



OFS Capital Corporation (Nasdaq: OFS)

Third Quarter 2017 Investor Presentation

OFS

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This presentation contains "forward looking statements" that are subject to risks and uncertainties. Forward-looking statements can be identified by terminology such as "anticipate," "believe," "could," "could increase the likelihood," "estimate," "expect," "intend," "is planned," "may," "should," "will," "will enable," "would be expected," "look forward," "may provide," "would" or similar terms, variations of such terms or the negative of those terms. Such forward-looking statements involve known and unknown risks, uncertainties and other factors including those risks, uncertainties and factors referred to in OFS Capital's Annual Report on Form 10-K for the year ended December 31, 2016 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 as of this date and assumes no obligations to update the information included in this presentation or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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This presentation includes certain non-GAAP financial measures, including adjusted net investment income (also referred to as Adjusted NII). These non-GAAP measures are not prepared in accordance with generally accepted accounting principles. A reconciliation of the non-GAAP financial measures to the most directly comparable GAAP measures is available on page 16.

The following slides contain summaries of certain financial and statistical information about OFS Capital. The information contained in this presentation is summary information that is intended to be considered in the context of our SEC filings and other public announcements that we may make, by press release or otherwise, from time to time. We undertake no duty or obligation to publicly update or revise the information contained in this presentation. In addition, information related to past performance, while helpful as an evaluative tool, is not necessarily indicative of future results, the achievement of which cannot be assured. You should not view the past performance of OFS Capital, or information about the market, as indicative of OFS Capital's future results. This presentation does not constitute an offer to sell or the solicitation of an offer to buy any securities of OFS Capital.

OFS Capital Corporation

Objective: To deliver consistent net investment income per share growth.

Strategy: To originate quality investments with attractive yields in middle market companies with strong management, high barriers to entry and attractive free cash flow characteristics.

<p>OFS Capital Management¹</p>	<ul style="list-style-type: none"> • External manager of OFS Capital Corporation (“OFS Capital”) • Full-service provider of capital and leveraged finance solutions since 1994 • \$2.0 billion Assets Under Management^{2,3} • Broad range of industry-specific investment professionals with loan market expertise • Owner of 2.9 million shares of OFS Capital (22% of outstanding shares)³
<p>OFS Capital (Nasdaq: OFS)</p>	<ul style="list-style-type: none"> • Business development company focused on lending to middle market companies Typical borrower ~\$3-\$50 million of EBITDA • Attractive financing through small business investment company (“SBIC”) license Weighted average cost of debt of 3.59%; 90% of debt matures in 2022 and beyond^{4,5}
<p>OFS Capital Snapshot</p>	<ul style="list-style-type: none"> • Raised approximately \$100 million in 4Q’12 IPO, \$54 million in 2Q’17 follow-on offering • Book value of \$188.7 million (\$14.15 per share)³ • \$297 million diversified investment portfolio^{3,5} <ul style="list-style-type: none"> • Senior Secured debt, \$194 million • Subordinated debt, \$63 million • Preferred equity, \$29 million • Common equity and warrants, \$11 million • Weighted average yield of 11.50% on performing debt investments^{3,6} • Trailing 12-month distribution of \$1.36 (\$0.34 quarterly) • 13.3 million shares outstanding³

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

2 Calculated in accordance with the Investment Adviser Act of 1940, as amended.

3 As of September 30, 2017.

4 Includes upfront commitment and leverage fees that are amortized over life of debentures.

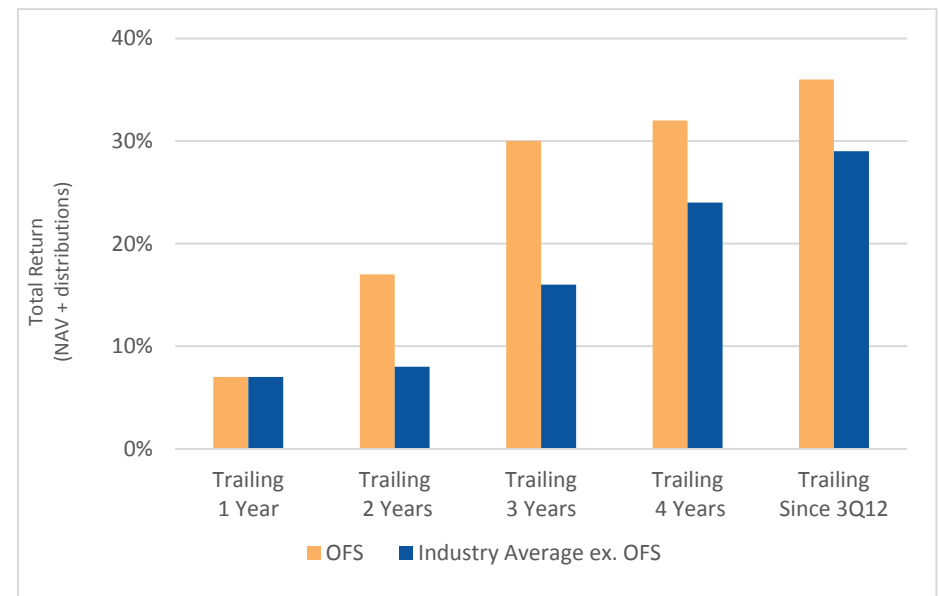
5 At fair value.

6 The weighted average yield on our performing debt investments is computed as (a) the annual stated accruing interest plus the annualized accretion of loan origination fees, original issue discount, market discount or premium, and loan amendment fees divided by (b) amortized cost excluding assets on non-accrual basis as of the balance sheet date.

Executing on Strategic Initiatives Since November 2012 IPO

- Raised \$100 million in 4Q'12 IPO
- Completed acquisition of remaining interest in SBIC Fund (12/2013)
- Bilal Rashid named Chairman and CEO, Jeff Cerny named CFO (July 2014)
- Increased investment staff and technology infrastructure
- Consistently paid \$0.34 quarterly distribution¹
- Raised approximately \$54 million in follow-on offering in 2Q'17

OFS Capital Corporation Historical Performance²



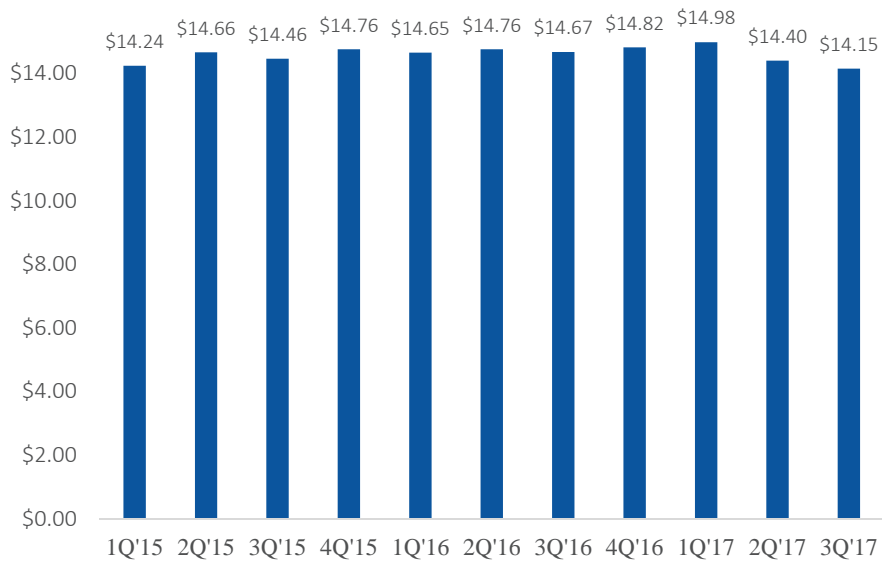
¹ Distributions are not guaranteed.

² Past performance is not indicative of future results. Performance data is as of 2Q'17. Industry Average data obtained from SNL Financial for all externally managed Business Development Companies.

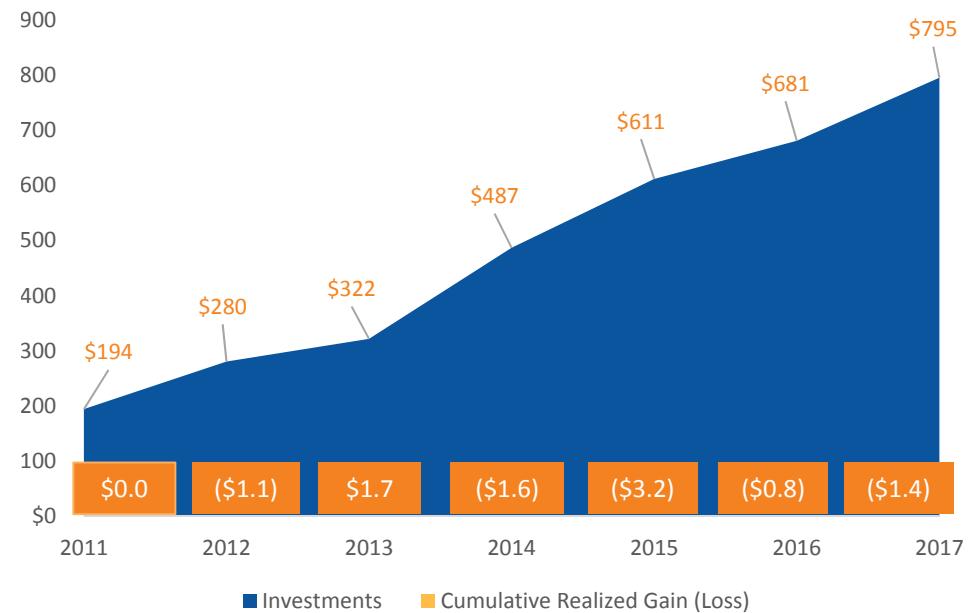
Executing on Strategic Initiatives Since November 2012 IPO

Strong Track Record of Underwriting

Stable NAV Per Share



Cumulative Investments, Realized Gain (Loss) since 2011^{1,2}
(in millions; excludes Interest and Fee Income)



1 As of September 30, 2017.

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

Investment Thesis

- **Current Focus on Lower Middle Market, Non-Sponsored Companies**
 - Currently yields optimal risk-adjusted pricing, terms and structure
 - Performing debt portfolio weighted average yield of 11.50%^{1,7} represents pricing premium vs. broader middle market
 - Potential for upside from equity participation
 - 65% of portfolio is senior secured^{1,2}
 - Target non-cyclical industries (no oil and gas exposure)
 - 73% of loans floating^{1,2}
- **Attractive SBIC Financing**
 - \$150 million in outstanding SBA³ debentures—10-year, low cost, fixed-rate notes (weighted avg. cash interest rate of 3.18%)^{1,4}
 - Permits leverage of 2x1 versus 1x1 for non-SBIC BDCs⁵
 - Application for second SBIC license pending⁶
- **Access To Infrastructure And Resources of \$2.0 Billion Credit Platform**
 - Proven ability to source, underwrite and monitor loans in all parts of the leveraged loan market
 - Growing recognition of OFS brand as a provider of flexible capital solutions
 - Alignment of interests with shareholders—OFSAM owns 22% of outstanding shares¹
- **Balance Sheet Capacity To Fuel Potential Future Growth**
 - \$54 million in cash and cash equivalents¹
 - Potential ability to access bank loan or capital markets
 - Application for second SBIC license pending⁶

1 As of September 30, 2017.

2 Based on cost.

3 U.S. Small Business Administration.

4 Excludes upfront commitment and leverage fees that approximate 3.43% and are amortized over life of debentures.

5 On November 3, 2013, we received exemptive relief to allow us to exclude SBA guaranteed indebtedness from the definition of senior securities in our statutory 200% asset coverage ratio under the 1940 Act.

6 Subject to SBA approval and no assurance is given as to whether or when we will receive a second license.

7 Including assets on non-accrual, the weighted average yield of the debt investment portfolio was 11.04%.

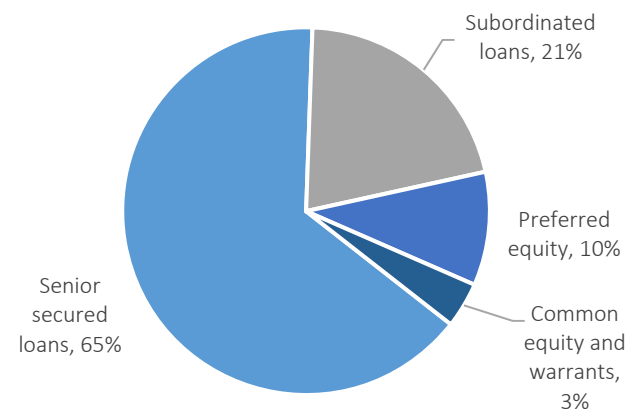
Investment Portfolio - Diversified & Senior Focused

- 40 companies at September 30, 2017
- Avoided material exposure to cyclical and commodity risk businesses (No direct oil and gas exposure)

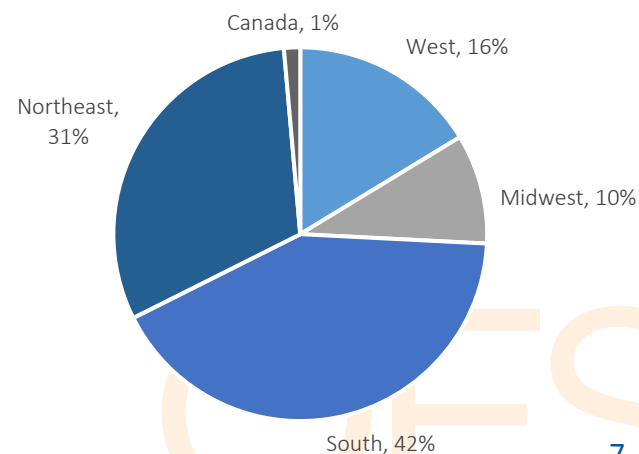
Industry Diversification¹

Industry	Fair Value (Dollar amounts in thousands)	Percent
Administrative and Support and Waste Management and Remediation Services		
Security Systems Services (except Locksmiths)	\$ 14,690	5.0
Tour Operators	1,424	0.5
Arts, Entertainment, and Recreation		
Fitness and Recreational Sports Centers	15,422	5.2
Construction		
Electrical Contractors and Other Wiring Installation Contractors	18,877	6.4
Education Services		
Colleges, Universities, and Professional Schools	2,911	1.0
Finance and Insurance		
Insurance Agencies and Brokerages	12,327	4.2
Offices of Real Estate Agents and Brokers	4,038	1.4
Health Care and Social Assistance		
Medical Laboratories	4,156	1.4
Offices of Physicians, Mental Health Specialists	6,920	2.3
Outpatient Mental Health and Substance Abuse Centers	2,038	0.7
Information		
Other Information Services	2,375	0.8
Manufacturing		
Bolt, Nut, Screw, Rivet, and Washer Manufacturing	3,618	1.2
Commercial Printing (except Screen and Books)	6,661	2.2
Other Aircraft Parts and Auxiliary Equipment Manufacturing	16,855	5.7
Other Basic Inorganic Chemical Manufacturing	1,939	0.7
Packaging Machinery Manufacturing	1,643	0.6
Pharmaceutical Preparation Manufacturing	8,763	3.0
Pump and Pumping Equipment Manufacturing	9,389	3.2
Travel Trailer and Camper Manufacturing	10,697	3.6
Truck Trailer Manufacturing	6,390	2.2
Other Services (except Public Administration)		
Automotive Oil Change and Lubrication Shops	24,149	8.1
Commercial and Industrial Machinery and Equipment (except Automotive and Electronic) Repair and Maintenance	12,495	4.2
Professional, Scientific, and Technical Services		
Computer Systems Design and Related Services	7,401	2.5
Custom Computer Programming Services	6,821	2.3
Other Accounting Services	4,291	1.4
Other Professional, Scientific, and Technical Services	20,209	6.8
Veterinary Services	750	0.3
Public Administration		
Other Justice, Public Order, and Safety Activities	14,896	5.0
Real Estate and Rental and Leasing		
Home Health Equipment Rental	132	0.0
Office Machinery and Equipment Rental and Leasing	13,045	4.4
Retail Trade		
Warehouse Clubs and Supercenters	6,999	2.4
Shoe store	9,436	3.2
All Other General Merchandise Stores	6,325	2.1
Wholesale Trade		
Metal Service Centers and Other Metal Merchant Wholesalers	14,449	4.9
Sporting and Recreational Goods and Supplies Merchant Wholesalers	3,829	1.3
	<u>\$ 296,360</u>	<u>100.0 %</u>

Senior Loan Focus¹



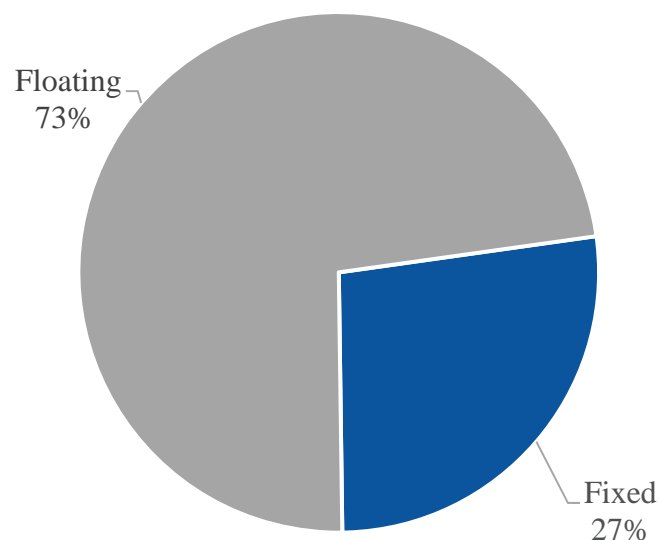
Geographic Diversification¹



¹ Based on fair value as of September 30, 2017.

Investment Portfolio - Positioned To Benefit From Rising Rates

% of Floating Rates Assets^{1,2}



Earnings Sensitivity of Loan Portfolio^{1,3} (Annual change)

Basis Point Increase in Libor	NII/Share Cumulative Benefit
(50)	(\$0.04)
50	\$0.07
100	\$0.13
150	\$0.20
200	\$0.26
250	\$0.33

- 73% of Loan Assets Floating^{1,2}
 - 100% of Debt Fixed¹

1 As of September 30, 2017.

2 Based on fair value of debt investments.

3 Assumes 20% incentive fee and a constant balance sheet; does not adjust for potential changes in the credit market, credit quality, size and composition of the assets in our portfolio.

Attractive SBIC Financing

Weighted Average Cash Rate on Long Term Debt ¹	Maturity
3.18%	September 2022 – September 2025

- Attractively financed through existing SBIC license
- License provides access to 10-year fixed, low cost financing
 - Debentures are pooled and fixed on a semi-annual basis
- Allows 2x1 leverage versus 1x1 statutory limit for non-SBIC BDCs²
- Permits \$225 million in lending capacity (\$75 million equity, \$150 million in SBA debentures)
- Filed second SBIC application in 1Q'15³

Ten Year Maturities
Low Fixed Rate
Ability To Re-invest Capital

¹ Excludes upfront commitment and leverage fees that approximate 3.43% and are amortized over life of debentures.

² On November 3, 2013, we received exemptive relief to allow us to exclude SBA guaranteed indebtedness from the definition of senior securities in our statutory 200% asset coverage ratio under the 1940 Act.

³ Subject to SBA approval and no assurance is given as to whether or when we will receive a second license.

Access To Infrastructure And Resources of \$2.0 Billion Credit Platform

THE OFS ADVANTAGE

- Growing Origination Capacity

- Recognition of the OFS brand in the marketplace as a provider of flexible capital solutions
- Bolstered investment team since IPO
- National footprint with offices in Chicago, New York and Los Angeles
- Long standing relationships with intermediaries, business owners and financial sponsors
- Established platform
 - Since 1994, OFS Capital Management has invested over \$12 billion in more than 4,000 transactions¹
- Rising repeat business leading to increased origination capacity

- Proven Ability to Effectively Handle Due Diligence

- Access to highly experienced team of investment professionals
- Experienced management team that has underwritten through multiple cycles
- Aligned interests with shareholders—OFSAM owns 22% of outstanding shares²

- Focus on Cash Yielding Loans

- 92% of coupon in cash, 8% PIK (annualized based on portfolio at September 30, 2017)

¹ Members of OFS acquired the operations, personnel and infrastructure of First Source Financial Inc. from Dominion Resources, Inc. (NYSE: "D").

² As of September 30, 2017.

Access To Infrastructure And Resources of \$2.0 Billion Credit Platform

Experienced Leadership of OFS Capital Management

Richard Ressler
Chairman of
Investment Committee

- Co-Founder and Chairman of the Executive Committee of OFS Capital Management
- Founder of Orchard Capital Corporation, an investment and consulting firm
- Co-Founder and Principal of CIM Group, L.P., a real estate and infrastructure fund manager
- Chairman of j2 Global, Inc. (NASDAQ: JCOM) and CIM Commercial Trust Corporation (NASDAQ: CMCT)
- Director of Presbia PLC (NASDAQ: LENS)

Bilal Rashid
Chairman & CEO

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

Jeff Cerny
Chief Financial Officer

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

Mark Hauser
Senior Managing Director

- Senior Managing Director of OFS Capital Management and a member of the investment and executive committees
- Also held positions with Sandell Asset Management, FdG Associates and Ocean Capital Corporation

Experienced management team that has underwritten through multiple business cycles

Shared Services Provided By CIM Group

- OFS benefits from shared services provided by CIM Group, a real estate and infrastructure private equity manager with \$18.1 billion of AUM and \$11.3 billion of EUM¹
- Shares various functions including HR, IT, legal, compliance and capital markets
- OFS Capital Management, CIM Group and Orchard Capital Ventures (venture capital) share a common chairman— Richard Ressler
- Mr. Ressler is also Chairman of J2 Global (NASDAQ: JCOM) and CIM Commercial Trust (NASDAQ: CMCT), and is a director of Presbia PLC (NASDAQ: LENS)

Value-Oriented Approach

¹ CIM Group Assets and Equity Under Management

- Assets Under Management (“AUM”), or Gross AUM, represents (i)(a) for real assets, the aggregate total gross assets (“GAV”) at fair value, including the shares of such assets owned by joint venture partners and co-investments, of all of CIM’s advised accounts (each an “Account” and collectively, the “Accounts”) or (b) for operating companies, the aggregate GAV less debt, including the shares of such assets owned by joint venture partners and co-investments, of all of the Accounts (not in duplication of the assets described in (i)(a)), plus (ii) the aggregate unfunded commitments of the Accounts, as of June 30, 2017 (“Report Date”). The GAV is calculated in accordance with U.S. generally accepted accounting principles on a fair value basis (the “Book Value”) and generally represents the investment’s third-party appraised value as of the Report Date, or as of June 30, 2017, as adjusted further by the result of any partial realizations and quarterly valuation adjustments based upon management’s estimate of fair value, in each case through the Report Date other than as described below with respect to CIM REIT. The only investment currently held by CIM REIT consists of shares in CIM Commercial Trust Corporation (“CMCT”), a publicly traded company; the Book Value of CIM REIT is determined by assuming the underlying assets of CMCT are liquidated based upon management’s estimate of fair value. CIM does not presently view the price of CMCT’s publicly-traded shares to be a meaningful indication of the fair value of CIM REIT’s interest in CMCT due to the fact that the publicly-traded shares of CMCT represent less than 3% of the outstanding shares of CMCT and are thinly-traded.
- Equity Under Management (“EUM”), or Net AUM, represents (i) the aggregate NAV of the Accounts (as described below), plus (ii) the aggregate unfunded commitments of the Accounts. The NAV of each Account is based upon the aggregate amounts that would be distributable (prior to incentive fee allocations) to such Account assuming a “hypothetical liquidation” of the Account on the date of determination, assuming that: (x) investments are sold at their Book Value (as defined above); (y) debts are paid and other assets are collected; and (z) appropriate adjustments and/or allocations between equity investors are made in accordance with applicable documents, in each case as determined in accordance with applicable accounting guidance.

Balance Sheet Capacity To Fuel Potential Future Growth

- 1) Cash and cash equivalents
 - \$54 million¹
- 2) Revolving credit facility
 - \$18 million undrawn¹
- 3) Potential access to additional capital
 - Bank loan
 - Capital markets
- 4) Second SBIC application pending²

Commitment to raise capital in accretive, shareholder—friendly way

¹ As of September 30, 2017.

² Subject to SBA approval and no assurance is given as to whether or when we will receive a second license.

Appendix

Condensed Consolidated Statements of Operations

	Three Months Ended (Unaudited)				
	9/30/17	6/30/17	3/31/17	12/31/16	9/30/16
Investment income					
Interest income	\$ 7,818	\$ 6,970	\$ 7,281	\$ 7,659	\$ 6,580
Dividends and fees	1,304	1,008	753	550	779
Total investment income	<u>9,122</u>	<u>7,978</u>	<u>8,034</u>	<u>8,209</u>	<u>7,359</u>
Expenses					
Interest expense	1,503	1,339	1,387	1,366	1,320
Management fees	1,310	1,224	1,192	1,192	1,120
Incentive fees	1,090	(22)	1,181	926	817
Other expenses	817	1,121	934	989	805
Total expenses	<u>4,720</u>	<u>3,662</u>	<u>4,694</u>	<u>4,473</u>	<u>4,062</u>
Net investment income	<u>4,402</u>	<u>4,316</u>	<u>3,340</u>	<u>3,736</u>	<u>3,297</u>
Net gain (loss) on investments	<u>(3,227)</u>	<u>(6,597)</u>	<u>1,526</u>	<u>1,087</u>	<u>(909)</u>
Net increase (decrease) in net assets resulting from operations	<u>\$ 1,175</u>	<u>\$ (2,281)</u>	<u>\$ 4,866</u>	<u>\$ 4,823</u>	<u>\$ 2,388</u>
Net investment income per share ¹	\$ 0.33	\$ 0.33	\$ 0.34	\$ 0.39	\$ 0.34
Adjusted net investment income per share ^{1,2}	\$ 0.33	\$ 0.31	\$ 0.37	\$ 0.39	\$ 0.34
Net increase (decrease) in net assets resulting from operations per share ¹	\$ 0.09	\$ (0.17)	\$ 0.50	\$ 0.50	\$ 0.25
Dividends and distributions declared per share	\$ 0.34	\$ 0.34	\$ 0.34	\$ 0.34	\$ 0.34

¹ Based on weighted average shares outstanding for the respective period

² Non-GAAP measure. Reconciliation on page 16.

Non-GAAP Financial Measure – Adjusted Net Investment Income

On a supplemental basis, we disclose Adjusted NII (including on a per share basis), which is a financial measure calculated and presented on a basis of methodology other than in accordance with generally accepted accounting principles of the United States of America (“non-GAAP”). Adjusted NII represents net investment income, (1) excluding write-offs of deferred debt issuance costs associated with our permanent reductions of the WM Credit Facility, (2) adding back the amount of net investment income incentive fee expenses associated with the write-offs that we would have incurred had the write-offs not occurred, and (3) excluding the net capital gains incentive fee (fee adjustments) in periods in which they occur. Our management agreement with OFS Advisor provides that a capital gains incentive fee is determined and paid annually with respect to realized capital gains (but not unrealized capital gains) to the extent such realized capital gains exceed realized and unrealized capital losses for such year. Management believes that Adjusted NII is a useful indicator of operations exclusive of any net capital gains incentive fee, as net investment income does not include gains associated with the capital gains incentive fee. In addition, management believes that providing Adjusted NII may facilitate a more complete analysis and greater transparency into OFS Capital’s ongoing operations, particularly in comparing underlying results from period to period, and afford investors a view of results that may be more easily compared to those of other companies.

The following table provides a reconciliation from net investment income (the most comparable GAAP measure) to Adjusted NII for the periods presented:

(\$ in thousands, except per share data)

	Three Months Ended				
	9/30/17 (unaudited)	6/30/17 (unaudited)	3/31/17 (unaudited)	12/31/16 (unaudited)	9/30/16 (unaudited)
Net investment income	\$ 4,402	\$ 4,316	\$ 3,340	\$ 3,736	\$ 3,297
Write-off of deferred debt issuance costs Incentive fee	-	-	-	-	-
Write-off of deferred debt issuance costs, net	-	-	-	-	-
Capital gains incentive fee	-	(283)	283	-	-
Adjusted net investment income	<u>\$ 4,402</u>	<u>\$ 4,033</u>	<u>\$ 3,623</u>	<u>\$ 3,736</u>	<u>\$ 3,297</u>
Adjusted net investment income per common share: Basic and diluted	<u>\$ 0.33</u>	<u>\$ 0.31</u>	<u>\$ 0.37</u>	<u>\$ 0.39</u>	<u>\$ 0.34</u>

Condensed Consolidated Balance Sheets

(\$ in thousands)

	9/30/17 (unaudited)	6/30/17 (unaudited)	3/31/17 (unaudited)	12/31/16 (audited)	9/30/16 (unaudited)
Investments, at fair value	\$296,630	\$296,908	\$258,311	\$281,627	\$259,169
Cash and cash equivalents	53,868	46,920	44,087	17,659	27,989
Deferred financing closing costs, net	-	-	-	-	-
Other assets	6,011	5,132	5,031	5,744	5,064
Total assets	<u>\$356,509</u>	<u>\$348,960</u>	<u>\$307,429</u>	<u>\$305,030</u>	<u>\$292,222</u>
SBA debentures	\$147,128	\$147,033	\$146,938	\$146,843	\$146,747
Revolving line of credit	17,100	6,000	8,000	9,500	-
Other liabilities	3,625	3,931	7,104	4,909	3,265
Total liabilities	<u>167,853</u>	<u>156,964</u>	<u>162,042</u>	<u>161,252</u>	<u>150,012</u>
Net assets	<u>188,656</u>	<u>191,996</u>	<u>145,387</u>	<u>143,778</u>	<u>142,210</u>
Total liabilities and net assets	<u>\$356,509</u>	<u>\$348,960</u>	<u>\$307,429</u>	<u>\$305,030</u>	<u>\$292,222</u>

Debt Summary, September 30, 2017

(\$ in millions)

	Capacity	Drawn	Maturity	Fixed/Variable	Rate
SBA debentures	\$150.0				
		\$14.0	Sep-22	Fixed	3.05%
		\$7.0	Sep-23	Fixed	4.45%
		\$5.0	Mar-24	Fixed	4.00%
		\$4.1	Sep-24	Fixed	3.82%
		\$31.3	Sep-24	Fixed	3.37%
		\$65.9	Mar-25	Fixed	2.87%
		\$22.6	Sep-25	Fixed	3.18%
Sub-total	\$150.0	\$149.9		Weighted Avg.	3.18%
Unamortized debt issuance costs		(\$2.8)			
Total SBA debentures		\$147.1		Effective Avg.	3.43% ¹
Revolving credit facility	\$35.0	\$17.1	Oct-18	Variable	Prime + 0.75% ²
Total		\$164.2			

Note

¹ Includes upfront commitment and leverage fees that are amortized over life of debentures.

² Subject to 5% floor