
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 3, 2022

Oaktree Specialty Lending Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

814-00755
(Commission
File Number)

26-1219283
(IRS Employer
Identification No.)

333 South Grand Avenue, 28th Floor
Los Angeles, CA
(Address of principal executive offices)

90071
(Zip Code)

Registrant's telephone number, including area code: (213) 830-6300

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class
Common stock, par value \$0.01 per share

Trading Symbol(s)
OCSL

Name of each exchange on which registered
The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02. Results of Operations and Financial Condition.

On February 3, 2022, Oaktree Specialty Lending Corporation (the “Company”) issued a press release announcing its financial results for the fiscal quarter ended December 31, 2021. A copy of the press release is attached hereto as Exhibit 99.1.

On February 3, 2022, the Company will host a conference call to discuss its financial results for the fiscal quarter ended December 31, 2021. In connection therewith, the Company provided an investor presentation on its website at <http://www.oaktreespecialtylending.com>. A copy of the investor presentation is attached hereto as Exhibit 99.2.

The information disclosed under this Item 2.02, including Exhibits 99.1 and 99.2 hereto, is being “furnished” and is not deemed “filed” by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section, nor is it deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits*

99.1 [Press release of Oaktree Specialty Lending Corporation dated February 3, 2022](#)

99.2 [Oaktree Specialty Lending Corporation First Quarter 2022 Earnings Presentation](#)

SIGNATURE

Pursuant to the requirements of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

OAKTREE SPECIALTY LENDING CORPORATION

Date: February 3, 2022

By: /s/ Christopher McKown

Name: Christopher McKown

Title: Chief Financial Officer and Treasurer



Oaktree Specialty Lending Corporation Announces First Fiscal Quarter 2022 Financial Results and Declares Increased Distribution of \$0.16 Per Share

LOS ANGELES, CA, February 3, 2022 - Oaktree Specialty Lending Corporation (NASDAQ: OCSL) ("Oaktree Specialty Lending" or the "Company"), a specialty finance company, today announced its financial results for the fiscal quarter ended December 31, 2021.

Financial Highlights for the Quarter Ended December 31, 2021

- **Total investment income** was \$64.9 million (\$0.36 per share) for the first fiscal quarter of 2022, as compared with \$63.8 million (\$0.35 per share) for the fourth fiscal quarter of 2021. Adjusted total investment income was \$62.1 million (\$0.34 per share) for the first fiscal quarter of 2022, as compared with \$58.2 million (\$0.32 per share) for the fourth fiscal quarter of 2021. The increase was primarily driven by higher interest income resulting from a larger investment portfolio.
- **GAAP net investment income** was \$32.3 million (\$0.18 per share) for the first fiscal quarter of 2022, as compared with \$33.0 million (\$0.18 per share) for the fourth fiscal quarter of 2021. The decrease for the quarter was principally from higher incentive fees and higher interest expense, partially offset by higher fee income.
- **Adjusted net investment income** was \$31.2 million (\$0.17 per share) for the first fiscal quarter of 2022, as compared with \$29.1 million (\$0.16 per share) for the fourth fiscal quarter of 2021. The increase for the quarter primarily reflected higher adjusted total investment income, which was driven by higher interest income and fee income, partially offset by higher incentive fees and higher interest expense.
- **Net asset value ("NAV") per share** was \$7.34 as of December 31, 2021, up 0.8% from \$7.28 as of September 30, 2021. The increase was primarily driven by realized and unrealized gains on certain investments and undistributed net investment income.
- **Originated** \$299.9 million of new investment commitments and received \$235.0 million of proceeds from prepayments, exits, other paydowns and sales during the quarter ended December 31, 2021. Of these new investment commitments, 73% were first lien loans, 26% were second lien loans and 1% were equity investments. The weighted average yield on new debt investments was 8.1%.
- **No investments were on non-accrual status** as of December 31, 2021.
- **Total debt outstanding** was \$1,300.0 million as of December 31, 2021. The total debt to equity ratio was 0.98x, and the net debt to equity ratio was 0.95x, after adjusting for cash and cash equivalents.
- **Liquidity** as of December 31, 2021 was composed of \$43.8 million of unrestricted cash and cash equivalents and \$550.0 million of undrawn capacity under the credit facilities (subject to borrowing base and other limitations). Unfunded investment commitments were \$295.3 million, or \$246.3 million excluding unfunded commitments to the Company's joint ventures. Of the \$246.3 million, approximately \$203.4 million can be drawn immediately with the remaining amount subject to certain milestones that must be met by portfolio companies.
- **A quarterly cash distribution was declared** of \$0.16 per share, up 3% from the prior quarter and the seventh consecutive quarterly distribution increase. The distribution will be paid in cash and is payable on March 31, 2022 to stockholders of record on March 15, 2022.

Armen Panossian, Chief Executive Officer and Chief Investment Officer, said, "OCSL delivered another strong quarter with adjusted net investment income of \$0.17 per share, up 7% from the prior quarter. Credit quality remains high with no non-accruals, and NAV grew by 1% sequentially to \$7.34 per share. Based on our continued exceptional performance, we increased our dividend for the seventh consecutive quarter to \$0.16 per share. All told, we are off to a solid start to the fiscal year and believe we are well-positioned to continue to deliver attractive risk-adjusted returns to our shareholders."

Appointment of Matthew Stewart as Chief Operating Officer

On January 28, 2022, the Company's Board of Directors appointed Matthew Stewart as Chief Operating Officer of the Company, effective immediately. Mathew Pendo, previously the Company's President and Chief Operating Officer, will continue in his role as the Company's President.

Mr. Stewart is a Senior Vice President and investment professional on Oaktree's Strategic Credit team responsible for supporting the strategy's portfolio management and day-to-day operations. Prior to joining Oaktree in 2017, Mr. Stewart held several roles within the credit businesses of Stifel Nicolaus, Knight Capital and Fifth Street Management. Mr. Stewart began his career in the restructuring group at BDO Consulting. He received a B.B.A. in finance and a B.S. in accountancy from Villanova University. Mr. Stewart is a CFA charterholder.

Mr. Panossian said, "Matt has contributed to the growth and success of OCSL since Oaktree took over management over four years ago. He has played a key part in helping to improve our capital structure and supporting me in managing the investment portfolio. I am very proud of Matt's accomplishments and wish to congratulate him on this well-deserved promotion."

Distribution Declaration

The Board of Directors declared a quarterly distribution of \$0.16 per share, an increase of 3%, or \$0.005 per share, from the prior quarter and the seventh consecutive quarterly distribution increase. The distribution is payable on March 31, 2022 to stockholders of record on March 15, 2022.

Distributions are paid primarily from distributable (taxable) income. To the extent taxable earnings for a fiscal taxable year fall below the total amount of distributions for that fiscal year, a portion of those distributions may be deemed a return of capital to the Company's stockholders.

Results of Operations

	For the three months ended		
	December 31, 2021 (unaudited)	September 30, 2021 (unaudited)	December 31, 2020 (unaudited)
(\$ in thousands, except per share data)			
GAAP operating results:			
Interest income	\$ 55,450	\$ 55,094	\$ 31,633
PIK interest income	4,663	4,960	3,089
Fee income	912	645	3,352
Dividend income	3,916	3,101	130
Total investment income	64,941	63,800	38,204
Net expenses	29,338	28,321	28,186
Net investment income before taxes	35,603	35,479	10,018
(Provision) benefit for taxes on net investment income	(3,308)	(2,437)	—
Net investment income	32,295	33,042	10,018
Net realized and unrealized gains (losses), net of taxes	7,113	3,519	55,526
Net increase (decrease) in net assets resulting from operations	\$ 39,408	\$ 36,561	\$ 65,544
Total investment income per common share	\$ 0.36	\$ 0.35	\$ 0.27
Net investment income per common share	\$ 0.18	\$ 0.18	\$ 0.07
Net realized and unrealized gains (losses), net of taxes per common share	\$ 0.04	\$ 0.02	\$ 0.39
Earnings (loss) per common share — basic and diluted	\$ 0.22	\$ 0.20	\$ 0.46
Non-GAAP Financial Measures¹:			
Adjusted total investment income	\$ 62,093	\$ 58,229	\$ 38,204
Adjusted net investment income	31,198	29,100	19,558
Adjusted net realized and unrealized gains (losses), net of taxes	9,959	9,088	55,526
Adjusted earnings (loss)	39,406	36,559	65,544
Adjusted total investment income per share	0.34	0.32	0.27
Adjusted net investment income per share	0.17	0.16	0.14
Adjusted net realized and unrealized gains (losses), net of taxes per share	0.06	0.05	0.39
Adjusted earnings (loss) per share	0.22	0.20	0.46

¹ See *Non-GAAP Financial Measures* below for a description of the non-GAAP measures and the reconciliations from the most comparable GAAP financial measures to the Company's non-GAAP measures, including on a per share basis. The Company's management uses these non-GAAP financial measures internally to analyze and evaluate financial results and performance and believes that these non-GAAP financial measures are useful to investors as an additional tool to evaluate ongoing results and trends for the Company and to review the Company's performance without giving effect to non-cash income/gain resulting from the Merger and in the case of adjusted net investment income, without giving effect to capital gains incentive fees. The presentation of non-GAAP measures is not intended to be a substitute for financial results prepared in accordance with GAAP and should not be considered in isolation.

	As of	
	December 31, 2021 (unaudited)	September 30, 2021
(\$ in thousands, except per share data and ratios)		
Select balance sheet and other data:		
Cash and cash equivalents	\$ 43,765	\$ 29,334
Investment portfolio at fair value	2,588,623	2,556,629
Total debt outstanding (net of unamortized financing costs)	1,285,461	1,268,743
Net assets	1,325,061	1,312,823
Net asset value per share	7.34	7.28
Total debt to equity ratio	0.98x	0.97x
Net debt to equity ratio	0.95x	0.95x

Adjusted total investment income for the quarter ended December 31, 2021 was \$62.1 million and included \$52.6 million of interest income from portfolio investments, \$4.7 million of payment-in-kind ("PIK") interest income, \$0.9 million of fee income and \$3.9 million of dividend income. The increase of \$3.9 million from the September quarter reflected \$2.8 million of higher interest income resulting from a larger average investment portfolio, \$0.8 million of higher dividend income from one investment and \$0.3 million of higher fee income primarily from higher prepayment fees.

Net expenses for the quarter ended December 31, 2021 totaled \$29.3 million, up \$1.0 million from the quarter ended September 30, 2021. The increase reflected \$0.6 million of higher incentive fees primarily due to higher adjusted total investment income and \$0.4 million of higher interest expense resulting from an increase in borrowings outstanding.

Adjusted net investment income was \$31.2 million (\$0.17 per share) for the quarter ended December 31, 2021, up from \$29.1 million (\$0.16 per share) for the quarter ended September 30, 2021. The increase reflected \$3.9 million of higher adjusted total investment income, partially offset by \$0.9 million of higher net expenses (excluding Part II incentive fees) and

a \$0.9 million increase in income tax expense. The increase in provision for taxes on net investment income was the result of higher tax distributions received from one portfolio investment. Such tax distributions are included in adjusted total investment income and are fully offset by provision for taxes on net investment income, which resulted in no net impact on adjusted net investment income.

Adjusted net realized and unrealized gains, net of taxes, were \$10.0 million for the quarter ended December 31, 2021, respectively, primarily reflecting gains on certain debt and equity investments.

Portfolio and Investment Activity

	As of		
	December 31, 2021 (unaudited)	September 30, 2021 (unaudited)	December 31, 2020 (unaudited)
(\$ in thousands)			
Investments at fair value	\$ 2,588,623	\$ 2,556,629	\$ 1,712,324
Number of portfolio companies	140	138	115
Average portfolio company debt size	\$ 18,500	\$ 18,700	\$ 16,200
Asset class:			
Senior secured debt	87.4 %	86.7 %	85.7 %
Unsecured debt	1.0 %	1.7 %	3.1 %
Equity	4.2 %	4.2 %	3.8 %
JV interests	7.4 %	7.4 %	7.3 %
Limited partnership interests	— %	— %	0.1 %
Non-accrual debt investments:			
Non-accrual investments at fair value	\$ —	\$ —	\$ 470
Non-accrual investments as a percentage of debt investments	— %	— %	— %
Number of investments on non-accrual	—	—	1
Interest rate type:			
Percentage floating-rate	91.6 %	91.5 %	88.8 %
Percentage fixed-rate	8.4 %	8.5 %	11.2 %
Yields:			
Weighted average yield on debt investments ¹	8.7 %	8.7 %	8.5 %
Cash component of weighted average yield on debt investments	7.5 %	7.4 %	7.1 %
Weighted average yield on total portfolio investments ²	8.3 %	8.3 %	8.0 %
Investment activity³:			
New investment commitments	\$ 299,900	\$ 385,000	\$ 286,300
New funded investment activity ⁴	\$ 240,800	\$ 416,400	\$ 241,500
Proceeds from prepayments, exits, other paydowns and sales	\$ 235,000	\$ 201,800	\$ 160,700
Net new investments ⁵	\$ 5,800	\$ 214,600	\$ 80,800
Number of new investment commitments in new portfolio companies	12	14	14
Number of new investment commitments in existing portfolio companies	9	6	7
Number of portfolio company exits	10	11	12

¹ Annual stated yield earned plus net annual amortization of OID or premium earned on accruing investments, including the Company's share of the return on debt investments in the SLF JV I and Glick JV, and excluding any amortization or accretion of interest income resulting solely from the cost basis established by ASC 805 (see Non-GAAP Financial Measures below) for the assets acquired in connection with the Merger.

² Annual stated yield earned plus net annual amortization of OID or premium earned on accruing investments and dividend income, including the Company's share of the return on debt investments in the SLF JV I and Glick JV, and excluding any amortization or accretion of interest income resulting solely from the cost basis established by ASC 805 for the assets acquired in connection with the Merger.

³ Excludes the assets acquired as part of the Merger.

⁴ New funded investment activity includes drawdowns on existing revolver and delayed draw term loan commitments.

⁵ Net new investments consists of new funded investment activity less proceeds from prepayments, exits, other paydowns and sales.

As of December 31, 2021, the fair value of the investment portfolio was \$2.6 billion and was composed of investments in 140 companies. These included debt investments in 124 companies, equity investments in 34 companies, including limited partnership interests in one private equity fund, and the Company's joint venture investments in SLF JV I ("SLF JV I") and OCSI Glick JV LLC ("Glick JV"). 20 of the equity investments were in companies in which the Company also had a debt investment.

As of December 31, 2021, 94.3% of the Company's portfolio at fair value consisted of debt investments, including 69.7% of first lien loans, 17.7% of second lien loans and 6.9% of unsecured debt investments, including the debt investments in SLF JV I and Glick JV. This compared to 69.1% of first lien loans, 17.6% of second lien loans and 7.6% of unsecured debt investments, including the debt investments in SLF JV I and Glick JV, as of September 30, 2021.

As of December 31, 2021, there were no investments on non-accrual status.

The Company's investments in SLF JV I totaled \$134.7 million at fair value as of December 31, 2021, up 1% from \$133.9 million as of September 30, 2021. The increase in the value of the Company's investments in SLF JV I was primarily driven by undistributed net investment income.

As of December 31, 2021, SLF JV I had \$393.3 million in assets, including senior secured loans to 61 portfolio companies. This compared to \$379.2 million in assets, including senior secured loans to 55 portfolio companies, as of September 30, 2021. As of December 31, 2021, there were no investments held by SLF JV I on non-accrual status. SLF JV I generated cash interest income of \$2.0 million for the Company during the quarter ended December 31, 2021, which was unchanged from the prior quarter. In addition, SLF JV I generated dividend income of \$0.5 million for the Company during the quarter ended December 31, 2021, which was consistent with the prior quarter. As of December 31, 2021, SLF JV I had \$40.0 million of undrawn capacity (subject to borrowing base and other limitations) on its \$260 million senior revolving credit facility, and its debt to equity ratio was 1.4x.

The Company's investments in Glick JV totaled \$55.9 million at fair value as of December 31, 2021, up slightly from \$55.6 million as of September 30, 2021. As of December 31, 2021, Glick JV had \$145.1 million in assets, including senior secured loans to 44 portfolio companies. This compared to \$141.0 million in assets, including senior secured loans to 37 portfolio companies, as of September 30, 2021. As of December 31, 2021, there were no investments held by Glick JV on non-accrual status. Glick JV generated cash interest income of \$0.7 million during the quarter ended December 31, 2021, which was unchanged as compared to the prior quarter. As of December 31, 2021, Glick JV had \$18.1 million of undrawn capacity (subject to borrowing base and other limitations) on its \$90 million senior revolving credit facility, and its debt to equity ratio was 1.1x.

Liquidity and Capital Resources

As of December 31, 2021, the Company had total principal value of debt outstanding of \$1,300.0 million, including \$650.0 million of outstanding borrowings under its revolving credit facilities, \$300.0 million of the 3.500% Notes due 2025 and \$350.0 million of the 2.700% Notes due 2027. The funding mix was composed of 50% secured and 50% unsecured borrowings as of December 31, 2021. The Company was in compliance with all financial covenants under its credit facilities as of December 31, 2021.

On November 18, 2021, the Company entered into an amendment to the Citibank Facility that, among other things, increased the size of the facility by \$50 million to \$200 million and extended the reinvestment period and final maturity date. On December 10, 2021, the Company entered into an incremental commitment and assumption agreement pursuant to which a new lender provided additional commitments of \$50 million under the Syndicated Facility, which increased the size of the Syndicated Facility to \$1.0 billion.

As of December 31, 2021, the Company had \$43.8 million of unrestricted cash and cash equivalents and \$550.0 million of undrawn capacity on its credit facilities (subject to borrowing base and other limitations). As of December 31, 2021, unfunded investment commitments were \$295.3 million, or \$246.3 million excluding unfunded commitments to the Company's joint ventures. Of the \$246.3 million, approximately \$203.4 million could be drawn immediately with the remaining amount subject to certain milestones that must be met by portfolio companies. The Company has analyzed cash and cash equivalents, availability under its credit facilities, the ability to rotate out of certain assets and amounts of unfunded commitments that could be drawn and believes its liquidity and capital resources are sufficient to take advantage of market opportunities in the current economic climate.

As of December 31, 2021, the weighted average interest rate on debt outstanding, including the effect of the interest rate swap agreement, was 2.3%, down from 2.4% as of September 30, 2021.

The Company's total debt to equity ratio was 0.98x and 0.97x as of December 31, 2021 and September 30, 2021, respectively. The Company's net debt to equity ratio was 0.95x as of each of December 31, 2021 and September 30, 2021.

Non-GAAP Financial Measures

On a supplemental basis, the Company is disclosing certain adjusted financial measures, each of which is calculated and presented on a basis of methodology other than in accordance with GAAP ("non-GAAP"). The Company's management uses these non-GAAP financial measures internally to analyze and evaluate financial results and performance and believes that these non-GAAP financial measures are useful to investors as an additional tool to evaluate ongoing results and trends for the Company and to review the Company's performance without giving effect to non-cash income/gain resulting from the Merger and in the case of adjusted net investment income, without giving effect to capital gains incentive fees. The presentation of the below non-GAAP measures is not intended to be a substitute for financial results prepared in accordance with GAAP and should not be considered in isolation.

- **"Adjusted Total Investment Income" and "Adjusted Total Investment Income Per Share"** – represents total investment income excluding any amortization or accretion of interest income resulting solely from the cost basis established by ASC 805 (see below) for the assets acquired in connection with the Merger.
- **"Adjusted Net Investment Income" and "Adjusted Net Investment Income Per Share"** – represents net investment income, excluding (i) any amortization or accretion of interest income resulting solely from the cost basis established by ASC 805 (see below) for the assets acquired in connection with the Merger and (ii) capital gains incentive fees ("Part II incentive fees").
- **"Adjusted Net Realized and Unrealized Gains (Losses), Net of Taxes" and "Adjusted Net Realized and Unrealized Gains (Losses), Net of Taxes Per Share"** – represents net realized and unrealized gains (losses) net of taxes excluding any net realized and unrealized gains (losses) resulting solely from the cost basis established by ASC 805 (see below) for the assets acquired in connection with the Merger.
- **"Adjusted Earnings (Loss)" and "Adjusted Earnings (Loss) Per Share"** – represents the sum of (i) Adjusted Net Investment Income and (ii) Adjusted Net Realized and Unrealized Gains (Losses), Net of Taxes and includes the impact of Part II incentive fees¹, if any.

On March 19, 2021, the Company completed the Merger. The Merger was accounted for as an asset acquisition in accordance with the asset acquisition method of accounting as detailed in ASC 805-50, *Business Combinations—Related Issues* ("ASC 805"). The consideration paid to OCSI's stockholders was allocated to the individual assets acquired and liabilities assumed based on the relative fair values of the net identifiable assets acquired other than "non-qualifying" assets, which established a new cost basis for the acquired OCSI investments under ASC 805 that, in aggregate, was significantly lower than the historical cost basis of the acquired OCSI investments prior to the Merger. Additionally, immediately following the completion of the Merger, the acquired OCSI investments were marked to their respective fair values under ASC 820, *Fair Value Measurements*, which resulted in unrealized appreciation. The new cost basis established by ASC 805 on debt investments acquired will accrete over the life of each respective debt investment through interest income, with a corresponding adjustment recorded to unrealized appreciation on such investment acquired through its ultimate disposition. The new cost basis established by ASC 805 on equity investments acquired will not accrete over the life of such investments through interest income and, assuming no subsequent change to the fair value of the equity investments acquired and disposition of such equity investments at fair value, the Company will recognize a realized gain with a corresponding reversal of the unrealized appreciation on disposition of such equity investments acquired.

The Company's management uses the non-GAAP financial measures described above internally to analyze and evaluate financial results and performance and to compare its financial results with those of other business development companies that have not adjusted the cost basis of certain investments pursuant to ASC 805. The Company's management believes "Adjusted Total Investment Income", "Adjusted Total Investment Income Per Share", "Adjusted Net Investment Income" and "Adjusted Net Investment Income Per Share" are useful to investors as an additional tool to evaluate ongoing results and trends for the Company without giving effect to the accretion income resulting from the new cost basis of the OCSI investments acquired in the Merger because these amounts do not impact the fees payable to Oaktree Fund Advisors, LLC (the "Adviser") under its amended and restated advisory agreement (the "A&R Advisory Agreement"), and specifically as it relates to "Adjusted Net Investment Income" and "Adjusted Net Investment Income Per Share", without giving effect to Part II incentive fees. In addition, the Company's management believes that "Adjusted Net Realized and Unrealized Gains (Losses), Net of Taxes", "Adjusted Net Realized and Unrealized Gains (Losses), Net of Taxes Per Share", "Adjusted Earnings (Loss)" and "Adjusted Earnings (Loss) Per Share" are useful to investors as they exclude the non-cash income/gain resulting from the Merger and are used by management to evaluate the economic earnings of its investment portfolio. Moreover, these metrics align the Company's key financial measures with the calculation of incentive fees payable to the

¹ Adjusted earnings (loss) includes accrued Part II incentive fees. For the three months ended December 31, 2021, \$1.8 million of accrued Part II incentive fees were expensed. As of December 31, 2021, the total accrued Part II incentive fee liability was \$10.5 million. Part II incentive fees are contractually calculated and paid at the end of the fiscal year in accordance with the A&R Advisory Agreement, which differs from Part II incentive fees accrued under GAAP. Hypothetically, if Part II incentive fees were calculated as of December 31, 2021 under the A&R Advisory Agreement, the amount payable would have been \$2.8 million.

Adviser under with the A&R Advisory Agreement (i.e., excluding amounts resulting solely from the lower cost basis of the acquired OCSI investments established by ASC 805 that would have been to the benefit of the Adviser absent such exclusion).

The following table provides a reconciliation of total investment income (the most comparable U.S. GAAP measure) to adjusted total investment income for the periods presented:

	For the three months ended					
	December 31, 2021 (unaudited)		September 30, 2021 (unaudited)		December 31, 2020 (unaudited)	
	Amount	Per Share	Amount	Per Share	Amount	Per Share
(\$ in thousands, except per share data)						
GAAP total investment income	\$ 64,941	\$ 0.36	\$ 63,800	\$ 0.35	\$ 38,204	\$ 0.27
Less: Interest income accretion related to merger accounting adjustments	(2,848)	(0.02)	(5,571)	(0.03)	—	—
Adjusted total investment income	\$ 62,093	\$ 0.34	\$ 58,229	\$ 0.32	\$ 38,204	\$ 0.27

The following table provides a reconciliation of net investment income (the most comparable U.S. GAAP measure) to adjusted net investment income for the periods presented:

	For the three months ended					
	December 31, 2021 (unaudited)		September 30, 2021 (unaudited)		December 31, 2020 (unaudited)	
	Amount	Per Share	Amount	Per Share	Amount	Per Share
(\$ in thousands, except per share data)						
GAAP net investment income	\$ 32,295	\$ 0.18	\$ 33,042	\$ 0.18	\$ 10,018	\$ 0.07
Less: Interest income accretion related to merger accounting adjustments	(2,848)	(0.02)	(5,571)	(0.03)	—	—
Add: Part II incentive fee	1,751	0.01	1,629	0.01	9,540	0.07
Adjusted net investment income	\$ 31,198	\$ 0.17	\$ 29,100	\$ 0.16	\$ 19,558	\$ 0.14

The following table provides a reconciliation of net realized and unrealized gains (losses), net of taxes (the most comparable U.S. GAAP measure) to adjusted net realized and unrealized gains (losses), net of taxes for the periods presented:

	For the three months ended					
	December 31, 2021 (unaudited)		September 30, 2021 (unaudited)		December 31, 2020 (unaudited)	
	Amount	Per Share	Amount	Per Share	Amount	Per Share
(\$ in thousands, except per share data)						
GAAP net realized and unrealized gains (losses), net of taxes	\$ 7,113	\$ 0.04	\$ 3,519	\$ 0.02	\$ 55,526	\$ 0.39
Less: Net realized and unrealized losses (gains) related to merger accounting adjustments	2,846	0.02	5,569	0.03	—	—
Adjusted net realized and unrealized gains (losses), net of taxes	\$ 9,959	\$ 0.06	\$ 9,088	\$ 0.05	\$ 55,526	\$ 0.39

The following table provides a reconciliation of net increase (decrease) in net assets resulting from operations (the most comparable U.S. GAAP measure) to adjusted earnings (loss) for the periods presented:

	For the three months ended					
	December 31, 2021 (unaudited)		September 30, 2021 (unaudited)		December 31, 2020 (unaudited)	
	Amount	Per Share	Amount	Per Share	Amount	Per Share
(\$ in thousands, except per share data)						
Net increase (decrease) in net assets resulting from operations	\$ 39,408	\$ 0.22	\$ 36,561	\$ 0.20	\$ 65,544	\$ 0.46
Less: Interest income accretion related to merger accounting adjustments	(2,848)	(0.02)	(5,571)	(0.03)	—	—
Less: Net realized and unrealized losses (gains) related to merger accounting adjustments	2,846	0.02	5,569	0.03	—	—
Adjusted earnings (loss)	\$ 39,406	\$ 0.22	\$ 36,559	\$ 0.20	\$ 65,544	\$ 0.46

Conference Call Information

Oaktree Specialty Lending will host a conference call to discuss its first fiscal quarter 2022 results at 11:00 a.m. Eastern Time / 8:00 a.m. Pacific Time on February 3, 2022. The conference call may be accessed by dialing (877) 507-4376 (U.S. callers) or +1 (412) 317-5239 (non-U.S. callers). All callers will need to reference "Oaktree Specialty Lending" once connected with the operator. Alternatively, a live webcast of the conference call can be accessed through the Investors section of Oaktree Specialty Lending's website, www.oaktreespecialtylending.com. During the conference call, the Company intends to refer to an investor presentation that will be available on the Investors section of its website.

For those individuals unable to listen to the live broadcast of the conference call, a replay will be available on Oaktree Specialty Lending's website, or by dialing (877) 344-7529 (U.S. callers) or +1 (412) 317-0088 (non-U.S. callers), access code 3546944, beginning approximately one hour after the broadcast.

About Oaktree Specialty Lending Corporation

Oaktree Specialty Lending Corporation (NASDAQ:OCSL) is a specialty finance company dedicated to providing customized one-stop credit solutions to companies with limited access to public or syndicated capital markets. The Company's investment objective is to generate current income and capital appreciation by providing companies with flexible and innovative financing solutions including first and second lien loans, unsecured and mezzanine loans, and preferred equity. The Company is regulated as a business development company under the Investment Company Act of 1940, as amended, and is externally managed by Oaktree Fund Advisors, LLC, an affiliate of Oaktree Capital Management, L.P. For additional information, please visit Oaktree Specialty Lending's website at www.oaktreespecialtylending.com.

Forward-Looking Statements

Some of the statements in this press release constitute forward-looking statements because they relate to future events, future performance or financial condition. The forward-looking statements may include statements as to: future operating results of the Company and distribution projections; business prospects of the Company and the prospects of its portfolio companies; and the impact of the investments that the Company expects to make. In addition, words such as "anticipate," "believe," "expect," "seek," "plan," "should," "estimate," "project" and "intend" indicate forward-looking statements, although not all forward-looking statements include these words. The forward-looking statements contained in this press release involve risks and uncertainties. Certain factors could cause actual results and conditions to differ materially from those projected, including the uncertainties associated with (i) changes in the economy, financial markets and political environment, (ii) risks associated with possible disruption in the operations of the Company or the economy generally due to terrorism, natural disasters or the COVID-19 pandemic; (iii) future changes in laws or regulations (including the interpretation of these laws and regulations by regulatory authorities); (iv) conditions in the Company's operating areas, particularly with respect to business development companies or regulated investment companies; (v) general considerations associated with the COVID-19 pandemic; and (vi) other considerations that may be disclosed from time to time in the Company's publicly disseminated documents and filings. The Company has based the forward-looking statements included in this press release on information available to it on the date of this press release, and the Company assumes no obligation to update any such forward-looking statements. The Company undertakes 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 it may make directly to you or through reports that the Company in the future may file with the Securities and Exchange Commission, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.

Contacts

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Oaktree Specialty Lending Corporation
Consolidated Statements of Assets and Liabilities
(in thousands, except per share amounts)

	December 31, 2021 (unaudited)	September 30, 2021
ASSETS		
Investments at fair value:		
Control investments (cost December 31, 2021: \$272,970; cost September 30, 2021: \$283,599)	\$ 259,469	\$ 270,765
Affiliate investments (cost December 31, 2021: \$18,845; cost September 30, 2021: \$18,763)	18,120	18,289
Non-control/Non-affiliate investments (cost December 31, 2021: \$2,283,055; cost September 30, 2021: \$2,236,759)	2,311,034	2,267,575
Total investments at fair value (cost December 31, 2021: \$2,574,870; cost September 30, 2021: \$2,539,121)	2,588,623	2,556,629
Cash and cash equivalents	43,765	29,334
Restricted cash	2,292	2,301
Interest, dividends and fees receivable	18,508	22,125
Due from portfolio companies	2,793	1,990
Receivables from unsettled transactions	25,823	8,150
Due from broker	3,450	1,640
Deferred financing costs	9,055	9,274
Deferred offering costs	34	34
Deferred tax asset, net	1,673	714
Derivative assets at fair value	1,075	1,912
Other assets	2,848	2,284
Total assets	\$ 2,699,939	\$ 2,636,387
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable, accrued expenses and other liabilities	\$ 6,169	\$ 3,024
Base management fee and incentive fee payable	26,190	32,649
Due to affiliate	3,503	4,357
Interest payable	6,698	4,597
Director fees payable	123	—
Payables from unsettled transactions	40,803	8,086
Derivative liability at fair value	5,931	2,108
Credit facilities payable	650,000	630,000
Unsecured notes payable (net of \$6,131 and \$6,501 of unamortized financing costs as of December 31, 2021 and September 30, 2021, respectively)	635,461	638,743
Total liabilities	1,374,878	1,323,564
Commitments and contingencies		
Net assets:		
Common stock, \$0.01 par value per share, 250,000 shares authorized; 180,469 and 180,361 shares issued and outstanding as of December 31, 2021 and September 30, 2021, respectively	1,805	1,804
Additional paid-in-capital	1,805,139	1,804,354
Accumulated overdistributed earnings	(481,883)	(493,335)
Total net assets (equivalent to \$7.34 and \$7.28 per common share as of December 31, 2021 and September 30, 2021, respectively)	1,325,061	1,312,823
Total liabilities and net assets	\$ 2,699,939	\$ 2,636,387

Oaktree Specialty Lending Corporation
Consolidated Statements of Operations
(in thousands, except per share amounts)

	Three months ended December 31, 2021 (unaudited)	Three months ended September 30, 2021 (unaudited)	Three months ended December 31, 2020 (unaudited)
Interest income:			
Control investments	\$ 3,480	\$ 3,670	\$ 2,343
Affiliate investments	334	279	105
Non-control/Non-affiliate investments	51,635	51,144	29,184
Interest on cash and cash equivalents	1	1	1
Total interest income	55,450	55,094	31,633
PIK interest income:			
Non-control/Non-affiliate investments	4,663	4,960	3,089
Total PIK interest income	4,663	4,960	3,089
Fee income:			
Control investments	13	13	15
Affiliate investments	5	5	5
Non-control/Non-affiliate investments	894	627	3,332
Total fee income	912	645	3,352
Dividend income:			
Control investments	3,916	3,101	130
Total dividend income	3,916	3,101	130
Total investment income	64,941	63,800	38,204
Expenses:			
Base management fee	9,952	9,768	6,541
Part I incentive fee	6,457	6,015	4,149
Part II incentive fee	1,751	1,629	9,540
Professional fees	1,322	1,288	867
Directors fees	123	160	143
Interest expense	9,400	9,032	6,095
Administrator expense	390	463	333
General and administrative expenses	693	716	518
Total expenses	30,088	29,071	28,186
Fees waived	(750)	(750)	—
Net expenses	29,338	28,321	28,186
Net investment income before taxes	35,603	35,479	10,018
(Provision) benefit for taxes on net investment income	(3,308)	(2,437)	—
Net investment income	32,295	33,042	10,018
Unrealized appreciation (depreciation):			
Control investments	(667)	1,395	8,335
Affiliate investments	(251)	355	(290)
Non-control/Non-affiliate investments	(2,831)	(3,311)	41,937
Foreign currency forward contracts	(837)	(537)	(2,426)
Net unrealized appreciation (depreciation)	(4,586)	(2,098)	47,556
Realized gains (losses):			
Control investments	1,868	—	—
Non-control/Non-affiliate investments	4,481	827	8,738
Foreign currency forward contracts	2,972	2,912	(523)
Net realized gains (losses)	9,321	3,739	8,215
(Provision) benefit for taxes on realized and unrealized gains (losses)	2,378	1,878	(245)
Net realized and unrealized gains (losses), net of taxes	7,113	3,519	55,526
Net increase (decrease) in net assets resulting from operations	\$ 39,408	\$ 36,561	\$ 65,544
Net investment income per common share — basic and diluted	\$ 0.18	\$ 0.18	\$ 0.07
Earnings (loss) per common share — basic and diluted	\$ 0.22	\$ 0.20	\$ 0.46
Weighted average common shares outstanding — basic and diluted	180,381	180,361	140,961



OAKTREE

OCSL | Specialty Lending Corporation

FIRST QUARTER 2022
FEBRUARY 3, 2022

EARNINGS PRESENTATION
NASDAQ: OCSL



Forward Looking Statements & Legal Disclosures

Some of the statements in this presentation constitute forward-looking statements because they relate to future events or our future performance or financial condition. The forward-looking statements contained in this presentation may include statements as to: our future operating results and distribution projections; the ability of Oaktree Fund Advisors, LLC (together with its affiliates, "Oaktree") to reposition our portfolio and to implement Oaktree's future plans with respect to our business; the ability of Oaktree and its affiliates to attract and retain highly talented professionals; our business prospects and the prospects of our portfolio companies; the impact of the investments that we expect to make; the ability of our portfolio companies to achieve their objectives; our expected financings and investments and additional leverage we may seek to incur in the future; the adequacy of our cash resources and working capital; the timing of cash flows, if any, from the operations of our portfolio companies; and the cost or potential outcome of any litigation to which we may be a party. In addition, words such as "anticipate," "believe," "expect," "seek," "plan," "should," "estimate," "project" and "intend" indicate forward-looking statements, although not all forward-looking statements include these words. The forward-looking statements contained in this presentation involve risks and uncertainties. Our actual results could differ materially from those implied or expressed in the forward-looking statements for any reason, including the factors set forth in "Risk Factors" and elsewhere in our annual report on Form 10-K for the fiscal year ended September 30, 2021 and our quarterly report on Form 10-Q for the quarter ended December 31, 2021. Other factors that could cause actual results to differ materially include: changes or potential disruptions in our operations, the economy, financial markets or political environment; risks associated with possible disruption in our operations or the economy generally due to terrorism, natural disasters or the COVID-19 pandemic; future changes in laws or regulations (including the interpretation of these laws and regulations by regulatory authorities) and conditions in our operating areas, particularly with respect to business development companies or regulated investment companies; general considerations associated with the COVID-19 pandemic; the ability to realize the anticipated benefits of the merger of Oaktree Strategic Income Corporation ("OCSI") with and into us (the "Merger"); and other considerations that may be disclosed from time to time in our publicly disseminated documents and filings.

We have based the forward-looking statements included in this presentation on information available to us on the date of this presentation, and we assume no obligation to update any such forward-looking statements. Although 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 reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.



Highlights for the Quarter Ended December 31, 2021

NET ASSET VALUE PER SHARE	<ul style="list-style-type: none">• \$7.34, up 1% from \$7.28 as of September 30, 2021, and up 7% from \$6.85 as of December 31, 2020• Quarterly increase primarily due to realized gains on certain investments and undistributed net investment income
ADJUSTED NET INVESTMENT INCOME ¹	<ul style="list-style-type: none">• \$0.17 per share, up 7% from \$0.16 per share for the quarter ended September 30, 2021, and up 24% from \$0.14 per share for the quarter ended December 31, 2020• GAAP net investment income was \$0.18 per share, consistent with \$0.18 per share for the quarter ended September 30, 2021
DIVIDEND	<ul style="list-style-type: none">• Declared a cash distribution of \$0.16 per share, an increase of 3% from the prior quarter and 33% from one year ago• Seventh consecutive quarter with a distribution increase• Distribution will be payable on March 31, 2022 to stockholders of record as of March 15, 2022
INVESTMENT ACTIVITY	<ul style="list-style-type: none">• \$300 million of new investment commitments; 8.1% weighted average yield on new debt investments• \$241 million of new investment fundings and received \$235 million of proceeds from prepayments, exits, other paydowns and sales, which had a weighted average yield of 7.5%
INVESTMENT PORTFOLIO	<ul style="list-style-type: none">• \$2.6 billion at fair value diversified across 140 portfolio companies• 8.7% weighted average yield on debt investments, unchanged from September 30, 2021• No investments on non-accrual status
CAPITAL STRUCTURE & LIQUIDITY	<ul style="list-style-type: none">• 0.98x total debt to equity ratio, as compared with 0.97x as of September 30, 2021• 0.95x net debt to equity ratio, unchanged from September 30, 2021• \$44 million of cash and \$550 million of undrawn capacity on credit facilities• Upsized the senior secured revolving credit facility by \$50 million; increased the total size to \$1.0 billion• Amended the Citibank facility to, among other things, increase the size of the facility and extend the reinvestment period and maturity date

¹ See page 20 for a description of this non-GAAP measure.



Portfolio Summary

PORTFOLIO CHARACTERISTICS

(At fair value)

\$2.6bn TOTAL INVESTMENTS	140 PORTFOLIO COMPANIES
8.7% WEIGHTED AVERAGE YIELD ON DEBT INVESTMENTS	\$105mm MEDIAN DEBT PORTFOLIO COMPANY EBITDA ¹
87% SENIOR SECURED DEBT INVESTMENTS	0 NON-ACCRUALS

As of December 31, 2021

Note: Numbers may not sum due to rounding.

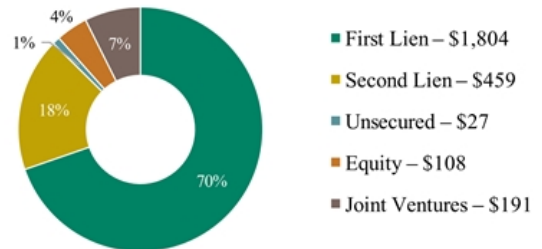
¹ Excludes investments in negative EBITDA borrowers, structured products and recurring revenue software businesses.

² Based on GICS sub-industry classification.

³ Excludes multi-sector holdings, which is primarily composed of investments in Senior Loan Fund JV I LLC (the "Kemper JV") and OCSI Glick JV (the "Glick JV"), joint ventures that invest primarily in senior secured loans of middle market companies.

PORTFOLIO COMPOSITION

(As % of total portfolio at fair value; \$ in millions)



TOP TEN SUB-INDUSTRIES^{2, 3}

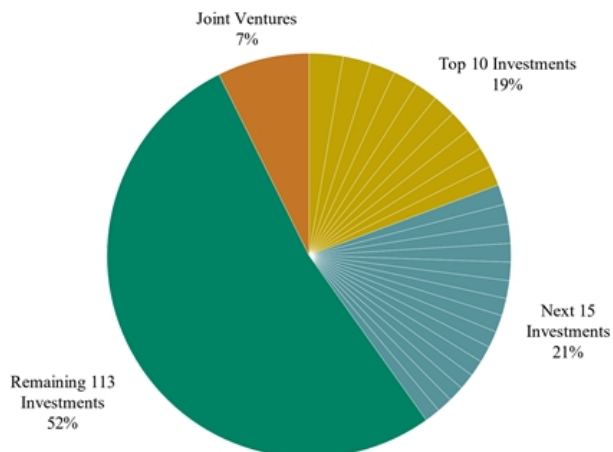
(As % of total portfolio at fair value)



Portfolio Diversity

DIVERSITY BY INVESTMENT SIZE

(As % of total portfolio at fair value)



PORTFOLIO BY INDUSTRY¹

(As % of total portfolio at fair value)

Industry	% of Portfolio
Software	16.4%
IT Services	6.8
Pharmaceuticals	5.4
Biotechnology	4.5
Chemicals	4.1
Personal Products	4.1
Health Care Providers & Services	3.9
Specialty Retail	3.7
Machinery	3.4
Diversified Financial Services	3.4
Internet & Direct Marketing Retail	2.7
Aerospace & Defense	2.7
Remaining 30 Industries	31.7
Joint Ventures	7.4

OCSL's portfolio is diverse across borrowers and industries

As of December 31, 2021

Note: Numbers may not sum due to rounding.

¹ Based on GICS industry classification.



Investment Activity

NEW INVESTMENT HIGHLIGHTS

\$300mm

NEW INVESTMENT
COMMITMENTS

\$241mm

NEW INVESTMENT
FUNDINGS¹

8.1%

WEIGHTED AVERAGE YIELD ON
NEW DEBT COMMITMENTS

100%

ALSO HELD BY OTHER
OAKTREE FUNDS

\$207mm

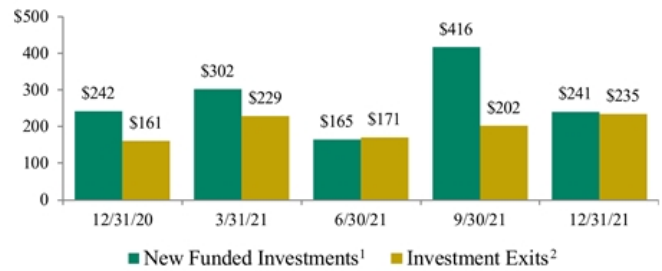
NEW INVESTMENT
COMMITMENTS IN NEW
PORTFOLIO COMPANIES

\$93mm

NEW INVESTMENT
COMMITMENTS IN EXISTING
PORTFOLIO COMPANIES

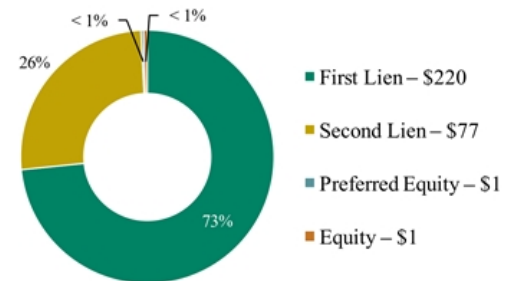
HISTORICAL FUNDED ORIGINATIONS AND EXITS

(\$ in millions)



NEW INVESTMENT COMPOSITION

(As % of new investment commitments; \$ in millions)



Note: Numbers rounded to the nearest million or percentage point and may not sum as a result.
¹ New funded investments includes drawdowns on existing delayed draw and revolver commitments.
² Investment exits includes proceeds from prepayments, exits, other paydowns and sales.

Investment Activity (continued)

NEW INVESTMENT COMMITMENT DETAIL

(\$ in millions)

Fiscal Quarter	Investment Commitments	Number of Deals	Security Type			Market			
			First Lien	Second Lien	Unsecured & Other	Private Placement	Primary (Public)	Secondary (Public)	Avg. Secondary Purchase Price
2Q2020	\$273	39	\$210	\$21	\$42	\$141	\$58	\$75	83%
3Q2020	261	18	177	8	76	154	71	35	74
4Q2020	148	10	123	25	0.5	90	57	2	96
1Q2021	286	21	196	90	--	181	84	22	93
2Q2021	318	20	253	44	21	245	63	10	93
3Q2021	178	10	141	25	12	104	70	5	97
4Q2021	385	20	350	13	23	304	79	2	100
1Q2022	300	21	220	77	2	227	73	--	N/A

Note: Numbers may not sum due to rounding. Excludes any positions originated, purchased and sold within the same quarter.



Financial Highlights

	As of				
<i>(\$ and number of shares in thousands, except per share amounts)</i>	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020
GAAP Net Investment Income per Share	\$0.18	\$0.18	\$0.20	\$0.12	\$0.07
<i>Adjusted Net Investment Income per Share¹</i>	<i>\$0.17</i>	<i>\$0.16</i>	<i>\$0.19</i>	<i>\$0.14</i>	<i>\$0.14</i>
Net Realized and Unrealized Gains (Losses), Net of Taxes per Share	\$0.04	\$0.02	\$0.06	\$0.48	\$0.39
<i>Adjusted Net Realized and Unrealized Gains (Losses), Net of Taxes per Share¹</i>	<i>\$0.06</i>	<i>\$0.05</i>	<i>\$0.09</i>	<i>\$0.25</i>	<i>\$0.39</i>
Earnings (Loss) per Share	\$0.22	\$0.20	\$0.26	\$0.60	\$0.46
<i>Adjusted Earnings (Loss) per Share¹</i>	<i>\$0.22</i>	<i>\$0.20</i>	<i>\$0.26</i>	<i>\$0.37</i>	<i>\$0.46</i>
Distributions per Share	\$0.155	\$0.145	\$0.130	\$0.120	\$0.110
NAV per Share	\$7.34	\$7.28	\$7.22	\$7.09	\$6.85
Weighted Average Shares Outstanding	180,381	180,361	180,361	146,652	140,961
Shares Outstanding, End of Period	180,469	180,361	180,361	180,361	140,961
Investment Portfolio (at Fair Value)	\$2,588,623	\$2,556,629	\$2,339,301	\$2,327,353	\$1,712,324
Cash and Cash Equivalents	\$43,765	\$29,334	\$84,689	\$39,872	\$24,234
Total Assets	\$2,699,939	\$2,636,387	\$2,462,708	\$2,433,413	\$1,793,903
Total Debt Outstanding ²	\$1,285,461	\$1,268,743	\$1,104,099	\$1,109,897	\$694,827
Net Assets	\$1,325,061	\$1,312,823	\$1,302,414	\$1,278,823	\$964,917
Total Debt to Equity Ratio	0.98x	0.97x	0.86x	0.87x	0.73x
Net Debt to Equity Ratio	0.95x	0.95x	0.79x	0.84x	0.70x
Weighted Average Interest Rate on Debt Outstanding ³	2.3%	2.4%	2.4%	2.6%	2.7%

¹ See page 20 for a description of the non-GAAP measures.

² Net of unamortized financing costs.

³ Includes effect of the interest rate swap agreement the Company entered into in connection with the issuance of the 2027 Notes.



Portfolio Highlights

(\$ in thousands, at fair value)	As of				
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020
Investments at Fair Value	\$2,558,623	\$2,556,629	\$2,339,301	\$2,327,353	\$1,712,324
Number of Portfolio Companies	140	138	135	137	115
Average Portfolio Company Debt Investment Size	\$18,500	\$18,700	\$17,600	\$17,600	\$16,200
Asset Class:					
First Lien	69.7%	69.1%	67.6%	68.3%	60.3%
Second Lien	17.7	17.6	19.1	18.2	25.4
Unsecured Debt	1.0	1.7	1.4	1.1	3.1
Equity	4.2	4.2	3.9	4.4	3.8
Limited Partnership Interests	0.0	0.0	0.0	0.0	0.1
Joint Venture Interests	7.4	7.4	8.1	8.0	7.3
Interest Rate Type for Debt Investments:					
% Floating-Rate	91.6%	91.5%	91.4%	91.8%	88.8%
% Fixed-Rate	8.4	8.5	8.6	8.2	11.2
Yields:					
Weighted Average Yield on Debt Investments ¹	8.7%	8.7%	8.4%	8.3%	8.5%
Cash Component of Weighted Average Yield on Debt Investments	7.5	7.4	7.1	7.1	7.1
Weighted Average Yield on Total Portfolio Investments ²	8.3	8.3	8.0	7.8	8.0

Note: Numbers may not sum due to rounding.

¹ Annual stated yield earned plus net annual amortization of OID or premium earned on accruing investments, including the Company's share of the return on debt investments in the Kemper JV and Glick JV, and excluding any amortization or accretion of interest income resulting solely from the cost basis established by ASC 805 for the assets acquired in connection with the Merger. See page 20 for a description of the non-GAAP financial measures.

² Annual stated yield earned plus net annual amortization of OID or premium earned on accruing investments and dividend income, including the Company's share of the return on debt investments in the Kemper JV and Glick JV, and excluding any amortization or accretion of interest income resulting solely from the cost basis established by ASC 805 for the assets acquired in connection with the Merger. See page 20 for a description of the non-GAAP financial measures.



Investment Activity

(\$ in thousands)	As of				
	12/31/2021	9/30/2021	6/30/2021	3/31/2021 ¹	12/31/2020
New Investment Commitments	\$299,900	\$385,000	\$178,400	\$317,700	\$286,300
New Funded Investment Activity ²	\$240,800	\$416,400	\$165,300	\$301,800	\$241,500
Proceeds from Prepayments, Exits, Other Paydowns and Sales	\$235,000	\$201,800	\$170,600	\$228,900	\$160,700
Net New Investments ³	\$5,800	\$214,600	\$(5,300)	\$72,900	\$80,800
New Investment Commitments in New Portfolio Companies	12	14	9	18	14
New Investment Commitments in Existing Portfolio Companies	9	6	1	2	7
Portfolio Company Exits	10	11	11	12	12
Weighted Average Yield at Cost on New Debt Investment Commitments	8.1%	8.6%	9.2%	8.2%	8.7%

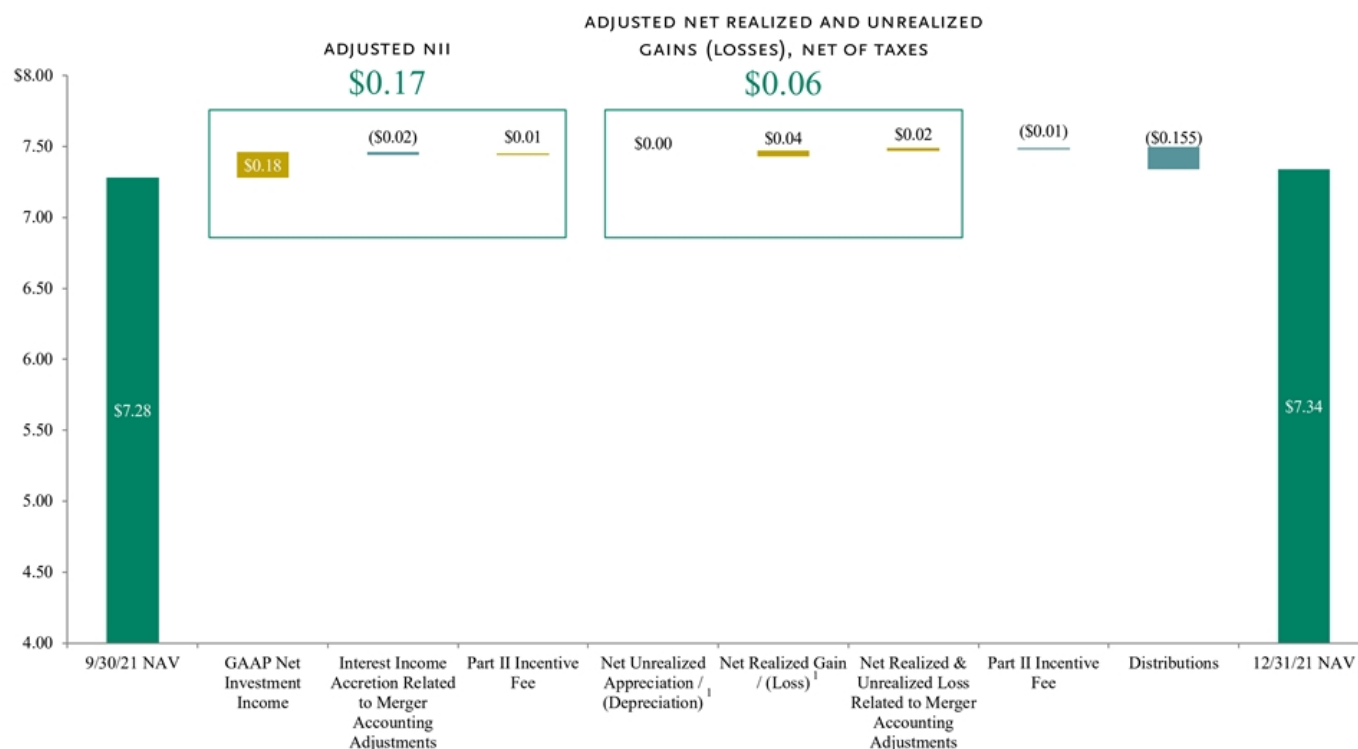
¹ Excludes the assets acquired in the Merger.

² New funded investment activity includes drawdowns on existing revolver commitments. Includes \$103 million of unsettled purchases as of December 31, 2020.

³ Net new investments consists of new funded investment activity less proceeds from prepayments, exits, other paydowns and sales.



Net Asset Value Per Share Bridge



Note: Net asset value per share amounts are based on the shares outstanding at each respective quarter end. Net investment income per share, net unrealized appreciation / (depreciation), and net realized gain / (loss) are based on the weighted average number of shares outstanding for the period. Numbers may not sum due to rounding. See page 20 for a description of the non-GAAP measures.

¹ Excludes reclassifications of net unrealized appreciation / (depreciation) to net realized gains / (losses) as a result of investments exited during the quarter.

Capital Structure Overview

0.85x to 1.00x
TARGET LEVERAGE RATIO

**Investment
Grade Rated**
BY MOODY'S AND FITCH

50%
UNSECURED
BORROWINGS

\$594mm
AVAILABLE LIQUIDITY³

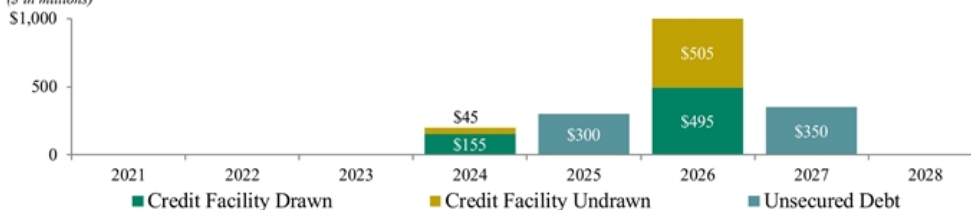
FUNDING SOURCES

(\$ in millions)

	Committed	Principal Outstanding	Interest Rate	Maturity
Syndicated Credit Facility	\$1,000	\$495	LIBOR + 2.00%	5/4/2026
Citibank Facility	200	155	LIBOR + 1.25%-2.25% ¹	11/18/2024
2025 Notes	300	300	3.500%	2/25/2025
2027 Notes	350	350	2.700% (LIBOR + 1.658%) ²	1/15/2027
Cash and Cash Equivalents	--	(44)	--	--
Total	\$1,850	\$1,256		
Weighted Average Interest Rate		2.3%		
Net Debt to Equity Ratio		0.95x		

MATURITIES

(\$ in millions)



Diverse and flexible sources of debt capital with no near-term maturities

As of December 31, 2021

Note: Numbers may not sum due to rounding.

¹ The interest rate on outstanding borrowings is LIBOR plus 1.25%-2.20% on broadly syndicated loans subject to observable market depth and LIBOR plus 2.25% on all other eligible loans.

² The Company entered into an interest rate swap agreement under which the Company receives a fixed interest rate of 2.700% and pays a floating rate of the three-month LIBOR plus 1.658% on a notional amount of \$350 million.

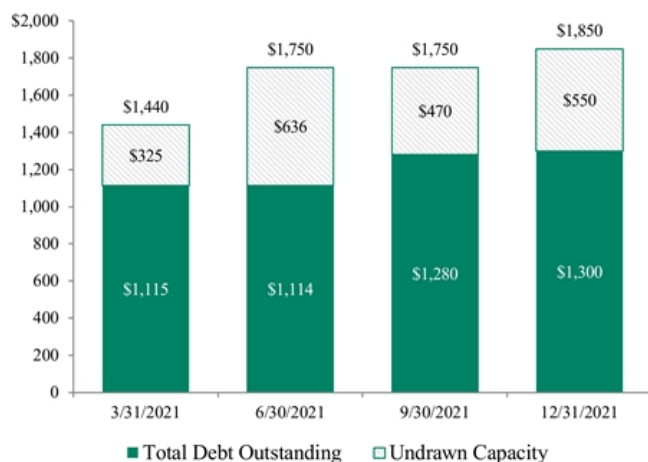
³ Liquidity was composed of \$43.8 million of unrestricted cash and cash equivalents and \$550.0 million of undrawn capacity under the credit facilities (subject to borrowing base and other limitations).



Funding and Liquidity Metrics

LEVERAGE UTILIZATION

(\$ in millions)



	3/31/2021	6/30/2021	9/30/2021	12/31/2021
Cash	\$40	\$85	\$29	\$44
Net Assets	\$1,279	\$1,302	\$1,313	\$1,325
Net Leverage	0.84x	0.79x	0.95x	0.95x
Total Leverage	0.87x	0.86x	0.97x	0.98x

¹ Excludes unfunded commitments to the Kemper JV and Glick JV.

² Includes unfunded commitments ineligible to be drawn due to certain limitations in credit agreements.

³ As of December 31, 2021, we have analyzed cash and cash equivalents, availability under our credit facilities, the ability to rotate out of certain assets and amounts of unfunded commitments that could be drawn and believe our liquidity and capital resources are sufficient to take advantage of market opportunities in the current economic climate.

LIQUIDITY OVERVIEW

(\$ in millions)

	3/31/2021	6/30/2021	9/30/2021	12/31/2021
Credit Facilities Committed	\$1,140	\$1,100	\$1,100	\$1,200
Credit Facilities Drawn	(815)	(464)	(630)	(650)
Cash and Cash Equivalents	40	85	29	44
Total Liquidity	365	721	499	594
Total Unfunded Commitments ¹	(242)	(239)	(216)	(246)
Unavailable Unfunded Commitments ²	50	73	62	43
Adjusted Liquidity	\$173	\$555	\$345	\$391

Ample liquidity to support funding needs³



Strategic Joint Ventures are Accretive to Earnings

OCSL'S JOINT VENTURES ARE INCOME-ENHANCING VEHICLES THAT PRIMARILY INVEST IN SENIOR SECURED LOANS OF MIDDLE MARKET COMPANIES AND OTHER CORPORATE DEBT SECURITIES

Key Attributes of Joint Ventures:

- Equity ownership: 87.5% OCSL and 12.5% joint venture partner
- Shared voting control: 50% OCSL and 50% joint venture partner

KEMPER JV CHARACTERISTICS

(At fair value)

\$135mm OCSL'S INVESTMENTS IN THE KEMPER JV	5.2% % OF OCSL'S PORTFOLIO	\$3.4mm NET INVESTMENT INCOME ¹
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GLICK JV CHARACTERISTICS

(At fair value)

\$56mm OCSL'S INVESTMENTS IN THE GLICK JV	2.2% % OF OCSL'S PORTFOLIO	\$1.4mm NET INVESTMENT INCOME ²
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COMBINED PORTFOLIO SUMMARY

INVESTMENT PORTFOLIO	FIRST LIEN	PORTFOLIO COMPANY COUNT	WTD. AVG. DEBT PORTFOLIO YIELD	LEVERAGE RATIO
\$501mm	95%	66	6.2%	1.3x

As of December 31, 2021

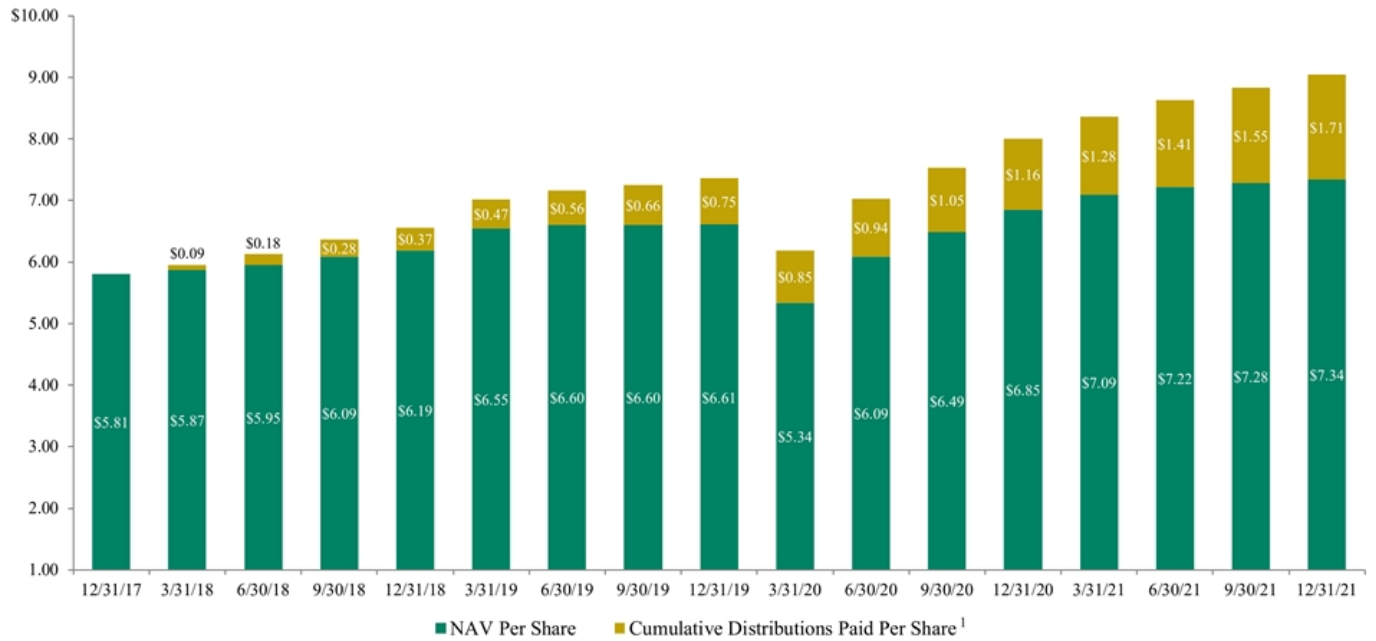
¹ Represents OCSL's 87.5% share of the Kemper JV's net investment income (excluding subordinated note interest expense) earned during the quarter ended December 31, 2021.

² Represents OCSL's 87.5% share of the Glick JV's net investment income (excluding subordinated note interest expense) earned during the quarter ended December 31, 2021.



Compelling Performance Under Oaktree Management

NAV AND CUMULATIVE DISTRIBUTIONS PAID PER SHARE



OCSL has generated an 11.7% annualized return on equity under Oaktree management²

¹ Cumulative distributions declared and paid from December 31, 2017 through December 31, 2021.

² Annualized return on equity calculated as the change in net asset value plus distributions paid from December 31, 2017 through December 31, 2021.



Opportunities to Increase Return on Equity

1

CONTINUE ROTATING INTO HIGHER-YIELDING INVESTMENTS

- Opportunity to improve the portfolio's yield by rotating out of lower-yielding investments into higher-yielding, proprietary ones
- Exited \$44 million of lower yielding senior secured loans during the quarter
- \$40 million at fair value of senior secured loans with interest rates at or below LIBOR + 4.50%¹

2

CONTINUE TO OPERATE WITHIN TARGET LEVERAGE RANGE

- Maintaining a leverage ratio within the target range of 0.85x to 1.00x debt to equity may support the earnings power of the portfolio
- 0.95x net debt to equity, unchanged from last quarter and up from 0.70x as of December 31, 2020
- Ample dry powder with \$550 million of undrawn capacity under credit facilities²

3

OPTIMIZE JOINT VENTURES

- Opportunity to increase underlying joint venture portfolio yields by rotating into higher spread in investments
 - \$63 million of investments with interest rates at or below LIBOR + 3.75% in the Kemper and Glick JVs¹
- Utilize additional borrowings to operate within target leverage range
 - Target leverage range: 1.25x to 1.75x debt to equity
 - 1.4x and 1.1x total debt to equity at Kemper JV and Glick JV, respectively

We believe OCSL is well-positioned to provide further improvements to return on equity

As of December 31, 2021

¹ For senior secured loans that have a cost basis above 92.5%

² Subject to borrowing base and other limitations.

Appendix



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Non-Core Investment Portfolio Detail

NON-CORE INVESTMENT PORTFOLIO CHARACTERISTICS

DEBT INVESTMENTS

- \$46 million at fair value in two companies
- Fully repaid on two investments and received a partial paydown on one investment during the quarter ended December 31, 2021; received \$31 million of aggregate proceeds (\$1 million in excess of previous fair values)

EQUITY INVESTMENTS

- \$49 million at fair value in 13 companies and limited partnership interests in one third-party managed fund
- Fully repaid on one investment during the quarter ended December 31, 2021; received \$3 million of proceeds (\$2 million in excess of previous fair value)

AVIATION

- Sold the remaining aircraft during the quarter ended December 31, 2021; estimated final proceeds will be above previous fair value of \$8 million

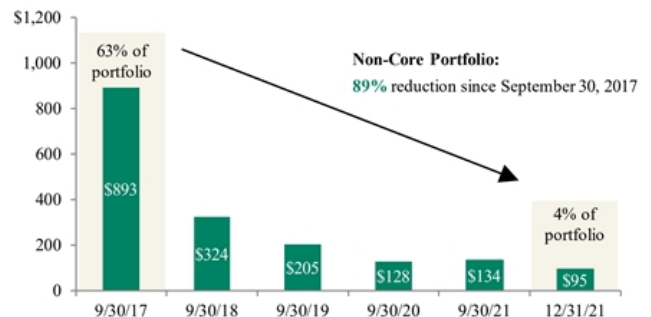
NON-CORE PORTFOLIO COMPOSITION

(At fair value; \$ in millions)



NON-CORE PORTFOLIO PROGRESSION¹

(At fair value; \$ in millions)



Note: Numbers may not sum due to rounding.

¹ Excludes investments in the Kemper JV and Glick JV.

Quarterly Statement of Operations

(\$ in thousands)	For the three months ended				
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020
INVESTMENT INCOME					
Interest income	\$55,450	\$55,094	\$51,999	\$35,655	\$31,633
PIK interest income	4,663	4,960	4,597	3,801	3,089
Fee income	912	645	7,823	2,278	3,352
Dividend income	3,916	3,101	1,019	209	130
GAAP total investment income	64,941	63,800	65,438	41,943	38,204
Less: Interest income accretion related to merger accounting adjustments	(2,848)	(5,571)	(5,060)	(665)	--
Adjusted total investment income	62,093	58,229	60,378	41,278	38,204
EXPENSES					
Base management fee	9,952	9,768	8,905	7,074	6,541
Part I incentive fee	6,457	6,015	6,990	4,444	4,149
Part II incentive fee	1,751	1,629	2,837	3,609	9,540
Interest expense	9,400	9,032	8,823	6,568	6,095
Other operating expenses ¹	2,528	2,627	2,343	2,242	1,861
Total expenses	30,008	29,071	29,898	23,937	28,186
Reversal of fees waived (fees waived)	(750)	(750)	(750)	(108)	--
Net expenses	29,338	28,321	29,148	23,829	28,186
(Provision) benefit for taxes on net investment income	(3,308)	(2,437)	(358)	--	--
GAAP net investment income	32,295	33,042	35,932	18,114	10,018
Less: Interest income accretion related to merger accounting adjustments	(2,848)	(5,571)	(5,060)	(665)	--
Add: Part II incentive fee	1,751	1,629	2,837	3,609	9,540
Adjusted net investment income	\$31,198	\$29,100	\$33,709	\$21,058	\$19,558

Note: See page 20 for a description of the non-GAAP measures.

¹ Includes professional fees, directors fees, administrator expense and general and administrative expenses.

Quarterly Statement of Operations (continued)

(\$ in thousands, except per share amounts)	For the three months ended				
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020
NET REALIZED AND UNREALIZED GAINS (LOSSES)					
Net unrealized appreciation (depreciation)	\$(4,586)	\$(2,098)	\$3,917	\$65,144	\$47,556
Net realized gains (losses)	9,321	3,739	8,610	5,856	8,215
(Provision) benefit for taxes on realized and unrealized gains (losses)	2,378	1,878	(1,421)	(997)	(245)
GAAP net realized and unrealized gains (losses), net of taxes	\$7,113	\$3,519	\$11,106	\$70,003	\$55,526
Less: Net realized and unrealized losses (gains) related to merger accounting adjustments	2,846	5,569	5,045	(33,396)	--
Adjusted net realized and unrealized gains (losses), net of taxes	\$9,959	\$9,088	\$16,151	\$36,607	\$55,526
GAAP net increase (decrease) in net assets resulting from operations	\$39,408	\$36,561	\$47,038	\$88,117	\$65,544
Less: Interest income accretion related to merger accounting adjustments	(2,848)	(5,571)	(5,060)	(665)	--
Less: Net realized and unrealized losses (gains) related to merger accounting adjustments	2,846	5,569	5,045	(33,396)	--
Adjusted earnings (loss)	\$39,406	\$36,559	\$47,023	\$54,056	\$65,544
PER SHARE DATA:					
GAAP total investment income	\$0.36	\$0.35	\$0.36	\$0.29	\$0.27
Adjusted total investment income	0.34	0.32	0.33	0.28	0.27
GAAP net investment income	0.18	0.18	0.20	0.12	0.07
Adjusted net investment income	0.17	0.16	0.19	0.14	0.14
GAAP net realized and unrealized gains (losses), net of taxes	0.04	0.02	0.06	0.48	0.39
Adjusted net realized and unrealized gains (losses), net of taxes	0.06	0.05	0.09	0.25	0.39
GAAP net increase/decrease in net assets resulting from operations	0.22	0.20	0.26	0.60	0.46
Adjusted earnings (loss)	0.22	0.20	0.26	0.37	0.46
Weighted average common shares outstanding	180,381	180,361	180,361	146,652	140,961
Shares outstanding, end of period	180,469	180,361	180,361	180,361	140,961

Note: See page 20 for a description of the non-GAAP measures.



Non-GAAP Disclosures

On March 19, 2021, the Company completed the Merger. The Merger was accounted for as an asset acquisition in accordance with the asset acquisition method of accounting as detailed in ASC 805-50, Business Combinations—Related Issues ("ASC 805"). The consideration paid to OCSL's stockholders was allocated to the individual assets acquired and liabilities assumed based on the relative fair values of the net identifiable assets acquired other than "non-qualifying" assets, which established a new cost basis for the acquired OCSL investments under ASC 805 that, in aggregate, was significantly lower than the historical cost basis of the acquired OCSL investments prior to the Merger. Additionally, immediately following the completion of the Merger, the acquired OCSL investments were marked to their respective fair values under ASC 820, Fair Value Measurements, which resulted in unrealized appreciation. The new cost basis established by ASC 805 on debt investments acquired will accrete over the life of each respective debt investment through interest income, with a corresponding adjustment recorded to unrealized appreciation on such investment acquired through its ultimate disposition. The new cost basis established by ASC 805 on equity investments acquired will not accrete over the life of such investments through interest income and, assuming no subsequent change to the fair value of the equity investments acquired and disposition of such equity investments at fair value, the Company will recognize a realized gain with a corresponding reversal of the unrealized appreciation on disposition of such equity investments acquired.

On March 19, 2021, in connection with the closing of the Merger, OCSL entered into an amended and restated investment advisory agreement (the "A&R Advisory Agreement") with Oaktree. The A&R Advisory Agreement amended and restated the existing investment advisory agreement, dated as of May 4, 2020, by and between the Company and Oaktree to (1) waive an aggregate of \$6 million of base management fees otherwise payable to Oaktree in the two years following the closing of the Merger at a rate of \$750,000 per quarter (with such amount appropriately prorated for any partial quarter) and (2) revise the calculation of the incentive fees to eliminate certain unintended consequences of the accounting treatment of the Merger on the incentive fees payable to Oaktree.

The Company's management uses the non-GAAP financial measures described above internally to analyze and evaluate financial results and performance and to compare its financial results with those of other business development companies that have not adjusted the cost basis of certain investments pursuant to ASC 805. The Company's management believes "Adjusted Total Investment Income", "Adjusted Total Investment Income Per Share", "Adjusted Net Investment Income" and "Adjusted Net Investment Income Per Share" are useful to investors as an additional tool to evaluate ongoing results and trends for the Company without giving effect to the accretion income resulting from the new cost basis of the OCSL investments acquired in the Merger because these amounts do not impact the fees payable to Oaktree under the A&R Advisory Agreement, and specifically as it relates to "Adjusted Net Investment Income" and "Adjusted Net Investment Income Per Share", without giving effect to Part II incentive fees. In addition, the Company's management believes that "Adjusted Net Realized and Unrealized Gains (Losses), Net of Taxes", "Adjusted Net Realized and Unrealized Gains (Losses), Net of Taxes Per Share", "Adjusted Earnings (Loss)" and "Adjusted Earnings (Loss) Per Share" are useful to investors as they exclude the non-cash income/gain resulting from the Merger and used by management to evaluate the economic earnings of its investment portfolio. Moreover, these metrics align the Company's key financial measures with the calculation of incentive fees payable to Oaktree under with the A&R Advisory Agreement (i.e., excluding amounts resulting solely from the lower cost basis of the acquired OCSL investments established by ASC 805 that would have been to the benefit of Oaktree absent such exclusion).



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