



OFS

OFS Capital Corporation

Nasdaq: OFS (common stock)

Nasdaq: OFSSH (unsecured notes)

Institutional Notes: PAR \$2,000 4.75% Notes due 2026

Investor Presentation
March 2023

This presentation contains "forward looking statements" that are subject to risks and uncertainties. Forward-looking statements can be identified by terminology such as "anticipate," "believe," "could," "could increase the likelihood," "estimate," "expect," "intend," "is planned," "may," "should," "will," "will enable," "would be expected," "look forward," "may provide," "would" or similar terms, variations of such terms or the negative of those terms. Such forward-looking statements involve known and unknown risks, uncertainties and other factors including those risks, uncertainties and factors referred to in OFS Capital Corporation's (the "Company" or "OFS Capital") Annual Report on Form 10-K for the year ended December 31, 2022 filed with the Securities and Exchange Commission ("SEC") under the section "Risk Factors," as well as other documents that may be filed by OFS Capital from time to time with the SEC. As a result of such risks, uncertainties and factors, actual results may differ materially from any future results, performance or achievements discussed in or implied by the forward-looking statements contained herein. OFS Capital is providing the information as of this date and assumes no obligations to update the information included in this presentation or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Certain information included in this presentation (including certain information relating to portfolio companies) was derived from third party sources and has not been independently verified and, accordingly, OFS Capital makes no representation or warranty in respect of this information.

The following slides contain summaries of certain financial and statistical information about OFS Capital. We undertake no duty or obligation to publicly update or revise the information contained in this presentation. In addition, information related to past performance, while helpful as an evaluative tool, is not necessarily indicative of future results, the achievement of which cannot be assured. You should not view the past performance of OFS Capital, or information about the market, as indicative of OFS Capital's future results. This presentation does not constitute an offer to sell or the solicitation of an offer to buy any securities of OFS Capital.

OFS is a brand name and is meant to include Orchard First Source Asset Management Holdings, LLC, its direct and indirect subsidiaries, including OFS Capital Management, LLC, OFS CLO Management, LLC and OFS CLO Management II, LLC, which are registered investment advisers, OFS Capital Corporation, a publicly traded business development company (NASDAQ "OFS"), OFS Credit Company, Inc., a publicly traded registered closed-end fund (NASDAQ "OCCI"), and their predecessor entities.

CIM Assets Owned and Operated represents the aggregate assets owned and operated by CIM on behalf of partners (including where CIM contributes alongside for its own account) and co-investors, whether or not CIM has discretion, in each case without duplication.

Please note, changes in global, national, regional or local economic, demographic or capital market conditions (including those caused by the impacts of rising interest and inflation rates, the risk of recession and related market volatility, the continuing COVID-19 pandemic and the ongoing war between Russia and Ukraine) may continue to have a significant negative impact on our business, financial condition, results of operations and cash flows and those of our portfolio companies, including our and their ability to achieve our respective objectives.

Overview

- » OFS Capital is a Nasdaq-listed BDC, primarily focused on lending to U.S. middle market companies

History

- » Raised ~\$100 million in 2012 IPO in addition to ~\$43 million contribution from adviser, OFS Capital Management¹
- » Raised \$53 million in 2017 equity follow-on offering

Senior Focused Portfolio

- » \$501 million investment portfolio² (\$521 million in total assets)³
- » Nearly 100% of loan portfolio is senior secured loans^{2, 4}
- » Loan portfolio is diversified across 15 sectors and 52 distinct loan obligors – no material exposure to cyclical sectors

Flexible Capital Structure

- » \$180 million net asset value (\$13.47 per share)³
- » No near-term liquidity needs with 100% of our outstanding debt maturing in 2025 and beyond. Unsecured funding makes up 54% of liability mix; total weighted average cost of debt of 5.5%⁵

Strong Track Record

- » Since 2011, OFS Capital has invested ~\$1.9 billion with a cumulative net realized loss rate of ~2.0% as of December 31, 2022^{6, 7}

Alignment of Interest

- » Management team averaging over 25 years managing credit through economic cycles
- » OFS Capital Management owns ~22.5% of OFS Capital's common shares^{1, 3}

1 Includes OFS Capital Management, LLC, its parent company, Orchard First Source Asset Management Holdings, LLC ("OFSAM"), its predecessor entity, as well as other wholly-owned subsidiaries of OFSAM.

2 Based on fair value as of December 31, 2022.

3 As of December 31, 2022.

4 Subordinated loans represent less than 0.5% of the portfolio. Senior secured loans are comprised of first lien, second lien and unitranche loans. Excludes structured finance securities.

5 Based on average outstanding principal drawn for the quarter ended December 31, 2022.

6 Investments for the years ended December 31, 2012 and 2011 give pro forma effect to OFS Capital's consolidation of OFS Capital WM, LLC as a result of the WM 2012 Credit Facility Amendments, as if the consolidation took place on January 1, 2011. Includes \$2.7 million realized gain from SBIC Fund acquisition.

7 Past performance is not indicative of future results.

Fourth Quarter 2022 Highlights



- » Net investment income per share and Adjusted Net investment Income¹ per share for the fourth quarter was \$0.35, up \$0.02 per share as compared to the prior quarter, primarily due to higher interest income driven by rising interest rates, partially offset by lower fee income.
- » Net loss on investments per share for the fourth quarter, inclusive of realized and unrealized losses, was \$0.17. This compares favorably to the net loss per share of \$1.04 in the prior quarter. The net loss on investments for the fourth quarter was primarily driven by company-specific performance factors impacting a few investments and the widening of liquid credit market spreads.
- » Earnings per share for the fourth quarter was \$0.18, up from a net loss per share of \$0.71 for the prior quarter.
- » Paid a quarterly distribution of \$0.30 per share on December 30, 2022, and declared a distribution of \$0.33 for the first quarter of 2023; a 10% increase compared to the previous quarter.²

	Quarter Ended	
	12/31/2022	9/30/2022
Net Investment Income Per Share		
Net investment income per share	\$ 0.35	\$ 0.33
Net Realized/Unrealized Gain (Loss) Per Share		
Net realized gain (loss) per share	\$ (0.09)	\$ (0.04)
Net unrealized gain (loss) per share	(0.08)	(1.00)
Net gain (loss) per share	\$ (0.17)	\$ (1.04)
Earnings Per Share		
Earnings (loss) per share	\$ 0.18	\$ (0.71)
Net Asset Value		
Net asset value per share	\$ 13.47	\$ 13.58
Distributions paid per share	\$ 0.30	\$ 0.29
Adjusted Net Investment Income Per Share¹		
Net investment income per share	\$ 0.35	\$ 0.33
Capital gain incentive fee accrual per share	-	-
Adjusted net investment income per share	\$ 0.35	\$ 0.33

¹ Adjusted Net Investment Income ("Adjusted NII") is a financial measure calculated and presented on a basis of accounting other than in accordance with generally accepted accounting principles of the United States of America ("GAAP"). See Supplemental Schedule 1 on page 19 for a definition of Adjusted NII and a reconciliation from net investment income (the most comparable GAAP measure) to Adjusted NII for the quarter ended December 31, 2022 and September 30, 2022.

² Distributions are not guaranteed. Past performance is not indicative of future results.

» Access to Infrastructure and Resources of Large Platform

- OFS benefits from shared services provided by CIM Group - owners and operators of \$32.6 billion of assets¹
- OFS Capital Management has \$3.9 billion in Assets Under Management (“AUM”) and owns approximately 22.5% of OFS Capital’s common shares^{2, 3}

» History of Generating Income for Investors and a Low Realized Loss Experience

- \$12.36 per share in distributions paid since 2012 IPO⁴
- Since 2011, OFS Capital has invested ~\$1.9 billion with a cumulative net realized loss rate of ~2.0%^{3, 5, 7, 10}

» Senior Secured Focus with Earnings Growth Potential

- 94% of loans in loan portfolio are floating rate^{3, 6, 8}
- Selectively make equity investments when we identify a strong opportunity - return on invested capital since inception of 1.78x for realized investments and 5.44x for unrealized investments⁷
- Potential to grow investment income as equity portfolio is rotated into higher income generating investments

» Attractive Financing

- 100% of our outstanding debt matures in 2025 and beyond^{3, 9}
- Unsecured bonds provide flexibility and wholly owned senior loan facility has non-recourse financing

¹ See Important Disclosures on page 1 and, in particular, the section “CIM Assets Owned and Operated” for additional details.

² Includes OFS Capital Management, LLC, its parent company, Orchard First Source Asset Management Holdings, LLC (“OFSAM”), as well as other wholly-owned subsidiaries of OFSAM.

³ As of December 31, 2022.

⁴ Distributions are not guaranteed. Past performance is not indicative of future results.

⁵ Investments for the years ended December 31, 2012 and 2011 give pro forma effect to OFS Capital’s consolidation of OFS Capital WM, LLC as a result of the WM 2012 Credit Facility Amendments, as if the consolidation took place on January 1, 2011. Includes \$2.7 million realized gain from the SBIC Fund acquisition.

⁶ Based on fair value as of December 31, 2022.

⁷ Past performance is not indicative of future results.

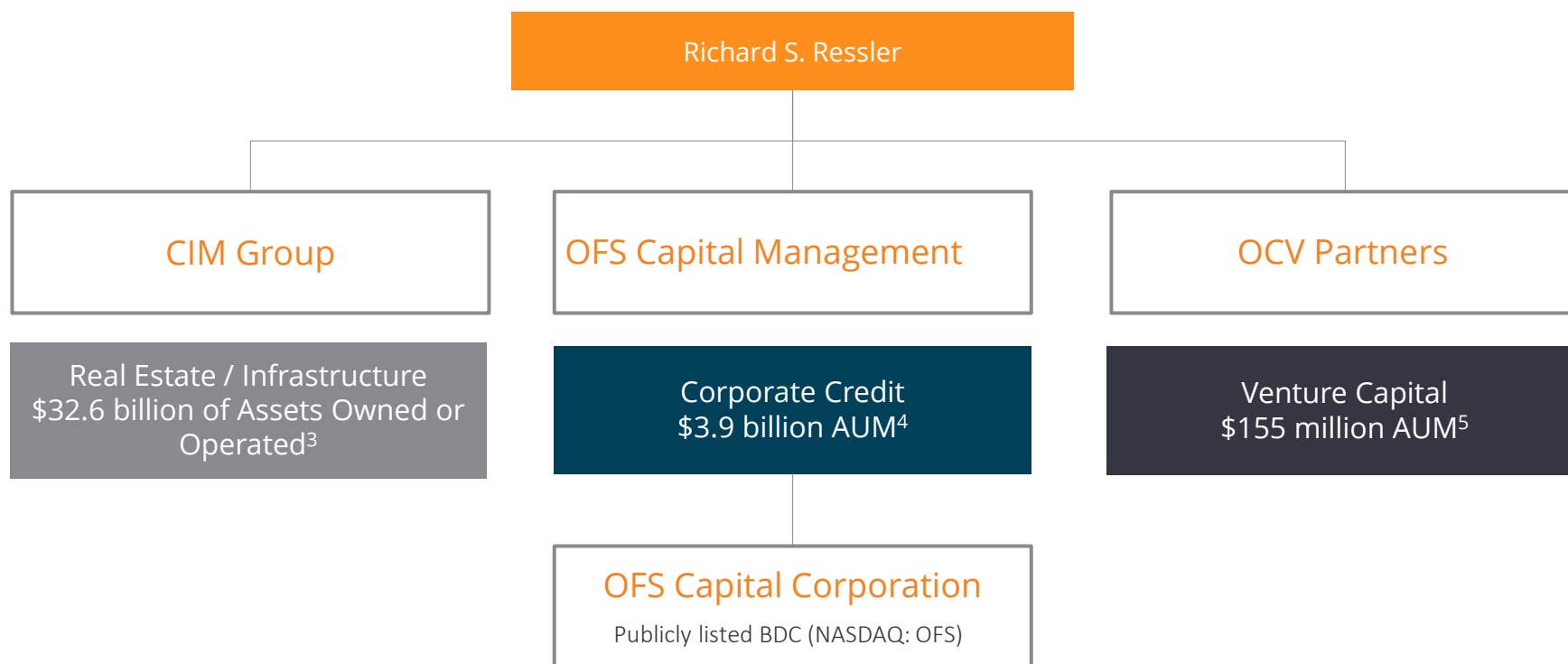
⁸ Excludes structured finance securities.

⁹ Based on outstanding principal drawn as of December 31, 2022.

¹⁰ Cumulative net realized gains (losses) represent the cumulative net gains (losses) realized on sold, significantly modified or restructured, or otherwise disposed investments. Cumulative net realized gains (losses) exclude the net unrealized appreciation (depreciation) on investments held by the Company as of the end of each reported period, and do not include interest, dividend or fee income, or fees and expenses that the Company paid over the period, which are disclosed in its financial statements.

Access to Infrastructure and Resources of Large Platform¹

- » OFS is part of a group of affiliated firms controlled by Richard Ressler that own, operate and manage more than \$36 billion of real assets and corporate credit
- » Since 1994, OFS Capital Management² has invested over \$21 billion in more than 10,000 transactions and has offices in Chicago, Los Angeles and New York City



1 Despite Mr. Ressler's involvement in each, none of CIM, OFS, or Orchard Capital Ventures has the benefit of any cross-guarantee. None of these entities are entitled to draw on the capital of any other, and no guarantee of the liabilities of any such entity by any other such entity should be inferred from their relationship.
2 Includes Orchard First Source Asset Management Holdings, LLC, its predecessor entity, and its direct and indirect subsidiaries.
3 As of September 30, 2022. See Important Disclosures on page 1.
4 As of December 31, 2022.
5 As of September 30, 2022.

- » Investing across the U.S. corporate loan market
- » Seasoned investment team with diverse skill set - dedicated industry analysts and loan and CLO structuring expertise

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\$3.9 Billion
Assets Under Management^{1,2}
50 Professionals

Middle Market Lending

- » Primarily invests in senior secured, floating rate loans to US based middle-market borrowers
- » "OFS" - Publicly listed BDC
- » Hancock Park Corporate Income, Inc. - Non-listed BDC

Structured Credit Investing

- » Structure and invest in CMBSs, CLO equity and debt
- » "OCCI" – Publicly listed closed end fund
- » SMAs/Sub-advised accounts

Broadly Syndicated Loans

- » Invests in broadly syndicated loans, primarily in the 1st lien, senior secured tranches of the capital structure
- » CLOs
- » SMAs/Sub-advised accounts

OFS Platforms

BDCs

Closed-end Listed Fund

SMAs/Sub-advised accounts

CLO Funds

¹ As of December 31, 2022.

² Includes approximately \$70 million of AUM in proprietary investments.

Proprietary Loan Origination Capabilities Driven by Deep Relationships Across the Middle Market

- » National footprint with offices in Chicago, New York and Los Angeles
- » Long-standing relationships with financial sponsors, intermediaries, and business owners
- » Large database of contacts (10,000+ industry contacts)
- » Has the potential to lead to stronger loan selection and lender protections
 - Strong covenants
 - Low leverage levels
- » Proven ability to effectively handle due diligence and manage loans
- » Access to highly experienced team of investment professionals
- » Experienced management team that has underwritten through multiple credit cycles
- » While we primarily invest in senior secured loans, our investment strategy allows us to selectively make equity investments when we identify a strong opportunity
- » Return on invested capital on equity investments of 1.78x for realized investments and 5.44x for unrealized investments since inception¹



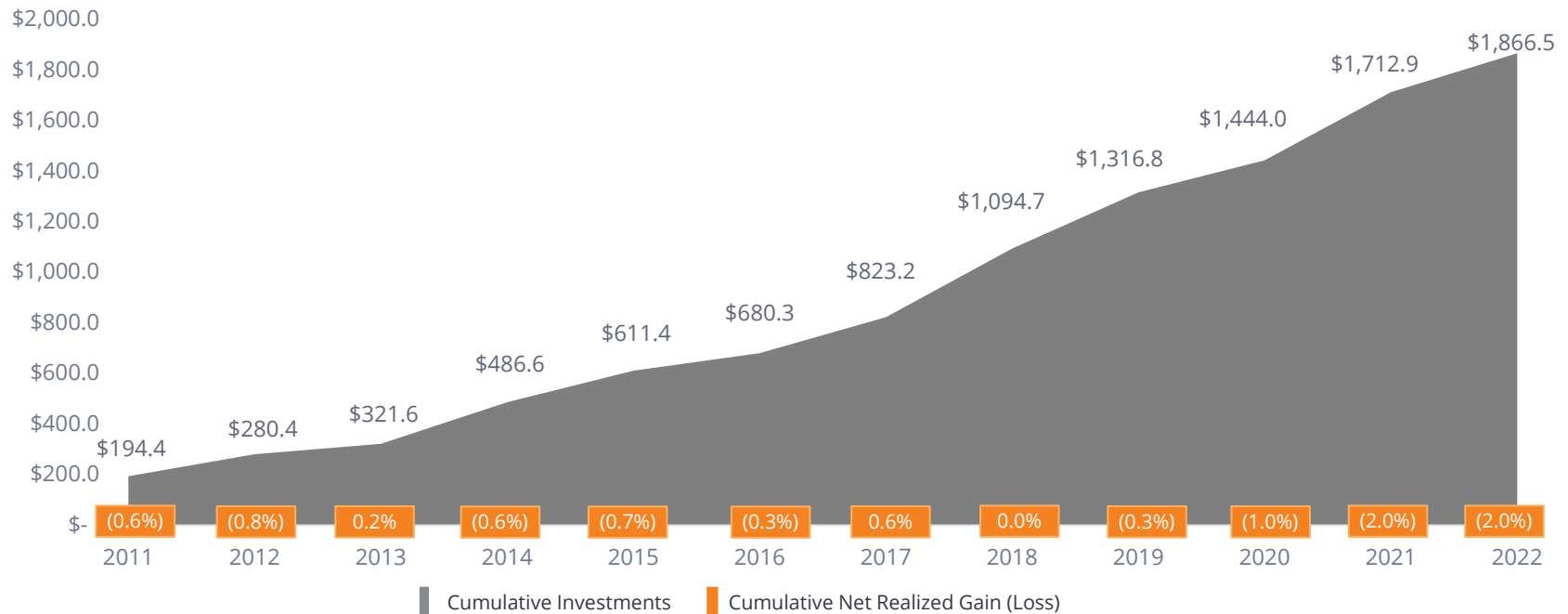
¹ Past performance is not indicative of future results.

Strong Performance Track Record

» Since Inception, OFS Capital has incurred cumulative net realized losses of only ~2.0%¹

Cumulative Investments, Net Realized Gain (Loss) since 2011^{1, 2, 3}

(dollars in millions; excludes Interest and fee Income)

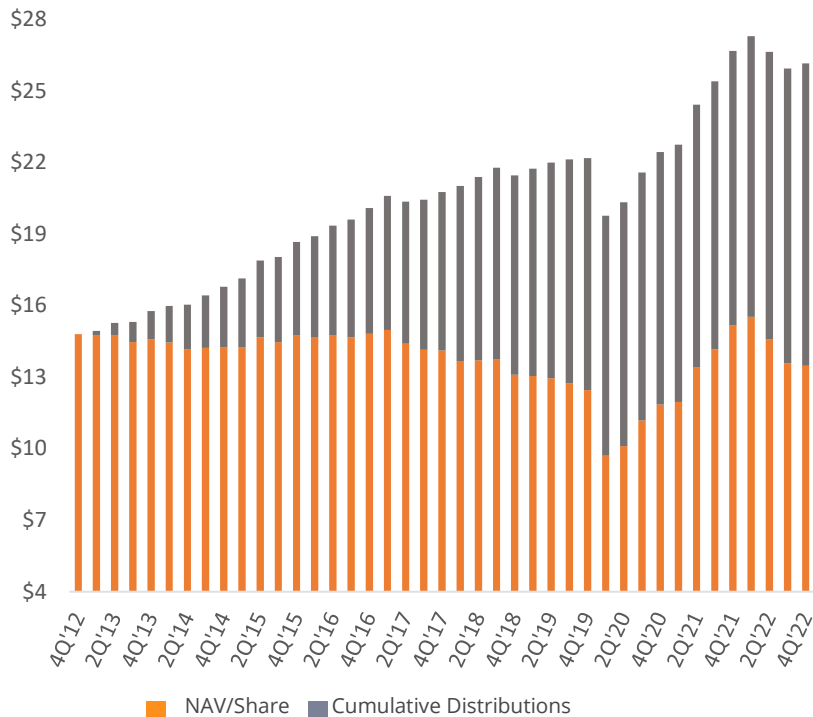


1 Investments cumulative realized gains (loss) for the years ended December 31, 2012 and 2011 give pro forma effect to OFS Capital's consolidation of OFS Capital WM, LLC as a result of the WM 2012 Credit Facility Amendments, as if the consolidation took place on January 1, 2011. Includes \$2.7 million realized gain from the SBIC Fund acquisition. The cumulative net realized losses were calculated as cumulative net realized losses incurred for the period from January 1, 2011 through December 31, 2022 (approximately \$36.4 million), divided by cumulative originations for the same periods (approximately \$1.9 billion).

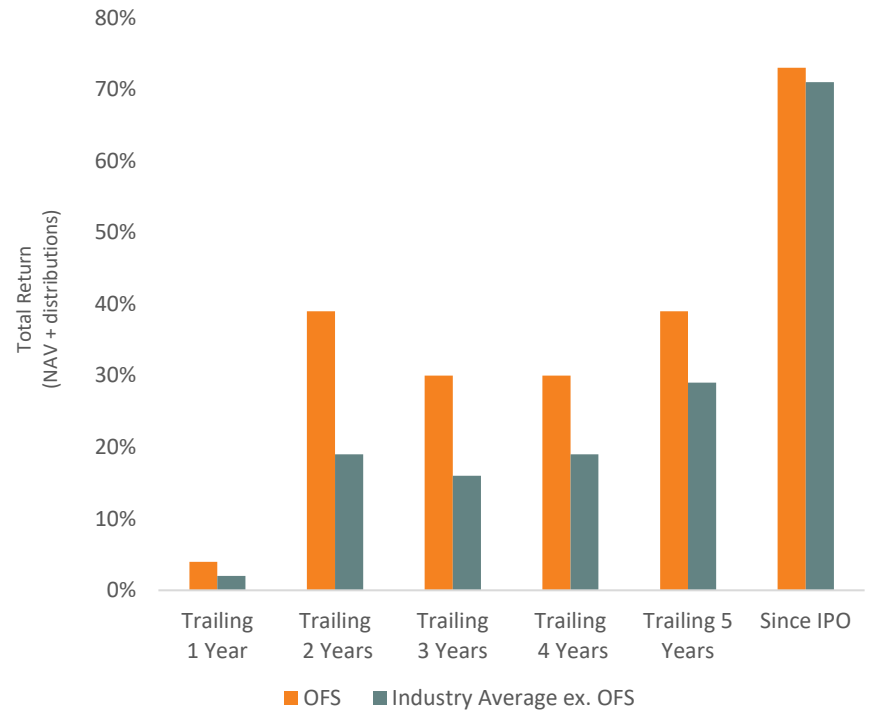
2 Data is through December 31, 2022. Past performance is not indicative of future results.

3 Cumulative net realized gains (losses) represent the cumulative net gains (losses) realized on sold, or otherwise disposed investments. Cumulative net realized gains (losses) exclude the net unrealized appreciation (depreciation) on investments held by the Company as of the end of each reported period, and do not include interest, dividend or fee income, or fees and expenses that the Company paid over the period, which are disclosed in its financial statements.

NAV Per Share + Cumulative Distributions¹



OFS Capital Historical Performance^{1, 2} Total return compared with industry



\$12.36 Per Share in Distributions Paid since 4Q'12 IPO¹

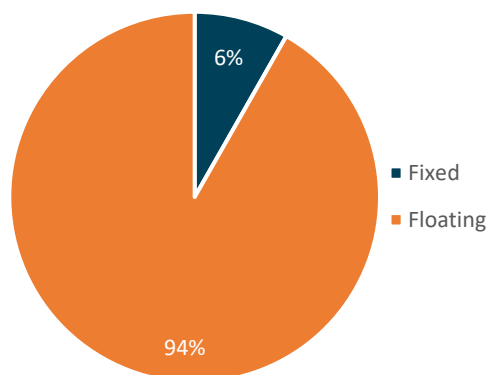
¹ Distributions are not guaranteed. Past performance is not indicative of future results.

² Performance data is as of 3Q'22. Industry Average data obtained from S&P Capital IQ for all externally managed BDCs. This average is simple and not weighted by market capitalization. IPO consummated on November 14, 2012.

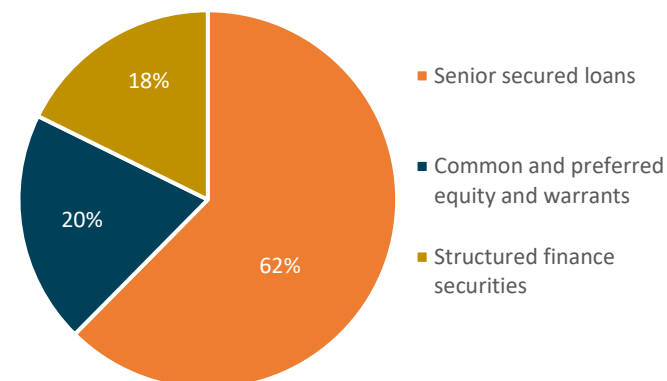
Diversified & Senior Secured Focused Portfolio¹

- » 100% of the loan portfolio and 62% of all investments are deployed in senior secured loans with strong structural protections.
- » While we primarily invest in senior secured loans, our investment strategy allows us to invest in equity securities and structured finance securities when we identify strong opportunities.

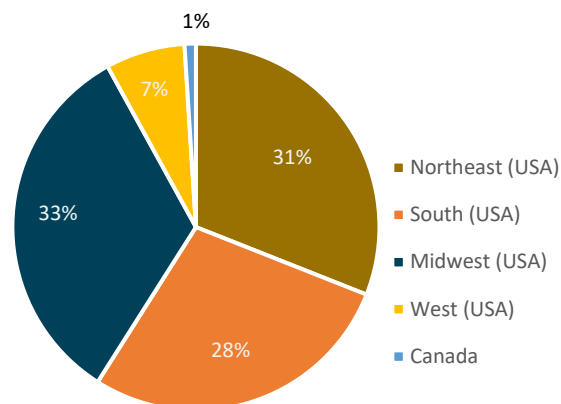
Interest Rate Type on Loans



Senior Loan Focus²



Portfolio Diversification by Region³



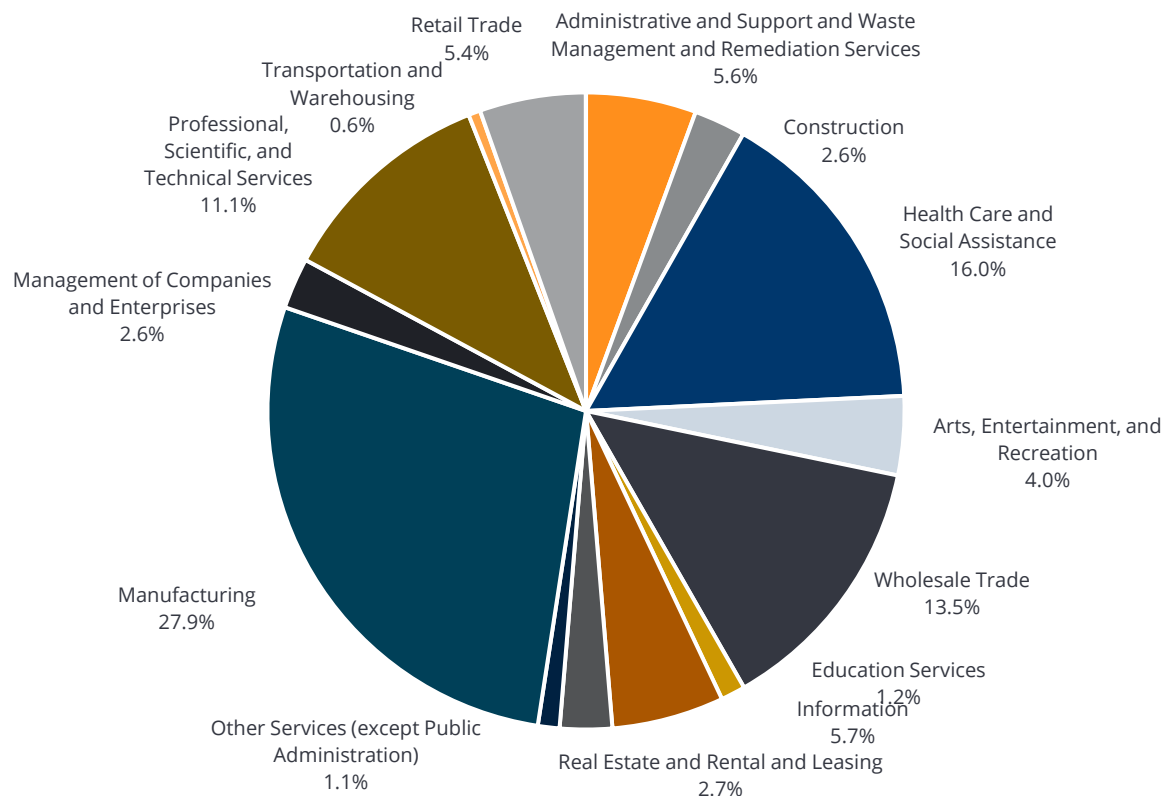
¹ Based on fair value as of December 31, 2022.

² Includes subordinated loans which round to less than 0.5% of the portfolio.

³ Excludes investments in structured finance securities.

- » \$412 million invested in portfolio companies¹
- » 63 portfolio companies / ~\$6.5 million average investment¹
- » No material exposure to cyclical sectors (no direct oil and gas exposure)

Portfolio Company Investments^{1, 2}
Diversified & Senior Focused



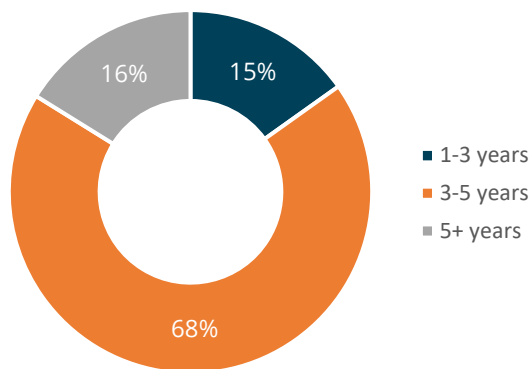
¹ Based on fair value as of December 31, 2022. A debt or equity investment in a portfolio company. Excludes investments in structured finance securities.

² Chart does not display the public administration sector which represents less than 0.1% of the portfolio.

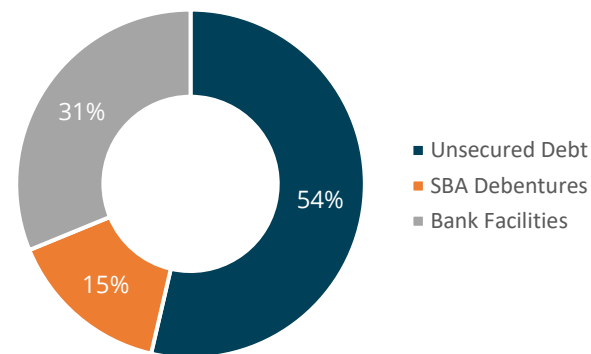
Debt Capital Summary as of December 31, 2022

Funding	Debt Commitment	Outstanding Par	Undrawn Commitment	Stated Maturity	Early Redemption Date	Coupon ²
SBA Debentures¹:						
SBA Debentures	\$ 50.9	\$ 50.9	N/A	Mar-25	N/A	2.87%
Unamortized debt issuance costs	(0.2)					
Unsecured Notes:						
2026 Unsecured Notes	\$ 125.0	\$ 125.0	N/A	Feb-26	N/A - Make Whole	4.75%
2028 Unsecured Notes	55.0	55.0	N/A	Oct-28	Oct-23	4.95%
Unamortized debt issuance costs	(3.6)					
Bank Facilities:						
Pacific Western Bank Facility ³	\$ 25.0 ⁵	\$ -	\$ 25.0	Feb-24	N/A	N/A
BNP Paribas Bank Facility ⁴	150.0 ⁵	104.7	45.3	Jun-27	N/A	7.05%

Debt Mix by Remaining Term⁶



Debt Mix By Vehicle Type⁶



1 Over time, the SBIC intends to repay its outstanding SBA debentures on or prior to the scheduled maturity date.
 2 Excludes deferred upfront commitment and leverage fees and other deferred offering costs that are amortized over the life of the applicable debt instruments. Represents the weighted average stated cash interest rate on outstanding balances at period end.
 3 On December 15, 2022, the Company amended the PWB Facility to: (i) reduce the maximum amount available under the PWB Facility from \$35,000 to \$25,000; and (ii) eliminate the No Net Losses covenant, which restricted net losses (defined as income after adjustments to the investment portfolio for gains and losses, realized and unrealized, also shown as net increase (decrease) in net assets resulting from operations) in more than two quarters during the prior four quarters then ended.
 4 On June 24, 2022, the Company amended the BNP Facility to, among other things: (i) extend the maturity date by two years to June 20, 2027 and (ii) convert the benchmark interest rate from LIBOR to SOFR, with an increase in the applicable margin floor from 1.925% to 2.65%.
 5 The unused commitment is limited by a borrowing base, advance rates, and other factors specified in the credit agreements as well as regulatory limits on the Company's leverage. The unused commitment may be less than the stated capacity in the agreements. Based on fair values and equity capital at December 31, 2022, we could draw the full amount of the undrawn commitments on our two bank facilities and remain in compliance with our asset coverage requirements.
 6 Based on outstanding par. Percentages may not sum to 100% due to rounding.

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Appendices

Experienced Leadership of OFS Capital Management



- » Experienced management team that has underwritten through multiple business cycles
- » Well-aligned with approximately 22.5% insider ownership vs. BDC sector median of 2%¹

Richard Ressler Chairman of Investment Committee

- » Founder and President of Orchard Capital Corporation, a firm through which Mr. Ressler oversees companies in which Orchard Capital or its affiliates invest
- » Co-Founder and Chairman of the Executive Committee of OFSAM
- » Serves as the Executive Chairman of CIM Group and as an officer of various affiliates of CIM Group
- » Chairman of Ziff Davis Inc. (NASDAQ: ZD, formerly known as j2 Global, Inc.) and Creative Media & Community Trust (NASDAQ: CMCT)

Bilal Rashid Chairman & CEO

- » President of OFS Capital Management and a member of the investment and executive committees
- » Previously served as Managing Director in the global markets and investment banking division of Merrill Lynch
- » Also held positions with Natixis, CIBC, Lehman Brothers and the International Finance Corporation

Jeff Cerny Chief Financial Officer

- » Senior Managing Director of OFS Capital Management and a member of the investment and executive committees
- » Previously served as Deputy Division Head of Sanwa Business Credit's Asset Management Division

¹ Represents the median insider ownership percentage of all public BDCs; Source: SNL Financial.

Top Tier Industry Partners

- » OFS Capital's counsel is Eversheds Sutherland, a top-tier global law firm with over 3,000 attorneys
- » OFS Capital's auditing firm is KPMG, a leading audit, tax, and consulting firm, a "big four" accounting firm in the United States

Strong Independent Board Oversight

- » As required by the Investment Company Act of 1940, OFS Capital has a majority of independent directors on its board
- » The Board's Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee are comprised solely of independent directors
- » The Board meets throughout the year. Under Rule 2a-5, the Board designated OFS Capital Management as the valuation designee to perform fair value determinations relating to OFS Capital's investments. In order for the Board to maintain oversight, OFS Capital Management implemented the required reporting elements as prescribed in Rule 2a-5.
- » A majority of OFS Capital's board is comprised of female and minority professionals

SEC Regulated Entity

- » Subject to the Investment Company Act of 1940, which among other things, places limitations on the incurrence of leverage
- » Frequent public reporting requirements overseen by engaged Disclosure and Audit Committees
- » Limitations on transactions with affiliates to prevent conflicts

Valuation Process

- » Performed quarterly by reputable third-party valuation providers and pricing services
- » Valuations are performed in accordance with ASC 820 and utilize relevant applicable methodologies including the yield approach, market approach, etc.

Robust Compliance

- » Overseen by an experienced legal and compliance team

Condensed Consolidated Balance Sheets



	Quarter Ended				
	12/31/2022	9/30/2022	6/30/2022	3/31/2022	12/31/2021
(\$ in thousands)	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Assets					
Investments, at fair value	\$ 500,576	\$ 516,615	\$ 547,677	\$ 556,914	\$ 507,099
Cash	14,937	13,052	14,844	10,473	43,048
Other assets	5,204	8,567	4,800	4,348	18,901
Total assets	\$ 520,717	\$ 538,234	\$ 567,321	\$ 571,735	\$ 569,048
Liabilities					
SBA debentures ¹	\$ 50,697	\$ 50,649	\$ 50,601	\$ 50,553	\$ 69,365
Unsecured notes ¹	176,353	176,104	175,845	175,586	175,446
Revolving line of credit – BNP Paribas	104,700	121,400	134,100	111,400	100,000
Revolving line of credit – Pacific Western Bank	-	1,500	-	3,250	-
Other liabilities	8,544	6,507	11,063	22,560	20,493
Total liabilities	340,294	356,160	371,609	363,349	365,304
Net assets	180,423	182,074	195,712	208,386	203,744
Total liabilities and net assets	\$ 520,717	\$ 538,234	\$ 567,321	\$ 571,735	\$ 569,048
Shares outstanding	13,398,078	13,406,971	13,429,777	13,425,429	13,422,413
Net asset value per share	\$ 13.47	\$ 13.58	\$ 14.57	\$ 15.52	\$ 15.18
GAAP leverage ratio	1.86x	1.94x	1.87x	1.66x	1.72x
Regulatory leverage ratio	1.58x	1.66x	1.60x	1.41x	1.37x
Regulatory asset coverage ratio ²	163%	160%	162%	171%	173%

¹ Net of any unamortized discounts and deferred financing fees.

² 150% minimum regulatory requirement. SBA debentures are excluded from this regulatory ratio.

Condensed Consolidated Statements of Operations

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	Quarter Ended (unaudited)				
	12/31/2022	9/30/2022	6/30/2022	3/31/2022	12/31/2021
(\$ in thousands, except per share data)					
Investment income					
Interest income	\$ 13,519	\$ 12,550	\$ 10,345	\$ 9,788	\$ 11,482
Dividend income	372	279	5	758	1,855
Fee income	107	539	82	400	1,930
Total investment income	13,998	13,368	10,432	10,946	15,267
Expenses					
Interest expense	4,801	4,657	3,943	3,623	4,215
Management fees	1,918	1,986	2,056	2,020	2,009
Incentive fee - net investment income	1,183	1,093	-	-	1,543
Incentive fee - capital gains	-	-	(2,988)	1,072	1,814
Other expenses	1,369	1,260	1,173	1,226	1,256
Total expenses	9,271	8,996	4,184	7,941	10,837
Net investment income	4,727	4,372	6,248	3,005	4,430
Net realized gain (loss) from investments	(1,227)	(530)	(190)	217	(13,099)
Net unrealized appreciation (depreciation) on investments	(1,065)	(13,400)	(14,882)	5,283	27,821
Net gain (loss) on investments	(2,292)	(13,930)	(15,072)	5,500	14,722
Loss on goodwill & extinguishment of debt	-	-	-	(144)	(2,068)
Net increase (decrease) in net assets resulting from operations	\$ 2,435	\$ (9,558)	\$ (8,824)	\$ 8,361	\$ 17,084
Net investment income per common share - basic and diluted ¹	\$ 0.35	\$ 0.33	\$ 0.47	\$ 0.22	\$ 0.33
Adjusted net investment income per share ^{1,2}	\$ 0.35	\$ 0.33	\$ 0.24	\$ 0.30	\$ 0.47
Net gain (loss) on investments, per share ¹	\$ (0.17)	\$ (1.04)	\$ (1.12)	\$ 0.41	\$ 1.10
Net increase (decrease) in net assets resulting from operations per common share - basic and diluted ¹	\$ 0.18	\$ (0.71)	\$ (0.66)	\$ 0.62	\$ 1.27
Distributions declared per common share	\$ 0.30	\$ 0.29	\$ 0.29	\$ 0.28	\$ 0.25
Basic and diluted weighted average shares outstanding	13,393,505	13,428,410	13,425,477	13,422,447	13,419,010
Annualized return on average equity - Adjusted net investment income	10.4%	9.3%	6.5%	7.9%	12.7%
Annualized return on average equity - Net change in net assets from operations	5.4%	(20.2%)	(17.5%)	16.2%	34.7%

1 Based on weighted average shares outstanding for the respective period.

2 See Supplemental Schedule 1 on page 19 for a definition of adjusted net investment income and a reconciliation from net investment income (the most comparable GAAP measure) to adjusted net investment for the quarters ended December 31, 2022 and September 30, 2022.

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Supplemental Schedule I

Supplemental Schedule I – Adjusted Net Investment Income



On a supplemental basis, we disclose Adjusted NII (including on a per share basis), which is a financial measure calculated and presented on basis other than in accordance with GAAP. Adjusted NII represents net investment income, excluding the capital gains incentive fee, in periods in which such expense occurs. GAAP requires recognition of a capital gains incentive fee in our financial statements when aggregate net realized and unrealized capital gains, if any, on a cumulative basis is positive from the date of the election to be a BDC through the reporting date. Such fees are subject to further conditions specified in the investment advisory agreement with OFS Capital Management, LLC, principally related to the realization of such net gains, before OFS Capital Management, LLC is entitled to payment, and such recognized fees are subject to the risk of reversal should unrealized gains diminish to become losses. Management believes that Adjusted NII is a useful indicator of operations exclusive of any net capital gains incentive fee, as net investment income does not include the net gains, realized or unrealized, associated with the capital gains incentive fee.

Management believes Adjusted NII facilitates the analysis of our results of operations and provides greater transparency into the determination of incentive fees. Adjusted NII is not meant as a substitute for net investment income determined in accordance with GAAP and should be considered in the context of the entirety of our reported results of operations, financial position and cash flows determined in accordance with GAAP.

The following table provides a reconciliation from net investment income (the most comparable GAAP measure) to Adjusted NII for the quarters ended December 31, 2022 and September 30, 2022:

	December 31, 2022		September 30, 2022	
	(000's)	Per Share	(000's)	Per Share
Net investment income	\$ 4,727	\$ 0.35	\$ 4,372	\$ 0.33
Capital Gains Fee	-	-	-	-
Adjusted NII	\$ 4,727	\$ 0.35	\$ 4,372	\$ 0.33