

OFS Credit Company Announces Financial Results for the First Fiscal Quarter 2025

March 7, 2025

CHICAGO--(BUSINESS WIRE)--Mar. 7, 2025-- 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") equity and debt securities, today announced its financial results for the fiscal quarter ended January 31, 2025.

FIRST QUARTER HIGHLIGHTS

- Net investment income ("NII") of \$5.2 million, or \$0.23 per common share, for the fiscal quarter ended January 31, 2025. This compares to NII of \$4.5 million, or \$0.24 per common share, for the fiscal quarter ended October 31, 2024. During the fiscal quarter ended January 31, 2025, NII increased by \$0.7 million while NII per common share decreased by \$0.01 to \$0.23 due to a decrease in our net interest spread¹. See additional information under "Results of Operations" below.
- Core net investment income ("Core NII")² of \$7.5 million, or \$0.34 per common share, for the fiscal quarter ended January 31, 2025. This compares to Core NII of \$10.7 million, or \$0.57 per common share, for the fiscal quarter ended October 31, 2024. Core NII decreased for the fiscal quarter ended January 31, 2025, because recurring waterfall payments from CLO equity investments decreased to \$10.9 million from \$13.0 million in the prior quarter, primarily attributable to a decrease in issuers making their first payment after the closing of their respective CLOs.
- Net asset value ("NAV") per common share of \$7.00 as of January 31, 2025, a decrease of \$0.18 from NAV of \$7.18 as of October 31, 2024. This decrease in NAV was primarily due to distributions of \$0.345 per common share paid during the quarter, which exceeded our quarterly NII of \$0.23 per common share.
- During the fiscal quarter ended January 31, 2025, the interest income yield³ of our investment portfolio, based on average amortized cost, was 14.68%.
- During the fiscal quarter ended January 31, 2025, we issued 2,591,668 shares of common stock through our At-the-Market offering, for net proceeds of \$18.3 million, after deducting commissions, fees and offering costs.

OTHER RECENT EVENTS

- As previously announced, on January 16, 2025, our board of directors (the "Board") declared monthly cash distributions of \$0.115 per common share for each of the three months in the quarter ending April 30, 2025, which implied an annualized cash distribution rate of 19.3% based on the closing market price of \$7.14 per common share on January 31, 2025. See additional information under "Distributions" below.

SELECTED FINANCIAL HIGHLIGHTS

(in millions, except per share data)

	As of January 31, 2025	As of October 31, 2024
Investment portfolio, at fair value	\$ 237.5	\$ 214.9
NAV per common share	7.00	7.18
	For the Fiscal Quarter Ended	
	January 31, 2025	October 31, 2024
(Per common share)		
Net investment income	\$ 0.23	\$ 0.24
Net realized gain (loss) on investments ⁴	—	(0.24)
Net unrealized appreciation (depreciation) on investments	(0.06)	0.28
Net earnings	\$ 0.17	\$ 0.28
Reconciliation of Core NII — Non-GAAP ²		
Net investment income	\$ 0.23	\$ 0.24
CLO equity adjustments	0.11	0.33
Core NII	\$ 0.34	\$ 0.57

¹ Net interest spread is calculated as the earned yield on the investment portfolio less the effective interest rate incurred on outstanding preferred stock.

² 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"). Core NII represents NII adjusted for differences in applicable cash distributions received on our CLO equity and equity-related investments that have not been optionally redeemed relative to income recognized in accordance with GAAP. See additional information under "Supplemental Information Regarding Core Net Investment Income" below.

³ Interest income yield is calculated as total investment income earned on the investment portfolio (excluding idle cash interest income) divided by the average total investments at cost (annualized).

⁴ For the three months ended January 31, 2025, net realized gain on investments rounds to less than \$0.01 per common share.

MANAGEMENT COMMENTARY

“During the first quarter, we deployed \$48.8 million of capital in additional CLO investment opportunities that we expect will deliver attractive yields,” said Bilal Rashid, Chief Executive Officer. “We continued to utilize the capital markets to raise additional capital of \$18.3 million to help grow our investment portfolio and increase its weighted-average remaining reinvestment period to 3.3 years as of January 31, 2025.”

PORTFOLIO AND INVESTMENT ACTIVITIES

As of January 31, 2025, the total fair value of our investment portfolio was \$237.5 million, which was equal to 85.1% of amortized cost. For the quarter ended January 31, 2025, our CLO equity cash flow yield⁵ was 18.01% based on amortized cost.

Portfolio Overview (\$ in millions)	As of January 31, 2025	As of October 31, 2024
Investment portfolio, at fair value	\$ 237.5	\$ 214.9
Total number of issuers	80	77
Weighted-average effective yield ⁶	13.46%	14.30%

⁵ Calculated as CLO equity and equity-related cash distributions received during the quarter, excluding distributions on CLO equity investments that have been optionally redeemed, divided by average CLO equity and equity-related investments at amortized cost.

⁶ Based on amortized cost at period end; excludes discount accretion on CLO debt investments.

Portfolio Purchase Activity (\$ in millions)	For the Fiscal Quarter Ended	
	January 31, 2025	October 31, 2024
CLO equity investments	\$ 22.4	\$ 72.4
CLO debt investments	17.0	—
Loan accumulation facility investments	9.4	8.6
Other CLO equity-related investments (fee rebates)	—	0.1
Total investments	\$ 48.8	\$ 81.1
Weighted-average effective yield - period end	15.99%	19.05%

Portfolio Composition (\$ in millions)	As of January 31, 2025	
	Amortized Cost	Fair Value
CLO equity investments	\$ 248.2	\$ 205.3
CLO debt investments	16.9	18.0
Loan accumulation facility investments	12.7	12.7
Other CLO equity-related investments (fee rebates)	1.2	1.5
Total investments	\$ 279.0	\$ 237.5

RESULTS OF OPERATIONS

Interest Income

During the fiscal quarter ended January 31, 2025, interest income increased by \$1.5 million to \$10.1 million compared to \$8.6 million for the prior quarter. The increase in interest income was primarily due to net investment deployment (purchases, net of sales and repayments) of \$26.2 million, as well as certain non-recurring income related to loan accumulation facility and CLO debt investment repayments.

Expenses

During the fiscal quarter ended January 31, 2025, total expenses increased by \$0.8 million to \$4.9 million, primarily due to an increase of \$0.4 million in interest expense related to a full fiscal quarter of interest expense on our 7.875% Series F Term Preferred Stock, as well as an aggregate net increase of \$0.2 million in base management and incentive fees.

Net Realized and Unrealized Gain (Loss) on Investments

During the fiscal quarter ended January 31, 2025, net loss on investments of \$1.3 million was primarily due to net unrealized losses of \$1.1 million on our CLO equity investments.

DISTRIBUTIONS

Second Quarter 2025 Common Stock Distributions

The following schedule applies to distributions for common stockholders of record on the close of business of each specific record date:

Month	Record Date	Payment Date	Cash Distribution Per Share
February 2025	February 18, 2025	February 28, 2025	\$0.115
March 2025	March 21, 2025	March 31, 2025	\$0.115

April 2025

April 18, 2025

April 30, 2025

\$0.115

Dividend Reinvestment Plan ("DRIP") – DRIP Shares Issued at 95% of Market Price

Common stockholders who participate in our DRIP have the opportunity to receive a 5% discount to the market price per share of common stock at the close of regular trading on The Nasdaq Capital Market on the valuation date fixed by the Board for each distribution (i.e., the payment date).

Common stockholders that are interested in participating in our DRIP should contact their broker or financial intermediary.

Additional information about our DRIP and how to participate can be found at <https://ir.ofscreditcompany.com/shareholder-services/dividend-reinvestment-plan>. We make our website content available for informational purposes only. It should not be relied upon for investment purposes, nor is it incorporated by reference into this press release.

Preferred Stock Distributions

As previously announced, on January 16, 2025, our Board declared monthly cash distributions on preferred shares through July 31, 2025.

Preferred Stock Series	Month	Record Date	Payable Date	Cash Distribution Per Share
6.125% Series C Term Preferred Stock (Nasdaq: OCCIO)	February 2025	February 18, 2025	February 28, 2025	\$0.1276042
	March 2025	March 21, 2025	March 31, 2025	\$0.1276042
	April 2025	April 18, 2025	April 30, 2025	\$0.1276042
	May 2025	May 20, 2025	May 30, 2025	\$0.1276042
	June 2025	June 20, 2025	June 30, 2025	\$0.1276042
	July 2025	July 21, 2025	July 31, 2025	\$0.1276042
	6.00% Series D Term Preferred Stock	February 2025	February 18, 2025	February 28, 2025
March 2025		March 21, 2025	March 31, 2025	\$0.125
April 2025		April 18, 2025	April 30, 2025	\$0.125
May 2025		May 20, 2025	May 30, 2025	\$0.125
June 2025		June 20, 2025	June 30, 2025	\$0.125
July 2025		July 21, 2025	July 31, 2025	\$0.125
5.25% Series E Term Preferred Stock (Nasdaq: OCCIN)	February 2025	February 18, 2025	February 28, 2025	\$0.109375
	March 2025	March 21, 2025	March 31, 2025	\$0.109375
	April 2025	April 18, 2025	April 30, 2025	\$0.109375
	May 2025	May 20, 2025	May 30, 2025	\$0.109375
	June 2025	June 20, 2025	June 30, 2025	\$0.109375
	July 2025	July 21, 2025	July 31, 2025	\$0.109375
7.875% Series F Term Preferred Stock (Nasdaq: OCCIM)	February 2025	February 18, 2025	February 28, 2025	\$0.1640625
	March 2025	March 21, 2025	March 31, 2025	\$0.1640625
	April 2025	April 18, 2025	April 30, 2025	\$0.1640625
	May 2025	May 20, 2025	May 30, 2025	\$0.1640625
	June 2025	June 20, 2025	June 30, 2025	\$0.1640625
	July 2025	July 21, 2025	July 31, 2025	\$0.1640625

OFS Credit Company, Inc.
Statement of Assets and Liabilities
(Unaudited)

	As of January 31, 2025
Assets:	
Investments, at fair value (amortized cost of \$278,988,584)	\$ 237,544,555
Cash and cash equivalents	17,534,424
Receivable for common stock sold	875,557
Interest receivable	587,007
Other assets	408,988
Total assets	256,950,531
Liabilities:	
Preferred stock (net of deferred issuance costs of \$1,770,703)	89,129,297
Payable to adviser and affiliates	3,205,425
Other liabilities	406,000

Total liabilities	92,740,722
Net assets	<u>\$ 164,209,809</u>
Net assets consist of:	
Common stock, par value of \$0.001 per share; 90,000,000 shares authorized and 23,454,915 shares issued and outstanding	\$ 23,455
Paid-in capital in excess of par	213,188,078
Total accumulated losses	(49,001,724)
Total net assets	<u>\$ 164,209,809</u>
Net asset value per common share	\$ 7.00

OFS Credit Company, Inc.
Statement of Operations
(Unaudited)

	Three Months Ended January 31, 2025
Investment income:	
Interest income	\$ 10,059,113
Operating expenses:	
Interest expense	1,608,359
Incentive fees	1,287,687
Base management fees	1,126,668
Administration fees	382,874
Professional fees	281,292
Other expenses	221,486
Total operating expenses	<u>4,908,366</u>
Net investment income	<u>5,150,747</u>
Net realized and unrealized gain (loss) on investments:	
Net realized gain on investments	27,970
Net change in unrealized depreciation on investments	(1,376,032)
Net loss on investments	<u>(1,348,062)</u>
Net increase in net assets resulting from operations	<u>\$ 3,802,685</u>
Weighted-average common shares outstanding	21,992,196

About OFS Credit Company, Inc.

OFS Credit is a non-diversified, externally managed closed-end management investment company. The Company's primary investment objective is to generate current income, with a secondary objective to generate capital appreciation, which we seek to achieve primarily through investments in CLO equity and debt securities. The Company's investment activities are managed by OFS Capital Management, LLC, an investment adviser registered under the Investment Advisers Act of 1940⁷, as amended, and headquartered in Chicago with additional offices in New York and Los Angeles.

⁷ Registration does not imply a certain level of skill or training

Forward-Looking Statements

Statements in this press release regarding management's future expectations, beliefs, intentions, goals, strategies, plans or prospects, including statements relating to: the Company's results of operations, including NII, Core NII, earnings per share and net asset value and the factors that may affect such results; management's belief that the recent deployment of capital in CLO investment opportunities will deliver attractive yields when there can be no assurance that will be the case; and other factors may constitute forward-looking statements. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates and projections about us, our current and prospective portfolio investments, our industry, our beliefs, and our assumptions. Words such as "anticipates," "expects," "intends," "plans," "will," "may," "continue," "believes," "seeks," "estimates," "would," "could," "should," "targets," "projects," and variations of these words and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties, and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements, 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 (“SEC”), such as interest rate and inflation rate changes, the ongoing war between Russia and Ukraine, the agenda of the new U.S. presidential administration, including the potential impact of tariff enactment and tax reductions, instability in the U.S. and international banking systems, the risk of recession or a shutdown of U.S. government services and related market volatility, on our business, our portfolio companies, our industry and the global economy. Although we believe that the assumptions on which these forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and, as a result, the forward-looking statements based on those assumptions also could be inaccurate. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this press release should not be regarded as a representation by us that our plans and objectives will be achieved. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this press release. Except as required by the federal securities laws, we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise. You are advised to consult any additional disclosures that we may make directly to you or through reports that we in the future may file with the SEC, including Annual and Semi-Annual Reports on Form N-CSR and monthly portfolio investments reports filed on Form N-PORT for the third month of each of our fiscal quarters.

Supplemental Information Regarding Core Net Investment Income

We provide information relating to Core NII (a non-GAAP measure) on a supplemental basis. This measure is not provided as a substitute for GAAP NII, but in addition to it. Our non-GAAP measures may differ from similar measures by other companies, even if similar terms are used to identify such measures. Core NII represents GAAP NII adjusted for differences in applicable cash distributions received on our CLO equity and equity-related investments that have not been optionally redeemed relative to income recognized in accordance with GAAP. OFS Capital Management, LLC, our investment adviser, uses this information in its internal analysis of results and believes that this information may be informative in gauging the quality of the Company’s financial performance, identifying trends in its results, and providing meaningful period-to-period comparisons.

Income from investments in the “equity” class securities of CLO vehicles, for GAAP purposes, is recorded using the effective interest method; this is based on an estimated effective yield, at current amortized cost, to the expected redemption of the security utilizing assumed cash flows, including those CLO equity investments that have not made their inaugural distribution for the relevant period end. The result is an estimated effective yield for the investment in which the respective investment’s cost basis is adjusted quarterly based on the difference between the actual cash received, or distributions entitled to be received, and the income recognized via the estimated effective yield calculation. Accordingly, investment income recognized on CLO equity and equity-related securities in the GAAP statement of operations differs from the cash distributions actually received by the Company during the period (referred to below as “CLO equity adjustments”). Therefore, management believes that Core NII may provide a useful indicator of distributable operating income, as this reflects a measure of potential cash availability, net of operating expenses, that could be utilized to cover distributions to common stockholders. We note that this non-GAAP measure has no bearing on the tax character of the common stock distributions made during the period, and future distributions are not guaranteed. A portion of current and future common stock distributions may consist of a return of capital for tax purposes. The actual tax character of our earnings cannot be finally determined until our tax return is prepared after the close of our taxable year.

The following table provides a reconciliation of GAAP NII to Core NII for the fiscal quarters ended January 31, 2025 and October 31, 2024:

	For the Fiscal Quarter Ended January 31, 2025		For the Fiscal Quarter Ended October 31, 2024	
	Amount	Per Common Share Amount	Amount	Per Common Share Amount
Net investment income	\$ 5,150,747	\$ 0.23	\$ 4,484,096	\$ 0.24
CLO equity adjustments	2,365,893	0.11	6,215,423	0.33
Core NII	<u>\$ 7,516,640</u>	<u>\$ 0.34</u>	<u>\$ 10,699,519</u>	<u>\$ 0.57</u>

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