

REFINITIV

DELTA REPORT

10-Q

OFSSH - OFS CAPITAL CORP
10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	764
CHANGES	315
DELETIONS	232
ADDITIONS	217

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 **March 31, 2024** **June 30, 2024**
or

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

For the transition period from _____ to _____

Commission file number 814-00813

OFS CAPITAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	46-1339639
State or Other Jurisdiction of Incorporation or Organization	I.R.S. Employer Identification No.
10 S. Wacker Drive, Suite 2500, Chicago, Illinois	60606
Address of Principal Executive Offices	Zip Code

(847) 734-2000

Registrant's Telephone Number, Including Area Code

Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value per share	OFS	The Nasdaq Global Select Market
4.95% Notes due 2028	OFSSH	The Nasdaq Global Select Market

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 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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 ☒

The number of shares of the issuer's Common Stock, \$0.01 par value, outstanding as of **April 30, 2024** **July 29, 2024** was 13,398,078.

OFS CAPITAL CORPORATION

TABLE OF CONTENTS

[PART I. FINANCIAL INFORMATION](#)

Item 1.	Consolidated Financial Statements	
	Consolidated Statements of Assets and Liabilities as of March June 30, 20242024 (unaudited) and December 31, 2023 December 31, 2023	3
	Consolidated Statements of Operations for the Three and SixMonths Ended March June 30, 20242024 (unaudited) and 20232023 (unaudited)	4
	Consolidated Statements of Changes in Net Assets for the Threeand Six Months Ended March June 30, 20242024 (unaudited) and 20232023 (unaudited)	5
	Consolidated Statements of Cash Flows for the Three Six Months Ended March June 30, 20242024 (unaudited) and 20232023 (unaudited)	6 7
	Consolidated Schedules of Investments as of March June 30, 20242024 (unaudited) and December 31, 2023 December 31, 2023	7 8
	Notes to Consolidated Financial Statements (unaudited)	28
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	48
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	62 63
Item 4.	Controls and Procedures	63 64

[PART II. OTHER INFORMATION](#)

Item 1.	Legal Proceedings	64 65
Item 1A.	Risk Factors	64 65
Item 2	Unregistered Sales of Equity Securities andUse of Proceeds Proceeds	64 65
Item 3.	Defaults Upon Senior Securities	64 65
Item 4.	Mine Safety Disclosures	64 65
Item 5.	Other Information	65 66
Item 6.	Exhibits	66 67

SIGNATURES	67 68
----------------------------	-----------------------

OFS®, OFS Capital®, OFS Credit® and HPCI® are registered trademarks of Orchard First Source Asset Management, LLC. OFS Capital Management™ is a trademark of Orchard First Source Asset Management, LLC. All other trademarks or trade names referred to in this Quarterly Report on Form 10-Q are the property of their respective owners.

Defined Terms

We have used “we,” “us,” “our,” “our company” and “the Company” to refer to OFS Capital Corporation in this report. We also have used several other terms in this report, which are explained or defined below:

Term	Explanation or Definition
1940 Act	Investment Company Act of 1940, as amended
Adjusted NII	A financial measure calculated and presented on a basis other than in accordance with GAAP and represents net investment income excluding the capital gains incentive fee
Administration Agreement	Administration Agreement between the Company and OFS Services dated November 7, 2012
Affiliated Account	An account, other than the Company, managed by OFS Advisor or an affiliate of OFS Advisor
Affiliated Fund	Certain other funds, including other BDCs and registered investment companies managed by OFS Advisor or by registered investment advisers controlling, controlled by, or under common control with, OFS Advisor
ASC	Accounting Standards Codification, as issued by the FASB
BDC	Business Development Company under the 1940 Act
BLA	Business Loan Agreement, as amended, with Banc of California, as lender, which provides the Company with a senior secured revolving credit facility
BNP Facility	A secured revolving credit facility, as amended, that provides for borrowings in an aggregate principal amount up to \$150,000,000 issued pursuant to a Revolving Credit and Security Agreement, as amended, by and among OFSCC-FS, the lenders from time to time parties thereto, BNP Paribas, as administrative agent, OFSCC-FS Holdings, LLC, a wholly owned subsidiary of the Company, as equityholder, the Company, as servicer, Citibank, N.A., as collateral agent and Virtus Group, LP, as collateral administrator
Board	The Company's board of directors
Banc of California Credit Facility	A senior secured revolving credit facility, as amended, with Banc of California (formerly known as Pacific Western Bank), as lender, that provides for borrowings to the Company in an aggregate principal amount up to \$25,000,000
CLO	Collateralized loan obligation
Code	Internal Revenue Code of 1986, as amended
Company	OFS Capital Corporation and its consolidated subsidiaries
DRIP	Dividend reinvestment plan
EBITDA	Earnings before interest, taxes, depreciation and amortization
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
GAAP	Accounting principles generally accepted in the United States
HPCI	Hancock Park Corporate Income, Inc., a Maryland corporation and non-traded BDC, for which OFS Advisor serves as investment adviser
ICTI	Investment company taxable income, which is generally net ordinary income plus net short-term capital gains in excess of net long-term capital losses
Indicative Prices	Market quotations, prices from pricing services or bids from brokers or dealers
Investment Advisory Agreement	Investment Advisory and Management Agreement between the Company and OFS Advisor dated November 7, 2012
LIBOR	London Interbank Offered Rate
NAV	Net asset value. NAV is calculated as consolidated total assets less consolidated total liabilities and can be expressed in the aggregate or on a per share basis
Net Loan Fees	The cumulative amount of fees, such as origination fees, discounts, premiums and amendment fees that are deferred and recognized as income over the life of the loan
OCCI	OFS Credit Company, Inc., a Delaware corporation and a non-diversified, closed-end management investment company, for which OFS Advisor serves as investment adviser

Term	Explanation or Definition
OFS Advisor	OFS Capital Management, LLC, a wholly owned subsidiary of OFSAM and registered investment advisor under the Investment Advisers Act of 1940, as amended, focusing primarily on investments in middle market loans and broadly syndicated loans, debt and equity positions in CLOs and other structured credit investments
OFS Services	OFS Capital Services, LLC, a wholly owned subsidiary of OFSAM and affiliate of OFS Advisor
OFSAM	Orchard First Source Asset Management, LLC, a subsidiary of OFSAM Holdings and a full-service provider of capital and leveraged finance solutions to U.S. corporations
OFSAM Holdings	Orchard First Source Asset Management Holdings, LLC, a holding company consisting of asset management businesses, including OFS Advisor, a registered investment adviser focusing primarily on investments in middle market loans and broadly syndicated loans, debt and equity positions in CLOs and other structured credit investments, and OFS CLO Management, LLC, OFS CLO Management II, LLC and OFS CLO III Management, LLC, each a registered investment adviser focusing primarily on investments in broadly syndicated loans
OFSCC-FS	OFSCC-FS, LLC, an indirect wholly owned subsidiary of the Company
OFSCC-FS Assets	Assets held by the Company through OFSCC-FS
OFSCC-MB	OFSCC-MB, Inc., a wholly owned subsidiary taxed under subchapter C of the Code that generally holds the equity investments of the Company that are taxed as pass-through entities
OID	Original issue discount
Order	An exemptive relief order from the SEC to permit us to co-invest in portfolio companies with Affiliated Funds in a manner consistent with our investment objective, positions, policies, strategies and restrictions as well as regulatory requirements and other pertinent factors, subject to compliance with certain conditions
Parent	OFS Capital Corporation
PIK	Payment-in-kind, non-cash interest or dividends payable as an addition to the loan or equity security producing the income
Portfolio Company Investment	A debt or equity investment in a portfolio company. Portfolio Company Investments exclude Structured Finance Securities
Prime Rate	United States Prime interest rate
RIC	Regulated investment company under the Code
SBA	United States Small Business Administration
SBIC	A fund licensed under the SBA Small Business Investment Company Program
SBIC I LP	OFS SBIC I, LP, a wholly owned subsidiary of the Company and former SBIC
SEC	United States Securities and Exchange Commission
Securities Act	Securities Act of 1933, as amended
SOFR	Secured Overnight Financing Rate
Stock Repurchase Program	The open market stock repurchase program for shares of the Company's common stock under Rule 10b-18 of the Exchange Act
Structured Finance Securities	CLO mezzanine debt, CLO subordinated notes and CLO loan accumulation facility securities
Unsecured Notes	The Unsecured Notes Due February 2026 and the Unsecured Notes Due October 2028
Unsecured Notes Due February 2026	The Company's \$125.0 million aggregate principal amount of 4.75% notes due February 10, 2026
Unsecured Notes Due October 2028	The Company's \$55.0 million aggregate principal amount of 4.95% notes due October 31, 2028

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements that involve substantial risks and uncertainties. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates and projections about us, our current and prospective portfolio investments, our industry, our beliefs and our assumptions. Words such as “anticipates”, “expects”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “would”, “should”, “targets”, “projects” and variations of these words and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties, and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements, including without limitation:

- our ability and experience operating a BDC or maintaining our tax treatment as a RIC under Subchapter M of the Code;
- our dependence on key personnel;
- our ability to maintain or develop referral relationships;

- our ability to replicate historical results;
- the ability of OFS Advisor to identify, invest in and monitor companies that meet our investment criteria;
- the belief that the carrying amounts of our financial instruments, such as cash, cash equivalents, receivables and payables approximate the fair value of such items due to the short maturity of such instruments and that such financial instruments are held with high credit quality institutions to mitigate the risk of loss due to credit risk;
- actual and potential conflicts of interest with OFS Advisor and other affiliates of OFSAM Holdings;
- constraint on investment due to access to material nonpublic information;
- restrictions on our ability to enter into transactions with our affiliates;
- the use of borrowed money to finance a portion of our investments;
- our ability to incur additional leverage pursuant to Section 61(a)(2) of the 1940 Act and the impact of such leverage on our net investment income and results of operations;
- competition for investment opportunities;
- our plans to focus on providing first lien senior secured loans to larger borrowers and the impact of these plans on our risk profile, including our belief that the seniority of such loans or debt investments in a borrower's capital structure may provide greater downside protection against adverse economic changes, including those caused by the impacts of elevated interest and inflation rates, the ongoing war between Russia and Ukraine, the escalated armed conflict in the Middle East, instability in the U.S. and international banking systems, uncertainties related to the 2024 U.S. presidential election, the risk of recession or a shutdown of U.S. government services and related market volatility on our business, our portfolio companies, our industry and the global economy;
- the percentage of investments that will bear interest on a floating rate or fixed rate basis;
- the holding period of our investments;
- the impact of alternative reference rates on our business, including a reduction in the value of certain of our investments;
- our ability to raise debt or equity capital as a BDC;
- the timing, form and amount of any distributions from our portfolio companies;
- the impact of a protracted decline in the liquidity of credit markets on our business;
- the general economy and its impact on the industries in which we invest;
- the impact of current political, economic and industry conditions, including changes in the interest rate environment, inflation, significant market volatility, supply chain and labor market disruptions, including those as a result of strikes, work stoppages or accidents, resource shortages and other conditions affecting the financial and capital markets, which, in turn, impacts our business prospects and the prospects of our portfolio companies;
- the impact of the ongoing war between Russia and Ukraine, the escalated armed conflict in the Middle East and general uncertainty surrounding the financial and political stability of the United States, the United Kingdom, the European Union and China;
- our ability to consummate credit facilities in the future on commercially reasonable terms, if at all;
- the impact of information technology system failures, data security breaches, data privacy compliance, network disruptions, and cybersecurity attacks;
- the belief that we have sufficient levels of liquidity to support our existing portfolio companies;
- the belief that our cash and cash equivalent balances are not exposed to any significant credit risk as a result of the previous banking failures;
- the fluctuation of the fair value of our investments due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value; and
- the effect of new or modified laws or regulations governing our operations.

Although we believe that the assumptions on which these forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and as a result, those assumptions also could be inaccurate. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this Quarterly Report on Form 10-Q should not be regarded as a representation by us that our plans and objectives will be achieved. These risks and uncertainties include, among others, those described or identified in "Part I—Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023, filed on March 5, 2024. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this Quarterly Report on Form 10-Q.

We have based the forward-looking statements on information available to us on the date of this Quarterly Report on Form 10-Q. Except as required by the federal securities laws, we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise. You are advised to consult any additional disclosures that we may make directly to you or through reports that we in the future may file with the SEC, including Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. The forward-looking statements and projections contained in this Quarterly Report on Form 10-Q are excluded from the safe harbor protection provided by Section 21E of the Exchange Act.

PART I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

OFS Capital Corporation and Subsidiaries

Consolidated Statements of Assets and Liabilities (unaudited)
(Dollar amounts in thousands, except per share data)

	March 31, 2024	December 31, 2023
	(unaudited)	
	June 30, 2024	December 31, 2023
Assets		
Assets		
Assets		
Investments, at fair value:		
Investments, at fair value:		
Investments, at fair value:		
Non-control/non-affiliate investments (amortized cost of \$380,251 and \$384,339, respectively)		
Non-control/non-affiliate investments (amortized cost of \$380,251 and \$384,339, respectively)		
Non-control/non-affiliate investments (amortized cost of \$380,251 and \$384,339, respectively)		
Affiliate investments (amortized cost of \$18,786 and \$19,191, respectively)		
Non-control/non-affiliate investments (amortized cost of \$366,391 and \$384,339, respectively)		
Non-control/non-affiliate investments (amortized cost of \$366,391 and \$384,339, respectively)		
Non-control/non-affiliate investments (amortized cost of \$366,391 and \$384,339, respectively)		
Affiliate investments (amortized cost of \$19,055 and \$19,191, respectively)		
Total investments, at fair value (amortized cost of \$399,037 and \$403,530, respectively)		
Total investments, at fair value (amortized cost of \$399,037 and \$403,530, respectively)		
Total investments, at fair value (amortized cost of \$399,037 and \$403,530, respectively)		
Total investments, at fair value (amortized cost of \$385,446 and \$403,530, respectively)		
Total investments, at fair value (amortized cost of \$385,446 and \$403,530, respectively)		
Total investments, at fair value (amortized cost of \$385,446 and \$403,530, respectively)		
Cash and cash equivalents		
Interest receivable		
Prepaid expenses and other assets		
Prepaid expenses and other assets		
Prepaid expenses and other assets		
Total assets		
Liabilities		
Liabilities		
Liabilities		
Revolving lines of credit		
Revolving lines of credit		
Revolving lines of credit		
Unsecured Notes (net of deferred debt issuance costs of \$2,178 and \$2,667, respectively)		
SBA debentures (net of deferred debt issuance costs of \$0 and \$20, respectively)		
Unsecured Notes (net of deferred debt issuance costs of \$2,423 and \$2,667, respectively)		
Interest payable		
Payable to adviser and affiliates (Note 3)		
Accrued professional fees		
Accrued professional fees		
Accrued professional fees		
Other liabilities		
Other liabilities		
Other liabilities		
Total liabilities		
Commitments and contingencies (Note 6)		

Commitments and contingencies (Note 6)	
Commitments and contingencies (Note 6)	
Net assets	
Net assets	
Net assets	
Preferred stock, par value of \$0.01 per share, 2,000,000 shares authorized, -0- shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively	
Preferred stock, par value of \$0.01 per share, 2,000,000 shares authorized, -0- shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively	
Preferred stock, par value of \$0.01 per share, 2,000,000 shares authorized, -0- shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively	
Common stock, par value of \$0.01 per share, 100,000,000 shares authorized, 13,398,078 and 13,398,078 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively	
Preferred stock, par value of \$0.01 per share, 2,000,000 shares authorized, -0- shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively	
Preferred stock, par value of \$0.01 per share, 2,000,000 shares authorized, -0- shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively	
Preferred stock, par value of \$0.01 per share, 2,000,000 shares authorized, -0- shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively	
Common stock, par value of \$0.01 per share, 100,000,000 shares authorized, 13,398,078 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively	
Paid-in capital in excess of par	
Total accumulated losses	
Total net assets	
Total liabilities and net assets	
Total liabilities and net assets	
Total liabilities and net assets	
Total liabilities and net assets	
Number of shares outstanding	
Number of shares outstanding	
Number of shares outstanding	
Number of common shares outstanding	
Number of common shares outstanding	
Number of common shares outstanding	
Net asset value per share	

See Notes to Consolidated Financial Statements (unaudited).

OFS Capital Corporation and Subsidiaries

Consolidated Statements of Operations (unaudited)

(Dollar amounts in thousands, except per share data)

		Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended March 31,	
		Three Months Ended June 30,		Six Months Ended June 30,			
		2024	2024	2023	2024	2023	2024
Investment income							
Interest income:							
Interest income:							
Interest income:							
Non-control/non-affiliate investments							
Non-control/non-affiliate investments							
Non-control/non-affiliate investments							

Payment-in-kind interest and dividend income:
Payment-in-kind interest and dividend income:
Payment-in-kind interest and dividend income:
Non-control/non-affiliate investments
Non-control/non-affiliate investments
Non-control/non-affiliate investments
Affiliate investments
Dividend income:
Dividend income:
Total payment-in-kind interest and dividend income
Total payment-in-kind interest and dividend income
Total payment-in-kind interest and dividend income
Dividend income:
Non-control/non-affiliate investments
Non-control/non-affiliate investments
Non-control/non-affiliate investments
Affiliate investments
Total dividend income
Total dividend income
Total dividend income
Fee income:
Non-control/non-affiliate investments
Non-control/non-affiliate investments
Non-control/non-affiliate investments
Total investment income
Total investment income
Total investment income
Expenses
Interest expense
Interest expense
Interest expense
Base management fee
Income Incentive Fee
Professional fees
Professional fees
Professional fees
Administration fee
Other expenses
Total expenses
Net investment income
Net realized and unrealized gain (loss) on investments
Net realized and unrealized gain (loss) on investments
Net realized and unrealized gain (loss) on investments
Net realized gain (loss) on non-control/non-affiliate investments
Net realized gain (loss) on non-control/non-affiliate investments
Net realized gain (loss) on non-control/non-affiliate investments
Net realized gain on affiliate investments
Net realized loss on control investments
Income tax expense on net realized gains on investments
Income tax expense on net realized gains on investments
Income tax expense on net realized gains on investments
Net unrealized depreciation on non-control/non-affiliate investments
Net unrealized appreciation (depreciation) on non-control/non-affiliate investments

Net unrealized appreciation (depreciation) on affiliate investments
Net unrealized depreciation on control investment
Deferred tax expense on net unrealized appreciation
Net loss on investments
Net unrealized appreciation on control investment
Deferred tax (expense) benefit on net unrealized appreciation (depreciation)
Net gain (loss) on investments
Loss on extinguishment of debt
Net increase (decrease) in net assets resulting from operations
Net investment income per common share – basic and diluted
Net investment income per common share – basic and diluted
Net investment income per common share – basic and diluted
Net increase (decrease) in net assets resulting from operations per common share – basic and diluted
Distributions declared per common share
Basic and diluted weighted-average shares outstanding
Basic and diluted weighted-average common shares outstanding

See Notes to Consolidated Financial Statements (unaudited).

OFS Capital Corporation and Subsidiaries
Consolidated Statements of Changes in Net Assets (unaudited)
(Dollar amounts in thousands, except per share data)

	Preferred Stock	Preferred Stock	Common Stock	Paid-in capital in excess of par	Total distributable earnings (losses)	Total net assets	Total accumulated losses	Preferred Stock	Common Stock	Paid-in capital in excess of par	Total accumulated losses	Total net assets
	Number of shares	Number of shares	Par value	Number of shares	Par value				Number of shares	Par value		
Balances at December 31, 2022												
Balances at December 31, 2022												
Balances at December 31, 2022												
Net increase in net assets resulting from operations:												
Net investment income												
Net investment income												
Net investment income												
Net realized loss on investments, net of taxes												
Net unrealized appreciation on investments, net of taxes												
Loss on extinguishment of debt												
Net unrealized depreciation on investments, net of taxes												

Dividends declared
Dividends declared
Dividends declared
Net decrease for the three month period ended March 31, 2023
Net decrease for the three month period ended March 31, 2023
Net decrease for the three month period ended March 31, 2023
Net decrease for the six month period ended June 30, 2023
Net decrease for the six month period ended June 30, 2023
Net decrease for the six month period ended June 30, 2023
Balances at June 30, 2023
Balances at March 31, 2023
Balances at December 31, 2023
Balances at December 31, 2023
Balances at December 31, 2023
Balances at March 31, 2023
Balances at March 31, 2023
Net decrease in net assets resulting from operations:
Net investment income
Net investment income
Net investment income
Net realized gain on investments, net of taxes
Net unrealized depreciation on investments, net of taxes
Net realized loss on investments, net of taxes
Net unrealized appreciation on investments, net of taxes
Net unrealized appreciation on investments, net of taxes

Net unrealized appreciation on investments, net of taxes
Dividend declared
Dividend declared
Dividend declared
Dividends declared
Dividends declared
Dividends declared
Net decrease for the three month period ended March 31, 2024
Net decrease for the three month period ended March 31, 2024
Net decrease for the three month period ended March 31, 2024
Balances at March 31, 2024
Net decrease for the three month period ended June 30, 2023
Net decrease for the three month period ended June 30, 2023
Net decrease for the three month period ended June 30, 2023
Balances at June 30, 2023

OFS Capital Corporation and Subsidiaries
Consolidated Statements of Changes in Net Assets (unaudited)
(Dollar amounts in thousands, except per share data)

	Preferred Stock		Common Stock		Paid-in capital in	Total accumulated	Total net
	Number of	Par value	Number of	Par value	excess of par	losses	assets
	shares		shares				
Balances at December 31, 2023	—	\$ —	13,398,078	\$ 134	\$ 184,841	\$ (22,971)	\$ 162,004
Net increase in net assets resulting from operations:							
Net investment income	—	—	—	—	—	9,033	9,033
Net realized loss on investments, net of taxes	—	—	—	—	—	(3,506)	(3,506)
Net unrealized depreciation on investments, net of taxes	—	—	—	—	—	(4,248)	(4,248)
Dividends declared	—	—	—	—	—	(9,111)	(9,111)
Net decrease for the six month period ended June 30, 2024	—	—	—	—	—	(7,832)	(7,832)
Balances at June 30, 2024	—	\$ —	13,398,078	\$ 134	\$ 184,841	\$ (30,803)	\$ 154,172
Balances at March 31, 2024	—	\$ —	13,398,078	\$ 134	\$ 184,841	\$ (36,575)	\$ 148,400
Net increase in net assets resulting from operations:							
Net investment income	—	—	—	—	—	3,437	3,437
Net realized loss on investments, net of taxes	—	—	—	—	—	(4,304)	(4,305)
Net unrealized appreciation on investments, net of taxes	—	—	—	—	—	11,195	11,195
Dividend declared	—	—	—	—	—	(4,556)	(4,555)

Net increase for the three month period ended June 30, 2024	—	—	—	—	—	5,772	5,772
Balances at June 30, 2024	—	\$ —	13,398,078	\$ 134	\$ 184,841	\$ (30,803)	\$ 154,172

See Notes to Consolidated Financial Statements (unaudited).

OFS Capital Corporation and Subsidiaries

Consolidated Statements of Cash Flows (unaudited)

(Dollar amounts in thousands)

	Three Months Ended March 31,		Six Months Ended June 30,	
	2024	2023	2024	2023
Cash flows from operating activities				
Net increase (decrease) in net assets resulting from operations				
Net increase (decrease) in net assets resulting from operations				
Net increase (decrease) in net assets resulting from operations				
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by operating activities:				
Net realized gain on investments				
Net realized gain on investments				
Net realized gain on investments				
Net increase in net assets resulting from operations				
Net increase in net assets resulting from operations				
Net increase in net assets resulting from operations				
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities:				
Net realized loss on investments				
Net realized loss on investments				
Net realized loss on investments				
Income tax expense on net realized investment gains				
Loss on extinguishment of debt				
Net unrealized depreciation on investments, net of taxes				
Net unrealized (appreciation) depreciation on investments, net of taxes				
Amortization of Net Loan Fees				
Amendment fees collected				
Payment-in-kind interest and dividend income				
Accretion of interest income on Structured Finance Securities				
Amortization of deferred debt issuance costs				
Amortization and write-off of deferred offering costs				
Amortization of intangible asset				
Purchase and origination of portfolio investments				
Proceeds from principal payments on portfolio investments				
Proceeds from sale or redemption of portfolio investments				
Proceeds from distributions received from portfolio investments				
Changes in operating assets and liabilities:				
Interest receivable				
Interest receivable				
Interest receivable				
Interest payable				
Payable to adviser and affiliates				
Other assets and liabilities				
Other assets and liabilities				
Other assets and liabilities				
Net cash provided by operating activities				
Cash flows from financing activities				

Cash flows from financing activities
Cash flows from financing activities
Distributions paid to stockholders
Distributions paid to stockholders
Distributions paid to stockholders
Distributions paid to common stockholders
Distributions paid to common stockholders
Distributions paid to common stockholders
Borrowings under revolving lines of credit
Repayments under revolving lines of credit
Repayments of SBA debentures
Net cash used in financing activities
Net cash used in financing activities
Net cash used in financing activities
Net decrease in cash and cash equivalents
Cash and cash equivalents
Beginning of period
Beginning of period
Beginning of period
End of period
Supplemental Disclosure of Cash Flow Information:
Supplemental Disclosure of Cash Flow Information:
Supplemental Disclosure of Cash Flow Information:
Cash paid for interest
Cash paid for interest
Cash paid for interest

See Notes to Consolidated Financial Statements (unaudited).

OFS Capital Corporation and Subsidiaries
Consolidated Schedule of Investments (unaudited)
March 31, June 30, 2024
(Dollar amounts in thousands)

Portfolio Company (1)	Portfolio Company (1)	Industry	Interest Rate (2)	Spread Above Index (2)	Initial Acquisition Date	Maturity	Principal Amount	Amortized Cost	Fair Value (3)	Percent of Net Assets (1)	Investment Type	Industry	Ir
Non-control/Non-affiliate	Investments												
Debt and Equity Investments	Debt and Equity Investments												
Debt and Equity Investments	Debt and Equity Investments												
Debt and Equity Investments	Debt and Equity Investments												
24 Seven Holdco, LLC													
(15)													
24 Seven Holdco, LLC													
(15)													
24 Seven Holdco, LLC													
(15)													
First Lien Debt													
First Lien Debt													
First Lien Debt			11.42%	SOFR+ 6.00%	1/28/2022	11/16/2027	\$8,798	\$8,755	\$8,474	5.7	5.7 %		

Advantage Sales & Marketing Inc. (F/K/A Karman Buyer Corp) (14) (15)

Advantage Sales & Marketing Inc. (F/K/A Karman Buyer Corp) (14) (15)

Advantage Sales & Marketing Inc. (F/K/A Karman Buyer Corp) (14) (15)

First Lien Debt

First Lien Debt

First Lien Debt

AIDC IntermediateCo 2, LLC (15)

AIDC IntermediateCo 2, LLC (15)

AIDC IntermediateCo 2, LLC (15)

First Lien Debt

First Lien Debt

First Lien Debt

First Lien Debt

	2,021
	2,016

Allen Media, LLC (14) (15)

First Lien Debt

First Lien Debt

First Lien Debt

All Star Auto Lights, Inc. (4) (15) (21)

All Star Auto Lights, Inc. (4) (15) (21)

All Star Auto Lights, Inc. (4) (15) (21)

All Star Auto Lights, Inc. (15) (21)

All Star Auto Lights, Inc. (15) (21)

All Star Auto Lights, Inc. (15) (21)

First Lien Debt

First Lien Debt

First Lien Debt

First Lien Debt

	27,714
--	--------

Common Equity (20,628 common shares)
Convergint Technologies Holdings, LLC
Convergint Technologies Holdings, LLC
Convergint Technologies Holdings, LLC
Convergint Technologies Holdings, LLC (14)
Convergint Technologies Holdings, LLC (14)
Convergint Technologies Holdings, LLC (14)
Second Lien Debt
Second Lien Debt
Second Lien Debt
Creation Technologies (15) (16)
Creation Technologies (15) (16)
Creation Technologies (15) (16)
First Lien Debt
First Lien Debt
First Lien Debt
Diamond Sports Group, LLC (6) (14) (15)
Diamond Sports Group, LLC (6) (14) (15)
Diamond Sports Group, LLC (6) (14) (15)
Second Lien Debt (10)
Second Lien Debt (10)
Second Lien Debt (10)
Diamond Sports Group, LLC (6) (10) (14) (15)
Diamond Sports Group, LLC (6) (10) (14) (15)
Diamond Sports Group, LLC (6) (10) (14) (15)
Second Lien Debt
Second Lien Debt
Second Lien Debt
East West Manufacturing (15)
East West Manufacturing (15)
East West Manufacturing (15)
First Lien Debt
First Lien Debt
First Lien Debt
Electrical Components International, Inc.

Electrical Components International, Inc.
Electrical Components International, Inc.
Envocore Holding, LLC (F/K/A LRI Holding, LLC) (19)
Envocore Holding, LLC (F/K/A LRI Holding, LLC) (19)
Envocore Holding, LLC (F/K/A LRI Holding, LLC) (19)
First Lien Debt
First Lien Debt
First Lien Debt
First Lien Debt (Revolver) (5)
Second Lien Debt (6) (10)
Equity Participation Rights (10) (17)
15,407
15,407
15,407
Excelin Home Health, LLC
Second Lien Debt
Second Lien Debt
Second Lien Debt

OFS Capital Corporation and Subsidiaries
Consolidated Schedule of Investments - Continued (unaudited)
March 31, June 30, 2024
(Dollar amounts in thousands)

Portfolio Company (1)	Portfolio Company (1)			Spread Above Index (2)		Initial Acquisition Date			Principal Amount		Amortized Cost		Fair Value (3)
Investment Type	Investment Type	Industry	Interest Rate (2)				Maturity						
Envocore Holding, LLC (F/K/A LRI Holding, LLC) (4) (19)													
First Lien Debt													
First Lien Debt													
First Lien Debt			7.50%	N/A		6/30/2017	12/31/2025		\$6,279			\$6,279	\$6,279

[illegible]

GoTo Group
(F/K/A
LogMeIn,
Inc.) (14)
(15)
First Lien Debt
First Lien Debt
First Lien Debt
First Lien
Debt
Heritage
Grocers
Group, LLC.
(F/K/A
Tony's
Fresh
Market /
Cardenas
Markets)
(14) (15)
First Lien Debt
First Lien Debt
First Lien Debt
Honor HN Buyer Inc.
Honor HN Buyer Inc.
Honor HN Buyer Inc.
First Lien Debt (15)
First Lien Debt (15)
First Lien Debt (15)
First Lien
Debt (15)
First Lien
Debt
(Revolver)
(5)
First Lien
Debt
(Delayed
Draw) (5)
(15)
Idera Inc.
Second Lien Debt
Second Lien Debt
Second Lien Debt
Inergex Holdings, LLC
(11)
Inergex Holdings, LLC
(11)
Inergex Holdings, LLC
(11)
First Lien Debt

First Lien Debt								
		12.48%						
		cash /						
		2.00%						
First Lien Debt		PIK	SOFR+ 7.00%	10/1/2018	10/1/2026	14,868	14,687	14,869
First Lien Debt								
(Revolver)								
<i>Ivanti</i>								
<i>Software,</i>								
<i>Inc. (14)</i>								
<i>(15)</i>								
First Lien Debt								
First Lien Debt								
First Lien Debt								

[illegible]

First Lien Debt (11) (15)

First Lien Debt (15)

First Lien Debt (15)

First Lien Debt (15)

First Lien Debt
First Lien Debt
First Lien Debt
One GI LLC
One GI LLC
One GI LLC

First Lien Debt

First Lien Debt (14)	
First Lien Debt (14)	
First Lien Debt (14)	10.21% SOFR+ 4.75% 4/16/2021 4/27/2028 \$1,715 \$ \$1,709 \$ \$1,547 1.0 1.0 %
Second	
Lien Debt	
	6,165
RPLF	
Holdings,	
LLC (10)	
(13)	
Common Equity	
(345,339 Class A units)	
Common Equity	
(345,339 Class A units)	
Common Equity	
(345,339 Class A units)	
RumbleOn, Inc. (15)	
(16)	
RumbleOn, Inc. (15)	
(16)	
RumbleOn, Inc. (15)	
(16)	
First Lien Debt (11)	
First Lien Debt (11)	
First Lien Debt (11)	
First Lien	
Debt (11)	
Warrants	
(warrants to	
purchase	
up to	
\$218,000 in	
common	
stock) (10)	
	3,379
	3,381
Sentry	
Centers	
Holdings,	
LLC (10)	
(13)	
Preferred Equity (1,603	
Series B units)	
Preferred Equity (1,603	
Series B units)	
Preferred Equity (1,603	
Series B units)	
Signal Parent, Inc. (14)	
(15)	
Signal Parent, Inc. (14)	
(15)	
Signal Parent, Inc. (14)	
(15)	
First Lien Debt	
First Lien Debt	
First Lien Debt	
Spear Education	
Holdings, LLC (15)	
Spear Education	
Holdings, LLC (15)	

United Biologics Holdings, LLC (4) (10)

United Biologics Holdings, LLC (4) (10)

Preferred Equity (4,701 units)

Preferred Equity (4,701 units)

Preferred Equity (4,701 units)

United Biologics Holdings, LLC (10)

United Biologics Holdings, LLC (10)

United Biologics Holdings, LLC (10)

Preferred Equity (151,787 units)

Preferred Equity (151,787 units)

Preferred Equity (151,787 units)

Wellful Inc. (F/K/A KNS Acquisition Corp.) (14) (15)

Wellful Inc. (F/K/A KNS Acquisition Corp.) (14) (15)

Wellful Inc. (F/K/A KNS Acquisition Corp.) (14) (15)

First Lien Debt

First Lien Debt

First Lien Debt

Total Debt and Equity

Investments - Non-control/Non-affiliate Investments

Total Debt and Equity

Investments - Non-control/Non-affiliate Investments

Total Debt and Equity

Investments - Non-control/Non-affiliate Investments

Structured Finance Securities (16)

Structured Finance Securities (16)

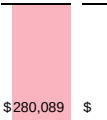
Structured Finance Securities (16)

Apex Credit CLO 2020 Ltd. (7) (9)

Apex Credit CLO 2020 Ltd. (7) (9)

Apex Credit CLO 2020 Ltd. (7) (9)

Subordinated Notes



\$280,089 \$

[illegible]

Portfolio Company (1)	Portfolio Company (1)	Industry	Interest Rate (2)	Spread Above Index (2)	Initial Acquisition Date	Maturity	Principal Amount	Amortized Cost	Fair Value (3)	Percentage of Net Asset
Apex Credit CLO 2022-1A (7) (9)										
Apex Credit CLO 2022-1A (7) (9)										
Apex Credit CLO 2022-1A (7) (9)										
Subordinated Notes										
Subordinated Notes										
Subordinated Notes			16.85%	N/A	4/28/2022	4/22/2033	\$10,726	\$8,828	\$6,673	
Ares L CLO Ltd.										
Ares L CLO Ltd.										
Ares L CLO Ltd.										
Mezzanine Debt - Class E										
Mezzanine Debt - Class E										
Mezzanine Debt - Class E										
Barings CLO 2019-I Ltd.										
Barings CLO 2019-I Ltd.										
Barings CLO 2019-I Ltd.										
Mezzanine Debt - Class E										
Mezzanine Debt - Class E										
Mezzanine Debt - Class E										
Battalion CLO XI, Ltd.										
Battalion CLO XI, Ltd.										
Battalion CLO XI, Ltd.										
Mezzanine Debt - Class E										
Mezzanine Debt - Class E										
Mezzanine Debt - Class E										
Brightwood Capital MM CLO 2023-1A, Ltd.										
Brightwood Capital MM CLO 2023-1A, Ltd.										
Brightwood Capital MM CLO 2023-1A, Ltd.										
Mezzanine Debt - Class D										
Mezzanine Debt - Class D										
Mezzanine Debt - Class D										
Mezzanine Debt - Class D			11.79%	SOFR+ 6.46%	9/28/2023	10/15/2035	\$915 \$	\$891 \$	\$931	0.7
Mezzanine Debt - Class E										
Subordinated Notes (7) (9)										
										8,542
Dryden 53 CLO, Ltd. (7) (9)										

4,859

E-R

Octagon Investment
Partners 39, Ltd. (4) (7)
(9)
Octagon Investment
Partners 39, Ltd. (4) (7)
(9)
Octagon Investment
Partners 39, Ltd. (4) (7)
(9)
Subordinated Notes
Subordinated Notes
Subordinated Notes
Park Avenue Institutional
Advisers CLO Ltd 2021-1
Park Avenue Institutional
Advisers CLO Ltd 2021-1
Park Avenue Institutional
Advisers CLO Ltd 2021-1
Mezzanine Debt - Class E
Mezzanine Debt - Class E
Mezzanine Debt - Class E
Regatta XXII Funding Ltd
Regatta XXII Funding Ltd
Regatta XXII Funding Ltd
Mezzanine Debt - Class E
Mezzanine Debt - Class E
Mezzanine Debt - Class E
THL Credit Wind River
2019-3 CLO Ltd (7) (9)
THL Credit Wind River
2019-3 CLO Ltd (7) (9)
THL Credit Wind River
2019-3 CLO Ltd (7) (9)
Subordinated Notes
Subordinated Notes
Subordinated Notes
Trinitas CLO VIII (7) (9)
Trinitas CLO VIII (7) (9)
Trinitas CLO VIII (7) (9)
Subordinated Notes
Subordinated Notes
Subordinated Notes

OFS Capital Corporation and Subsidiaries
Consolidated Schedule of Investments - Continued (unaudited)
March 31, June 30, 2024
(Dollar amounts in thousands)

Portfolio Company (1)		Spread Above		Initial		Principal		Amortized	Fair Value	Percent of
Investment Type	Industry	Interest Rate (2)	Index (2)	Acquisition	Maturity	Amount	Cost	Cost	(3)	
				Date						Net Assets
Octagon Investment Partners 39, Ltd. (7) (9)										
Subordinated Notes		3.81%	N/A	1/23/2020	10/20/2030	\$ 7,000	\$ 3,782	\$ 2,144		1.4 %

Park Avenue Institutional Advisers CLO Ltd 2021-1								
Mezzanine Debt - Class E	12.88%	SOFR+ 7.30%	1/26/2021	1/20/2034	1,000	983	1,003	0.7
Redding Ridge 4 Ltd. (7) (9)								
Subordinated Notes	4.64%	N/A	3/4/2021	4/15/2030	1,300	864	518	0.3
Regatta XXII Funding Ltd								
Mezzanine Debt - Class E	12.51%	SOFR+ 7.19%	5/6/2022	7/20/2035	3,000	2,978	3,038	2.0
THL Credit Wind River 2019-3 CLO Ltd (7) (9)								
Subordinated Notes	10.01%	N/A	4/5/2019	4/15/2031	7,000	4,701	2,620	1.8
Trinitas CLO VIII (7) (9)								
Subordinated Notes	7.33%	N/A	3/4/2021	7/20/2117	5,200	2,748	1,267	0.9
Venture 45 CLO Ltd.								
Mezzanine Debt - Class E	13.02%	SOFR+ 7.70%	4/18/2022	7/20/2035	3,000	2,945	2,670	1.8
Wellfleet CLO 2018-2 Ltd. (7) (9)								
Subordinated Notes	7.33%	N/A	3/4/2021	10/20/2031	1,000	608	257	0.2
Total Structured Finance Securities					\$ 125,267	\$ 95,652	\$ 77,892	52.6 %
Total Non-control/Non-affiliate Investments					\$ 405,356	\$ 380,251	\$ 326,322	219.9 %
Affiliate Investments								
	Office Machinery and Equipment							
Contract Datascan Holdings, Inc. (4) (20)	Rental and Leasing							
Preferred Equity (3,061 Series A shares), 10% PIK			8/5/2015		\$ 7,572	\$ 9,182	6.2 %	
Common Equity (11,273 shares) (10)			6/28/2016		104	—	—	
					7,676	9,182	6.2	
	Data Processing, Hosting, and							
DRS Imaging Services, LLC (10) (13) (20)	Related Services							
Common Equity (1,135 units)			3/8/2018		1,135	506	0.3	

Portfolio Company (1)				Initial					
Investment Type	Industry	Interest Rate (2)	Spread Above Index (2)	Acquisition Date	Maturity	Principal Amount	Amortized Cost	Fair Value (3)	Percent of Net Assets
Venture 45 CLO Ltd.									
Mezzanine Debt - Class E		13.02%	SOFR+ 7.70%	4/18/2022	7/20/2035	\$ 3,000	\$ 2,947	\$ 2,730	1.8 %
Total Structured Finance Securities						\$ 118,108	\$ 89,666	\$ 75,619	49.1 %
Total Non-control/Non-affiliate Investments						\$ 390,993	\$ 366,391	\$ 315,622	204.9 %
<u>Affiliate Investments</u>									
	Office Machinery and Equipment								
Contract Datascan Holdings, Inc. (20)	Rental and Leasing								
Preferred Equity (3,061 Series A shares) 10% PIK				8/5/2015		\$ 7,841	\$ 9,400		6.1 %
Common Equity (11,273 shares) (10)				6/28/2016		104	—	—	
						7,945	9,400		6.1
	Data Processing, Hosting, and								
DRS Imaging Services, LLC (10) (13) (20)	Related Services								
Common Equity (1,135 units)				3/8/2018		1,135	842		0.5

	Sporting and Recreational Goods and Supplies Merchant Wholesalers					5/25/2024				
<i>Master Cutlery, LLC (10) (20)</i>										
Subordinated Loan (6) (11)	13.00% PIK	N/A	4/17/2015	(22)	\$ 10,389	4,680	320	0.2		
Preferred Equity (3,723 Series A units) 8% PIK			4/17/2015			3,483	—	—		
Common Equity (15,564 units)			4/17/2015			—	—	—		
					10,389	8,163	320	0.2		
	Pharmaceutical Preparation Manufacturing									
<i>Pfanzstiehl Holdings, Inc. (20) (21)</i>										
Common Equity (400 Class A shares)			1/1/2014			217	70,831	45.9		
	Professional and Management Development Training									
<i>TalentSmart Holdings, LLC (10) (13) (20)</i>										
Common Equity (1,595,238 Class A shares)			10/11/2019			1,595	1,141	0.7		
Total Affiliate Investments					\$ 10,389	\$ 19,055	\$ 82,534	53.4 %		
Total Investments					\$ 401,382	\$ 385,446	\$ 398,156	258.3 %		

OFS Capital Corporation and Subsidiaries
Consolidated Schedule of Investments - Continued (unaudited)
March 31, 2024
(Dollar amounts in thousands)

Portfolio Company (1)			Spread Above	Initial			Principal	Amortized	Fair Value	Percent of
Investment Type	Industry	Interest Rate (2)	Index (2)	Acquisition	Maturity	Amount	Cost	(3)	Net Assets	
	Sporting and Recreational Goods and Supplies Merchant Wholesalers									
<i>Master Cutlery, LLC (4) (10) (20)</i>										
Subordinated Loan (6) (11)	13.00% PIK	N/A	4/17/2015	5/25/2024	\$ 10,062	\$ 4,680	\$ 250	0.2 %		
Preferred Equity (3,723 Series A units), 8% PIK			4/17/2015			3,483	—	—		
Common Equity (15,564 units)			4/17/2015			—	—	—		
					10,062	8,163	250	0.2		
	Pharmaceutical Preparation Manufacturing									
<i>Pfanzstiehl Holdings, Inc. (4) (20) (21)</i>										
Common Equity (400 Class A shares)			1/1/2014			217	63,077	42.5		
	Professional and Management Development Training									
<i>TalentSmart Holdings, LLC (10) (13) (20)</i>										
Common Equity (1,595,238 Class A shares)			10/11/2019			1,595	1,077	0.7		
Total Affiliate Investments					\$ 10,062	\$ 18,786	\$ 74,092	49.9 %		
Total Investments					\$ 415,418	\$ 399,037	\$ 400,414	269.8 %		

- Equity ownership may be held in shares or units of companies affiliated with the portfolio company. The Company's investments are generally classified as "restricted securities" as such term is defined under Regulation S-X Rule 6-03(f) or Securities Act Rule 144.
- As of **March 31, 2024** **June 30, 2024**, the Company held loans with an aggregate fair value of **\$223,780**, **\$217,043**, or **91%** **92%** of the total loan portfolio, that bore interest at a variable rate indexed to SOFR or Prime, and reset monthly, quarterly, or semi-annually. For each variable-rate investment, the Company has provided the spread over the reference rate and current interest rate in effect as of **March 31, 2024** **June 30, 2024**. Unless otherwise noted, all investments with a stated PIK rate require interest payments with the issuance of additional securities as payment of the entire PIK provision.

OFS Capital Corporation and Subsidiaries
Consolidated Schedule of Investments - Continued (unaudited)

June 30, 2024

(Dollar amounts in thousands)

- (3) Unless otherwise noted in footnote 14, fair value was determined using significant unobservable inputs for all of the Company's investments and are considered Level 3 under GAAP. See **Note 5** for further details.
- (4) Investments (or portion thereof) held by SBIC LLP. These assets were pledged As of June 30, 2024, the effective accretable yield was estimated to be 0%, as collateral the aggregate amount of projected distributions, including projected distributions related to liquidation of the SBA debentures underlying portfolio upon the security's anticipated optional redemption, was less than current amortized cost. Projected distributions are periodically monitored and could not be pledged under any debt obligation re-evaluated. All actual distributions were recognized as reductions to amortized cost until such time, if and when occurring, a future aggregate amount of then-projected distributions exceeds the Company's security's then-current amortized cost.
- (5) Subject to unfunded commitments. See **Note 6**.
- (6) Investment was on non-accrual status as of March 31, 2024 June 30, 2024, meaning the Company suspended recognition of all or a portion of income on the investment. See **Note 4** for further details.
- (7) Amortized cost reflects accretion of effective yield less any cash distributions received or entitled to be received from CLO subordinated note investments. CLO subordinated note positions are entitled to recurring distributions, which are generally equal to the residual cash flow of payments received on underlying securities less contractual payments to debt holders and fund expenses.
- (8) The Company entered into a contractual arrangement with co-lenders whereby, subject to certain conditions, it agreed to receive its payment after the repayment of certain co-lenders pursuant to a payment waterfall. The table below provides additional details as of March 31, 2024 June 30, 2024:
- | Portfolio Company | Portfolio Company | Reported Interest Rate | Interest Rate per Credit Agreement | Additional Interest per Annum | Portfolio Company | Reported Interest Rate | Interest Rate per Credit Agreement | Additional Interest per Annum |
|---------------------|---------------------|------------------------|------------------------------------|-------------------------------|---------------------|------------------------|------------------------------------|-------------------------------|
| SS Acquisition, LLC | SS Acquisition, LLC | 12.33% | 11.83% | 0.50% | SS Acquisition, LLC | 12.29% | 11.80% | 0.49% |
| SS Acquisition, LLC | SS Acquisition, LLC | 13.03% | 11.83% | 1.20% | SS Acquisition, LLC | 12.98% | 11.80% | 1.18% |
- (9) The rate disclosed on subordinated note investments is the estimated effective yield, generally established at purchase, and reevaluated upon the receipt of the initial distribution and each subsequent quarter thereafter. The estimated effective yield is based upon projected amounts and timing of future distributions and the projected amounts and timing of terminal principal payments at the time of estimation. The estimated effective yield and investment cost may ultimately not be realized. Projected cash flows, including the amounts and timing of terminal principal payments, which generally are projected to occur prior to the contractual maturity date, were utilized in deriving the effective yield of the investments.
- (10) Non-income producing.

OFS Capital Corporation and Subsidiaries

Consolidated Schedule of Investments - Continued (unaudited)

March 31, 2024

(Dollar amounts in thousands)

- (11) The interest rate on these investments contains a PIK provision, whereby the issuer has the option to make interest payments in cash or with the issuance of additional securities as payment of the entire PIK provision. The interest rate in the schedule represents the current interest rate in effect for these investments. The following table provides additional details on these PIK investments, including the maximum annual PIK interest rate allowed as of March 31, 2024 June 30, 2024:

Portfolio Company	Investment Type	Range of PIK Option	Range of Cash Option	Maximum PIK Rate Allowed
Inergex Holdings, LLC	First Lien Debt	0% to 2.00%	12.58% 12.48% to 14.58% 14.48%	2.00%
Inergex Holdings, LLC	First Lien Debt (Revolver)	0% to 2.00%	12.58% 12.48% to 14.58% 14.48%	2.00%
Kreg, LLC	First Lien Debt	0% to 2.00%	9.71% 9.73% to 11.71% 11.73%	2.00%
Master Cutlery, LLC	Subordinated Loan	0% to 13.00%	0% to 13.00%	13.00%
RumbleOn, Inc.	First Lien Debt	0% to 0.50%	13.69% 14.34% to 14.19% 14.84%	0.50%
RumbleOn, Inc.	First Lien Debt	0% to 0.50%	14.69% 14.84%	0.50%

- (12) Represents expiration date of the warrants.
- (13) All or a portion of investment held by a wholly owned subsidiary subject to income tax.
- (14) Fair value was determined by reference to observable inputs other than quoted prices in active markets and are considered Level 2 under GAAP. See **Note 5** for further details.
- (15) Investments (or a portion thereof) held by OFSCC-FS. These assets are pledged as collateral of the BNP Facility and cannot be pledged under any debt obligation of the Parent.
- (16) Non-qualifying assets under Section 55(a) of the 1940 Act. Qualifying assets as defined in Section 55 of the 1940 Act must represent at least 70% of the Company's assets immediately following the acquisition of any additional non-qualifying assets. As of March 31, 2024 June 30, 2024, approximately 79% 80% of the Company's assets were qualifying assets.
- (17) Equity participation rights issued by an unaffiliated third party fully covered with underlying positions in the portfolio company.
- (18) Not meaningful as there is no outstanding balance on the revolver or delayed draw facility. The Company earns unfunded commitment fees on undrawn revolving lines of credit balances, which are reported in fee income.
- (19) The Company holds at least one seat on the portfolio company's board of directors.
- (20) The Company has an observer seat on the portfolio company's board of directors.
- (21) Portfolio company represents greater than 5% of total assets as of March 31, 2024 June 30, 2024.
- (22) The Master Cutlery, LLC loan became contractually due on May 25, 2024. The lenders have filed a motion to receive a final recovery payment from the portfolio company.

See Notes to Consolidated Financial Statements (unaudited).

OFS Capital Corporation and Subsidiaries
Consolidated Schedule of Investments
December 31, 2023
(Dollar amounts in thousands)

Portfolio Company (1)			Spread Above	Initial		Principal	Amortized	Fair Value	Percent of
Investment Type	Industry	Interest Rate (2)	Index (2)	Acquisition Date	Maturity	Amount	Cost	(3)	Net Assets
Non-control/Non-affiliate Investments									
<i>24 Seven Holdco, LLC (15)</i> Temporary Help Services									
First Lien Debt		11.45%	SOFR+ 6.00%	1/28/2022	11/16/2027	\$ 8,820	\$ 8,776	\$ 8,483	5.2 %
<i>Advantage Sales & Marketing Inc. (F/K/A Karman Buyer Corp) (14) (15)</i> Advertising Agencies									
First Lien Debt		10.18%	SOFR+ 4.50%	3/2/2022	10/28/2027	2,260	2,238	2,249	1.4
<i>AIDC IntermediateCo 2, LLC (15)</i> Computer Systems Design Services									
First Lien Debt		11.80%	SOFR+ 6.25%	7/22/2022	7/22/2027	1,980	1,948	1,974	1.2
First Lien Debt		11.78%	SOFR+ 6.25%	7/31/2023	7/22/2027	46	45	46	—
						2,026	1,993	2,020	1.2
<i>Allen Media, LLC (14) (15)</i> Cable and Other Subscription Programming									
First Lien Debt		11.00%	SOFR+ 5.50%	3/2/2021	2/10/2027	3,729	3,726	3,325	2.1
<i>All Star Auto Lights, Inc. (4) (15) (20)</i> Motor Vehicle Parts (Used) Merchant Wholesalers									
First Lien Debt		10.97%	SOFR+ 5.50%	12/19/2019	8/20/2025	22,861	22,719	22,853	14.1
First Lien Debt		10.96%	SOFR+ 5.50%	8/4/2022	8/20/2025	4,925	4,872	4,923	3.0
						27,786	27,591	27,776	17.1
<i>Astro One Acquisition Corporation (6)</i> Other Miscellaneous Nondurable Goods Merchant Wholesalers									
Second Lien Debt		14.11%	SOFR+ 8.50%	1/31/2022	9/14/2029	3,000	2,596	110	0.1
<i>Avison Young (6) (21)</i> Nonresidential Property Managers									
First Lien Debt (15)		12.11%	SOFR+ 6.50%	11/25/2021	1/31/2026	3,925	3,903	1,063	0.7
First Lien Debt		12.64%	SOFR+ 7.00%	8/19/2022	1/31/2026	794	757	215	0.1
						4,719	4,660	1,278	0.8
<i>BayMark Health Services, Inc. (15)</i> Outpatient Mental Health and Substance Abuse Centers									
Second Lien Debt		14.11%	SOFR+ 8.50%	6/10/2021	6/11/2028	4,962	4,915	4,962	3.1
Second Lien Debt		14.12%	SOFR+ 8.50%	6/10/2021	6/11/2028	3,988	3,948	3,988	2.5
						8,950	8,863	8,950	5.6

OFS Capital Corporation and Subsidiaries
Consolidated Schedule of Investments
December 31, 2023
(Dollar amounts in thousands)

Portfolio Company (1)			Spread Above	Initial		Principal	Amortized	Fair Value	Percent of
Investment Type	Industry	Interest Rate (2)	Index (2)	Acquisition Date	Maturity	Amount	Cost	(3)	Net Assets
<i>BCPE North Star US Holdco 2, Inc. (F/K/A Dessert Holdings)</i> Ice Cream and Frozen Dessert Manufacturing									
Second Lien Debt		12.72%	SOFR+ 7.25%	2/2/2022	6/8/2029	\$ 1,667	\$ 1,645	\$ 1,474	0.9 %

Boca Home Care Holdings, Inc. (19)		Services for the Elderly and Persons with Disabilities							
First Lien Debt (15)	11.96%	SOFR+ 6.50%	2/25/2022	2/25/2027	10,972	10,874	10,597	6.5	
First Lien Debt (Revolver) (5)	n/m (18)	SOFR+ 6.50%	2/25/2022	2/25/2027	—	(10)	(44)	—	
Common Equity (1,290 Class A units) (10) (13)			2/25/2022			1,290	827	0.5	
Preferred Equity (3,446 Class A Units), 12.0% cash / 2.0% PIK			3/3/2023			345	344	0.2	
					10,972	12,499	11,724	7.2	
Clevertech Bidco, LLC		Commodity Contracts Dealing							
First Lien Debt (15)	12.25%	SOFR+ 6.75%	11/3/2023	12/30/2027	3,198	3,106	3,106	1.9	
First Lien Debt (Revolver) (5)	n/m (18)	SOFR+ 6.75%	11/3/2023	12/30/2027	—	(9)	(9)	—	
					3,198	3,097	3,097	1.9	
Constellis Holdings, LLC (10)		Other Justice, Public Order, and Safety Activities							
Common Equity (20,628 common shares)			3/27/2020			703	45	—	
Convergint Technologies Holdings, LLC		Security Systems Services (except Locksmiths)							
Second Lien Debt	12.22%	SOFR+ 6.75%	9/28/2018	3/30/2029	5,938	5,863	5,877	3.6	
Creation Technologies (15) (21)		Bare Printed Circuit Board Manufacturing							
First Lien Debt	11.18%	SOFR+ 5.50%	9/24/2021	10/5/2028	1,970	1,959	1,851	1.1	
Diamond Sports Group, LLC (6) (14) (15)		Television Broadcasting							
Second Lien Debt	10.71%	SOFR+ 5.25%	11/19/2019	8/24/2026	1,935	1,935	92	0.1	
East West Manufacturing (15)		Fluid Power Pump and Motor Manufacturing							
First Lien Debt	11.13%	SOFR+ 5.75%	2/11/2022	12/22/2028	1,930	1,916	1,855	1.1	
Electrical Components International, Inc.		Current-Carrying Wiring Device Manufacturing							
Second Lien Debt	13.96%	SOFR+ 8.50%	4/8/2021	6/26/2026	3,679	3,452	3,561	2.2	

OFS Capital Corporation and Subsidiaries
Consolidated Schedule of Investments
December 31, 2023
(Dollar amounts in thousands)

Portfolio Company (1)				Initial					
Investment Type	Industry	Interest Rate (2)	Spread Above Index (2)	Acquisition Date	Maturity	Principal Amount	Amortized Cost	Fair Value (3)	Percent of Net Assets
Envocore Holding, LLC (F/K/A LRI Holding, LLC) (4) (17)		Electrical Contractors and Other Wiring Installation Contractors							
First Lien Debt		7.50%	N/A	6/30/2017	12/31/2025	\$ 6,295	\$ 6,295	\$ 6,295	3.9 %
Second Lien Debt (6) (10)		10.00% PIK	N/A	6/30/2017	12/31/2026	7,844	6,584	3,801	2.3
First Lien Debt (Revolver) (5)		n/m (18)	N/A	11/29/2021	12/31/2025	—	—	—	—
Equity Participation Rights (7) (10)				12/31/2021			4,722	—	—
						14,139	17,601	10,096	6.2
Excellin Home Health, LLC (4)		Home Health Care Services							
Second Lien Debt		18.00% PIK	N/A	10/25/2018	12/31/2025	4,932	4,839	4,173	2.6

GGC Aerospace Topco L.P. (10)		Other Aircraft Parts and Auxiliary Equipment Manufacturing							
Common Equity (368,852 Class A units)				12/29/2017		450		— —	
Common Equity (40,984 Class B units)				12/29/2017		50		— —	
						500		— —	
GoTo Group (F/K/A LogMeIn, Inc.) (14) (15)		Data Processing, Hosting, and Related Services							
First Lien Debt		10.28%	SOFR+ 4.75%	3/26/2021	8/31/2027	2,916	2,915	1,943	1.2
Heritage Grocers Group, LLC. (F/K/A Tony's Fresh Market / Cardenas Markets) (15)		Supermarkets and Other Grocery (except Convenience) Stores							
First Lien Debt		12.20%	SOFR+ 6.75%	7/20/2022	8/1/2029	5,925	5,641	5,925	3.7
Honor HN Buyer Inc		Services for the Elderly and Persons with Disabilities							
First Lien Debt (15)		11.25%	SOFR+ 5.75%	10/15/2021	10/15/2027	6,466	6,385	6,466	4.0
First Lien Debt (15)		11.25%	SOFR+ 5.75%	10/15/2021	10/15/2027	4,089	4,029	4,089	2.5
First Lien Debt (Revolver) (5)		13.25%	Prime+ 4.75%	10/15/2021	10/15/2027	95	85	95	0.1
First Lien Debt (Delayed Draw) (5) (15)		11.50%	SOFR+ 6.00%	3/31/2023	10/15/2027	2,706	2,682	2,706	1.7
						13,356	13,181	13,356	8.3
Idera Inc.		Computer and Computer Peripheral Equipment and Software Merchant Wholesalers							
Second Lien Debt		12.28%	SOFR+ 6.75%	1/27/2022	3/2/2029	4,000	4,000	3,850	2.4

OFS Capital Corporation and Subsidiaries
Consolidated Schedule of Investments
December 31, 2023
(Dollar amounts in thousands)

Portfolio Company (1)				Initial					
Investment Type	Industry	Interest Rate (2)	Spread Above Index (2)	Acquisition Date	Maturity	Principal Amount	Amortized Cost	Fair Value (3)	Percent of Net Assets
Inergex Holdings, LLC (11)	Other Computer Related Services								
First Lien Debt		12.58% cash / 1.00% PIK	SOFR+ 7.00%	10/1/2018	10/1/2024	\$ 14,868	\$ 14,783	\$ 14,868	9.2 %
First Lien Debt (Revolver)		12.58% cash / 1.00% PIK	SOFR+ 7.00%	10/1/2018	10/1/2024	2,344	2,312	2,344	1.4
						17,212	17,095	17,212	10.6
Ivanti Software, Inc. (14) (15)	Software Publishers								
First Lien Debt		9.91%	SOFR+ 4.25%	3/26/2021	12/1/2027	2,933	2,940	2,792	1.7
	Drugs and Druggists' Sundries								
JP Intermediate B, LLC (15)	Merchant Wholesalers								
First Lien Debt		11.14%	SOFR+ 5.50%	1/14/2021	11/20/2027	4,697	4,513	3,368	2.1
	Other Ambulatory Health Care								
Kreg LLC	Services								
First Lien Debt (11) (15)		9.75% cash / 2.50% PIK	SOFR+ 4.25%	12/20/2021	12/20/2026	17,139	17,066	15,989	9.9
First Lien Debt (Revolver) (5)		n/m (18)	SOFR+ 6.25%	12/20/2021	12/20/2026	—	(6)	(90)	(0.1)
						17,139	17,060	15,899	9.8
Medrina LLC	All Other Outpatient Care Centers								
First Lien Debt (15)		11.74%	SOFR+ 6.25%	10/20/2023	10/20/2029	2,234	2,180	2,180	1.3

First Lien Debt (Delayed Draw) (5) (15)	n/m (18)	SOFR+ 6.25%	10/20/2023	10/20/2029	—	(5)	(5)	—
First Lien Debt (Revolver) (5)	n/m (18)	SOFR+ 6.25%	10/20/2023	10/20/2029	—	(8)	(8)	—
					2,234	2,167	2,167	1.3
<i>Metasource, LLC (15)</i>	All Other Business Support Services							
First Lien Debt	11.72% cash / 0.50% PIK	SOFR+ 6.25%	5/17/2022	5/17/2027	2,755	2,733	2,597	1.6
First Lien Debt (Delayed Draw) (5)	n/m (18)	SOFR+ 6.25%	5/17/2022	5/17/2027	—	(4)	(69)	—
					2,755	2,729	2,528	1.6
<i>One GI LLC</i>	Offices of Other Holding Companies							
First Lien Debt (15)	12.21%	SOFR+ 6.75%	12/13/2021	12/22/2025	7,432	7,358	7,066	4.4
First Lien Debt (15)	12.21%	SOFR+ 6.75%	12/13/2021	12/22/2025	3,916	3,876	3,723	2.3
First Lien Debt (Revolver) (5)	n/m (18)	SOFR+ 6.75%	12/13/2021	12/22/2025	—	(14)	(71)	—
					11,348	11,220	10,718	6.7

OFS Capital Corporation and Subsidiaries
Consolidated Schedule of Investments
December 31, 2023
(Dollar amounts in thousands)

Portfolio Company (1)	Industry	Interest Rate (2)	Spread Above Index (2)	Initial Acquisition Date	Maturity	Principal Amount	Amortized Cost	Fair Value (3)	Percent of Net Assets
<i>Planet Bingo, LLC (F/K/A 3rd Rock Gaming Holdings, LLC) (6)</i>	Software Publishers								
First Lien Debt		6.50%	N/A	3/13/2018	12/31/2025	\$ 16,648	\$ 14,113	\$ 6,858	4.2 %
	All Other General Merchandise								
<i>PM Acquisition LLC</i>	Stores								
Common Equity (499 units) (10)				9/30/2017			499	551	0.3
<i>Reception Purchaser LLC (15)</i>	Transportation and Warehousing								
First Lien Debt		11.50%	SOFR+ 6.00%	4/28/2022	3/24/2028	2,523	2,495	2,257	1.4
	Computer and Computer Peripheral Equipment and Software Merchant Wholesalers								
<i>Redstone Holdco 2 LP (F/K/A RSA Security) (15)</i>									
First Lien Debt (14)		10.22%	SOFR+ 4.75%	4/16/2021	4/27/2028	1,715	1,708	1,307	0.8
Second Lien Debt		13.22%	SOFR+ 7.75%	4/16/2021	4/27/2029	4,450	4,407	3,272	2.0
						6,165	6,115	4,579	2.8
<i>RPLF Holdings, LLC (10) (13)</i>	Software Publishers								
Common Equity (345,339 Class A units)				1/17/2018			—	1,182	0.7
<i>RumbleOn, Inc. (15) (21)</i>	Other Industrial Machinery Manufacturing								
First Lien Debt (11)		14.36% Cash / 0.50% PIK	SOFR+ 8.75%	8/31/2021	8/31/2026	2,858	2,769	2,633	1.6
First Lien Debt (11)		14.36% Cash / 0.50% PIK	SOFR+ 8.75%	8/31/2021	8/31/2026	862	854	795	0.5
Warrants (warrants to purchase up to \$218,000 in common stock)				8/31/2021	8/14/2028 (12)		200	72	—
						3,720	3,823	3,500	2.1
<i>Sentry Centers Holdings, LLC (10) (13)</i>	Other Professional, Scientific, and Technical Services								
Preferred Equity (1,603 Series B units)				9/4/2020			160	77	—

Signal Parent, Inc. (14) (15)	New Single-Family Housing Construction (except For-Sale Builders)									
	First Lien Debt	8.96%	SOFR+ 3.50%	3/25/2021	4/3/2028	1,803	1,791	1,616	1.0	

OFS Capital Corporation and Subsidiaries
Consolidated Schedule of Investments
December 31, 2023
(Dollar amounts in thousands)

Portfolio Company (1)	Portfolio Company (1)	Investment Type	Industry	Interest Rate (2)	Spread Above Index (2)	Initial Acquisition Date	Maturity	Principal Amount	Amortized Cost	Fair Value (3)	Percent of Net Assets	Portfolio Company (1)	Investment Type	Industry	Interest Rate (2)	Spread Above Index (2)	Initial Acquisition Date
Spear																	
Education																	
Holdings, LLC (15)																	
First Lien Debt																	
First Lien Debt																	
			Professional and Management Development											Professional and Management Development			
First Lien Debt			Training	13.00%	SOFR+ 7.50%	2/10/2023	12/15/2027	\$ 1,485	\$ 1,455	\$ 1,484	0.9	0.9	%	Training	13.00%	SOFR+ 7.50%	2/10/2023
SSJA Bariatric Management LLC (15)																	
SSJA Bariatric Management LLC (15)																	
SSJA Bariatric Management LLC (15)																	
First Lien Debt																	
First Lien Debt																	
First Lien Debt																	
First Lien Debt																	
First Lien Debt (Revolver) (5)																	
SS Acquisition, LLC (8) (15)																	
First Lien Debt																	
First Lien Debt																	
First Lien Debt																	
First Lien Debt																	
4,502																	

Staples,

Inc. (14)

(15) (21)

First Lien Debt

First Lien Debt

First Lien Debt

STS Operating, Inc.

STS Operating, Inc.

STS Operating, Inc.

Second Lien Debt

Second Lien Debt

Second Lien Debt

Toleamar Acquisition,

INC.

Toleamar Acquisition,

INC.

Toleamar Acquisition,

INC.

Toleamar Acquisition,

Inc.

Toleamar Acquisition,

Inc.

Toleamar Acquisition,

Inc.

First Lien Debt (15)

First Lien Debt (15)

First Lien Debt (15)

First Lien

Debt

(Revolver)

(5)

15,939

TruGreen

Limited

Partnership

Second Lien Debt

Second Lien Debt

Second Lien Debt

United Biologics

Holdings, LLC (4) (10)

United Biologics

Holdings, LLC (4) (10)

United Biologics

Holdings, LLC (4) (10)

Preferred Equity (4,701

units)

Preferred Equity (4,701

units)

Preferred Equity (4,701

units)

OFS Capital Corporation and Subsidiaries

Consolidated Schedule of Investments

December 31, 2023

(Dollar amounts in thousands)

Portfolio Company (1)				Initial					
Investment Type	Industry	Interest Rate (2)	Spread Above Index (2)	Acquisition Date	Maturity	Principal Amount	Amortized Cost	Fair Value (3)	Percent of Net Assets
Wellful Inc. (F/K/A KNS Acquisition Corp.) (15)									
Electronic Shopping and Mail-Order Houses									
First Lien Debt		11.72%	SOFR+ 6.25%	4/16/2021	4/21/2027	\$ 6,606	\$ 6,581	\$ 6,313	3.9
Total Debt and Equity Investments						\$ 285,417	\$ 287,218	\$ 254,411	157.0 %
Structured Finance Securities (21)									
Apex Credit CLO 2020 (9) (16)									
Subordinated Notes		14.89%	N/A	11/16/2020	10/20/2031	\$ 11,080	\$ 10,191	\$ 7,031	4.3 %
Apex Credit CLO 2021 Ltd (9) (16)									
Subordinated Notes		21.61%	N/A	5/28/2021	7/18/2034	8,630	6,977	5,711	3.5
Apex Credit CLO 2022-1A (9) (16)									
Subordinated Notes		17.30%	N/A	4/28/2022	4/22/2033	10,726	8,858	6,961	4.3
Ares L CLO Ltd.									
Mezzanine Debt - Class E		11.31%	SOFR+ 5.65%	2/17/2022	1/15/2032	6,000	5,832	5,474	3.4
Barings CLO 2019-I Ltd.									
Mezzanine Debt - Class E		12.52%	SOFR+ 6.86%	2/23/2022	4/15/2035	8,000	7,918	7,725	4.8
Battalion CLO XI, Ltd.									
Mezzanine Debt - Class E		12.51%	SOFR+ 6.85%	4/24/2022	4/24/2034	6,000	5,918	5,511	3.4
Brightwood Capital MM CLO 2023-1A, Ltd.									
Mezzanine Debt - Class D		11.85%	SOFR+ 6.46%	9/28/2023	10/15/2035	915	888	888	0.5
Mezzanine Debt - Class E		15.75%	SOFR+ 10.36%	9/28/2023	10/15/2035	2,133	1,929	1,929	1.2
Subordinated Notes (9) (16)		14.56%	N/A	9/28/2023	10/15/2035	5,494	5,018	5,018	3.1
						8,542	7,835	7,835	4.8
Dryden 53 CLO, LTD. (9) (16)									
Subordinated Notes - Income		8.04%	N/A	10/26/2020	1/15/2031	2,700	1,280	622	0.3
Subordinated Notes		7.00%	N/A	10/26/2020	1/15/2031	2,159	1,046	497	0.3
						4,859	2,326	1,119	0.7

OFS Capital Corporation and Subsidiaries
Consolidated Schedule of Investments
December 31, 2023
(Dollar amounts in thousands)

Portfolio Company (1)				Initial					
Investment Type	Industry	Interest Rate (2)	Spread Above Index (2)	Acquisition Date	Maturity	Principal Amount	Amortized Cost	Fair Value (3)	Percent of Net Assets
Dryden 76 CLO, Ltd. (9) (16)									
Subordinated Notes		16.12%	N/A	9/27/2019	10/20/2032	\$ 2,750	\$ 2,332	\$ 1,779	1.1 %
Flatiron CLO 18, Ltd. (9) (16)									
Subordinated Notes		7.62%	N/A	1/2/2019	4/17/2031	9,680	6,314	4,989	3.1
Madison Park Funding XXIII, Ltd. (9) (16)									
Subordinated Notes		16.45%	N/A	1/8/2020	7/27/2047	10,000	5,558	4,744	2.9

<i>Madison Park Funding XXIX, Ltd. (9) (16)</i>								
Subordinated Notes	13.78%	N/A	12/22/2020	10/18/2047	9,500	5,927	5,355	3.3
<i>Monroe Capital MML CLO X, Ltd.</i>								
Mezzanine Debt - Class E-R	14.12%	SOFR+ 8.75%	4/22/2022	5/20/2034	1,000	961	967	0.6
<i>Octagon Investment Partners 39, Ltd. (9) (16)</i>								
Subordinated Notes	4.98%	N/A	1/23/2020	10/20/2030	7,000	3,962	2,171	1.3
<i>Park Avenue Institutional Advisers CLO Ltd 2021-1</i>								
Mezzanine Debt - Class E	12.98%	SOFR+ 7.30%	1/26/2021	1/20/2034	1,000	982	982	0.6
<i>Redding Ridge 4 Ltd. (9) (16)</i>								
Subordinated Notes	7.46%	N/A	3/4/2021	4/15/2030	1,300	910	544	0.3
<i>Regatta XXII Funding Ltd</i>								
Mezzanine Debt - Class E	12.61%	SOFR+ 7.19%	5/6/2022	7/20/2035	3,000	2,977	3,007	1.9
<i>THL Credit Wind River 2019-3 CLO Ltd. (9) (16)</i>								
Subordinated Notes	10.59%	N/A	4/5/2019	4/15/2031	7,000	4,883	2,941	1.8
<i>Trinitas CLO VIII (9) (16)</i>								
Subordinated Notes	3.95%	N/A	3/4/2021	7/20/2117	5,200	2,891	1,352	0.8

OFS Capital Corporation and Subsidiaries
Consolidated Schedule of Investments
December 31, 2023
(Dollar amounts in thousands)

Portfolio Company (1)	Industry	Interest Rate (2)	Spread Above Index (2)	Initial Acquisition Date	Maturity	Principal Amount	Amortized Cost	Fair Value (3)	Percent of Net Assets
<i>Venture 45 CLO Ltd.</i>									
Mezzanine Debt - Class E		13.12%	SOFR+ 7.70%	4/18/2022	7/20/2035	\$ 3,000	\$ 2,942	\$ 2,579	1.6 %
<i>Wellfleet CLO 2018-2 Ltd. (9) (16)</i>									
Subordinated Notes		9.99%	N/A	3/4/2021	10/20/2031	1,000	627	270	0.2
Total Structured Finance Securities						\$ 125,267	\$ 97,121	\$ 79,045	48.8 %
Total Non-control/Non-affiliate Investments						\$ 410,684	\$ 384,339	\$ 333,456	205.8 %
Affiliate Investments									
Office Machinery and Equipment									
<i>Contract Datascan Holdings, Inc. (4) (19)</i> Rental and Leasing									
Preferred Equity (3,061 Series A shares) 10.0% PIK				8/5/2015		\$ 7,309	\$ 10,312		6.4 %
Common Equity (11,273 shares) (10)				6/28/2016		104	271		0.2
						7,412	10,583		6.6
Data Processing, Hosting, and Related Services									
<i>DRS Imaging Services, LLC (13) (19)</i>									
Common Equity (1,135 units)				3/8/2018		1,135	393		0.2

Master Cutlery, LLC (4) (10) (19)	Sporting and Recreational Goods and Supplies Merchant Wholesalers								
	Subordinated Debt (6) (11)	13.00% PIK	N/A	4/17/2015	5/25/2024	9,749	4,680	—	—
	Preferred Equity (3,723 Series A units), 8.0% PIK			4/17/2015			3,483	—	—
	Common Equity (15,564 units)			4/17/2015			—	—	—
						9,749	8,163	—	—
Pfanstiehl Holdings, Inc. (4) (19) (20)	Pharmaceutical Preparation Manufacturing								
	Common Equity (400 Class A shares)			1/1/2014			217	70,927	43.8
TalentSmart Holdings, LLC (10) (13) (19)	Professional and Management Development Training								
	Common Equity (1,595,238 Class A shares)			10/11/2019			1,595	1,136	0.7

OFS Capital Corporation and Subsidiaries
Consolidated Schedule of Investments
December 31, 2023
(Dollar amounts in thousands)

Portfolio Company (1)	Industry	Interest Rate (2)	Spread Above Index (2)	Initial Acquisition Date	Maturity	Principal Amount	Amortized Cost	Fair Value (3)	Percent of Net Assets
TRS Services, LLC (4) (19)	Commercial and Industrial Machinery and Equipment (except Automotive and Electronic) Repair and Maintenance								
				12/10/2014		\$ 97	\$ 2,507	1.5 %	
				12/10/2014			572	1,285	0.8
							669	3,792	2.3
Total Affiliate Investments						\$ 9,749	\$ 19,191	\$ 86,831	53.6 %
Total Investments						\$ 420,432	\$ 403,530	\$ 420,287	259.4 %

- (1) Equity ownership may be held in shares or units of companies affiliated with the portfolio company. The Company's investments are generally classified as "restricted securities" as such term is defined under Regulation S-X Rule 6-03(f) or Securities Act Rule 144.
- (2) As of December 31, 2023, the Company held loans with an aggregate fair value of \$230,185, or 92% of the total loan portfolio, that bore interest at a variable rate indexed to LIBOR (L), Prime or SOFR, and reset monthly, quarterly, or semi-annually. For each variable-rate investment, the Company has provided the spread over the reference rate and current interest rate in effect as of December 31, 2023. Unless otherwise noted, all investments with a stated PIK rate require interest payments with the issuance of additional securities as payment of the entire PIK provision.
- (3) Unless otherwise noted with footnote 14, fair value was determined using significant unobservable inputs for all of the Company's investments and are considered Level 3 under GAAP. See **Note 5** for further details.
- (4) Investments (or portion thereof) held by SBIC I LP. These assets were pledged as collateral of the SBA debentures and could not be pledged under any debt obligation of the Company.
- (5) Subject to unfunded commitments. See **Note 6**.
- (6) Investment was on non-accrual status as of December 31, 2023, meaning the Company suspended recognition of all or a portion of income on the investment. See **Note 4** for further details.
- (7) Equity participation rights issued by unaffiliated third party fully covered with underlying positions in the portfolio company.
- (8) The Company entered into a contractual arrangement with co-lenders whereby, subject to certain conditions, it agreed to receive its payment after the repayment of certain co-lenders pursuant to a payment waterfall. The table below provides additional details as of December 31, 2023:

Portfolio Company	Reported Interest Rate	Interest Rate per Credit Agreement	Additional Interest per Annum
	Rate	Agreement	
SS Acquisition, LLC	12.41%	11.89%	0.51%
SS Acquisition, LLC	13.10%	11.89%	1.21%

- (9) The rate disclosed on subordinated note investments is the estimated effective yield, generally established at purchase, and reevaluated upon the receipt of the initial distribution and each subsequent quarter thereafter. The estimated effective yield is based upon projected amounts and timing of future distributions and the projected amounts and timing of terminal principal payments at the time of estimation. The estimated effective yield and investment cost may ultimately not be realized. Projected cash flows, including the amounts and timing of terminal principal payments, which generally are projected to occur prior to the contractual maturity date, were utilized in deriving the effective yield of the investments.
- (10) Non-income producing.

OFS Capital Corporation and Subsidiaries
Consolidated Schedule of Investments
December 31, 2023
(Dollar amounts in thousands)

(11) The interest rate on these investments contains a PIK provision, whereby the issuer has the option to make interest payments in cash or with the issuance of additional securities as payment of the entire PIK provision. The interest rate in the schedule represents the current interest rate in effect for these investments. The following table provides additional details on these PIK investments, including the maximum annual PIK interest rate allowed as of December 31, 2023:

Portfolio Company	Investment Type	Range of PIK Option	Range of Cash Option	Maximum PIK Rate Allowed
Inergex Holdings, LLC	First Lien Debt	0% to 1.00%	12.58% to 13.58%	1.00%
Inergex Holdings, LLC	First Lien Debt (Revolver)	0% to 1.00%	12.58% to 13.58%	1.00%
Kreg LLC	First Lien Debt	0% to 2.00%	9.75% to 11.75%	2.00%
Master Cutlery, LLC	Subordinated Debt	0% to 13.00%	0% to 13.00%	13.00%
RumbleOn, Inc.	First Lien Debt	0% to 0.50%	14.36% to 14.86%	0.50%

- (12) Represents expiration date of the warrants.
- (13) All or a portion of investment held by a wholly owned subsidiary subject to income tax.
- (14) Fair value was determined by reference to observable inputs other than quoted prices in active markets and are considered Level 2 under GAAP. See **Note 5** for further details.
- (15) Investments (or a portion thereof) held by OFSCC-FS. These assets are pledged as collateral of the BNP Facility and cannot be pledged under any other debt obligation of the Company.
- (16) Amortized cost reflects accretion of effective yield less any cash distributions received or entitled to be received from CLO subordinated note investments. CLO subordinated note positions are entitled to recurring distributions, which are generally equal to the residual cash flow of payments received on underlying securities less contractual payments to debt holders and fund expenses.
- (17) The Company holds at least one seat on the portfolio company's board of directors.
- (18) Not meaningful as there is no outstanding balance on the revolver or delayed draw loan. The Company earns unfunded commitment fees on undrawn revolving lines of credit balances, which are reported in fee income.
- (19) The Company has an observer seat on the portfolio company's board of directors.
- (20) Portfolio company at fair value represents greater than 5% of total assets at December 31, 2023.
- (21) Non-qualifying assets under Section 55(a) of the 1940 Act. Qualifying assets as defined in Section 55 of the 1940 Act must represent at least 70% of the Company's assets immediately following the acquisition of any additional non-qualifying assets. As of December 31, 2023, approximately 81% of the Company's assets were qualifying assets.

See Notes to Consolidated Financial Statements.

OFS Capital Corporation and Subsidiaries
Notes to Consolidated Financial Statements (unaudited)
(Dollar amounts in thousands, except per share data)

Note 1. Organization

OFS Capital Corporation, a Delaware corporation, is an externally managed, closed-end, non-diversified management investment company. The Company has elected to be regulated as a BDC under the 1940 Act. In addition, for income tax purposes, the Company has elected to be treated, and intends to qualify annually, as a RIC under Subchapter M of the Code.

The Company's investment objective is to provide stockholders with both current income and capital appreciation primarily through debt investments and, to a lesser extent, equity investments.

OFS Advisor manages the day-to-day operations of, and provides investment advisory services to, the Company. In addition, OFS Advisor serves as the investment adviser to HPCI, a non-traded BDC with an investment strategy and objective similar to that of the Company. OFS Advisor also serves as the investment adviser to OCCI, a non-diversified, externally managed, closed-end management investment company that is registered as an investment company under the 1940 Act and that primarily invests in Structured Finance Securities. Additionally, OFS Advisor serves as the investment adviser to separately-managed accounts and sub-advisor to investment companies managed by an affiliate.

The Company may make investments directly or through one or more of its subsidiaries: OFSCC-FS, SBIC I LP or OFSCC-MB.

OFSCC-FS, an indirect wholly owned and consolidated subsidiary of the Company, is a special-purpose vehicle formed in April 2019 for the purpose of acquiring senior secured loan investments. OFSCC-FS has debt financing through its BNP Facility, which provides OFSCC-FS with borrowing capacity of up to \$150,000, subject to a borrowing base and other covenants.

SBIC I LP is an investment company subsidiary previously licensed under the SBA's small business investment company program that was subject to SBA regulations and policies. On March 1, 2024, SBIC I LP fully repaid its outstanding SBA debentures and, on April 17, 2024, surrendered its license to operate as a SBIC.

OFSCC-MB is a wholly owned and consolidated subsidiary taxed under subchapter C of the Code that generally holds the Company's equity investments in portfolio companies that are taxed as pass-through entities.

Note 2. Summary of Significant Accounting Policies

Basis of presentation: The Company is an investment company as defined in the accounting and reporting guidance under ASC Topic 946, *Financial Services—Investment Companies*. The accompanying interim consolidated financial statements of the Company and related financial information have been prepared in accordance with GAAP for interim

financial information and pursuant to the requirements for reporting on Form 10-Q, and Articles 6, 10 and 12 of Regulation S-X. Accordingly, they do not include all of the information and notes required by GAAP for annual financial statements. However, in the opinion of management, the consolidated financial statements include all adjustments, consisting only of normal and recurring accruals and adjustments, necessary for fair presentation as of, and for, the periods presented. These consolidated financial statements and notes hereto should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, filed on March 5, 2024. The results of operations for any interim period are not necessarily indicative of the results of operations to be expected for the full year.

Significant Accounting Policies: The following information supplements the description of significant accounting policies contained in Note 2 to the Company's consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Reclassifications: Certain prior period amounts have been reclassified to conform to the current period presentation in the consolidated financial statements and the accompanying notes thereto. Reclassifications did not impact net increase (decrease) in net assets resulting from operations, total assets, total liabilities or total net assets, or consolidated statements of changes in net assets and consolidated statements of cash flows classifications.

Use of estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates.

Concentration of credit risk: Aside from the Company's investments, financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash deposits at financial institutions. At various times during the year, the Company exceeds the federally insured limits. The Company places cash deposits only with high credit quality

OFS Capital Corporation and Subsidiaries

Notes to Consolidated Financial Statements (unaudited)
(Dollar amounts in thousands, except per share data)

institutions which OFS Advisor believes will mitigate the risk of loss due to credit risk. If borrowers completely fail to perform according to the terms of the contracts, the amount of loss due to credit risk from the Company's investments is equal to the sum of the Company's recorded investments and the unfunded commitments disclosed in **Note 6**.

Cash and cash equivalents: The Company's cash and cash equivalent balances are maintained with a member bank of the FDIC, and at times, such balances exceed the FDIC insurance limit. The Company does not believe its cash and cash equivalent balances are exposed to any significant credit risk. Cash and cash equivalent balances are held in US Bank Trust Company, National Association and Citibank N.A. money market deposit accounts. In addition, the Company's use of cash and cash equivalents held by **SBIC I LP** was limited by SBA regulation and use of cash and cash equivalents held by OFSCC-FS is limited by the terms and conditions of the BNP Facility, including but not limited to, the payment of interest expense and principal on the outstanding borrowings.

Note 3. Related Party Transactions

Investment Advisory and Management Agreement: OFS Advisor manages the day-to-day operations of, and provides investment advisory services to, the Company pursuant to the Investment Advisory Agreement. The continuation of the Investment Advisory Agreement was most recently approved by the Board on April 3, 2024. Under the terms of the Investment Advisory Agreement, which are in accordance with the 1940 Act and subject to the overall supervision of the Board, OFS Advisor is responsible for sourcing potential investments, conducting research and diligence on potential investments and equity sponsors, analyzing investment opportunities, structuring investments, and monitoring investments and portfolio companies on an ongoing basis.

OFS Advisor's services under the Investment Advisory Agreement are not exclusive to the Company and OFS Advisor is free to furnish similar services to other entities, including other funds affiliated with OFS Advisor, so long as its services to the Company are not impaired. OFS Advisor also serves as the investment adviser or sub-adviser to various clients, including HPCI and OCCI.

OFS Advisor receives fees for providing services to the Company, consisting of two components: a base management fee and an incentive fee. The base management fee is calculated at an annual rate of 1.75% and based on the average value of the Company's total assets (other than cash and cash equivalents but including assets purchased with borrowed amounts and assets owned by any consolidated entity) at the end of the two most recently completed calendar quarters, adjusted for any share issuances or repurchases during the quarter.

For the years ended December 31, 2024 and 2023, OFS Advisor agreed to reduce its base management fee attributable to all of the OFSCC-FS Assets to 0.25% per quarter (1.00% annualized) of the average value of the OFSCC-FS Assets (other than cash and cash equivalents but including assets purchased with borrowed amounts) at the end of the two most recently completed calendar quarters. OFS Advisor's base management fee reduction is renewable on an annual basis, and OFS Advisor is not entitled to recoup the amount of the base management fee reduced with respect to the OFSCC-FS Assets. OFS Advisor most recently renewed the agreement to reduce its base management fee for the 2024 calendar year on January 8, 2024.

The incentive fee has two parts. The first part of the incentive fee ("Income Incentive Fee") is calculated and payable quarterly in arrears based on the Company's pre-incentive fee net investment income for the immediately preceding calendar quarter. For this purpose, pre-incentive fee net investment income means interest income, dividend income and any other income (including any other fees such as commitment, origination and sourcing, structuring, diligence and consulting fees or other fees that the Company receives from portfolio companies, but excluding fees for providing managerial assistance) accrued during the calendar quarter, minus operating expenses for the quarter (including the base management fee, any expenses payable under the Administration Agreement and any interest expense and dividends paid on any outstanding preferred stock, but excluding the incentive fee). Pre-incentive fee net investment income includes, in the case of investments with a deferred interest or dividend feature (such as OID, debt instruments with PIK interest, equity investments with accruing or PIK dividend and zero coupon securities), accrued income that the Company has not yet received in cash.

Pre-incentive fee net investment income is expressed as a rate of return on the value of the Company's net assets (defined as total assets less indebtedness and before taking into account any incentive fees payable during the period) at the end of the immediately preceding calendar quarter and adjusted for any share issuances or repurchases during such quarter.

The incentive fee with respect to pre-incentive fee net income is 20.0% of the amount, if any, by which the pre-incentive fee net investment income for the immediately preceding calendar quarter exceeds a 2.0% hurdle rate (which is 8.0% annualized) and a "catch-up" provision measured as of the end of each calendar quarter. Under this provision, in any calendar quarter, OFS Advisor receives no incentive fee until the net investment income equals the hurdle rate of 2.0%, but then receives, as a "catch-up," 100.0% of the pre-

incentive fee net investment income with respect to that portion of such pre-incentive fee net investment income, if any, that exceeds the hurdle rate but is less than 2.5%. The effect of this provision is that, if pre-incentive fee net

OFS Capital Corporation and Subsidiaries
Notes to Consolidated Financial Statements (unaudited)
(Dollar amounts in thousands, except per share data)

investment income exceeds 2.5% in any calendar quarter, OFS Advisor will receive 20.0% of the pre-incentive fee net investment income.

Pre-incentive fee net investment income does not include any realized capital gains, realized capital losses or unrealized capital appreciation or depreciation. Because of the structure of the incentive fee, it is possible that the Company may pay an incentive fee in a quarter in which the Company incurs a loss. For example, if the Company receives pre-incentive fee net investment income in excess of the quarterly minimum hurdle rate, the Company will pay the applicable incentive fee even if the Company has incurred a loss in that quarter due to realized and unrealized capital losses. The Company's net investment income used to calculate this part of the incentive fee is also included in the amount of the Company's gross assets used to calculate the base management fee. These calculations are appropriately prorated for any period of less than three months.

The second part of the incentive fee (the "Capital Gains Fee") is determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Advisory Agreement, as of the termination date), and equals 20.0% of the Company's aggregate realized capital gains, if any, on a cumulative basis from the date of the election to be a BDC through the end of each calendar year, computed net of all realized capital losses, losses on extinguishment of debt, income taxes from realized capital gains and unrealized capital depreciation through the end of such year, less all previous amounts paid in respect of the Capital Gains Fee. Since inception through **March 31, 2024** **June 30, 2024**, the Company has not made a Capital Gains Fee payment.

The Company accrues the Capital Gains Fee if, on a cumulative basis, the sum of net realized capital gains (losses) plus net unrealized appreciation (depreciation) is positive. An accrued Capital Gains Fee relating to net unrealized appreciation is deferred, and not due to OFS Advisor, until the close of the year in which such gains are realized. If, on a cumulative basis, the sum of net realized capital gains (losses) plus net unrealized appreciation (depreciation) decreases during a period, the Company will reverse any excess Capital Gains Fee previously accrued such that the amount of Capital Gains Fee accrued is no more than 20% of the sum of net realized capital gains (losses) plus net unrealized appreciation (depreciation). As of **March 31, 2024** **June 30, 2024** and December 31, 2023, there were no accrued Capital Gains Fees.

License Agreement: The Company entered into a license agreement with OFSAM under which OFSAM has granted the Company a non-exclusive, royalty-free license to use the name "OFS."

Administration Agreement: OFS Services furnishes the Company with office facilities and equipment, necessary software licenses and subscriptions, and clerical, bookkeeping and record keeping services at such facilities pursuant to the Administration Agreement. The continuation of the Administration Agreement was most recently approved by the Board on April 3, 2024. Under the Administration Agreement, OFS Services performs, or oversees the performance of, the Company's required administrative services, which include being responsible for the financial records that the Company is required to maintain and preparing reports to its stockholders and all other reports and materials required to be filed with the SEC or any other regulatory authority. In addition, OFS Services assists the Company in determining and publishing its net asset value, oversees the preparation and filing of its tax returns and the printing and dissemination of reports to its stockholders, and generally oversees the payment of the Company's expenses and the performance of administrative and professional services rendered to the Company by others. Under the Administration Agreement, OFS Services also provides managerial assistance on the Company's behalf to those portfolio companies that have accepted the Company's offer to provide such assistance. Payment under the Administration Agreement is equal to an amount based upon the Company's allocable portion of OFS Services's overhead in performing its obligations under the Administration Agreement, including, but not limited to, rent, information technology services and the Company's allocable portion of the cost of its officers, including its chief executive officer, chief financial officer, chief compliance officer, chief accounting officer and their respective staffs. To the extent that OFS Services outsources any of its functions, the Company will pay the fees associated with such functions on a direct basis without profit to OFS Services.

Equity Ownership: As of **March 31, 2024** **June 30, 2024**, affiliates of OFS Advisor held approximately 3,022,183 shares of common stock, which is approximately 22.6% of the Company's outstanding shares of common stock.

OFS Capital Corporation and Subsidiaries
Notes to Consolidated Financial Statements (unaudited)
(Dollar amounts in thousands, except per share data)

Expenses recognized under agreements with OFS Advisor and OFS Services and distributions paid to affiliates for the three **and six** months ended **March 31, 2024** **June 30, 2024** and 2023 are presented below:

	Three Months Ended March 31,			Three Months Ended June 30,			Six Months Ended June 30,					
	2024	2024	2023	2024	2024	2023	2024	2023	2024	2023	2024	2023
Base management fee												
Income Incentive Fee												
Administration fee												
Administration fee												
Administration fee												
Distributions paid to affiliates												

Note 4. Investments

As of March 31, 2024 June 30, 2024, the Company had loans to 43 40 portfolio companies, of which approximately 84% 85% were first lien debt investments and 16% 15% were second lien debt investments, at fair value. The Company also had equity investments in 15 16 portfolio companies and 21 18 investments in Structured Finance Securities. As of March 31, 2024 June 30, 2024, the Company's investments consisted of the following:

Percentage of Total													
	Amortized Cost		Amortized Cost		Amortized Cost		Net Assets		Fair Value		Fair Value		Amortized Cost
First lien debt investments ⁽¹⁾	First lien debt investments ⁽¹⁾ \$224,462	56.2	56.2 %		151.3 %		\$206,153	51.3	51.3 %		138.9 %	First lien debt investments ⁽¹⁾ \$221,995	57.6
Second lien debt investments													
Subordinated debt investments													
Preferred equity													
Common equity, warrants and other ⁽²⁾													
Total Portfolio Company Investments													
Structured Finance Securities													
Total investments	Total investments \$399,037	100.0	100.0 %		268.9 %		\$400,414	100.0	100.0 %		269.8 %	Total investments \$385,446	100.0

- (1) Includes unitranche investments (which are loans that combine both senior and subordinated debt, in a first lien position) with an amortized cost and fair value of \$144,947 \$143,330 and \$135,793, \$132,469, respectively.
- (2) Includes the Company's investment in Pfanstiehl Holdings, Inc. See "Note 4—Portfolio Concentration" for additional information.

Geographic composition is determined by the location of the corporate headquarters of the portfolio company. All international investments are denominated in US dollars. As of March 31, 2024 June 30, 2024 and December 31, 2023, the Company's investment portfolio was domiciled as follows:

	March 31, 2024			December 31, 2023		
	June 30, 2024			December 31, 2023		
	Amortized Cost	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost
United States						
Canada ⁽¹⁾						
Cayman Islands ⁽¹⁾⁽²⁾						
Jersey ⁽¹⁾⁽²⁾						
Total investments						
Total investments						
Total investments						

- (1) Represents non-qualifying assets under Section 55(a) of the 1940 Act.
- (2) Investments domiciled in the Cayman Islands and Jersey represent certain Structured Finance Securities held by the Company. These investments generally represent beneficial interests in underlying portfolios of debt investments in companies domiciled in the United States.

OFS Capital Corporation and Subsidiaries

Notes to Consolidated Financial Statements (unaudited)

(Dollar amounts in thousands, except per share data)

As of March 31, 2024 June 30, 2024, the industry composition of the Company's investment portfolio was as follows:

Percentage of Total	Percentage of Total	Percentage of Total
---------------------	---------------------	---------------------

Industry	Industry	Amortized Cost		Amortized Cost	Net Assets		Fair Value		Fair Value	Net Assets	Industry	Amortized Cost		
Administrative and Support and Waste Management and Remediation Services	Administrative and Support and Waste Management and Remediation Services	\$ 22,087	5.5	5.5 %	14.9 %		\$ 21,425	5.3	5.3 %	14.4 %	Administrative and Support and Waste Management and Remediation Services	\$ 22,068		5
Construction														
Construction														
Construction														
Education Services														
Education Services														
Education Services														
Finance and Insurance														
Finance and Insurance														
Finance and Insurance														
Health Care and Social Assistance														
Health Care and Social Assistance														
Health Care and Social Assistance														
Information														
Information														
Information														
Management of Companies and Enterprises														
Management of Companies and Enterprises														
Management of Companies and Enterprises														
Manufacturing														
Manufacturing														
Manufacturing														
Professional, Scientific, and Technical Services														
Professional, Scientific, and Technical Services														
Professional, Scientific, and Technical Services														
Public Administration														
Public Administration														
Public Administration														
Real Estate and Rental and Leasing														
Real Estate and Rental and Leasing														
Real Estate and Rental and Leasing														
Retail Trade														
Retail Trade														
Retail Trade														



[illegible]

	Percentage of Total															
	Amortized Cost		Amortized Cost		Amortized Cost		Net Assets		Fair Value		Fair Value		Net Assets		Amortized Cost	
First lien debt investments ⁽¹⁾	First lien debt investments ⁽¹⁾	\$220,941	54.7	54.7 %		136.4 %		\$202,792	48.3	48.3 %		125.1 %	First lien debt investments ⁽¹⁾	\$220,941	54.7	54.7 %
Second lien debt investments																
Subordinated debt investments																
Preferred equity																
Common equity, warrants and other ⁽²⁾																
Total debt and equity investments	Total debt and equity investments	\$306,409	75.9	75.9 %		189.1 %		\$341,242	81.2	81.2 %		210.6 %	Total debt and equity investments	\$306,409	75.9	75.9 %
Structured Finance Securities																
Total	Total	\$403,530	100.0	100.0 %		249.0 %		\$420,287	100.0	100.0 %		259.4 %	Total	\$403,530	100.0	100.0 %

OFS Capital Corporation and Subsidiaries

As of December 31, 2023, the industry compositions of the Company's debt and equity investments were as follows:

Percentage of Total Percentage of Total

Industry	Amortized Cost	Amortized Cost	Net Assets	Fair Value	Fair Value	Net Assets
Administrative and Support and Waste Management and Remediation Services	\$ 22,119	5.5 %	13.6 %	\$ 21,252	5.2 %	13.0 %
Construction	19,393	4.8	12.0	11,712	2.8	7.2
Education Services	7,523	1.9	4.7	7,122	1.7	4.4
Finance and Insurance	3,097	0.8	1.9	3,097	0.7	1.9
Health Care and Social Assistance	72,013	17.8	44.5	69,122	16.5	42.6
Information	26,763	6.6	16.5	16,586	4.0	10.4
Management of Companies and Enterprises	11,219	2.8	6.9	10,718	2.6	6.6
Manufacturing	29,402	7.3	18.1	97,924	23.2	60.5
Other Services (except Public Administration)	670	0.2	0.4	3,792	0.9	2.3
Professional, Scientific, and Technical Services	21,327	5.3	13.2	21,481	5.1	13.2
Public Administration	703	0.2	0.4	45	—	—
Real Estate and Rental and Leasing	12,072	3.0	7.5	11,861	2.8	7.3
Retail Trade	12,721	3.1	7.9	12,789	3.0	7.9
Transportation and Warehousing	2,495	0.7	1.5	2,257	0.5	1.6
Wholesale Trade	64,892	15.9	40.0	51,484	12.2	31.8
Total debt and equity investments	\$ 306,409	75.9 %	189.1 %	\$ 341,242	81.2 %	210.6 %
Structured Finance Securities	97,121	24.1	59.9	79,045	18.8	48.8
Total investments	\$ 403,530	100.0 %	249.0 %	\$ 420,287	100.0 %	259.4 %

Non-Accrual Loans: Management reviews, for placement on non-accrual status, all loans and CLO mezzanine debt investments that become past due on principal and interest, and/or when there is reasonable doubt that principal or interest will be collected. When a loan is placed on non-accrual status, accrued and unpaid cash interest is reversed. Additionally, Net Loan Fees are no longer recognized as of the date the loan is placed on non-accrual status. Depending upon management's judgment, interest payments subsequently received on non-accrual investments may be recognized as income or applied to amortized cost. Interest accruals and Net Loan Fee amortization are resumed on non-accrual investments only when they are brought current with respect to principal and interest payments and, in the judgment of management, it is probable that the Company will collect all principal and interest from the investment. For the three months ended **March 31, 2024** **June 30, 2024**, **no new loans** **to one portfolio company with an aggregate amortized cost and fair value of \$13,462 and \$8,846, respectively**, were placed on non-accrual status. The aggregate amortized cost and fair value of loans on non-accrual status as of **March 31, 2024** **June 30, 2024** was **\$43,872** **\$41,276** and **\$19,381**, **\$18,329**, respectively, and as of December 31, 2023 was \$34,568 and \$12,140, respectively.

Portfolio Concentration: As of March 31, 2024, **The following table presents** the Company's **common equity investment in Pfanstiehl Holdings, Inc., a global manufacturer of high-purity pharmaceutical ingredients, accounted for 15.8% and 42.5% of its total portfolio at companies based on fair value and its that comprise greater than 10% of the Company's total net assets respectively, as of June 30, 2024.**

Portfolio Company	Investment Type	Industry	Amortized Cost	Fair Value	Percentage of Total	
					Fair Value	Net Assets
Pfanstiehl Holdings, Inc.	Common Equity	Manufacturing	\$ 217	\$ 70,831	17.8 %	45.9 %
All Star Auto Lights, Inc.	First Lien Debt	Wholesale Trade	27,050	27,181	6.8	17.6
Inergex Holdings, LLC	First Lien Debt	Professional, Scientific, and Technical Services	17,022	17,213	4.3	11.1
Kreg LLC	First Lien Debt	Health Care and Social Assistance	17,290	16,011	4.0	10.3

As of March 31, 2024, the Company's first lien debt investments in All Star Auto Lights, Inc., a nationwide wholesaler of motor vehicle parts, accounted for approximately 6.9% and 18.7% of its total portfolio at fair value and net assets, respectively.

As of March 31, 2024 **June 30, 2024**, approximately **4.8%** **5.1%** and **12.9%** **13.3%** of the Company's total portfolio at fair value and net assets, respectively, were comprised of Structured Finance Securities managed by a single adviser.

OFS Capital Corporation and Subsidiaries

Notes to Consolidated Financial Statements (unaudited)

(Dollar amounts in thousands, except per share data)

Note 5. Fair Value of Financial Instruments

The Company's investments are carried at fair value and determined in accordance with ASC 820 and a documented valuation policy that is applied in a consistent manner. Pursuant to Rule 2a-5 of the 1940 Act ("Rule 2a-5"), the Board designated OFS Advisor as the valuation designee to perform fair value determinations relating to the Company's investments, and the Board maintains oversight of OFS Advisor in its capacity as valuation designee, as prescribed in Rule 2a-5.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are determined with models or other valuation techniques, valuation inputs, and assumptions that market participants would use in pricing an asset or liability. Valuation inputs are organized in a hierarchy that gives the highest priority to prices for identical assets or liabilities quoted in active markets (Level 1) and the lowest priority to fair values based on unobservable inputs (Level 3). The three levels of inputs in the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.

Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability, and situations where there is little, if any, market activity for the asset or liability at the measurement date.

The inputs into the determination of fair value are based upon the best information under the circumstances and may require management to exercise significant judgment or estimation. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. The Company generally categorizes its investment portfolio into Level 3, and to a lesser extent Level 2, of the hierarchy.

The Company assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the measurement date. The following table presents the Company's transfers of Level 2 and Level 3 debt investments for the three and six months ended March 31, 2024, June 30, 2024 and 2023:

	Three Months Ended March 31, Three Months Ended March 31, Three Months Ended March 31,		Three Months Ended June 30, Six Months Ended June 30,						
					2024	2024	2023	2024	2023
Transfers from Level 2 to Level 3									
Transfers from Level 3 to Level 2									

Transfers between levels during the reporting periods were due to availability of reliable Indicative Prices in those periods.

Due to the inherent uncertainty of determining the fair value of Level 3 investments, the fair value of the investments may differ significantly from the values that would have been used had a ready market or observable inputs existed for such investments and may differ materially from the values that may ultimately be received or settled. Further, such investments are generally subject to legal and other restrictions, or otherwise are less liquid than publicly traded instruments. If the Company were required to liquidate a portfolio investment in a forced or liquidation sale, the Company might realize significantly less than the value at which such investment had previously been recorded and incur a realized capital loss. The Company's investments are subject to market risk as a result of economic and political developments, including impacts from elevated interest and inflation rates, the ongoing war between Russia and Ukraine, the escalated armed conflict in the Middle East, instability in the U.S. and international banking systems, **uncertainties related to the 2024 U.S. presidential election**, the risk of recession or a shutdown of **U.S.** government services and related market volatility. Market risk is directly impacted by the volatility and liquidity in the markets in which certain investments are traded and can affect the fair value of the Company's investments. The Company's investments are also subject to interest rate risk. Changes in interest rates, including any potential interest rate reductions approved by the U.S. Federal Reserve, may impact both our cost of funding and the valuation of our investment portfolio.

OFS Capital Corporation and Subsidiaries

Notes to Consolidated Financial Statements (unaudited)
(Dollar amounts in thousands, except per share data)

The following tables present the Company's investment portfolio measured at fair value on a recurring basis as of March 31, 2024, June 30, 2024 and December 31, 2023:

Security	Security	Level 1	Level 2	Level 3	Fair Value as of March 31, 2024	Security	Level 1	Level 2	Level 3	Fair Value as of June 30, 2024
Debt investments										
Equity investments										
Structured Finance Securities										

Security	Level 1	Level 2	Level 3	Fair Value as of December 31, 2023
Debt investments	\$ —	\$ 16,053	\$ 235,260	\$ 251,313
Equity investments	—	—	89,929	89,929
Structured Finance Securities	—	—	79,045	79,045
	\$ —	\$ 16,053	\$ 404,234	\$ 420,287

OFS Capital Corporation and Subsidiaries

Notes to Consolidated Financial Statements (unaudited)

(Dollar amounts in thousands, except per share data)

The following tables provides the primary quantitative information about valuation techniques and the Company's unobservable inputs to its Level 3 fair value measurements as of March 31, 2024, June 30, 2024 and December 31, 2023. The Company may make changes to the valuation techniques, among techniques otherwise commonly used utilized in accordance with its valuation policies, and/or the weighting of techniques used for particular investments based on changes in facts-and-circumstances and depending on the availability of, or changes in, information in order to produce the best estimate of fair value as of the measurement date. In addition to the techniques and unobservable inputs noted in the tables below and in accordance with OFS Advisor's valuation policy, OFS Advisor, as valuation designee, may also use other valuation techniques and methodologies when determining the fair value measurements of the Company's investment assets.

	Fair Value as of March 31, 2024		June 30, 2024	Valuation technique	Unobservable inputs	Range (Weighted average)
Debt investments:						
First lien	\$	150,563	151,302	Discounted cash flow	Discount rates	9.75% 9.49% - 25.18% (12.85%) 25.87% (13.12%)
		18,371	17,474	Market approach	EBITDA multiples	3.00x - 9.00x (5.38x) 9.50x (6.31x)
		7,178	7,162	Market approach	Revenue multiples	0.40x - 0.40x (0.40x)
Transaction Price						
Second lien		31,917	23,314	Discounted cash flow	Discount rates	11.02% 11.10% - 19.12% (13.48%) 16.49% (14.13%)
		6,865	6,896	Market approach	Revenue multiples	0.40x - 0.93x (0.73x) 0.94x (0.74x)
205 Subordinated			320	Market approach	Net asset value liquidation(2)	
					Net asset value liquidation Structured Finance Securities(2) (1):	
Subordinated			250	Market approach		
Structured Finance Securities:						
Subordinated notes(1)		48,022	45,410	Discounted cash flow	Discount rates	15.00% - 49.50% (26.17%) (25.50%)
					Constant default rate	2.00% - 3.00% (2.10%)
					Recovery rate	65.00% - 65.00% (65.00%)
Mezzanine debt		29,871	30,209	Discounted cash flow	Discount margin	6.25% - 10.00% (8.07%) (8.06%)
					Constant default rate	2.00% - 3.00% (2.14%)
					Recovery rate	65.00% - 65.00% (65.00%)
Equity investments:						
Preferred equity		9,534	9,754	Market approach	EBITDA multiples	7.00x 6.64x - 7.75x (7.74x)
Common equity, warrants and other		67,035	75,059	Market approach	EBITDA multiples	6.00x - 16.00x (12.94x) 15.75x (13.80x)
Common equity, warrants and other		506	842	Market approach	Revenue multiples	0.40x - 0.70x (0.70x) 0.83x (0.83x)
	\$	374,397	367,742			

(1) The cash flows utilized in the discounted cash flow calculations assume: (i) liquidation of (a) certain distressed investments and (b) all investments currently in default held by the issuing CLO at their current market prices; and (ii) redeployment of proceeds at the issuing CLO's assumed reinvestment rate.

(2) Net asset value liquidation represents the fair value, or estimated expected residual value, of the investment.

OFS Capital Corporation and Subsidiaries

Notes to Consolidated Financial Statements (unaudited)

(Dollar amounts in thousands, except per share data)

	Fair Value at December 31, 2023	Valuation technique	Unobservable inputs	Range (Weighted average)
Debt investments:				
First lien	\$ 161,211	Discounted cash flow	Discount rates	9.55% - 24.40% (12.61%)
	8,136	Market approach	EBITDA multiples	3.14x - 6.00x (3.59x)
	6,295	Market approach	Revenue multiples	0.40x - 0.40x (0.40x)
	11,189	Market approach	Transaction Price	
Second lien	36,495	Discounted cash flow	Discount rates	10.45% - 21.68% (13.29%)
	8,084	Market approach	Revenue multiples	0.40x - 1.20x (0.67x)
	3,850	Market approach	Transaction Price	
Subordinated	—	Market approach	NAV liquidation ⁽²⁾	
Structured Finance				
Securities: Securities⁽¹⁾:				
Subordinated notes ⁽¹⁾	44,965	Discounted cash flow	Discount rates	16.00% - 50.00% (28.64%)
			Constant default rate	2.00% - 2.00% (2.00%)
			Recovery rate	65.00% - 65.00% (65.00%)
Mezzanine debt ⁽¹⁾	26,245	Discounted cash flow	Discount margin	7.15% - 10.60% (8.36%)
			Constant default rate	2.00% - 3.00% (2.04%)
			Recovery rate	65.00% - 65.00% (65.00%)
Subordinated notes	5,018	Market Approach	Transaction Price	
Mezzanine debt	2,817	Market Approach	Transaction Price	
Equity investments:				
Preferred equity	13,163	Market approach	EBITDA multiples	7.50x - 8.00x (7.60x)
Preferred equity	77	Market approach	Revenue multiples	0.13x - 3.25x (3.25x)
Common equity, warrants and other ⁽³⁾	70,927	Discounted cash flow	Discount rates	11.50% - 11.50% (11.50%)
		Market approach	EBITDA multiples	12.00x - 13.25x (12.63x)
Common equity, warrants and other	5,369	Market approach	EBITDA multiples	5.75x - 16.50x (9.57x)
Common equity, warrants and other	393	Market approach	Revenue multiples	0.40x - 0.70x (0.70x)
	<u>\$ 404,234</u>			

(1) The cash flows utilized in the discounted cash flow calculations assume: (i) liquidation of (a) certain distressed investments and (b) all investments currently in default held by the issuing CLO at their current market prices; and (ii) redeployment of proceeds at the issuing CLO's assumed reinvestment rate.

(2) NAV liquidation represents the fair value, or estimated expected residual value, of the investment.

(3) Two valuation techniques were weighted to determinate the fair value.

Averages in the preceding two tables were weighted by the fair value of the related instruments.

Changes in market credit spreads or events impacting the credit quality of the underlying portfolio company (both of which could impact the discount rate), as well as changes in enterprise value and/or EBITDA multiples, among other things, could have a significant impact on fair values, with the fair value of a particular debt investment susceptible to change in inverse relation to the changes in the discount rate. Changes in enterprise value and/or EBITDA multiples, as well as changes in the discount rate, could have a significant impact on fair values, with the fair value of an equity investment susceptible to change in tandem with the changes in enterprise value and/or EBITDA multiples, and in inverse relation to changes in the discount rate. Due to the wide range of approaches in developing input assumptions to these valuation techniques and the degree of subjectivity used in making the estimates, comparisons between the Company's disclosures and those of other companies may not be meaningful.

OFS Capital Corporation and Subsidiaries

Notes to Consolidated Financial Statements (unaudited)

(Dollar amounts in thousands, except per share data)

The following tables present changes in investments measured at fair value using Level 3 inputs for the **three six** months ended **March 31, 2024** **June 30, 2024** and **March 31, 2023**; **2023**:

Three Months Ended March 31, 2024

Six Months Ended June 30, 2024

	First Lien Debt Investments	First Lien Debt Investments	Second Lien Debt Investments	Subordinated Debt Investments	Preferred Equity	Common Equity, Warrants and Other	Structured Finance Securities	Total	First Lien Debt Investments	Second Lien Debt Investments	Subordinated Debt Investments	Preferred Equity	Common Equity, Warrants and Other
Level 3 assets, December 31, 2023													
Net realized gain on investments													
Net realized gain on investments													
Net realized gain on investments													
Net realized gain (loss) on investments													
Net realized gain (loss) on investments													
Net realized gain (loss) on investments													
Net unrealized appreciation (depreciation) on investments													
Amortization of Net Loan Fees													
Accretion of interest income on Structured Finance Securities													
Capitalized PIK interest and dividends													
Amendment fees received													
Purchase and origination of portfolio investments													
Proceeds from principal payments on portfolio investments													
Sale and redemption of portfolio investments													
Conversion from debt investments to equity investments													

Proceeds from
distributions
received
from
portfolio
investments

Transfers from
Level 3 to
Level 2

Transfers from
Level 2 to
Level 3

Level 3 assets,
March 31,
2024

Level 3 assets, June 30,
2024

Level 3 assets, June 30,
2024

Level 3 assets, June 30,
2024

OFS Capital Corporation and Subsidiaries
Notes to Consolidated Financial Statements (unaudited)
(Dollar amounts in thousands, except per share data)

	Three Months Ended March 31, 2023							Six Months Ended June 30, 2023						
	First Lien Debt Investments	First Lien Debt Investments	Second Lien Debt Investments	Subordinated Debt Investments	Preferred Equity	Common Equity, Warrants and Other	Structured Finance Securities	Total	First Lien Debt Investments	Second Lien Debt Investments	Subordinated Debt Investments	Preferred Equity	Common Equity, Warrants and Other	Total
Level 3 assets, December 31, 2022														
Net realized gain (loss) on investments														
Net realized loss on investments														
Net unrealized appreciation (depreciation) on investments														
Amortization of Net Loan Fees														
Accretion of interest income on Structured Finance Securities														
Capitalized PIK interest and dividends														

Amendment fees received

Purchase and origination of portfolio investments

Proceeds from principal payments on portfolio investments

Sale and redemption of portfolio investments

Proceeds from distributions received from portfolio investments

Transfers from Level 3 to Level 2

Level 3 assets, March 31, 2023

Level 3 assets, March 31, 2023

Level 3 assets, March 31, 2023

Level 3 assets, June 30, 2023

Level 3 assets, June 30, 2023

Level 3 assets, June 30, 2023

The net unrealized appreciation (depreciation) reported in the Company's consolidated statements of operations for the ~~three~~ **six** months ended **March 31, 2024** **June 30, 2024** and 2023, attributable to the Company's Level 3 assets still held at those respective period ends, was as follows:

	Three Months Ended March 31,			Six Months Ended June 30,		
	2024	2024	2023	2024	2023	
Debt investments						
Equity investments						
Structured Finance Securities						
Net unrealized depreciation on investments held						

OFS Capital Corporation and Subsidiaries

Notes to Consolidated Financial Statements (unaudited)

(Dollar amounts in thousands, except per share data)

Other Financial Assets and Liabilities

GAAP requires disclosure of the fair value of financial instruments not reported at fair value on a recurring basis for which it is practical to estimate such values. The Company believes that the carrying amounts of its other financial instruments, such as cash, cash equivalents, receivables and payables approximate the fair value of such items due to the short maturity of such financial instruments. The Banc of California Credit Facility and BNP Facility are variable rate instruments and fair value is estimated to approximate carrying value.

The following table sets forth carrying values and fair values of the Company's debt as of **March 31, 2024** **June 30, 2024** and December 31, 2023:

As of March 31, 2024				As of December 31, 2023						
June 30, 2024				December 31, 2023						
Description	Description	Carrying Value ⁽¹⁾	Fair Value	Carrying Value ⁽¹⁾	Fair Value	Description	Carrying Value ⁽¹⁾	Fair Value	Carrying Value ⁽¹⁾	Fair Value
Banc of California Credit Facility										
BNP Facility										
Unsecured Notes Due February 2026										
Unsecured Notes Due October 2028										
SBA-guaranteed debentures										
Total debt										

(1) Carrying value is calculated as the outstanding principal amount less unamortized deferred debt issuance costs.

The following tables present the fair value measurements of the Company's debt and the level within the fair value hierarchy of the significant unobservable inputs utilized by the Company to determine such fair values as of **March 31, 2024** **June 30, 2024** and December 31, 2023:

March 31, 2024						June 30, 2024				
Description	Description	Level 1 ⁽¹⁾	Level 2	Level 3 ⁽²⁾	Total	Description	Level 1 ⁽¹⁾	Level 2	Level 3 ⁽²⁾	Total
Banc of California Credit Facility										
BNP Facility										
Unsecured Notes Due February 2026										
Unsecured Notes Due October 2028										
Total debt, at fair value										
Total debt, at fair value										
Total debt, at fair value										

December 31, 2023				
Description	Level 1 ⁽¹⁾	Level 2	Level 3 ⁽²⁾	Total
Banc of California Credit Facility	\$ —	\$ —	\$ —	\$ —
BNP Facility	—	—	90,500	90,500
Unsecured Notes Due February 2026	—	—	116,688	116,688
Unsecured Notes Due October 2028	—	48,565	—	48,565
SBA-guaranteed debentures	—	—	30,904	30,904
Total debt, at fair value	\$ 48,565	\$ —	\$ 238,092	\$ 286,657

(1) For Level 1 measurements, fair value is estimated by using the closing price of the security on the Nasdaq Global Select Market.

(2) For Level 3 measurements, fair value is estimated through discounting remaining payments using current market rates for similar instruments at the measurement date through the legal maturity date.

OFS Capital Corporation and Subsidiaries

Notes to Consolidated Financial Statements (unaudited)

(Dollar amounts in thousands, except per share data)

Note 6. Commitments and Contingencies

The following table shows the Company's outstanding commitments to fund investments in portfolio companies as of **March 31, 2024** **June 30, 2024**:

Portfolio Company	Investment Type	Commitment
Boca Home Care Holdings, Inc.	First Lien Debt (Revolver)	\$ 1,290
Clevertch Bidco, LLC	First Lien Debt (Revolver)	294
Envocore Holding, LLC (F/K/A LRI Holding, LLC)	First Lien Debt (Revolver)	1,670
Flow Service Partners Management, LLC	First Lien Debt (Revolver)	636 509
Honor HN Buyer Inc.	First Lien Debt (Revolver)	664
Honor HN Buyer Inc.	First Lien Debt (Delayed Draw)	1,833 1,165
Kreg LLC	First Lien Debt (Revolver)	1,337
Medrina LLC	First Lien Debt (Revolver)	319
Medrina LLC	First Lien Debt (Delayed Draw)	447
SSJA Bariatric Management LLC	First Lien Debt (Revolver)	400
Tolemar Acquisition, Inc.	First Lien Debt (Revolver)	1,982 1,235
		\$ 10,872 8,930

Legal and regulatory proceedings: From time to time, the Company is involved in legal proceedings in the normal course of its business. Although the outcome of such litigation cannot be predicted with any certainty, management is of the opinion, based on the advice of legal counsel, that final disposition of any litigation should not have a material adverse effect on the financial position of the Company as of **March 31, 2024** **June 30, 2024**.

Additionally, the Company is subject to periodic inspection by regulators to assess compliance with applicable BDC regulations.

Indemnifications: In the normal course of business, the Company enters into contracts and agreements that contain a variety of representations and warranties that provide for general indemnification. The Company's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Company that have not yet occurred. The Company believes the risk of any material obligation under these indemnifications to be low.

Note 7. Borrowings

SBA Debentures: On March 1, 2024, SBIC I LP fully repaid its outstanding SBA debentures totaling \$31,920 that were contractually due March 1, 2025, and, on April 17, 2024, surrendered its license to operate as a SBIC.

For the three and six months ended **March 31, 2024** **June 30, 2024** and 2023, the components of interest expense, cash paid for interest, effective interest rates and average outstanding balances for the SBA debentures were as follows:

	Three Months Ended March 31,			Three Months Ended March 31,			Three Months Ended March 31,			Three Months Ended June 30,			Six Months Ended June 30,					
	2024			2024			2024			2024			2024			2024		
Stated interest expense																		
Amortization of debt issuance costs																		
Total interest and debt financing costs																		
Cash paid for interest expense																		
Effective interest rate	3.25	%		3.21	%		Effective interest rate	—	%	3.25	%		3.25	%		3.22	%	
Average outstanding balance																		

BNP Facility: On June 20, 2019, OFSCC-FS entered into the BNP Facility, which provides for borrowings in an aggregate principal amount up to \$150,000, subject to a borrowing base and other covenants. The reinvestment period of the BNP Facility ends on June 20, 2025 and the facility is scheduled to mature on June 20, 2027.

The BNP Facility is collateralized by all the assets held by OFSCC-FS. OFSCC-FS and the Company have each made customary representations and warranties and are required to comply with various covenants, reporting requirements and other customary requirements for similar credit facilities.

OFS Capital Corporation and Subsidiaries

Notes to Consolidated Financial Statements (unaudited)
(Dollar amounts in thousands, except per share data)

As of **March 31, 2024** **June 30, 2024** and December 31, 2023, OFSCC-FS had outstanding debt of **\$78,500** **\$69,100** and \$90,500, respectively. As of **March 31, 2024** **June 30, 2024**, the unused commitment under the BNP Facility was **\$71,500** **\$80,900**.

For the three and six months ended **March 31, 2024** **June 30, 2024** and 2023, the components of interest expense, cash paid for interest, average interest rates and average outstanding balances for the BNP Facility were as follows:

	Three Months Ended March 31,			Three Months Ended March 31,			Three Months Ended March 31,			Three Months Ended June 30,		Six Months Ended June 30,					
	2024			2024			2023			2024		2023		2024		2023	
Stated interest expense ⁽¹⁾																	
Amortization of debt issuance costs																	
Total interest and debt financing costs																	
Cash paid for interest expense																	
Effective interest rate	Effective interest rate	8.72	%	7.63	%	Effective interest rate	8.91	%	8.15	%	8.81	%	7.89	%			
Average outstanding balance																	

(1) Stated interest expense includes unused fees.

Banc of California Credit Facility: On March 7, 2018, the Company entered into the Banc of California Credit Facility. On December 15, 2023, the Company amended the Banc of California Credit Facility to: (i) extend the maturity date from February 28, 2024 to February 28, 2026; (ii) increase the interest rate floor from 4.00% to 5.00%; and (iii) eliminate the 0.50% unused line fee and replace it with an annual commitment fee of 0.50%. Fees and legal costs incurred in connection with the Banc of California Credit Facility are amortized over the expected life of the facility.

The maximum availability of the Banc of California Credit Facility is equal to 50% of the aggregate outstanding principal amount of eligible loans included in the borrowing base as specified in the BLA. The Banc of California Credit Facility is guaranteed by OFSCC-MB and secured by all of our and OFSCC-MB's current and future assets, excluding assets held by OFSCC-FS and SBIC I LP, and the Company's partnership interests in SBIC I LP. The Company has made customary representations and warranties and is required to comply with various covenants, reporting requirements and other customary requirements for similar credit facilities.

As of **March 31, 2024** **June 30, 2024** and December 31, 2023, the Company had \$-0- and \$-0-, respectively, of outstanding debt under the Banc of California Credit Facility. As of **March 31, 2024** **June 30, 2024**, the unused commitment under the Banc of California Credit Facility was \$25,000.

For the three and six months ended **March 31, 2024** **June 30, 2024** and 2023, the components of interest expense, cash paid for interest, average interest rates and average outstanding balances for the Banc of California Credit Facility were as follows:

	Three Months Ended March 31,			Three Months Ended March 31,			Three Months Ended March 31,			Three Months Ended June 30,		Six Months Ended June 30,					
	2024			2024			2023			2024		2023		2024		2023	
Stated interest expense																	
Amortization of debt issuance costs																	
Total interest and debt financing costs																	
Cash paid for interest expense																	
Effective interest rate (1)	Effective interest rate (1)	n/m ⁽¹⁾		n/m ⁽¹⁾		Effective interest rate (1)	n/m										

Average outstanding balance

(1) Not meaningful due to a minimal average outstanding balance relative to the size of the total commitment and the amount of unused or commitment fees incurred during the periods.

Unsecured Notes: As of March 31, 2024 June 30, 2024 and December 31, 2023, the Company had the following Unsecured Notes outstanding:

Unsecured Notes Due February 2026: On February 10, 2021 and March 18, 2021, the Company issued \$125,000 in aggregate principal of unsecured notes. The Unsecured Notes Due February 2026 bear interest at a rate of 4.75% per year payable semi-annually and mature on February 10, 2026. The Company may redeem the Unsecured Notes Due February 2026 in whole or in part at any time, or from time to time, at its option at par plus a “make-whole” premium, if applicable.

OFS Capital Corporation and Subsidiaries

Notes to Consolidated Financial Statements (unaudited)

(Dollar amounts in thousands, except per share data)

Unsecured Notes Due October 2028: On October 28, 2021 and November 1, 2021, the Company issued \$55,000 in aggregate principal of unsecured notes. The Unsecured Notes Due October 2028 bear interest at a rate of 4.95% per year payable semi-annually and mature on October 31, 2028. The Company may redeem the Unsecured Notes Due October 2028 in whole or in part at any time, or from time to time.

The Unsecured Notes are direct unsecured obligations and rank equal in right of payment with all current and future unsecured indebtedness of the Company. Because the Unsecured Notes are not secured by any of the Company’s assets, they are effectively subordinated to all existing and future secured unsubordinated indebtedness (or any indebtedness that is initially unsecured as to which the Company subsequently grants a security interest), to the extent of the value of the assets securing such indebtedness, including, without limitation, borrowings under the Banc of California Credit Facility.

The indenture governing the Unsecured Notes contains certain covenants, including: (i) prohibiting additional borrowings, including through the issuance of additional debt securities, unless the Company’s asset coverage, as defined in the 1940 Act, after giving effect to any exemptive relief granted to the Company by the SEC, equals at least 150% after such borrowings; and (ii) prohibiting (a) the declaration of any cash dividend or distribution upon any class of the Company’s capital stock (except to the extent necessary for the Company to maintain its treatment as a RIC under Subchapter M of the Code), or (b) the purchase of any capital stock unless the Company’s asset coverage, as defined in the 1940 Act, is at least 150% at the time of such capital transaction and after deducting the amount of such transaction.

For the three and six months ended March 31, 2024 June 30, 2024 and 2023, the components of interest expense, cash paid for interest, average interest rates and average outstanding balances for the Unsecured Notes were as follows:

		Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended June 30,		Six Months Ended June 30,					
		2024		2024		2023		2024		2023		2024		2023	
Stated interest expense															
Amortization of debt issuance costs															
Total interest and debt financing costs															
Cash paid for interest expense															
Effective interest rate		Effective interest rate	5.35	%		5.35	%	Effective interest rate	5.35	%		5.35	%	5.35	%
Average outstanding balance															

The following table shows the scheduled maturities of the principal balances of the Company’s outstanding borrowings as of March 31, 2024 June 30, 2024:

	Payments due by period					Payments due by period				
	Total	Less than 1 year	1 to 3 years	3 to 5 years	After 5 years	Total	Less than 1 year	1 to 3 years	3 to 5 years	After 5 years
Banc of California Credit Facility ⁽¹⁾										
Unsecured Notes										
BNP Facility										
BNP Facility										
BNP Facility										

Total

(1) As of March 31, 2024 June 30, 2024, the Banc of California Credit Facility had an outstanding balance of \$-0- and is scheduled to mature on February 28, 2026.

For the three and six months ended March 31, 2024 June 30, 2024 and 2023, the average dollar borrowings and weighted average effective interest rate on the Company's outstanding borrowings were as follows:

		Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended March 31,			
		Three Months Ended June 30,		Six Months Ended June 30,					
		2024		2024		2023		2024	2023
Average dollar borrowings									
Weighted average effective interest rate		Weighted average effective interest rate	6.29 %	5.79 %	Weighted average effective interest rate	6.45 %	5.99 %	6.36 %	5.89 %

OFS Capital Corporation and Subsidiaries

Notes to Consolidated Financial Statements (unaudited)

(Dollar amounts in thousands, except per share data)

Note 8. Financial Highlights

The following is a schedule of financial highlights for the three and six months ended March 31, 2024 June 30, 2024 and 2023:

		Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended March 31,			
		Three Months Ended June 30,		Six Months Ended June 30,					
		2024		2024		2023		2024	2023
Per share operating performance:									
Net asset value per share at beginning of period									
Net asset value per share at beginning of period									
Net asset value per share at beginning of period									
Net investment income ⁽¹⁾									
Net realized gain on investments, net of taxes ⁽¹⁾									
Net unrealized depreciation on investments, net of taxes ⁽¹⁾									
Net realized loss on investments, net of taxes ⁽¹⁾									

[illegible]

Note 9. Capital Transactions

Distributions: The Company intends to make quarterly distributions to stockholders, that represent over time, substantially all of its net investment income. In addition, although the Company may distribute at least annually net realized capital gains, net of taxes if any, out of assets legally available for such distribution, the Company may also retain such capital gains for investment through a deemed distribution. If the Company makes a deemed distribution, stockholders will be treated for U.S. federal income tax purposes as if they had received an actual distribution of the capital gains, net of taxes.

The Company may be limited in its ability to make distributions due to the BDC asset coverage requirements of the 1940 Act. In addition, distributions from OFSCC-FS to the Company are restricted by the terms and conditions of the BNP Facility.

The following table summarizes distributions declared and paid for the **three** **six** months ended **March 31, 2024** **June 30, 2024** and 2023:

Date Declared

Date Declared

Date Declared

Three Months Ended March 31, 2024
Three Months Ended March 31, 2024
Three Months Ended March 31, 2024
Six Months Ended June 30, 2024
Six Months Ended June 30, 2024
Six Months Ended June 30, 2024

February 28, 2024

February 28, 2024

February 28, 2024	March 18, 2024	March 28, 2024	\$ 0.34	\$ 4,555	⁽¹⁾ ⁽¹⁾	March 18, 2024	March 28, 2024	\$ 0.34	\$ 4,555	⁽¹⁾ ⁽¹⁾
-------------------	----------------	----------------	---------	----------	-------------------------------	----------------	----------------	---------	----------	-------------------------------

April 30, 2024	June 18, 2024	June 28, 2024	0.34	4,556	⁽¹⁾
----------------	---------------	---------------	------	-------	----------------

	\$
	\$
	\$

Three Months Ended March 31, 2023
Three Months Ended March 31, 2023
Three Months Ended March 31, 2023
Six Months Ended June 30, 2023
Six Months Ended June 30, 2023
Six Months Ended June 30, 2023

February 28, 2023

February 28, 2023

February 28, 2023	March 24, 2023	March 31, 2023	\$ 0.33	\$ 4,421	⁽¹⁾ ⁽¹⁾	March 24, 2023	March 31, 2023	\$ 0.33	\$ 4,421	⁽¹⁾ ⁽¹⁾
-------------------	----------------	----------------	---------	----------	-------------------------------	----------------	----------------	---------	----------	-------------------------------

May 2, 2023	June 23, 2023	June 30, 2023	0.33	4,422	⁽¹⁾
-------------	---------------	---------------	------	-------	----------------

	\$
	\$
	\$

(1) During the **three** **six** months ended **March 31, 2024** **June 30, 2024** and 2023, the Company directed the DRIP plan administrator to purchase shares on the open market in order to satisfy the DRIP obligation to deliver shares of common stock. Accordingly, the Company purchased shares to satisfy the DRIP obligation as follows:

Number of Shares Purchased	Number of Shares Purchased	Average Price Paid Per Share	Total Amount Paid	Number of Shares Purchased	Average Price Paid Per Share	Total Amount Paid
----------------------------	----------------------------	------------------------------	-------------------	----------------------------	------------------------------	-------------------

Three Months Ended March 31, 2024
Six Months Ended June 30, 2024

January 1, 2024 through March 31, 2024

January 1, 2024 through March 31, 2024

January 1, 2024 through March 31, 2024

April 1, 2024 through June 30, 2024
Three Months Ended March 31, 2023
Three Months Ended March 31, 2023
Three Months Ended March 31, 2023
Six Months Ended June 30, 2023
Six Months Ended June 30, 2023
Six Months Ended June 30, 2023
January 1, 2023 through March 31, 2023
January 1, 2023 through March 31, 2023
January 1, 2023 through March 31, 2023
April 1, 2023 through June 30, 2023

Distributions in excess of the Company's current and accumulated ICTI would be treated first as a return of capital to the extent of the stockholder's adjusted tax basis, and any remaining distributions would be treated as a capital gain. The determination of the tax attributes of the Company's distributions is made annually as of the end of its fiscal year based upon its estimated ICTI for the full year and distributions paid for the full year. Each year, a statement on Form 1099-DIV identifying the tax character of distributions is mailed to the Company's stockholders.

Stock Repurchase Program:

The Company maintains a Stock Repurchase Program under which the Company may acquire up to \$10,000 of its outstanding common stock. On April 30, 2024, the Board extended the Stock Repurchase Program for an additional two-year period ending May 22, 2026, or until the approved dollar amount has been used to repurchase shares. The Stock Repurchase Program may be extended, modified or discontinued at any time for any reason.

During the three six months ended March 31, 2024 June 30, 2024 and March 31, 2023 2023, no shares of common stock were repurchased under the Stock Repurchase Program.

OFS Capital Corporation and Subsidiaries
 Notes to Consolidated Financial Statements (unaudited)
 (Dollar amounts in thousands, except per share data)

Note 10. Consolidated Schedule of Investments In and Advances To Affiliates

Three Months Ended March 31, 2024														
Six Months Ended June 30, 2024														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														
Name of Portfolio Company														

Contract
Datascan
Holdings, Inc.
Contract
Datascan
Holdings, Inc.

Common
Equity
(6)

DRS Imaging
Services, LLC
DRS Imaging
Services, LLC
DRS Imaging
Services, LLC
Master Cutlery,
LLC
Master Cutlery,
LLC
Master Cutlery,
LLC

Preferred
Equity
(6)

Common
Equity
(6)

Pfanstiehl
Holdings, Inc
Pfanstiehl
Holdings, Inc
Pfanstiehl
Holdings, Inc
TalentSmart
Holdings, LLC
TalentSmart
Holdings, LLC
TalentSmart
Holdings, LLC
TRS Services,
LLC
TRS Services,
LLC
TRS Services,
LLC

Common
Equity
(6)

1,379

Total Affiliate
Investments
Total Affiliate
Investments

Total Affiliate
Investments

- (1) Principal balance, interest rate and maturity of debt investments, and ownership detail for equity investments are presented in the consolidated schedule of investments. The Company's investments are generally classified as "restricted securities" as such term is defined under Regulation S-X Rule 6-03(f) or Securities Act Rule 144.
- (2) Represents the total amount of interest, fees or dividends included in income for the **three six** months ended **March 31, 2024 June 30, 2024**.
- (3) Gross additions include increases in cost basis of investments resulting from a new portfolio investment, PIK interest, fees and dividends, accretion of Net Loan Fees, and net increases in unrealized appreciation or decreases in net unrealized depreciation.
- (4) Gross reductions include decreases in the cost basis of investments resulting from principal repayments and sales, and net decreases in net unrealized appreciation or net increases in net unrealized depreciation.
- (5) Fair value was determined using significant unobservable inputs. See **Note 5** for further details.
- (6) Non-income producing.
- (7) Dividends recognized as income include PIK dividends contractually earned but not declared.

OFS Capital Corporation and Subsidiaries

Notes to Consolidated Financial Statements (unaudited)
(Dollar amounts in thousands, except per share data)

Note 11. Subsequent Events

On **April 30, 2024 July 30, 2024**, the Board declared a distribution of \$0.34 per share for the **second third** quarter of 2024, payable on **June 28, 2024 September 30, 2024** to stockholders of record as of **June 18, 2024 September 20, 2024**.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes thereto contained elsewhere in this Quarterly Report on Form 10-Q. For additional overview information on the Company, see "Item 1. Business" in our Annual Report on Form 10-K for the year ended December 31, 2023.

Overview

Key performance metrics per common share are presented below:

	March 31, 2024		December 31, 2023	
	June 30, 2024		March 31, 2024	
Net asset value				
	Three Months Ended		Three Months Ended	Six Months Ended
	Three Months Ended			
	Three Months Ended			
	March 31, 2024			
	March 31, 2024			
	March 31, 2024			
	June 30, 2024	March 31, 2024	June 30, 2024	June 30, 2023
Net investment income				
Net investment income				
Net investment income				
Net decrease in net assets resulting from operations				
Net decrease in net assets resulting from operations				
Net decrease in net assets resulting from operations				
Distributions paid				
Distributions paid				
Net increase (decrease) in net assets resulting from operations				
Distributions paid				

Our NAV per common share **decreased increased to \$11.51 at June 30, 2024** from **\$12.09 at December 31, 2023 to \$11.08 at March 31, 2024**, primarily due to a net **unrealized depreciation gain** on investments of **\$1.15 per common share**. For the quarter ended March 31, 2024, net investment income of **\$0.42 \$0.51** per common share, **exceeded partially offset by** our quarterly distribution of \$0.34 per common share, during such period, which exceeded our quarterly net investment income of **\$0.26 per common share**.

For the quarter ended **March 31, 2024 June 30, 2024**, total investment income **increased decreased to \$14.2 million \$11.2 million** from **\$13.5 million \$14.2 million** in the prior quarter, primarily due to **an increase a decrease** of \$2.4 million in dividend income. Dividend income increased due to non-recurring dividends from our equity investments in TRS Services, LLC and Pfanstiehl Holdings, Inc. of **\$1.9 million and \$0.5 million, respectively**. For the quarter ended **March 31, 2024 June 30, 2024**, total interest income decreased to

Related Party Transactions

We have entered into a number of business relationships with affiliated or related parties, including the following:

- The Investment Advisory Agreement with OFS Advisor to manage our operating and investment activities. Under the Investment Advisory Agreement, we have agreed to pay OFS Advisor an annual base management fee based on the average value of our total assets (other than cash and cash equivalents but including assets purchased with borrowed amounts and including assets owned by any consolidated entity) as well as an incentive fee based on our investment performance. See "Item 1—Financial Statements—Statements—Note 3".
- The Administration Agreement with OFS Services, an affiliate of OFS Advisor, to provide us with the office facilities and administrative services necessary to conduct our operations. See "Item 1—Financial Statements—Statements—Note 3".
- A license agreement with OFSAM, the parent company of OFS Advisor, under which OFSAM has agreed to grant us a non-exclusive, royalty-free license to use the name "OFS." Under this agreement, we have a right to use the "OFS" name for so long as OFS Advisor or one of its affiliates remains our investment adviser. Other than with respect to this limited license, we have no legal right to the "OFS" name. This license agreement will remain in effect for so long as the Investment Advisory Agreement with OFS Advisor is in effect.

OFS Advisor's services under the Investment Advisory Agreement are not exclusive to us and OFS Advisor is free to furnish similar services to other entities, including other funds advised or sub-advised by OFS Advisor, so long as its services to us are not impaired. OFS Advisor also serves as the investment adviser to other funds, including HPCI and OCCI. Additionally, OFS Advisor provides sub-advisory services to various funds, including: (i) CMFT Securities Investments, LLC, a wholly owned subsidiary of CIM Real Estate Finance Trust, Inc., a corporation that qualifies as a real estate investment trust; and (ii) CIM Real Assets & Credit Fund, an externally managed registered investment company that operates as an interval fund that invests primarily in a combination of real estate, credit and related investments.

For the years ended December 31, 2024 and 2023, OFS Advisor agreed to reduce its base management fee attributable to all of the OFSCC-FS Assets to 0.25% per quarter (1.00% annualized) of the average value of the OFSCC-FS Assets (other than cash and cash equivalents but including assets purchased with borrowed amounts) at the end of the two most recently completed calendar quarters. OFS Advisor's base management fee reduction is renewable on an annual basis and OFS Advisor is not entitled to recoup the amount of the base management fee reduced with respect to the OFSCC-FS Assets. OFS Advisor most recently renewed the agreement to reduce its base management fee for the 2024 calendar year on January 8, 2024.

The 1940 Act generally prohibits BDCs from making certain negotiated co-investments with certain affiliates absent an order from the SEC permitting the BDC to do so. On August 4, 2020, we received our existing Order, which superseded a previous order that we received on October 12, 2016, and provides us with greater flexibility to enter into co-investment transactions with certain Affiliated Funds in a manner consistent with our investment objective, positions, policies, strategies and restrictions as well as regulatory requirements and other pertinent factors, subject to compliance with certain conditions. We are generally permitted to co-invest with Affiliated Funds if, under the terms of the Order, a "required majority" (as defined in Section 57(o) of the 1940 Act) of our independent directors make certain conclusions in connection with a co-investment transaction, including that: (1) the terms of the transaction, including the consideration to be paid, are reasonable and fair to us and our stockholders and do not involve overreaching in respect of us or our stockholders on the part of any person concerned; and (2) the transaction is consistent with the interests of our stockholders and is consistent with our investment objective and strategies.

In addition, we may file an application for an amendment to our existing Order to permit us to co-invest in our existing portfolio companies with certain affiliates that are private funds even if such other funds had not previously invested in such existing portfolio companies, subject to certain conditions. However, if filed, there is no guarantee that such application will be granted.

Conflicts may arise when we make an investment in conjunction with an investment being made by an Affiliated Account, or in a transaction where an Affiliated Account has already made an investment. Investment opportunities are, from time to time, appropriate for more than one account in the same, different or overlapping securities of a portfolio company's capital structure. Conflicts arise in determining the terms of investments, particularly where these accounts may invest in different types of securities in a single portfolio company. Potential conflicts arise when addressing, among other things, questions as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be restructured, modified or refinanced. For a discussion of the risks associated with conflicts of interest, see "Item 1. Business—Regulation—Conflicts of Interest", "Item 1A. Risk Factors—Risks Related to OFS Advisor and its Affiliates —We Affiliates—We have potential conflicts of interest related to the purchases and sales that OFS Advisor makes on our behalf and/or on behalf of Affiliated Accounts" in our Annual Report on Form 10-K for the year ended December 31, 2023.

Portfolio Composition and Investment Activity

Portfolio Composition

As of March 31, 2024 June 30, 2024, the fair value of our debt investment portfolio totaled \$245.4 million \$236.9 million in 43 40 portfolio companies, of which approximately 84% 85% and 16% 15% were first lien and second lien loans, debt investments, respectively. We also had equity investments in 15 16 portfolio companies with a fair value of approximately \$77.1 million \$85.7 million and 21 18 investments in Structured Finance Securities with a fair value of \$77.9 million \$75.6 million. As of March 31, 2024 June 30, 2024, we had unfunded commitments of \$10.9 million \$8.9 million to nine eight portfolio companies. Set forth in the tables and charts below is selected information with respect to our portfolio as of March 31, 2024 June 30, 2024 and December 31, 2023.

The following table presents our investment portfolio by each wholly owned legal entity within the consolidated group as of March 31, 2024 June 30, 2024 and December 31, 2023 (dollar amounts in thousands):

	March 31, 2024			December 31, 2023		
	June 30, 2024			December 31, 2023		
	Amortized Cost	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost
						Fair Value
OFS Capital Corporation (Parent)						
SBIC I LP						
OFSCC-FS						
OFSCC-MB						

Total investments

The following table presents our ten largest investments by portfolio company based on fair value as of March 31, 2024 June 30, 2024 (dollar amounts in thousands):

Portfolio Company	Portfolio Company	Type	Amortized Cost		Fair Value		P
Pfanstiehl Holdings, Inc.	Pfanstiehl Holdings, Inc.	Equity	\$ 217	\$	\$ 63,077	15.8	
All Star Auto Lights, Inc.							
Inergex Holdings, LLC							
Kreg LLC							
Toleamar Acquisition, Inc.							
Honor HN Buyer Inc.							
One GI LLC							
Boca Home Care Holdings, Inc.							
SSJA Bariatric Management LLC							
Envocore Holding, LLC (F/K/A LRI Holding, LLC)							
Contract Datascan Holdings, Inc.							
Total	Total			\$ 142,339	\$	\$ 194,825	48.7

As of March 31, 2024 June 30, 2024, our common equity investment in Pfanstiehl Holdings, Inc., a global manufacturer of high-purity pharmaceutical ingredients, accounted for 15.8% 17.8% and 42.5% 45.9% of our total portfolio at fair value and our total net assets, respectively. The value of this investment is substantially comprised of unrealized appreciation of \$62.9 million \$70.6 million.

As of March 31, 2024, our first lien debt investments in All Star Auto Lights, Inc. accounted for approximately 6.9% and 18.7% of our total portfolio at fair value and net assets, respectively.

As of March 31, 2024 June 30, 2024, approximately 4.8% 5.1% and 12.9% 13.3% of our total portfolio at fair value and net assets, respectively, were comprised of Structured Finance Securities managed by a single adviser.

A deterioration or improvement in the operating performance of these portfolio investments or other factors underlying the valuation of these investments could have a material impact on our NAV.

Portfolio Yields

The following table presents weighted-average yield metrics for our portfolio as of March 31, 2024 June 30, 2024 and December 31, 2023 March 31, 2024:

	For the Three Months Ended		For the Three Months Ended		For the Three Months Ended
	March 31, 2024		December 31, 2023		
	June 30, 2024		March 31, 2024		
Weighted-average performing income yield ⁽¹⁾ :					
Debt investments					
Debt investments					
Debt investments	12.9 %	14.2 %	13.7 %	12.9 %	

Structured Finance Securities	Structured Finance Securities	13.0 %	13.9 %	Structured Finance Securities	12.4 %	13.0 %
Interest-bearing investments	Interest-bearing investments	13.0 %	14.1 %	Interest-bearing investments	13.4 %	13.0 %
Weighted-average realized yield ⁽²⁾ :						
Weighted-average realized yield ⁽²⁾ :						
Weighted-average realized yield ⁽²⁾ :						
Interest-bearing investments						
Interest-bearing investments						
Interest-bearing investments	11.6 %	12.8 %	11.8 %	11.6 %		

- (1) Performing income yield is calculated as (a) the actual amount earned on performing interest-bearing investments, including interest, prepayment fees and amortization of Net Loan Fees, divided by (b) the weighted-average of total performing interest-bearing investments at amortized cost.
- (2) Realized yield is calculated as (a) the actual amount earned on interest-bearing investments, including interest, prepayment fees and amortization of Net Loan Fees, divided by (b) the weighted-average of total interest-bearing investments at amortized cost, in each case, including debt investments on non-accrual status and non-income producing Structured Finance Securities.

For the three months ended **March 31, 2024** **June 30, 2024**, the weighted average performing income yield on interest-bearing investments **decreased** **increased** primarily due to **changes in non-accrual investment activity quarter-over-quarter, as well as other** non-recurring **OID Net Loan Fee** acceleration **and prepayment fees earned in** **related to** the **prior quarter**.

repayment of portfolio investments.

Weighted-average yields of our investments are not the same as a return on investment for our stockholders, but rather the gross investment income from our investment portfolio before the payment of all of our fees and expenses. There can be no assurance that the weighted average yields will remain at their current levels.

Portfolio Company Investments

The following table summarizes the composition of our Portfolio Company Investments as of **March 31, 2024** **June 30, 2024** and December 31, 2023 (dollar amounts in thousands):

	March 31, 2024			December 31, 2023		
	June 30, 2024			December 31, 2023		
	Amortized Cost	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost
First lien debt investments ⁽¹⁾						
Second lien debt investments						
Subordinated debt investments						
Preferred equity						
Common equity, warrants and other						
Total Portfolio Company Investments						
Number of portfolio companies						

- (1) As of **March 31, 2024** **June 30, 2024** and December 31, 2023, first lien debt investments include unitranche investments (which are loans that combine both senior and subordinated debt, in a first lien position) with an amortized cost and fair value of **\$144.9 million** **\$143.3 million** and **\$135.8 million** **\$132.5 million**, respectively, and \$141.3 million and \$131.3 million, respectively.

As of **March 31, 2024** **June 30, 2024**, approximately 100% of our loan portfolio and **61%** **59%** of our total portfolio consisted of first lien and second lien loans, based on fair value. We believe the seniority of our debt investments in the borrowers' capital structures may provide greater downside protection against adverse economic changes, including those caused by the elevated interest and inflation rates, the ongoing war between Russia and Ukraine, the escalated armed conflict in the Middle East, instability in the U.S. and international banking systems, **uncertainties related to the 2024 U.S. presidential election**, the risk of recession or a shutdown of U.S. government services and related market volatility.

As of **March 31, 2024** **June 30, 2024**, the three largest industries of our Portfolio Company Investments by fair value, were: (1) Manufacturing **(27.8%)** **(29.8%)**; (2) Health Care and Social Assistance **(20.2%)** **(20.6%)**; and (3) Wholesale Trade **(13.5%)** **(12.9%)**, totaling an aggregate of approximately **61.5%** **63.3%** of our Portfolio Company Investment portfolio. For a full summary of our investment portfolio by industry, see "Item 1—Financial **Statements—Statements—Note 4.**"

Structured Finance Securities

The following table summarizes the composition of our Structured Finance Securities as of **March 31, 2024** **June 30, 2024** and December 31, 2023 (dollar amounts in thousands):

	March 31, 2024			December 31, 2023		
	June 30, 2024			December 31, 2023		
	Amortized Cost	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost
Subordinated notes						
Mezzanine debt						
Total Structured Finance Securities						

Total Structured Finance Securities

Total Structured Finance Securities

Number of Structured Finance Securities

As of **March 31, 2024** June 30, 2024, we had no the amortized cost and fair value of non-performing Structured Finance Securities. Securities was \$3.5 million and \$1.7 million, respectively. Non-performing Structured Finance Securities are securities that have not been optionally redeemed and have an effective yield of 0.0%, as remaining residual distributions are anticipated to be recognized as a return of capital.

During the three and six months ended June 30, 2024, we sold subordinated note securities for net proceeds of \$1.4 million and recognized a net realized loss of \$1.9 million.

Investment Activity

The following is a summary of our investment activity for the three and six months ended **March 31, 2024** June 30, 2024 (dollar amounts in thousands):

	Three Months Ended March 31, 2024	
Investments in debt and equity securities	\$	7,339
Investments in Structured Finance Securities		—
Total investment purchases and originations	\$	7,339
Proceeds from principal payments	\$	9,854
Proceeds from investments sold or redeemed		2,049
Proceeds from distributions received from portfolio investments		3,621
Total proceeds from principal payments, sales or redemptions, and distributions received from portfolio investments	\$	15,524

	Three Months Ended June 30, 2024		Six Months Ended June 30, 2024	
Investments in debt and equity securities	\$	5,008	\$	12,347
Investments in Structured Finance Securities		—		—
Total investment purchases and originations	\$	5,008	\$	12,347
Proceeds from principal payments	\$	11,050	\$	20,904
Proceeds from investments sold or redeemed		1,624		3,673
Proceeds from distributions received from portfolio investments		4,497		8,118
Total proceeds from principal payments, sales or redemptions, and distributions received from portfolio investments	\$	17,171	\$	32,695

Non-Cash Investment Activity

During the **three** six months ended **March 31, 2024** June 30, 2024, our first lien debt investment in GoTo Group underwent a restructuring whereby our first lien debt investment was exchanged at a price equal to 77% of par for new first lien debt investments in the company. We recognized a realized loss of \$0.7 million on the debt restructure corresponding to the amount forgiven upon the exchange.

During the **three** six months ended **March 31, 2024** June 30, 2024, we restructured our first lien debt investments in Avison Young to, among other things, exchange our first lien debt investments for new first lien debt investments, preferred equity and common equity. The cost of the existing first lien debt investments was ascribed to the new investments received in the exchange, and no realized loss was recognized. We also invested an incremental \$0.8 million in new-issue first lien debt.

Risk Monitoring

We categorize debt investments into seven risk categories based on relevant information about the ability of borrowers to service their debt. For additional information regarding our risk categories, see "Item 1. Business—Portfolio Review/Risk Monitoring" in our Annual Report on Form 10-K for the year ended December 31, 2023, filed on March 5, 2024. The following table shows the classification of our debt investments, excluding Structured Finance Securities, by credit risk rating as of **March 31, 2024** June 30, 2024 and December 31, 2023 (dollar amounts in thousands):

Debt Investments as of												
March 31, 2024							December 31, 2023					
June 30, 2024							December 31, 2023					
Risk Category	Risk Category	Amortized Cost	Fair Value	% of Debt Investments, at Fair Value	Amortized Cost	Fair Value	% of Debt Investments, at Fair Value	Risk Category	Risk Category	Amortized Cost	Fair Value	% of Debt Investments, at Fair Value
1 (Low Risk)	1 (Low Risk)	\$ —	\$ —	— %	\$ —	\$ —	— %	1 (Low Risk)	1 (Low Risk)	\$ —	\$ —	— %

- 2 (Below
Average
Risk)
- 3 (Average)
- 4 (Special
Mention)
- 5
(Substandard)
- 6 (Doubtful)
- 7 (Loss)

\$	\$278,181	\$	\$ 245,446	100.0	100.0 %	\$283,469	\$	\$ 251,313	100.0	100.0
----	-----------	----	------------	-------	---------	-----------	----	------------	-------	-------

Non-Accrual Loans

Management reviews, for placement on non-accrual status, all loans and CLO mezzanine debt investments that become past due on principal and interest, and/or when there is reasonable doubt that principal or interest will be collected. When a loan is placed on non-accrual status, accrued and unpaid cash interest is reversed. Additionally, Net Loan Fees are no longer recognized as of the date the loan is placed on non-accrual status. Depending upon management's judgment, interest payments subsequently received on non-accrual investments may be recognized as income or applied to amortized cost. Interest accruals and Net Loan Fee amortization are resumed on non-accrual investments only when they are brought current with respect to principal and interest payments and, in the judgment of management, it is probable that the Company will collect all principal and interest from the investment. For the three months ended March 31, 2024, loans to one portfolio company with an aggregate amortized cost and fair value of \$13.5 million and \$8.8 million \$9.7 million, respectively, were placed on non-accrual status. For the three months ended June 30, 2024, we wrote-off our second lien debt investment in Astro One Acquisition Corporation which was on non-accrual status following a cash-out recovery payment of \$0.2 million, resulting in a net realized loss of \$2.4 million.

As of March 31, 2024 June 30, 2024

The following table shows the classification of our debt investments on non-accrual status (dollar amounts in thousands):

	March 31, 2024			June 30, 2024	
	Amortized Cost		Amortized Cost	Fair Value	Fair Value
First lien debt					
Second lien debt					
Subordinated debt					
Total					

For the three months ended June 30, 2024, no new loans were placed on non-accrual status.

As of December 31, 2023

The following table shows the classification of our debt investments on non-accrual status (dollar amounts in thousands):

	December 31, 2023	
	Amortized Cost	Fair Value
First lien debt	\$ 18,772	\$ 8,136
Second lien debt	11,115	4,003
Subordinated debt	4,680	—
Total	\$ 34,567	\$ 12,139

Results of Operations

Our key financial measures are described in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—Key Financial Measures" in our Annual Report on Form 10-K for the year ended December 31, 2023, filed on March 5, 2024. The following is a discussion of the key financial measures that management employs in reviewing the performance of our operations.

We do not believe that our historical operating performance is necessarily indicative of our future results of operations. We are primarily focused on debt investments in middle-market and larger companies in the United States and, to a lesser extent, equity investments, including warrants and other minority equity securities, and Structured Finance Securities. This approach differs from our historical investment concentration in that we now also focus on the debt of larger U.S. companies and Structured Finance Securities. Moreover, as a BDC and a RIC, we are also subject to certain constraints on our operations, including, but not limited to, limitations imposed by the 1940 Act and the Code. For the reasons described above, the results of operations described below may not necessarily be indicative of the results we expect to report in future periods.

Net increase (decrease) in net assets resulting from operations can vary substantially from period to period for various reasons, including the recognition of realized gains and losses and unrealized appreciation and depreciation. As a result, annual comparisons of net increase (decrease) in net assets resulting from operations may not be meaningful.

The following analysis compares our quarterly results of operations to the preceding quarter, as well as our year-to-date results of operations to the corresponding period in the prior year. We believe a comparison of our current quarterly results to the preceding quarter is more meaningful and transparent than a comparison to the corresponding prior-year quarter as our results of operations are not influenced by seasonal factors the latter comparison is designed to elicit and highlight.

Comparison of the three months ended **March 31, 2024** June 30, 2024 and **December 31, 2023** March 31, 2024 and comparison of the **three six** months ended **March 31, 2024** June 30, 2024 and 2023

Consolidated operating results for the three months ended **March 31, 2024** June 30, 2024 and **December 31, 2023** March 31, 2024, and the **three six** months ended **March 31, 2024** June 30, 2024 and 2023 are as follows (in thousands):

	Three Months Ended		Three Months Ended		Six Months Ended
	March 31, 2024	December 31, 2023	March 31, 2024	March 31, 2023	
	June 30, 2024	March 31, 2024	June 30, 2024	June 30, 2023	
Investment income					
Interest income:					
Interest income:					
Interest income:					
Cash interest income					
Cash interest income					
Cash interest income					
PIK interest income					
Net Loan Fee amortization					
Accretion of interest income on CLO subordinated notes					
Other interest income					
Total interest income					
Dividend income:					
Dividend income:					
Dividend income:					
Cash dividends					
Cash dividends					
Cash dividends					
Preferred equity PIK dividends					
Total dividend income					
Fee income:					
Syndication fees					
Syndication fees					
Syndication fees					
Prepayment and other fees					
Total fee income					
Total investment income					
Total expenses					
Net investment income					
Net loss on investments					
Net gain (loss) on investments					
Loss on extinguishment of debt					
Net increase (decrease) in net assets resulting from operations					
Net increase (decrease) in net assets resulting from operations					
Net increase (decrease) in net assets resulting from operations					

Investment Income

Comparison of the three months ended June 30, 2024 and March 31, 2024

For the three months ended **March 31, 2024** June 30, 2024, total investment income **increased decreased** to **\$14.2 million** **\$11.2 million** from **\$13.5 million** **\$14.2 million** in the prior quarter, primarily due to **an increase decreases** in total dividend income of \$2.4 million, **partially offset by a decrease in total and** interest income of **\$1.5 million**, **\$0.5 million**, respectively.

Interest income decreased **\$1.5 million** **\$0.5 million** during the three months ended **March 31, 2024** June 30, 2024 compared to the prior quarter, primarily due to **a an** aggregate decrease of **\$0.6 million** in contractual cash interest and **PIK** other interest income of **\$0.6 million** and **\$0.4 million**, respectively. income. The decrease in contractual interest income was primarily due to **the impacts of non-accrual activity quarter-over-quarter**. a smaller average investment portfolio size, at cost, as proceeds from portfolio sales and repayments were generally utilized to repay debt on our BNP Facility.

Dividend income **Net Loan Fee amortization** increased **\$2.4 million** **\$0.3 million** during the three months ended **March 31, 2024** June 30, 2024 compared to the prior quarter, primarily due to **an increase in cash dividends**. The increase in cash dividends was due **non-recurring OID acceleration related to non-recurring dividends from TRS Services, LLC**

and Pfanstiehl Holdings, Inc. of \$1.9 million and \$0.5 million, respectively, portfolio repayments.

During Dividend income decreased \$2.4 million during the three months ended March 31, 2024, we exited our equity investments in TRS Services, LLC for gross proceeds of \$3.9 million, recognizing \$1.9 million of accumulated preferred June 30, 2024 compared to the prior quarter, primarily due to non-recurring cash dividends and a realized gain of \$1.4 million, received during the prior quarter.

Fee income is primarily comprised of unused fees, prepayment fees and syndication fees that generally result from periodic transactions rather than from holding portfolio investments, and are considered non-recurring. We receive syndication fees on investments where OFS Advisor sources, structures, and arranges the lending group. For the three months ended March 31, 2024 June 30, 2024, total fee income decreased from \$0.1 million to \$31,000 compared to \$129,000 for the prior quarter, primarily due to no syndication fees recognized during the current quarter.

Comparison of the six months ended June 30, 2024 and 2023

Total investment income for the six months ended June 30, 2024 decreased \$3.4 million compared to the corresponding period in the prior quarter year, primarily due to a decrease in prepayment fees during the current quarter.

total interest income of \$5.2 million, partially offset by an increase in total dividend income of \$1.9 million.

Expenses

Operating expenses for the three months ended March 31, 2024 June 30, 2024 and December 31, 2023 March 31, 2024, and the three six months ended March 31, 2024 June 30, 2024 and 2023 are presented below (in thousands):

	Three Months Ended		Three Months Ended		Six Months Ended
	March 31, 2024	December 31, 2023	March 31, 2024	March 31, 2023	
	June 30, 2024	March 31, 2024	June 30, 2024	June 30, 2023	
Interest expense					
Base management fee					
Income Incentive Fee					
Professional fees					
Professional fees					
Professional fees					
Administration fee					
Other expenses					
Total expenses					

Comparison of the three months ended March 31, 2024 June 30, 2024 and December 31, 2023 March 31, 2024

Interest expense for the three months ended March 31, 2024 June 30, 2024 decreased \$0.1 million \$0.5 million compared to the prior quarter, primarily due to a decrease of \$35.7 million in our average outstanding debt balances, balances compared to the prior quarter. During the three months ended March 31, 2024 June 30, 2024, we fully repaid our \$9.4 million of the outstanding SBA debentures totaling \$31.9 million and reduced the total amount outstanding under the BNP Facility by \$12.0 million. Facility.

Management fee expense Incentive fees for the three months ended March 31, 2024 June 30, 2024 decreased \$0.1 million \$0.5 million compared to the prior quarter, primarily due to a decrease of \$3.1 million in total investment income outpacing a \$0.9 million decrease in total expenses.

Comparison of the six months ended June 30, 2024 and 2023

Interest expense for the six months ended June 30, 2024 decreased \$1.2 million compared to the corresponding period in the prior year, primarily due to the full repayment of our SBA debentures in March 2024 and a reduction in the outstanding amount under the BNP Facility.

Base management fees for the six months ended June 30, 2024 decreased \$0.8 million compared to the corresponding period in the prior year, primarily due to the decrease in the average size of the quarterly investment portfolio, at fair value, from \$498.3 million to \$410.4 million from \$438.8 million \$406.3 million.

Incentive fees for the three months ended March 31, 2024 increased \$0.2 million compared to the prior quarter, primarily due to an increase in our net investment income related to the non-recurring dividend income recognized during the current quarter.

Net realized and unrealized gain (loss) on investments

Net loss gain (loss) on investments, inclusive of realized and unrealized gains (losses), by investment type for the three months ended March 31, 2024 June 30, 2024 and December 31, 2023 March 31, 2024, and the three six months ended March 31, 2024 June 30, 2024 and 2023 were as follows (in thousands):

	Three Months Ended		Three Months Ended		Six Months Ended
	March 31, 2024	December 31, 2023	March 31, 2024	March 31, 2023	
	June 30, 2024	March 31, 2024	June 30, 2024	June 30, 2023	
Debt investments					
Equity investments					
Structured Finance Securities					
Current/deferred income tax expense (benefit)					
Total net loss on investments					

Current/deferred income tax expense (or provision)
Total net gain (loss) on investments

Net loss gain (loss) on investments for the three months ended March 31, 2024 June 30, 2024 and December 31, 2023 March 31, 2024

Three months ended June 30, 2024

For the three months ended June 30, 2024, we recognized a net gain on investments of \$6.9 million, primarily due to net unrealized appreciation of \$11.3 million, partially offset by net realized losses of \$4.3 million. For the quarter ended June 30, 2024, our net unrealized appreciation of \$11.3 million primarily related to net unrealized appreciation of \$7.8 million on our common equity in Pfanstiehl Holdings, Inc., and net unrealized appreciation of \$2.1 million on our subordinated note investment in Apex Credit CLO 2020 Ltd.

Three months ended March 31, 2024

For the three months ended March 31, 2024, we recognized a net loss on investments of \$14.6 million, primarily due to net unrealized depreciation of \$15.4 million. For the quarter ended March 31, 2024, our net unrealized depreciation of \$15.4 million was primarily related to net unrealized depreciation of \$7.9 million on our common equity in Pfanstiehl Holdings, Inc,

and net unrealized depreciation of \$4.1 million on our debt investments in SSJA Bariatric Management LLC, which were placed on non-accrual status during the quarter.

Three Net loss on investments for the six months ended December 31, 2023 June 30, 2024 and 2023

Six months ended June 30, 2024

For the six months ended June 30, 2024, we recognized a net loss on investments of \$7.8 million, comprised of net unrealized depreciation of \$4.0 million and net realized losses of \$3.5 million. The net loss during the period was primarily comprised of net unrealized depreciation of \$5.8 million on our non-accrual debt investments offset, in part, by net unrealized appreciation of \$4.0 million on our Structured Finance Securities.

Six months ended June 30, 2023

During the three six months ended December 31, 2023 June 30, 2023, our portfolio experienced net losses of \$8.8 million \$8.2 million, primarily related to unrealized depreciation of \$6.7 million on our Structured Finance Securities.

During the six months ended June 30, 2023, our common equity, warrant and other investments experienced net losses of \$1.7 million, primarily due to net unrealized depreciation of \$5.1 million \$2.7 million on our equity investments.

During the three months ended December 31, 2023, our common equity investment in Pfanstiehl Holdings, Inc. experienced net unrealized depreciation of \$6.2 million.

Non-GAAP Financial Measure – Adjusted Net Investment Income

During the three months ended March 31, 2024 June 30, 2024 and December 31, 2023 March 31, 2024, and six months ended June 30, 2024 and 2023, we did not recognize a Capital Gains Fee that would require the disclosure of Adjusted Net Investment Income for these periods. For additional information on Adjusted NII, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—Non-GAAP Financial Measure - Measure—Adjusted Net Investment Income" in our Annual Report on Form 10-K for the year ended December 31, 2023, filed on March 5, 2024.

Liquidity and Capital Resources

As of March 31, 2024 June 30, 2024, we held cash and cash equivalents of \$6.1 million \$5.6 million, which includes \$1.1 million \$2.7 million held by SBIC I LP and \$2.5 million held by OFSCC-FS. Our use of cash and cash equivalents held by SBIC I LP was restricted by SBA regulation. Distributions from OFSCC-FS to the Parent are restricted by the terms and conditions of the BNP Facility. During the three six months ended March 31, 2024 June 30, 2024, the Parent received \$2.8 million \$5.5 million in cash distributions from OFSCC-FS.

As of March 31, 2024 June 30, 2024, we had an unused commitment of \$25.0 million under our Banc of California Credit Facility, as well as an unused commitment of \$71.5 million \$80.9 million under our BNP Facility, both of which are subject to a borrowing base requirements and other covenants. As of March 31, 2024 June 30, 2024, we had unfunded commitments of \$10.9 million \$8.9 million to nine eight portfolio companies.

The Parent was permitted to make unsecured loans to SBIC I LP, the aggregate of which could not exceed \$35 million at any given time, and no interest could be charged on the unpaid principal balance. On February 28, 2024, the Parent made a \$3.5 million unsecured loan to SBIC I LP in order for SBIC I LP to have sufficient cash to fully redeem its outstanding SBA debentures totaling \$31.9 million. On March 15, 2024, SBIC I LP repaid its \$3.5 million unsecured loan to the Parent.

As of March 31, 2024 June 30, 2024, the aggregate amount outstanding of the senior securities issued by us was \$258.5 million \$249.1 million, for which our asset coverage was 157% 162%, exceeding our minimum asset coverage requirement of 150% under the 1940 Act. The asset coverage ratio for a class of senior securities representing indebtedness is calculated as our consolidated total assets, less all liabilities and indebtedness not represented by senior securities, divided by total senior securities representing indebtedness.

Sources and Uses of Cash

We generate operating cash flows from net investment income and the net proceeds from liquidation of portfolio investments, and use cash in our operations in the net purchase of portfolio investments and payment of expenses. Significant variations may exist between net investment income and cash from net investment income, primarily due to the recognition of non-cash investment income, including certain Net Loan Fee amortization, PIK interest and PIK dividends, which generally will not be fully realized in cash until we exit the investment, as well as accreted interest income on Structured Finance Securities, which may not coincide with cash distributions from these investments. As discussed in "Item 1.—Financial Statements—Note 3," we pay OFS Advisor a quarterly incentive fee with respect to our pre-incentive fee net investment income, which may include investment income that we have not received in cash. In addition, we must distribute substantially all of our taxable income, which approximates, but will not always equal, the cash we generate from net investment income to maintain our RIC tax treatment. We also obtain cash to fund investments or general corporate activities from the issuance of securities and our revolving lines of credit. These principal sources and uses of cash and liquidity are presented below (in thousands):

Three Months Ended March 31,		Six Months Ended June 30,	
2024	2023	2024	2023

Cash from net investment income ⁽¹⁾
Net repayments and sales of portfolio investments ⁽¹⁾
Net (purchases and originations) / repayments and sales of portfolio investments ⁽¹⁾
Net cash provided by operating activities
Distributions paid to stockholders ⁽²⁾
Distributions paid to stockholders ⁽²⁾
Distributions paid to stockholders ⁽²⁾
Net borrowings (repayments) under revolving lines of credit
Net repayments under revolving lines of credit
Repayments of SBA debentures
Net cash used in financing activities
Net cash used in financing activities
Net cash used in financing activities
Net decrease in cash and cash equivalents

- (1) Cash from net investment income includes all other cash flows from operating activities reported in our statements of cash flows. Net purchases and originations/repayments and sales of portfolio investments includes the purchase and origination of portfolio investments, proceeds from principal payments on portfolio investments, proceeds from sale or redemption of portfolio investments, changes in receivable for investments sold, payable from investments purchased as reported in our statements of cash flows, as well as differences in proceeds from distributions received from Structured Finance Securities relative to accretion of interest income on Structured Finance Securities. Cash from net investment income includes all other cash flows from operating activities reported in our statements of cash flows.
- (2) The determination of the tax attributes of our distributions is made annually as of the end of our fiscal year based upon our ICTI for the full year and distributions paid for the full year. Therefore, a determination made on a quarterly basis may not be representative of the actual tax attributes of our distributions for a full year.

Cash from net investment income

Cash For the six months ended June 30, 2024, cash from net investment income of \$3.1 million for the three months ended March 31, 2024 remained consistent \$6.2 million decreased \$2.9 million compared to the three six months ended March 31, 2023. June 30, 2023, primarily due to a decrease of \$4.1 million in cash interest income.

Net (purchases and originations) / repayments and sales of portfolio investments

During the three six months ended March 31, 2024 June 30, 2024, net sales and repayments of portfolio investments of \$6.1 million \$16.5 million were primarily due to \$13.4 million \$28.8 million of cash we received from amortized cost principal repayments, sales on our portfolio investments and the net proceeds from distributions received from Structured Finance Securities and accretion of interest income on Structured Finance Securities, partially offset by \$7.3 million \$12.3 million of cash we used to purchase portfolio investments. During the three six months ended March 31, 2023 June 30, 2023, net purchases and originations of portfolio investments of \$0.9 million \$0.3 million were primarily due to \$9.9 million \$26.3 million of cash we used to purchase portfolio investments, partially offset by \$10.8 million \$26.0 million of cash we received from amortized cost repayments, sales on our portfolio investments and the net proceeds from distributions received from Structured Finance Securities and accretion of interest income on Structured Finance Securities. See “—Portfolio Composition and Investment Activity—Investment Activity.”

Borrowings

SBA Debentures

SBIC I LP had an SBIC license that allowed it to obtain leverage by issuing SBA-guaranteed debentures. On March 1, 2024, SBIC I LP fully repaid its outstanding SBA debentures totaling \$31.9 million and, on April 17, 2024, surrendered its license to operate as a SBIC. As of March 31, 2024 June 30, 2024 and December 31, 2023, SBIC I LP had outstanding debentures of \$0.0 million \$-0- and \$31.9 million, respectively.

Banc of California Credit Facility

We are party to the BLA with Banc of California, as lender, to provide us with a senior secured revolving credit facility, or the Banc of California Credit Facility, which is available for general corporate purposes including investment funding. The maximum availability of the Banc of California Credit Facility is equal to 50% of the aggregate outstanding principal amount of eligible loans included in the borrowing base, which excludes subordinated loan investments (as defined in the BLA) and as otherwise specified in the BLA. The Banc of California Credit Facility is guaranteed by OFSCC-MB and secured by all of our and OFSCC-MB's current and future assets, excluding assets held by OFSCC-FS and SBIC I LP and the our Company's partnership interests in SBIC I LP.

The BLA contains customary terms and conditions, including, without limitation, affirmative and negative covenants, such as information reporting requirements, a minimum tangible net asset value, a minimum quarterly net investment income after incentive fees, a debt/worth ratio and a net loss restriction. The BLA also contains customary events of default, including, without limitation, nonpayment, misrepresentation of representations and warranties in a material respect, breach of covenant, cross-default to other indebtedness, bankruptcy, change in investment advisor, and the occurrence of a material adverse change in our financial condition. As of March 31, 2024 June 30, 2024, we were in compliance in all material respects with the applicable covenants under the Banc of California Credit Facility.

As of March 31, 2024 June 30, 2024, we had \$-0- outstanding and an unused commitment of \$25.0 million under the Banc of California Credit Facility, subject to a borrowing base and other covenants. As The Banc of March 31, 2024 California Credit Facility bears interest at a variable Prime Rate plus a 0.25% margin, with a 5.00% floor, and as of June 30, 2024, the effective interest rate on the Banc of California Credit Facility was 9.25%.

On December 15, 2023, we amended the Banc of California Credit Facility to: (i) extend the maturity date from February 28, 2024 to February 28, 2026; (ii) increase the interest rate floor from 4.00% to 5.00%; and (iii) eliminate the 0.50% unused line fee and replace it with an annual commitment fee of 0.50%.

Unsecured Notes

As of March 31, 2024 June 30, 2024 and December 31, 2023, we had \$180.0 million in outstanding Unsecured Notes. The Unsecured Notes are direct unsecured obligations and rank equal in right of payment with all of our current and future unsecured indebtedness. Because the Unsecured Notes are not secured by any of our assets, they are effectively subordinated to all existing and future secured unsubordinated indebtedness (or any indebtedness that is initially unsecured as to which we subsequently grant a

security interest), to the extent of the value of the assets securing such indebtedness, including, without limitation, borrowings under the Banc of California Credit Facility and BNP Facility.

In order to, among other things, reduce future cash interest payments, as well as future amounts due at maturity or upon redemption, we may, from time to time, purchase the Unsecured Notes for cash in open market purchases and/or privately negotiated transactions. We will evaluate any such transactions in light of then-existing market conditions, taking into account our current liquidity, prospects for future access to capital, contractual restrictions and other factors. The amounts involved in any such transactions, individually or in the aggregate, may be material. During the **three six** months ended **March 31, 2024 June 30, 2024**, no outstanding Unsecured Notes were repurchased.

BNP Facility

On June 20, 2019, OFSCC-FS entered into the BNP Facility, which provides for borrowings in an aggregate principal amount up to \$150.0 million, of which **\$78.5 million** **\$69.1 million** was drawn as of **March 31, 2024 June 30, 2024**. Borrowings under the BNP Facility bear interest based on SOFR for the relevant interest period, plus an applicable spread (subject to an effective floor of 2.65%). The reinvestment period (**and the ability to access the undrawn facility commitment**) of the BNP Facility ends on June 20, 2025 **and the facility is scheduled to mature on June 20, 2027, , unless extended.** Borrowings under the BNP Facility are secured by substantially all of the assets held by OFSCC-FS. As of **March 31, 2024 June 30, 2024**, we were in compliance in all material respects with the applicable covenants under the BNP Facility.

As of **March 31, 2024 June 30, 2024**, the effective interest rate on the BNP Facility was **8.80% 9.07%** and the unused commitment under the facility was **\$71.5 million \$80.9 million**.

On a stand-alone basis, as of **March 31, 2024 June 30, 2024** and December 31, 2023, OFSCC-FS held approximately **\$157.3 million \$154.1 million** and \$158.3 million in total assets, respectively, which accounted for approximately 38% and 34% of our total consolidated assets, respectively.

Other Liquidity Matters

We expect to fund the growth of our investment portfolio utilizing our current borrowings, follow-on equity offerings, and issuances of senior securities or future borrowings to the extent permitted by the 1940 Act. We cannot assure stockholders that our plans to raise capital will be successful or available to us on favorable terms, if at all. In addition, we intend to distribute to our stockholders substantially all of our taxable income in order to satisfy the requirements applicable to RICs under Subchapter M of the Code. Consequently, we may not have the funds or the ability to fund new investments or make additional investments in our portfolio companies. The illiquidity of our portfolio investments may make it difficult for us to sell these investments when desired and, if we are required to sell these investments, we may realize significantly less than their recorded value and incur a capital loss.

As a BDC, we must not acquire any assets other than "qualifying assets" specified in the 1940 Act unless, at the time the acquisition is made, at least 70% of our assets, as defined by the 1940 Act, are qualifying assets (with certain limited exceptions). Qualifying assets include investments in "eligible portfolio companies." Under the relevant SEC rules, the term "eligible portfolio company" includes all private companies, companies whose securities are not listed on a national securities exchange, and certain public companies that have listed their securities on a national securities exchange and have a market capitalization of less than \$250 million, in each case organized in the United States. Conversely, we may invest up to 30% of our portfolio in opportunistic investments not otherwise eligible under BDC regulations. Specifically, as part of this 30% basket, we may consider investments in investment funds that are operating pursuant to certain exceptions to the 1940 Act and in advisers to similar investment funds, as well as in debt or equity of middle-market portfolio companies located outside of the United States and debt and equity of public companies that do not meet the definition of eligible portfolio companies because their market capitalization of publicly traded equity securities exceeds the levels provided for in the 1940 Act. We have, and may continue to, make opportunistic investments in Structured Finance Securities and other non-qualifying assets, consistent with our investment strategy. As of **March 31, 2024 June 30, 2024**, approximately **79% 80%** of our investments were qualifying assets.

On May 3, 2018, our Board, including a required majority (as such term is defined in Section 57(o) of the 1940 Act) thereof, approved the application of the modified asset coverage requirements set forth in Section 61(a)(2) of the 1940 Act. As a result, effective May 3, 2019, our minimum required asset coverage ratio decreased from 200% to 150%.

On May 22, 2018, the Board authorized the Stock Repurchase Program under which we could acquire up to \$10.0 million of our outstanding common stock through the two-year period ending May 22, 2020. On each of May 4, 2020 and May 3, 2022, our Board extended the Stock Repurchase Program for additional two-year periods. On April 30, 2024, our Board extended the Stock Repurchase Program for the two-year period ending on May 22, 2026. Under the extended Stock Repurchase Program, we are authorized to repurchase shares in open-market transactions, including through block purchases, depending on prevailing market conditions and other factors. We expect the Stock Repurchase Program to be in place through May 22, 2026, or until the approved dollar amount has been used to repurchase shares. The Stock Repurchase Program does not obligate us to acquire any specific number of shares, and all repurchases will be made in accordance with SEC Rule 10b-18, which sets certain restrictions on the method, timing, price and volume of stock repurchases. The Stock Repurchase Program may be extended, modified or discontinued at any time for any reason. We have provided our stockholders with notice of our intention to repurchase shares of our common stock in accordance with 1940 Act requirements. We retire all shares of common stock that we purchased in connection with the Stock Repurchase Program. During the **three six** months ended **March 31, 2024 June 30, 2024**, we did not make any repurchases of common stock on the open market under the Stock Repurchase Program. As of **March 31, 2024 June 30, 2024**, the approximate dollar value of shares remaining that may be purchased under the program was \$9.6 million.

As a BDC, we are generally not permitted to issue and sell our common stock at a price below net asset value per share. We may, however, sell our common stock, or warrants, options or rights to acquire our common stock, at a price below the then-current net asset value per share of our common stock if the Board determines that such sale is in the best interests of us and our stockholders, and if our stockholders approve such sale. On **July 19, 2023 June 26, 2024**, our stockholders approved a proposal to authorize us, with approval of our Board, to sell or otherwise issue shares of our common stock (during a twelve-month period) at a price below our then-current net asset value per share in one or more offerings, subject to certain limitations (including that the cumulative number of shares sold pursuant to such authority does not exceed 25% of our then outstanding common stock immediately prior to each such sale). We have not sold any shares below net asset value pursuant to the proposal approved by our stockholders.

We continue to monitor the current banking environment. If the banks and financial institutions with whom we have credit facilities enter into receivership, undergo consolidation or become insolvent in the future, our liquidity may be reduced significantly. At various times, our cash balances at third-party financial institutions exceed the federally insured limit. Our cash and cash equivalent balances are retained in custodian accounts with U.S. Bank Trust Company, National Association and Citibank N.A., and we do not believe they are exposed to any significant credit risk.

Contractual Obligations and Off-Balance Sheet Arrangements

Contractual Obligations

As of **March 31, 2024 June 30, 2024**, we had **\$6.1 million \$5.6 million** of cash and cash equivalents, as well unused commitments of \$25.0 million under our Banc of California Credit Facility and **\$71.5 million \$80.9 million** under our BNP Facility, respectively, to meet our short-term contractual **obligations, obligations, subject to contractual**

requirements and regulatory asset coverage requirements. As of March 31, 2024 June 30, 2024, we had \$10.9 million \$8.9 million in outstanding commitments to fund portfolio investments that can be funded with our current cash or credit facilities.

Long-term contractual obligations, such as our BNP Facility that matures in 2027 and had \$78.5 million \$69.1 million outstanding as of March 31, 2024 June 30, 2024, can be repaid by selling OFSCC-FS portfolio investments that have a fair value of \$153.0 million \$149.7 million as of March 31, 2024 June 30, 2024. The OFSCC-FS portfolio includes \$37.0 million of broadly syndicated loans in larger portfolio companies that generally can be sold over a relatively short period to generate cash. We cannot, however, be certain that this source of funds will be available and upon terms acceptable to us in sufficient amounts in the future. If we were required to liquidate a portfolio investment in a forced or liquidation sale, we could realize significantly less than its current fair value and incur significant realized losses on our invested capital.

As of March 31, 2024 June 30, 2024, we had \$180.0 million of outstanding Unsecured Notes, of which \$125.0 million mature matures on February 10, 2026. The Unsecured Notes Due February 2026 can be repaid by selling portfolio investments or by issuing additional senior securities to refinance the debt.

As of March 31, 2024 June 30, 2024, approximately 52% 50% of our outstanding debt matures in 2027 and beyond, 70% 72% of our outstanding debt carries fixed interest rates and 70% of our outstanding debt is unsecured.

Off-Balance Sheet Arrangements

We have entered into contracts with third parties under which we have material future commitments—the Investment Advisory Agreement, pursuant to which OFS Advisor has agreed to serve as our investment adviser, and the Administration Agreement, pursuant to which OFS Services has agreed to furnish us with the facilities and administrative services necessary to conduct our day-to-day operations.

We may become 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 involve, to varying degrees, elements of liquidity and credit risk in excess of the amount recognized on the balance sheet. There is no guarantee that these amounts will be funded to the borrowing party now or in the future. We continue to believe that we have sufficient levels of liquidity to support our existing portfolio companies and will meet these unfunded commitments by using our cash on hand or utilizing our available borrowings under the Banc of California Credit Facility and BNP Facility. In addition, we generally hold broadly syndicated loans in larger portfolio companies that can be sold over a relatively short period to generate cash. If we were required to liquidate a portfolio investment in a forced or liquidation sale, we could realize significantly less than its current fair value and incur significant realized losses on our invested capital.

Distributions

We are taxed as a RIC under the Code. In order to maintain our tax treatment as a RIC, we are required to distribute annually to our stockholders at least 90% of our ICTI, as defined by the Code. Additionally, to avoid a 4% excise tax on undistributed earnings we are required to distribute each calendar year the sum of: (i) 98% of our ordinary income for such calendar year; (ii) 98.2% of our net capital gains for the one-year period ending October 31 of that calendar year; and (iii) any income recognized, but not distributed, in preceding years and on which we paid no federal income tax. Maintenance of our RIC status requires adherence to certain source of income and asset diversification requirements. Generally, a RIC is entitled to deduct dividends it pays to its stockholders from its income to determine "taxable income". Taxable income includes our taxable interest, dividend and fee income, and taxable net capital gains. Taxable income generally differs from net income for financial reporting purposes due to temporary and permanent differences in the recognition of income and expenses, and generally excludes net unrealized appreciation or depreciation, as gains or losses are not included in taxable income until they are realized. In addition, gains realized for financial reporting purposes may differ from gains included in taxable income as a result of our election to recognize gains using installment sale treatment, which generally results in the deferment of gains for tax purposes until notes or other amounts, including amounts held in escrow received as consideration from the sale of investments, are collected in cash. Taxable income includes non-cash income, such as changes in accrued and reinvested interest and dividends, which includes contractual PIK interest, and the amortization of discounts and fees. Cash collections of income resulting from contractual PIK interest and dividends or the amortization of discounts and fees generally occur upon the repayment of the loans or debt securities that include such items. Non-cash taxable income is reduced by non-cash expenses, such as realized losses and depreciation, and amortization expense.

Our Board maintains a variable dividend policy with the objective of distributing quarterly distributions in an amount not less than 90-100% of our taxable quarterly income or potential annual income for a particular year. In addition, during the year, we may pay a special dividend, such that we may distribute approximately all of our annual taxable income in the year it was earned, while maintaining the option to spill over our excess taxable income to a following year. We may choose to retain a portion of our taxable income in any year and pay the 4% U.S. federal excise tax on the retained amounts. Each year, a statement on Form 1099-DIV identifying the source of the distribution is mailed to the Company's stockholders.

Recent Developments

On April 30, 2024 July 30, 2024, our Board declared a distribution of \$0.34 per share for the second third quarter of 2024, payable on June 28, 2024 September 30, 2024 to stockholders of record as of June 18, 2024 September 20, 2024.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are subject to financial market risks, including changes in interest rates and the valuations of our investment portfolio. The economic effects of the ongoing war between Russia and Ukraine, the escalated armed conflict in the Middle East, elevated interest and inflation rates, ongoing supply chain and labor market disruptions, including those as a result of strikes, work stoppages or accidents, instability in the U.S. and international banking systems and the risk of recession or a shutdown of U.S. government services has introduced significant volatility in the financial markets, and the effects of this volatility has impacted and could continue to impact our market risks. For additional information concerning risks and their potential impact on our business and our operating results, see "Part I—Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed on March 5, 2024.

Investment Valuation Risk

Because there is not a readily available market value for most of the investments in our portfolio, we value a significant portion of our portfolio investments at fair value as determined in good faith by OFS Advisor, as valuation designee, based, in part, on independent third-party valuation firms that have been engaged at the direction of OFS Advisor to assist in the valuation of each most portfolio investment investments without a readily available market quotation. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may fluctuate from period to period. Additionally, the fair value of our investments

may differ significantly from the values that would have been used had a ready market existed for such investments and may differ materially from the values that we may ultimately realize. Further, some investments may be subject to legal and other restrictions on resale or otherwise are less liquid than publicly traded securities. If we were required to liquidate a portfolio investment in a forced or liquidation sale, we could realize significantly less than its current fair value. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Significant Estimates" as well as Notes 2 and 5 to our consolidated financial statements for the **three** **six** months ended **March 31, 2024** **June 30, 2024** for more information relating to our investment valuation.

Interest Rate Risk

Changes in interest rates, including any potential interest rate reductions approved by the U.S. Federal Reserve, may affect both our cost of funding and the valuation of our investment portfolio. As of **March 31, 2024** **June 30, 2024**, **91%** **92%** of our loan portfolio, at fair value, bore interest at floating interest rates and contain interest rate re-set provisions that adjust applicable interest rates to current rates on a periodic basis.

Our Unsecured Notes bear interest at fixed rates. As of **March 31, 2024** **June 30, 2024**, our Banc of California Credit Facility and BNP Facility have floating interest rate provisions based on the **Prime Rate and SOFR, respectively, applicable reference rates.**

If interest rates are reduced by the U.S. Federal Reserve, the difference between the total interest income earned and the total interest expense incurred may be compressed, reducing our net income and potentially adversely affecting our operating results.

Interest rate sensitivity refers to the change in our earnings that may result from changes in the level of interest rates as of **March 31, 2024** **June 30, 2024**. As of **March 31, 2024** **June 30, 2024**, 1-month and 3-month SOFR were **5.33%** **5.34%** and **5.30%** **5.32%**, respectively, and certain loan contracts in our investment portfolio have not reset to the current market rate, respectively. Assuming that the interim and unaudited consolidated balance sheet as of **March 31, 2024** **June 30, 2024** were to remain constant and that we took no actions to alter our existing interest rate sensitivity, the following tables show the annualized impact of hypothetical changes in interest rate indices (in thousands).

Basis point increase	Basis point increase	Interest income	Interest expense	Net change	Basis point increase	Interest income	Interest expense	Net change
25								
50								
75								
100								
125								
Basis point decrease	Basis point decrease	Interest income	Interest expense	Net change	Basis point decrease	Interest income	Interest expense	Net change
25								
50								
75								
100								
125								

Although we believe that the foregoing analysis is indicative of our net interest margin sensitivity to interest rate changes as of **March 31, 2024** **June 30, 2024**, it does not adjust for potential changes in the credit market, credit quality, size and composition of the assets in our portfolio, and other business developments, including borrowings under our credit facilities, that could affect net increase in net assets resulting from operations, or net income. Accordingly, no assurances can be given that actual results would not differ materially from the statement above.

Credit Risk

We generally endeavor to minimize our risk of exposure by limiting the counterparties with whom we enter into financial transactions to reputable financial institutions. As of **March 31, 2024** and **December 31, 2023**, we held our cash balances with third-party financial institutions, and such balances are in excess of the Federal Deposit Insurance Corporation insured limit. We seek to mitigate this exposure by monitoring the credit standing of these financial institutions.

Inflation Risk

Inflation is likely to continue in the near to medium-term, particularly in the U.S., with the possibility that monetary policy may continue to tighten in response. Persistent inflationary pressures could affect our portfolio companies' profit margins and their ability to service their debt.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of **March 31, 2024** **June 30, 2024**. The term "disclosure controls and procedures" (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the foregoing evaluation of our disclosure controls and procedures as of **March 31, 2024** **June 30, 2024**, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

During the quarter ended **March 31, 2024** **June 30, 2024**, there were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

We, OFS Advisor and OFS Services, are not currently subject to any material pending legal proceedings threatened against us as of **March 31, 2024** **June 30, 2024**. From time to time, we may be a party to certain legal proceedings incidental to the normal course of our business, including the enforcement of our rights under contracts with our portfolio companies. Furthermore, third parties may try to seek to impose liability on us in connection with the activities of our portfolio companies. While the outcome of these legal proceedings cannot be predicted with certainty, we do not expect that these proceedings will have a material effect upon our business, financial condition, results of operations or cash flows.

Item 1A. Risk Factors

Investing in our common stock may be speculative and involves a high degree of risk. In addition to the other information contained in this Quarterly Report on Form 10-Q, including our financial statements, and the related notes, schedules and exhibits, you should carefully consider the risk factors described in "Part I, Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (the "Annual Report on Form 10-K"), filed on March 5, 2024, which could materially affect our business, financial condition and/or operating results. The risks described in our Annual Report on Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition and/or operating results.

There have been no material changes to the risk factors previously disclosed in our Annual Report on Form 10-K. The risks previously disclosed in the Annual Report on Form 10-K should be read together with the other information disclosed elsewhere in this Quarterly Report on Form 10-Q and our other reports filed with the SEC.

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

Sales of Unregistered Securities, Use of Proceeds

None.

Issuer Purchases of Equity Securities

On May 22, 2018, the Board authorized the Company to initiate the Stock Repurchase Program under which the Company could acquire up to \$10.0 million of its outstanding common stock through the two-year period ending May 22, 2020.

On each of May 4, 2020 and May 3, 2022, our Board extended the Stock Repurchase Program for additional two-year periods. On April 30, 2024, the Board extended the Stock Repurchase Program for the two-year period ending May 22, 2026. Under the extended Stock Repurchase Program, the Company is authorized to repurchase shares in open-market transactions, including through block purchases, depending on prevailing market conditions and other factors. The Company expects the Stock Repurchase Program to be in place through May 22, 2026, or until the approved dollar amount has been used to repurchase shares. The Stock Repurchase Program does not obligate the Company to acquire any specific number of shares, and all repurchases will be made in accordance with SEC Rule 10b-18, which sets certain restrictions on the method, timing, price and volume of stock repurchases. The Stock Repurchase Program may be extended, modified or discontinued at any time for any reason. The Company retires all shares of common stock that it purchases in connection with the Stock Repurchase Program. As of **March 31, 2024** **June 30, 2024**, the approximate dollar value of shares remaining that may be purchased under the program was \$9.6 million.

During the three months ended **March 31, 2024** **June 30, 2024**, the Company did not make any repurchases of its common stock on the open market under the Stock Repurchase Program.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Rule 10b5-1 Trading Plans

During the three months ended **March 31, 2024** **June 30, 2024**, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Price Range of Common Stock and Distributions

The Company's common stock is traded on the Nasdaq Global Select Market under the symbol "OFS". The following table lists the high and low sale price for the Company's common stock, NAV per share, and the cash distributions per share that were declared on its common stock for each fiscal quarter during the last two most recently completed fiscal years and each full fiscal quarter of the current fiscal year. The last reported sale price for our common stock on the Nasdaq Global Select Market on **March 31, 2024** **June 30, 2024** was **\$9.93** **\$8.87** per share.

Period	NAV Per Share ⁽¹⁾	NAV Per Share ⁽¹⁾	Price Range	Premium (Discount) of High Sales Price to NAV	Premium (Discount) of Low Sales Price to NAV	Cash Distribution per Share	NAV Per Share ⁽¹⁾	Price Range	Premium (Discount) of High Sales Price to NAV	Premium (Discount) of Low Sales Price to NAV	Cash Distribution per Share
Fiscal 2024											
Fiscal 2024											
Fiscal 2024											

First
Quarter
First
Quarter
Second
Quarter
Second
Quarter
Second
Quarter
First
Quarter
**Fiscal
2023**
Fourth
Quarter
Fourth
Quarter
Fourth
Quarter
Third
Quarter
Second
Quarter
First
Quarter
**Fiscal
2022**
Fourth
Quarter
Fourth
Quarter
Fourth
Quarter
Third
Quarter
Second
Quarter
First
Quarter

(1) NAV per share is determined as of the last day in the relevant quarter and therefore may not reflect the NAV per share on the date of the high and low sales prices. The NAVs shown are based on outstanding shares at the end of each period.

Item 6. Exhibits

Listed below are the exhibits that are filed as part of this report (according to the number assigned to them in Item 601 of Regulation S-K):

Exhibit Number	Description	Incorporated by Reference		Filed with this 10-Q
		Form and SEC File No.	Filing Date with SEC	
3.1	Certificate of Incorporation of OFS Capital Corporation	Form N-2/A (333-166363)	March 18, 2011	
3.2	Certificate of Correction to Certificate of Incorporation of OFS Capital Corporation	Form 10-K	March 26, 2013	
3.3	Bylaws of OFS Capital Corporation	Form N-2/A (333-166363)	March 18, 2011	
31.1	Certification of Chief Executive Officer pursuant to Rules 13a-14 and 15d-14(a) of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act			*
31.2	Certification of Chief Financial Officer pursuant to Rules 13a-14 and 15d-14(a) of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act			*
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002			†
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002			†
101	Inline XBRL Document Set for the consolidated financial statements and accompanying notes in Part I, Item 1, "Financial Statements" of this Quarterly Report on Form 10-Q.			*
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)			*

* Filed herewith

† Furnished herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 2, 2024 August 1, 2024

OFS CAPITAL CORPORATION

By: /s/ Bilal Rashid
Name: Bilal Rashid
Title: Chief Executive Officer

By: /s/ Jeffrey A. Cerny
Name: Jeffrey A. Cerny
Title: Chief Financial Officer

67 68

Exhibit 31.1

Certification of Chief Executive Officer

I, Bilal Rashid, Chief Executive Officer of OFS Capital Corporation certify that:

1. I have reviewed this quarterly report on Form 10-Q of OFS Capital 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.

Dated this 2nd 1st day of May, August, 2024.

By: /s/ Bilal Rashid
Bilal Rashid
Chief Executive Officer

Exhibit 31.2

Certification of Chief Financial Officer

I, Jeffrey A. Cerny, Chief Financial Officer of OFS Capital Corporation certify that:

1. I have reviewed this quarterly report on Form 10-Q of OFS Capital 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.

Dated this 2nd 1st day of May, August, 2024.

By: /s/ Jeffrey A. Cerny
Jeffrey A. Cerny
Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q for the period ended March 31, 2024 June 30, 2024 (the "Report") of OFS Capital Corporation (the "Registrant"), as filed with the Securities and Exchange Commission on the date hereof, I, Bilal Rashid, the Chief Executive Officer of the Registrant, hereby certify, to the best of my knowledge, pursuant to 18 U.S.C. Section 1350, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Bilal Rashid
Name: Bilal Rashid
Date: May 2, August 1, 2024

Exhibit 32.2

Certification of Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350 , as adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q for the period ended March 31, 2024 June 30, 2024 (the "Report") of OFS Capital Corporation (the "Registrant"), as filed with the Securities and Exchange Commission on the date hereof, I, Jeffrey A. Cerny, the Chief Financial Officer of the Registrant, hereby certify, to the best of my knowledge, pursuant to 18 U.S.C. Section 1350, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Name:

Date:

/s/ Jeffrey A. Cerny

Jeffrey A. Cerny

May 2, August 1, 2024

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2024, Refinitiv. All rights reserved. Patents Pending.