

**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): May 5, 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:

<b>Title of each class</b>	<b>Trading Symbol(s)</b>	<b>Name of each exchange on which registered</b>
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. ☐

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**Item 2.02. Results of Operations and Financial Condition.**

On May 5, 2022, Oaktree Specialty Lending Corporation (the “Company”) issued a press release announcing its financial results for the fiscal quarter ended March 31, 2022. A copy of the press release is attached hereto as Exhibit 99.1.

On May 5, 2022, the Company will host a conference call to discuss its financial results for the fiscal quarter ended March 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 May 5, 2022](#)

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

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**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: May 5, 2022

By: /s/ Christopher McKown

Name: Christopher McKown

Title: Chief Financial Officer and Treasurer



## Oaktree Specialty Lending Corporation Announces Second Fiscal Quarter 2022 Financial Results and Declares Increased Distribution of \$0.165 Per Share

LOS ANGELES, CA, May 5, 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 March 31, 2022.

### Financial Highlights for the Quarter Ended March 31, 2022

- **Total investment income** was \$64.3 million (\$0.35 per share) for the second fiscal quarter of 2022, as compared with \$64.9 million (\$0.36 per share) for the first fiscal quarter of 2022. Adjusted total investment income was \$60.3 million (\$0.33 per share) for the second fiscal quarter of 2022, as compared with \$62.1 million (\$0.34 per share) for the first fiscal quarter of 2022. The decreases were primarily driven by lower dividend income, partially offset by higher prepayment fees.
- **GAAP net investment income** was \$40.1 million (\$0.22 per share) for the second fiscal quarter of 2022, as compared with \$32.3 million (\$0.18 per share) for the first fiscal quarter of 2022. The increase was principally from higher interest income, resulting primarily from higher interest income accretion related to merger-related accounting adjustments, higher prepayment fees and a reversal of accrued capital gains incentive fees. This was partially offset by higher interest expense and higher part I incentive fees.
- **Adjusted net investment income** was \$32.3 million (\$0.18 per share) for the second fiscal quarter of 2022, as compared with \$31.2 million (\$0.17 per share) for the first fiscal quarter of 2022. The increase for the quarter primarily reflected higher prepayment fees and OID acceleration related to exited investments as well as lower professional fees, partially offset by higher interest expense and higher part I incentive fees.
- **Net asset value ("NAV") per share** was \$7.26 as of March 31, 2022, down 1.1% from \$7.34 as of December 31, 2021. The decrease was primarily driven by unrealized losses related to credit spread widening, partially offset by undistributed net investment income.
- **Originated** \$227.9 million of new investment commitments and received \$180.1 million of proceeds from prepayments, exits, other paydowns and sales during the quarter ended March 31, 2022. Of these new investment commitments, 72% were first lien loans, 7% were second lien loans, 13% were subordinated debt investments and 8% were equity investments. The weighted average yield on new debt investments was 8.7%.
- **No investments were on non-accrual status** as of March 31, 2022.
- **Issued and sold** 2.6 million shares of common stock under the Company's "at the market" equity offering during the three months ended March 31, 2022. The shares were issued at a premium to NAV, resulting in net proceeds of \$19.4 million after giving effect to sale agents' commissions and offering expenses.
- **Total debt outstanding** was \$1,395.0 million as of March 31, 2022. The total debt to equity ratio was 1.05x, and the net debt to equity ratio was 1.02x, after adjusting for cash and cash equivalents.
- **Liquidity** as of March 31, 2022 was composed of \$39.4 million of unrestricted cash and cash equivalents and \$455.0 million of undrawn capacity under the credit facilities (subject to borrowing base and other limitations). Unfunded investment commitments were \$243.8 million, or \$194.8 million excluding unfunded commitments to the Company's joint ventures. Of the \$194.8 million, approximately \$152.4 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 \$0.165 per share, up 3% from the prior quarter and the eighth consecutive quarterly distribution increase. The distribution is payable in cash on June 30, 2022 to stockholders of record on June 15, 2022.

Armen Panossian, Chief Executive Officer and Chief Investment Officer, said, "OCSL generated strong results in the second fiscal quarter. Our earnings were again solid, reflecting robust origination activity and successful exits of certain investments. Credit quality remains healthy with no non-accruals, a testament to our disciplined, risk-controlled investment approach. Based on our strong and consistent performance, we increased our dividend for the eighth consecutive quarter to \$0.165 per share. We are well-positioned for this increasingly volatile market environment and believe OCSL will continue to deliver attractive returns to our shareholders."

#### **Distribution Declaration**

The Board of Directors declared a quarterly distribution of \$0.165 per share, an increase of 3%, or \$0.005 per share, from the prior quarter and the eighth consecutive quarterly distribution increase. The distribution is payable in cash on June 30, 2022 to stockholders of record on June 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		
	March 31, 2022 (unaudited)	December 31, 2021 (unaudited)	March 31, 2021 (unaudited)
(\$ in thousands, except per share data)			
<b>GAAP operating results:</b>			
Interest income	\$ 57,019	\$ 55,450	\$ 35,655
PIK interest income	4,674	4,663	3,801
Fee income	1,905	912	2,278
Dividend income	700	3,916	209
<b>Total investment income</b>	<b>64,298</b>	<b>64,941</b>	<b>41,943</b>
Net expenses	24,200	29,338	23,829
<b>Net investment income before taxes</b>	<b>40,098</b>	<b>35,603</b>	<b>18,114</b>
(Provision) benefit for taxes on net investment income	—	(3,308)	—
<b>Net investment income</b>	<b>40,098</b>	<b>32,295</b>	<b>18,114</b>
Net realized and unrealized gains (losses), net of taxes	(25,657)	7,113	70,003
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>\$ 14,441</b>	<b>\$ 39,408</b>	<b>\$ 88,117</b>
<b>Total investment income per common share</b>	<b>\$ 0.35</b>	<b>\$ 0.36</b>	<b>\$ 0.29</b>
<b>Net investment income per common share</b>	<b>\$ 0.22</b>	<b>\$ 0.18</b>	<b>\$ 0.12</b>
<b>Net realized and unrealized gains (losses), net of taxes per common share</b>	<b>\$ (0.14)</b>	<b>\$ 0.04</b>	<b>\$ 0.48</b>
<b>Earnings (loss) per common share — basic and diluted</b>	<b>\$ 0.08</b>	<b>\$ 0.22</b>	<b>\$ 0.60</b>
<b>Non-GAAP Financial Measures<sup>1</sup>:</b>			
Adjusted total investment income	\$ 60,290	\$ 62,093	\$ 41,278
Adjusted net investment income	\$ 32,344	\$ 31,198	\$ 21,058
Adjusted net realized and unrealized gains (losses), net of taxes	\$ (21,649)	\$ 9,959	\$ 36,607
<b>Adjusted earnings (loss)</b>	<b>\$ 14,441</b>	<b>\$ 39,406</b>	<b>\$ 54,056</b>
<b>Adjusted total investment income per share</b>	<b>\$ 0.33</b>	<b>\$ 0.34</b>	<b>\$ 0.28</b>
<b>Adjusted net investment income per share</b>	<b>\$ 0.18</b>	<b>\$ 0.17</b>	<b>\$ 0.14</b>
<b>Adjusted net realized and unrealized gains (losses), net of taxes per share</b>	<b>\$ (0.12)</b>	<b>\$ 0.06</b>	<b>\$ 0.25</b>
<b>Adjusted earnings (loss) per share</b>	<b>\$ 0.08</b>	<b>\$ 0.22</b>	<b>\$ 0.37</b>

<sup>1</sup> 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 "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		
	March 31, 2022 (unaudited)	December 31, 2021 (unaudited)	September 30, 2021
(\$ in thousands, except per share data and ratios)			
<b>Select balance sheet and other data:</b>			
Cash and cash equivalents	\$ 39,366	\$ 43,765	\$ 29,334
Investment portfolio at fair value	2,644,775	2,588,623	2,556,629
Total debt outstanding (net of unamortized financing costs)	1,363,660	1,285,461	1,268,743
<b>Net assets</b>	<b>1,330,376</b>	<b>1,325,061</b>	<b>1,312,823</b>
Net asset value per share	7.26	7.34	7.28
<b>Total debt to equity ratio</b>	<b>1.05x</b>	<b>0.98x</b>	<b>0.97x</b>
<b>Net debt to equity ratio</b>	<b>1.02x</b>	<b>0.95x</b>	<b>0.95x</b>

Adjusted total investment income for the quarter ended March 31, 2022 was \$60.3 million and included \$53.0 million of interest income from portfolio investments, \$4.7 million of payment-in-kind ("PIK") interest income, \$1.9 million of fee income and \$0.7 million of dividend income. The decrease of \$1.8 million was primarily driven by \$3.2 million of lower dividend income resulting from one investment that paid a non-recurring tax-related distribution in the prior quarter, partially offset by \$1.0 million of higher prepayment fees and \$0.4 million of higher interest income primarily related to OID acceleration.

Net expenses for the quarter ended March 31, 2022 totaled \$24.2 million, down \$5.1 million from the quarter ended December 31, 2021. The decrease was driven by a \$5.5 million decrease in accrued capital gains incentive fees resulting from unrealized losses on investments during the quarter and \$0.5 million of lower professional fees, partially offset by \$0.5 million of higher interest expense and \$0.2 million of higher part I incentive fees.

Adjusted net investment income was \$32.3 million (\$0.18 per share) for the quarter ended March 31, 2022, up from \$31.2 million (\$0.17 per share) for the quarter ended December 31, 2021. The increase of \$1.1 million primarily reflected \$1.0

million of higher prepayment fees, \$0.4 million of higher interest income and \$0.5 million of lower professional fees, partially offset by \$0.5 million of higher interest expense and \$0.2 million of higher part I incentive fees.

Adjusted net realized and unrealized losses, net of taxes, were \$21.6 million for the quarter ended March 31, 2022, respectively, primarily reflecting unrealized losses on certain debt and equity investments.

## Portfolio and Investment Activity

(\$ in thousands)	As of		
	March 31, 2022 (unaudited)	December 31, 2021 (unaudited)	March 31, 2021 (unaudited)
Investments at fair value	\$ 2,644,775	\$ 2,588,623	\$ 2,327,353
Number of portfolio companies	146	140	137
Average portfolio company debt size	\$ 17,700	\$ 18,500	\$ 17,600
<b>Asset class:</b>			
Senior secured debt	86.4 %	87.4 %	86.5 %
Unsecured debt	2.1 %	1.0 %	1.1 %
Equity	4.5 %	4.2 %	4.4 %
JV interests	7.1 %	7.4 %	8.0 %
<b>Non-accrual debt investments:</b>			
Non-accrual investments at fair value	\$ —	\$ —	\$ —
Non-accrual investments as a percentage of debt investments	— %	— %	— %
Number of investments on non-accrual	—	—	—
<b>Interest rate type:</b>			
Percentage floating-rate	89.0 %	91.6 %	91.8 %
Percentage fixed-rate	11.0 %	8.4 %	8.2 %
<b>Yields:</b>			
Weighted average yield on debt investments <sup>1</sup>	8.8 %	8.7 %	8.3 %
Cash component of weighted average yield on debt investments	7.6 %	7.5 %	7.1 %
Weighted average yield on total portfolio investments <sup>2</sup>	8.4 %	8.3 %	7.8 %
<b>Investment activity<sup>3</sup>:</b>			
New investment commitments	\$ 227,900	\$ 299,900	\$ 317,700
New funded investment activity <sup>4</sup>	\$ 236,200	\$ 240,800	\$ 301,800
Proceeds from prepayments, exits, other paydowns and sales	\$ 180,100	\$ 235,000	\$ 228,900
Net new investments <sup>5</sup>	\$ 56,100	\$ 5,800	\$ 72,900
Number of new investment commitments in new portfolio companies	16	12	18
Number of new investment commitments in existing portfolio companies	9	9	2
Number of portfolio company exits	10	10	12

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> Excludes the assets acquired as part of the Merger.

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

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

As of March 31, 2022, the fair value of the investment portfolio was \$2.6 billion and was composed of investments in 146 companies. These included debt investments in 132 companies, equity investments in 34 companies, and the Company's joint venture investments in SLF JV I ("SLF JV I") and OCSI Glick JV LLC ("Glick JV"). 22 of the equity investments were in companies in which the Company also had a debt investment.

As of March 31, 2022, 94.2% of the Company's portfolio at fair value consisted of debt investments, including 69.0% of first lien loans, 17.3% of second lien loans and 7.8% of unsecured debt investments, including the debt investments in SLF JV I and Glick JV. This compared to 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, as of December 31, 2021.

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

The Company's investments in SLF JV I totaled \$133.0 million at fair value as of March 31, 2022, down 1% from \$134.7 million as of December 31, 2021. This decrease was primarily driven by unrealized losses on quoted debt investments held by SLF JV I, partially offset by undistributed net investment income.

As of March 31, 2022, SLF JV I had \$389.9 million in assets, including senior secured loans to 60 portfolio companies. This compared to \$393.3 million in assets, including senior secured loans to 61 portfolio companies, as of December 31, 2021. As of March 31, 2022, there were no investments held by SLF JV I on non-accrual status. SLF JV I generated cash interest income of \$1.9 million for the Company during the quarter ended March 31, 2022, down from \$2.0 million in the prior quarter. In addition, SLF JV I generated dividend income of \$0.7 million for the Company during the quarter ended March 31, 2022, up from \$0.5 million in the prior quarter. As of March 31, 2022, 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 \$55.6 million at fair value as of March 31, 2022, down slightly from \$55.9 million as of December 31, 2021. As of March 31, 2022, Glick JV had \$149.9 million in assets, including senior secured loans to 44 portfolio companies. This compared to \$145.1 million in assets, including senior secured loans to 44 portfolio companies, as of December 31, 2021. As of March 31, 2022, 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 March 31, 2022, which was unchanged as compared to the prior quarter. As of March 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 1.2x.

### **Liquidity and Capital Resources**

As of March 31, 2022, the Company had total principal value of debt outstanding of \$1,395.0 million, including \$745.0 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 53% secured and 47% unsecured borrowings as of March 31, 2022. The Company was in compliance with all financial covenants under its credit facilities as of March 31, 2022.

As of March 31, 2022, the Company had \$39.4 million of unrestricted cash and cash equivalents and \$455.0 million of undrawn capacity on its credit facilities (subject to borrowing base and other limitations). As of March 31, 2022, unfunded investment commitments were \$243.8 million, or \$194.8 million excluding unfunded commitments to the Company's joint ventures. Of the \$194.8 million, approximately \$152.4 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 March 31, 2022, the weighted average interest rate on debt outstanding, including the effect of the interest rate swap agreement, was 2.5%, up from 2.3% as of December 31, 2021.

The Company's total debt to equity ratio was 1.05x and 0.98x as of March 31, 2022 and December 31, 2021, respectively. The Company's net debt to equity ratio was 1.02x and 0.95x as of March 31, 2022 and December 31, 2021, respectively.

In February, the Company entered into an equity distribution agreement with Keefe, Bruyette & Woods, Inc., JMP Securities LLC, Raymond James & Associates, Inc. and SMBC Nikko Securities America, Inc., as placement agents, in connection with the issuance and sale by the Company of shares of common stock, having an aggregate offering price of up to \$125.0 million. During the three months ended March 31, 2022, the Company issued and sold 2.6 million shares of common stock under the Company's "at the market" equity offering with net proceeds totaling \$19.4 million after giving effect to sale agents' commissions and offering expenses.



## 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 fees<sup>1</sup>, 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 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 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.

<sup>1</sup> Adjusted earnings (loss) includes accrued Part II incentive fees. For the three months ended March 31, 2022, \$3.7 million of accrued Part II incentive fees were reversed. As of March 31, 2022, the total accrued Part II incentive fee liability was \$6.8 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 March 31, 2022 under the A&R Advisory Agreement, the amount payable would have been \$0.6 million.

Moreover, these metrics align the Company's key financial measures with the calculation of incentive 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					
	March 31, 2022		December 31, 2021		March 31, 2021	
	(unaudited)		(unaudited)		(unaudited)	
	Amount	Per Share	Amount	Per Share	Amount	Per Share
GAAP total investment income	\$ 64,298	\$ 0.35	\$ 64,941	\$ 0.36	\$ 41,943	\$ 0.29
Less: Interest income accretion related to merger accounting adjustments	(4,008)	(0.02)	(2,848)	(0.02)	(665)	—
Adjusted total investment income	\$ 60,290	\$ 0.33	\$ 62,093	\$ 0.34	\$ 41,278	\$ 0.28

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					
	March 31, 2022		December 31, 2021		March 31, 2021	
	(unaudited)		(unaudited)		(unaudited)	
	Amount	Per Share	Amount	Per Share	Amount	Per Share
GAAP net investment income	\$ 40,098	\$ 0.22	\$ 32,295	\$ 0.18	\$ 18,114	\$ 0.12
Less: Interest income accretion related to merger accounting adjustments	(4,008)	(0.02)	(2,848)	(0.02)	(665)	—
Add: Part II incentive fee	(3,746)	(0.02)	1,751	0.01	3,609	0.02
Adjusted net investment income	\$ 32,344	\$ 0.18	\$ 31,198	\$ 0.17	\$ 21,058	\$ 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					
	March 31, 2022		December 31, 2021		March 31, 2021	
	(unaudited)		(unaudited)		(unaudited)	
	Amount	Per Share	Amount	Per Share	Amount	Per Share
GAAP net realized and unrealized gains (losses), net of taxes	\$ (25,657)	\$ (0.14)	\$ 7,113	\$ 0.04	\$ 70,003	\$ 0.48
Less: Net realized and unrealized losses (gains) related to merger accounting adjustments	4,008	0.02	2,846	0.02	(33,396)	(0.23)
Adjusted net realized and unrealized gains (losses), net of taxes	\$ (21,649)	\$ (0.12)	\$ 9,959	\$ 0.06	\$ 36,607	\$ 0.25

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					
	March 31, 2022		December 31, 2021		March 31, 2021	
	(unaudited)		(unaudited)		(unaudited)	
	Amount	Per Share	Amount	Per Share	Amount	Per Share
Net increase (decrease) in net assets resulting from operations	\$ 14,441	\$ 0.08	\$ 39,408	\$ 0.22	\$ 88,117	\$ 0.60
Less: Interest income accretion related to merger accounting adjustments	(4,008)	(0.02)	(2,848)	(0.02)	(665)	—
Less: Net realized and unrealized losses (gains) related to merger accounting adjustments	4,008	0.02	2,846	0.02	(33,396)	(0.23)
Adjusted earnings (loss)	\$ 14,441	\$ 0.08	\$ 39,406	\$ 0.22	\$ 54,056	\$ 0.37

## Conference Call Information

Oaktree Specialty Lending will host a conference call to discuss its second fiscal quarter 2022 results at 11:00 a.m. Eastern Time / 8:00 a.m. Pacific Time on May 5, 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](http://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 4588025, 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](http://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)

	March 31, 2022 (unaudited)	December 31, 2021 (unaudited)	September 30, 2021
<b>ASSETS</b>			
<b>Investments at fair value:</b>			
Control investments (cost March 31, 2022: \$272,975; cost December 31, 2021: \$272,970; cost September 30, 2021: \$283,599)	\$ 250,580	\$ 259,469	\$ 270,765
Affiliate investments (cost March 31, 2022: \$21,106; cost December 31, 2021: \$18,845; cost September 30, 2021: \$18,763)	20,244	18,120	18,289
Non-control/Non-affiliate investments (cost March 31, 2022: \$2,365,667; cost December 31, 2021: \$2,283,055; cost September 30, 2021: \$2,236,759)	2,373,951	2,311,034	2,267,575
<b>Total investments at fair value (cost March 31, 2022: \$2,659,748; cost December 31, 2021: \$2,574,870; cost September 30, 2021: \$2,539,121)</b>	<b>2,644,775</b>	<b>2,588,623</b>	<b>2,556,629</b>
Cash and cash equivalents	39,366	43,765	29,334
Restricted cash	2,395	2,292	2,301
Interest, dividends and fees receivable	17,335	18,508	22,125
Due from portfolio companies	2,338	2,793	1,990
Receivables from unsettled transactions	9,893	25,823	8,150
Due from broker	25,120	3,450	1,640
Deferred financing costs	8,486	9,055	9,274
Deferred offering costs	32	34	34
Deferred tax asset, net	1,668	1,673	714
Derivative assets at fair value	2,764	1,075	1,912
Other assets	2,510	2,848	2,284
<b>Total assets</b>	<b>\$ 2,756,682</b>	<b>\$ 2,699,939</b>	<b>\$ 2,636,387</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Liabilities:</b>			
Accounts payable, accrued expenses and other liabilities	\$ 2,453	\$ 6,169	\$ 3,024
Base management fee and incentive fee payable	22,833	26,190	32,649
Due to affiliate	3,249	3,503	4,357
Interest payable	4,379	6,698	4,597
Director fees payable	38	123	—
Payables from unsettled transactions	6,422	40,803	8,086
Derivative liability at fair value	23,272	5,931	2,108
Credit facilities payable	745,000	650,000	630,000
Unsecured notes payable (net of \$5,761, \$6,131 and \$6,501 of unamortized financing costs as of March 31, 2022, December 31, 2021 and September 30, 2021, respectively)	618,660	635,461	638,743
<b>Total liabilities</b>	<b>1,426,306</b>	<b>1,374,878</b>	<b>1,323,564</b>
<b>Commitments and contingencies</b>			
<b>Net assets:</b>			
Common stock, \$0.01 par value per share, 250,000 shares authorized; 183,205, 180,469 and 180,361 shares issued and outstanding as of March 31, 2022, December 31, 2021 and September 30, 2021, respectively	1,832	1,805	1,804
Additional paid-in-capital	1,825,257	1,805,139	1,804,354
Accumulated overdistributed earnings	(496,713)	(481,883)	(493,335)
<b>Total net assets (equivalent to \$7.26, \$7.34 and \$7.28 per common share as of March 31, 2022, December 31, 2021 and September 30, 2021, respectively)</b>	<b>1,330,376</b>	<b>1,325,061</b>	<b>1,312,823</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,756,682</b>	<b>\$ 2,699,939</b>	<b>\$ 2,636,387</b>

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

	Three months ended March 31, 2022 (unaudited)	Three months ended December 31, 2021 (unaudited)	Three months ended March 31, 2021 (unaudited)	Six months ended March 31, 2022 (unaudited)	Six months ended March 31, 2021 (unaudited)
<b>Interest income:</b>					
Control investments	\$ 3,334	\$ 3,480	\$ 2,374	\$ 6,814	\$ 4,717
Affiliate investments	366	334	143	700	248
Non-control/Non-affiliate investments	53,314	51,635	33,133	104,949	62,317
Interest on cash and cash equivalents	5	1	5	6	6
<b>Total interest income</b>	<b>57,019</b>	<b>55,450</b>	<b>35,655</b>	<b>112,469</b>	<b>67,288</b>
<b>PIK interest income:</b>					
Non-control/Non-affiliate investments	4,674	4,663	3,801	9,337	6,890
<b>Total PIK interest income</b>	<b>4,674</b>	<b>4,663</b>	<b>3,801</b>	<b>9,337</b>	<b>6,890</b>
<b>Fee income:</b>					
Control investments	13	13	18	26	33
Affiliate investments	5	5	5	10	10
Non-control/Non-affiliate investments	1,887	894	2,255	2,781	5,587
<b>Total fee income</b>	<b>1,905</b>	<b>912</b>	<b>2,278</b>	<b>2,817</b>	<b>5,630</b>
<b>Dividend income:</b>					
Control investments	700	3,916	209	4,616	339
<b>Total dividend income</b>	<b>700</b>	<b>3,916</b>	<b>209</b>	<b>4,616</b>	<b>339</b>
<b>Total investment income</b>	<b>64,298</b>	<b>64,941</b>	<b>41,943</b>	<b>129,239</b>	<b>80,147</b>
<b>Expenses:</b>					
Base management fee	10,082	9,952	7,074	20,034	13,615
Part I incentive fee	6,704	6,457	4,444	13,161	8,593
Part II incentive fee	(3,746)	1,751	3,609	(1,995)	13,149
Professional fees	822	1,322	1,017	2,144	1,884
Directors fees	160	123	157	283	300
Interest expense	9,908	9,400	6,568	19,308	12,663
Administrator expense	307	390	293	697	626
General and administrative expenses	713	693	775	1,406	1,293
<b>Total expenses</b>	<b>24,950</b>	<b>30,088</b>	<b>23,937</b>	<b>55,038</b>	<b>52,123</b>
Fees waived	(750)	(750)	(108)	(1,500)	(108)
<b>Net expenses</b>	<b>24,200</b>	<b>29,338</b>	<b>23,829</b>	<b>53,538</b>	<b>52,015</b>
<b>Net investment income before taxes</b>	<b>40,098</b>	<b>35,603</b>	<b>18,114</b>	<b>75,701</b>	<b>28,132</b>
(Provision) benefit for taxes on net investment income	—	(3,308)	—	(3,308)	—
<b>Net investment income</b>	<b>40,098</b>	<b>32,295</b>	<b>18,114</b>	<b>72,393</b>	<b>28,132</b>
<b>Unrealized appreciation (depreciation):</b>					
Control investments	(8,894)	(667)	18,411	(9,561)	26,746
Affiliate investments	(137)	(251)	394	(388)	104
Non-control/Non-affiliate investments	(19,696)	(2,831)	42,803	(22,527)	84,740
Foreign currency forward contracts	1,689	(837)	3,536	852	1,110
<b>Net unrealized appreciation (depreciation)</b>	<b>(27,038)</b>	<b>(4,586)</b>	<b>65,144</b>	<b>(31,624)</b>	<b>112,700</b>
<b>Realized gains (losses):</b>					
Control investments	—	1,868	—	1,868	—
Non-control/Non-affiliate investments	991	4,481	8,179	5,472	16,917
Foreign currency forward contracts	411	2,972	(2,323)	3,383	(2,846)
<b>Net realized gains (losses)</b>	<b>1,402</b>	<b>9,321</b>	<b>5,856</b>	<b>10,723</b>	<b>14,071</b>
(Provision) benefit for taxes on realized and unrealized gains (losses)	(21)	2,378	(997)	2,357	(1,242)
<b>Net realized and unrealized gains (losses), net of taxes</b>	<b>(25,657)</b>	<b>7,113</b>	<b>70,003</b>	<b>(18,544)</b>	<b>125,529</b>
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>\$ 14,441</b>	<b>\$ 39,408</b>	<b>\$ 88,117</b>	<b>\$ 53,849</b>	<b>\$ 153,661</b>
<b>Net investment income per common share — basic and diluted</b>	<b>\$ 0.22</b>	<b>\$ 0.18</b>	<b>\$ 0.12</b>	<b>\$ 0.40</b>	<b>\$ 0.20</b>
<b>Earnings (loss) per common share — basic and diluted</b>	<b>\$ 0.08</b>	<b>\$ 0.22</b>	<b>\$ 0.60</b>	<b>\$ 0.30</b>	<b>\$ 1.07</b>
Weighted average common shares outstanding — basic and diluted	181,598	180,381	146,652	180,982	143,775



**OAKTREE**

OCSL | Specialty Lending Corporation

SECOND QUARTER 2022  
MAY 5, 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 reports on Form 10-Q for the quarter ended March 31, 2022. 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, war or other geopolitical conflict (including the current conflict between Russia and Ukraine), 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.

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



# Highlights for the Quarter Ended March 31, 2022

ADJUSTED NET INVESTMENT INCOME <sup>1</sup>	<ul style="list-style-type: none"> <li>• \$0.18 per share, up from \$0.17 per share for the quarter ended December 31, 2021</li> <li>• GAAP net investment income was \$0.22 per share, up from \$0.18 per share for the quarter ended December 31, 2021</li> <li>• The increase in adjusted net investment income was principally related to higher prepayment fees and OID acceleration related to exited investments</li> </ul>
NET ASSET VALUE PER SHARE	<ul style="list-style-type: none"> <li>• \$7.26 as compared with \$7.34 as of December 31, 2021</li> <li>• Decrease primarily due to unrealized losses related to wider credit spreads impacting the valuation of the portfolio</li> </ul>
DIVIDEND	<ul style="list-style-type: none"> <li>• Declared a cash distribution of \$0.165 per share, an increase of 3% from the prior quarter and 27% from one year ago</li> <li>• <b>Eighth consecutive quarter with a distribution increase</b></li> <li>• Distribution will be payable on June 30, 2022 to stockholders of record as of June 15, 2022</li> </ul>
INVESTMENT ACTIVITY	<ul style="list-style-type: none"> <li>• \$228 million of new investment commitments; 8.7% weighted average yield on new debt investments</li> <li>• \$236 million of new investment fundings and received \$180 million of proceeds from prepayments, exits, other paydowns and sales, which had a weighted average yield of 8.2%</li> </ul>
INVESTMENT PORTFOLIO	<ul style="list-style-type: none"> <li>• \$2.6 billion at fair value diversified across 146 portfolio companies</li> <li>• 8.8% weighted average yield on debt investments, up from 8.7% as of December 31, 2021</li> <li>• <b>No investments on non-accrual status</b></li> </ul>
CAPITAL STRUCTURE & LIQUIDITY	<ul style="list-style-type: none"> <li>• 1.02x net debt to equity ratio, as compared with 0.95x as of December 31, 2021</li> <li>• \$39 million of cash and \$455 million of undrawn capacity on credit facilities</li> <li>• Issued and sold 2.6 million shares of common stock at a premium to NAV under the “at the market” equity offering, resulting in net proceeds of \$19.4 million</li> </ul>

<sup>1</sup> See page 20 for a description of this non-GAAP measure.





# Portfolio Summary

## PORTFOLIO CHARACTERISTICS

(At fair value)

<b>\$2.6bn</b> TOTAL INVESTMENTS	<b>146</b> PORTFOLIO COMPANIES
<b>8.8%</b> WEIGHTED AVERAGE YIELD ON DEBT INVESTMENTS	<b>\$118mm</b> MEDIAN DEBT PORTFOLIO COMPANY EBITDA <sup>1</sup>
<b>86%</b> SENIOR SECURED DEBT INVESTMENTS	<b>0</b> NON-ACCRUALS

As of March 31, 2022

Note: Numbers may not sum due to rounding.

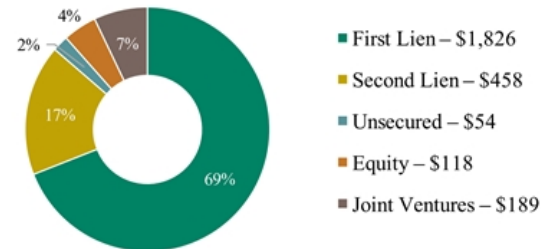
<sup>1</sup> Excludes investments in negative EBITDA borrowers, structured products and recurring revenue software businesses.

<sup>2</sup> Based on GICS sub-industry classification.

<sup>3</sup> 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<sup>2, 3</sup>

(As % of total portfolio at fair value)

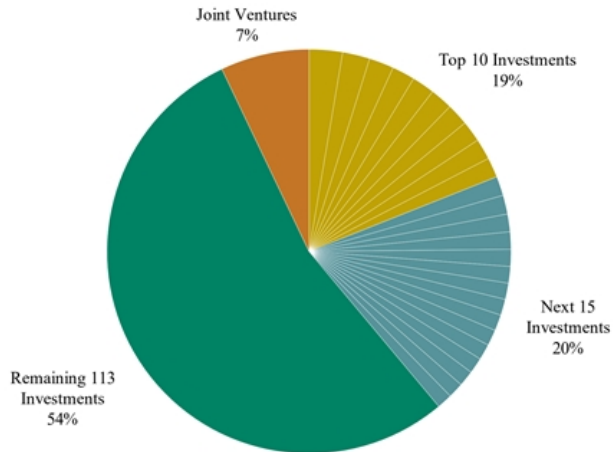




# Portfolio Diversity

## DIVERSITY BY INVESTMENT SIZE

(As % of total portfolio at fair value)



## PORTFOLIO BY INDUSTRY<sup>1</sup>

(As % of total portfolio at fair value)

Industry	% of Portfolio
Software	15.9%
IT Services	6.8
Pharmaceuticals	5.1
Health Care Providers & Services	4.5
Biotechnology	4.5
Specialty Retail	4.0
Chemicals	3.8
Diversified Financial Services	3.7
Health Care Technology	2.8
Aerospace & Defense	2.7
Internet & Direct Marketing Retail	2.7
Real Estate Management & Development	2.7
Remaining 33 Industries	33.7
Joint Ventures	7.1

*OCSL's portfolio is diverse across borrowers and industries*

As of March 31, 2022

Note: Numbers may not sum due to rounding.

<sup>1</sup> Based on GICS industry classification.



# Investment Activity

## NEW INVESTMENT HIGHLIGHTS

**\$228mm**

NEW INVESTMENT  
COMMITMENTS

**\$236mm**

NEW INVESTMENT  
FUNDINGS<sup>1</sup>

**8.7%**

WEIGHTED AVERAGE YIELD ON  
NEW DEBT COMMITMENTS

**100%**

ALSO HELD BY OTHER  
OAKTREE FUNDS

**\$141mm**

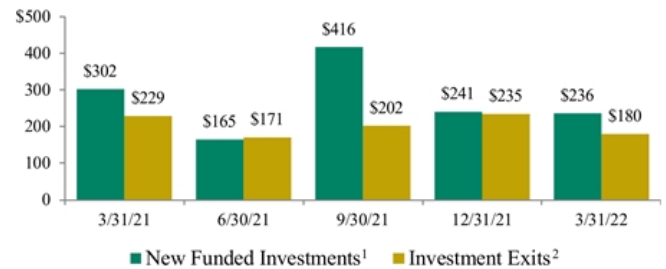
NEW INVESTMENT  
COMMITMENTS IN NEW  
PORTFOLIO COMPANIES

**\$87mm**

NEW INVESTMENT  
COMMITMENTS IN EXISTING  
PORTFOLIO COMPANIES

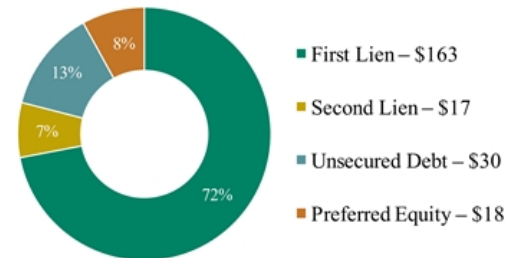
## HISTORICAL FUNDED ORIGINATIONS AND EXITS

(\$ 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.

<sup>1</sup> New funded investments includes drawdowns on existing delayed draw and revolver commitments.

<sup>2</sup> 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
2Q2022	228	25	163	17	48	162	26	40	96

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>	3/31/2022	12/31/2021	9/30/2021	6/30/2021	3/31/2021
GAAP Net Investment Income per Share	\$0.22	\$0.18	\$0.18	\$0.20	\$0.12
<i>Adjusted Net Investment Income per Share<sup>1</sup></i>	<i>\$0.18</i>	<i>\$0.17</i>	<i>\$0.16</i>	<i>\$0.19</i>	<i>\$0.14</i>
Net Realized and Unrealized Gains (Losses), Net of Taxes per Share	\$(0.14)	\$0.04	\$0.02	\$0.06	\$0.48
<i>Adjusted Net Realized and Unrealized Gains (Losses), Net of Taxes per Share<sup>1</sup></i>	<i>\$(0.12)</i>	<i>\$0.06</i>	<i>\$0.05</i>	<i>\$0.09</i>	<i>\$0.25</i>
Earnings (Loss) per Share	\$0.08	\$0.22	\$0.20	\$0.26	\$0.60
<i>Adjusted Earnings (Loss) per Share<sup>1</sup></i>	<i>\$0.08</i>	<i>\$0.22</i>	<i>\$0.20</i>	<i>\$0.26</i>	<i>\$0.37</i>
Distributions per Share	\$0.160	\$0.155	\$0.145	\$0.130	\$0.120
NAV per Share	\$7.26	\$7.34	\$7.28	\$7.22	\$7.09
Weighted Average Shares Outstanding	181,598	180,381	180,361	180,361	146,652
Shares Outstanding, End of Period	183,205	180,469	180,361	180,361	180,361
Investment Portfolio (at Fair Value)	\$2,644,775	\$2,588,623	\$2,556,629	\$2,339,301	\$2,327,353
Cash and Cash Equivalents	\$39,366	\$43,765	\$29,334	\$84,689	\$39,872
Total Assets	\$2,756,682	\$2,699,939	\$2,636,387	\$2,462,708	\$2,433,413
Total Debt Outstanding <sup>2</sup>	\$1,363,660	\$1,285,461	\$1,268,743	\$1,104,099	\$1,109,897
Net Assets	\$1,330,376	\$1,325,061	\$1,312,823	\$1,302,414	\$1,278,823
Total Debt to Equity Ratio	1.05x	0.98x	0.97x	0.86x	0.87x
Net Debt to Equity Ratio	1.02x	0.95x	0.95x	0.79x	0.84x
Weighted Average Interest Rate on Debt Outstanding <sup>3</sup>	2.5%	2.3%	2.4%	2.4%	2.6%

<sup>1</sup> See page 20 for a description of the non-GAAP measures.

<sup>2</sup> Net of unamortized financing costs.

<sup>3</sup> 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				
	3/31/2022	12/31/2021	9/30/2021	6/30/2021	3/31/2021
Investments at Fair Value	\$2,644,775	\$2,558,623	\$2,556,629	\$2,339,301	\$2,327,353
Number of Portfolio Companies	146	140	138	135	137
Average Portfolio Company Debt Investment Size	\$17,700	\$18,500	\$18,700	\$17,600	\$17,600
<b>Asset Class:</b>					
First Lien	69.0%	69.7%	69.1%	67.6%	68.3%
Second Lien	17.3	17.7	17.6	19.1	18.2
Unsecured Debt	2.1	1.0	1.7	1.4	1.1
Equity	4.5	4.2	4.2	3.9	4.4
Limited Partnership Interests	--	0.0	0.0	0.0	0.0
Joint Venture Interests	7.1	7.4	7.4	8.1	8.0
<b>Interest Rate Type for Debt Investments:</b>					
% Floating-Rate	89.0%	91.6%	91.5%	91.4%	91.8%
% Fixed-Rate	11.0	8.4	8.5	8.6	8.2
<b>Yields:</b>					
Weighted Average Yield on Debt Investments <sup>1</sup>	8.8%	8.7%	8.7%	8.4%	8.3%
Cash Component of Weighted Average Yield on Debt Investments	7.6	7.5	7.4	7.1	7.1
Weighted Average Yield on Total Portfolio Investments <sup>2</sup>	8.4	8.3	8.3	8.0	7.8

Note: Numbers may not sum due to rounding.

<sup>1</sup> 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.

<sup>2</sup> 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				
	3/31/2022	12/31/2021	9/30/2021	6/30/2021	3/31/2021 <sup>1</sup>
New Investment Commitments	\$227,900	\$299,900	\$385,000	\$178,400	\$317,700
New Funded Investment Activity <sup>2</sup>	\$236,200	\$240,800	\$416,400	\$165,300	\$301,800
Proceeds from Prepayments, Exits, Other Paydowns and Sales	\$180,100	\$235,000	\$201,800	\$170,600	\$228,900
Net New Investments <sup>3</sup>	\$56,100	\$5,800	\$214,600	\$(5,300)	\$72,900
New Investment Commitments in New Portfolio Companies	16	12	14	9	18
New Investment Commitments in Existing Portfolio Companies	9	9	6	1	2
Portfolio Company Exits	10	10	11	11	12
Weighted Average Yield at Cost on New Debt Investment Commitments	8.7%	8.1%	8.6%	9.2%	8.2%

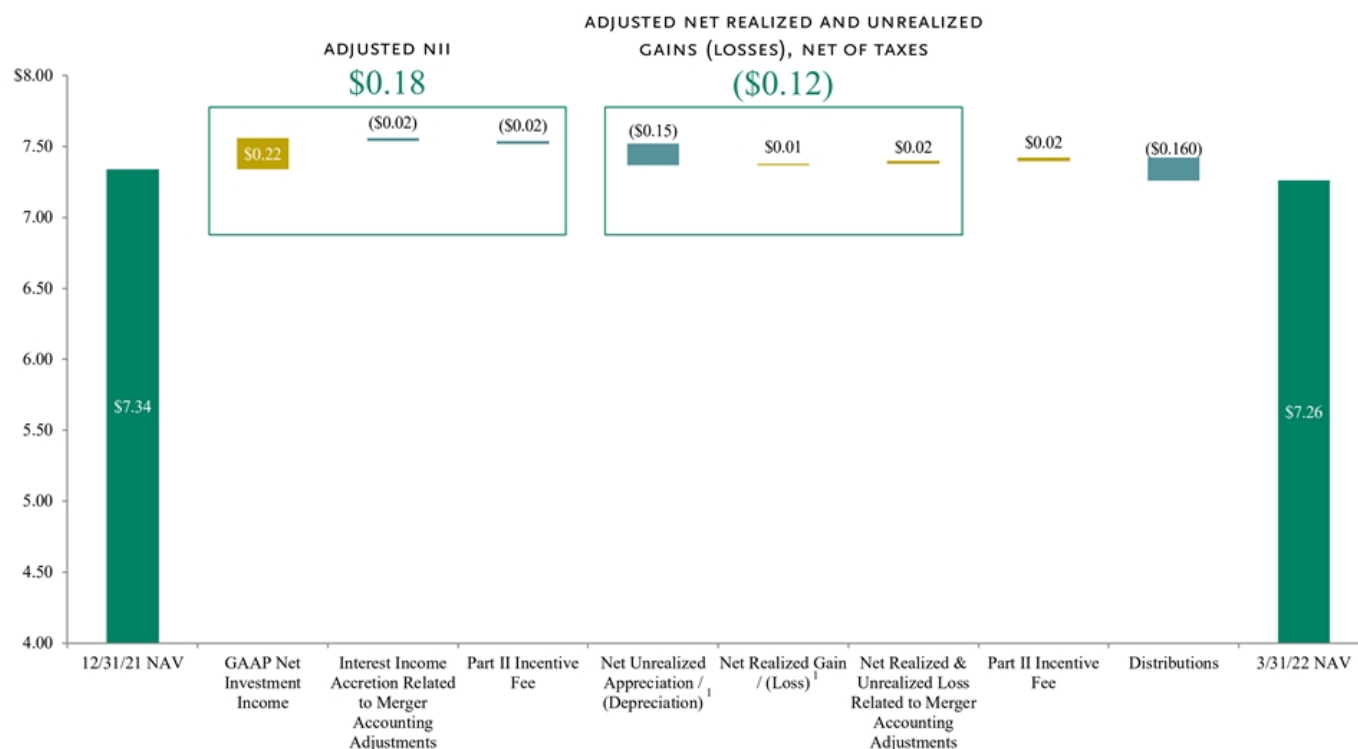
<sup>1</sup> Excludes the assets acquired in the Merger.

<sup>2</sup> New funded investment activity includes drawdowns on existing revolver commitments.

<sup>3</sup> 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.

<sup>1</sup> 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

**47%**

UNSECURED  
BORROWINGS

**\$494mm**

AVAILABLE LIQUIDITY<sup>3</sup>

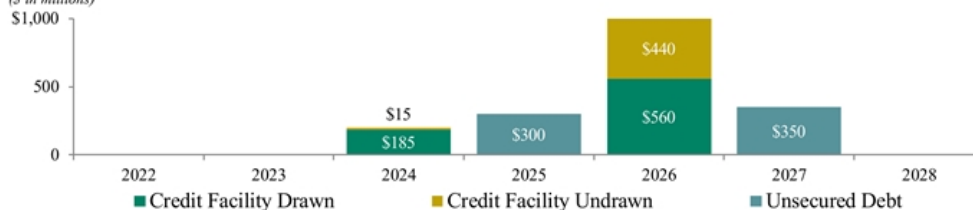
## FUNDING SOURCES

(\$ in millions)

	Committed	Principal Outstanding	Interest Rate	Maturity
Syndicated Credit Facility	\$1,000	\$560	LIBOR + 2.00%	5/4/2026
Citibank Facility	200	185	LIBOR + 1.25%-2.25% <sup>1</sup>	11/18/2024
2025 Notes	300	300	3.500%	2/25/2025
2027 Notes	350	350	2.700% (LIBOR + 1.658%) <sup>2</sup>	1/15/2027
Cash and Cash Equivalents	--	(39)	--	--
<b>Total</b>	<b>\$1,850</b>	<b>\$1,356</b>		
<b>Weighted Average Interest Rate</b>		<b>2.5%</b>		
<b>Net Debt to Equity Ratio</b>		<b>1.02x</b>		

## MATURITIES

(\$ in millions)



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

As of March 31, 2022

Note: Numbers may not sum due to rounding.

<sup>1</sup> 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.

<sup>2</sup> 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.

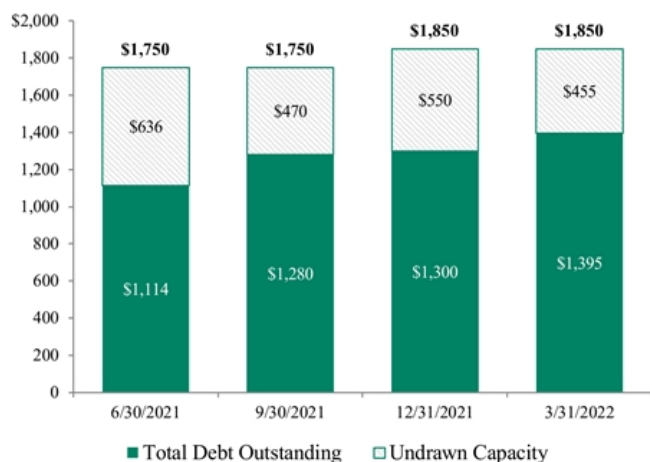
<sup>3</sup> Liquidity was composed of \$39.4 million of unrestricted cash and cash equivalents and \$455.0 million of undrawn capacity under the credit facilities (subject to borrowing base and other limitations).



# Funding and Liquidity Metrics

## LEVERAGE UTILIZATION

(\$ in millions)



	6/30/2021	9/30/2021	12/31/2021	3/31/2022
Cash	\$85	\$29	\$44	\$39
Net Assets	\$1,302	\$1,313	\$1,325	\$1,330
Net Leverage	0.79x	0.95x	0.95x	1.02x
Total Leverage	0.86x	0.97x	0.98x	1.05x

<sup>1</sup> Excludes unfunded commitments to the Kemper JV and Glick JV.

<sup>2</sup> Includes unfunded commitments ineligible to be drawn due to certain limitations in credit agreements.

<sup>3</sup> As of March 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)

	6/30/2021	9/30/2021	12/31/2021	3/31/2022
Credit Facilities Committed	\$1,100	\$1,100	\$1,200	\$1,200
Credit Facilities Drawn	(464)	(630)	(650)	(745)
Cash and Cash Equivalents	85	29	44	39
<b>Total Liquidity</b>	<b>721</b>	<b>499</b>	<b>594</b>	<b>494</b>
Total Unfunded Commitments <sup>1</sup>	(239)	(216)	(246)	(195)
Unavailable Unfunded Commitments <sup>2</sup>	73	62	43	42
<b>Adjusted Liquidity</b>	<b>\$555</b>	<b>\$345</b>	<b>\$391</b>	<b>\$342</b>

*Ample liquidity to support funding needs<sup>3</sup>*



## 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)

<b>\$133mm</b> OCSL'S INVESTMENTS IN THE KEMPER JV	<b>5.0%</b> % OF OCSL'S PORTFOLIO	<b>\$3.4mm</b> NET INVESTMENT INCOME <sup>1</sup>
--	---	---

#### GLICK JV CHARACTERISTICS

(At fair value)

<b>\$56mm</b> OCSL'S INVESTMENTS IN THE GLICK JV	<b>2.1%</b> % OF OCSL'S PORTFOLIO	<b>\$1.5mm</b> NET INVESTMENT INCOME <sup>2</sup>
--	---	---

#### COMBINED PORTFOLIO SUMMARY

INVESTMENT PORTFOLIO	FIRST LIEN	PORTFOLIO COMPANY COUNT	WTD. AVG. DEBT PORTFOLIO YIELD	LEVERAGE RATIO
<b>\$499mm</b>	<b>95%</b>	<b>65</b>	<b>6.2%</b>	<b>1.4x</b>

As of March 31, 2022

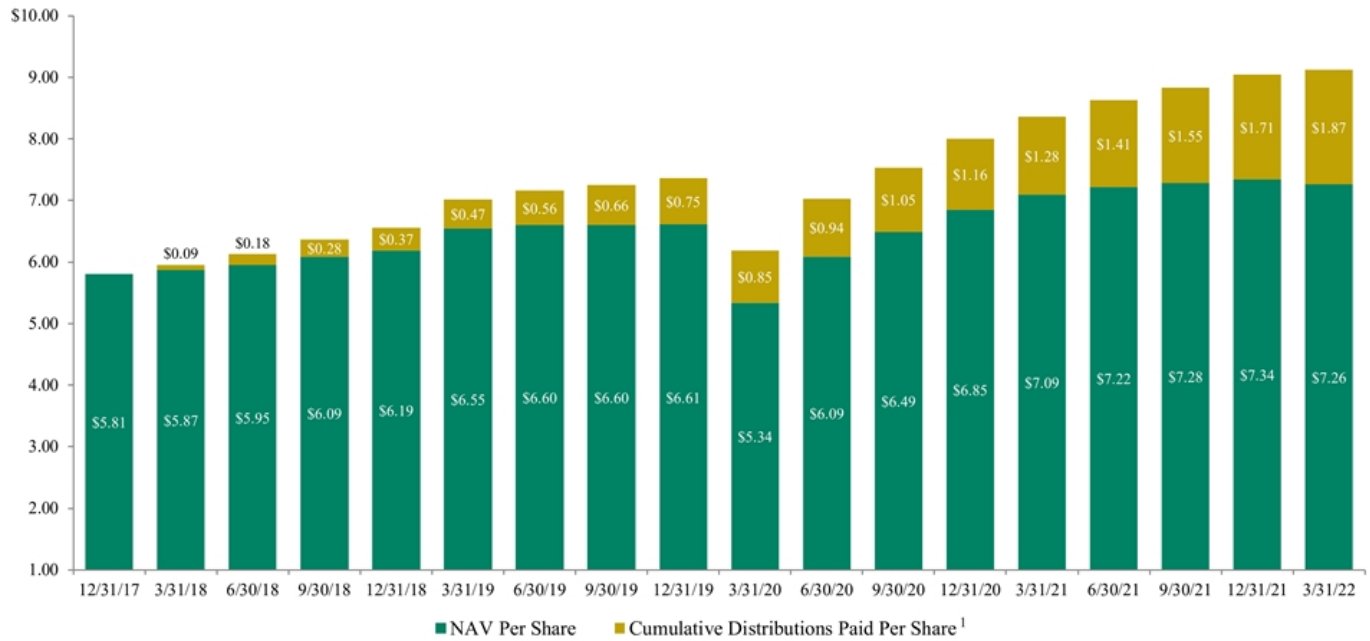
<sup>1</sup> Represents OCSL's 87.5% share of the Kemper JV's net investment income (excluding subordinated note interest expense) earned during the quarter ended March 31, 2022.

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



# Compelling Performance Under Oaktree Management

## NAV AND CUMULATIVE DISTRIBUTIONS PAID PER SHARE



***OCSL has generated an 11.2% annualized return on equity under Oaktree management<sup>2</sup>***

<sup>1</sup> Cumulative distributions declared and paid from December 31, 2017 through March 31, 2022.

<sup>2</sup> Annualized return on equity calculated as the change in net asset value plus distributions paid from December 31, 2017 through March 31, 2022.



# 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 loans or discounted secondary market purchases
- \$41 million at fair value of senior secured loans with interest rates at or below LIBOR + 4.50%<sup>1</sup>

**2**

## OPTIMIZE JOINT VENTURES

- Opportunity to increase underlying joint venture portfolio yields by rotating into higher-yielding investments
  - \$65 million of investments with interest rates equal to or below LIBOR + 3.75% in the both joint ventures<sup>1</sup>
- Utilize additional borrowings to operate within target leverage range of 1.25x to 1.75x debt to equity
  - 1.4x and 1.2x total debt to equity at the Kemper and Glick JVs, respectively

**3**

## POSITIONED FOR RISING INTEREST RATES

- 89% of the portfolio at fair value was composed of floating rate debt investments
- An increase in base rates above weighted average interest rate floor of 0.81% may positively impact net investment income

As of March 31, 2022

<sup>1</sup> For senior secured loans that have a cost basis above 92.5%

# Appendix



**OAKTREE**

OCSL | Specialty Lending Corporation



# Non-Core Investment Portfolio Detail

## NON-CORE INVESTMENT PORTFOLIO CHARACTERISTICS

### DEBT INVESTMENTS

- \$46 million at fair value in two companies

### EQUITY INVESTMENTS

- \$41 million at fair value in 11 companies
- Fully repaid on three investments during the quarter ended March 31, 2022; received \$2 million of proceeds (\$1 million in excess of previous fair values)

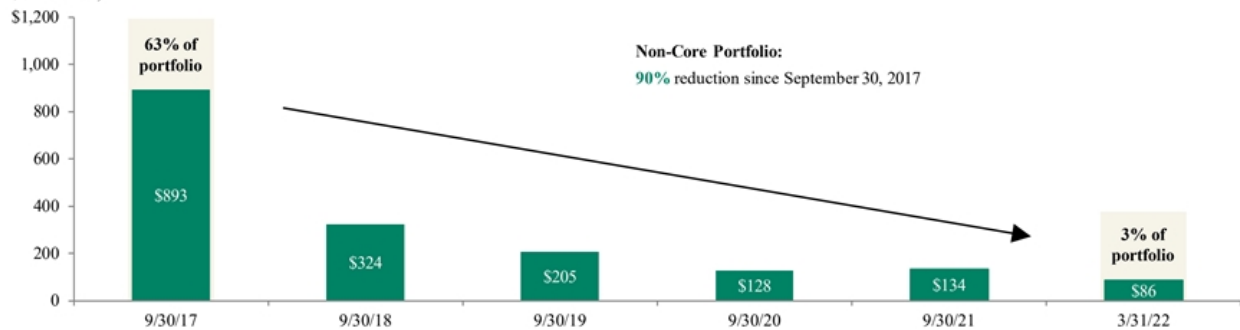
## NON-CORE PORTFOLIO COMPOSITION

(At fair value; \$ in millions)



## NON-CORE PORTFOLIO PROGRESSION<sup>1</sup>

(At fair value; \$ in millions)



Note: Numbers may not sum due to rounding.

<sup>1</sup> Excludes investments in the Kemper JV and Glick JV.

# Quarterly Statement of Operations

(\$ in thousands)	For the three months ended				
	3/31/2022	12/31/2021	9/30/2021	6/30/2021	3/31/2021
<b>INVESTMENT INCOME</b>					
Interest income	\$57,019	\$55,450	\$55,094	\$51,999	\$35,655
PIK interest income	4,674	4,663	4,960	4,597	3,801
Fee income	1,905	912	645	7,823	2,278
Dividend income	700	3,916	3,101	1,019	209
<b>GAAP total investment income</b>	<b>64,298</b>	<b>64,941</b>	<b>63,800</b>	<b>65,438</b>	<b>41,943</b>
Less: Interest income accretion related to merger accounting adjustments	(4,008)	(2,848)	(5,571)	(5,060)	(665)
<b>Adjusted total investment income</b>	<b>60,290</b>	<b>62,093</b>	<b>58,229</b>	<b>60,378</b>	<b>41,278</b>
<b>EXPENSES</b>					
Base management fee	10,082	9,952	9,768	8,905	7,074
Part I incentive fee	6,704	6,457	6,015	6,990	4,444
Part II incentive fee	(3,746)	1,751	1,629	2,837	3,609
Interest expense	9,908	9,400	9,032	8,823	6,568
Other operating expenses <sup>1</sup>	2,002	2,528	2,627	2,343	2,242
<b>Total expenses</b>	<b>24,950</b>	<b>30,008</b>	<b>29,071</b>	<b>29,898</b>	<b>23,937</b>
Reversal of fees waived (fees waived)	(750)	(750)	(750)	(750)	(108)
<b>Net expenses</b>	<b>24,200</b>	<b>29,338</b>	<b>28,321</b>	<b>29,148</b>	<b>23,829</b>
(Provision) benefit for taxes on net investment income	--	(3,308)	(2,437)	(358)	--
<b>GAAP net investment income</b>	<b>40,098</b>	<b>32,295</b>	<b>33,042</b>	<b>35,932</b>	<b>18,114</b>
Less: Interest income accretion related to merger accounting adjustments	(4,008)	(2,848)	(5,571)	(5,060)	(665)
Add: Part II incentive fee	(3,746)	1,751	1,629	2,837	3,609
<b>Adjusted net investment income</b>	<b>\$32,344</b>	<b>\$31,198</b>	<b>\$29,100</b>	<b>\$33,709</b>	<b>\$21,058</b>

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

<sup>1</sup> 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				
	3/31/2022	12/31/2021	9/30/2021	6/30/2021	3/31/2021
<b>NET REALIZED AND UNREALIZED GAINS (LOSSES)</b>					
Net unrealized appreciation (depreciation)	\$ (27,038)	\$ (4,586)	\$ (2,098)	\$ 3,917	\$ 65,144
Net realized gains (losses)	1,402	9,321	3,739	8,610	5,856
(Provision) benefit for taxes on realized and unrealized gains (losses)	(21)	2,378	1,878	(1,421)	(997)
<b>GAAP net realized and unrealized gains (losses), net of taxes</b>	<b>\$ (25,657)</b>	<b>\$ 7,113</b>	<b>\$ 3,519</b>	<b>\$ 11,106</b>	<b>\$ 70,003</b>
Less: Net realized and unrealized losses (gains) related to merger accounting adjustments	4,008	2,846	5,569	5,045	(33,396)
<b>Adjusted net realized and unrealized gains (losses), net of taxes</b>	<b>\$ (21,649)</b>	<b>\$ 9,959</b>	<b>\$ 9,088</b>	<b>\$ 16,151</b>	<b>\$ 36,607</b>
<b>GAAP net increase (decrease) in net assets resulting from operations</b>	<b>\$ 14,441</b>	<b>\$ 39,408</b>	<b>\$ 36,561</b>	<b>\$ 47,038</b>	<b>\$ 88,117</b>
Less: Interest income accretion related to merger accounting adjustments	(4,008)	(2,848)	(5,571)	(5,060)	(665)
Less: Net realized and unrealized losses (gains) related to merger accounting adjustments	4,008	2,846	5,569	5,045	(33,396)
<b>Adjusted earnings (loss)</b>	<b>\$ 14,441</b>	<b>\$ 39,406</b>	<b>\$ 36,559</b>	<b>\$ 47,023</b>	<b>\$ 54,056</b>
<b>PER SHARE DATA:</b>					
GAAP total investment income	\$0.35	\$0.36	\$0.35	\$0.36	\$0.29
Adjusted total investment income	0.33	0.34	0.32	0.33	0.28
GAAP net investment income	0.22	0.18	0.18	0.20	0.12
Adjusted net investment income	0.18	0.17	0.16	0.19	0.14
GAAP net realized and unrealized gains (losses), net of taxes	(0.14)	0.04	0.02	0.06	0.48
Adjusted net realized and unrealized gains (losses), net of taxes	(0.12)	0.06	0.05	0.09	0.25
GAAP net increase/decrease in net assets resulting from operations	0.08	0.22	0.20	0.26	0.60
Adjusted earnings (loss)	0.08	0.22	0.20	0.26	0.37
Weighted average common shares outstanding	181,598	180,381	180,361	180,361	146,652
Shares outstanding, end of period	183,205	180,469	180,361	180,361	180,361

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).



# OAKTREE

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