

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): **August 5, 2024**

CAPITAL SOUTHWEST CORPORATION

(Exact Name Of Registrant As Specified In Charter)

Texas
(State or Other Jurisdiction of Incorporation)

814-00061
(Commission File Number)

75-1072796
(IRS Employer Identification No.)

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

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

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

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

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

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

Trading Symbol(s)
CSWC
CSWCZ

Name of Each Exchange on Which Registered
The Nasdaq Global Select Market
The Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On August 5, 2024, Capital Southwest Corporation (the "Company") issued a press release, a copy of which has been furnished as Exhibit 99.1 hereto.

The information furnished in this Current Report on Form 8-K under Item 2.02, including Exhibit 99.1, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended (the "Securities Act"), except as shall be expressly set forth by reference in a future filing.

Item 7.01 Regulation FD Disclosure.

The Company expects to hold a conference call with analysts and investors on August 6, 2024. A copy of the investor presentation slides to be used by the Company on such conference call is furnished as Exhibit 99.2 to this Form 8-K and incorporated herein by reference.

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

Item 9.01 Financial Statements and Exhibits

(d)	Exhibits	
	<u>Exhibit No.</u>	<u>Description</u>
	99.1	Press release issued by Capital Southwest Corporation on August 5, 2024
	99.2	Investor presentation slides
	104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: August 5, 2024

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

Capital Southwest Announces Financial Results for First Fiscal Quarter Ended June 30, 2024, Increases Regular Dividend to \$0.58 per share and Declares a Supplemental Dividend of \$0.06 per share for the Quarter Ending September 30, 2024

CSWC Reports Pre-Tax Net Investment Income of \$0.69 Per Share for Quarter Ended June 30, 2024

Dallas, Texas – August 5, 2024 – Capital Southwest Corporation (“Capital Southwest,” “CSWC” or the “Company”) (Nasdaq: CSWC), an internally managed business development company focused on providing flexible financing solutions to support the acquisition and growth of middle market businesses, today announced its financial results for the first fiscal quarter ended June 30, 2024.

First Quarter Fiscal Year 2025 Financial Highlights

- Total Investment Portfolio: \$1.5 billion
 - Credit Portfolio of \$1.3 billion:
 - 98% 1st Lien Senior Secured Debt
 - \$105.1 million in new committed credit investments during the quarter
 - Weighted Average Yield on Debt Investments: 13.3%
 - Current non-accruals with a fair value of \$27.8 million, representing 1.9% of the total investment portfolio
 - Equity Portfolio of \$132.8 million
 - \$3.0 million in new equity co-investments during the quarter
- Pre-Tax Net Investment Income: \$31.3 million, or \$0.69 per weighted average share outstanding
- Dividends: Paid \$0.57 per share Regular Dividend and \$0.06 per share Supplemental Dividend
 - 122% LTM Pre-Tax NII Regular Dividend Coverage
 - Total Dividends for the quarter ended June 30, 2024 of \$0.63 per share
 - Board of Directors approved an increase of the Regular Dividend to \$0.58 per share and a Supplemental Dividend of \$0.06 per share for the quarter ended September 30, 2024
- Net Realized and Unrealized Depreciation: \$14.8 million, or 1.0% of total investments at fair value
 - \$4.7 million of net depreciation related to the equity portfolio
 - \$10.1 million of net depreciation related to the credit portfolio
- Balance Sheet:
 - Cash and Cash Equivalents: \$33.3 million
 - Total Net Assets: \$777.3 million
 - Net Asset Value (“NAV”) per Share: \$16.60

In commenting on the Company's results, Bowen Diehl, President and Chief Executive Officer, stated, "The June quarter was another strong quarter for Capital Southwest, with \$108 million of originations. Our portfolio continued to perform well, producing \$0.69 of pre-tax net investment income per share for the quarter, which more than earned both our \$0.57 per share regular dividend and our \$0.06 per share supplemental dividend paid for the quarter. In consideration of the strong performance of our portfolio, the Board of Directors has increased the regular quarterly dividend to \$0.58 per share for the quarter ending September 30, 2024. Given the continued excess earnings being generated by our portfolio, our Board of Directors has also declared a supplemental dividend of \$0.06 per share for the quarter ending September 30, 2024, resulting in total dividends for the quarter ending September 30, 2024 of \$0.64 per share. While future dividend declarations are at the discretion of our Board of Directors, it is our intent to continue to distribute quarterly supplemental dividends for the foreseeable future while base rates remain materially above long-term historical averages and we have a meaningful UTI balance. Finally, we continued our capital raising track record during the quarter raising over \$38 million on our Equity ATM Program and adding \$50 million in new commitments to our SPV Credit Facility, all resulting in Capital Southwest's balance sheet liquidity being at an all time high of \$485 million."

First Quarter Fiscal Year Investment Activities

Originations

During the quarter ended June 30, 2024, the Company originated \$108.1 million in new commitments, consisting of investments in three new portfolio companies totaling \$49.3 million and add-on commitments in 11 portfolio companies totaling \$58.8 million. New portfolio company investment transactions that closed during the quarter ended June 30, 2024 are summarized as follows:

SureKap, LLC, \$16.2 million 1st Lien Senior Secured Debt, \$5.0 million Revolving Loan, \$8.8 million Delayed Draw Term Loan, \$0.5 million Common Equity: The company is a manufacturer of high quality packaging equipment.

Brandner Design LLC, \$8.8 million 1st Lien Senior Secured Debt, \$1.0 million Revolving Loan, Common Equity: The company designs, manufactures and installs luxury-class architectural elements in residential and commercial settings.

TalkNY Management Holdings, LLC, \$7.5 million 1st Lien Senior Secured Debt, \$1.5 million Preferred Equity: The company is a provider of mental health teletherapy services to patients in the New York City metro area.

Prepayments and Exits

During the quarter ended June 30, 2024, the Company received full prepayments on eight debt investments totaling \$77.2 million.

The Producto Group: Proceeds of \$16.4 million, generating an IRR of 14.9%.

Outerbox, LLC: Proceeds of \$14.6 million, generating an IRR of 13.6%.

USA Debusk, LLC: Proceeds of \$13.0 million, generating an IRR of 9.9%.

Opco Borrower, LLC: Proceeds of \$11.7 million, generating an IRR of 14.2%.

Infolinks Media, LP: Proceeds of \$8.2 million, generating an IRR of 11.1%.

RTIC Subsidiary Holdings, LLC: Proceeds of \$5.7 million, generating an IRR of 11.8%.

Intermedia Holdings, Inc.: Proceeds of \$5.2 million, generating an IRR of 9.2%.

Vida Capital, Inc.: Proceeds of \$2.4 million, generating an IRR of 8.8%.

First Fiscal Quarter 2025 Operating Results

For the quarter ended June 30, 2024, Capital Southwest reported total investment income of \$51.4 million, compared to \$46.4 million in the prior quarter. The increase in investment income was primarily attributable to an increase in the average monthly cost basis of investments held, an increase in amendment fees received during the quarter, and an increase in distributions received from our equity investments.

For the quarter ended June 30, 2024, total operating expenses (excluding interest expense) were \$7.6 million, compared to \$5.2 million in the prior quarter. The increase was primarily attributable to an increase in accrued bonus compensation in the current quarter, an increase in audit fees and an increase in professional fees incurred in connection with the compensation consultant engaged by the Compensation Committee.

For the quarter ended June 30, 2024, interest expense was \$12.4 million, compared to \$11.5 million in the prior quarter. The increase was primarily attributable to an increase in average debt outstanding and an increase in the weighted average interest rate on total debt.

For the quarter ended June 30, 2024, total pre-tax net investment income was \$31.3 million, compared to \$29.8 million in the prior quarter.

For the quarter ended June 30, 2024, there was a tax provision of \$2.4 million, compared to \$0.4 million in the prior quarter. The provision includes a \$2.2 million deferred tax expense, which is primarily attributable to a decrease in the tax basis of investments held at the Taxable Subsidiary, resulting in an increase in tax appreciation.

During the quarter ended June 30, 2024, Capital Southwest recorded total net realized and unrealized losses on investments of \$14.8 million, compared to \$15.9 million of total net realized and unrealized losses in the prior quarter. For the quarter ended June 30, 2024, the total net realized and unrealized losses on investments reflected net realized and unrealized losses on debt investments of \$10.1 million and net realized and unrealized losses on equity investments of \$4.7 million. The net increase in net assets resulting from operations was \$14.0 million for the quarter, compared to \$13.5 million in the prior quarter.

The Company's NAV at June 30, 2024 was \$16.60 per share, as compared to \$16.77 the prior quarter. The decrease in NAV per share from the prior quarter is primarily due to net realized and unrealized losses on investments, partially offset by pre-tax net investment income in excess of dividends paid, as well as the issuance of common stock at a premium to NAV per share through the Equity ATM Program (as described below).

Liquidity and Capital Resources

At June 30, 2024, Capital Southwest had approximately \$33.3 million in unrestricted cash and money market balances and \$430.2 million of unused capacity under the Corporate Credit Facility (as defined below) and the SPV Credit Facility (as defined below). The regulatory debt to equity ratio at the end of the quarter was 0.75 to 1.

As of June 30, 2024, Capital Southwest had the following borrowings outstanding:

- \$165.0 million of total debt outstanding on the Corporate Credit Facility
- \$64.0 million of total debt outstanding on the SPV Credit Facility
- \$139.5 million, net of unamortized debt issuance costs, of the 4.50% Notes due January 2026
- \$148.3 million, net of unamortized debt issuance costs, of the 3.375% Notes due October 2026
- \$69.8 million, net of unamortized debt issuance costs, of the 7.75% Notes due August 2028
- \$148.9 million, net of unamortized debt issuance costs, of SBA Debentures (as defined below)

In August 2016, CSWC entered into a senior secured credit facility (the "Corporate Credit Facility") to provide additional liquidity to support its investment and operational activities. Borrowings under the Corporate Credit Facility accrue interest on a per annum basis at a rate equal to the applicable SOFR rate plus 2.15%. On August 2, 2023, CSWC entered into the Third Amended and Restated Senior Secured Revolving Credit Agreement (the "Credit Agreement") that (1) increased commitments under the Corporate Credit Facility from \$400 million to \$435 million; (2) added an uncommitted accordion feature that could increase the maximum commitments up to \$750 million; (3) extended the end of the Corporate Credit Facility's revolving period from August 9, 2025 to August 2, 2027 and extended the final maturity from August 9, 2026 to August 2, 2028; and (4) amended several financial covenants. On December 7, 2023, the Company entered into an Incremental Commitment and Assumption Agreement that increased the total commitments under the accordion feature of the Credit Agreement by \$25 million, which increased total commitments from

\$435 million to \$460 million. The \$25 million increase was provided by one new lender, bringing the total bank syndicate to ten participants.

On March 1, 2024, the Company entered into Amendment No. 1 to the Credit Agreement (the "Amendment"). The Amendment amended the Credit Agreement and other related loan documents to, among other things, permit the Company to enter into special purpose vehicle financings and exclude assets held by any such special purpose vehicle from the assets pledged as collateral securing the Corporate Credit Facility.

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

The Company has an "at-the-market" offering (the "Equity ATM Program"), pursuant to which the Company may offer and sell, from time to time through sales agents, shares of its common stock. On May 21, 2024, the Company increased the maximum amount of shares of its common stock to be sold through the Equity ATM Program from \$650 million to \$1 billion. During the quarter ended June 30, 2024, the Company sold 1,498,981 shares of its common stock under the Equity ATM Program at a weighted-average price of \$25.60 per share, raising \$38.4 million of gross proceeds. Net proceeds were \$37.8 million after commissions to the sales agents on shares sold. As of June 30, 2024, the Company has \$432.7 million available under the Equity ATM Program.

On April 20, 2021, our wholly owned subsidiary, Capital Southwest SBIC I, LP ("SBIC I"), received a license from the Small Business Administration (the "SBA") to operate as a Small Business Investment Company ("SBIC") under Section 301(c) of the Small Business Investment Act of 1958, as amended. The SBIC license allows SBIC I to obtain leverage by issuing SBA-guaranteed debentures ("SBA Debentures"), subject to the issuance of a leverage commitment by the SBA. SBA debentures are loans issued to an SBIC that have interest payable semi-annually and a ten-year maturity. The interest rate is fixed shortly after issuance at a market-driven spread over U.S. Treasury Notes with ten-year maturities. On December 20, 2023, SBIC I received an additional leverage commitment in the amount of \$45.0 million to be issued on or prior to September 30, 2028. As of June 30, 2024, SBIC I had a total leverage commitment from the SBA in the amount of \$175.0 million, of which \$22.0 million remains unused.

Share Repurchase Program

On July 28, 2021, the Company's board of directors (the "Board") approved a share repurchase program authorizing the Company to repurchase up to \$20 million of its outstanding shares of common stock in the open market at certain thresholds below its NAV per share, in accordance with guidelines specified in Rules 10b5-1(c)(1)(i)(B) and 10b-18 under the Securities Exchange Act of 1934, as amended. On August 31, 2021, the Company entered into a share repurchase agreement, which became effective immediately, and the Company will cease purchasing its common stock under the share repurchase program upon the earlier of, among other things: (1) the date on which the aggregate purchase price for all shares equals \$20 million including, without limitation, all applicable fees, costs and expenses; or (2) upon written notice by the Company to the broker that the share repurchase agreement is terminated. During the quarter ended June 30, 2024, the Company did not repurchase any shares of the Company's common stock under the share repurchase program.

Regular Dividend of \$0.58 Per Share and Supplemental Dividend of \$0.06 Per Share for Quarter Ended September 30, 2024

On July 30, 2024, the Board declared a total dividend of \$0.64 per share for the quarter ending September 30, 2024, comprised of a Regular Dividend of \$0.58 per share and a Supplemental Dividend of \$0.06 per share.

The Company's dividend will be payable as follows:

Regular Dividend

Amount Per Share: \$0.58
Ex-Dividend Date: September 13, 2024
Record Date: September 13, 2024
Payment Date: September 30, 2024

Supplemental Dividend

Amount Per Share: \$0.06
Ex-Dividend Date: September 13, 2024
Record Date: September 13, 2024
Payment Date: September 30, 2024

When declaring dividends, the Board reviews estimates of taxable income available for distribution, which may differ from net investment income under generally accepted accounting principles. The final determination of taxable income for each year, as well as the tax attributes for dividends in such year, will be made after the close of the tax year.

Capital Southwest maintains a dividend reinvestment plan ("DRIP") that provides for the reinvestment of dividends on behalf of its registered stockholders who hold their shares with Capital Southwest's transfer agent and registrar, American Stock Transfer and Trust Company. Under the DRIP, if the Company declares a dividend, registered stockholders who have opted into the DRIP by the dividend record date will have their dividend automatically reinvested into additional shares of Capital Southwest common stock.

First Quarter 2025 Earnings Results Conference Call and Webcast

Capital Southwest has scheduled a conference call on Tuesday, August 6, 2024, at 11:00 a.m. Eastern Time to discuss the first quarter 2025 financial results. You may access the call by using the Investor Relations section of Capital Southwest's website at www.capitalsouthwest.com, or by using <http://edge.media-server.com/mmc/p/4yoxcj46>.

An audio archive of the conference call will also be available on the Investor Relations section of Capital Southwest's website.

For a more detailed discussion of the financial and other information included in this press release, please refer to the Capital Southwest's Form 10-Q for the period ended June 30, 2024 to be filed with the Securities and Exchange Commission (the "SEC") and Capital Southwest's First Fiscal Quarter 2025 Earnings Presentation to be posted on the Investor Relations section of Capital Southwest's website at www.capitalsouthwest.com.

About Capital Southwest

Capital Southwest Corporation (Nasdaq: CSWC) is a Dallas, Texas-based, internally managed business development company with approximately \$1.5 billion in investments at fair value as of June 30, 2024. Capital Southwest is a middle market lending firm focused on supporting the acquisition and growth of middle market businesses with \$5 million to \$35 million investments across the capital structure, including first lien, second lien and non-control equity co-investments. As a public company with a permanent capital base, Capital Southwest has the flexibility to be creative in its financing solutions and to invest to support the growth of its portfolio companies over long periods of time.

Forward-Looking Statements

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

Readers should not place undue reliance on any forward-looking statements and are encouraged to review Capital Southwest's Annual Report on Form 10-K for the year ended March 31, 2024 and any subsequent filings with the SEC, including the "Risk Factors" sections therein, for a more complete discussion of the risks and other factors that could affect any forward-looking statements. Except as required by the federal securities laws, Capital Southwest does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changing circumstances or any other reason after the date of this press release.

Investor Relations Contact:

Michael S. Sarner, Chief Financial Officer
214-884-3829

CAPITAL SOUTHWEST CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES
(In thousands, except shares and per share data)

	June 30, 2024 (Unaudited)	March 31, 2024
Assets		
Investments at fair value:		
Non-control/Non-affiliate investments (Cost: \$1,277,297 and \$1,276,690, respectively)	\$ 1,274,554	\$ 1,286,355
Affiliate investments (Cost: \$198,173 and \$200,013, respectively)	184,193	190,206
Control investments (Cost: \$8,608 and \$0, respectively)	9,379	—
Total investments (Cost: \$1,484,078 and \$1,476,703, respectively)	1,468,126	1,476,561
Cash and cash equivalents	33,299	32,273
Receivables:		
Dividends and interest	24,459	22,928
Escrow	16	16
Other	1,048	7,276
Income tax receivable	380	336
Debt issuance costs (net of accumulated amortization of \$8,360 and \$7,741, respectively)	10,805	10,928
Other assets	5,899	6,440
Total assets	<u>\$ 1,544,032</u>	<u>\$ 1,556,758</u>
Liabilities		
SBA Debentures (net of \$4,120 and \$4,305, respectively, of unamortized debt issuance costs)	\$ 148,880	\$ 148,695
January 2026 Notes (net of \$528 and \$612, respectively, of unamortized debt issuance costs)	139,472	139,388
October 2026 Notes (net of \$1,731 and \$1,923, respectively, of unamortized debt issuance costs)	148,269	148,077
August 2028 Notes (net of \$2,055 and \$2,182, respectively, of unamortized debt issuance costs)	69,820	69,693
Credit Facilities	229,000	265,000
Other liabilities	16,301	17,381
Accrued restoration plan liability	566	570
Income tax payable	449	281
Deferred tax liability	13,944	11,997
Total liabilities	<u>766,701</u>	<u>801,082</u>
Commitments and contingencies (Note 10)		
Net Assets		
Common stock, \$0.25 par value: authorized, 75,000,000 shares at June 30, 2024 and March 31, 2024; issued, 46,837,511 shares at June 30, 2024 and 45,050,759 shares at March 31, 2024	11,709	11,263
Additional paid-in capital	833,627	796,945
Total distributable (loss) earnings	(68,005)	(52,532)
Total net assets	777,331	755,676
Total liabilities and net assets	<u>\$ 1,544,032</u>	<u>\$ 1,556,758</u>
Net asset value per share (46,837,511 shares outstanding at June 30, 2024 and 45,050,759 shares outstanding at March 31, 2024)	<u>\$ 16.60</u>	<u>\$ 16.77</u>

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

(In thousands, except shares and per share data)

	Three Months Ended	
	2024	2023
Investment income:		
Interest income:		
Non-control/Non-affiliate investments	\$ 37,936	\$ 30,640
Affiliate investments	4,759	4,179
Control investments	292	—
Payment-in-kind interest income:		
Non-control/Non-affiliate investments	2,473	914
Affiliate investments	578	742
Dividend income:		
Non-control/Non-affiliate investments	2,367	499
Affiliate investments	51	60
Control investments	—	2,144
Fee income:		
Non-control/Non-affiliate investments	1,964	945
Affiliate investments	334	157
Control investments	58	24
Other income	542	57
Total investment income	<u>51,354</u>	<u>40,361</u>
Operating expenses:		
Compensation	3,466	2,510
Share-based compensation	1,224	963
Interest	12,447	9,681
Professional fees	1,357	955
General and administrative	1,574	1,249
Total operating expenses	<u>20,068</u>	<u>15,358</u>
Income before taxes	31,286	25,003
Federal income, excise and other taxes	217	599
Deferred taxes	2,210	(152)
Total income tax provision	<u>2,427</u>	<u>447</u>
Net investment income	<u>\$ 28,859</u>	<u>\$ 24,556</u>
Realized gain (loss)		
Non-control/Non-affiliate investments	\$ 804	\$ (5,806)
Affiliate investments	167	(6,655)
Control investments	(260)	—
Income tax provision	—	(321)
Total net realized gain (loss) on investments, net of tax	<u>711</u>	<u>(12,782)</u>
Net unrealized (depreciation) appreciation on investments		
Non-control/Non-affiliate investments	(12,360)	2,283
Affiliate investments	(4,221)	9,169
Control investments	770	606
Income tax benefit (provision)	276	(20)
Total net unrealized (depreciation) appreciation on investments, net of tax	<u>(15,535)</u>	<u>12,038</u>
Net realized and unrealized (losses) gains on investments	<u>(14,824)</u>	<u>(744)</u>
Net increase in net assets from operations	<u>\$ 14,035</u>	<u>\$ 23,812</u>
Pre-tax net investment income per share - basic and diluted	<u>\$ 0.69</u>	<u>\$ 0.67</u>
Net investment income per share - basic and diluted	<u>\$ 0.63</u>	<u>\$ 0.65</u>
Net increase in net assets from operations - basic and diluted	<u>\$ 0.31</u>	<u>\$ 0.63</u>
Weighted average shares outstanding - basic and diluted	<u>45,665,387</u>	<u>37,597,884</u>



Capital Southwest Corporation

Q1 2025 Earnings Presentation

August 6, 2024

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

Important Notices

- These materials and any presentation of which they form a part are neither an offer to sell, nor a solicitation of an offer to purchase, any securities of Capital Southwest.
- These materials and the presentations of which they are a part, and the summaries contained herein, do not purport to be complete and no obligation to update or otherwise revise such information is being assumed. Nothing shall be relied upon as a promise or representation as to the future performance of Capital Southwest. Such information is qualified in its entirety by reference to the more detailed discussions contained elsewhere in Capital Southwest's public filings with the Securities and Exchange Commission (the "SEC").
- There is no guarantee that any of the estimates, targets or projections illustrated in these materials and any presentation of which they form a part will be achieved. Any references herein to any of the Capital Southwest's past or present investments or its past or present performance, have been provided for illustrative purposes only. It should not be assumed that these investments were or will be profitable or that any future investments by Capital Southwest will be profitable or will equal the performance of these investments.
- The information contained herein has been derived from financial statements and other documents provided by the portfolio companies unless otherwise stated.
- Past performance is not indicative of future results. In addition, there can be no assurance that unrealized investments will be realized at the expected multiples shown as actual realized returns will depend on, among other factors, future operating results of each of Capital Southwest's current portfolio companies, the value of the assets and economic conditions at the time of disposition, any related transaction costs, and the timing and manner of sale, all of which may differ from the assumptions on which Capital Southwest's expected returns are based. In many instances, Capital Southwest will not determine the timing or manner of sale of its portfolio companies.
- Capital Southwest has filed a registration statement (which contains the prospectus) with the SEC for any offering to which this communication may relate and may file one or more prospectus supplements to the prospectus in the future. Before you invest in any of Capital Southwest's securities, you should read the registration statement and the applicable prospectus and prospectus supplement(s), including the information incorporated by reference therein, in order to fully understand all of the implications and risks of an offering of Capital Southwest's securities. You should also read other documents Capital Southwest has filed with the SEC for more complete information about Capital Southwest and any offering of its securities. You may get these documents for free by visiting EDGAR on the SEC's website at www.sec.gov. Alternatively, Capital Southwest will arrange to send you any applicable prospectus and prospectus supplement(s) if you request such materials by calling us at (214) 238-5700. These materials are also made available, free of charge, on our website at www.capitalsouthwest.com. Information contained on our website is not incorporated by reference into this communication.

Forward-Looking Statements

- This presentation contains forward-looking statements relating to, among other things, the business, market conditions, financial condition and results of operations of Capital Southwest, the anticipated investment strategies and investments of Capital Southwest, and future market demand. Any statements that are not statements of historical fact are forward-looking statements. Forward-looking statements are often, but not always, preceded by, followed by, or include words such as "believe," "expect," "intend," "plan," "should" or similar words, phrases or expressions or the negative thereof. These statements are made on the basis of the current beliefs, expectations and assumptions of the management of Capital Southwest and speak only as of the date of this presentation. There are a number of risks and uncertainties that could cause Capital Southwest's actual results to differ materially from the forward-looking statements included in this presentation.
- These risks include risks related to: changes in the markets in which Capital Southwest invests; changes in the financial, capital, and lending markets; the impact of interest rate volatility; the impact of supply chain constraints and labor difficulties on our portfolio companies; elevated levels of inflation and its impact on Capital Southwest's portfolio companies and the industries in which it invests; regulatory changes; tax treatment and general economic and business conditions; our ability to operate our wholly owned subsidiary, Capital Southwest SBIC I, LP, as a small business investment company ("SBIC"); and an economic downturn and its impact on the ability of our portfolio companies to operate and the investment opportunities available to us.
- For a further discussion of some of the risks and uncertainties applicable to Capital Southwest and its business, see Capital Southwest's Annual Report on Form 10-K or the fiscal year ended March 31, 2024 and its subsequent filings with the SEC. Other unknown or unpredictable factors could also have a material adverse effect on Capital Southwest's actual future results, performance, or financial condition. As a result of the foregoing, readers are cautioned not to place undue reliance on these forward-looking statements. Capital Southwest does not assume any obligation to revise or to update these forward-looking statements, whether as a result of new information, subsequent events or circumstances, or otherwise, except as may be required by law.

Conference Call Participants

Bowen S. Diehl
President and Chief Executive Officer

Michael S. Sarnier
Chief Financial Officer

Josh S. Weinstein
Senior Managing Director and Chief Investment Officer

Chris Rehberger
Executive Vice President and Treasurer

CSWC Company Overview

CSWC is a middle-market lending firm focused on supporting the acquisition and growth of middle-market companies across the capital structure

- CSWC was formed in 1961, and elected to be regulated as a BDC in 1988
- Publicly-traded on Nasdaq: Common Stock ("CSWC") and 7.75% Notes due 2028 ("CSWCZ")
- Internally Managed BDC with RIC tax treatment for U.S. federal income tax purposes
- 32 employees based in Dallas, Texas
- Total Balance Sheet Assets of \$1.5 B as of June 30, 2024
- Operate Capital Southwest SBIC I, LP, a wholly-owned subsidiary
- Maintain investment grade issuer ratings of Baa3 from Moody's and BBB- from Fitch

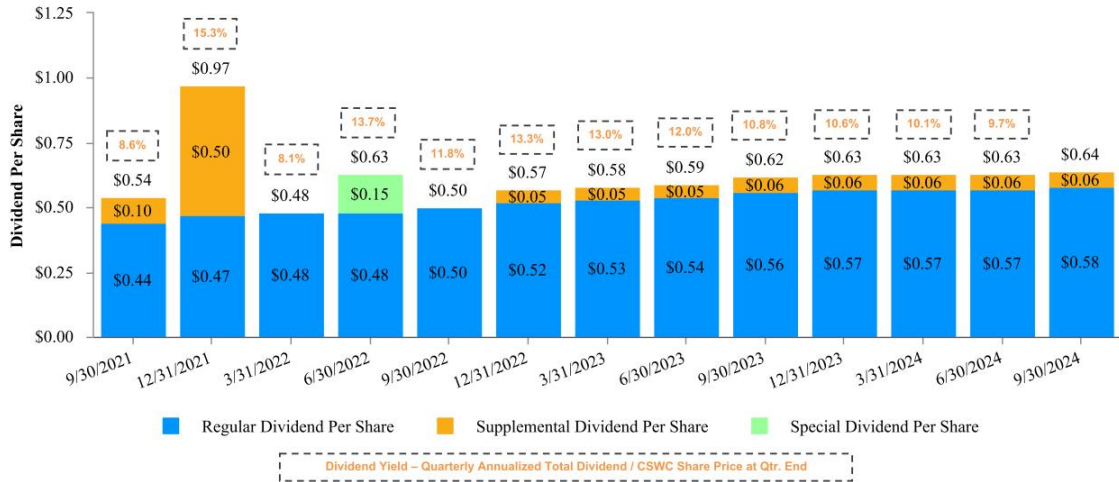
Q1 2025 Highlights

Financial Highlights

- Q1 2025 Pre-Tax Net Investment Income (“NII”) of \$31.3 MM or \$0.69 per share
- Declared Regular Dividend of \$0.58 per share for the quarter ending September 30, 2024, an increase of 1.8% compared to the \$0.57 per share Regular Dividend paid for the quarter ended June 30, 2024
 - In addition, declared Supplemental Dividend of \$0.06 per share for the quarter ending September 30, 2024
- Investment Portfolio at Fair Value of approximately \$1.5 B
 - \$108.1 MM in total new committed investments to three new portfolio companies and eleven existing portfolio companies
 - \$77.2 MM in total proceeds from eight debt prepayments generating a weighted average IRR of 12.6%
- Net Asset Value per share of \$16.60 as of June 30, 2024
- Raised \$38.4 MM in gross proceeds through Equity ATM Program during the quarter
 - Sold shares at weighted-average price of \$25.60 per share, or 153% of the prevailing NAV per share
- Regulatory Debt to Equity ended at 0.75x for the quarter
- \$452 MM of total availability and \$33 MM in cash and cash equivalents as of quarter end
 - \$430 MM available on Credit Facilities and \$22 MM of SBA Debentures available to be drawn

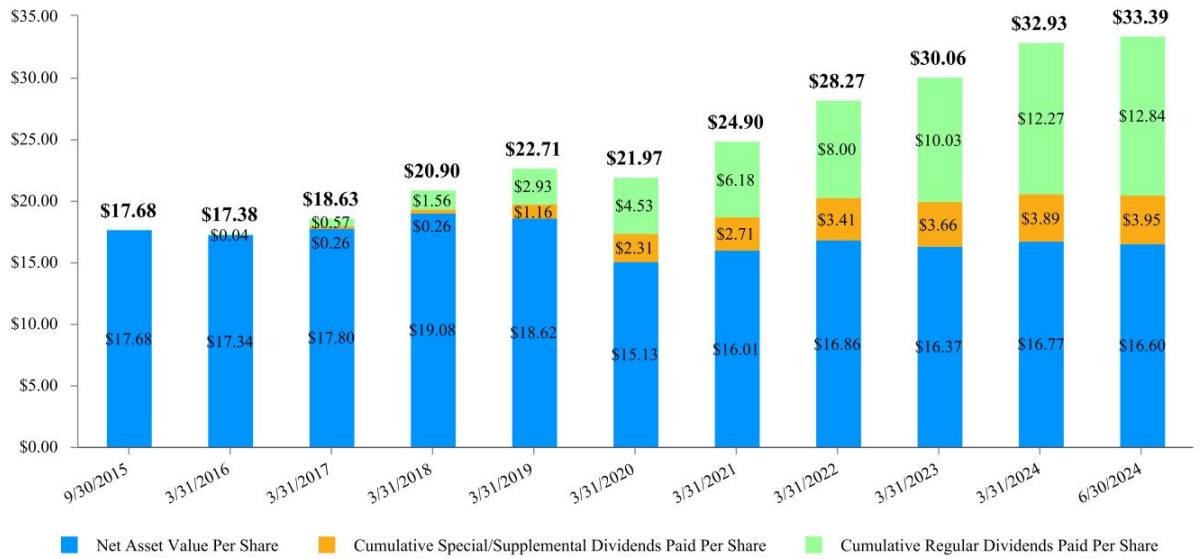
Track Record of Consistent Dividends Continues

- In the last twelve months ended 6/30/2024, CSWC generated \$2.76 per share in Pre-Tax NII and paid out \$2.27 per share in Regular Dividends
 - LTM Pre-Tax NII Regular Dividend Coverage of 122%
- Cumulative Pre-Tax NII Regular Dividend Coverage of 111% since launch of credit strategy in 2015
- Total of \$4.01 per share Special and Supplemental Dividends declared since launch of credit strategy in 2015
- Estimated Undistributed Taxable Income ("UTI") of \$0.50 per share as of June 30, 2024



History of Value Creation

Total Value (Net Asset Value + Cumulative Dividends Paid) Increase from Credit Strategy of \$15.71 per share through 6/30/2024



Lower Middle Market Credit Strategy

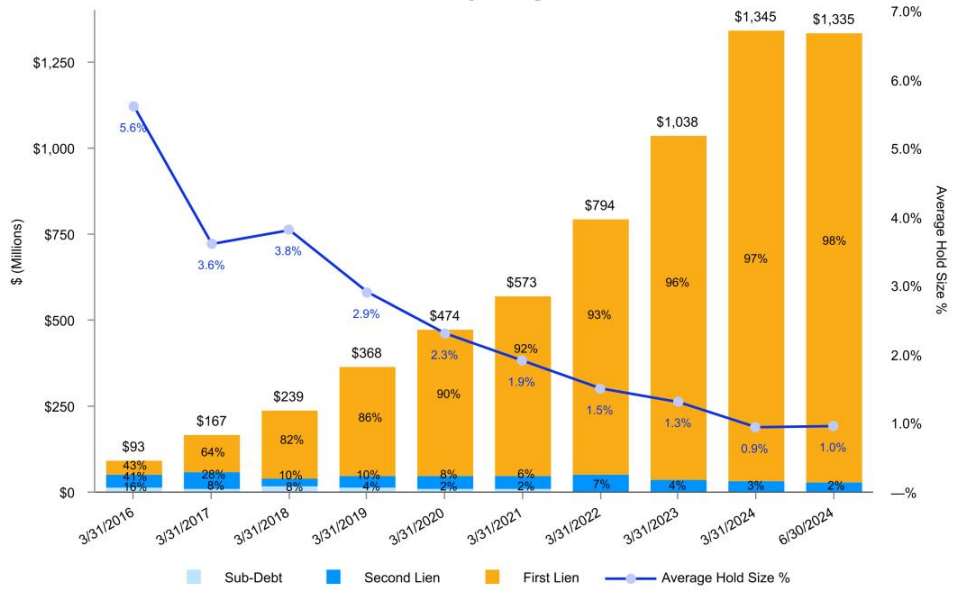
CSWC leads financing transactions, primarily backing private equity firms that generally fit the following parameters

- Flexible financing solutions to fund growth, changes of control, or other corporate events
- Investments are diverse among industries, geographic regions, and end markets
- Companies with EBITDA between \$3 MM and \$25 MM
- Typical leverage of 2.5x – 4.5x Debt to EBITDA through CSWC debt position and Loan-to-Value of 25% - 50%
- Commitment size up to \$50 MM with hold sizes generally \$5 MM to \$35 MM
- Both sponsored and non-sponsored deals
- Floating rate first lien debt securities
- Frequently make equity co-investments alongside CSWC debt

Granular Credit Portfolio Heavily Weighted Towards First Lien Investments

98% of credit portfolio in first lien senior secured loans with an average investment hold size of 1.0% as of 6/30/24

Credit Portfolio Heavily Weighted to First Lien



Q1 2025 Originations

\$108.1 MM in total new committed investments to three new portfolio companies and eleven existing portfolio companies

- \$75.6 MM funded at close

Portfolio Originations		Q1 2025				
Name	Industry	Type	Total Debt Funded at Close (\$000s)	Total Equity Funded at Close (\$000s)	Unfunded Commitments at Close (\$000s)	Debt Yield to Maturity
Food Pharma Subsidiary Holdings, LLC	Food, Agriculture & Beverage	First Lien	\$35,561	\$—	\$—	12.7%
SureKap, LLC	Industrial Machinery	First Lien / Equity	\$16,228	\$500	\$13,772	11.7%
CityVet, Inc.	Healthcare Services	First Lien	\$—	\$—	\$15,000	12.7%
Brandner Design, LLC ⁽¹⁾	Building & Infrastructure Products	First Lien / Equity	\$8,750	\$—	\$1,000	15.7%
TalkNY Management Holdings, LLC	Healthcare Services	First Lien / Equity	\$7,500	\$1,500	\$—	12.8%
Air Conditioning Specialist, Inc.	Consumer Services	First Lien	\$2,510	\$—	\$—	13.0%
Heat Trak, LLC ⁽²⁾	Consumer Products	First Lien / Equity	\$2,000	\$—	\$—	15.7%
Island Pump and Tank, LLC	Environmental Services	First Lien	\$—	\$—	\$1,979	12.2%
ITA Holdings Group, LLC	Transportation & Logistics	First Lien	\$—	\$—	\$705	16.7%
Outerbox, LLC	Media & Marketing	Equity	\$—	\$682	\$—	N/A
Broad Sky Networks LLC	Telecommunications	Sub Debt Conv Note / Equity	\$57	\$119	\$—	20.0%
Other Equity Co-Investments	Various	Equity	\$—	\$220	\$—	N/A
Total / Wtd. Avg			\$72,606	\$3,021	\$32,456	13.0%

⁽¹⁾ CSWC received common equity as part of the transaction

⁽²⁾ CSWC received additional warrants as part of the add-on transaction

Track Record of CSWC Exits Continues

Refinancing activity in the portfolio increased this quarter as the lending market continues to be competitive

- During the quarter, CSWC exited eight debt investments generating proceeds of \$77.2 MM and a weighted average IRR of 12.6%
- Cumulative weighted average IRR of 13.9% on 82 portfolio company exits, generating \$1.0 B in proceeds since launch of credit strategy in January 2015

Portfolio Exits		Q1 2025			
Name	Industry	Type	Total Proceeds (\$000s)	Realized Gain / (Loss) (\$000s)	IRR
The Producto Group	Industrial Products	First Lien	\$16,447	\$199	14.9%
Outerbox, LLC	Media & Marketing	First Lien	\$14,625	\$167	13.6%
USA Debusk, LLC	Industrial Services	First Lien	\$13,041	\$121	9.9%
Opco Borrower, LLC	Healthcare Services	First Lien / Second Lien	\$11,661	\$271	14.2%
Infolinks Media, LP	Media & Marketing	First Lien	\$8,171	\$98	11.1%
RTIC Subsidiary Holdings, LLC	Consumer Products	First Lien	\$5,685	\$29	11.8%
Intermedia Holdings, Inc.	Telecommunications	First Lien	\$5,231	\$21	9.2%
Vida Capital, Inc.	Financial Services	First Lien	\$2,362	\$18	8.8%
Total / Wtd. Avg			\$77,223	\$924	12.6%

CSWC Investment Portfolio Composition

Maintaining appropriate portfolio leverage while receiving attractive risk-adjusted returns

Investment Portfolio - Statistics		
(in \$000's)	3/31/2024	6/30/2024
	Total CSWC Portfolio	Total CSWC Portfolio
Number of Portfolio Companies	116	117
Total Cost	\$1,476,703	\$1,484,078
Total Fair Value	\$1,476,561	\$1,468,126
Average Hold Size Debt Investments (at Fair Value)	\$12,566	\$12,717
Average Hold Size Equity Investments (at Fair Value)	\$2,031	\$1,925
% First Lien Investments (at Fair Value)	88.7%	88.9%
% Second Lien Investments (at Fair Value)	2.3%	1.9%
% Subordinated Debt Investments (at Fair Value)	0.1%	0.1%
% Equity (at Fair Value) ⁽¹⁾	8.9%	9.1%
Wtd. Avg. Yield on Debt Investments ⁽²⁾	13.3%	13.3%
Wtd. Avg. Yield on Total Investments ⁽³⁾	12.7%	13.5%
Wtd. Avg. EBITDA of Issuer (\$MM's) ⁽⁴⁾	\$23.0	\$19.7
Wtd. Avg. Leverage through CSWC Security ⁽⁵⁾	3.6x	3.8x

(1) At June 30, 2024 and March 31, 2024, we had equity ownership in approximately 59% and 56%, respectively, of our investments

(2) The weighted-average annual effective yields were computed using the effective interest rates during the quarter for all debt investments at cost as of June 30, 2024, including accretion of original issue discount but excluding fees payable upon repayment of the debt instruments

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

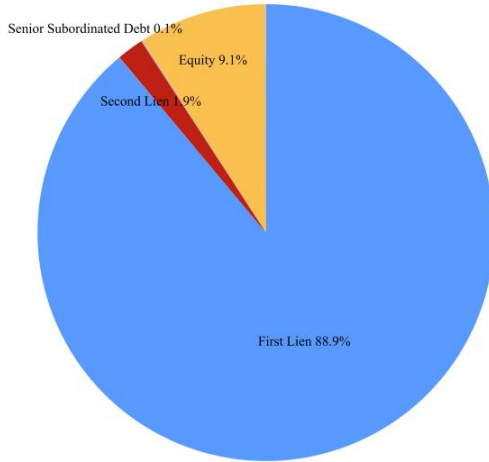
(4) Includes CSWC debt investments only. Weighted average EBITDA metric is calculated using investment cost basis weighting. For the quarters ended June 30, 2024 and March 31, 2024, twelve portfolio companies are excluded from this calculation due to a reported debt to adjusted EBITDA ratio that was not meaningful.

(5) Includes CSWC debt investments only. Calculated as the amount of each portfolio company's debt (including CSWC's position and debt senior or pari passu to CSWC's position, but excluding debt subordinated to CSWC's position) in the capital structure divided by each portfolio company's adjusted EBITDA. Weighted average leverage is calculated using investment cost basis weighting. For the quarters ended June 30, 2024 and March 31, 2024, twelve portfolio companies are excluded from this calculation due to a reported debt to adjusted EBITDA ratio that was not meaningful.

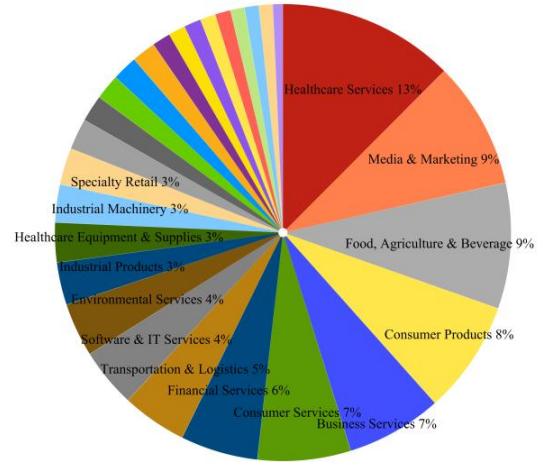
CSWC Portfolio Mix as of June 30, 2024 at Fair Value

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

Current Investment Portfolio (By Type)



Current Investment Portfolio (By Industry)



Note: Equity represents equity co-investments across 69 portfolio companies

Quarter-over-Quarter Investment Rating Migration

Approximately 92% of all debt investments are currently rated a "1" or "2" as credit portfolio continues to demonstrate solid performance

Investment Rating	3/31/2024			Investment Rating Upgrades			Investment Rating Downgrades			6/30/2024		
	# of Loans	Fair Value (\$MM)	% of Portfolio (FV)	# of Loans	Fair Value (\$MM)	% of Portfolio (FV)	# of Loans	Fair Value (\$MM)	% of Portfolio (FV)	# of Loans	Fair Value (\$MM)	% of Portfolio (FV)
1	21	\$197.2	14.7%	3	\$17.1	1.3%	—	\$—	—%	19	\$196.8	14.7%
2	123	\$1,075.7	80.0%	—	\$—	—%	—	\$—	—%	120	\$1,036.8	77.7%
3	9	\$68.7	5.1%	—	\$—	—%	2	\$33.5	2.5%	10	\$99.7	7.5%
4	1	\$2.9	0.2%	—	\$—	—%	1	\$1.5	0.1%	2	\$1.9	0.1%
Wtd. Avg. Investment Rating (at Cost)	1.95									1.98		

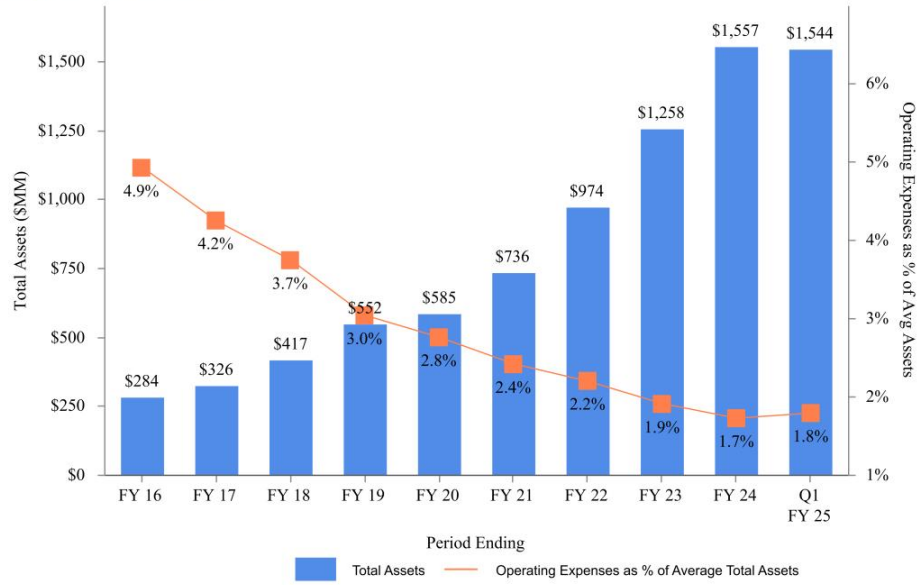
Note: We utilize an internally developed investment rating system to rate the performance and monitor the expected level of returns for each debt investment in our portfolio. The investment rating system takes into account both quantitative and qualitative factors of the portfolio company and the investments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

Income Statement

<i>(In Thousands, except per share amounts)</i>	Quarter Ended 9/30/23	Quarter Ended 12/31/23	Quarter Ended 3/31/24	Quarter Ended 6/30/24
Investment Income				
Interest Income	\$37,955	\$37,841	\$39,923	\$42,987
PIK Interest Income	1,526	4,073	2,953	3,051
Dividend Income	2,484	4,672	1,887	2,418
Fees and Other Income	812	1,980	1,668	2,898
Total Investment Income	\$42,777	\$48,566	\$46,431	\$51,354
Expenses				
Cash Compensation	\$2,333	\$3,919	\$1,869	\$3,466
Share Based Compensation	1,236	1,188	1,131	1,224
General & Administrative	2,316	2,220	2,209	2,931
Total Expenses (excluding Interest)	\$5,885	\$7,327	\$5,209	\$7,621
Interest Expense	\$10,481	\$11,473	\$11,453	\$12,447
Pre-Tax Net Investment Income	\$26,411	\$29,766	\$29,769	\$31,286
Gains / Losses and Taxes				
Net Realized and Unrealized Losses	\$(4,209)	\$(5,375)	\$(15,927)	\$(14,824)
Realized Loss on Extinguishment of Debt	(361)	—	—	—
Income Tax (Expense) / Benefit	783	(907)	(373)	(2,427)
Net increase in Net Assets Resulting from Operations	\$22,624	\$23,484	\$13,469	\$14,035
Weighted Average Diluted Shares Outstanding	39,698	41,514	44,101	45,665
Pre-Tax NII Per Diluted Weighted Average Share	\$0.67	\$0.72	\$0.68	\$0.69
Net Increase in Net Assets Per Dil. Wtd. Average Share	\$0.57	\$0.57	\$0.31	\$0.31

Operating Leverage Trend

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



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

NAV per Share Bridge for Quarter Ended 6/30/24



Note: "Other Corporate" consists primarily of \$(0.13) per share dilution from annual issuance of RSUs

Significant Unused Debt Capacity with Long-Term Duration

Increased SPV Credit Facility to \$200 MM in total commitments during the quarter

Facility	Total Commitments	Interest Rate	Maturity	Principal Drawn	Undrawn Commitment
January 2026 Notes ⁽¹⁾	\$140.0 MM	4.50%	January 2026	\$140.0 MM	N/A
October 2026 Notes ⁽²⁾	\$150.0 MM	3.375%	October 2026	\$150.0 MM	N/A
Corporate Credit Facility	\$460.0 MM	Term SOFR + 2.15%	August 2028	\$165.0 MM	\$294.1 MM ⁽³⁾
August 2028 Notes ⁽⁴⁾	\$71.9 MM	7.75%	August 2028	\$71.9 MM	N/A
SPV Credit Facility	\$200.0 MM	Term SOFR + 2.50%	March 2029	\$64.0 MM	\$136.0 MM
SBA Debentures	\$175.0 MM	4.31% ⁽⁵⁾	September 2031 ⁽⁶⁾	\$153.0 MM	\$22.0 MM

Long-Term Debt Obligations (Calendar Year)



- (1) Redeemable in whole or in part at any time prior to October 31, 2025, at par plus a "make whole" premium, and thereafter at par
(2) Redeemable in whole or in part at any time prior to July 1, 2026, at par plus a "make whole" premium, and thereafter at par
(3) Net of \$0.9 MM in letters of credit outstanding
(4) Redeemable in whole or in part at Capital Southwest's option on or after August 1, 2025
(5) Weighted average interest rate of all SBA Debentures for the three months ended June 30, 2024
(6) First SBA Debentures mature on September 1, 2031

Balance Sheet

<i>(In Thousands, except per share amounts)</i>	Quarter Ended 9/30/23	Quarter Ended 12/31/23	Quarter Ended 3/31/24	Quarter Ended 6/30/24
Assets				
Portfolio Investments	\$1,353,566	\$1,365,037	\$1,476,561	\$1,468,126
Cash & Cash Equivalents	23,020	23,605	32,273	33,299
Other Assets	40,327	40,845	47,924	42,607
Total Assets	\$1,416,913	\$1,429,487	\$1,556,758	\$1,544,032
Liabilities				
SBA Debentures	\$126,376	\$126,081	\$148,695	\$148,880
January 2026 Notes	139,220	139,304	139,388	139,472
October 2026 Notes	147,633	147,884	148,077	148,269
August 2028 Notes	69,438	69,566	69,693	69,820
Credit Facilities	250,000	195,000	265,000	229,000
Other Liabilities	26,472	30,687	30,229	31,260
Total Liabilities	\$759,139	\$708,522	\$801,082	\$766,701
Shareholders Equity				
Net Asset Value	\$657,774	\$720,965	\$755,676	\$777,331
Net Asset Value per Share	\$16.46	\$16.77	\$16.77	\$16.60
Regulatory Debt to Equity	0.92x	0.77x	0.82x	0.75x

Portfolio Statistics

Continuing to build a well performing credit portfolio

<i>(In Thousands)</i>	Quarter Ended 9/30/23	Quarter Ended 12/31/23	Quarter Ended 3/31/24	Quarter Ended 6/30/24
Portfolio Statistics				
Fair Value of Debt Investments	\$1,179,074	\$1,181,737	\$1,344,559	\$1,335,279
Average Debt Investment Hold Size	\$13,553	\$13,741	\$12,566	\$12,717
Fair Value of Debt Investments as a % of Par	97%	97%	96%	95%
% of Investment Portfolio on Non-Accrual (at Fair Value)	2.0%	2.2%	2.3%	1.9%
Weighted Average Investment Rating ⁽¹⁾	1.92	1.91	1.95	1.98
Weighted Average Yield on Debt Investments	13.50%	13.53%	13.29%	13.26%
Fair Value of All Portfolio Investments	\$1,353,566	\$1,365,037	\$1,476,561	\$1,468,126
Weighted Average Yield on all Portfolio Investments	12.97%	13.74%	12.67%	13.49%
Investment Mix (Debt vs. Equity) ⁽²⁾	90% / 10%	90% / 10%	91% / 9%	91% / 9%

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

(2) At Fair Value

Investment Income Detail

Constructing a portfolio of investments with recurring cash yield

(In Thousands)	Quarter Ended 9/30/23	Quarter Ended 12/31/23	Quarter Ended 3/31/24	Quarter Ended 6/30/24
Investment Income Breakdown				
Cash Interest	\$36,588	\$36,743	\$38,881	\$41,998
Cash Dividends	2,484	4,672	1,887	2,418
PIK Income	1,526	4,073	2,953	3,051
Amortization of Purchase Discounts and Fees	1,447	1,292	1,254	1,531
Management/Admin Fees	401	467	469	465
Prepayment Fees & Other Income	331	1,319	987	1,891
Total Investment Income	\$42,777	\$48,566	\$46,431	\$51,354
Key Metrics				
Cash Income as a % of Investment Income ⁽¹⁾	96%	92%	94%	94%
% of Total Investment Income that is Recurring	99%	93%	98%	94%

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

Key Financial Metrics

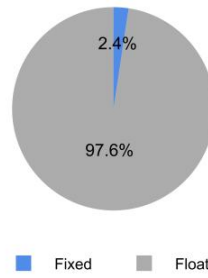
Strong Pre-Tax Net Investment Income and Dividend Yield driven by net portfolio growth and investment performance

	Quarter Ended 9/30/23	Quarter Ended 12/31/23	Quarter Ended 3/31/24	Quarter Ended 6/30/24
Key Financial Metrics				
Pre-Tax Net Investment Income Per Wtd Avg Diluted Share	\$0.67	\$0.72	\$0.68	\$0.69
Pre-Tax Net Investment Income Return on Equity (ROE) ⁽¹⁾	16.25%	17.42%	16.10%	16.34%
Realized Earnings Per Wtd Avg Diluted Share	\$0.69	\$0.51	\$0.22	\$0.65
Realized Earnings Return on Equity (ROE) ⁽¹⁾	16.75%	12.30%	5.27%	15.45%
Earnings Per Wtd Avg Diluted Share	\$0.57	\$0.57	\$0.31	\$0.31
Earnings Return on Equity (ROE) ⁽¹⁾	13.92%	13.75%	7.28%	7.33%
Regular Dividends per Share	\$0.56	\$0.57	\$0.57	\$0.57
Supplemental / Special Dividends per Share	\$0.06	\$0.06	\$0.06	\$0.06
Total Dividends per Share	\$0.62	\$0.63	\$0.63	\$0.63

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

Interest Rate Sensitivity

Fixed vs. Floating Credit Portfolio Exposure



Change in Base Interest Rates	Illustrative Annual NII Change (\$'s)	Illustrative Annual NII Change (\$ Per Share)
(200 bps)	(21,957,039)	(0.47)
(150 bps)	(16,467,779)	(0.35)
(100 bps)	(10,978,520)	(0.23)
(50 bps)	(5,489,260)	(0.12)
50 bps	5,489,260	0.12

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

Corporate Information

Board of Directors Inside Director Bowen S. Diehl Independent Directors David R. Brooks Christine S. Battist Jack D. Furst William R. Thomas Ramona Rogers-Windsor	Senior Management Bowen S. Diehl <i>President & Chief Executive Officer</i> Michael S. Sarner <i>Chief Financial Officer, Secretary & Treasurer</i> Josh S. Weinstein <i>Senior Managing Director & Chief Investment Officer</i>	Fiscal Year End March 31
Corporate Offices & Website 8333 Douglas Avenue Suite 1100 Dallas, TX 75225 http://www.capitalsouthwest.com	Investor Relations Michael S. Sarner Capital Southwest 214-884-3829 msarner@capitalsouthwest.com	Independent Auditor RSM US LLP Chicago, IL
	Securities Listing Nasdaq: "CSWC" (Common Stock) Nasdaq: "CSWCZ" (7.75% Notes due 2028)	Corporate Counsel Eversheds Sutherland (US) LLP
		Transfer Agent Equiniti Trust Company, LLC www.equiniti.com

Industry Analyst Coverage		
Firm	Analyst	Contact Information
Ladenburg Thalmann & Co., Inc.	Mickey Schleien	Direct: 305-572-4131
Citizens JMP	Brian McKenna	Direct: 585-217-7407
Jefferies, LLC	Kyle Joseph	Direct: 510-418-0754
Raymond James & Associates	Robert Dodd	Direct: 901-579-4560
Oppenheimer & Co., Inc.	Mitchel Penn	Direct: 212-667-7136
UBS Securities, LLC	Douglas Harter	Direct: 212-882-0080
B. Riley Securities	Bryce Rowe	Direct: 703-312-1820

