

**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 7, 2023

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	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.01 per share	OCSL	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 7, 2023, Oaktree Specialty Lending Corporation (the “Company”) issued a press release announcing its financial results for the fiscal quarter ended December 31, 2022. A copy of the press release is attached hereto as Exhibit 99.1.

On February 7, 2023, the Company will host a conference call to discuss its financial results for the fiscal quarter ended December 31, 2022. 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 7, 2023](#)

99.2 [Oaktree Specialty Lending Corporation First Quarter 2023 Earnings Presentation](#)

104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

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 7, 2023

By: /s/ Christopher McKown

Name: Christopher McKown

Title: Chief Financial Officer and Treasurer



Oaktree Specialty Lending Corporation Announces First Fiscal Quarter 2023 Financial Results and Declares Increased Distribution of \$0.55 Per Share

LOS ANGELES, CA, February 7, 2023 - 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, 2022.

Financial Highlights for the Quarter Ended December 31, 2022¹

- **Total investment income** was \$79.2 million (\$1.30 per share) for the first fiscal quarter of 2023, as compared with \$70.1 million (\$1.15 per share) for the fourth fiscal quarter of 2022. Adjusted total investment income was \$77.4 million (\$1.27 per share) for the first fiscal quarter of 2023, as compared with \$68.0 million (\$1.11 per share) for the fourth fiscal quarter of 2022. The increase was primarily driven by higher interest income from the impact of rising base rates, wider spreads on new originations and a larger investment portfolio.
- **GAAP net investment income** was \$38.8 million (\$0.63 per share) for the first fiscal quarter of 2023, as compared with \$35.9 million (\$0.59 per share) for the fourth fiscal quarter of 2022. The increase was primarily driven by higher total investment income, partially offset by higher interest expense.
- **Adjusted net investment income** was \$37.1 million (\$0.61 per share) for the first fiscal quarter of 2023, as compared with \$33.7 million (\$0.55 per share) for the fourth fiscal quarter of 2022. The increase primarily reflected higher adjusted total investment income, partially offset by higher interest expense.
- **Net asset value ("NAV") per share** was \$19.63 as of December 31, 2022, as compared with \$20.38 as of September 30, 2022. The decrease was primarily the result of the \$0.42 per share special distribution paid by the Company during the quarter and unrealized depreciation related to credit spread widening on debt investments.
- **Originated** \$250.3 million of new investment commitments and received \$104.4 million of proceeds from prepayments, exits, other paydowns and sales during the quarter ended December 31, 2022. The weighted average yield on new debt investments was 13.1%.
- **No investments were on non-accrual status** as of December 31, 2022.
- **Total debt outstanding** was \$1,510.0 million as of December 31, 2022. The total debt to equity ratio was 1.26x, and the net debt to equity ratio was 1.24x, after adjusting for cash and cash equivalents.
- **Liquidity** as of December 31, 2022 was composed of \$17.4 million of unrestricted cash and cash equivalents and \$340.0 million of undrawn capacity under the Company's credit facilities (subject to borrowing base and other limitations). Unfunded investment commitments were \$198.9 million, or \$171.8 million excluding unfunded commitments to the Company's joint ventures. Of the \$171.8 million, approximately \$129.8 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 \$0.55 per share, up 2% from \$0.54 per share in the prior quarter and the eleventh consecutive quarterly distribution increase. The distribution is payable in cash on March 31, 2023 to stockholders of record on March 15, 2023.

Armen Panossian, Chief Executive Officer and Chief Investment Officer, said, "We produced excellent results to start the fiscal year, with adjusted net investment income of \$0.61 per share, up 10% from the prior quarter, supported by robust origination activity, which drove our annualized return on equity to just under 12%. Drawing upon the breadth of the Oaktree platform, we identified attractive investments across a mix of both sponsor and non-sponsor deals at a weighted average yield of 13%. Still, we remain highly selective, prudently focusing on deals that are appropriately risk-adjusted. Our continued solid credit quality reflects this, and we believe our portfolio is defensively positioned for the current market environment."

¹ As discussed below, the Company completed a 1-for-3 reverse stock split on January 20, 2023, effective as of the commencement of trading on January 23, 2023. All share amounts and per share information included in this press release reflect the reverse stock split on a retroactive basis.

Mr. Panossian continued, "Subsequent to the end of the quarter, we closed our previously announced merger with Oaktree Strategic Income II, Inc. Following closing, we now have more than \$3.3 billion of assets and significantly more scale and financial flexibility to leverage as we pursue compelling new investments in the year ahead. Altogether, we believe we are in excellent financial shape in the new year and well-positioned to continue delivering attractive returns to our shareholders."

Distribution Declaration

The Board of Directors declared a quarterly distribution of \$0.55 per share, an increase of 2%, or \$0.01 per share, from the prior quarter and the eleventh consecutive quarterly distribution increase. The distribution is payable in cash on March 31, 2023 to stockholders of record on March 15, 2023.

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, 2022	September 30, 2022	December 31, 2021
	(unaudited)	(unaudited)	(unaudited)
(\$ in thousands, except per share data)			
GAAP operating results:			
Interest income	\$ 69,978	\$ 61,719	\$ 55,450
PIK interest income	6,130	6,011	4,663
Fee income	2,021	1,539	912
Dividend income	1,050	875	3,916
Total investment income	79,179	70,144	64,941
Net expenses	40,293	34,286	29,338
Net investment income before taxes	38,886	35,858	35,603
(Provision) benefit for taxes on net investment income	—	—	(3,308)
Excise tax	(78)	—	—
Net investment income	38,808	35,858	32,295
Net realized and unrealized gains (losses), net of taxes	(25,636)	(22,650)	7,113
Net increase (decrease) in net assets resulting from operations	\$ 13,172	\$ 13,208	\$ 39,408
Total investment income per common share	\$ 1.30	\$ 1.15	\$ 1.08
Net investment income per common share	\$ 0.63	\$ 0.59	\$ 0.54
Net realized and unrealized gains (losses), net of taxes per common share	\$ (0.42)	\$ (0.37)	\$ 0.12
Earnings (loss) per common share — basic and diluted	\$ 0.22	\$ 0.22	\$ 0.66
Non-GAAP Financial Measures¹:			
Adjusted total investment income	\$ 77,433	\$ 67,971	\$ 62,093
Adjusted net investment income	\$ 37,062	\$ 33,685	\$ 31,198
Adjusted net realized and unrealized gains (losses), net of taxes	\$ (23,890)	\$ (20,477)	\$ 9,959
Adjusted earnings (loss)	\$ 13,172	\$ 13,208	\$ 39,406
Adjusted total investment income per share	\$ 1.27	\$ 1.11	\$ 1.03
Adjusted net investment income per share	\$ 0.61	\$ 0.55	\$ 0.52
Adjusted net realized and unrealized gains (losses), net of taxes per share	\$ (0.39)	\$ (0.34)	\$ 0.17
Adjusted earnings (loss) per share	\$ 0.22	\$ 0.22	\$ 0.66

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 of Oaktree Strategic Income Corporation with and into the Company (the "OCSI 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, 2022	September 30, 2022	December 31, 2021
	(unaudited)	(unaudited)	(unaudited)
(\$ in thousands, except per share data and ratios)			
Select balance sheet and other data:			
Cash and cash equivalents	\$ 17,382	\$ 23,528	\$ 43,765
Investment portfolio at fair value	2,642,870	2,494,111	2,588,623
Total debt outstanding (net of unamortized financing costs)	1,463,624	1,301,043	1,285,461
Net assets	1,201,989	1,245,563	1,325,061
Net asset value per share	19.63	20.38	7.34
Total debt to equity ratio	1.26x	1.08x	0.98x
Net debt to equity ratio	1.24x	1.06x	0.95x

Adjusted total investment income for the quarter ended December 31, 2022 was \$77.4 million and included \$68.2 million of interest income from portfolio investments, \$6.1 million of payment-in-kind ("PIK") interest income, \$2.0 million of fee income and \$1.1 million of dividend income. The increase of \$9.5 million from the quarter ended September 30, 2022 was primarily driven by \$8.8 million of higher interest income primarily driven by the impact of rising interest rates on the Company's floating rate investments, wider spreads on new originations and a larger investment portfolio, \$0.5 million of higher fee income from exit fees received on repayments and \$0.2 million of higher dividend income from the Company's investment in SLF JV I LLC ("SLF JV I").

Net expenses for the quarter ended December 31, 2022 totaled \$40.3 million, up \$6.0 million from the quarter ended September 30, 2022. The increase primarily reflected a \$5.0 million of higher interest expense as a result of the impact of rising interest rates on the Company's floating rate liabilities, \$0.7 million of higher part I incentive fees as a result of higher adjusted total investment income and \$0.2 million of higher management fees as a result of a larger investment portfolio.

Adjusted net investment income was \$37.1 million (\$0.61 per share) for the quarter ended December 31, 2022, up from \$33.7 million (\$0.55 per share) for the quarter ended September 30, 2022. The increase of \$3.4 million primarily reflected \$9.5 million of higher adjusted total investment income, partially offset by \$6.0 million of higher net expenses.

Adjusted net realized and unrealized losses, net of taxes, were \$23.9 million for the quarter ended December 31, 2022, primarily reflecting credit spread widening on debt investments.

Portfolio and Investment Activity

(\$ in thousands)	As of		
	December 31, 2022 (unaudited)	September 30, 2022 (unaudited)	December 31, 2021 (unaudited)
Investments at fair value	\$ 2,642,870	\$ 2,494,111	\$ 2,588,623
Number of portfolio companies	156	149	140
Average portfolio company debt size	\$ 16,500	\$ 16,500	\$ 18,500
Asset class:			
Senior secured debt	86.3%	86.9%	87.4%
Unsecured debt	2.4%	2.3%	1.0%
Equity	4.3%	4.2%	4.2%
JV interests	7.0%	6.7%	7.4%
Non-accrual debt investments:			
Non-accrual investments at fair value	\$ —	\$ —	\$ —
Non-accrual investments as a percentage of debt investments	—%	—%	—%
Number of investments on non-accrual	—	—	—
Interest rate type:			
Percentage floating-rate	87.3%	86.5%	91.6%
Percentage fixed-rate	12.7%	13.5%	8.4%
Yields:			
Weighted average yield on debt investments ¹	11.6%	10.6%	8.7%
Cash component of weighted average yield on debt investments	10.3%	9.3%	7.5%
Weighted average yield on total portfolio investments ²	11.2%	10.2%	8.3%
Investment activity:			
New investment commitments	\$ 250,300	\$ 97,000	\$ 299,900
New funded investment activity ³	\$ 274,400	\$ 84,500	\$ 240,800
Proceeds from prepayments, exits, other paydowns and sales	\$ 104,400	\$ 146,100	\$ 235,000
Net new investments ⁴	\$ 170,000	\$ (61,600)	\$ 5,800
Number of new investment commitments in new portfolio companies	18	6	12
Number of new investment commitments in existing portfolio companies	7	5	9
Number of portfolio company exits	11	8	10

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 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 OCSI 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 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 OCSI Merger.

³ New funded investment activity includes drawdowns on existing revolver and delayed draw term loan commitments.

⁴ Net new investments consists of new funded investment activity less proceeds from prepayments, exits, other paydowns and sales.

As of December 31, 2022, the fair value of the investment portfolio was \$2.6 billion and was composed of investments in 156 companies. These included debt investments in 142 companies, equity investments in 42 companies, and the Company's joint venture investments in SLF JV I and OCSI Glick JV LLC ("Glick JV"). 30 of the equity investments were in companies in which the Company also had a debt investment.

As of December 31, 2022, 94.8% of the Company's portfolio at fair value consisted of debt investments, including 71.9% of first lien loans, 14.4% of second lien loans and 8.5% of unsecured debt investments, including the debt investments in SLF JV I and Glick JV. This compared to 71.2% of first lien loans, 15.7% of second lien loans and 8.1% of unsecured debt investments, including the debt investments in SLF JV I and Glick JV, as of September 30, 2022.

As of December 31, 2022, there were no investments on non-accrual status.

The Company's investments in SLF JV I totaled \$136.8 million at fair value as of December 31, 2022, up 17% from \$117.0 million as of September 30, 2022. The increase was primarily driven by \$21.9 million of additional contributions by the Company to SLF JV I as well as undistributed net investment income, partially offset by SLF JV I's use of leverage and unrealized price declines in the underlying investment portfolio resulting from broader market volatility.

As of December 31, 2022, SLF JV I had \$409.4 million in assets, including senior secured loans to 59 portfolio companies. This compared to \$385.2 million in assets, including senior secured loans to 60 portfolio companies, as of September 30, 2022. As of December 31, 2022, there were no investments held by SLF JV I on non-accrual status. SLF JV I generated cash interest income of \$2.6 million for the Company during the quarter ended December 31, 2022, up from \$2.2 million in the prior quarter. In addition, SLF JV I generated dividend income of \$1.1 million for the Company during the quarter ended December 31, 2022, up from \$0.9 million in the prior quarter. As of December 31, 2022, SLF JV I had \$34.0 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 \$49.5 million at fair value as of December 31, 2022, down 1% from \$50.3 million as of September 30, 2022. The decline was primarily driven by Glick JV's use of leverage and unrealized price declines in the underlying investment portfolio resulting from broader market volatility.

As of December 31, 2022, Glick JV had \$137.5 million in assets, including senior secured loans to 40 portfolio companies. This compared to \$146.8 million in assets, including senior secured loans to 43 portfolio companies, as of September 30, 2022. As of December 31, 2022, there were no investments held by Glick JV on non-accrual status. Glick JV generated cash interest income of \$1.2 million during the quarter ended December 31, 2022, up from \$1.0 million in the prior quarter. As of December 31, 2022, Glick JV had \$13.9 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 1.3x.

Liquidity and Capital Resources

As of December 31, 2022, the Company had total principal value of debt outstanding of \$1,510.0 million, including \$860.0 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 57% secured and 43% unsecured borrowings as of December 31, 2022. The Company was in compliance with all financial covenants under its credit facilities as of December 31, 2022.

As of December 31, 2022, the Company had \$17.4 million of unrestricted cash and cash equivalents and \$340.0 million of undrawn capacity on its credit facilities (subject to borrowing base and other limitations). As of December 31, 2022, unfunded investment commitments were \$198.9 million, or \$171.8 million excluding unfunded commitments to the Company's joint ventures. Of the \$171.8 million, approximately \$129.8 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, 2022, the weighted average interest rate on debt outstanding, including the effect of the interest rate swap agreement, was 5.6%, up from 4.4% as of September 30, 2022, primarily driven by the impact of rising interest rates on the Company's floating rate liabilities.

The Company's total debt to equity ratio was 1.26x and 1.08x as of December 31, 2022 and September 30, 2022, respectively. The Company's net debt to equity ratio was 1.24x and 1.06x as of December 31, 2022 and September 30, 2022, respectively.

Recent Developments

Reverse Stock Split

On January 20, 2023, the Company amended its restated certificate of incorporation, as amended and corrected, to effect a 1-for-3 reverse stock split effective as of the commencement of trading on January 23, 2023. Following completion of the reverse stock split, the Company had 61,219,605 shares of common stock outstanding.

OSI2 Merger

On January 23, 2023, the Company completed the previously announced acquisition of Oaktree Strategic Income II, Inc. (the "OSI2 Merger"). At the effective time of the OSI2 Merger, each outstanding share of OSI2 common stock was converted into the right to receive 0.9115 shares of the Company's common stock (with OSI2's stockholders receiving cash in lieu of fractional shares of the Company's common stock). As a result of the OSI2 Merger, the Company issued an aggregate of 15,860,200 shares of its common stock to former OSI2 stockholders. Following completion of the OSI2 Merger, the Company had 77,079,805 shares of common stock outstanding.

OSI2 Citibank Facility

On January 23, 2023, as a result of the consummation of the OSI2 Merger, the Company became party to the senior secured revolving credit facility of OSI 2 Senior Lending SPV, LLC ("OSI 2 SPV"), the Company's wholly-owned and consolidated subsidiary, with Citibank, N.A., as lender and administrative agent, and Deutsche Bank Trust Company Americas, as collateral agent, which provides for borrowings of up to \$250 million. The credit facility has a reinvestment period through May 26, 2023, during which advances may be made, and matures on January 26, 2025.

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 OCSI 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 OCSI 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 OCSI 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 OCSI 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 OCSI Merger. The OCSI 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 stockholders of Oaktree Strategic Income Corporation (“OCSI”) 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 OCSI Merger. Additionally, immediately following the completion of the OCSI 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 OCSI 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 OCSI 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

¹ Adjusted earnings (loss) includes accrued Part II incentive fees. As of and for the three months ended December 31, 2022, there was no accrued Part II incentive fee liability. 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. For the three months ended December 31, 2022, no amounts were payable under the A&R Advisory Agreement.

fees payable to the 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, 2022 (unaudited)		September 30, 2022 (unaudited)		December 31, 2021 (unaudited)	
	Amount	Per Share	Amount	Per Share	Amount	Per Share
<i>(\$ in thousands, except per share data)</i>						
GAAP total investment income	\$ 79,179	\$ 1.30	\$ 70,144	\$ 1.15	\$ 64,941	\$ 1.08
Less: Interest income accretion related to merger accounting adjustments	(1,746)	(0.03)	(2,173)	(0.04)	(2,848)	(0.05)
Adjusted total investment income	\$ 77,433	\$ 1.27	\$ 67,971	\$ 1.11	\$ 62,093	\$ 1.03

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, 2022 (unaudited)		September 30, 2022 (unaudited)		December 31, 2021 (unaudited)	
	Amount	Per Share	Amount	Per Share	Amount	Per Share
<i>(\$ in thousands, except per share data)</i>						
GAAP net investment income	\$ 38,808	\$ 0.63	\$ 35,858	\$ 0.59	\$ 32,295	\$ 0.54
Less: Interest income accretion related to merger accounting adjustments	(1,746)	(0.03)	(2,173)	(0.04)	(2,848)	(0.05)
Add: Part II incentive fee	—	—	—	—	1,751	0.03
Adjusted net investment income	\$ 37,062	\$ 0.61	\$ 33,685	\$ 0.55	\$ 31,198	\$ 0.52

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, 2022 (unaudited)		September 30, 2022 (unaudited)		December 31, 2021 (unaudited)	
	Amount	Per Share	Amount	Per Share	Amount	Per Share
<i>(\$ in thousands, except per share data)</i>						
GAAP net realized and unrealized gains (losses), net of taxes	\$ (25,636)	\$ (0.42)	\$ (22,650)	\$ (0.37)	\$ 7,113	\$ 0.12
Less: Net realized and unrealized losses (gains) related to merger accounting adjustments	1,746	0.03	2,173	0.04	2,846	0.05
Adjusted net realized and unrealized gains (losses), net of taxes	\$ (23,890)	\$ (0.39)	\$ (20,477)	\$ (0.34)	\$ 9,959	\$ 0.17

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, 2022 (unaudited)		September 30, 2022 (unaudited)		December 31, 2021 (unaudited)	
	Amount	Per Share	Amount	Per Share	Amount	Per Share
<i>(\$ in thousands, except per share data)</i>						
Net increase (decrease) in net assets resulting from operations	\$ 13,172	\$ 0.22	\$ 13,208	\$ 0.22	\$ 39,408	\$ 0.66
Less: Interest income accretion related to merger accounting adjustments	(1,746)	(0.03)	(2,173)	(0.04)	(2,848)	(0.05)
Less: Net realized and unrealized losses (gains) related to merger accounting adjustments	1,746	0.03	2,173	0.04	2,846	0.05
Adjusted earnings (loss)	\$ 13,172	\$ 0.22	\$ 13,208	\$ 0.22	\$ 39,406	\$ 0.66

Conference Call Information

Oaktree Specialty Lending will host a conference call to discuss its first fiscal quarter 2023 results at 11:00 a.m. Eastern Time / 8:00 a.m. Pacific Time on February 7, 2023. The conference call may be accessed by dialing (877) 507-3275 (U.S. callers) or +1 (412) 317-5238 (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 6846351, 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, including the impacts of inflation and rising interest rates; (ii) risks associated with possible disruption in the operations of the Company or the economy generally due to terrorism, war or other geopolitical conflict (including the current conflict between Russia and Ukraine), natural disasters or pandemics; (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; and (v) 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.

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

	December 31, 2022 (unaudited)	September 30, 2022
ASSETS		
Investments at fair value:		
Control investments (cost December 31, 2022: \$281,911; cost September 30, 2022: \$260,305)	\$ 232,462	\$ 214,165
Affiliate investments (cost December 31, 2022: \$24,327; cost September 30, 2022: \$27,353)	23,173	26,196
Non-control/Non-affiliate investments (cost December 31, 2022: \$2,471,776; cost September 30, 2022: \$2,330,096)	2,387,235	2,253,750
Total investments at fair value (cost December 31, 2022: \$2,778,014; cost September 30, 2022: \$2,617,754)	2,642,870	2,494,111
Cash and cash equivalents	17,382	23,528
Restricted cash	1,863	2,836
Interest, dividends and fees receivable	37,802	35,598
Due from portfolio companies	6,181	22,495
Receivables from unsettled transactions	8,657	4,692
Due from broker	39,760	45,530
Deferred financing costs	6,781	7,350
Deferred offering costs	32	32
Deferred tax asset, net	1,722	1,687
Derivative assets at fair value	—	6,789
Other assets	4,210	1,665
Total assets	\$ 2,767,260	\$ 2,646,313
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable, accrued expenses and other liabilities	\$ 3,035	\$ 3,701
Base management fee and incentive fee payable	16,871	15,940
Due to affiliate	3,260	3,180
Interest payable	13,368	7,936
Payables from unsettled transactions	20,974	26,981
Derivative liability at fair value	44,139	41,969
Credit facilities payable	860,000	700,000
Unsecured notes payable (net of \$4,650 and 5,020 of unamortized financing costs as of December 31, 2022 and September 30, 2022, respectively)	603,624	601,043
Total liabilities	1,565,271	1,400,750
Commitments and contingencies		
Net assets:		
Common stock, \$0.01 par value per share, 250,000 shares authorized; 61,220 and 61,125 shares issued and outstanding as of December 31, 2022 and September 30, 2022, respectively	612	611
Additional paid-in-capital	1,829,653	1,827,721
Accumulated overdistributed earnings	(628,276)	(582,769)
Total net assets (equivalent to \$19.63 and \$20.38 per common share as of December 31, 2022 and September 30, 2022, respectively)	1,201,989	1,245,563
Total liabilities and net assets	\$ 2,767,260	\$ 2,646,313

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

	Three months ended December 31, 2022 (unaudited)	Three months ended September 30, 2022 (unaudited)	Three months ended December 31, 2021 (unaudited)
Interest income:			
Control investments	\$ 4,567	\$ 3,829	\$ 3,480
Affiliate investments	641	574	334
Non-control/Non-affiliate investments	64,298	57,021	51,635
Interest on cash and cash equivalents	472	295	1
Total interest income	69,978	61,719	55,450
PIK interest income:			
Non-control/Non-affiliate investments	6,130	6,011	4,663
Total PIK interest income	6,130	6,011	4,663
Fee income:			
Control investments	13	12	13
Affiliate investments	5	5	5
Non-control/Non-affiliate investments	2,003	1,522	894
Total fee income	2,021	1,539	912
Dividend income:			
Control investments	1,050	875	3,916
Total dividend income	1,050	875	3,916
Total investment income	79,179	70,144	64,941
Expenses:			
Base management fee	9,917	9,703	9,952
Part I incentive fee	7,703	6,986	6,457
Part II incentive fee	—	—	1,751
Professional fees	1,500	1,389	1,322
Directors fees	160	160	123
Interest expense	20,719	15,751	9,400
Administrator expense	298	278	390
General and administrative expenses	746	769	693
Total expenses	41,043	35,036	30,088
Fees waived	(750)	(750)	(750)
Net expenses	40,293	34,286	29,338
Net investment income before taxes	38,886	35,858	35,603
(Provision) benefit for taxes on net investment income	—	—	(3,308)
Excise tax	(78)	—	—
Net investment income	38,808	35,858	32,295
Unrealized appreciation (depreciation):			
Control investments	(3,309)	(6,754)	(667)
Affiliate investments	3	33	(251)
Non-control/Non-affiliate investments	(8,675)	(16,803)	(2,831)
Foreign currency forward contracts	(11,001)	5,655	(837)
Net unrealized appreciation (depreciation)	(22,982)	(17,869)	(4,586)
Realized gains (losses):			
Control investments	—	—	1,868
Non-control/Non-affiliate investments	(7,651)	(4,303)	4,481
Foreign currency forward contracts	4,448	1,547	2,972
Net realized gains (losses)	(3,203)	(2,756)	9,321
(Provision) benefit for taxes on realized and unrealized gains (losses)	549	(2,025)	2,378
Net realized and unrealized gains (losses), net of taxes	(25,636)	(22,650)	7,113
Net increase (decrease) in net assets resulting from operations	\$ 13,172	\$ 13,208	\$ 39,408
Net investment income per common share — basic and diluted	\$ 0.63	\$ 0.59	\$ 0.54
Earnings (loss) per common share — basic and diluted	\$ 0.22	\$ 0.22	\$ 0.66
Weighted average common shares outstanding — basic and diluted	61,142	61,125	60,127



OAKTREE

OCSL | Specialty Lending Corporation

FIRST QUARTER 2023
FEBRUARY 7, 2023

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, 2022 and our quarterly report on Form 10-Q for the quarter ended December 31, 2022. Other factors that could cause actual results to differ materially include: changes in the economy, financial markets and political environment; risks associated with possible disruption in our operations or the economy generally due to terrorism, war or other geopolitical conflict (including the current conflict between Russia and Ukraine), natural disasters or pandemics; 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; and other considerations 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.

Calculation of Assets Under Management

References to total "assets under management" or "AUM" represent assets managed by Oaktree and a proportionate amount of the AUM reported by DoubleLine Capital LP ("DoubleLine Capital"), in which Oaktree owns a 20% minority interest. Oaktree's methodology for calculating AUM includes (i) the net asset value ("NAV") of assets managed directly by Oaktree, (ii) the leverage on which management fees are charged, (iii) undrawn capital that Oaktree is entitled to call from investors in Oaktree funds pursuant to their capital commitments, (iv) for collateralized loan obligation vehicles ("CLOs"), the aggregate par value of collateral assets and principal cash, (v) for publicly-traded business development companies, gross assets (including assets acquired with leverage), net of cash, and (vi) Oaktree's pro rata portion (20%) of the AUM reported by DoubleLine Capital. This calculation of AUM is not based on the definitions of AUM that may be set forth in agreements governing the investment funds, vehicles or accounts managed and is not calculated pursuant to regulatory definitions.

Unless otherwise indicated, data provided herein are dated as of December 31, 2022.



Highlights for the Quarter Ended December 31, 2022

ADJUSTED NET INVESTMENT INCOME ¹	<ul style="list-style-type: none"> • \$0.61 per share as compared with \$0.55 per share for the quarter ended September 30, 2022 • GAAP net investment income was \$0.63 per share as compared with \$0.59 per share for the quarter ended September 30, 2022 • The increase in adjusted net investment income was primarily due to higher interest income from rising base rates and wider spreads
NET ASSET VALUE PER SHARE	<ul style="list-style-type: none"> • \$19.63 as compared with \$20.38 as of September 30, 2022 • Decrease primarily due to unrealized losses related to wider credit spreads impacting the valuation of the portfolio as well as the \$0.42 per share special distribution that was paid during the quarter
DIVIDENDS	<ul style="list-style-type: none"> • Declared a cash distribution of \$0.55 per share, an increase of 2% from the prior quarter and 15% from one year ago • Eleventh consecutive quarter with a distribution increase • Distribution will be payable on March 31, 2023 to stockholders of record as of March 15, 2023
INVESTMENT ACTIVITY	<ul style="list-style-type: none"> • \$250 million of new investment commitments • 13.1% weighted average yield on new debt investments • \$274 million of new investment fundings and received \$104 million of proceeds from prepayments, exits, other paydowns and sales
INVESTMENT PORTFOLIO	<ul style="list-style-type: none"> • \$2.6 billion at fair value diversified across 156 portfolio companies • 11.6% weighted average yield on debt investments, up from 10.6% as of September 30, 2022 primarily due to higher base rates • 87% of debt portfolio was floating rate • No investments on non-accrual status
CAPITAL STRUCTURE & LIQUIDITY	<ul style="list-style-type: none"> • 1.24x net debt to equity ratio, as compared with 1.06x as of September 30, 2022 • \$17 million of cash and \$340 million of undrawn capacity on credit facilities
MERGER WITH OSI2	<ul style="list-style-type: none"> • Completed the two-step merger of Oaktree Strategic Income II, Inc. (“OSI2”) with and into us (the “Merger”) on January 23, 2023 • Added approximately \$601 million of total assets at closing

Note: The Company completed a 1-for-3 reverse stock split on January 20, 2023, effective as of the commencement of trading on January 23, 2023. All share amounts and per share information included in this presentation reflect the reverse stock split on a retroactive basis.

¹ See page 21 for a description of this non-GAAP measure.



Portfolio Summary

PORTFOLIO CHARACTERISTICS

(At fair value)

\$2.6bn TOTAL INVESTMENTS	156 PORTFOLIO COMPANIES
11.6% WEIGHTED AVERAGE YIELD ON DEBT INVESTMENTS	\$128mm MEDIAN DEBT PORTFOLIO COMPANY EBITDA ¹
86% SENIOR SECURED DEBT INVESTMENTS	0 NON-ACCRUALS

As of December 31, 2022

Note: Numbers may not sum due to rounding.

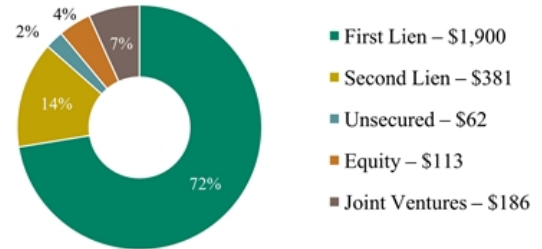
¹ Excludes investments in negative EBITDA borrowers, structured products and recurring revenue software businesses.

² Based on GICS sub-industry classification.

³ Excludes multi-sector holdings, which is primarily composed of investments in Senior Loan Fund JV 1 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)

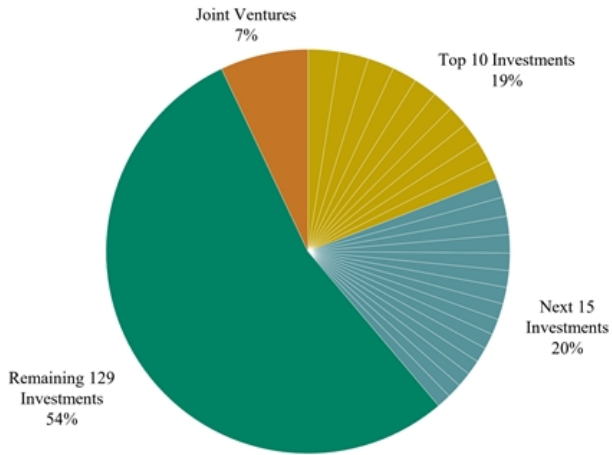




Portfolio Diversity

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	16.5%
IT Services	6.1
Diversified Financial Services	5.5
Pharmaceuticals	4.8
Biotechnology	4.4
Health Care Providers & Services	4.0
Health Care Technology	3.9
Specialty Retail	3.8
Real Estate Management & Development	3.4
Chemicals	3.2
Machinery	3.0
Internet & Direct Marketing Retail	2.5
Remaining 29 Industries	31.8
Joint Ventures	7.0

OCSL's portfolio is diverse across borrowers and industries

As of December 31, 2022

Note: Numbers may not sum due to rounding.

¹ Based on GICS industry classification.



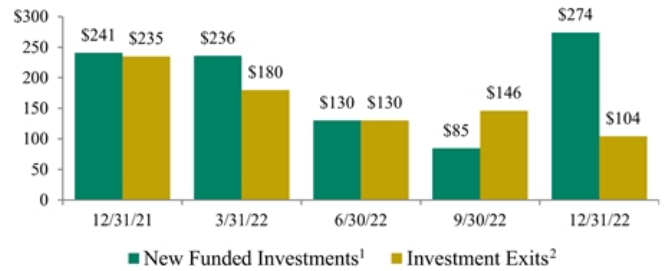
Investment Activity

NEW INVESTMENT HIGHLIGHTS

<p>\$250mm NEW INVESTMENT COMMITMENTS</p>	<p>\$274mm NEW INVESTMENT FUNDINGS¹</p>
<p>13.1% WEIGHTED AVERAGE YIELD ON NEW DEBT COMMITMENTS</p>	<p>100% ALSO HELD BY OTHER OAKTREE FUNDS</p>
<p>\$235mm NEW INVESTMENT COMMITMENTS IN NEW PORTFOLIO COMPANIES</p>	<p>\$15mm NEW INVESTMENT COMMITMENTS IN EXISTING PORTFOLIO COMPANIES</p>

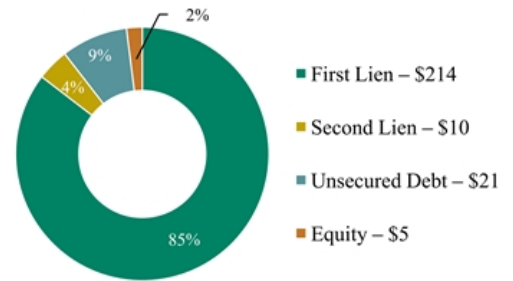
HISTORICAL FUNDED ORIGINATIONS AND EXITS

(\$ 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			Avg. Secondary Purchase Price
			First Lien	Second Lien	Unsecured & Other	Private Placement	Primary (Public)	Secondary (Public)	
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
2Q2022	228	25	163	17	48	162	26	40	96
3Q2022	132	28	100	6	25	63	5	63	91
4Q2022	97	11	65	--	32	71	22	4	92
1Q2023	250	25	214	10	26	188	49	14	82

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



Financial Highlights

(\$ and number of shares in thousands, except per share amounts)	As of				
	12/31/2022	9/30/2022	6/30/2022	3/31/2022	12/31/2021
GAAP Net Investment Income per Share	\$0.63	\$0.59	\$0.66	\$0.66	\$0.54
<i>Adjusted Net Investment Income per Share¹</i>	<i>\$0.61</i>	<i>\$0.55</i>	<i>\$0.51</i>	<i>\$0.53</i>	<i>\$0.52</i>
Net Realized and Unrealized Gains (Losses), Net of Taxes per Share	\$(0.42)	\$(0.37)	\$(1.28)	\$(0.42)	\$0.12
<i>Adjusted Net Realized and Unrealized Gains (Losses), Net of Taxes per Share¹</i>	<i>\$(0.39)</i>	<i>\$(0.34)</i>	<i>\$(1.24)</i>	<i>\$(0.36)</i>	<i>\$0.17</i>
Earnings (Loss) per Share	\$0.22	\$0.22	\$(0.62)	\$0.24	\$0.66
<i>Adjusted Earnings (Loss) per Share¹</i>	<i>\$0.22</i>	<i>\$0.22</i>	<i>\$(0.62)</i>	<i>\$0.24</i>	<i>\$0.66</i>
Quarterly Distributions per Share	\$0.54	\$0.51	\$0.495	\$0.48	\$0.465
Special Distributions per Share	\$0.42	--	--	--	--
NAV per Share	\$19.63	\$20.83	\$20.67	\$21.78	\$22.03
Weighted Average Shares Outstanding	61,142	61,125	61,123	60,533	60,127
Shares Outstanding, End of Period	61,220	61,125	61,125	61,068	60,156
Investment Portfolio (at Fair Value)	\$2,642,870	\$2,494,111	\$2,565,389	\$2,644,775	\$2,588,623
Cash and Cash Equivalents	\$17,382	\$23,528	\$34,306	\$39,366	\$43,765
Total Assets	\$2,767,260	\$2,646,313	\$2,689,378	\$2,756,682	\$2,699,939
Total Debt Outstanding ²	\$1,463,624	\$1,301,043	\$1,356,606	\$1,363,660	\$1,285,461
Net Assets	\$1,201,989	\$1,245,563	\$1,263,529	\$1,330,376	\$1,325,061
Total Debt to Equity Ratio	1.26x	1.08x	1.10x	1.05x	0.98x
Net Debt to Equity Ratio	1.24x	1.06x	1.08x	1.02x	0.95x
Weighted Average Interest Rate on Debt Outstanding ³	5.6%	4.4%	3.2%	2.5%	2.3%

Note: The Company completed a 1-for-3 reverse stock split on January 20, 2023, effective as of the commencement of trading on January 23, 2023. All share amounts and per share information included in this presentation reflect the reverse stock split on a retroactive basis.

¹ See page 21 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				
	12/31/2022	9/30/2022	6/30/2022	3/31/2022	12/31/2021
Investments at Fair Value	\$2,642,870	\$2,494,111	\$2,565,389	\$2,644,775	\$2,558,623
Number of Portfolio Companies	156	149	151	146	140
Average Portfolio Company Debt Investment Size	\$16,500	\$16,500	\$16,700	\$17,700	\$18,500
Asset Class:					
First Lien	71.9%	71.2%	70.0%	69.0%	69.7%
Second Lien	14.4	15.7	16.6	17.3	17.7
Unsecured Debt	2.4	2.3	2.5	2.1	1.0
Equity	4.3	4.2	4.3	4.5	4.2
Joint Venture Interests	7.0	6.7	6.6	7.1	7.4
Interest Rate Type for Debt Investments:					
% Floating-Rate	87.3%	86.5%	87.8%	89.0%	91.6%
% Fixed-Rate	12.7	13.5	12.2	11.0	8.4
Yields:					
Weighted Average Yield on Debt Investments ¹	11.6%	10.6%	9.3%	8.8%	8.7%
Cash Component of Weighted Average Yield on Debt Investments	10.3	9.3	8.2	7.6	7.5
Weighted Average Yield on Total Portfolio Investments ²	11.2	10.2	9.0	8.4	8.3

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 of Oaktree Strategic Income Corporation with an into us (the "OCSI Merger"). See page 21 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 OCSI Merger. See page 21 for a description of the non-GAAP financial measures.



Investment Activity

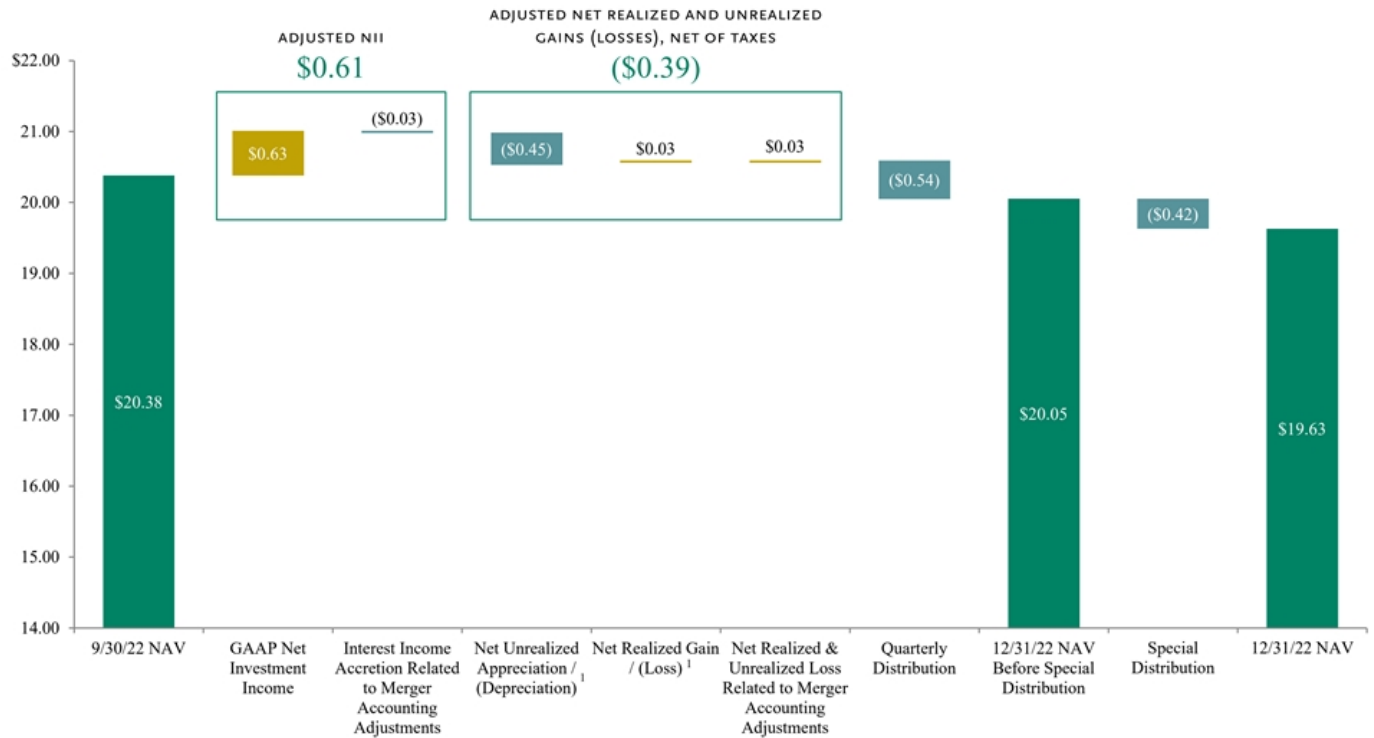
<i>(\$ in thousands)</i>	As of				
	12/31/2022	9/30/2022	6/30/2022	3/31/2022	12/31/2021
New Investment Commitments	\$250,300	\$97,000	\$131,900	\$227,900	\$299,900
New Funded Investment Activity ¹	\$274,400	\$84,500	\$130,000	\$236,200	\$240,800
Proceeds from Prepayments, Exits, Other Paydowns and Sales	\$104,400	\$146,100	\$129,900	\$180,100	\$235,000
Net New Investments ²	\$170,000	\$(61,600)	\$100	\$56,100	\$5,800
New Investment Commitments in New Portfolio Companies	18	6	12	16	12
New Investment Commitments in Existing Portfolio Companies	7	5	16	9	9
Portfolio Company Exits	11	8	7	10	10
Weighted Average Yield at Cost on New Debt Investment Commitments	13.1%	9.9%	9.2%	8.7%	8.1%

¹ New funded investment activity includes drawdowns on existing revolver commitments.

² 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: Numbers may not sum due to rounding. 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 21 for a description of the non-GAAP measures. Per share amounts have been adjusted for the one-for-three reverse stock split which took effect before market open on January 23, 2023.

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

0.90x to 1.25x
TARGET LEVERAGE RATIO

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

43%
UNSECURED
BORROWINGS

\$357mm
AVAILABLE LIQUIDITY³

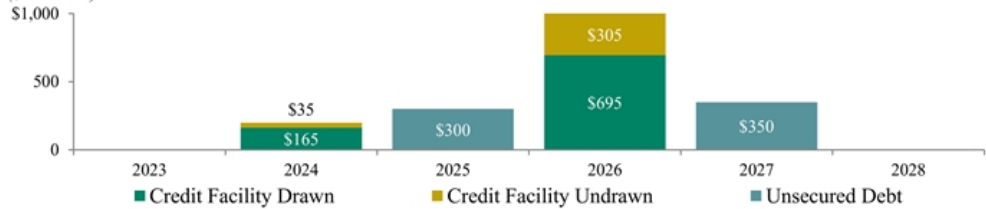
FUNDING SOURCES

(\$ in millions)

	Committed	Principal Outstanding	Interest Rate	Maturity
Syndicated Credit Facility	\$1,000	\$695	LIBOR + 2.00%	5/4/2026
Citibank Facility	200	165	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	--	(17)	--	--
Total	\$1,850	\$1,493		
Weighted Average Interest Rate		5.6%		
Net Debt to Equity Ratio		1.24x		

MATURITIES

(\$ in millions)



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

As of December 31, 2022

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.

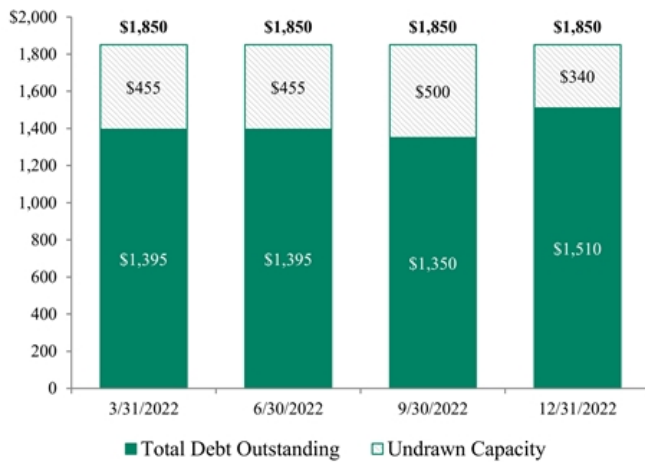
³ Liquidity was composed of \$17.4 million of unrestricted cash and cash equivalents and \$340.0 million of undrawn capacity under the credit facilities (subject to borrowing base and other limitations).



Funding and Liquidity Metrics

LEVERAGE UTILIZATION

(\$ in millions)



	3/31/2022	6/30/2022	9/30/2022	12/31/2022
Cash	\$39	\$34	\$24	\$17
Net Assets	\$1,330	\$1,264	\$1,246	\$1,202
Net Leverage	1.02x	1.08x	1.06x	1.24x
Total Leverage	1.05x	1.10x	1.08x	1.26x

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, 2022, 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)

	3/31/2022	6/30/2022	9/30/2022	12/31/2022
Credit Facilities Committed	\$1,200	\$1,200	\$1,200	\$1,200
Credit Facilities Drawn	(745)	(745)	(700)	(860)
Cash and Cash Equivalents	39	34	24	17
Total Liquidity	494	489	524	357
Total Unfunded Commitments ¹	(195)	(183)	(175)	(172)
Unavailable Unfunded Commitments ²	42	56	33	42
Adjusted Liquidity	\$342	\$362	\$382	\$227

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)

\$137mm OCSL'S INVESTMENTS IN THE KEMPER JV	5.2% % OF OCSL'S PORTFOLIO
\$4.4mm NET INVESTMENT INCOME ¹	14.3% RETURN ON OCSL'S INVESTMENT (ANNUALIZED) ³

GLICK JV CHARACTERISTICS

(At fair value)

\$50mm OCSL'S INVESTMENTS IN THE GLICK JV	1.9% % OF OCSL'S PORTFOLIO
\$1.8mm NET INVESTMENT INCOME ²	14.4% RETURN ON OCSL'S INVESTMENT (ANNUALIZED) ³

COMBINED PORTFOLIO SUMMARY

INVESTMENT PORTFOLIO	FIRST LIEN	PORTFOLIO COMPANY COUNT	WTD. AVG. DEBT PORTFOLIO YIELD	LEVERAGE RATIO
\$479mm	95%	61	10.2%	1.4x

As of December 31, 2022

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, 2022.

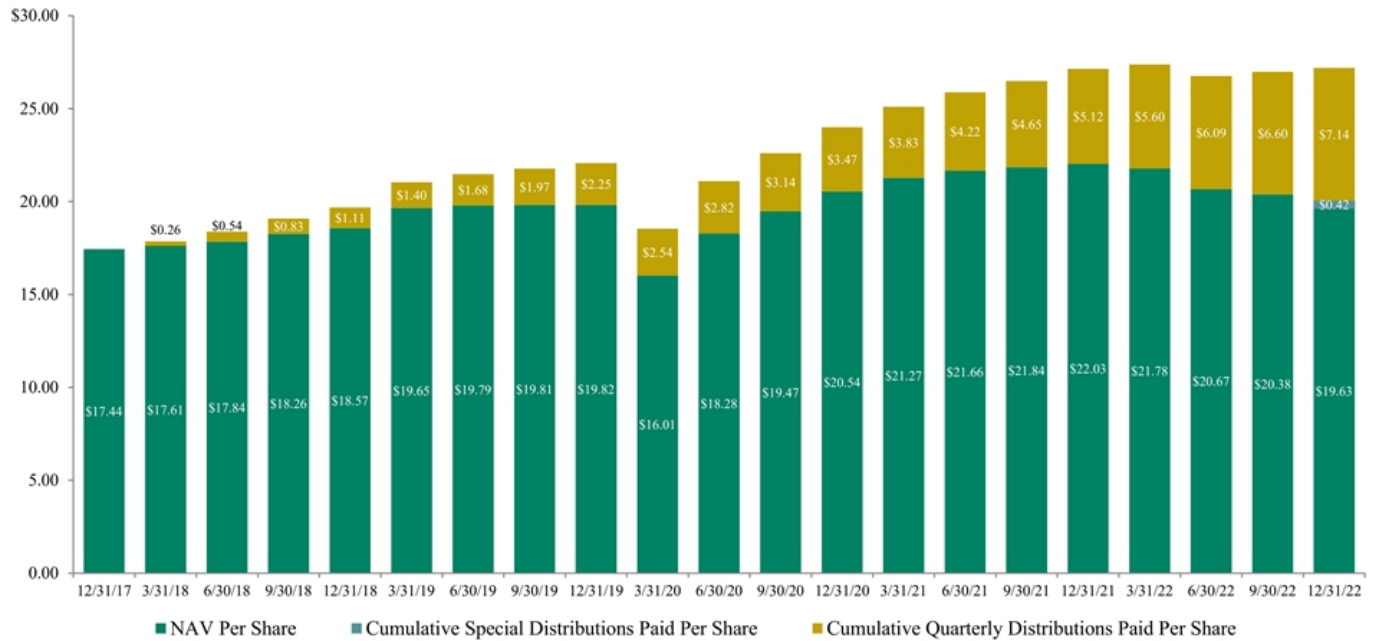
² Represents OCSL's 87.5% share of the Glick JV's net investment income (excluding subordinated note interest expense) earned during the quarter ended December 31, 2022.

³ Calculated as OCSL's share of each respective joint venture's net investment income annualized, divided by the fair value of OCSL's investments in each joint venture as of September 30, 2022 and adjusted for current quarter capital contributions.



Compelling Performance Under Oaktree Management

NAV AND CUMULATIVE DISTRIBUTIONS PAID PER SHARE¹



OCSL has generated a 10.4% annualized return on equity under Oaktree management²

Note: The Company completed a 1-for-3 reverse stock split on January 20, 2023, effective as of the commencement of trading on January 23, 2023. All share amounts and per share information included in this presentation reflect the reverse stock split on a retroactive basis.

¹ Cumulative distributions declared and paid from December 31, 2017 through December 31, 2022.

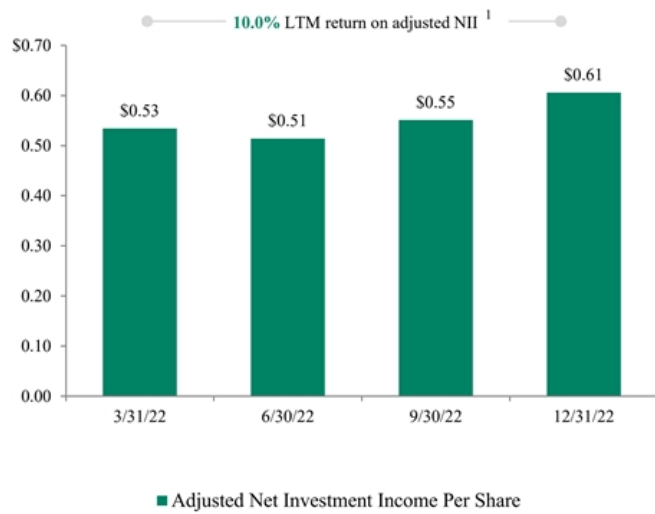
² Annualized return on equity calculated as the change in net asset value plus distributions paid from December 31, 2017 through December 31, 2022. Assumes dividends reinvested at NAV.



Strong Earnings and Dividend Growth

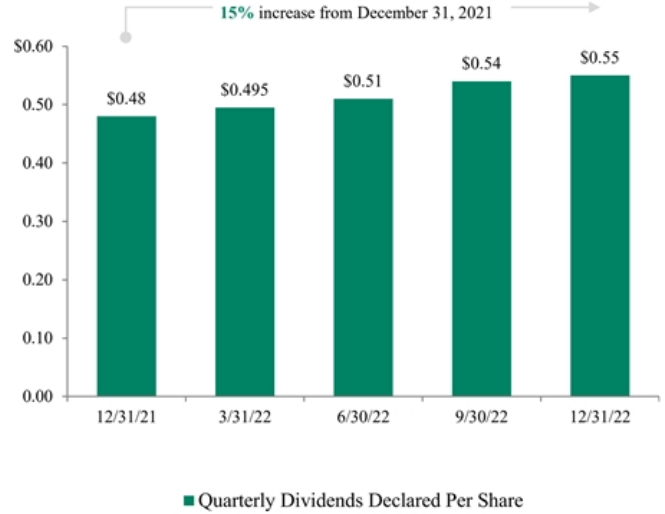
ADJUSTED NET INVESTMENT INCOME PER SHARE AND ROE

(\$ in millions)



QUARTERLY DIVIDENDS DECLARED PER SHARE

(\$ in millions)



OCSL has delivered strong earnings and dividend growth over the last year on the strength of the portfolio and positive impact from rising interest rates

Note: Please refer to page 21 for a description of adjusted net investment income, which is a non-GAAP financial measure. GAAP net investment income per share was \$0.63, \$0.59, \$0.66 and \$0.66 for the quarters ended December 31, 2022, September 30, 2022, June 30, 2022 and March 31, 2022. The Company completed a 1-for-3 reverse stock split on January 20, 2023, effective as of the commencement of trading on January 23, 2023. All share amounts and per share information included in this presentation reflect the reverse stock split on a retroactive basis.

¹ Calculated as reported adjusted net investment income per share divided by beginning NAV per share.



Opportunities to Increase Return on Equity

1

POSITIONED FOR CONTINUED INTEREST RATE INCREASES

- 87% of the debt portfolio at fair value was composed of floating rate debt investments
- Higher base rates are positively impacting net investment income

2

CONTINUE ROTATING INTO HIGHER-YIELDING INVESTMENTS

- Opportunity to improve the portfolio's yield by rotating out of lower-yielding investments into higher-yielding, proprietary loans or discounted secondary market purchases
- \$26 million at fair value of senior secured loans with interest rates at or below LIBOR + 4.50%²
- \$50 million of investments with interest rates equal to or below LIBOR + 3.75% in the joint ventures²

3

REALIZATION OF MERGER SYNERGIES

- Merger with OSI2 closed on January 23, 2023
- Operational synergies resulting from elimination of duplicative expenses expected to result in near-term G&A savings
- Streamlined capital structure anticipated to result in interest expense savings
- Base management fee waiver totaling \$9 million over two years

As of December 31, 2022

¹ Subject to borrowing base and other limitations.

² For senior secured loans that have a cost basis above 92.5%.

Appendix



OAKTREE
OCSL | Specialty Lending Corporation



OCSL & OSI₂ Combined Company Metrics

PORTFOLIO AND BALANCE SHEET METRICS

(At fair value, \$ in thousands)

	OCSL	OSI ₂	Combined Company
Portfolio:			
Investments at Fair Value	\$2,642,870	\$572,028	\$3,214,898
Top 10 Investments (%)	19.1% ¹	23.1%	19.5%
Number of Portfolio Companies	156	113	167
First Lien (%)	72%	85%	74%
Second Lien (%)	14%	12%	14%
Unsecured (%)	2%	0%	2%
Equity (%)	4%	3%	4%
Joint Venture Interests (%)	7%	-	6%
Non-Accruals at Cost	-	-	-
Balance Sheet:			
Total Assets	\$2,767,260	\$596,723	\$3,363,983
Cash and Cash Equivalents	\$17,382	\$9,296	\$26,678
Total Debt Outstanding ²	\$1,463,624	\$273,316	\$1,736,940
Net Assets	\$1,201,989	\$313,092	\$1,515,081
Total Debt to Equity Ratio	1.26x	0.87x	1.18x
Net Debt to Equity Ratio	1.24x	0.84x	1.16x
Unsecured Borrowings ¹ (%)	43%	-	36%

As of December 31, 2022

Note: This select financial information of OSI₂ is not a comprehensive statement of OSI₂'s financial position, results of operations or cash flows for any period. Ernst & Young LLP has not audited, reviewed, compiled, or performed any procedures with respect to OSI₂'s select financial information. Accordingly, Ernst & Young LLP does not express an opinion or any other form of assurance with respect thereto.

¹ Excludes the Company's joint venture investments.

² Net of unamortized financing costs.



Quarterly Statement of Operations

(\$ in thousands)	For the three months ended				
	12/31/2022	9/30/2022	6/30/2022	3/31/2022	12/31/2021
INVESTMENT INCOME					
Interest income	\$69,978	\$61,719	\$54,728	\$57,019	\$55,450
PIK interest income	6,130	6,011	5,178	4,674	4,663
Fee income	2,021	1,539	2,275	1,905	912
Dividend income	1,050	875	956	700	3,916
GAAP total investment income	79,179	70,144	63,137	64,298	64,941
Less: Interest income accretion related to merger accounting adjustments	(1,746)	(2,173)	(2,188)	(4,008)	(2,848)
Adjusted total investment income	77,433	67,971	60,949	60,290	62,093
EXPENSES					
Base management fee	9,917	9,703	9,819	10,082	9,952
Part I incentive fee	7,703	6,986	6,497	6,704	6,457
Part II incentive fee	--	--	(6,796)	(3,746)	1,751
Interest expense	20,719	15,751	11,870	9,908	9,400
Other operating expenses ¹	2,704	2,596	2,127	2,002	2,528
Total expenses	41,043	35,036	23,517	24,950	30,008
Reversal of fees waived (fees waived)	(750)	(750)	(750)	(750)	(750)
Net expenses	40,293	34,286	22,767	24,200	29,338
(Provision) benefit for taxes on net investment income	--	--	--	--	(3,308)
Excise tax	(78)	--	--	--	(3,308)
GAAP net investment income	38,808	35,858	40,370	40,098	32,295
Less: Interest income accretion related to merger accounting adjustments	(1,746)	(2,173)	(2,188)	(4,008)	(2,848)
Add: Part II incentive fee	--	--	(6,796)	(3,746)	1,751
Adjusted net investment income	\$37,062	\$33,685	\$31,386	\$32,344	\$31,198

Note: See page 21 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				
	12/31/2022	9/30/2022	6/30/2022	3/31/2022	12/31/2021
NET REALIZED AND UNREALIZED GAINS (LOSSES)					
Net unrealized appreciation (depreciation)	\$22,982	\$17,869	\$86,755	\$27,038	\$4,586
Net realized gains (losses)	(3,203)	(2,756)	9,212	1,402	9,321
(Provision) benefit for taxes on realized and unrealized gains (losses)	549	(2,025)	(661)	(21)	2,378
GAAP net realized and unrealized gains (losses), net of taxes	\$25,636	\$22,650	\$78,204	\$25,657	\$7,113
Less: Net realized and unrealized losses (gains) related to merger accounting adjustments	1,746	2,173	2,188	4,008	2,846
Adjusted net realized and unrealized gains (losses), net of taxes	\$23,890	\$20,477	\$76,016	\$21,649	\$9,959
GAAP net increase (decrease) in net assets resulting from operations	\$13,172	\$13,208	\$37,384	\$14,441	\$39,408
Less: Interest income accretion related to merger accounting adjustments	(1,746)	(2,173)	(2,188)	(4,008)	(2,848)
Less: Net realized and unrealized losses (gains) related to merger accounting adjustments	1,746	2,173	2,188	4,008	2,846
Adjusted earnings (loss)	\$13,172	\$13,208	\$37,834	\$14,441	\$39,406
PER SHARE DATA:					
GAAP total investment income	\$1.30	\$1.15	\$1.03	\$1.06	\$1.08
Adjusted total investment income	1.27	1.11	1.00	1.00	1.03
GAAP net investment income	0.63	0.59	0.66	0.66	0.54
Adjusted net investment income	0.61	0.55	0.51	0.53	0.52
GAAP net realized and unrealized gains (losses), net of taxes	(0.42)	(0.37)	(1.28)	(0.42)	0.12
Adjusted net realized and unrealized gains (losses), net of taxes	(0.39)	(0.34)	(1.24)	(0.36)	0.17
GAAP net increase/decrease in net assets resulting from operations	0.22	0.22	(0.62)	0.24	0.66
Adjusted earnings (loss)	0.22	0.22	(0.62)	0.24	0.66
Weighted average common shares outstanding	61,142	61,125	61,123	60,533	60,127
Shares outstanding, end of period	61,220	61,125	61,125	61,068	60,156

Note: See page 21 for a description of the non-GAAP measures. Per share amounts have been adjusted for the one-for-three reverse stock split which took effect before market open on January 23, 2023.



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 OCSL Merger. Additionally, immediately following the completion of the OCSL 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 OCSL 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 OCSL 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 OCSL 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 OCSL 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 OCSL 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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