$ (598)</u>

The corridor approach is used to amortize the actuarial gains or losses based on 10% of the projected benefit obligation. The increase in the actuarial gain in the current year was primarily due to the death of a retired participant in the Retirement Restoration Plan.

The following assumptions were used in estimating the actuarial present value of the projected benefit obligations:

	Years ended March 31,		
	2024	2023	2022
Discount rate	5.25 %	5.00 %	3.50 %

The following assumptions were used in estimating the net periodic (income)/expense:

	Years ended March 31,		
	2024	2023	2022
Discount rate	5.00 %	3.50 %	2.75 %

Following are the expected benefit payments for the next five years and in the aggregate for the years 2030-2034 (amounts in thousands):

	2025	2026	2027	2028	2029	2030-2034
Restoration Plan	\$ 47	\$ 47	\$ 47	\$ 46	\$ 46	\$ 220

## 11. COMMITMENTS AND CONTINGENCIES

*Commitments*

In the normal course of business, the Company is a party to financial instruments with off-balance sheet risk, consisting primarily of unused commitments to extend financing to the Company's portfolio companies. Because commitments may expire without being drawn upon, the total commitment amount does not necessarily represent future cash requirements. Additionally, our commitment to fund delayed draw term loans generally is triggered upon the satisfaction of certain pre-negotiated terms and conditions, such as meeting certain financial performance hurdles or financial covenants, which may limit a borrower's ability to draw on such delayed draw term loans.

The balances of unfunded debt commitments as of March 31, 2024 and March 31, 2023 were as follows (amounts in thousands):

Portfolio Company	March 31, 2024	March 31, 2023
<b>Revolving Loans</b>		
Acacia BuyerCo V LLC	\$ 2,000	\$ 2,000
Acceleration, LLC	5,000	1,300
Air Conditioning Specialist, Inc.	1,675	1,200
American Teleconferencing Services, Ltd.	—	154
ArborWorks, LLC	432	1,000
ATS Operating, LLC	1,640	2,000
Bond Brand Loyalty ULC	2,000	—
BP Loenbro Holdings Inc.	1,101	—
Burning Glass Intermediate Holding Company, Inc.	296	—
Catbird NYC, LLC	4,000	4,000
Cavalier Buyer, Inc.	2,000	2,000
CDC Dental Management Co., LLC	2,000	—
Central Medical Supply LLC	800	1,200
Damotech Inc.	3,000	—
Edge Autonomy Holdings, LLC	4,000	—
Exact Borrower, LLC	2,500	2,500
FM Sylvan, Inc.	—	8,000
FS Vector LLC	2,000	—
Gains Intermediate, LLC	2,500	2,500
GPT Industries, LLC	3,000	3,000
GammaTech, Inc.	2,500	2,500
Gulf Pacific Acquisition, LLC	555	657
HH-Inspire Acquisition, Inc.	46	—
Ignite Visibility LLC	2,000	—
Institutes of Health, LLC	1,000	—
ISI Enterprises, LLC	2,000	2,000
Island Pump and Tank, LLC	1,500	1,000
ITA Holdings Group, LLC	1,058	—
Lash OpCo, LLC	—	138
LGM Pharma LLC	1,500	—
Lighting Retrofit International, LLC	1,354	2,083
Lightning Intermediate II, LLC	1,852	1,852
LKC Technologies, Inc.	2,000	—
Mako Steel LP	1,887	943

<b>Portfolio Company</b>	<b>March 31, 2024</b>	<b>March 31, 2023</b>
Mammoth BorrowCo, Inc.	1,950	—
Microbe Formulas LLC	1,627	1,627
Muenster Milling Company, LLC	—	7,000
New Skinny Mixes, LLC	3,500	4,000
NinjaTrader, Inc.	2,500	2,500
NWN Parent Holdings, LLC	—	480
Opco Borrower, LLC	833	833
Outerbox, LLC	2,000	2,000
Pipeline Technique Ltd.	2,278	2,833
Revo Brands, Inc.	7,000	—
Roof OpCo, LLC	3,056	3,056
Roseland Management, LLC	2,000	1,425
RTIC Subsidiary Holdings LLC	301	548
Shearwater Research, Inc.	—	2,446
South Coast Terminals LLC	1,935	1,935
Spotlight AR, LLC	2,000	2,000
Swensons Drive-In Restaurants, LLC	1,500	—
Systec Corporation	—	400
TMT BHC Buyer, Inc.	4,717	—
Tru Fragrance & Beauty LLC	3,900	—
Versicare Management LLC	2,500	2,500
Wall Street Prep, Inc.	1,000	1,000
Well-Foam, Inc.	4,500	4,500
Winter Services Operations, LLC	3,111	4,444
Zenfolio Inc.	1,000	—
Total Revolving Loans	112,404	87,554
<b>Delayed Draw Term Loans</b>		
AAC New Holdco Inc.	—	199
Acacia BuyerCo V LLC	—	2,500
Acceleration, LLC	—	5,000
Air Conditioning Specialist Inc.	750	—
BP Loenbro Holdings Inc.	1,101	—
Central Medical Supply LLC	1,400	1,400
CityVet, Inc.	5,000	—
Exact Borrower, LLC	—	2,500
Gains Intermediate, LLC	—	5,000
Gulf Pacific Acquisition, LLC	1,212	1,212
Ignite Visibility LLC	2,000	—
Infolinks Media Buyco, LLC	—	2,250
ITA Holdings Group, LLC	854	—
KMS, LLC	—	2,286
Mammoth BorrowCo, Inc.	1,325	—
New Skinny Mixes, LLC	3,000	3,000

<b>Portfolio Company</b>	<b>March 31, 2024</b>	<b>March 31, 2023</b>
NinjaTrader, Inc.	—	4,692
One Group, LLC	545	—
Pool Service Holdings, LLC	5,000	—
TMT BHC Buyer, Inc.	5,000	—
Versicare Management LLC	—	2,600
Winter Services Operations, LLC	—	4,444
<b>Total Delayed Draw Term Loans</b>	<b>27,187</b>	<b>37,083</b>
<b>Total Unfunded Debt Commitments</b>	<b>\$ 139,591</b>	<b>\$ 124,637</b>

The following table provides additional information regarding the expiration year of the Company's unfunded debt commitments (amounts in thousands):

<b>Unfunded Debt Commitments</b>	<b>March 31, 2024</b>	<b>March 31, 2023</b>
<b>Expiring during:</b>		
2024	\$ —	\$ 31,625
2025	26,462	10,637
2026	8,242	6,712
2027	31,417	38,062
2028	31,021	35,318
2029	42,449	2,283
<b>Total Unfunded Debt Commitments</b>	<b>\$ 139,591</b>	<b>\$ 124,637</b>

The balances of unfunded equity commitments as of March 31, 2024 and March 31, 2023 were as follows (amounts in thousands):

<b>Unfunded Equity Commitments</b>	<b>March 31, 2024</b>	<b>March 31, 2023</b>
Catbird NYC, LLC	\$ 125	\$ 125
Infolinks Media Buyco, LLC	412	412
<b>Total Unfunded Equity Commitments</b>	<b>\$ 537</b>	<b>\$ 537</b>

As of March 31, 2024, total revolving and delayed draw loan commitments included commitments to issue letters of credit through a financial intermediary on behalf of certain portfolio companies. As of March 31, 2024, the Company had \$0.9 million in letters of credit issued and outstanding under these commitments on behalf of portfolio companies. For all of these letters of credit issued and outstanding, the Company would be required to make payments to third parties if the portfolio companies were to default on their related payment obligations. Of these letters of credit, \$0.4 million expire in February 2025, \$0.3 million expire in March 2025, and \$0.2 million expire in April 2025. As of March 31, 2024, none of the letters of credit issued and outstanding were recorded as a liability on the Company's balance sheet as such letters of credit are considered in the valuation of the investments in the portfolio company.

Effective April 1, 2019, ASC 842 required that a lessee evaluate its leases to determine whether they should be classified as operating or financing leases. The Company previously had an operating lease for its office space that commenced October 1, 2014 and expired February 28, 2022. In March 2021, the Company executed an agreement to lease new office space that commenced on February 1, 2022 and expires September 30, 2032. The Company identified the foregoing as an operating lease.

ASC 842 indicates that an ROU asset and lease liability should be recorded based on the effective date. As such, CSWC recorded an ROU asset, which is included in other assets on the Consolidated Statements of Assets and Liabilities, and a lease liability, which is included in other liabilities on the Consolidated Statements of Assets and Liabilities, as of February 1, 2022. The Company has recorded lease expense on a straight-line basis.

In December 2023, the Company executed an agreement to lease additional office space, which is expected to commence during the third quarter of fiscal year 2025. The additional office space will be approximately 7,100 square feet. This is an amendment of the Company's current lease, which is classified as an operating lease. The term with respect to the additional office space will be 10 years and the term of the current office space will be extended for an additional 3 years.

Total lease expense incurred for each of the years ended March 31, 2024, 2023 and 2022 was \$0.3 million. As of March 31, 2024 and March 31, 2023, the asset related to the operating lease was \$2.4 million and \$1.8 million respectively, and the lease liability was \$3.2 million and \$2.8 million, respectively. As of March 31, 2024, the remaining lease term was 11.5 years and the discount rate was 7.60%.

The following table shows future minimum payments under the Company's operating leases as of March 31, 2024 (in thousands):

Year ending March 31,	Rent Commitment
2025	416
2026	426
2027	436
2028	446
2029	457
Thereafter	3,611
Total	<u>\$ 5,792</u>

### *Contingencies*

We may, from time to time, be involved in litigation arising out of our operations in the normal course of business or otherwise. Furthermore, third parties may try to seek to impose liability on us in connection with the activities of our portfolio companies. To our knowledge, we have no currently pending material legal proceedings to which we are party or to which any of our assets are subject.

## 12. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

The following presents a summary of the unaudited quarterly consolidated financial information for the years ended March 31, 2024 and 2023 (in thousands except per share amounts):

<b>2024</b>	<b>First Quarter</b>	<b>Second Quarter</b>	<b>Third Quarter</b>	<b>Fourth Quarter</b>	<b>Total</b>
Net investment income	\$ 24,556	\$ 27,194	\$ 28,859	\$ 29,396	\$ 110,005
Net realized (loss) gain on investments, net of tax	(12,782)	390	(7,842)	(19,661)	(39,895)
Net change in unrealized appreciation (depreciation) on investments, net of tax	12,038	(4,599)	2,467	3,734	13,640
Realized loss on extinguishment of debt	—	(361)	—	—	(361)
Net increase in net assets from operations	23,812	22,624	23,484	13,469	83,389
Pre-tax net investment income per share	0.67	0.67	0.72	0.68	2.72
Net investment income per share	0.65	0.69	0.70	0.67	2.70
Net increase in net assets from operations per share	0.63	0.57	0.57	0.31	2.05
<b>2023</b>	<b>First Quarter</b>	<b>Second Quarter</b>	<b>Third Quarter</b>	<b>Fourth Quarter</b>	<b>Total</b>
Net investment income	\$ 12,438	\$ 14,444	\$ 19,425	\$ 22,404	\$ 68,711
Net realized gain (loss) on investments	2,320	(8,635)	(11,086)	372	(17,029)
Net change in unrealized (depreciation) appreciation on investments, net of tax	(12,248)	3,649	(5,390)	(4,600)	(18,589)
Net increase in net assets from operations	2,510	9,458	2,949	18,176	33,093
Pre-tax net investment income per share	0.50	0.54	0.60	0.65	2.30
Net investment income per share	0.49	0.52	0.62	0.64	2.29
Net increase in net assets from operations per share	0.10	0.34	0.09	0.52	1.10

### 13. RELATED PARTY TRANSACTIONS

As a BDC, we are obligated under the 1940 Act to make available to our portfolio companies significant managerial assistance. “Making available significant managerial assistance” refers to any arrangement whereby we offer to provide significant guidance and counsel concerning the management, operations, or business objectives and policies of a portfolio company. We also are deemed to be providing managerial assistance to all portfolio companies that we control, either by ourselves or in conjunction with others. The nature and extent of significant managerial assistance provided by us will vary according to the particular needs of each portfolio company. During each of the years ended March 31, 2024 and 2023, we did not receive any management fees from our portfolio companies.

During the quarter ended March 31, 2024, the board of managers of I-45 SLF approved the dissolution and liquidation of I-45 SLF and the wind up of its affairs, including distributing all of the assets of I-45 SLF to the Company and Main Street Capital Corporation in accordance with their respective residual percentage. In connection with the paydown of I-45 SLF's credit facility, the members of I-45 SLF made additional capital commitments totaling \$47.0 million, of which \$37.6 million was contributed by the Company. On January 24, 2024, I-45 SLF paid down the full outstanding balance and terminated its credit facility.

In connection with the liquidation of I-45 SLF, the Company received return of capital distributions totaling \$13.6 million, of which \$0.8 million is receivable as of March 31, 2024. The Company also received distributions-in-kind of investment assets totaling \$78.9 million, of which \$6.4 million is receivable as of March 31, 2024 that are included in other receivables on the Consolidated Statements of Assets and Liabilities. For the year ended March 31, 2024, the Company recognized a realized loss totaling \$15.0 million relating to the dissolution of I-45 SLF. As of March 31, 2023, we had dividends receivable from I-45 SLF of \$1.9 million, which were included in dividends and interest receivables on the Consolidated Statements of Assets and Liabilities. Additionally, we recognized administrative fee income from I-45 SLF of \$0.1 million for the each of the years ended March 31, 2024 and 2023, which was included in fee income on the Consolidated Statement of Operations.

#### 14. SUMMARY OF PER SHARE INFORMATION

The following presents a summary of per share data for the years ended March 31, 2024, 2023, 2022, 2021, 2020, 2019, 2018 and 2017 (share amounts presented in thousands).

Per Share Data:	Years Ended							
	March 31,							
	2024	2023	2022	2021	2020	2019	2018	2017
Investment income <sup>1</sup>	\$ 4.37	\$ 3.97	\$ 3.60	\$ 3.57	\$ 3.45	\$ 3.10	\$ 2.18	\$ 1.48
Operating expenses <sup>1</sup>	(1.65)	(1.67)	(1.70)	(1.78)	(1.76)	(1.62)	(1.16)	(0.87)
Income taxes <sup>1</sup>	(0.02)	(0.01)	(0.03)	(0.13)	(0.12)	(0.06)	(0.01)	(0.11)
Net investment income <sup>1</sup>	2.70	2.29	1.87	1.66	1.57	1.42	1.01	0.50
Net realized (loss) gain, net of tax <sup>1</sup>	(0.98)	(0.57)	0.26	(0.45)	2.35	1.24	0.10	0.50
Net unrealized (depreciation) appreciation on investments, net of tax <sup>1</sup>	0.34	(0.62)	0.50	1.51	(5.16)	(0.68)	1.34	0.49
Realized loss on extinguishment of debt <sup>1</sup>	(0.01)	—	(0.75)	(0.05)	—	—	—	—
Total increase (decrease) from investment operations	2.05	1.10	1.88	2.67	(1.24)	1.98	2.45	1.49
Accretive effect of share issuances and repurchases	0.86	0.50	1.45	0.30	0.45	0.06	(0.04)	—
Dividends to shareholders	(2.47)	(2.28)	(2.52)	(2.05)	(2.75)	(2.27)	(0.99)	(0.79)
Spin-off Compensation Plan Distribution, net of tax	—	—	—	—	—	—	(0.03)	(0.08)
Issuance of restricted stock <sup>1,2</sup>	(0.13)	(0.14)	(0.10)	(0.16)	(0.06)	(0.23)	(0.18)	(0.15)
Common stock withheld for payroll taxes upon vesting of restricted stock	(0.05)	(0.01)	(0.03)	—	—	(0.01)	(0.01)	—
Exercise of employee stock options <sup>3</sup>	—	—	—	—	—	(0.12)	0.01	(0.09)
Share based compensation expense	0.10	0.10	0.14	0.14	0.16	0.13	0.11	0.08
Change in restoration plan	—	0.06	0.01	—	(0.01)	(0.01)	(0.05)	—
Repurchase of common stock	—	—	—	—	0.15	—	—	—
Other <sup>4</sup>	0.04	0.18	0.02	(0.02)	(0.19)	0.01	0.01	—
(Decrease) increase in net asset value	0.40	(0.49)	0.85	0.88	(3.49)	(0.46)	1.28	0.46
Net asset value								
Beginning of period	16.37	16.86	16.01	15.13	18.62	19.08	17.80	17.34
End of period	\$ 16.77	\$ 16.37	\$ 16.86	\$ 16.01	\$ 15.13	\$ 18.62	\$ 19.08	\$ 17.80

**Ratios and Supplemental Data**

Ratio of operating expenses to average net assets	9.82 %	10.06 %	10.31 %	11.51 %	9.87 %	8.61 %	6.35 %	4.95 %
Ratio of operating expenses (excluding interest expense) to average net assets	3.52 %	4.28 %	5.03 %	5.43 %	4.94 %	4.75 %	4.72 %	4.60 %
Ratio of net investment income to average net assets	16.07 %	13.75 %	11.31 %	10.74 %	8.77 %	7.53 %	5.51 %	2.83 %
Portfolio turnover	15.65 %	13.68 %	33.91 %	18.81 %	22.76 %	23.38 %	25.42 %	23.57 %
Total investment return <sup>5</sup>	55.66 %	(15.36)%	18.10 %	118.56 %	(37.52)%	38.34 %	6.61 %	27.88 %
Total return based on change in NAV <sup>6</sup>	17.53 %	10.62 %	21.05 %	19.37 %	(3.97)%	9.49 %	12.75 %	7.21 %
Per share market value at the end of the period	\$ 24.96	\$ 17.78	\$ 23.73	\$ 22.16	\$ 11.42	\$ 21.04	\$ 17.02	\$ 16.91
Weighted-average basic shares outstanding	40,727	30,016	22,840	19,060	18,000	16,074	16,074	15,825
Weighted-average diluted shares outstanding	40,727	30,016	22,840	19,060	18,000	16,139	16,139	15,877
Common shares outstanding at end of period	45,051	36,076	24,959	21,005	17,998	17,503	16,162	16,011

<sup>1</sup> Based on weighted average of common shares outstanding for the period.

<sup>2</sup> Reflects impact of the different share amounts as a result of issuance or forfeiture of restricted stock during the period.

<sup>3</sup> Net decrease is due to the exercise of employee stock options at prices less than beginning of period net asset value.

<sup>4</sup> Includes the impact of the different share amounts as a result of calculating certain per share data based on the weighted-average basic shares outstanding during the period and certain per share data based on the shares outstanding as of a period end. The balance increases with the increase in variability of shares outstanding throughout the year due to share issuance and repurchase activity.

<sup>5</sup> Total investment return based on purchase of stock at the current market price on the first day and a sale at the current market price on the last day of each period reported on the table and assumes reinvestment of dividends at prices obtained by CSWC's dividend reinvestment plan during the period. The return does not reflect any sales load that may be paid by an investor.

<sup>6</sup> Total return based on change in NAV was calculated using the sum of ending NAV plus dividends to shareholders and other non-operating changes during the period, as divided by the beginning NAV, and has not been annualized.

15. SUBSEQUENT EVENTS

On April 24, 2024, the Board of Directors declared a total dividend of \$0.63 per share, comprised of a regular dividend of \$0.57 and a supplemental dividend of \$0.06, for the quarter ending June 30, 2024. The record date for the dividend is June 14, 2024. The payment date for the dividend is June 28, 2024.

**SCHEDULE 12-14**
**Schedule of Investments in and Advances to Affiliates**

(In thousands)

Portfolio Company	Type of Investment (1)	March 31, 2024 Principal Amount - Debt Investments	Amount of Interest or Dividends Credited in Income (2)	Fair Value at March 31, 2023	Gross Additions (3)	Gross Reductions (4)	Amount of Realized Gain/(Loss) (5)	Amount of Unrealized Gain/(Loss)	Fair Value at March 31, 2024
<b>Control Investments</b>									
<b>I-45 SLF LLC</b>	80% LLC equity interest	\$ —	\$ 7,983	\$ 51,256	\$ 37,600	\$ (92,536)	\$ (15,047)	\$ 18,727	\$ —
<b>Total Control Investments</b>		\$ —	\$ 7,983	\$ 51,256	\$ 37,600	\$ (92,536)	\$ (15,047)	\$ 18,727	\$ —
<b>Affiliate Investments</b>									
<b>Air Conditioning Specialist, Inc.</b>	Revolving Loan	\$ 825	\$ 100	\$ 800	\$ 607	\$ (575)	\$ 15	\$ (22)	\$ 825
	First Lien	24,407	2,935	27,438	10,999	(13,997)	175	(208)	24,407
	Delayed Draw Term Loan	—	1	—	—	—	—	—	—
	1,006,045.85 Preferred Units	—	—	1,202	534	—	—	1,583	3,319
<b>ArborWorks, LLC</b>	Revolving Loan	1,569	69	—	1,569	—	—	—	1,569
	First Lien	3,123	150	—	3,123	—	—	—	3,123
	100 Class A Units	—	—	—	—	—	—	5	5
	13,898.32 Class A-1 Preferred Units	—	—	—	3,170	—	—	—	3,170
	13,898.32 Class B-1 Preferred Units	—	—	—	—	—	—	—	—
	1,666.67 Class A-1 Common Units	—	—	—	—	—	—	—	—
<b>Catbird NYC, LLC</b>	Revolving Loan	—	78	—	1,516	(1,500)	—	(16)	—
	First Lien	15,100	1,979	15,500	62	(400)	—	(62)	15,100
	1,000,000 Class A Units	—	34	1,658	—	—	—	123	1,781
	500,000 Class B Units	—	16	714	—	—	—	43	757
<b>Central Medical Supply LLC</b>	Revolving Loan	700	65	296	406	—	—	(2)	700
	First Lien	7,540	1,173	7,402	73	—	—	65	7,540
	Delayed Draw Term Loan	101	28	99	7	—	—	(5)	101
	2,620,670 Preferred Units	—	—	357	248	—	—	755	1,360

Portfolio Company	Type of Investment (1)	March 31, 2024 Principal Amount - Debt Investments	Amount of Interest or Dividends Credited in Income (2)	Fair Value at March 31, 2023	Gross Additions (3)	Gross Reductions (4)	Amount of Realized Gain/(Loss) (5)	Amount of Unrealized Gain/(Loss)	Fair Value at March 31, 2024
<b>Chandler Signs, LLC</b>	1,500,000 units of Class A-1 common stock	—	60	3,215	—	(3,402)	1,902	(1,715)	—
<b>Command Group Acquisition, LLC</b>	First Lien	6,000	104	—	5,882	—	—	—	5,882
	1,250,000 Preferred Units	—	—	—	1,250	—	—	—	1,250
<b>Delphi Intermediate Healthco LLC</b>	First Lien	—	—	—	—	—	(1,649)	1,649	—
	First Lien	—	—	—	—	—	(1,829)	1,829	—
	Protective Advance	—	—	—	—	—	(1,448)	1,448	—
	1,681.04 Common Units	—	—	—	—	—	(3,615)	3,615	—
<b>Dynamic Communities, LLC</b>	First Lien - Term Loan A	4,250	407	3,823	406	—	—	20	4,249
	First Lien - Term Loan B	4,359	492	3,843	493	—	—	23	4,359
	250,000 Class A Preferred units	—	—	625	—	—	—	(308)	317
	5,435,211.03 Class B Preferred units	—	—	2,218	—	—	—	(2,218)	—
	255,984.22 Class C Preferred units	—	—	—	—	—	—	—	—
	2,500,000 Common units	—	—	—	—	—	—	—	—
<b>GPT Industries, LLC</b>	Revolving Loan	—	27	—	12	—	—	(12)	—
	First lien	6,004	870	6,030	19	(146)	—	101	6,004
	1,000,000 Class A Preferred Units	—	—	1,000	—	—	—	1,064	2,064
<b>GammaTech, Inc.</b>	Revolving Loan	—	9	—	9	—	—	(9)	—
	First Lien	1,000	803	10,031	20	(9,031)	42	(62)	1,000
	1,000 Class A units	—	—	—	—	—	—	—	—
	360.06 Class A-1 units	—	—	372	—	—	—	(372)	—

Portfolio Company	Type of Investment (1)	March 31, 2024 Principal Amount - Debt Investments	Amount of Interest or Dividends Credited in Income (2)	Fair Value at March 31, 2023	Gross Additions (3)	Gross Reductions (4)	Amount of Realized Gain/(Loss) (5)	Amount of Unrealized Gain/(Loss)	Fair Value at March 31, 2024
<b>ITA Holdings Group, LLC</b>	Revolving Loan	2,468	391	7,014	2,443	(7,005)	—	16	2,468
	First Lien - Term Loan	—	282	10,114	6	(10,145)	—	25	—
	First Lien - Term Loan B	—	189	5,068	17	(5,073)	—	(12)	—
	First Lien - PIK Note A	—	88	3,255	168	(3,427)	—	4	—
	First Lien - PIK Note B	—	3	128	6	(134)	—	—	—
	First Lien - Term Loan	13,038	1,889	—	11,186	—	—	1,852	13,038
	First Lien - Term Loan B	13,038	2,082	—	11,174	—	—	1,864	13,038
	Delayed Draw Term Loan - A	1,058	89	—	1,034	—	—	24	1,058
	Delayed Draw Term Loan - B	1,058	100	—	1,034	—	—	24	1,058
	Warrants	—	—	4,046	—	—	—	(41)	4,005
	Warrants	—	—	—	3,791	—	—	78	3,869
	9.25% Class A membership interest	—	120	4,348	—	—	—	(1,974)	2,374
	<b>Lighting Retrofit International, LLC (DBA Envocore)</b>	Revolving Loan	729	13	—	729	—	—	(15)
First Lien		5,091	391	5,143	—	(52)	—	(107)	4,984
Second Lien		5,208	—	3,594	—	—	—	1,323	4,917
208,333.3333 Series A Preferred units		—	—	—	—	—	—	—	—
203,124.9999 Common units		—	—	—	—	—	—	—	—
<b>Outerbox, LLC</b>	Revolving Loan	—	11	—	6	—	—	(6)	—
	First Lien	14,625	1,861	14,552	39	—	—	(69)	14,522
	6,308.2584 Class A common units	—	—	773	—	—	—	(192)	581
<b>Pool Service Partners, Inc.</b>	Revolving Loan	1,000	7	—	981	—	—	(1)	980
	First Lien	5,000	173	—	4,904	—	—	(4)	4,900
	Delayed Draw Term Loan	600	14	—	518	—	—	70	588
	10,000 Common units	—	—	—	1,000	—	—	384	1,384

Portfolio Company	Type of Investment (1)	March 31, 2024 Principal Amount - Debt Investments	Amount of Interest or Dividends Credited in Income (2)	Fair Value at March 31, 2023	Gross Additions (3)	Gross Reductions (4)	Amount of Realized Gain/(Loss) (5)	Amount of Unrealized Gain/(Loss)	Fair Value at March 31, 2024
<b>Roseland Management, LLC</b>	Revolving Loan	—	53	555	9	(575)	—	11	—
	First Lien	14,906	1,887	14,524	26	(145)	—	501	14,906
	3,364 Class A-2 Units	—	—	694	—	—	—	68	762
	1,100 Class A-1 units	—	—	161	—	—	—	22	183
	16,084 Class A units	—	—	422	—	—	—	325	747
<b>Sonobi, Inc.</b>	500,000 Class A Common units	—	—	1,749	—	—	—	209	1,958
<b>STATinMED, LLC</b>	First Lien	7,560	276	7,288	272	—	—	(2,646)	4,914
	Delayed Draw Term Loan	—	1	122	2	(124)	1	(1)	—
	4,718.62 Class A Preferred Units	—	—	3,767	—	—	—	(3,767)	—
<b>Student Resource Center LLC</b>	39,097.96 Class B Preferred Units	—	—	—	—	—	—	—	—
	First Lien	9,644	590	8,720	776	—	—	(6,120)	3,376
	10,502,487.46 Preferred units	—	—	5,845	—	—	—	(5,845)	—
	2,000,000 Preferred units	—	—	—	—	—	—	—	—
<b>Total Affiliate Investments</b>		\$ 170,001	\$ 19,910	\$ 188,505	\$ 70,526	\$ (55,731)	\$ (6,406)	\$ (6,688)	\$ 190,206
<b>Total Control &amp; Affiliate Investments</b>		\$ 170,001	\$ 27,893	\$ 239,761	\$ 108,126	\$ (148,267)	\$ (21,453)	\$ 12,039	\$ 190,206

- (1) The principal amount and ownership detail as shown in the Consolidated Schedules of Investments.
- (2) Represents the total amount of interest or dividends credited to income for the portion of the year an investment was included in the Control or Affiliate categories, respectively.
- (3) Gross additions include increases in the cost basis of investments resulting from new portfolio investments, follow-on investments, accrued PIK interest, and accretion of OID. Gross additions also include movement of an existing portfolio company into this category and out of a different category.
- (4) Gross reductions include decreases in the cost basis of investments resulting from principal repayments or sales and the exchange of one or more existing securities for one or more new securities. Gross reductions also include movement of an existing portfolio company out of this category and into a different category.
- (5) The schedule does not reflect realized gains or losses on escrow receivables for investments which were previously exited and were not held during the period presented. Gains and losses on escrow receivables are classified in the Consolidated Statements of Operations according to the control classification at the time the investment was exited.

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

**Item 9A. Controls and Procedures**

**Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act, that are designed to provide reasonable assurance that information required to be disclosed in our filings and submissions under the Exchange Act is recorded, processed, summarized and reported within the periods specified in the rules and forms of the SEC and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely discussions regarding the required disclosure.

We completed an evaluation under the supervision and with participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2024. Based upon this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that as of March 31, 2024, our disclosure controls and procedures were effective to provide the reasonable assurance described above. We note that the design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving the stated goals under all potential future conditions.

**Management's Report on Internal Control over Financial Reporting**

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rules 13a-15(f). Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the criteria established in the 2013 Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on our evaluation under the framework in the 2013 Internal Control — Integrated Framework, management concluded that our internal control over financial reporting was effective as of March 31, 2024. RSM US, LLP, our independent registered public accounting firm, has audited the effectiveness of the Company's internal control over financial reporting as of March 31, 2024, as stated in its report which is included in Item 8 of Part II of this Annual Report on Form 10-K.

**Changes in Internal Control over Financial Reporting**

There have been no changes in our internal control over financial reporting (as defined in Rule 13(a)-15(f) of the Exchange Act) during the three months ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

**Limitations on Controls**

Because of its inherent limitations, management does not expect that our disclosure controls and our internal controls over financial reporting will prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with policies and procedures may deteriorate. Any control system, no matter how well designed and operated, is based upon certain assumptions and can only provide reasonable, not absolute, assurance that its objectives will be met. Further, no evaluation of controls can provide absolute assurance that misstatements due to errors or fraud will not occur or that all control issues and instances of fraud, if any within the Company, have been detected.

**Item 9B. Other Information**

- (a) None.
- (b) For the period covered by this Annual Report on Form 10-K, no director or officer of the Company has entered into any (i) contract, instruction or written plan for the purchase or sale of securities of the Company intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act or (ii) any non-Rule 10b5-1 trading arrangement.

**Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

Not applicable.

## PART III

### **Item 10. Directors, Executive Officers and Corporate Governance**

The information required by this Item 10 will be contained in the definitive proxy statement relating to our 2024 annual meeting of shareholders to be filed with the SEC no later than 120 days after the close of our fiscal year ended March 31, 2024, and is incorporated herein by reference.

### **Item 11. Executive Compensation**

The information required by this Item 11 will be contained in the definitive proxy statement relating to our 2024 annual meeting of shareholders to be filed with the SEC no later than 120 days after the close of our fiscal year ended March 31, 2024, and is incorporated herein by reference.

### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters**

The information required by this Item 12 will be contained in the definitive proxy statement relating to our 2024 annual meeting of shareholders to be filed with the SEC no later than 120 days after the close of our fiscal year ended March 31, 2024, and is incorporated herein by reference.

### **Item 13. Certain Relationships and Related Transactions, and Director Independence**

The information required by this Item 13 will be contained in the definitive proxy statement relating to our 2024 annual meeting of shareholders to be filed with the Securities and Exchange Commission no later than 120 days after the close of our fiscal year ended March 31, 2024, and is incorporated herein by reference.

### **Item 14. Principal Accountant Fees and Services**

The information required by this Item 14 will be contained in the definitive proxy statement relating to our 2024 annual meeting of shareholders to be filed with the Securities and Exchange Commission no later than 120 days after the close of our fiscal year ended March 31, 2024, and is incorporated herein by reference.

**PART IV****Item 15. Exhibits, Financial Statement Schedules**

The following documents are filed or incorporated by reference as part of this Annual Report:

## 1. Consolidated Financial Statements

	<u>Page</u>
<a href="#">Report of Independent Registered Public Accounting Firm</a>	70
<a href="#">Consolidated Statements of Assets and Liabilities as of March 31, 2024 and 2023</a>	73
<a href="#">Consolidated Statements of Operations for Years Ended March 31, 2024, 2023 and 2022</a>	74
<a href="#">Consolidated Statements of Changes in Net Assets for Years Ended March 31, 2024, 2023 and 2022</a>	75
<a href="#">Consolidated Statements of Cash Flows for Years Ended March 31, 2024, 2023 and 2022</a>	76
<a href="#">Consolidated Schedules of Investments as of March 31, 2024 and 2023</a>	77
<a href="#">Notes to Consolidated Financial Statements</a>	120

## 2. Consolidated Financial Statement Schedule

	<u>Page</u>
<a href="#">Schedule of Investments in and Advances to Affiliates for the Year Ended March 31, 2024</a>	162

## 3. Exhibits

Exhibit No.	Description
<a href="#">3.1</a>	<a href="#">Articles of Incorporation, dated April 19, 1961, including amendments dated June 30, 1969, July 20, 1987, April 23, 2007 and July 15, 2013 (incorporated by reference to Exhibit (a) to Registration Statement on Form N-2 (File No. 333-220385) filed on September 8, 2017).</a>
<a href="#">3.2</a>	<a href="#">Certificate of Amendment to the Articles of Incorporation, dated August 1, 2019 (incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K (File No. 814-00061) filed on August 1, 2019).</a>
<a href="#">3.3</a>	<a href="#">Certificate of Amendment to the Articles of Incorporation, dated October 11, 2023 (incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K filed on October 16, 2023).</a>
<a href="#">3.4</a>	<a href="#">Second Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to Quarterly Report on Form 10-Q (File No. 814-00061) filed on November 7, 2017).</a>
<a href="#">3.5</a>	<a href="#">Amendment to Second Amended and Restated Bylaws of Capital Southwest Corporation (incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K (File No. 814-00061) filed April 25, 2019).</a>
<a href="#">4.1</a>	<a href="#">Specimen of Common Stock certificate (incorporated by reference to Exhibit 4.1 to Annual Report on Form 10-K (File No. 811-01056) filed on June 14, 2002).</a>
<a href="#">4.2</a>	<a href="#">Indenture, dated October 23, 2017, between the Company and U.S. Bank National Association, Trustee (incorporated by reference to Exhibit (d)(2) to Registration Statement on Form N-2 (File No. 333-220385) filed on October 23, 2017).</a>
<a href="#">4.3</a>	<a href="#">Third Supplemental Indenture, dated as of December 29, 2020, relating to the 4.50% Notes due 2026, by and between the Company and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.2 to Current Report on Form 8-K (File No. 814-00061) filed on December 29, 2020).</a>
<a href="#">4.4</a>	<a href="#">Form of Global Note with respect to the 4.50% Notes due 2026 (incorporated by reference to Exhibit 4.2 to Current Report on Form 8-K (File No. 814-00061) filed on December 29, 2020).</a>
<a href="#">4.5</a>	<a href="#">Fourth Supplemental Indenture, dated as of August 27, 2021, relating to the 3.375% Notes due 2026, by and between the Company and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.2 to Current Report on Form 8-K (File No. 814-00061) filed on August 27, 2021).</a>

<u>Exhibit No.</u>	<u>Description</u>
<a href="#">4.6</a>	<a href="#">Form of Global Note with respect to the 3.375% Notes due 2026 (incorporated by reference to Exhibit 4.2 to Current Report on Form 8-K (File No. 814-00061) filed on August 27, 2021).</a>
<a href="#">4.7</a>	<a href="#">Fifth Supplemental Indenture dated as of June 14, 2023, relating to the 7.75% Notes due 2028, by and between the Company and U.S. Bank Trust Company National Association (as successor in interest for U.S. Bank National Association), as trustee (incorporated by reference to Exhibit 4.2 to Current Report on Form 8-K (File No. 814-00061) filed on June 14, 2023).</a>
<a href="#">4.8</a>	<a href="#">Form of Global Note with respect to the 7.75% Notes due 2028 (incorporated by reference to Exhibit 4.3 to Current Report on Form 8-K (File No. 814-00061) filed on June 14, 2023).</a>
<a href="#">4.9</a>	<a href="#">Form of Capital Southwest SBIC I, LP SBIC debentures guaranteed by the Small Business Administration (incorporated by reference to Exhibit (f) to Registration Statement on Form N-2 (File No. 333-259455) filed on September 10, 2021).</a>
<a href="#">4.10</a>	<a href="#">Dividend Reinvestment Plan (incorporated by reference Exhibit (e) to Registration Statement on Form N-2 (File No. 333-220385) filed on September 8, 2017).</a>
<a href="#">4.11*</a>	<a href="#">Description of Capital Southwest Corporation's Securities Registered pursuant to Section 12 of the Securities Exchange Act of 1934.</a>
<a href="#">10.1+</a>	<a href="#">Form of Director and Officer Indemnification Agreement (incorporated by reference to Exhibit 10.1 to Quarterly Report on Form 10-Q (File No. 814-00061) filed on November 7, 2017).</a>
<a href="#">10.2+</a>	<a href="#">Retirement Plan for Employees of Capital Southwest Corporation and its Affiliates as amended and restated effective April 1, 2011 (incorporated by reference to Exhibit 10.15 to Annual Report on Form 10-K (File No. 814-00061) filed on June 1, 2012).</a>
<a href="#">10.3+</a>	<a href="#">Amendment One to Retirement Plan for Employees of Capital Southwest Corporation and its Affiliates as amended and restated effective April 1, 2011 (incorporated by reference to Exhibit 10.16 to Annual Report on Form 10-K (File No. 814-00061) filed on May 31, 2013).</a>
<a href="#">10.4+</a>	<a href="#">Amendment Four to Retirement Plan for Employees of Capital Southwest Corporation and its Affiliates as amended and restated effective April 1, 2011 (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K (File No. 814-00061) filed on August 6, 2015).</a>
<a href="#">10.5+</a>	<a href="#">Capital Southwest Corporation Amended and Restated 2010 Restricted Stock Award Plan (incorporated by reference to Exhibit 99.1 to Form S-8 (File No. 333-227117) filed on August 30, 2018).</a>
<a href="#">10.6+</a>	<a href="#">Form of Restricted Stock Award Agreement under the 2010 Restricted Stock Award Plan, as amended (incorporated by reference to Exhibit 10.3 to Quarterly Report on Form 10-Q (File No. 814-00061) filed on November 7, 2014).</a>
<a href="#">10.7+</a>	<a href="#">Capital Southwest Corporation 2021 Employee Restricted Stock Award Plan (incorporated by reference to Exhibit 4.5 to Form S-8 (File No. 333-258899) filed on August 28, 2021).</a>
<a href="#">10.8+</a>	<a href="#">Form of Restricted Stock Award Agreement under the Capital Southwest Corporation 2021 Employee Restricted Stock Award Plan (incorporated by reference to Exhibit 4.6 to Form S-8 (File No. 333-258899) filed on August 28, 2021).</a>
<a href="#">10.9+</a>	<a href="#">Amended and Restated Employee Matters Agreement, dated September 4, 2015, between the Company and CSW Industrials, Inc. (incorporated by reference to Exhibit 10.2 to Current Report on Form 8-K (File No. 814-00061) filed on September 14, 2015).</a>
<a href="#">10.10+</a>	<a href="#">Form of Restricted Stock Agreement under the 2010 Restricted Stock Award Plan (CSWC Employee Form) (incorporated by reference to Exhibit 10.9 to Quarterly Report on Form 10-Q (File No. 814-00061) filed on November 9, 2015).</a>
<a href="#">10.11+</a>	<a href="#">Form of Amended and Restated Restricted Stock Award (Executive Compensation Plan – CSWC Employee Form) (incorporated by reference to Exhibit 10.11 to Quarterly Report on Form 10-Q (File No. 814-00061) filed on November 9, 2015).</a>
<a href="#">10.12</a>	<a href="#">Second Amended and Restated Limited Liability Company Operating Agreement of I-45 SLF LLC, dated March 11, 2021 (incorporated by reference to Exhibit 1.1 to Current Report on Form 8-K (File No. 814-00061) filed March 12, 2021).</a>
<a href="#">10.13</a>	<a href="#">Amended and Restated Guarantee, Pledge and Security Agreement dated as of December 21, 2018 among Capital Southwest Corporation, as Borrower, the Subsidiary Guarantors party hereto, ING Capital LLC, as Revolving Administrative Agent for the Revolving Lenders, each Financing Agent and Designated Indebtedness Holder party hereto and ING Capital, LLC, as Collateral Agent (incorporated by reference to Exhibit 10.2 to Current Report on Form 8-K (File No. 814-00061) filed on December 21, 2018).</a>

<u>Exhibit No.</u>	<u>Description</u>
<a href="#">10.14</a>	<a href="#">Second Amended and Restated Senior Secured Revolving Credit Agreement dated as of August 9, 2021 among Capital Southwest Corporation, as Borrower, the Lenders party hereto, ING Capital LLC, as Administrative Agent, Arranger and Bookrunner and Texas Capital Bank, N.A., as Documentation Agent (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K (File No. 814-00061) filed on August 9, 2021).</a>
<a href="#">10.15</a>	<a href="#">Third Amended and Restated Senior Secured Revolving Credit Agreement, dated as of August 2, 2023, among Capital Southwest Corporation, as Borrower, the Lenders party hereto, ING Capital LLC, as Administrative Agent, Arranger and Bookrunner and Texas Capital Bank, N.A., as Documentation Agent (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K (File No. 814-00061) filed on August 2, 2023).</a>
<a href="#">10.16</a>	<a href="#">Limited Consent and Amendment No. 1 to Second Amended and Restated Senior Secured Revolving Credit Agreement, dated as of September 10, 2021, by and among Capital Southwest Corporation, as Borrower, Capital Southwest Equity Investments, Inc., as Subsidiary Guarantor, the lenders party thereto, and ING Capital LLC, as Administrative Agent (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K (File No. 814-00061) filed on September 10, 2021).</a>
<a href="#">10.17</a>	<a href="#">Amendment No. 2 to the Second Amended and Restated Senior Secured Revolving Credit Agreement, dated as of May 11, 2022, by and among Capital Southwest Corporation, as Borrower, the guarantor party thereto, the lenders from time to time party thereto and ING Capital LLC, as Administrative Agent, and Texas Capital Bank, as Documentation Agent (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K (File No. 814-00061) filed on May 12, 2022).</a>
<a href="#">10.18</a>	<a href="#">Incremental Commitment and Assumption Agreement dated December 7, 2023 among Capital Southwest Corporation, as borrower, Capital Southwest Equity Investments, Inc. as a Subsidiary Guarantor, the Assuming Lender Party Hereto, as Assuming Lender and Extending Lender, and ING Capital LLC, as Administrative Agent (incorporated by reference to Exhibit 10.1 to Current Report on 8-K (File No. 814-00061) filed on December 7, 2023).</a>
<a href="#">10.19</a>	<a href="#">Master Reimbursement Agreement, dated as of May 9, 2018, by and between Capital Southwest Corporation, as Borrower, and ING Capital LLC, as Issuer (incorporated by reference to Exhibit 10.40 to Annual Report on Form 10-K (File No. 814-00061) filed on June 5, 2018).</a>
<a href="#">10.20</a>	<a href="#">Amended and Restated Administration Agreement, dated March 9, 2017, between the Company and Capital Southwest Management Corporation (incorporated by reference to Exhibit (k)(3) to Registration Statement on Form N-2 (File No. 333-220385) filed on September 8, 2017).</a>
<a href="#">10.21</a>	<a href="#">Custody Agreement, dated August 30, 2016, between the Company and U.S. Bank National Association (incorporated by reference to Exhibit (j)(1) to Registration Statement on Form N-2 (File No. 333-220385) filed on September 8, 2017).</a>
<a href="#">10.22</a>	<a href="#">Custody Control Agreement, dated August 30, 2016, between the Company, ING Capital LLC and U.S. Bank National Association (incorporated by reference to Exhibit (j)(2) to Registration Statement on Form N-2 (File No. 333-220385) filed on September 8, 2017).</a>
<a href="#">10.23</a>	<a href="#">Document Custody Agreement, dated August 30, 2016, between the Company, ING Capital LLC and U.S. Bank National Association (incorporated by reference to Exhibit (j)(3) to Registration Statement on Form N-2 (File No. 333-220385) filed on September 8, 2017).</a>
<a href="#">10.24</a>	<a href="#">Form of Third Amended and Restated Equity Distribution Agreement, dated May 26, 2021, between the Company and each of Jefferies LLC and Raymond James &amp; Associates, Inc., respectively (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K (File No. 814-00061) filed on May 26, 2021).</a>
<a href="#">10.25</a>	<a href="#">Form of Second Amendment, dated November 2, 2021, to Third Amended and Restated Equity Distribution Agreement between the Company and each of Jefferies LLC and Raymond James &amp; Associates, Inc., respectively (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K (File No. 814-00061) filed on November 2, 2021).</a>
<a href="#">10.26</a>	<a href="#">Form of Third Amendment, dated August 2, 2022, to Third Amended and Restated Equity Distribution Agreement, dated May 26, 2021, between the Company and each of Jefferies LLC and Raymond James &amp; Associates, Inc., respectively (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed on August 2, 2022).</a>
<a href="#">10.27</a>	<a href="#">Form of Amended and Restated Equity Distribution Agreement, dated May 26, 2021, between the Company and each of JMP Securities LLC and B. Riley FBR, Inc., respectively (incorporated by reference to Exhibit 10.2 to Current Report on Form 8-K (File No. 814-00061) filed on May 26, 2021).</a>
<a href="#">10.28</a>	<a href="#">Form of Second Amendment, dated November 2, 2021, to Amended and Restated Equity Distribution Agreement between the Company and each of JMP Securities LLC and B. Riley Securities, Inc., respectively (incorporated by reference to Exhibit 10.2 to Current Report on Form 8-K (File No. 814-00061) filed on November 2, 2021).</a>
<a href="#">10.29</a>	<a href="#">Form of Third Amendment, dated August 2, 2022, to Amended and Restated Equity Distribution Agreement, dated May 26, 2021, between the Company and each of JMP Securities LLC and B. Riley Securities, Inc., respectively (incorporated by reference to Exhibit 10.2 to Current Report on Form 8-K filed on August 2, 2022).</a>

Exhibit No.	Description
<a href="#">10.30</a>	<a href="#">Incremental Commitment and Assumption Agreement dated November 16, 2022 among the Company, as borrower, ING Capital LLC, as Administrative Agent, the Increasing Lenders Party thereto, as Increasing Lenders and the Assuming Lenders Party thereto, as Assuming Lenders (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed on November 16, 2022).</a>
<a href="#">10.31</a>	<a href="#">Loan Financing and Servicing Agreement, dated as of March 20, 2024 among Capital Southwest SPV LLC, as borrower, Capital Southwest Corporation, as equityholder and as servicer, the lenders from time to time parties hereto, Deutsche Bank AG, New York Branch, as Facility Agent, U.S. Bank Trust Company, National Association, as Collateral Agent and U.S. Bank National Association, as Collateral Custodian (incorporated by reference to exhibit 10.1 to the Current Report on Form 8-K filed on March 21, 2024).</a>
<a href="#">14*</a>	<a href="#">Code of Ethics.</a>
<a href="#">21.1*</a>	<a href="#">List of subsidiaries of the Company.</a>
<a href="#">23.1*</a>	<a href="#">Consent of Independent Registered Public Accounting Firm – RSM US LLP (relating to the Company Consolidated Financial Statements).</a>
<a href="#">23.2*</a>	<a href="#">Consent of Independent Auditor – RSM US LLP (relating to I-45 SLF LLC).</a>
<a href="#">31.1*</a>	<a href="#">Certification of President and Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.</a>
<a href="#">31.2*</a>	<a href="#">Certification of Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.</a>
<a href="#">32.1*^</a>	<a href="#">Certification of President and Chief Executive Officer required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code.</a>
<a href="#">32.2*^</a>	<a href="#">Certification of Chief Financial Officer required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code.</a>
<a href="#">97.1*</a>	<a href="#">Compensation Recoupment Policy.</a>
<a href="#">99.1</a>	<a href="#">Audited Consolidated Financial Statements of I-45 SLF LLC as of March 31, 2023 and 2022 and for the years ended March 31, 2023, 2022 and 2021 (incorporated by reference to Exhibit 99.1 to Annual Report on Form 10-K (File No. 814-00061) filed on May 23, 2023).</a>
<a href="#">99.2*</a>	<a href="#">Report of RSM US LLP on Senior Securities Table</a>
<a href="#">99.3</a>	<a href="#">Report of Grant Thornton on Senior Securities Table for the year ended March 31, 2017 (Incorporated by reference to Exhibit (n)(6) to Registration Statement on Form N-2 (File No. 333-232492) filed on July 1, 2019).</a>
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

\* Filed herewith.

+ Indicates management contract or compensatory plan or arrangement.

^ The certifications attached as Exhibit 32.1 and 32.2 accompany this Annual Report pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed “filed” by the registrant for purposes of Section 18 of the Exchange Act, and are not to be incorporated by reference into any of the registrant’s filings under the Securities Act or the Exchange Act, whether made before or after the date of this Annual Report, irrespective of any general incorporation language contained in any such filing.

**Item 16. Form 10-K Summary**

None.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**CAPITAL SOUTHWEST CORPORATION**

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

Date: May 21, 2024

Signature	Title	Date
<u>/s/ David R. Brooks</u> David R. Brooks	Chairman of the Board	May 21, 2024
<u>/s/ Christine S. Battist</u> Christine S. Battist	Director	May 21, 2024
<u>/s/ Jack D. Furst</u> Jack D. Furst	Director	May 21, 2024
<u>/s/ Ramona Rogers-Windsor</u> Ramona Rogers-Windsor	Director	May 21, 2024
<u>/s/ William R. Thomas</u> William R. Thomas	Director	May 21, 2024
<u>/s/ Bowen S. Diehl</u> Bowen S. Diehl	President and Chief Executive Officer	May 21, 2024
<u>/s/ Michael S. Sarner</u> Michael S. Sarner	Chief Financial Officer (Chief Financial/Accounting Officer)	May 21, 2024

**DESCRIPTION OF SECURITIES**

As of the March 31, 2024, Capital Southwest Corporation (“we,” “our,” “us,” “CSWC,” or the “Company”) has two classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”): (i) its common stock, par value \$0.25 per share (“common stock”), and (ii) its 7.75% Notes due 2028 (the “August 2028 Notes”).

The following descriptions of the Company’s common stock and the August 2028 Notes are based on, as applicable, the relevant portions of the Texas Business Organizations Code (“TBOC”), the Company’s articles of incorporation, as amended (“charter”), our amended and restated bylaws, as amended (“bylaws”), the fifth supplement indenture, dated June 14, 2023 (the “Fifth Supplemental Indenture”), and the base indenture, dated October 23, 2017 (the “Base Indenture” together with the Fifth Supplemental Indenture, the “indenture”), by and between the Company and U.S. Bank Trust Company, National Association (as successor in interest for U.S. Bank National Association), as trustee (the “Trustee”). This summary is a description of the material terms of, and is qualified in its entirety by, the charter, the bylaws and the indenture, each of which is incorporated by reference as an exhibit to this Annual Report on Form 10-K. As a result, this summary may not contain all of the information that is important to you. We refer you to the TBOC, the charter, the bylaws and the indenture for a more detailed description of the provisions summarized below. Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Annual Report on Form 10-K to which this Description of Securities is an exhibit.

**A. Common Stock, \$0.25 par value per share****Common Stock**

**Authorized Capital Stock.** Our authorized capital stock consists of 75,000,000 shares of common stock, par value \$0.25 per share.

**Dividends:** Holders of our common stock are entitled to dividends or other distributions, as declared by the Board of Directors of the Company (the “Board”) from time to time, in cash, property or common stock subject to the provisions of Texas law, our charter or our bylaws.

**Voting Rights:** The holders of our common stock are entitled to one vote for each share held of record on all matters submitted to a vote at a meeting of our stockholders. In matters other than the election of directors, stockholder approval requires the affirmative vote of a majority of the voting power of our common stock present in person or represented by proxy at the meeting and entitled to vote on the matter, voting as a single class, unless the matter is one upon which, by express provision of Texas law, our charter or our bylaws, a different vote is required.

**Liquidation Rights:** In the event of our liquidation, the holders of our common stock will be entitled to share ratably in any assets remaining after payment of all debts and other liabilities.

**Other:** Our common stock has no preemptive or conversion rights and is not entitled to the benefits of any redemption or sinking fund provision. The outstanding shares of our common stock are fully paid and non-assessable.

## **Certain Provisions of Texas Law, Our Charter and Our Bylaws**

**Amendment of Articles of Incorporation:** The TBOC provides that an amendment to the charter must be recommended by the Board and approved by the affirmative vote of the holders of at least two-thirds of the outstanding shares of the corporation, unless a different threshold, not less than a majority, is specified in the charter. Our charter does not provide for a different threshold.

**Amendment of Bylaws:** The TBOC, our charter and bylaws provide that our bylaws may be amended by action of the shareholders or action of the Board.

**Director Elections:** Our bylaws provide that directors are elected by a majority of the votes cast at a meeting of stockholders at which a quorum is present. Our charter does not permit cumulative voting for the election of directors.

**Term of Directors:** Our bylaws provide that directors are elected at each annual meeting of shareholders and hold office until the next succeeding annual meeting, and until such director's successor is elected and qualified, or until the earlier death, resignation, or removal of such director.

**Number of Directors:** Our bylaws provide that the number of directors is determined by resolution of the Board, except that the Board may not fill more than two directorships resulting from an increase in the size of the Board during the period between any two successive annual meetings of stockholders.

**Removal of Directors:** Our charter provides that shareholders may remove directors only for cause by the affirmative vote of two-thirds of outstanding shares entitled to vote.

**Board Vacancies:** Our bylaws provide that vacancies may be filled by an election at an annual or special meeting of the shareholders or by the vote of a majority of the remaining directors although less than a quorum.

**Shareholder Vote - Nature of the Business:** Our charter provides that CSWC is organized and chartered expressly for the purpose of operating either as a management investment company under the 1940 Act or as a business development company under the 1940 Act. The affirmative vote of the holders of at least two-thirds of the outstanding shares of common stock are necessary to change the nature of the business of the Company so that it will cease to be either a management investment company or a business development company.

**Shareholder Action by Written Consent:** The TBOC provides that shareholders may act by written consent if all of the shareholders execute a written consent setting forth the action, unless the charter provides the shareholders may act by less than unanimous written consent. Our charter does not vary from the TBOC in this regard.

**Special Meeting of Shareholders:** Our bylaws provide that the Chairman of the Board, the president, the Board, or the holders of at least 10% of all the outstanding shares entitled to vote at the proposed special meeting may call a special meeting of shareholders.

**Classification of Stock:** None of the TBOC, our charter or our bylaws contain any provisions authorizing the Board to classify unissued shares of stock.

**Business Combination Statute:** Section 21.606 of the TBOC restricts certain business combinations between us and an affiliated shareholder (beneficial ownership of 20% or more of the voting power of our stock entitled to vote for

directors) for three years after the shareholder becomes an affiliated shareholder. The restrictions do not apply if the Board approved the transaction that caused the shareholder to become an affiliated shareholder or if the business combination is approved by the affirmative vote of two-thirds of our voting stock that is not beneficially owned by the affiliated shareholder at a meeting of shareholders called for that purpose within six months of the affiliated shareholder's acquiring the shares.

Our charter further provides that the above referenced statute shall not be applicable if:

- the combination is solely between the Company and another corporation, fifty percent or more of the voting stock of which is owned, directly or indirectly, by the corporation and none of the voting stock of which is owned, directly or indirectly by a "Related Person" (as defined in our charter) with whom the combination is proposed; or
- (a) certain fair price and terms conditions are met, (b) the shareholder has not received any loans, financial assistance or tax advantages from the Company and (c) a proxy statement is mailed 40 days prior to the meeting that includes a Board of Directors recommendation and fairness opinion.

### **Indemnification of Directors and Officers**

Our charter, as amended, provides for indemnification for persons who are or were a director, officer or employee of CSWC against any and all judgments, penalties (including excise and similar taxes), fines, settlements and reasonable expenses actually incurred by such person in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative, any appeal in such action, suit or proceeding, and any inquiry or investigation that could lead to such action, suit or proceeding, on account of such person's service as a director officer or employee of CSWC, or service at the request of CSWC as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise all to the fullest extent permitted by Texas law. The charter provides that we must not provide indemnification to the extent not prohibited by the 1940 Act. In accordance with the 1940 Act, CSWC will not indemnify any person for any liability to which such person would be subject by reason of such person's willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his or her office.

Texas law requires a corporation to indemnify a director or officer against reasonable expenses actually incurred by him or her in connection with a threatened, pending, or completed action or other proceeding in which he or she is a named defendant or respondent because he or she is or was a director or officer if he or she has been wholly successful, on the merits or otherwise, in the defense of the action or proceeding. Texas law permits a corporation to indemnify a director or former director against judgments and expenses reasonably and actually incurred by the person in connection with a proceeding if the person (i) acted in good faith, (ii) reasonably believed, in the case of conduct in the person's official capacity, that the person's conduct was in the corporation's best interests, and otherwise, that the person's conduct was not opposed to the corporation's best interests, and (iii) in the case of a criminal proceeding, did not have a reasonable cause to believe the person's conduct was unlawful. If, however, the person is found liable to the corporation, or is found liable on the basis that such person received an improper personal benefit, then indemnification under Texas law is limited to the reimbursement of reasonable expenses actually incurred, and no indemnification will be available if the person is found liable for (i) willful or intentional misconduct in the performance of the person's duty to the corporation, (ii) breach of the person's duty of loyalty owed to the corporation, or (iii) an act or omission not committed in good faith that constitutes a breach of a duty owed by the person to the corporation. In addition, Texas law permits a corporation to advance reasonable expenses

to a director or officer upon the corporation's receipt of (a) a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation and (b) a written undertaking by him or her or on his or her behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the standard of conduct was not met.

Our charter authorizes us to purchase or maintain insurance against any liability asserted against a director, officer or employee of the Company. We have obtained primary and excess insurance policies insuring our directors and officers against certain liabilities they may incur in their capacity as directors and officers. Under such policies, the insurer, on our behalf, may also pay amounts for which we have granted indemnification to the directors or officers.

#### **Transfer Agent and Registrar**

The transfer agent and registrar for our common stock is Equinti Trust Company, LLC.

#### **NASDAQ Listing**

Our common stock is listed on The Nasdaq Global Select Market under the ticker symbol "CSWC."

#### **B. Description of 7.75% Notes due 2028**

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 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 senior secured revolving credit facility (the "Corporate Credit Facility"), the special purpose vehicle financing credit facility (the "SPV Credit Facility," and together with the Corporate Credit Facility, the "Credit Facilities") and the debentures guaranteed by the U.S. Small Business Administration (the "SBA Debentures"). The August 2028 Notes are listed on the Nasdaq Global Select Market under the trading symbol "CSWCZ."

#### **General**

The August 2028 Notes will mature on August 1, 2028. The principal payable at maturity will be 100% of the aggregate principal amount. The interest rate of the August 2028 Notes is 7.75% per year and is paid every February 1, May 1, August 1 and November 1 of each year, and the regular record dates for interest payments is every January 15, April 15, July 15 and October 15.

If an interest payment date falls on a non-business day, the applicable interest payment will be made on the next business day and no additional interest will accrue as a result of such delayed payment. The initial interest period was the period from and including June 14, 2023, to, but excluding, the initial interest payment date, and the subsequent interest periods will be the periods from and including an interest payment date to, but excluding, the next interest payment date or the stated maturity date, as the case may be.

The term “business day” means, with respect to any August 2028 Notes, each Monday, Tuesday, Wednesday, Thursday, and Friday that is not a day on which banking institutions in The City of New York are authorized or obligated by law or executive order to close.

The August 2028 Notes were issued in denominations of \$25 and integral multiples of \$25 in excess thereof. The August 2028 Notes will not be subject to any sinking fund and holders of the August 2028 Notes will not have the option to have the August 2028 Notes repaid prior to the stated maturity date.

The indenture does not limit the amount of debt (including secured debt) that may be issued by us or our subsidiaries under the indenture or otherwise, but does contain a covenant regarding our asset coverage that would have to be satisfied at the time of our incurrence of additional indebtedness. See “- Other Covenants” and “- Events of Default.” Other than the foregoing and as described under “- Other Covenants” and “- Events of Default” below, the indenture does not contain any financial covenants and does not restrict us from paying dividends or issuing or repurchasing our other securities. Other than restrictions described under “- Merger, Consolidation or Asset Sale” below, the indenture does not contain any covenants or other provisions designed to afford holders of the August 2028 Notes protection in the event of a highly leveraged transaction involving us or if our credit rating declines as the result of a takeover, recapitalization, highly leveraged transaction or similar restructuring involving us that could adversely affect an investment in the August 2028 Notes.

We may, without the consent of the holders of the August 2028 Notes, issue additional notes under the indenture with the same terms (except for the issue date, public offering price, and if applicable, the initial interest payment date) and with the same CUSIP numbers as the August 2028 Notes offered hereby in an unlimited aggregate principal amount, subject to the terms of the Credit Facilities, and any other financing agreements to which we may be party; provided that such additional notes must be treated as part of the same issue as the August 2028 Notes for U.S. federal income tax purposes. In addition, we have the ability to issue indenture securities with terms different from the August 2028 Notes.

### **Optional Redemption**

The August 2028 Notes may be redeemed in whole or in part at any time or from time to time at our option on or after August 1, 2025, upon not less than 30 days nor more than 60 days written notice by mail prior to the date fixed for redemption thereof, at a redemption price of 100% of the outstanding principal amount of the August 2028 Notes to be redeemed plus accrued and unpaid interest payments otherwise payable thereon for the then-current quarterly interest period accrued to, but excluding, the date fixed for redemption.

Holders of the August 2028 Notes may be prevented from exchanging or transferring the August 2028 Notes when they are subject to redemption. Any exercise of our option to redeem the August 2028 Notes will be done in compliance with the indenture, the terms of the Credit Facilities and the 1940 Act, to the extent applicable.

If we redeem only some of the August 2028 Notes, the Trustee or, with respect to global securities, DTC will determine the method for selection of the particular August 2028 Notes to be redeemed, in accordance with the indenture and the 1940 Act, to the extent applicable, and in accordance with the rules of any national securities exchange or quotation system on which the August 2028 Notes are listed. Unless we default in payment of the redemption price, on and after the date of redemption, interest will cease to accrue on the August 2028 Notes called for redemption.

## **Global Securities**

Each August 2028 Note will be issued in book-entry form and represented by a global security that we deposit with and register in the name of The Depository Trust Company, New York, New York, known as DTC, or its nominee. A global security may not be transferred to or registered in the name of anyone other than the depository or its nominee, unless special termination situations arise. As a result of these arrangements, the depository, or its nominee, will be the sole registered owner and holder of all the August 2028 Notes represented by a global security, and investors will be permitted to own only beneficial interests in a global security. For more information about these arrangements, see “- Book-Entry Procedures” below.

## **Termination of a Global Security**

If a global security is terminated for any reason, interests in it will be exchanged for certificates in non-book-entry form (certificated securities). After that exchange, the choice of whether to hold the certificated August 2028 Notes directly or in street name will be up to the investor. Investors must consult their own banks or brokers to find out how to have their interests in a global security transferred on termination to their own names, so that they will be holders.

## **Conversion and Exchange**

The August 2028 Notes are not convertible into or exchangeable for other securities.

## **Payment and Paying Agents**

We will pay interest to the person listed in the Trustee’s records as the owner of the August 2028 Notes at the close of business on a particular day in advance of each due date for interest, even if that person no longer owns the August 2028 Note on the interest due date. That day, usually about two weeks in advance of the interest due date, is called the “record date.” Because we will pay all the interest for an interest period to the holders on the record date, holders buying and selling the August 2028 Notes must work out between themselves the appropriate purchase price. The most common manner is to adjust the sales price of the August 2028 Notes to prorate interest fairly between buyer and seller based on their respective ownership periods within the particular interest period. This prorated interest amount is called “accrued interest.”

## **Payment When Offices Are Closed**

If any payment is due on the August 2028 Notes on a day that is not a business day, we will make the payment on the next day that is a business day. Payments made on the next business day in this situation will be treated under the indenture as if they were made on the original due date. Such payment will not result in a default under the August 2028 Notes or the indenture, and no interest will accrue on the payment amount from the original due date to the next day that is a business day.

## **Events of Default**

The holders of the August 2028 Notes will have rights if an Event of Default occurs in respect of the August 2028 Notes and the Event of Default is not cured, as described later in this subsection.

The term “Event of Default” in respect of the August 2028 Notes means any of the following:

- we do not pay the principal of, or any premium on, any August 2028 Note when due and payable at maturity;
- we do not pay interest on any August 2028 Note when due and payable, and such default is not cured within 30 days of its due date;
- we remain in breach of any other covenant in respect of the August 2028 Notes for 60 days after we receive a written notice of default stating we are in breach (the notice must be sent by either the Trustee or holders of at least 25% of the principal amount of the outstanding August 2028 Notes);
- we file for bankruptcy or certain other events of bankruptcy, insolvency or reorganization occur and remain undischarged or unstayed for a period of 60 days; or
- on the last business day of each of twenty-four consecutive calendar months, the August 2028 Notes have an asset coverage of less than 100%, giving effect to any exemptive relief granted to us by the Securities and Exchange Commission (the “SEC”).

An Event of Default for the August 2028 Notes may, but does not necessarily, constitute an Event of Default for any other series of debt securities issued under the same or any other indenture. The Trustee may withhold notice to the holders of the August 2028 Notes of any default, except in the payment of principal or interest, if it in good faith considers the withholding of notice to be in the best interests of the holders.

#### *Remedies if an Event of Default Occurs*

If an Event of Default has occurred and is continuing, the Trustee or the holders of not less than 25% in principal amount of the August 2028 Notes may declare the entire principal amount of all the August 2028 Notes to be due and immediately payable, but this does not entitle any holder of August 2028 Notes to any redemption payout or redemption premium. If an Event of Default referred to in the second to last bullet point above with respect to us has occurred, the entire principal amount of all of the August 2028 Notes will automatically become due and immediately payable. This is called a declaration of acceleration of maturity. In certain circumstances, a declaration of acceleration of maturity may be canceled by the holders of a majority in principal amount of the August 2028 Notes if (1) we have deposited with the Trustee all amounts due and owing with respect to the August 2028 Notes (other than principal or any payment that has become due solely by reason of such acceleration) and certain other amounts, and (2) any other Events of Default have been cured or waived.

Except in cases of default, where the Trustee has some special duties, the Trustee is not required to take any action under the indenture at the request of any holders unless the holders offer the Trustee reasonable protection from expenses and liability (called an “indemnity”). If reasonable indemnity is provided, the holders of a majority in principal amount of the August 2028 Notes may direct the time, method and place of conducting any lawsuit or other formal legal action seeking any remedy available to the Trustee. The Trustee may refuse to follow those directions in certain circumstances. No delay or omission in exercising any right or remedy will be treated as a waiver of that right, remedy or Event of Default.

Before holders of the August 2028 Notes are allowed to bypass the Trustee and bring their own lawsuit or other formal legal action or take other steps to enforce their rights or protect their interests relating to the August 2028 Notes, the following must occur:

- holders of the August 2028 Notes must give the Trustee written notice that an Event of Default has occurred and remains uncured;
- the holders of at least 25% in principal amount of all the August 2028 Notes must make a written request that the Trustee take action because of the default and must offer reasonable indemnity to the Trustee against the cost and other liabilities of taking that action;
- the Trustee must not have taken action for 60 days after receipt of the above notice and offer of indemnity; and
- the holders of a majority in principal amount of the August 2028 Notes must not have given the Trustee a direction inconsistent with the above notice during that 60-day period.

However, holders of the August 2028 Notes are entitled at any time to bring a lawsuit for the payment of money due on the August 2028 Notes on or after the due date.

**Book-entry and other indirect holders should consult their banks or brokers for information on how to give notice or direction to or make a request of the Trustee and how to declare or cancel an acceleration of maturity.**

Each year, we will furnish to the Trustee a written statement of certain of our officers certifying that to their knowledge we are in compliance with the indenture and the August 2028 Notes, or else specifying any default.

#### *Waiver of Default*

The holders of a majority in principal amount of the August 2028 Notes may waive any past defaults other than a default:

- in the payment of principal (or premium, if any) or interest; or
- in respect of a covenant that cannot be modified or amended without the consent of each holder of the August 2028 Notes.

#### **Merger, Consolidation or Asset Sale**

Under the terms of the indenture, we are generally permitted to consolidate or merge with another entity. We are also permitted to sell all or substantially all of our assets to another entity. However, we may not take any of these actions unless all the following conditions are met where:

- we merge out of existence or convey or transfer all or substantially all of our assets, the resulting entity must agree to be legally responsible for our obligations under the August 2028 Notes;

- the merger or sale of assets must not cause a default on the August 2028 Notes and we must not already be in default (unless the merger or sale would cure the default). For purposes of this no-default test, a default would include an Event of Default that has occurred and has not been cured, as described under “Events of Default” above. A default for this purpose would also include any event that would be an Event of Default if the requirements for giving us a notice of default or our default having to exist for a specific period of time were disregarded; and
- we must deliver certain certificates and documents to the Trustee.

Notwithstanding any of the foregoing and subject to the 1940 Act, any subsidiary of ours may consolidate with, merge into or transfer all or part of its property and assets to other subsidiaries of ours or to us. Additionally, this covenant shall not apply to: (1) our merger or the merger of one of our subsidiaries with an affiliate solely for the purpose of reincorporating in another jurisdiction; (2) any conversion by us or a subsidiary from an entity formed under the laws of one state to any entity formed under the laws of another state; or (3) any combination of (1) and (2) above.

Although there is a limited body of case law interpreting the phrase “substantially all”, there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve “all or substantially all” of the properties or assets of a person. As a result, it may be unclear as to whether the merger, consolidation or sale of assets covenant would apply to a particular transaction as described above absent a decision by a court of competent jurisdiction.

An assumption by any person of obligations under the August 2028 Notes and the indenture might be deemed for U.S. federal income tax purposes to be an exchange of the August 2028 Notes for new August 2028 Notes by the holders thereof, resulting in recognition of gain or loss for such purposes and possibly other adverse tax consequences to the holders. Holders should consult their own tax advisors regarding the tax consequences of such an assumption.

### **Modification or Waiver**

There are three types of changes we can make to the indenture and the August 2028 Notes issued thereunder.

#### ***Changes Requiring Holder Approval***

First, there are changes that we cannot make to the August 2028 Notes without specific approval of the holders of the August 2028 Notes. The following is a list of those types of changes:

- change the stated maturity of the principal of (or premium, if any, on) or any installment of principal of or interest on the August 2028 Notes;
- reduce any amounts due on the August 2028 Notes or reduce the rate of interest on the August 2028 Notes;
- reduce the amount of principal payable upon acceleration of the maturity of an August 2028 Note following a default;
- change the place or currency of payment on an August 2028 Note;

- impair the right to sue for payment;
- reduce the percentage of holders of August 2028 Notes whose consent is needed to modify or amend the indenture; and
- reduce the percentage of holders of August 2028 Notes whose consent is needed to waive compliance with certain provisions of the indenture or to waive certain defaults or reduce the percentage of holders of August 2028 Notes required to satisfy quorum or voting requirements at a meeting of holders of the August 2028 Notes.

#### *Changes Not Requiring Approval*

The second type of change does not require any vote by the holders of the August 2028 Notes. This type is limited to clarifications and certain other changes that would not adversely affect holders of the August 2028 Notes in any material respect.

#### *Changes Requiring Majority Approval*

Any other change to the indenture and the August 2028 Notes would require the following approval:

- if the change affects only the August 2028 Notes, it must be approved by the holders of a majority in principal amount of the August 2028 Notes; and
- if the change affects more than one series of debt securities issued under the same indenture, it must be approved by the holders of a majority in principal amount of all of the series affected by the change, with all affected series voting together as one class for this purpose.

In each case, the required approval must be given by written consent.

The holders of a majority in principal amount of all of the series of debt securities issued under an indenture, voting together as one class for this purpose, may waive our compliance with some of our covenants in that indenture. However, we cannot obtain a waiver of a payment default or of any of the matters covered by the bullet points included above under “- Changes Requiring Holder Approval.”

#### ***Further Details Concerning Voting***

When taking a vote, we will use the following rules to decide how much principal to attribute to the August 2028 Notes:

The August 2028 Notes will not be considered outstanding, and therefore not eligible to vote, if we have deposited or set aside in trust money for their payment or redemption or if we or any affiliate of ours own any August 2028 Notes. The August 2028 Notes will also not be eligible to vote if they have been fully defeased as described later under “- Defeasance - Full Defeasance” below.

We will generally be entitled to set any day as a record date for the purpose of determining the holders of the August 2028 Notes that are entitled to vote or take other action under the indenture. However, the record date may not be

earlier than 30 days before the date of the first solicitation of holders to vote on or take such action and not later than the date such solicitation is completed. If we set a record date for a vote or other action to be taken by holders of the August 2028 Notes, that vote or action may be taken only by persons who are holders of the August 2028 Notes on the record date and must be taken within eleven months following the record date.

**Book-entry and other indirect holders should consult their banks or brokers for information on how approval may be granted or denied if we seek to change the indenture or the August 2028 Notes or request a waiver.**

#### **Satisfaction and Discharge**

The indenture will be discharged and will cease to be of further effect with respect to the August 2028 Notes when:

- either
  - all the August 2028 Notes that have been authenticated have been delivered to the Trustee for cancellation; or
  - all the August 2028 Notes that have not been delivered to the Trustee for cancellation:
    - have become due and payable, or
    - will become due and payable at their stated maturity within one year, or
    - are to be called for redemption,

and we, in the case of the first, second and third sub-bullets above, have irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the holders of the August 2028 Notes, in amounts in the currency payable for the August 2028 Notes as will be sufficient, to pay and discharge the entire indebtedness (including all principal, premium, if any, and interest) on such August 2028 Notes delivered to the Trustee for cancellation (in the case of August 2028 Notes that have become due and payable on or prior to the date of such deposit) or to the stated maturity or redemption date, as the case may be;

- we have paid or caused to be paid all other sums payable by us under the indenture with respect to the August 2028 Notes; and
- we have delivered to the Trustee an officers' certificate and legal opinion, each stating that all conditions precedent provided for in the indenture relating to the satisfaction and discharge of the indenture and the August 2028 Notes have been complied with.

#### **Defeasance**

The following provisions will be applicable to the August 2028 Notes. "Defeasance" means that, by depositing with a Trustee an amount of cash and/or government securities sufficient to pay all principal and interest, if any, on the August 2028 Notes when due and satisfying any additional conditions noted below, we will be deemed to have been discharged from our obligations under the August 2028 Notes. In the event of a "covenant defeasance," upon

depositing such funds and satisfying similar conditions discussed below we would be released from certain covenants under the indenture relating to the August 2028 Notes.

#### *Covenant Defeasance*

Under current U.S. federal income tax law and the indenture, we can make the deposit described below and be released from some of the restrictive covenants in the indenture under which the August 2028 Notes were issued. This is called “covenant defeasance.” In that event, holders would lose the protection of those restrictive covenants but would gain the protection of having money and government securities set aside in trust to repay the August 2028 Notes. In order to achieve covenant defeasance, the following must occur:

- since the August 2028 Notes are denominated in U.S. dollars, we must deposit in trust for the benefit of all holders of the August 2028 Notes a combination of cash and U.S. government or U.S. government agency notes or bonds that will generate enough cash to make interest, principal and any other payments on the August 2028 Notes on their various due dates;
- we must deliver to the Trustee a legal opinion of our counsel confirming that, under current U.S. federal income tax law, we may make the above deposit without causing holders of the August 2028 Notes to be taxed on the August 2028 Notes any differently than if we did not make the deposit;
- we must deliver to the Trustee a legal opinion of our counsel stating that the above deposit does not require registration by us under the 1940 Act, and a legal opinion and officers’ certificate stating that all conditions precedent to covenant defeasance have been complied with;
- defeasance must not result in a breach or violation of, or result in a default under, the indenture or any of our other material agreements or instruments; and
- no default or Event of Default with respect to the August 2028 Notes shall have occurred and be continuing and no defaults or events of default related to bankruptcy, insolvency or reorganization shall occur during the next 90 days.

If we accomplish covenant defeasance, holders of the August 2028 Notes can still look to us for repayment of the August 2028 Notes if there were a shortfall in the trust deposit or the Trustee is prevented from making payment. In fact, if one of the remaining Events of Default occurred (such as our bankruptcy) and the August 2028 Notes became immediately due and payable, there might be a shortfall. Depending on the event causing the default, holders of the August 2028 Notes may not be able to obtain payment of the shortfall.

#### *Full Defeasance*

If there is a change in U.S. federal income tax law, as described below, we can legally release ourselves from all payment and other obligations on the August 2028 Notes (called “full defeasance”) if we put in place the following other arrangements for holders of the August 2028 Notes to be repaid:

- since the August 2028 Notes are denominated in U.S. dollars, we must deposit in trust for the benefit of all holders of the August 2028 Notes a combination of money and U.S. government or U.S. government

agency notes or bonds that will generate enough cash to make interest, principal and any other payments on the August 2028 Notes on their various due dates;

- we must deliver to the Trustee a legal opinion confirming that there has been a change in current U.S. federal tax law or an Internal Revenue Service ruling that allows us to make the above deposit without causing holders of the August 2028 Notes to be taxed on the August 2028 Notes any differently than if we did not make the deposit;
- we must deliver to the Trustee a legal opinion of our counsel stating that the above deposit does not require registration by us under the 1940 Act, and a legal opinion and officers' certificate stating that all conditions precedent to defeasance have been complied with;
- defeasance must not result in a breach or violation of, or constitute a default under, the indenture or any of our other material agreements or instruments; and
- no default or Event of Default with respect to the August 2028 Notes shall have occurred and be continuing and no defaults or events of default related to bankruptcy, insolvency or reorganization shall occur during the next 90 days.

If we ever did accomplish full defeasance, as described above, holders of the August 2028 Notes would have to rely solely on the trust deposit for repayment of the August 2028 Notes. Holders of the August 2028 Notes could not look to us for repayment in the unlikely event of any shortfall. Conversely, the trust deposit would most likely be protected from claims of our lenders and other creditors if we ever became bankrupt or insolvent.

#### **Other Covenants**

In addition to any other covenants described above, as well as standard covenants relating to payment of principal and interest, maintaining an office where payments may be made or securities can be surrendered for payment, payment of taxes by the Company and related matters, the following covenants will apply to the August 2028 Notes:

- We agree that for the period of time during which the August 2028 Notes are outstanding, we will not violate Section 18(a)(1)(A) as modified by Section 61(a)(2) of the 1940 Act or any successor provisions, whether or not we continue to be subject to such provisions of the 1940 Act, but giving effect, in either case, to any exemptive relief granted to us by the SEC. Currently, these provisions generally prohibit us from incurring additional borrowings, including through the issuance of additional debt securities, unless our asset coverage, as defined in the 1940 Act, equals at least 150% after such borrowings.
- We agree that, for the period of time during which the August 2028 Notes are outstanding, we will not violate Section 18(a)(1)(B) as modified by (i) Section 61(a)(2) of the 1940 Act or any successor provisions and after giving effect to any exemptive relief granted to us by the SEC and (ii) the two other exceptions set forth below. These statutory provisions of the 1940 Act are not currently applicable to us and will not be applicable to us as a result of this offering. However, if Section 18(a)(1)(B) as modified by Section 61(a)(2) of the 1940 Act were currently applicable to us in connection with this offering, these provisions would generally prohibit us from declaring any cash dividend or distribution upon any class of our capital stock, or purchasing any such capital stock if our asset coverage, as defined in the 1940 Act, were below 150% at the time of the declaration of the dividend or distribution or the purchase and after deducting the amount of

such dividend, distribution, or purchase. Under the covenant, we will be permitted to declare a cash dividend or distribution notwithstanding the prohibition contained in Section 18(a)(1)(B) as modified by Section 61(a)(2) of the 1940 Act or any successor provisions, but only up to such amount as is necessary for us to maintain our status as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended. Furthermore, the covenant will not be triggered unless and until such time as our asset coverage has not been in compliance with the minimum asset coverage required by Section 18(a)(1)(B) as modified by Section 61(a)(2) of the 1940 Act or any successor provisions (after giving effect to any exemptive relief granted to us by the SEC) for more than six consecutive months.

- If, at any time, we are not subject to the reporting requirements of Sections 13 or 15(d) of the Exchange Act to file any periodic reports with the SEC, we agree to furnish to holders of the August 2028 Notes and the Trustee, for the period of time during which the August 2028 Notes are outstanding, our audited annual consolidated financial statements, within 90 days of our fiscal year end, and unaudited interim consolidated financial statements, within 45 days of our fiscal quarter end (other than our fourth fiscal quarter). All such financial statements will be prepared, in all material respects, in accordance with applicable U.S. GAAP.

### **Credit Rating Maintenance**

Under the underwriting agreement, the Company has agreed to use commercially reasonable efforts to maintain a credit rating on the August 2028 Notes by a rating organization designated from time to time by the SEC as being nationally recognized whose status has been confirmed by the Securities Valuation Office of the National Association of Insurance Commissioners. Oppenheimer & Co. Inc., on behalf of the underwriters, at its sole discretion, may waive the requirement to maintain a rating at any time.

### **Form, Exchange and Transfer of Certificated Registered Securities**

If registered August 2028 Notes cease to be issued in book-entry form, they will be issued:

- only in fully registered certificated form;
- without interest coupons; and
- unless we indicate otherwise, in denominations of \$25 and amounts that are multiples of \$25.

Holders may exchange their certificated securities for August 2028 Notes of smaller denominations or combined into fewer August 2028 Notes of larger denominations, as long as the total principal amount is not changed and as long as the denomination is equal to or greater than \$25.

Holders may exchange or transfer their certificated securities at the office of the Trustee. We have appointed the Trustee to act as our agent for registering August 2028 Notes in the names of holders transferring August 2028 Notes. We may appoint another entity to perform these functions or perform them ourselves.

Holders will not be required to pay a service charge to transfer or exchange their certificated securities, but they may be required to pay any tax or other governmental charge associated with the transfer or exchange. The transfer or exchange will be made only if our transfer agent is satisfied with the holder's proof of legal ownership.

We may appoint additional transfer agents or cancel the appointment of any particular transfer agent. We may also approve a change in the office through which any transfer agent acts.

If any certificated securities of a particular series are redeemable and we redeem less than all the August 2028 Notes, we may block the transfer or exchange of those August 2028 Notes selected for redemption during the period beginning 15 days before the day we mail the notice of redemption and ending on the day of that mailing, in order to freeze the list of holders to prepare the mailing. We may also refuse to register transfers or exchanges of any certificated August 2028 Notes selected for redemption, except that we will continue to permit transfers and exchanges of the unredeemed portion of any August 2028 Note that will be partially redeemed.

If registered August 2028 Notes are issued in book-entry form, only the depository will be entitled to transfer and exchange the August 2028 Notes as described in this subsection, since it will be the sole holder of the August 2028 Notes.

#### **Resignation of Trustee**

The Trustee may resign or be removed with respect to the August 2028 Notes provided that a successor trustee is appointed to act with respect to the August 2028 Notes. In the event that two or more persons are acting as trustee with respect to different series of indenture securities under the indenture, each of the trustees will be a trustee of a trust separate and apart from the trust administered by any other trustee.

#### **Indenture Provisions – Ranking**

The August 2028 Notes will be our direct unsecured obligations and will rank:

- *pari passu* with our existing and future unsubordinated unsecured indebtedness;
- senior to any of our future indebtedness that expressly provides it is subordinated to the August 2028 Notes; and
- effectively subordinated to all of our existing and future secured indebtedness (including indebtedness that is initially unsecured to which we subsequently grant security), to the extent of the value of the assets securing such indebtedness, including, without limitation, borrowings under the Corporate Credit Facility; and
- structurally subordinated to all existing and future indebtedness and other obligations of any of our subsidiaries, including, without limitation, the SPV Credit Facility and the SBA Debentures.

**CAPITAL SOUTHWEST CORPORATION**

**CODE OF ETHICS PURSUANT TO RULE 17J-1**

**BACKGROUND**

This Code of Ethics has been adopted by the Board of Directors (the "Board of Directors") of Capital Southwest Corporation (the "Company") in accordance with Rule 17j-1(c) under the Investment Company Act of 1940, as amended (the "Act"). Rule 17j-1 (the "Rule") generally prohibits fraudulent or manipulative practices by access persons of investment companies, including business development companies, including with respect to purchases or sales of securities held or to be acquired by such companies.

The purpose of this Code of Ethics is to reflect the following: (1) the duty at all times to place the interests of shareholders of the Company first; (2) the requirement that all personal securities transactions be conducted consistent with the Code of Ethics and in such a manner as to avoid any actual or potential conflict of interest or any abuse of an individual's position of trust and responsibility; and (3) the fundamental standard that Company personnel should not take inappropriate advantage of their position.

Rule 17j-1(b) provides that it is unlawful for any Affiliated Person (as defined in the Act) or principal underwriter for a registered investment company or any Affiliated Person of an investment adviser or principal underwriter for a registered investment company in connection with the purchase or sale, directly or indirectly, by such person of a security held or to be acquired, as defined in this section, by such registered investment company:

- (a) to employ any device, scheme or artifice to defraud such registered investment company;
- (b) to make to such registered investment company any untrue statement of a material fact or omit to state to such registered investment company any material fact necessary in order to make the statements, in light of the circumstances under which they are made, not misleading;
- (c) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any such registered investment company; or
- (d) to engage in any manipulative practice with respect to such registered investment company.

Section 59 of the Act makes these provisions applicable to business development companies.

Rule 17j-1 (c) requires the Company adopt a code of ethics containing provisions reasonably necessary to prevent its "Access Persons" (as defined below) from engaging in any of the conduct referred to above.

**APPLICATION**

This Code of Ethics applies to the "Access Persons" of the Company. Currently, this includes each employee, officer and director of the Company. Each Access Person must receive, read, acknowledge receipt of, make certain reports under, periodically certify compliance with and retain this Code of Ethics.

**ADMINISTRATION**

This Code of Ethics is administered by the Company's Chief Compliance Officer and any questions should be directed to that individual.

## **DEFINITIONS**

For purposes of this Code of Ethics, the following definitions shall apply:

- (a) "Access Person" means any director, officer, general partner or Advisory Person of the Company. The term includes any entity or account in which an Access Person (together with immediate family members) has a 25% or greater beneficial interest or where multiple Access Persons have a 50% or greater beneficial interest.
- (b) "Advisory Person" of the Company means (1) any employee of the Company or of any company in a control relationship to the Company who, in connection with his regular functions or duties, makes, participates in, or obtains information regarding the purchase or sale of Covered Securities by the Company, or whose functions related to the making of any recommendations with respect to such purchases or sales; and (2) any other natural person in a control relationship to the Company who obtains information reasonably contemporaneously concerning any recommendation made to the Company with regard to the purchase or sale of Covered Securities.
- (c) "Affiliated Person" means, in reference to the Company, (1) any person owning or holding with the power to vote 5% or more of the outstanding voting securities of the Company or of which the Company owns or holds with power to vote 5% or more of the outstanding voting securities, (2) any director, officer or employee of the Company or (3) any person controlling, controlled by or under common control with the Company.
- (d) A Covered Security is "Being Considered for Purchase or Sale" when:
  - (1) a decision has been made to accomplish the purchase or sale of a security by the Company and such purchase or sale has not been completed;
  - (2) any Access Person has proposed or recommended the purchase or sale of a security by the Company and such proposal or recommendation is still under consideration; or
  - (3) any Access Person is seriously considering or has discussed with one or more Access Persons the proposed purchase or sale of a security by the Company and such proposed purchase or sale is still under consideration; provided, however, any security which is being reviewed as part of a general industry survey or other broad monitoring of the securities markets and which has not become a probable target for purchase or sale by the Company is not deemed as "Being Considered for Purchase or Sale."
- (e) "Beneficial Ownership," "Beneficially Own," and derivations thereof, mean that you directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise, have or share in the opportunity, directly or indirectly, to profit or share in any profit derived from a transaction in a security.

Without limiting the foregoing, you are presumed to have Beneficial Ownership in all of the following, as applicable:

- (1) securities held by members of your immediate family sharing the same household with you, although the presumption of Beneficial Ownership may be rebutted;
- (2) your interest in securities held by a trust, which may include both trustees with investment control and, in some instances, trust beneficiaries;
- (3) your right to acquire securities through the exercise or conversion of any derivative security, whether or not presently exercisable;

- (4) your proportionate interest as a general partner in the portfolio securities held by any general or limited partnership;
- (5) certain performance-related fees other than an asset-based fee, received by any broker, dealer, bank, insurance company, investment company, investment adviser, investment manager, trustee or person or entity performing a similar function; and
- (6) any right you may have to dividends that is separated or separable from the underlying securities. Otherwise, the right to dividends alone shall not represent Beneficial Ownership in the securities.

You are not deemed to have Beneficial Ownership in the portfolio securities held by a corporation or similar entity in which you own securities if you are not a controlling shareholder of the entity and you do not have or share investment control over the entity's portfolio.

- (f) "Chief Compliance Officer" means the individual appointed to that position by the Board of Directors; provided that, for purposes of determinations under this Code of Ethics, in the absence of the Chief Compliance Officer, either the Chief Operating Officer or the Chief Financial Officer may be treated as the Chief Compliance Officer and that, for purposes of determinations regarding the Chief Compliance Officer, one of such other individuals shall be treated as the Chief Compliance Officer.
- (g) "Control" means the power to exercise a controlling influence over the management or policies of a company; however, control does not include such power arising solely as the result of an official position with such company.
- (h) "Covered Security" means a security as defined in Section 2(a)(36) of the Act. A Covered Security does not include direct obligations of the Government of the United States; banker's acceptances, bank certificates of deposit, commercial paper and high quality short-term debt instruments, including repurchase agreements; and shares issued by open-end funds.
- (i) "Independent Director" means a director of the Company who is not an "interested person" of the Company within the meaning of Section 2(a)(19) of the Act. A director is not deemed an interested person of the Company solely by reason of his being a member of the Board of Directors or an owner of less than 5% of the voting securities of the Company.
- (j) "Insider Trading" generally means trading in a security on the basis of Material Non-Public Information in violation of a duty to the marketplace, the issuer, the person's employer or client or the like. Passing Material Non-Public Information to another person in violation of such a duty may also be treated as Insider Trading. The circumstances in which such a duty exists are not easily defined. An Access Person of the Company who has Material Non-Public Information about a security should assume that he or she has such a duty unless the Chief Compliance Officer makes a contrary determination.
- (k) "Interested Persons" of the Company means any Affiliated Person of the Company, any such Affiliated Person's immediate family member, any legal counsel or partner or employee thereof that has performed legal services for the Company during the preceding two fiscal years, any person or associated person or direct or indirect shareholders therein that has performed securities transactions for, or loaned money or property to, the Company during the preceding six months, or anyone the SEC determines to have a material professional relationship with the Company or its chief executive officer, or any interested person of any investment adviser or principal underwriter of the Company. However, the term does not include any person solely by reason of his being a director of the Company or his ownership or anyone the SEC deems to have a material professional relationship of less than 5% of the voting securities issued by the Company.
- (l) "Material Non-Public Information" is information that is both material and non-public. For this purpose, information is considered material if there is a substantial likelihood that a reasonable

investor would consider it important in deciding how to act. If the information has influenced a person's investment decision, it would be very likely to be considered material. In addition, information that, when disclosed, is likely to have a direct effect on the stock's price should be treated as material. Examples include information concerning impending mergers, sales of subsidiaries, significant revenue or earnings swings, dividend changes, impending securities offerings, awards of patents, technological developments, impending product announcements, impending financial news and other major corporate events. Information is non-public when it has not been disseminated in a manner making it available to investors generally with sufficient time to absorb the information. Information is public once it has been publicly disseminated, such as when it is reported in widely disseminated news services and/or publications, and investors have had a reasonable time to react to the information. Once the information has become public, it may be traded on freely.

- (m) "Purchase or Sale of a Covered Security" includes, among other things, the purchase or sale of an option to purchase or sell a Covered Security or entering into a contract such as a swap the value or payout of which varies with the value of such Covered Security.
- (n) "Security Held or To Be Acquired" by the Company means any Covered Security which, within the most recent 15 days (i) is or has been held by the Company, or (ii) is being or has been considered by the Company for purchase. A Covered Security includes any option to purchase or sell, and any security convertible into or exchangeable for a Covered Security.

#### **COMPLIANCE WITH RULE 17J-1**

Affiliated Persons of the Company and others subject to paragraph (a) of the attached Rule 17j-1 shall comply with the requirements of paragraph (a) of the Rule in connection with the purchase or sale, directly or indirectly, by such person of any Security Held or To Be Acquired by the Company. Every Access Person of the Company shall comply with the applicable reporting requirements of paragraph (d) of the Rule.

#### **PRIOR APPROVAL REQUIREMENTS**

Except as permitted by the Exempted Transaction provisions or with prior approval from the Chief Compliance Officer in the Star Compliance system, no Advisory Person shall purchase, directly or indirectly, any Covered Securities in which he or she by reason of such transaction acquires any direct or indirect Beneficial Ownership pursuant to an initial public offering or any private offering.

Note that the term Advisory Person generally does not include Independent Directors, who may accordingly generally acquire securities in initial public offerings and private offerings without prior written approval.

Advisory Persons shall report their securities holdings in the Star Compliance system. Pre-clearances will be effective for three business days, subject to termination at any time by the Chief Compliance Officer. The Chief Compliance Officer shall maintain a record of each pre-clearance approval or disapproval, and the reasons underlying the decision, for at least five years after the end of the fiscal year in which the approval is granted. In determining whether such prior approval shall be granted, the Chief Compliance Officer shall take into account whether the opportunity to purchase such Covered Securities is being offered to such Advisory Person because of his or her position with the Company, and whether the opportunity to purchase such Covered Security should be reserved for the Company.

Advisory Persons and Access Persons must receive prior approval from the Chief Compliance Officer to enter into any contract, instruction or written plan for the purchase or sale of securities intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Securities Exchange Act of 1934, as amended, or any non-Rule 10b5-1 trading arrangement (a "Trading Plan"). Trading Plans entered into

by directors of the Board of Directors or officers of the Company will be publicly disclosed in his or her statement of change of beneficial ownership on Form 4 and the Company's quarterly reports on Form 10-Q and annual reports on Form 10-K.

#### **RESTRICTIONS ON PERSONAL INVESTING ACTIVITY**

- (a) No Access Person shall reveal to any other person (except in the normal course of his duties on behalf of the Company) any information regarding Covered Securities being considered for purchase or sale by the Company.
- (b) No Access Person shall engage in Insider Trading whether for his own benefit or the benefit of the Company or others.
- (c) No Access Person shall make or participate in the formation of recommendations concerning the purchase or sale by the Company of any Covered Security if such Access Person has Beneficial Ownership of any Covered Securities of the same issuer or has any other business relationship with such issuer, without disclosing to the Chief Compliance Officer any interest such Access Person has in such Covered Securities or issuer.
- (d) No Access Person of the Company shall participate in any Covered Securities transaction on a joint basis with the Company without the prior written approval of the Chief Compliance Officer.
- (e) No Access Person may sell short any security issued by the Company or by a portfolio company or take a short equivalent position in any related security.

#### **PROHIBITED TRANSACTIONS BY ACCESS PERSONS**

- (a) No Access Person shall purchase, directly or indirectly, any security in which, by reason of such transaction, he would acquire any direct or indirect beneficial ownership, if to his knowledge, any security of the same issuer:
  - (1) is Being Considered for Purchase (as defined in 1(c) above) by the Company;
  - (2) is being purchased by the Company;
  - (3) is being sold by the Company;
  - (4) has been sold by the Company within the most recent 15 days; or
  - (5) is owned by the Company and any security of such issuer which would be purchased by such Access Person would be restricted as to resale under applicable securities laws.
- (b) No Access Person shall sell, directly or indirectly, any security in which he has any direct or indirect beneficial ownership, if to his knowledge any security of the same issuer:
  - (1) is Being Considered for Sale (as defined in 1(c) above) by the Company;
  - (2) is being sold by the Company;
  - (3) is being purchased by the Company;
  - (4) has been purchased by the Company within the most recent 15 days; or

- (5) is being registered or is to be registered by the issuer for sale under applicable securities laws pursuant to a request made to the issuer by or on behalf of the Company.

### **EXEMPTED TRANSACTIONS**

The Prohibited Transaction provisions of the Code of Ethics shall not apply to:

- (a) Purchases or sales effected in any account in which the Access Person does not have direct or indirect Beneficial Ownership of the holdings of such account (such as open-end mutual funds).
- (b) Purchases or sales effected in any account over which the Access Person has no direct or indirect influence or control.
- (c) Purchases or sales which are non-volitional on the part of the Access Person (such as a merger).
- (d) Purchases which are part of an automatic dividend reinvestment plan.
- (e) Purchases effected upon the exercise of rights issued by an issuer pro rata to all holders of a class of its securities, to the extent such rights were acquired from such issuer.
- (f) Purchase and sale of shares pursuant to a 10b5-1 trading plan approved by the Chief Compliance Officer.

### **REPORTING**

- (a) Pursuant to paragraph (d)(1) of the Rule, every Access Person shall report to the Chief Compliance Officer of the Company the following:
  - (1) *Initial Holding Reports* No later than 10 days after being designated an Access Person shall make a written report to the Chief Compliance Officer containing: (i) each Covered Security in which he or she has any direct or indirect Beneficial Ownership, (ii) the name of the broker, dealer or bank with whom he or she maintains an account in which any Covered Securities were held for his or her direct or indirect benefit, and (iii) the date that the report is submitted.
  - (2) *Quarterly Transactions Reports* No later than 30 days after the end of each calendar quarter each Access Person shall make a written report to the Chief Compliance Officer of all transactions in any Covered Security occurring in the quarter by which he or she has any direct or indirect Beneficial Ownership. Such report must contain the following information with respect to each reportable transaction: (i) date and nature of the transaction (purchase, sale or any other type of acquisition or disposition), (ii) title, interest rate and maturity date (if applicable), number of shares or principal amount of each Covered Securities and the price at which the transaction was effected, (iii) name of broker, dealer, bank or other similar intermediary through which the transaction was effected, and (iv) the date that the report is submitted. If an Access Person has opened a brokerage account during the quarter, such report shall also identify the name of the broker, dealer or bank and the date the account was established.

The broker through which the transaction was effected shall be directed by the Access Person to supply the Chief Compliance Officer, on a timely basis, duplicate confirmations and monthly brokerage statements for all Covered Securities accounts. The Access Person need not make a quarterly transaction report if the report would duplicate information contained in the broker trade confirmations or account statements received by the Company with respect to the Access Person in the time period required by this Policy, if all of the information required by the Policy is contained in the broker trade confirmations or account statements.

- (3) Annual Holding Reports No later than 45 days after the calendar year-end each Access Person shall make a written report to the Chief Compliance Officer containing: (i) the title, number of shares and principal amount of each Covered Security in which he or she has any direct or indirect Beneficial Ownership, (ii) the name of any broker, dealer or bank with whom he or she maintains an account in which any Covered Securities are held for his or her direct or indirect benefit, and (iii) the date that the report is submitted.
- (4) Annual Certifications Each Access Person must annually certify that such person has read this Code of Ethics, understands its requirements regarding such person and his immediate family and has complied with such requirements throughout the period during which such person was an Access Person during the previous year. Such certification shall be submitted to the Chief Compliance Officer within 20 days after the receipt of the certification request from the Company.
- (5) Company Reports No less frequently than annually, the Company must furnish to the Board of Directors and the Board of Directors must consider, a written report that: (i) describes any issues arising under the Code of Ethics or procedures since the last report to the Board of Directors, including but not limited to, information about material violations of the code or procedures and sanctions imposed in response to the material violations; and (ii) certifies that the Company has adopted procedures reasonable necessary to prevent Access Persons from violating the Code.
- (6) Disclaimer of Beneficial Ownership Any report required under this Code of Ethics may contain a statement that the report shall not be construed as an admission by the person submitting such duplicate confirmation or account statement or making such report that he or she has any direct or indirect Beneficial Ownership in the Covered Securities to which the report relates.
- (7) Review of Reports The reports, certifications, duplicate confirmations and account statements required to be submitted under this Code of Ethics shall be delivered to the Chief Compliance Officer. The Chief Compliance Officer shall review such reports, duplicate confirmations and account statements to determine whether any transactions recorded therein appear to constitute a violation of the Code of Ethics. Before making any determination that a violation has been committed by any Access Person, such Access Person shall be given an opportunity to supply additional explanatory material.
- (8) The Chief Compliance Officer shall maintain copies of the reports, confirmations and account statements as required by Rule 17j-1(f). The Chief Compliance Officer will be responsible for maintaining the following records at the Company's principal place of business:
  - (a) a copy of all codes of ethics adopted by the Company, and its affiliates, as the case may be, pursuant to Rule 17j-1 that have been in effect at any time during the past five (5) years;
  - (b) a record of each violation of such codes of ethics and of any action taken as a result of such violation for at least five (5) years after the end of the fiscal year in which the violation occurs;
  - (c) a copy of each report made by an Access Person for at least two (2) years after the end of the fiscal year in which the report is made, and for an additional three (3) years in a place that need not be easily accessible;
  - (d) a copy of each report made by the Chief Compliance Officer to the Board of Directors for two (2) years from the end of the fiscal year of the Company in which such report is made or issued and for an additional three (3) years in a place that need not be easily accessible;
  - (e) a list of all persons who are, or within the past five (5) years have been, required to make reports pursuant to this Code of Ethics, or who are or were responsible for reviewing such reports;

- (f) a copy of each annual report describing issues arising under the Code of Ethics and certifying the implementation of adequate enforcement provisions for at least two (2) years after the end of the fiscal year in which it is made, and for an additional three (3) years in a place that need not be easily accessible; and
  - (g) a record of any decision, and the reasons supporting the decision, to approve the acquisition by Investment Personnel of securities in an Initial Public Offering or Limited Offering for at least five (5) years after the end of the fiscal year in which the approval is granted.
- (9) **Confidentiality** All reports of security transactions, duplicate confirmations, account statements and any other information filed with the Company pursuant to this Code of Ethics shall be treated as confidential, but are subject to review as provided herein and by representatives of the SEC. Notwithstanding the foregoing, certain information relating to Trading Plans may be required to be publicly disclosed in the Company's quarterly reports on Form 10-Q and annual reports on Form 10-K.
- (b) Notwithstanding the foregoing, pursuant to paragraph (d)(2) of the Rule, a director who is not an Interested Person shall not be required to make such reports outlined in (a)(1), (2) and (3) above, unless with respect to a quarterly transaction report the director knew or should have known that the Company purchased or sold (or was considering purchasing or selling) a Covered Security in the 15 days before or after the director's transaction.
  - (c) Any Access Person who proposes or recommends that the Company purchase or sell the securities of any issuer in which such Access Person also has any investment holding (including a short sale position) shall simultaneously disclose to the Company's President (or in the case of the Company's President, disclose to the Board of Directors) a complete description of his holdings of any such Covered Securities including the amounts and type of Covered Securities owned by the Access Person and the acquisition dates and prices of such Covered Securities.
  - (d) The Company shall identify and notify all Access Persons who are under a duty to make reports to it pursuant to this Code.

#### **SURVEILLANCE**

- (a) The Chief Compliance Officer shall review all reports made by Access Persons (other than their own) pursuant to this Code of Ethics (dating and initialing each reviewed report). The President of the Company shall review all reports made by the Chief Compliance Officer pursuant to this Code (dating and initialing each reviewed report.)
- (b) Prior to the consummation of any transaction in which the Company proposes to participate, the President or any Vice President of the Company shall make reasonable inquiry necessary to ensure that such transaction conforms to the requirements of Section 17 or Section 57 (whichever is applicable) of the Act with respect to the possible involvement in activities covered by the rules under Section 17(a) and Rule 17(d)-1 of persons described in subsections (b) and (e) of Section 57. A memorandum confirming the results of such inquiry shall be executed by the President or any Vice President and filed with the closing documents for each transaction.

#### **ENFORCEMENT**

Upon discovering a violation of this Code of Ethics, the Board of Directors shall impose such sanctions as it deems appropriate, including, among other things, a reprimand, a letter of censure, the suspension or termination of employment of the violator, or the initiation of legal action to recover damages sustained by the Company.

All material violations of this Code of Ethics and any sanctions imposed with respect thereto shall be reported periodically to the Board of Directors.

## **EXEMPTIVE PROCEDURE**

The Chief Compliance Officer and the President of the Company (collectively, the “Waiver and Exemption Committee”) may jointly grant exemptions from the requirements in this Code of Ethics in appropriate circumstances. In addition, violations of the provisions regarding personal trading will presumptively be subject to being reversed in the case of a violative purchase, and to disgorgement of any profit realized from the position by payment of the profit to any client disadvantaged by the transaction, or to a charitable organization, as determined by the Waiver and Exemption Committee, unless the violator establishes to the satisfaction of the Waiver and Exemption Committee that under the particular circumstances disgorgement would be an unreasonable remedy for the violation.

## **AMENDMENT**

This Code of Ethics may not be amended or modified except in a written form that is specifically approved by the Board of Directors, including a majority of the Independent Directors.

This Code of Ethics was most recently adopted and approved by the Board of Directors, including a majority of the Independent Directors on January 24, 2024.

**CAPITAL SOUTHWEST CORPORATION**  
List of Subsidiaries

<u>Name of Subsidiary</u>	<u>State of Incorporation</u>
I-45 SLF LLC	Delaware
Capital Southwest Equity Investments, Inc.	Delaware
Capital Southwest SBIC I, LP	Delaware
Capital Southwest SBIC I GP, LLC	Delaware
Capital Southwest SPV LLC	Delaware

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the Registration Statement on Form N-2 (File No. 333-259455) (the Registration Statement on Form N-2) and in the Registration Statements on Form S-8 (File Nos. 333-258899 and 333-266518) of Capital Southwest Corporation and its subsidiaries (collectively, the Company) of our report dated May 21, 2024, relating to the consolidated financial statements, effectiveness of internal control over financial reporting and the schedule of investments in and advances to affiliates for the year ended March 31, 2024 listed in Schedule 12-14 to the Company's Annual Report on Form 10-K for the year ended March 31, 2024 (the Form 10-K). We also consent to the incorporation by reference in the Registration Statement on Form N-2 of our report dated May 21, 2024, relating to the senior securities table, appearing in Part II, Item 5 of the Form 10-K of the Company, which is attached as an exhibit to the Form 10-K.

We also consent to the references to us under the headings "Senior Securities" in the Form 10-K.

/s/ RSM US LLP

Chicago, Illinois  
May 21, 2024

**CONSENT OF INDEPENDENT AUDITOR**

We consent to the incorporation by reference in the Registration Statement on Form N-2 (File No. 333-259455) and in the Registration Statement on Forms S-8 (No 333-258899 and 333-266518) of Capital Southwest Corporation of our report dated May 12, 2023, relating to the consolidated financial statements of I-45 SLF LLC and its subsidiary, included as an exhibit to the Annual Report on Form 10-K of Capital Southwest Corporation for the year ended March 31, 2024.

/s/ RSM US LLP

Chicago, Illinois  
May 21, 2024

## CERTIFICATIONS

I, Bowen S. Diehl, certify that:

- 1 I have reviewed this annual report on Form 10-K of Capital Southwest Corporation (the “registrant”);
- 2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4 The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
- 5 The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 21, 2024

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

## CERTIFICATIONS

I, Michael S. Sarner, certify that:

- 1 I have reviewed this annual report on Form 10-K of Capital Southwest Corporation (the “registrant”);
- 2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4 The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
- 5 The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 21, 2024

By: /s/ Michael S. Sarner

Michael S. Sarner  
Chief Financial Officer





## **CAPITAL SOUTHWEST CORPORATION COMPENSATION RECOUPMENT POLICY**

The Board of Directors of Capital Southwest Corporation has adopted the following Compensation Recoupment Policy effective as of November 28, 2023.

### **Purpose**

It is the intention of the Board that this Compensation Recoupment Policy be interpreted and administered in a manner consistent with applicable laws and regulations and Securities Exchange listing requirements, including Section 304 of the Sarbanes-Oxley Act of 2002, Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (including Rule 10D-1 under the Securities and Exchange Act of 1934, as amended, promulgated thereunder), and Nasdaq Rule 5608. This Compensation Recoupment Policy applies to awards of Incentive-Based Compensation, if any, received on or after the Effective Date by Executive Officers of the Company.

### **Definitions**

“Board” means the Board of Directors of the Company.

“Committee” means the Compensation Committee of the Board of Directors of the Company.

“Company” means Capital Southwest Corporation.

“Effective Date” means October 2, 2023.

“Executive Officer” means the Company’s president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policymaking functions for the Company. Executive officers of the Company’s subsidiaries are deemed Executive Officers of the Company if they perform such policymaking functions for the Company.

“Excess Incentive-Based Compensation” means the amount of Incentive-Based Compensation received by a current or former Executive Officer that exceeds the amount of Incentive-Based Compensation that otherwise would have been received had the amount of such Incentive-Based Compensation been determined based on the accounting restatement, computed without regard to taxes paid by the Executive Officer. With regards to Incentive-Based Compensation based on stock price or total shareholder return, where the amount of Excess Incentive-Based Compensation is not subject to mathematical recalculation directly from the information in an accounting restatement, Excess Incentive-Based Compensation means a reasonable estimate of the effect of the accounting restatement on the applicable Financial Reporting Measure.

“Financial Reporting Measure” means any measure that is determined and presented in accordance with the accounting principles used to prepare the Company’s financial statements, and any measures that are derived wholly or in part from such measures. “Stock price” and “total shareholder return” metrics are also Financial Reporting Measures. For the avoidance of doubt, a Financial Reporting Measure need not be presented in the Company’s financial statements or included in a filing with the U.S. Securities and Exchange Commission.

“Incentive-Based Compensation” means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

“Lookback Period” means the three-year period preceding the date on which the Company is required to prepare an accounting restatement. For purposes of this definition, the date on which the Company is required to prepare an accounting restatement shall be deemed to be the earlier of (i) the date the Board, a committee of the Board, or the officer(s) of the Company authorized to take such action (if Board action is not required) concludes, or reasonably should have concluded, that the Company is required to prepare an accounting restatement; and (ii) the date a court, regulator, or other legally authorized body directs the Company to prepare an accounting restatement.

“Securities Exchange” means The Nasdaq Global Select Market, the securities exchange upon which the Company’s shares of common stock, par value \$0.25 per share, trades.

### **Recoupment for an Accounting Restatement**

The Company shall recover reasonably promptly any Excess Incentive-Based Compensation in the event that the Company is required to restate its financial statements due to the material noncompliance of the Company with any financial reporting requirement under the federal securities laws, including any required accounting restatement to correct an error (i) in previously issued financial statements that is material to the previously issued financial statements or (ii) that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period. The preceding sentence shall apply to Excess Incentive-Based Compensation received by any current or former Executive Officer: (a) after beginning service as an Executive Officer; (b) who served as an Executive Officer at any time during the performance period for the applicable Incentive-Based Compensation; (c) while the Company has a class of securities listed on a national securities exchange or a national securities association; and (d) during the Lookback Period. For purposes of this paragraph, Incentive-Based Compensation is deemed “received” in the Company’s fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation is attained, even if the payment or grant of the Incentive-Based Compensation occurs after the end of that period.

If the Company is required to recoup Excess Incentive-Based Compensation following an accounting restatement based on adjustments to stock price or total shareholder return, the Company shall determine the amount of such Excess Incentive-Based Compensation subject to recoupment, which amount shall be a reasonable estimate of the effect of the accounting restatement on the applicable Financial Reporting Measure.

Notwithstanding the foregoing, if the Committee makes a determination that recovery would be impracticable, and one of the following enumerated conditions is satisfied, the Company need not recover such Excess Incentive-Based Compensation.

- Expenses Exceed Recovery Amount: The Company need not recover the Excess Incentive-Based Compensation at issue if the direct expense to be paid to a third party to assist in enforcing this Compensation Recoupment Policy would exceed the amount to be recovered; provided, however, that the Company must make a reasonable attempt to recover the Excess Incentive-Based Compensation and document such attempt(s) prior to the Committee's determination that recovery would be impracticable. The Company must provide the documentation evidencing the attempt(s) to the Securities Exchange consistent with the listing standards of the Securities Exchange.
- Recovery Would Violate Home Country Law: The Company need not recover the Excess Incentive-Based Compensation at issue if recovery would violate home country law where that law was adopted prior to November 28, 2022; provided, however, that the Company must obtain an opinion of home country counsel, in a form acceptable to the Securities Exchange, that recovery would result in such violation. The Company must provide the opinion to the Securities Exchange consistent with the listing standards of the Securities Exchange.
- Recovery Would Violate ERISA Anti-Alienation Provisions: The Company need not recover the Excess Incentive-Based Compensation at issue if recovery would violate the anti-alienation provisions of the Employee Retirement Income Security Act of 1974, as amended, contained in 26 U.S.C. § 401(a)(13) or 26 U.S.C. § 411(a), or regulations promulgated thereunder.

### **Method of Recoupment**

The Committee shall have the sole discretion and authority to determine the means, timing (which shall in all circumstances be reasonably prompt) and any other requirements by which any recoupment required by this Compensation Recoupment Policy shall occur and impose any other terms, conditions or procedures (*e.g.*, the imposition of interest charges on un-repaid amounts) to govern the current or former Executive Officer's repayment of Excess Incentive-Based Compensation.

### **Other Policy Terms**

Any applicable award agreement, plan or other document setting forth the terms and conditions of any Incentive-Based Compensation or other compensation covered by this Compensation Recoupment Policy received on or after the Effective Date shall be deemed to (i) include the restrictions imposed herein; (ii) incorporate this Compensation Recoupment Policy by reference; and (iii) govern the terms of such award agreement, plan or other document in the event of any inconsistency. Eligibility for participation in and for payment under any such award agreement, plan or other document is contingent upon acceptance of the terms of this Compensation Recoupment Policy.

Any recoupment under this Compensation Recoupment Policy is in addition to, and not in lieu of, any other remedies or rights that may be available to the Company or its affiliates under applicable law, including, without limitation: (i) dismissing the current or former Executive Officer; (ii) adjusting the future compensation of the current or former Executive Officer; or (iii) authorizing legal action or taking such other action to enforce the current or former Executive Officer's obligations to the Company or its affiliates as it may deem appropriate in view of all of the facts and circumstances surrounding the particular case.

Incentive-Based Compensation and other compensation paid to employees of the Company and its affiliates may also be subject to other recoupment or similar policies, and this policy does not supersede any such other policies. However, in the event of any conflict between any such policy and this Compensation Recoupment Policy, this policy shall govern. In addition, no Executive Officer shall be subject to recoupment more than one time with respect to the same compensation.

Current or former Executive Officers shall not be entitled to any indemnification by or from the Company or its affiliates with respect to any amounts subject to recoupment pursuant to this Compensation Recoupment Policy.

### **Administration**

The Board has delegated the administration of this policy to the Committee. The Committee is responsible for monitoring the application of this policy with respect to all Executive Officers. The Committee shall have the sole authority to review, interpret, construe and implement the provisions of this Compensation Recoupment Policy and to delegate to one or more executive officers and/or employees certain administrative and record-keeping responsibilities, as appropriate, with respect to the implementation of this Compensation Recoupment Policy; provided, however, that no such action shall contravene the federal securities laws. Any determinations of the Board or Committee under this Compensation Recoupment Policy shall be binding on the applicable individual.

The Board may amend, modify or change this Compensation Recoupment Policy, as well as any related rules and procedures, at any time and from time to time as it may determine, in its sole discretion, is necessary or appropriate.

**Adopted:** November 28, 2023

**Report of Independent Registered Public Accounting Firm**

Shareholders and the Board of Directors of Capital Southwest Corporation and Subsidiaries

Our audits of the consolidated financial statements and internal control over financial reporting referred to in our report dated May 21, 2024, appearing in Capital Southwest Corporation's annual report on Form 10-K also included an audit of the senior securities table of Capital Southwest Corporation and Subsidiaries (collectively, the Company) as of March 31, 2024, included in Part II, Item 5 of the Company's annual report on Form 10-K for the year ended March 31, 2024. This table is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits of the consolidated financial statements.

In our opinion, the senior securities table, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

**Emphasis of Matter – Asset Coverage Per Unit Calculation**

Starting for the year ended March 31, 2024, the Company updated prior year asset coverage per unit values by subtracting SBA Debentures of Capital Southwest SBIC I, L.P. from consolidated total assets.

/s/ RSM US LLP

Chicago, Illinois  
May 21, 2024