



## OFS Credit Company Announces First Quarter 2020 Net Asset Value and Selected Financial Results

March 4, 2020

CHICAGO--(BUSINESS WIRE)-- OFS Credit Company, Inc. (Nasdaq: OCCI) ("OFS Credit," the "Company," "we," "us" or "our"), an investment company that primarily invests in collateralized loan obligation ("CLO") structured finance notes, including debt and subordinated securities, today announced its net asset value and selected financial results for the fiscal quarter ended January 31, 2020.

### HIGHLIGHTS

- Net investment income ("NII") of \$1.36 million, or \$0.44 per common share, for the fiscal quarter ended January 31, 2020.
- Core net investment income ("Core NII")<sup>1</sup> of \$2.60 million, or \$0.85 per common share, which approximated 167% of our distributions for the fiscal quarter ended January 31, 2020.
- Net asset value of \$15.92 per common share as of January 31, 2020, a 6.3% increase from \$14.98 as of October 31, 2019.
- Closed investments totaling approximately \$2.5 million during the fiscal quarter ended January 31, 2020.
- As of January 31, 2020, the weighted average GAAP (as defined below) effective yield of our CLO structured finance note investments at current cost was 14.33%.
- Increased monthly distributions on common shares through April 2020 to \$0.1734 per share, implying an annualized distribution of \$2.08 per share.

### Management Commentary

"In January, our Board of Directors increased our monthly distribution for our common stockholders for the second straight quarter," said Bilal Rashid, OFS Credit's Chairman and Chief Executive Officer.

"Our net asset value increased approximately 6.3% from October 31, 2019, and our core net investment income was well above our distribution. Given, the recent market volatility, we again believe that there are compelling investment opportunities in the CLO market. We believe our commitment to strong, long-term performance is aligned with the interests of OFS Capital Management, LLC, our investment advisor who, together with other insiders, own approximately 16.1% of our common stock."

### (1) Non-GAAP Financial Measure - Core NII

On a supplemental basis, we disclose Core NII, which is a financial measure calculated and presented on a basis of methodology other than in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Our non-GAAP measures may differ from similar measures used by other companies, even if similar terms are utilized to identify such measures. This measure is not provided as a substitute for GAAP NII, but in addition to it. Core NII represents GAAP net investment income adjusted for net interest cash distributions received on our CLO structured finance notes. OFS Credit's investment advisor uses this information in its internal analysis of results and believes that this information may be informative in determining the quality of the Company's financial performance, estimating taxable income, identifying trends in its results and providing meaningful period-to-period comparisons.

For GAAP purposes, interest income from investments in the "equity" class securities of CLO vehicles is recognized in accordance with the effective interest method, which is based on estimated cash flows to the expected redemption of the investments, and the investments' current amortized cost. The result is an effective yield for the investments which differs from the actual cash received. The effective yield is recognized as an increase to the amortized cost of the investment, and distributions received are recognized as a reduction in amortized cost basis. Accordingly, interest income recognized on CLO equity securities in the GAAP statement of operations differs from the cash distributions received by the Company during the period (referred to below as "CLO equity adjustments").

Our measure of Core NII utilizes the interest account waterfall distributions of the underlying CLOs, determined by the underlying CLOs' trustees in accordance with the applicable CLO indentures, in lieu of the GAAP measure of effective-yield interest income. Management believes this measure to be representative of the cash component of taxable income to be reported to us by the underlying CLOs. However, taxable income to be reported to us by the underlying CLOs may also include non-cash components—such as the amortization of premium or discounts on the underlying CLOs' investments in commercial loans and the amortization of deferred debt issuance costs on the underlying CLOs' debt obligations—as well as realized capital gains or losses resulting from trading activities within the underlying CLOs, which are generally retained in the principal account of (i.e., not distributed by) the underlying CLOs; and will be impacted by tax attribute carry-over (e.g., loss carry-forwards) within the CLO vehicles. Moreover, the taxable income we recognize may also be influenced by differences between our fiscal year end and the fiscal year end of any of the CLOs in which we invest, the legal form of the CLO vehicles, and other factors.

For the Company to continue to qualify as a regulated investment company for U.S. federal income tax purposes, we are required, among other things, to distribute annually at least 90% of our investment company taxable income. Thus, management monitors Core NII as an indication of our estimated taxable income for a reporting period. We can offer no assurance that these estimates will reflect the final amount or tax character of our earnings, which cannot be determined until we receive tax reports from the underlying CLOs and prepare our tax returns following the close of our fiscal year. We also note that this non-GAAP measure may not serve as a useful indicator of taxable earnings, particularly during periods of market disruption and volatility, and, as such, our taxable income may differ materially from our Core NII.

Three Months Ended January 31, 2020

	Amount	Per Common Share Amount
GAAP Net investment income	\$1,357,078	\$0.44
CLO equity adjustments	1,246,475	0.41
Core Net investment income	\$2,603,553	\$0.85

#### Distributions

On January 28, 2020, our board of directors declared the following distributions on common shares.

Record Date	Payable Date	Distribution Per Share
February 21, 2020	February 28, 2020	\$0.1734
March 24, 2020	March 31, 2020	\$0.1734
April 23, 2020	April 30, 2020	\$0.1734

On January 28, 2020, our board of directors declared the following dividends on the Series A Term Preferred Stock shares.

Record Date	Payable Date	Dividend Per Share
February 21, 2020	February 28, 2020	\$0.1432292
March 24, 2020	March 31, 2020	\$0.1432292
April 23, 2020	April 30, 2020	\$0.1432292

#### PORTFOLIO AND INVESTMENT ACTIVITIES

During the fiscal quarter ended January 31, 2020, OFS Credit closed two investments of CLO subordinated note securities in two separate CLO deals totaling \$2.5 million. As of January 31, 2020, OFS Credit's portfolio had exposure to 22 separate collateral managers.

#### RESULTS OF OPERATIONS

##### Income

##### *Interest Income*

Interest income for the fiscal quarter ended January 31, 2020 was \$2.78 million.

##### Expenses

##### *Management fee*

Management fee expense for the fiscal quarter ended January 31, 2020 was \$310,644.

##### *Incentive fee*

Incentive fee expense for the fiscal quarter ended January 31, 2020 was \$273,191.

##### *Net Gain on Investments*

Net gains for the fiscal quarter ended January 31, 2020 were \$3.1 million due to unrealized appreciation of \$3.1 million.

#### LIQUIDITY AND CAPITAL RESOURCES

As of January 31, 2020, we had \$2.2 million in cash with no restrictions or limitations on its use.

On January 24, 2020, we entered into an equity distribution agreement relating to the sale of shares of our common stock. The equity distribution agreement provides that we may offer and sell shares of our common stock having an aggregate offering price of up to \$25,000,000. As of March 4, 2020, we sold 173,498 shares of our common stock for net proceeds of \$2,815,059 after deducting commissions and fees.

#### About OFS Credit Company, Inc.

OFS Credit is a non-diversified, externally managed closed-end management investment company. The Company's investment objective is to

generate current income, with a secondary objective to generate capital appreciation primarily through investment in CLO structured finance notes, including debt and subordinated securities. The Company's investment activities are managed by OFS Capital Management, LLC, an investment adviser registered under the Investment Advisers Act of 1940<sup>1</sup>, as amended, and headquartered in Chicago, Illinois with additional offices in New York and Los Angeles.

### **Forward-Looking Statements**

Statements in this press release regarding management's future expectations, beliefs, intentions, goals, strategies, plans or prospects, including statements relating to: management's beliefs regarding compelling investment opportunities in the CLO market; the Company's commitment to strong, long-term performance and the alignment of that performance to the ownership of the Company's common stock by affiliated parties; and other factors may constitute forward-looking statements. Forward-looking statements can be identified by terminology such as "anticipate," "believe," "could," "could increase the likelihood," "estimate," "expect," "intend," "is planned," "may," "should," "will," "will enable," "would be expected," "look forward," "may provide," "would" or similar terms, variations of such terms or the negative of those terms. Such forward-looking statements involve known and unknown risks, uncertainties and other factors including those risks, uncertainties and factors referred to in documents that may be filed by OFS Credit from time to time with the Securities and Exchange Commission. As a result of such risks, uncertainties and factors, actual results may differ materially from any future results, performance or achievements discussed in or implied by the forward-looking statements contained herein. OFS Credit is providing the information in this press release as of this date and assumes no obligations to update the information included in this press release or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

<sup>1</sup> Registration does not imply a certain level of skill or training

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