

OFS Capital Corp  
Form 10-Q  
May 06, 2016

**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, 2016**

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

**COMMISSION FILE NUMBER: 814-00813**

**OFS CAPITAL CORPORATION**

**(Exact name of registrant as specified in its charter)**

**Delaware    46-1339639**  
**(State or other jurisdiction of      (I.R.S. Employer**  
**incorporation or organization) Identification No.)**

**10 S. Wacker Drive, Suite 2500**

**Chicago, Illinois 60606**

**(Address of principal executive office)**

**(847) 734-2060**

**(Registrant's telephone number, including area code)**

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer   Smaller reporting company

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

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 3, 2016 was 9,692,324.

**OFS CAPITAL CORPORATION**

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**PART I. FINANCIAL INFORMATION****Item 1. Unaudited Financial Statements****OFS Capital Corporation and Subsidiaries****Consolidated Balance Sheets (unaudited)****(Dollar amounts in thousands, except per share data)**

|   | March 31,<br>2016 | December<br>31,<br>2015 |
|---|-------------------|-------------------------|
| <b>Assets</b>   |                   |                         |
| Investments, at fair value  |                   |                         |
| Non-control/non-affiliate investments (amortized cost of \$154,429 and \$175,529, respectively)   | \$ 151,976        | \$ 177,290              |
| Affiliate investments (amortized cost of \$76,632 and \$63,113, respectively)   | 80,180            | 66,393                  |
| Control investment (amortized cost of \$13,247 and \$13,613, respectively)  | 13,251            | 13,613                  |
| Total investments at fair value (amortized cost of \$244,308 and \$252,255 respectively)  | 245,407           | 257,296                 |
| Cash and cash equivalents   | 42,230            | 32,714                  |
| Interest receivable   | 839               | 789                     |
| Prepaid expenses and other assets   | 4,209             | 3,877                   |
| Total assets  | \$ 292,685        | \$ 294,676              |
| <b>Liabilities</b>  |                   |                         |
| SBA debentures (net of deferred debt issuance costs of \$3,324 and \$3,420, respectively)   | \$ 146,556        | \$ 146,460              |
| Interest payable  | 404               | 1,548                   |
| Management and incentive fees payable   | 1,987             | 2,238                   |
| Administration fee payable  | 428               | 488                     |
| Accrued professional fees   | 464               | 433                     |
| Other liabilities   | 835               | 497                     |
| Total liabilities   | 150,674           | 151,664                 |
| <b>Commitments and Contingencies (Note 8)</b>   |                   |                         |
| <b>Net Assets</b>   |                   |                         |
| Preferred stock, par value of \$0.01 per share, 2,000,000 shares authorized,<br>-0- shares issued and outstanding as of March 31, 2016 and December 31, 2015,<br>respectively | \$ -<br>97        | \$ -<br>97              |

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Common stock, par value of \$0.01 per share, 100,000,000 shares authorized, 9,692,324 and 9,691,170 shares issued and outstanding as of March 31, 2016 and December 31, 2015, respectively

|  |           |           |
|--|-----------|-----------|
| Paid-in capital in excess of par                   | 134,478   | 134,446   |
| Accumulated undistributed net investment income    | 4,985     | 4,612     |
| Accumulated undistributed net realized gain (loss) | 1,352     | (1,184 )  |
| Net unrealized appreciation on investments         | 1,099     | 5,041     |
| Total net assets                                   | 142,011   | 143,012   |
| <br>   |           |           |
| Total liabilities and net assets                   | \$292,685 | \$294,676 |
| <br>   |           |           |
| Number of shares outstanding                       | 9,692,324 | 9,691,170 |
| Net asset value per share                          | \$ 14.65  | \$ 14.76  |

See Notes to Unaudited Consolidated Financial Statements.

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

|  | Three Months Ended<br>March 31, |         |
|--|---------------------------------|---------|
|  | 2016                            | 2015    |
| Investment income                                      |                                 |         |
| Interest income  |                                 |         |
| Non-control/non-affiliate investments                  | \$4,736                         | \$5,815 |
| Affiliate investments                                  | 1,686                           | 1,343   |
| Control investment                                     | 341                             | -       |
| Total interest income                                  | 6,763                           | 7,158   |
| Dividend income  |                                 |         |
| Non-control/non-affiliate investments                  | 28                              | 80      |
| Affiliate investments                                  | 529                             | 249     |
| Total dividend income                                  | 557                             | 329     |
| Fee income   |                                 |         |
| Non-control/non-affiliate investments                  | 478                             | 105     |
| Affiliate investments                                  | 32                              | 29      |
| Control investment                                     | 13                              | -       |
| Total fee income                                       | 523                             | 134     |
| Total investment income                                | 7,843                           | 7,621   |
| Expenses   |                                 |         |
| Interest expense                                       | 1,308                           | 1,777   |
| Management fees  | 1,115                           | 1,555   |
| Incentive fee  | 733                             | 375     |
| Professional fees                                      | 314                             | 315     |
| Administration fee                                     | 428                             | 541     |
| General and administrative expenses                    | 290                             | 309     |
| Total expenses   | 4,188                           | 4,872   |
| Net investment income                                  | 3,655                           | 2,749   |
| Net realized and unrealized gain (loss) on investments |                                 |         |

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|   |           |           |
|---|-----------|-----------|
| Net realized gain on non-control/non-affiliate investments                                  | 2,566     | 90        |
| Net change in unrealized appreciation/depreciation on non-control/non-affiliate investments | (4,092 )  | (353 )    |
| Net change in unrealized appreciation/depreciation on affiliate investments                 | 146       | 746       |
| Net change in unrealized appreciation/depreciation on control investment                    | 4         | -         |
| Net gain (loss) on investments  | (1,376 )  | 483       |
| Net increase in net assets resulting from operations  | \$2,279   | \$3,232   |
| Net investment income per common share - basic and diluted                                  | \$0.38    | \$0.28    |
| Net increase in net assets resulting from operations per common share - basic and diluted   | \$0.24    | \$0.33    |
| Dividends and distributions declared per common share                                       | \$0.34    | \$0.34    |
| Basic and diluted weighted average shares outstanding                                       | 9,691,183 | 9,650,969 |

See Notes to Unaudited Consolidated Financial Statements.

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

|   | Three Months Ended<br>March 31, |           |
|---|---------------------------------|-----------|
|   | 2016                            | 2015      |
| Increase in net assets resulting from operations:                       |                                 |           |
| Net investment income   | \$3,655                         | \$2,749   |
| Net realized gain on investments  | 2,566                           | 90        |
| Net change in unrealized appreciation/depreciation on investments       | (3,942 )                        | 393       |
| Net increase in net assets resulting from operations                    | 2,279                           | 3,232     |
| Distributions to shareholders from:                                     |                                 |           |
| Net investment income (2015 revised - Note 2)                           | (3,295 )                        | (3,281 )  |
| Net realized gain (2015 revised - Note 2)                               | -                               | -         |
| Total distributions to shareholders                                     | (3,295 )                        | (3,281 )  |
| Common stock transactions:  |                                 |           |
| Reinvestment of shareholder distributions                               | 15                              | 148       |
| Net increase in net assets resulting from capital transactions          | 15                              | 148       |
| Net increase (decrease) in net assets                                   | (1,001 )                        | 99        |
| Net assets:   |                                 |           |
| Beginning of period   | \$143,012                       | \$137,471 |
| End of period   | \$142,011                       | \$137,570 |
| Accumulated undistributed net investment income (2015 revised - Note 2) | \$4,985                         | \$1,941   |
| Common stock activity:  |                                 |           |
| Shares issued from reinvestment of shareholder distributions            | 1,154                           | 12,106    |
| Shares issued and outstanding at beginning of period                    | 9,691,170                       | 9,650,834 |
| Shares issued and outstanding at end of period                          | 9,692,324                       | 9,662,940 |

See Notes to Unaudited Consolidated Financial Statements.



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

|   | Three Months<br>Ended March 31, |           |
|---|---------------------------------|-----------|
|   | 2016                            | 2015      |
| <b>Cash Flows From Operating Activities</b>   |                                 |           |
| Net increase in net assets resulting from operations  | \$2,279                         | \$3,232   |
| 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  | (2,566 )                        | (90 )     |
| Net change in unrealized appreciation/depreciation on investments   | 3,942                           | (393 )    |
| Amortization and write-off of deferred debt issuance costs  | 121                             | 547       |
| Amortization of discounts and premiums, net   | (257 )                          | (306 )    |
| Amortization of deferred loan fee revenue   | (119 )                          | (79 )     |
| Amortization of intangible assets   | 49                              | 49        |
| Cash collection of deferred loan fee revenue  | 23                              | 12        |
| Payment-in-kind interest and dividends  | (593 )                          | (593 )    |
| Purchase and origination of portfolio investments   | (6,502 )                        | (24,588 ) |
| Proceeds from principal payments on portfolio investments   | 15,868                          | 10,986    |
| Proceeds from sale or redemption of portfolio investments   | 2,115                           | 18,257    |
| Changes in operating assets and liabilities:  |                                 |           |
| Interest payable  | (1,144 )                        | (573 )    |
| Management and incentive fees payable   | (251 )                          | 820       |
| Administration fee payable  | (60 )                           | 268       |
| Other assets and liabilities  | (109 )                          | (540 )    |
| Net cash provided by operating activities   | 12,796                          | 7,009     |
| <b>Cash Flows From Financing Activities</b>   |                                 |           |
| Distributions paid  | (3,280 )                        | (3,133 )  |
| Borrowings under revolving line of credit   | -                               | 1,200     |
| Repayments under revolving line of credit   | -                               | (9,464 )  |
| Draw down on SBA debentures   | -                               | 13,585    |
| Change in other liabilities   | -                               | (14 )     |
| Deferred financing closing costs paid   | -                               | (329 )    |
| Deferred common stock offering costs paid   | -                               | (4 )      |
| Net cash (used in) provided by financing activities   | (3,280 )                        | 1,841     |
| Net increase in cash and cash equivalents   | 9,516                           | 8,850     |

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|   |          |          |
|---|----------|----------|
| Cash and cash equivalents — beginning of period   | 32,714   | 12,447   |
| Cash and cash equivalents — end of period         | \$42,230 | \$21,297 |
| Supplemental Disclosure of Cash Flow Information: |          |          |
| Cash paid during the period for interest          | \$2,331  | \$1,803  |
| Reinvestment of shareholder distributions         | \$15     | \$148    |

See Notes to Unaudited Consolidated Financial Statements.

## OFS Capital Corporation and Subsidiaries

## Consolidated Schedule of Investments (unaudited)

March 31, 2016

(Dollar amounts in thousands)

| Industry<br>Portfolio Company<br>Investment Type | Industry  | Interest<br>Rate (1)           | Spread<br>Above<br>Index<br>(1) | Maturity | Principal<br>Amount | Amortized<br>Cost | Fair<br>Value | Percent<br>of<br>Net<br>Assets |
|--|---|--------------------------------|---------------------------------|----------|---------------------|-------------------|---------------|--------------------------------|
| <u>Non-control/Non-affiliate<br/>Investments</u> |   |                                |                                 |          |                     |                   |               |                                |
| Accurate Group<br>Holdings, Inc. (3)             | Offices of Real<br>Estate<br>Appraisers   | 12.50%                         | N/A                             | 8/23/18  | \$ 10,000           | \$ 10,046         | \$ 9,848      | 6.9 %                          |
| Subordinated Loan                                |   |                                |                                 |          |                     |                   |               |                                |
| A.C.T. Lighting, Inc. (3)                        | Electrical<br>Apparatus and<br>Equipment,<br>Wiring<br>Supplies, and<br>Related | 12.0%<br>cash /<br>2.0%<br>PIK | N/A                             | 7/24/19  | 3,592               | 3,578             | 3,754         | 2.6                            |
| Subordinated Loan                                |   |                                |                                 |          |                     |                   |               |                                |
| AssuredPartners, Inc. (3)                        | Insurance<br>Agencies and<br>Brokerages   | 10.00%                         | (L +9.00%)                      | 10/20/23 | 3,000               | 2,887             | 2,664         | 1.9                            |
| Senior Secured Term<br>Loan                      |   |                                |                                 |          |                     |                   |               |                                |
| BCC Software, LLC (3)                            | Custom<br>Computer<br>Programming<br>Services                                   | 9.00%                          | (L +8.00%)                      | 6/20/19  | 6,426               | 6,364             | 6,250         | 4.4                            |
| Senior Secured Term<br>Loan                      |   |                                |                                 |          |                     |                   |               |                                |

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|   |  |                       |            |          |        |        |          |     |
|---|--|-----------------------|------------|----------|--------|--------|----------|-----|
| Senior Secured Revolver (12)              |  | N/A                   | (L +8.00%) | 6/20/19  | -      | (11 )  | (30 )(2) | -   |
|   |  |                       |            |          | 6,426  | 6,353  | 6,220    | 4.4 |
| Community Intervention Services, Inc. (3) | Outpatient Mental Health and Substance Abuse Centers |                       |            |          |        |        |          |     |
| Subordinated Loan (8)                     |  | 10.0% cash / 3.0% PIK | N/A        | 1/16/21  | 6,722  | 6,664  | 6,376    | 4.5 |
| Confie Seguros Holdings II Co.            | Insurance Agencies and Brokerages                    |                       |            |          |        |        |          |     |
| Senior Secured Term Loan                  |  | 10.25%                | (L +9.00%) | 5/8/19   | 4,000  | 3,968  | 3,630    | 2.6 |
| C7 Data Centers, Inc. (3)(7)              | Other Computer Related Services                      |                       |            |          |        |        |          |     |
| Senior Secured Term Loan                  |  | 13.16%                | (L +8.50%) | 6/22/20  | 11,850 | 11,829 | 11,624   | 8.2 |
| Elgin Fasteners Group                     | Bolt, Nut, Screw, Rivet, and Washer Manufacturing    |                       |            |          |        |        |          |     |
| Senior Secured Term Loan                  |  | 6.25%                 | (L +5.00%) | 8/27/18  | 4,495  | 4,484  | 4,447    | 3.1 |
| Inhance Technologies Holdings LLC         | Other Basic Inorganic Chemical Manufacturing         |                       |            |          |        |        |          |     |
| Senior Secured Term Loan A                |  | 5.50%                 | (L +4.50%) | 2/7/18   | 2,218  | 2,213  | 2,176    | 1.5 |
| Intelli-Mark Technologies, Inc.(3)        | Other Travel Arrangement and Reservation Services    |                       |            |          |        |        |          |     |
| Senior Secured Term Loan (11)             |  | 13.00%                | N/A        | 11/23/20 | 8,750  | 8,669  | 8,679    | 6.1 |
| Common Equity (2,553,089 shares) (12)     |  |                       |            |          |        | 1,500  | 1,612    | 1.1 |
|   |  |                       |            |          | 8,750  | 10,169 | 10,291   | 7.2 |
| Intrafusion Holding Corp. (3) (6)         | Other Outpatient                                     |                       |            |          |        |        |          |     |

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|  |  |                            |         |        |        |        |      |
|--|--|----------------------------|---------|--------|--------|--------|------|
| Senior Secured Term Loan B                   | Care Centers   | 12.85% (P +5.75%)          | 9/25/20 | 14,250 | 14,198 | 13,950 | 9.8  |
| Jobson Healthcare Information, LLC (3)       | Other Professional, Scientific, and Technical Services | 10.13%                     |         |        |        |        |      |
| Senior Secured Term Loan (8)                 |  | cash / 2.795% (L +10.925%) | 7/21/19 | 14,597 | 14,336 | 14,117 | 9.9  |
| Warrants (1,056,428 member units) (12)       |  | PIK                        |         |        | 454    | 358    | 0.3  |
| Maverick Healthcare Equity, LLC (3)          | Home Health Equipment Rental                           |                            |         | 14,597 | 14,790 | 14,475 | 10.2 |
| Preferred Equity (1,250,000 units) (12)      |  |                            |         |        | 900    | 1,405  | 1.0  |
| Class A Common Equity (1,250,000 units) (12) |  |                            |         |        | -      | 276    | 0.2  |
|  |  |                            |         | -      | 900    | 1,681  | 1.2  |

**OFS Capital Corporation and Subsidiaries**

**Consolidated Schedule of Investments (unaudited) - Continued**

**March 31, 2016**

**(Dollar amounts in thousands)**

| Industry<br>Portfolio Company<br>Investment Type                      | Industry  | Interest<br>Rate<br>(1) | Spread<br>Above Index<br>(1) | Mat     |
|---|---|-------------------------|------------------------------|---------|
| Non-control/Non-affiliate Investments - Continued                     |   |                         |                              |         |
| My Alarm Center, LLC (3)  | Security Systems<br>Services (except<br>Locksmiths) | 12.00%                  | (L +11.00%)                  | 7/9/16  |
| Senior Secured Term Loan<br>Class A Preferred Equity (100 units) (12) |   |                         |                              |         |
| MYI Acquiror Limited (4)  | Insurance Agencies<br>and Brokerages                | 5.75%                   | (L +4.50%)                   | 5/28/16 |
| Senior Secured Term Loan A  |   |                         |                              |         |
| NHR Holdings, LLC   | Other<br>Telecommunications                         | 5.50%                   | (L +4.25%)                   | 11/3/16 |
| Senior Secured Term Loan A  |   | 5.50%                   | (L +4.25%)                   | 11/3/16 |
| Senior Secured Term Loan B  |   |                         |                              |         |
| Phoenix Brands LLC (5)  | Soap and Other<br>Detergent<br>Manufacturing        | 9.25%                   | (L +7.75%)                   | 1/29/16 |
| Senior Secured Term Loan A (12)                                       |   |                         |                              |         |
| Quantum Spatial, Inc. (f/k/a Aero-Metric, Inc.)                       | Other Information<br>Services                       | 6.75%                   |                              |         |
| Senior Secured Term Loan  |   | cash /<br>2.0%<br>PIK   | (L +7.00%)                   | 8/27/16 |
| Ranpak Corp.  | Packaging<br>Machinery<br>Manufacturing             |                         |                              |         |

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|   |   |                       |             |      |
|---|---|-----------------------|-------------|------|
| Senior Secured Term Loan  |   | 8.25%                 | (L +7.25%)  | 10/3 |
| Riveron Consulting, LLC (3)   | Administrative Management and General Management Consulting |                       |             |      |
| Subordinated Loan (10)  |   | 16.50%                | N/A         | 3/25 |
| Sentry Centers Holdings, LLC  | Other Professional, Scientific, and Technical Services      |                       |             |      |
| Senior Secured Loan   |   | 12.12%                | (L +11.50%) | 7/24 |
| smarTours, LLC (3)  | Tour Operators  |                       |             |      |
| Senior Secured Loan   |   | 9.25%                 | N/A         | 10/3 |
| Preferred Equity A (500,000 units) (12)   |   |                       |             |      |
| Southern Technical Institute, LLC (3)   | Colleges, Universities, and Professional Schools            |                       |             |      |
| Subordinated Loan   |   | 9.0% cash / 4.0% PIK  | (L +8.00%)  | 12/2 |
| 1,764,720 Class SP-1 Units in Southern Technical Holdings, LLC, 15.75% PIK (12) |   |                       |             |      |
| Class A Warrants (2,174,905 units) (12)   |   |                       |             |      |
| Stancor, L.P. (3)   | Pump and Pumping Equipment Manufacturing                    |                       |             |      |
| Senior Secured Term Loan  |   | 8.75%                 | (L +8.00%)  | 8/19 |
| 1,250,000 Class A Units in SCT Holdings, LLC, 8% PIK (12)                       |   |                       |             |      |
| TravelCLICK, Inc.   | Computer Systems Design and Related Services                |                       |             |      |
| Senior Secured Term Loan  |   | 8.75%                 | (L +7.75%)  | 11/8 |
| United Biologics Holdings, LLC (3)  | Medical Laboratories  |                       |             |      |
| Subordinated Loan   |   | 12.0% cash / 2.0% PIK | N/A         | 3/5  |
| Class A-1 Units (2,686 units) and Kicker Units (2,015 units) (12)               |   |                       |             |      |
| Class A-1 Warrants (2,272 units) and Kicker Warrants (1,704 units) (12)         |   |                       |             |      |
| Class A Warrants (10,160 units) (12)  |   |                       |             |      |
| Class B Warrants (15,238 units) (12)  |   |                       |             |      |
| VanDeMark Chemical Inc.   | Other Basic Inorganic Chemical                              |                       |             |      |

|   |               |       |            |      |
|---|---------------|-------|------------|------|
|   | Manufacturing |       |            |      |
| Senior Secured Term Loan                    |               | 6.50% | (L +5.25%) | 11/3 |
| Total Non-control/Non-affiliate Investments |               |       |            |      |



## OFS Capital Corporation and Subsidiaries

## Consolidated Schedule of Investments (unaudited) - Continued

March 31, 2016

(Dollar amounts in thousands)

| Industry<br>Portfolio Company<br>Investment Type | Industry   | Interest<br>Rate (1) | Spread<br>Above Index<br>(1) | Maturity |
|--|--|----------------------|------------------------------|----------|
| Affiliate Investments                            |  |                      |                              |          |
| All Metals Holding, LLC (3)                      | Metal Service<br>Centers and<br>Other Metal<br>Merchant<br>Wholesalers | 11.00%               | N/A                          | 3/31/21  |
| Senior Secured Term Loan                         |  | 14.0%                | N/A                          | 11/15/16 |
| Subordinated Loan                                |  | PIK                  |                              |          |
| Common Equity (166,049 member units) (12)        |  |                      |                              |          |
| Contract Datascan Holdings, Inc. (3)             | Office<br>Machinery and<br>Equipment<br>Rental and<br>Leasing          | 12.00%               | N/A                          | 2/5/21   |
| Subordinated Loan                                |  |                      |                              |          |
| Preferred Equity A (2,463 shares, 10% PIK) (12)  |  |                      |                              |          |
| Common Equity (9,069 shares) (12)                |  |                      |                              |          |
| Malabar International (3)                        | Other Aircraft<br>Parts and<br>Auxiliary<br>Equipment<br>Manufacturing | 12.5%                |                              |          |
| Subordinated Loan                                |  | cash /<br>2.5%       | N/A                          | 5/21/17  |
| Preferred Stock (1,644 shares, 6% cash)          |  | PIK                  |                              |          |

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|  |   |                                  |             |          |
|--|---|----------------------------------|-------------|----------|
| Master Cutlery, LLC (3)  | Sporting and<br>Recreational<br>Goods and<br>Supplies<br>Merchant<br>Wholesalers  |                                  |             |          |
| Subordinated Loan<br>3,723 Preferred Equity A units in MC Parent, LLC, 5% cash, 3% PIK (12)<br>15,564 Common Equity units in MC Parent, LLC (12) |   | 13.00%                           | N/A         | 4/17/20  |
| NeoSystems Corp. (3)   | Other<br>Accounting<br>Services   |                                  |             |          |
| Subordinated Loan  |   | 10.50%<br>cash /<br>1.25%<br>PIK | N/A         | 8/13/19  |
| Convertible Preferred Stock (521,962 shares, 10% PIK) (12)   |   |                                  |             |          |
| Pfanstiehl Holdings, Inc. (3)  | Pharmaceutical<br>Preparation<br>Manufacturing  |                                  |             |          |
| Subordinated Loan (9)<br>Class A Common Equity (400 shares)  |   | 13.50%                           | N/A         | 9/29/18  |
| Strategic Pharma Solutions, Inc. (3)   | Other<br>Professional,<br>Scientific, and<br>Technical<br>Services  |                                  |             |          |
| Senior Secured Term Loan<br>1,191 Class A Units in Strategic Pharma Solutions Holdings, LLC, 6% PIK<br>(12)                                      |   | 11.00%                           | (L +10.00%) | 12/18/20 |
| TRS Services, LLC (3)  | Commercial<br>and Industrial<br>Machinery and<br>Equipment<br>(except<br>Automotive<br>and Electronic)<br>Repair and<br>Maintenance |                                  |             |          |
| Senior Secured Term Loan   |   | 10.25%                           | (L +9.25%)  | 12/10/19 |
| Delayed Draw Senior Secured Term Loan  |   | 10.25%                           | (L +9.25%)  | 12/10/19 |
| 3,000,000 Class A Units in IGT Holdings, LLC, 11% PIK (12)   |   |                                  |             |          |
| 3,000,000 Common Units in IGT Holdings, LLC (12)   |   |                                  |             |          |
| Total Affiliate Investments  |   |                                  |             |          |

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Control Investment

Mirage Trailers LLC (3)

Travel Trailer  
and Camper  
Manufacturing

Senior Secured Term Loan  
554 common equity shares in MTE Holding Corp.) (12)

12.50% (L +11.50%) 11/25/20

Total Control Investment

Total Investments

- The majority of investments bear interest at a variable rate that is indexed to the London Interbank Offered Rate ("LIBOR") (L) or Prime (P), and are reset monthly or quarterly. Substantially all of the Company's LIBOR
- (1) referenced investments are subject to an interest rate floor. For each investment, the Company has provided the spread over the reference rate and current interest rate in effect at March 31, 2016. Unless otherwise noted, all investments with a stated PIK rate are obligated to make interest payments with the issuance of additional securities as payment of the entire PIK provision.
- (2) The negative fair value is the result of the unfunded commitment being valued below par.
- (3) Investments held by SBIC I LP. All other investments pledged as collateral under the PWB Credit Facility. Indicates investments that the Company deems non-qualifying assets under Section 55(a) of the Investment
- (4) Company Act of 1940 ("1940 Act"), as amended. Qualifying assets must represent at least 70% of the Company's assets, as defined under Section 55 of the 1940 Act, at the time of acquisition of any additional non-qualifying assets. As of March 31, 2016, 98.4 % of the Company's assets were qualifying assets.
- (5) Non-accrual loan.
- SBIC I LP has entered into a contractual arrangement whereby, subject to certain conditions being satisfied, it has agreed, with respect to the Senior Secured Tem Loan B, to receive its payment after the repayment of certain
- (6) lenders pursuant to a payment waterfall. With respect to Intrafusion Holding Corp., the reported interest rate of 12.85% at March 31, 2016 includes interest of 3.60% per annum as specified under the contractual arrangement SBIC I LP entered into with the co-lenders in connection with the credit agreement.
- SBIC I LP has entered into a contractual arrangement whereby, subject to certain conditions being satisfied, it has agreed, with respect to the Senior Secured Tem Loan, to receive its payment after the repayment of certain lenders
- (7) pursuant to a payment waterfall. With respect to C7 Data Centers, Inc., the reported interest rate of 13.16% at March 31, 2016 includes interest of 3.66% per annum as specified under the contractual arrangement SBIC I LP entered into with the co-lenders in connection with the credit agreement.
- The interest rate on these investments contains a PIK provision, whereby the issuer has the option to make interest
- (8) 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 interest rate includes a 1.5% PIK provision, whereby the issuer has the option to make interest payments in
- (9) 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.
- The interest rate includes a 2.5% PIK provision, whereby the issuer has the option to make interest payments in
- (10) 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.
- The interest rate includes a 2.0% PIK provision, whereby the issuer has the option to make interest payments in
- (11) 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.
- (12) Non-income producing.

See Notes to Unaudited Consolidated Financial Statements.

## OFS Capital Corporation and Subsidiaries

## Consolidated Schedule of Investments

December 31, 2015

(Dollar amounts in thousands)

| Industry<br>Portfolio Company<br>Investment Type | Industry   | Interest<br>Rate (1)  | Spread<br>Above<br>Index<br>(1) | Maturity | Principal<br>Amount | Amortized<br>Cost | Fair<br>Value | Percent<br>of<br>Net<br>Assets |
|--|--|-----------------------|---------------------------------|----------|---------------------|-------------------|---------------|--------------------------------|
| Non-control/Non-affiliate<br>Investments         |  |                       |                                 |          |                     |                   |               |                                |
| Accurate Group<br>Holdings, Inc. (3)             | Offices of Real<br>Estate<br>Appraisers                                      | 12.50%                | N/A                             | 8/23/18  | \$10,000            | \$10,050          | \$9,940       | 7.0%                           |
| Subordinated Loan                                |  |                       |                                 |          |                     |                   |               |                                |
| A.C.T. Lighting, Inc. (3)                        | Electrical<br>Apparatus and<br>Equipment,<br>Wiring Supplies,<br>and Related | 12.00%                |                                 |          |                     |                   |               |                                |
| Subordinated Loan                                |  | cash /<br>2.0%<br>PIK | N/A                             | 7/24/19  | 3,574               | 3,558             | 3,559         | 2.5                            |
| All Metals Holding, LLC<br>(3)                   | Metal Service<br>Centers and<br>Other Metal<br>Merchant<br>Wholesalers       | 10.50%                | N/A                             | 12/30/19 | 9,900               | 9,765             | 9,697         | 6.8                            |
| Senior Secured Term<br>Loan                      |  |                       |                                 |          |                     |                   |               |                                |
| Common Equity (69,464<br>member units) (12)      |  |                       |                                 |          |                     | 69                | 259           | 0.2                            |
|  |  |                       |                                 |          | 9,900               | 9,834             | 9,956         | 7.0                            |
| AssuredPartners, Inc. (3)                        | Insurance<br>Agencies and<br>Brokerages                                      |                       |                                 |          |                     |                   |               |                                |

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|  |  |                       |            |          |        |        |          |     |
|--|--|-----------------------|------------|----------|--------|--------|----------|-----|
| Senior Secured Term Loan   |  | 10.00%                | (L +9.00%) | 10/22/23 | 3,000  | 2,883  | 2,894    | 2.0 |
| B+B SmartWorx Inc. (f/k/a B&B Electronics Manufacturing Company)                       | Communications Equipment Manufacturing               |                       |            |          |        |        |          |     |
| Senior Secured Term Loan A   |  | 6.50%                 | (L +5.00%) | 3/31/16  | 2,257  | 2,257  | 2,257    | 1.6 |
| BCC Software, LLC (3)  | Custom Computer Programming Services                 |                       |            |          |        |        |          |     |
| Senior Secured Term Loan   |  | 9.00%                 | (L +8.00%) | 6/20/19  | 6,573  | 6,504  | 6,355    | 4.4 |
| Senior Secured Revolver (12)   |  | N/A                   | (L +8.00%) | 6/20/19  | -      | (11 )  | (36 )(2) | -   |
|  |  |                       |            |          | 6,573  | 6,493  | 6,319    | 4.4 |
| Community Intervention Services, Inc. (f/k/a South Bay Mental Health Center, Inc.) (3) | Outpatient Mental Health and Substance Abuse Centers |                       |            |          |        |        |          |     |
| Subordinated Loan (9)  |  | 10.0% cash / 3.0% PIK | N/A        | 1/16/21  | 6,672  | 6,610  | 6,456    | 4.5 |
| Confie Seguros Holdings II Co.   | Insurance Agencies and Brokerages                    |                       |            |          |        |        |          |     |
| Senior Secured Term Loan   |  | 10.25%                | (L +9.00%) | 5/8/19   | 4,000  | 3,965  | 3,893    | 2.7 |
| C7 Data Centers, Inc. (3)(7)   | Other Computer Related Services                      |                       |            |          |        |        |          |     |
| Senior Secured Term Loan   |  | 13.25%                | (L +8.50%) | 6/22/20  | 11,850 | 11,828 | 11,508   | 8.0 |
| Elgin Fasteners Group  | Bolt, Nut, Screw, Rivet, and Washer Manufacturing    |                       |            |          |        |        |          |     |
| Senior Secured Term Loan   |  | 6.00%                 | (L +4.75%) | 8/27/16  | 4,551  | 4,534  | 4,506    | 3.2 |
| HealthFusion, Inc. (3)(8)  | Software Publishers                                  |                       |            |          |        |        |          |     |
| Senior Secured Loan  |  | 13.00%                | N/A        | 10/7/18  | 4,750  | 4,711  | 4,893    | 3.4 |
| Common Stock Warrants (2,007,360 shares) (12)  |  |                       |            |          |        | -      | 2,560    | 1.8 |

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|                                       |   |        |            |          |       |        |        |     |
|---------------------------------------|---|--------|------------|----------|-------|--------|--------|-----|
|                                       |   |        |            |          | 4,750 | 4,711  | 7,453  | 5.2 |
| Inhance Technologies Holdings LLC     | Other Basic Inorganic Chemical Manufacturing      |        |            |          |       |        |        |     |
| Senior Secured Term Loan A            |   | 5.50%  | (L +4.50%) | 2/7/18   | 2,248 | 2,242  | 2,180  | 1.5 |
| Intelli-Mark Technologies, Inc.(3)    | Other Travel Arrangement and Reservation Services |        |            |          |       |        |        |     |
| Senior Secured Term Loan              |   | 13.00% | N/A        | 11/23/20 | 8,750 | 8,664  | 8,664  | 6.1 |
| Common Equity (2,553,089 shares) (12) |   |        |            |          |       | 1,500  | 1,500  | 1.0 |
|                                       |   |        |            |          | 8,750 | 10,164 | 10,164 | 7.1 |

## OFS Capital Corporation and Subsidiaries

## Consolidated Schedule of Investments - Continued

December 31, 2015

(Dollar amounts in thousands)

| Industry<br>Portfolio Company<br>Investment Type   | Industry   | Interest<br>Rate (1)       | Spread<br>Above Index<br>(1) | Ma  |
|--|--|----------------------------|------------------------------|-----|
| Non-control/Non-affiliate Investments - Continued  |  |                            |                              |     |
| Intrafusion Holding Corp. (3) (6)<br>Senior Secured Term Loan B  | Other Outpatient<br>Care Centers                             | 12.84%                     | (P +5.75%)                   | 9/2 |
| Jobson Healthcare Information, LLC (3)<br>Senior Secured Term Loan (9)   | Other Professional,<br>Scientific, and<br>Technical Services | 10.13%<br>cash /<br>2.795% | (L +10.925%)                 | 7/2 |
| Warrants (1,056,428 member units) (12)   |  | PIK                        |                              |     |
| Maverick Healthcare Equity, LLC (3)<br>Preferred Equity (1,250,000 units) (12)<br>Class A Common Equity (1,250,000 units) (12) | Home Health<br>Equipment Rental                              |                            |                              |     |
| My Alarm Center, LLC (3)<br>Senior Secured Term Loan   | Security Systems<br>Services (except<br>Locksmiths)          | 12.00%                     | (L +11.00%)                  | 7/9 |
| MYI Acquiror Limited (4)<br>Senior Secured Term Loan A   | Insurance Agencies<br>and Brokerages                         | 5.75%                      | (L +4.50%)                   | 5/2 |
| NHR Holdings, LLC  | Other<br>Telecommunications                                  |                            |                              |     |



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|  |  |       |            |     |
|--|--|-------|------------|-----|
| Senior Secured Term Loan A             |  | 5.50% | (L +4.25%) | 11/ |
| Senior Secured Term Loan B             |  | 5.50% | (L +4.25%) | 11/ |
| Phoenix Brands LLC (5)                 | Soap and Other<br>Detergent<br>Manufacturing |       |            |     |
| Senior Secured Term Loan A (12)        |  | 9.25% | (L +7.75%) | 1/2 |
| Physiotherapy Associates Holding, Inc. | Other Outpatient<br>Care Centers             |       |            |     |