



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

June 10, 2025

CHICAGO--(BUSINESS WIRE)--Jun. 10, 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 April 30, 2025.

SECOND QUARTER HIGHLIGHTS

- Net investment income ("NII") of \$5.2 million, or \$0.21 per common share, for the fiscal quarter ended April 30, 2025. This compares to NII of \$5.2 million, or \$0.23 per common share, for the fiscal quarter ended January 31, 2025. During the fiscal quarter ended April 30, 2025, NII remained stable while NII per common share decreased by \$0.02 to \$0.21 due to a decrease in our net interest spread¹.
- Core net investment income ("Core NII")² of \$9.2 million, or \$0.37 per common share, for the fiscal quarter ended April 30, 2025. This compares to Core NII of \$7.5 million, or \$0.34 per common share, for the fiscal quarter ended January 31, 2025. Core NII increased for the fiscal quarter ended April 30, 2025, because recurring waterfall payments from CLO equity investments increased to \$13.0 million from \$10.9 million in the prior quarter, primarily attributable to an increase in issuers making their first payments since our investment.
- Net asset value ("NAV") per common share of \$6.17 at April 30, 2025, a decrease from NAV of \$7.00 at January 31, 2025. This decrease in NAV was primarily due to a net loss on investments of \$0.71 per common share. See additional information under "Results of Operations" below.
- During the fiscal quarter ended April 30, 2025, the interest income yield³ of our investment portfolio was 14.04%, based on average amortized cost.
- During the fiscal quarter ended April 30, 2025, we issued 2,317,132 shares of common stock through our At-the-Market offering, for net proceeds of \$16.2 million, after deducting commissions, fees and offering costs.

OTHER RECENT EVENTS

- As previously announced, on April 3, 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 July 31, 2025, which implies an annualized cash distribution rate of 20.7% based on the closing market price of \$6.67 per common share on April 30, 2025. See additional information under "Distributions" below.
- On April 1, 2025, through a private placement, we issued 1,000,000 shares of our 8.00% Series G Term Preferred Stock due 2030 at a price of \$24.25 per share, raising approximately \$24.3 million in net proceeds, before offering costs.

SELECTED FINANCIAL HIGHLIGHTS

(in millions, except per share data)

	At	
	April 30, 2025	January 31, 2025
Balance Sheet Highlights		
Total investments, at fair value	\$ 252.2	\$ 237.5
Total outstanding preferred stock - principal	115.9	90.9
Total net assets	160.3	164.2
NAV per common share	6.17	7.00
Operating Highlights		
(Per common share)		
	For the Fiscal Quarter Ended	
	April 30, 2025	January 31, 2025
Net investment income	\$ 0.21	\$ 0.23
Net realized gain (loss) on investments ⁴	(0.04)	—
Net change in unrealized depreciation on investments	(0.67)	(0.06)
Net earnings (loss)	\$ (0.50)	\$ 0.17
Reconciliation of Core NII — Non-GAAP ⁵		
Net investment income	\$ 0.21	\$ 0.23
CLO equity adjustments	0.16	0.11
Core NII	\$ 0.37	\$ 0.34

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 fiscal quarter ended January 31, 2025, net realized gain on investments rounds to less than \$0.01 per common share.

MANAGEMENT COMMENTARY

"During our second fiscal quarter, we raised additional capital of approximately \$40.4 million through the issuance of common and preferred stock," said Bilal Rashid, Chief Executive Officer. "We deployed additional capital into our investment portfolio, which as of April 30, 2025, increased our weighted-average remaining reinvestment period to 3.4 years and weighted-average effective yield to 14.07%."

PORTFOLIO AND INVESTMENT ACTIVITIES

As of April 30, 2025, the total fair value of our investment portfolio was \$252.2 million, which was equal to 81.2% of amortized cost. For the quarter ended April 30, 2025, our CLO equity cash flow yield⁵ was 20.04% based on amortized cost.

Portfolio Overview (\$ in millions)	At	
	April 30, 2025	January 31, 2025
Total investments, at fair value	\$ 252.2	\$ 237.5
Total number of issuers	85	80
Weighted-average effective yield ⁶	14.07%	13.46%

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 Purchases (\$ in millions)	For the Fiscal Quarter Ended	
	April 30, 2025	January 31, 2025
CLO equity investments	\$ 39.5	\$ 22.4
CLO debt investments	—	17.0
Loan accumulation facility investments	2.2	9.4
Other CLO equity-related investments (i.e., fee rebates)	0.2	—
Total investments	\$ 41.9	\$ 48.8
Weighted-average effective yield - period end	20.96%	15.99%

Portfolio Composition (\$ in millions)	At April 30, 2025	
	Amortized Cost	Fair Value
CLO equity investments	\$ 281.6	\$ 221.9
CLO debt investments	16.9	17.8
Loan accumulation facility investments	10.7	10.7
Other CLO equity-related investments (i.e., fee rebates)	1.4	1.8
Total investments	\$ 310.6	\$ 252.2

RESULTS OF OPERATIONS

Interest Income

During the fiscal quarter ended April 30, 2025, interest income increased to \$10.2 million from \$10.1 million during the prior quarter. The increase in interest income was primarily due to net investment deployment (purchases, net of sales and repayments) of \$36.4 million, partially offset by a 0.64% decrease in the interest income yield of our investment portfolio as compared to the prior quarter.

Expenses

During the fiscal quarter ended April 30, 2025, total expenses increased by \$0.2 million to \$5.1 million, primarily due to an increase of \$0.2 million in interest expense related to one month of expense on our 8.00% Series G Term Preferred Stock due 2030.

Net Realized and Unrealized Gain (Loss) on Investments

During the fiscal quarter ended April 30, 2025, net loss on investments of \$17.8 million was primarily due to net unrealized depreciation of \$16.8 million on our CLO equity investments, attributable to meaningful widening in debt spread levels coupled with a decrease in underlying collateral loan prices during the quarter.

DISTRIBUTIONS

Third 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
May 2025	May 20, 2025	May 30, 2025	\$0.115
June 2025	June 20, 2025	June 30, 2025	\$0.115
July 2025	July 21, 2025	July 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.

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

	As of April 30, 2025
Assets:	
Investments, at fair value (amortized cost of \$310,569,859)	\$ 252,244,071
Cash and cash equivalents	23,070,925
Receivable for common stock sold	467,715
Interest receivable	1,137,268
Other assets	369,974
Total assets	277,289,953
Liabilities:	
Preferred stock (net of deferred issuance costs of \$2,390,395)	113,509,605
Payable to adviser and affiliates	2,991,239
Other liabilities	486,316
Total liabilities	116,987,160
Net assets	\$ 160,302,793
Net assets consist of:	
Common stock, par value of \$0.001 per share; 90,000,000 shares authorized and 25,966,491 shares issued and outstanding	\$ 25,966
Paid-in capital in excess of par	230,585,385
Total accumulated losses	(70,308,558)
Total net assets	\$ 160,302,793
Net asset value per common share	\$ 6.17

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

	Three Months Ended April 30, 2025	Six Months Ended April 30, 2025
Investment income:		
Interest income	\$ 10,243,605	\$ 20,302,718
Operating expenses:		
Interest expense	1,787,971	3,396,329
Incentive fees	1,293,103	2,580,789
Base management fees	1,219,379	2,346,048
Administration fees	300,688	683,562
Professional fees	239,825	521,117
Other expenses	230,228	451,715
Total operating expenses	5,071,194	9,979,560

Net investment income	5,172,411	10,323,158
Net realized and unrealized gain (loss) on investments:		
Net realized loss on investments	(868,661)	(840,691)
Net change in unrealized depreciation on investments	(16,881,760)	(18,257,792)
Net loss on investments	(17,750,421)	(19,098,483)
Net decrease in net assets resulting from operations	\$ (12,578,010)	\$ (8,775,325)
Weighted-average common shares outstanding	25,197,302	23,568,187

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; 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 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 April 30, 2025 and January 31, 2025:

For the Fiscal Quarter Ended	For the Fiscal Quarter Ended
------------------------------	------------------------------

	April 30, 2025		January 31, 2025	
	Amount	Per Common Share Amount	Amount	Per Common Share Amount
Net investment income	\$ 5,172,411	\$ 0.21	\$ 5,150,747	\$ 0.23
CLO equity adjustments	4,049,003	0.16	2,365,893	0.11
Core NII	<u>\$ 9,221,414</u>	<u>\$ 0.37</u>	<u>\$ 7,516,640</u>	<u>\$ 0.34</u>

The following table provides a reconciliation of GAAP NII to Core NII for the six months ended April 30, 2025 and 2024:

	For the Six Months Ended April 30, 2025		For the Six Months Ended April 30, 2024	
	Amount	Per Common Share Amount	Amount	Per Common Share Amount
Net investment income	\$ 10,323,158	\$ 0.44	\$ 9,093,433	\$ 0.57
CLO equity adjustments	6,414,896	0.27	6,564,403	0.41
Core NII	<u>\$ 16,738,054</u>	<u>\$ 0.71</u>	<u>\$ 15,657,836</u>	<u>\$ 0.98</u>

OFS® and OFS Credit® are registered trademarks of Orchard First Source Asset Management, LLC.

OFS Capital Management™ is a trademark of Orchard First Source Asset Management, LLC.

View source version on [businesswire.com](https://www.businesswire.com/news/home/20250610127953/en/): <https://www.businesswire.com/news/home/20250610127953/en/>

INVESTOR RELATIONS:

OFS Credit Company, Inc.

Steve Altebrando

847-734-2085

investorrelations@ofscreditcompany.com

Source: OFS Credit Company, Inc.