

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

September 12, 2025

CHICAGO--(BUSINESS WIRE)--Sep. 12, 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 July 31, 2025.

THIRD QUARTER HIGHLIGHTS

- Net investment income ("NII") of \$6.1 million, or \$0.22 per common share, for the fiscal quarter ended July 31, 2025. This compares to NII of \$5.2 million, or \$0.21 per common share, for the fiscal quarter ended April 30, 2025. During the fiscal quarter ended July 31, 2025, NII increased by \$0.9 million, or 17.0%, primarily due to an increase in the size of our investment portfolio and an increase in our interest income yield¹. See additional information under "Results of Operations" below.
- Core net investment income ("Core NII")² of \$8.5 million, or \$0.31 per common share, for the fiscal quarter ended July 31, 2025. This compares to Core NII of \$9.2 million, or \$0.37 per common share, for the fiscal quarter ended April 30, 2025. Core NII decreased for the fiscal quarter ended July 31, 2025, primarily due to lower cash flows on our CLO equity investments attributable to the tightening of loan spreads driven by strong investor demand for CLOs and leveraged loans.
- Net asset value ("NAV") per common share of \$6.13 at July 31, 2025, a decrease of \$0.04 from NAV of \$6.17 at April 30, 2025. 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 \$0.22 per common share, partially offset by a net gain on investments of \$0.07 per common share. See additional information under "Results of Operations" below.
- During the fiscal quarter ended July 31, 2025, the interest income yield¹ of our investment portfolio was 14.38%, based on average amortized cost.
- During the fiscal quarter ended July 31, 2025, we issued 1,538,496 shares of common stock through our At-the-Market offering, for net proceeds of \$10.0 million, after deducting commissions, fees and offering costs.

OTHER RECENT EVENTS

- As previously announced, on July 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 fiscal quarter ending October 31, 2025, which implies an annualized cash distribution rate of 22.9% based on the closing market price of \$6.02 per common share on July 31, 2025. The Board also declared monthly distributions on our outstanding preferred stock through January 31, 2026. See additional information under "Distributions" below.

SELECTED FINANCIAL HIGHLIGHTS

(in millions, except per share data)

	At	
	July 31, 2025	April 30, 2025
Balance Sheet Highlights		
Total investments, at fair value	\$ 279.4	\$ 252.2
Total outstanding preferred stock - principal	115.9	115.9
Total net assets	170.0	160.3
NAV per common share	6.13	6.17
Operating Highlights		
(Per common share)		
For the Fiscal Quarter Ended		
	July 31, 2025	April 30, 2025
Net investment income	\$ 0.22	\$ 0.21
Net realized loss on investments	(0.07)	(0.04)
Net change in unrealized appreciation (depreciation) on investments	0.14	(0.67)
Net earnings (loss)	\$ 0.29	\$ (0.50)
Reconciliation of Core NII — Non-GAAP ²		
Net investment income	\$ 0.22	\$ 0.21
CLO equity adjustments	0.09	0.16
Core NII	<u>\$ 0.31</u>	<u>\$ 0.37</u>

¹ 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).

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.

MANAGEMENT COMMENTARY

“We had a solid third fiscal quarter highlighted by a 17.0% increase in net investment income compared to the prior quarter,” said Bilal Rashid, Chief Executive Officer. “During the quarter, we raised approximately \$10.0 million of additional capital through our At-the-Market common stock offering program. We deployed \$41.2 million into our investment portfolio; these new investments, which carried a weighted-average effective yield of 19.05% at period end, contributed to the increase in our portfolio yield during the quarter.”

PORTFOLIO AND INVESTMENT ACTIVITIES

As of July 31, 2025, the total fair value of our investment portfolio was \$279.4 million, which was equal to 83.7% of amortized cost. For the quarter ended July 31, 2025, our CLO equity cash flow yield³ was 17.48% based on amortized cost.

Portfolio Overview (\$ in millions)	At	
	July 31, 2025	April 30, 2025
Total investments, at fair value	\$ 279.4	\$ 252.2
Total number of issuers	89	85
Weighted-average effective yield ⁴	14.04%	14.07%

³ 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.

⁴ Based on amortized cost at period end; excludes discount accretion on CLO debt investments.

Portfolio Purchases (\$ in millions)	For the Fiscal Quarter Ended	
	July 31, 2025	April 30, 2025
CLO equity investments	\$ 36.8	\$ 39.5
CLO debt investments	2.0	—
Loan accumulation facility investments	2.2	2.2
Other CLO equity-related investments (i.e., fee rebates)	0.2	0.2
Total investments	\$ 41.2	\$ 41.9
Weighted-average effective yield - period end	19.05%	20.96%

Portfolio Composition (\$ in millions)	At July 31, 2025	
	Amortized Cost	Fair Value
CLO equity investments	\$ 311.8	\$ 256.1
CLO debt investments	14.6	15.3
Loan accumulation facility investments	6.0	6.0
Other CLO equity-related investments (i.e., fee rebates)	1.5	2.0
Total investments	\$ 333.9	\$ 279.4

RESULTS OF OPERATIONS

Interest Income

During the fiscal quarter ended July 31, 2025, interest income increased to \$11.9 million from \$10.2 million during the prior quarter. The increase in interest income was primarily due to net investment deployment (purchases, net of sales and repayments) of \$27.6 million and a 0.34% increase in the interest income yield of our investment portfolio as compared to the prior quarter.

Expenses

During the fiscal quarter ended July 31, 2025, total expenses increased by \$0.8 million to \$5.8 million, primarily due to a \$0.4 million increase in interest expense related to a full quarter of expense on our 8.00% Series G Term Preferred Stock due 2030 and a \$0.3 million aggregate increase in base management and incentive fees due to portfolio growth.

Net Realized and Unrealized Gain (Loss) on Investments

During the fiscal quarter ended July 31, 2025, net gain on investments of \$1.9 million was primarily due to net unrealized appreciation on our CLO equity investments, attributable to the tightening of CLO spread levels coupled with an increase in underlying collateral loan prices during the quarter.

DISTRIBUTIONS

Fourth Fiscal 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
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August 2025	August 15, 2025	August 29, 2025	\$0.115
September 2025	September 15, 2025	September 30, 2025	\$0.115
October 2025	October 15, 2025	October 31, 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

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

Preferred Stock Series	Month	Record Date	Payment Date	Cash Distribution Per Share
6.125% Series C Term Preferred Stock (Nasdaq: OCCIO)	August 2025	August 15, 2025	August 29, 2025	\$0.1276042
	September 2025	September 15, 2025	September 30, 2025	\$0.1276042
	October 2025	October 15, 2025	October 31, 2025	\$0.1276042
	November 2025	November 17, 2025	November 28, 2025	\$0.1276042
	December 2025	December 12, 2025	December 31, 2025	\$0.1276042
	January 2026	January 15, 2026	January 30, 2026	\$0.1276042
6.00% Series D Term Preferred Stock	August 2025	August 15, 2025	August 29, 2025	\$0.125
	September 2025	September 15, 2025	September 30, 2025	\$0.125
	October 2025	October 15, 2025	October 31, 2025	\$0.125
	November 2025	November 17, 2025	November 28, 2025	\$0.125
	December 2025	December 12, 2025	December 31, 2025	\$0.125
	January 2026	January 15, 2026	January 30, 2026	\$0.125
5.25% Series E Term Preferred Stock (Nasdaq: OCCIN)	August 2025	August 15, 2025	August 29, 2025	\$0.109375
	September 2025	September 15, 2025	September 30, 2025	\$0.109375
	October 2025	October 15, 2025	October 31, 2025	\$0.109375
	November 2025	November 17, 2025	November 28, 2025	\$0.109375
	December 2025	December 12, 2025	December 31, 2025	\$0.109375
	January 2026	January 15, 2026	January 30, 2026	\$0.109375
7.875% Series F Term Preferred Stock (Nasdaq: OCCIM)	August 2025	August 15, 2025	August 29, 2025	\$0.1640625
	September 2025	September 15, 2025	September 30, 2025	\$0.1640625
	October 2025	October 15, 2025	October 31, 2025	\$0.1640625
	November 2025	November 17, 2025	November 28, 2025	\$0.1640625
	December 2025	December 12, 2025	December 31, 2025	\$0.1640625
	January 2026	January 15, 2026	January 30, 2026	\$0.1640625
8.00% Series G Term Preferred Stock	August 2025	August 15, 2025	August 29, 2025	\$0.16666667
	September 2025	September 15, 2025	September 30, 2025	\$0.16666667
	October 2025	October 15, 2025	October 31, 2025	\$0.16666667
	November 2025	November 17, 2025	November 28, 2025	\$0.16666667
	December 2025	December 12, 2025	December 31, 2025	\$0.16666667
	January 2026	January 15, 2026	January 30, 2026	\$0.16666667

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

	As of July 31, 2025
Assets:	
Investments, at fair value (amortized cost of \$333,925,279)	\$ 279,413,462

Cash and cash equivalents	7,332,005
Interest receivable	345,365
Other assets	313,117
Total assets	287,403,949
Liabilities:	
Preferred stock (net of deferred issuance costs of \$2,188,193)	113,711,807
Payable to adviser and affiliates	3,420,647
Other liabilities	242,000
Total liabilities	117,374,454
Net assets	\$ 170,029,495
Net assets consist of:	
Common stock, par value of \$0.001 per share; 90,000,000 shares authorized and 27,716,012 shares issued and outstanding	\$ 27,716
Paid-in capital in excess of par	241,806,374
Total accumulated losses	(71,804,595)
Total net assets	\$ 170,029,495
Net asset value per common share	\$ 6.13

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

	Three Months Ended	Nine Months Ended
	July 31, 2025	July 31, 2025
Investment income:		
Interest income	\$ 11,875,174	\$ 32,177,892
Operating expenses:		
Interest expense	2,148,056	5,544,385
Incentive fees	1,512,696	4,093,485
Base management fees	1,263,086	3,609,133
Administration fees	402,998	1,086,561
Professional fees	270,419	791,537
Other expenses	227,136	678,850
Total operating expenses	5,824,391	15,803,951
Net investment income	6,050,783	16,373,941
Net realized and unrealized gain (loss) on investments:		
Net realized loss on investments	(1,934,404)	(2,775,095)
Net change in unrealized appreciation (depreciation) on investments	3,813,971	(14,443,821)
Net gain (loss) on investments	1,879,567	(17,218,916)
Net increase (decrease) in net assets resulting from operations	\$ 7,930,350	\$ (844,975)
Weighted-average common shares outstanding	27,179,615	24,785,225

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 1940⁵, as amended, and headquartered in Chicago with additional offices in New York and Los Angeles.

⁵ 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; 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 escalated armed conflict and heightened regional tensions in the Middle East, the agenda of the U.S. presidential administration, including the impact of tariff enactment and tax reductions, trade disputes with other countries, 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 July 31, 2025 and April 30, 2025:

	For the Fiscal Quarter Ended July 31, 2025		For the Fiscal Quarter Ended April 30, 2025	
	Amount	Per Common Share Amount	Amount	Per Common Share Amount
Net investment income	\$ 6,050,783	\$ 0.22	\$ 5,172,411	\$ 0.21
CLO equity adjustments	2,476,308	0.09	4,049,003	0.16
Core NII	<u>\$ 8,527,091</u>	<u>\$ 0.31</u>	<u>\$ 9,221,414</u>	<u>\$ 0.37</u>

The following table provides a reconciliation of GAAP NII to Core NII for the nine months ended July 31, 2025 and 2024:

	For the Nine Months Ended July 31, 2025		For the Nine Months Ended July 31, 2024	
	Amount	Per Common Share Amount	Amount	Per Common Share Amount
Net investment income	\$ 16,373,941	\$ 0.66	\$ 12,952,411	\$ 0.81
CLO equity adjustments	8,891,204	0.36	10,275,605	0.64
Core NII	<u>\$ 25,265,145</u>	<u>\$ 1.02</u>	<u>\$ 23,228,016</u>	<u>\$ 1.45</u>

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INVESTOR RELATIONS:

OFS Credit Company, Inc.

Steve Altebrando

847-734-2085

investorrelations@ofscreditcompany.com

Source: OFS Credit Company, Inc.