

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549  
**FORM 10-Q**

(Mark One)

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

For the quarterly period ended **December 31, 2023**

**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>

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, a 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

42,981,139 shares of Common Stock, \$0.25 value per share, as of January 26, 2024.

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**PART I – FINANCIAL INFORMATION**
**Item 1. Consolidated Financial Statements**
**CAPITAL SOUTHWEST CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES**

(In thousands, except shares and per share data)

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

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)

	Three Months Ended		Nine Months Ended	
	December 31,		December 31,	
	2023	2022	2023	2022
<b>Investment income:</b>				
Interest income:				
Non-control/Non-affiliate investments	\$ 33,627	\$ 24,411	\$ 97,924	\$ 59,791
Affiliate investments	4,214	3,228	12,691	8,227
Payment-in-kind interest income:				
Non-control/Non-affiliate investments	3,452	830	5,329	1,796
Affiliate investments	621	671	1,926	1,776
Dividend income:				
Non-control/Non-affiliate investments	2,447	478	3,233	1,555
Affiliate investments	96	—	187	101
Control investments	2,129	1,904	6,439	5,439
Fee income:				
Non-control/Non-affiliate investments	1,655	1,067	2,949	2,924
Affiliate investments	115	110	632	362
Control investments	17	25	62	75
Other income	193	42	332	62
Total investment income	<u>48,566</u>	<u>32,766</u>	<u>131,704</u>	<u>82,108</u>
Operating expenses:				
Compensation	3,919	3,381	8,762	7,177
Share-based compensation	1,188	992	3,387	2,873
Interest	11,473	7,937	31,635	20,050
Professional fees	919	666	2,863	2,325
General and administrative	1,301	1,111	3,877	3,396
Total operating expenses	<u>18,800</u>	<u>14,087</u>	<u>50,524</u>	<u>35,821</u>
Income before taxes	29,766	18,679	81,180	46,287
Federal income, excise and other taxes	392	217	841	468
Deferred taxes	515	(963)	(270)	(488)
Total income tax provision (benefit)	<u>907</u>	<u>(746)</u>	<u>571</u>	<u>(20)</u>
<b>Net investment income</b>	<u>\$ 28,859</u>	<u>\$ 19,425</u>	<u>\$ 80,609</u>	<u>\$ 46,307</u>
<b>Realized (loss) gain</b>				
Non-control/Non-affiliate investments	\$ (7,849)	\$ (6,267)	\$ (13,445)	\$ (6,114)
Affiliate investments	—	(4,724)	(6,503)	(11,027)
Income tax benefit (provision)	7	(95)	(286)	(260)
<b>Total net realized (loss) gain on investments, net of tax</b>	<u>(7,842)</u>	<u>(11,086)</u>	<u>(20,234)</u>	<u>(17,401)</u>
<b>Net unrealized appreciation (depreciation) on investments</b>				
Non-control/Non-affiliate investments	8,569	(2,244)	4,648	(4,186)
Affiliate investments	(6,829)	3,563	1,302	6,187
Control investments	778	(3,272)	2,944	(9,978)
Income tax (provision) benefit	(51)	(3,437)	1,012	(6,012)
<b>Total net unrealized appreciation (depreciation) on investments, net of tax</b>	<u>2,467</u>	<u>(5,390)</u>	<u>9,906</u>	<u>(13,989)</u>
<b>Net realized and unrealized (losses) gains on investments</b>	<u>(5,375)</u>	<u>(16,476)</u>	<u>(10,328)</u>	<u>(31,390)</u>
<b>Realized loss on extinguishment of debt</b>	<u>—</u>	<u>—</u>	<u>(361)</u>	<u>—</u>
<b>Net increase in net assets from operations</b>	<u>\$ 23,484</u>	<u>\$ 2,949</u>	<u>\$ 69,920</u>	<u>\$ 14,917</u>
<b>Pre-tax net investment income per share - basic and diluted</b>	<u>\$ 0.72</u>	<u>\$ 0.60</u>	<u>\$ 2.05</u>	<u>\$ 1.64</u>
<b>Net investment income per share – basic and diluted</b>	<u>\$ 0.70</u>	<u>\$ 0.62</u>	<u>\$ 2.04</u>	<u>\$ 1.64</u>
<b>Net increase in net assets from operations – basic and diluted</b>	<u>\$ 0.57</u>	<u>\$ 0.09</u>	<u>\$ 1.77</u>	<u>\$ 0.53</u>
<b>Weighted average shares outstanding – basic and diluted</b>	<u>41,513,773</u>	<u>31,381,360</u>	<u>39,610,643</u>	<u>28,304,309</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, 2022</b>	24,958,520	\$ 6,825	2,339,512	\$(23,937)	\$ 448,235	\$ (10,256)	\$ 420,867
Issuance of common stock	2,262,852	566	—	—	45,469	—	46,035
Share-based compensation	—	—	—	—	821	—	821
Issuance of common stock under restricted stock plan, net of forfeitures	199,042	49	—	—	(49)	—	—
Common stock withheld for payroll taxes upon vesting of restricted stock	(29,673)	(7)	—	—	(634)	—	(641)
Dividends to shareholders	—	—	—	—	—	(16,615)	(16,615)
Change in restoration plan liability	—	—	—	—	8	—	8
Reclassification for certain permanent book-to-tax differences	—	—	—	—	1	(1)	—
Net investment income	—	—	—	—	—	12,438	12,438
Net realized gain on investments	—	—	—	—	—	2,320	2,320
Net unrealized depreciation on investments	—	—	—	—	—	(12,248)	(12,248)
<b>Balances at June 30, 2022</b>	27,390,741	\$ 7,433	2,339,512	\$(23,937)	\$ 493,851	\$ (24,362)	\$ 452,985
Issuance of common stock	1,381,716	345	—	—	26,155	—	26,500
Share-based compensation	—	—	—	—	1,060	—	1,060
Issuance of common stock under restricted stock plan, net of forfeitures	9,605	2	—	—	(2)	—	—
Dividends to shareholders	—	—	—	—	—	(14,287)	(14,287)
Change in restoration plan liability	—	—	—	—	8	—	8
Net investment income	—	—	—	—	—	14,444	14,444
Net realized loss on investments	—	—	—	—	—	(8,635)	(8,635)
Net unrealized appreciation on investments	—	—	—	—	—	3,649	3,649
<b>Balances at September 30, 2022</b>	28,782,062	\$ 7,780	2,339,512	\$(23,937)	\$ 521,072	\$ (29,191)	\$ 475,724
Issuance of common stock	5,799,314	1,450	—	—	\$ 100,019	\$ —	\$ 101,469
Share-based compensation	—	—	—	—	992	—	992
Issuance of common stock under restricted stock plan, net of forfeitures	(2,425)	—	—	—	—	—	—
Common stock withheld for payroll taxes upon vesting of restricted stock	(19,917)	(5)	—	—	(375)	—	(380)
Dividends to shareholders	—	—	—	—	—	(19,275)	(19,275)
Change in restoration plan liability	—	—	—	—	8	—	8
Reclassification for certain permanent book-to-tax differences	—	—	—	—	(5,126)	5,126	—
Net investment income	—	—	—	—	—	19,425	19,425
Net realized loss on investments	—	—	—	—	—	(11,086)	(11,086)
Net unrealized depreciation on investments	—	—	—	—	—	(5,390)	(5,390)
<b>Balances at December 31, 2022</b>	34,559,034	\$ 9,225	2,339,512	\$(23,937)	\$ 616,590	\$ (40,391)	\$ 561,487
<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	2,527,458	632	—	—	44,240	—	44,872
Cancellation of treasury stock	—	(585)	(2,339,512)	23,937	(23,352)	—	—
Share-based compensation	—	—	—	—	963	—	963
Issuance of common stock under restricted stock plan, net of forfeitures	282,616	71	—	—	(71)	—	—
Common stock withheld for payroll taxes upon vesting of restricted stock	(46,581)	(12)	—	—	(914)	—	(926)
Dividends to shareholders	—	—	—	—	—	(22,916)	(22,916)
Change in restoration plan liability	—	—	—	—	(12)	—	(12)
Net investment income	—	—	—	—	—	24,556	24,556
Net realized loss on investments	—	—	—	—	—	(12,782)	(12,782)
Net unrealized appreciation on investments	—	—	—	—	—	12,038	12,038
<b>Balances at June 30, 2023</b>	38,839,918	\$ 9,710	—	—	\$ 667,440	\$ (40,949)	\$ 636,201
Issuance of common stock	1,100,000	275	—	—	22,218	—	22,493
Share-based compensation	—	—	—	—	1,236	—	1,236
Issuance of common stock under restricted stock plan, net of forfeitures	11,200	3	—	—	(3)	—	—
Dividends to shareholders	—	—	—	—	—	(24,769)	(24,769)
Change in restoration plan liability	—	—	—	—	(11)	—	(11)
Net investment income	—	—	—	—	—	27,194	27,194
Net realized gain on investments and extinguishment of debt	—	—	—	—	—	29	29
Net unrealized depreciation on investments	—	—	—	—	—	(4,599)	(4,599)
<b>Balances at September 30, 2023</b>	39,951,118	\$ 9,988	—	—	\$ 690,880	\$ (43,094)	\$ 657,774
Issuance of common stock	3,036,237	759	—	—	\$ 64,768	\$ —	\$ 65,527
Share-based compensation	—	—	—	—	1,188	—	1,188
Common stock withheld for payroll taxes upon vesting of restricted stock	(6,216)	(2)	—	—	(136)	—	(138)
Dividends to shareholders	—	—	—	—	—	(26,858)	(26,858)
Change in restoration plan liability	—	—	—	—	(12)	—	(12)
Reclassification for certain permanent book-to-tax differences	—	—	—	—	(5,277)	5,277	—
Net investment income	—	—	—	—	—	28,859	28,859

Net realized loss on investments	—	—	—	—	—	(7,842)	(7,842)
Net unrealized appreciation on investments	—	—	—	—	—	2,467	2,467
<b>Balances at December 31, 2023</b>	<u>42,981,139</u>	<u>\$ 10,745</u>	<u>—</u>	<u>\$ —</u>	<u>\$ 751,411</u>	<u>\$ (41,191)</u>	<u>\$ 720,965</u>

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

(In thousands)

	Nine Months Ended December 31,	
	2023	2022
<b>Cash flows from operating activities</b>		
Net increase in net assets from operations	\$ 69,920	\$ 14,917
Adjustments to reconcile net increase in net assets from operations to net cash used in operating activities:		
Purchases and originations of investments	(317,853)	(343,402)
Proceeds from sales and repayments of debt investments in portfolio companies	154,536	106,649
Proceeds from sales and return of capital of equity investments in portfolio companies	4,131	2,664
Payment of accreted original issue discounts	1,733	1,444
Payment of accrued payment-in-kind interest	—	1,313
Depreciation and amortization	3,128	2,002
Net pension benefit	(49)	(43)
Realized loss (gain) on investments before income tax	20,180	17,348
Realized loss on extinguishment of debt	361	—
Net unrealized (appreciation) depreciation on investments before income tax	(8,894)	7,977
Accretion of discounts on investments	(3,911)	(2,873)
Payment-in-kind interest	(8,164)	(3,891)
Share-based compensation expense	3,387	2,873
Deferred income taxes	(1,191)	5,680
Changes in other assets and liabilities:		
Increase in dividend and interest receivable	(5,510)	(4,725)
Decrease in escrow receivables	272	756
Decrease (increase) in tax receivable	19	(79)
Increase in other receivables	(617)	(965)
Increase in other assets	(142)	(266)
Increase (decrease) in taxes payable	646	(831)
Increase (decrease) in other liabilities	1,615	(196)
Net cash used in operating activities	(86,403)	(193,648)
<b>Cash flows from investing activities</b>		
Acquisition of fixed assets	(3)	(159)
Net cash used in investing activities	(3)	(159)
<b>Cash flows from financing activities</b>		
Proceeds from common stock offering	132,940	174,169
Equity offering costs paid	—	(102)
Borrowings under credit facility	195,000	140,000
Repayments of credit facility	(235,000)	(120,000)
Debt issuance costs paid	(8,382)	(1,248)
Proceeds from issuance of SBA Debentures	9,756	62,442
Proceeds from issuance of August 2028 Notes	69,719	—
Dividends to shareholders	(74,543)	(50,177)
Common stock withheld for payroll taxes upon vesting of restricted stock	(1,064)	(1,022)
Net cash provided by financing activities	88,426	204,062
Net increase in cash and cash equivalents	2,020	10,255
Cash and cash equivalents at beginning of period	21,585	11,431
Cash and cash equivalents at end of period	\$ 23,605	\$ 21,686
<b>Supplemental cash flow disclosures:</b>		
Cash paid for income taxes	\$ 374	\$ 1,481
Cash paid for interest	25,985	15,937

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

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

(Unaudited)

December 31, 2023

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>EDGE AUTONOMY HOLDINGS, LLC</b>	Revolving Loan <sup>10</sup>	SOFR+7.50% (Floor 2.00%)	4/21/2023	4/21/2028	\$ —	\$ (103)	\$ —
	First Lien - Term Loan A	SOFR+6.50% (Floor 2.00%)/Q, Current Coupon 12.02%	4/21/2023	4/21/2028	11,250	10,947	11,250
	First Lien - Term Loan B	SOFR+8.50% (Floor 2.00%)/Q, Current Coupon 14.02%	4/21/2023	4/21/2028	11,250	10,948	11,250
						<u>21,792</u>	<u>22,500</u>
						21,792	22,500
						<b>Subtotal: Aerospace &amp; Defense (3.12%)*</b>	<b>22,500</b>
<b>Business Services</b>							
<b>C&amp;M CONVEYOR, INC.</b>	First Lien - Term Loan A <sup>15</sup>	SOFR+5.50% (Floor 1.50%)/M, Current Coupon 10.96%	1/3/2023	9/30/2026	6,500	6,399	6,500
	First Lien - Term Loan B <sup>15</sup>	SOFR+7.50% (Floor 1.50%)/M, Current Coupon 12.96%	1/3/2023	9/30/2026	6,500	6,399	6,500
						<u>12,798</u>	<u>13,000</u>
						12,798	13,000
<b>DYNAMIC COMMUNITIES, LLC<sup>6</sup></b>	First Lien - Term Loan A	SOFR+5.00% PIK (Floor 2.00%)/M, Current Coupon 10.45%	12/20/2022	12/31/2026	4,141	4,123	4,140
	First Lien - Term Loan B	SOFR+7.00% PIK (Floor 2.00%)/M, Current Coupon 12.45%	12/20/2022	12/31/2026	4,226	4,203	4,226
						<u>8,326</u>	<u>8,366</u>
						8,326	8,366
<b>FS VECTOR LLC</b>	Revolving Loan <sup>10</sup>	SOFR+7.50% (Floor 2.00%)	4/26/2023	4/26/2028	—	(34)	—
	First Lien - Term Loan A	SOFR+6.50% (Floor 2.00%)/Q, Current Coupon 12.04%	4/26/2023	4/26/2028	9,000	8,838	8,847
	First Lien - Term Loan B	SOFR+8.50% (Floor 2.00%)/Q, Current Coupon 14.04%	4/26/2023	4/26/2028	9,000	8,838	8,847
						<u>17,642</u>	<u>17,694</u>
						17,642	17,694



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

(Unaudited)

December 31, 2023

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>GAINS INTERMEDIATE, LLC</b>	Revolving Loan <sup>10</sup>	SOFR+7.50% (Floor 2.00%)	12/15/2022	12/15/2027	—	(40)	—
	First Lien - Term Loan A	SOFR+6.50% (Floor 2.00%)/Q, Current Coupon 12.16%	12/15/2022	12/15/2027	7,125	7,006	7,125
	First Lien - Term Loan B	SOFR+8.50% (Floor 2.00%)/Q, Current Coupon 14.16%	12/15/2022	12/15/2027	7,125	7,005	7,125
						13,971	14,250
<b>MAKO STEEL LP</b>	Revolving Loan <sup>10</sup>	SOFR+6.75% (Floor 0.75%)	3/15/2021	3/13/2026	—	(17)	—
	First Lien	SOFR+6.75% (Floor 0.75%)/Q, Current Coupon 12.28%	3/15/2021	3/13/2026	7,777	7,701	7,777
						7,684	7,777
<b>RESEARCH NOW GROUP, INC.</b>	Second Lien	SOFR+9.50% (Floor 1.00%)/Q, Current Coupon 15.14%	12/8/2017	12/20/2025	10,500	10,245	3,675
<b>SPOTLIGHT AR, LLC</b>	Revolving Loan <sup>10</sup>	SOFR+6.75% (Floor 1.00%)	12/8/2021	6/8/2026	—	(22)	—
	First Lien	SOFR+6.75% (Floor 1.00%)/Q, Current Coupon 12.29%	12/8/2021	6/8/2026	6,656	6,578	6,656
						6,556	6,656
<b>SYSTEC CORPORATION</b>	Revolving Loan <sup>10</sup>	SOFR+7.50% (Floor 1.00%)/Q, Current Coupon 13.03% <sup>20</sup>	8/13/2021	8/13/2025	1,000	984	991
	First Lien	SOFR+7.50% (Floor 1.00%)/Q, Current Coupon 13.04%	8/13/2021	8/13/2025	8,440	8,364	8,364
						9,348	9,355
<b>US COURTSRIPT HOLDINGS, INC.</b>	First Lien	SOFR+6.00% (Floor 1.00%)/Q, Current Coupon 11.66%	5/17/2022	5/17/2027	15,800	15,575	15,800
<b>WINTER SERVICES OPERATIONS, LLC</b>	Revolving Loan	SOFR+7.00% (Floor 1.00%)/Q, Current Coupon 12.64% <sup>20</sup>	11/19/2021	11/19/2026	4,444	4,393	4,409
	First Lien	SOFR+7.00% (Floor 1.00%)/Q, Current Coupon 12.66%	11/19/2021	11/19/2026	22,734	22,431	22,552
						26,824	26,961

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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>
ZENFOLIO INC.	Revolving Loan	SOFR+9.00% (Floor 1.00%/Q, Current Coupon 14.55%)	7/17/2017	7/17/2025	2,000	1,996	1,980
	First Lien	SOFR+9.00% (Floor 1.00%/Q, Current Coupon 14.55%)	7/17/2017	7/17/2025	18,792	18,685	18,604
						<u>20,681</u>	<u>20,584</u>
<b>Subtotal: Business Services (19.99%)*</b>						149,650	144,118
<b>Consumer Products &amp; Retail</b>							
ALLIANCE SPORTS GROUP, L.P.	Unsecured convertible Note	6.00% PIK	7/15/2020	9/30/2024	173	173	173
ATS OPERATING, LLC	Revolving Loan <sup>10</sup>	SOFR+6.50% (Floor 1.00%/Q, Current Coupon 12.16%)	1/18/2022	1/18/2027	500	470	494
	First Lien - Term Loan A	SOFR+5.50% (Floor 1.00%/Q, Current Coupon 11.16%)	1/18/2022	1/18/2027	9,250	9,130	9,195
	First Lien - Term Loan B	SOFR+7.50% (Floor 1.00%/Q, Current Coupon 13.16%)	1/18/2022	1/18/2027	9,250	9,127	9,250
						<u>18,727</u>	<u>18,939</u>
CATBIRD NYC, LLC <sup>6</sup>	Revolving Loan <sup>10</sup>	SOFR+7.00% (Floor 1.00%)	10/15/2021	10/15/2026	—	(45)	—
	First Lien	SOFR+7.00% (Floor 1.00%/Q, Current Coupon 12.54%)	10/15/2021	10/15/2026	15,200	15,011	15,200
						<u>14,966</u>	<u>15,200</u>
HEAT TRAK, LLC	First Lien	SOFR+9.50% (Floor 2.00%/Q, Current Coupon 15.04%)	6/12/2023	6/9/2028	11,500	10,262	11,270
HYBRID APPAREL, LLC	Second Lien <sup>15</sup>	SOFR+8.25%, 2.00% PIK (Floor 1.00%/Q, Current Coupon 15.91%)	6/30/2021	6/30/2026	15,848	15,672	15,452
LASH OPCO, LLC	Revolving Loan <sup>10</sup>	SOFR+7.00% (Floor 1.00%/Q, Current Coupon 12.53% <sup>20</sup> )	12/29/2021	9/18/2025	622	610	609
	First Lien	SOFR+7.00% (Floor 1.00%/Q, Current Coupon 12.48%)	12/29/2021	3/18/2026	10,452	10,269	10,243
						<u>10,879</u>	<u>10,852</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>
RTIC SUBSIDIARY HOLDINGS, LLC	Revolving Loan <sup>10</sup>	SOFR+7.75% (Floor 1.25%/M, Current Coupon 13.20%)	9/1/2020	9/1/2025	219	213	212
	First Lien	SOFR+7.75% (Floor 1.25%/M, Current Coupon 13.19%)	9/1/2020	9/1/2025	5,959	5,929	5,780
						<u>6,142</u>	<u>5,992</u>
<b>Subtotal: Consumer Products &amp; Retail (10.80%)*</b>						<u>76,821</u>	<u>77,878</u>
<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 12.91%)	11/9/2021	11/9/2026	825	811	825
	First Lien	SOFR+7.25% (Floor 1.00%/Q, Current Coupon 12.90% <sup>20</sup> )	11/9/2021	11/9/2026	24,469	24,246	24,469
	Delayed Draw Term Loan <sup>10</sup>	SOFR+7.25% (Floor 1.00%)	12/15/2023	11/9/2026	—	—	—
						<u>25,057</u>	<u>25,294</u>
NATIONAL CREDIT CARE, LLC	First Lien - Term Loan A	SOFR+6.50% (Floor 1.00%/Q, Current Coupon 11.99%)	12/23/2021	12/23/2026	9,716	9,591	9,259
	First Lien - Term Loan B	SOFR+7.50% (Floor 1.00%/Q, Current Coupon 12.99%)	12/23/2021	12/23/2026	9,716	9,590	9,259
						<u>19,181</u>	<u>18,518</u>
POOL SERVICE HOLDINGS, LLC <sup>6</sup>	Revolving Loan <sup>10</sup>	SOFR+6.50% (Floor 2.00%)	12/20/2023	12/20/2028	—	(20)	—
	First Lien	SOFR+6.50% (Floor 2.00%/Q, Current Coupon 11.87%)	12/20/2023	12/20/2028	5,000	4,900	4,900
	Delayed Draw Term Loan <sup>10</sup>	SOFR+6.50% (Floor 2.00%)	12/20/2023	12/20/2028	—	(83)	—
						<u>4,797</u>	<u>4,900</u>
ROOF OPCO, LLC	Revolving Loan <sup>10</sup>	SOFR+7.50% (Floor 1.00%)	8/27/2021	8/27/2026	—	(32)	—
	First Lien - Term Loan A	SOFR+6.50% (Floor 1.00%/Q, Current Coupon 12.16%)	8/27/2021	8/27/2026	13,261	13,060	12,731
	First Lien - Term Loan B	SOFR+8.50% (Floor 1.00%/Q, Current Coupon 14.16%)	4/12/2023	8/27/2026	13,261	13,060	12,731
						<u>26,088</u>	<u>25,462</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>
ZIPS CAR WASH, LLC	Delayed Draw Term Loan - A	SOFR+7.25% (Floor 1.00%/M, Current Coupon 12.71%)	2/11/2022	3/1/2024	15,708	15,539	15,645
	Delayed Draw Term Loan - B	SOFR+7.25% (Floor 1.00%/M, Current Coupon 12.71%)	2/11/2022	3/1/2024	3,937	3,897	3,922
						19,436	19,567
<b>Subtotal: Consumer Services (13.00%)*</b>						94,559	93,741
<b>Containers &amp; Packaging</b>							
LLFLEX, LLC	First Lien <sup>15</sup>	SOFR+9.00%, 1.00% PIK (Floor 1.00%/Q, Current Coupon 15.54%)	8/16/2021	8/14/2026	10,795	10,650	9,176
<b>Subtotal: Containers &amp; Packaging (1.27%)*</b>						10,650	9,176
<b>Distribution</b>							
KMS, INC.	First Lien <sup>15</sup>	SOFR+9.25% (Floor 1.00%/Q, Current Coupon 14.75%)	10/4/2021	10/2/2026	17,856	17,711	15,892
<b>Subtotal: Distribution (2.20%)*</b>						17,711	15,892
<b>Education</b>							
STUDENT RESOURCE CENTER LLC <sup>6</sup>	First Lien	8.50% PIK	12/31/2022	12/30/2027	9,644	9,503	8,487
WALL STREET PREP, INC.	Revolving Loan <sup>10</sup>	SOFR+7.00% (Floor 1.00%)	7/19/2021	7/20/2026	—	(10)	—
	First Lien	SOFR+7.00% (Floor 1.00%/Q, Current Coupon 12.54%)	7/19/2021	7/20/2026	9,308	9,201	9,308
						9,191	9,308
<b>Subtotal: Education (2.47%)*</b>						18,694	17,795
<b>Energy Services (Midstream)</b>							
ACE GATHERING, INC.	Second Lien <sup>15</sup>	SOFR+12.00% (Floor 2.00%/Q, Current Coupon 17.66%)	12/13/2018	12/13/2026	5,110	5,110	5,007
PIPELINE TECHNIQUE LTD. <sup>9,22</sup>	Revolving Loan <sup>10</sup>	SOFR+7.25% (Floor 2.00%/Q, Current Coupon 12.80% <sup>20</sup> )	8/23/2022	8/19/2027	1,056	1,007	1,056
	First Lien	SOFR+7.25% (Floor 1.00%/Q, Current Coupon 12.88%)	8/23/2022	8/19/2027	9,250	9,106	9,250
						10,113	10,306
<b>Subtotal: Energy Services (Midstream) (2.12%)*</b>						15,223	15,313

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<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	—	(50)	—
	First Lien	SOFR+8.00% (Floor 1.00%)/Q, Current Coupon 13.54%	9/9/2021	9/9/2026	12,586	12,434	12,586
						<u>12,384</u>	<u>12,586</u>
<b>Subtotal: Energy Services (Upstream) (1.75%)*</b>						<u>12,384</u>	<u>12,586</u>
<b>Environmental Services</b>							
ARBORWORKS, LLC <sup>6</sup>	Revolving Loan <sup>10</sup>	15.00% PIK	11/6/2023	11/6/2028	806	806	806
	First Lien	SOFR+6.50% PIK (Floor 1.00%)/Q, Current Coupon 12.04%	11/6/2023	11/6/2028	3,030	3,030	3,030
						<u>3,836</u>	<u>3,836</u>
ISLAND PUMP AND TANK, LLC	Revolving Loan <sup>10</sup>	SOFR+7.50% (Floor 2.00%)	3/2/2023	8/3/2026	—	(23)	—
	First Lien	SOFR+7.50% (Floor 2.00%)/Q Current Coupon 13.16%	3/2/2023	8/3/2026	25,000	24,563	25,000
						<u>24,540</u>	<u>25,000</u>
LIGHTING RETROFIT INTERNATIONAL, LLC <sup>6</sup>	Revolving Loan <sup>10</sup>	7.50%	12/31/2021	12/31/2025	—	—	—
	First Lien	7.50%	12/31/2021	12/31/2025	5,104	5,104	4,966
	Second Lien <sup>16</sup>	10.00% PIK	12/31/2021	12/31/2026	5,208	5,208	4,917
						<u>10,312</u>	<u>9,883</u>
<b>Subtotal: Environmental Services (5.37%)*</b>						<u>38,688</u>	<u>38,719</u>
<b>Financial Services</b>							
JACKSON HEWITT TAX SERVICE, INC.	First Lien	SOFR+8.50% (Floor 2.50%)/Q, Current Coupon 13.89%	9/14/2023	9/14/2028	10,000	9,856	9,850
JVMC HOLDINGS CORP.	First Lien	SOFR+6.50% (Floor 1.00%)/M, Current Coupon 11.96%	2/28/2019	2/28/2024	1,855	1,854	1,855
NINJATRADER, INC.	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 12.54% <sup>20</sup>	12/18/2019	12/18/2026	29,586	29,206	29,586
						<u>29,203</u>	<u>29,586</u>
<b>Subtotal: Financial Services (5.73%)*</b>						<u>40,913</u>	<u>41,291</u>

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<b>Food, Agriculture &amp; Beverage</b>							
AMERICAN NUTS OPERATIONS LLC	First Lien - Term Loan A <sup>16</sup>	SOFR+8.75%, 1.00% PIK (Floor 1.00%)/Q, Current Coupon 15.29%	3/11/2022	4/10/2026	12,944	12,903	10,505
	First Lien - Term Loan B <sup>16</sup>	SOFR+10.75%, 1.00% PIK (Floor 1.00%)/Q, Current Coupon 17.29%	3/11/2022	4/10/2026	12,106	12,057	7,869
					24,960		18,374
FOOD PHARMA SUBSIDIARY HOLDINGS, LLC	First Lien	SOFR+6.50% (Floor 1.00%)/M, Current Coupon 11.94%	6/1/2021	6/1/2026	7,030	6,924	7,030
GULF PACIFIC ACQUISITION, LLC	Revolving Loan <sup>10</sup>	SOFR+5.75% (Floor 1.00%)/Q, Current Coupon 11.28% <sup>20</sup>	9/30/2022	9/29/2028	454	438	446
	First Lien	SOFR+5.75% (Floor 1.00%)/Q, Current Coupon 11.25%	9/30/2022	9/29/2028	3,615	3,554	3,546
	Delayed Draw Term Loan <sup>10</sup>	SOFR+5.75% (Floor 1.00%)/Q, Current Coupon 11.38%	9/30/2022	9/29/2028	301	286	295
						4,278	4,287
MAMMOTH BORROWCO, INC.	Revolving Loan <sup>10</sup>	SOFR+6.25% (Floor 1.50%)	11/30/2023	11/30/2028	—	(92)	—
	First Lien - Term Loan A	SOFR+5.25% (Floor 1.50%)/Q, Current Coupon 10.64%	11/30/2023	11/30/2028	10,750	10,485	10,485
	First Lien - Term Loan B	SOFR+7.25% (Floor 1.50%)/Q, Current Coupon 12.64%	11/30/2023	11/30/2028	10,750	10,485	10,485
	Delayed Draw Term Loan <sup>10</sup>	SOFR+6.25% (Floor 1.50%)	11/30/2023	11/30/2028	—	(35)	—
						20,843	20,970
MUNSTER MILLING COMPANY, LLC	Revolving Loan	SOFR+8.00% (Floor 1.00%)	8/10/2021	8/10/2026	—	(53)	—
	First Lien	SOFR+8.00% (Floor 1.00%)/Q, Current Coupon 13.54%	8/10/2021	8/10/2026	21,800	21,515	21,364
						21,462	21,364

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NEW SKINNY MIXES, LLC	Revolving Loan <sup>10</sup>	SOFR+8.00% (Floor 2.00%/Q, Current Coupon 13.62%)	12/21/2022	12/21/2027	500	436	500
	First Lien	SOFR+8.00% (Floor 2.00%/Q, Current Coupon 13.59%)	12/21/2022	12/21/2027	13,000	12,780	13,000
	Delayed Draw Term Loan <sup>10</sup>	SOFR+8.00% (Floor 2.00%)	12/21/2022	12/21/2027	—	(24)	—
						<u>13,192</u>	<u>13,500</u>
<b>Subtotal: Food, Agriculture &amp; Beverage (11.86%)*</b>						91,659	85,525
<b>Healthcare Products</b>							
LGM PHARMA, LLC	Revolving Loan <sup>10</sup>	SOFR+8.50% (Floor 1.00%)	11/28/2023	11/20/2026	—	(29)	—
	First Lien - Term Loan A	SOFR+7.50% (Floor 1.00%/M, Current Coupon 12.95%)	11/28/2023	11/20/2026	4,884	4,843	4,782
	First Lien - Term Loan B	SOFR+9.50% (Floor 1.00%/M, Current Coupon 14.95%)	11/28/2023	11/20/2026	4,884	4,843	4,884
	First Lien	SOFR+8.50% (Floor 1.00%/M, Current Coupon 13.95%)	11/28/2023	11/20/2026	5,000	4,903	5,000
	Delayed Draw Term Loan	SOFR+8.50% (Floor 1.00%/M, Current Coupon 13.94%)	7/24/2020	11/20/2026	4,279	4,232	4,279
	Unsecured convertible note <sup>9,13</sup>	25.00% PIK	12/21/2021	12/31/2024	136	136	136
						<u>18,928</u>	<u>19,081</u>
LIGHTNING INTERMEDIATE II, LLC	Revolving Loan <sup>10</sup>	SOFR+6.50% (Floor 1.00%/M, Current Coupon 11.96%)	6/6/2022	6/7/2027	556	530	528
	First Lien	SOFR+6.50% (Floor 1.00%/S, Current Coupon 11.93%)	6/6/2022	6/7/2027	22,280	21,948	21,166
						<u>22,478</u>	<u>21,694</u>
LKC TECHNOLOGIES, INC.	Revolving Loan <sup>10</sup>	SOFR+7.00% (Floor 2.00%)	6/7/2023	6/7/2028	—	(35)	—
	First Lien	SOFR+7.00% (Floor 2.00%/Q, Current Coupon 12.66%)	6/7/2023	6/7/2028	6,500	6,380	6,500
						<u>6,345</u>	<u>6,500</u>

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<b>MICROBE FORMULAS LLC</b>	Revolving Loan <sup>10</sup>	SOFR+6.00% (Floor 1.00%)	4/4/2022	4/3/2028	—	(23)	—
	First Lien	SOFR+6.00% (Floor 1.00%)/M, Current Coupon 11.46%	4/4/2022	4/3/2028	10,016	9,866	10,016
						<u>9,843</u>	<u>10,016</u>
<b>SCRIP INC.</b>	First Lien	SOFR+8.00% (Floor 2.00%)/M, Current Coupon 13.50%	3/21/2019	3/19/2027	16,624	16,541	16,458
<b>Subtotal: Healthcare Products (10.23%)*</b>						<u>74,135</u>	<u>73,749</u>
<b>Healthcare Services</b>							
<b>AAC NEW HOLDCO INC.</b>	First Lien	18.00% PIK	12/11/2020	6/25/2025	11,679	11,679	11,550
	Delayed Draw Term Loan <sup>10</sup>	18.00% PIK	1/31/2023	6/25/2025	352	349	348
						<u>12,028</u>	<u>11,898</u>
<b>CAVALIER BUYER, INC.</b>	Revolving Loan <sup>10</sup>	SOFR+8.00% (Floor 2.00%)	2/10/2023	2/10/2028	—	(33)	—
	First Lien	SOFR+8.00% (Floor 2.00%)/Q, Current Coupon 13.52%	2/10/2023	2/10/2028	6,500	6,387	6,500
						<u>6,354</u>	<u>6,500</u>
<b>CDC DENTAL MANAGEMENT CO., LLC</b>	Revolving Loan <sup>10</sup>	SOFR+8.00% (Floor 2.00%)	10/31/2023	10/31/2028	—	(39)	—
	First Lien - Term Loan A	SOFR+7.00% (Floor 2.00%)/Q, Current Coupon 12.38%	10/31/2023	10/31/2028	5,500	5,393	5,393
	First Lien - Term Loan B	SOFR+9.00% (Floor 2.00%)/Q, Current Coupon 14.38%	10/31/2023	10/31/2028	5,500	5,393	5,393
						<u>10,747</u>	<u>10,786</u>
<b>CENTRAL MEDICAL SUPPLY LLC<sup>6</sup></b>	Revolving Loan <sup>10</sup>	SOFR+9.00% (Floor 1.75%)/Q, Current Coupon 14.54%	5/22/2020	5/22/2025	300	291	300
	First Lien	SOFR+9.00% (Floor 1.75%)/Q, Current Coupon 14.54%	5/22/2020	5/22/2025	7,526	7,477	7,526
	Delayed Draw Capex Term Loan <sup>10</sup>	SOFR+9.00% (Floor 1.75%)/Q, Current Coupon 14.54%	5/22/2020	5/22/2025	100	92	100
						<u>7,860</u>	<u>7,926</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>
CITYVET, INC.	First Lien	SOFR+7.00% (Floor 2.00%)/Q, Current Coupon 12.49%	9/6/2023	9/6/2028	15,000	14,714	14,985
	Delayed Draw Term Loan <sup>10</sup>	SOFR+7.00% (Floor 2.00%)	9/6/2023	9/6/2028	—	(47)	—
						14,667	14,985
HH-INSPIRE ACQUISITION, INC.	Revolving Loan <sup>10</sup>	SOFR+8.00% (Floor 2.00%)/Q, Current Coupon 13.53% <sup>20</sup>	4/3/2023	4/3/2028	719	701	662
	First Lien	SOFR+8.00% (Floor 2.00%)/Q, Current Coupon 13.55%	4/3/2023	4/3/2028	7,996	7,808	7,356
						8,509	8,018
INSTITUTES OF HEALTH, LLC	Revolving Loan <sup>10</sup>	SOFR+7.50% (Floor 2.00%)	9/29/2023	9/29/2028	—	(19)	—
	First Lien - Term Loan A	SOFR+6.50% (Floor 2.00%)/Q, Current Coupon 11.89%	9/29/2023	9/29/2028	7,500	7,356	7,357
	First Lien - Term Loan B	SOFR+8.50% (Floor 2.00%)/Q, Current Coupon 13.89%	9/29/2023	9/29/2028	7,500	7,355	7,357
						14,692	14,714
NEUROPSYCHIATRIC HOSPITALS, LLC	Revolving Loan	SOFR+8.00% (Floor 1.00%)/Q, Current Coupon 13.54%	5/14/2021	5/14/2026	5,000	4,951	5,000
	First Lien - Term Loan A	SOFR+7.00% (Floor 1.00%)/Q, Current Coupon 12.54%	3/21/2023	5/14/2026	7,433	7,355	7,433
	First Lien - Term Loan B	SOFR+9.00% (Floor 1.00%)/Q, Current Coupon 14.54%	3/21/2023	5/14/2026	7,433	7,355	7,433
	First Lien - Term Loan C	SOFR+10.00% (Floor 1.00%)/Q, Current Coupon 15.54%	3/21/2023	5/14/2026	5,153	5,048	5,153
	First Lien - Term Loan D	SOFR+8.00% (Floor 1.00%)/Q, Current Coupon 13.54%	10/27/2023	5/14/2026	12,988	12,682	12,988
						37,391	38,007
OPCO BORROWER, LLC	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 11.95%	8/19/2022	8/19/2027	8,661	8,596	8,661
	Second Lien	12.50%	8/19/2022	2/19/2028	3,000	2,782	3,000
						11,372	11,661

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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>
ROSELAND MANAGEMENT, LLC <sup>6</sup>	Revolving Loan <sup>10</sup>	SOFR+7.00% (Floor 2.00%/Q, Current Coupon 12.54%)	11/9/2018	11/12/2024	300	300	300
	First Lien	SOFR+7.00% (Floor 2.00%/Q, Current Coupon 12.54%)	11/9/2018	11/12/2024	14,942	14,918	14,942
						15,218	15,242
SPECTRUM OF HOPE, LLC	First Lien	SOFR+8.00% (Floor 1.00%/Q, Current Coupon 13.54%)	9/6/2022	6/11/2024	22,244	22,114	20,910
STATINMED, LLC <sup>6</sup>	First Lien <sup>16</sup>	SOFR+9.50% PIK (Floor 2.00%/M, Current Coupon 14.96%)	7/1/2022	7/1/2027	7,560	7,560	6,129
VERSICARE MANAGEMENT LLC	Revolving Loan <sup>10</sup>	SOFR+8.00% (Floor 1.00%)	8/18/2022	8/18/2027	—	(36)	—
	First Lien - Term Loan A	SOFR+7.00% (Floor 1.00%/Q, Current Coupon 12.66%)	8/18/2022	8/18/2027	12,200	11,979	12,200
	First Lien - Term Loan B	SOFR+9.00% (Floor 1.00%/Q, Current Coupon 14.66%)	7/14/2023	8/18/2027	12,200	11,979	12,200
<b>Subtotal: Healthcare Services (26.52%)*</b>						<b>23,922</b>	<b>24,400</b>
<b>Industrial Products</b>						<b>192,434</b>	<b>191,176</b>
DAMOTECH INC. <sup>9,22</sup>	Revolving Loan <sup>10</sup>	SOFR+7.00% (Floor 2.00%)	7/7/2023	7/7/2028	—	(54)	—
	First Lien - Term Loan A	SOFR+6.00% (Floor 2.00%/Q, Current Coupon 11.54%)	7/7/2023	7/7/2028	5,100	5,005	5,003
	First Lien - Term Loan B	SOFR+8.00% (Floor 2.00%/Q, Current Coupon 13.54%)	7/7/2023	7/7/2028	5,100	5,005	5,003
	Delayed Draw Term Loan	SOFR+7.00% (Floor 2.00%/Q, Current Coupon 12.54%)	7/7/2023	7/7/2028	3,000	2,943	2,943
						<b>12,899</b>	<b>12,949</b>
GPT INDUSTRIES, LLC <sup>6</sup>	Revolving Loan <sup>10</sup>	SOFR+8.00% (Floor 2.00%)	1/30/2023	1/31/2028	—	(49)	—
	First Lien <sup>19</sup>	SOFR+8.00% (Floor 2.00%/Q, Current Coupon 13.66%)	1/30/2023	1/31/2028	6,039	5,933	6,039
						<b>5,884</b>	<b>6,039</b>

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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>THE PRODUCTO GROUP, LLC</b>	First Lien	SOFR+8.00% (Floor 1.00%/M, Current Coupon 13.47%)	12/31/2021	12/31/2026	17,447	17,201	17,430
<b>Subtotal: Industrial Products (5.05%)*</b>						<b>35,984</b>	<b>36,418</b>
<b>Industrial Services</b>							
<b>FM SYLVAN, INC.</b>	Revolving Loan <sup>10</sup>	SOFR+8.00% (Floor 1.00%/Q, Current Coupon 13.64% <sup>20</sup> )	11/8/2022	11/8/2027	5,000	4,846	5,000
	First Lien	SOFR+8.00% (Floor 1.00%/Q, Current Coupon 13.66%)	11/8/2022	11/8/2027	11,850	11,654	11,850
						<b>16,500</b>	<b>16,850</b>
<b>USA DEBUSK, LLC</b>	First Lien	SOFR+6.00% (Floor 1.00%/M, Current Coupon 11.46%)	2/25/2020	9/8/2026	11,410	11,306	11,410
	First Lien	SOFR+6.50% (Floor 1.00%/M, Current Coupon 11.96%)	11/21/2023	9/8/2026	1,664	1,632	1,664
						<b>12,938</b>	<b>13,074</b>
<b>Subtotal: Industrial Services (4.15%)*</b>						<b>29,438</b>	<b>29,924</b>
<b>Media &amp; Marketing</b>							
<b>360 QUOTE TOPCO, LLC</b>	Revolving Loan	SOFR+6.50% (Floor 1.00%/Q, Current Coupon 11.98%)	6/16/2022	6/16/2027	3,313	3,278	2,650
	First Lien <sup>19</sup>	SOFR+6.50%, 3.00% PIK (Floor 1.00%/Q, Current Coupon 14.98%)	6/16/2022	6/16/2027	22,840	22,589	18,272
						<b>25,867</b>	<b>20,922</b>
<b>ACCELERATION, LLC</b>	Revolving Loan <sup>10</sup>	SOFR+8.50% (Floor 1.00%/Q, Current Coupon 14.16%)	6/13/2022	6/14/2027	1,950	1,881	1,950
	First Lien - Term Loan A	SOFR+7.50% (Floor 1.00%/Q, Current Coupon 13.16%)	6/13/2022	6/14/2027	9,123	8,987	8,886
	First Lien - Term Loan B	SOFR+8.50% (Floor 1.00%/Q, Current Coupon 14.16%)	6/13/2022	6/14/2027	9,123	8,986	9,005
	First Lien - Term Loan C	SOFR+9.50% (Floor 1.00%/Q, Current Coupon 15.16%)	6/13/2022	6/14/2027	9,123	8,985	9,123
						<b>28,839</b>	<b>28,964</b>

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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>
ACCELERATION PARTNERS, LLC	First Lien <sup>8</sup>	SOFR+8.12% (Floor 1.00%/Q, Current Coupon 13.66% <sup>20</sup> )	12/1/2020	12/1/2025	19,550	19,252	19,452
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	—	(34)	—
	First Lien - Term Loan A	SOFR+6.00% (Floor 2.00%/Q, Current Coupon 11.54%)	5/1/2023	5/1/2028	8,978	8,816	8,816
	First Lien - Term Loan B	SOFR+8.00% (Floor 2.00%/Q, Current Coupon 13.54%)	5/1/2023	5/1/2028	8,978	8,816	8,816
						<u>17,598</u>	<u>17,632</u>
CRAFTY APES, LLC	First Lien <sup>8</sup>	SOFR+9.25% (Floor 1.00%/M, Current Coupon 14.61%)	6/9/2021	10/31/2025	16,051	15,974	15,216
EXACT BORROWER, LLC	Revolving Loan <sup>10</sup>	SOFR+7.50% (Floor 2.00%)	12/7/2022	8/6/2027	—	(39)	—
	First Lien - Term Loan A	SOFR+7.50% (Floor 2.00%/Q, Current Coupon 13.04%)	12/7/2022	8/6/2027	8,751	8,607	8,751
	First Lien - Term Loan B	SOFR+7.50% (Floor 2.00%/Q, Current Coupon 13.04%)	12/7/2022	8/6/2027	8,751	8,607	8,751
	Delayed Draw Term Loan	SOFR+7.50% (Floor 2.00%/Q, Current Coupon 13.04%)	12/7/2022	8/6/2027	2,327	2,282	2,326
	Promissory Note	13.574%	12/7/2022	12/6/2028	385	385	385
						<u>19,842</u>	<u>20,213</u>
IGNITE VISIBILITY LLC	Revolving Loan <sup>10</sup>	SOFR+6.00% (Floor 1.50%)	12/1/2023	12/1/2028	—	(29)	—
	First Lien - Term Loan A	SOFR+5.00% (Floor 1.50%/M, Current Coupon 10.34%)	12/1/2023	12/1/2028	5,000	4,926	4,926
	First Lien - Term Loan B	SOFR+7.00% (Floor 1.50%/M, Current Coupon 12.34%)	12/1/2023	12/1/2028	5,000	4,926	4,926
	Delayed Draw Term Loan <sup>10</sup>	SOFR+6.00% (Floor 1.50%)	12/1/2023	12/1/2028	—	(20)	—
						<u>9,803</u>	<u>9,852</u>

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INFOLINKS MEDIA BUYCO, LLC	First Lien	SOFR+5.75% (Floor 1.00%/M, Current Coupon 11.21%)	11/1/2021	10/30/2026	8,265	8,153	8,265
OUTERBOX, LLC <sup>6</sup>	Revolving Loan <sup>10</sup>	SOFR+6.75% (Floor 1.00%)	6/8/2022	6/8/2027	—	(21)	—
	First Lien	SOFR+6.75% (Floor 1.00%/Q, Current Coupon 12.41%)	6/8/2022	6/8/2027	14,625	14,458	14,523
						<u>14,437</u>	<u>14,523</u>
<b>Subtotal: Media &amp; Marketing (21.50%)*</b>						<u>159,765</u>	<u>155,039</u>
<b>Restaurants</b>							
SWENSONS DRIVE-IN RESTAURANTS, LLC	Revolving Loan <sup>10</sup>	SOFR+7.50% (Floor 2.00%)	9/27/2023	9/27/2028	—	(28)	—
	First Lien - Term Loan A	SOFR+ 6.50% (Floor 2.00%/Q, Current Coupon 11.89%)	9/27/2023	9/27/2028	8,000	7,846	7,840
	First Lien - Term Loan B	SOFR+8.50% (Floor 2.00%/Q, Current Coupon 13.89%)	9/27/2023	9/27/2028	8,000	7,846	7,840
						<u>15,664</u>	<u>15,680</u>
<b>Subtotal: Restaurants (2.17%)*</b>						<u>15,664</u>	<u>15,680</u>
<b>Software &amp; IT Services</b>							
ACACIA BUYERCO V LLC	Revolver Loan <sup>10</sup>	SOFR+6.50% (Floor 1.00%)	11/25/2022	11/26/2027	—	(31)	—
	First Lien - Term Loan A	SOFR+6.50% (Floor 1.00%/Q, Current Coupon 12.16%)	11/25/2022	11/26/2027	5,000	4,917	5,000
	Delayed Draw Term Loan	SOFR+6.50% (Floor 1.00%/Q, Current Coupon 12.16%)	11/25/2022	11/26/2027	7,500	7,347	7,500
						<u>12,233</u>	<u>12,500</u>
CADMIUM, LLC	Revolving Loan	SOFR+7.00% (Floor 1.00%/Q, Current Coupon 12.61%)	1/7/2022	12/22/2026	615	611	612
	First Lien	SOFR+7.00% (Floor 1.00%/Q, Current Coupon 12.61%)	1/7/2022	12/22/2026	7,362	7,314	7,317
						<u>7,925</u>	<u>7,929</u>
GRAMMATECH, INC. <sup>6</sup>	Revolving Loan <sup>10</sup>	SOFR+9.50% (Floor 2.00%)	11/1/2019	11/1/2024	—	(7)	—
	First Lien	SOFR+9.50% (Floor 2.00%/Q, Current Coupon 15.04%)	11/1/2019	11/1/2024	2,000	1,993	2,000
						<u>1,986</u>	<u>2,000</u>

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ISI ENTERPRISES, LLC	Revolving Loan <sup>10</sup>	SOFR+7.00% (Floor 1.00%)	10/1/2021	10/1/2026	—	(22)	—
	First Lien	SOFR+7.00% (Floor 1.00%)/Q, Current Coupon 12.66%	10/1/2021	10/1/2026	5,000	4,940	5,000
						4,918	5,000
<b>Subtotal: Software &amp; IT Services (3.80%)*</b>						<b>27,062</b>	<b>27,429</b>
<b>Specialty Chemicals</b>							
SOUTH COAST TERMINALS, LLC	Revolving Loan <sup>10</sup>	SOFR+6.00% (Floor 1.00%)/M, Current Coupon 11.46%	12/13/2021	12/11/2026	194	171	191
	First Lien	SOFR+6.00% (Floor 1.00%)/S, Current Coupon 11.70%	12/13/2021	12/11/2026	15,123	14,929	14,911
						15,100	15,102
<b>Subtotal: Specialty Chemicals (2.09%)*</b>						<b>15,100</b>	<b>15,102</b>
<b>Technology Products &amp; Components</b>							
TRAFERA, LLC (FKA TRINITY 3, LLC)	First Lien <sup>15</sup>	SOFR+7.00% (Floor 1.00%)/Q, Current Coupon 12.54%	9/30/2020	9/30/2025	5,700	5,665	5,700
	Unsecured convertible note <sup>9,13</sup>	12.00% PIK	2/7/2022	3/31/2026	75	75	75
						5,740	5,775
<b>Subtotal: Technology Products &amp; Components (0.80%)*</b>						<b>5,740</b>	<b>5,775</b>
<b>Telecommunications</b>							
MERCURY ACQUISITION 2021, LLC	First Lien	SOFR+8.00% (Floor 1.00%)/Q, Current Coupon 13.66%	12/6/2021	12/7/2026	12,735	12,570	11,856
	Second Lien	SOFR+11.00% (Floor 1.00%)/Q, Current Coupon 16.66%	12/6/2021	12/7/2026	2,866	2,828	2,562
						15,398	14,418
<b>Subtotal: Telecommunications (2.00%)*</b>						<b>15,398</b>	<b>14,418</b>
<b>Transportation &amp; Logistics</b>							
EVEREST TRANSPORTATION SYSTEMS, LLC	First Lien	SOFR+8.00% (Floor 1.00%)/M, Current Coupon 13.46%	11/9/2021	8/26/2026	8,219	8,167	7,479
GUARDIAN FLEET SERVICES, INC.	First Lien	SOFR+7.25%, 1.75% PIK (Floor 2.50%)/Q, Current Coupon 14.54%	2/10/2023	2/10/2028	7,051	6,881	6,966

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<b>ITA HOLDINGS GROUP, LLC<sup>6</sup></b>	Revolving Loan <sup>10</sup>	SOFR+9.00%, 2.00% PIK (Floor 2.00%)	6/21/2023	6/21/2027	—	(61)	—
	First Lien - Term Loan	SOFR+8.00%, 2.00% PIK (Floor 2.00%)Q, Current Coupon 15.54%	6/21/2023	6/21/2027	12,966	11,013	12,966
	First Lien - Term B Loan	SOFR+10.00%, 2.00% PIK (Floor 2.00%)Q, Current Coupon 17.54%	6/21/2023	6/21/2027	12,966	11,005	12,966
	Delayed Draw Term Loan - A <sup>10</sup>	SOFR+8.00%, 2.00% PIK (Floor 2.00%)Q, Current Coupon 15.54%	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 17.54%	6/21/2023	6/21/2027	1,058	1,034	1,058
	<b>Subtotal: Transportation &amp; Logistics (5.89%)*</b>						<u>24,025</u>
<b>Total: Debt Investments (163.91%)*</b>						<u>\$ 1,198,537</u>	<u>\$ 1,181,737</u>
<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	—	—	—	—
						<u>2,468</u>	<u>317</u>
<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	972
<b>US COURTSRIPT HOLDINGS, INC.</b>	1,000,000 Class D-3 LP Units <sup>9,13</sup>		5/17/2022	—	—	1,000	1,137
	211,862.61 Class D-4 LP Units <sup>9,13</sup>		10/31/2022	—	—	212	231
	211,465.87 Class D-5 LP Units <sup>9,13</sup>		1/10/2023	—	—	211	227
<b>Subtotal: Business Services (0.54%)*</b>						<u>1,423</u>	<u>1,595</u>
						<u>5,641</u>	<u>3,884</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>Consumer Products and Retail</b>							
ALLIANCE SPORTS GROUP, L.P.	3.88% membership preferred interest		8/1/2017	—	—	2,500	1,201
ATS OPERATING, LLC	1,000,000 Preferred units <sup>9,13</sup>		1/18/2022	—	—	1,000	1,000
CATBIRD NYC, LLC <sup>6</sup>	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
						1,500	2,372
HEAT TRAK, LLC	Warrants (Expiration - June 9, 2033)		6/12/2023	—	—	1,104	1,104
SHEARWATER RESEARCH, INC. <sup>9,22</sup>	1,200,000 Class A Preferred Units <sup>11</sup>		4/30/2021	—	—	603	622
	40,000 Class A Common Units		4/30/2021	—	—	33	1,461
						636	2,083
<b>Subtotal: Consumer Products and Retail (1.08%)*</b>						6,740	7,760
<b>Consumer Services</b>							
AIR CONDITIONING SPECIALIST, INC. <sup>6</sup>	1,006,045.85 Preferred Units <sup>9,13</sup>		11/9/2021	—	—	1,344	2,749
NATIONAL CREDIT CARE, LLC	191,049.33 Class A-3 Preferred units <sup>9,11,13</sup>		3/17/2022	—	—	2,000	2,000
POOL SERVICE PARTNERS, INC. <sup>6</sup>	10,000 Common units <sup>9,13</sup>		12/20/2023	—	—	1,000	1,000
ROOF OPCO, LLC	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>Subtotal: Consumer Services (0.94%)*</b>						5,344	6,786
<b>Distribution</b>							
BINSWANGER HOLDING CORP.	900,000 shares of common stock		3/9/2017	—	—	900	598
<b>Subtotal: Distribution (0.08%)*</b>						900	598
<b>Education</b>							
STUDENT RESOURCE CENTER LLC <sup>6</sup>	10,502,487.46 Preferred Units		12/31/2022	—	—	5,845	2,659
	2,000,000.00 Preferred Units <sup>9,13</sup>		12/31/2022	—	—	—	—
						5,845	2,659
WALL STREET PREP, INC.	1,000,000 Class A-1 Preferred Shares		7/19/2021	—	—	1,000	2,012
<b>Subtotal: Education (0.65%)*</b>						6,845	4,671
<b>Environmental Services</b>							
ARBORWORKS, LLC <sup>6</sup>	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
ISLAND PUMP AND TANK, LLC	1,195,526 Preferred units <sup>9,13</sup>		3/2/2023	—	—	1,195	2,271



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

(Unaudited)  
December 31, 2023

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>
LIGHTING RETROFIT INTERNATIONAL, LLC <sup>6</sup>	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 (0.76%)*</b>						<b>4,465</b>	<b>5,446</b>
<b>Financial Services</b>							
NINJATRADER, INC.	2,000,000 Preferred Units <sup>9,11,13</sup>		12/18/2019	—	—	2,000	16,536
<b>Subtotal: Financial Services (2.29%)*</b>						<b>2,000</b>	<b>16,536</b>
<b>Food, Agriculture &amp; Beverage</b>							
AMERICAN NUTS OPERATIONS LLC	3,000,000 units of Class A common stock <sup>9,13</sup>		4/10/2018	—	—	3,000	—
FOOD PHARMA SUBSIDIARY HOLDINGS, LLC	75,000 Class A Units <sup>9,13</sup>		6/1/2021	—	—	750	1,662
MAMMOTH BORROWCO, INC.	1,000,000 Class A Preferred Units <sup>9,13</sup>		11/30/2023	—	—	1,000	1,000
MUENSTER MILLING COMPANY, LLC	1,000,000 Class A units <sup>9,13</sup>		12/15/2022	—	—	1,000	807
	1,130,387 Class A-1 Units <sup>9,13</sup>		12/20/2023	—	—	500	403
<b>Subtotal: Food, Agriculture &amp; Beverage (0.54%)*</b>						<b>1,500</b>	<b>1,210</b>
<b>Subtotal: Food, Agriculture &amp; Beverage (0.54%)*</b>						<b>6,250</b>	<b>3,872</b>
<b>Healthcare Products</b>							
LGM PHARMA, LLC	142,278.89 units of Class A common stock <sup>9,13</sup>		11/15/2017	—	—	1,600	4,037
LIGHTNING INTERMEDIATE II, LLC	0.88% 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	1,457
SCRIP INC.	100 shares of common stock		3/21/2019	—	—	1,000	751
<b>Subtotal: Healthcare Products (0.90%)*</b>						<b>4,200</b>	<b>6,508</b>
<b>Healthcare Services</b>							
AAC NEW HOLDCO INC.	374,543 shares common stock		12/11/2020	—	—	1,785	716
	Warrants (Expiration - December 11, 2025)		12/11/2020	—	—	2,198	881
						<b>3,983</b>	<b>1,597</b>
ASC ORTHO MANAGEMENT COMPANY, LLC	2,572 Common Units <sup>9,13</sup>		8/31/2018	—	—	1,026	847
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	—	—	—	—
						<b>690</b>	<b>726</b>
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

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

(Unaudited)  
December 31, 2023

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>DELPHI LENDER HOLDCO LLC</b>	254 Common units		6/9/2023	—	—	—	—
<b>HH-INSPIRE ACQUISITION, INC.</b>	108,211.4 Preferred units <sup>9,13</sup>		4/3/2023	—	—	343	323
<b>INSTITUTES OF HEALTH, LLC</b>	100,000 Preferred units <sup>9,13</sup>		9/29/2023	—	—	1,000	1,000
<b>OPCO BORROWER, LLC</b>	Warrants (Expiration - August 19, 2029)		8/19/2022	—	—	207	778
<b>ROSELAND MANAGEMENT, LLC<sup>6</sup></b>	3,364 Class A-2 Units		3/31/2023	—	—	202	787
	1,100 Class A-1 Units		9/26/2022	—	—	66	191
	16,084 Class A Units		11/9/2018	—	—	1,517	867
						1,785	1,845
<b>SPECTRUM OF HOPE, LLC</b>	1,074,786 Common units <sup>9,13</sup>		2/17/2023	—	—	1,075	810
<b>STATINMED, LLC<sup>6</sup></b>	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 (1.43%)*</b>						18,571	10,286
<b>Industrial Products</b>							
<b>DAMOTECH INC.<sup>9,22</sup></b>	1,000 Preferred units <sup>13</sup>		7/7/2023	—	—	1,000	1,193
	1,000 Class A Common units <sup>13</sup>		7/7/2023	—	—	—	715
						1,000	1,908
<b>GPT INDUSTRIES, LLC<sup>6</sup></b>	1,000,000 Class A Preferred Units <sup>9,13</sup>		1/30/2023	—	—	1,000	1,469
<b>THE PRODUCTO GROUP, LLC</b>	1,500,000 Class A units <sup>9,11,13</sup>		12/31/2021	—	—	1,500	12,750
<b>Subtotal: Industrial Products (2.24%)*</b>						3,500	16,127
<b>Media &amp; Marketing</b>							
<b>ACCELERATION, LLC</b>	13,451.22 Preferred Units <sup>9,13</sup>		6/13/2022	—	—	893	1,263
	1,611.22 Common Units <sup>9,13</sup>		6/13/2022	—	—	107	—
						1,000	1,263
<b>ACCELERATION PARTNERS, LLC</b>	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
<b>BOND BRAND LOYALTY ULC<sup>9,22</sup></b>	1,000 Preferred units <sup>13</sup>		5/1/2023	—	—	1,000	1,000
	1,000 Class A common units <sup>13</sup>		5/1/2023	—	—	—	—
						1,000	1,000
<b>EXACT BORROWER, LLC</b>	615.156 Common units		12/7/2022	—	—	615	945
<b>IGNITE VISIBILITY LLC</b>	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
<b>INFOLINKS MEDIA BUYCO, LLC</b>	1.68% LP interest <sup>9,10,11,13</sup>		10/29/2021	—	—	588	1,121
<b>OUTERBOX, LLC<sup>6</sup></b>	6,308,2584 Class A common units <sup>9,13</sup>		6/8/2022	—	—	631	581

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

(Unaudited)

December 31, 2023

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>
SONOBI, INC. <sup>6</sup>	500,000 Class A Common Units <sup>9,13</sup>		9/17/2020	—	—	500	2,302
VISTAR MEDIA INC.	171,617 shares of Series A preferred stock <sup>9,13</sup>		4/3/2019	—	—	1,874	8,264
<b>Subtotal: Media &amp; Marketing (2.43%)*</b>						<b>8,241</b>	<b>17,539</b>
<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	—
ISI ENTERPRISES, LLC	1,000,000 Series A Preferred units		10/1/2021	—	—	1,000	1,132
	166,667 Series A-1 Preferred units		6/7/2023	—	—	167	678
						1,167	1,810
VTX HOLDINGS, INC.	1,597,707 Series A Preferred units <sup>9,13</sup>		7/23/2019	—	—	1,598	2,972
<b>Subtotal: Software &amp; IT Services (0.80%)*</b>						<b>5,125</b>	<b>5,782</b>
<b>Technology Products &amp; Components</b>							
FLIP ELECTRONICS, LLC	2,446,170 Common Units <sup>9,11,13</sup>		1/4/2021	—	—	2,892	9,181
TRAFERA, LLC (FKA TRINITY 3, LLC)	896.43 Class A units <sup>9,13</sup>		11/15/2019	—	—	1,205	856
<b>Subtotal: Technology Products &amp; Components (1.39%)*</b>						<b>4,097</b>	<b>10,037</b>
<b>Telecommunications</b>							
BROAD SKY NETWORKS LLC	1,131,579 Series A Preferred units <sup>9,13</sup>		12/11/2020	—	—	1,132	1,400
	89,335 Series C Preferred units <sup>9,13</sup>		10/21/2022	—	—	89	—
						1,221	1,400
MERCURY ACQUISITION 2021, LLC	12,059,033 Series A Units <sup>9,13</sup>		12/6/2021	—	—	—	—
<b>Subtotal: Telecommunications (0.19%)*</b>						<b>1,221</b>	<b>1,400</b>
<b>Transportation &amp; Logistics</b>							
GUARDIAN FLEET SERVICES, INC.	1,500,000 Class A Units <sup>9,13</sup>		2/10/2023	—	—	1,500	1,565
	Warrants (Expiration - February 10, 2033)		2/10/2023	—	—	80	35
	Warrants (Expiration - November 30, 2033)		11/30/2023	—	—	20	20
						1,600	1,620

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

(Unaudited)

December 31, 2023

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>
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
						<u>5,829</u>	<u>10,248</u>
<b>Subtotal: Transportation &amp; Logistics (1.65%)*</b>						7,429	11,868
<b>Total: Equity Investments (17.91%)*</b>						<u>\$ 90,569</u>	<u>\$ 129,100</u>
I-45 SLF LLC <sup>7,9,11</sup>	80% LLC equity interest		10/20/2015	—	—	\$ 80,800	\$ 54,200
<b>Total: Investments (189.33%)*</b>						<u>\$ 1,369,906</u>	<u>\$ 1,365,037</u>

\* 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 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, 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 December 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 December 31, 2023, 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 December 31, 2023, the Company held \$1,124.9 million of non-control/non-affiliate investments, which represented approximately 82.4% of the Company's investment assets. The fair value of these investments as a percent of net assets is 156.0%.

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 December 31, 2023, the Company held \$186.0 million of affiliate investments, which represented approximately 13.6% of the Company's investment assets. The fair value of these investments as a percent of net assets is 25.8%.
7. Control investments are generally defined by the 1940 Act as investments in which more than 25% of the voting securities are owned. At December 31, 2023, the Company held \$54.2 million of control investments, which represented approximately 4.0% of the Company's investment assets were . The fair value of these investments as a percent of net assets is 7.5%.
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 December 31, 2023, approximately 14.5% of the Company's total assets (at fair value) were non-qualifying assets.
10. The investment has an unfunded commitment as of December 31, 2023. Refer to Note 10 - Commitments and Contingencies for further discussion.
11. Income producing through dividends or distributions.
12. As of December 31, 2023, the cumulative gross unrealized appreciation for U.S. federal income tax purposes was approximately \$86.8 million; cumulative gross unrealized depreciation for federal income tax purposes was \$72.0 million. Cumulative net unrealized appreciation was \$14.8 million, based on a tax cost of \$1,350.2 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 December 31, 2023, represented 189.3% of the Company's net assets or 95.5% 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 December 31, 2023, 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 December 31, 2023.
21. All portfolio company headquarters are based in the United States, unless otherwise noted.
22. Portfolio company headquarters are located outside of the United States.

As of December 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.

**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
			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
	First Lien - Term Loan B 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

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ATS OPERATING, LLC	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	
BINSWANGER HOLDING CORP.	900,000 shares of common stock	Distribution	—	3/9/2017	—	—	900	—
BROAD SKY NETWORKS LLC	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
C&M CONVEYOR, INC.	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
CADMIUM, LLC	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
CAMIN CARGO CONTROL, INC.	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
CAVALIER BUYER, INC.	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



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<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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<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>MUNSTER 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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<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

**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>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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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>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
<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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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>
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>

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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>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
							<u>28,515</u>	<u>29,440</u>
<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
							<u>16,708</u>	<u>17,872</u>
<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
							<u>8,777</u>	<u>8,154</u>
<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	—
							<u>8,541</u>	<u>—</u>

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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>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

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<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	

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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.

A brief description of the portfolio company in which we made an investment that represents greater than 5% of our total assets as of March 31, 2023 is included in Note 15 - Significant Subsidiaries to our audited consolidated financial statements.

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 Quarterly Report on Form 10-Q 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. We also opportunistically target first and second lien loans in upper middle market (“UMM”) companies. Our target LMM companies typically have annual earnings before interest, taxes, depreciation and amortization (“EBITDA”) generally between \$3.0 million and \$20.0 million, and our LMM investments generally range in size from \$5.0 million to \$35.0 million. Our UMM investments generally include first and second lien loans in companies with EBITDA generally greater than \$20.0 million, and our UMM investments typically range in size from \$5.0 million to \$20.0 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.

CSWC has a direct wholly-owned subsidiary that has been elected to be a taxable entity (the “Taxable Subsidiary”). The primary purpose of the Taxable Subsidiary is to permit CSWC 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 is taxed at normal corporate tax rates based on its taxable income.

On April 20, 2021, our wholly owned subsidiary, Capital Southwest SBIC I, LP (“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 and SBIC I.

The consolidated financial statements are presented in conformity with U.S. GAAP for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Article 10 of Regulation S-X. Accordingly, certain



disclosures accompanying annual consolidated financial statements prepared in accordance with U.S. GAAP are omitted. In the opinion of our management, the unaudited consolidated financial results included herein contain all adjustments, consisting solely of normal recurring accruals, considered necessary for the fair presentation of consolidated financial statements for the interim periods included herein. The results of operations for the three and nine months ended December 31, 2023 are not necessarily indicative of the operating results to be expected for the full fiscal year. Also, the unaudited consolidated financial statements and notes should be read in conjunction with the audited consolidated financial statements and notes thereto for the fiscal years ended March 31, 2023 and 2022. Consolidated financial statements prepared in accordance with U.S. GAAP require management to make estimates and assumptions that affect the amounts and disclosures reported in the consolidated financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

#### 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 December 31, 2023, the Company has 85.5% 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 December 31, 2023, we satisfied all RIC requirements and have 10.4% 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 facility 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 December 31, 2023 and March 31, 2023, cash held in money market funds amounted to \$3.0 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 December 31, 2023 and March 31, 2023, cash balances totaling \$22.4 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 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 December 31, 2023, investments on non-accrual status represented approximately 2.2% of our total investment portfolio's fair value and approximately 2.8% 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.

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 three months ended December 31, 2023 and 2022, approximately 2.7% 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. For the nine months ended December 31, 2023 and 2022, approximately 3.0% and 3.5%, 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 December 31, 2023 and 2022, we have not written off any accrued and uncollected PIK interest from prior periods. For the three and nine months ended December 31, 2023, we had three and four investments, respectively, 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 three months ended December 31, 2023 and 2022, approximately 8.4% and 4.6%, respectively, of CSWC's total investment income was attributable to non-cash PIK interest income. For the nine months ended December 31, 2023 and 2022, approximately 5.5% and 4.4%, 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 CSWC's senior secured revolving credit facility, its 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 facility have been capitalized and are amortized into interest expense over the term of the 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 8.75 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 three and nine months ended December 31, 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 awards granted 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 ASU 2022-03, "Fair Value Measurement (Topic 820) - Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions," which was issued to (1) clarify the guidance in Topic 820, Fair Value Measurement, 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 Topic 820. The new guidance is effective for interim and annual periods beginning after December 15, 2023. The Company does not anticipate the new standard will 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 December 31, 2023 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>December 31, 2023:</b>					
First lien loans <sup>1,2</sup>	\$ 1,146,355	84.0 %	159.0 %	\$ 1,155,923	84.4 %
Second lien loans <sup>2</sup>	34,614	2.5	4.8	41,846	3.0
Subordinated debt <sup>3</sup>	768	0.1	0.1	768	0.1
Preferred equity	68,644	5.0	9.5	54,314	4.0
Common equity & warrants	60,456	4.4	8.4	36,255	2.6
I-45 SLF LLC <sup>4</sup>	54,200	4.0	7.5	80,800	5.9
	<u>\$ 1,365,037</u>	<u>100.0 %</u>	<u>189.3 %</u>	<u>\$ 1,369,906</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 December 31, 2023 and March 31, 2023, the fair value of the first lien last out loans are \$34.7 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 December 31, 2023 and March 31, 2023, the fair value of the split lien term loans included in first lien loans is \$43.8 million and \$45.0 million, respectively. As of December 31, 2023 and March 31, 2023, the fair value of the split lien term loans included in second lien loans is \$20.5 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 December 31, 2023 and March 31, 2023.

<sup>4</sup> I-45 SLF LLC is a joint venture between CSWC and Main Street Capital Corporation. This entity primarily invests in syndicated senior secured loans to the UMM. The portfolio companies held by I-45 SLF LLC represent 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 December 31, 2023 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>December 31, 2023:</b>					
Healthcare Services	\$ 201,462	14.8 %	27.9 %	\$ 211,005	15.4 %
Media & Marketing	172,578	12.6	23.9	168,006	12.3
Business Services	148,002	10.8	20.5	155,291	11.3
Consumer Services	100,527	7.4	13.9	99,903	7.3
Food, Agriculture & Beverage	89,397	6.5	12.4	97,909	7.1
Consumer Products and Retail	85,638	6.3	11.9	83,561	6.1
Healthcare Products	80,257	5.9	11.2	78,335	5.7
Financial Services	57,827	4.2	8.0	42,913	3.1
Transportation & Logistics	54,361	4.0	7.5	46,502	3.4
I-45 SLF LLC <sup>1</sup>	54,200	4.0	7.5	80,800	5.9
Industrial Products	52,545	3.9	7.3	39,484	2.9
Environmental Services	44,165	3.3	6.1	43,153	3.2
Software & IT Services	33,211	2.4	4.6	32,186	2.3
Industrial Services	29,924	2.2	4.2	29,438	2.1
Aerospace & Defense	22,500	1.6	3.1	21,792	1.6
Education	22,466	1.6	3.1	25,539	1.9
Distribution	16,490	1.2	2.3	18,611	1.4
Telecommunications	15,818	1.2	2.2	16,619	1.3
Technology Products & Components	15,812	1.2	2.2	9,838	0.7
Restaurants	15,680	1.1	2.2	15,664	1.1
Energy Services (Midstream)	15,313	1.1	2.1	15,223	1.1
Specialty Chemicals	15,102	1.1	2.1	15,100	1.1
Energy Services (Upstream)	12,586	0.9	1.8	12,384	0.9
Containers & Packaging	9,176	0.7	1.3	10,650	0.8
	<u>\$ 1,365,037</u>	<u>100.0 %</u>	<u>189.3 %</u>	<u>\$ 1,369,906</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 LLC is a joint venture between CSWC and Main Street Capital Corporation. This entity primarily invests in syndicated senior secured loans to the UMM. The portfolio companies in I-45 SLF LLC represent 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 December 31, 2023 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>December 31, 2023:</b>					
Northeast	\$ 355,661	26.1 %	49.3 %	\$ 336,213	24.5 %
West	296,438	21.7	41.1	288,503	21.1
Southwest	231,386	16.9	32.1	236,949	17.3
Southeast	209,207	15.3	29.0	210,688	15.4
Midwest	172,267	12.6	23.9	173,508	12.7
I-45 SLF LLC <sup>1</sup>	54,200	4.0	7.5	80,800	5.9
International	45,878	3.4	6.4	43,245	3.1
	<u>\$ 1,365,037</u>	<u>100.0 %</u>	<u>189.3 %</u>	<u>\$ 1,369,906</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 LLC is a joint venture between CSWC and Main Street Capital Corporation. This entity primarily invests in syndicated senior secured loans to the UMM. The portfolio companies held by I-45 SLF LLC represent 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 December 31, 2023 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 December 31, 2023 and March 31, 2023 (in thousands):

<b>Fair Value Measurements at December 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	\$ 1,146,355	\$ —	\$ —	\$ 1,146,355
Second lien loans	34,614	—	—	34,614
Subordinated debt	768	—	—	768
Preferred equity	68,644	—	—	68,644
Common equity & warrants	60,456	—	—	60,456
Investments measured at net asset value <sup>1</sup>	54,200	—	—	—
<b>Total Investments</b>	<b>\$ 1,365,037</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 1,310,837</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 December 31, 2023 and March 31, 2023, the redemption restrictions dictate that we cannot withdraw our membership interest without unanimous approval. We are permitted to sell or transfer our membership interest and must 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 December 31, 2023 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 December 31, 2023 (in thousands)	Significant Unobservable Inputs	Range	Weighted Average
First lien loans	Income Approach	\$ 1,096,012	Discount Rate	6.4% - 53.6%	13.8%
			Third Party Broker Quote	98.9 - 98.9	98.9
Second lien loans	Market Approach	50,343	Cost	97.5 - 100.0	98.1
			Income Approach	34,614	Discount Rate
Subordinated debt	Market Approach	210			Third Party Broker Quote
			Enterprise Value Waterfall Approach	558	Cost
Preferred equity	Enterprise Value Waterfall Approach	65,811			EBITDA Multiple
			Market Approach	2,833	Discount Rate
Common equity & warrants	Enterprise Value Waterfall Approach	59,289			EBITDA Multiple
			Market Approach	1,167	Discount Rate
Total Level 3 Investments		\$ 1,310,837			Cost

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 three and nine months ended December 31, 2023 and 2022, 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 nine months ended December 31, 2023 and 2022 (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 December 31, 2023	YTD Un Apprec (Deprec) Investment period
First lien loans	\$ 1,000,984	\$ (9,874)	\$ 307,934	\$ (139,778)	\$ 7,925	\$ (13,875)	\$ (6,961)	\$ 1,146,355	\$
Second lien loans	35,820	989	187	(2,596)	214	—	—	34,614	
Subordinated debt	791	(28)	—	(20)	25	—	—	768	
Preferred equity	63,393	(5,532)	7,886	—	—	(273)	3,170	68,644	
Common equity & warrants	54,144	622	5,757	—	—	(3,858)	3,791	60,456	
Total Investments	\$ 1,155,132	\$ (13,823)	\$ 321,764	\$ (142,394)	\$ 8,164	\$ (18,006)	\$ —	\$ 1,310,837	\$

	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 December 31, 2022	YTD Un Apprec (Deprec) Investment period
First lien loans	\$ 739,872	\$ (14,263)	\$ 335,069	\$ (96,475)	\$ 3,512	\$ —	\$ (13,715)	\$ 954,000	\$ (
Second lien loans	52,645	(7,512)	2,930	(12,239)	314	(692)	—	35,446	
Subordinated debt	1,317	(328)	385	—	65	—	(587)	852	
Preferred equity	44,663	(1,253)	3,571	—	—	—	14,302	61,283	
Common equity & warrants	40,514	8,670	4,320	—	—	(2,664)	—	50,840	
Total Investments	\$ 879,011	\$ (14,686)	\$ 346,275	\$ (108,714)	\$ 3,891	\$ (3,356)	\$ —	\$ 1,102,421	\$

<sup>1</sup> Includes purchases of new investments, as well as discount accretion on existing investments.

<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 December 31, 2023, the Company's asset coverage was 253%.

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

	Outstanding Balance	Unamortized Debt Issuance Costs and Debt Discount/Premium <sup>(1)</sup>	Recorded Value
<b>December 31, 2023</b>			
SBA Debentures	\$ 130,000	\$ (3,919)	\$ 126,081
Credit Facility	195,000	—	195,000
January 2026 Notes	140,000	(696)	139,304
October 2026 Notes	150,000	(2,116)	147,884
August 2028 Notes	71,875	(2,309)	69,566
	<u>\$ 686,875</u>	<u>\$ (9,040)</u>	<u>\$ 677,835</u>
<b>March 31, 2023</b>			
SBA Debentures	\$ 120,000	\$ (3,670)	\$ 116,330
Credit Facility	235,000	—	235,000
January 2026 Notes	140,000	(949)	139,051
October 2026 Notes	150,000	(2,737)	147,263
	<u>\$ 645,000</u>	<u>\$ (7,356)</u>	<u>\$ 637,644</u>

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

### *Credit Facility*

In August 2016, CSWC entered into a senior secured revolving credit facility (the "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, the "Credit Agreement"). Borrowings under the 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 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 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.

CSWC pays unused commitment fees of 0.50% to 1.00% per annum, based on utilization, on the unused lender commitments under the Credit Facility. The 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 Credit Facility is secured by (1) substantially all of the present and future property and assets of the Company and the guarantors and (2) 100% of the equity interests in the Company's wholly-owned subsidiary. As of December 31, 2023, substantially all of the Company's assets were pledged as collateral for the Credit Facility, except for assets held by SBIC I.

At December 31, 2023, CSWC had \$195.0 million in borrowings outstanding under the Credit Facility. CSWC recognized interest expense related to the Credit Facility, including unused commitment fees and amortization of deferred loan costs, of \$5.2 million and \$14.5 million for the three and nine months ended December 31, 2023, respectively. For the three and nine months ended December 31, 2022, CSWC recognized interest expense of \$3.9 million and \$8.8 million, respectively. The weighted average interest rate on the Credit Facility was 7.88% and 7.61% and for the three and nine months ended December 31, 2023, respectively. For the three and nine months ended December 31, 2022, the weighted average interest rate on the Credit Facility was 6.02% and 4.63%, respectively. Average borrowings for the three and nine months ended December 31, 2023 were \$224.7 million and \$162.9 million, respectively. For the three and nine months ended December 31, 2022, average borrowings were \$228.0 million and \$208.6 million, respectively. As of December 31, 2023 and 2022, CSWC was in compliance with all financial covenants under the Credit Agreement.

#### *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 Facility and the SBA Debentures.

As of December 31, 2023, the carrying amount, which includes unamortized debt issuance costs, of the January 2026 Notes was \$139.3 million on an aggregate principal amount of \$140.0 million at a weighted average effective yield of 4.46%. As of December 31, 2023, the fair value of the January 2026 Notes was \$121.2 million. This is a Level 3 fair value measurement under ASC 820 based on a valuation model using a discounted cash flow analysis. The Company recognized interest expense related to the January 2026 Notes, including amortization of deferred issuance costs, of \$1.7 million and \$5.0 million, respectively, for each of the three and nine months ended December 31, 2023 and 2022. For each of the three and nine months ended December 31, 2023 and 2022, average borrowings were \$140.0 million.

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 Facility and the SBA Debentures.

As of December 31, 2023, the carrying amount, which includes unamortized debt issuance costs, of the October 2026 Notes was \$147.9 million on an aggregate principal amount of \$150.0 million at a weighted average effective yield of 3.5%. As of December 31, 2023, the fair value of the October 2026 Notes was \$130.5 million. This is a Level 3 fair value measurement under ASC 820 based on a valuation model using a discounted cash flow analysis. The Company recognized interest expense related to the October 2026 Notes, including amortization of deferred issuance costs, of \$1.5 million and \$4.4 million for the three and nine months ended December 31, 2023, respectively. For the three and nine months ended December 31, 2022, the Company recognized interest expense of \$1.4 million and \$4.3 million, respectively. For each of the three and nine months ended December 31, 2023 and 2022, average borrowings were \$150.0 million.

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, beginning on August 1, 2023. The August 2028 Notes are the direct unsecured obligations of the Company, rank pari passu with the Company's other outstanding and future unsecured unsubordinated indebtedness and are effectively or structurally subordinated to all of the Company's existing and future secured indebtedness, including borrowings under the Credit Facility and the SBA Debentures. The August 2028 Notes are listed on the Nasdaq Global Select Market under the trading symbol "CSWCZ."

As of December 31, 2023, the carrying amount, which includes unamortized debt issuance costs, of the August 2028 Notes was \$69.6 million on an aggregate principal amount of \$71.9 million at a weighted average effective yield of 7.75%. As of December 31, 2023, the fair value of the August 2028 Notes was \$73.3 million. The fair value 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 Company recognized interest expense related to the August 2028 Notes, including amortization of deferred issuance costs, of \$1.5 million and \$3.3 million for the three and nine months ended December 31, 2023, respectively. Since the issuance of the August 2028 Notes on June 14, 2023 through December 31, 2023, average borrowings were \$71.9 million.

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 the Company's full compliance, as determined by the SBA, with the terms and conditions set forth in the SBA regulations. As of December 31, 2023, SBIC I had regulatory capital of \$87.5 million and leverageable capital of \$87.5 million. As of December 31, 2023, SBIC I had a total leverage commitment from the SBA in the amount of \$175.0 million, of which \$45.0 million remains unused.

As of December 31, 2023, the carrying amount of SBA Debentures was \$126.1 million on an aggregate principal amount of \$130.0 million. As of December 31, 2023, the fair value of the SBA Debentures was \$122.8 million. The fair value of the SBA Debentures is estimated by discounting the remaining payments using current market rates for similar instruments and considering such factors as the legal maturity date and the ability of market participants to prepay the SBA Debentures, which are Level 3 inputs under ASC 820. The Company recognized interest expense and fees related to SBA Debentures of \$1.5 million and \$4.4 million for the three and nine months ended December 31, 2023, respectively. For the three and nine months ended December 31, 2022, the Company recognized interest expense of \$0.9 million and \$1.9 million, respectively. The weighted average interest rate on the SBA Debentures was 4.24% and 4.13% for the three and nine months ended December 31, 2023, respectively. For the three and nine months ended December 31, 2022, the weighted average interest rate on the SBA Debentures was 3.70% and 2.98%, respectively. For the three and nine months ended December 31, 2023, average borrowings were \$130.0 million and \$127.3 million, respectively. For the three and nine months ended December 31, 2022, average borrowings were \$83.9 million and \$54.1 million, respectively.

As of December 31, 2023, the Company's issued and outstanding SBA Debentures mature as follows (amounts in thousands):

Pooling Date (1)	Maturity Date	Fixed Interest Rate	December 31, 2023	
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
			\$	130,000

- (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.

## 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.

As of December 31, 2023, 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.

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 December 31, 2023 and 2022, 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):

	Nine Months Ended December 31,	
	2023	2022
Additional capital	\$ (5,277)	\$ (5,126)
Total distributable earnings	5,277	5,126

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 for a full year.

During the quarter ended December 31, 2023, CSWC declared and paid a quarterly dividend in the amount of \$26.9 million, or \$0.63 per share (\$0.57 per share in regular dividends and \$0.06 per share in supplemental dividends). During the quarter ended September 30, 2023, CSWC declared and paid a quarterly dividend in the amount of \$24.8 million, or \$0.62 per share (\$0.56 per share in regular dividends and \$0.06 per share in supplemental dividends). During the quarter ended June 30, 2023, CSWC declared and paid a quarterly dividend in the amount of \$22.9 million, or \$0.59 per share (\$0.54 per share in regular dividends and \$0.05 per share in supplemental dividends). During the quarter ended March 31, 2023, CSWC declared and paid a quarterly dividend in the amount of \$20.9 million, or \$0.58 per share (\$0.53 per share in regular dividends and \$0.05 per share in supplemental dividends).

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 December 31, 2023, CSWC estimates that it has cumulative undistributed taxable income of approximately \$22.2 million, or \$0.52 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 nine months ended December 31, 2023 and 2022:

Reconciliation of RIC Distributable Income <sup>1</sup>	Nine Months Ended December 31,	
	2023	2022
Net increase in net assets from operations	\$ 69,920	\$ 14,917
Net unrealized (appreciation) depreciation on investments	(9,906)	13,989
(Expense/loss) income/gain recognized for tax on pass-through entities	(4,123)	10
(Gain) loss recognized on dispositions	(2,824)	(1,473)
Capital loss carryover <sup>2</sup>	24,429	14,454
Net operating (income) loss - wholly-owned subsidiary	(4,931)	1,071
Dividend income from wholly-owned subsidiary	—	1,068
Non-deductible tax expense	640	466
Loss on extinguishment of debt	(2,045)	(2,045)
Non-deductible compensation	2,772	2,443
Compensation related book/tax differences	(466)	(1,471)
Interest on non-accrual loans	3,959	2,924
Other book/tax differences	3,580	960
Estimated distributable income before deductions for distributions	<u>\$ 81,005</u>	<u>\$ 47,313</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 December 31, 2023, the Company had long-term capital loss carryforwards of \$58.0 million to offset future capital gains. These capital loss carryforwards are not subject to expiration.

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.

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 December 31, 2023, the cost of investments held at the RIC for U.S. federal income tax purposes was \$1,305.8 million, with such investments having gross unrealized appreciation of \$18.6 million and gross unrealized depreciation of \$68.0 million, resulting in net unrealized depreciation of \$49.4 million. As of December 31, 2023, the cost of investments held at the Taxable Subsidiary for U.S. federal income tax purposes was \$44.4 million, with such investments having gross unrealized appreciation of \$68.2 million and gross unrealized depreciation of \$4.0 million, resulting in net unrealized appreciation of \$64.2 million. On a consolidated basis, the total investment portfolio has net unrealized appreciation of \$14.8 million for U.S. federal income tax purposes.

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 December 31, 2023 and March 31, 2023, the Taxable Subsidiary had a deferred tax liability of \$10.9 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 December 31, 2023 and March 31, 2023 (amounts in thousands):

	December 31, 2023	March 31, 2023
<b>Deferred tax asset:</b>		
Net operating loss carryforwards	\$ 159	\$ —
Interest	966	219
Total deferred tax asset	1,125	219
<b>Deferred tax liabilities:</b>		
Net unrealized appreciation on investments	(10,402)	(11,413)
Net basis differences in portfolio investments	(1,648)	(923)
Total deferred tax liabilities	(12,050)	(12,336)
Total net deferred tax (liabilities) assets	\$ (10,925)	\$ (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. For the three months ended December 31, 2023, we recognized a net income tax provision of \$0.9 million, principally consisting of a \$0.4 million accrual for U.S. federal excise tax and a \$0.5 million tax provision relating to the Taxable Subsidiary. For the nine months ended December 31, 2023, we recognized a net income tax provision of \$0.6 million, principally consisting of a \$0.6 million accrual for U.S. federal excise



tax and a \$0.1 million tax benefit relating to the Taxable Subsidiary. For the three months ended December 31, 2022, we recognized a net income tax benefit of \$0.7 million, principally consisting of a \$0.2 million accrual for U.S. federal excise tax and \$0.9 million of tax benefit relating to the Taxable Subsidiary. For the nine months ended December 31, 2022, we recognized a net income tax benefit of \$20.6 thousand, principally consisting of a \$0.5 million accrual for U.S. federal excise tax and a \$0.5 million tax benefit relating to the Taxable Subsidiary.

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.

The following table sets forth the significant components of income tax provision as of December 31, 2023 and 2022 (amounts in thousands):

Components of Income Tax Provision	Nine Months Ended December 31,	
	2023	2022
Excise tax	\$ 590	\$ 468
Tax (benefit) provision related to Taxable Subsidiary	(69)	(488)
Other	50	—
Total income tax provision	<u>\$ 571</u>	<u>\$ (20)</u>

## 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.

### 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.

### 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:

	Three Months Ended December 31,			
	2023		2022	
Number of shares sold		3,036,234		3,264,878
Gross proceeds received (in thousands)	\$	66,549	\$	58,324
Net proceeds received (in thousands) <sup>1</sup>	\$	65,551	\$	57,449
Weighted average price per share	\$	21.92	\$	17.86

  

	Nine Months Ended December 31,			
	2023		2022	
Number of shares sold		6,663,692		6,909,446
Gross proceeds received (in thousands)	\$	134,965	\$	131,990
Net proceeds received (in thousands) <sup>1</sup>	\$	132,941	\$	130,010
Weighted average price per share	\$	20.25	\$	19.10

<sup>1</sup> Net proceeds reflects proceeds after deducting commissions to the sales agents on shares sold and offering expenses. As of December 31, 2023 and 2022, \$0.9 million and \$2.7 million in proceeds remained receivable, respectively, and were included in other receivables in the Consolidated Statements of Assets and Liabilities.

Cumulative to date, the Company has sold 23,276,814 shares of its common stock under the Equity ATM Program at a weighted-average price of \$20.61, raising \$479.6 million of gross proceeds. Net proceeds were \$472.0 million after commissions to the sales agents on shares sold. As of December 31, 2023, the Company has \$170.4 million available under the Equity ATM Program.

### 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:

	Three Months Ended December 31,			
	2023		2022	
Number of shares repurchased		6,216		19,917
Aggregate cost of shares repurchased (in thousands)	\$	138	\$	380
Weighted average price per share	\$	22.17	\$	19.09

	Nine Months Ended December 31,			
	2023		2022	
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 three and nine months ended December 31, 2023 and 2022, 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 December 31, 2023, 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 December 31, 2023, 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.

During the three months ended December 31, 2023 and 2022, we recognized total share based compensation expense of \$1.2 million (of which \$0.1 million was related to restricted stock issued to non-employee directors) and \$1.0 million (of which \$0.1 million was related to restricted stock issued to non-employee directors), respectively, related to the restricted stock issued. During the nine months ended December 31, 2023 and 2022, we recognized total share based compensation expense of \$3.4 million (of which \$0.2 million was related to restricted stock issued to non-employee directors) and \$2.9 million (of which \$0.1 million was related to restricted stock issued to non-employee directors), respectively, related to the restricted stock issued.

As of December 31, 2023, the total remaining unrecognized compensation expense related to non-vested restricted stock awards was \$9.4 million, which will be amortized over the weighted-average vesting period of approximately 2.6 years.

The following table summarizes the restricted stock outstanding under the 2010 Plan and the 2021 Employee Plan as of December 31, 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, 2023	432,711	\$ 21.61	2.4
Granted	284,407	19.86	—
Vested	(156,755)	20.93	—
Forfeited	(1,791)	23.91	—
Unvested at December 31, 2023	558,572	\$ 20.90	2.6

The following table summarizes the restricted stock outstanding under the Non-Employee Director Plan as of December 31, 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, 2023	12,105	\$ 20.66	0.4
Granted	11,200	—	—
Vested	(12,105)	—	—
Forfeited	—	—	—
Unvested at December 31, 2023	11,200	\$ 22.33	0.6

## 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 the three months ended December 31, 2023 and 2022, we made matching contributions of approximately \$29.6 thousand and \$28.6 thousand, respectively. During the nine months ended December 31, 2023 and 2022, we made matching contributions of approximately \$171.2 thousand and \$158.1 thousand, respectively.

## 10. 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 December 31, 2023 and March 31, 2023 were as follows (amounts in thousands):

Portfolio Company	December 31, 2023	March 31, 2023
<b>Revolving Loans</b>		
Acacia BuyerCo V LLC	\$ 2,000	\$ 2,000
Acceleration, LLC	3,050	1,300
Air Conditioning Specialist, Inc.	1,675	1,200
American Teleconferencing Services, Ltd.	—	154
ArborWorks, LLC	1,196	1,000
ATS Operating, LLC	2,000	2,000
Bond Brand Loyalty ULC	2,000	—
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	1,200	1,200
Damotech Inc.	3,000	—
Edge Autonomy Holdings, LLC	4,000	—
Exact Borrower, LLC	2,500	2,500
FM Sylvan, Inc.	5,000	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	3,525	—
Lash OpCo, LLC	202	138
LGM Pharma LLC	1,500	—
Lighting Retrofit International, LLC	2,083	2,083
Lightning Intermediate II, LLC	1,296	1,852
LKC Technologies, Inc.	2,000	—
Mako Steel LP	1,887	943
Mammoth BorrowCo, Inc.	3,750	—
Microbe Formulas LLC	1,627	1,627

<b>Portfolio Company</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
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
Pool Service Holdings, LLC	1,000	—
Roof OpCo, LLC	3,056	3,056
Roseland Management, LLC	1,700	1,425
RTIC Subsidiary Holdings LLC	1,151	548
Shearwater Research, Inc.	—	2,446
South Coast Terminals LLC	1,742	1,935
Spotlight AR, LLC	2,000	2,000
Swensons Drive-In Restaurants, LLC	1,500	—
Systec Corporation	1,000	400
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	—	4,444
Total Revolving Loans	102,852	87,554
<b>Delayed Draw Term Loans</b>		
AAC New Holdco Inc.	166	199
Acacia BuyerCo V LLC	—	2,500
Acceleration, LLC	—	5,000
Air Conditioning Specialist Inc.	750	—
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.	2,875	—
New Skinny Mixes, LLC	3,000	3,000
NinjaTrader, Inc.	—	4,692
Pool Service Holdings, LLC	5,600	—
Versicare Management LLC	—	2,600
Winter Services Operations, LLC	—	4,444
Total Delayed Draw Term Loans	22,857	37,083

<b>Portfolio Company</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
<b>Other</b>		
Command Group Acquisition, LLC	7,500	—
<b>Total Other</b>	<b>7,500</b>	<b>—</b>
Total Unfunded Debt Commitments	<u>\$ 133,209</u>	<u>\$ 124,637</u>

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>December 31, 2023</b>	<b>March 31, 2023</b>
<b>Expiring during:</b>		
2024	\$ 7,666	\$ 31,625
2025	21,762	10,637
2026	9,777	6,712
2027	27,473	38,062
2028	35,982	35,318
2029	30,549	2,283
Total Unfunded Debt Commitments	<u>\$ 133,209</u>	<u>\$ 124,637</u>

The balances of unfunded equity commitments as of December 31, 2023 and March 31, 2023 were as follows (amounts in thousands):

<b>Unfunded Equity Commitments</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Catbird NYC, LLC	\$ 125	\$ 125
Infolinks Media Buyco, LLC	412	412
Total Unfunded Equity Commitments	<u>\$ 537</u>	<u>\$ 537</u>

As of December 31, 2023, 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 December 31, 2023, the Company had \$0.6 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 2024, \$0.2 million expire in April 2024 and \$20.4 thousand expire in August 2024. As of December 31, 2023, 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.

Total lease expense incurred for each of the three months ended December 31, 2023 and 2022 was \$63.1 thousand. Total lease expense incurred for each of the nine months ended December 31, 2023 and 2022 was \$189.2 thousand. As of both December 31, 2023 and March 31, 2023, the asset related to the operating lease was \$1.8 million, respectively, and the lease

liability was \$2.7 million and \$2.8 million, respectively. As of December 31, 2023, the remaining lease term was 8.75 years and the discount rate was 7.63%.

The following table shows future minimum payments under the Company's operating leases as of December 31, 2023 (in thousands):

Year ending March 31,	Rent Commitment
2024	\$ 103
2025	416
2026	426
2027	436
2028	446
Thereafter	2,132
Total	<u>\$ 3,959</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.

### 11. 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 three and nine months ended December 31, 2023 and 2022, we did not receive any management fees from our portfolio companies. As of December 31, 2023 and March 31, 2023, we had dividends receivable from I-45 SLF LLC of \$2.1 million and \$1.9 million, respectively, 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 LLC of \$16.1 thousand and \$61.5 thousand, respectively, for the three and nine months ended December 31, 2023, and \$25.0 thousand and \$75.0 thousand, respectively, for the three and nine months ended December 31, 2022, which was included in fee income on the Consolidated Statement of Operations.



## 12. SUMMARY OF PER SHARE INFORMATION

The following presents a summary of per share data for the nine months ended December 31, 2023 and 2022 (share amounts presented in thousands).

	Nine Months Ended December 31,	
	2023	2022
<b>Per Share Data:</b>		
Investment income <sup>1</sup>	\$ 3.33	\$ 2.90
Operating expenses <sup>1</sup>	(1.28)	(1.26)
Income taxes <sup>1</sup>	(0.01)	0.00
Net investment income <sup>1</sup>	2.04	1.64
Net realized (loss) gain, net of tax <sup>1</sup>	(0.51)	(0.62)
Net unrealized appreciation (depreciation) on investments, net of tax <sup>1</sup>	0.25	(0.49)
Realized loss on extinguishment of debt <sup>1</sup>	(0.01)	—
Total increase from investment operations	1.77	0.53
Accretive effect of share issuances and repurchases	0.56	0.43
Dividends to shareholders	(1.84)	(1.70)
Issuance of restricted stock <sup>2</sup>	(0.13)	(0.14)
Common stock withheld for payroll taxes upon vesting of restricted stock	(0.05)	(0.01)
Share based compensation expense	0.08	0.10
Other <sup>3</sup>	0.01	0.18
Increase (decrease) in net asset value	0.40	(0.61)
Net asset value		
Beginning of period	16.37	16.86
End of period	\$ 16.77	\$ 16.25
<b>Ratios and Supplemental Data</b>		
Ratio of operating expenses to average net assets <sup>4</sup>	10.19 %	10.08 %
Ratio of net investment income to average net assets <sup>4</sup>	16.25 %	13.03 %
Portfolio turnover	12.23 %	11.04 %
Total investment return <sup>5</sup>	44.44 %	(20.95)%
Total return based on change in NAV <sup>6</sup>	13.68 %	6.47 %
Per share market value at the end of the period	\$ 23.70	\$ 17.10
Weighted-average basic and diluted shares outstanding	39,611	28,304
Common shares outstanding at end of period	42,981	34,559

<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> 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>4</sup> The ratios reflect an annualized amount.

<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. As such, the total investment return is not annualized. 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.

### 13. SUBSEQUENT EVENTS

On January 22, 2024, the board of managers of I-45 SLF LLC approved additional capital commitments of \$47.0 million to I-45 SLF LLC, which would result in an additional \$37.6 million of capital commitment from the Company. The board of managers of I-45 SLF LLC also approved the dissolution and liquidation of I-45 SLF LLC and the wind up of its affairs, including distributing all of the assets of I-45 SLF LLC to the Company and Main Street Capital Corporation in accordance with their respective residual percentage. On January 24, 2024, I-45 SLF LLC paid down the full outstanding balance and terminated its credit facility.

On January 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 March 31, 2024. The record date for the dividend is March 15, 2024. The payment date for the dividend is March 29, 2024.

**SCHEDULE 12-14**
**Schedule of Investments in and Advances to Affiliates**

(In thousands)

Portfolio Company	Type of Investment (1)	December 31, 2023 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 December 31, 2023
<b>Control Investments</b>									
<b>I-45 SLF LLC</b>	80% LLC equity interest	\$ —	\$ 6,439	\$ 51,256	\$ —	\$ —	\$ —	\$ 2,944	\$ 54,200
<b>Total Control Investments</b>		\$ —	\$ 6,439	\$ 51,256	\$ —	\$ —	\$ —	\$ 2,944	\$ 54,200
<b>Affiliate Investments</b>									
<b>Air Conditioning Specialists, Inc.</b>	Revolving Loan	\$ 825	\$ 70	\$ 800	\$ 605	\$ (575)	\$ 15	\$ (20)	\$ 825
	First Lien	24,469	2,210	27,438	11,066	(13,935)	175	(275)	24,469
	1,006,045.85 Preferred Units	—	—	1,202	534	—	—	1,013	2,749
<b>ArborWorks, LLC</b>	Revolving Loan	806	14	—	806	—	—	—	806
	First Lien	3,030	56	—	3,030	—	—	—	3,030
	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	—	69	—	1,512	(1,500)	—	(12)	—
	First Lien	15,200	1,487	15,500	46	(300)	—	(46)	15,200
	1,000,000 Class A Units	—	6	1,658	—	—	—	—	1,658
	500,000 Class B Units	—	1	714	—	—	—	—	714
<b>Central Medical Supply LLC</b>	Revolving Loan	300	44	296	4	—	—	—	300
	First Lien	7,526	889	7,402	51	—	—	73	7,526
	Delayed Draw Term Loan	100	21	99	5	—	—	(4)	100
	2,620,670 Preferred Units	—	—	357	248	—	—	755	1,360
<b>Chandler Signs, LLC</b>	1,500,000 units of Class A-1 common stock	—	60	3,215	—	(3,402)	1,902	(1,715)	—

Portfolio Company	Type of Investment (1)	December 31, 2023 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 December 31, 2023
<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	4,141	297	3,823	297	—	—	20	4,140
	First Lien - Term Loan B	4,226	359	3,843	359	—	—	24	4,226
	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	—	20	—	9	—	—	(9)	—
	First lien	6,039	658	6,030	15	(111)	—	105	6,039
	1,000,000 Class A Preferred Units	—	—	1,000	—	—	—	469	1,469
<b>GrammaTech, Inc.</b>	Revolving Loan	—	7	—	7	—	—	(7)	—
	First Lien	2,000	736	10,031	19	(8,031)	39	(58)	2,000
	1,000 Class A units	—	—	—	—	—	—	—	—
	360.06 Class A-1 units	—	—	372	—	—	—	(372)	—
<b>ITA Holdings Group, LLC</b>	Revolving Loan	—	282	7,014	(30)	(7,005)	—	21	—
	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	12,966	1,278	—	11,013	—	—	1,953	12,966
	First Lien - Term Loan B	12,966	1,409	—	11,005	—	—	1,961	12,966
	Delayed Draw Term Loan - A	1,058	46	—	1,034	—	—	24	1,058

Portfolio Company	Type of Investment (1)	December 31, 2023 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 December 31, 2023
	Delayed Draw Term Loan - B	1,058	52	—	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	—	8	—	—	—	—	—	—
	First Lien	5,104	294	5,143	—	(39)	—	(138)	4,966
	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	—	8	—	5	—	—	(5)	—
	First Lien	14,625	1,392	14,552	30	—	—	(59)	14,523
	6,308.2584 Class A common units	—	—	773	—	—	—	(192)	581
<b>Pool Service Partners, Inc.</b>	Revolving Loan	—	—	—	(20)	—	—	20	—
	First Lien	5,000	20	—	4,900	—	—	—	4,900
	Delayed Draw Term Loan	—	1	—	(83)	—	—	83	—
	10,000 Common units	—	—	—	1,000	—	—	—	1,000
<b>Roseland Management, LLC</b>	Revolving Loan	300	51	555	9	(275)	—	11	300
	First Lien	14,942	1,410	14,524	19	(109)	—	508	14,942
	3,364 Class A-2 Units	—	—	694	—	—	—	93	787
	1,100 Class A-1 units	—	—	161	—	—	—	30	191
	16,084 Class A units	—	—	422	—	—	—	445	867
<b>Sonobi, Inc.</b>	500,000 Class A Common units	—	—	1,749	—	—	—	553	2,302
<b>STATinMED, LLC</b>	First Lien	7,560	276	7,288	272	—	—	(1,431)	6,129
	Delayed Draw Term Loan	—	1	122	2	(124)	1	(1)	—
	4,718.62 Class A Preferred Units	—	—	3,767	—	—	—	(3,767)	—
	39,097.96 Class B Preferred Units	—	—	—	—	—	—	—	—

Portfolio Company	Type of Investment (1)	December 31, 2023 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 December 31, 2023
<b>Student Resource Center LLC</b>	First Lien	9,644	590	8,720	776	—	—	(1,009)	8,487
	10,502,487.46 Preferred units	—	—	5,845	—	—	—	(3,186)	2,659
	2,000,000 Preferred units	—	—	—	—	—	—	—	—
<b>Total Affiliate Investments</b>		<u>\$ 159,093</u>	<u>\$ 14,804</u>	<u>\$ 188,505</u>	<u>\$ 56,737</u>	<u>\$ (54,185)</u>	<u>\$ (6,409)</u>	<u>\$ 1,302</u>	<u>\$ 185,950</u>
<b>Total Control &amp; Affiliate Investments</b>		<u>\$ 159,093</u>	<u>\$ 21,243</u>	<u>\$ 239,761</u>	<u>\$ 56,737</u>	<u>\$ (54,185)</u>	<u>\$ (6,409)</u>	<u>\$ 4,246</u>	<u>\$ 240,150</u>

- (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 2. 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 appearing elsewhere in this Quarterly Report on Form 10-Q.*

*The information contained herein may contain "forward-looking statements" based on our current expectations, assumptions and estimates about us and our industry. These forward-looking statements involve risks and uncertainties. Words such as "may," "predict," "will," "continue," "likely," "would," "could," "should," "expect," "anticipate," "potential," "estimate," "indicate," "seek," "believe," "target," "intend," "plan," or "project" and other similar expressions identify forward-looking statements. These risks include risks related to changes in the markets in which the Company invests; changes in the financial and lending markets; interest rate volatility, including the replacement of LIBOR with alternate rates and rising interest rates; the impact of supply chain constraints and labor difficulties on our portfolio companies and the global economy; the elevated level of inflation, and its impact on our portfolio companies and on the industries in which we invest; the impact of geopolitical conditions and its impact on financial market volatility, global economic markets and various sectors and industries; regulatory changes; changes in tax treatment; an economic downturn and its impact on the ability of our portfolio companies to operate and the investment opportunities available to us; and our ability to operate our wholly owned subsidiary, Capital Southwest SBIC I, LP, as a small business investment company. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements that are subject to risks, uncertainties and assumptions. Our actual results could differ materially from those we express in the forward-looking statements as a result of several factors more fully described in "Risk Factors" and elsewhere in our Annual Report on Form 10-K for the fiscal year ended March 31, 2023 and in this Quarterly Report on Form 10-Q. The forward-looking statements made in this Quarterly Report on Form 10-Q relate only to events as of the date on which the statements are made. You should read the following discussion in conjunction with the consolidated financial statements and related footnotes and other financial information included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2023. We undertake no obligation to update publicly any forward-looking statements for any reason, whether as a result of new information, future events or otherwise, except as required by law.*

### 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 and debt capital to UMM 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 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, and opportunistically target first and second lien loans in UMM companies. Our target LMM companies typically have annual EBITDA between \$3.0 million and \$20.0 million, and our LMM investments generally range in size from \$5.0 million to \$35.0 million. Our UMM investments generally include first and second lien loans in companies with EBITDA generally greater than \$20.0 million, and our UMM investments typically range in size from \$5.0 million to \$20.0 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 between five and seven years from the original investment date. We also often seek to invest in the equity securities of our LMM portfolio companies.

Our investments in UMM companies primarily consist of direct investments in or secondary purchases of interest bearing debt securities in privately held companies that are generally larger in size than the LMM companies included in our

portfolio. Our UMM debt investments are generally secured by either a first or second priority lien on the assets of the portfolio company and typically have an expected duration of between three and seven years from the original investment date.

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 nine months ended December 31, 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 1.84% and 1.89%, 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 December 31, 2023 and March 31, 2023, our investment portfolio at fair value represented approximately 95.5% 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 (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. Our Valuation Committee and the Board of Directors believe that our investment portfolio as of December 31, 2023 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 December 31, 2023, investments on non-accrual status represented approximately 2.2% of our total investment portfolio's fair value and approximately 2.8% 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 ASU 2022-03, "Fair Value Measurement (Topic 820) - Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions," which was issued to (1) clarify the guidance in Topic 820, Fair Value Measurement, 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 Topic 820. The new guidance is effective for interim and annual periods beginning after December 15, 2023. The Company does not anticipate the new standard will 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 \$1,365.0 million as of December 31, 2023, as compared to \$1,206.4 million as of March 31, 2023. As of December 31, 2023, we had investments in 96 portfolio companies with an aggregate cost of \$1,369.9 million. As of March 31, 2023, we had investments in 86 portfolio companies with an aggregate cost of \$1,220.2 million.

As of December 31, 2023 and March 31, 2023, approximately \$1,147.7 million, or 97.1%, and \$1,002.9 million, or 96.7%, respectively, of our debt investment portfolio (at fair value) bore interest at floating rates, of which 100.0% were subject to contractual minimum interest rates. As of December 31, 2023 and March 31, 2023, the weighted average contractual minimum interest rate is 1.28% and 1.15%, respectively. As of December 31, 2023 and March 31, 2023, approximately \$34.0 million, or 2.9%, 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 December 31, 2023 and March 31, 2023 (excluding our investment in I-45 SLF LLC):

	December 31, 2023		March 31, 2023	
	(dollars in thousands)			
Number of portfolio companies (a)		95		85
Fair value	\$	1,310,837	\$	1,155,132
Cost	\$	1,289,106	\$	1,139,352
% of portfolio at fair value - debt		90.2 %		89.8 %
% of portfolio at fair value - equity		9.8 %		10.2 %
% of investments at fair value secured by first lien		87.5 %		86.7 %
Weighted average annual effective yield on debt investments (b)		13.5 %		12.8 %
Weighted average annual effective yield on total investments (c)		13.7 %		12.1 %
Weighted average EBITDA (d)	\$	19,121	\$	21,049
Weighted average leverage through CSWC security (e)		3.6x		4.0x

- (a) At December 31, 2023 and March 31, 2023, we had equity ownership in approximately 65.3% and 62.4%, respectively, of our investments.
- (b) The weighted average annual effective yields were computed using the effective interest rates during the quarter for all debt investments at cost as of December 31, 2023 and March 31, 2023, respectively, including accretion of original issue discount but excluding fees payable upon repayment of the debt instruments. As of December 31, 2023, investments on non-accrual status represented approximately 2.2% of our total investment portfolio's fair value and approximately 2.8% 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 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 three months ended December 31, 2023, 11 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 three months ended December 31, 2023, 11 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 also have observed, and continue to observe, supply chain disruptions, labor and resource shortages, commodity inflation, elements of financial market instability (including rapidly rising 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 December 31, 2023 and March 31, 2023:

Investment Rating	As of December 31, 2023	
	Debt Investments at Fair Value	Percentage of Debt Portfolio
	(dollars in thousands)	
1	\$ 181,962	15.4 %
2	940,258	79.6
3	59,516	5.0
4	—	—
<b>Total</b>	<b>\$ 1,181,736</b>	<b>100.0 %</b>

  

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
<b>Total</b>	<b>\$ 1,037,595</b>	<b>100.0 %</b>

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 December 31, 2023, investments on non-accrual status represented approximately 2.2% of our total investment portfolio's fair value and approximately 2.8% 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 nine months ended December 31, 2023, we made new debt investments totaling \$192.1 million, follow-on debt investments totaling \$84.7 million, and equity investments totaling \$13.6 million. We received contractual principal repayments totaling approximately \$42.6 million and full prepayments of approximately \$79.7 million. We funded \$27.4 million on revolving loans and received \$20.1 million in repayments on revolving loans. In addition, we received proceeds from sales of debt and equity investments totaling \$18.0 million.

During the nine months ended December 31, 2022, we made new debt investments totaling \$221.3 million, follow-on debt investments totaling \$85.4 million, and equity investments totaling \$7.9 million. We received contractual principal repayments totaling approximately \$18.4 million and full prepayments of approximately \$72.6 million. We funded \$28.8 million on revolving loans and received \$17.7 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 nine months ended December 31, 2023 and 2022 was as follows (dollars in thousands):

Nine months ended December 31, 2023	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	304,210	—	—	13,643	—	317,853
Proceeds from sales of investments	(13,875)	—	—	(4,131)	—	(18,006)
Principal repayments received	(139,778)	(2,596)	(20)	—	—	(142,394)
Conversion/exchange of security <sup>1</sup>	(6,961)	—	—	6,961	—	—
PIK interest earned	7,925	214	25	—	—	8,164
Accretion of loan discounts	3,724	187	—	—	—	3,911
Realized (loss) gain	(17,917)	3	—	(1,859)	—	(19,773)
Unrealized gain (loss)	8,043	986	(28)	(3,051)	2,944	8,894
Fair value, end of period	\$ 1,146,355	\$ 34,614	\$ 768	\$ 129,100	\$ 54,200	\$ 1,365,037

<sup>1</sup> Includes \$3.8 million of cost basis allocated from first lien debt to warrants.

Nine months ended December 31, 2022	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	332,391	2,735	385	7,891	—	343,402
Proceeds from sales of investments	—	(692)	—	(2,664)	—	(3,356)
Principal repayments received	(96,475)	(12,239)	—	—	—	(108,714)
Conversion of security	(13,715)	—	(587)	14,302	—	—
PIK interest earned	3,512	314	65	—	—	3,891
Accretion of loan discounts	2,678	195	—	—	—	2,873
Realized (loss) gain	(5,083)	(2,240)	(104)	(9,260)	—	(16,687)
Unrealized (loss) gain	(9,180)	(5,272)	(224)	16,677	(9,978)	(7,977)
Fair value, end of period	\$ 954,000	\$ 35,446	\$ 852	\$ 112,123	\$ 47,625	\$ 1,150,046

## 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 Credit Facility 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 .

### Comparison of three months ended December 31, 2023 and December 31, 2022

	Three Months Ended December 31,		Net Change	
	2023	2022	Amount	%
	(in thousands)			
Total investment income	\$ 48,566	\$ 32,766	\$ 15,800	48.2 %
Interest expense	(11,473)	(7,937)	(3,536)	44.6 %
Other operating expenses	(7,327)	(6,150)	(1,177)	19.1 %
Income before taxes	29,766	18,679	11,087	59.4 %
Income tax provision (benefit)	907	(746)	1,653	221.6 %
Net investment income	28,859	19,425	9,434	48.6 %
Net realized (loss) gain on investments, net of tax	(7,842)	(11,086)	3,244	29.3 %
Net unrealized appreciation (depreciation) on investments, net of tax	2,467	(5,390)	7,857	145.8 %
Net increase (decrease) in net assets from operations	\$ 23,484	\$ 2,949	\$ 20,535	696.3 %

### Investment Income

Total investment income consisted of interest income, dividend income, fee income and other income for each applicable period. For the three months ended December 31, 2023, we reported investment income of \$48.6 million, a \$15.8 million, or 48.2%, increase as compared to the three months ended December 31, 2022. The increase was primarily due to a \$12.8 million increase in interest income generated from our debt investments due to an 18.3% increase in the cost basis of debt investments held by us from \$1,013.4 million to \$1,198.5 million year-over-year and an increase in weighted average yield on debt investments. The increase in weighted average yield was primarily due to rising benchmark interest rates year-over-year. Additionally, dividend income increased \$2.3 million year-over-year due to an increase in distributions received from portfolio companies.

### 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 three months ended December 31, 2023, our total interest expense was \$11.5 million, an increase of \$3.5 million, as compared to the total interest expense of \$7.9 million for the three months ended December 31, 2022. 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 4.69% to 5.60% for the three months ended December 31, 2022 and December 31, 2023, respectively. This increase in the weighted average interest rate was primarily due to an increase to the base rate on our Credit Facility (as defined below) and the issuance of the August 2028 Notes.

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

For the three months ended December 31, 2023, our total employee compensation expense (including both cash and share-based compensation) increased by \$0.7 million, or 16.8%, as compared to the total employee compensation expense for the three months ended December 31, 2022. The increase was primarily due to an increase in accrued bonus compensation based on the Company's projected performance compared to its plan. For the three months ended December 31, 2023, our total general and administrative expense was \$2.2 million, an increase of \$0.4 million or 24.9%, as compared to the total general and administrative expense of \$1.8 million for the three months ended December 31, 2022. The increase was attributable to \$0.2 million in costs incurred during the three months ended December 31, 2023 associated with a special meeting of shareholders held on October 11, 2023, as well as \$0.2 million of individually immaterial increases across several general operating expenses.

#### *Net Investment Income*

For the three months ended December 31, 2023, income before taxes increased by \$11.1 million, or 59.4%. Net investment income increased from the prior year period by \$9.4 million, or 48.6%, to \$28.9 million as a result of a \$15.8 million increase in total investment income, partially offset by a \$3.5 million increase in interest expense and a \$1.7 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 \$7.8 million for the three months ended December 31, 2023:

	Three Months Ended December 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	\$ 1,008	\$ 244	\$ (9,054)	\$ 94	\$ (7,708)
Equity	(44)	—	—	(90)	(134)
<b>Total net realized gain (loss)</b>	<b>\$ 964</b>	<b>\$ 244</b>	<b>\$ (9,054)</b>	<b>\$ 4</b>	<b>\$ (7,842)</b>

- (1) Included in other is a \$7.0 thousand 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 \$11.1 million for the three months ended December 31, 2022:

	Three Months Ended December 31, 2022				
	Full Exits Net Gain (Loss)	Partial Exits Net Gain (Loss)	Restructuring Net Gain (Loss)	Other (1) Net Gain (Loss)	Total Net Gain (Loss)
Debt	\$ 43	\$ 128	\$ (6,773)	\$ 5	\$ (6,597)
Equity	(401)	—	(4,000)	(88)	(4,489)
<b>Total net realized (loss) gain</b>	<b>\$ (358)</b>	<b>\$ 128</b>	<b>\$ (10,773)</b>	<b>\$ (83)</b>	<b>\$ (11,086)</b>

- (1) Included in other is a \$0.1 million income tax benefit related to realized losses 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 depreciation on investments of \$2.5 million for the three months ended December 31, 2023 (amounts in thousands):

	Three Months Ended December 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	\$ 7,998	\$ 89	\$ —	\$ 8,087
Net unrealized (depreciation) appreciation relating to portfolio investments	(5,870)	(529) <sup>1</sup>	779	(5,620)
<b>Total net unrealized appreciation (depreciation) on investments</b>	<b>\$ 2,128</b>	<b>\$ (440)</b>	<b>\$ 779</b>	<b>\$ 2,467</b>

<sup>1</sup> Includes a deferred tax expense of \$0.1 million associated with the Taxable Subsidiary.

The following table provides a summary of the total net unrealized appreciation on investments of \$5.4 million for the three months ended December 31, 2022 (amounts in thousands):

	Three Months Ended December 31, 2022			
	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	\$ 6,146	\$ 3,926	\$ —	\$ 10,072
Net unrealized (depreciation) appreciation relating to portfolio investments	(8,068)	(4,121) <sup>1</sup>	(3,273)	(15,462)
<b>Total net unrealized (depreciation) appreciation on investments</b>	<b>\$ (1,922)</b>	<b>\$ (195)</b>	<b>\$ (3,273)</b>	<b>\$ (5,390)</b>

<sup>1</sup> Includes a deferred tax provision of \$3.4 million associated with the Taxable Subsidiary.

**Comparison of nine months ended December 31, 2023 and December 31, 2022**

	Nine Months Ended December 31,		Net Change	
	2023	2022	Amount	%
	(in thousands)			
Total investment income	\$ 131,704	\$ 82,108	\$ 49,596	60.4 %
Interest expense	(31,635)	(20,050)	(11,585)	57.8 %
Other operating expenses	(18,889)	(15,771)	(3,118)	19.8 %
Income before taxes	81,180	46,287	34,893	75.4 %
Income tax provision (benefit)	571	(20)	591	2,955.0 %
Net investment income	80,609	46,307	34,302	74.1 %
Net realized (loss) gain on investments, net of tax	(20,234)	(17,401)	(2,833)	(16.3)%
Net unrealized appreciation (depreciation) on investments, net of tax	9,906	(13,989)	23,895	170.8 %
Realized loss on extinguishment of debt	(361)	—	(361)	100.0 %
Net increase in net assets from operations	<u>\$ 69,920</u>	<u>\$ 14,917</u>	<u>\$ 55,003</u>	368.7 %

**Investment Income**

Total investment income consisted of interest income, dividend income, fee income and other income for each applicable period. For the nine months ended December 31, 2023, we reported investment income of \$131.7 million, a \$49.6 million, or 60.4%, increase as compared to the nine months ended December 31, 2022. The increase was primarily due to a \$46.3 million increase in interest income generated from our debt investments due to an 18.3% increase in the cost basis of debt investments held by us from \$1,013.4 million to \$1,198.5 million year-over-year and an increase in weighted average yield on debt investments. The increase in weighted average yield was primarily due to rising benchmark interest rates year-over-year. Additionally, dividend income increased \$2.8 million year-over-year due to an increase in distributions received from portfolio companies.

**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 nine months ended December 31, 2023, our total interest expense was \$31.6 million, an increase of \$11.6 million, as compared to the total interest expense of \$20.1 million for the nine months ended December 31, 2022. 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 4.05% to 5.40% for the nine months ended December 31, 2022 and December 31, 2023, respectively. The increase in the weighted average interest rate was primarily due to an increase to the base rate on our Credit Facility and the issuance of the August 2028 Notes.

**Salaries, General and Administrative Expenses**

For the nine months ended December 31, 2023, our total employee compensation expense (including both cash and share-based compensation) increased by \$2.1 million, or 20.9%, as compared to the total employee compensation expense for the nine months ended December 31, 2022. The increase was primarily due to an increase in accrued bonus compensation based on the Company's projected performance compared to its plan. For the nine months ended December 31, 2023, our total general and administrative expense was \$6.7 million, an increase of \$1.0 million, or 17.8%, as compared to the total general and administrative expense of \$5.7 million for the nine months ended December 31, 2022. 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 nine months ended December 31, 2023, income before taxes increased by \$34.9 million, or 75.4%. Net investment income increased from the prior year period by \$34.3 million, or 74.1%, to \$80.6 million as a result of a \$49.6 million increase in total investment income, partially offset by a \$11.6 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 \$20.2 million for the nine months ended December 31, 2023:

	Nine Months Ended December 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	\$ (5,019)	\$ 769	\$ (13,998)	\$ 117	\$ (18,131)
Equity	1,858	—	(3,615)	(346)	(2,103)
Total net realized (loss) gain	<u>\$ (3,161)</u>	<u>\$ 769</u>	<u>\$ (17,613)</u>	<u>\$ (229)</u>	<u>\$ (20,234)</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 \$17.4 million for the nine months ended December 31, 2022:

	Nine Months Ended December 31, 2022				
	Full Exits Net Gain (Loss)	Partial Exits Net Gain (Loss)	Restructuring Net Gain (Loss)	Other (1) Net Gain (Loss)	Total Net Gain (Loss)
Debt	\$ (1,222)	\$ 308	\$ (6,984)	\$ 188	\$ (7,710)
Equity	851	—	(10,107)	(435)	(9,691)
Total net realized (loss) gain	<u>\$ (371)</u>	<u>\$ 308</u>	<u>\$ (17,091)</u>	<u>\$ (247)</u>	<u>\$ (17,401)</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.

### Net Unrealized Gains (Losses) on Investments

The following table provides a summary of the total net unrealized appreciation on investments of \$9.9 million for the nine months ended December 31, 2023 (amounts in thousands):

	Nine Months Ended December 31, 2023			
	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	\$ 18,421	\$ 1,988	\$ —	\$ 20,409
Net unrealized (depreciation) appreciation relating to portfolio investments	(9,419)	(4,028) <sup>1</sup>	2,944	(10,503)
Total net unrealized appreciation (depreciation) on investments	<u>\$ 9,002</u>	<u>\$ (2,040)</u>	<u>\$ 2,944</u>	<u>\$ 9,906</u>

- <sup>1</sup> Includes a deferred tax benefit of \$1.0 million associated with the Taxable Subsidiary.

The following table provides a summary of the total net unrealized depreciation on investments of \$14.0 million for the nine months ended December 31, 2022 (amounts in thousands):

	Nine Months Ended December 31, 2022			
	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	\$ 7,909	\$ 8,776	\$ —	\$ 16,685
Net unrealized (depreciation) appreciation relating to portfolio investments	(22,585)	1,889 <sup>1</sup>	(9,978)	(30,674)
Total net unrealized (depreciation) appreciation on investments	<u>\$ (14,676)</u>	<u>\$ 10,665</u>	<u>\$ (9,978)</u>	<u>\$ (13,989)</u>

<sup>1</sup> Includes a deferred tax provision of \$6.0 million associated with the Taxable Subsidiary.

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

During the nine months ended December 31, 2023, we recognized a loss on extinguishment of debt of \$0.4 million due to two non-extending lenders in connection with the Credit Agreement entered into on August 2, 2023. During the nine months ended December 31, 2022, 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 the Credit Facility 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 the Credit Facility 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 Facility and future issuances of debt and equity on terms we believe are favorable to the Company and our shareholders (including the 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. In light of current market conditions, we will 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.

### *Cash Flows*

For the nine months ended December 31, 2023, we experienced a net increase in cash and cash equivalents in the amount of \$2.0 million. During the foregoing period, our operating activities used \$86.4 million in cash, consisting primarily of new portfolio investments of \$317.9 million, partially offset by \$154.5 million from sales and repayments received from debt investments in portfolio companies and \$4.1 million from sales and return of capital of equity investments in portfolio companies. In addition, our financing activities provided cash of \$88.4 million, consisting primarily of net proceeds from the issuance of the August 2028 Notes (as defined below) of \$69.7 million, net proceeds from the Equity ATM Program of \$132.9 million, and net proceeds from the issuance of SBA Debentures of \$9.8 million, partially offset by cash dividends paid in the amount of \$74.5 million and net repayments on our Credit Facility of \$40.0 million. At December 31, 2023, the Company had cash and cash equivalents of approximately \$23.6 million.

For the nine months ended December 31, 2022, we experienced a net increase in cash and cash equivalents in the amount of \$10.3 million. During that period, our operating activities used \$193.6 million in cash, consisting primarily of new portfolio investments of \$343.4 million, partially offset by \$106.6 million from sales and repayments received from debt investments in portfolio companies and \$2.7 million from sales and return of capital of equity investments in portfolio companies. In addition, our financing activities provided cash of \$204.1 million, consisting primarily of net proceeds from the Equity ATM Program of \$130.1 million, net proceeds from an underwritten equity offering of \$44.1 million, net proceeds from the issuance of SBA debentures of \$62.4 million and net borrowings on our Credit Facility of \$20.0 million, partially offset by cash dividends paid in the amount of \$50.2 million. At December 31, 2022, the Company had cash and cash equivalents of approximately \$21.7 million.

### *Financing Transactions*

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 December 31, 2023, the Company's asset coverage was 253%.

### *Credit Facility*

In August 2016, CSWC entered into a senior secured revolving credit facility (the "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, the "Credit Agreement"). Borrowings under the 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 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 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.

CSWC pays unused commitment fees of 0.50% to 1.00% per annum, based on utilization, on the unused lender commitments under the Credit Facility. The 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 Credit Facility is secured by (1) substantially all of the present and future property and assets of the Company and the guarantors and (2) 100% of the equity interests in the Company's wholly-owned subsidiary. As of December 31, 2023, substantially all of the Company's assets were pledged as collateral for the Credit Facility, except for assets held by SBIC I.

At December 31, 2023, CSWC had \$195.0 million in borrowings outstanding under the Credit Facility. CSWC recognized interest expense related to the Credit Facility, including unused commitment fees and amortization of deferred loan costs, of \$5.2 million and \$14.5 million for the three and nine months ended December 31, 2023, respectively. For the three and nine months ended December 31, 2022, CSWC recognized interest expense of \$3.9 million and \$8.8 million, respectively. The weighted average interest rate on the Credit Facility was 7.88% and 7.61% and for the three and nine months ended December 31, 2023, respectively. For the three and nine months ended December 31, 2022, the weighted average interest rate on the Credit Facility was 6.02% and 4.63%, respectively. Average borrowings for the three and nine months ended December 31, 2023 were \$224.7 million and \$162.9 million, respectively. For the three and nine months ended December 31, 2022, average borrowings were \$228.0 million and \$208.6 million, respectively. As of December 31, 2023 and 2022, CSWC was in compliance with all financial covenants under the Credit Agreement.

#### *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 Facility and the SBA Debentures.

As of December 31, 2023, the carrying amount, which includes unamortized debt issuance costs, of the January 2026 Notes was \$139.3 million on an aggregate principal amount of \$140.0 million at a weighted average effective yield of 4.46%. As of December 31, 2023, the fair value of the January 2026 Notes was \$121.2 million. This is a Level 3 fair value measurement under ASC 820 based on a valuation model using a discounted cash flow analysis. The Company recognized interest expense related to the January 2026 Notes, including amortization of deferred issuance costs, of \$1.7 million and \$5.0 million, respectively, for each of the three and nine months ended December 31, 2023 and 2022. For each of the three and nine months ended December 31, 2023 and 2022, average borrowings were \$140.0 million.

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 Facility and the SBA Debentures.

As of December 31, 2023, the carrying amount, which includes unamortized debt issuance costs, of the October 2026 Notes was \$147.9 million on an aggregate principal amount of \$150.0 million at a weighted average effective yield of 3.5%. As of December 31, 2023, the fair value of the October 2026 Notes was \$130.5 million. This is a Level 3 fair value measurement under ASC 820 based on a valuation model using a discounted cash flow analysis. The Company recognized interest expense related to the October 2026 Notes, including amortization of deferred issuance costs, of \$1.5 million and \$4.4 million for the three and nine months ended December 31, 2023, respectively. For the three and nine months ended December 31, 2022, the Company recognized interest expense of \$1.4 million and \$4.3 million, respectively. For each of the three and nine months ended December 31, 2023 and 2022, average borrowings were \$150.0 million.

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, beginning on August 1, 2023. The August 2028 Notes are the direct unsecured obligations of the Company, rank pari passu with the Company's other outstanding and future unsecured unsubordinated indebtedness and are effectively or structurally subordinated to all of the Company's existing and future secured indebtedness, including borrowings under the Credit Facility and the SBA Debentures. The August 2028 Notes are listed on the Nasdaq Global Select Market under the trading symbol "CSWCZ."

As of December 31, 2023, the carrying amount, which includes unamortized debt issuance costs, of the August 2028 Notes was \$69.6 million on an aggregate principal amount of \$71.9 million at a weighted average effective yield of 7.75%. As of December 31, 2023, the fair value of the August 2028 Notes was \$73.3 million. The fair value 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 Company recognized interest expense related to the August 2028 Notes, including amortization of deferred issuance costs, of \$1.5 million and \$3.3 million for the three and nine months ended December 31, 2023, respectively. Since the issuance of the August 2028 Notes on June 14, 2023 through December 31, 2023, average borrowings were \$71.9 million.

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 the Company's full compliance, as determined by the SBA, with the terms and conditions set forth in the SBA regulations. As of December 31, 2023, SBIC I had regulatory capital of \$87.5 million and leverageable capital of \$87.5 million. As of December 31, 2023, SBIC I had a total leverage commitment from the SBA in the amount of \$175.0 million, of which \$45.0 million remains unused.

As of December 31, 2023, the carrying amount of SBA Debentures was \$126.1 million on an aggregate principal amount of \$130.0 million. As of December 31, 2023, the fair value of the SBA Debentures was \$122.8 million. The fair value of the SBA Debentures is estimated by discounting the remaining payments using current market rates for similar instruments and considering such factors as the legal maturity date and the ability of market participants to prepay the SBA Debentures, which are Level 3 inputs under ASC 820. The Company recognized interest expense and fees related to SBA Debentures of \$1.5 million and \$4.4 million for the three and nine months ended December 31, 2023, respectively. For the three and nine months ended December 31, 2022, the Company recognized interest expense of \$0.9 million and \$1.9 million, respectively. The weighted average interest rate on the SBA Debentures was 4.24% and 4.13% for the three and nine months ended December

31, 2023, respectively. For the three and nine months ended December 31, 2022, the weighted average interest rate on the SBA Debentures was 3.70% and 2.98%, respectively. For the three and nine months ended December 31, 2023, average borrowings were \$130.0 million and \$127.3 million, respectively. For the three and nine months ended December 31, 2022, average borrowings were \$83.9 million and \$54.1 million, respectively.

As of December 31, 2023, the Company's issued and outstanding SBA Debentures mature as follows (amounts in thousands):

Pooling Date (1)	Maturity Date	Fixed Interest Rate	December 31, 2023	
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
			\$	<u>130,000</u>

- (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.

#### *Equity Capital Activities*

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.

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.

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:

	Three Months Ended December 31,			
	2023		2022	
Number of shares sold		3,036,234		3,264,878
Gross proceeds received (in thousands)	\$	66,549	\$	58,324
Net proceeds received (in thousands) <sup>1</sup>	\$	65,551	\$	57,449
Weighted average price per share	\$	21.92	\$	17.86

  

	Nine Months Ended December 31,			
	2023		2022	
Number of shares sold		6,663,692		6,909,446
Gross proceeds received (in thousands)	\$	134,965	\$	131,990
Net proceeds received (in thousands) <sup>1</sup>	\$	132,941	\$	130,010
Weighted average price per share	\$	20.25	\$	19.10

<sup>1</sup> Net proceeds reflects proceeds after deducting commissions to the sales agents on shares sold and offering expenses. As of December 31, 2023 and 2022, \$0.9 million and \$2.7 million in proceeds remained receivable, respectively, and were included in other receivables in the Consolidated Statements of Assets and Liabilities.

Cumulative to date, the Company has sold 23,276,814 shares of its common stock under the Equity ATM Program at a weighted-average price of \$20.61, raising \$479.6 million of gross proceeds. Net proceeds were \$472.0 million after commissions to the sales agents on shares sold. As of December 31, 2023, the Company has \$170.4 million available under the Equity ATM Program.

On 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 three and nine months ended December 31, 2023 and 2022, the Company did not repurchase any shares under the share repurchase program.

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.



## Contractual Obligations

As shown below, we had the following contractual obligations as of December 31, 2023. For information on our unfunded investment commitments, see Note 10 - 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	\$ 3,960	\$ 414	\$ 858	\$ 898	\$ 1,790
Credit Facility (1)	266,461	15,615	31,144	219,702	—
January 2026 Notes (2)	155,750	6,300	149,450	—	—
October 2026 Notes (2)	165,187	5,062	160,125	—	—
August 2028 Notes (2)	98,334	5,570	11,141	81,623	—
	<u>\$ 689,692</u>	<u>\$ 32,961</u>	<u>\$ 352,718</u>	<u>\$ 302,223</u>	<u>\$ 1,790</u>

(1) Amounts include interest payments calculated at an average rate of 7.88% of outstanding borrowings under the Credit Facility, which were \$195.0 million as of December 31, 2023.

(2) Includes interest payments.

## 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 December 31, 2023 and March 31, 2023, we had a total of approximately \$133.7 million and \$125.2 million, respectively, in currently unfunded commitments (as discussed in Note 10 - Commitments and Contingencies to the Consolidated Financial Statements). As of December 31, 2023, the total unfunded commitments included commitments to issue letters of credit through a financial intermediary on behalf of certain portfolio companies. As of December 31, 2023, we had \$0.6 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 2024, \$0.2 million expire in April 2024 and \$20.4 thousand expire in August 2024. As of December 31, 2023, 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.

The Company believes its assets will provide adequate coverage to satisfy these unfunded commitments. As of December 31, 2023, the Company had cash and cash equivalents of \$23.6 million and \$264.4 million in available borrowings under the Credit Facility.

## RECENT DEVELOPMENTS

On January 22, 2024, the board of managers of I-45 SLF LLC approved additional capital commitments of \$47.0 million to I-45 SLF LLC, which would result in an additional \$37.6 million of capital commitment from the Company. The board of managers of I-45 SLF LLC also approved the dissolution and liquidation of I-45 SLF LLC and the wind up of its affairs, including distributing all of the assets of I-45 SLF LLC to the Company and Main Street Capital Corporation in

accordance with their respective residual percentage. On January 24, 2024, I-45 SLF LLC paid down the full outstanding balance and terminated its credit facility.

On January 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 March 31, 2024. The record date for the dividend is March 15, 2024. The payment date for the dividend is March 29, 2024.

### **Item 3. 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 rising 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 rates, including the replacement of LIBOR with alternate rates and a rising interest rate environment, to the extent our debt investments include floating interest rates. As of December 31, 2023, our portfolio is comprised entirely of floating rate investments that utilize SOFR.

Since March 2022, the Federal Reserve has been rapidly raising interest rates and has indicated that it may consider additional rate hikes in response to ongoing inflation concerns. In a rising interest rate environment, 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. It is possible that the Federal Reserve's tightening cycle could result in a recession in the United States, which would likely lead to a decrease in interest rates. Alternatively, a prolonged reduction in interest rates will reduce our gross investment income and could result in a decrease in our net investment income if such decreases in base rates, such as SOFR, are not offset by a corresponding increase in the spread over such base rate that we earn on any portfolio investments or a decrease in the interest rate of our floating interest rate liabilities tied to such base rate. See Item 1A. Risk Factors "The alternate 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" for more information.

Our interest expenses also will be affected by changes in the published SOFR rate in connection with our Credit Facility. 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 December 31, 2023, we were not a party to any hedging arrangements.

As of December 31, 2023, approximately 97.1% of our debt investment portfolio (at fair value) bore interest at floating rates, 100.0% of which were subject to contractual minimum interest rates. Our 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 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 December 31, 2023.

<b>Basis Point Change</b>	<b>Increase (decrease) in net investment income (in thousands)</b>	<b>Increase (decrease) net investment income per share</b>
(200 bps)	\$ (20,147)	\$ (0.47)
(150 bps)	(15,110)	(0.35)
(100 bps)	(10,073)	(0.23)
(50 bps)	(5,037)	(0.12)
50 bps	5,037	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 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 4. Controls and Procedures**

As of the end of the period covered by this report, an evaluation was performed under the supervision and with the participation of our management, including the President and Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15 of the Securities Exchange Act of 1934). Based upon this evaluation, management, including our President and Chief Executive Officer and our Chief Financial Officer, concluded that our current disclosure controls and procedures are effective as of December 31, 2023.

During the three months ended December 31, 2023, there were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II. – OTHER INFORMATION

### Item 1. Legal Proceedings

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. We have no currently pending material legal proceedings to which we are party or to which any of our assets is subject.

### Item 1A. Risk Factors

Investing in our common stock involves a number of significant risks. There have been no material changes to the risk factors as previously disclosed in our Annual Report on Form 10-K for the fiscal year ended March 31, 2023 that we filed with the SEC on May 23, 2023, other than the risk factor listed below:

*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.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

#### *Sales of Unregistered Securities*

None.

#### *Issuer Purchases of Equity Securities*

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 three months ended December 31, 2023, the Company did not repurchase any shares under the share repurchase program.

**Item 3. Defaults Upon Senior Securities.**

None.

**Item 4. Mine Safety Disclosures.**

Not applicable.

**Item 5. Other Information.**

(a) None.

(b) None.

(c) For the period covered by this Quarterly Report on Form 10-Q, 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.

The Company has adopted insider trading policies and procedures governing the purchase, sale and disposition of the Company's securities by officers and directors of the Company that are reasonably designed to promote compliance with insider trading laws, rules and regulations.

## Item 6. Exhibits

<u>Exhibit No.</u>	<u>Description</u>
<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 (Reg. 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 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 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 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 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 (Reg. 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 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 4.3 to Current Report on Form 8-K 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 filed on August 27, 2021).</a>
<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 4.3 to Current Report on Form 8-K 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 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 filed on June 14, 2023).</a>
<a href="#">10.1</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 filed on December 7, 2023).</a>
<a href="#">31.1*</a>	<a href="#">Certification of President and Chief Executive Officer required by Rule 13a-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) 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) 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) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code.</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.

^ The certifications, attached as Exhibits 32.1 and 32.2 accompany this Quarterly Report pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 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 Quarterly Report, irrespective of any general incorporation language contained in any such filing.



**SIGNATURES**

Pursuant to the requirements 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**

January 30, 2024

\_\_\_\_\_  
Date

By: /s/ Bowen S. Diehl

\_\_\_\_\_  
Bowen S. Diehl  
President and Chief Executive Officer

January 30, 2024

\_\_\_\_\_  
Date

By: /s/ Michael S. Sarner

\_\_\_\_\_  
Michael S. Sarner  
Chief Financial Officer, Secretary and Treasurer

## CERTIFICATIONS

I, Bowen S. Diehl, certify that:

- 1 I have reviewed this quarterly report on Form 10-Q 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: January 30, 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 quarterly report on Form 10-Q 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: January 30, 2024

By: /s/ Michael S. Sarner

Michael S. Sarner  
Chief Financial Officer

**Certification of the President and Chief Executive Officer  
Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the  
Sarbanes-Oxley Act of 2002**

I, Bowen S. Diehl, President and Chief Executive Officer of Capital Southwest Corporation, certify that, to my knowledge:

1. The Form 10-Q for the quarter ended December 31, 2023, filed with the Securities and Exchange Commission on January 30, 2024 (“accompanied report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the accompanied report fairly presents, in all material respects, the consolidated financial condition and results of operations of Capital Southwest Corporation.

Date: January 30, 2024

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

