

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 8-K**

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

**Date of Report (Date of earliest event reported): April 30, 2024**

**OFS Capital Corporation**

(Exact name of Registrant as specified in its charter)

**Delaware  
(State or other jurisdiction  
of incorporation)**

**814-00813  
(Commission  
File Number)**

**46-1339639  
(I.R.S. Employer  
Identification No.)**

**10 S. Wacker Drive, Suite 2500  
Chicago, Illinois  
(Address of principal executive offices)**

**60606  
(Zip Code)**

**Registrant's telephone number, including area code: (847) 734-2000**

**Not applicable  
(Former name or former address, if changed since last report)**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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 is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company

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.

## Item 2.02. Results of Operations and Financial Condition

On May 2, 2024, OFS Capital Corporation (the “Company”) issued a press release announcing its financial results for the quarter ended March 31, 2024. On April 30, 2024, the Company’s board of directors declared a 2024 second quarter distribution of \$0.34 per common share, payable June 28, 2024 to stockholders of record as of June 18, 2024. The full text of the press release issued in connection with the announcement is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information disclosed under this Item 2.02, including Exhibit 99.1 hereto, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any filing made under the Securities Exchange Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such filing.

## Item 9.01. Financial Statements and Exhibits

- (a) Not applicable.
- (b) Not applicable.
- (c) Not applicable.
- (d) Exhibits.

| <b>Exhibit<br/>No.</b> | <b>Description</b> |
|------------------------|--------------------|
|------------------------|--------------------|

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|                      |  |
|----------------------|--|
| <a href="#">99.1</a> | <a href="#">Press Release issued by OFS Capital Corporation on May 2, 2024</a> |
|----------------------|--|

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**OFS Capital Corporation**

Date: May 2, 2024

By: /s/ Bilal Rashid  
Chief Executive Officer



**OFS CAPITAL CORPORATION ANNOUNCES FIRST QUARTER 2024 FINANCIAL RESULTS  
DECLARES SECOND QUARTER DISTRIBUTION OF \$0.34 PER SHARE**

Chicago, IL - May 2, 2024 - OFS Capital Corporation (NASDAQ: OFS) (“OFS Capital,” the “Company,” “we,” “us,” or “our”) today announced its financial results for the fiscal quarter ended March 31, 2024.

**FIRST QUARTER FINANCIAL HIGHLIGHTS**

- Net investment income increased to \$0.42 per common share for the quarter ended March 31, 2024 from \$0.35 per common share for the quarter ended December 31, 2023.
- Net loss on investments of \$1.09 per common share for the quarter ended March 31, 2024, primarily comprised of net unrealized depreciation of \$1.15 per common share.
- Net asset value (“NAV”) per common share decreased from \$12.09 as of December 31, 2023 to \$11.08 as of March 31, 2024.
- As of March 31, 2024, based on fair value, 91% of our loan portfolio consisted of floating rate loans and approximately 100% of our loan portfolio consisted of first lien and second lien loans.
- For the quarter ended March 31, 2024, the investment portfolio’s weighted-average performing income yield decreased to 13.0% from 14.1% during the prior quarter, primarily due to non-recurring interest and prepayment fee income recognized in the prior quarter.

**OTHER RECENT EVENTS**

- On March 1, 2024, OFS SBIC I, LP, a wholly owned subsidiary, fully repaid its outstanding SBA debentures totaling \$31.9 million that were contractually due March 1, 2025, and, on April 17, 2024, surrendered its license to operate as a small business investment company.
- On April 30, 2024, our Board of Directors declared a distribution of \$0.34 per common share for the second quarter of 2024, payable on June 28, 2024 to stockholders of record as of June 18, 2024.

**SELECTED FINANCIAL HIGHLIGHTS (unaudited)**

(Per common share)

|  | Three Months Ended |                   |
|--|--------------------|-------------------|
|  | March 31, 2024     | December 31, 2023 |
| <b>Net Investment Income</b>                             |                    |                   |
| Net investment income                                    | \$ 0.42            | \$ 0.35           |
| <b>Net Realized/Unrealized Gain (Loss)</b>               |                    |                   |
| Net realized gain (loss) on investments, net of taxes    | \$ 0.06            | \$ (0.08)         |
| Net unrealized depreciation on investments, net of taxes | (1.15)             | (0.58)            |
| Net realized/unrealized loss                             | \$ (1.09)          | \$ (0.66)         |
| <b>Earnings (Loss)</b>                                   |                    |                   |
| Earnings (loss)  | \$ (0.67)          | \$ (0.31)         |
| <b>Net Asset Value</b>                                   |                    |                   |
| Net asset value  | \$ 11.08           | \$ 12.09          |
| Distributions paid                                       | \$ 0.34            | \$ 0.34           |

(in millions)

|                                     | As of          |                   |
|-------------------------------------|----------------|-------------------|
|                                     | March 31, 2024 | December 31, 2023 |
| <b>Balance Sheet Highlights</b>     | (unaudited)    |                   |
| Investment portfolio, at fair value | \$ 400.4       | \$ 420.3          |
| Total assets                        | 410.5          | 469.8             |
| Net assets                          | 148.4          | 162.0             |

“We are pleased to announce that net investment income for the first quarter exceeded the quarterly distribution paid”, said Bilal Rashid, OFS Capital’s Chairman and Chief Executive Officer. “We believe that we continue to benefit from the current interest rate environment with the vast majority of our loan portfolio being floating rate and the majority of our debt being fixed-rate.”

## PORTFOLIO AND INVESTMENT ACTIVITIES

(\$ in millions)

| Portfolio Yield <sup>(1)</sup>   | Three Months Ended |                   |
|--|--------------------|-------------------|
|  | March 31, 2024     | December 31, 2023 |
| Average performing interest-bearing investments, at cost                               | \$ 338.0           | \$ 357.9          |
| Weighted-average performing income yield - interest-bearing investments <sup>(2)</sup> | 13.0 %             | 14.1 %            |
| Weighted-average realized yield - interest-bearing investments <sup>(3)</sup>          | 11.6 %             | 12.8 %            |

- (1) The weighted-average yield of our investments is not the same as a return on investment for our stockholders, but rather relates to our investment portfolio and is calculated before the payment of all of our fees and expenses.
- (2) Performing income yield is calculated as (a) the actual amount earned on performing interest-bearing investments, including interest, prepayment fees and amortization of net loan fees, divided by (b) the weighted-average of total performing interest-bearing investments at amortized cost.
- (3) Realized yield is calculated as (a) the actual amount earned on interest-bearing investments, including interest, prepayment fees and amortization of net loan fees, divided by (b) the weighted-average of total interest-bearing investments at amortized cost, in each case, including debt investments on non-accrual status and non-income producing structured finance securities.

| Portfolio Activity                           | Three Months Ended |                   |
|--|--------------------|-------------------|
|  | March 31, 2024     | December 31, 2023 |
| Investments in debt and equity investments   | \$ 7.3             | \$ 7.0            |
| Investments in structured finance securities | —                  | —                 |
| Total investment purchases and originations  | \$ 7.3             | \$ 7.0            |

As of March 31, 2024, based on fair value, our investment portfolio was comprised of the following:

- Total investments of \$400.4 million, which was equal to approximately 100% of amortized cost;
- Debt investments of \$245.4 million, of which approximately 84% and 16% were first lien and second lien loans, respectively;
- Equity investments of \$77.1 million;
- Structured finance securities of \$77.9 million; and
- Unfunded commitments of \$10.9 million to nine portfolio companies.

During the quarter ended March 31, 2024, loans to one portfolio company with an aggregate amortized cost and fair value of \$13.5 million and \$8.8 million, respectively, were placed on non-accrual status.

**RESULTS OF OPERATIONS (unaudited)***(in thousands)*

|  | Three Months Ended |                   |
|--|--------------------|-------------------|
|  | March 31, 2024     | December 31, 2023 |
| Total investment income                              | \$ 14,233          | \$ 13,483         |
| Expenses:  |                    |                   |
| Interest expense                                     | 4,572              | 4,684             |
| Base management and incentive fees                   | 2,922              | 2,819             |
| Other expenses                                       | 1,143              | 1,284             |
| Total expenses                                       | 8,637              | 8,787             |
| Net investment income                                | 5,596              | 4,696             |
| Net loss on investments                              | (14,645)           | (8,805)           |
| Net decrease in net assets resulting from operations | \$ (9,049)         | \$ (4,109)        |

**Investment Income**

For the quarter ended March 31, 2024, total investment income increased to \$14.2 million from \$13.5 million in the prior quarter, primarily due to an increase in dividend income of \$2.4 million, partially offset by a decrease in interest income of \$1.5 million.

**Expenses**

For the quarter ended March 31, 2024, total expenses decreased by \$0.2 million to \$8.6 million compared to the prior quarter, primarily due to a decline in interest expense related to a decrease in our average outstanding debt balance. During the quarter ended March 31, 2024, we redeemed \$31.9 million of SBA debentures and reduced the total amount outstanding under our revolving credit facility with BNP Paribas by \$12.0 million.

**Net Gain (Loss) on Investments**

For the quarter ended March 31, 2024, we recognized a net loss on investments of \$14.6 million, comprised of net unrealized depreciation of \$15.4 million, partially offset by net realized gains of \$0.8 million. For the quarter ended March 31, 2024, net unrealized depreciation of \$15.4 million was primarily due to declines in a couple of portfolio companies.

**LIQUIDITY AND CAPITAL RESOURCES**

As of March 31, 2024, we had \$6.1 million in cash, which includes \$2.5 million held by OFSCC-FS, LLC (“OFSCC-FS”), an indirect wholly owned subsidiary. Our use of cash held by OFSCC-FS is restricted by contractual conditions of our credit facility with BNP Paribas, including limitations on the amount of cash OFSCC-FS can distribute to us.

As of March 31, 2024, we had no outstanding balance and an unused commitment of \$25.0 million under our senior secured revolving credit facility with Banc of California, as well as an unused commitment of \$71.5 million under its revolving credit facility with BNP Paribas, both of which are subject to borrowing base requirements and other covenants. As of March 31, 2024, we had outstanding commitments to fund portfolio company investments totaling \$10.9 million under various undrawn revolvers and other credit facilities.

**CONFERENCE CALL**

OFS Capital will host a conference call to discuss these results on Friday, May 3, 2024, at 10:00 AM Eastern Time. Interested parties may participate in the call via the following:

INTERNET: Go to [www.ofscapital.com](http://www.ofscapital.com) at least 15 minutes prior to the start time of the call to register, download, and install any necessary audio software. A replay will be available for 90 days on OFS Capital’s website at [www.ofscapital.com](http://www.ofscapital.com).

TELEPHONE: Dial (844) 763-8274 (Domestic) or (412) 717-9224 (International) approximately 15 minutes prior to the call. A telephone replay of the conference call will be available through May 13, 2024 and may be accessed by calling (877) 344-7529 (Domestic) or (412) 317-0088 (International) and utilizing conference ID #7369839.

For more detailed discussion of the financial and other information included in this press release, please refer to OFS Capital’s Form 10-Q for the first quarter ended March 31, 2024.

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

|  | <b>March 31,<br/>2024</b> | <b>December 31,<br/>2023</b> |
|--|---------------------------|------------------------------|
|  | <b>(unaudited)</b>        |                              |
| <b>Assets</b>  |                           |                              |
| Total investments, at fair value (amortized cost of \$399,037 and \$403,530, respectively)   | \$ 400,414                | \$ 420,287                   |
| Cash and cash equivalents  | 6,092                     | 45,349                       |
| Interest receivable  | 2,532                     | 2,217                        |
| Prepaid expenses and other assets  | 1,431                     | 1,965                        |
| <b>Total assets</b>  | <b>\$ 410,469</b>         | <b>\$ 469,818</b>            |
| <b>Liabilities</b>   |                           |                              |
| Revolving lines of credit  | \$ 78,500                 | \$ 90,500                    |
| SBA debentures (net of deferred debt issuance costs of \$0 and \$20, respectively)   | —                         | 31,900                       |
| Unsecured Notes (net of deferred debt issuance costs of \$2,423 and \$2,667, respectively)   | 177,577                   | 177,333                      |
| Interest payable   | 1,905                     | 3,712                        |
| Payable to adviser and affiliates  | 3,380                     | 3,556                        |
| Accrued professional fees  | 438                       | 500                          |
| Other liabilities  | 269                       | 313                          |
| <b>Total liabilities</b>   | <b>262,069</b>            | <b>307,814</b>               |
| <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, 2024 and December 31, 2023, respectively                      | \$ —                      | \$ —                         |
| Common stock, par value of \$0.01 per share, 100,000,000 shares authorized, 13,398,078 and 13,398,078 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively | 134                       | 134                          |
| Paid-in capital in excess of par   | 184,841                   | 184,841                      |
| Total accumulated losses   | (36,575)                  | (22,971)                     |
| <b>Total net assets</b>  | <b>148,400</b>            | <b>162,004</b>               |
| <b>Total liabilities and net assets</b>  | <b>\$ 410,469</b>         | <b>\$ 469,818</b>            |
| Number of shares outstanding   | 13,398,078                | 13,398,078                   |
| Net asset value per share  | \$ 11.08                  | \$ 12.09                     |

**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>2024</b>                         | <b>2023</b>     |
| <b>Investment income</b>   |                                     |                 |
| Interest income  | \$ 11,393                           | \$ 13,393       |
| Dividend income  | 2,711                               | 785             |
| Fee income   | 129                                 | 105             |
| <b>Total investment income</b>   | <b>14,233</b>                       | <b>14,283</b>   |
| <b>Expenses</b>  |                                     |                 |
| Interest expense   | 4,572                               | 4,874           |
| Base management fee  | 1,523                               | 1,894           |
| Income Incentive Fee   | 1,399                               | 1,238           |
| Professional fees  | 414                                 | 436             |
| Administration fee   | 394                                 | 482             |
| Other expenses   | 335                                 | 409             |
| <b>Total expenses</b>  | <b>8,637</b>                        | <b>9,333</b>    |
| <b>Net investment income</b>   | <b>5,596</b>                        | <b>4,950</b>    |
| <b>Net realized and unrealized gain (loss) on investments</b>  |                                     |                 |
| Net realized gain (loss), net of taxes   | 798                                 | (4)             |
| Net unrealized depreciation, net of taxes  | (15,443)                            | (1,121)         |
| <b>Net loss on investments</b>   | <b>(14,645)</b>                     | <b>(1,125)</b>  |
| Loss on extinguishment of debt   | —                                   | (19)            |
| <b>Net increase (decrease) in net assets resulting from operations</b>                               | <b>\$ (9,049)</b>                   | <b>\$ 3,806</b> |
| Net investment income per common share – basic and diluted   | \$ 0.42                             | \$ 0.37         |
| Net increase (decrease) in net assets resulting from operations per common share – basic and diluted | \$ (0.67)                           | \$ 0.28         |
| Distributions declared per common share  | \$ 0.34                             | \$ 0.33         |
| Basic and diluted weighted-average shares outstanding  | 13,398,078                          | 13,398,078      |



## **ABOUT OFS CAPITAL**

The Company is an externally managed, closed-end, non-diversified management investment company that has elected to be regulated as a business development company. 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. The Company invests primarily in privately held middle-market companies in the United States, including lower-middle-market companies, targeting investments of \$3 million to \$20 million in companies with annual EBITDA between \$5 million and \$50 million. The Company offers flexible solutions through a variety of asset classes including senior secured loans, which includes first-lien, second-lien and unitranche loans, as well as subordinated loans and, to a lesser extent, warrants and other equity securities. The Company's investment activities are managed by OFS Capital Management, LLC, an investment adviser registered under the Investment Advisers Act of 1940<sup>(4)</sup>, as amended, and headquartered in Chicago, Illinois, with additional offices in New York and Los Angeles.

## **FORWARD-LOOKING STATEMENTS**

Statements in this press release regarding management's future expectations, beliefs, intentions, goals, strategies, plans or prospects, including statements relating to: OFS Capital's results of operations, including net investment income, net asset value and net investment gains and losses and the factors that may affect such results; management's belief that the Company continues to benefit from the current interest rate environment due to a high percentage of floating rate loans in the portfolio and a majority of liabilities that have a fixed rate of interest, when there can be no assurance that such a composition will lead to future success; and other factors may constitute forward-looking statements for purposes of the safe harbor protection under applicable securities laws. Forward-looking statements can be identified by terminology such as "anticipate," "believe," "could," "could increase the likelihood," "estimate," "expect," "intend," "is planned," "may," "should," "will," "will enable," "would be expected," "look forward," "may provide," "would" or similar terms, variations of such terms or the negative of those terms. Such forward-looking statements involve known and unknown risks, uncertainties and other factors including those risks, uncertainties and factors referred to in OFS Capital's Annual Report on Form 10-K for the year ended December 31, 2023 filed with the Securities and Exchange Commission under the section "Risk Factors," as well as other documents that may be filed by OFS Capital from time to time with the Securities and Exchange Commission. As a result of such risks, uncertainties and factors, actual results may differ materially from any future results, performance or achievements discussed in or implied by the forward-looking statements contained herein. OFS Capital is providing the information in this press release as of this date and assumes no obligations to update the information included in this press release or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## **INVESTOR RELATIONS CONTACT:**

Steve Altebrando

847-734-2084

[investorrelations@ofscapital.com](mailto:investorrelations@ofscapital.com)

(4) Registration does not imply a certain level of skill or training

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