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OFS Capital Corp
Form 10-Q
August 03, 2018
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 June 30, 2018

or

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

For the transition period from _____ to _____

Commission file number 814-00813

OFS CAPITAL CORPORATION
(Exact name of registrant as specified in its charter)
Delaware

46-1339639
I.R.S. Employer
Identification No.

State or Other Jurisdiction of
Incorporation or Organization

10 S. Wacker Drive, Suite 2500, Chicago, Illinois
Address of Principal Executive Offices

60606
Zip Code

(847) 734-2000

Registrant's Telephone Number, Including Area Code

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

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 Accelerated filer

Non-accelerated filer (do not check if a smaller reporting company) Smaller reporting company

Emerging growth company

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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 ý

The number of shares of the issuer's Common Stock, \$0.01 par value, outstanding as of August 1, 2018 was 13,350,458.

OFS CAPITAL CORPORATION

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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
Annual Distribution Requirement	Distributions to our stockholders, for each taxable year, of at least 90% of our ICTI
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
Board	The Company's board of directors
CLO	Collateralized loan obligation funds
Code	Internal Revenue Code of 1986, as amended
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
Investment Advisory Agreement	Investment Advisory and Management Agreement between the Company and OFS Advisor dated November 7, 2012
IPO	Initial Public Offering
LIBOR	London Interbank Offered Rate
Net Loan Fees	The cumulative amount of fees, such as discounts, premiums and amendment fees that are deferred and recognized as income over the life of the loan.
Offering	The April 2017 follow-on public offering 3,625,000 shares of our common stock at an offering price of \$14.57 per share.
OFS Advisor	OFS Capital Management, LLC, a wholly owned subsidiary of OFSAM and registered investment advisor under the 1940 Act
OFS Capital WM	OFS Capital WM, LLC, a wholly owned investment company subsidiary
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
PIK	Payment-in-kind, non-cash interest or dividends payable as an addition to the loan or equity security producing the income.
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	U.S. Small Business Administration
SBCAA	Small Business Credit Availability Act
SBIC	A fund licensed under the SBA small business investment company program

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Term	Explanation or Definition
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
SBIC I LP	OFS SBIC I, LP, a wholly owned SBIC subsidiary of the Company
SEC	U.S. Securities and Exchange Commission
Securities Act	Securities Act of 1933, as amended
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
Unsecured Notes	The Company's \$50.0 million aggregate principal amount of 6.375% notes due April 30, 2025

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,” “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;

actual and potential conflicts of interest with OFS Advisor and other affiliates of OFSAM;

constraint on investment due to access to material nonpublic information;

restrictions on our ability to enter into transactions with our affiliates;

limitations on the amount of SBA-guaranteed debentures that may be issued by an SBIC;

our ability to comply with SBA regulations and requirements;

the use of borrowed money to finance a portion of our investments;

competition for investment opportunities;

the ability of SBIC I LP and any other portfolio companies to make distributions enabling us to meet RIC requirements;

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;

uncertain valuations of our portfolio investments; and

the effect of new or modified laws or regulations governing our operations, including the ability to incur additional leverage under the Small Business Credit Availability Act.

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, the forward-looking statements based on 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 “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2017. 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 Reports on Form 10-Q are excluded from the safe harbor protection provided by Section 27A of the Securities Act, and Section 21E of the Exchange Act.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

OFS Capital Corporation and Subsidiaries

Consolidated Balance Sheets

(Dollar amounts in thousands, except per share data)

	June 30, 2018	December 31, 2017
	(unaudited)	
Assets		
Investments, at fair value:		
Non-control/non-affiliate investments (amortized cost of \$249,111 and \$209,360, respectively)	\$ 241,071	\$ 197,374
Affiliate investments (amortized cost of \$106,689 and \$70,402, respectively)	111,017	69,557
Control investments (amortized cost of \$10,275 and \$10,213, respectively)	10,744	10,568
Total investments at fair value (amortized cost of \$366,075 and \$289,975, respectively)	362,832	277,499
Cash and cash equivalents	22,665	72,952
Interest receivable	2,919	2,734
Prepaid expenses and other assets	4,257	4,593
Total assets	\$ 392,673	\$ 357,778
Liabilities		
Revolving line of credit	\$ 8,000	\$ 17,600
SBA debentures (net of deferred debt issuance costs of \$2,470 and \$2,657, respectively)	147,410	147,223
Unsecured notes (net of deferred debt issuance costs of \$1,701 and \$0, respectively)	48,299	—
Interest payable	2,260	1,596
Management and incentive fees payable	2,683	1,987
Administration fee payable	478	476
Accrued professional fees	444	433
Other liabilities	170	127
Total liabilities	209,744	169,442
Commitments and contingencies (Note 6)		
Net assets		
Preferred stock, par value of \$0.01 per share, 2,000,000 shares authorized, -0- shares issued and outstanding as of June 30, 2018, and December 31, 2017, respectively	\$ —	\$ —
Common stock, par value of \$0.01 per share, 100,000,000 shares authorized, 13,350,458 and 13,340,217 shares issued and outstanding as of June 30, 2018, and December 31, 2017, respectively	134	133
Paid-in capital in excess of par	187,549	187,398
Accumulated undistributed net investment income	7,088	9,404
Accumulated undistributed net realized gain (loss)	(8,497)	)3,881
Net unrealized depreciation on investments	(3,345)	)(12,480)
Total net assets	182,929	188,336
Total liabilities and net assets	\$ 392,673	\$ 357,778
Number of shares outstanding	13,350,458	13,340,217
Net asset value per share	\$ 13.70	\$ 14.12

See Notes to Financial Statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Investment income				
Interest income:				
Non-control/non-affiliate investments	\$6,326	\$ 4,446	\$12,084	\$ 9,058
Affiliate investments	2,768	1,646	4,853	3,477
Control investment	250	542	489	1,066
Total interest income	9,344	6,634	17,426	13,601
Payment-in-kind interest and dividend income:				
Non-control/non-affiliate investments	122	319	346	626
Affiliate investments	285	374	746	726
Control investment	27	39	54	77
Total payment-in-kind interest and dividend income	434	732	1,146	1,429
Dividend income:				
Non-control/non-affiliate investments	—	45	—	50
Affiliate investments	—	—	130	85
Control investments	94	137	127	170
Total dividend income	94	182	257	305
Fee income:				
Non-control/non-affiliate investments	387	169	413	325
Affiliate investments	3	176	5	234
Control investments	16	85	34	118
Total fee income	406	430	452	677
Total investment income	10,278	7,978	19,281	16,012
Expenses				
Interest expense	2,169	1,339	3,803	2,726
Management fee	1,548	1,224	2,908	2,416
Incentive fee	1,135	(22)	1,872	1,159
Professional fees	200	293	401	556
Administration fee	358	307	941	708
Other expenses	310	521	1,005	791
Total expenses before incentive fee waiver	5,720	3,662	10,929	8,356
Incentive fee waiver (see Note 3)	—	—	(22)	—
Total expenses, net of incentive fee waiver	5,720	3,662	10,907	8,356
Net investment income	4,558	4,316	8,374	7,656
Net realized and unrealized gain (loss) on investments				
Net realized gain (loss) on non-control/non-affiliate investments	(5,464)	)163	(5,003)	)163
Net realized gain (loss) on affiliate investments	(3,477)	)874	(4,018)	)874
Net unrealized appreciation (depreciation) on non-control/non-affiliate investments	5,411	(5,505)	)3,848	(8,546)
Net unrealized appreciation (depreciation) on affiliate investments	3,928	(3,366)	)5,173	658
Net unrealized appreciation on control investment	39	1,237	114	1,780
Net gain (loss) on investments	437	(6,597)	)114	(5,071)
Net increase (decrease) in net assets resulting from operations	\$4,995	\$ (2,281)	)\$8,488	\$ 2,585
Net investment income per common share – basic and diluted	\$0.34	\$ 0.33	\$0.63	\$ 0.67
	\$0.37	\$ (0.17))\$0.64	\$ 0.23

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Net increase (decrease) in net assets resulting from operations per common share – basic and diluted

Distributions declared per common share	\$0.34	\$ 0.34	\$1.05	\$ 0.68
Basic and diluted weighted average shares outstanding	13,348,793	13,197,759	13,344,670	11,458,706

See Notes to Financial Statements.

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

	Six Months Ended June 30,	
	2018	2017
Increase in net assets resulting from operations:		
Net investment income	\$8,374	\$7,656
Net realized gain (loss) on investments	(9,021)	1,037
Net unrealized appreciation (depreciation) on investments	9,135	(6,108)
Net increase in net assets resulting from operations	8,488	2,585
Distributions to stockholders from:		
Accumulated net investment income	(9,075)	(7,830)
Accumulated net realized gain (loss)	(4,936)	—
Total distributions to stockholders	(14,011)	(7,830)
Common stock transactions:		
Public offering of common stock, net of expenses	—	53,373
Reinvestment of stockholder distributions	116	90
Net increase in net assets resulting from capital transactions	116	53,463
Net increase (decrease) in net assets	(5,407)	48,218
Net assets:		
Beginning of period	188,336	143,778
End of period	\$182,929	\$191,996
Accumulated undistributed net investment income	\$7,088	\$6,888
Common stock activity:		
Common stock issued from reinvestment of stockholder distributions	10,241	6,358
Common stock issued and outstanding at beginning of period	13,340,217	9,700,297
Common stock issued and outstanding at end of period	13,350,458	13,331,655

See Notes to Financial Statements.

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

	Six Months Ended June 30,	
	2018	2017
Cash flows from operating activities		
Net increase in net assets resulting from operations	\$8,488	\$2,585
Adjustments to reconcile net increase in net assets resulting from operations to net cash used in operating activities:		
Net realized loss (gain) on investments	9,021	(1,037)
Net unrealized depreciation (appreciation) on investments	(9,135)	6,108
Amortization of Net Loan Fees	(583)	(669)
Payment-in-kind interest and dividend income	(1,146)	(1,428)
Amortization of deferred debt issuance costs	332	260
Amortization of intangible asset	98	98
Purchase and origination of portfolio investments	(145,213)	(72,219)
Proceeds from principal payments on portfolio investments	19,161	51,409
Proceeds from sale or redemption of portfolio investments	42,657	2,400
Changes in other operating assets and liabilities:		
Interest receivable	(185)	520
Interest payable	664	(3)
Management and incentive fees payable	696	(635)
Administration fee payable	2	(66)
Other assets and liabilities	277	(297)
Net cash provided used in operating activities	(74,866)	(12,947)
Cash flows from financing activities		
Proceeds from common stock offering, net of expenses	—	53,448
Distributions paid to stockholders	(13,895)	(7,740)
Borrowings under revolving line of credit	54,250	11,000
Repayments under revolving line of credit	(63,850)	(14,500)
Issuance of unsecured notes	48,247	—
Other financing activities	(173)	—
Net cash provided by financing activities	24,579	42,208
Net increase (decrease) in cash and cash equivalents	(50,287)	29,261
Cash and cash equivalents — beginning of period	72,952	17,659
Cash and cash equivalents — end of period	\$22,665	\$46,920
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	\$2,807	\$2,469
Distributions paid by issuance of common stock	116	90

See Notes to Financial Statements.

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OFS Capital Corporation and Subsidiaries

Consolidated Schedule of Investments

June 30, 2018

(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
Non-control/Non-affiliate Investments									
Armor Holdings II LLC	Other Professional, Scientific, and Technical Services	11.10%	(L +9.00%)	7/20/2016	12/26/2020	\$3,500	\$3,480	\$3,500	1.9 %
Baymark Health Services, Inc.	Outpatient Mental Health & Sub. Abuse Centers	10.57%	(L +8.25%)	3/22/2018	3/1/2025	4,000	3,962	3,979	2.2
Carolina Lubes, Inc. (4)	Automotive Oil Change and Lubrication Shops	10.21%	(L +7.90%)	8/23/2017	8/23/2022	21,125	20,970	21,423	11.7
Senior Secured Loan (8)		9.56%	(L +7.25%)	8/23/2017	8/23/2022	1,363	1,350	1,363	0.7
Senior Secured Loan (Revolver)						22,488	22,320	22,786	12.4
Cirrus Medical Staffing, Inc. (4)	Temporary Help Services	10.58%	(L +8.25%)	3/5/2018	10/19/2022	7,729	7,657	7,668	4.2
Senior Secured Loan		10.58%	(L +8.25%)	3/5/2018	10/19/2022	128	128	117	0.1
Senior Secured Loan (Revolver)						7,857	7,785	7,785	4.3
Community Intervention Services, Inc. (4)	Outpatient Mental Health and Substance								

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	Abuse Centers	7.0%							
Subordinated Loan (6) (10) (11)		cash / 6.0% PIK	N/A	7/16/2015	1/16/2021	8,789	7,639	—	—
	Insurance Agencies and Brokerages								
Confie Seguros Holdings II Co.									
Senior Secured Loan		11.81%	(L +9.50%)	7/7/2015	5/8/2019	9,678	9,615	9,473	5.2
	Other Justice, Public Order, and Safety Activities								
Constellis Holdings, LLC									
Senior Secured Loan		11.33%	(L +9.00%)	4/28/2017	4/21/2025	9,950	9,823	10,050	5.5
	Offices of Physicians, Mental Health Specialists								
DuPage Medical Group									
Senior Secured Loan		9.09%	(L +7.00%)	8/22/2017	8/15/2025	7,098	7,176	7,134	3.9

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OFS Capital Corporation and Subsidiaries

Consolidated Schedule of Investments - Continued

June 30, 2018

(Dollar amounts in thousands)

Portfolio Company (1)	Industry	Interest Rate (2)	Spread Above Index (2)	Initial Acquisition Date	Maturity	Principal Amount	Amortized Cost	Fair Value (3)	Percent of Net Assets
Eblens Holdings, Inc.	Shoe Store	12.0% cash / 1.0% PIK	N/A	7/13/2017	1/13/2023	\$ 8,874	\$ 8,802	\$ 8,728	4.8 %
Subordinated Loan (11)									
Common Equity (71,250 Class A units) (10)				7/13/2017			713	1,029	0.6
						8,874	9,515	9,757	5.4
Elgin Fasteners Group	Bolt, Nut, Screw, Rivet, and Washer Manufacturing	9.08%	(L +6.75%)	10/31/2011	8/27/2018	3,753	3,744	3,489	1.9
Senior Secured Loan									
GGC Aerospace Topco L.P.	Other Aircraft Parts and Auxiliary Equipment Manufacturing	11.05%	(L +8.75%)	12/29/2017	9/8/2024	5,000	4,884	4,936	2.7
Senior Secured Loan									
Common Equity (368,852 Class A units) (10)				12/29/2017			450	368	0.2
Common Equity (40,984 Class B units) (10)				12/29/2017			50	15	—
						5,000	5,384	5,319	2.9
LRI Holding, LLC (4)	Electrical Contractors and Other Wiring Installation Contractors	11.59%	(L +9.25%)	6/30/2017	6/30/2022	17,806	17,682	17,675	9.7
Senior Secured Loan									
Preferred Equity (238,095 Series B units) (10)				6/30/2017			300	300	0.2

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						17,806	17,982	17,975	9.9
MAI Holdings, Inc. (4)	Printing Machinery and Equipment Manufacturing								
Senior Secured Loan		9.50%	N/A	6/21/2018	6/1/2023	5,000	5,000	5,000	2.7
Maverick Healthcare Equity, LLC (4)	Home Health Equipment Rental								
Preferred Equity (1,250,000 units) (10)				12/10/2014		900	64	—	
Common Equity (1,250,000 Class A units) (10)				12/10/2014		—	—	—	
						900	64	—	
My Alarm Center, LLC (4)	Security Systems Services (except Locksmiths)								
Preferred Equity (1,485 Class A units), 8% PIK (7) (10) (13)				7/14/2017		1,571	1,602	0.9	
Preferred Equity (1,198 Class B units) (10) (13)				7/14/2017		1,198	245	0.1	
Common Equity (64,149 units) (10) (13)				7/14/2017		—	—	—	
						2,769	1,847	1.0	

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OFS Capital Corporation and Subsidiaries

Consolidated Schedule of Investments - Continued

June 30, 2018

(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
O2 Holdings, LLC (4)	Fitness and Recreational Sports Centers	15.09%	(L +13.00%)	9/2/2016	9/2/2021	\$ 13,850	\$ 13,519	\$ 13,850	7.6 %
Online Tech Stores, LLC (4)	Stationary & Office Supply Merchant Wholesaler	10.50% cash / 1.0% PIK	N/A	2/1/2018	8/1/2023	16,066	15,770	15,703	8.6
Parfums Holding Company, Inc.	Cosmetics, Beauty Supplies, and Perfume Stores	10.85%	(L +8.75%)	11/16/2017	6/30/2025	6,320	6,335	6,393	3.5
Performance Team LLC (4)	General Warehousing and Storage	12.09%	(L +10.00%)	5/24/2018	11/24/2023	20,300	20,101	20,101	11.0
Planet Fitness Midwest LLC (4)	Fitness and Recreational Sports Centers	13.00%	N/A	6/16/2016	12/16/2021	5,000	4,969	4,987	2.7
PM Acquisition LLC	All Other General Merchandise Stores	11.50% cash /	N/A	9/30/2017	10/29/2021	5,520	5,456	5,358	2.9

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		1.0%								
		PIK								
Common Equity (499 units) (10) (13)			9/30/2017		499	263	0.1			
					5,520	5,955	5,621	3.0		
Resource Label Group, LLC	Commercial Printing (except Screen and Books)									
Senior Secured Loan		10.80%	(L +8.50%)	6/7/2017	11/26/2023	4,821	4,761	4,728	2.6	
RPLF Holdings, LLC	Software Publishers									
Common Equity (254,110 Class A units) (10) (13)			1/17/2018		254	315	0.2			
Security Alarm Financing Enterprises, L.P. (4)	Security Systems Services (except Locksmiths)									
Subordinated Loan (14)		14.00%	cash / 3.33%	(L +14.00%)	10/14/2016	6/19/2020	12,588	12,521	12,701	6.9
			PIK							

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OFS Capital Corporation and Subsidiaries

Consolidated Schedule of Investments - Continued

June 30, 2018

(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
Sentry Centers Holdings, LLC	Other Professional, Scientific, and Technical Services	13.50%	(L +11.50%)	1/25/2016	7/24/2020	\$ 8,870	\$ 8,799	\$ 8,819	4.8 %
Senior Secured Loan (15)									
Preferred Equity (5,000 Series C units), 8% PIK (10) (13)				3/31/2014			548	962	0.5
						8,870	9,347	9,781	5.3
Southern Technical Institute, LLC (4)	Colleges, Universities, and Professional Schools	6.00% PIK	N/A	6/27/2018	12/31/2021	1,471	—	—	—
Subordinated Loan (6)(10)									
Common Equity (1,764,720 Class A-1 units) (10)				6/27/2018			—	—	—
						1,471	—	—	—
Stancor, L.P. (4)	Pump and Pumping Equipment Manufacturing	10.09%	(L +8.00%)	8/19/2014	8/19/2019	11,093	11,078	11,093	6.1
Senior Secured Loan									
Preferred Equity (1,250,000 Class A units), 8% PIK (7) (10)				8/19/2014			1,501	1,585	0.9
						11,093	12,579	12,678	7.0
STS Operating, Inc.	Industrial Machinery and								

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Senior Secured Loan	Equipment Merchant Wholesalers	5.84%	(L +3.75%)	5/16/2018	12/11/2024	642	640	640	0.3
Senior Secured Loan		10.09%	(L +8.00%)	5/15/2018	4/30/2026	9,073	9,069	9,153	5.0
						9,715	9,709	9,793	5.3
The Escape Game, LLC (4)	Other amusement and recreation industries								
Senior Secured Loan		10.84%	(L +8.75%)	12/22/2017					