Risk Factors Comparison 2024-03-05 to 2023-03-03 Form: 10-K

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Investing in our securities involves a number of significant risks. In addition to the other information contained in this Annual Report on Form 10- K, you should consider carefully the following information before making an investment in our securities. The risks set out below are not the only risks we face. Additional risks and uncertainties not presently known to us or not presently deemed material by us might also impair our operations and performance. If any of the following events occur, our business, financial condition and results of operations could be materially and adversely affected. In such case, our NAV and the trading price of our securities could decline, and you may lose all or part of your investment. The risk factors described below are the principal risk factors associated with an investment in our securities as well as those factors generally associated with an investment company with investment objectives, investment policies, capital structure or trading markets similar to ours. Summary Risk Factors We are subject to risks related to our business and structure. • Global economic, political and market conditions may adversely affect our business, our ability to access capital, and our results of operations and financial condition, including our revenue growth and profitability. • Due to economic disruptions, we may not be able to increase our dividends and may reduce or defer our dividends and choose to incur U. S. federal excise tax in order **to** preserve cash and maintain flexibility. • We are dependent upon the OFSC senior professionals for our future success and upon their access to the investment professionals and partners of OFSC and its affiliates. • A significant amount of our portfolio investments are recorded at fair value and OFS Advisor, our " valuation designee, " determines the fair value of our investments in good faith pursuant to Rule 2a- 5 under the 1940 Act. As a result, there will be uncertainty as to the value of our portfolio investments and the participation of OFS Advisor' s professionals in our valuation process could result in a conflict of interest. • We may finance our investments with borrowed money, which magnifies the potential for gain or loss on amounts invested and may increase the risk of investing in us. • Insufficient cash flows may increase our risk of default of our debt obligations, including under our Unsecured Notes and our BNP Facility. • We will be subject to U. S. federal income tax at corporate rates if we are unable to maintain our tax treatment as a RIC. • In the future, we may choose to pay distributions in our own stock and stockholders may be required to pay tax in excess of the cash they receive. • Because we expect to distribute substantially all of our net ordinary income and net realized capital gains to our stockholders, we may need additional capital to finance our growth and such capital may not be available on favorable terms or at all. • Changes in the laws or regulations governing our business, or changes in the interpretations thereof, and any failure by us to comply with these laws or regulations, could have a material adverse effect on our, and our portfolio companies' business, results of operations or financial condition. • Our Board may change our investment objectives, operating policies and strategies without prior notice or stockholder approval. We are subject to risks related to OFS Advisor and its Affiliates. • We have potential conflicts of interest related to obligations that OFS Advisor or its affiliates may have to other clients. • We have potential conflicts of interest related to the purchases and sales that OFS Advisor makes on our behalf and / or on behalf of Affiliated Accounts. • The valuation process for certain of our portfolio holdings may create a conflict of interest. • Our ability to enter into transactions with our affiliates is restricted, which may limit the scope of investments available to us. • Our incentive fee structure may create incentives for OFS Advisor that are not fully aligned with the interests of our stockholders. • OFS Advisor' s liability is limited under the Investment Advisory Agreement, and we have agreed to indemnify OFS Advisor against certain liabilities, which may lead OFS Advisor to act in a riskier manner on our behalf than it would when acting for its own account. • OFS Advisor can resign on 60 days' notice, and we may not be able to find a suitable replacement within that time, resulting in a disruption in our operations that could adversely affect our financial condition, business and results of operations. We are subject to risks related to our investments. • Inflation may adversely affect the business, results of operations and financial condition of our portfolio companies. • Any of our portfolio companies operating in the Health Care and Social Assistance industry are subject to extensive government regulation and certain other risks particular to that industry. • Our investments in private and middle- market portfolio companies are generally considered lower credit quality obligations, are risky, and we could lose all or part of our investment. • Our investments in Structured Finance Securities carry additional risks to the risks associated with investing in private debt. • **Our investments in Structured Finance Securities are more likely to suffer a loss of all or a portion of their value in the event of a default. •** We are a non-diversified management investment company within the meaning of the 1940 Act, and therefore we are not limited by the 1940 Act with respect to the proportion of our assets that may be invested in securities of a single issuer. • ~~Our investments in Structured Finance Securities are more likely to suffer a loss of all or a portion of their value in the event of a default. •~~ If we make subordinated **debt** investments, the obligors or the portfolio companies may not generate sufficient cash flow to service their debt obligations to us. • ~~The~~ **We and our investments are subject to** interest ~~rates~~ - **rate risk** ~~of our investments might be subject to change, including as a result of the transition away from LIBOR and the adoption of alternative reference rates, which could affect our results of operations~~ . We are subject to risks ~~relating~~ **related** to our securities and an ~~Investment~~ **investment** in our ~~Common~~ **common** ~~Stock~~ **stock** . • There is a risk that stockholders may not receive distributions or that our distributions may not grow over time and a portion of our distributions may be a return of capital. • The market price of our common stock may fluctuate **and decrease** significantly. • Sales of substantial amounts of our common stock in the public market may have an adverse effect on the market price of our common stock. • Our common stock may trade below its NAV per share, which limits our ability to raise additional equity capital. Risks Related to Our Business and Structure The state of current worldwide financial markets, as well as various social **, economic** and political tensions in the United States and around the world **(including war, terrorist attacks and other forms of conflict)** , may contribute to increased market volatility, may have long term effects on the United States and worldwide financial markets, and may cause economic uncertainties or deterioration in the United States and worldwide. For example, global financial markets are currently experiencing supply chain disruptions, significant labor and resource shortages, **elevated interest rates and the effects of high inflation. In addition,** ~~the~~ **there** ~~impacts of~~ **is currently geopolitical,** economic ~~sanctions as a result of~~ **and financial market instability in** the **United States, the United Kingdom, the European Union and China. The** ongoing war between Russia and Ukraine ~~, rising interest rates and a period of high inflation. In addition, there is currently geopolitical, economic and financial market instability in the United States, the United Kingdom, the European Union and China. Russia' s military invasion of Ukraine in February 2022~~ and the resulting global responses, including economic sanctions by the United States, the European Union and other countries, **and the escalated armed conflict in the Middle East have increased and** could **continue to** increase volatility and uncertainty in the financial markets and adversely affect regional and global economies. The extent and duration of the ongoing ~~war~~ **conflicts** in Ukraine and the **Middle East and the** repercussions of such ~~war~~ **conflicts** are impossible to predict, but could result in significant market disruptions ~~. Depending on direction~~ and ~~timing, the Russian- Ukraine war~~ may **further negatively affect** ~~result in adverse changes to, among other things: (i) general economic and market conditions; (ii) shipping and transportation costs and supply chain constraints; (iii) interest rates, currency exchange rates, and expenses associated with currency management transactions; (iv) available credit in certain markets; (v) import and export activity from certain markets; and (vi) laws, regulations, treaties, pacts, accords, and governmental policies. Economic and military sanctions related to the Russian-Ukraine war, or other conflicts, have the potential to gravely impact markets,~~ global supply **chains** ~~and demand~~ , energy prices, inflation ~~, import / export policies,~~ and **global growth** ~~the availability of labor in certain markets~~ . The **elevated** ~~foregoing could have a material adverse effect on the ability of underlying borrowers and issuers to perform their obligations. We expect the current high~~ inflationary environment ~~to~~ **may** continue and some economists predict that the U. S. economy may enter an economic recession. Any disruptions in the capital markets, as a result of economic, political and market instability **(including as a result of a shutdown of U. S. government services, strikes, work stoppages, labor shortages, labor disputes, supply chain disruptions and accidents)** , may increase the spread between the yields realized on risk- free and higher risk securities and can result in illiquidity in parts of the capital markets, significant write- offs in the financial sector and re- pricing of credit risk in the broadly syndicated market. These and any other unfavorable economic conditions could increase our funding costs, limit our access to the capital markets and result in a decision by lenders not to extend credit to us. The global pandemic caused by the outbreak of the novel strain of coronavirus (" COVID- 19") has **in the past** led, and may continue to lead, to significant economic disruption in the economy of the United States and the economies of other nations. While many of the emergency measures and recommendations imposed by governmental authorities in response to the pandemic, including restrictions on travel and the closure of non- essential businesses have been eased, the pandemic and the resulting economic dislocations caused substantial disruption, volatility and a reduction in liquidity in the capital markets and the credit markets, including the leveraged loan market specifically, which may continue for an extended period. Any such volatility or additional waves of the COVID- 19 outbreak or future pandemics, as well as the generally negative economic impact of such events, may have adverse impacts on our business and our results of operations and financial condition. While certain markets have shown signs of stabilizing, market conditions remain uncertain and a period of deterioration and volatility could re- emerge. Negative economic trends would also increase the likelihood that major financial institutions or other entities having a significant impact on the financial and credit markets may suffer a bankruptcy or insolvency, as occurred during the recession in the U. S. economy **in 2008** ~~several years ago~~ . In addition, certain industries may feel the impact of such negative economic trends more than others. There is a material possibility that economic activity will be volatile or will slow significantly, and some obligors may be significantly and negatively impacted by these negative economic trends. Although the leveraged finance and CLO markets have made significant recoveries from the adverse impact of the credit crisis, there can be no assurance that the leveraged finance and CLO markets will not be adversely impacted by future economic downturns or market volatility. The financial results of middle- market companies in which we primarily invest, have experienced deterioration because of market volatility, which could ultimately lead to difficulty in meeting debt service requirements and an increase in defaults, and further deterioration will further depress the outlook for middle- market companies. Further, adverse economic conditions have decreased, and may in the future decrease, the value of collateral securing some of our loans and the value of our equity investments. Such conditions have required, and may in the future require, us to modify the payment terms of our investments, including changes in PIK interest provisions and / or cash interest rates. The performance of certain of our portfolio companies has been, and in the future may be, negatively impacted by these economic or other conditions, which can result in our receipt of reduced interest income from our portfolio companies and / or realized and unrealized losses related to our investments, and, in turn, may adversely affect distributable income and have a material adverse effect on our results of operations. Significant disruption or volatility in the capital markets may also have a negative effect on the valuations of our investments. While most of our investments are not publicly traded, applicable accounting standards require us to assume as part of our valuation process that our investments are sold in a principal market to market participants (even if we plan on holding an investment through its maturity). Significant disruption or volatility in the capital markets may also affect the pace of our investment activity and the potential for liquidity events involving our investments. Thus, the illiquidity of our investments may make it difficult for us to sell such investments to access capital if required, and as a result, we could realize significantly less than the value at which we have recorded our investments if we were required to sell them for liquidity purposes. An inability to raise or access capital could have a material adverse effect on our business, financial condition or results of operations. We may also be subject to risk arising from a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution may cause a series of defaults by the other institutions. This is sometimes referred to as " systemic risk " and may adversely affect financial intermediaries with which we interact in the conduct of our business. Overall uncertainty in the economic environment globally and in the United States may adversely affect our business, ability to secure debt financing, results of operations and financial condition, including our revenue growth and profitability. We continuously monitor developments and seek to manage our investments in a manner consistent with achieving our investment objective, but there can be no assurance that we will be successful in doing so. As a BDC, we are not required to make any distributions to stockholders other than in connection with our election to be taxed as a RIC under subchapter M of the Code. In order to maintain our tax treatment as a RIC, we must distribute to stockholders for each taxable year at least 90 % of our ICTI. If we qualify for taxation as a RIC, we generally will not be subject to corporate- level U. S. federal income tax on our ICTI and net capital gains (i. e., realized net long- term capital gains in excess of realized net short- term capital losses) that we timely distribute to stockholders. We will be subject to a 4 % U. S. federal excise tax on undistributed earnings of a RIC unless we distribute each calendar year at least the sum of (i) 98. 0 % of our ordinary income for the calendar year, (ii) 98. 2 % of our capital gains in excess of capital losses for the one- year period ending on October 31 of the calendar year, and (iii) any ordinary income and net capital gains for preceding years that were not distributed during such years and on which we paid no U. S. federal income tax. Under the Code, we may satisfy certain of our RIC distributions with dividends paid after the end of the current year. In particular, if we pay a distribution in January of the following year that was declared in October, November, or December of the current year and is payable to stockholders of record in the current year, the dividend will be treated for all U. S. federal tax purposes as if it were paid on December 31 of the current year. In addition, under the Code, we may pay dividends, referred to as " spillover dividends, " that we (i) declare on or before the later of the 15th day of the 9th month following the close of our taxable year or in the case of an extension of time for filing our return for the taxable year, the due date for filing such return taking into account such extension and (ii) pay during the following taxable year (but not later than the date of the first dividend payment of the same type of dividend made after such declaration). Such dividends will allow us to maintain our qualification for taxation as a RIC and eliminate our liability for corporate- level U. S. federal income tax. Under these spillover dividend procedures, we may defer distribution of income earned during the current year until December of the following year. For example, we may defer distributions of income earned during ~~2022~~ **2023** until as late as December 31, ~~2023~~ **2024** . However, if we choose to pay a spillover dividend, we will still incur the 4 % U. S. federal excise tax on some or all of the distribution. Due to ~~the continuing COVID- 19 pandemic and other~~ disruptions in the economy, including **elevated** ~~impacts of~~ interest rates and high inflation rates, ~~we anticipate that~~ we may take certain actions with respect to the timing and amounts of our distributions in order to preserve cash and maintain flexibility. For example, we may not be able to increase our dividends. In addition, we may reduce our dividends and / or defer our dividends to the following taxable year. If we defer our dividends, we may choose to utilize the spillover dividend rules discussed above and incur the 4 % U. S. federal excise tax on such amounts. To further preserve cash, we may combine these reductions or deferrals of dividends with one or more distributions that are payable partially in our stock **. See** ~~as discussed below under the risk factor~~ " **Item 1A. Risk Factors — Risks Related to our Business and Structure —** In the future, we may choose to pay distributions in our own stock and stockholders may be required to pay tax in excess of the cash they receive. " We do not have any internal management capacity or employees. We will depend on the diligence, skill and network of business contacts of the OFSC senior professionals to achieve our investment objective. Our future success will depend, to a significant extent, on the continued service and coordination of the OFSC senior management team, particularly Bilal Rashid, Senior Managing Director and President of OFSC, and Jeffrey A. Cerny, Senior Managing Director of OFSC. Each of these individuals is an employee at will of OFSC. In addition, we rely on the services of Richard Ressler, Chairman of the executive committee of OFSAM Holdings and Chairman of certain of the Advisor Investment Committees, pursuant to a consulting agreement with Orchard Capital Corporation. The departure of Mr. Ressler or any of the senior managers of OFSC, or of a significant number of its other investment professionals, could have a material adverse effect on our ability to achieve our investment objective. We expect that OFS Advisor will continue to evaluate, negotiate, structure, close and monitor our investments in accordance with the terms of the Investment Advisory Agreement. We can offer no assurance, however, that OFSC senior professionals will continue to provide investment advice to us. If these individuals do not maintain their existing relationships with OFSC and its affiliates and do not develop new relationships with other sources of investment opportunities, we may not be able to grow our investment portfolio or achieve our investment objective. In addition, individuals with whom the OFSC senior professionals have relationships are not obligated to provide us with investment opportunities. Therefore, we can offer no assurance that such relationships will generate investment opportunities for us. OFS Advisor is a wholly owned subsidiary of OFSAM, has no employees and depends upon access to the investment professionals and other resources of OFSC and its affiliates to fulfill its obligations to us under the Investment Advisory Agreement. OFS Advisor also depends upon OFSC to obtain access to deal flow generated by the professionals of OFSC and its affiliates. Under a Staffing Agreement between OFSC, a wholly owned subsidiary of OFSAM, and OFS Advisor, OFSC has agreed to provide OFS Advisor with the resources necessary to fulfill these obligations. The Staffing Agreement provides that OFSC will make available to OFS Advisor experienced investment professionals and access to the senior investment personnel of OFSC for purposes of evaluating, negotiating, structuring, closing and monitoring our investments. We are not a party to this Staffing Agreement and cannot assure stockholders that OFSC will fulfill its obligations under the agreement. If OFSC fails to perform, we cannot assure stockholders that OFS Advisor will enforce the Staffing Agreement or that such agreement will not be terminated by either party or that we will continue to have access to the investment professionals of OFSC and its affiliates or their information and deal flow. The investment committees that oversee our investment activities are provided by OFS Advisor under the Investment Advisory Agreement. The loss of any member of the Advisor Investment Committees or of other OFSC senior professionals could limit our ability to achieve our investment objective and operate as we anticipate. This could have a material adverse effect on our financial condition and results of operation. Our business model depends to a significant extent upon strong referral relationships with financial institutions, sponsors and investment professionals. Any inability of OFS Advisor to maintain or develop these relationships, or the failure of these relationships to generate investment opportunities, could adversely affect our business. We depend upon OFS Advisor to maintain relationships with financial institutions, sponsors and investment professionals, and we will continue to rely to a significant extent upon these relationships to provide us with potential investment opportunities. If OFS Advisor fails to maintain such relationships, or to develop new relationships with other sources of investment opportunities, we will not be able to grow our investment portfolio. In addition, individuals with whom the principals of OFS Advisor have relationships are not obligated to provide us with investment opportunities, and, therefore, we can offer no assurance that these relationships will generate investment opportunities for us in the future. Our financial condition and results of operation will depend on our ability to manage our business effectively. Our ability to achieve our investment objective and grow will depend on our ability to manage our business. This will depend, in turn, on the ability of the Advisor Investment Committees to identify, invest in and monitor companies that meet our investment criteria. The achievement of our investment objectives on a cost- effective basis will depend upon the Advisor Investment Committees ~~'~~**’** ability to execute our investment process, their ability to provide competent, attentive and efficient services to us and, to a lesser extent, our access to financing on acceptable terms. OFS Advisor has substantial responsibilities under the Investment Advisory Agreement. OFS Advisor ~~'~~**’** s senior professionals and other personnel of OFS Advisor ~~'~~**’** s affiliates, including OFSC, may be called upon to provide managerial assistance to our portfolio companies. These activities may distract them or slow our rate of investment. Any failure to manage our business and our future growth effectively could have a material adverse effect on our business, financial condition and results of operations. To the extent PIK interest and PIK dividends constitute a portion of our income, we will be required to include such income in taxable and accounting income prior to receipt of cash representing such income. Our investments may include contractual PIK interest or PIK dividends, which represents contractual interest or dividends added to a loan balance or equity security and due at the end of such loan’ s or equity security’ s term. To the extent PIK interest and PIK dividends constitute a portion of our income, we will be exposed to typical risks associated with such income being required to be included in taxable and accounting income prior to receipt of cash. Such risks include: • The higher interest or dividend rates of PIK instruments reflect the payment deferral and increased risk associated with these instruments, and PIK instruments often represent a significantly higher risk than non- PIK instruments. • Even if the accounting conditions for income accrual are met, the borrower could still default when our actual collection is supposed to occur at the maturity of the obligation. • PIK instruments may have unreliable valuations because their continuing accruals require continuing judgments about the collectability of the deferred payments and the value of any associated collateral. PIK income may also create uncertainty about the source of our cash distributions. • For accounting purposes, any cash distributions to stockholders representing PIK income are not treated as coming from paid- in capital. As a result, despite the fact that a distribution representing PIK income could be paid out of amounts invested by our stockholders, the 1940 Act does not require that stockholders be given notice of this fact by reporting it as a return of capital. • PIK interest or dividends have the effect of generating investment income at a compounding rate, thereby further increasing the incentive fees payable to OFS Advisor. Similarly, all things being equal, the deferral associated with PIK interest or dividends also decreases the investment principal-to- value ratio at a compounding rate. Many of our portfolio investments take the form of securities that are not publicly traded and their fair value may not be readily determinable. In December 2020, the SEC adopted Rule 2a- 5 under the 1940 Act **(“ Rule 2a- 5 ”)** , which establishes requirements for good faith determinations of fair value, and addresses both the Board’ s and the “ valuation designee’ s ” roles and responsibilities relating to fair valuation. On September 7, 2022, pursuant to Rule 2a- 5 ~~under the 1940 Act~~ , our Board designated OFS Advisor, as valuation designee, to perform fair value determinations relating to our investments, for which market quotations are not readily available. In order for the Board to maintain oversight, OFS Advisor implemented the requirements as prescribed in Rule 2a- 5. The determination of fair value and, consequently, the amount of unrealized gains and losses in our portfolio, are, to a significant degree, subjective and dependent on a valuation process undertaken by OFS Advisor and overseen by our Board. Valuation of certain investments will also be based, in part, upon third party valuation models which take into account various unobservable inputs. A majority of our investments are classified as Level 3 under ~~Accounting Standards Codification Topic 820, Fair Value Measurement and Disclosures (~~ ASC Topic 820 ~~)~~ . This means that our portfolio valuations are based on unobservable inputs and assumptions about how market participants would price the asset or liability in question. Inputs into the determination of fair value of our portfolio investments require significant management judgment and estimation. Even if observable market data is available, such information may be the result of consensus pricing information or broker quotes, which include a disclaimer that the broker would not be held to such a price in an actual transaction. The non- binding nature of consensus pricing and / or quotes accompanied by disclaimers materially reduces the reliability of such information. We presently retain the services of independent service providers to prepare the valuation of the majority of these securities. Certain factors that may be considered in determining the fair value of our investments include third- party yield benchmarks and comparison to publicly traded securities including such factors as yield, maturity and measures of credit quality, the enterprise value of a portfolio company, the nature and realizable value of any collateral, the portfolio company’ s ability to make payments and its earnings and cash flow, the markets in which the portfolio company does business and other relevant factors. The models, information and / or underlying assumptions utilized by OFS Advisor will not always allow OFS Advisor to correctly capture the fair value of an asset. Because such valuations, and particularly valuations of securities that are not publicly traded, like those we hold, are inherently uncertain, they may fluctuate materially over short periods of time and may be based on estimates. OFS Advisor’ s determinations of fair value may differ materially from the values that would have been used if an active public market for these securities existed. OFS Advisor’ s determinations of the fair value of our investments have a material impact on our net earnings through the recording of unrealized appreciation or depreciation of investments and may cause our NAV on a given date to understate or overstate, possibly materially, the value that we may ultimately realize on one or more of our investments. The participation of OFS Advisor’ s professionals in our valuation process could also result in a conflict of interest since OFS Advisor’ s **base** management fee is based, in part, on the average value of our total assets (other than cash and cash equivalents but including assets purchased with borrowed amounts and including assets owned by any consolidated entity). ~~We are subject to additional~~

~~regulations due to SBIC I LP' s status as a Small Business Investment Company. Our current investment strategy includes SBIC I LP, which is regulated by the SBA. The SBA regulations require that a licensed SBIC be periodically examined and audited by the SBA to determine its compliance with the relevant SBA regulations. If SBIC I LP fails to comply with applicable SBA regulations, the SBA could, depending on the severity of the violation, limit or prohibit its use of debentures, declare outstanding debentures immediately due and payable, and / or limit its ability to make new investments. The SBA, as a creditor, will have a superior claim to SBIC I LP' s assets over SBIC I LP' s limited partners and our stockholders in the event SBIC I LP is liquidated or the SBA exercises its remedies under the SBA debentures issued by SBIC I LP in the event of a default. In addition, the SBA can revoke or suspend a license for willful or repeated violation of, or willful or repeated failure to observe, any provision of the Small Business Investment Act of 1958 or any rule or regulation promulgated thereunder. These actions by the SBA would, in turn, negatively affect us because of our ownership interest in SBIC I LP. The SBA places certain limitations on the financing terms of investments by SBICs in portfolio companies and prohibits an SBIC from providing funds to small businesses for certain purposes, such as relending, real estate or investing in companies outside of the United States, and providing funds to businesses engaged in a few prohibited industries and to certain " passive " (i. e., non- operating) companies. In addition, without prior SBA approval, an SBIC may not invest an amount equal to more than approximately 30 % of the SBIC' s regulatory capital in any one company and its affiliates. SBIC I LP is subject to ongoing regulation and oversight by the SBA, including requirements with respect to maintaining certain minimum financial ratios and other covenants. In addition, SBIC I LP may also be limited in its ability to make distributions to us if it does not have sufficient accumulated net profit, in accordance with SBA regulations. These requirements may make it more difficult for us to achieve our investment objectives.~~ The use of leverage magnifies the potential for gain or loss on amounts invested. The use of leverage is generally considered a speculative investment technique and increases the risks associated with investing in our securities. We may pledge up to 100 % of our assets and may grant a security interest in all of our assets, other than assets held in **OFSCC- FS and** SBIC I LP ~~and OFSCC- FS, and our ownership interest in SBIC I LP and SBIC I GP~~ , under the terms of any debt instruments we may enter into with lenders. In addition, under the terms of any credit facility or other debt instrument we enter into, we are likely to be required by its terms to use the net proceeds of any investments that we sell to repay a portion of the amount borrowed under such facility or instrument before applying such net proceeds to any other uses. If the value of our assets decreases, leveraging would cause NAV to decline more sharply than it otherwise would have had we not leveraged, thereby magnifying losses or eliminating our equity stake in a leveraged investment. Similarly, any decrease in our revenue or income will cause our net income to decline more sharply than it would have had we not borrowed. Such a decline would also negatively affect our ability to make dividend payments on our common stock or preferred stock. Our ability to service our debt will depend largely on our financial performance and will be subject to prevailing economic conditions and competitive pressures. Moreover, because the **base** management fee payable to OFS Advisor is payable based on our total assets (other than cash and cash equivalents ~~and intangible assets related to the SBIC Acquisition~~ but including assets purchased with borrowed amounts and including assets owned by any consolidated entity), OFS Advisor has a financial incentive to **cause us to** incur leverage which may not be consistent with our stockholders' interests. In addition, our common stockholders will bear the burden of any increase in our expenses as a result of our use of leverage, including interest expenses and any increase in the **base** management fee payable to OFS Advisor. On May 3, 2018, the Board, including a " required majority " (as such ~~item~~ - **term** is ~~determined~~ **defined** in ~~section~~ **Section** 57 (o) of the 1940 Act) of the Board, approved the application of a reduced 150 % asset coverage ratio to us; therefore, provided certain conditions are met, we became subject to the reduced asset coverage ratio as of May 3, 2019. See " Item 1A. Risk Factors — Risks Related to our Business and Structure — Because we received the approval of our Board, we became subject to 150 % ~~Asset~~ **asset** ~~Coverage~~ **coverage** effective May 3, 2019. " As of December 31, ~~2022~~ **2023** , our asset coverage ratio was ~~163~~ **160** %, excluding the debt held by SBIC I LP. The following table illustrates the effect of leverage on returns from an investment in our common stock assuming various annual returns, net of expenses. The calculations in the table below are hypothetical and actual returns may be higher or lower than those appearing in the table below. Assumed Return on Our Portfolio (Net of Expenses) Assumed Return on Portfolio (10) % (5) % 0 % 5 % 10 % Corresponding return to common stockholder (1) (~~38~~ **37** . 4) % (24. ~~5~~ **4**) % (~~10~~ **11** . ~~6~~ **4**) % ~~3~~ **1** . ~~3~~ **5** % ~~17~~ **14** . ~~1~~ **5** % (1) Assumes $ ~~500~~ **420** . ~~6~~ **3** million in investments at fair value, $ ~~335~~ **302** . ~~6~~ **4** million in outstanding debt, $ ~~180~~ **162** . ~~4~~ **0** million in net assets, and an average cost of funds of ~~5~~ **6** . ~~70~~ **12** % as of December 31, ~~2022~~ **2023** . Our investment portfolio must experience an annual return of ~~3~~ **4** . ~~8~~ **41** % at least to cover interest payments on the outstanding debt. This example is for illustrative purposes only, and actual interest rates on **and the amount of** our borrowings are likely to fluctuate. See " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Borrowings " for additional information. Any default under the agreements governing our indebtedness, including under our Unsecured Notes and our BNP Facility, that is not waived and the remedies sought by the holders of such indebtedness could make us unable to pay principal, premium, if any, and interest on our other debt obligations. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, in the instruments governing our indebtedness, we could be in default under the terms of the agreements governing such indebtedness. Our ability to generate sufficient cash ~~flow~~ **flows** in the future is, to some extent, subject to general economic, financial, competitive, legislative and regulatory factors as well as other factors that are beyond our control. We cannot assure our stockholders that our business will generate cash flows from operations to meet the payment obligations of our debt obligations **under** ~~. Because we received the approval of~~ our **Unsecured Notes and our BNP Facility** ~~Board, we became subject to 150 % Asset Coverage effective May 3, 2019~~ . The 1940 Act generally prohibits a BDC from incurring indebtedness unless **,** immediately after such borrowing, it has an asset coverage for total borrowings of at least 200 % (i. e., the amount of debt may not exceed 50 % of the value of ~~our~~ **its** assets). However, Section 61 (a) (2) of the 1940 Act allows a BDC to increase the maximum amount of leverage it may incur from an asset coverage ratio of 200 % to an asset coverage ratio of 150 %, if certain requirements are met. On May 3, 2018, our Board approved the application of the reduced asset coverage ratio to us made available under Section 61 (a) (2) of the 1940 Act. As a result, effective May 3, 2019, we were able to increase our leverage up to an amount that reduces our asset coverage ratio from 200 % to 150 % (i. e., the amount of debt may not exceed 66 2 / 3 % of the value of our assets). Leverage magnifies the potential for loss on investments in our indebtedness and on invested equity capital. As we use leverage to partially finance our investments, our stockholders will experience increased risks of investing in our securities. If the value of our assets increases, then the additional leverage would cause the NAV attributable to our common stock to increase more sharply than it would have had we not increased our leverage. Conversely, if the value of our assets decreases, the additional leverage would cause NAV to decline more sharply than it otherwise would have had we not increased our leverage. Similarly, any increase in our income in excess of interest payable on the borrowed funds would cause our net investment income to increase more than it would without the additional leverage, while any decrease in our income would cause net investment income to decline more sharply than it would have had we not increased our leverage. Such a decline could negatively affect our ability to pay common stock dividends, scheduled debt payments or other payments related to our securities. Leverage is generally considered a speculative investment technique. See " **Item 1A. Risk Factors —** Risks Related to Our Business and Structure ~~-~~ **—** We may finance our investments with borrowed money, which magnifies the potential for gain or loss on amounts invested and may increase the risk of investing in us. " In addition, the ability of BDCs to increase their leverage will increase the capital available to BDCs and thus competition for the investments that we seek to make. This may negatively impact pricing on the investments that we do make and adversely affect our net investment income and results of operations. Changes in interest rates will affect our cost of capital and net investment income. To the extent we borrow money or issue preferred stock to make investments, our net investment income will depend, in part, upon the difference between the rate at which we borrow funds or pay dividends on preferred stock and the rate at which we invest those funds. As a result, we can offer no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income in the event we use debt to finance our investments. In periods of ~~rising~~ **elevated** interest rates, our cost of funds would increase, which could reduce our net investment income. We may use interest rate risk management techniques in an effort to limit our exposure to interest rate fluctuations. Such techniques may include various interest rate hedging activities to the extent permitted by the 1940 Act. A rise in the general level of interest rates typically leads to higher interest rates applicable to our debt investments. Accordingly, an increase in interest rates may result in an increase of the amount of incentive fees payable to OFS Advisor. We may enter into reverse repurchase agreements, which are another form of leverage. We may enter into reverse repurchase agreements as part of our management of our temporary investment portfolio. Under a reverse repurchase agreement, we will effectively pledge our assets as collateral to secure a short- term loan. Generally, the other party to the agreement makes the loan in an amount equal to a percentage of the fair value of the pledged collateral. At the maturity of the reverse repurchase agreement, we will be required to repay the loan and correspondingly receive back our collateral. While used as collateral, the assets continue to pay principal and interest which are for our benefit. Our use of reverse repurchase agreements, if any, involves many of the same risks involved in our use of leverage, as the proceeds from reverse repurchase agreements generally will be invested in additional securities. There is a risk that the market value of the securities acquired in the reverse repurchase agreement may decline below the price of the securities that we have sold but remain obligated to purchase. In addition, there is a risk that the market value of the securities retained by us may decline. If a buyer of securities under a reverse repurchase agreement were to file for bankruptcy or experience insolvency, we may be adversely affected. Also, in entering into reverse repurchase agreements, we would bear the risk of loss to the extent that the proceeds of such agreements at settlement are less than the fair value of the underlying securities being pledged. In addition, due to the interest costs associated with reverse repurchase agreements transactions, our NAV would decline, and, in some cases, we may be worse off than if we had not used such instruments. Our ability to enter into transactions involving derivatives and financial commitment transactions may be limited. In November 2020, the SEC adopted Rule 18f- 4 regarding the ability of a BDC (or a registered investment company) to use derivatives and other transactions that create future payment or delivery obligations. Under the rule, BDCs that use derivatives would be subject to a value- at- risk leverage limit, a derivatives risk management program and testing requirements and requirements related to board reporting. These requirements will apply unless the BDC qualifies as a " limited derivatives user, " as defined in the rule. Under the rule, a BDC may enter into an unfunded commitment agreement that is not a derivatives transaction, such as an agreement to provide financing to a portfolio company, if the BDC has, among other things, a reasonable belief, at the time it enters into such an agreement, that it will have sufficient cash and cash equivalents to meet its obligations with respect to all of its unfunded commitment agreements, in each case as it becomes due. Collectively, these requirements may limit our ability to use derivatives and / or enter into certain other financial contracts. We may in the future determine to fund a portion of our investments with preferred stock, which would magnify the potential for gain or loss and the risks of investing in us in the same way as our borrowings. Preferred stock, which is another form of leverage, has the same risks to our common stockholders as borrowings because the dividends on any preferred stock we issue must be cumulative. Payment of such dividends and repayment of the liquidation preference of such preferred stock must take preference over any dividends or other payments to our common stockholders, and preferred stockholders are not subject to any of our expenses or losses and are not entitled to participate in any income or appreciation in excess of their stated preference. We operate in a highly competitive market for investment opportunities, which could reduce returns and result in losses. A number of entities compete with us to make the types of investments that we plan to make. We compete with public and private funds, other BDCs, commercial and investment banks, commercial finance companies and, to the extent they provide an alternative form of financing, private equity and hedge funds. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, some of our competitors may have access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments than us. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us as a BDC or the source of income, asset diversification and distribution requirements we must satisfy to maintain our RIC tax treatment. These characteristics could allow our competitors to consider a wider variety of instruments, establish more relationships and offer better pricing and more flexible structuring than we are able to. The competitive pressures we face may have a material adverse effect on our business, financial condition and results of operations. As a result of this competition, we may not be able to take advantage of attractive investment opportunities from time to time, and we may not be able to identify and make investments that are consistent with our investment objective. With respect to the investments we make, we will not seek to compete based primarily on the interest rates we will offer, and we believe that some of our competitors may make loans with interest rates that will be lower than the rates we offer. In the secondary market for acquiring existing loans, we expect to compete generally on the basis of pricing terms. With respect to all investments, we may lose some investment opportunities if we do not match our competitors' pricing, terms and structure. However, if we match our competitors' pricing, terms and structure, we may experience decreased net interest income, lower yields and increased risk of credit loss. We may also compete for investment opportunities with OFSAM Holdings and its ~~other~~ affiliates or accounts managed by OFSAM Holdings **' s** ~~or one of its other~~ affiliates. Although OFS Advisor will allocate opportunities in accordance with its policies and procedures, allocations to such other accounts will reduce the amount and frequency of opportunities available to us and may not be in the best interests of us and our stockholders. Moreover, the performance of investments will not be known at the time of allocation. We may suffer credit losses. Investment in middle- market companies is highly speculative and involves a high degree of risk of credit loss, and therefore our securities may not be suitable for someone with a low risk tolerance. These risks are likely to increase during volatile economic periods, such as the recent economic volatility in the United States, Europe and China. We have elected to be treated as a RIC under Subchapter M of the Code, but no assurance can be given that we will be able to maintain tax treatment as a RIC. As a RIC, we are not required to pay U. S. federal income taxes at corporate rates on our income and capital gains distributed (or deemed distributed) to our stockholders, provided that we satisfy certain distribution and other requirements. To continue to qualify for tax treatment as a RIC under the Code and to be relieved of federal taxes on income and gains distributed to our stockholders, we must meet certain source- of- income, asset diversification and distribution requirements. The distribution requirement for a RIC ~~is~~ **will be** satisfied if we distribute at least 90 % of our net ordinary income and net short- term capital gains in excess of net long- term capital losses, if any, to our stockholders on an annual basis. Because we use debt financing, and may, in the future, issue preferred stock, we are subject to certain asset coverage ratio requirements under the 1940 Act and financial covenants under loan and credit agreements or preferred stock that could, under certain circumstances, restrict us from making distributions necessary to qualify for tax treatment as a RIC. If we are unable to obtain cash from other sources, we may fail to maintain our qualification for the tax benefits available to RICs and, thus, may be subject to U. S. federal income tax at corporate rates. To maintain our qualification for tax treatment as a RIC, we must also meet certain asset diversification requirements at the end of each calendar quarter. Failure to meet these ~~tests~~ **requirements** may result in our having to dispose of certain investments quickly in order to prevent the loss of RIC status. Because most of our investments are in private or thinly traded public companies, any such dispositions could be made at disadvantageous prices and may result in substantial losses. If we fail to continue to qualify for tax treatment as a RIC for any reason and become subject to U. S. federal income tax at corporate rates, the resulting corporate taxes could substantially reduce our net assets, the amount of income available for distributions to stockholders and the amount of our distributions and the amount of funds available for new investments. Such a failure would have a material adverse effect on us and **on the value of** our ~~stockholders~~ **common stock** . **See " Item 1. Business — Material U. S. Federal Income Tax Considerations — Taxation as a RIC. "** Our subsidiaries and portfolio companies may be unable to make distributions to us that will enable us to meet RIC requirements, which could result in the imposition of an entity- level tax. In order for us to maintain our tax treatment as a RIC and to minimize corporate- level taxes, we are required to distribute on an annual basis substantially all of our taxable income, which includes income from our subsidiaries and portfolio companies. ~~SBIC I LP may be limited by the SBIC Act and SBA regulations governing SBICs from making certain distributions to us that may be necessary to enable us to continue to qualify as a RIC.~~ Distributions ~~from SBIC I LP currently require the prior approval of the SBA. In addition, distributions~~ from OFSCC- FS to us are restricted by the terms and conditions of the BNP Facility. If our subsidiaries and portfolio companies are unable to make distributions to us, this may result in loss of RIC tax treatment and a consequent imposition of a corporate- level federal income tax on us. We may have difficulty paying our required distributions if we recognize income before, or without, receiving cash representing such income. For U. S. federal income tax purposes, we will include in income certain amounts that we have not yet received in cash, such as the accrual of OID **and the recognition of PIK interest or dividends** . This may arise if we purchase assets at a discount, receive warrants in connection with the making of a loan or in other circumstances, or through contracted PIK interest or dividends (meaning interest or dividends paid in the form of additional principal amount of the loan or equity security instead of in cash), which represents contractual interest or dividends added to the loan balance or equity security and due at the end of the investment term. Such OID, which could be significant relative to our overall investment activities, or increases in loan or equity investment balances as a result of contracted PIK arrangements, will be included in income before we receive any corresponding cash payments. We may also be required to include in income certain other amounts that we will not receive in cash. Since in certain cases we may recognize income before or without receiving cash representing such income, we may have difficulty meeting the requirement to distribute at least 90 % of our net ordinary income and net short- term capital gains in excess of net long- term capital losses, if any, to maintain the tax benefits available to RICs. In such a case, we may have to sell some of our investments at times and / or at prices we would not consider advantageous, raise additional debt or equity capital or reduce new investment originations and sourcings to meet these distribution requirements. If we sell built- in- gain assets, we may be required to recognize taxable income in respect of the built- in- gain on such assets. In such a case, we would have to distribute all of our taxable gain (including the built- in- gain) in respect of such sale to avoid the imposition of entity- level tax on such gain. If we are not able to obtain such cash from other sources, we may fail to maintain the tax benefits available to RICs and thus be subject to U. S. federal income tax at corporate rates. We distribute taxable distributions that are payable in cash or shares of our common stock at the election of each stockholder. In accordance with guidance issued by the Internal Revenue Service, a publicly traded RIC should generally be eligible to treat a distribution of its own stock as fulfilling its RIC distribution requirements if each stockholder is permitted to elect to receive his or her distribution in either cash or stock of the RIC (even where there is a limitation on the percentage of the distribution payable in cash, provided that the limitation is at least 20 %), subject to the satisfaction of certain guidelines. If too many stockholders elect to receive their distributions in cash, each such stockholder would receive a pro rata share of the total cash to be distributed and would receive the remainder of their distribution in shares of stock. If this and certain other requirements are met, for U. S. federal income tax purposes, the amount of the distribution paid in stock generally will be a taxable distribution in an amount equal to the amount of cash that could have been received instead of stock. If we decide to make any distributions consistent with this guidance that are payable in part in our stock, stockholders receiving such distribution would be required to include the full amount of the distribution (whether received in cash, our stock, or a combination thereof) as ordinary income (or as long- term capital gain to the extent such distribution is properly designated as a capital gain dividend) to the extent of our current and accumulated earnings and profits for U. S. federal income tax purposes. As a result, a U. S. stockholder may be required to pay tax with respect to such dividends in excess of any cash received. If a U. S. stockholder sells the stock ~~it receives~~ **received** as a dividend in order to pay this tax, it may be subject to transaction fees (e. g., broker fees or transfer agent fees) and, depending on the market price of our stock at the time of the sale, the sales proceeds may be less than the amount included in income with respect to the dividend. Furthermore, with respect to non- U. S. stockholders, we may be required to withhold U. S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in stock. In addition, if a significant number of our stockholders determine to sell shares of our stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our stock. We have elected to be taxed for U. S. federal income tax purposes as a RIC under Subchapter M of the Code. If we meet certain requirements, including source of income, asset diversification and distribution requirements, and if we continue to qualify as a BDC, we will continue to qualify for tax treatment as RIC under the Code and will not have to pay U. S. federal income taxes at corporate rates on income we distribute to our stockholders as dividends, allowing us to substantially reduce or eliminate our U. S. federal tax liability at corporate rates. Because we received the approval of our Board, we are generally required to meet a coverage ratio of total assets to total senior securities, which includes all of our borrowings and any preferred stock we may issue in the future, of at least 150 % at the time we issue any debt or preferred stock. See ~~"~~ **"** Item 1A. Risk Factors ~~-~~ **— Risks Related to our Business and Structure —** Because we received the approval of our Board, we became subject to 150 % ~~Asset~~ **asset** ~~Coverage~~ **coverage** effective May 3, 2019 ~~"~~. **"** This requirement limits the amount that we may borrow. Because we will continue to need capital to grow our investment portfolio, this limitation may prevent us from incurring debt or preferred stock and require us to raise additional equity at a time when it may be disadvantageous to do so. We cannot assure investors that debt and equity financing will be available to us on favorable terms, or at all, and debt financings may be restricted by the terms of any of our outstanding borrowings. In addition, as a BDC, we are generally not permitted to issue common stock priced below **NAV** ~~net asset value~~ without stockholder approval. If additional funds are not available to us, we could be forced to curtail or cease new lending and investment activities, and our NAV could decline. Our ~~PWB~~ **Banc of California** Credit Facility contains various covenants and restrictions which, if not complied with, could accelerate our repayment obligations under the ~~PWB~~ **Banc of California** Credit Facility or limit its use, thereby materially and adversely affecting our liquidity, financial condition, results of operations and ability to pay distributions. The ~~PWB~~ **Banc of California** Credit Facility provides us with a senior secured revolving line of credit of up to $ 25. 0 million, with maximum availability equal to 50 % of the aggregate outstanding principal amount of eligible loans included in the borrowing base and otherwise specified in the ~~PWB~~ **Banc of California** Credit Facility. The ~~PWB~~ **Banc of California** Credit Facility is guaranteed by OFSCC- MB and secured by all of our **and OFSCC- MB' s** current and future assets **,** excluding assets held by **OFSCC- FS and** SBIC I LP, ~~OFSCC- FS,~~ and our **partnership interest in** SBIC I LP ~~and SBIC I GP partnership interests~~. The ~~PWB~~ **Banc of California** Credit Facility contains customary terms and conditions, including, without limitation, affirmative and negative covenants such as information reporting requirements, a minimum tangible NAV, a minimum quarterly net investment income after incentive fees and a maximum ratio of liabilities divided by NAV. The ~~PWB~~ **Banc of California** Credit Facility also contains customary events of default, including, without limitation, nonpayment, misrepresentation of representations and warranties in a material respect, breach of covenant, cross- default to other indebtedness, bankruptcy, change in investment advisor, and the occurrence of a material adverse change in our financial condition. The ~~PWB~~ **Banc of California** Credit Facility permits us to fund additional investments as long as we are within the conditions set out in the ~~PWB~~ **Banc of California** Credit Facility. Our continued compliance with these covenants depends on many factors, some of which are beyond our control, and there are no assurances that we will continue to comply with these covenants. Our failure to satisfy these covenants could result in foreclosure by our lender, which would accelerate our repayment obligations under the ~~PWB~~ **Banc of California** Credit Facility and thereby have a material adverse effect on our business, liquidity, financial condition, results of operations and ability to pay distributions to our stockholders. As of December 31, ~~2022~~ **2023** , we had an outstanding balance of $ 0 under the ~~PWB~~ **Banc of California** Credit Facility. Availability under the ~~PWB~~ **Banc of California** Credit Facility as of December 31, ~~2022~~ **2023** was $ 25. 0 million based on the stated advance rate of 50 % under the borrowing base. Adverse developments in the credit markets may impair our ability to secure debt financing. During the economic downturn in the United States that began in mid- 2007, many commercial banks and other financial institutions stopped lending or significantly curtailed their lending activity. In addition, in an effort to stem losses and reduce their exposure to segments of the economy deemed to be high risk, some financial institutions limited routine refinancing and loan modification transactions and even reviewed the terms of existing facilities to identify bases for accelerating the maturity of existing lending facilities. **Elevated**

~~We expect the current~~ interest ~~rate~~ **rates** and **the effects of** high inflationary environments ~~to~~ **may** continue, and it is possible the U. S. economy may enter an economic recession. As a result, it may be difficult for us to obtain desired financing to finance the growth of our investments on acceptable economic terms, or at all. If we are unable to consummate credit facilities on commercially reasonable terms, **or if the banks and financial institutions with whom we have credit facilities enter into receivership, undergo consolidation or become insolvent,** our liquidity may be reduced significantly. If we are unable to repay amounts outstanding under any facility we may enter into and are declared in default or are unable to renew or refinance any such facility, it would limit our ability to initiate significant originations or to operate our business in the normal course. These situations may arise due to circumstances that we may be unable to control, such as inaccessibility of the credit markets, a severe decline in the value of the U. S. dollar, **an** ~~a further~~ economic downturn or an operational problem that affects third parties or us, and could materially damage our business. Moreover, we are unable to predict when economic and market conditions may **be** ~~become more~~ favorable **or** ~~. Even~~ if ~~such conditions improve broadly and significantly over the long term,~~ adverse conditions in particular sectors of the financial markets could adversely impact our business. **Our cash and cash equivalents could be adversely affected if the financial institutions in which we hold our cash and cash equivalents fail. We regularly maintain cash balances at third- party financial institutions in excess of the Federal Deposit Insurance Corporation insurance limit. If a depository institution fails to return these deposits or is otherwise subject to adverse conditions in the financial or credit markets, our access to invested cash or cash equivalents could be limited which would adversely impact our results of operations or financial condition.** We and our portfolio companies are subject to regulation by laws at the U. S. federal, state and local levels, including those that govern BDCs ~~, SBICs~~ , RICs, or non-depository commercial lenders. These laws and regulations, including applicable accounting standards, as well as their interpretation, may change from time to time, including as the result of directives from the U. S. President and others in the executive branch, and new laws, regulations, accounting standards and interpretations may also come into effect. For example, the current U. S. presidential administration could support an enhanced regulatory agenda that imposes greater costs on all sectors and on financial services companies in particular. Any such new or changed laws or regulations could have a material adverse effect on our business, and political uncertainty could increase regulatory uncertainty in the near term. We are also subject to judicial and administrative decisions that affect our operations, including our loan originations, maximum interest rates, fees and other charges, disclosures to portfolio companies, the terms of secured transactions, collection and foreclosure procedures and other trade practices. If these laws, regulations or decisions change, or if we expand our business into jurisdictions that have adopted more stringent requirements than those in which we currently conduct business, we may have to incur significant expenses in order to comply, or we might have to restrict our operations. If we do not comply with applicable laws, regulations and decisions, we may lose licenses needed for the conduct of our business and may be subject to civil fines and criminal penalties. Over the last several years, there has been an increase in regulatory attention to the extension of credit outside of the traditional banking sector, raising the possibility that some portion of the non- bank financial sector will be subject to new or different regulation. While it cannot be known at this time whether these regulations will be implemented or what form they will take, increased regulation of non- bank credit extension could negatively impact our operations, cash flows or financial condition, impose additional costs on us, intensify the regulatory supervision of us or otherwise adversely affect our business. We cannot predict how new tax legislation will affect us, our investments, or our stockholders, and any such legislation could adversely affect our business. Legislative or other actions relating to taxes could have a negative effect on us. The rules dealing with U. S. federal income taxation are constantly under review by persons involved in the legislative process and by the Internal Revenue Service and the U. S. Treasury Department. The Biden Administration has proposed and enacted significant changes to the existing U. S. tax rules, and there are a number of proposals in Congress that could similarly modify the existing U. S. tax rules. For example, the Inflation Reduction Act of 2022 was signed into law in August 2022 and includes tax credits and other incentives intended to combat climate change by advancing decarbonization and promoting increased investment in renewable and low carbon intensity energy. ~~We are continuing to evaluate the impact this new law may have on our financial position and results of operations, as well as impacts to our portfolio companies and CLO investments.~~ The effect of this change and any further rules or regulations are and could be complex and far- reaching, and the change and any future laws or regulations or changes thereto could negatively impact our operations, cash flows or financial condition, impose additional costs on us, intensify the regulatory supervision of us or otherwise adversely affect our business, financial condition and results of operations. We also cannot predict with certainty how any future changes in the tax laws might affect us, our investors or our portfolio investments, but new legislation and any U. S. Treasury regulations, administrative interpretations or court decisions interpreting such legislation could significantly and negatively affect our ability to qualify for tax treatment as a RIC or the U. S. federal income tax consequences to us and our investors of such qualification, or could have other adverse consequences. Investors are urged to consult with their tax advisor regarding tax legislative, regulatory or administrative developments and proposals and their potential effect on an investment in our common stock. Changes to U. S. tariff and import / export regulations may have a negative effect on our portfolio companies and, in turn, harm us. There has been on- going discussion and commentary regarding potential significant changes to U. S. trade policies, treaties and tariffs, which has created significant uncertainty about the future relationship between the United States and other countries with respect to the trade policies, treaties and tariffs. These developments, or the perception that any of them could occur, may have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global trade and, in particular, trade between the impacted nations and the United States. Any of these factors could depress economic activity and restrict our portfolio companies' access to suppliers or customers and have a material adverse effect on their business, financial condition and results of operations, which in turn would negatively impact us. The effect of global climate change may impact the operations of our portfolio companies. There may be evidence of global climate change. Climate change creates physical and financial risk and some of our portfolio companies may be adversely affected by climate change. For example, the needs of customers of energy companies vary with weather conditions, primarily temperature and humidity. To the extent weather conditions are affected by climate change, energy use could increase or decrease depending on the duration and magnitude of any changes. Increases in the cost of energy could adversely affect the cost of operations of our portfolio companies if the use of energy products or services is material to their business. A decrease in energy use due to weather changes may affect some of our portfolio companies' financial condition, through decreased revenues. Extreme weather conditions in general require more systems backup, adding to costs, and can contribute to increased system stresses, including service interruptions. **Further, the current U. S. presidential administration has focused on climate change policies and has re- joined the Paris Agreement, which includes commitments from countries to reduce their greenhouse gas emissions, among other commitments. The Paris Agreement and other regulatory and voluntary initiatives launched by international, federal, state, and regional policymakers and regulatory authorities as well as private actors seeking to reduce greenhouse gas emissions may expose our portfolio companies to other types of transition risks, such as: (i) political and policy risks (including changing regulatory incentives, and legal requirements, including with respect to greenhouse gas emissions, that could result in increased costs or changes in business operations); (ii) regulatory and litigation risks (including changing legal requirements that could result in increased permitting, tax and compliance costs, changes in business operations, or the discontinuance of certain operations, and litigation seeking monetary or injunctive relief related to impacts related to climate change); (iii) technology and market risks (including declining market for investments in industries seen as greenhouse gas intensive or less effective than alternatives in reducing greenhouse gas emissions); (iv) business trend risks (including the increased attention to ESG considerations by our investors, including in connection with their determination of whether to invest); and (v) potential harm to our reputation if our stockholders believe that we are not adequately or appropriately responding to climate change and / or climate risk management, including through the way in which we operate our business, the composition of our portfolio, our new investments or the decisions we make to continue to conduct or change our activities in response to climate change considerations.** Loss of tax treatment as a RIC would reduce our **NAV** ~~net asset value~~ and distributable income. We have qualified for tax treatment as a RIC under **Subchapter M of** the Code. As a RIC, we do not have to pay federal income taxes on our income (including realized gains) that we distribute to our stockholders, provided that we satisfy certain distribution and other requirements. Accordingly, we are not permitted under accounting rules to establish reserves for taxes on our unrealized capital gains. If we fail to qualify for tax treatment as a RIC in any year, to the extent that we had unrealized gains, we would have to establish reserves for taxes, which would reduce our NAV and the amount potentially available for distribution. In addition, if we, as a RIC, were to decide to make a deemed distribution of net realized capital gains and retain the net realized capital gains, we would have to establish appropriate reserves for taxes that we would have to pay on behalf of stockholders. It is possible that establishing reserves for taxes could have a material adverse effect on the value of our common stock. Our Board has the authority, except as otherwise provided in the 1940 Act, to modify or waive certain of our operating policies and strategies without prior notice and without stockholder approval. However, absent stockholder approval, we may not change the nature of our business so as to cease to be, or withdraw our election as, a BDC. Under Delaware law, we also cannot be dissolved without prior stockholder approval except by judicial action. We cannot predict the effect any changes to our current operating policies and strategies would have on our business, operating results and the price value of our common stock. Nevertheless, any such changes could adversely affect our business and impair our ability to make distributions. Efforts to comply with the Sarbanes- Oxley Act involve significant expenditures, and non- compliance with Section 404 of the Sarbanes- Oxley Act, including a failure to maintain effective internal controls over financial reporting in accordance therewith, may adversely affect us and the market price of our securities. Under current SEC rules, we are required to report on our internal control over financial reporting pursuant to Section 404 of the Sarbanes- Oxley Act and related rules and regulations of the SEC. We are required to review our internal control over financial reporting on an annual basis, and evaluate and disclose changes in our internal control over financial reporting on a quarterly and annual basis. As a result, we expect to continue to incur additional expenses that may negatively impact our financial performance and our ability to make distributions. This process also results in a diversion of management' s time and attention. In the event that we are unable to maintain compliance with Section 404 of the Sarbanes- Oxley Act and related rules, we and the market price of our securities may be adversely affected. Risks Related to OFS Advisor and its Affiliates OFS Advisor and its affiliates manage other assets, including those of other BDCs, registered investment companies, separately managed accounts, accounts for which OFS Advisor or its affiliates may serve as a sub- advisor and CLOs, and may manage other entities in the future. These other funds and entities may have similar or overlapping investment strategies. Our executive officers, directors and members of the Advisor Investment Committees serve as officers, directors or principals of entities that operate in the same or a related line of business as we do, or of investment funds or other investment vehicles managed by OFS Advisor or its affiliates. Accordingly, they may have obligations to investors in those entities, the fulfillment of which might not be in our or our stockholders' best interests or may require them to devote time to services for other entities, which could interfere with the time available to provide services to us. For example, OFS Advisor currently serves as the investment adviser to HPCI, a non- traded BDC that invests in senior secured loans of middle- market companies in the United States, similar to those we target for investment, including first -lien, second - lien and unitranche loans as well as subordinated loans and, to a lesser extent, warrants and other equity securities. OFS Advisor also serves as the investment adviser to OCCI, a closed- end management investment company that primarily invests in CLO debt and subordinated securities. Therefore, many investment opportunities will satisfy the investment criteria for both HPCI and us and, in certain instances, investment opportunities may be appropriate for OCCI and us. HPCI operates as a distinct and separate entity and any investment in our common stock will not be an investment in HPCI. In addition, our executive officers serve in substantially similar capacities for HPCI and OCCI and certain of our independent directors serve in a similar capacity for HPCI or OCCI. Similarly, OFS Advisor and / or its affiliates may have other clients with, similar, different or competing investment objectives. In serving in these multiple capacities, our executive officers and directors, OFS Advisor and / or its affiliates, and members of the Advisor Investment Committees may have obligations to other clients or investors in those entities, the fulfillment of which may not be in the best interests of us or our stockholders. OFS Advisor and OFSAM Holdings have procedures and policies in place designed to manage the potential conflicts of interest between OFS Advisor' s fiduciary obligations to us and its fiduciary obligations to other clients. For example, such policies and procedures are designed to ensure that investment opportunities are allocated in a fair and equitable manner among us and other clients of OFS Advisor. An investment opportunity that is suitable for clients of OFS Advisor may not be capable of being shared among some or all of such clients due to the limited scale of the opportunity or other factors, including regulatory restrictions imposed by the 1940 Act. There can be no assurance that we will be able to participate in all investment opportunities that are suitable to us. OFS Advisor will seek to allocate investment opportunities among eligible accounts in a manner that is fair and equitable over time and consistent with its allocation policy. Conflicts may arise when we make an investment in conjunction with an investment being made by Affiliated Accounts, or in a transaction where another Affiliated Account has already made an investment. Investment opportunities are, from time to time, appropriate for more than one Affiliated Account in the same, different or overlapping securities of a portfolio company' s capital structure. Conflicts arise in determining the terms of investments, particularly where these Affiliated Accounts may invest in different types of securities in a single portfolio company. Questions arise as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be restructured, modified or refinanced. We may invest in debt and other securities of companies in which other Affiliated Accounts hold those same securities or different securities, including equity securities. In the event that we make such investments, our interests will at times conflict with the interests of such other Affiliated Accounts, particularly in circumstances where the underlying company is facing financial distress. Decisions about what action should be taken, particularly in troubled situations, raises conflicts of interest, including, among other things, whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work- out or restructuring. The involvement of multiple Affiliated Accounts at both the equity and debt levels could inhibit strategic information exchanges among fellow creditors, including among us and other Affiliated Accounts. In certain circumstances, we or other Affiliated Accounts may be prohibited from exercising voting or other rights and may be subject to claims by other creditors with respect to the subordination of their interest. For example, in the event that one Affiliated Account has a controlling or significantly influential position in a portfolio company, that Affiliated Account may have the ability to elect some or all of the board of directors of such a portfolio company, thereby controlling ~~the~~ **its** policies and operations, including the appointment of management, future issuances of securities, payment of dividends, incurrence of debt and entering into extraordinary transactions. In addition, a controlling Affiliated Account is likely to have the ability to determine, or influence, the outcome of operational matters and to cause, or prevent, a change in control of such a portfolio company. Such management and operational decisions may, at times, be in direct conflict with us or other Affiliated Accounts that have invested in the same portfolio company that do not have the same level of control or influence over the portfolio company. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, we or other Affiliated Accounts may or may not provide such additional capital, and if provided **,** each Affiliated Account will supply such additional capital in such amounts, if any, as determined by OFS Advisor and / or OFS Advisor' s affiliates. Investments by more than one Affiliated Account in a portfolio company also raises the risk of using assets of an Affiliated Account of OFS Advisor to support positions taken by other Affiliated Accounts, or that a client may remain passive in a situation in which it is entitled to vote. In addition, there may be differences in timing of entry into, or exit from, a portfolio company for reasons such as differences in strategy, existing portfolio or liquidity needs, different Affiliated Account mandates or fund differences, or different securities being held. These variations in timing may be detrimental to us. The application of our investment mandate as compared to investment mandates of other Affiliated Accounts and the policies and procedures of OFS Advisor and OFS Advisor' s affiliates are expected to vary based on the particular facts and circumstances surrounding each investment by two or more Affiliated Accounts, in particular when those Affiliated Accounts are in different classes of an issuer' s capital structure (as well as across multiple issuers or borrowers within the same overall capital structure) and, as such, there may be a degree of variation and potential inconsistencies ~~,~~ in the manner in which potential or actual conflicts are addressed. Our independent directors may face conflicts of interest related to their obligations to the Affiliated Funds for which they also serve as independent directors. All of the independent directors of our Board also serve as independent directors of the ~~Board~~ **board of directors** of HPCI or OCCI, Affiliated Funds managed by OFS Advisor. In their capacities as directors for an Affiliated Fund board, the independent directors have a duty to make decisions on behalf of that Affiliated Fund that are in the best interests of that Affiliated Fund and its stockholders. Accordingly, our independent directors may face conflicts of interest when making a decision on behalf of one Affiliated Fund that may not be in the best interest of the other Affiliated Fund (s). For example, the SEC has granted exemptive relief to us, OFS Advisor, HPCI, OCCI, and certain other of our affiliates to co- invest in certain transactions that would otherwise be prohibited by the 1940 Act. In accordance with that relief, the independent directors must make certain findings on behalf of each ~~affiliated~~ **Affiliated** ~~fund~~ **Fund** with respect to initial co- investment transactions, including that the terms of the proposed transaction, including the consideration to be paid, are reasonable and fair to the Affiliated Fund and its stockholders and do not involve overreaching in respect of the Affiliated Fund or its stockholders on the part of any of the other participants in the proposed transaction. Under such circumstances, the independent directors may face conflicts of interest when making these determinations on behalf of us, HPCI and OCCI. Members of the Advisor Investment Committees, OFS Advisor or its affiliates may, from time to time, possess material non- public information, limiting our investment discretion. OFSC senior professionals and members of the Advisor Investment Committees may serve as directors of, or in a similar capacity with, companies in which we invest, the securities of which are purchased or sold on our behalf. In the event that material nonpublic information is obtained with respect to such companies, or we become subject to trading restrictions under the internal trading policies of those companies or as a result of applicable law or regulations, we could be prohibited for a period of time from purchasing or selling the securities of such companies, and this prohibition may have an adverse effect on us and our stockholders. Many of our portfolio investments are made in the form of securities that are not publicly traded. The fair value of securities and other investments that are not publicly traded may not be readily determinable. On September 7, 2022, pursuant to Rule 2a- 5, our Board designated OFS Advisor as the valuation designee to perform fair value determinations relating to our investments. As valuation designee, OFS Advisor ~~will determine~~ **determines** the fair value of our portfolio investments in good faith, and, as a result, there may be uncertainty as to the value of our portfolio investments. In addition, the members of our Board who are not independent directors have a substantial indirect pecuniary interest in OFS Advisor. The participation of OFS Advisor in our valuation process, and the indirect pecuniary interest in OFS Advisor by those members of our Board, could result in a conflict of interest since OFS Advisor' s **base** management fee is based, in part, on our total assets (other than cash and cash equivalents but including assets purchased with borrowed amounts and including assets owned by any consolidated entity). We may have additional conflicts related to other arrangements with OFS Advisor or its affiliates. We have entered into a license agreement with OFSAM under which OFSAM has granted us a non- exclusive, royalty- free license to use the name " OFS. " See " Item 1. Business — **Management and Other Agreements —** License Agreement. " In addition, we rent office space from a subsidiary of OFSAM and pay ~~to~~ that subsidiary our allocable portion of overhead and other expenses incurred in performing its obligations under the Administration Agreement, such as rent and our allocable portion of the cost of our officers, including our chief executive officer, chief financial officer, chief compliance officer and chief accounting officer. This ~~will create~~ **creates** conflicts of interest that our Board must monitor. The Investment Advisory Agreement with OFS Advisor and the Administration Agreement with OFS Services were not negotiated on an arm' s length basis and may not be as favorable to us as if they had been negotiated with an unaffiliated third party. The Investment Advisory Agreement and the Administration Agreement were negotiated between related parties. Consequently, their terms, including fees payable to OFS Advisor, may not be as favorable to us as if they had been negotiated with an unaffiliated third party. In addition, we could choose not to enforce, or to enforce less vigorously, our rights and remedies under these agreements because of our desire to maintain our ongoing relationship with OFS Advisor, OFS Services and their respective affiliates. Any such decision, however, would breach our fiduciary obligations to our stockholders. BDCs generally are prohibited under the 1940 Act from knowingly participating in certain transactions with their affiliates without the prior approval of their independent directors and, in some cases, of the SEC. Those transactions include purchases from, sales to, and so- called " joint " transactions, in which a BDC and one or more of its affiliates engage in certain types of profit- making activities, with such affiliates. Any person that owns, directly or indirectly, five percent or more of a BDC' s outstanding voting securities will be considered an affiliate of the BDC for purposes of the 1940 Act, and a BDC generally is prohibited from engaging in purchases of assets from or sales of assets to or joint transactions with such affiliates, absent the prior approval of the BDC' s independent directors. Additionally, without the approval of the SEC, a BDC is prohibited from engaging in purchases of assets from, or sales of assets to or joint transactions with **,** the BDC' s officers, directors, and employees, and ~~advisor~~ **advisors** (and its affiliates). BDCs may, however, invest alongside certain related parties or their respective other clients, in certain circumstances where doing so is consistent with current law and SEC staff interpretations. For example, a BDC may invest alongside such accounts consistent with guidance promulgated by the SEC staff permitting ~~us~~ **the BDC** and such other accounts to purchase interests in a single class of privately placed securities so long as certain conditions are met, including that the BDC' s advisor, acting on the BDC' s behalf and on behalf of other clients, negotiates no term other than price. Co- investment with such other accounts is not permitted or appropriate under this guidance when there is an opportunity to invest in different securities of the same issuer or where the different investments could be expected to result in a conflict between the BDC' s interests and those of other accounts. The 1940 Act generally prohibits BDCs from making certain negotiated co- investments with certain affiliates absent an order from the SEC permitting the BDC to do so. On August 4, 2020, we received the Order from the SEC to permit us to co- invest in portfolio companies with Affiliated Funds subject to compliance with the Order. The Order superseded a previous order that we received on October 12, 2016 and provides us with greater flexibility to enter into co- investment transactions with Affiliated Funds. Pursuant to the Order, we are generally permitted to co- invest with Affiliated Funds if a " required majority " (as defined in Section 57 (o) of the 1940 Act) of our independent directors make certain conclusions in connection with a co- investment transaction, including that (1) the terms of the transactions, including the consideration to be paid, are reasonable and fair to us and our stockholders and do not involve overreaching in respect of us or our stockholders on the part of any person concerned and (2) the transaction is consistent with the interests of our stockholders and is consistent with our investment objective and strategies. In addition, we may file an application for an amendment to our existing Order to permit us to participate in follow- on investments in our existing portfolio companies with private funds that do not hold any investments in such existing portfolio companies. However, if filed, there is no guarantee that such application will be granted. When we invest alongside clients of OFSAM Holdings and its affiliates or their respective other clients, OFS Advisor will, to the extent consistent with applicable law, regulatory guidance, **and /** or the Order, allocate investment opportunities in accordance with its allocation policy. Under this allocation policy, if two or more investment vehicles with similar or overlapping investment strategies are in their investment periods, an available opportunity will be allocated based on the provisions governing allocations of such investment opportunities in the relevant organizational, offering or similar documents, if any, for such investment vehicles. In the absence of any such provisions, OFS Advisor will consider the following factors and the weight that should be given with respect to each of these factors: • investment guidelines and / or restrictions, if any, set forth in the applicable organizational, offering or similar documents for the investment vehicles; • the status of tax restrictions and tests and other regulatory restrictions and tests; • risk and return profile of the investment vehicles; • suitability / priority of a particular investment for the investment vehicles; • if applicable, the targeted position size of the investment for the investment vehicles; • level of available cash for investment with respect to the investment vehicles; • total amount of funds committed to the investment vehicles; and • the age of the investment vehicles and the remaining term of their respective investment periods, if any. When not relying on the Order, priority as to opportunities will generally be given to clients that are in their " ramp- up " period, or the period during which the account has yet to reach sufficient scale such that its investment income covers its operating expenses, over the accounts that are outside their ramp- up period but still within their investment or re- investment periods. However, application of one or more of the factors listed above, or other factors determined to be relevant or appropriate, may result in the allocation of an investment opportunity to a fund no longer in its ramp- up period over a fund that is still within its ramp- up period. In situations where co- investment with other accounts is not permitted or appropriate, OFS Advisor will need to decide which account will proceed with the investment. The decision by OFS Advisor to allocate an opportunity to another entity could cause us to forego an investment opportunity that we otherwise would have made. These restrictions, and similar restrictions that limit our ability to transact business with our officers or directors or their affiliates, may limit the scope of investment opportunities that would otherwise be available to us. Our base management fee may induce OFS Advisor to cause us to incur leverage. Our base management fee is payable based upon our total assets, other than cash and cash equivalents but including assets purchased with borrowed amounts and including assets owned by any consolidated entity. This fee structure may encourage OFS Advisor to cause us to borrow money to finance additional investments. Under certain circumstances, the use of borrowed money may increase the likelihood of default, which would disfavor holders of our common stock. Given the subjective nature of the investment decisions made by OFS Advisor on our behalf, our Board may not be able to monitor this potential conflict of interest effectively. Our incentive fee may induce OFS Advisor to make certain investments, including speculative investments. The incentive fee payable by us to OFS Advisor may create an incentive for OFS Advisor to make investments on our behalf that are riskier or more speculative than would be the case in the absence of such compensation arrangement. The way in which the incentive fee payable to OFS Advisor is determined may encourage OFS Advisor to use leverage to increase the return on our investments. Under certain circumstances, the use of leverage may increase the likelihood of default, which would disfavor our stockholders. OFS Advisor receives an incentive fee based, in part, upon net capital gains realized on our investments. Unlike that portion of the incentive fee based on income, there is no hurdle rate applicable to the portion of the incentive fee based on net capital gains. As a result, OFS Advisor may have a tendency to invest more capital in investments that are likely to result in capital gains as compared to income producing securities. Such a practice could result in our investing in more speculative securities than would otherwise be the case, which could result in higher investment losses, particularly during economic downturns. We may invest, to the extent permitted by law, in the securities and instruments of other investment companies, including private funds, and, to the extent we so invest, will bear our ratable share of any such investment company' s expenses, including management and performance fees. We remain obligated to pay management and incentive fees to OFS Advisor with respect to the assets invested in the securities and instruments of other investment companies. With respect to each of these investments, each of our stockholders will bear his or her share of the management and incentive fee of OFS Advisor as well as indirectly bearing the management and performance fees and other expenses of any investment companies in which we invest. Our Board is charged with protecting our interests by monitoring how OFS Advisor addresses these and other conflicts of ~~interests~~ - **interest** associated with its management services and compensation. While our Board is not expected to review or approve each borrowing or incurrence of leverage, our independent directors will periodically review OFS Advisor' s services and fees. In connection with these reviews, our independent directors will consider whether our fees and expenses (including those related to leverage) remain appropriate. In the course of our investing activities, we will pay management and incentive fees to OFS Advisor. The base management fee is based on our total assets (other than cash and cash equivalents ~~and the intangible assets that resulted from the SBIC Acquisition~~ , but including assets purchased with borrowed amounts and including assets owned by any consolidated entity). As a result, investors in our common stock will invest on a " gross " basis and receive distributions on a " net " basis after expenses, resulting in a lower rate of return than one might achieve through direct investments. Because these fees are based on our total assets, other than cash and cash equivalents but including assets purchased with borrowed amounts and including any assets owned by any consolidated entity, OFS Advisor will benefit when we incur debt or use leverage. Our Board is charged with protecting our interests by monitoring how OFS Advisor addresses these and other conflicts of ~~interests~~ - **interest** associated with its management services and compensation. While our Board is not expected to review or approve each borrowing or incurrence of leverage, our independent directors will periodically review OFS Advisor' s services and fees as well as its portfolio management decisions and portfolio performance. In connection with these reviews, our independent directors will consider whether our fees and expenses (including those related to leverage) remain appropriate. As a result of this arrangement, OFS Advisor or its affiliates may from time to time have interests that differ from those of our stockholders, giving rise to a conflict. We may pay an incentive fee on income we do not receive in cash. The part of the incentive fee payable to OFS Advisor that relates to our pre- incentive fee net investment income is computed and paid on income that may include interest income that has been accrued but not yet received in cash. This fee structure may be considered to involve a conflict of interest for OFS Advisor to the extent that it may encourage OFS Advisor to favor debt financings that provide for deferred interest, rather than current cash payments of interest. OFS Advisor may have an incentive to invest in deferred interest securities in circumstances where it would not have done so but for the opportunity to continue to earn the incentive fee even when the issuers of the deferred interest securities would not be able to make actual cash payments to us on such securities. This risk could be increased because OFS Advisor is not obligated to reimburse us for any incentive fees received even if we subsequently incur losses or never receive **previously accrued** ~~in cash the~~ deferred income **in cash** ~~that was previously accrued~~ . Under the Investment Advisory Agreement, OFS Advisor will not assume any responsibility to us other than to render the services called for under that agreement, and it will not be responsible for any action of our Board in following or declining to follow OFS Advisor' s advice or recommendations. Under the terms of the Investment Advisory Agreement, OFS Advisor and its affiliates ~~,~~ **, and its and their** respective officers, directors, members, managers, **partners,** stockholders and employees **,** will not be liable to us ~~,~~ **or** any subsidiary of ours, ~~our~~ - **or our or their respective officers,** directors, ~~our~~ **members, managers, partners,** stockholders or **employees,** ~~any subsidiary' s stockholders or partners~~ for acts or omissions performed in accordance with and pursuant to the Investment Advisory Agreement, except those resulting from acts constituting gross negligence, willful misconduct, bad faith or reckless disregard of such person' s duties under the Investment Advisory Agreement. In addition, we have agreed to indemnify OFS Advisor and its affiliates ~~'~~ **, and its and their** respective officers, directors, members, managers, **partners,** stockholders and employees **,** from and against any claims or liabilities, including reasonable legal fees and other expenses reasonably incurred, arising out of or in connection with our business and operations or any action taken or omitted on our behalf pursuant to authority granted by the Investment Advisory Agreement, except where attributable to gross negligence, willful misconduct, bad faith or reckless disregard of such person' s duties under the Investment Advisory Agreement. These protections may lead OFS Advisor to act in a riskier manner when acting on our behalf than it would when acting for its own account. OFS Advisor has the right, under the Investment Advisory Agreement, to resign at any time upon not less than 60 days' written notice, whether we have found a replacement or not. If OFS Advisor resigns, we may not be able to find a new investment advisor or hire internal management with similar expertise and the ability to provide the same or equivalent services on acceptable terms within 60 days, or at all. If we are unable to do so quickly, our operations are likely to experience a disruption, our financial condition, business and results of operations **,** as well as our ability to pay distributions **,** are likely to be adversely affected and the value of our shares may decline. In addition, the coordination of our internal management and investment activities is likely to suffer if we are unable to identify and reach an agreement with a single institution or group of executives having the expertise possessed by the OFS Advisor and its affiliates. Even if we are able to retain comparable management, whether internal or external, the integration of such management and their lack of familiarity with our investment objectives may result in additional costs and time delays that may adversely affect our financial condition, business and results of operations. OFS Services can resign from its role as our Administrator under the Administration Agreement, and we may not be able to find a suitable replacement, resulting in a disruption in our operations that could adversely affect our financial condition, business and results of operations. OFS Services has the right to resign under the Administration Agreement, whether we have found a replacement or not. If OFS Services resigns, we may not be able to find a new administrator or hire internal management with similar expertise and the ability to provide the same or equivalent services on acceptable terms, or at all. If we are unable to do so quickly, our operations are likely to experience a disruption, our financial condition, business and results of operations **,** as well as our ability to pay distributions **,** are likely to be adversely affected and the value of our shares may decline. In addition, the coordination of our internal management and administrative activities is likely to suffer if we are unable to identify and reach an agreement with a service provider or individuals with the expertise possessed by OFS Services. Even if we are able to retain a comparable service provider or individuals to perform such services, whether internal or external, their integration into our business and lack of familiarity with our investment objectives may result in additional costs and time delays that may adversely affect our financial condition, business and results of operations. Risks Related to BDCs Regulations governing our operation as a BDC affect our ability to and the way in which we raise additional capital. As a BDC, we will need to raise additional capital, which will expose us to risks, including the typical risks associated with leverage. We may issue debt securities or preferred stock and / or borrow money from banks or other financial institutions, which we refer to collectively as " senior securities, " up to the maximum amount permitted by the 1940 Act. Under the provisions of the 1940 Act, we are permitted as a BDC to issue senior securities in amounts such that our asset coverage ratio, as defined in the 1940 Act, equals at least 150 % of gross assets less all liabilities and indebtedness not represented by senior securities, after each issuance of senior securities. If the value of our assets ~~decline~~ **declines** , we may be unable to satisfy this test. If that happens, we may be required to sell a portion of our investments and, depending on the nature of our leverage, repay a portion of our indebtedness at a time when such sales may be disadvantageous. Also, any amounts that we use to service our indebtedness would not be available for distributions to our common stockholders. If we issue senior securities, we will be exposed to typical risks associated with leverage, including an increased risk of loss. On May 3, 2018, the Board, including a" required majority" (as such item is determined in section 57 (o) of the 1940 Act) of the Board, approved the application of a reduced 150 % asset coverage ratio to us and, as a result, the reduced asset coverage ratio applicable to us was decreased from 200 % to 150 % effective May 3, 2019. See" Item 1A. Risk Factors **—** ~~--~~ Risks Related to our Business and Structure **—** ~~--~~ Because we received the approval of our Board, we became subject to 150 % ~~Asset~~ **asset** ~~Coverage~~ **coverage** effective May 3, 2019." As of December 31, ~~2022~~ **2023** , we had $ ~~335~~ **302** . ~~6~~ **4** million of debt outstanding. Our ability to incur additional debt and remain in compliance with the asset coverage test will be limited. We may seek an additional credit facility to finance investments or for working capital requirements. There can be no assurance that we will be able to obtain such financing on favorable terms or at all ~~. We have received an exemptive order from the SEC to permit us to exclude the debt of SBIC I LP guaranteed by the SBA from our definition of senior securities in our statutory asset coverage ratio under the 1940 Act~~ . If we issue preferred stock, the preferred stock would rank " senior " to common stock in our capital structure, preferred stockholders would have separate voting rights on certain matters and might have other rights, preferences or privileges more favorable than those of our common stockholders, and the issuance of preferred stock could have the effect of delaying, deferring or preventing a transaction or a change of control that might involve a premium price for holders of our common stock or otherwise be in our stockholders' best interest. Holders of our common stock will directly or indirectly bear all of the costs associated with offering and servicing any preferred stock that we issue. In addition, any interests of preferred stockholders may not necessarily align with the interests of holders of our common stock and the rights of holders of shares of preferred stock to receive dividends would be senior to those of holders of shares of our common stock. We are not generally able to issue and sell our common stock at a price below **NAV** ~~net asset value~~ per share. We may, however, sell our common stock, or warrants, options or rights to acquire our common stock, at a price below the then- current **NAV** ~~net asset value~~ per share of our common stock if our Board determines that such sale is in the best interests of us and our stockholders, and if our stockholders approve any such sale. In any such case, the price at which our securities are to be issued and sold may not be less than a price that, in the determination of our Board, closely approximates the market value of such securities (less any distributing commission or discount). On July ~~13~~ **19** , ~~2022~~ **2023** , our stockholders approved a proposal that authorizes us to issue shares of our common stock at a price below our current **NAV** ~~net asset value~~ , subject to certain limitations, for up to 12 months from such approval. If we raise additional funds by issuing common stock or senior securities convertible into, or exchangeable for, our common stock, then the percentage ownership of our stockholders at that time will decrease, and our stockholders might experience dilution. Our ability to invest in public companies may be limited in certain circumstances. To maintain our status as a BDC, we are not permitted to acquire any assets other than " qualifying assets " specified in the 1940 Act unless, at the time the acquisition is made, at least 70 % of our assets, as defined by the 1940 Act, are qualifying assets (with certain limited exceptions). Subject to certain exceptions for follow- on investments and distressed companies, an investment in an issuer that has outstanding securities listed on a national securities exchange may be treated as a qualifying asset only if such issuer has a common equity market capitalization that is less than $ 250 million at the time of such investment and meets the other specified requirements. If we do not invest a sufficient portion of our assets in qualifying assets, we could fail to continue to qualify as a BDC or be precluded from investing according to our current business strategy. As a BDC, we may not acquire any assets other than " qualifying assets " unless, at the time of and after giving effect to such acquisition, at least 70 % of our assets, as defined by the 1940 Act, are qualifying assets. We believe that most of the investments that we may acquire in the future will constitute qualifying assets. However, we may be precluded from investing in what we believe are attractive investments if such investments are not qualifying assets for purposes of the 1940 Act. If a sufficient portion of our assets are not qualifying assets, we could violate the 1940 Act provisions applicable to BDCs. As a result of such violation, specific rules under the 1940 Act could prevent us, for example, from making follow- on investments in existing portfolio companies (which could result in the dilution of our position) or could require us to dispose of investments at inappropriate times in order to come into compliance with the 1940 Act. If we need to dispose of such investments quickly, it could be difficult to dispose of such investments on favorable terms. We may not be able to find a buyer for such investments and, even if we do find a buyer, we may have to sell the investments at a substantial loss. Any such outcomes would have a material adverse effect on our business, financial condition and results of operations. If we do not maintain our status as a BDC, we would be subject to regulation as a registered closed- end investment company under the 1940 Act. As a registered closed- end fund, we would be subject to substantially more regulatory restrictions under the 1940 Act which would significantly decrease our operating flexibility. Risks Related to Our Investments ~~Certain economic and political conditions in Europe including developments relating to the Euro and the withdrawal of the United Kingdom from the European Union may impact the value of our investments and increase the risk profile of our portfolio. Certain of our investments may be affected by developments relating to the Euro. European financial markets have experienced volatility and have been adversely affected by the COVID- 19 pandemic, concerns about rising government debt levels, credit rating downgrades, and possible defaults on or restructuring of government debt. These events have caused bond yield spreads (the cost of borrowing debt in the capital markets) and credit default spreads (the cost of purchasing credit protection) to increase, most notably in relation to certain eurozone countries. The governments of several member countries of the European Union have experienced large public budget deficits, which have adversely affected the sovereign debt issued by those countries and may ultimately lead to declines in the value of the Euro. In addition, it is possible that countries that have adopted the Euro could abandon the Euro and return to a national currency and / or that the Euro will cease to exist as a single currency in its current form. The effects on a country of abandonment of the Euro or a country' s forced expulsion from the European Union are impossible to predict but are likely to be negative. The exit of any country out of the European Union or the abandonment by any country of the Euro would likely have a destabilizing effect on all eurozone countries and their economies and a negative effect on the global economy as a whole. Furthermore, the United Kingdom withdrew from and ceased to be a member state of the European Union at 11: 00 p. m. GMT on January 31, 2020. On December 24, 2020, a trade agreement was concluded between the European Union and the United Kingdom (the" EU- UK Trade and Cooperation Agreement"), which has applied provisionally after the end of the transition period ending on December 31, 2020. The EU- UK Trade and Cooperation Agreement has been ratified by the UK Parliament, the European Parliament and the Council of the European Union and entered into force on May 1, 2021. Accordingly, the EU- UK Trade and Cooperation Agreement now governs the relationship between the European Union and the United Kingdom. However, although the EU- UK Trade and Cooperation Agreement covers many issues such as economic partnership, free trade, law enforcement, judicial co- operation and governance, the EU- UK Trade and Cooperation Agreement is silent on items such as financial services equivalence and data protection adequacy. Our investments and portfolio' s risk profile may be materially affected by political and economic uncertainty relating to the United Kingdom' s withdrawal from the European Union, which might also have an adverse impact on our business, financial condition, results of operations and prospects and could therefore also be materially detrimental to our stockholders. Any such potential adverse economic conditions may also affect the ability of the underlying borrowers and issuers to perform their obligations.~~ Economic recessions or downturns could impair our portfolio companies and harm our operating results. Many of our portfolio companies are susceptible to economic slowdowns or recessions and may be unable to repay our loans during these periods. Therefore, our non- performing assets are likely to increase and the value of our portfolio is likely to decrease during these periods. Adverse economic conditions may decrease the value of collateral securing some of our loans and the value of our equity investments. Economic slowdowns or recessions could lead to financial losses in our portfolio and a decrease in revenues, net income and assets. Unfavorable economic conditions also could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events could prevent us from increasing our investments and harm our operating results. A portfolio company' s failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, termination of its loans and foreclosure on its assets, which could trigger cross- defaults under other agreements and jeopardize our portfolio company' s ability to meet its obligations under the debt securities that we hold. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting portfolio company. In addition, lenders in certain cases can be subject to lender liability claims for actions taken by them when they become too involved in the borrower' s business or exercise control over a borrower. It is possible that we could become subject to a lender liability claim, including as a result of actions taken if we render significant managerial assistance to the borrower. Furthermore, if one of our portfolio companies were to file for bankruptcy protection, even though we may have structured our investment as senior secured debt, depending on the facts and circumstances, including the extent to which we provided managerial assistance to that portfolio company, a bankruptcy court might re- characterize our debt holding and subordinate all or a portion of our claim to claims of other creditors. Our investments in the debt instruments of leveraged portfolio companies may be risky and, due to the significant volatility of such companies, we could lose all or part of our investment in bankruptcy proceedings or otherwise. Investments in leveraged companies involves a number of significant risks. Leveraged companies in which we invest may have limited financial resources and may be unable to meet their obligations under their debt securities that we hold due to the significant volatility of such companies. Negative developments may be accompanied by deterioration of the value of any collateral and a reduction in the likelihood of our realizing any guarantees that we may have obtained in connection with our investment. Such developments may ultimately result in the leveraged companies in which we invest entering into bankruptcy proceedings, which have a number of inherent risks. Many events in a bankruptcy proceeding are the product of contested matters and adversary proceedings and are beyond the control of ~~the~~ creditors. A bankruptcy filing by an issuer may adversely and permanently affect the issuer. If the proceeding is converted to a liquidation, the value of the issuer may not equal the liquidation value that was believed to exist at the time of the investment. The duration of a bankruptcy proceeding is also difficult to predict, and a creditor' s return on investment can be adversely affected by delays until the plan of reorganization or liquidation ultimately becomes effective. The administrative costs in connection with a bankruptcy proceeding are frequently high and would be paid out of the debtor' s estate prior to any return to creditors. Because the standards for classification of claims under bankruptcy law are vague, our influence with respect to the class of securities or other obligations we own may be lost by increases in the number and amount of claims in the same class or by different classification and treatment. In the early stages of the bankruptcy process, it is ~~often~~ difficult to estimate the extent of, or even to identify, any contingent claims that might be made. ~~In addition, certain~~ **Certain** claims that have priority by law (for example, claims for taxes) may be substantial. In addition, ~~since~~ our ~~mezzanine~~ **subordinated** loans are generally subordinated to senior loans and are generally unsecured, other creditors may rank senior to us in the event of a bankruptcy proceeding. Our investments in debt instruments may include " covenant- lite " loans. Covenants are contractual restrictions that lenders place on companies to limit the corporate actions a company may pursue. Generally, the loans in which we expect to invest will have financial maintenance covenants, which are used to proactively address materially adverse changes in a portfolio company' s financial performance. However ~~, to a lesser extent~~ , we may invest in " covenant- lite " loans. We use the term " covenant- lite " to refer generally to loans that do not have a complete set of financial maintenance covenants. Generally, " covenant- lite " loans provide borrower companies more freedom to negatively impact lenders because their **financial** covenants are incurrence- based, which means they are only tested and can only be breached following an affirmative action of the borrower, rather than by a deterioration in the borrower' s financial condition. Accordingly, to the extent we invest in " covenant- lite " loans, we may have fewer rights against a borrower and may have a greater risk of loss on such investments as compared to investments in or exposure to loans with financial maintenance covenants. Certain of our portfolio companies may be impacted by **the effects of** inflation. If such portfolio companies are unable to pass any increases in their costs along to their customers, it could adversely affect their results and impact their ability to pay interest and principal on our loans. In addition, any projected future decreases in our portfolio companies' operating results due to **the effects of** inflation could adversely impact the fair value of those investments. Any decreases in the fair value of our investments could result in future unrealized losses and therefore reduce our net assets resulting from operations. We invest in companies in the Health Care and Social Assistance industry. Our investments in portfolio companies that operate in this sector are subject to ~~certain~~ significant risks particular to that industry. The laws and rules governing the business of healthcare companies and interpretations of those laws and rules are subject to frequent change. Broad latitude is given to the agencies administering those regulations. Existing or future laws and rules could force our portfolio companies engaged in healthcare to change how they do business, restrict revenue, increase costs, change reserve levels and change business practices. Healthcare companies often must obtain and maintain regulatory approvals to market many of their products and change prices for certain regulated products. Delays in obtaining or failing to obtain or maintain these approvals could reduce revenue or increase costs. Policy changes on the local, state and federal ~~level~~ **levels** , such as the expansion of the government' s role in the healthcare arena and alternative assessments and tax increases specific to the healthcare industry or healthcare products as part of federal health care reform initiatives, could fundamentally change the dynamics of the healthcare industry. In particular, health insurance reform could have a significant effect on our portfolio companies in this industry ~~sector~~ , and may force our portfolio companies in this industry ~~sector~~ to change how they do business. We can give no assurance that our portfolio companies will be able to adapt successfully in response to these changes. Portfolio companies in the Health Care and Social Assistance industry may also have a limited number of suppliers of necessary components or a limited number of manufacturers for their products, and therefore face a risk of disruption to their manufacturing process if they are unable to find alternative suppliers when needed. Any of these factors could materially adversely affect the operations of a portfolio company in this industry ~~sector~~ and, in turn, impair our ability to timely collect principal and interest payments owed to us. The documents governing the loans to our portfolio companies and the loans underlying our CLO investments may allow for " priming transactions. " The documents governing the loans to our portfolio companies and the loans underlying our CLO investments may allow for ~~"~~ **"** priming transactions, ~~"~~ **"** where majority lenders or debtors can amend the documents to the detriment of other lenders, ~~amend the documents~~ in order to move collateral, or ~~amend the documents~~ in order to facilitate capital outflow to other parties / subsidiaries in a capital structure, any of which may adversely affect our rights and security priority with respect to such loans. ~~Investment~~ **Investments** in private and middle- market companies ~~involves~~ - **involve** a number of significant risks.

Generally, little public information exists about these companies, and we rely on the ability of OFS Advisor' s investment professionals to obtain adequate information to evaluate the potential returns from investing in these companies. If we are unable to uncover all material information about these companies, we may not make ~~a~~ fully informed investment ~~decision~~ **decisions** , and we may lose money on our investments. Middle- market companies may have limited financial resources and may be unable to meet their obligations under their debt securities that we hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of our realizing any guarantees we may have obtained in connection with our investment. Such companies typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions ~~and~~ **,** market conditions **and** ~~, as well as~~ general economic downturns. Middle- market companies are more likely to be considered lower grade investments, commonly called " junk bonds, " which are either rated below investment grade by one or more nationally- recognized statistical rating agencies at the time of investment, or may be unrated but determined by OFS Advisor to be of comparable quality. Lower grade securities or comparable unrated securities are considered predominantly speculative regarding the issuer' s ability to pay interest and principal, and are susceptible to default or decline in market value due to adverse economic and business developments. The market values for lower grade debt tend to be very volatile and are less liquid than investment grade securities. For these reasons, an investment in ~~our~~ **the** ~~company~~ **Company** is subject to the following specific risks: **(i)** increased price sensitivity **due** to a deteriorating economic environment; **(ii)** greater risk of loss due to default or declining credit quality; **(iii) the inability to make interest and / or principal payments due to** adverse company specific events ~~are more likely to render the issuer unable to make interest and / or principal payments~~ ; and **(iv) depression of the price and liquidity of lower grade securities** if a negative perception of the lower grade debt market develops ~~, the price and liquidity of lower grade securities may be depressed~~ . This negative perception could last for a significant period of time. Additionally, middle- market companies are more likely to depend on the management talents and efforts of a small group of persons. Therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on our portfolio ~~company~~ **companies** and, in turn, on us. Middle- market companies **may** also ~~may~~ be parties to litigation and may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence. In addition, our executive officers, directors and OFS Advisor may, in the ordinary course of business, be named as defendants in litigation arising from our investments in ~~the portfolio~~ **middle- market** companies. Investments in equity securities involve a substantial degree of risk. We have purchased, and may purchase in the future, common stock and other equity securities, including warrants, in various portfolio companies. Although equity securities historically have generated higher average total returns than debt securities over the long term, equity securities may experience more volatility in those returns than debt securities. The equity securities we acquire may fail to appreciate, decline in value or lose all value, and our ability to recover our investment will depend on the portfolio company ~~'~~ **'** s success. Investments in equity securities involve a number of significant risks, including the risk of further dilution in the event the portfolio company issues additional securities. Investments in preferred securities involve special risks, such as the risk of deferred distributions, illiquidity and limited voting rights. Our equity ownership in a portfolio company may represent a control investment. Our ability to exit a control investment in a timely manner could result in a realized loss on the investment. If we obtain a control investment in a portfolio company, our ability to divest ourselves from a debt or equity investment could be restricted due to illiquidity in a private stock, limited trading volume on a public company' s stock, inside information on a company' s performance, insider blackout periods, or other factors that could prohibit us from disposing of the investment as we would if it were not a control investment. Additionally, we may choose not to take certain actions to protect a debt investment in a control investment portfolio company. As a result, we could experience a decrease in the value of our portfolio company holdings and potentially incur a realized loss on the investment. In addition to the general risks associated with debt securities and structured products discussed herein, CLOs carry additional risks, including, but not limited to **:** (i) the possibility that distributions from collateral securities will not be adequate to make interest or other payments; (ii) the quality of the collateral may decline in value or default; (iii) the possibility that the investments in CLOs are subordinate to other classes or tranches thereof; (iv) the potential of spread compression in the underlying loans of the CLO, which could reduce credit enhancement in the CLOs; and (v) the complex structure of the security may not be fully understood at the time of investment and may produce disputes with the issuer or unexpected investment results. CLO equity securities that we may acquire are subordinated to more senior tranches of CLO debt. CLO equity securities are subject to increased risks of default relative to the holders of superior priority interests in the same securities. In addition, at the time of issuance, CLO equity securities are under- collateralized in that the liabilities of a CLO at inception exceed its total assets. When we invest in **a** ~~CLOs~~ - **CLO** , we may be in a first loss or subordinated position with respect to realized losses on the **CLO' s** assets ~~of the CLOs in which it is invested~~ . In addition, we may recognize phantom taxable income from our investments in the subordinated tranches of CLOs. Between the closing date and the effective date of a CLO, the CLO collateral manager will generally expect to purchase additional collateral obligations for the CLO. During this period, the price and availability of these collateral obligations may be adversely affected by a number of market factors, including price volatility and availability of investments suitable for the CLO, which could hamper the ability of the collateral manager to acquire a portfolio of collateral obligations that will satisfy specified concentration limitations and allow the CLO to reach the initial par amount of collateral prior to the effective date. An inability or delay in reaching the target initial par amount of collateral may adversely affect the timing and amount of interest or principal payments received by the holders of the CLO debt securities and distributions of the CLO on equity securities and could result in early redemptions which may cause CLO debt and equity investors to receive less than the face value of their investment. In addition, the portfolios of certain CLOs in which we may invest may contain " covenant- lite " loans. Accordingly, to the extent we are exposed to " covenant- lite " loans, we may have a greater risk of loss on such investments as compared to investments in or exposure to loans with financial maintenance covenants ~~. The failure by a CLO in which we invest to satisfy financial covenants, including with respect to adequate collateralization and / or interest coverage~~

~~tests, could lead to a reduction in the payments we receive from the CLO. In the event that a CLO fails certain tests, holders of CLO senior debt may be entitled to additional payments that would, in turn, reduce the payments we would otherwise be entitled to receive~~ . Separately, we may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms, which may include the waiver of certain financial covenants, with a defaulting CLO or any other investment we may make. If any of these occur, it could adversely affect our operating results and cash flows. Our CLO investments will be exposed to leveraged credit risk. If a CLO does not meet certain minimum collateral value ratios and / or interest coverage ratios, primarily due to senior secured loan defaults, then cash flow that otherwise would have been available to pay us distributions may instead be used to redeem any senior notes or to purchase additional senior secured loans, until the ratios again exceed the minimum required levels or senior notes are repaid in full. From time to time, we invest in Structured Finance Securities that comprise the equity tranche of CLOs, which are junior in priority of payment and are subject to certain payment restrictions generally set forth in an indenture governing such investments. In addition, Structured Finance Securities generally do not benefit from any creditors' rights or ability to exercise remedies under the indenture governing such investments. Structured Finance Securities are not guaranteed by another party and are subject to greater risk than the secured notes issued by the CLO. CLOs are typically highly levered, utilizing up to approximately 9- 13 times leverage, and therefore Structured Finance Securities are subject to a risk of total loss. There can be no assurance that distributions on the assets held by the CLO will be sufficient to make any distributions or that the yield on the Structured Finance Securities will meet our expectations. CLOs generally may make payments on Structured Finance Securities only to the extent permitted by the payment priority provisions of an indenture governing the notes issued by the CLO. CLO indentures generally provide that principal payments on Structured Finance Securities may not be made on any payment date unless all amounts owing under secured notes are paid in full. ~~In addition, if a CLO does not meet the asset coverage tests or the interest coverage test set forth in the indenture governing the Structured Finance Securities issued by the CLO, cash would be diverted from the Structured Finance Securities to first pay the secured notes in amounts sufficient to cause such tests to be satisfied.~~ We will have no influence on **the** management of underlying investments managed by non- affiliated third- party CLO collateral managers. We are not responsible for, and have no influence over, the asset management of the portfolios underlying the Structured Finance Securities we hold as those portfolios are managed by non- affiliated third- party CLO collateral managers. Similarly, we are not responsible for **,** and have no influence over **,** the day- to- day management, administration or any other aspect of the issuers of the CLOs. As a result, the values of the portfolios underlying our Structured Finance Securities could decrease as a result of decisions made by third- party CLO collateral managers. We may suffer a loss if a portfolio company defaults on a loan and the underlying collateral is not sufficient. We will **,** at times **,** take a security interest in the available assets of our portfolio companies, including the equity interests of their subsidiaries and, in some cases, the equity interests of our portfolio companies held by their stockholders. In the event of a default by a portfolio company on a secured loan, we will only have recourse to the assets collateralizing the loan. There is a risk that the collateral securing our loans may **: (i)** decrease in value over time ~~, may~~ **; (ii)** be difficult to sell in a timely manner ~~, may~~ **; (iii)** be difficult to appraise ~~,~~ **;** and ~~may~~ **(iv)** fluctuate in value based upon the success or deterioration of the business and market conditions, including as a result of the inability of a portfolio company to raise additional capital. Additionally, in the case of certain of our investments, we do not have a first lien position on the collateral and may not receive the full value of the collateral upon liquidation. If the underlying collateral value is less than the loan amount, we will suffer a loss. In the event of bankruptcy of a portfolio company, we may not have full recourse to its assets in order to satisfy our loan, or our loan may be subject to equitable subordination. In addition, certain of our loans are subordinate to other debt of the portfolio company. If a portfolio company defaults on our loan or on debt senior to our loan, or in the event of a portfolio company bankruptcy, our loan will be satisfied only after the senior debt receives payment. Where debt senior to our loan exists, the presence of inter- creditor arrangements may limit our ability to amend our loan documents, assign our loans, accept prepayments, exercise our remedies (through " standstill " periods) and control decisions made in bankruptcy proceedings relating to the portfolio company. Bankruptcy and portfolio company litigation can significantly increase collection losses and the time needed for us to acquire the underlying collateral in the event of a default, during which time the collateral may decline in value, causing us to suffer losses. Borrowers of Broadly Syndicated Loans may be permitted to designate unrestricted subsidiaries under the terms of their financing agreements, which would exclude such unrestricted subsidiaries from restrictive covenants under the financing agreement with the borrower. **This would allow** ~~Without restriction under the financing agreement,~~ the borrower ~~could~~ **to** take various actions with respect to the unrestricted subsidiary including, among other things, incur debt, grant security on its assets, sell assets, pay dividends or distribute shares of the unrestricted subsidiary to the borrower' s stockholders. Any of these actions could increase the amount of leverage that the borrower is able to incur and increase the risk involved in our investments in Broadly Syndicated Loans accordingly. If the value of collateral underlying our loan declines or interest rates increase during the term of our loan, a portfolio company may not be able to obtain the necessary funds to repay our loan at maturity through refinancing. Decreasing collateral value and / or increasing interest rates may hinder a portfolio company' s ability to refinance our loan because the underlying collateral cannot satisfy the debt service coverage requirements necessary to obtain new financing. If a borrower is unable to repay our loan at maturity, we could suffer a loss which may adversely impact our financial performance. The lack of liquidity in our investments may adversely affect our business. All of our assets are presently invested in illiquid securities, and a substantial portion of our investments in leveraged companies is subject to legal and other restrictions on resale or is otherwise less liquid than more broadly traded public securities. The illiquidity of these investments may make it difficult for us to sell such investments if the need arises. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we have previously recorded these investments. We may also face other restrictions on our ability to liquidate an investment in a portfolio company to the extent that we, OFS Advisor, OFSAM Holdings or any of its other affiliates have material nonpublic information regarding such portfolio company. Price declines and illiquidity in the corporate debt markets may adversely affect the fair value of our portfolio investments, reducing our **NAV** ~~net asset value~~ through increased net unrealized depreciation. As a BDC, we are required to carry our investments at market value or, if no market value is ascertainable, at fair value as determined in good faith by OFS Advisor **, as our valuation designee** . As part of the valuation process, OFS Advisor may take into account the following types of factors, if relevant, in determining the fair value of our investments: • a comparison of the portfolio company' s securities to publicly traded securities; • the enterprise value of a portfolio company; • the nature and realizable value of any collateral; • the portfolio company' s ability to make payments and its earnings and discounted cash flow; • the markets in which the portfolio company does business; and • changes in the interest rate environment and the credit markets generally that may affect the price at which similar investments may be made in the future and other relevant factors. When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, OFS Advisor will use the pricing indicated by the external event to corroborate the valuation. We will record decreases in the market values or fair values of our investments as unrealized depreciation. Declines in prices and liquidity in the corporate debt markets may result in significant net unrealized depreciation in our portfolio. The effect of all of these factors on our portfolio may reduce our **NAV** ~~net asset value~~ by increasing net unrealized depreciation in our portfolio. Depending on market conditions, we could incur substantial realized losses and may suffer additional unrealized losses in future periods, which could have a material adverse effect on our business, financial condition and results of operations. We are classified as a non- diversified management investment company within the meaning of the 1940 Act, which means that we are not limited by the 1940 Act with respect to the proportion of our assets that we may invest in securities of a single issuer. To the extent that we assume large positions in the securities of a small number of issuers, our **NAV** ~~net asset value~~ may fluctuate to a greater extent than that of a diversified investment company as a result of changes in the financial condition or the market' s assessment of the issuer. We may also be more susceptible to any single economic or regulatory occurrence than a diversified investment company. Beyond our asset diversification requirements as a RIC under the Code, we do not have fixed guidelines for diversification, and our investments could be concentrated in relatively few portfolio companies. Our portfolio may be concentrated in a limited number of portfolio companies and industries, which will subject us to a risk of significant loss if any of these companies ~~defaults~~ - **default** on ~~its~~ **their** obligations under any of ~~its~~ **their** debt instruments or if there is a downturn in a particular industry. Although we believe our portfolio is well- diversified across companies and industries, our portfolio is, and may in the future be, concentrated in a limited number of portfolio companies and industries. ~~Beyond the asset diversification requirements associated with our qualification as a RIC under the Code, we do not have fixed guidelines for diversification.~~ As a result, the aggregate returns we realize may be significantly adversely affected if a small number of investments perform poorly or if we need to write down the value of any one investment. Additionally, while we are not targeting **investments in** any specific industries, our investments may be concentrated in relatively few industries. As a result, a downturn in any particular industry in which we are invested could also significantly impact the aggregate returns we realize. As of December 31, ~~2022~~ **2023** , our common equity **investment** in Pfanstiehl Holdings, Inc., a global manufacturer of high- purity pharmaceutical ingredients, based on its fair value of $ ~~85~~ **70** . ~~5~~ **9** million, $ ~~85~~ **70** . ~~2~~ **7** million of which represents ~~an~~ unrealized ~~gain~~ **appreciation** , accounted for 17 % of our total **investment** portfolio at fair value, or ~~47~~ **44** % of total net assets. A deterioration in ~~the~~ **this portfolio company' s** operating performance ~~of the company~~ or other factors underlying the valuation of this investment could have a material impact on our NAV. Our failure to make follow- on investments in our portfolio companies could impair the value of our portfolio. Following an initial investment in a portfolio company, we may make additional investments in that portfolio company as " follow- on " investments, in seeking to: • increase or maintain **,** in whole or in part **,** our position as a creditor or equity ownership percentage in a portfolio company; • exercise warrants, options or convertible securities that were acquired in the original or subsequent financing; or • preserve or enhance the value of our investment. We have discretion to make follow- on investments, subject to the availability of capital resources. **The** ~~Failure~~ **failure** on our part to make follow- on investments may, in some circumstances, jeopardize the continued viability of a portfolio company and our initial investment, or may result in a missed opportunity for us to increase our participation in a successful operation. Even if we have sufficient capital to make a desired follow- on investment, we may elect not to make a follow- on investment because **: (i)** we may not want to increase our level of risk ~~, because~~ **; (ii)** we prefer other opportunities **;** or ~~because~~ **(iii)** we are inhibited by compliance with BDC requirements or the desire to maintain our RIC status. Our ability to make follow- on investments may also be limited by OFS Advisor' s allocation policy. Because we generally do not hold controlling equity interests in our portfolio companies, we may not be able to exercise control over our portfolio companies or ~~to~~ prevent decisions by management of our portfolio companies that could decrease the value of our investments. We generally do not hold controlling equity positions in our portfolio companies. For portfolio companies in which we do not hold a controlling equity interest, we are subject to the risk that a portfolio company may make business decisions with which we disagree, and that the management and / or stockholders of a portfolio company may take risks or otherwise act in ways that are adverse to our interests. Due to the lack of liquidity of the debt and equity investments that we typically hold in our portfolio companies, we may not be able to dispose of our investments in the event we disagree with the actions of a portfolio company and may therefore suffer a decrease in the value of our investments. Defaults by our portfolio companies will harm our operating results. A portfolio company' s failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, termination of its loans and foreclosure on its assets. This could trigger cross- defaults under other agreements and jeopardize such portfolio company' s ability to meet its obligations under the debt or equity securities that we hold. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms, which may include the waiver of certain financial covenants, with a defaulting portfolio company. Our portfolio companies may incur debt that ranks equally with, or senior to, our investments in such companies. We have invested a substantial portion of our capital in senior secured, unitranche, second ~~-~~ lien and ~~mezzanine~~ **subordinated** loans issued by our portfolio companies. The portfolio companies may be permitted to incur other debt that ranks equally with, or senior to, the debt securities in which we invest. By their terms, such debt instruments may provide that the holders are entitled to receive payment of interest or principal on or before the dates on which we are entitled to receive payments in respect of the debt securities in which we invest. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of debt instruments ranking senior to our investment in that portfolio company would typically be entitled to receive payment in full before we receive any distribution in respect of our investment. After repaying senior creditors, the portfolio company may not have any remaining assets to use to repay its obligation to us. In the case of debt ranking equally with debt securities in which we invest, we would have to share any distributions on an equal and ratable basis with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company. Additionally, certain loans that we make to portfolio companies may be secured on a second- priority basis by the same collateral securing first- priority debt of such companies. The senior- secured liens on the collateral will secure the portfolio company' s obligations under any outstanding senior debt and may secure certain other future debt that may be permitted to be incurred by the portfolio company under the agreements governing the loans. The holders of obligations secured by first- priority liens on the collateral will generally control the liquidation of, and be entitled to receive proceeds from, any realization of the collateral to repay their obligations in full before us. In addition, the value of the collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from sales of all of the collateral would be sufficient to satisfy the loan obligations secured by the second- priority liens after payment in full of all obligations secured by the first- priority liens on the collateral. If such proceeds were not sufficient to repay amounts outstanding under the loan obligations secured by the second- priority liens, then we, to the extent not repaid from the proceeds of the sale of the collateral, would only have an unsecured claim against the portfolio company' s remaining assets, if any. The rights we may have with respect to the collateral securing the loans we make to our portfolio companies with more senior debt outstanding may also be limited pursuant to the terms of one or more intercreditor agreements that we enter into with the holders of such senior debt. Under a typical intercreditor agreement, at any time that obligations that have the benefit of the first- priority liens are outstanding, any of the following actions that may be taken in respect of the collateral will be at the direction of the holders of the obligations secured by the first- priority liens: • the ability to cause the commencement of enforcement proceedings against the collateral; • the ability to control the conduct of such proceedings; • the approval of amendments to collateral documents; • releases of liens on the collateral; and • waivers of past defaults under collateral documents. We may not have the ability to control or direct such actions, even if our rights are adversely affected. We may also make unsecured loans to portfolio companies, meaning that such loans will not benefit from any interest in collateral of such companies. Liens on such portfolio companies' collateral, if any, will secure the portfolio company' s obligations under its outstanding secured debt and may secure certain future debt that is permitted to be incurred by the portfolio company under its secured loan agreements. The holders of obligations secured by such liens will generally control the liquidation of, and be entitled to receive proceeds from, any realization of such collateral to repay their obligations in full before us. In addition, the value of such collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from sales of such collateral would be sufficient to satisfy our unsecured loan obligations after payment in full of all secured loan obligations. If such proceeds were not sufficient to repay the outstanding secured loan obligations, then our unsecured claims would rank equally with the unpaid portion of such secured creditors' claims against the portfolio company' s remaining assets, if any. We make subordinated investments that rank below other obligations of the obligor in right of payment. Subordinated investments are subject to greater risk of default than senior obligations as a result of adverse changes in the financial condition of the obligor or in general economic conditions. If we make a subordinated investment in a portfolio company, the portfolio company may be highly leveraged, and its relatively high debt- to- equity ratio may create increased risks that its operations might not generate sufficient cash flow to service all of its debt obligations. The disposition of our investments may result in contingent liabilities. A significant portion of our investments involve private securities. In connection with the disposition of an investment in private securities, we may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of a business. We may also be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate, **or we may be required to repurchase the securities, in each case** resulting in potential liabilities. These arrangements may result in contingent liabilities that ultimately result in funding obligations that we must satisfy through our return of distributions previously made to us. ~~We~~ **If we engage in hedging transactions, we** may be subject to additional risks **. Engaging** ~~if we engage~~ in hedging transactions ~~and / or invest in foreign securities. The 1940 Act generally requires that 70 % of our investments be in issuers each of whom is organized under the laws of, and has its principal place of business in, any state of the United States, the District of Columbia, Puerto Rico, the Virgin Islands or any other possession of the United States. Our investment strategy does not presently contemplate investments in securities of non- U. S. companies. We expect that these investments would focus on the same debt investments that we make in U. S. middle- market companies and, accordingly, would be complementary to our overall strategy and enhance the diversity of our holdings. Investing in securities of emerging market issuers involves many risks, including economic, social, political, financial, tax and security conditions in the emerging market, potential inflationary economic environments, regulation by foreign governments, different accounting standards and political uncertainties. Economic, social, political, financial, tax and security conditions also could negatively affect the value of emerging market companies. These factors could include changes in the emerging market government' s economic and fiscal policies, the possible imposition of, or changes in, currency exchange laws or other laws or restrictions applicable to the emerging market companies or investments in their securities and the possibility of fluctuations in the rate of exchange between currencies. Engaging in either hedging transactions or investing in foreign securities~~ would entail additional risks to our stockholders. We could, for example, use instruments such as interest rate swaps, caps, collars and floors and, if we were to invest in foreign securities, we could use instruments such as forward contracts or currency options and borrow under a credit facility in currencies selected to minimize our foreign currency exposure. In each such case, we generally would seek to hedge against fluctuations of the relative values of our portfolio positions from changes in market interest rates or currency exchange rates. Hedging against a decline in the values of our portfolio positions would not eliminate the possibility of fluctuations in the values of such positions or prevent losses if the values of the positions declined. However, such hedging could establish other positions designed to gain from those same developments, thereby offsetting the decline in the value of such portfolio positions. Such hedging transactions could also limit the opportunity for gain if the values of the underlying portfolio positions increased. Moreover, it might not be possible to hedge against an exchange rate or interest rate fluctuation that was so generally anticipated that we would not be able to enter into a hedging transaction at an acceptable price. While we may enter into such transactions to seek to reduce currency exchange rate and interest rate risks, unanticipated changes in currency exchange rates or interest rates could result in poorer overall investment performance than if we had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio positions being hedged could vary. Moreover, for a variety of reasons, we might not seek to establish a perfect correlation between the hedging instruments and the portfolio holdings being hedged. Any such imperfect correlation could prevent us from achieving the intended hedge and expose us to risk of loss. In addition, it might not be possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non- U. S. currencies because the value of those securities would likely fluctuate as a result of factors not related to currency fluctuations. **Investments in securities of foreign companies, if any, may involve significant risks in addition to the risks inherent in U. S. investments. The 1940 Act generally requires that 70 % of our investments be in issuers each of whom is organized under the laws of, and has its principal place of business in, any state of the United States, the District of Columbia, Puerto Rico, the Virgin Islands or any other possession of the United States. Our investment strategy does not presently contemplate a significant number of investments in securities of non- U. S. portfolio companies. We expect that these investments would focus on the same debt investments that we make in U. S. middle- market companies and / or Broadly Syndicated Loans and, accordingly, would be complementary to our overall strategy and enhance the diversity of our holdings. Investing in non- U. S. portfolio companies may expose us to additional risks not typically associated with investing in U. S. companies, including changes in exchange control regulations, political and social instability, expropriation and imposition of foreign taxes. In addition, any investments that we make that are denominated in a foreign currency will be subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Factors such as trade balances, the level of short- term interest rates, differences in relative values of similar assets in different currencies, long- term opportunities for investment and capital appreciation and political developments may affect currency values. We may employ hedging techniques to minimize these risks, but we cannot assure you that we will, in fact, hedge currency risk, or, that if we do, such strategies will be effective. Further, we may have difficulty enforcing creditor' s rights in non- U. S. jurisdictions.** We may not realize gains from our equity investments. When we invest in senior secured, unitranche, second ~~-~~ lien and ~~mezzanine~~ **subordinated** loans, we may acquire warrants or other equity securities of portfolio companies as well. We may also invest in equity securities directly. To the extent we hold equity investments, except as described below, we will attempt to dispose of them and realize gains upon our disposition of them. However, the equity interests we ~~receive~~ **invest in** may not appreciate in value and may decline in value. As a result, we may not be able to realize gains from our equity interests, and any gains that we do realize on the disposition of any equity interests may not be sufficient to offset any other losses we experience. ~~In the case of SBIC I LP, our wholly owned subsidiary, we will not receive direct benefits from the sale of assets in its portfolio. Rather, our return on our investment in such assets will depend on the ability of SBIC I LP' s portfolio to generate cash flow in excess of payments required, as appropriate, to be made to other parties under the terms of the SBA debentures, and distribution, subject to SBA regulation, of the excess to us.~~ Since we may incur leverage to make investments, our net investment income depends, in part, upon the difference between the rate at which we borrow funds and the rate at which we invest those funds ~~. Since the economic downturn that began in 2007, interest rates have generally remained low. However, more recently, as a result of, among other things, the COVID- 19 pandemic, rising inflation, and Russia' s invasion of Ukraine, interest rates have continued to rise~~ . In a rising interest rate environment, any leverage that we incur may bear a higher interest rate than may currently be available to us. There may not, however, be a corresponding increase in our investment income. In the event that our interest expense were to increase relative to income, it might reduce our ability to service the interest obligations on, and to repay the principal of, our indebtedness, and our net investment income could be adversely impacted, as well as our capacity to pay distributions to our stockholders. The fair value of certain of our investments may be significantly affected by changes in interest rates. Although senior secured loans are generally floating rate instruments, our investments in senior secured loans through CLOs are sensitive to interest rate levels and volatility. Although CLOs are generally structured to mitigate the risk of interest rate mismatch, there may be some difference between the timing of interest rate resets on the assets and liabilities of a CLO. Such a mismatch in timing could have a negative effect on the amount of funds distributed to CLO equity investors. In addition, CLOs may not be able to enter into hedge agreements, even if it may otherwise be in the best interests of the CLO to hedge such interest rate risk. Furthermore, in a significant rising interest rate environment and / or economic downturn, loan defaults may increase, resulting in losses for the CLOs in which we invest and result in credit losses that may adversely affect our cash flow, fair value of our assets and operating results. In addition, increasing interest rates may lead to higher prepayment rates, as corporate borrowers look to avoid escalating interest payments or refinance floating rate loans. Further, a general rise in interest rates will increase the financing costs of CLOs. ~~LIBOR~~ **SOFR** Floor Risk. Because CLOs generally issue debt on a floating rate basis, an increase in **SOFR** ~~LIBOR or its replacement reference rate~~ will increase the financing costs of CLOs. Many of the senior secured loans held by these CLOs have ~~LIBOR~~ **SOFR** floors such that, when ~~LIBOR~~ **SOFR** is below the stated ~~LIBOR~~ **SOFR** floor, the stated ~~LIBOR~~ **SOFR** floor (rather than ~~LIBOR~~ **SOFR** itself) is used to determine the interest payable under the loans. Therefore, if

~~LIBOR~~ **SOFR** increases but stays below the average ~~LIBOR~~ **SOFR** floor rate of the senior secured loans held by a CLO, there would not be a corresponding increase in the investment income of such CLOs. The combination of increased financing costs without a corresponding increase in investment income in such a scenario would result in smaller distributions to equity holders of a CLO. ~~In addition,~~ **Reference Rate Risk. Following** ~~there~~ - **their** ~~may~~ **publication on June 30, 2023, no settings of LIBOR continue to** be **published on a representative basis** ~~disputes between market participants regarding the interpretation~~ and ~~enforceability~~ **publication** of ~~provisions in our~~ **many non- U. S. dollar** LIBOR **settings has been entirely discontinued** ~~-based CLO investments (or lack or such provisions) related to the economic floors in such investments, which may result in a loss or degradation of floor protection in the case of a transition from LIBOR to any one of the various alternative reference rates, including SOFR. LIBOR Risk~~ . On March ~~5~~ **15** , ~~2021~~ **2022** , the ~~United Kingdom' s Financial Conduct Authority~~ **Consolidation Appropriations Act of 2022, which includes the Adjustable Interest Rate** (~~the~~ **LIBOR) Act (** " ~~FCA~~ **LIBOR Act** "), ~~which regulates LIBOR, announced~~ **was signed into law in the United States. This legislation established a uniform benchmark replacement process for certain financial contracts** that **matured** ~~it will not compel panel banks to contribute to the overnight, 1, 3, 6 and 12 months U. S. LIBOR tenors~~ after June 30, 2023 **that do not contain clearly defined** ~~, and ceased publication of all other tenors after December 31, 2021. To identify a successor rate for~~ - **or practicable** ~~U. S. dollar~~ LIBOR **fallback provisions** ~~, the Alternative Reference Rates Committee (" ARRC "), a U~~ . **The** ~~S.- based group convened by the U. S.~~ Federal Reserve Board **adopted a final rule in December 2022 implementing the LIBOR Act** and **specified benchmarks based on SOFR. Although the transition process away from LIBOR has become increasingly well- defined, the transition process is complex. The adoption of SOFR as a reference rate for CLO transactions is recent, and there is minimal historical data. Although** the Federal Reserve Bank of New York **started publishing** ~~, was formed. On July 29, 2021, the ARRC formally recommended~~ SOFR **in 2018 and** ~~as~~ **has** ~~its preferred alternative replacement~~ **started publishing historical indicative SOFR dating back to 2014, such historical data inherently involves assumptions, estimates and approximations. Since the initial publication of SOFR, daily changes in SOFR have, on occasion, been more volatile than daily changes in comparable reference** rate ~~for~~ - **or market rates,** ~~LIBOR for use in derivatives~~ and ~~other financial contracts currently indexed to LIBOR.~~ SOFR **rates may bear little or no relation** ~~is a measure of the cost of borrowing cash overnight, collateralized by U. S. Treasury securities, and is based on directly observable U. S. Treasury- backed repurchase transactions. The ARRC has proposed a paced market transition plan~~ to ~~SOFR from LIBOR~~ **historical actual or historical indicative data** . **In addition,** ~~There~~ **there** are significant differences between LIBOR and SOFR, such as LIBOR being an unsecured lending rate while SOFR is a secured lending rate, and SOFR is an overnight rate while LIBOR reflects term rates at different maturities. ~~Although SOFR is the ARRC' s recommended replacement rate, it is also possible that lenders may instead choose alternative replacement rates that may differ from LIBOR in ways similar to SOFR. In addition, the planned discontinuance of LIBOR and / or changes to another index could result in mismatches with the interest rate of some of our investments.~~ The **use of** ~~transition from LIBOR to~~ SOFR or other alternative reference rates **could have adverse impacts on** ~~may also introduce operational risks in~~ our ~~accounting~~ **business** , financial **condition** ~~reporting, loan servicing, liability management~~ and **results** ~~other aspects~~ of **operations** ~~our business. However, we cannot reasonably estimate the impact of the transition at this time. On July 29, 2021, the ARRC formally announced that it recommends the Chicago Mercantile Exchange' s forward- looking SOFR term rates for use in business loans~~ , including ~~securities backed by such assets. However~~ , ~~forward- looking SOFR term rates will not be representative of three- month LIBOR, and there is no requirement that the Chicago Mercantile Exchange continue to publish forward- looking SOFR term rates, in which case CLOs may be required to use other measurements of SOFR, as applicable. On March 15, 2022, President Biden signed into law the Adjustable Interest Rate (LIBOR) Act (the LIBOR Act) as part of the Consolidated Appropriations Act of 2022, which~~ among other things, ~~provides~~ **increased volatility or illiquidity in markets** for **instruments that continue to rely** ~~the use of interest rates based on SOFR in certain contracts currently based~~ on LIBOR ~~and a safe harbor from liability for~~ - **or which** ~~utilizing SOFR- based interest rates as a replacement for LIBOR. The CLOs we have invested in have included, or~~ have been ~~amended to include, language permitting the CLO investment manager, to implement a market replacement rate (like those proposed by the ARRC) upon the occurrence of certain material disruption events. However, we cannot ensure that all CLOs in which we are invested will have such provisions, nor can we ensure the CLO investment managers will undertake the suggested amendments when able. However, because the specific effects of the transition~~ **transitioned** away from LIBOR ~~cannot be determined with certainty~~ **to a different rate like SOFR and** , **in any case,** ~~the transition away from LIBOR~~ could ~~: • adversely impact~~ **result in a reduction in** the ~~pricing, liquidity,~~ value of **certain** ~~, return on and trading for a broad array of financial products, including any LIBOR- linked CLO~~ investments **held by** ~~; • require extensive changes to documentation that governs or references LIBOR or LIBOR- based products, including, for example, pursuant to time- consuming renegotiations of existing documentation to modify the terms of outstanding investments; • result in inquiries or other actions from regulators in respect of our preparation and readiness for the replacement of LIBOR with one or more alternative reference rates; • result in disputes, litigation or other actions with CLO investment managers, regarding the interpretation and enforceability of provisions in our LIBOR- based CLO investments, such as fallback language or other related provisions, including, in the case of fallbacks to the alternative reference rates, any economic, legal, operational or other impact resulting from the fundamental differences between LIBOR and the various alternative reference rates; • require the transition and / or development of appropriate systems and analytics to effectively transition our risk management processes from LIBOR- based products to those based on one or more alternative reference rates, which may prove challenging given the limited history of the proposed alternative reference rates; and • cause~~ us ~~to incur additional costs in relation to any of the above factors~~ . ~~LIBOR~~ **Benchmark Rate** Mismatch ~~. The effect of a phase out of LIBOR on U. S. senior secured loans, the underlying assets of the CLOs in which we invest, is currently unclear. To the extent that any replacement rate utilized for senior secured loans differs from that utilized for a CLO that holds those loans, the CLO would experience an interest rate mismatch between its assets and liabilities which could have an adverse impact on our net investment income and portfolio returns. In addition, there~~

~~could be a mismatch between the terms of LIBOR and a replacement rate~~ . Many underlying corporate borrowers can elect to pay interest based on 1- month ~~LIBOR~~ **term SOFR** , 3- month ~~LIBOR~~ **term SOFR** and / or other **term SOFR or benchmark** rates in respect of the loans held by CLOs in which we are invested, in each case plus an applicable spread, whereas CLOs generally pay interest to holders of the CLO' s debt tranches based on 3- month ~~LIBOR~~ **term SOFR** plus a spread. The 3- month ~~LIBOR currently~~ **term SOFR rate may fluctuate in** ~~exceeds~~ -- **excess of** ~~the~~ **other** ~~1- month LIBOR~~ **potential term SOFR or other benchmark rates** , which may result in many underlying corporate borrowers electing to pay interest based on ~~1- month LIBOR. It is uncertain at this time how the applicable spreads will diverge once there is~~ a ~~full transition to~~ **shorter or different, but in any event, lower term** SOFR ~~,~~ or ~~any~~ other ~~alternative rate, and any applicable~~ benchmark rate ~~adjustments~~ . This mismatch in the rate at which CLOs earn interest and the rate at which they pay interest on their debt tranches negatively impacts the cash flows on a CLO' s equity tranche, which may in turn adversely affect our cash flows and results of operations. Unless spreads are adjusted to account for such increases, these negative impacts may worsen as the amount by which the 3- month ~~LIBOR~~ **term rate** exceeds **such** ~~the~~ **other chosen term SOFR** ~~1- month LIBOR increases~~ or ~~the~~ **other benchmark** ~~amount by which the corresponding alternative reference rates~~ - **rate** ~~might differ~~ . Also, given the structure of the incentive fee payable to OFS Advisor, a general increase in interest rates will likely have the effect of making it easier for OFS Advisor to meet the quarterly hurdle rate for payment of income incentive fees under the Investment Advisory Agreement without any additional increase in relative performance on the part of OFS Advisor. Risks Related to Our Securities and an Investment in our Common Stock We have made distributions on a quarterly basis to our stockholders out of assets legally available for distribution. We cannot assure stockholders that we will achieve investment results that will allow us to make a specified level of cash distributions or year- to- year increases in cash distributions. Our ability to pay distributions might be adversely affected by the impact of one or more of the risk factors described in this Annual Report on Form 10- K. Due to the asset coverage test applicable to us under the 1940 Act as a BDC, we may be limited in our ability to make distributions. ~~Our ability to make distributions may also be affected by our ability to receive distributions from SBIC I LP, which is governed by SBA regulations.~~ When we make distributions, we will be required to determine the extent to which such distributions are paid out of current or accumulated **taxable (or tax- basis)** earnings and profits. Distributions in excess of current and accumulated earnings and profits will be treated as a non- taxable return of capital to the extent of an investor' s basis in our stock and, assuming that an investor holds our stock as a capital asset, thereafter as a capital gain. A return of capital is a return to stockholders of a portion of their original investment in us rather than income or capital gains. As with any stock, the market price of our common stock will fluctuate with market conditions and other factors. Our common stock is intended for long- term investors and should not be treated as a trading vehicle. Shares of BDCs frequently trade at a discount from their NAV. The market price and liquidity ~~of~~ **in** the market for shares of our common stock may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include: • significant volatility in the market price and trading volume of securities of BDCs or other companies in our sector, which is not necessarily related to the operating performance of these companies; • exclusion of our common stock from certain market indices, such as the Russell 2000 Financial Services Index, which could reduce the ability of certain investment funds to own our common stock and put short- term selling pressure on our common stock; • changes in regulatory policies or tax guidelines, particularly with respect to RICs ~~, SBICs~~ or BDCs; • loss of RIC or BDC status ~~; • failure of SBIC I LP to maintain its status as an SBIC~~ ; • our origination activity, including the pace of, and competition for, new investment opportunities; • our ability to incur additional leverage pursuant to Section 61 (a) (2) of the 1940 Act and the impact of such leverage on our net investment income and results of operations; • changes **,** or perceived changes **,** in earnings or variations in operating results; • changes **,** or perceived changes **,** in the value of our portfolio of investments, including upon the sale or disposition of any such investments; • changes in accounting guidelines governing **the** valuation of our investments; • any shortfall in revenue or net income or any increase in losses from levels expected by investors or securities analysts; • the inability to secure additional debt or equity capital; • potential future sales of common stock or debt securities convertible into or exchangeable or exercisable for our common stock or the conversion of such securities; • departure of OFS Advisor' s, OFSC' s or any of their affiliates' key personnel; • operating performance of companies comparable to us; • general economic trends and other external factors; and **/ or** • loss of a major funding source. The shares of our common stock beneficially owned by our principal stockholders, including OFSAM Holdings, are generally available for resale, subject to the provisions of Rule 144 promulgated under the Securities Act unless registered for sale under the Securities Act. OFSAM Holdings is entitled to the benefits of a registration rights agreement granting OFSAM Holdings the right to require us to register its shares for resale. Sales of substantial amounts of our common stock, or the availability of such common stock for sale, could adversely affect the prevailing market prices for our common stock. If this occurs and continues, it could impair our ability to raise additional capital through the sale of securities should we desire to do so. Certain provisions of the Delaware General Corporation Law and our ~~certificate~~ **Certificate** of ~~incorporation~~ **Incorporation** and ~~bylaws~~ **Bylaws** could deter takeover attempts and have an adverse impact on the price of our common stock. The Delaware General Corporation Law, our ~~certificate~~ **Certificate** of ~~incorporation~~ **Incorporation** and our ~~bylaws~~ **Bylaws** contain provisions that may have the effect of discouraging a third party from making an acquisition proposal for us. We have also adopted measures that may make it difficult for a third party to obtain control of us, including provisions of our ~~certificate~~ **Certificate** of ~~incorporation~~ **Incorporation** dividing our Board into three classes with the term of one class expiring at each annual meeting of stockholders. These anti- takeover provisions may inhibit a change in control in circumstances that could give the holders of our common stock the opportunity to realize a premium over the market price of our common stock. If our common stock is trading below its NAV per share, we will generally not be able to issue additional shares of our common stock at its market price without first obtaining the approval for such issuance from our stockholders and our independent directors. Shares of BDCs, including shares of our common stock, have **historically** traded at discounts to their NAVs. As of December 31, ~~2022~~ **2023** , our NAV per share was $ ~~13~~ **12** . **09 and the** ~~47. The daily average~~ closing price of our **common** shares on the Nasdaq Global

Select Market ~~for the year ended December 31, 2022~~ was $ ~~10~~ **11** . ~~74~~ **70** . If our common stock trades below NAV, the higher the cost of equity capital may result in it being unattractive to raise new equity, which may limit our ability to grow. The risk of trading below NAV is separate and distinct from the risk that our NAV per share may decline. We cannot predict whether shares of our common stock will trade above, at or below our NAV. If we issue preferred stock, debt securities or convertible debt securities, the NAV of our common stock may become more volatile. We cannot assure the holders of our common stock that the issuance of preferred stock and / or debt securities would result in a higher yield or return to the holders of our common stock. The issuance of preferred stock, debt securities or convertible debt would likely cause the NAV of our common stock to become more volatile. If the dividend rate on the preferred stock, or the interest rate on the debt securities, were to approach the net rate of return on our investment portfolio, the benefit of leverage to the holders of our common stock would be reduced. If the dividend rate on the preferred stock, or the interest rate on the debt securities, were to exceed the net rate of return on our portfolio, the use of leverage would result in a lower rate of return to the holders of common stock than if we had not issued the preferred stock or debt securities. Any decline in the NAV of our investment would be borne entirely by the holders of our common stock. Therefore, if the market value of our portfolio were to decline, the leverage would result in a greater decrease in NAV to the holders of our common stock than if we were not leveraged through the issuance of preferred stock. There is also a risk that, in the event of a sharp decline in the value of our net assets, we would be in danger of **: (i)** failing to maintain **the** required asset coverage ratios which may be required by the preferred stock, debt securities, convertible debt or units ~~or of~~ **; (ii)** a downgrade in the ratings of the preferred stock, debt securities, convertible debt or units **;** or **(iii)** our current investment income ~~might~~ not ~~be~~ **being** sufficient to meet the dividend requirements on the preferred stock or the interest payments on the debt securities. If we do not maintain our required asset coverage ratios, we may not be permitted to declare dividends. In order to counteract such an event, we might need to liquidate investments in order to fund redemption of some or all of the preferred stock, debt securities or convertible debt. In addition, we would pay (and the holders of our common stock would bear) all costs and expenses relating to the issuance and ongoing maintenance of the preferred stock, debt securities, convertible debt or any combination of these securities. Holders of preferred stock, debt securities or convertible debt may have different interests than holders of common stock and may **,** at times **,** have disproportionate influence over our affairs. Holders of any preferred stock that we may issue will have the right to elect members of our Board and have class voting rights on certain matters. The 1940 Act requires that holders of shares of preferred stock must be entitled as a class to elect two directors at all times and to elect a majority of the directors if dividends on such preferred stock are in arrears by two years or more, until such arrearage is eliminated. In addition, certain matters under the 1940 Act require the separate vote of the holders of any issued and outstanding preferred stock, including changes in fundamental investment restrictions and conversion to open- end status and, accordingly, preferred stockholders could veto any such changes. Restrictions imposed on the declarations and payment of dividends or other distributions to the holders of our common stock and preferred stock, both by the 1940 Act and by requirements imposed by rating agencies, might impair our ability to maintain our tax treatment as a RIC for U. S. federal income tax purposes. Our Unsecured Notes are effectively subordinated to any secured indebtedness we have currently incurred or may incur in the future and will rank pari passu with, or equal to, all outstanding and future unsecured, unsubordinated indebtedness issued by us and our general liabilities. Our Unsecured Notes are not secured by any of our assets or any of the assets of any of our subsidiaries. As a result, the Unsecured Notes are effectively subordinated to any secured indebtedness we or our subsidiaries have outstanding (including the ~~PWB~~ **Banc of California** Credit Facility and the BNP Facility) or that we or our subsidiaries may incur in the future (or any indebtedness that is initially unsecured ~~as~~ **and** to which we subsequently grant a security interest) to the extent of the value of the assets securing such indebtedness. In any liquidation, dissolution, bankruptcy or other similar proceeding, the holders of any of our secured indebtedness or secured indebtedness of our subsidiaries may assert rights against the assets pledged to secure that indebtedness in order to receive full payment of their indebtedness before the assets may be used to pay other creditors, including the holders of the Unsecured Notes. The Unsecured Notes are structurally subordinated to the indebtedness and other liabilities of our subsidiaries. The Unsecured Notes are obligations exclusively of the Company, and not of any of our subsidiaries. None of our subsidiaries are a guarantor of the Unsecured Notes, and the Unsecured Notes will not be required to be guaranteed by any subsidiary we may acquire or create in the future. Any assets of our subsidiaries will not be directly available to satisfy the claims of our creditors, including holders of the Unsecured Notes. Except to the extent we are a creditor with recognized claims against our subsidiaries, all claims of creditors of our subsidiaries will have priority over our equity interests in such entities (and therefore the claims of our creditors, including holders of the Unsecured Notes) with respect to the assets of such entities. Even if we are recognized as a creditor of one or more of these entities, our claims would still be effectively subordinated to any security interests in the assets of any such entity and to any indebtedness or other liabilities of any such entity senior to our claims. Consequently, the Unsecured Notes will be structurally subordinated to all indebtedness and other liabilities, including trade payables, of any of our existing or future subsidiaries, including SBIC I LP and OFSCC- FS. Certain of these entities currently serve as guarantors under the ~~PWB~~ **Banc of California** Credit Facility or the BNP Facility, and in the future our subsidiaries may incur substantial additional indebtedness, all of which is and would be structurally senior to the Unsecured Notes. The indenture under which the Unsecured Notes were issued contains limited protection for holders of the Unsecured Notes. The indenture under which the Unsecured Notes were issued offers limited protection to holders of the Unsecured Notes. The terms of the indenture and the Unsecured Notes do not restrict our or any of our subsidiaries' ability to engage in, or otherwise be a party to, a variety of corporate transactions, circumstances or events that could have a material adverse impact on your investment in the Unsecured Notes. In particular, the terms of the indenture and the Unsecured Notes will not place any restrictions on our or our subsidiaries' ability to: • issue securities or otherwise incur additional indebtedness or other obligations, including: (i) any indebtedness or other obligations that would be equal in right of payment to the Unsecured Notes; (ii) any indebtedness or other obligations that would be secured and therefore rank effectively senior in right of payment to the Unsecured Notes to the extent of the values of the assets securing such debt; (iii) **our** indebtedness ~~of ours~~ that is guaranteed by one or more of our subsidiaries and which therefore is structurally senior to the Unsecured Notes; and (iv) securities, indebtedness or obligations issued or incurred by our subsidiaries that would be senior to our equity interests in those entities and therefore rank structurally senior to the Unsecured Notes with respect to the assets of our subsidiaries, in each case other than an incurrence of indebtedness or other obligation that would cause a violation of Section 18 (a) (1) (A) **,** as modified by ~~such~~ **the** provisions of Section 61 (a) **,** of the 1940 Act as may be applicable to us from time to time **,** or any successor provisions, whether or not we continue to be subject to such provisions of the 1940 Act, but giving effect, in each case, to any exemptive relief granted to us by the SEC. Currently, these provisions generally prohibit us from making additional borrowings, including through the issuance of additional debt or the sale of additional debt securities, unless our asset coverage, as defined in the 1940 Act, equals at least 200 % (now 150 %, effective since May 3, 2019) after such borrowings. See " Item 1A. Risk Factors — Risks Related to our Business and Structure — Because we received the approval of our Board, we became subject to 150 % ~~Asset~~ **asset** ~~Coverage~~ **coverage** ~~,~~ effective May 3, 2019 "; • pay dividends on, or purchase or redeem or make any payments in respect of, capital stock or other securities ranking junior in right of payment to the Unsecured Notes, including subordinated indebtedness, in each case **,** other than dividends, purchases, redemptions or payments that would cause our asset coverage to fall below the threshold specified in Section 18 (a) (1) (B) **,** as modified by ~~such~~ **the** provisions of Section 61 (a) **,** of the 1940 Act as may be applicable to us from time to time **,** or any successor provisions, giving effect to (i) any exemptive relief granted to us by the SEC and (ii) **any** no- action relief granted by the SEC to another BDC (or to us if we determine to seek such similar no- action or other relief) permitting the BDC to declare any cash dividend or distribution notwithstanding the prohibition contained in Section 18 (a) (1) (B) **,** as modified by ~~such~~ **the** provisions of Section 61 (a) **,** of the 1940 Act as may be applicable to us from time to time in order to maintain the BDC' s status as a RIC under Subchapter M of the Code. These provisions generally prohibit us from declaring any cash dividend or distribution upon any class of our capital stock, or purchasing any such capital stock if our asset coverage, as defined in the 1940 Act, is below 200 % (now 150 %, effective since May 3, 2019) at the time of the declaration of the dividend or distribution or the purchase and after deducting the amount of such dividend, distribution or purchase. See " Item 1A. Risk Factors — Risks Related to our Business and Structure — Because we received the approval of our Board, we became subject to 150 % ~~Asset~~ **asset** ~~Coverage~~ **coverage** ~~,~~ effective May 3, 2019 "; • sell assets (other than certain limited restrictions on our ability to consolidate, merge or sell all or substantially all of our assets); • enter into transactions with affiliates; • create liens (including liens on the shares of our subsidiaries) or enter into sale and leaseback transactions; • make investments; or • create restrictions on the payment of dividends or other amounts to us from our subsidiaries. In addition, the indenture does not require us to make an offer to purchase the Unsecured Notes in connection with a change of control or any other event. Furthermore, the terms of the indenture and the Unsecured Notes do not protect holders of the Unsecured Notes in the event that we experience changes (including significant adverse changes) in our financial condition, results of operations or credit ratings, if any, as they do not require that we or our subsidiaries adhere to any financial tests or ratios or specified levels of net worth, revenues, income, cash flow, or liquidity. Our ability to recapitalize, incur additional debt (including additional debt that matures prior to the maturity of the Unsecured Notes), and take a number of other actions that are not limited by the terms of the Unsecured Notes may have important consequences for holders of the Unsecured Notes, including making it more difficult for us to satisfy our obligations with respect to the Unsecured Notes or negatively affecting the trading value of the Unsecured Notes. Other debt we issue or incur in the future could contain more protections for its holders than the indenture and the Unsecured Notes, including additional covenants and events of default. The issuance or incurrence of any such debt with incremental protections could affect the market for, trading levels, and prices of the Unsecured Notes. We may choose to redeem the Unsecured Notes when prevailing interest rates are relatively low. **We may choose to redeem** ~~On or after October 31, 2023 for~~ the Unsecured Notes Due October 2028 (without a prepayment penalty) or ~~anytime prior to maturity~~ **the Unsecured Notes Due February 2026** (subject to a prepayment penalty) **at any** ~~for the Unsecured Notes Due 2026, we may choose to redeem the Unsecured Notes from~~ time **prior** to ~~time~~ **their respective maturities** , especially if prevailing interest rates are lower than the rate borne by the Unsecured Notes. If prevailing rates are lower at the time of redemption, and we redeem the Unsecured Notes, Unsecured ~~Notes~~ - **Note** holders **would** likely ~~would~~ not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on the Unsecured Notes being redeemed. Our redemption right may also adversely impact Unsecured Note holders' ability to sell the Unsecured Notes ~~as the optional redemption date or period with respect to the Unsecured Notes Due October 2028 approaches~~ . General Risk Factors We may experience fluctuations in our quarterly operating results. We could experience fluctuations in our quarterly operating results due to a number of factors, including the interest rate payable on the debt securities we acquire, the default rate on such securities, the level of our expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, **variations in the timing and recognition of any non- recurring fee or dividend income,** distributions from ~~our subsidiaries and~~ portfolio companies, the degree to which we encounter competition in our markets and general economic conditions. In light of these factors, results for any period should not be relied upon as being indicative of performance in future periods. We incur significant costs as a result of being a publicly traded company. As a publicly traded company, we incur legal, accounting and other expenses, including costs associated with the periodic reporting requirements applicable to a company whose securities are registered under the Exchange Act, as well as additional corporate governance requirements, including requirements under the Sarbanes- Oxley Act and other rules implemented by the SEC. We are subject to risks related to corporate social responsibility. Our business faces increasing public scrutiny related to environmental, social and governance (" ESG ") activities, which are increasingly considered to contribute to the long- term sustainability of a company' s performance. A variety of organizations measure the performance of companies on ESG topics, and the results of these assessments are widely publicized. In addition, ~~investment~~ **investments** in funds that specialize in companies that perform well in such assessments are increasingly popular, and major institutional investors have publicly emphasized the importance of such ESG measures to their investment decisions. We risk damage to our brand and reputation if we fail to act **(or are perceived to not**

act) responsibly in a number of areas, such as diversity, equity and inclusion, environmental stewardship, corporate governance, support for local communities and transparency and considering ESG factors in our investment processes. Adverse incidents with respect to ESG activities could impact the value of our brand, the cost of our operations and **our** relationships with investors, all of which could adversely affect our business and results of operations. ~~Additionally~~ **At the same time** , ~~new~~ **there are various approaches to responsible investing activities and divergent views on the consideration of ESG topics. These differing views increase the risk that any action or lack thereof with respect to any ESG activities will be perceived negatively. “ Anti- ESG ” sentiment has gained momentum across the U. S., with several states having enacted or proposed “ anti- ESG ” policies and legislation or issued related legal opinions. If investors subject to such legislation view any of our ESG activities as being in contradiction of such “ anti- ESG ” policies, legislation or legal opinions, such investors may not invest in us and it could negatively affect the price of our common stock.** ~~regulatory~~ **Regulatory** initiatives related to ESG **, and the scope and timing of these initiatives,** could **also** adversely affect our business. The SEC has proposed rules to require disclosure of certain ESG- related matters, which may be adopted in ~~2023~~ **2024** . At this time, there is uncertainty regarding the scope of such proposals or when they would become effective (if at all). Compliance with any new laws or regulations increases our regulatory burden and could make compliance more difficult and expensive, affect the manner in which we or our **investments** ~~portfolio companies~~ conduct ~~our businesses~~ -- **business** and adversely affect our profitability. Cybersecurity risks and cyber incidents may adversely affect our business or the business of our portfolio companies by causing a disruption to our operations or the operations of our portfolio companies, a compromise or corruption of our confidential information or the confidential information of our portfolio companies and / or damage to our business relationships or the business relationships of our portfolio companies, all of which could negatively impact the business, financial condition and operating results of us or our portfolio companies. A ~~cyber~~ **cybersecurity** incident is considered to be any adverse event that threatens the confidentiality, integrity or availability of the information resources of us or our portfolio companies. These incidents may be an intentional attack or an unintentional event and could involve gaining unauthorized access to our information systems or those of our portfolio companies or third- party vendors for purposes of misappropriating assets, stealing confidential information, corrupting data or causing operational disruption. The risk of a security breach or disruption, particularly through cyber- attacks or cyber intrusions, including by computer hackers, nation- state affiliated actors, and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. Despite careful security and controls design, our information technology systems and the information technology systems of our portfolio companies and our third- party vendors, may be subject to security breaches and cyber- attacks, the result of which may include disrupted operations, misstated or unreliable financial data, liability for stolen assets or information, increased cybersecurity protection and insurance costs, litigation damage to business relationships and damage to our competitiveness, stock price, and long- term stockholder value. The costs related to cyber or other security threats or disruptions may not be fully insured or indemnified by other means. As our, our portfolio companies’ and our third **-** party vendors ~~'~~ **’** reliance on technology has increased, so have the risks posed to our information systems, both ~~internal~~ **internally** and those provided by OFS Services and third- party service providers, and the information systems of our portfolio companies. OFS Advisor has implemented processes, procedures and internal controls to help mitigate cybersecurity risks and cyber intrusions, but these measures, as well as our increased awareness of the nature and extent of a risk of a cyber incident, do not guarantee that a cyber incident will not occur and / or that our financial results, operations or confidential information will not be negatively impacted by such an incident. In addition, cybersecurity has become a top priority for regulators around the world, including the SEC, and some jurisdictions have enacted laws requiring companies to notify individuals of data security breaches involving certain types of personal data. Even the most well- protected information, networks, systems and facilities remain potentially vulnerable because the techniques used in such attempted security breaches evolve and generally are not recognized until launched against a target, and in some cases **,** are designed not be detected and, in fact, may not be detected. Accordingly, we and our service providers may be unable to anticipate these techniques or to implement adequate security barriers or other preventative measures, and thus it is impossible for us and our service providers to entirely mitigate this risk. Cybersecurity risks require continuous and increasing attention and other resources from us to, among other actions, identify and quantify these risks ~~,~~ **and** upgrade and expand our technologies, systems and processes to adequately address such risks. Such attention diverts time and other resources from other activities and there is no assurance that our efforts will be effective. If we fail to comply with relevant laws and regulations, we could suffer financial losses, a disruption of our businesses, liability to investors, regulatory intervention or reputational damage. Further, the increased use of mobile and cloud technologies due to the proliferation of remote work resulting from ~~the COVID- 19 pandemic and~~ new flexible work arrangements have heightened our and our portfolio companies ~~'~~ **’** vulnerability to a cybersecurity risk or incident. Reliance on mobile or cloud technology or any failure by mobile technology and cloud service providers to adequately safeguard systems could disrupt our operations, the operations of a portfolio company or the operations of our or their service providers and result in misappropriation, corruption or loss of personal, confidential or proprietary information or the inability to conduct business operations. Extended periods of remote working, whether by us, our portfolio companies, or our service providers, could strain technology resources, introduce operational risks and otherwise heighten the risks described above ~~our customers and suppliers.As a security~~ **cybersecurity** ~~example~~ **and protection of personal information** , ~~pursuant to~~ **including the California Consumer Privacy Act that went into effect on January 1,2020,and the New York SHIELD Act,which went into effect on March 1,2020.In addition,** the SEC **announced that** ~~' s Rules on~~ **one of the 2023 examination priorities for the Division of Examinations was to continue to examine** ~~Cybersecurity~~ **cybersecurity procedures** ~~Risk Management,Strategy,Governance,~~ and **controls** ~~Incident Disclosure~~ , ~~we~~ **including review of cybersecurity issues associated with the use of third- party vendors.Further,the European General Data Protection Regulation (the “ GDPR ”) came into effect in May 2018.Data protection requirements under the GDPR** are **more stringent than** ~~required to make certain disclosures related to material cybersecurity incidents and the~~

those ~~reasonably likely impact~~ **imposed under prior European legislation.There are substantial financial penalties for breach** of ~~such an incident on Form 8- K and will be required to make certain other~~ -- **the GDPR** ~~cybersecurity disclosures~~ ,including ~~in this~~ **up to the higher of 20 million Euros or 4 % of group** ~~Annual~~ **annual worldwide turnover** ~~Report on Form 10- K.Determining whether a cybersecurity incident is notifiable or reportable may not be straightforward and any such mandatory disclosures could be costly and lead to negative publicity,loss of customer confidence in the effectiveness of our security measures,diversion of management' s attention and governmental investigations~~ .Non- compliance with any of the aforementioned laws ~~,rules or regulations~~ or other similar laws, **therefore** ~~rules and regulations~~ ,represents a serious risk to our business.Some jurisdictions have also enacted laws requiring companies to notify individuals of data security breaches involving certain types of personal data.Breaches in security could potentially jeopardize our,our employees' or our investors' or counterparties' confidential and other information processed and stored in,and transmitted through,our computer systems and networks,or otherwise cause interruptions or malfunctions in our,our employees',our investors',our counterparties' or third parties' operations,which could result in significant losses,increased costs,disruption of our business,liability to our investors and other counterparties,regulatory intervention or reputational damage.Furthermore,if we fail to comply with the relevant laws and regulations,it could result in regulatory investigations and penalties. **Terrorist** ~~We are subject to risks associated with artificial intelligence and machine learning technology.Recent technological advances in~~ . We are subject to risks in using custodians, counterparties, administrators and other agents. We depend on the services of custodians, counterparties, administrators and other agents to carry out certain transactions and other administrative services, including compliance with regulatory requirements in U. S. and non- U. S. jurisdictions. We are subject to risks of errors and mistakes made by these third parties, which may be attributed to us and subject us or our stockholders to reputational damage, penalties or losses. We depend on third parties to provide primary and ~~back~~ **backup** ~~up~~ communications and information systems. Any failure or interruption of those systems, including as a result of the termination of an agreement with any third- party service providers, could cause delays or other problems in our activities. Our financial, accounting, data processing, portfolio monitoring, backup or other operating systems and facilities may fail to operate properly or become disabled or damaged as a result of a number of factors including events that are wholly or partially beyond our control. The terms of the contracts with third- party service providers are often customized and complex, and many of these arrangements occur in markets or relate to products that are not subject to regulatory oversight. Accordingly, we may be unsuccessful in seeking reimbursement or indemnification from these third- party service providers. In addition, we rely on a select number of third- party service providers and replacement of any one of our service providers could be difficult and result in disruption and expense. Increased **geopolitical unrest** ~~data protection regulation may result in increased complexities and risk in connection with the operation of our business. We operate in businesses that are highly dependent on information systems and technology. The costs related to cyber or other security threats or disruptions may not be fully insured or indemnified by other means. Cybersecurity has become a priority for regulators in the U. S. and around the world. Many jurisdictions in which we or our portfolio companies may operate have laws and regulations relating to data privacy~~ , cybersecurity and protection of personal information,...... in regulatory investigations and penalties. Terrorist **terrorist** attacks, acts of war, global health emergencies or natural disasters may impact the businesses in which we invest and harm our business, operating results and financial condition. Terrorist **activity and the continued threat of terrorism and** acts **of civil or international hostility** , acts of war, global health emergencies or natural disasters **as well as government responses to these types of threats,** may disrupt our operations, as well as the operations of the businesses in which we invest. Such acts have created, and continue to create, economic and political uncertainties and have contributed to global economic instability. Future terrorist activities, **acts of war** ~~military or security operations~~ , global health emergencies or natural disasters could further ~~weaken~~ **affect** the domestic ~~/~~ **and** global economies and create additional uncertainties, which may negatively impact the businesses in which we invest directly or indirectly and, in turn, could have a material adverse impact on our business, operating results and financial condition. Losses from terrorist attacks, global health emergencies and natural disasters are generally uninsurable. **Further downgrades of the U. S. credit rating, impending automatic spending cuts or a government shutdown could negatively impact our liquidity, financial condition and earnings. U. S. debt ceiling and budget deficit concerns have increased the possibility of additional credit- rating downgrades and economic slowdowns, or a recession in the United States. Although U. S. lawmakers have passed legislation to raise the federal debt ceiling on multiple occasions, ratings agencies have previously lowered, or threatened to lower, the long- term sovereign credit rating on the United States. The impact of this or any further downgrades to the U. S. government' s sovereign credit rating or its perceived creditworthiness could adversely affect the U. S. and global financial markets and economic conditions. Absent quantitative easing by the Federal Reserve, these developments could cause interest rates and borrowing costs to rise, which may negatively impact our ability to access the debt markets on favorable terms. In addition, disagreement over the federal budget has caused the U. S. federal government to shut down for periods of time and may lead to additional U. S. federal government shutdowns. Continued adverse political and economic conditions could have a material adverse effect on our business, financial condition and results of operations.**