

**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, 2022

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)

<u>Delaware</u>	<u>46-1339639</u>
State or Other Jurisdiction of Incorporation or Organization	I.R.S. Employer Identification No.
<u>10 S. Wacker Drive, Suite 2500, Chicago, Illinois</u>	<u>60606</u>
Address of Principal Executive Offices	Zip Code
<u>(847) 734-2000</u>	
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 May 2, 2022 was 13,425,429.

# OFS CAPITAL CORPORATION

## TABLE OF CONTENTS

### PART I. FINANCIAL INFORMATION

Item 1.	<u>Consolidated Financial Statements</u>	
	<u>Consolidated Statements of Assets and Liabilities as of March 31, 2022 (unaudited) and December 31, 2021</u>	<u>3</u>
	<u>Consolidated Statements of Operations for the Three Months Ended March 31, 2022 (unaudited) and 2021 (unaudited)</u>	<u>4</u>
	<u>Consolidated Statements of Changes in Net Assets for the Three Months Ended March 31, 2022 (unaudited) and 2021 (unaudited)</u>	<u>5</u>
	<u>Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2022 (unaudited) and 2021 (unaudited)</u>	<u>6</u>
	<u>Consolidated Schedules of Investments as of March 31, 2022 (unaudited) and December 31, 2021</u>	<u>7</u>
	<u>Notes to Consolidated Financial Statements (unaudited)</u>	<u>31</u>
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>55</u>
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>71</u>
Item 4.	<u>Controls and Procedures</u>	<u>72</u>

### PART II. OTHER INFORMATION

Item 1.	<u>Legal Proceedings</u>	<u>73</u>
Item 1A.	<u>Risk Factors</u>	<u>73</u>
Item 2	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>73</u>
Item 3.	<u>Defaults Upon Senior Securities</u>	<u>74</u>
Item 4.	<u>Mine Safety Disclosures</u>	<u>74</u>
Item 5.	<u>Other Information</u>	<u>74</u>
Item 6.	<u>Exhibits</u>	<u>75</u>
<u>SIGNATURES</u>		<u>76</u>

## 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
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
ASU	Accounting Standards Updates, as issued by the FASB
BDC	Business Development Company under the 1940 Act
BLA	Business Loan Agreement, as amended, with Pacific Western Bank, as lender, which provides the Company with a senior secured revolving credit facility
BNP Facility	A secured revolving credit facility that provides for borrowings in an aggregate principal amount up to \$150,000,000 issued pursuant to a Revolving Credit and Security Agreement 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
CLO	Collateralized loan obligation
Code	Internal Revenue Code of 1986, as amended
Company	OFS Capital Corporation and its consolidated subsidiaries
DRIP	Distribution reinvestment plan
EBITDA	Earnings before interest, taxes, depreciation and amortization
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
GAAP	Accounting principles generally accepted in the United States
HPCI	Hancock Park Corporate Income, Inc., a Maryland corporation and non-traded BDC for whom 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 whom OFS Advisor serves as investment adviser
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
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 full-service provider of capital and leveraged finance solutions to U.S. corporations
OFSCC-FS	OFSCC-FS, LLC, an indirect wholly owned subsidiary of the Company

<b>Term</b>	<b>Explanation or Definition</b>
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 Notes
Prime Rate	United States Prime interest rate
PWB Credit Facility	Senior secured revolving credit facility between the Company and Pacific Western Bank, as lender
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 Acquisition	The Company's acquisition of the remaining ownership interests in SBIC I LP and OFS SBIC I GP, LLC on December 4, 2013
SBIC Act	Small Business Investment Act of 1958, as amended
SBIC I LP	OFS SBIC I, LP, a wholly owned SBIC subsidiary of the Company
SBIC I GP	OFS SBIC I GP, LLC
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 Notes	CLO mezzanine debt, CLO subordinated debt and CLO loan accumulation facility positions
Transaction Price	The price in an arm's length transaction involving the same security
Unsecured Notes	The Unsecured Notes Due September 2023, the Unsecured Notes Due April 2025, the Unsecured Notes Due October 2025, the Unsecured Notes Due October 2026, Unsecured Notes Due February 2026 and the Unsecured Notes Due October 2028
Unsecured Notes Due April 2025	The Company's \$50.0 million aggregate principal amount of 6.375% notes due April 30, 2025, which were redeemed on March 12, 2021
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 2025	The Company's \$48.5 million aggregate principal amount of 6.5% notes due October 30, 2025, which were redeemed on March 12, 2021
Unsecured Notes Due October 2026	The Company's \$54.3 million aggregate principal amount of 5.95% notes due October 31, 2026, which were redeemed on November 22, 2021
Unsecured Notes Due October 2028	The Company's \$55.0 million aggregate principal amount of 4.95% notes due October 31, 2028
Unsecured Notes Due September 2023	The Company's \$25.0 million aggregate principal amount of 6.25% notes due September 30, 2023, which were redeemed on November 1, 2021

## 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 an SBIC, 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, 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;
- restrictions on our ability to enter into transactions with our affiliates;
- the impact of interest and inflation rates on our business prospects and the prospects of our portfolio companies;
- our ability to comply with SBA regulations and requirements;
- 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 lower-yielding, first lien senior secured loans to larger borrowers and the impact on our risk profile, including our belief that the seniority of such loans in a borrower's capital structure may provide greater downside protection against the impact of the coronavirus (“COVID-19”) pandemic;
- the percentage of investments that will bear interest on a floating rate or fixed rate basis;
- interest rate volatility, including the transition from LIBOR to one or more alternative reference rate(s); the related potential disputes between market participants regarding the interpretation and enforceability of provisions related to the economic floors in our LIBOR-based investments (or lack thereof), which may result in a loss or degradation of floor protection;
- the ability of SBIC I LP to make distributions enabling us to meet RIC requirements;
- plans by SBIC I LP to repay its outstanding SBA debentures;
- 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;
- changes in political, economic or industry conditions, the interest rate environment or conditions affecting the financial and capital markets, including with respect to changes from the impact of the COVID-19 pandemic; the economic impact of the pandemic; the effect of the COVID-19 pandemic on our business, financial condition, results of operations and fair value of our portfolio investments;
- the impact of the ongoing conflict between Russia and Ukraine;

- the belief that we have sufficient levels of liquidity to support our existing portfolio companies and deploy capital in new investment opportunities;
- the belief that long-dated financing affords us operational flexibility;
- 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, 2021, filed on March 4, 2022, and this Quarterly Report on Form 10-Q. 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**

(Dollar amounts in thousands, except per share data)

	March 31, 2022 (unaudited)	December 31, 2021
<b>Assets</b>		
Investments, at fair value:		
Non-control/non-affiliate investments (amortized cost of \$484,150 and \$428,398 respectively)	\$ 472,538	\$ 421,567
Affiliate investments (amortized cost of \$17,651 and \$17,650, respectively)	84,376	72,584
Control investment (amortized cost of \$0 and \$11,264, respectively)	—	12,948
Total investments at fair value (amortized cost of \$501,801 and \$457,312, respectively)	556,914	507,099
Cash	10,473	43,048
Interest receivable	2,092	1,475
Receivable for investments sold	—	14,893
Prepaid expenses and other assets	2,256	2,533
<b>Total assets</b>	<b>\$ 571,735</b>	<b>\$ 569,048</b>
<b>Liabilities</b>		
Revolving lines of credit	\$ 114,650	\$ 100,000
SBA debentures (net of deferred debt issuance costs of \$367 and \$555, respectively)	50,553	69,365
Unsecured notes (net of deferred debt issuance costs of \$4,414 and \$4,554 respectively)	175,586	175,446
Interest payable	1,657	3,685
Payable to adviser and affiliates (Note 3)	5,904	6,217
Payable for investments purchased	13,037	8,788
Accrued professional fees	489	452
Other liabilities	1,473	1,351
<b>Total liabilities</b>	<b>363,349</b>	<b>365,304</b>
Commitments and contingencies (Note 6)		
<b>Net assets</b>		
Preferred stock, par value of \$0.01 per share, 2,000,000 shares authorized, -0- shares issued and outstanding as of March 31, 2022 and December 31, 2021, respectively	\$ —	\$ —
Common stock, par value of \$0.01 per share, 100,000,000 shares authorized, 13,425,429 and 13,422,413 shares issued and outstanding as of March 31, 2022 and December 31, 2021, respectively	134	134
Paid-in capital in excess of par	185,152	185,113
Total distributable earnings	23,100	18,497
<b>Total net assets</b>	<b>208,386</b>	<b>203,744</b>
<b>Total liabilities and net assets</b>	<b>\$ 571,735</b>	<b>\$ 569,048</b>
Number of shares outstanding	13,425,429	13,422,413
Net asset value per share	\$ 15.52	\$ 15.18

See Notes to Consolidated Financial Statements.

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

	<b>Three Months Ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>Investment income</b>		
Interest income:		
Non-control/non-affiliate investments	\$ 9,647	\$ 8,845
Affiliate investments	—	928
Control investment	141	367
Total interest income	9,788	10,140
Dividend income:		
Non-control/non-affiliate investments	713	—
Affiliate investments	—	47
Control investment	45	—
Total dividend income	758	47
Fee income:		
Non-control/non-affiliate investments	394	267
Affiliate investments	—	37
Control investment	6	—
Total fee income	400	304
<b>Total investment income</b>	<b>10,946</b>	<b>10,491</b>
<b>Expenses</b>		
Interest expense	3,624	4,825
Management fee	2,020	1,834
Capital Gains Fee	1,072	—
Professional fees	407	387
Administration fee	451	568
Other expenses	367	327
<b>Total expenses</b>	<b>7,941</b>	<b>7,941</b>
<b>Net investment income</b>	<b>3,005</b>	<b>2,550</b>
<b>Net realized and unrealized gain (loss) on investments</b>		
Net realized gain (loss) on non-control/non-affiliate investments	(13)	91
Net realized gain on control investments	278	—
Income tax expense on net realized investment gains	(48)	—
Net unrealized appreciation (depreciation) on non-control/non-affiliate investments	(4,784)	1,584
Net unrealized appreciation on affiliate investments	11,792	1,926
Net unrealized appreciation (depreciation) on control investment	(1,684)	388
Deferred tax expense on investments net unrealized appreciation	(41)	(66)
<b>Net gain on investments</b>	<b>5,500</b>	<b>3,923</b>
Loss on extinguishment of debt	(144)	(2,299)
<b>Net increase in net assets resulting from operations</b>	<b>\$ 8,361</b>	<b>\$ 4,174</b>
Net investment income per common share – basic and diluted	\$ 0.22	\$ 0.19
Net increase in net assets resulting from operations per common share – basic and diluted	\$ 0.62	\$ 0.31
Distributions declared per common share	\$ 0.28	\$ 0.20
Basic and diluted weighted average shares outstanding	13,422,447	13,409,033

See Notes to Consolidated Financial Statements.



**OFS Capital Corporation and Subsidiaries**  
**Consolidated Statements of Changes in Net Assets (unaudited)**  
**(Dollar amounts in thousands)**

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Paid-in capital in excess of par</u>	<u>Total distributable earnings (losses)</u>	<u>Total net assets</u>
	<u>Number of shares</u>	<u>Par value</u>	<u>Number of shares</u>	<u>Par value</u>			
<b>Balances at December 31, 2020</b>	—	\$ —	13,409,559	\$ 134	\$ 187,124	\$ (28,302)	\$ 158,956
Net increase in net assets resulting from operations:							
Net investment income	—	—	—	—	—	2,550	2,550
Net realized gain on investments, net of taxes	—	—	—	—	—	91	91
Loss on extinguishment of debt	—	—	—	—	—	(2,299)	(2,299)
Net unrealized appreciation on investments, net of taxes	—	—	—	—	—	3,832	3,832
Distributions to stockholders:							
Common stock issued from reinvestment of stockholder distributions	—	—	3,103	—	27	—	27
Dividends declared	—	—	—	—	—	(2,682)	(2,682)
Common stock repurchased under stock repurchase program	—	—	(700)	—	(5)	—	(5)
Net increase for the three month period ended March 31, 2021	—	—	2,403	—	22	1,492	1,514
<b>Balances at March 31, 2021</b>	—	\$ —	13,411,962	\$ 134	\$ 187,146	\$ (26,810)	\$ 160,470
<b>Balances at December 31, 2021</b>	—	\$ —	13,422,413	\$ 134	\$ 185,113	\$ 18,497	\$ 203,744
Net increase in net assets resulting from operations:							
Net investment income	—	—	—	—	—	3,005	3,005
Net realized gain on investments, net of taxes	—	—	—	—	—	217	217
Loss on extinguishment of debt	—	—	—	—	—	(144)	(144)
Net unrealized appreciation on investments, net of taxes	—	—	—	—	—	5,283	5,283
Distributions to stockholders:							
Common stock issued from reinvestment of stockholder distributions	—	—	3,016	—	39	—	39
Dividends declared	—	—	—	—	—	(3,758)	(3,758)
Net increase for the three month period ended March 31, 2022	—	—	3,016	—	39	4,603	4,642
<b>Balances at March 31, 2022</b>	—	\$ —	13,425,429	\$ 134	\$ 185,152	\$ 23,100	\$ 208,386

See Notes to Consolidated Financial Statements.

**OFS Capital Corporation and Subsidiaries**  
**Consolidated Statements of Cash Flows (unaudited)**  
(Dollar amounts in thousands)

	<b>Three Months Ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities</b>		
Net increase in net assets resulting from operations	\$ 8,361	\$ 4,174
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by (used in) operating activities:		
Net realized gain on investments	(265)	(91)
Income tax expense on net realized investment gains	48	—
Loss on extinguishment of debt	144	2,299
Net unrealized appreciation on investments, net of taxes	(5,283)	(3,832)
Amortization of Net Loan Fees	(284)	(401)
Amendment fees collected	90	97
Payment-in-kind interest and dividend income	(270)	(487)
Accretion of interest income on Structured Finance Notes	(2,282)	(2,278)
Amortization of debt issuance costs	375	446
Amortization of intangible asset	103	54
Purchase and origination of portfolio investments	(70,164)	(68,498)
Proceeds from principal payments on portfolio investments	19,606	48,609
Proceeds from sale or redemption of portfolio investments	3,143	566
Proceeds from distributions received from Structured Finance Notes	5,743	2,621
Changes in operating assets and liabilities:		
Interest receivable	(617)	779
Interest payable	(2,028)	(1,316)
Payable to adviser and affiliates	(313)	(454)
Receivable for investment sold	14,893	(474)
Payable for investments purchased	4,249	24,516
Other assets and liabilities	367	(507)
<b>Net cash provided by (used in) operating activities</b>	<b>(24,384)</b>	<b>5,823</b>
<b>Cash flows from financing activities</b>		
Distributions paid to stockholders	(3,719)	(2,655)
Borrowings under revolving lines of credit	14,650	12,900
Repayments under revolving lines of credit	—	(25,400)
Repayments of SBA debentures	(19,000)	(9,765)
Redemption of unsecured notes	—	(98,525)
Proceeds from unsecured notes offering, net of discounts	—	121,791
Payment of deferred financing costs	(122)	(231)
Repurchases of common stock under Stock Repurchase Program	—	(5)
<b>Net cash used in financing activities</b>	<b>(8,191)</b>	<b>(1,890)</b>
Net increase (decrease) in cash	(32,575)	3,933
Cash at beginning of period	43,048	37,708
Cash at end of period	<u>\$ 10,473</u>	<u>\$ 41,641</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid for interest	\$ 5,277	\$ 5,695
Reinvestment of distributions to stockholders	39	27

See Notes to Consolidated Financial Statements.

OFS Capital Corporation and Subsidiaries

Consolidated Schedule of Investments (unaudited)

March 31, 2022

(Dollar amounts in thousands)

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
<b>Non-control/Non-affiliate Investments</b>									
<b>Debt and Equity Investments</b>									
<i>24 Seven Holdco, LLC (15)</i>	Temporary Help Services								
Senior Secured Loan		7.00%	(L +6.00%)	1/28/2022	11/16/2027	\$ 8,978	\$ 8,912	\$ 8,912	4.3 %
<i>AAAdvantage Loyalty IP Ltd. and American Airlines, Inc. (14) (15) (22)</i>	Scheduled Passenger Air Transportation								
Senior Secured Loan		5.50%	(L +4.75%)	3/10/2021	4/20/2028	364	360	369	0.2
<i>Aegion Corporation (15) (22)</i>	Water and Sewer Line and Related Structures Construction								
Senior Secured Loan		5.50%	(L +4.75%)	4/1/2021	5/17/2028	2,432	2,400	2,392	1.1
<i>Allen Media, LLC (14) (15)</i>	Cable and Other Subscription Programming								
Senior Secured Loan		5.73%	(SOFR +5.50%)	3/2/2021	2/10/2027	3,797	3,791	3,773	1.8
<i>All Star Auto Lights, Inc. (4) (15)</i>	Motor Vehicle Parts (Used) Merchant Wholesalers								
Senior Secured Loan		7.50%	(L +6.50%)	12/19/2019	8/20/2025	23,276	22,970	23,187	11.1
<i>Astro One Acquisition Corporation</i>	Other Miscellaneous Nondurable Goods Merchant Wholesalers								
Senior Secured Loan		9.51%	(L +8.50%)	1/31/2022	9/14/2029	3,000	2,644	2,644	1.3
<i>Atlantis Holding, LLC (15)</i>	Electronics and Appliance Stores								
Senior Secured Loan		7.55%	(L +7.25%)	3/29/2022	3/29/2029	8,421	8,108	8,108	3.9
<i>Autokiniton US Holdings, Inc. (14) (15)</i>	Automotive Parts and Accessories Stores								
Senior Secured Loan		5.00%	(L +4.50%)	3/26/2021	4/6/2028	2,696	2,688	2,665	1.3
<i>Avison Young (15) (22)</i>	Nonresidential Property Managers								
Senior Secured Loan		6.05%	(L +5.75%)	11/25/2021	1/31/2026	3,977	3,960	3,977	1.9
<i>Bass Pro Group, LLC (14) (15)</i>	Sporting Goods Stores								
Senior Secured Loan		4.50%	(L +3.75%)	2/26/2021	3/6/2028	1,963	1,953	1,958	0.9

**OFS Capital Corporation and Subsidiaries**
**Consolidated Schedule of Investments - Continued (unaudited)**
**March 31, 2022**
**(Dollar amounts in thousands)**

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
<i>Baymark Health Services, Inc. (15)</i>	Outpatient Mental Health & Sub. Abuse Centers								
Senior Secured Loan		9.50%	(L +8.50%)	6/10/2021	6/11/2028	\$ 4,962	\$ 4,896	\$ 5,012	2.4 %
Senior Secured Loan (Delayed Draw) (5)		9.50%	(L +8.50%)	6/10/2021	6/11/2028	2,760	2,640	2,845	1.4
						7,722	7,536	7,857	3.8
<i>Boca Home Care Holdings, Inc. (20)</i>	Services for the Elderly and Persons with Disabilities								
Senior Secured Loan (Delayed Draw) (5) (15)		7.50%	(SOFR +6.50%)	2/25/2022	2/25/2027	1,290	1,192	1,192	0.6
Senior Secured Loan (Revolver) (5)		n/m (18)	(SOFR +6.50%)	2/25/2022	2/25/2027	—	(13)	(13)	—
Common Equity (1,290 Class A units) (10) (13)				2/25/2022		—	1,290	1,290	0.6
						1,290	2,469	2,469	1.2
<i>Constellis Holdings, LLC (10)</i>	Other Justice, Public Order, and Safety Activities								
Common Equity (20,628 common shares)				3/27/2020			703	29	—
<i>Convergint Technologies Holdings, LLC</i>	Security Systems Services (except Locksmiths)								
Senior Secured Loan		7.50%	(L +6.75%)	9/28/2018	3/30/2029	4,838	4,827	4,887	2.3
<i>Corel Inc. (14) (15)</i>	Software Publishers								
Senior Secured Loan		5.51%	(L +5.00%)	3/2/2021	7/2/2026	2,242	2,236	2,242	1.1
<i>Creation Technologies (15) (22)</i>	Bare Printed Circuit Board Manufacturing								
Senior Secured Loan		6.00%	(L +5.50%)	9/24/2021	10/5/2028	2,000	1,985	1,979	0.9
<i>Dessert Holdings</i>	Ice Cream and Frozen Dessert Manufacturing								
Senior Secured Loan (15)		5.01%	(Prime +4.00%)	2/2/2022	6/10/2028	963	958	958	0.5
Senior Secured Loan		8.26%	(Prime +7.25%)	2/2/2022	6/8/2029	1,667	1,638	1,638	0.8
						2,630	2,596	2,596	1.3
<i>DHX Media Ltd. (14) (15) (22)</i>	Motion Picture and Video Production								
Senior Secured Loan		5.00%	(L +4.25%)	3/19/2021	3/18/2028	3,964	3,921	3,940	1.9
<i>Diamond Sports Group, LLC (14) (15)</i>	Television Broadcasting								
Senior Secured Loan		9.00%	(SOFR +8.00%)	3/9/2022	5/25/2026	254	247	259	0.1
Senior Secured Loan		3.44%	(SOFR +3.25%)	11/19/2019	8/24/2026	1,950	1,950	676	0.3
						2,204	2,197	935	0.4

**OFS Capital Corporation and Subsidiaries**
**Consolidated Schedule of Investments - Continued (unaudited)**
**March 31, 2022**
**(Dollar amounts in thousands)**

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
<i>Directv Financing, LLC (14) (15)</i>	Wired Telecommunications Carriers								
Senior Secured Loan		5.75%	(L +5.00%)	7/22/2021	8/2/2027	\$ 4,294	\$ 4,287	\$ 4,295	2.1 %
<i>East West Manufacturing (15)</i>	Fluid Power Pump and Motor Manufacturing								
Senior Secured Loan		6.50%	(L +5.75%)	2/11/2022	12/22/2028	1,964	1,945	1,945	0.9
Senior Secured Loan (Delayed Draw) (5)		n/m (18)	(L +2.88%)	2/11/2022	12/22/2028	—	(3)	(3)	—
						1,964	1,942	1,942	0.9
<i>Eblens Holdings, Inc. (20)</i>	Shoe Store								
Subordinated Loan (11)		12.00% cash / 1.00% PIK	N/A	7/13/2017	1/13/2023	9,230	9,210	8,917	4.3
Common Equity (71,250 Class A units) (10)				7/13/2017			713	240	0.1
						9,230	9,923	9,157	4.4
<i>Electrical Components International, Inc.</i>	Current-Carrying Wiring Device Manufacturing								
Senior Secured Loan		8.95%	(L +8.50%)	4/8/2021	6/26/2026	3,679	3,293	3,569	1.7
<i>EnergySolutions, LLC (14) (15)</i>	Hazardous Waste Treatment and Disposal								
Senior Secured Loan		4.76%	(L +3.75%)	7/8/2021	5/9/2025	1,832	1,828	1,800	0.9
<i>Envocore Holding, LLC (F/K/A LRI Holding, LLC) (4) (19)</i>	Electrical Contractors and Other Wiring Installation Contractors								
Senior Secured Loan		7.50%	N/A	12/31/2021	12/31/2025	6,408	6,409	6,408	3.1
Senior Secured Loan		10.00% PIK	N/A	12/31/2021	12/31/2026	6,584	6,585	4,555	2.2
Senior Secured Loan (Revolver) (5)		n/m (18)	N/A	11/29/2021	12/31/2025	—	—	—	—
Equity Participation Rights (23)				12/31/2021		—	4,722	—	—
						12,992	17,716	10,963	5.3
<i>Excelin Home Health, LLC (4)</i>	Home Health Care Services								
Senior Secured Loan		11.50%	(L +9.50%)	10/25/2018	9/30/2025	4,250	4,187	4,036	1.9
<i>GGC Aerospace Topco L.P.</i>	Other Aircraft Parts and Auxiliary Equipment Manufacturing								
Common Equity (368,852 Class A units) (10)				12/29/2017			450	—	—
Common Equity (40,984 Class B units) (10)				12/29/2017			50	—	—
							500	—	—

**OFS Capital Corporation and Subsidiaries**
**Consolidated Schedule of Investments - Continued (unaudited)**
**March 31, 2022**
**(Dollar amounts in thousands)**

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
<i>Honor HN Buyer Inc</i>	Services for the Elderly and Persons with Disabilities								
Senior Secured Loan (15)		7.01%	(L +6.00%)	10/15/2021	10/15/2027	\$ 6,582	\$ 6,460	\$ 6,443	3.1 %
Senior Secured Loan (Delayed Draw) (5) (15)		7.01%	(L +6.00%)	10/15/2021	10/15/2027	1,424	1,372	1,337	0.6
Senior Secured Loan (Revolver) (5)		n/m (18)	(L +6.00%)	10/15/2021	10/15/2027	—	(14)	(16)	—
						8,006	7,818	7,764	3.7
<i>Idera</i>	Computer and Computer Peripheral Equipment and Software Merchant Wholesalers								
Senior Secured Loan		7.50%	(L +6.75%)	1/27/2022	3/2/2029	4,000	4,000	4,000	1.9
<i>Inergex Holdings, LLC</i>	Other Computer Related Services								
Senior Secured Loan (11)		8.00% cash / 1.0% PIK	(L +8.00%)	10/1/2018	10/1/2024	15,260	14,972	15,260	7.3
Senior Secured Loan (Revolver) (5)		8.00%	(L +7.00%)	10/1/2018	10/1/2024	469	457	469	0.2
						15,729	15,429	15,729	7.5
<i>Intouch Midco Inc. (15) (22)</i>	All Other Professional, Scientific, and Technical Services								
Senior Secured Loan		5.21%	(L +4.75%)	12/20/2019	8/24/2025	2,901	2,867	2,866	1.4
<i>Ivanti Software, Inc. (14) (15)</i>	Software Publishers								
Senior Secured Loan		5.00%	(L +4.25%)	3/26/2021	12/1/2027	2,985	2,996	2,950	1.4
<i>JP Intermediate B, LLC (15)</i>	Drugs and Druggists' Sundries Merchant Wholesalers								
Senior Secured Loan		6.50%	(L +5.50%)	1/14/2021	11/15/2025	5,644	5,454	5,362	2.6
<i>Karman Buyer Corp (14) (15)</i>	Advertising Agencies								
Senior Secured Loan		5.25%	(L +4.50%)	3/2/2022	10/28/2027	2,302	2,268	2,285	1.1
<i>KNS Acquisition Corp. (14) (15)</i>	Electronic Shopping and Mail- Order Houses								
Senior Secured Loan		7.26%	(L +6.25%)	4/16/2021	4/21/2027	6,913	6,872	6,773	3.3
<i>Kreg LLC</i>	Other Ambulatory Health Care Services								
Senior Secured Loan (15)		7.26%	(L +6.25%)	12/20/2021	12/20/2026	20,372	20,228	20,153	9.7
Senior Secured Loan (Revolver) (5)		n/m (18)	(L +6.25%)	12/20/2021	12/20/2026	—	(16)	(24)	—
						20,372	20,212	20,129	9.7

**OFS Capital Corporation and Subsidiaries**
**Consolidated Schedule of Investments - Continued (unaudited)**
**March 31, 2022**
**(Dollar amounts in thousands)**

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
<i>LogMeIn, Inc. (14) (15)</i>	Data Processing, Hosting, and Related Services								
Senior Secured Loan		5.22%	(L +4.75%)	3/26/2021	8/31/2027	\$ 2,969	\$ 2,967	\$ 2,922	1.4 %
<i>Magenta Buyer LLC (14) (15)</i>	Software Publishers								
Senior Secured Loan		5.75%	(L +5.00%)	7/28/2021	7/27/2028	4,850	4,837	4,821	2.3
<i>McGraw Hill Global Education Holdings, LLC (14) (15)</i>	All Other Publishers								
Senior Secured Loan		5.55%	(L +4.75%)	4/1/2021	7/28/2028	2,304	2,283	2,284	1.1
<i>Milrose Consultants, LLC (4)</i>	Administrative Management and General Management Consulting Services								
Senior Secured Loan (15)		7.51%	(L +6.50%)	7/16/2019	7/16/2025	22,307	22,308	21,980	10.5
Senior Secured Loan (Revolver)		7.51%	(L +6.50%)	7/16/2019	7/16/2025	476	468	452	0.2
						22,783	22,776	22,432	10.7
<i>Molded Devices, Inc.</i>	Other Industrial Machinery Manufacturing								
Senior Secured Loan (15)		7.00%	(L +6.00%)	11/1/2021	11/1/2026	8,049	7,975	7,929	3.8
Senior Secured Loan (Delayed Draw) (5) (15)		n/m (18)	(Prime +6.00%)	11/1/2021	11/1/2026	—	(7)	(22)	—
Senior Secured Loan (Revolver) (5)		7.00%	(Prime +6.00%)	11/1/2021	11/1/2026	340	331	326	0.2
						8,389	8,299	8,233	4.0
<i>Odyssey Logistics and Technology Corporation (14) (15)</i>	Freight Transportation Arrangement								
Senior Secured Loan		5.00%	(L +4.00%)	4/5/2021	10/12/2024	1,979	1,957	1,945	0.9
<i>One GI LLC</i>	Offices of Other Holding Companies								
Senior Secured Loan (Delayed Draw) (15)		7.75%	(L +6.75%)	12/13/2021	12/22/2025	7,564	7,423	7,383	3.5
Senior Secured Loan (Delayed Draw) (5) (15)		n/m (18)	(L +6.75%)	12/13/2021	12/13/2023	—	(34)	(95)	—
Senior Secured Loan (Revolver) (5)		n/m (18)	(L +6.75%)	12/13/2021	12/22/2025	—	(27)	(35)	—
						7,564	7,362	7,253	3.5
<i>Parfums Holding Company, Inc. (14) (15)</i>	Cosmetics, Beauty Supplies, and Perfume Stores								
Senior Secured Loan		4.46%	(L +4.00%)	6/25/2019	6/30/2024	1,534	1,533	1,520	0.7
<i>Peraton Inc. (14) (15)</i>	Management Consulting Services								
Senior Secured Loan		4.50%	(L +3.75%)	4/2/2021	2/1/2028	818	819	814	0.4

**OFS Capital Corporation and Subsidiaries**
**Consolidated Schedule of Investments - Continued (unaudited)**
**March 31, 2022**
**(Dollar amounts in thousands)**

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
<i>Planet Bingo, LLC (F/K/A 3rd Rock Gaming Holdings, LLC) (6) (10)</i>	Software Publishers								
Senior Secured Loan		4.00%	N/A	3/13/2018	3/12/2023	\$ 16,728	\$ 14,192	\$ 7,322	3.5 %
<i>PM Acquisition LLC (20)</i>	All Other General Merchandise Stores								
Common Equity (499 units) (10) (13)				9/30/2017			499	1,212	0.6
<i>Professional Pipe Holdings, LLC</i>	Plumbing, Heating, and Air-Conditioning Contractors								
Senior Secured Loan		9.75% cash / 1.50% PIK	(L +10.25%)	3/23/2018	3/24/2025	3,494	3,480	3,555	1.7
<i>Resource Label Group, LLC (14) (15)</i>	Commercial Printing (except Screen and Books)								
Senior Secured Loan		5.00%	(L +4.25%)	7/2/2021	7/7/2028	3,429	3,419	3,407	1.6
<i>RPLF Holdings, LLC (10) (13)</i>	Software Publishers								
Common Equity (345,339 Class A units)				1/17/2018			492	868	0.4
<i>RSA Security (15)</i>	Computer and Computer Peripheral Equipment and Software Merchant Wholesalers								
Senior Secured Loan (14)		5.50%	(L +4.75%)	4/16/2021	4/27/2028	2,790	2,775	2,735	1.3
Senior Secured Loan		8.50%	(L +7.75%)	4/16/2021	4/27/2029	4,450	4,393	4,265	2.0
						7,240	7,168	7,000	3.3
<i>RumbleOn, Inc. (15) (22)</i>	Other Industrial Machinery Manufacturing								
Senior Secured Loan		9.25%	(L +8.25%)	8/31/2021	8/31/2026	4,179	3,966	3,977	1.9
Senior Secured Loan (Delayed Draw) (5)		9.25%	(L +8.25%)	8/31/2021	2/23/2023	1,264	1,250	1,177	0.6
Warrants (warrants to purchase up to \$600,000 in common stock)				8/31/2021	2/28/2023 (12)		200	163	0.1
						5,443	5,416	5,317	2.6
<i>Sentry Centers Holdings, LLC (10) (13)</i>	Convention and Trade Show Organizers								
Preferred Equity (2,248 Series A units)				9/4/2020			51	—	—
Preferred Equity (1,603 Series B units)				9/4/2020			160	112	0.1
Common Equity (269 units)				9/4/2020			3	—	—
							214	112	0.1



**OFS Capital Corporation and Subsidiaries**
**Consolidated Schedule of Investments - Continued (unaudited)**
**March 31, 2022**
**(Dollar amounts in thousands)**

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
<i>Signal Parent, Inc. (14) (15)</i>	New Single-Family Housing Construction (except For- Sale Builders)								
Senior Secured Loan		4.25%	(L +3.50%)	3/25/2021	4/3/2028	\$ 1,836	\$ 1,819	\$ 1,654	0.8 %
<i>SourceHOV Tax, Inc. (4)</i>	Other Accounting Services								
Senior Secured Loan		7.50%	(L +6.50%)	3/16/2020	3/17/2025	19,740	19,608	19,740	9.5
Senior Secured Loan (Revolver) (5)		n/m (18)	(L +6.50%)	5/17/2021	3/17/2025	—	(14)	—	—
						19,740	19,594	19,740	9.5
<i>Southern Technical Institute, LLC (4) (23)</i>	Colleges, Universities, and Professional Schools								
Equity appreciation rights				6/27/2018			—	7,989	3.8
<i>Spring Education Group, Inc. (F/K/A SSH Group Holdings, Inc.,) (15)</i>	Child Day Care Services								
Senior Secured Loan		9.26%	(L +8.25%)	7/26/2018	7/30/2026	6,399	6,346	5,953	2.9
<i>SSJA Bariatric Management LLC (15)</i>	Offices of Physicians, Mental Health Specialists								
Senior Secured Loan		6.01%	(L +5.00%)	8/26/2019	8/26/2024	9,750	9,703	9,750	4.7
Senior Secured Loan		6.01%	(L +5.00%)	12/31/2020	8/26/2024	1,053	1,046	1,053	0.5
Senior Secured Loan		6.01%	(L +5.00%)	12/8/2021	8/26/2024	2,653	2,630	2,653	1.3
Senior Secured Loan (Revolver) (5)		n/m (18)	(L +5.00%)	8/26/2019	8/26/2024	—	(3)	—	—
						13,456	13,376	13,456	6.5
<i>SS Acquisition, LLC (15)</i>	Sports and Recreation Instruction								
Senior Secured Loan (8)		7.88%	(L +6.88%)	12/30/2021	12/30/2026	3,042	3,013	2,995	1.4
Senior Secured Loan (Delayed Draw) (5)		n/m (18)	(L +6.88%)	12/30/2021	12/30/2026	—	—	(28)	—
						3,042	3,013	2,967	1.4
<i>Staples, Inc. (14) (15) (22)</i>	Business to Business Electronic Markets								
Senior Secured Loan		5.32%	(L +5.00%)	6/24/2019	4/16/2026	2,922	2,870	2,768	1.3
<i>STS Operating, Inc.</i>	Industrial Machinery and Equipment Merchant Wholesalers								
Senior Secured Loan		9.00%	(L +8.00%)	5/15/2018	4/30/2026	9,073	9,071	9,073	4.4
<i>Teneo Global LLC (14) (15)</i>	Management Consulting Services								
Senior Secured Loan		6.25%	(SOFR +5.25%)	9/10/2021	7/11/2025	1,891	1,881	1,875	0.9

**OFS Capital Corporation and Subsidiaries**
**Consolidated Schedule of Investments - Continued (unaudited)**
**March 31, 2022**
**(Dollar amounts in thousands)**

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
<i>The Escape Game, LLC (4)</i>	Other amusement and recreation industries								
Senior Secured Loan		8.00%	(L +7.00%)	12/21/2021	12/22/2024	\$ 16,333	\$ 16,333	\$ 16,372	7.9 %
Senior Secured Loan (Revolver) (5)		8.00%	(L +7.00%)	12/21/2021	12/22/2024	933	891	933	0.4
						<u>17,266</u>	<u>17,224</u>	<u>17,305</u>	<u>8.3</u>
<i>Thryv, Inc. (14) (15)</i>	Directory and Mailing List Publishers								
Senior Secured Loan		9.50%	(L +8.50%)	2/18/2021	3/1/2026	1,983	1,942	1,991	1.0
<i>Tolema Acquisition, INC.</i>	Motorcycle, Bicycle, and Parts Manufacturing								
Senior Secured Loan (15)		7.00%	(L +6.00%)	10/14/2021	10/14/2026	15,622	15,551	15,807	7.6
Senior Secured Loan (Revolver) (5)		7.45%	(L +6.00%)	10/14/2021	10/14/2026	1,029	1,018	1,029	0.5
						<u>16,651</u>	<u>16,569</u>	<u>16,836</u>	<u>8.1</u>
<i>TruGreen Limited Partnership</i>	Landscaping Services								
Senior Secured Loan		9.46%	(L +8.50%)	5/13/2021	11/2/2028	4,500	4,625	4,590	2.2
<i>United Biologics Holdings, LLC (4) (10)</i>	Medical Laboratories								
Preferred Equity (151,787 units)				4/16/2013			9	16	—
Warrants (3,976 units)				7/26/2012	4/16/2023 (12)		82	8	—
							<u>91</u>	<u>24</u>	<u>—</u>
<i>West Corporation (14) (15)</i>	All Other Telecommunications								
Senior Secured Loan		4.50%	(L +3.50%)	2/26/2021	10/10/2024	871	860	791	0.4
Senior Secured Loan		5.00%	(L +4.00%)	7/29/2021	10/10/2024	2,564	2,514	2,351	1.1
						<u>3,435</u>	<u>3,374</u>	<u>3,142</u>	<u>1.5</u>
<i>Yahoo / Verizon Media (14) (15)</i>	Internet Publishing and Broadcasting and Web Search Portals								
Senior Secured Loan		6.25%	(L +5.50%)	7/21/2021	9/1/2027	3,252	3,219	3,242	1.6
<b>Total Debt and Equity Investments</b>						<u>\$ 387,857</u>	<u>\$ 390,575</u>	<u>\$ 382,161</u>	<u>183.5 %</u>
<b>Structured Finance Note Investments</b>									
<b><i>Subordinated Notes and Mezzanine Debt</i></b>									
<b><i>(9) (16) (22)</i></b>									
<i>Apex Credit CLO 2020 Ltd. (7)</i>									
Subordinated Notes		10.55%		11/16/2020	10/20/2031	\$ 11,080	\$ 9,262	\$ 9,226	4.4 %

**OFS Capital Corporation and Subsidiaries**
**Consolidated Schedule of Investments - Continued (unaudited)**
**March 31, 2022**
**(Dollar amounts in thousands)**

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
<i>Apex Credit CLO 2021 Ltd (7)</i>									
Subordinated Notes		13.29%		5/28/2021	7/18/2034	\$ 8,630	\$ 7,130	\$ 6,584	3.2 %
<i>Ares L CLO</i>									
Mezzanine debt - Class E		5.89%	(L +5.65%)	2/17/2022	1/15/2032	6,000	5,687	5,687	2.7
<i>Barings CLO 2019-I Ltd.</i>									
Mezzanine debt - Class E		7.10%	(L +6.86%)	2/23/2022	4/15/2035	8,000	7,885	7,885	3.8
<i>Dryden 53 CLO, Ltd. (7)</i>									
Subordinated Notes - Income		20.75%		10/26/2020	1/15/2031	2,700	1,567	1,466	0.7
Subordinated Notes		20.73%		10/26/2020	1/15/2031	2,159	1,254	1,173	0.6
						4,859	2,821	2,639	1.3
<i>Dryden 76 CLO, Ltd. (7)</i>									
Subordinated Notes		18.49%		9/27/2019	10/20/2032	2,750	2,090	2,175	1.0
<i>Elevation CLO 2017-7, Ltd. (7) (24)</i>									
Subordinated Notes		0.0%		2/6/2019	7/15/2030	8,403	4,224	3,085	1.5
<i>Flatiron CLO 18, Ltd. (7)</i>									
Subordinated Notes		18.69%		1/2/2019	4/17/2031	9,680	6,840	6,769	3.2
<i>Madison Park Funding XXIII, Ltd. (7)</i>									
Subordinated Notes		23.34%		1/8/2020	7/27/2047	10,000	6,236	6,701	3.2
<i>Madison Park Funding XXIX, Ltd. (7)</i>									
Subordinated Notes		15.48%		12/22/2020	10/18/2047	9,500	6,712	6,219	3.0
<i>Monroe Capital MML CLO X, Ltd.</i>									
Mezzanine debt - Class E		9.33%	(L +8.85%)	8/7/2020	8/20/2031	1,000	952	990	0.5
<i>Octagon Investment Partners 39, Ltd. (7)</i>									
Subordinated Notes		17.83%		1/23/2020	10/20/2030	7,000	4,634	4,135	2.0
<i>Park Avenue Institutional Advisers CLO Ltd 2021-I</i>									
Mezzanine debt - Class E		7.55%	(L +7.30%)	1/26/2021	1/20/2034	1,000	975	973	0.5

**OFS Capital Corporation and Subsidiaries**
**Consolidated Schedule of Investments - Continued (unaudited)**
**March 31, 2022**
**(Dollar amounts in thousands)**

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
<i>Redding Ridge 4 (7)</i>									
Subordinated Notes		14.23%		3/4/2021	4/15/2030	\$ 1,300	\$ 1,081	\$ 1,026	0.5 %
<i>Regatta II Funding</i>									
Mezzanine debt - Class DR2		7.19%	(L +6.95%)	6/5/2020	1/15/2029	800	747	791	0.4
<i>THL Credit Wind River 2019-3 CLO Ltd (7)</i>									
Subordinated Notes		13.67%		4/5/2019	4/15/2031	7,000	5,568	4,847	2.3
<i>Trinitas CLO VIII (7)</i>									
Subordinated Notes		20.56%		3/4/2021	7/20/2117	5,200	3,082	3,010	1.4
<i>Wellfleet CLO 2018-2 (7)</i>									
Subordinated Notes		19.53%		3/4/2021	10/20/2031	1,000	649	635	0.3
<b>Total Subordinated Notes and Mezzanine Debt Investments</b>						<b>\$ 103,202</b>	<b>\$ 76,575</b>	<b>\$ 73,377</b>	<b>35.2 %</b>
<i>Loan Accumulation Facility (17) (22)</i>									
<i>Apex Credit CLO 2021-II Ltd</i>									
Loan accumulation facility		13.50%		7/14/2021	7/14/2022	\$ 8,500	\$ 8,500	\$ 8,500	4.1 %
<i>Brightwood Capital MM CLO 2022-I, LTD</i>									
Loan accumulation facility		13.50%		1/5/2022	12/31/2032	8,500	8,500	8,500	4.1
<b>Total Loan Accumulation Facility Investments</b>						<b>\$ 17,000</b>	<b>\$ 17,000</b>	<b>\$ 17,000</b>	<b>8.2 %</b>
<b>Total Structured Finance Notes</b>						<b>\$ 120,202</b>	<b>\$ 93,575</b>	<b>\$ 90,377</b>	<b>43.4 %</b>
<b>Total Non-control/Non-affiliate Investments</b>						<b>\$ 508,059</b>	<b>\$ 484,150</b>	<b>\$ 472,538</b>	<b>226.9 %</b>
<b><u>Affiliate Investments</u></b>									
<i>Contract Datascan Holdings, Inc. (4) (10) (20)</i>	Office Machinery and Equipment Rental and Leasing								
Preferred Equity (3,061 Series A shares), 10% PIK				8/5/2015		\$ 5,849	\$ 4,943		2.4 %
Common Equity (11,273 shares)				6/28/2016			104	209	0.1
							5,953	5,152	2.5

# OFS Capital Corporation and Subsidiaries

## Consolidated Schedule of Investments - Continued (unaudited)

March 31, 2022

(Dollar amounts in thousands)

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
<i>DRS Imaging Services, LLC (10) (13) (20)</i>	Data Processing, Hosting, and Related Services								
Common Equity (1,135 units)				3/8/2018		\$	1,135	\$ 1,222	0.6 %
<i>Master Cutlery, LLC (4) (10) (20)</i>	Sporting and Recreational Goods and Supplies Merchant Wholesalers								
Subordinated Loan (6) (11)		13.00%	N/A	4/17/2015	7/20/2022	7,793	4,696	436	0.2
Preferred Equity (3,723 Series A units), 8% PIK				4/17/2015			3,483	—	—
Common Equity (15,564 units)				4/17/2015			—	—	—
						7,793	8,179	436	0.2
<i>Pfanstiehl Holdings, Inc. (4) (20) (21)</i>	Pharmaceutical Preparation Manufacturing								
Common Equity (400 Class A shares)				1/1/2014			217	75,308	36.1
<i>TalentSmart Holdings, LLC (10) (13) (20)</i>	Professional and Management Development Training								
Common Equity (1,595,238 Class A shares)				10/11/2019			1,595	1,134	0.5
<i>TRS Services, LLC (4) (10) (20)</i>	Commercial and Industrial Machinery and Equipment (except Automotive and Electronic) Repair and Maintenance								
Preferred Equity (1,937,191 Class A units), 11% PIK				12/10/2014			—	1,124	0.5
Common Equity (3,000,000 units)				12/10/2014			572	—	—
							572	1,124	0.5
<b>Total Affiliate Investments</b>						<u>\$ 7,793</u>	<u>\$ 17,651</u>	<u>\$ 84,376</u>	<u>40.4 %</u>
<b>Total Investments</b>						<u><u>\$ 515,852</u></u>	<u><u>\$ 501,801</u></u>	<u><u>\$ 556,914</u></u>	<u><u>267.3 %</u></u>

- 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.
- At March 31, 2022, 96% of the investments that bear interest at a variable rate are indexed to LIBOR (L), and reset monthly, quarterly, or semi-annually. As of March 31, 2022, variable-rate loans with an aggregate principal amount of \$189,530 were subject to LIBOR reference rate floor provisions, generally 0.75% or 1.00%. For each variable-rate investment, the Company has provided the spread over the reference rate and current interest rate in effect at March 31, 2022. 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.
- Unless otherwise noted by 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.

**Consolidated Schedule of Investments - Continued (unaudited)****March 31, 2022****(Dollar amounts in thousands)**

- (4) Investments (or portion thereof) held by SBIC I LP. These assets are pledged as collateral of the SBA debentures and cannot 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 March 31, 2022, meaning the Company has suspended recognition of all or a portion of income on the investment. See **Note 4** for further details.
- (7) CLO subordinated debt 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 has entered into a contractual arrangement with co-lenders whereby, subject to certain conditions, it has 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, 2022:

Portfolio Company	Reported Interest Rate	Interest Rate per Credit Agreement	Additional Interest per Annum
SS Acquisition, LLC	7.88%	7.50%	0.38%

- (9) The rate disclosed is the estimated effective yield, generally established at purchase and re-evaluated upon receipt of distributions, and based upon projected amounts and timing of future distributions and the projected amount and timing of terminal principal payments at the time of estimation. The estimated yield and investment cost may ultimately not be realized.
- (10) Non-income producing.
- (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, 2022:

Portfolio Company	Investment Type	Range of PIK Option	Range of Cash Option	Maximum PIK Rate Allowed
Eblens Holdings, Inc.	Subordinated Loan	0% or 1.00%	13.00% or 12.00%	1.00%
Inergex Holdings, LLC	Senior Loan	0% or 1.00%	9.01% to 8.01%	1.00%
Master Cutlery, LLC	Subordinated Loan	0% to 13.00%	13.00% to 0%	13.00%

- (12) Represents expiration date of the warrants.
- (13) All or 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 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 Company.
- (16) Amortized cost reflects accretion of effective yield less any cash distributions received or entitled to be received from CLO subordinated debt investments.
- (17) Loan accumulation facilities are financing structures intended to aggregate loans that may be used to form the basis of a CLO vehicle. Reported yields represent an estimated yield. Income notes associated with loan accumulation facilities generally pay returns equal to the actual income earned on facility assets less costs of senior financing and manager costs. As of March 31, 2022, the fair value of loan accumulation facilities were determined by reference to Transaction Price as an approximation of fair value.
- (18) Not meaningful as there is no outstanding balance on the revolver. 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 at March 31, 2022.
- (22) 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, 2022, approximately 81% of the Company's assets were qualifying assets.
- (23) Equity participation rights issued by unaffiliated third party fully covered with underlying positions in the portfolio company.
- (24) As of March 31, 2022, the effective accretable yield has been estimated to be 0%, as the aggregate amount of projected distributions, including projected distributions related to liquidation of the underlying portfolio upon the security's anticipated optional redemption, is less than current amortized cost. Projected distributions are periodically monitored and re-evaluated. All actual distributions will be recognized as reductions to amortized cost until such time, if and when occurring, a future aggregate amount of then-projected distributions exceeds the security's then-current amortized cost.

See Notes to Consolidated Financial Statements.

**OFS Capital Corporation and Subsidiaries**
**Consolidated Schedule of Investments**
**December 31, 2021**
**(Dollar amounts in thousands)**

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
<b><u>Non-control/Non-affiliate Investments</u></b>									
<i>AAdvantage Loyalty IP Ltd. and American Airlines, Inc. (14) (15) (22)</i>	Scheduled Passenger Air Transportation								
Senior Secured Loan		5.50%	(L +4.75%)	3/10/2021	4/20/2028	\$ 364	\$ 360	\$ 377	0.2 %
<i>Aegion Corporation (15) (22)</i>	Water and Sewer Line and Related Structures Construction								
Senior Secured Loan		5.50%	(L +4.75%)	4/1/2021	5/17/2028	630	627	628	0.3
<i>Allen Media, LLC (14) (15)</i>	Cable and Other Subscription Programming								
Senior Secured Loan		5.72%	(L +5.50%)	3/2/2021	2/10/2027	3,807	3,801	3,810	1.8
<i>All Star Auto Lights, Inc. (4) (15)</i>	Motor Vehicle Parts (Used) Merchant Wholesalers								
Senior Secured Loan		8.25%	(L +7.25%)	12/19/2019	8/20/2025	23,335	23,005	23,052	11.3
<i>Autokinton US Holdings, Inc. (14) (15)</i>	Automotive Parts and Accessories Stores								
Senior Secured Loan		5.00%	(L +4.50%)	3/26/2021	4/6/2028	2,696	2,688	2,704	1.3
<i>Avison Young (15)</i>	Nonresidential Property Managers								
Senior Secured Loan		5.97%	(L +5.75%)	11/25/2021	1/31/2026	2,987	2,972	2,972	1.5
<i>Ball Metalpack</i>	Metal Can Manufacturing								
Senior Secured Loan		9.75%	(L +8.75%)	6/8/2021	7/31/2026	2,167	2,143	2,167	1.1
<i>Bass Pro Group, LLC (14) (15)</i>	Sporting Goods Stores								
Senior Secured Loan		4.50%	(L +3.75%)	2/26/2021	3/6/2028	1,967	1,958	1,972	1.0
<i>BayMark Health Services, Inc. (15)</i>	Outpatient Mental Health and Substance Abuse Centers								
Senior Secured Loan		9.50%	(L +8.50%)	6/10/2021	6/11/2028	4,962	4,893	5,061	2.5
Senior Secured Loan (Delayed Draw) (5)		n/m (18)	(L +8.50%)	6/10/2021	6/11/2028	—	(124)	170	0.1
						4,962	4,769	5,231	2.6
<i>Constellis Holdings, LLC (10)</i>	Other Justice, Public Order, and Safety Activities								
Common Equity (20,628 common shares)				3/27/2020			703	29	—

**OFS Capital Corporation and Subsidiaries**
**Consolidated Schedule of Investments**  
**December 31, 2021**  
**(Dollar amounts in thousands)**

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
<i>Convergint Technologies Holdings, LLC</i> Senior Secured Loan	Security Systems Services (except Locksmiths)	7.50%	(L +6.75%)	9/28/2018	3/30/2029	\$ 4,838	\$ 4,827	\$ 4,887	2.4 %
<i>Corel Inc. (14) (15)</i> Senior Secured Loan	Software Publishers	5.18%	(L +5.00%)	3/2/2021	7/2/2026	2,271	2,265	2,270	1.1
<i>Creation Technologies (15) (22)</i> Senior Secured Loan	Bare Printed Circuit Board Manufacturing	6.00%	(L +5.50%)	9/24/2021	10/5/2028	2,000	1,985	1,977	1.0
<i>DHX Media Ltd. (14) (15) (22)</i> Senior Secured Loan	Motion Picture and Video Production	5.00%	(L +4.25%)	3/19/2021	3/18/2028	3,974	3,929	3,970	1.9
<i>Diamond Sports Group, LLC (14) (15)</i> Senior Secured Loan	Television Broadcasting	3.36%	(L +3.25%)	11/19/2019	8/24/2026	1,955	1,957	918	0.5
<i>DIRECTV Financing, LLC (14) (15)</i> Senior Secured Loan	Wired Telecommunications Carriers	5.75%	(L +5.00%)	7/22/2021	8/2/2027	4,395	4,388	4,405	2.2
<i>Eblens Holdings, Inc. (20)</i> Subordinated Loan (11) Common Equity (71,250 Class A units) (10)	Shoe Store	12.00% cash / 1.00% PIK	N/A	7/13/2017 7/13/2017	1/13/2023	9,207	9,181	9,049	4.4
							713	292	0.1
						9,207	9,894	9,341	4.5
<i>Electrical Components International, Inc.</i> Senior Secured Loan	Current-Carrying Wiring Device Manufacturing	8.60%	(L +8.50%)	4/8/2021	6/26/2026	3,000	2,653	2,954	1.4
<i>EnergySolutions, LLC (14) (15)</i> Senior Secured Loan	Hazardous Waste Treatment and Disposal	4.75%	(L +3.75%)	7/8/2021	5/9/2025	1,837	1,833	1,837	0.9



**OFS Capital Corporation and Subsidiaries**
**Consolidated Schedule of Investments**
**December 31, 2021**
**(Dollar amounts in thousands)**

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
<i>Envocore Holding, LLC (F/K/A LRI Holding, LLC) (4)</i>	Electrical Contractors and Other Wiring Installation Contractors								
Senior Secured Loan		7.50%	N/A	12/31/2021	12/31/2025	\$ 6,424	\$ 6,424	\$ 6,424	3.2 %
Senior Secured Loan		10.00% PIK	N/A	12/31/2021	12/31/2026	6,424	6,424	4,645	2.3
Senior Secured Loan (Revolver) (5)		7.50%	N/A	11/29/2021	12/31/2025	563	563	563	0.3
Equity Participation Rights (23)				12/31/2021		—	4,722	—	—
						13,411	18,133	11,632	5.8
<i>Excelin Home Health, LLC (4)</i>	Home Health Care Services								
Senior Secured Loan		11.50%	(L +9.50%)	10/25/2018	9/30/2025	4,250	4,182	4,250	2.1
<i>GGC Aerospace Topco L.P.</i>	Other Aircraft Parts and Auxiliary Equipment Manufacturing								
Common Equity (368,852 Class A units) (10)				12/29/2017			450	77	—
Common Equity (40,984 Class B units) (10)				12/29/2017			50	3	—
							500	80	—
<i>Honor HN Buyer Inc (15)</i>	Services for the Elderly and Persons with Disabilities								
Senior Secured Loan		7.00%	(L +6.00%)	10/15/2021	10/15/2027	6,598	6,471	6,471	3.2
Senior Secured Loan (Delayed Draw) (5)		n/m (18)	(L +6.00%)	10/15/2021	10/15/2027	—	(40)	(40)	—
Senior Secured Loan (Revolver) (5)		n/m (18)	(L +6.00%)	10/15/2021	10/15/2027	—	(15)	(15)	—
						6,598	6,416	6,416	3.2
<i>Hunter Fan Company (14) (15)</i>	Small Electrical Appliance Manufacturing								
Senior Secured Loan		5.75%	(L +5.00%)	8/10/2021	5/8/2028	4,988	4,997	4,997	2.5
<i>Inergex Holdings, LLC</i>	Other Computer Related Services								
Senior Secured Loan		8.00% cash / 1.00% PIK	(L +8.00%)	10/1/2018	10/1/2024	15,260	15,030	15,260	7.5
Senior Secured Loan (Revolver) (5)		n/m (18)	(L +7.00%)	10/1/2018	10/1/2024	—	(13)	—	—
						15,260	15,017	15,260	7.5
<i>Intouch Midco Inc. (15) (22)</i>	All Other Professional, Scientific, and Technical Services								
Senior Secured Loan		4.85%	(L +4.75%)	12/20/2019	8/24/2025	2,909	2,872	2,865	1.4
<i>Ivanti Software, Inc. (14) (15)</i>	Software Publishers								
Senior Secured Loan		5.00%	(L +4.25%)	3/26/2021	12/1/2027	2,985	2,996	2,993	1.5

**OFS Capital Corporation and Subsidiaries**
**Consolidated Schedule of Investments**
**December 31, 2021**
**(Dollar amounts in thousands)**

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
<i>JP Intermediate B, LLC (15)</i>	Drugs and Druggists' Sundries Merchant Wholesalers								
Senior Secured Loan		6.50%	(L +5.50%)	1/14/2021	11/15/2025	\$ 5,736	\$ 5,529	\$ 5,550	2.7 %
<i>KNS Acquisition Corp. (14) (15)</i>	Electronic Shopping and Mail- Order Houses								
Senior Secured Loan		7.00%	(L +6.25%)	4/16/2021	4/21/2027	6,956	6,913	6,870	3.4
<i>Kreg LLC (15)</i>	Other Ambulatory Health Care Services								
Senior Secured Loan		7.25%	(L +6.25%)	12/20/2021	12/20/2026	20,500	20,347	20,347	10.0
Senior Secured Loan (Revolver) (5)		n/m (18)	(L +6.25%)	12/20/2021	12/20/2026	—	(17)	(17)	—
						20,500	20,330	20,330	10.0
<i>LogMeIn, Inc. (14) (15)</i>	Data Processing, Hosting, and Related Services								
Senior Secured Loan		4.86%	(L +4.75%)	3/26/2021	8/31/2027	2,979	2,977	2,966	1.5
<i>Magenta Buyer LLC (14) (15)</i>	Software Publishers								
Senior Secured Loan		5.75%	(L +5.00%)	7/28/2021	7/27/2028	4,850	4,836	4,845	2.4
<i>McGraw Hill Global Education Holdings, LLC (14) (15)</i>	All Other Publishers								
Senior Secured Loan		4.85%	(L +4.75%)	4/1/2021	7/28/2028	2,310	2,288	2,303	1.1
<i>Milrose Consultants, LLC (4)</i>	Administrative Management and General Management Consulting Services								
Senior Secured Loan (15)		7.50%	(L +6.50%)	7/16/2019	7/16/2025	22,364	22,364	22,024	10.8
Senior Secured Loan (Revolver)		7.50%	(L +6.50%)	7/16/2019	7/16/2025	634	626	610	0.3
						22,998	22,990	22,634	11.1
<i>Molded Devices, Inc. (15)</i>	Other Industrial Machinery Manufacturing								
Senior Secured Loan		8.25%	(Prime + 5.00%)	11/1/2021	11/1/2026	8,069	7,991	7,991	3.9
Senior Secured Loan (Delayed Draw) (5)		n/m (18)	(Prime + 5.00%)	11/1/2021	11/1/2026	—	(7)	(7)	—
Senior Secured Loan (Revolver) (5)		n/m (18)	(Prime + 5.00%)	11/1/2021	11/1/2026	—	(9)	(9)	—
						8,069	7,975	7,975	3.9

**OFS Capital Corporation and Subsidiaries**
**Consolidated Schedule of Investments**  
**December 31, 2021**  
**(Dollar amounts in thousands)**

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
<i>Odyssey Logistics and Technology Corporation (14) (15)</i>	Freight Transportation Arrangement								
Senior Secured Loan		5.00%	(L +4.00%)	4/5/2021	10/12/2024	\$ 1,985	\$ 1,960	\$ 1,970	1.0 %
<i>One GI LLC (15)</i>	Offices of Other Holding Companies								
Senior Secured Loan (Delayed Draw)		7.75%	(L +6.75%)	12/13/2021	3/13/2022	5,515	5,403	5,403	2.7
Senior Secured Loan (Delayed Draw) (5)		n/m (18)	(L +6.75%)	12/13/2021	12/13/2023	—	(39)	(39)	—
Senior Secured Loan (Revolver) (5)		n/m (18)	(L +6.75%)	12/13/2021	12/22/2025	—	(29)	(29)	—
						5,515	5,335	5,335	2.7
<i>Parfums Holding Company, Inc. (14) (15)</i>	Cosmetics, Beauty Supplies, and Perfume Stores								
Senior Secured Loan		4.10%	(L +4.00%)	6/25/2019	6/30/2024	1,534	1,533	1,531	0.8
<i>Peraton Inc. (14) (15)</i>	Management Consulting Services								
Senior Secured Loan		4.50%	(L +3.75%)	4/2/2021	2/1/2028	835	836	837	0.4
<i>Plnet Bingo, LLC (F/K/A 3rd Rock Gaming Holdings, LLC (6) (10)</i>	Software Publishers								
Senior Secured Loan		4.00%	N/A	3/13/2018	3/12/2023	16,728	14,358	7,027	3.3
<i>PM Acquisition LLC (20)</i>	All Other General Merchandise Stores								
Common Equity (499 units) (10) (13)				9/30/2017			499	1,698	0.8
<i>Professional Pipe Holdings, LLC</i>	Plumbing, Heating, and Air-Conditioning Contractors								
Senior Secured Loan		9.75% cash / 1.00% PIK	(L +9.75%)	3/23/2018	3/24/2025	5,367	5,344	5,378	2.6
<i>Resource Label Group, LLC (14) (15)</i>	Commercial Printing (except Screen and Books)								
Senior Secured Loan		5.00%	(L +4.25%)	7/2/2021	7/7/2028	694	692	694	0.3
Senior Secured Loan (Delayed Draw)		5.00%	(L +4.25%)	7/2/2021	7/2/2028	2,743	2,735	2,742	1.3
						3,437	3,427	3,436	1.6
<i>RPLF Holdings, LLC (10) (13)</i>	Software Publishers								
Common Equity (345,339 Class A units)				1/17/2018			492	794	0.4

**OFS Capital Corporation and Subsidiaries**
**Consolidated Schedule of Investments**
**December 31, 2021**
**(Dollar amounts in thousands)**

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
<i>RSA Security (15)</i>	Computer and Computer Peripheral Equipment and Software Merchant Wholesalers								
Senior Secured Loan (14)		5.50%	(L +4.75%)	4/16/2021	4/27/2028	\$ 2,797	\$ 2,782	\$ 2,680	1.3 %
Senior Secured Loan		8.50%	(L +7.75%)	4/16/2021	4/27/2029	4,450	4,392	4,223	2.1
						7,247	7,174	6,903	3.4
<i>RumbleOn, Inc. (15) (22)</i>	Other Industrial Machinery Manufacturing								
Senior Secured Loan		9.25%	(L +8.25%)	8/31/2021	8/31/2026	4,190	3,964	4,006	2.0
Senior Secured Loan (Delayed Draw) (5)		n/m (18)	(L +8.25%)	8/31/2021	2/23/2023	—	(18)	(79)	—
Warrants (warrants to purchase up to \$600,000 in common stock)				8/31/2021	2/28/2023 (12)	—	200	274	0.1
						4,190	4,146	4,201	2.1
<i>Sentry Centers Holdings, LLC (10) (13)</i>	Other Professional, Scientific, and Technical Services								
Preferred Equity (2,248 Series A units)				9/4/2020			51	—	—
Preferred Equity (1,603 Series B units)				9/4/2020			160	12	—
Common Equity (269 units)				9/4/2020			3	—	—
							214	12	—
<i>Signal Parent, Inc. (14) (15)</i>	New Single-Family Housing Construction (except For-Sale Builders)								
Senior Secured Loan		4.25%	(L +3.50%)	3/25/2021	4/3/2028	1,840	1,823	1,794	0.9
<i>SourceHOV Tax, Inc. (4)</i>	Other Accounting Services								
Senior Secured Loan		7.50%	(L +6.50%)	3/16/2020	3/16/2025	19,790	19,648	19,935	9.8
Senior Secured Loan (Revolver) (5)		n/m (18)	(L +6.50%)	5/17/2021	3/17/2025	—	(15)	—	—
						19,790	19,633	19,935	9.8
<i>Southern Technical Institute, LLC (4) (10)(23)</i>	Colleges, Universities, and Professional Schools								
Equity Participation Rights				6/27/2018			—	7,408	3.6
<i>Spring Education Group, Inc. (F/K/A SSH Group Holdings, Inc.) (15)</i>	Child Day Care Services								
Senior Secured Loan		8.47%	(L +8.25%)	7/26/2018	7/30/2026	6,399	6,336	5,916	2.9

**OFS Capital Corporation and Subsidiaries**
**Consolidated Schedule of Investments**  
**December 31, 2021**  
**(Dollar amounts in thousands)**

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
<i>SSJA Bariatric Management LLC (15)</i>	Offices of Physicians, Mental Health Specialists								
Senior Secured Loan		6.00%	(L +5.00%)	8/26/2019	8/26/2024	\$ 9,775	\$ 9,723	\$ 9,775	4.8 %
Senior Secured Loan		6.00%	(L +5.00%)	12/31/2020	8/26/2024	1,056	1,048	1,056	0.5
Senior Secured Loan		6.00%	(L +5.00%)	12/8/2021	8/26/2024	2,660	2,634	2,660	1.3
Senior Secured Loan (Revolver) (5)		n/m (18)	(L +5.00%)	8/26/2019	8/26/2024	—	(4)	—	—
						13,491	13,401	13,491	6.6
<i>SS Acquisition, LLC (15)</i>	Sports and Recreation Instruction								
Senior Secured Loan (8)		7.88%	(L +6.88%)	12/30/2021	12/30/2026	3,042	3,011	3,011	1.5
Senior Secured Loan (Delayed Draw) (5)		n/m (18)	(L +6.88%)	12/30/2021	12/30/2026	—	—	—	—
						3,042	3,011	3,011	1.5
<i>Staples, Inc. (14) (15) (22)</i>	Business to Business Electronic Markets								
Senior Secured Loan		5.13%	(L +5.00%)	6/24/2019	4/16/2026	2,930	2,875	2,838	1.4
<i>STS Operating, Inc.</i>	Industrial Machinery and Equipment Merchant Wholesalers								
Senior Secured Loan		9.00%	(L +8.00%)	5/15/2018	4/30/2026	9,073	9,071	9,073	4.5
<i>Teneo Global LLC (14) (15)</i>	Management Consulting Services								
Senior Secured Loan		6.25%	(L +5.25%)	9/10/2021	7/11/2025	1,421	1,415	1,427	0.7
<i>The Escape Game, LLC (4)</i>	Other amusement and recreation industries								
Senior Secured Loan		8.00%	(L +7.00%)	12/21/2021	12/22/2024	16,333	16,333	16,382	8.0
Senior Secured Loan (Revolver) (5)		n/m (18)	(L +7.00%)	12/21/2021		—	(46)	14	—
						16,333	16,287	16,396	8.0
<i>Thryv, Inc. (14) (15)</i>	Directory and Mailing List Publishers								
Senior Secured Loan		9.50%	(L +8.50%)	2/18/2021	3/1/2026	2,050	2,004	2,085	1.0
<i>Tolema Acquisition, INC. (15)</i>	Motorcycle, Bicycle, and Parts Manufacturing								
Senior Secured Loan		7.00%	(L +6.00%)	10/14/2021	10/14/2026	14,889	14,818	14,818	7.3
Senior Secured Loan (Revolver) (5)		7.00%	(L +6.00%)	10/14/2021	10/14/2026	360	348	348	0.2
						15,249	15,166	15,166	7.5
<i>TruGreen Limited Partnership</i>	Landscaping Services								
Senior Secured Loan		9.25%	(L +8.50%)	5/13/2021	11/2/2028	4,500	4,630	4,590	2.3

**OFS Capital Corporation and Subsidiaries**

**Consolidated Schedule of Investments**  
**December 31, 2021**  
**(Dollar amounts in thousands)**

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	
United Biologics Holdings, LLC (4) (10)	Medical Laboratories									
Preferred Equity (151,787 units)				4/16/2013		\$	9	\$	17	— %
Warrants (29,374 units)				7/26/2012	3/5/2022 (12)		82	8	—	
							91	25	—	
West Corporation (14) (15)	All Other Telecommunications									
Senior Secured Loan		4.50%	(L +3.50%)	2/26/2021	10/10/2024	887	874	838	0.4	
Senior Secured Loan		5.00%	(L +4.00%)	7/29/2021	10/10/2024	2,611	2,555	2,485	1.2	
						3,498	3,429	3,323	1.6	
Yahoo / Verizon Media (14) (15)	Internet Publishing and Broadcasting and Web Search Portals									
Senior Secured Loan		6.25%	(L +5.50%)	7/21/2021	9/1/2027	3,294	3,249	3,299	1.6	
Total Debt and Equity Investments						\$ 350,939	\$ 353,447	\$ 346,366	170.1 %	
Structured Finance Note Investments (22)										
Subordinated Notes and Mezzanine Debt (9) (16)										
Apex Credit CLO 2020 (7)										
Subordinated Notes		10.20%		11/16/2020	10/20/2031	\$ 11,080	\$ 9,297	\$ 9,090	4.5 %	
Apex Credit CLO 2021 Ltd (7)										
Subordinated Notes		14.53%		5/28/2021	7/18/2034	8,630	7,797	7,442	3.7	
Dryden 53 CLO, LTD. (7)										
Subordinated Notes - Income		23.72%		10/26/2020	1/15/2031	2,700	1,611	1,672	0.8	
Subordinated Notes		23.69%		10/26/2020	1/15/2031	2,159	1,289	1,337	0.7	
						4,859	2,900	3,009	1.5	
Dryden 76 CLO, Ltd. (7)										
Subordinated Notes		15.73%		9/27/2019	10/20/2032	2,750	2,119	2,374	1.2	
Elevation CLO 2017-7, Ltd. (7)										
Subordinated Notes		11.96%		2/6/2019	7/15/2030	10,000	6,137	5,357	2.6	
Flatiron CLO 18, Ltd. (7)										
Subordinated Notes		19.09%		1/2/2019	4/17/2031	9,680	6,942	7,331	3.6	

OFS Capital Corporation and Subsidiaries

**Consolidated Schedule of Investments**  
**December 31, 2021**  
**(Dollar amounts in thousands)**

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
<i>Madison Park Funding XXIII, Ltd. (7)</i>									
Subordinated Notes		24.21%		1/8/2020	7/27/2047	\$ 10,000	\$ 6,370	\$ 7,211	3.5 %
<i>Madison Park Funding XXIX, Ltd. (7)</i>									
Subordinated Notes		15.88%		12/22/2020	10/18/2047	9,500	6,899	7,001	3.4
<i>Monroe Capital MML CLO X, LTD.</i>									
Mezzanine debt - Class E		10.92%	(L +8.85%)	8/7/2020	8/20/2031	1,000	949	996	0.5
<i>Octagon Investment Partners 39, Ltd. (7)</i>									
Subordinated Notes		17.69%		1/23/2020	10/20/2030	7,000	4,733	4,845	2.4
<i>Park Avenue Institutional Advisers CLO Ltd 2021-1</i>									
Mezzanine debt - Class E		8.63%	(L +7.30%)	1/26/2021	1/20/2034	1,000	974	988	0.5
<i>Redding Ridge 4 (7)</i>									
Subordinated Notes		18.02		3/4/2021	4/15/2030	1,300	1,104	1,106	0.5
<i>Regatta II Funding</i>									
Mezzanine debt - Class DR2		13.42%	(L +6.95%)	6/5/2020	1/15/2029	800	737	795	0.4
<i>THL Credit Wind River 2019-3 CLO Ltd. (7)</i>									
Subordinated Notes		13.09%		4/5/2019	4/15/2031	7,000	5,710	5,231	2.6
<i>Trinitas CLO VIII (7)</i>									
Subordinated Notes		21.34%		3/4/2021	7/20/2117	5,200	3,128	3,229	1.6
<i>Wellfleet CLO 2018-2 (7)</i>									
Subordinated Notes		19.74%		3/4/2021	10/20/2031	1,000	655	696	0.3
<b>Total Subordinated Notes and Mezzanine Debt Investments</b>						<b>\$ 90,799</b>	<b>\$ 66,451</b>	<b>\$ 66,701</b>	<b>32.8 %</b>

OFS Capital Corporation and Subsidiaries

Consolidated Schedule of Investments

December 31, 2021

(Dollar amounts in thousands)

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
<b>Loan Accumulation Facility (17) (22)</b>									
<i>Apex Credit CLO 2021-II Ltd</i>									
Loan accumulation facility		13.50%		7/14/2021	7/14/2022	\$ 8,500	\$ 8,500	\$ 8,500	4.2 %
<b>Total Structured Finance Notes</b>						<u>\$ 99,299</u>	<u>\$ 74,951</u>	<u>\$ 75,201</u>	<u>37.0 %</u>
<b>Total Non-control/Non-affiliate Investments</b>						<u>\$ 450,238</u>	<u>\$ 428,398</u>	<u>\$ 421,567</u>	<u>207.1 %</u>
<b>Affiliate Investments</b>									
<i>Contract Datascan Holdings, Inc. (4) (10) (20)</i>	Office Machinery and Equipment Rental and Leasing								
Preferred Equity (3,061 Series A shares) 10% PIK				8/5/2015		\$ 5,849	\$ 2,748		1.3 %
Common Equity (11,273 shares)				6/28/2016		104	25		—
						<u>5,953</u>	<u>2,773</u>		<u>1.3</u>
<i>DRS Imaging Services, LLC (20)</i>	Data Processing, Hosting, and Related Services								
Common Equity (1,135 units) (10) (13)				3/8/2018			1,135	1,289	0.6
<i>Master Cutlery, LLC (4) (10)(20)</i>	Sporting and Recreational Goods and Supplies Merchant Wholesalers								
Subordinated Loan (6) (11)		13.00% (11)	N/A	4/17/2015	7/20/2022	7,563	4,696	699	0.3
Preferred Equity (3,723 Series A units), 8% PIK				4/17/2015			3,483	—	—
Common Equity (15,564 units)				4/17/2015			—	—	—
						<u>7,563</u>	<u>8,179</u>	<u>699</u>	<u>0.3</u>
<i>Pfanstiehl Holdings, Inc. (4) (20) (21)</i>	Pharmaceutical Preparation Manufacturing								
Common Equity (400 Class A shares)				1/1/2014			217	65,740	32.3
<i>TalentSmart Holdings, LLC (20)</i>	Professional and Management Development Training								
Common Equity (1,595,238 Class A shares) (10) (13)				10/11/2019			1,595	1,095	0.5



**Consolidated Schedule of Investments**  
**December 31, 2021**  
(Dollar amounts in thousands)

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
<i>TRS Services, LLC (4) (10) (20)</i>	Commercial and Industrial Machinery and Equipment (except Automotive and Electronic) Repair and Maintenance								
Preferred Equity (1,937,191 Class A units), 11% PIK				12/10/2014		\$ —	\$ —	\$ 988	0.5 %
Common Equity (3,000,000 units)				12/10/2014			572	—	—
							572	988	0.5
<b>Total Affiliate Investments</b>						<u>\$ 7,563</u>	<u>\$ 17,650</u>	<u>\$ 72,584</u>	<u>35.5 %</u>
<b>Control Investment</b>									
<i>MTE Holding Corp. (4) (19)</i>	Travel Trailer and Camper Manufacturing								
Subordinated Loan (to Mirage Trailers, LLC, a controlled, consolidated subsidiary of MTE Holding Corp.)		11.00% cash / 5.00% PIK	(L +15.00%)	11/25/2015	4/30/2022	\$ 8,195	\$ 8,195	\$ 8,195	4.0 %
Common Equity (554 shares)				11/25/2015			3,069	4,753	2.3
						<u>8,195</u>	<u>11,264</u>	<u>12,948</u>	<u>6.3</u>
<b>Total Control Investment</b>						<u>\$ 8,195</u>	<u>\$ 11,264</u>	<u>\$ 12,948</u>	<u>6.3 %</u>
<b>Total Investments</b>						<u><u>\$ 465,995</u></u>	<u><u>\$ 457,312</u></u>	<u><u>\$ 507,099</u></u>	<u><u>248.9 %</u></u>

- (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) Substantially all of the investments that bear interest at a variable rate are indexed to LIBOR (L), generally between 0.75% and 1.00% at December 31, 2021, and reset monthly, quarterly, or semi-annually. Variable-rate loans with an aggregate cost of \$316,558 include LIBOR reference rate floor provisions of generally 0.75% to 1.00% at December 31, 2021, the reference rates on such instruments were generally below the stated floor provisions. For each investment, the Company has provided the spread over the reference rate and current interest rate in effect at December 31, 2021. 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 are pledged as collateral of the SBA debentures and cannot 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, 2021, meaning the Company has suspended recognition of all or a portion of income on the investment. See **Note 4** for further details.
- (7) CLO subordinated debt positions are entitled to recurring distributions generally equal to the residual cash flow of payments received on underlying securities less contractual payments to debt holders and fund expenses.

## Consolidated Schedule of Investments

December 31, 2021

(Dollar amounts in thousands)

- (8) The Company has entered into a contractual arrangement with co-lenders whereby, subject to certain conditions, it has 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, 2021:

Portfolio Company	Reported Interest Rate	Interest Rate per Credit Agreement	Additional Interest per Annum
SS Acquisition, LLC	7.88%	7.50%	0.38%

- (9) The rate disclosed is the estimated effective yield, generally established at purchase and re-evaluated upon receipt of distributions, and based upon projected amounts and timing of future distributions and the projected amount and timing of terminal principal payments at the time of estimation. The estimated yield and investment cost may ultimately not be realized.

- (10) Non-income producing.

- (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, 2021:

Portfolio Company	Investment Type	Range of PIK Option	Range of Cash Option	Maximum PIK Rate Allowed
Eblens Holdings, Inc.	Subordinated Loan	0% or 1.00%	13.00% or 12.00%	1.00%
Master Cutlery, LLC	Senior Secured Loan	0% to 13.00%	13.00% to 0%	13.00%

- (12) Represents expiration date of the warrants.

- (13) All or 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 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 debt investments.

- (17) Loan accumulation facilities are financing structures intended to aggregate loans that may be used to form the basis of a CLO vehicle. Reported yields represent the realized yield since acquisition. Income notes associated with loan accumulation facilities generally pay returns equal to the actual income earned on facility assets less costs of senior financing. As of December 31, 2021, the fair value of loan accumulation facilities were determined by reference to Transaction Price.

- (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 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 at fair value represents greater than 5% of total assets at December 31, 2021.

- (22) 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, 2021, approximately 85% of the Company's assets were qualifying assets.

- (23) Equity participation rights issued by unaffiliated third party fully covered with underlying positions in the portfolio company.

See Notes to Consolidated Financial Statements.

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 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 for 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 for OCCI, a non-diversified, externally managed, closed-end management investment company that has registered as an investment company under the 1940 Act and that primarily invests in Structured Finance Notes. Additionally, OFS Advisor serves as the collateral manager to CLOs, adviser to separately-managed accounts and sub-advisor to investment companies managed by an affiliate.

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

SBIC I LP is an investment company subsidiary licensed under the SBA's small business investment company program. The Company is limited to follow-on investments in current portfolio companies held through SBIC I LP. SBIC I LP is subject to SBA regulations and policies, including periodic examinations by the SBA. SBIC I LP intends to repay over time its outstanding SBA debentures prior to their scheduled maturity dates.

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.

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, 2021, filed on March 4, 2022. 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, 2021.

**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 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.

**Intangible asset:** On December 4, 2013, in connection with the SBIC Acquisition, the Company recorded an intangible asset of \$2,500 attributable to the SBIC license. The Company amortizes this intangible asset on a straight-line basis over its estimated useful life. During the first quarter of 2022, the Company changed its estimate of the useful life to terminate on March 1, 2024 due to continued early redemptions of SBA debentures.

**Concentration of credit risk:** Aside from its debt instruments, including investments in Structured Finance Notes, 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 may exceed the federally insured limits. The Company places cash deposits only with high credit quality institutions which OFS Advisor believes will mitigate the risk of loss due to credit risk. The amount of loss due to credit risk from debt investments, if borrowers completely fail to perform according to the terms of the contracts, and the collateral or other security for those instruments proved to be of no value to the Company, is equal to the sum of the Company's recorded investment in debt instruments and the unfunded loan commitments disclosed in **Note 6**.

### 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 5, 2022. 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 collateral manager to CLO funds and other companies, 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, 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. OFS Advisor has elected to exclude the value of the intangible asset resulting from the SBIC Acquisition from the base management fee calculation.

Effective January 1, 2022, 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 (excluding cash) 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. This agreement was renewed for the 2022 calendar year on February 4, 2022.

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

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

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 and unrealized capital depreciation at the end of such year, less all previous amounts paid in respect of the Capital Gains Fee. Since inception through December 31, 2021, 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, 2022 and December 31, 2021, Capital Gains Fees of \$2,988 and \$1,916, respectively, were deferred and are included in the amounts payable to the investment adviser and affiliates as listed on the consolidated statements of assets and liabilities.

**License Agreement:** The Company is party to 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 Administration Agreement was most recently approved by the Board on April 5, 2022. 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, 2022, affiliates of OFS Advisor held approximately 3,019,694 shares of common stock, which is approximately 22.5% 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 months ended March 31, 2022 and 2021, are presented below:

	Three Months Ended March 31,	
	2022	2021
Base management fees	\$ 2,020	\$ 1,834
Incentive fees:		
Income Incentive Fee	—	—
Capital Gains Fee	1,072	—
Administration fee expense	451	568
Distributions paid to affiliates	846	607

**Note 4. Investments**

As of March 31, 2022, the Company had loans to 63 portfolio companies, of which 97% were senior secured loans and 3% were subordinated loans, at fair value, as well as equity investments in five of these portfolio companies. The Company also held equity investments in 12 portfolio companies in which it did not hold a debt investment and 20 investments in Structured Finance Notes. At March 31, 2022, the Company's investments consisted of the following:

	Amortized Cost	Percentage of Total		Fair Value	Percentage of Total	
		Amortized Cost	Net Assets		Fair Value	Net Assets
Senior secured debt investments	\$ 371,941	74.2 %	178.4 %	\$ 361,317	64.7 %	173.4 %
Subordinated debt investments	13,906	2.8	6.7	9,353	1.7	4.5
Preferred equity	9,552	1.9	4.6	6,195	1.1	3.0
Common equity, warrants and other	12,827	2.6	6.2	89,672	16.1	43.0
Total Portfolio Company Investments	408,226	81.5	195.9	466,537	83.6	223.9
Structured Finance Notes	93,575	18.5	44.9	90,377	16.4	43.4
Total investments	\$ 501,801	100.0 %	240.8 %	\$ 556,914	100.0 %	267.3 %

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, 2022 and December 31, 2021, the Company's investment portfolio was domiciled as follows:

	March 31, 2022		December 31, 2021	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
United States	\$ 395,242	\$ 453,512	\$ 378,823	\$ 428,321
Canada	21,484	21,525	12,038	12,077
Cayman Islands <sup>1</sup>	85,075	81,877	66,451	66,701
Total investments	\$ 501,801	\$ 556,914	\$ 457,312	\$ 507,099

(1) Cayman Island investments represent certain Structured Finance Note securities held by the Company. These investments generally represent beneficial interests in underlying portfolios of debt investments in companies domiciled in the United States.

As of March 31, 2022, the industry composition of the Company's investment portfolio was as follows:

	Amortized Cost	Percentage of Total		Fair Value	Percentage of Total	
		Amortized Cost	Net Assets		Fair Value	Net Assets
<b>Administrative and Support and Waste Management and Remediation Services</b>						
Convention and Trade Show Organizers	\$ 214	— %	0.1 %	\$ 112	— %	0.1 %
Hazardous Waste Treatment and Disposal	1,828	0.4	0.9	1,800	0.3	0.9

**OFS Capital Corporation and Subsidiaries**

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

	Amortized Cost	Percentage of Total		Fair Value	Percentage of Total	
		Amortized Cost	Net Assets		Fair Value	Net Assets
Landscaping Services	\$ 4,625	0.9 %	2.2 %	\$ 4,590	0.8 %	2.2 %
Security Systems Services (except Locksmiths)	4,827	1.0	2.3	4,887	0.9	2.3
Temporary Help Services	8,912	1.8	4.3	8,912	1.6	4.3
<b>Arts, Entertainment, and Recreation</b>						
Other Amusement and Recreation Industries	17,224	3.4	8.3	17,305	3.1	8.3
<b>Construction</b>						
Electrical Contractors and Other Wiring Installation Contractors	17,716	3.5	8.5	10,963	2.0	5.3
New Single-Family Housing Construction (except For-Sale Builders)	1,819	0.4	0.9	1,654	0.3	0.8
Plumbing, Heating, and Air-Conditioning Contractors	3,480	0.7	1.7	3,555	0.6	1.7
Water and Sewer Line and Related Structures Construction	2,400	0.5	1.2	2,392	0.4	1.1
<b>Education Services</b>						
Colleges, Universities, and Professional Schools	—	—	—	7,989	1.4	3.8
Professional and Management Development Training	1,595	0.3	0.8	1,134	0.2	0.5
Sports and Recreation Instruction	3,013	0.6	1.4	2,967	0.5	1.4
<b>Health Care and Social Assistance</b>						
Child Day Care Services	6,346	1.3	3.0	5,953	1.1	2.9
Home Health Care Services	4,187	0.8	2.0	4,036	0.7	1.9
Medical Laboratories	91	—	—	24	—	—
Offices of Physicians, Mental Health Specialists	13,376	2.7	6.4	13,456	2.4	6.5
Other Ambulatory Health Care Services	20,212	4.0	9.7	20,129	3.6	9.7
Outpatient Mental Health and Substance Abuse Centers	7,536	1.5	3.6	7,857	1.4	3.8
Services for the Elderly and Persons with Disabilities	10,287	2.1	4.9	10,233	1.8	4.9
<b>Information</b>						
All Other Publishers	2,283	0.5	1.1	2,284	0.4	1.1
All Other Telecommunications	3,374	0.7	1.6	3,142	0.6	1.5
Cable and Other Subscription Programming	3,791	0.8	1.8	3,773	0.7	1.8
Data Processing, Hosting, and Related Services	4,102	0.8	2.0	4,144	0.7	2.0
Directory and Mailing List Publishers	1,942	0.4	0.9	1,991	0.4	1.0
Internet Publishing and Broadcasting and Web Search Portals	3,219	0.6	1.5	3,242	0.6	1.6
Motion Picture and Video Production	3,921	0.8	1.9	3,940	0.7	1.9
Software Publishers	24,753	4.9	11.9	18,203	3.3	8.7
Television Broadcasting	2,197	0.4	1.1	935	0.2	0.4
Wired Telecommunications Carriers	4,287	0.9	2.1	4,295	0.8	2.1

**OFS Capital Corporation and Subsidiaries**

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

	Amortized Cost	Percentage of Total		Fair Value	Percentage of Total	
		Amortized Cost	Net Assets		Fair Value	Net Assets
Management of Companies and Enterprises						
Offices of Other Holding Companies	\$ 7,362	1.5 %	3.5 %	\$ 7,253	1.3 %	3.5 %
Manufacturing						
Bare Printed Circuit Board Manufacturing	1,985	0.4	1.0	1,979	0.4	0.9
Commercial Printing (except Screen and Books)	3,419	0.7	1.6	3,407	0.6	1.6
Current-Carrying Wiring Device Manufacturing	3,293	0.7	1.6	3,569	0.6	1.7
Other Aircraft Parts and Auxiliary Equipment Manufacturing	500	0.1	0.2	—	—	—
Fluid Power Pump and Motor Manufacturing	1,942	0.4	0.9	1,942	0.3	0.9
Ice Cream and Frozen Dessert Manufacturing	2,596	0.5	1.2	2,596	0.5	1.2
Motorcycle, Bicycle, and Parts Manufacturing	16,569	3.3	8.0	16,836	3.0	8.1
Other Industrial Machinery Manufacturing	13,715	2.7	6.6	13,550	2.4	6.5
Pharmaceutical Preparation Manufacturing	217	—	0.1	75,308	13.5	36.1
Other Services (except Public Administration)						
Commercial and Industrial Machinery and Equipment (except Automotive and Electronic) Repair and Maintenance	572	0.1	0.3	1,124	0.2	0.5
Professional, Scientific, and Technical Services						
Administrative Management and General Management Consulting Services	22,776	4.5	10.9	22,432	4.0	10.8
Advertising Agencies	2,268	0.5	1.1	2,285	0.4	1.1
All Other Professional, Scientific, and Technical Services	2,867	0.6	1.4	2,866	0.5	1.4
Management Consulting Services	2,700	0.5	1.3	2,689	0.5	1.3
Other Accounting Services	19,594	3.9	9.4	19,740	3.5	9.5
Other Computer Related Services	15,429	3.1	7.4	15,729	2.8	7.5
Public Administration						
Other Justice, Public Order, and Safety Activities	703	0.1	0.3	29	—	—
Real Estate and Rental and Leasing						
Nonresidential Property Managers	3,960	0.8	1.9	3,977	0.7	1.9
Office Machinery and Equipment Rental and Leasing	5,953	1.2	2.9	5,152	0.9	2.5
Retail Trade						
Automotive Parts and Accessories Stores	2,688	0.5	1.3	2,665	0.5	1.3
Cosmetics, Beauty Supplies, and Perfume Stores	1,533	0.3	0.7	1,520	0.3	0.7
Electronics and Appliance Stores	8,108	1.6	3.9	8,108	1.5	3.9
Electronic Shopping and Mail-Order Houses	6,872	1.4	3.3	6,773	1.2	3.3
Shoe store	9,923	2.0	4.8	9,157	1.6	4.4
Sporting Goods Stores	1,953	0.4	0.9	1,958	0.4	0.9
All Other General Merchandise Stores	499	0.1	0.2	1,212	0.2	0.6
Transportation and Warehousing						



**OFS Capital Corporation and Subsidiaries**

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

	Amortized Cost	Percentage of Total		Fair Value	Percentage of Total	
		Amortized Cost	Net Assets		Fair Value	Net Assets
Freight Transportation Arrangement	\$ 1,957	0.4 %	0.9 %	\$ 1,945	0.3 %	0.9 %
Scheduled Passenger Air Transportation	360	0.1	0.2	369	0.1	0.2
<b>Wholesale Trade</b>						
Business to Business Electronic Markets	2,870	0.6	1.4	2,768	0.5	1.3
Computer and Computer Peripheral Equipment and Software Merchant Wholesalers	11,168	2.2	5.4	11,000	2.0	5.3
Drugs and Druggists' Sundries Merchant Wholesalers	5,454	1.1	2.6	5,362	1.0	2.6
Industrial Machinery and Equipment Merchant Wholesalers	9,071	1.8	4.4	9,073	1.6	4.4
Motor Vehicle Parts (Used) Merchant Wholesalers	22,970	4.6	11.0	23,187	4.2	11.1
Other Miscellaneous Nondurable Goods Merchant Wholesalers	2,644	0.5	1.3	2,644	0.5	1.3
Sporting and Recreational Goods and Supplies Merchant Wholesalers	8,179	1.6	3.9	436	0.1	0.2
Total Portfolio Company Investments	\$ 408,226	81.5 %	195.9 %	\$ 466,537	83.6 %	223.9 %
Structured Finance Notes	93,575	18.5	44.9	90,377	16.4	43.4
Total investments	\$ 501,801	100.0 %	240.8 %	\$ 556,914	100.0 %	267.3 %

As of December 31, 2021, the Company had loans to 58 portfolio companies, of which 95% were senior secured loans and 5% were subordinated loans, at fair value, as well as equity investments in five of these portfolio companies. The Company also held an equity investment in 12 portfolio companies in which it did not hold a debt investment, as well as 17 investments in Structured Finance Notes. At December 31, 2021, investments consisted of the following:

	Amortized Cost	Percentage of Total		Fair Value	Percentage of Total	
		Amortized Cost	Net Assets		Fair Value	Net Assets
Senior secured debt investments	\$ 336,132	73.3 %	165.0 %	\$ 326,704	64.9 %	160.4 %
Subordinated debt investments	22,071	4.8	10.8	17,943	3.5	8.8
Preferred equity	9,552	2.1	4.7	3,765	0.7	1.8
Common equity, warrants and other	14,606	3.2	7.2	83,486	16.5	41.0
Total debt and equity investments	\$ 382,361	83.4 %	187.7 %	\$ 431,898	85.6 %	212.0 %
Structured Finance Notes	74,951	16.6	36.8	75,201	14.4	36.9
<b>Total</b>	<b>\$ 457,312</b>	<b>100.0 %</b>	<b>224.5 %</b>	<b>\$ 507,099</b>	<b>100.0 %</b>	<b>248.9 %</b>

As of December 31, 2021, the industry compositions of the Company's debt and equity investments were as follows:

	Amortized Cost	Percentage of Total			Percentage of Total	
		Amortized Cost	Net Assets	Fair Value	Fair Value	Net Assets
Administrative and Support and Waste Management and Remediation Services						
Convention and Trade Show Organizers	\$ 214	— %	0.1 %	\$ 12	— %	— %
Hazardous Waste Treatment and Disposal	1,833	0.4	0.9	1,837	0.4	0.9
Landscaping Services	4,630	1.0	2.3	4,590	0.9	2.3
Security Systems Services (except Locksmiths)	4,827	1.1	2.4	4,887	1.0	2.4

**OFS Capital Corporation and Subsidiaries**

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

		Percentage of Total			Percentage of Total		
	Amortized Cost	Amortized Cost	Net Assets	Fair Value	Fair Value	Net Assets	
Arts, Entertainment, and Recreation							
Other Amusement and Recreation Industries	\$ 16,287	3.6 %	8.0 %	\$ 16,396	3.2 %	8.0 %	
Construction							
Electrical Contractors and Other Wiring Installation Contractors	18,132	4.0	8.9	11,632	2.3	5.7	
New Single-Family Housing Construction (except For-Sale Builders)	1,823	0.4	0.9	1,794	0.4	0.9	
Plumbing, Heating, and Air-Conditioning Contractors	5,344	1.2	2.6	5,378	1.1	2.6	
Water and Sewer Line and Related Structures Construction	627	0.1	0.3	628	0.1	0.3	
Education Services							
Colleges, Universities, and Professional Schools	—	—	—	7,408	1.5	3.6	
Professional and Management Development Training	1,595	0.3	0.8	1,095	0.2	0.5	
Sports and Recreation Instruction	3,011	0.7	1.5	3,011	0.6	1.5	
Health Care and Social Assistance							
Child Day Care Services	6,336	1.4	3.1	5,916	1.2	2.9	
Home Health Care Services	4,182	0.9	2.1	4,250	0.8	2.1	
Medical Laboratories	92	—	—	25	—	—	
Offices of Physicians, Mental Health Specialists	13,402	2.9	6.6	13,491	2.7	6.6	
Other Ambulatory Health Care Services	20,331	4.4	10.0	20,331	4.0	10.0	
Outpatient Mental Health and Substance Abuse Centers	4,770	1.0	2.3	5,231	1.0	2.6	
Services for the Elderly and Persons with Disabilities	6,416	1.4	3.1	6,416	1.3	3.1	
Information							
All Other Publishers	2,288	0.5	1.1	2,303	0.5	1.1	
All Other Telecommunications	3,429	0.7	1.7	3,323	0.7	1.6	
Cable and Other Subscription Programming	3,801	0.8	1.9	3,810	0.8	1.9	
Data Processing, Hosting, and Related Services	4,112	0.9	2.0	4,255	0.8	2.1	
Directory and Mailing List Publishers	2,004	0.4	1.0	2,085	0.4	1.0	
Internet Publishing and Broadcasting and Web Search Portals	3,249	0.7	1.6	3,299	0.7	1.6	
Motion Picture and Video Production	3,929	0.9	1.9	3,970	0.8	1.9	
Software Publishers	24,948	5.5	12.2	17,929	3.5	8.8	
Television Broadcasting	1,957	0.4	1.0	918	0.2	0.5	
Wired Telecommunications Carriers	4,388	1.0	2.2	4,405	0.9	2.2	
Management of Companies and Enterprises							
Offices of Other Holding Companies	5,336	1.2	2.6	5,336	1.1	2.6	
Manufacturing							
Bare Printed Circuit Board Manufacturing	1,985	0.4	1.0	1,977	0.4	1.0	
Commercial Printing (except Screen and Books)	3,427	0.7	1.7	3,436	0.7	1.7	
Current-Carrying Wiring Device Manufacturing	2,653	0.6	1.3	2,954	0.6	1.4	

**OFS Capital Corporation and Subsidiaries**

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

	Amortized Cost	Percentage of Total		Fair Value	Percentage of Total	
		Amortized Cost	Net Assets		Fair Value	Net Assets
Motorcycle, Bicycle, and Parts Manufacturing	\$ 15,166	3.3 %	7.4 %	\$ 15,166	3.0 %	7.4 %
Metal Can Manufacturing	2,143	0.5	1.1	2,167	0.4	1.1
Other Aircraft Parts and Auxiliary Equipment Manufacturing	500	0.1	0.2	80	—	—
Other Industrial Machinery Manufacturing	12,121	2.7	5.9	12,176	2.4	6.0
Pharmaceutical Preparation Manufacturing	217	—	0.1	65,740	13.0	32.3
Small Electrical Appliance Manufacturing	4,997	1.1	2.5	4,997	1.0	2.5
Travel Trailer and Camper Manufacturing	11,264	2.5	5.5	12,948	2.6	6.4
<b>Other Services (except Public Administration)</b>						
Commercial and Industrial Machinery and Equipment (except Automotive and Electronic) Repair and Maintenance	572	0.1	0.3	988	0.2	0.5
<b>Professional, Scientific, and Technical Services</b>						
Administrative Management and General Management Consulting Services	22,990	5.0	11.3	22,634	4.5	11.1
All Other Professional, Scientific, and Technical Services	2,872	0.6	1.4	2,865	0.6	1.4
Management Consulting Services	2,251	0.5	1.1	2,264	0.4	1.1
Other Accounting Services	19,631	4.3	9.6	19,927	3.9	9.8
Other Computer Related Services	15,017	3.3	7.4	15,260	3.0	7.5
<b>Public Administration</b>						
Other Justice, Public Order, and Safety Activities	703	0.2	0.3	29	—	—
<b>Real Estate and Rental and Leasing</b>						
Nonresidential Property Managers	2,972	0.6	1.5	2,972	0.6	1.5
Office Machinery and Equipment Rental and Leasing	5,952	1.3	2.9	2,774	0.5	1.4
<b>Retail Trade</b>						
Automotive Parts and Accessories Stores	2,688	0.6	1.3	2,704	0.5	1.3
Cosmetics, Beauty Supplies, and Perfume Stores	1,533	0.3	0.8	1,531	0.3	0.8
Electronic Shopping and Mail-Order Houses	6,913	1.5	3.4	6,870	1.4	3.4
Shoe Store	9,893	2.2	4.9	9,342	1.8	4.6
Sporting Goods Stores	1,958	0.4	1.0	1,972	0.4	1.0
All Other General Merchandise Stores	499	0.1	0.2	1,698	0.3	0.8
<b>Transportation and Warehousing</b>						
Freight Transportation Arrangement	1,960	0.4	1.0	1,970	0.4	1.0
Scheduled Passenger Air Transportation	360	0.1	0.2	377	0.1	0.2
<b>Wholesale Trade</b>						
Business to Business Electronic Markets	2,875	0.6	1.4	2,838	0.6	1.4
Computer and Computer Peripheral Equipment and Software Merchant Wholesalers	7,173	1.6	3.5	6,903	1.4	3.4
Drugs and Druggists' Sundries Merchant Wholesalers	5,529	1.2	2.7	5,550	1.1	2.7
Industrial Machinery and Equipment Merchant Wholesalers	9,071	2.0	4.5	9,073	1.8	4.5

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

	Amortized Cost	Percentage of Total		Fair Value	Percentage of Total	
		Amortized Cost	Net Assets		Fair Value	Net Assets
Motor Vehicle Parts (Used) Merchant Wholesalers	\$ 23,005	5.0 %	11.3 %	\$ 23,052	4.5 %	11.3 %
Sporting and Recreational Goods and Supplies Merchant Wholesalers	8,179	1.8	3.9	699	0.1	0.2
Total debt and equity investments	\$ 382,361	83.4 %	187.7 %	\$ 431,898	85.6 %	212.0 %
Structured Finance Notes	74,951	16.6	36.8	75,201	14.4	36.9
Total investments	\$ 457,312	100.0 %	224.5 %	\$ 507,099	100.0 %	248.9 %

When there is reasonable doubt that principal, cash interest, or PIK interest will be collected, loan investments are placed on non-accrual status, and the Company will generally cease recognizing cash interest, PIK interest and/or Net Loan Fee amortization, as applicable. Interest accruals and Net Loan Fee amortization are resumed on non-accrual investments only when they are brought current with respect to principal, interest and when, in the judgment of management, the investments are estimated to be fully collectible as to all principal. The aggregate amortized cost and fair value of loans on non-accrual status with respect to all interest and Net Loan Fee amortization was \$18,888 and \$7,758, respectively, at March 31, 2022, and \$19,054 and \$7,726 respectively, at December 31, 2021.

#### Note 5. Fair Value of Financial Instruments

The Company's investments are carried at fair value as determined by the Board. These fair values are determined in accordance with a documented valuation policy and a consistently applied valuation process.

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 the subject 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. If the asset or liability has a specified term, a Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 inputs include: (i) quoted prices for similar assets or liabilities in active markets; (ii) quoted prices for identical or similar assets or liabilities in markets that are not active; (iii) inputs other than quoted prices that are observable for the asset or liability; and (iv) inputs that are derived principally from or corroborated by observable market data.

*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 significant judgment or estimation by management. 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 2 and Level 3 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. A senior security with a fair value of \$6,773 was transferred from Level 3 to Level 2 during the three months ended March 31, 2022. Senior securities with a fair value of \$899 were transferred from Level 3 to Level 2 during the three months ended March 31, 2021. Transfers from Level 3 to Level 2 during the March 31, 2022 and 2021 reporting periods, were due to availability of reliable Indicative Prices in those periods.

**OFS Capital Corporation and Subsidiaries**

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

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. The Company's investments are subject to market risk, which is the potential for changes in the value due to market changes. Market risk is directly impacted by the volatility and liquidity in the markets in which the investments are traded.

The following tables present the Company's investment portfolio measured at fair value on a recurring basis as of March 31, 2022, and December 31, 2021:

<b>Security</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Fair Value at March 31, 2022</b>
Debt investments	\$ —	\$ 69,105	\$ 301,565	\$ 370,670
Equity investments	—	—	95,867	95,867
Structured Finance Notes	—	—	90,377	90,377
	<u>\$ —</u>	<u>\$ 69,105</u>	<u>\$ 487,809</u>	<u>\$ 556,914</u>

<b>Security</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Fair Value at December 31, 2021</b>
Debt investments	\$ —	\$ 65,591	\$ 279,056	\$ 344,647
Equity investments	—	—	87,251	87,251
Structured Finance Notes	—	—	75,201	75,201
	<u>\$ —</u>	<u>\$ 65,591</u>	<u>\$ 441,508</u>	<u>\$ 507,099</u>

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

The following tables provide quantitative information about valuation techniques and the Company's significant inputs to the Company's Level 3 fair value measurements as of March 31, 2022 and December 31, 2021. In addition to the techniques and inputs noted in the tables below, according to the Company's valuation policy, the Company may also use other valuation techniques and methodologies when determining the Company's fair value measurements. The table below provides information on the significant Level 3 inputs as they relate to the Company's fair value measurements.

	Fair Value at March 31, 2022	Valuation technique	Unobservable inputs	Range (Weighted average)
<b>Debt investments:</b>				
Senior secured	\$ 242,154	Discounted cash flow	Discount rates	7.80% - 14.49% (10.03%)
Senior secured	10,963	Market approach	EBITDA multiples	6.80x - 6.80x (6.80x)
Senior secured	7,322	Market approach	Revenue multiples	0.70x - 0.70x (0.70x)
Senior secured	31,773	Market approach	Transaction Price	
Subordinated	8,917	Discounted cash flow	Discount rates	19.30% - 19.30% (19.30%)
Subordinated	436	Market approach	Revenue multiples	0.25x - 0.25x (0.25x)
<b>Structured Finance Notes</b>				
Subordinated notes <sup>(1)</sup>	53,966	Discounted cash flow	Discount rates	13.00% - 22.00% (16.19%)
			Constant default rate <sup>(2)</sup>	2.00% - 2.00% (2.00%)
			Constant default rate <sup>(3)</sup>	2.00% - 2.00% (2.00%)
			Recovery rate	65.00% - 65.00% (65.00%)
Subordinated notes	3,085	Market approach	Net asset value liquidation <sup>(4)</sup>	
Mezzanine debt	2,754	Discounted cash flow	Discount margin	7.25% - 9.10% (8.11%)
			Constant Default Rate <sup>(2)</sup>	2.00% - 3.00% (2.36%)
			Constant Default Rate <sup>(3)</sup>	2.00% - 3.00% (2.36%)
			Recovery rate	65.00% - 65.00% (65.00%)
Mezzanine debt	13,572	Market approach	Transaction Price	
Loan Accumulation Facility	17,000	Market approach	Transaction Price	
<b>Equity investments:</b>				
Preferred equity	4,959	Market approach	EBITDA multiples	7.00x - 7.00x (7.00x)
Preferred equity	1,236	Market approach	Revenue multiples	0.25x - 3.25x (1.66x)
Common equity, warrants and other	87,160	Market approach	EBITDA multiples	5.00x - 12.00x (9.02x)
Common equity, warrants and other	1,222	Market approach	Revenue multiples	0.25x - 1.11x (1.11x)
Common equity, warrants and other	1,290	Market approach	Transaction Price	
	<u>\$ 487,809</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) Constant default rates for the six months ending September 30, 2022.

(3) Constant default rates for the period between September 30, 2022 and the assumed optional redemptions of the instruments.

(4) Net asset value liquidation represents the fair value, or estimated expected residual value, of the subordinated note that has been optionally redeemed.

**OFS Capital Corporation and Subsidiaries**

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

	Fair Value at December 31, 2021	Valuation technique	Unobservable inputs	Range (Weighted average)
<b>Debt investments:</b>				
Senior secured	\$ 178,382	Discounted cash flow	Discount rates	6.47% - 12.32% (9.25%)
Senior secured	11,632	Market approach	EBITDA multiples	7.09x - 7.09x (7.09x)
Senior secured	7,027	Market approach	Revenue multiples	0.74x - 0.74x (0.74x)
Senior secured	64,072	Market approach	Transaction Price	
Subordinated	17,244	Discounted cash flow	Discount rates	15.90% - 17.49% (16.65%)
Subordinated	699	Market approach	Revenue multiples	0.28x - 0.28x (0.28x)
<b>Structured Finance Notes:</b>				
Subordinated notes <sup>(1)</sup>	63,922	Discounted cash flow	Discount rates	8.00% - 16.00% (12.39%)
			Constant default rate <sup>(2)</sup>	0.00% - 2.00% (1.77%)
			Constant default rate <sup>(3)</sup>	2.00% - 2.00% (2.00%)
			Recovery rate	60.00% - 60.00% (60.00%)
Mezzanine debt	2,779	Discounted cash flow	Discount margin	7.10% - 8.95% (7.91%)
			Constant default rate <sup>(2)</sup>	2.00% - 3.00% (2.36%)
			Constant default rate <sup>(3)</sup>	2.00% - 3.00% (2.36%)
			Recovery rate	60.00% - 60.00% (60.00%)
Loan accumulation facility	8,500	Market approach	Transaction Price	
<b>Equity investments:</b>				
Preferred equity	2,748	Market approach	EBITDA multiples	7.80x - 7.80x (7.80x)
Preferred equity	1,017	Market approach	Revenue multiples	0.15x - 3.00x (0.91x)
Common equity, warrants and other	83,478	Market approach	EBITDA multiples	4.50x - 12.00x (8.10x)
Common equity, warrants and other	8	Market approach	Revenue multiples	0.15x - 3.00x (0.15x)
	<u>\$ 441,508</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) Constant default rates for the six months ending June 30, 2022.

(3) Constant default rates for the period between June 30, 2022 and the assumed optional redemptions of the instruments.

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 EBITDA 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 EBITDA 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 EBITDA and/or EBITDA multiples, and in inverse relation to changes in the discount rate. Due to the wide range of 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 months ended March 31, 2022 and March 31, 2021:

	<b>Three Months Ended March 31, 2022</b>					
	<b>Senior Secured Debt Investments</b>	<b>Subordinated Debt Investments</b>	<b>Preferred Equity</b>	<b>Common Equity, Warrants and Other</b>	<b>Structured Finance Notes</b>	<b>Total</b>
Level 3 assets, December 31, 2021	\$ 261,113	\$ 17,943	\$ 3,765	\$ 83,486	\$ 75,201	\$ 441,508
Net realized gains on investments	—	—	—	72	—	72
Net unrealized appreciation (depreciation) on investments	(319)	(424)	2,430	7,965	(3,449)	6,203
Amortization of Net Loan Fees	228	6	—	—	25	259
Accretion of interest income on Structured Finance Notes	—	—	—	—	2,282	2,282
Capitalized PIK interest and dividends	211	58	—	—	—	269
Amendment fees	(90)	—	—	—	—	(90)
Purchase and origination of portfolio investments	43,818	—	—	1,290	22,061	67,169
Proceeds from principal payments on portfolio investments	(5,976)	(8,230)	—	—	—	(14,206)
Sale and redemption of portfolio investments	—	—	—	(3,141)	—	(3,141)
Proceeds from distributions received from portfolio investments	—	—	—	—	(5,743)	(5,743)
Transfers out of Level 3	(6,773)	—	—	—	—	(6,773)
Level 3 assets, March 31, 2022	<u>\$ 292,212</u>	<u>\$ 9,353</u>	<u>\$ 6,195</u>	<u>\$ 89,672</u>	<u>\$ 90,377</u>	<u>\$ 487,809</u>



**OFS Capital Corporation and Subsidiaries**

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

	<b>Three Months Ended March 31, 2021</b>					
	<b>Senior Secured Debt Investments</b>	<b>Subordinated Debt Investments</b>	<b>Preferred Equity</b>	<b>Common Equity, Warrants and Other</b>	<b>Structured Finance Notes</b>	<b>Total</b>
Level 3 assets, December 31, 2020	\$ 284,078	\$ 15,067	\$ 11,543	\$ 52,984	\$ 56,425	\$ 420,097
Net unrealized appreciation (depreciation) on investments	4,726	(1,443)	721	1,282	(543)	4,743
Amortization of Net Loan Fees	524	6	—	—	28	558
Accretion of interest income on Structured Finance Notes	—	—	—	—	2,278	2,278
Capitalized PIK interest and dividends	404	112	47	—	—	563
Amendment fees	(97)	—	—	—	—	(97)
Purchase and origination of portfolio investments	32,569	—	—	—	6,163	38,732
Proceeds from principal payments on portfolio investments	(31,800)	—	—	—	—	(31,800)
Proceeds from distributions received from portfolio investments	—	—	—	—	(2,721)	(2,721)
Transfers out of Level 3	(899)	—	—	—	—	(899)
Level 3 assets, March 31, 2021	<u>\$ 289,505</u>	<u>\$ 13,742</u>	<u>\$ 12,311</u>	<u>\$ 54,266</u>	<u>\$ 61,630</u>	<u>\$ 431,454</u>

The net unrealized appreciation (depreciation) reported in the Company's consolidated statements of operations for the three months ended March 31, 2022 and 2021, attributable to the Company's Level 3 assets still held at those respective period ends was as follows:

	<b>Three Months Ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Senior secured debt investments	\$ (249)	\$ 4,078
Subordinated debt investments	(424)	(1,442)
Preferred equity	2,430	721
Common equity, warrants and other	9,649	1,282
Structured Finance Notes	(3,449)	(531)
Net unrealized appreciation on investments held	<u>\$ 7,957</u>	<u>\$ 4,108</u>

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

### Other Financial Assets and Liabilities

The Company provides disclosure of the fair value of financial instruments for which it is practical to estimate such value. The Company believes that the carrying amounts of its other financial instruments, such as cash, receivables and payables approximate the fair value of such items due to the short maturity of such financial instruments. The PWB Credit Facility and BNP Facility are variable rate instruments and fair value is approximately book value.

The following table sets forth carrying values and fair values of the Company's debt as of March 31, 2022 and December 31, 2021:

Description	As of March 31, 2022		As of December 31, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
PWB Credit Facility	\$ 3,250	\$ 3,250	\$ —	\$ —
BNP Facility	111,400	111,400	100,000	100,000
Unsecured Notes Due February 2026	121,934	116,687	121,774	123,130
Unsecured Notes Due October 2028	53,652	54,890	53,672	56,430
SBA-guaranteed debentures	50,553	50,617	69,365	73,011
Total debt	<u>\$ 340,789</u>	<u>\$ 336,844</u>	<u>\$ 344,811</u>	<u>\$ 352,571</u>

The following tables present the fair value measurements of the Company's debt and indicate the fair value hierarchy of the significant unobservable inputs utilized by the Company to determine such fair values as of March 31, 2022 and December 31, 2021:

Description	March 31, 2022			
	Level 1	Level 2	Level 3 <sup>(1)</sup>	Total
PWB Credit Facility	\$ —	\$ —	\$ 3,250	\$ 3,250
BNP Facility	—	—	111,400	111,400
Unsecured Notes Due February 2026	—	—	116,687	116,687
Unsecured Notes Due October 2028	54,890	—	—	54,890
SBA-guaranteed debentures	—	—	50,617	50,617
Total debt, at fair value	<u>\$ 54,890</u>	<u>\$ —</u>	<u>\$ 281,954</u>	<u>\$ 336,844</u>

Description	December 31, 2021			
	Level 1	Level 2	Level 3 <sup>(1)</sup>	Total
PWB Credit Facility	\$ —	\$ —	\$ —	\$ —
BNP Facility	—	—	100,000	100,000
Unsecured Notes Due February 2026	—	—	123,130	123,130
Unsecured Notes Due October 2028	56,430	—	—	56,430
SBA-guaranteed debentures	—	—	73,011	73,011
Total debt, at fair value	<u>\$ 56,430</u>	<u>\$ —</u>	<u>\$ 296,141</u>	<u>\$ 352,571</u>

(1) For Level 3 measurements, fair value is estimated by discounting remaining payments at current market rates for similar instruments at the measurement date and considering such factors as the legal maturity date.

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

## Note 6. Commitments and Contingencies

The Company has outstanding commitments to fund investments totaling \$44,763 and \$43,690 under various undrawn revolving and other credit facilities as of March 31, 2022 and December 31, 2021, respectively.

**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, 2022.

Additionally, the Company is subject to periodic inspection by regulators to assess compliance with applicable BDC regulations and SBIC I LP is subject to periodic inspections by the SBA.

**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:** The SBA debentures issued by SBIC I LP and other SBA regulations generally restrict assets held by SBIC I LP. On a stand-alone basis, SBIC I LP held \$188,400 and \$195,502 in assets at March 31, 2022 and December 31, 2021, respectively, which accounted for approximately 33% and 34% of the Company's total consolidated assets, respectively. These assets cannot be pledged under any debt obligation of the Company.

On February 28, 2022, SBIC I LP redeemed \$19,000 of SBA debentures that were contractually due March 1, 2025 and September 1, 2025. As of March 31, 2022, SBIC I LP had outstanding debentures totaling \$50,920, which bear a fixed interest rate of 2.87% and mature on March 1, 2025.

For the three months ended March 31, 2022 and 2021, 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,	
	2022	2021
Stated interest expense	\$ 451	\$ 769
Amortization of debt issuance costs	44	64
Total interest and debt financing costs	\$ 495	\$ 833
Cash paid for interest expense	\$ 1,002	\$ 1,553
Effective interest rate	3.12 %	3.47 %
Average outstanding balance	\$ 63,375	\$ 95,953

**BNP Facility:** Under the BNP Facility that matures on June 20, 2024, OFSCC-FS has up to \$150,000 of available credit, subject to borrowing base requirements, of which \$111,400 was drawn as of March 31, 2022. Borrowings under the BNP Facility bear interest of LIBOR plus an applicable spread, which is determined on the basis of industry-recognized portfolio company metrics at the time of funding. The Company also pays a non-usage fee depending on the size of the unused portion of the BNP Facility. The effective interest rate on the BNP Facility was 2.74% at March 31, 2022. The unused commitment under the BNP Facility was \$38,600 as of March 31, 2022.

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

For the three months ended March 31, 2022 and 2021, 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,	
	2022	2021
Stated interest expense	\$ 616	\$ 395
Amortization of debt issuance costs	67	55
Total interest and debt financing costs	\$ 683	\$ 450
Cash paid for interest expense	\$ 585	\$ 397
Effective interest rate	2.56 %	5.77 %
Average outstanding balance	\$ 106,850	\$ 31,183

**PWB Credit Facility:** As of March 31, 2022, the Company had up to \$25,000 of available credit under the PWB Credit Facility, subject to borrowing base requirements, of which \$3,250 was drawn. Borrowings under the PWB Credit Facility bear interest at a variable rate of the Prime Rate plus a 0.25% margin, with a 4.00% floor, and includes an unused commitment fee for any unused portion in excess of \$15,000, payable monthly in arrears, equal to 0.50% per annum on any unused portion. As of March 31, 2022, the stated interest rate of the PWB Credit Facility was 4.00%. The effective interest rate on the PWB Credit Facility was 5.54% at March 31, 2022. As of March 31, 2022 the unused commitment under the PWB Credit Facility was \$21,750.

On April 22, 2022, the Company amended the BLA to: (i) increase the maximum amount available under the PWB Credit Facility from \$25,000 to \$35,000; and (ii) extend the maturity date of the PWB Credit Facility from February 28, 2023 to February 28, 2024.

For the three months ended March 31, 2022 and 2021, the components of interest expense, cash paid for interest, average interest rates and average outstanding balances for the PWB Credit Facility were as follows:

	Three Months Ended March 31,	
	2022	2021
Stated interest expense <sup>(1)</sup>	\$ 18	\$ 40
Amortization of debt issuance costs	—	—
Total interest and debt financing costs	\$ 18	\$ 40
Cash paid for interest expense	\$ 18	\$ 30
Effective interest rate	14.23 %	7.11 %
Average outstanding balance	\$ 506	\$ 2,249

(1) For the three months ended March 31, 2022 and 2021, stated interest expense included unused fees of \$13 and \$10, respectively.

**Unsecured Notes:** As of March 31, 2022, the Company had outstanding Unsecured Notes with an aggregate outstanding principal of \$180,000. The Unsecured Notes are scheduled to mature between February 2026 and October 2028 and bear fixed interest rates between 4.75% and 4.95%. At March 31, 2022, the weighted average effective interest rate on the Unsecured Notes was 5.37%.

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 PWB Credit Facility.

**OFS Capital Corporation and Subsidiaries**

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

For the three months ended March 31, 2022 and 2021, the components of interest expense, cash paid for interest, average interest rates and average outstanding balances for the Unsecured Notes were as follows:

	<b>Three Months Ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Stated interest expense	\$ 2,165	\$ 3,175
Amortization of debt issuance costs	263	327
Total interest and debt financing costs	\$ 2,428	\$ 3,502
Cash paid for interest expense	\$ 3,672	\$ 3,715
Effective interest rate	5.40 %	6.32 %
Average outstanding balance	\$ 180,000	\$ 221,789

The following table shows the scheduled maturities of the principal balances of the Company's outstanding borrowings as of March 31, 2022:

	<b>Payments due by period</b>				
	<b>Total</b>	<b>Less than year</b>	<b>1-3 years</b>	<b>4-5 years</b>	<b>After 5 years</b>
PWB Credit Facility <sup>(1)</sup>	\$ 3,250	\$ 3,250	\$ —	\$ —	\$ —
Unsecured Notes	180,000	—	—	125,000	55,000
SBA Debentures	50,920	—	50,920	—	—
BNP Facility	111,400	—	111,400	—	—
Total	<u>\$ 345,570</u>	<u>\$ 3,250</u>	<u>\$ 162,320</u>	<u>\$ 125,000</u>	<u>\$ 55,000</u>

(1) The PWB Credit Facility was amended on April 22, 2022 to among other things, modify the scheduled maturity to February 28, 2024.

For the three months ended March 31, 2022 and 2021, the average dollar borrowings and weighted average effective interest rate on the Company's outstanding borrowings were as follows:

	<b>Three Months Ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Average dollar borrowings	\$ 350,731	\$ 351,174
Weighted average effective interest rate	4.19 %	5.57 %

## 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 months ended March 31, 2022 and 2021:

	Three Months Ended March 31,	
	2022	2021
<b>Per share operating performance:</b>		
Net asset value per share at beginning of period	\$ 15.18	\$ 11.85
Net investment income <sup>(4)</sup>	0.22	0.19
Net realized gain on investments, net of taxes	0.02	0.02
Net unrealized appreciation on investments, net of taxes	0.39	0.28
Loss on extinguishment of debt <sup>(4)</sup>	(0.01)	(0.17)
Total from operations	0.62	0.32
Distributions	(0.28)	(0.20)
Issuance of common stock <sup>(8)</sup>	—	(0.02)
<b>Net asset value per share at end of period</b>	<b>\$ 15.52</b>	<b>\$ 11.95</b>
Per share market value, end of period	\$ 13.00	\$ 8.78
Total return based on market value <sup>(1)(7)</sup>	21.8 %	25.6 %
Total return based on net asset value <sup>(2)(7)</sup>	4.4 %	3.2 %
Shares outstanding at end of period	13,425,429	13,411,962
Weighted average shares outstanding	13,422,447	13,409,033
<b>Ratio/Supplemental Data (dollar amounts in thousands)</b>		
Average net asset value <sup>(3)</sup>	\$ 206,065	\$ 159,713
Net asset value at end of period	\$ 208,386	\$ 160,470
Net investment income	\$ 3,005	\$ 2,550
Ratio of total expenses to average net assets <sup>(5)</sup>	15.4 %	19.9 %
Ratio of total expenses and loss on extinguishment of debt to average net assets <sup>(5)</sup>	15.5 %	25.6 %
Ratio of net investment income to average net assets <sup>(5)</sup>	5.8 %	6.4 %
Ratio of loss on extinguishment of debt to average net assets <sup>(7)</sup>	0.1 %	1.4 %
Portfolio turnover <sup>(6)</sup>	5.4 %	11.4 %

- (1) Calculated as ending market value less beginning market value, adjusted for distributions reinvested at prices based on the Company's dividend reinvestment plan for the respective distributions.
- (2) Calculated as ending net asset value less beginning net asset value, adjusted for distributions reinvested at the Company's dividend reinvestment plan for the respective distributions.
- (3) Based on the average of the net asset value at the beginning and end of the indicated period and if applicable the preceding calendar quarters.
- (4) Calculated on the average share method.
- (5) Annualized.
- (6) Portfolio turnover rate is calculated using the lesser of period-to-date sales, Structured Finance Note distributions and principal payments or period-to-date purchases over the average of the invested assets at fair value.
- (7) Not annualized.
- (8) Common stock issued through DRIP.

### Note 9. Capital Transactions

**Distributions:** The Company intends to distribute to stockholders, on a quarterly basis, substantially all of its net investment income. In addition, although the Company intends to distribute at least annually net realized capital gains, net of taxes if any,

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

out of assets legally available for such distribution, the Company may also retain such capital gains for investment through a deemed distribution.

The Company may be limited in its ability to make distributions due to the BDC asset coverage requirements of the 1940 Act. The Company's ability to make distributions may be affected by SBIC I LP's distributions to the Company, which are governed by SBA regulations and may require the prior approval of the SBA. In addition, distributions from OFSCC-FS to the Company are restricted by the terms and conditions of the BNP Facility. Net assets of SBIC I LP were \$137,636, and consolidated cash at March 31, 2022 includes \$5,199 held by SBIC I LP, all of which was available for distribution to the Company. Net Assets of OFSCC-FS were \$75,085, and consolidated cash at March 31, 2022 includes \$2,269 held by OFSCC-FS, of which \$-0- was available for distribution to the Company.

The following table summarizes distributions declared and paid for the three months ended March 31, 2022 and 2021:

Date Declared	Record Date	Payment Date	Amount Per Share	Cash Distribution	DRIP Shares Issued	DRIP Shares Value
<b>Three Months Ended March 31, 2021</b>						
March 2, 2021	March 24, 2021	March 31, 2021	\$ 0.20	\$ 2,655	3,103	\$ 27
<b>Three Months Ended March 31, 2022</b>						
March 1, 2022	March 24, 2022	March 31, 2022	\$ 0.28	\$ 3,719	3,016	\$ 39

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 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 the Company's distributions for a 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 \$10.0 million of its outstanding common stock. On May 3, 2022, the Board extended the Stock Repurchase Program for an additional two-year period ending May 22, 2024, or until the approved dollar amount has been used to repurchase shares.

The following table summarizes shares of common stock repurchased under the Stock Repurchase Program during the three months ended March 31, 2022 and 2021, respectively.

Period	Total Number of Shares Purchased	Cost of Shares Purchased	Average Price Paid Per Share
<b>Three Months Ended March 31, 2021</b>			
January 1, 2021 through March 31, 2021	700	\$ 5	\$ 6.70
<b>Three Months Ended March 31, 2022</b>			
January 1, 2022 through March 31, 2022	—	\$ —	\$ —

**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 Month Period Ended March 31, 2022

Name of Portfolio Company	Investment Type (1)	Net Realized Gain (Loss)	Net change in unrealized appreciation/(depreciation)	Interest & PIK Interest	Dividends	Fees	Total Income (2)	December 31, 2021, Fair Value	Gross Additions (3)	Gross Reductions (4)	March 31, 2022, Fair Value (5)
<b>Control Investment</b>											
MTE Holding Corp.	Subordinated Loan	\$ —	\$ —	\$ 141	\$ —	\$ 6	\$ 147	\$ 8,195	\$ 35	\$ (8,230)	\$ —
	Common Equity	278	(1,684)	—	45	—	45	4,753	—	(4,753)	—
		278	(1,684)	141	45	6	192	12,948	35	(12,983)	—
<b>Total Control Investment</b>		278	(1,684)	141	45	6	192	12,948	35	(12,983)	—
<b>Affiliate Investments</b>											
Contract Datascan Holdings, Inc.	Preferred Equity	—	2,195	—	—	—	—	2,748	2,195	—	4,943
	Common Equity (6)	—	184	—	—	—	—	25	184	—	209
		—	2,379	—	—	—	—	2,773	2,379	—	5,152
DRS Imaging Services, LLC	Common Equity (6)	—	(67)	—	—	—	—	1,289	—	(67)	1,222
Master Cutlery, LLC	Subordinated Loan (6)	—	(263)	—	—	—	—	699	—	(263)	436
	Preferred Equity (6)	—	—	—	—	—	—	—	—	—	—
	Common Equity (6)	—	—	—	—	—	—	—	—	—	—
		—	(263)	—	—	—	—	699	—	(263)	436
Pfanstiehl Holdings, Inc	Common Equity	—	9,568	—	—	—	—	65,740	9,568	—	75,308
TalentSmart Holdings, LLC	Common Equity (6)	—	39	—	—	—	—	1,095	39	—	1,134
TRS Services, Inc.	Preferred Equity (6)	—	136	—	—	—	—	988	136	—	1,124
	Common Equity (6)	—	—	—	—	—	—	—	—	—	—
		—	136	—	—	—	—	988	136	—	1,124
<b>Total Affiliate Investments</b>		—	11,792	—	—	—	—	72,584	12,122	(330)	84,376
<b>Total Control and Affiliate Investments</b>		<u>\$ 278</u>	<u>\$ 10,108</u>	<u>\$ 141</u>	<u>\$ 45</u>	<u>\$ 6</u>	<u>\$ 192</u>	<u>\$ 85,532</u>	<u>\$ 12,157</u>	<u>\$ (13,313)</u>	<u>\$ 84,376</u>



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

- (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 months ended March 31, 2022, during which an investment was included in the Control Investment or Affiliate Investment categories.
- (3) Gross additions include increases in cost basis of investments resulting from a new portfolio investment, PIK interest, fees and dividends; accretion of OID, and net increases in unrealized appreciation or decreases in net depreciation.
- (4) Gross reductions include decreases in the cost basis of investments resulting from principal repayments and sales, if any, and net decreases in net unrealized appreciation or net increases in net depreciation.
- (5) Fair value was determined using significant unobservable inputs. See **Note 5** for further details.
- (6) Non-income producing.

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

**Note 11. Subsequent Events**

On April 22, 2022, the Company amended the BLA to: (i) increase the maximum amount available under the PWB Credit Facility from \$25,000 to \$35,000; and (ii) extend the maturity date of the PWB Credit Facility from February 28, 2023 to February 28, 2024.

On May 3, 2022, the Board declared a distribution of \$0.29 per share for the second quarter of 2022, payable on June 30, 2022 to stockholders of record as of June 23, 2022.

On May 3, 2022, the Board extended the Stock Repurchase Program for an additional two-year period ending May 22, 2024, or until the approved dollar amount has been used to repurchase shares.

## 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, 2021.

### Overview

Key performance metrics are presented below:

	March 31, 2022	December 31, 2021
Net asset value per common share	\$ 15.52	\$ 15.18
	Three Months Ended	
	March 31, 2022	December 31, 2021
Net investment income per common share	\$ 0.22	\$ 0.33
Net increase in net assets resulting from operations per common share	0.62	1.27
Distributions paid per common share	0.28	0.25

Our NAV per common share increased 2.2% to \$15.52 at March 31, 2022 from \$15.18 at December 31, 2021, primarily due to net gains on our investment portfolio of \$5.5 million, or \$0.41 per common share. For the quarter ended March 31, 2022, net gains were primarily related to unrealized appreciation on our equity investments.

For the quarter ended March 31, 2022, net investment income per share decreased \$0.11 compared to the prior quarter, primarily due to a \$0.20 per share, or \$2.6 million, decrease in dividend and fee income, which can vary from quarter to quarter based on investment activity. Interest income also decreased as our portfolio's weighted-average performing income yield decreased to 9.0% for the quarter ended March 31, 2022 compared to 11.1% for the quarter ended December 31, 2021, primarily due to the redeployment of payoffs into lower-yielding senior secured loans. Net investment income included an accrued Capital Gains Fee expense of \$1.1 million, or \$0.08 per share, that is deferred and not due to OFS Advisor until the close of the year in which such gains are realized. Incentive fees on unrealized appreciation are subject to reversal should such unrealized appreciation diminish prior to realization. As of March 31, 2022, there was no Capital Gains Fee contractually due and payable under the terms of the Investment Advisory Agreement.

For the quarter ended March 31, 2022, our weighted-average debt interest costs decreased to 4.2% compared to 4.6% for the quarter ended December 31, 2021, primarily due to the redemption of \$79.25 million of Unsecured Notes in November 2021 which bore fixed interest rates of 6.25% and 5.95%, respectively, and the issuance of \$55.0 million of new Unsecured Notes which bear a fixed interest rate of 4.95%. As of March 31, 2022, approximately 67% of our debt was fixed rate and matures in 2025 and beyond.

On May 3, 2022, the Board declared a distribution of \$0.29 per share for the second quarter of 2022, payable on June 30, 2022 to stockholders of record as of June 23, 2022.

As of March 31, 2022 and December 31, 2021, floating rate loans at fair value, excluding Structured Finance Notes, comprised 93% and 92% of our debt portfolio, respectively. Structured Finance Notes generally do not carry a stated rate of interest, but the loan portfolios underlying these investments are generally variable rate debt.

During the three months ended March 31, 2022, our portfolio experienced net gains of \$5.5 million, or \$0.41 per share, principally due to a \$10.0 million, or 3.1%, increase in the fair values of our directly originated debt and equity investments. The net appreciation in our directly originated investments was primarily attributable to a \$9.6 million increase in fair value on our common equity in Pfanstiehl Holdings, Inc., as well as a \$2.4 million increase on our equity investments in Contract Datascan Holdings, Inc., in each case, as a result of improved operating results. Pfanstiehl Holdings, Inc., a global manufacturer of high-purity pharmaceutical ingredients, accounted for 13.5% of our portfolio at fair value, and 36.1% of our consolidated net assets as of March 31, 2022. During the first quarter, we experienced unrealized losses of \$1.0 million and \$3.4 million on our broadly syndicated loans and Structured Finance Notes, respectively, primarily due to widening of liquid credit market spreads.

As of March 31, 2022, we have unfunded commitments of \$44.8 million to 16 portfolio companies. During the three months ended March 31, 2022, we purchased Structured Finance Notes for a cost of \$22.1 million and funded \$48.1 million in new and existing Portfolio Company Investments.

At March 31, 2022, our asset coverage ratio of 171% exceeded the minimum asset coverage requirements under the 1940 Act, and we remained in compliance with all applicable covenants under our outstanding debt facilities. As of March 31, 2022, we had an unused commitment of \$21.8 million under our PWB Credit Facility, as well as an unused commitment of \$38.6 million under our BNP Facility, both subject to a borrowing base and other covenants. Based on our portfolio's fair value and our equity capital at March 31, 2022, we could access all unused commitments under our credit facilities and remain in compliance with our asset coverage requirements. On April 22, 2022, we amended the BLA, to among other things, increase the maximum amount available under the PWB Credit Facility from \$25.0 million to \$35.0 million. We continue to believe that we have sufficient levels of liquidity to support our existing portfolio companies and expect to continue to selectively deploy capital in new investment opportunities in this challenging environment.

Our financial condition, including the fair value of our portfolio investments, and results of operations may be materially impacted after March 31, 2022 by circumstances and events that are not yet known. To the extent our portfolio investments are adversely impacted by the COVID-19 pandemic, the conflict between Russia and Ukraine, or by other factors, we may experience a material adverse impact on our future net investment income, the underlying value of our investments, our financial condition and the financial condition of our portfolio investments.

We are also subject to financial risks, including changes in market interest rates. As of March 31, 2022, approximately \$349 million (aggregate principal amount) of our debt investments bore interest at variable rates, which are generally LIBOR-based but will transition away from LIBOR to any one of the various alternative reference rates, and many of which are subject to reference-rate floors. We have prepared and planned for the transition away from LIBOR, incorporating alternate reference rates to be used in our credit agreements and making other preparations, and believe the impact on us from the transition will be minimal. However, it is not possible to predict the effect of these developments, and any future initiatives to regulate, reform or change the manner of administration of LIBOR could result in adverse consequences to the rate of interest payable and receivable on, market value of and market liquidity for LIBOR-based financial instruments. Additionally, as of March 16, 2022, the U.S. Federal Reserve approved an interest rate increase and signaled that additional increases are likely. As of March 31, 2022, the majority of our variable rate debt investments have base rate floors. However, there may be disputes between market participants regarding the interpretation and enforceability of provisions related to the economic floors in our LIBOR-based investments (or lack thereof), which may result in a loss or degradation of floor protection in the case of a transition from LIBOR to any one of the various alternative reference rates.

#### **Critical Accounting Policies and Significant Estimates**

Our critical accounting policies and estimates are those relating to revenue recognition and fair value estimates. Management has discussed the development and selection of each critical accounting policy and estimate with the Audit Committee of the Board. For descriptions of our revenue recognition and fair value policies, see "Item 8. Financial Statements - Notes to Financial Statements - Note 2" and "Management's Discussion and Analysis - Critical Accounting Policies and Significant Estimates" in our Annual Report on Form 10-K for the year ended December 31, 2021.

**Fair value estimates.** In 2020, the SEC issued a final rule modifying Rule 2a-5 under the 1940 Act to establish requirements for determining fair value in good faith for purposes of the 1940 Act. We are evaluating the impact of adopting Rule 2a-5 on the consolidated financial statements and intend to comply with the new rule's requirements on or before the compliance date in September 2022.

The following table illustrates the impact of our fair value measures if we selected the low or high end of the range of values for all investments at March 31, 2022 (dollar amounts in thousands):

Investment Type	Fair Value at March 31, 2022	Range of Fair Value	
		Low-end	High-end
Debt investments:			
Senior secured	\$ 361,317	\$ 357,902	\$ 364,709
Subordinated	9,353	8,867	9,839
Structured Finance Notes:			
Subordinated notes	57,051	54,822	59,282
Mezzanine debt	16,326	16,286	16,365
Loan accumulation facilities	17,000	17,000	17,000
Equity investments:			
Preferred equity	6,195	5,743	6,598
Common equity, warrants and other	89,672	84,316	95,064
	<u>\$ 556,914</u>	<u>\$ 544,936</u>	<u>\$ 568,857</u>

### 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 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—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—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 affiliated with OFS Advisor, so long as its services to us are not impaired. OFS Advisor also serves as the investment adviser to CLO funds and other assets, including HPCI and OCCI. Additionally, OFS Advisor provides sub-advisory services to 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. Additionally, OFS Advisor serves as sub-adviser to 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.

Effective January 1, 2021 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 (excluding cash) 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. This agreement was most recently renewed for the 2022 calendar year on February 4, 2022.

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 the Order, which superseded a previous order we received on October 12, 2016 and provides us with greater flexibility to enter into co-investment transactions with Affiliated Funds. We are generally permitted to co-invest with Affiliated Funds if 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 transactions, 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 amendment to our existing Order to permit us to continue 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 company, subject to certain conditions. However, if filed, there is no guarantee that such amendment 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 — Conflicts of Interest", "Item 1A. Risk Factors — Risks Related to OFS Advisor and its 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" and "Item 1A. Risk Factors — Regulations — Conflicts of Interest - Conflicts Related to Portfolio Investments" in our Annual Report on Form 10-K for the year ended December 31, 2021.

## Portfolio Composition and Investment Activity

### *Portfolio Composition*

As of March 31, 2022, the fair value of our debt investment portfolio totaled \$370.7 million in 63 portfolio companies, of which 97% and 3% were senior secured loans and subordinated loans, respectively. As of March 31, 2022, we had equity investments in 17 portfolio companies with a fair value of approximately \$95.9 million. We also have 20 investments in Structured Finance Notes with a fair value of \$90.4 million. We had unfunded commitments of \$44.8 million to 16 portfolio companies at March 31, 2022. Set forth in the tables and charts below is selected information with respect to our portfolio as of March 31, 2022 and December 31, 2021.

The following table presents our investment portfolio by each wholly owned legal entity within the consolidated group as of March 31, 2022 and December 31, 2021 (dollar amounts in thousands):

	March 31, 2022		December 31, 2021	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
OFS Capital Corporation (Parent)	\$ 184,827	\$ 174,071	\$ 157,190	\$ 150,254
SBIC I LP	114,351	182,546	125,584	183,524
OFSCC-FS	197,897	195,671	171,101	170,132
OFSCC-MB	4,726	4,626	3,437	3,189
Total investments	<u>\$ 501,801</u>	<u>\$ 556,914</u>	<u>\$ 457,312</u>	<u>\$ 507,099</u>

The following table presents our ten largest debt and equity investments by portfolio company based on fair value as of March 31, 2022 (dollar amounts in thousands):

	Amortized Cost	Fair Value	% of Total Portfolio, at Fair Value
Pfanstiehl Holdings, Inc.	\$ 217	\$ 75,308	13.5 %
All Star Auto Lights, Inc.	22,970	23,187	4.2 %
Milrose Consultants, LLC	22,776	22,432	4.0 %
Kreg LLC	20,212	20,129	3.6 %
SourceHOV Tax, Inc.	19,594	19,740	3.5 %
The Escape Game, LLC	17,224	17,305	3.1 %
Tolemar Acquisition, Inc.	16,569	16,836	3.0 %
Inergex Holdings, LLC	15,429	15,729	2.8 %
SSJA Bariatric Management, LLC	13,376	13,456	2.4 %
Envocore Holding, LLC (F/K/A LRI Holding, LLC)	17,716	10,963	2.0 %
Total	<u>\$ 166,083</u>	<u>\$ 235,085</u>	<u>42.1 %</u>

### Portfolio Yields

The following table presents weighted-average yields metrics for our portfolio as of March 31, 2022 and December 31, 2021:

	For the Three Months Ended	
	March 31, 2022	December 31, 2021
Weighted-average performing current yield <sup>(1)</sup> :		
Debt investments	7.5 %	9.2 %
Structured Finance Notes	14.2 %	15.5 %
Interest-bearing investments	8.8 %	10.3 %
Weighted-average performing income yield <sup>(2)</sup> :		
Debt investments	7.7 %	10.2 %
Structured Finance Notes	14.3 %	15.5 %
Interest-bearing investments	9.0 %	11.1 %
Weighted-average realized yield:		
Interest-bearing investments <sup>(3)</sup>	8.6 %	10.4 %
Total portfolio <sup>(4)</sup>	8.2 %	9.9 %

- (1) Current yield is calculated as (a) the actual amount earned on performing investments, including interest and prepayment fees but excluding amortization of Net Loan Fees, divided by (b) the weighted-average of total performing investments amortized cost.
- (2) Income yield is calculated as (a) the actual amount earned on performing investments, including interest and prepayment fees and amortization of Net Loan Fees, divided by (b) the weighted-average of total performing investment amortized cost.
- (3) Realized yield is computed as (a) the actual amount earned on interest-bearing investments, including interest, prepayment fees and Net Loan Fees, divided by (b) the weighted-average of total interest-bearing investments amortized cost, in each case, including debt investments in non-accrual status and non-income producing Structured Finance Notes.
- (4) Realized yield is computed as (a) the actual amount earned on all investments including interest, dividends and prepayment fees, amortization of Net Loan Fees, and dividends received divided by (b) the weighted-average of total investments amortized cost or cost.

For the three months ended March 31, 2022, the decrease in the weighted-average portfolio yields compared to the prior quarter were primarily due to a decrease in prepayment fees and related fee accelerations on payoffs.

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, 2022 and December 31, 2021 (dollar amounts in thousands):

	<b>March 31, 2022</b>		<b>December 31, 2021</b>	
	<b>Amortized Cost</b>	<b>Fair Value</b>	<b>Amortized Cost</b>	<b>Fair Value</b>
Senior secured debt investments	\$ 371,941	\$ 361,317	\$ 336,132	\$ 326,704
Subordinated debt investments	13,906	9,353	22,071	17,943
Preferred equity	9,552	6,195	9,552	3,765
Common equity, warrants and other <sup>(1)</sup>	12,827	89,672	14,606	83,486
<b>Total Portfolio Company Investments</b>	<b>\$ 408,226</b>	<b>\$ 466,537</b>	<b>\$ 382,361</b>	<b>\$ 431,898</b>
Number of portfolio companies	75	75	70	70

(1) As of March 31, 2022, other investments represent equity participation right investments with an aggregate cost and fair value of \$4.7 million and \$8.0 million, respectively. As of December 31, 2021, other investments represent equity participation right investments with an aggregate cost and fair value of \$4.7 million and \$7.4 million, respectively.

At March 31, 2022, 97% and 65% of our loan portfolio and total portfolio, respectively, consisted of senior secured 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 COVID-19 pandemic.

As of March 31, 2022, the three largest industries of our Portfolio Company Investments by fair value, were (1) Manufacturing (25.5%), (2) Professional, Scientific, and Technical Services (14.1%) and (3) Health Care and Social Assistance (13.2%), totaling approximately 51.3% of our Portfolio Company Investment portfolio. For a full summary of our investment portfolio by industry, see "Item 1—Financial Statements—Note 4."

As of March 31, 2022, our common equity in Pfanstiehl Holdings, Inc. based on its fair value of \$75.3 million, \$75.1 million of which represents an unrealized gain, accounts for 13.5% of our total portfolio at fair value, or 36.1% of total net assets. Since December 31, 2021 and December 31, 2020, Pfanstiehl Holdings, Inc., a global manufacturer of high-purity pharmaceutical ingredients, has appreciated \$9.6 million and \$39.1 million, respectively, primarily due to improved operating results, as well as multiple expansion.



## Structured Finance Notes

The following table summarizes the composition of our Structured Finance Notes as of March 31, 2022, and December 31, 2021 (in thousands):

	March 31, 2022		December 31, 2021	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Subordinated notes	\$ 60,329	\$ 57,051	\$ 63,791	\$ 63,922
Mezzanine debt	16,246	16,326	2,660	2,779
Loan accumulation facilities	17,000	17,000	8,500	8,500
Total Structured Finance Notes	<u>\$ 93,575</u>	<u>\$ 90,377</u>	<u>\$ 74,951</u>	<u>\$ 75,201</u>

## Investment Activity

The following is a summary of our investment activity for the three months ended March 31, 2022 (dollar amounts in millions):

	Three Months Ended March 31, 2022
Investments in new Portfolio Companies	\$ 33.0
Investments in existing Portfolio Companies	15.1
Investments in Structured Finance Notes	22.1
Total investments	<u>\$ 70.2</u>
Proceeds from principal payments and equity distributions	\$ 19.6
Proceeds from investments sold or redeemed	3.1
Total proceeds from principal payments, equity distributions and investments sold	<u>\$ 22.7</u>

During the three months ended March 31, 2022, notable investments in new portfolio companies, included 24 Seven Holdco, LLC (\$8.9 million senior secured loan), Atlantis Holding, LLC (\$8.1 million senior secured loan) and Idera (\$4.0 million senior secured loan).

During the three months ended March 31, 2022, notable investments in existing portfolio companies, included BayMark Health Services, Inc. (\$2.8 million senior secured loan) and One GI LLC (\$2.0 million senior secured loans).

The following is a summary of our investment activity for the three months ended March 31, 2021 (dollar amounts in millions):

	Three Months Ended March 31, 2021
Investments in new Portfolio Companies	\$ 36.2
Investments in existing Portfolio Companies	26.1
Investments in Structured Finance Notes	6.2
Total investments	<u>\$ 68.5</u>
Proceeds from principal payments and equity distributions	\$ 48.6
Proceeds from investments sold or redeemed	0.6
Total proceeds from principal payments, equity distributions and investments sold	<u>\$ 49.2</u>

During the three months ended March 31, 2021, notable investments in new portfolio companies, included Allen Media, LLC (\$2.9 million senior secured loan), Confie Seguros Holding II Co. (\$2.9 million senior secured loan), Innovacare, Inc. (\$3.0 million senior secured loan), Ivanti Software, Inc. (\$3.0 million senior secured loan) and JP Intermediate B, LLC (\$3.8 million senior secured loan).

During the three months ended March 31, 2021, notable investments in existing portfolio companies, included Convergent Technologies Holdings, LLC (\$9.4 million senior secured loan), BayMark Health Services, Inc. (\$5.4 million senior secured loan) and Bass Pro Group, LLC (\$5.7 million senior secured loan).

### *Risk Monitoring*

We categorize direct investments in the debt securities of portfolio companies 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, 2021, filed on March 4, 2022. The following table shows the classification of our debt securities of portfolio companies, excluding Structured Finance Notes, by credit risk rating as of March 31, 2022 and December 31, 2021 (dollar amounts in thousands):

Risk Category	Debt Investments, at Fair Value			
	March 31, 2022		December 31, 2021	
1 (Low Risk)	\$ —	— %	\$ —	— %
2 (Below Average Risk)	—	—	—	—
3 (Average)	351,014	94.7	324,370	94.2
4 (Special Mention)	11,898	3.2	12,550	3.6
5 (Substandard)	7,322	2.0	7,027	2.0
6 (Doubtful)	436	0.1	699	0.2
7 (Loss)	—	—	—	—
	<u>\$ 370,670</u>	<u>100.0 %</u>	<u>\$ 344,646</u>	<u>100.0 %</u>

As of March 31, 2022, our risk ratings remained stable compared to December 31, 2021.

### *Non-Accrual Loans*

When there is reasonable doubt that principal, cash interest, or PIK interest will be collected, loan investments are placed on non-accrual status, and the Company will generally cease recognizing cash interest, PIK interest and/or Net Loan Fee amortization, as applicable. Interest accruals and Net Loan Fee amortization are resumed on non-accrual investments only when they are brought current with respect to principal, interest and when, in the judgment of management, the investments are estimated to be fully collectible as to all principal. No new loans were placed on non-accrual status during the three months ended March 31, 2022. The aggregate amortized cost and fair value of loans on non-accrual status with respect to all interest and Net Loan Fee amortization was \$18.9 million and \$7.8 million, respectively, at March 31, 2022, and \$19.1 million and \$7.7 million, respectively, at December 31, 2021.

### **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, 2021, filed on March 4, 2022. 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 Notes, which differs to some degree from our historical investment concentration, in that we now also focus on the debt of larger U.S. companies and Structured Finance Notes. Moreover, as a BDC and a RIC, we will also be subject to certain constraints on our operations, including, but not limited to, limitations imposed by the 1940 Act and the Code. In addition, SBIC I LP is subject to regulation and oversight by the SBA. 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, 2022 and December 31, 2021**

Consolidated operating results for the three months ended March 31, 2022 and December 31, 2021 are as follows (in thousands):

	Three Months Ended	
	March 31, 2022	December 31, 2021
<b>Investment income</b>		
Interest income:		
Cash interest income	\$ 7,013	\$ 7,739
PIK interest income	278	283
Net Loan Fee amortization	213	913
Accretion of interest income on Structured Finance Notes	2,282	2,547
Other interest income	2	—
Total interest income	9,788	11,482
Dividend income:		
Cash dividends	758	1,855
Total dividend income	758	1,855
Fee income:		
Syndication fees	257	1,455
Prepayment and other fees	143	475
Total fee income	400	1,930
<b>Total investment income</b>	10,946	15,267
<b>Total expenses</b>	7,941	10,837
Net investment income	3,005	4,430
<b>Net gain on investments</b>	5,500	14,722
Loss on extinguishment of debt	(144)	(2,068)
<b>Net increase in net assets resulting from operations</b>	<b>\$ 8,361</b>	<b>\$ 17,084</b>

Interest income by debt investment type for the three months ended March 31, 2022 and December 31, 2021 is summarized below (in thousands):

	Three Months Ended	
	March 31, 2022	December 31, 2021
Interest income:		
Senior secured debt investments	\$ 6,362	\$ 7,965
Subordinated debt investments	444	593
Structured Finance Notes	2,982	2,924
Total interest income	9,788	11,482
Less Net Loan Fees accelerations	(40)	(628)
Recurring interest income	<b>\$ 9,748</b>	<b>\$ 10,854</b>

**Investment Income**

For the three months ended March 31, 2022, total investment income of \$10.9 million decreased by \$4.3 million compared to the three months ended December 31, 2021, primarily due to a decrease of \$2.6 million in dividend and fee income.

Interest income decreased \$1.7 million during the three months ended March 31, 2022 compared to the prior quarter primarily due to a decrease in our portfolio's weighted-average performing income yield to 9.0% for the quarter ended March 31, 2022 compared to 11.1% for the quarter ended December 31, 2021, primarily due to the redeployment of payoffs into lower yielding senior secured loans.

During the three months ended March 31, 2022, we recognized dividend income of \$0.8 million, of which \$0.7 million related to a distribution from Southern Technical Institute, LLC.

Syndication fees, prepayment fees and the acceleration of Net Loan Fees are considered non-recurring and generally result from periodic transactions rather than from holding portfolio investments. Syndication fees, which are recognized when OFS Advisor sources, structures, and arranges the lending group, and for which we are additionally compensated, decreased to \$0.3 million for the three months ended March 31, 2022 compared to \$1.5 million for the three months ended December 31, 2021. Total fee income for the three months ended March 31, 2022 compared to the prior quarter, decreased from \$1.9 million to \$0.4 million primarily due to a \$1.2 million decrease in syndication fees.

### ***Expenses***

Operating expenses for the three months ended March 31, 2022 and December 31, 2021 are presented below (in thousands):

	<b>Three Months Ended</b>	
	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Interest expense	\$ 3,624	\$ 4,215
Management fee	2,020	2,009
Income Incentive Fee	—	1,543
Capital Gains Fee	1,072	1,814
Professional fees	407	440
Administration fee	451	416
Other expenses	367	400
Total expenses	<u>\$ 7,941</u>	<u>\$ 10,837</u>

Interest expense for the three months ended March 31, 2022 decreased \$0.6 million compared to the prior quarter primarily due to the issuance of the Unsecured Notes Due October 2028 that bear a fixed interest rate of 4.95% and the redemption of the Unsecured Notes Due October 2026 and Unsecured Notes Due September 2023, that bear interest rates of 5.95% and 6.25%, respectively.

Management fee expense for the three months ended March 31, 2022 remained stable compared to the prior quarter.

The incentive fees earned by OFS Advisor for the three months ended March 31, 2022 decreased \$2.3 million compared to the prior quarter, primarily due to pre-incentive fee net investment income not exceeding the performance hurdle for incentives in the three months ended March 31, 2022. For the three months ended March 31, 2022, the Company accrued a Capital Gains Fee of \$1.1 million due to an increase in unrealized capital gains, compared to an accrued Capital Gains Fee of \$1.8 million in the prior quarter. As of March 31, 2022, a deferred Capital Gains Fee of \$2,988 was included in the amounts payable to investment adviser and affiliates as listed on the consolidated statements of assets and liabilities.

For the three months ended March 31, 2022, professional fees, administration fees and other expenses remained stable compared to the prior quarter.

### ***Net realized and unrealized gain (loss) on investments***

Net gain (loss), inclusive of realized and unrealized gains (losses), by investment type for the three months ended March 31, 2022 and December 31, 2021, were as follows (in thousands):

	<b>Three Months Ended</b>	
	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Senior secured debt	\$ (1,198)	\$ 5,432
Subordinated debt	(424)	335
Preferred equity	2,391	3,556
Common equity, warrants and other	8,269	6,870
Structured Finance Notes	(3,449)	(658)
Income tax expense on net realized investment gains	(48)	(1,027)
Deferred income tax benefit (expense)	(41)	214
Total net gain on investments	<u>\$ 5,500</u>	<u>\$ 14,722</u>

### Net gain on investments for the three months ended March 31, 2022 and December 31, 2021

#### *Three months ended March 31, 2022*

Our portfolio experienced net gains of \$5.5 million in the first quarter of 2022, principally due to a \$10.0 million, or 3.1%, increase in the fair values of our directly originated debt and equity investments. During the first quarter of 2022, we experienced unrealized losses of \$1.0 million and \$3.4 million, respectively, on our broadly syndicated loans and Structured Finance Notes primarily due to widening of liquid credit market spreads.

Net gains on our common equity investments were primarily attributable to the \$9.6 million improvement in Pfanstiehl Holdings, Inc.

#### *Three months ended December 31, 2021*

During the three months ended December 31, 2021, net gain on investments of \$14.7 million was primarily due to unrealized appreciation of \$10.1 million on our common equity investment in Pfanstiehl Holdings, Inc. During the three months ended December 31, 2021, we sold our preferred equity investment in TTG Healthcare, LLC and realized a gain of \$5.8 million, of which \$4.6 million was recognized during the quarter.

### **Loss on Extinguishment of Debt**

#### *Three months ended March 31, 2022*

During the three months ended March 31, 2022, we redeemed \$19.0 million of SBA debentures and, as a result, we recognized losses on extinguishment of debt of \$0.1 million related to the charge-off of unamortized deferred borrowing costs on the redeemed debentures.

#### *Three months ended March 31, 2021*

During the three months ended March 31, 2021, we redeemed \$9.8 million of SBA debentures and \$98.5 million of Unsecured Notes and, as a result, we recognized losses on extinguishment of debt of \$2.3 million related to the charge-off of unamortized deferred borrowing costs on these instruments.

### **Non-GAAP Financial Measure – Adjusted Net Investment Income**

On a supplemental basis, we disclose adjusted net investment income (“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 from the date of the election to be a BDC through the reporting date is positive. Such fees are subject to further conditions specified in the Investment Advisory Agreement, principally related to the realization of such net gains, before OFS Advisor 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 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 three months ended March 31, 2022 and December 31, 2021 (dollar amounts in thousands, except per share data):

	Three Months Ended			
	March 31, 2022		December 31, 2021	
	(000's)	Per Share	(000's)	Per Share
Net investment income	\$ 3,005	\$ 0.22	\$ 4,430	\$ 0.33
Capital Gains Fee	1,072	0.08	1,814	0.14
Adjusted NII	\$ 4,077	\$ 0.30	\$ 6,244	\$ 0.47

For the quarter ended March 31, 2022, the Capital Gains Fee of \$1.1 million was primarily due to net unrealized appreciation of \$55.0 million on the investment portfolio, partially offset by cumulative net realized losses of \$40.1 million.

Although these non-GAAP financial measures are intended to enhance investors' understanding of our business and performance, these non-GAAP financial measures should not be considered an alternative to GAAP.

### Liquidity and Capital Resources

At March 31, 2022, we held cash of \$10.5 million, which includes \$5.2 million held by SBIC I LP, our wholly owned SBIC, and \$2.3 million held by OFSCC-FS. Our use of cash held by SBIC I LP may be restricted by SBA regulation, including limitations on the amount of cash SBIC I LP can distribute to the Parent. Any such distributions to the Parent from SBIC I LP are generally restricted under SBA regulations to a statutory measure of undistributed accumulated earnings ("READ") or regulatory capital of SBIC I LP. During the three months ended March 31, 2022, the Parent received a READ distribution from SBIC I LP of \$0.5 million. Distributions from OFSCC-FS to the Parent are restricted by the terms and conditions of the BNP Facility. During the three months ended March 31, 2022, the Parent received \$2.3 million in cash distributions from OFSCC-FS. As of March 31, 2022, cash available to be distributed from SBIC I LP and OFSCC-FS were \$5.2 million and \$-0-, respectively.

At March 31, 2022, we had an unused commitment of \$21.8 million under our PWB Credit Facility, as well as an unused commitment of \$38.6 million under our BNP Facility, both subject to a borrowing base requirements and other covenants. Based on fair values and equity capital at March 31, 2022, we could access all unused commitments under our credit facilities and remain in compliance with our asset coverage requirements. On April 22, 2022, we amended the PWB Credit Facility to, among other things, increase the maximum amount available from \$25.0 million to \$35.0 million.

As of May 2, 2022, we had cash on hand of approximately \$22.9 million. We continue to believe that we have sufficient levels of liquidity to support our existing portfolio companies and selectively deploy capital in new investment opportunities in this challenging environment.

The Parent may make unsecured loans to SBIC I LP, the aggregate which cannot exceed \$35 million at any given time, and no interest may be charged on the unpaid principal balance. There were no intercompany loans between the Parent and SBIC I LP as of March 31, 2022.

### Sources and Uses of Cash

We generate operating cash flows from net investment income and the net 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 Notes, 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 line of credit. These principal sources and uses of cash and liquidity are presented below (in thousands):

	Three Months Ended March 31,	
	2022	2021
Cash from net investment income <sup>(1)</sup>	\$ 428	\$ 761
Net (purchases and originations)/repayments and sales of portfolio investments <sup>(1)</sup>	(24,812)	5,062
Net cash provided by (used in) operating activities	(24,384)	5,823
Distributions paid to stockholders <sup>(2)</sup>	(3,719)	(2,655)
Net (borrowings) payments under lines of credit	14,650	(12,500)
Repayment of SBA debentures	(19,000)	(9,765)
Proceeds from unsecured notes offering, net of discounts	—	121,791
Redemption of unsecured notes	—	(98,525)
Other financing activities	(122)	(236)
Net cash used in financing activities	(8,191)	(1,890)
Increase (decrease) in cash	\$ (32,575)	\$ 3,933

- (1) Net purchases and originations/repayments and sales of portfolio investments includes 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 the excess of proceeds from distributions received from Structured Finance Notes over accretion of interest income on Structured Finance Notes. Cash from net investment income includes all other cash flows from operating activities reported in our statements of cash flows. Certain amounts in the prior year have been reclassified to conform with the current year presentation.

- (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 from net investment income decreased \$0.3 million for the three months ended March 31, 2022 compared to the three months ended March 31, 2021.

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

During the three months ended March 31, 2022, net purchases and originations of portfolio investments of \$24.8 million were primarily due to \$65.9 million of cash we used to purchase portfolio investments, offset by \$41.1 million of cash we received from amortized cost repayments, sales on our portfolio investments and the net proceeds from distributions received from Structured Finance Notes and accretion of interest income on Structured Finance Notes. During the three months ended March 31, 2021, net purchases and originations of portfolio investments of \$5.1 million were primarily due to \$44.0 million of cash we used to purchase portfolio investments, offset by \$49.1 million of cash we received from amortized cost repayments, sales on our portfolio investments and the net proceeds from distributions received from Structured Finance Notes and accretion of interest income on Structured Finance Notes. See “—Portfolio Composition and Investment Activity—Investment Activity.”

#### ***Borrowings***

##### **SBA Debentures**

SBIC I LP's SBIC license allowed it to obtain leverage by issuing SBA-guaranteed debentures, subject to issuance of a capital commitment by the SBA and customary procedures. These debentures are non-recourse to us, and bear interest payable semi-annually, and each debenture has a maturity date that is ten years following issuance. The interest rate was fixed at the first pooling date after issuance, which was March and September of each year, at a market-driven spread over U.S. Treasury Notes with ten-year maturities. As of March 31, 2022 and December 31, 2021, SBIC I LP had outstanding debentures of \$50.9 million and \$69.9 million, respectively.

On a stand-alone basis, SBIC I LP held \$188.4 million and \$195.5 million in total assets at March 31, 2022 and December 31, 2021, respectively, which accounted for approximately 33% and 34% of the Company's total consolidated assets, respectively.

As part of our plans to focus on lower-yielding, first lien senior secured loans to larger borrowers, which we believe will improve our overall risk profile, SBIC I LP intends, over time, to pay its outstanding SBA debentures prior to their scheduled maturity dates. Under a plan approved by the SBA, we will only make follow-on investments in current portfolio companies held by SBIC I LP. We believe that investing in more senior loans to larger borrowers is consistent with our view of the private loan market and will reduce our overall leverage on a consolidated basis. During the three months ended March 31, 2022, SBIC I LP redeemed \$19.0 million of SBA debentures that were contractually due March 1, 2025 and September 1, 2025. During the three months ended March 31, 2022, we recognized a loss on extinguishment of debt of \$0.1 million related to the charge-off of unamortized deferred borrowing costs on the redeemed debentures.

SBIC I LP is periodically examined and audited by the SBA's staff to determine its compliance with SBA regulations. If SBIC I LP fails to comply with applicable SBA regulations, the SBA could, depending on the severity of the violation, limit or prohibit SBIC I LP's use of debentures, declare outstanding debentures immediately due and payable, and/or limit SBIC I LP from making distributions.

We have received exemptive relief from the SEC effective November 26, 2013, which permits us to exclude SBA guaranteed debentures from the definition of senior securities in the statutory 150% asset coverage ratio under the 1940 Act.

##### **PWB Credit Facility**

We are party to a BLA with Pacific Western Bank, as lender, to provide us with a senior secured revolving credit facility, or the PWB Credit Facility, which is available for general corporate purposes including investment funding. The maximum availability of the PWB 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 PWB Credit Facility is guaranteed by OFSCC-MB, Inc. and secured by all of our current and future

assets, excluding assets held by SBIC I LP, OFSCC-FS and the Company's partnership interests in SBIC I LP and OFS SBIC I, GP.

On April 22, 2022, we amended the BLA to: (i) increase the maximum amount available under the PWB Credit Facility from \$25.0 million to \$35.0 million; and (ii) extend the maturity date of the PWB Credit Facility from February 28, 2023 to February 28, 2024.

As of March 31, 2022, we had \$3.3 million outstanding and an unused commitment of \$21.8 million under the PWB Credit Facility, subject to a borrowing base and other covenants.

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, 2022, we were in compliance with the applicable covenants under the PWB Credit Facility.

#### 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 PWB Credit 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.

#### 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 \$111.4 million was drawn as of March 31, 2022. Borrowings under the BNP Facility bear interest based on LIBOR for the relevant interest period, plus an applicable spread. The effective interest rate on the BNP Facility was 2.74% at March 31, 2022. The BNP Facility will mature on the earlier of June 20, 2024 or upon certain other events defined in the credit agreement which may result in accelerated maturity. Borrowings under the BNP Facility are secured by substantially all of the assets held by OFSCC-FS. The unused commitment under the BNP Facility was \$38.6 million as of March 31, 2022. As of March 31, 2022, we were in compliance with the applicable covenants under the BNP Facility.

On a stand-alone basis, OFSCC-FS held approximately \$199.2 million and \$185.1 million in total assets at March 31, 2022 and December 31, 2021, respectively, which accounted for approximately 35% and 33% 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. 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.

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 Notes and other non-qualifying assets, consistent with our investment strategy. As of March 31, 2022, approximately 81% of our investments were qualifying assets.

BDCs generally are required to meet a coverage ratio of total assets, less liabilities and indebtedness not represented by senior securities to total senior securities, which include all of our borrowings and any outstanding preferred stock, of at least 200% (150% if certain requirements are met). We received an exemptive order from the SEC to permit us to exclude the debt of SBIC I LP guaranteed by the SBA from the definition of Senior Securities in the statutory asset coverage ratio under the 1940 Act. This requirement limits the amount that we may borrow. To fund growth in our investment portfolio in the future, we anticipate the need to raise additional capital from various sources, including the equity markets and the securitization or other debt-related markets, which may or may not be available on favorable terms, if at all.

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, our minimum required asset coverage ratio decreased from 200% to 150%, effective May 3, 2019.

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 May 4, 2020 and May 3, 2022, the Board extended the Stock Repurchase Program for additional two-year periods. 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, 2024, 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. No shares of common stock were repurchased during the three months ended March 31, 2022. As of March 31, 2022, the approximate dollar value of shares remaining that may be purchased under the program was \$9.99 million.

As of March 31, 2022, the aggregate amount outstanding of the senior securities issued by us was \$345.6 million, for which our asset coverage was 171%. The Small Business Administration debentures are not subject to the asset coverage requirements of the 1940 Act as a result of exemptive relief granted to us by the SEC effective November 26, 2013. 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.

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 June 15, 2021, 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.

#### **Contractual Obligations and Off-Balance Sheet Arrangements**

At March 31, 2022, we had \$10.5 million of cash and cash equivalents, as well as \$21.8 million and \$38.6 million of unfunded commitments under our PWB Credit Facility and BNP Facility, respectively, to meet our short-term contractual obligations. At March 31, 2022, we had \$44.8 million in outstanding commitments to fund investments under various undrawn revolvers and other credit facilities. Long-term contractual obligations, such as our BNP Facility that matures in 2024 and has \$111.4 million outstanding at March 31, 2022, can be repaid by selling OFSCC-FS portfolio investments that have a fair value of \$195.7 million at March 31, 2022. 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.

At March 31, 2022, we have \$50.9 million of outstanding SBA debentures that mature in 2025, which we may repay prior to their maturity dates by using proceeds from investment repayments. The SBIC I LP investment portfolio has a fair value of \$182.5 million at March 31, 2022.

As of March 31, 2022, we continue to believe our long-dated financing, with approximately 67% of our total debt, contractually maturing in 2025 and beyond, affords us operational flexibility.

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 in 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 PWB 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.

## **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 four 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, at the end of the year, we may also pay an additional special dividend, or fifth 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. Each year, a statement on Form 1099-DIV identifying the source of the distribution is mailed to the Company’s stockholders. 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.

## **Recent Developments**

On April 22, 2022, we amended the BLA to: (i) increase the maximum amount available under our PWB Credit Facility from \$25.0 million to \$35.0 million; and (ii) extend the maturity date of the PWB Credit Facility from February 28, 2023 to February 28, 2024.

On May 3, 2022, our Board declared a distribution of \$0.29 per share for the second quarter of 2022, payable on June 30, 2022 to stockholders of record as of June 23, 2022.

On May 3, 2022, our Board extended the Stock Repurchase Program for an additional two-year period ending May 22, 2024, or until the approved dollar amount has been used to repurchase shares.

### 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 conflict between Russia and Ukraine and the COVID-19 pandemic have introduced significant volatility in the financial markets and global supply chain disruptions, and the effects of this volatility and these disruptions have 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, 2021, filed on March 4, 2022.

#### *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 our Board based on independent third-party valuation firms that have been engaged at the direction of our Board to assist in the valuation of each portfolio investment 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 months ended March 31, 2022 for more information relating to our investment valuation.

#### *Interest Rate Risk*

Changes in interest rates, including any further interest rate increases approved by the U.S. Federal Reserve, and rising inflation rates may affect both our cost of funding and the valuation of our investment portfolio. As of March 31, 2022, 93% of our debt investments bore interest at floating interest rates, at fair value. Historically, the interest rates on our debt investments bearing floating interest rates have been based on a floating LIBOR, but will transition away from LIBOR to any one the various alternative reference rates, and typically contain interest rate re-set provisions that adjust applicable interest rates to current rates on a periodic basis. Based on par, 90% of our loans that are subject to the floating rates are also subject to a minimum base rate, or floor, that we charge on our loans if the current market rates are below the respective floors. Based on par, the weighted average floor was 0.85%. As of March 31, 2022, 3-month LIBOR was 0.96% and we had debt investments with a aggregate principal of \$189.5 million subject to their floor.

Our outstanding SBA debentures and Unsecured Notes bear interest at fixed rates. Our PWB Credit Facility and BNP Facility have floating interest rate provisions based on the Prime Rate and LIBOR, respectively, with effective interest rates of 5.54% and 2.74%, respectively, as of March 31, 2022.

Interest rate sensitivity refers to the change in our earnings that may result from changes in the level of interest rates. Assuming that the interim and unaudited consolidated balance sheet as of March 31, 2022 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).

<b>Basis point increase</b>	<b>Interest income</b>	<b>Interest expense</b>	<b>Net change</b>
25	\$ 801	\$ (240)	\$ 561
50	1,543	(525)	1,018
75	2,398	(811)	1,587
100	3,280	(1,098)	2,182
125	4,171	(1,385)	2,786

  

<b>Basis point decrease</b>	<b>Interest income</b>	<b>Interest expense</b>	<b>Net change</b>
25	\$ (170)	\$ 317	\$ 147
50	(330)	596	266
75	(391)	611	220
100	(421)	611	190
125	(424)	611	187

## **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, 2022. 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, 2022, 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**

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the fiscal quarter ended March 31, 2022, that has materially affected, or is 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, 2022. 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, 2021, filed on March 4, 2022, 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.

Other than the risk described below, there have been no material changes to the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2021, filed on March 4, 2022. The risks previously disclosed in our 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.

***Global economic, political and market conditions may adversely affect our business, financial condition and results of operations, including our revenue growth and profitability.***

The current worldwide financial markets situation, as well as various social and political tensions in the United States and around the world (including wars and other forms of conflict, terrorist acts, security operations and catastrophic events such as fires, floods, earthquakes, tornadoes, hurricanes and global health epidemics), may contribute to increased market volatility, may have long term effects on the United States and worldwide financial markets, and may cause economic uncertainties or deterioration in the United States and worldwide. For example, the COVID-19 pandemic continues to adversely impact global commercial activity and has contributed to significant volatility in financial markets. In addition, the ongoing conflict between Russia and Ukraine, and resulting market volatility, could adversely affect our business, financial condition or results of operations. In response to the conflict between Russia and Ukraine, the U.S. and other countries have imposed sanctions or other restrictive actions against Russia. Any of the above factors, including sanctions, export controls, tariffs, trade wars and other governmental actions, could have a material adverse effect on our business, financial condition, cash flows and results of operations and could cause the market value of our common shares and/or debt securities to decline. We monitor developments and seek to manage our investments in a manner consistent with achieving our investment objectives, but there can be no assurance that we will be successful in doing so.

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

During the three month period ended March 31, 2022, we issued 3,016 shares of common stock to stockholders in connection with our DRIP. These issuances were not subject to the registration requirements of the Securities Act. The aggregate value of the shares of our common stock issued under our distribution reinvestment plan was approximately \$39,201.

### *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 May 4, 2020 and May 3, 2022, the Board extended the Stock Repurchase Program for additional two-year periods. 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, 2024, 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.

During the three months ended March 31, 2022, no shares of common stock were repurchased on the open market under the Stock Repurchase Program. The following table provides information regarding the Stock Repurchase Program (amount in thousands except shares and per share amounts):

Period	Total Number of Shares Purchased <sup>(1)</sup>	Cost of Shares Purchased	Average Price Paid Per Share	Maximum Number (or Appropriate Dollar Value) of Shares that May Yet Be Purchased Under the Stock Repurchase Program
May 22, 2018 through December 31, 2018	300	\$ 3	\$ 10.29	\$ 9,997
January 1, 2019 through December 31, 2019	—	—	—	9,997
January 1, 2020 through December 31, 2020	—	—	—	9,997
January 1, 2021 through December 31, 2021	700	5	6.70	9,992
January 1, 2022 through March 31, 2022	—	—	—	9,992

(1) Excludes shares purchased on the open market and reissued in order to satisfy the DRIP obligation.

**Item 3. Defaults Upon Senior Securities**

Not applicable.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

Not applicable.

## 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	<a href="#">Certificate of Incorporation of OFS Capital Corporation</a>	Form N-2/A (333-166363)	March 18, 2011	
3.2	<a href="#">Certificate of Correction to Certificate of Incorporation of OFS Capital Corporation</a>	Form 10-K	March 26, 2013	
3.3	<a href="#">Bylaws of OFS Capital Corporation</a>	Form N-2/A (333-166363)	March 18, 2011	
14.1	<a href="#">Joint Code of Ethics of OFS Capital Corporation and OFS Advisor</a>			*
31.1	<a href="#">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</a>			*
31.2	<a href="#">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</a>			*
32.1	<a href="#">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</a>			†
32.2	<a href="#">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</a>			†

\* 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 6, 2022

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



**OFS Capital Management, LLC  
OFS CLO Management, LLC  
OFS Capital Corporation  
OFS Credit Company, Inc.  
Hancock Park Corporate Income, Inc.**

**Code of Ethics**

**Restated and Adopted on April 5, 2022**

This Code of Ethics is the property of OFS Capital Management, LLC and certain affiliated entities and must be returned to it if an individual's association with it terminates for any reason.

The content of this Code of Ethics is confidential and should not be revealed to third parties without the consent of the Chief Compliance Officer ("CCO"). The policies and procedures set forth herein supersede previous versions.

## TABLE OF CONTENTS

	<b>Page</b>
I. GENERAL (CODE OF ETHICS)	1
A. INTRODUCTION	1
B. STATEMENT OF STANDARDS OF BUSINESS CONDUCT	3
C. PERIODIC COMPLIANCE AND TRAINING	7
D. ACKNOWLEDGMENT	7
E. REPORTING AND SANCTIONS	7
F. ADDITIONAL RESTRICTIONS AND WAIVERS BY OFS ADVISER AND THE OFS FUNDS	8
G. REVIEW BY THE BOARD OF DIRECTORS OF EACH OFS FUND	8
H. CCO REPORTING	9
I. CCO AND COMPLIANCE OVERSIGHT	9
J. CONFIDENTIALITY	10
K. CONFLICT WITH EMPLOYEE HANDBOOK	10
II. PERSONAL INVESTMENT POLICY	11
A. INTRODUCTION AND DEFINITIONS	11
B. RECORDKEEPING AND REPORTING REQUIREMENTS	13
1. Reports	13
2. Determining Whether an Account is an Affiliated Account	14
3. Managed Accounts	15
4. Non-Transferable Accounts	15
5. Transactions Subject to Review	16
C. STATEMENT OF RESTRICTIONS	16
1. Restricted List	16
2. Private Placements, Initial Public Offerings and Initial Coin Offerings	18
3. Trades by OFS Fund Directors	18
4. Trades of OFS Fund Securities or Other Affiliated Securities	18
5. Trades by Access Persons Serving on Company Boards	19
6. No Personal Trades Through OFS Adviser's Traders	19
7. Use of Brokerage for Personal or Family Benefit	19
8. No "Front Running"	19

9. No Short Sale Transactions	19
10. Acquiring Five (5) Percent or more of a Publicly Traded Company	20
D. REQUIREMENTS OF DISINTERESTED DIRECTORS	20
III. INSIDE INFORMATION POLICY	21
A. INTRODUCTION	21
B. KEY TERMS	22
1. What is a “Security”?	22
2. Who is an Insider?	22
3. What is Material Information?	23
4. What is Nonpublic Information?	24
5. Contacts with Companies	24
6. Tender Offers	24
7. Penalties for Insider Trading	24
C. INSIDER TRADING PROCEDURES	25
1. Identifying Inside Information	25
2. Restricting Access to Material and Nonpublic Information	25
3. Review and Dissemination of Certain Investment Related Information	26
4. Determination of Materiality	26
5. Policies and Procedures Relating to Paid Research Consultants and Expert Network Firms Regarding Securities	26
IV. GIFTS, ENTERTAINMENT AND POLITICAL ACTIVITIES	29
A. INTRODUCTION	29
B. GIFTS AND ENTERTAINMENT POLICY	29
1. Business Meals	29
2. Providing Gifts	30
3. Receiving Gifts	30
4. Entertainment	31
5. Travel and Lodging	31
6. Providing Meals, Gifts and Entertainment to Public Officials and Union Employees	32
7. Receipt of Meals, Gifts or Entertainment by Traders from Brokers/Agent Bank Employees	32
8. Charitable Contributions	32
C. POLITICAL ACTIVITY POLICY	33
1. Introduction	33

	2. Indirect Violations	34
	3. Periodic Disclosure	34
V.	OUTSIDE AFFILIATIONS POLICY	36
A.	OUTSIDE BUSINESS ACTIVITIES	36
B.	DIRECTOR AND OFFICER POSITIONS	36
C.	EMPLOYEE RELATIONSHIPS	37
VI.	ANTI-CORRUPTION POLICY	38
VII.	IT ACCEPTABLE USE POLICY	41
VIII.	PERSONAL USE OF FIRMS RESOURCES AND RELATIONSHIPS POLICY	42

## I. GENERAL (CODE OF ETHICS)

### A. INTRODUCTION

The Code of Ethics (“Code”) has been jointly adopted by OFS Capital Management and OFS CLO Management, LLC (collectively, “OFS Adviser” or the “Firm”) and certain entities that are controlled by or under common control with OFS Capital Management (“Affiliates”), as determined from time to time by Senior Management, and each of OFS Capital Corporation, Hancock Park Corporate Income, Inc., OFS Credit Company, Inc. and any investment company that OFS Adviser may sponsor and/or manage from time to time (each, an “OFS Fund” and collectively, “OFS Funds”) in order to establish applicable policies, guidelines and procedures that promote ethical practices and conduct by all Supervised Persons of OFS Adviser, including, but not limited to, certain employees, interns, temporary employees, principals and others designated by Compliance, and that prevent violations of applicable laws including the Investment Advisers Act of 1940, as amended (“Advisers Act”) and the Investment Company Act of 1940, as amended (“Company Act”).<sup>1</sup> “Supervised Person” is defined as any director, officer, member or employee (or other person occupying similar status or performing similar functions) of OFS Adviser or any other person who provides investment advice on behalf of OFS Adviser and is subject to the supervision and control of OFS Adviser<sup>2</sup>. Unless instructed otherwise or approved by the Compliance Department, temporary employees and consultants will generally be deemed a Supervised Person if the employee’s or consultant’s work assignment or engagement exceeds ninety (90) calendar days. This Code is available to all Supervised Persons on OFS Adviser’s automated compliance system. All Supervised Persons must read it carefully and must verify at least annually (and at such other times that a Compliance Officer may request) that he or she has read, understands, and agrees to abide by the Code.

The Code is designed to address conflicts of interest that may arise in your personal dealings and those in which you engage on behalf of the Firm and its Advisory Clients<sup>3</sup>. The following policies comprise the Code and address certain of these conflicts:

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<sup>1</sup> The Code is adopted by OFS Adviser and each OFS Fund pursuant to and in accordance with the requirements of each of Rules 204A-1 and 206(4)-7 under the Advisers Act and Rules 17j-1 and 38a-1 under the Company Act.

<sup>2</sup> The Chief Compliance Officer or his/her designee may consider any director, officer, member, principal or employee, including, but not limited to, intern and temporary employees, of an Affiliate of OFS Adviser to be a Supervised Person of OFS Adviser if the Chief Compliance Officer determines that such person performs services for OFS Adviser, through any staffing or similar agreement, such that the person would constitute a Supervised Person if such person was a director, officer, member, employee, intern or temporary employee of OFS Adviser. The Compliance Department maintains a list of all such persons and whether each person is (1) a Supervised Person and (2) an Access Person and will notify each person of relevant requirements. The majority of OFS Adviser’s personnel are employees of Orchard First Source Capital, Inc., an Affiliate of OFS Adviser.

<sup>3</sup> Advisory Client means any individual, group of individuals, partnership, trust, company or other investment fund entity for whom OFS Adviser acts as investment adviser. For example, any OFS Fund is an Advisory Client. For the avoidance of doubt, Advisory Clients include public and private investment funds, including comingled funds and single investor funds (“Funds”) and managed accounts managed by OFS Adviser, but do not include the underlying individual investors in such Funds (“Investors”), although certain protections afforded to Advisory Clients pursuant to this Code do extend to Investors through Rule 206(4)-8 of the Advisers Act.

- the Personal Investment Policy,
- the Inside Information Policy
- the Gifts and Entertainment Policy,
- Political Activity Policy,
- Outside Affiliations Policy,
- Anti-Corruption Policy,
- OFS Acceptable Use Policy; and
- Personal Use of the Firm's Resources and Relationships Policy

OFS Adviser and each OFS Fund require that all Supervised Persons observe the applicable standards of care set forth in these policies and not seek to evade the provisions of the Code in any way, including through indirect acts by Related Persons or other associates.

All activities involving the OFS Funds are subject to the Company Act and the policies and procedures adopted by each OFS Fund in connection therewith as set forth in the Rule 38a-1 Compliance Manual ("38a-1 Manual") for each OFS Fund. The obligations set forth in the Code and the 38a-1 Manual are in addition to and not in lieu of the policies and procedures set forth in the Firm's Employee Handbook and any other Compliance Policies adopted by OFS Adviser in respect of the conduct of its business.

## **B. STATEMENT OF STANDARDS OF BUSINESS CONDUCT**

As a fundamental mandate, OFS Adviser and each OFS Fund demand the highest standards of ethical conduct and care from all Supervised Persons and OFS Fund Directors. Supervised Persons and OFS Fund Directors must abide by this basic business standard and must not take inappropriate advantage of their position with the Firm or OFS Fund. Each Supervised Person and OFS Fund Director is under a duty to exercise his or her authority and responsibility for the primary benefit of our Advisory Clients, including the OFS Funds, and the Firm, and may not have outside interests or engage in activities that inappropriately conflict or appear to conflict with the interests of the Firm or its Advisory Clients, including the OFS Funds. Examples of such conflicts include:

- engaging a service provider on behalf of Advisory Clients or the Firm in which you or your Related Person has a financial interest;
- accepting extravagant gifts or entertainment from a potential service provider to the Firm;
- making charitable donations at the request of a prospective Advisory Client when the Advisory Client will directly benefit from such donation;
- contributing to the election campaign of a government official or candidate who has, or will have if elected, the authority to appoint pension plan board members who are responsible for selecting investment advisers for such pension plan;
- purchasing an interest in a company or property that you know the Firm is targeting for investment; and
- assuming an outside position with a company that competes directly with the Firm.

The above list of examples is not exhaustive, and you, as a Supervised Person or OFS Fund Director, are responsible for assessing the unique facts and circumstances of your activities for potential conflicts and consulting with OFS Adviser's Legal and Compliance Departments **prior to** engaging in such activities.

Each Supervised Person and OFS Fund Director must avoid circumstances or conduct that adversely affect or that appear to adversely affect OFS Adviser or its Advisory Clients, including the OFS Funds. Every Supervised Person and OFS Fund Director must comply with applicable federal securities laws and must promptly report suspected violations of the Code to a Compliance Officer. OFS Adviser strictly prohibits retaliation against any individual reporting suspected violations, who, in good faith, seeks help or reports known or suspected violations, including Supervised Persons who

assist in making a report or who cooperate in an investigation (*see* Section I.E. Reporting and Sanctions).

#### GENERAL GUIDELINES

1. Supervised Persons and OFS Directors may not employ any device, scheme or artifice to defraud an OFS Fund or any Advisory Client, make any untrue statement of a material fact to an OFS Fund or any Advisory Client, or omit to state a material fact necessary in order to make the statements not misleading, engage in any act, practice or course of business that operates or would operate as a fraud or deceit upon an OFS Fund or any other Advisory Client, engage in any manipulative practice with respect to an OFS Fund or any other Advisory Client, or engage in any manipulative practice with respect to Securities, including price manipulation.
2. Except with the prior approval of a Compliance Officer, in consultation with a Supervised Person's supervisor and/or Senior Management, a Supervised Person may not act as a director, officer, general partner, managing member, principal, proprietor, consultant, agent, representative, trustee or employee of any unaffiliated public or private entity or business other than an OFS Fund, OFS Adviser, or an Affiliate of OFS Adviser. (See Section IV)
3. All Supervised Persons must disclose to OFS Adviser and their respective OFS Fund any interests they may have in any entity that is not affiliated with OFS Adviser or any OFS Fund *and* that has a known business relationship with OFS Adviser, an Affiliate of OFS Adviser or any OFS Fund.
4. Except with the prior approval of a Compliance Officer, and as specifically permitted by law, Supervised Persons may not have a material direct or indirect interest (e.g., as principal, co-principal, agent, member, partner, or material shareholder or beneficiary) in any transaction that conflicts with the interests of OFS Adviser or its Advisory Clients.
5. Except with the prior approval of a Compliance Officer, Access Persons may not invest in any Initial Public Offering ("IPO"), Initial Coin Offering ("ICO") or Private Placement<sup>4</sup> (including hedge funds and other private investment vehicles). (See Section II.C.2) This requirement also applies to Private Placements that are Advisory Clients of OFS Adviser, such as Hancock Park Corporate Income, Inc.

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<sup>4</sup> Private Placement is defined as an offering that is exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"), pursuant to section 4(2) or section 4(5) or pursuant to rule 504, rule 505 or rule 506 thereunder.



6. No Supervised Person, except in the course of the rightful exercise of his or her job responsibilities, shall reveal to any other person, information regarding any Advisory Client or any investment or Security transaction being considered, recommended or executed on behalf of any Advisory Client. (See Section III.)
7. No OFS Fund Director, except in the course of the rightful exercise of his or her board responsibilities, shall reveal to any other person information regarding any OFS Fund or any "Portfolio Company", defined as any legal entity in which an OFS Fund or another Advisory Client holds an investment regardless of whether or not the investment is a Security, or any investment or Security transaction being considered, recommended, or executed on behalf of any other Advisory Client. (See Section III.)
8. No Supervised Person shall make any recommendation concerning the purchase or sale of any Security by an Advisory Client without disclosing, to the extent known, the interest of the Firm or any Supervised Person, if any, in such Security or the issuer thereof, including, without limitation (a) any direct or indirect beneficial ownership of any Security of such issuer; (b) any contemplated transaction by such person in such Security; and (c) any present or proposed relationship with respect to such Security, issuer or its affiliates.
9. Subject to certain exceptions permitted by applicable law, each OFS Fund shall not, directly or indirectly extend, maintain or arrange for the extension of credit or the renewal of an extension of credit, in the form of a personal loan to any officer or director of the Fund. Any Supervised Person or person who serves as a director on the board of directors of any OFS Fund ("OFS Fund Director") who becomes aware that their respective OFS Fund may be extending or arranging for the extension of credit to a director or officer, or person serving an equivalent function, should notify and consult with a Compliance Officer to ensure that the proposed extension of credit complies with this Code and the applicable law.
10. No Supervised Person shall engage in insider trading (as described in the "Inside Information Policy" in Section III.) whether for his or her own benefit or for the benefit of others.
11. No Supervised Person may communicate material, nonpublic information concerning any Security, or its issuer, or Portfolio Company to anyone unless it is properly within his or her duties to do so. No OFS Fund Director may communicate material, nonpublic information concerning any Security of an issuer in which the OFS Fund Director knows, or, in the course of his or her duties as a director, should have known, OFS Fund has a current investment, or with respect to which an investment or Security is Being Considered for Purchase or Sale by any OFS Fund ("OFS Fund Portfolio Security") or Portfolio Company of their respective OFS Fund to anyone unless it is properly within his or her duties to do so. A Security is "Being Considered for

Purchase or Sale” when a recommendation to purchase or sell the Security has been made and communicated and, with respect to the person making the recommendation, when such person seriously considers making such a recommendation. In all cases, a Security which has been recommended for purchase or sale pursuant to an Investment Committee memorandum, presentation, due diligence package or other formal Investment Committee recommendation shall be deemed to be a Security Being Considered for Purchase or Sale.

12. Each Supervised Person shall complete a compliance questionnaire (the “Regulatory Compliance Disclosure”) prior to employment and annually thereafter, within the prescribed deadline, as provided by the Compliance Department, (“Compliance Due Date”) through the Firm’s automated compliance system. Each Supervised Person shall supplement the Regulatory Compliance Disclosure, as necessary, to reflect any material changes between annual disclosures filings, and must immediately notify Compliance if any of the conditions addressed in the Regulatory Compliance Disclosure become applicable to such Supervised Person.
13. Every Supervised Person must avoid any activity that might give rise to a question as to whether the Firm’s objectivity as a fiduciary has been compromised. (See Section V)
14. Access Persons are required to disclose to a Compliance Officer the existence of any account that has the ability to hold any Reportable Securities (e.g., brokerage or trading accounts and IRAs), as well the account’s holdings (immediately upon commencement of employment (which shall include the accounts and holdings of the Access Person’s Related Persons), and in no case later than ten (10) calendar days beyond the Access Person’s start date. Such Accounts must be disclosed even if they contain a zero balance or non-Reportable Securities. Access Persons are required to disclose accounts that are Managed Accounts; however, disclosing the holdings of such Managed Accounts is not required. With limited exceptions provided herein, Access Persons are also required to maintain Non-Managed Accounts capable of holding Reportable Securities with Approved Brokers, which have contracted to provide holdings and transaction reporting to the Compliance Department on the Firm’s automated compliance system. Access Persons must confirm the accuracy and completeness of the information so provided to the Firm on a quarterly and annual basis by the Compliance Due Date. Initial and quarterly reports must disclose the existence of all accounts, even if none of those accounts at the time hold a Reportable Security. (See Section II).
15. The intentional creation, transmission or use of false rumors is inconsistent with the Firm’s commitment to high ethical standards and may violate the antifraud provisions of the Advisers Act, among other securities laws of the United States. Accordingly, no Supervised Person may maliciously create, disseminate or use false rumors. This

prohibition covers oral and written communications, including the use of electronic communication media such as e-mail, PIN messages, instant messages, tweets, text messages, blogs, and chat rooms. Because of the difficulty identifying “false” rumors, the Firm discourages Supervised Persons from creating, passing, or using any rumor.

#### **C. PERIODIC COMPLIANCE REPORTING AND TRAINING**

Each Supervised Person is required to complete all assigned compliance certifications and disclosures by the Compliance Due Date. Absent an exemption granted to you by a Compliance Officer, failure to complete such items by the Compliance Due Date will likely constitute a violation of this Code and may result in the imposition of sanctions.

The Compliance Department also presents and/or coordinates mandatory training on this Code at least -biennially, and may assign mandatory or voluntary training on the Code or other Firm policies at such other times as the Compliance Department deems appropriate. Failure to attend or complete mandatory training sessions, unless excused in writing by a Compliance Officer, will likely constitute a violation of this Code and may lead to the imposition of sanctions. The Compliance Department maintains an attendance or completion list, as appropriate, of all Supervised Persons assigned to such training sessions.

#### **D. ACKNOWLEDGMENT**

Each Supervised Person must certify upon commencement of employment, at least annually thereafter, and at such other times as a Compliance Officer may determine, that he or she has read, understands, is subject to and has complied with the Code. Any Supervised Person who has any questions about the applicability of the Code to a particular situation should promptly consult with a Compliance Officer.

#### **E. REPORTING AND SANCTIONS**

While compliance with the provisions of the Code is anticipated, Supervised Persons should be aware that, in response to any violations, the Firm (or any OFS Fund, as applicable) shall take any action deemed necessary under the circumstances including, but without limitation, the imposition of appropriate sanctions. These sanctions may include, among others, verbal or written warnings, the reversal of trades, reallocation of trades to client accounts, disgorgement of profits, suspension or termination of personal trading or investment privileges, reduction in bonus or bonus opportunity, payment of a monetary fine payable to a recognized charitable organization of the Supervised Person’s choice or, in more serious cases, suspension or termination of employment and/or the making of any civil or criminal referral to the appropriate governmental authorities.

Moreover, Supervised Persons are required to promptly report any violation(s) of this Code, any other compliance policies adopted by OFS Adviser or the Rule 38a-1 Manual adopted by any OFS Fund (collectively “Compliance Policies”), or any activity that may adversely affect the Firm’s or any OFS Fund’s business or reputation, to a Compliance Officer. The Compliance Department

shall maintain a record of all violations of the Code and any corrective actions taken. Supervised Persons are encouraged to identify themselves when reporting such conduct, but they may also report anonymously. Reporting should be made through a letter to a Compliance Officer or via the telephonic and electronic reporting procedures detailed in the Firm's "Whistleblower Hotline Information" attached hereto as **Attachment A**. Further, all activities reported by Supervised Persons will be treated anonymously and confidentially (to the extent reasonably practicable) in order to encourage Supervised Persons to come forward with perceived problems. The Firm and each OFS Fund are committed to a full, unbiased review of any matter(s) raised.

The Firm and OFS Fund prohibit retaliation against any such personnel who, in good faith, seeks help or reports known or suspected violations (even if the reported event is determined not to be a violation), including personnel who assist in making a report or who cooperate in an investigation. Any Supervised Person who engages in retaliatory conduct will be subject to disciplinary action, up to and including termination of employment.

#### **F. ADDITIONAL RESTRICTIONS AND WAIVERS BY OFS ADVISER AND THE OFS FUNDS**

From time to time, a Compliance Officer may determine that it is in the best interests of the Firm to subject certain Supervised Persons or other persons (i.e., consultants and third party service providers) to restrictions or requirements in addition to those set forth in the Code. In such cases, the affected persons will be notified of the additional restrictions or requirements and will be required to abide by them as if they were included in the Code. In addition, under extraordinary circumstances, the Compliance Officer may grant a waiver of certain of these restrictions or requirements contained in the Code on a case by case basis. In order for a Supervised Person to rely on any such waiver, it must be granted in writing.

Any waiver of the requirements of the Code for executive officers of any OFS Fund or any OFS Fund Director may be made only by the respective OFS Fund's board of directors or a committee of the board, and must be promptly disclosed to shareholders of the OFS Fund as required by law or relevant exchange rule or regulation.

The Compliance Department maintains a log of all requests for exceptions and waivers and the determinations made with respect to such requests.

#### **G. REVIEW BY THE BOARD OF DIRECTORS OF EACH OFS FUND**

The CCO will prepare a written report to be considered by the board of directors of each OFS Fund (1) quarterly, that identifies any violations of the Code with respect to each OFS Fund requiring significant remedial action during the past quarter and the nature of that remedial action; and (2) annually, that (a) describes any issues arising under the Code since the last written report to the Board, including, but not limited to, information about material violations of the Code and sanctions imposed in response to such violations, and (b) identifies any recommended changes in existing

restrictions or procedures based upon each OFS Fund's and/or OFS Adviser's experience under the Code, then-prevailing industry practices, or developments in applicable laws or regulations, and (c) certifies that each OFS Fund and OFS Adviser have each adopted procedures reasonably designed to prevent violations of the Code, and of the federal securities laws in accordance with the requirements of the Advisers Act and the Company Act.

The board of directors of each OFS Fund will also be asked to approve any material changes to the Code within six (6) months after the adoption of such change, based on a determination that the Code, as amended, contains policies and procedures reasonably designed to prevent violations of the federal securities laws.

## **H. CCO REPORTING**

The CCO will prepare a written report to be considered by Senior Management no less than annually, that (a) describes any issues arising under the Code since the last written report, including, but not limited to, information about material violations of the Code and sanctions imposed in response to such violations, and (b) identifies any recommended changes in existing restrictions or procedures based upon OFS Adviser's experience under the Code, then-prevailing industry practices, or developments in applicable laws or regulations.

The CCO of each OFS Fund, as applicable, prepares a written report to be considered by the relevant OFS Fund Directors no less than annually, that (a) describes any issues arising under the Compliance Policies since the last written report, including, but not limited to, information about material violations of the Compliance Policies and sanctions imposed in response to such violations, and (b) identifies any recommended changes in existing restrictions or procedures based upon each OFS Fund's and/or OFS Adviser's experience under the Compliance Policies, then-prevailing industry practices, or developments in applicable laws or regulations.

## **I. CCO AND COMPLIANCE OVERSIGHT**

All requirements and prohibitions under this Code are likewise applicable to the CCO and all Compliance Department employees. For the purpose of addressing actual and perceived conflicts of interest and potential self-dealing, any report and pre-approval request submitted by such employees is to be reviewed, and approved as applicable, by the employee's supervisor or the CCO. Reports and pre-approval requests from the CCO will be reviewed, and approved as applicable, by CIM's Chief Legal Counsel ("CLC). Under no circumstances should the CCO or any Compliance Department employee review his/her own report or approve his/her own pre-approval request.

Potential Code violations by the CCO must be reviewed by the CLC. Potential Code violations by a Compliance Department employee must be reviewed by the CCO. If it is determined that a violation occurred, the CCO or employee will be subject to the applicable sanction(s) under the Code.

## **J. CONFIDENTIALITY**

Personnel will be given access to and become acquainted with highly confidential information about the Firm such as its financial information, business plans and strategies, investment strategies and opportunities, affiliated companies and internal policies and practices, as well as information relating to past, current and prospective Advisory Clients and Portfolio Companies. Such information must not be disclosed or discussed with anyone other than the Firm's employees under any circumstances, and only on a "need to know" basis, unless otherwise permitted by the Legal or Compliance Departments.

## **K. CONFLICT WITH EMPLOYEE HANDBOOK**

Where this Code addresses policies that are also addressed in other corporate policies or in the Employee Handbook of Orchard First Source Capital, Inc. or another Affiliate by which a Supervised Person is employed, the policies herein are intended to augment, and not to supersede or replace, the relevant corporate or Employee Handbook policies. In the event of any conflict that would prohibit a Supervised Person from complying with both sets of policies, the Supervised Person should address the conflict to a Compliance Officer.

## II. PERSONAL INVESTMENT POLICY

### A. INTRODUCTION AND DEFINITIONS

The Advisers Act, specifically Rule 204A-1, requires “Access Persons” of a registered investment adviser, such as OFS Adviser, to provide periodic reports regarding transactions and holdings in Reportable Securities beneficially owned by Access Persons. Rule 17j-1 under the Company Act requires similar reports for “Access Persons” to a Fund, such as each of the OFS Funds.

The purpose of this Personal Investment Policy and related procedures is to advise Access Persons of their ethical and legal responsibilities with respect to Securities transactions that may involve (i) possible conflicts of interest with Advisory Clients, including the OFS Funds, and (ii) the possession and use of material, nonpublic information (“MNPI”). It is a violation of the Code for any Access Person of OFS Adviser or any OFS Fund to use their knowledge concerning a trade, pending trade, or contemplated trade or investment by an OFS Fund or any other Advisory Client to profit personally, directly or indirectly, as a result of such transaction, including by purchasing or selling such Securities.

The following definitions are utilized within this Personal Investments Policy and more broadly within the rest of the Code.

“Access Person” with respect to OFS Adviser means (a) any Supervised Person who (i) has access to nonpublic information regarding any Advisory Client’s purchase or sale of Securities, or nonpublic information regarding the portfolio holdings of any Advisory Client (including any OFS Fund); or (ii) is involved in making Securities recommendations to Advisory Clients (including any OFS Fund), or has access to such recommendations that are nonpublic; and (b) all directors, officers and partners of OFS Adviser.<sup>5</sup>

For purposes of the Code, all Supervised Persons are generally considered to be Access Persons of OFS Adviser, and all Access Persons of OFS Adviser are considered to be Access Persons of each OFS Fund. OFS Fund Directors are also considered Access Persons of each OFS Fund but are generally exempt from Recordkeeping, Reporting and Statement of Restrictions requirements of Access Persons included in this Code, except as described in Section II.D below.

“Affiliate Account” means: (i) the personal Securities account of an Access Person or the account of any Related Person in which Reportable Securities may be held or transacted; (ii) any such Securities

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<sup>5</sup> The Chief Compliance Officer or his/her designee may consider any director, officer, principal, member or employee, including, but not limited to, intern and temporary employees, of an Affiliate of OFS Adviser to be a Supervised Person, and Access Person if appropriate, of OFS Adviser if the Chief Compliance Officer determines that such person performs services for OFS Adviser, through any staffing or similar agreement, such that the person would constitute a Supervised Person or Access Person if such person was a director, officer, member, principal or employee, including an intern or temporary employee, of OFS Adviser. The Compliance Department will maintain a list of all such persons and whether each person is (1) a Supervised Person and (2) an Access Person and will notify each person of relevant requirements. The majority of OFS Adviser’s personnel are employees of Orchard First Source Capital, Inc., an Affiliate of OFS Adviser.

account for which any Access Person serves as custodian, trustee, or otherwise acts in a fiduciary capacity or with respect to which an Access Person either has authority to make investment decisions or from time to time makes investment recommendations, except with respect to Advisory Clients; (iii) any such Securities account of any person, partnership, joint venture, trust or other entity in which an Access Person or his or her Related Person has Beneficial Ownership or other Beneficial Interest; and (iv) and accounts containing Reportable Funds of which an Access Person or his or her Related Person has Beneficial Ownership or Beneficial Interest.

“Beneficial Interest” means an interest whereby a person can, directly or indirectly, control the disposition of a Security or a Reportable Fund or derive a monetary, pecuniary or other right or benefit from the purchase, sale or ownership of a Security or a Reportable Fund (e.g., interest payments or dividends).

“Beneficial Ownership” of a Security, Reportable Fund or account means, consistent with Section 16 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and Rule 16a-1(a)(2) thereunder, ownership of Securities, Securities accounts, or Reportable Funds by or for the benefit of a person or his or her Related Person. Beneficial Ownership specifically includes any Security or account in which the Access Person or any Related Persons holds a direct or indirect Beneficial Interest or retains voting power (or the ability to direct such a vote) or investment power (which includes the power to acquire or dispose of, or the ability to direct the acquisition or disposition of, a Security, Securities accounts or Reportable Funds), directly or indirectly (e.g., by exercising a power of attorney or otherwise).

“Exempt Security” is any Security that falls into any of the following categories: (i) shares issued by open-end mutual funds (excluding exchange traded funds (“ETFs”), except Reportable Funds, if any; (ii) shares issued by money market funds; (iii) Security purchases or sales that are part of an automatic dividend reinvestment plan (e.g., DRIP accounts, etc.); (iv) College Direct Savings Plans (e.g., 529 College Savings Program, etc.); (v) shares issued by unit investment trusts that are invested exclusively in one or more open-end funds (so long as such funds are not Reportable Funds); (vi) bankers’ acceptances, bank certificates of deposit or time deposits, commercial paper and other short term high quality debt instruments with one year or less to maturity; and (vii) treasury obligations (e.g., T-bills, notes and bonds) or other Securities issued/guaranteed by the U.S. Government, its agencies, or instrumentalities (e.g., FNMA, GNMA).

“Related Person” means the spouse, domestic partner, child or stepchild, parent or stepparent, grandchild, grandparent, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law (including adoptive relationships) of an Access Person, who either resides with, or is financially dependent upon, the Access Person, or whose investments are controlled by the Access Person.

“Reportable Fund” means any Fund for which OFS Advisor or any Affiliate acts as investment adviser, sub-adviser, or underwriter.



“Reportable Security” means every Security and Reportable Fund in which an Access Person or a Related Person has a Beneficial Ownership or other Beneficial Interest, except for an Exempt Security.

“Security” means any note, stock, treasury stock, bond, debenture, Blockchain ETFs, evidence of indebtedness<sup>6</sup>, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, reorganization certificate or subscription, transferable share, investment contract, voting trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas or other mineral rights, any put, call, straddle, option or privilege on any security (including a certificate of deposit) or on any group or index of securities (including any interest therein or based on the value thereof), or a put, call, straddle, option or privilege, entered into on a national securities exchange relating to foreign currency, or in general, any interest or instrument commonly known as a “security,” or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing.

Note that Security has a different definition for purposes of the Inside Information Policy of the Code.

## **B. RECORDKEEPING AND REPORTING REQUIREMENTS**

Under the Advisers Act and the Company Act, OFS Adviser and each OFS Fund are required to keep records of transactions in Reportable Securities in which Access Persons have Beneficial Ownership or a direct or indirect Beneficial Interest.

### **1. Reports**

The following personal Securities holdings and transaction reporting requirements have been adopted to enable each of OFS Adviser and each OFS Fund to satisfy their legal and regulatory requirements:

- In all cases, within ten (10) calendar days from the date of commencement of employment (or other engagement or arrangement) with the Firm, every new Access Person shall submit to the Compliance Department, through the Firm’s automated compliance system, the required information about any Affiliated Accounts (such information must be current as of a date no more than forty-five (45) calendar days prior to the date the person becomes an Access Person);
- Within sixty (60) calendar days of becoming an Access Person, every new Access Person must transfer all Affiliated Accounts in which the Access Person or his or her Related Persons have direct influence or control in the investment decisions (“Non-

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<sup>6</sup> Note that, for most purposes, evidences of indebtedness are treated as “Securities” for securities law purposes; insider trading prohibitions are an exception to this general rule.

Managed Accounts”) and in which Reportable Securities are held or are capable of being held to a broker-dealer to which the Compliance Department has access via the Firm’s automated compliance system (an “Approved Broker”). Subsequently, any new Non-Managed Accounts opened on behalf of such Access Person or his or her Related Person in which Reportable Securities will be held or transacted must be established with an Approved Broker. The Compliance Department maintains a list of Approved Brokers, which can be found on the Firm’s automated compliance system site. Holdings and transactions in Reportable Securities in these accounts are electronically reported to the Compliance Department by the Approved Brokers through the automated compliance system.

- Any exception to the Approved Broker policy above must be approved in writing by a Compliance Officer.
- By the Compliance Due Date and no later than thirty (30) calendar days after each quarter end, every Access Person is required to certify all Affiliated Accounts via the Firm’s automated compliance system. Any updates to an Access Person’s accounts must be reported via the Firm’s automated compliance system within thirty (30) calendar days of opening or closing of such Affiliated Account.
- By the Compliance Due Date and no later than thirty (30) calendar days after each quarter end, every Access Person is required to certify via the Firm’s automated compliance system, all transactions in Reportable Securities in Non-Managed Accounts, as recorded by the system during the quarter. Any transactions in Reportable Securities in a Non-Managed Account not included within the Firm’s automated compliance system should be reported separately by the Access Person.
- By the Compliance Due Date and no later than forty-five (45) calendar days following the end of each calendar year (i.e., February 14), every Access Person is required to certify, via the Firm’s automated compliance system, such Access Person’s Affiliated Accounts and Reportable Securities holdings in all Non-Managed Accounts as of year-end. Any holdings in Reportable Securities in a Non-Managed Account not included within the Firm’s automated compliance system should be reported separately by the Access Person.

## **2. Determining Whether an Account is an Affiliated Account**

In most cases, determining whether an Access Person or his or her Related Person has Beneficial Ownership of or a Beneficial Interest in the Reportable Securities held in an account (which would make such account an Affiliated Account for purposes hereof) is a straight-forward process. It is, however, important to note that, in some cases, an owner of an equity interest in an entity may be considered to have Beneficial Ownership of the assets of that entity. In general, equity holders are not deemed to have Beneficial Ownership of Securities held by an entity that is not

“controlled” by the equity holders or in which the equity holders do not have or share investment control over the entity’s portfolio. Because the determination of whether an equity holder controls an entity or its investment decisions can be complicated, Access Persons are encouraged to seek guidance from a Compliance Officer. To the extent such guidance is not sought, any failure by an Access Person to properly identify all Affiliated Accounts will be treated as a violation of the Code.

### **3. Managed Accounts**

The Firm recognizes that it may be impossible or impractical for accounts that are controlled or invested by a third party, such as an investment adviser or broker (“Managed Accounts”), to comply with the Reporting and Restricted List procedures of the Code. Therefore, Managed Accounts are exempted from such procedures, *provided* that the Access Person cedes any and all control over investment decisions for the account (other than general asset class and objectives guidelines) to such third party and does not communicate with such person with respect to individual transactions for the account. Special rules apply with respect to whether an Access Person “controls” the investment decisions of an entity in which he or she invests; guidance from a Compliance Officer should be sought in such instances.

The Firm requires that general information regarding Managed Accounts, including broker, account title, account number, and the status of the account, be reported through the Firm’s automated compliance system. In order to properly establish a Managed Account, the Access Persons is required to provide to the Compliance Department evidence that full investment discretion has been provided to the third-party investment adviser or broker (e.g., provide the investment management agreement). Upon establishing a Managed Account in the Firm’s automated compliance system and quarterly thereafter, the Access Person is required to certify within the Firm’s automated compliance system that he or she does not participate, directly or indirectly in individual investment decisions in the Managed Account or be made aware of such decisions before transactions are executed.

### **4. Non-Transferable Accounts**

The Firm recognizes that it may be impossible or impracticable for certain types of Non-Managed Accounts (e.g. 401(k) accounts) of Access Persons or their Related Persons with other employers, an account pledged to secure a personal loan, etc. to be transferred to an Approved Broker. A Compliance Officer may exempt any such Non-Managed Account from the Approved Broker procedures set forth above provided that the Access Person shall be responsible for reporting transactions and holdings of Reportable Securities (e.g. employer shares) in such account as set forth above and complying with the Restricted List procedures with respect to such Non-Managed Accounts.

The Firm requires that all such “non-transferable” Non-Managed Accounts be reported to the Compliance Department so that an exemption may properly be granted. General information regarding such accounts must be reported through the Firm’s automated compliance system. A Compliance Officer may, as a condition to exempting such Affiliated Accounts, require, initially and

periodically thereafter, copies of account statements, a certification from the Access Person, or such other information as such Compliance Officer deems prudent.

## 5. Transactions Subject to Review

Transactions and holding information reported via the Firm's automated compliance system will be reviewed by a Compliance Officer and compared against the investments made or considered by each of the Advisory Clients. Such review and comparison are designed to evaluate compliance with the Code and further, to determine whether there have been any violations of applicable law. Reporting made by a Compliance Officer is reviewed by a different Compliance Officer so that no Compliance Officer is reviewing his or her own reporting.

## C. STATEMENT OF RESTRICTIONS

### 1. Restricted List

**No Access Person or Related Person may make a trade Personal Securities Trade in the Securities of an issuer listed on the Firm's Restricted List.** Before an Access Person or his/her Related Person makes a Personal Securities Trade, the Access Person must review the Restricted List and confirm that neither the Security to be traded nor the relevant issuer are listed thereon. The information that a particular issuer or Security has been placed on the Restricted List is itself sensitive and confidential. The contents of the Restricted List should never be communicated to persons outside of the Firm except in the limited circumstances in which a Compliance Officer has determined that it is necessary and appropriate to disclose such information for bona fide business purposes. The Firm may place an issuer on the Restricted List at any time without prior notice to Access Persons. Therefore, Access Persons who obtain Securities of an issuer that is later placed on the Restricted List may be "frozen in," or prohibited from disposing of such Securities, until the issuer has been removed from the Restricted List. Because Access Persons are already required to obtain pre-approval for the purchase of any Private Placement (see below), the Restricted List is limited to the Securities of issuers with a class of publicly-traded Securities.

The Firm understands that an Access Person recently joining the Firm as a new employee ("New Hire"), or their Related Persons, may be financially disadvantaged by being restricted from liquidating holdings of a Security of an issuer included on the Firm's Restricted List ("Restricted List Security"). Therefore, under limited conditions and prior to his or her start date (i.e., the first day in which the New Hire begins working in his or her position with the Firm), a New Hire may request to place a liquidating trade in a Restricted List Security. As the New Hire will not have access to the Restricted List prior to his or her start date, the New Hire must provide any potential securities to be liquidated to Compliance, and Compliance will respond as to whether the issuers of such securities are on the Restricted List. The request to liquidate must be made by the New Hire prior to his or her start date by completing the "Request to Place a Liquidating Trade in a Restricted Security" form, which can be obtained from Compliance. Compliance will review each request on a case-by-case basis and approve or deny the request, assessing all available and relevant information. *If approved,*

*specific conditions will be placed on the transaction (e.g., requirement to liquidate all shares within a certain number of days of the approval and prior to the New Hire's start date).*

(a) *Securities*

The name of an issuer or Security could be placed on the Restricted List for many reasons, including when:

- the Firm, any investment adviser Affiliate, or an Advisory Client purchases a Security of a particular issuer or such Security is Being Considered for Purchase or Sale;
- the Firm or any investment adviser Affiliate executes a confidentiality agreement with or relating to an issuer;
- the Firm, any investment adviser Affiliate, or an Advisory Client has declared itself "Private" with respect to an issuer in an electronic workspace;
- the Firm becomes bound by a fiduciary obligation or other duty (for example, because an Access Person has become a board member of an issuer);
- an Access Person becomes a member of an issuer's board on behalf of the Firm or a Portfolio Company;
- an Access Person becomes aware of (or is likely to become aware of) MNPI about a Security or issuer; or
- the Firm, as determined by a Compliance Officer, has determined to include an issuer to avoid the appearance of impropriety and protect the Firm's reputation for integrity and ethical conduct.

(b) *Procedures*

The Compliance Department maintains and updates the Firm's Restricted List. It is the responsibility of Access Persons, however, to ensure that the Firm's Restricted List is accurate. Please refer to the Confidentiality Policy for further information on the relevant procedures.

- **Additions**: Access Persons who become aware of any of the circumstances set forth in subsection 1.a) above, or who for any other reason believe an issuer or Security should be added to the Restricted List, should immediately notify a Compliance Officer in order to ensure that the Restricted List is updated.
- **Deletions**: When the circumstances set forth in subsection 1.a) above no longer exist, or the Firm is no longer bound by the obligations giving rise to the inclusion of an issuer or Security on the Restricted List, Access Persons should notify a Compliance Officer so that the proposed removal can be assessed and the name of the issuer or Security can be promptly removed, as necessary, from the Restricted List.
- **Changes**: From time to time, the Compliance Department will update the Restricted List as contemplated by this Personal Investment Policy and the

Confidentiality Policy. Access Persons are responsible for checking the Restricted List in all cases before engaging in any Personal Securities Trade.

Generally, Securities that are on the Restricted List because OFS Adviser or an investment adviser Affiliate has entered into a confidentiality agreement, declared itself “private” or otherwise accessed MNPI with respect to an issuer, must stay on the list for at least one hundred eighty (180) calendar days after the applicable Advisory Client(s) have liquidated the holding or last accessed MNPI on the relevant Security or issuer of such Security. A Compliance Officer may determine that a longer or shorter “stay” period is appropriate for issuers or Securities in such Compliance Officer’s sole discretion.

## **2. Private Placements, Initial Public Offerings and Initial Coin Offerings**

No IPO, ICO or Private Placement may be purchased for any Affiliated Account, except with the prior, express written approval of (i) a Compliance Officer; or (ii) where such Access Person is the CCO, the prior written approval of the Chief Legal Officer. Requests to make such investments shall be made through the Firm’s automated compliance system. A record of such approval (or denial), and a brief description of the reasoning supporting such decision will be maintained in accordance with the recordkeeping requirements of the Advisers Act and the Company Act.

## **3. Trades by OFS Funds Directors**

OFS Funds Directors are prohibited from trading any OFS Funds Portfolio Security.

## **4. Trades of OFS Funds Securities or other Affiliated Securities**

No Access Person may, for direct or indirect personal or a Related Person’s benefit, donate or execute a transaction involving OFS Funds, CIM Real Assets and Credit Fund, CIM Commercial Trust Corporation (“CMCT”), the Cole/CCO Capital REITs and any affiliated securities (“Affiliated Securities”), except with prior, express written approval of a Compliance Officer. Such approval will generally be granted only during an open trading window. All approved transactions or donations must be completed within three (3) business days from the date of approval, but before the close of any applicable trading window. If the approved transaction or donation is not completed within three (3) business days, the Access Person must seek a new preapproval from a Compliance Officer.

## **5. Trades by Access Persons Serving on Company Boards**

Companies for which Access Persons serve on the board of directors may permit members of its board of directors to purchase or sell stock based on a predetermined schedule (such as a Rule 10b5-1 Plan<sup>7</sup>) that is approved by the company ("Predetermined Schedule"). Personal Securities Trades made in accordance with a Predetermined Schedule by Access Persons who serve on the board of directors of such companies are exempt from the restriction against trading in Securities added to the Restricted List after the adoption of the Predetermined Schedule, however such Predetermined Schedules must be disclosed to a Compliance Officer prior to making the trade and are subject to the reporting requirements set forth in the section above. Further, purchases and sales of Securities by such company's directors during an established trading window may be permitted with prior notice to, and at the discretion of, a Compliance Officer.

## **6. No Personal Trades Through OFS Adviser's Traders**

No Personal Securities Trades may be effected through OFS Adviser's trading personnel.

## **7. Use of Brokerage for Personal or Family Benefit**

No Access Person may, for direct or indirect personal or a Related Person's benefit, execute a trade with a broker by using the influence (actual or implied) of OFS Adviser or any Access Person's influence (actual or implied) with OFS Adviser.

## **8. No "Front Running"**

While the Code contains policies and procedures designed to promote ethical conduct with respect to Personal Securities Trades, irrespective of the application of any particular trading policy or restriction, no Personal Securities Trades may be effected by any Access Person who is aware or should be aware that (i) there is a pending buy or sell order in the Securities of that same issuer for any Advisory Client of OFS Adviser, or (ii) a purchase or sale of the Securities of that same issuer can reasonably be anticipated for an OFS Adviser Advisory Client in the next five (5) calendar days. No Personal Securities Trade may be executed with a view toward making a profit from a change in price of such Security resulting from anticipated transactions by or for OFS Adviser's Advisory Clients.

## **9. No Short Sale Transactions**

No Access Person or Related Person may enter into a short sale transaction or any transaction that has the same economic effect (e.g., short common stock, purchase a put option or sell a naked call option) on any Security of an issuer for which a position is held long by an Advisory Client. A

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<sup>7</sup> A Rule 10b5-1 plan is a written plan for trading Securities that is designed in accordance with Rule 105-1(c). Any person executing pre-planned transactions pursuant to a Rule 10b5-1 plan that was established in good faith at a time when that person was unaware of material nonpublic information has an affirmative defense against accusations of insider trading, even if actual trades made pursuant to the plan are executed at a time when the individual may be aware of material nonpublic information.

list of public issuers for which a position is held long by the Firm's Advisory Clients ("Client Securities List") is maintained by Compliance and available via the Firm's automated compliance system. Before an Access Person or his/her Related Person makes a short sale transaction, the Access Person must review the Client Securities List and confirm the issuer of the relevant security is listed thereon. The fact that a particular issuer has been placed on the Client Securities List is itself sensitive and confidential. The contents of the Client Securities List should never be communicated to persons outside of the Firm, except in limited circumstances in which a Compliance Officer has determined that it is necessary and appropriate to disclose such information for bona fide business purposes. The Firm may place an issuer on the Client Securities List at any time without prior notice to Access Persons.

#### **10. Acquiring Five (5) Percent or more of a Publicly Traded Company**

Access Persons are required to report to a Compliance Officer any ownership exceeding five (5) percent of a class of equity securities of a publicly traded company that they or their Related Persons or Family Members have a beneficial interest in.

#### **D. REQUIREMENTS OF DISINTERESTED DIRECTORS**

The Recordkeeping, Reporting, and Statement of Restrictions provisions listed above (except those in Section II(C)(3-4) do not apply to any OFS Fund Director who is not an interested person of any OFS Fund within the meaning of Section 2(a)(19) of the Company Act ("Disinterested Directors") of each of the OFS Funds, except as the following describes. A Disinterested Director need only report a transaction if, at the time of a Personal Securities Trade in a Reportable Security, the Disinterested Director knew, or, in the ordinary course of fulfilling his or her duties as a director, should have known that during the fifteen (15) day period immediately preceding or after the date of the transaction, their OFS Fund purchased or sold the Security or the Security was Being Considered for Purchase or Sale by their OFS Fund or OFS Adviser.



### III. INSIDE INFORMATION POLICY

#### A. INTRODUCTION

The prohibitions against insider trading set forth in the federal securities laws play an essential role in maintaining the fairness, health, and integrity of our markets. These laws also establish fundamental standards of business conduct that govern our daily activities and help to ensure that Advisory Client's trust and confidence are not compromised in any way. Consistent with these principles, OFS Adviser forbids any Supervised Person from (i) trading Securities for the Firm, any Advisory Client or any account in which a Supervised Person has a Beneficial Interest, if that Supervised Person is "aware" of material and nonpublic information ("MNPI" or "Inside Information") concerning an issuer; or (ii) communicating MNPI to others in violation of the law. This conduct is frequently referred to as "insider trading." This policy applies to all Supervised Persons, and extends to activities within and outside of each Supervised Person's duties at OFS Adviser or with any OFS Fund.

The term "insider trading" is not specifically defined under the federal securities laws (most guidance in this area can be found under case law and related judicial decisions), but generally is used to refer to improper trading in Securities<sup>8</sup> *on the basis* of MNPI (whether or not the person trading is an insider). A person is generally deemed to trade "on the basis of MNPI if that person is aware of MNPI when making the purchase or sale, regardless of whether the person specifically relied on the information in making an investment decision. It is generally understood that the law prohibits trading by an insider on the basis of MNPI about the Security or issuer. To be held liable under the law, the person trading generally must violate a duty of trust or confidence owed directly, indirectly or derivatively to the issuer of that Security or the shareholders of that issuer, or to any other person who is the source of the material nonpublic information (e.g., an employer). The law also prohibits the communication of inside information to others and provides for penalties and punitive damages against the "tipper" even if he or she does not gain personally from the improper trading.

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<sup>8</sup> OFS Adviser often transacts in syndicated or other loan interests on the basis of information that is not available to other members of the syndicate, or to the public in general; however, for the limited purpose of this policy, "Securities" (as defined in the Exchange Act) do not include such loan interests or other "evidences of indebtedness." If you are uncertain as to whether a particular investment is a "security" for purposes of this policy, contact the Legal/Compliance Department.

## **B. KEY TERMS**

### **1. What is a “Security”?**

The Exchange Act, which covers insider trading, defines “Security” very broadly to include most types of financial instruments,<sup>9</sup> except bank debt.<sup>10</sup> There may be instances where Supervised Persons receive information about such investments that is not generally known by other institutional investors - even those institutional investors who may be similarly situated (e.g., lenders that are privy to nonpublic information and have access to bank-level information or primary lender meetings). Although trading in “non-security” investments on the basis of nonpublic information is not prohibited by federal securities laws, such trading may be prohibited by fiduciary obligations, other federal or state statutes, or contractual obligations such as confidentiality agreements<sup>11</sup>. In situations where OFS Adviser has access to MNPI to which other potential investors/counterparties may not have access, Supervised Persons should consult with a Compliance Officer or Senior Management, as appropriate, as to whether a proposed purchase or sale of an investment should be made, and, if made, should include the use of a “Big Boy” letter (see the Firm’s Confidentiality Policy), a confidentiality agreement (see the Firm’s Confidentiality Policy), or, if the investment is a syndicated loan, the execution by OFS Adviser of the standard LSTA form, which includes disclosure concerning the possibility of access to such information. In addition, even if trading in a “non-security” investment is permissible because the above standards are met, Supervised Persons are still prohibited from trading in any Securities issued by the relevant borrower, either for an Advisory Client or themselves, if the information obtained would be material with respect to the Securities transaction. This would also include indirect participation in such a transaction; for example, by participating in an Investment Committee meeting in which a decision regarding such Securities was being considered.

### **2. Who is an Insider?**

The concept of an “insider” is broad. It includes officers, directors, and employees of a company. In addition, a person can be a “temporary insider” if he or she enters into a special confidential relationship in the conduct of a company’s affairs and as a result is given access to information solely for the company’s purposes. A temporary insider can include, among others, a company’s attorneys, accountants, consultants, bank lending officers, investment advisers (such as

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<sup>9</sup> For purposes of the Inside Information Policy, “Security” means any note, stock, treasury stock, security feature, security-based swap, bond, debenture, certificate of interest or participation in any profit-sharing agreement or in any oil, gas, or other mineral royalty or lease, any collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, any put, call, straddle, option, or privilege on any security, certificate of deposit, or group or index of securities (including any interest therein or based on the value thereof), or any put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency, or in general, any instrument commonly known as a “security”; or any certificate of interest or participation in, temporary or interim certificate for, receipt for, or warrant or right to subscribe to or purchase, any of the foregoing; but shall not include currency or any note, draft, bill of exchange, or banker’s acceptance which has a maturity at the time of issuance of not exceeding nine months, exclusive of days of grace, or any renewal thereof the maturity of which is likewise limited.

<sup>10</sup> Note that, for most purposes, evidences of indebtedness are treated as “securities” for securities law purposes; insider trading prohibitions are an exception to this general rule.

<sup>11</sup> The Compliance Department maintains the Private Company List and Advisory Clients may not transact in these investments unless an exception to the prohibition from trading a security on the Private Company List has been granted by the CCO or his or her designee. Please refer to the Confidentiality Policy for more information.

OFS Adviser) and the employees of such organizations. OFS Adviser may become a temporary insider by signing a confidentiality agreement or by accessing material nonpublic information on a private electronic workspace.

### **3. What is Material Information?**

Trading on inside information is not a basis for liability unless the information is material. “Material” information generally is defined as information with respect to which there is a substantial likelihood that a reasonable investor would consider it important in making his or her investment decisions, or information that is reasonably certain to have a substantial effect on the price of a company’s Securities.

Among other things, the following types of information are generally regarded as “material”:

- dividend or earnings announcements
- write-downs or write-offs of assets
- additions to reserves for bad debts or contingent liabilities
- expansion or curtailment of company or major division operations
- merger, joint venture announcements
- new product/service/marketing announcements
- new supplier/manufacturing/production announcements
- material charge/impairment announcements
- senior management changes
- changes in control
- material restatement of previously issued financial statements
- discovery or research developments
- criminal indictments and civil and government investigations, litigations and/or settlements
- pending labor disputes
- debt service or liquidity problems
- bankruptcy or insolvency problems
- tender offers, stock repurchase plans, etc.
- recapitalizations

Material information does not have to relate to a company’s business. For example, in Carpenter v. U.S., 18 U.S. 316 (1987), the Supreme Court considered as material certain information about the contents of a forthcoming newspaper column that was expected to affect the market price of a Security. In that case, a Wall Street Journal reporter was found criminally liable for disclosing to others the dates that reports on various companies would appear in the Journal and whether those reports would be favorable or not.

#### **4. What is Nonpublic Information?**

Information is nonpublic until it has been effectively communicated to the marketplace. One must be able to point to some fact to show that the information is generally public. For example, information found in a report filed with the SEC, or appearing in Dow Jones, Reuters Economic Services, The Wall Street Journal, Bloomberg, or other publications of general circulation would be considered public. Supervised Persons should seek specific guidance from a Compliance Officer in situations where information concerning an issuer or its affiliated entities (e.g., subsidiaries) may not have been made available to the investment community generally but was made available to a group of institutional investors.

#### **5. Contacts with Companies**

From time to time, Supervised Persons may meet with members of senior management at publicly-traded companies associated with an investment, or a prospective investment. OFS Adviser may make investment decisions on the basis of the Firm's conclusions formed through such contacts and analysis of publicly-available information regarding foreign and U.S. companies. Difficult legal issues arise when, during these contacts, a Supervised Person becomes aware of MNPI about those companies. This could happen, for example, if a company's chief financial officer prematurely discloses quarterly results to a Supervised Person, a broker, or a securities analyst, or if an investor relations representative makes a selective disclosure of adverse news to a handful of investors. In such situations, Supervised Persons should immediately contact a Compliance Officer if he or she believes that he or she may have received MNPI about a publicly traded company.

#### **6. Tender Offers**

Tender offers raise heightened concerns in the law of insider trading for two reasons. First, tender offer activity often produces gyrations in the price of the target company's Securities. Trading during this period is more likely to attract regulatory attention (and produces a disproportionate percentage of insider trading cases). Second, the SEC has adopted a rule which expressly forbids trading and "tipping" while in possession of MNPI regarding a tender offer received from the tender offeror, the target company or anyone acting on behalf of either. Supervised Persons should exercise caution any time they become aware of nonpublic information relating to a tender offer.

#### **7. Penalties for Insider Trading**

Penalties for trading on or inappropriately communicating MNPI are severe, both for the individuals involved and their employers. A person can be subject to some or all of the penalties below, even if he or she does not personally benefit from the violations. Penalties include:

- civil injunctions;
- disgorgement of profits;

- punitive damages (i.e., fines for the person who committed the violation of up to three (3) times the profit gained, or loss avoided, irrespective of whether the person actually benefited personally);
- felony convictions which include possible jail sentences; and
- fines and sanctions against the employer or other controlling person.

## **C. INSIDER TRADING PROCEDURES**

The following procedures have been established to assist Supervised Persons in avoiding insider trading, and to aid OFS Adviser in preventing, detecting, and imposing sanctions for insider trading. The following procedures should be read in conjunction with other policies set forth in this Code, and in the Compliance Policies.

### **1. Identifying MNPI**

Before trading in the Securities of a company about which they may have potential MNPI, Supervised Persons should ask themselves the following questions:

- Is the information material? Is this information that an investor would consider important in making his or her investment decisions (e.g., whether the investor should buy, sell, or hold a Security)? Is this information that would substantially affect the market price of the Securities if generally disclosed?
- Is the information nonpublic? To whom has this information been provided? Has the information been effectively communicated to the marketplace by being published in Reuters, The Wall Street Journal, Bloomberg, or other publications of general circulation? Remember that information that has been communicated to a relatively large group of sophisticated investors does not by itself mean that the information is public (e.g., large group of potential bank debt investors during an *invitation only* meeting).

### **2. Restricting Access to MNPI**

Care should be taken so that MNPI is secure. For example, files containing MNPI should be sealed or locked; access to computer files containing MNPI should be restricted. As a general matter, materials containing such information should not be removed from the Firm's premises and, if they are, appropriate measures should be maintained to protect the materials from loss or disclosure. Among other things, Supervised Persons should:

- distribute materials containing MNPI only on a need-to-know" basis;
- take care so that telephone conversations cannot be overheard when discussing matters involving MNPI (e.g., speaker telephones should generally be used in a way so that outsiders who might be in OFS Advisers' offices are not inadvertently exposed to this information);

- limit access to offices and conference rooms when these rooms contain MNPI; and
- not leave materials containing MNPI displayed on the computer viewing screen when they leave their computers unattended.

### **3. Review and Dissemination of Certain Investment Related Information**

As part of its consideration of certain investments, including in certain types of “non-Securities” (e.g., bank debt instruments), the Firm may enter into confidentiality agreements with third parties (e.g., issuers, sponsors, syndicate members or other lenders) that could have implications for the Firm’s compliance with federal securities laws. Those agreements may sometimes contain so-called “stand-still” provisions, which specifically restrict the Firm’s activity in Securities of identified issuers, but more typically simply raise the possibility that nonpublic information may be disclosed to the recipient and seek the receiving party’s acknowledgment of that understanding and agreement not to disclose any MNPI transmitted. The procedures for executing confidentiality agreements are set forth in the Firm’s Confidentiality Policy. Many potential counterparties or their agents specifically require that potential investors sign a confidentiality agreement before they will be provided access to investment-related information. Because of the importance of our policies regarding access to and use of confidential information, confidentiality agreements may only be reviewed, negotiated, and executed as set forth in the Firm’s Confidentiality Policy.

### **4. Determination of Materiality**

Given the unique asset classes in which OFS Adviser typically invests, Supervised Persons may receive detailed information about a Security that may not be otherwise readily available to the investing public. The issue of “materiality” and the ultimate determination as to whether the information provided rises to the level of MNPI should not be made independently by a Supervised Person. Rather, the individual should contact a Compliance Officer so that an analysis may be performed, and an informed determination may be made. Unless otherwise determined by a Compliance Officer, in consultation with investment staff and outside legal counsel, as appropriate, information received about a publicly-traded Security that is not readily available to the investing public shall be deemed to be and treated as material.

### **5. Policies and Procedures Relating to Paid Research Consultants and Expert Network Firms Regarding Securities**

While it is permissible to utilize consultants, who may provide information relating to Securities as part of the research process, OFS Adviser must be particularly sensitive about the information that these consultants provide. Accordingly, OFS Adviser has adopted the following procedures with which all Supervised Persons must comply in connection with their contact and interaction with paid consultants who provide information relating to Securities or their issuers:

- The Supervised Person must obtain the prior written approval of a Compliance Officer before engaging a paid consultant if; (1) substantive information related to a Security or its issuer will be discussed as part of the engagement; and/or (2) the consultant is either employed with an issuer of Securities at the time of the engagement or was employed with such an issuer within six months of the engagement. The Compliance Department will maintain a log of all such engagements.
- Prior to the commencement of a phone call or meeting with a paid consultant where (i) it is anticipated that substantive information related to a Security or its issuer will be discussed, and/or (ii) the consultant is either employed with an issuer of Securities at the time of the call or was employed with such an issuer within six months of the call, the Supervised Person must inform such consultant that:
  - (i) the Firm may invest in the public and non-public Securities and private debt markets,
  - (ii) the Firm does not wish to receive MNPI,
  - (iii) the purpose of speaking with such consultant is to obtain his/her independent insight as it relates to a particular industry, sector, or company, and
  - (iv) such consultant should not share any MNPI or confidential information that he/she may have a duty to keep confidential or that he/she otherwise should not disclose.
- The Supervised Person should also confirm with such consultant that he/she will not be violating any agreement, duty, or obligation such consultant may have with any employer or other institution.
- Supervised Persons must keep and maintain logs of all call or conversations with such consultants, which should include the date/time of the conversation, the name of the consultant and a summary of the information discussed on the call.
- In the event that a Supervised Person learns or has reason to suspect that he or she has been provided with confidential or MNPI relating to a Security from a consultant, the Supervised Person must immediately contact a Compliance Officer prior to either communicating such confidential or material nonpublic information to anyone else, or making any investment or trading decisions.

Agreements with paid research consultants and expert network firms who provide information relating to Securities must be pre-approved by a Compliance Officer and may be signed only by (i) Bilal Rashid on behalf of Senior Management in the case of Advisory Clients, after consultation with, and approval by, a Compliance Officer. Depending on the facts and circumstances, the CCO may

impose other conditions on the engagement of consultants or on the conduct of the engagement, including, but not limited to, the participation of a Compliance Officer on any phone calls or in any correspondence between the consultant and the Firm.



## IV. GIFTS, ENTERTAINMENT AND POLITICAL ACTIVITIES

### A. INTRODUCTION

OFS Adviser attempts to minimize any activity that might give rise to a question as to whether the Firm's objectivity as a fiduciary has been compromised.

### B. GIFTS AND ENTERTAINMENT POLICY

One possible area of fiduciary concern relates to providing or receiving meals, gifts or entertainment from third parties with which OFS Adviser or its Advisory Clients, including each OFS Fund, joint business partners, service providers and current and prospective clients (collectively "Outside Parties" and each an "Outside Party"), do business.

Supervised Persons are prohibited from soliciting anything of value from Outside Parties. Further, no Supervised Person may give or receive any gift, meal or entertainment that could or is intended to influence decision-making or to make a person beholden, in any way, to another person or company that seeks to do or is currently doing business with the Firm or its Advisory Clients. Lavish or luxurious gifts and entertainment, and gifts and entertainment that are received or provided on a frequent basis, are generally deemed to meet this standard and, unless a Compliance Officer indicates otherwise, are prohibited. In addition, depending upon a Supervised Person's responsibilities, specific regulatory requirements may dictate the types and extent of gifts and entertainment that Supervised Persons may give or receive. The Firm is committed to competing solely on the merit of its products and services, and Supervised Persons should avoid any actions that create a perception that favorable treatment of Outside Parties by the Firm was sought, received or given in exchange for gifts or entertainment.

#### 1. Business Meals

Generally, Supervised Persons may share meals with Outside Parties in the ordinary course of business. **Meals received by Supervised Persons from Outside Parties should not exceed \$250 per person per meal. Meals provided by Supervised Persons to Outside Parties are generally permissible and should also not exceed \$250 per person per meal**, subject to certain pre-approval requirements applicable to providing meals to Public Officials. A "Public Official" means any person who is employed full- or part-time by a government, or by regional subdivisions of governments, including states, provinces, districts, counties, cities, towns and villages or by independent agencies, state-owned businesses, state-controlled businesses or public academic institutions. This would include, for example, employees of sovereign wealth funds, government-sponsored pension plans (i.e. pension plans for the benefit of government employees), heads of state, lower level employees of state-controlled businesses and government-sponsored university endowments. "Public Official" also includes political party officials and candidates for political office.

## 2. Providing Business Gifts

Any Supervised Person who offers a gift to an Outside Party must be sure that it cannot reasonably be interpreted as an attempt to gain an unfair business advantage or otherwise reflect negatively upon the Firm. In addition, a Supervised Person may never use personal funds or resources to do something that cannot be done with Firm resources. A gift may include any services or merchandise of any kind or discounts on merchandise or services and other items of value. **Supervised Persons are prohibited from giving gifts of cash, cash equivalents (such as gift cards and gift certificates) and securities to Outside Parties.** This policy does not prohibit the provision of occasional or nominal non-cash gift items, such as holiday gifts, to Outside Parties so long as the value of the gift(s) provided by a Supervised Person to any one recipient over a calendar year does not exceed \$250. **Once the aggregate amount proposed to be provided by a Supervised Person to any one recipient during one calendar year exceeds \$250, that Supervised Person must obtain pre-approval from a Compliance Officer.** Such request should be submitted via the Firm's automated compliance system. **Further, anything of value (e.g., meals, beverages, gifts, and entertainment) to be provided to Public Officials requires pre-approval from a Compliance Officer.** Such requests should be submitted via the Firm's automated compliance system.

The Compliance Department shall periodically review gifts provided for compliance with this Code as part of quarterly expense reimbursement review process.

If you are unsure of OFS Adviser's policy with respect to providing gifts in any circumstance, you should consult with a Compliance Officer.

## 3. Receiving Gifts

No Supervised Person should obtain any material personal benefits or favors because of his or her position with the Firm. Each Supervised Person's decisions on behalf of the Firm must be free from undue influence. Soliciting gifts from Outside Parties is strictly prohibited. A gift may include any services or merchandise of any kind or discounts on merchandise or services and other items of value. Supervised Persons are prohibited from receiving gifts of cash, cash equivalents (such as gift cards and gift certificates) and securities from Outside Parties. This policy does not prohibit the receipt of occasional or nominal non-cash gift items, such as holiday gifts, so long as the value of the gift(s) received by a Supervised Person from any one source over a calendar year does not exceed \$250. Any gift that will cause the total received by that Supervised Person from a single source to exceed \$250 for the calendar year, and any additional gift thereafter received during the calendar year, requires pre-approval by a Compliance Officer. Also, one of the following actions will generally be required: return the gift, donate the gift to charity or to OFS for a corporate raffle or keep the gift and write a check to charity for the difference between the fair market value of the gift and \$250. Such requests should be submitted via the Firm's automated compliance system.

**Gifts in any amount received by a Supervised Person from an Outside Party, except for gifts of nominal value (such as logo items, including pens, notepads, coffee mugs and baseball caps) must be disclosed in the Firm's automated compliance system at the time of receipt.**

#### **4. Entertainment**

The gift policies above are not intended to prohibit the acceptance or provision of non-extravagant entertainment that facilitates the handling of the Firm's business. Thus, normal and customary entertainment (e.g., concerts, exhibitions or games featuring local sports teams, where the person providing the entertainment is present), that is not frequent or "lavish" and does not influence the selection of vendors or other Outside Parties, is acceptable. Note, entertainment provided by or to a Supervised Person where the person providing the entertainment does not attend should be treated as a "gift." Also, if you bring a guest to an entertainment event hosted by an Outside Party, your guest's ticket is considered as a "gift" for purposes of this policy. Business meals are not considered entertainment for purposes of this Policy (see Section IV.B. 1. "Business Meals" above for additional information).

No Supervised Person may provide or accept extravagant or excessive entertainment to or from an Outside Party. **Any entertainment that a Supervised Person reasonably expects to exceed \$1,000 in market value per person must be pre-approved by a Compliance Officer.** Also, if the entertainment provided by the Supervised Person is part of an entertainment program (i.e. purchasing season box seats, where multiple events are scheduled over multiple dates, for multiple Outside Parties), and although the market value per person may be below the \$1000 limit, these programs must also be approved in advance by a Compliance Officer. Further, entertainment of any value to be provided to Public Officials requires pre-approval from a Compliance Officer. Such requests should be submitted via the Firm's automated compliance system.

**Entertainment in any amount received by a Supervised Person must be reported via the Firm's automated compliance system within a reasonable amount of time of participating in such entertainment and no later than 30 calendar days of participation in such event.** Entertainment provided to Outside Parties is not required to be reported in the Firm's automated compliance system, as OFS Adviser shall track all entertainment expenses in the Firm's corporate accounting records. The Compliance Department periodically reviews entertainment provided by Supervised Persons for compliance with this Code as part of its quarterly expense reimbursement review process.

#### **5. Travel and Lodging**

You may occasionally be invited to conferences or other events by Outside Parties, which include an offer of travel and/or lodging. In the event that you receive such offers, you must obtain approval from the Compliance Department prior to accepting the travel and/or lodging. Requests to

accept travel or lodging that appear to be exorbitant in price and/or luxurious in nature will generally be denied. All travel and lodging received from Outside Parties must be disclosed. Requests and disclosures should be submitted via the Firm's automated compliance system.

## **6. Providing Meals, Gifts and Entertainment to Public Officials and Union Employees**

Specific requirements and restrictions apply regarding the offering of meals, gifts and entertainment to Public Officials and can vary depending on the governmental branch/body, state, or other jurisdiction. For example, many government pension plans place strict limits on the value of any meal provided by a service provider, such as the Firm, to the pension plans' employees. Certain jurisdictions even ban service providers from providing anything of value to their public employees, including promotional items of nominal value. Penalties for violating these gift laws can range from monetary fines to disqualification from RFP participation and rescindment of existing investment mandates. Private unions are subject to Department of Labor gift rules and regulations and service providers, such as the Firm, must comply with prescribed limits and reporting requirements when providing gifts and meals to union employees. Accordingly, it is against Firm policy to offer or give meals, gifts, entertainment, or anything of value to Public Officials or union officials or employees unless the regulations applicable to that individual permit acceptance of such items. **Further, Supervised Persons are prohibited from offering or giving anything of value, including nominal items or snacks, to Public Officials or union officials or employees without first obtaining the approval of a Compliance Officer.** Such requests for prior approval should be submitted via the Firm's automated compliance system.

If you plan to contact a Public Official for the first time in order to solicit business or to request that any action or decision be made by a Public Official or its affiliated public body, you may need to register as a lobbyist. Many states and other local jurisdictions have enacted lobbying laws that can vary in how they define "lobbying" and registration as a "lobbyist" is required. Further, in the event that you are required to register as a lobbyist, you will likely be subject to lower gift and entertainment limits. Accordingly, you should contact Compliance for further guidance prior to initial contact with Public Officials.

If you are unsure of applicable laws, rules, and regulations with respect to providing gifts, meals and entertainment to Public Officials and union employees or officials in any circumstance, you should consult with a Compliance Officer.

## **7. Receipt of Meals, Gifts or Entertainment by Traders from Brokers/Agent Bank Employees**

Traders or other investment professionals with the ability to influence the selection of brokers/agent banks with respect to trading in Securities and broadly syndicated loans are prohibited from receiving meals over \$250 and gifts or entertainment in any value from an employee of such broker/

agent bank without preapproval from a Compliance Officer. Such request for pre-approval should be submitted via the Firm's automated compliance system.

## **8. Charitable Contributions**

Certain charitable contributions require preapproval by a Compliance Officer. Charitable contributions by an employee, at the request or for the benefit of a Public Official or a Public Official's immediate family member or close associate may be permissible only if the Compliance Officer can reasonably conclude that the contribution is lawful, ethical and in compliance with the policies and standards under this Code.

In all cases, the Compliance Officer shall ensure that the beneficiary of the contribution is an organization formed under section 501(c)(3) of the U.S. Internal Revenue Code or is otherwise operating exclusively as a non-profit civic charity that is not involved in any political or lobbying activity. Further, such contributions should never be used as bribes (i.e., to improperly influence or reward any action or decision for OFS's benefit).

## **C. POLITICAL ACTIVITY POLICY**

### **1. Introduction**

The SEC, along with certain states, municipalities and public pension plans, have adopted regulations limiting or completely disqualifying investment advisers from providing services to, or accepting placements from, a government entity if certain political contributions<sup>12</sup> are made or solicited<sup>13</sup> by the Firm, certain of its Supervised Persons, or, in some instances, a Supervised Person's Related Persons. Under these "pay to play" regulations, a single prohibited political contribution to a candidate or officeholder, political party, political action committee or other political organization at practically every level of government (including local, state and federal) may preclude the Firm from providing services to, or accepting placements from, the applicable government entity and may compel the firm to repay compensation received by the Firm in connection with such services or placements.

**OFS Adviser and its Affiliates (other than natural persons, as provided below) generally do not make or solicit contributions in any amount to any federal, state, county or local political campaign, candidate or officeholder, or any political organization (e.g., political party committee and political action committee ("PAC")). As such, Supervised Persons are prohibited from making or soliciting contributions in the name of or on behalf of OFS Advisers and/or its**

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<sup>12</sup> Contributions include cash, checks, gifts, subscriptions, loans, advances, deposits of money, "in kind" contributions (e.g., the provision of free professional services) or anything else of value provided for the purpose of influencing an election for a federal, state or local office, including any payments for debts incurred in such an election.

<sup>13</sup> Solicitation of contributions encompasses any fundraising activity on behalf of a candidate, campaign or political organization, including direct solicitation, hosting of events and/or aggregating, coordinating or "bundling" the contributions of others.

**Affiliates unless otherwise approved by the Compliance Department and a member of Senior Management.**

**No Supervised Person of the Firm or his/her Related Persons may engage in any Political Activity for any federal, state, county, or local political campaign, candidate or officeholder, or any political organizations (e.g., political party committee, political action committee), without the prior written approval of a Compliance Officer. Such requests should be submitted via the Firm's automated compliance system.** "Political Activity" is defined as monetary or in-kind campaign contributions to, or for the benefit of, any government official, candidate running for office, political party or legislative leadership, politically active non-profit, ballot measure committee or PAC as well as the solicitation and coordination of campaign contributions. Volunteering for a campaign that does not include solicitation or coordination of campaign contributions does not require pre-approval.

A Supervised Person must submit a Political Activity pre-approval request on behalf of the Supervised Person (or his or her Related Person) through the Firm's automated compliance system prior to engaging in Political Activity, and such submission must include all pertinent information related to the proposed activity, including, but not limited to, the individual wishing to contribute, amount of the contribution, the name of the intended recipient, the nature of the recipient's candidacy, whether the proposed recipient holds an existing political office (whether local, state or federal), and whether the Supervised Person (or his or her Related Person, where applicable) is legally entitled to vote for the proposed recipient. Because of the serious nature of the sanctions applicable to a pay to play violation, requests to engage in Political Activity for candidates seeking election to state and local offices will generally be limited, depending on whether a Supervised Person is legally entitled to vote for the candidate. As such, requests to donate to state or local candidates and officials may be approved up to \$350, where the Supervised Person is legally entitled to vote for the candidate, and is limited to \$150 or less, where a Supervised Person is not legally entitled to vote for the candidate or where the relevant jurisdiction imposes more restrictive limits.

The Firm expects that every Supervised Person will explain the importance of compliance with this policy to his/her Related Persons, and ensure their clear understanding of the obligation to follow these requirements. Moreover, the applicable laws in this area are complex and a trap for the unwary -- no Supervised Person should attempt to decide for himself or herself whether a Political Activity is prohibited or permissible. Supervised Persons are responsible for complying with and tracking their own Political Activity limits.

## **2. Indirect Violations**

The pay to play laws also prohibit actions taken indirectly that the Firm or its Supervised Persons could not take directly without violating the law. For example, it is improper and unlawful to provide funds to a third party (such as a consultant or attorney) with the understanding that the third party will use such funds to make an otherwise prohibited contribution. Such indirect violations may result in a prohibition on the Firm from receiving compensation and result in other sanctions,

including possible criminal penalties. If any Supervised Person learns of facts and circumstances suggesting a possible indirect violation, that Supervised Person must report such facts and circumstances to a Compliance Officer immediately.

### **3. Periodic Disclosure**

In order to ensure compliance with this policy, every Supervised Person must submit via the Firm's automated compliance system, a disclosure and certification setting forth all Political Activity by the Supervised Person and his/her Related Persons for the previous two (2) years or confirming that no such contributions have been made, prior to and at commencement of employment. Supervised Persons are also required to disclose and certify all Political Activity in which they or their Related Persons have engaged on a quarterly basis.

## V. OUTSIDE AFFILIATIONS POLICY

### A. OUTSIDE BUSINESS ACTIVITIES

From time to time, Supervised Persons may be asked and/or desire to own, work for or serve as a general partner, managing member, principal, proprietor, consultant, agent, representative, or employees of an outside organization, all of which are considered “Outside Business Activities”. These organizations may include public or private corporations, limited and general partnerships, businesses, family trusts, endowments, and foundations.

Outside Business Activities may, however, create potential conflicts of interest and/or provide access to MNPI. So that the Compliance Department can address these potential issues, **Supervised Persons must obtain prior approval from their supervisor and a Compliance Officer to engage in Outside Business Activities**. Approval should be requested through the Firm’s automated compliance system.

Prior approval is generally not required to assume positions with charitable and other non-profit organizations or civic and trade associations. However, if your responsibilities include the provision of investment advice, such as participation on the investment committee of a non-profit organization, or the organization is a client or business partner of the Firm or its Affiliates, you must obtain pre-approval from your supervisor and a Compliance Officer.

### B. DIRECTOR AND OFFICER POSITIONS

In other instances, Supervised Persons may be asked or desire to serve as a director, trustee or officer for organizations unaffiliated with the Firm and its Affiliates (“Outside Director and Officer Positions”) or for organizations that are affiliated with the Firm, such as a Portfolio Company (“Affiliated Director and Officer Positions”), for or without compensation.

As a prospective board member, trustee or officer, it is critical that you coordinate with the Compliance Department to ensure that potential conflicts of interest are addressed and special measures are taken to handle and maintain the confidentiality of any information that you may obtain in your new position. As such, in the event that you wish to assume an Outside Director and Officer Position, you must obtain prior approval from your supervisor and a Compliance Officer. However, if you are assuming an Affiliated Director and Officer Position, you must only disclose your new position to the Compliance Department and in a timely manner. Such disclosures and requests for pre-approval should be made through the Firm’s automated compliance system.

You are prohibited from engaging in any outside activity previously described, without the prior approval or disclosure required for such activity. Outside Director and Officer Positions will be approved only if any associated conflicts of interest and insider trading risks, actual or apparent,



can be satisfactorily mitigated or resolved. Please note, however, you are not required to seek pre-approval or provide disclosure to serve as a board member or officer of a personal residential organization, such as a homeowner's association or coop board, or an entity formed for personal estate planning purposes.

### **C. EMPLOYEE RELATIONSHIPS**

The Firm needs to be aware of relationships maintained by Supervised Persons with third parties that may create the potential for conflicts of interest. The Firm uses this information to assess the need to prohibit certain Supervised Persons from handling matters where such a conflict exists or institute mitigating controls surrounding the levels of business activity or contract negotiations where a relationship posing a conflict has been identified. This may include situations where a Supervised Person's Related Person or Family Member is: 1) a director, an owner of more than 5% of or a senior management executive of a public company, 2) employed or engaged by a company with which the Firm is conducting or may conduct business, and such Related Person or Family Member is in a position to make decisions with respect to such business or is directly involved with the relationship with the Firm (e.g. a law firm, real estate broker or general contractor), or 3) employed with or serving in an office of a state or local government entity (e.g., city retirement system, state office, public university), in which the Related Person or Family Member has the authority, directly or indirectly, to affect the entity's current or prospective relationship with the Firm. Such relationships should be disclosed using the Firm's automated compliance system.

For purposes of this Code, "Family Member" means the parents, children, brothers, sisters, aunts, uncles, and in-laws of the Supervised Person *regardless of residence, financial dependence, or investment control*.

## VI. ANTI-CORRUPTION POLICY

The purpose of the OFS Adviser's Anti-Corruption Policy is to ensure compliance by the Firm and its employees with applicable anti-bribery laws. As such, the Policy prohibits OFS Adviser employees from offering, promising, paying or providing, or authorizing the promising, paying or providing (in each case, directly or indirectly, including through third parties) of any amount of money or anything of value to any Public Official or Private Sector Counterparty (defined below), including a person actually known to be an immediate family member of such parties, in order to improperly influence or reward any action or decision by such person for the Firm's benefit.

Neither funds from the Firm nor funds from any other source may be used to make any such payment or gift on behalf of or for the Firm's benefit.

### (a) Requirements for Interaction with Public Officials

The U.S. Foreign Corrupt Practices Act (also referred to as the "FCPA") is a U.S. federal law that generally prohibits the bribery of foreign officials (also referred to as "Public Officials"), directly or indirectly, by any individual, business entity or employee of any such entity for the purpose of obtaining or retaining business and/or gaining an unfair advantage.

"Public Official", for purposes of this Policy, includes any person who is employed full- or part-time by a government, or by regional subdivisions of governments, including states, provinces, districts, counties, cities, towns and villages or by independent agencies, state-owned businesses, state-controlled businesses or public academic institutions. This would include, for example, employees of sovereign wealth funds, government-sponsored pension plans (i.e. pension plans for the benefit of government employees), heads of state, lower level employees of state-controlled businesses and government-sponsored university endowments. "Public Official" also includes political party officials and candidates for political office. For example, a campaign contribution is the equivalent of a payment to a Public Official under the FCPA. In certain cases, providing a payment or thing of value to a person actually known to be an immediate family member of a Public Official or a charity associated with a Public Official may be the equivalent of providing a thing of value to the Public Official directly.

Under the FCPA, the employees of public international organizations, such as the African and Asian Development Banks, the European Union, the International Monetary Fund, the United Nations, and the Organization of American States, are considered Public Officials.

In April 2010, the United Kingdom, passed its own anti-bribery law, the Bribery Act 2010 (the "Bribery Act"). However, the law went further than the FCPA, prohibiting not only bribery of "foreign public officials" but also the bribery of private parties. Further, the Bribery Act, unlike the

FCPA, prohibits “passive” bribery or the acceptance of bribes, in addition to “active” bribery, or giving a bribe.

The OFS Adviser Anti-Corruption Policy is applicable to all OFS Adviser employees, regardless of their country of citizenship or residency. Although the FCPA and the Bribery Act are the principal anti-bribery statutes applicable to OFS Adviser and its employees worldwide, OFS Adviser and its employees are also subject to the applicable anti-bribery laws of all jurisdictions in which they do business and any jurisdictions involved in OFS Adviser’s cross-border transactions. OFS Adviser employees who are not U.S. or U.K. citizens or residents may also be subject to anti-bribery laws of their countries of citizenship or residency, as applicable.

Prior to transacting business (including merger and acquisition transactions and the retention of certain third parties) outside the U.S. or U.K., you should consult with the CCO or Legal Department or local counsel to obtain the applicable policies, requirements and procedures pertinent to complying with the applicable anti-bribery laws of such jurisdictions.

(b) Requirements for Interaction with Private Sector Counterparty Representatives

OFS employees should be sensitive to anti-corruption issues in their dealings directly or indirectly, with Private Sector Counterparty Representatives. A Private Sector Counterparty Representative is an owner, employee, or representative of a private entity, such as a partnership or corporation, with which OFS Adviser is conducting or seeking to conduct business. Individuals affiliated with current and prospective clients, service providers and other third parties in such a capacity are all “Private Sector Counterparty Representatives”.

Bribery concerns may arise in connection with your day-to-day interactions with Private Sector Counterparty Representatives, regarding, for example, the offering of investment opportunities or the solicitation of OFS Adviser business by service providers. It is important to be mindful of the anti-bribery laws and to avoid any action that may give the appearance of bribery in your dealings with such individuals. While you may engage in the exchange of gifts, meals and entertainment with Private Sector Counterparty Representatives in the normal and routine course of business, it is important that you adhere to this Policy and to the Gifts, Meals and Entertainment Policy of this Code to avoid running afoul of the anti-corruption laws.

(c) Requirements for Retention of Certain Third Parties

Payments by OFS Adviser to Third Parties raise special concerns under the FCPA, Bribery Act and any other applicable anti-bribery laws. A “Third Party” is defined as any consultant, investor, joint venture partner, local partner, broker, agent or other third party retained or to be retained by OFS Adviser for purposes of dealing with a Public Official or a Private Sector

Counterparty Representative on behalf of OFS Adviser or where the contemplated services are likely to involve business-related interactions with a Public Official or Private Sector Counterparty Representative on behalf of OFS Adviser. Because of the risk that a Third Party may seek to secure business for OFS Adviser or its Advisory Clients through violations of the FCPA or Bribery Act and that OFS Adviser or its Advisory Client's Portfolio Companies may be subject to liability under the FCPA or Bribery Act as a result, any agreement with a Third Party that is engaged to do business with OFS Adviser is subject to specific due diligence and contractual requirements to assure compliance with the Firm's Anti-Corruption Policy.

(d) Pre-Approval Reporting, Due Diligence and Contractual Requirements

Unless otherwise authorized by the CCO or a Compliance Officer, you are required to adhere to the following policies and procedures, designed to facilitate your compliance with applicable anti-bribery laws.

You must obtain pre-approval for the following types of expenses, donations, and contributions:

- gifts, meals, entertainment, travel, or lodging provided to a Public Official or a person actually known to be an immediate family member or guest of a Public Official;
- charitable donations made on behalf of OFS Adviser at the request of a Private Sector Counterparty Representative;
- charitable donations made in an individual capacity or on behalf of OFS Adviser at the request of or for the benefit of a Public Official; and
- any political contributions.

Pre-approval requests should be submitted via the Firm's automated compliance system.

(e) Reporting Obligations

On a quarterly basis, you must certify to all previously approved and/or disclosed political contributions, charitable donations, items to Public Officials and all gifts and entertainment received, as specified above. Certification must be made via the Firm's automated compliance system.

## **VII. IT ACCEPTABLE USE POLICY**

The OFS IT Acceptable Use Policy is hereby incorporated into this Code by reference. Supervised Persons are required to fully comply with all policies and procedures and certification and training requirements associated with the OFS IT Acceptable Use Policy, and any instance of non-compliance will likely constitute a violation of this Code. The OFS IT Acceptable Use Policy is available to all Supervised Persons on the Firm's public network drive and automated compliance system.

## **VIII. PERSONAL USE OF FIRM RESOURCES AND RELATIONSHIP POLICY**

OFS email and other OFS-sponsored communication mediums (e.g., Skype for Business) (collectively, “OFS communication platforms”) should generally only be used for conducting OFS business. While occasional use of OFS email for personal communications is permissible, Supervised Persons are prohibited from using OFS communication platforms to conduct personal outside business activities (including those involving political, civic or charitable solicitations), which may imply OFS’s sponsorship or endorsement of such activities. Use of OFS stationary for personal correspondence or other personal purposes is strictly prohibited. All communications made via OFS communication platforms are the property of OFS and use of such platforms must comply with the OFS Computer Acceptable Use Policy.

Absent an exemption granted by Human Resources or Compliance, Supervised Persons are prohibited from assigning tasks associated with personal business activities to staff or soliciting assistance for such personal endeavors from staff in a junior role to the requestor.

Further, Supervised Persons are prohibited from leveraging relationships with OFS clients, vendors, and other business contacts (“OFS Contacts”) gained over the course of their employment for personal purposes. Personal purposes include, but are not limited to, charitable and political activities, including solicitation of donations, and the conduct of personal business activities.

OFS reserves the right to search and monitor the computer files of and OFS communication platforms used by any Supervised Persons, without advance notice, for purposes of monitoring compliance with this policy.



## ATTACHMENTS

**Whistleblower Information.....Attachment A**

The listed attachment is also available on OFS Adviser's public network drive and automated compliance system, or from the Compliance Department.

**Whistleblower Hotline Information**

Effective whistleblowing mechanisms to mitigate bribery and corruption issues are a key feature in our commitment to a high level of integrity and ethics. As part of our Whistleblower Policy, we have established a third-party confidential hotline, Report It. This hotline enables you and external parties, including our suppliers and vendors, to confidentially, and anonymously if preferred, report any suspected violation(s) of our various codes of conduct, any activity that may adversely affect the Firm's business or reputation, any ESG-related concerns or violations, or any other inappropriate conduct.

Although we encourage you to report any concerns or problems you may have to your supervisor, there may be times where you may not feel comfortable voicing these concerns or problems to them. If you desire or need to report a violation or misconduct, you can do so by either calling the Report It hotline or by logging into their website. The OFS Report It username and password information is listed below.

- **Username: OFS Management**
- **Password: OFS Management**

1. Toll free hotline number: 1-877-778-5463 (1 -877-RPT-LINE)
2. Website address: [www.reportit.net](http://www.reportit.net)
  - a. Click on the Report It Online link
  - b. Click on the Report It Now button
  - c. Type the Username/Password under the "Create Report" column
  - d. Click on the Report It Now button

You will be able to anonymously file a wide variety of reports from questionable accounting or auditing matters to harassment or hostile work environment through either the website or the toll-free hotline number. Any report that you submit will be handled anonymously by Report It, and your name will not be provided by Report It to any OFS contact should you so choose to remain anonymous. We hope that by implementing this hotline service, you will be able to keep our organization free from fraudulent and unethical accounting/auditing activity while achieving our goal to maintain and conduct our business at the utmost level of professional standards and best practices.



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 6th day of May, 2022.

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

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 6th day of May, 2022.

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

**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, 2022 (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
<b>Name:</b>	<b>Bilal Rashid</b>
<b>Date:</b>	<b>May 6, 2022</b>

**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, 2022 (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.

<b>Name:</b> <b>Date:</b>	<u>/s/ Jeffrey A. Cerny</u> <b>Jeffrey A. Cerny</b> <b>May 6, 2022</b>
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