



OAKTREE

OCSL | Specialty Lending Corporation

FOURTH QUARTER 2023
NOVEMBER 14, 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, 2023. 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 conflicts in Ukraine and Israel), natural disasters, pandemics or cybersecurity incidents; 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 September 30, 2023.



Highlights for the Quarter Ended September 30, 2023

ADJUSTED NET INVESTMENT INCOME¹	<ul style="list-style-type: none"> • \$0.62 per share, consistent with the quarter ended June 30, 2023 • GAAP net investment income was \$0.62 per share, as compared with \$0.63 in the quarter ended June 30, 2023
NET ASSET VALUE PER SHARE	<ul style="list-style-type: none"> • \$19.63, up slightly as compared with \$19.58 as of June 30, 2023 • The increase was primarily driven by undistributed net investment income
DIVIDENDS	<ul style="list-style-type: none"> • Declared a cash distribution of \$0.55 per share, which was well-covered by adjusted net investment income of \$0.62 per share • Declared a special cash distribution of \$0.07 per share to offset undistributed taxable income earned in 2023 • Both distributions will be payable on December 29, 2023 to stockholders of record as of December 15, 2023
INVESTMENT ACTIVITY	<ul style="list-style-type: none"> • \$87 million of new investment commitments • 12.0% weighted average yield on new debt investments • \$117 million of new investment fundings • Received \$364 million of proceeds from prepayments, exits, other paydowns and sales
INVESTMENT PORTFOLIO	<ul style="list-style-type: none"> • \$2.9 billion at fair value across 143 portfolio companies • 12.7% weighted average yield on debt investments, up from 12.3% as of June 30, 2023 primarily due to higher base rates • 86% senior secured • 86% of debt portfolio was floating rate
CAPITAL STRUCTURE & LIQUIDITY	<ul style="list-style-type: none"> • 1.01x net debt to equity ratio, down from 1.14x as of June 30, 2023 on elevated repayment activity vs. investment fundings • \$136 million of cash and \$908 million of undrawn capacity on credit facilities • Issued \$300 million of 7.100% Notes due 2029; entered into interest rate swap agreement to pay SOFR + 3.1255%

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 19 for a description of this non-GAAP measure.



Portfolio Summary

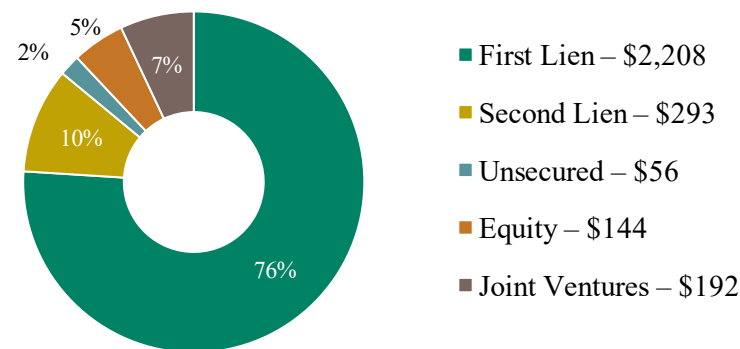
PORTFOLIO CHARACTERISTICS

(At fair value)

<p>\$2.9bn</p> <p>TOTAL INVESTMENTS</p>	<p>143</p> <p>PORTFOLIO COMPANIES</p>
<p>12.7%</p> <p>WEIGHTED AVERAGE YIELD ON DEBT INVESTMENTS</p>	<p>\$109mm</p> <p>MEDIAN DEBT PORTFOLIO COMPANY EBITDA¹</p>
<p>86%</p> <p>SENIOR SECURED DEBT INVESTMENTS</p>	<p>86%</p> <p>FLOATING RATE</p>

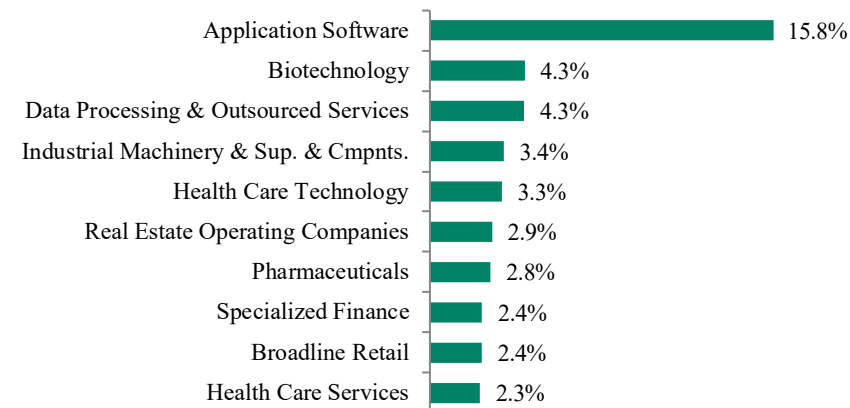
PORTFOLIO COMPOSITION

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



TOP TEN SUB-INDUSTRIES^{2, 3}

(As % of total portfolio at fair value)



As of September 30, 2023

Note: Numbers may not sum due to rounding.

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

² Based on GICS sub-industry classification.

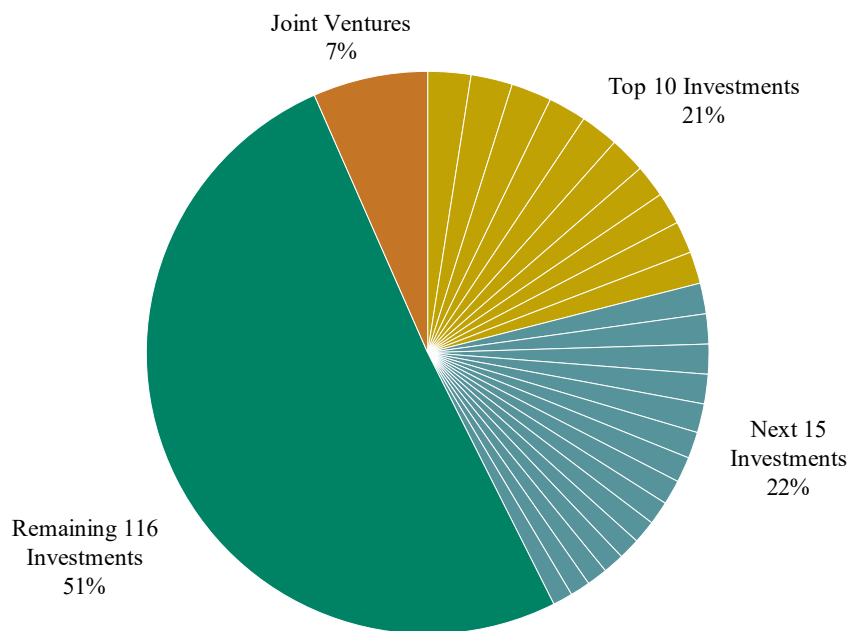
³ Excludes multi-sector holdings, which is primarily composed of investments in Senior Loan Fund JV I LLC (the "Kemper JV") and OCSI Glick JV (the "Glick JV"), joint ventures that invest primarily in senior secured loans of middle market companies.



Portfolio 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%
Specialty Retail	5.4
Real Estate Management & Development	5.2
Financial Services	4.5
Professional Services	4.5
Health Care Providers & Services	4.4
Biotechnology	4.3
Chemicals	3.5
Machinery	3.4
Health Care Technology	3.3
Commercial Services & Supplies	3.0
Pharmaceuticals	2.8
Remaining 29 Industries	32.6
Joint Ventures	6.6

OCSL's portfolio is diverse across borrowers and industries

As of September 30, 2023

Note: Numbers may not sum due to rounding.

¹ Based on GICS industry classification.

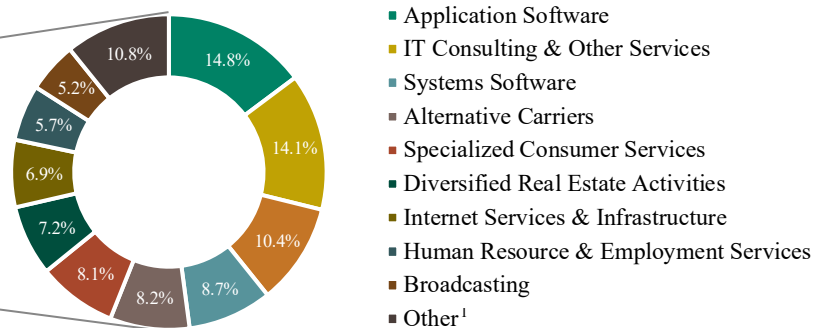
Spotlight on OCSL's Software Exposure

SOFTWARE EXPOSURE

(As % of total portfolio at fair value)



END MARKET DIVERSITY



OAKTREE'S APPROACH TO SOFTWARE INVESTING

- Target large, diversified businesses with entrenched customer bases
- Companies provide mission critical software solutions that lead to high customer retention rates
- Focus on constructing a balanced application software portfolio that is composed of businesses that serve different end markets
- Backed by large, well-established private equity firms who have strong reputations and deep sector expertise

SOFTWARE PORTFOLIO CHARACTERISTICS

	9/30/2023
Fair Value of Software Portfolio (\$ in millions)	\$477.7
Number of Portfolio Companies	25
First Lien (% of software portfolio)	85.4%
Average Portfolio Company Revenues ² (\$ millions)	\$566
Average LTV ³	40%

OCSL's software investments are in large companies that serve diverse end markets

As of September 30, 2023

¹ Includes Aerospace & Defense, Diversified Financial Services, Automotive Parts and Equipment, Property & Casualty Insurance, Education Services, Health Care Technology and Interactive Media & Services.

² Revenues based on the most recent portfolio company financial statements for the trailing twelve-month reported period.

³ Average loan-to-value ("LTV") represents the net ratio of loan-to-value for each software portfolio company, weighted based on the fair value of total software investments as of September 30, 2023.

Investment Activity

NEW INVESTMENT HIGHLIGHTS

\$87mm

NEW INVESTMENT
 COMMITMENTS

\$117mm

NEW INVESTMENT
 FUNDINGS¹

12.0%

WEIGHTED AVERAGE YIELD ON
 NEW DEBT COMMITMENTS

100%

ALSO HELD BY OTHER
 OAKTREE FUNDS

\$41mm

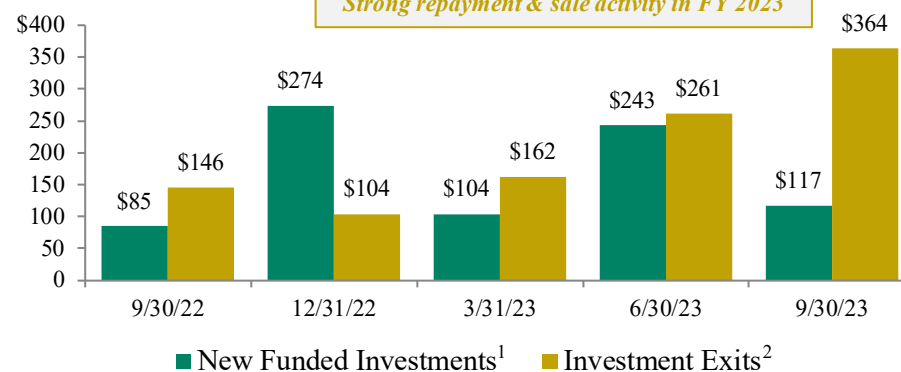
NEW INVESTMENT
 COMMITMENTS IN NEW
 PORTFOLIO COMPANIES

\$47mm

NEW INVESTMENT
 COMMITMENTS IN EXISTING
 PORTFOLIO COMPANIES

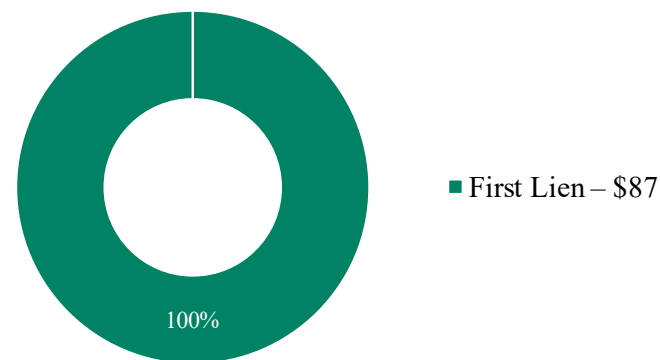
HISTORICAL FUNDED ORIGINATIONS AND EXITS

(\$ 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. Excludes the \$572 million of investments at fair value acquired in the merger of Oaktree Strategic Income II, Inc. (“OSI2”) with and into us (the “OSI2 Merger”), which closed on January 23, 2023.

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
2Q2023	124	9	124	--	--	118	5	1	81
3Q2023	251	10	227	24	0.2	224	20	7	85
4Q2023	87	6	87	--	--	76	12	--	N/A

Note: Numbers may not sum due to rounding. Excludes any positions originated, purchased and sold within the same quarter and the assets acquired in the OSI2 Merger.

Financial Highlights

(\$ and number of shares in thousands, except per share amounts)	As of				
	9/30/2023	6/30/2023	3/31/2023	12/31/2022	9/30/2022
GAAP Net Investment Income per Share	\$0.62	\$0.63	\$0.63	\$0.63	\$0.59
<i>Adjusted Net Investment Income per Share¹</i>	<i>\$0.62</i>	<i>\$0.62</i>	<i>\$0.62</i>	<i>\$0.61</i>	<i>\$0.55</i>
Net Realized and Unrealized Gains (Losses), Net of Taxes per Share	\$(0.02)	\$(0.15)	\$(0.33)	\$(0.42)	\$(0.37)
<i>Adjusted Net Realized and Unrealized Gains (Losses), Net of Taxes per Share¹</i>	<i>\$(0.02)</i>	<i>\$(0.14)</i>	<i>\$(0.05)</i>	<i>\$(0.39)</i>	<i>\$(0.34)</i>
Earnings (Loss) per Share	\$0.60	\$0.48	\$0.29	\$0.22	\$0.22
<i>Adjusted Earnings (Loss) per Share¹</i>	<i>\$0.60</i>	<i>\$0.47</i>	<i>\$0.57</i>	<i>\$0.22</i>	<i>\$0.22</i>
Quarterly Distributions per Share	\$0.55	\$0.55	\$0.55	\$0.54	\$0.51
Special Distributions per Share	--	--	--	\$0.42	--
NAV per Share	\$19.63	\$19.58	\$19.66	\$19.63	\$20.83
Weighted Average Shares Outstanding	77,130	77,080	73,203	61,142	61,125
Shares Outstanding, End of Period	77,225	77,080	77,080	61,220	61,125
Investment Portfolio (at Fair Value)	\$2,892,420	\$3,135,619	\$3,164,860	\$2,642,870	\$2,494,111
Cash and Cash Equivalents	\$136,450	\$59,704	\$43,750	\$17,382	\$23,528
Total Assets	\$3,217,839	\$3,335,974	\$3,318,507	\$2,767,260	\$2,646,313
Total Debt Outstanding ²	\$1,600,731	\$1,740,066	\$1,723,840	\$1,463,624	\$1,301,043
Net Assets	\$1,515,764	\$1,509,441	\$1,515,150	\$1,201,989	\$1,245,563
Total Debt to Equity Ratio	1.10x	1.18x	1.16x	1.26x	1.08x
Net Debt to Equity Ratio	1.01x	1.14x	1.14x	1.24x	1.06x
Weighted Average Interest Rate on Debt Outstanding ³	7.0%	6.6%	6.2%	5.6%	4.4%

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 19 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				
	9/30/2023	6/30/2023	3/31/2023	12/31/2022	9/30/2022
Investments at Fair Value	\$2,892,420	\$3,135,619	\$3,164,860	\$2,642,870	\$2,494,111
Number of Portfolio Companies	143	156	165	156	149
Average Portfolio Company Debt Investment Size	\$19,800	\$19,800	\$18,800	\$16,500	\$16,500
Asset Class:					
First Lien	76.4%	76.5%	75.0%	71.9%	71.2%
Second Lien	10.1	12.0	13.0	14.4	15.7
Unsecured Debt	1.9	1.7	1.9	2.4	2.3
Equity	5.0	3.8	4.1	4.3	4.2
Joint Venture Interests	6.6	6.0	6.0	7.0	6.7
Interest Rate Type for Debt Investments:					
% Floating-Rate	86.2%	86.0%	87.9%	87.3%	86.5%
% Fixed-Rate	13.8	14.0	12.1	12.7	13.5
Yields:					
Weighted Average Yield on Debt Investments ¹	12.7%	12.3%	11.9%	11.6%	10.6%
Cash Component of Weighted Average Yield on Debt Investments	11.2	11.4	10.9	10.3	9.3
Weighted Average Yield on Total Portfolio Investments ²	12.0	11.8	11.5	11.2	10.2

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 mergers of Oaktree Strategic Income Corporation (the "OCSI Merger") and the OSI2 Merger. See page 19 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 and the OSI2 Merger. See page 19 for a description of the non-GAAP financial measures.



Investment Activity

(\$ in thousands)	As of				
	9/30/2023	6/30/2023	3/31/2023 ¹	12/31/2022	9/30/2022
New Investment Commitments	\$87,500	\$251,000	\$123,800	\$250,300	\$97,000
New Funded Investment Activity ²	\$117,100	\$243,300	\$103,600	\$274,400	\$84,500
Proceeds from Prepayments, Exits, Other Paydowns and Sales	\$364,400	\$261,000	\$162,100	\$104,400	\$146,100
Net New Investments ³	\$(247,300)	\$(17,700)	\$(58,500)	\$170,000	\$(61,600)
New Investment Commitments in New Portfolio Companies	3	6	6	18	6
New Investment Commitments in Existing Portfolio Companies	3	4	3	7	5
Portfolio Company Exits	16	16	5	11	8
Weighted Average Yield at Cost on New Debt Investment Commitments	12.0%	12.6%	11.9%	13.1%	9.9%

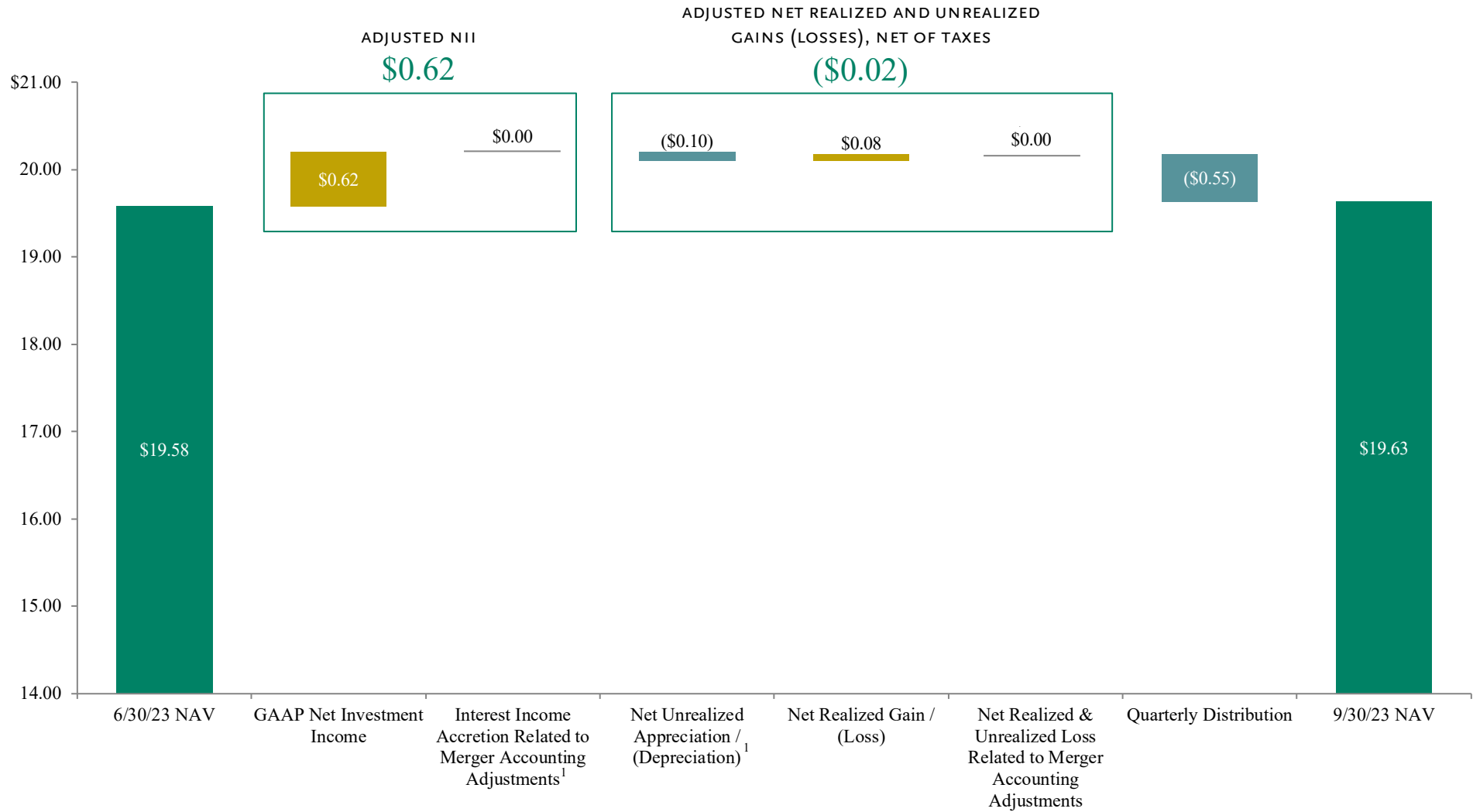
¹ Excludes the assets acquired in the OSI2 Merger.

² New funded investment activity includes drawdowns on existing revolver commitments.

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



Net Asset Value Per Share Bridge



Note: 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 19 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

57%

UNSECURED
BORROWINGS

\$1.0bn

AVAILABLE LIQUIDITY⁴

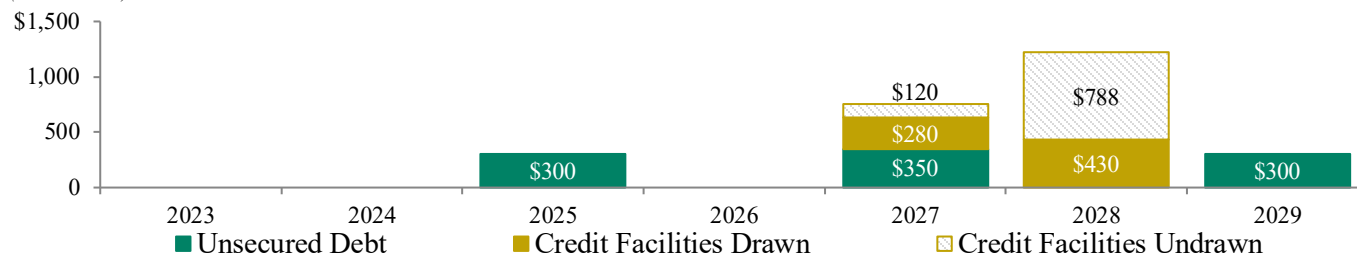
FUNDING SOURCES

(\$ in millions)

	Committed	Principal Outstanding	Interest Rate	Maturity
Syndicated Credit Facility	\$1,218	\$430	SOFR + 2.00%	6/23/2028
Citibank Facility	400	280	SOFR + 2.00%-2.75% ¹	1/26/2027
2025 Notes	300	300	3.500%	2/25/2025
2027 Notes	350	350	2.700% (SOFR + 1.658%) ²	1/15/2027
2029 Notes	300	300	7.100% (SOFR + 3.126%) ³	2/15/2029
Cash and Cash Equivalents	--	(136)	--	--
Total	\$2,568	\$1,524		
Weighted Average Interest Rate		7.0%		
Net Debt to Equity Ratio		1.01x		

MATURITIES

(\$ in millions)



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

As of September 30, 2023

Note: Numbers may not sum due to rounding.

¹ The interest rate on outstanding borrowings is SOFR plus 2.00% on broadly syndicated loans and SOFR plus 2.75% 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 SOFR plus 1.658% on a notional amount of \$350 million.

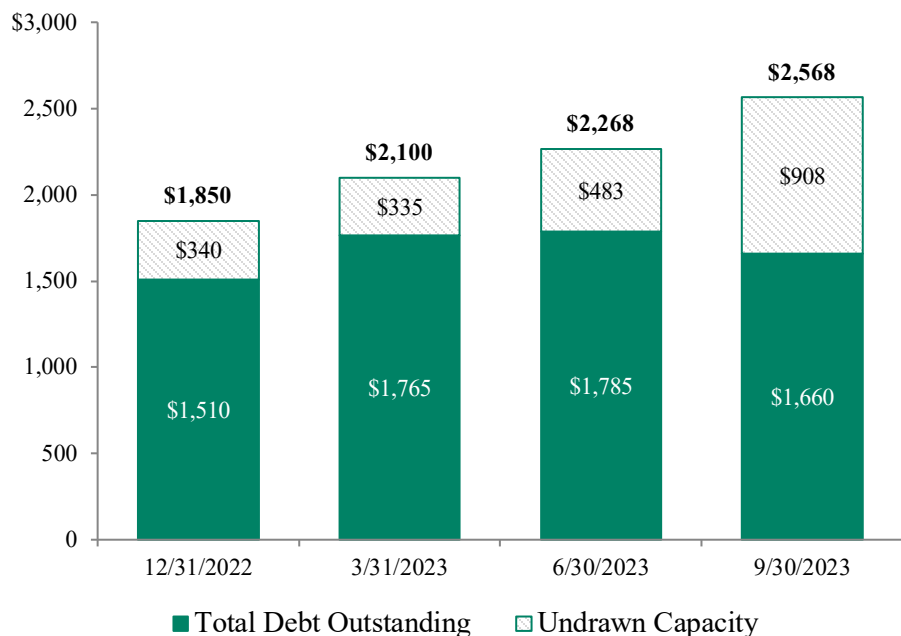
³ The Company entered into an interest rate swap agreement under which the Company receives a fixed interest rate of 7.100% and pays a floating rate of the three-month SOFR plus 3.126% on a notional amount of \$300 million.

⁴ Liquidity was composed of \$136.5 million of unrestricted cash and cash equivalents and \$907.5 million of undrawn capacity under the credit facilities (subject to borrowing base and other limitations).

Funding and Liquidity Metrics

LEVERAGE UTILIZATION

(\$ in millions)



LIQUIDITY OVERVIEW

(\$ in millions)

	12/31/2022	3/31/2023	6/30/2023	9/30/2023
Credit Facilities Committed	\$1,200	\$1,450	\$1,618	\$1,618
Credit Facilities Drawn	(860)	(1,115)	(1,135)	(710)
Cash and Cash Equivalents	17	44	60	136
Total Liquidity	357	379	542	1,044
Total Unfunded Commitments ¹	(172)	(237)	(247)	(206)
Unavailable Unfunded Commitments ²	42	53	62	51
Adjusted Liquidity	\$227	\$195	\$357	\$890

Ample liquidity to support funding needs³

	12/31/2022	3/31/2023	6/30/2023	9/30/2023
Cash	\$17	\$44	\$60	\$136
Net Assets	\$1,202	\$1,515	\$1,509	\$1,516
Total Leverage	1.26x	1.16x	1.18x	1.10x
Net Leverage	1.24x	1.14x	1.14x	1.01x

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 September 30, 2023, 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.

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)

\$142mm OCSL'S INVESTMENTS IN THE KEMPER JV	4.9% % OF OCSL'S PORTFOLIO
\$5.4mm NET INVESTMENT INCOME ¹	15.2% RETURN ON OCSL'S INVESTMENT (ANNUALIZED) ³

GLICK JV CHARACTERISTICS

(At fair value)

\$50mm OCSL'S INVESTMENTS IN THE GLICK JV	1.7% % OF OCSL'S PORTFOLIO
\$2.0mm NET INVESTMENT INCOME ²	16.3% RETURN ON OCSL'S INVESTMENT (ANNUALIZED) ³

COMBINED PORTFOLIO SUMMARY

INVESTMENT PORTFOLIO	FIRST LIEN	PORTFOLIO COMPANY COUNT	WTD. AVG. DEBT PORTFOLIO YIELD	LEVERAGE RATIO
\$446mm	96%	50	11.2%	1.2x

As of September 30, 2023

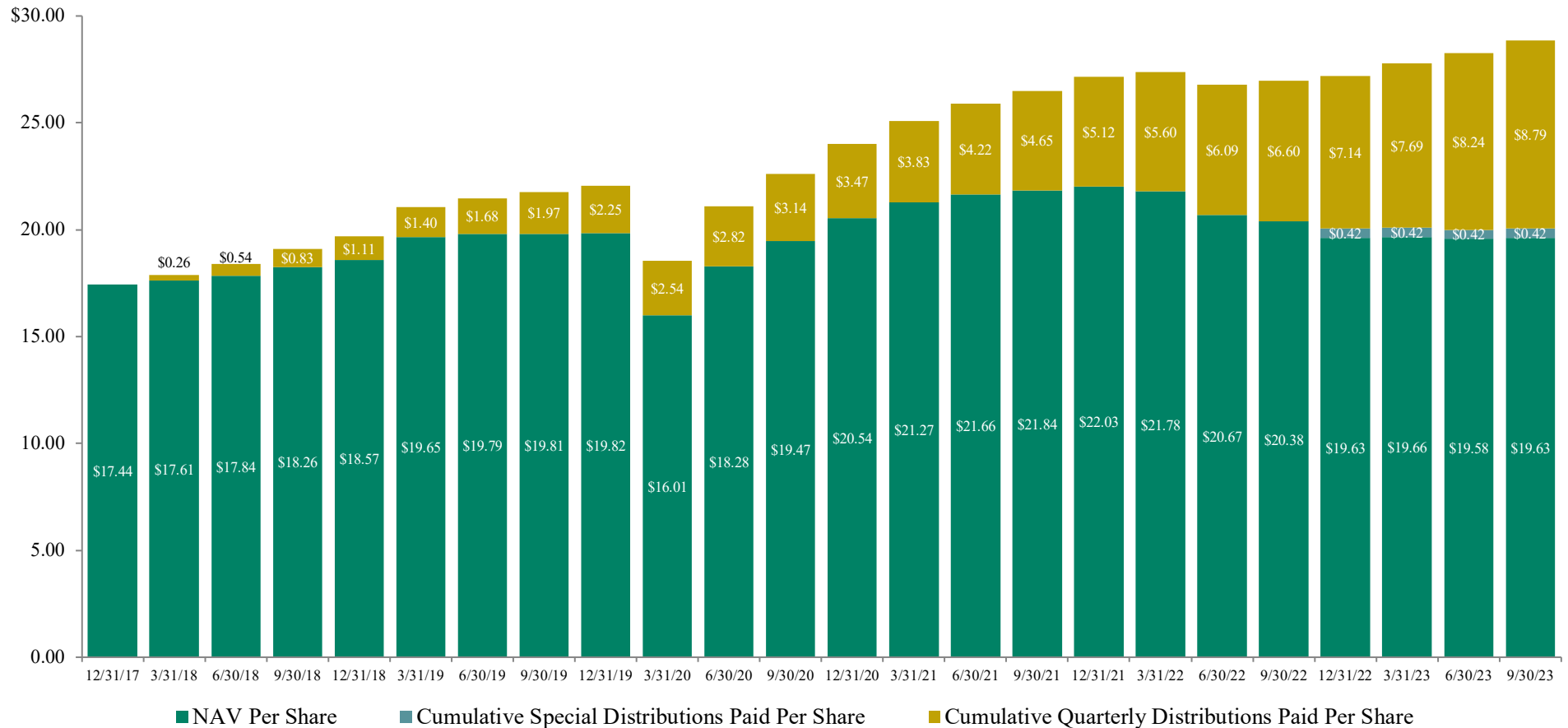
¹ Represents OCSL's 87.5% share of the Kemper JV's net investment income (excluding subordinated note interest expense and deferred financing costs) earned during the quarter ended September 30, 2023.

² Represents OCSL's 87.5% share of the Glick JV's net investment income (excluding subordinated note interest expense and deferred financing costs) earned during the quarter ended September 30, 2023.

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 June 30, 2023.

Compelling Performance Under Oaktree Management

NAV AND CUMULATIVE DISTRIBUTIONS PAID PER SHARE¹



OCSL has generated a 10.6% 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 September 30, 2023.

² Annualized return on equity calculated as the change in net asset value plus distributions paid from December 31, 2017 through September 30, 2023. Assumes dividends reinvested at NAV.

Appendix



OAKTREE

OCSL | Specialty Lending Corporation

Quarterly Statement of Operations

(\$ in thousands)	For the three months ended				
	9/30/2023	6/30/2023	3/31/2023	12/31/2022	9/30/2022
INVESTMENT INCOME					
Interest income	\$94,732	\$95,310	\$88,745	\$69,978	\$61,719
PIK interest income	5,544	3,967	4,123	6,130	6,011
Fee income	572	1,573	2,380	2,021	1,539
Dividend income	1,057	1,050	1,054	1,050	875
GAAP total investment income	101,905	101,900	96,302	79,179	70,144
Less: Interest income accretion related to merger accounting adjustments	252	(842)	(561)	(1,746)	(2,173)
Adjusted total investment income	102,157	101,058	95,741	77,433	67,971
EXPENSES					
Base management fee	11,516	11,983	11,483	9,917	9,703
Part I incentive fee	9,531	9,590	9,007	7,703	6,986
Part II incentive fee	--	--	--	--	--
Interest expense	32,326	30,793	27,804	20,719	15,751
Other operating expenses ¹	2,534	2,621	3,805	2,704	2,596
Total expenses	55,907	54,987	52,099	41,043	35,036
Fees waived	(1,500)	(1,500)	(1,775)	(750)	(750)
Net expenses	54,407	53,487	50,324	40,293	34,286
(Provision) benefit for taxes on net investment income	--	--	--	--	--
Excise tax	--	--	--	(78)	--
GAAP net investment income	47,498	48,413	45,978	38,808	35,858
Less: Interest income accretion related to merger accounting adjustments	252	(842)	(561)	(1,746)	(2,173)
Add: Part II incentive fee	--	--	--	--	--
Adjusted net investment income	\$47,750	\$47,571	\$45,417	\$37,062	\$33,685

Note: See page 19 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				
	9/30/2023	6/30/2023	3/31/2023	12/31/2022	9/30/2022
NET REALIZED AND UNREALIZED GAINS (LOSSES)					
Net unrealized appreciation (depreciation)	\$13,745	\$(1,039)	\$(18,279)	\$(22,982)	\$(17,869)
Net realized gains (losses)	(13,238)	(10,603)	(6,111)	(3,203)	(2,756)
(Provision) benefit for taxes on realized and unrealized gains (losses)	(2,053)	(86)	(66)	549	(2,025)
GAAP net realized and unrealized gains (losses), net of taxes	\$(1,546)	\$(11,728)	\$(24,456)	\$(25,636)	\$(22,650)
Less: Net realized and unrealized losses (gains) related to merger accounting adjustments	(122)	612	20,955	1,746	2,173
Adjusted net realized and unrealized gains (losses), net of taxes	\$(1,668)	\$(11,116)	\$(3,501)	\$(23,890)	\$(20,477)
GAAP net increase (decrease) in net assets resulting from operations	\$45,952	\$36,685	\$21,522	\$13,172	\$13,208
Less: Interest income accretion related to merger accounting adjustments	252	(842)	(561)	(1,746)	(2,173)
Less: Net realized and unrealized losses (gains) related to merger accounting adjustments	(122)	612	20,955	1,746	2,173
Adjusted earnings (loss)	\$46,082	\$36,455	\$41,916	\$13,172	\$13,208
PER SHARE DATA:					
GAAP total investment income	\$1.32	\$1.32	\$1.32	\$1.30	\$1.15
Adjusted total investment income	1.32	1.31	1.31	1.27	1.11
GAAP net investment income	0.62	0.63	0.63	0.63	0.59
Adjusted net investment income	0.62	0.62	0.62	0.61	0.55
GAAP net realized and unrealized gains (losses), net of taxes	(0.02)	(0.15)	(0.33)	(0.42)	(0.37)
Adjusted net realized and unrealized gains (losses), net of taxes	(0.02)	(0.14)	(0.05)	(0.39)	(0.34)
GAAP net increase/decrease in net assets resulting from operations	0.60	0.48	0.29	0.22	0.22
Adjusted earnings (loss)	0.60	0.47	0.57	0.22	0.22
Weighted average common shares outstanding	77,130	77,080	73,203	61,142	61,125
Shares outstanding, end of period	77,225	77,080	77,080	61,220	61,125

Note: See page 19 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

The OCSI Merger and the OSI2 Merger (the “Mergers”) were accounted for as asset acquisitions 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 each of the stockholders of Oaktree Strategic Income Corporation (“OCSI”) and OSI2 were 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 investments under ASC 805 that, in aggregate, was different than the historical cost basis of the acquired investments prior to the OCSI Merger or OSI2 Merger, as applicable. Additionally, immediately following the completion of the Mergers, the acquired investments were marked to their respective fair values under ASC 820, Fair Value Measurements, which resulted in unrealized appreciation / depreciation. The new cost basis established by ASC 805 on debt investments acquired will accrete / amortize over the life of each respective debt investment through interest income, with a corresponding adjustment recorded to unrealized appreciation / depreciation on such investment acquired through its ultimate disposition. The new cost basis established by ASC 805 on equity investments acquired will not accrete / amortize 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 / loss with a corresponding reversal of the unrealized appreciation / depreciation 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 investments acquired in the Mergers because these amounts do not impact the fees payable to Oaktree under its second amended and restated investment 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 Mergers 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 investments established by ASC 805 that would have been to the benefit of Oaktree absent such exclusion).



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