



OAKTREE

OCSL | Specialty Lending Corporation

FOURTH QUARTER 2021
NOVEMBER 16, 2021

EARNINGS PRESENTATION
NASDAQ: OCSL



Forward Looking Statements & Legal Disclosures

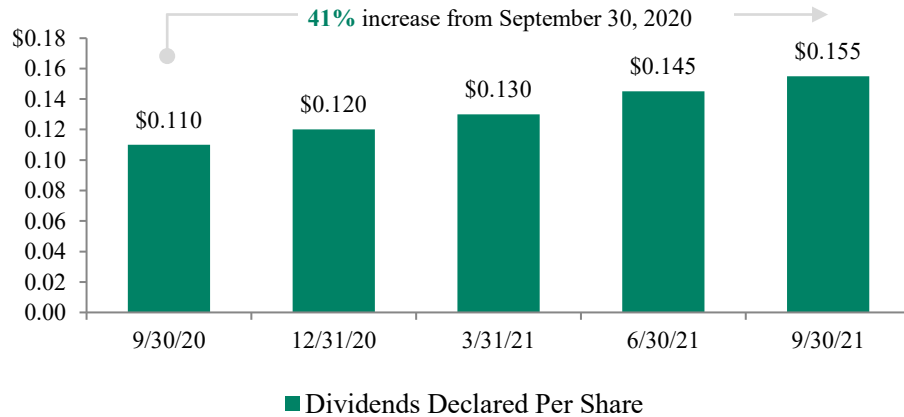
Some of the statements in this presentation constitute forward-looking statements because they relate to future events or our future performance or financial condition. The forward-looking statements contained in this presentation may include statements as to: our future operating results and distribution 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. Other factors that could cause actual results to differ materially include: changes or potential disruptions in our operations, the economy, financial markets or political environment; risks associated with possible disruption in our operations or the economy generally due to terrorism, natural disasters or the COVID-19 pandemic; future changes in laws or regulations (including the interpretation of these laws and regulations by regulatory authorities) and conditions in our operating areas, particularly with respect to business development companies or regulated investment companies; general considerations associated with the COVID-19 pandemic; the ability to realize the anticipated benefits of the merger of Oaktree Strategic Income Corporation (“OCSI”) with and into us (the “Merger”); and other considerations that may be disclosed from time to time in our publicly disseminated documents and filings.

We have based the forward-looking statements included in this presentation on information available to us on the date of this presentation, and we assume no obligation to update any such forward-looking statements. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through reports that we in the future may file with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.

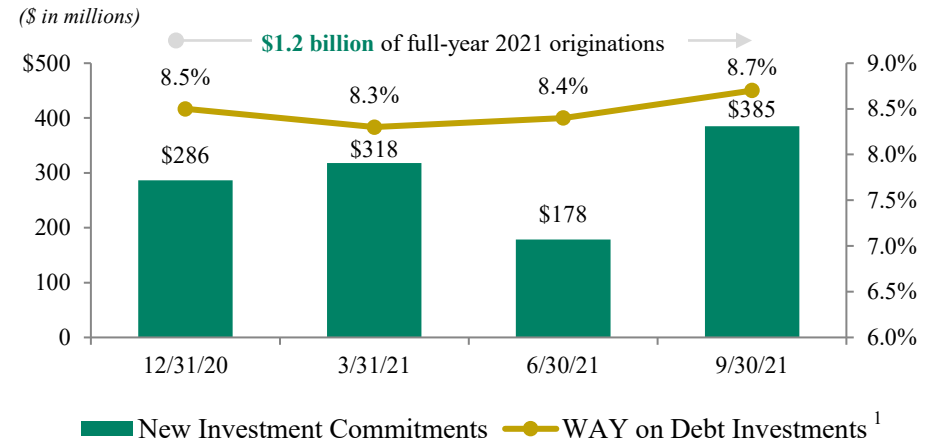


Full Year 2021 Highlights

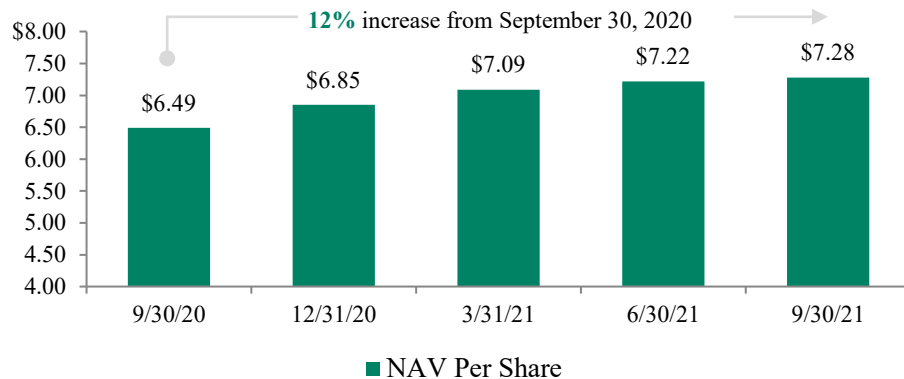
INCREASED DIVIDEND



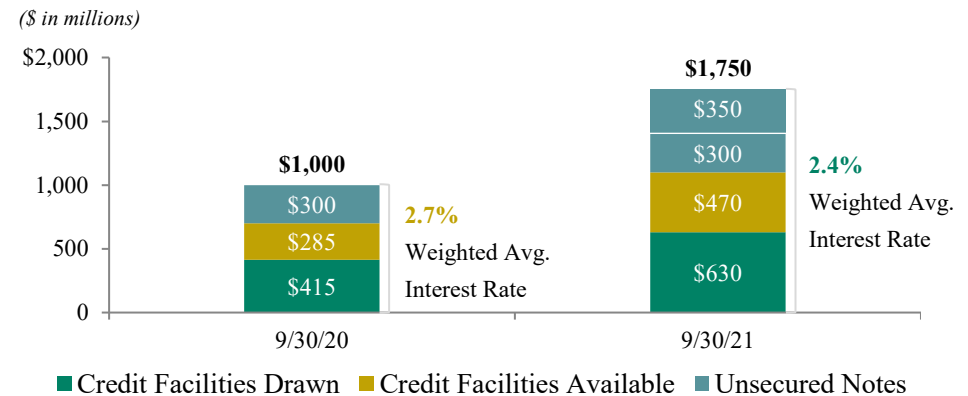
STRONG NEW INVESTMENT ACTIVITY & IMPROVED TOTAL DEBT PORTFOLIO YIELD



NAV PER SHARE ACCRETION



FURTHER STRENGTHENED THE CAPITAL STRUCTURE



Full year 2021 was further bolstered by the closing of the merger with Oaktree Strategic Income, which increased the size and scale of OCSL

¹ Annual stated yield earned plus net annual amortization of OID or premium earned on accruing investments, including the Company's share of the return on debt investments in the Kemper JV and Glick JV, and excluding any amortization or accretion of interest income resulting solely from the cost basis established by ASC 805 for the assets acquired in connection with the Merger. See page 21 for a description of the non-GAAP financial measures.



Highlights for the Quarter Ended September 30, 2021

NET ASSET VALUE PER SHARE	<ul style="list-style-type: none">• \$7.28, up 1% from \$7.22 as of June 30, 2021 and up 10% from \$6.61 as of December 31, 2019 (prior to the onset of the pandemic)• Quarterly increase primarily due to realized and unrealized gains on certain debt and equity investments and undistributed net investment income
ADJUSTED NET INVESTMENT INCOME¹	<ul style="list-style-type: none">• \$0.16 per share, as compared with \$0.19 per share for the quarter ended June 30, 2021, primarily reflecting lower one-time OID acceleration and prepayment income from investments that were repaid in the June quarter and lower amendment fees• GAAP net investment income was \$0.18 per share, as compared with \$0.20 per share for the quarter ended June 30, 2021
DIVIDEND	<ul style="list-style-type: none">• Declared a cash distribution of \$0.155 per share, an increase of 7% from the prior quarter and 41% from one year ago• Sixth consecutive quarter with a distribution increase• Distribution will be payable on December 31, 2021 to stockholders of record as of December 15, 2021
INVESTMENT ACTIVITY	<ul style="list-style-type: none">• \$385 million of new investment commitments; 8.6% weighted average yield on new debt investments• \$416 million of new investment fundings and received \$202 million of proceeds from prepayments, exits, other paydowns and sales, which had a weighted average yield of 6.4%
INVESTMENT PORTFOLIO	<ul style="list-style-type: none">• \$2.6 billion at fair value diversified across 138 portfolio companies• 8.7% weighted average yield on debt investments, up from 8.4% as of June 30, 2021• No investments on non-accrual status
CAPITAL STRUCTURE & LIQUIDITY	<ul style="list-style-type: none">• 0.97x total debt to equity ratio, up as compared with 0.86x as of June 30, 2021• 0.95x net debt to equity ratio, up as compared with 0.79x as of June 30, 2021• \$29 million of cash and \$470 million of undrawn capacity on credit facilities• Amended Citibank Facility to, among other things, resize the facility, extend the maturity date and modify the interest rate on outstanding borrowings

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



Portfolio Summary as of September 30, 2021

PORTFOLIO CHARACTERISTICS

(At fair value)

\$2.6bn

TOTAL INVESTMENTS

138

PORTFOLIO COMPANIES

8.7%

WEIGHTED AVERAGE YIELD ON DEBT INVESTMENTS

\$106mm

MEDIAN DEBT PORTFOLIO COMPANY EBITDA¹

87%

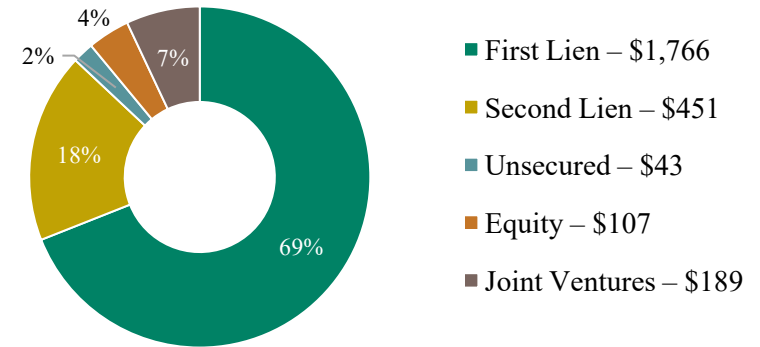
SENIOR SECURED DEBT INVESTMENTS

0

NON-ACCRUALS

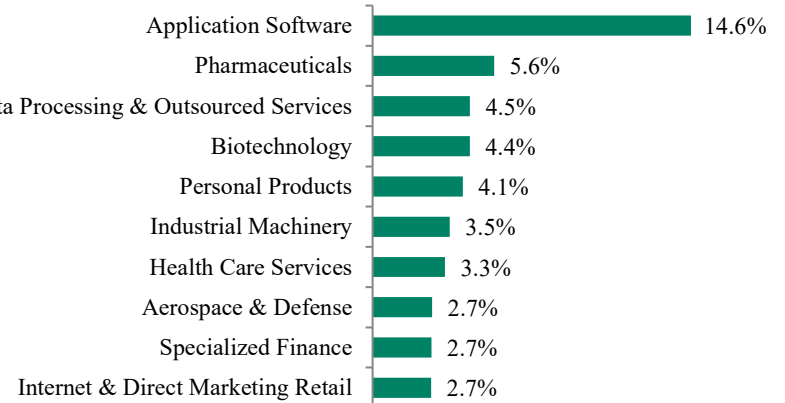
PORTFOLIO COMPOSITION

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



TOP TEN SUB-INDUSTRIES^{2, 3}

(As % of total portfolio at fair value)



Note: Numbers may not sum due to rounding.

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

² Based on GICS sub-industry classification.

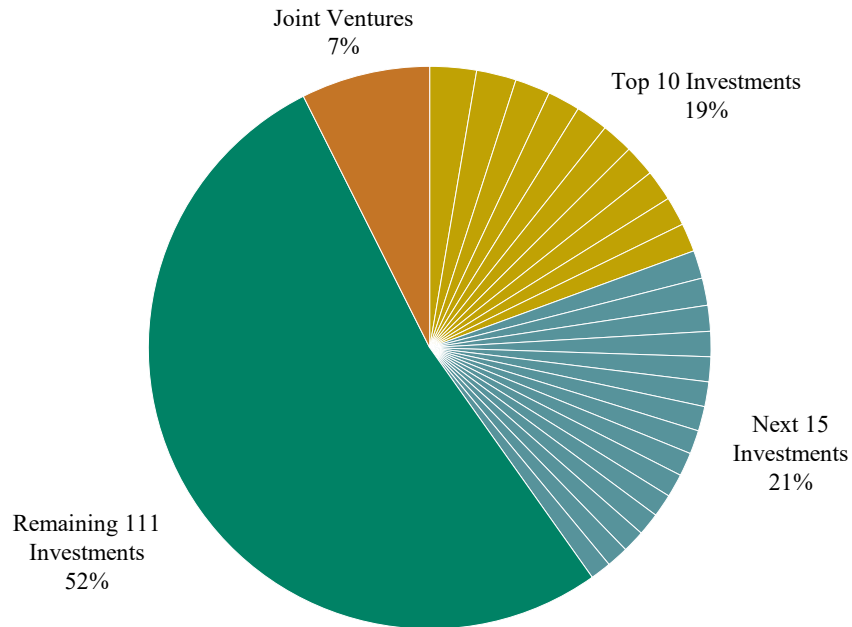
³ Excludes multi-sector holdings, which is primarily composed of investments in Senior Loan Fund JVI LLC (the "Kemper JV") and OCSI Glick JV (the "Glick JV"), joint ventures that invest primarily in senior secured loans of middle market companies.



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	14.8%
IT Services	6.6
Pharmaceuticals	5.6
Health Care Providers & Services	4.8
Chemicals	4.5
Biotechnology	4.4
Personal Products	4.1
Machinery	3.5
Specialty Retail	3.5
Diversified Financial Services	3.3
Oil, Gas & Consumable Fuels	3.0
Aerospace & Defense	2.7
Remaining 29 Industries	31.7
Joint Ventures	7.4

OCSL's portfolio is diverse across borrowers and industries

As of September 30, 2021

Note: Numbers may not sum due to rounding.

¹ Based on GICS industry classification.



Investment Activity

NEW INVESTMENT HIGHLIGHTS

\$385mm

NEW INVESTMENT
COMMITMENTS

\$416mm

NEW INVESTMENT
FUNDINGS¹

8.6%

WEIGHTED AVERAGE YIELD ON
NEW DEBT COMMITMENTS

100%

ALSO HELD BY OTHER
OAKTREE FUNDS

\$345mm

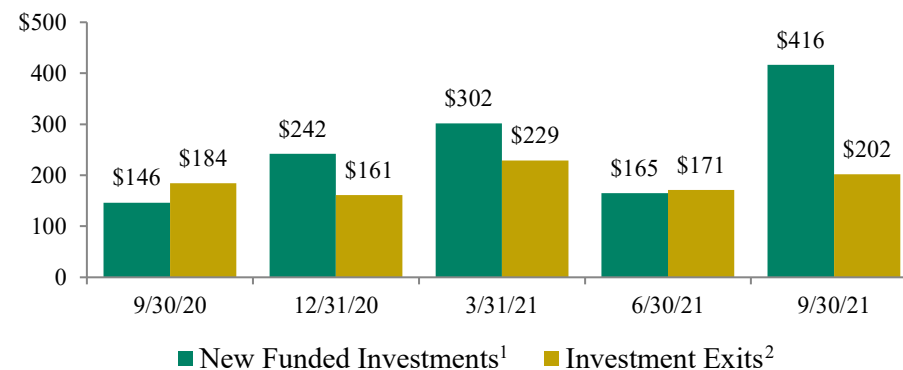
NEW INVESTMENT
COMMITMENTS IN NEW
PORTFOLIO COMPANIES

\$40mm

NEW INVESTMENT
COMMITMENTS IN EXISTING
PORTFOLIO COMPANIES

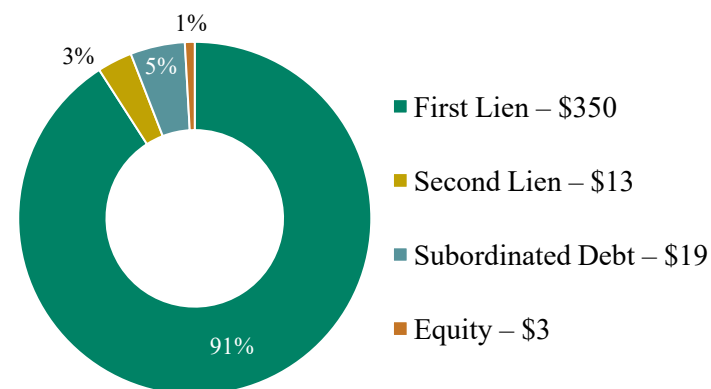
HISTORICAL FUNDED ORIGINATIONS AND EXITS

(\$ in millions)



NEW INVESTMENT COMPOSITION

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



Note: Numbers rounded to the nearest million or percentage point and may not sum as a result.

¹ New funded investments includes drawdowns on existing delayed draw and revolver commitments.

² Investment exits includes proceeds from prepayments, exits, other paydowns and sales.



Investment Activity (continued)

NEW INVESTMENT COMMITMENT DETAIL

(\$ in millions)

Fiscal Quarter	Investment Commitments	Number of Deals	Security Type			Market			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

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



Financial Highlights

(\$ and number of shares in thousands, except per share amounts)	As of				
	9/30/2021	6/30/2021	3/31/2021	12/31/2020	9/30/2020
GAAP Net Investment Income per Share	\$0.18	\$0.20	\$0.12	\$0.07	\$0.17
<i>Adjusted Net Investment Income per Share¹</i>	<i>\$0.16</i>	<i>\$0.19</i>	<i>\$0.14</i>	<i>\$0.14</i>	<i>\$0.17</i>
Net Realized and Unrealized Gains (Losses), Net of Taxes per Share	\$0.02	\$0.06	\$0.48	\$0.39	\$0.33
<i>Adjusted Net Realized and Unrealized Gains (Losses), Net of Taxes per Share¹</i>	<i>\$0.05</i>	<i>\$0.09</i>	<i>\$0.25</i>	<i>\$0.39</i>	<i>\$0.33</i>
Earnings (Loss) per Share	\$0.20	\$0.26	\$0.60	\$0.46	\$0.50
<i>Adjusted Earnings (Loss) per Share¹</i>	<i>\$0.20</i>	<i>\$0.26</i>	<i>\$0.37</i>	<i>\$0.46</i>	<i>\$0.50</i>
Distributions per Share	\$0.145	\$0.130	\$0.120	\$0.110	\$0.105
NAV per Share	\$7.28	\$7.22	\$7.09	\$6.85	\$6.49
Weighted Average Shares Outstanding	180,361	180,361	146,652	140,961	140,961
Shares Outstanding, End of Period	180,361	180,361	180,361	140,961	140,961
Investment Portfolio (at Fair Value)	\$2,556,629	\$2,339,301	\$2,327,353	\$1,712,324	\$1,573,851
Cash and Cash Equivalents	\$29,334	\$84,689	\$39,872	\$24,234	\$39,096
Total Assets	\$2,636,387	\$2,462,708	\$2,433,413	\$1,793,903	\$1,640,712
Total Debt Outstanding ²	\$1,268,743	\$1,104,099	\$1,109,897	\$694,827	\$709,315
Net Assets	\$1,312,823	\$1,302,414	\$1,278,823	\$964,917	\$914,879
Total Debt to Equity Ratio	0.97x	0.86x	0.87x	0.73x	0.78x
Net Debt to Equity Ratio	0.95x	0.79x	0.84x	0.70x	0.74x
Weighted Average Interest Rate on Debt Outstanding ³	2.4%	2.4%	2.6%	2.7%	2.7%

¹ See page 21 for a description of the non-GAAP measures.

² Net of unamortized financing costs.

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



Portfolio Highlights

(\$ in thousands, at fair value)	As of				
	9/30/2021	6/30/2021	3/31/2021	12/31/2020	9/30/2020
Investments at Fair Value	\$2,556,629	\$2,339,301	\$2,327,353	\$1,712,324	\$1,573,851
Number of Portfolio Companies	138	135	137	115	113
Average Portfolio Company Debt Investment Size	\$18,700	\$17,600	\$17,600	\$16,200	\$15,800
Asset Class:					
First Lien	69.1%	67.6%	68.3%	60.3%	62.3%
Second Lien	17.6	19.1	18.2	25.4	21.7
Unsecured Debt	1.7	1.4	1.1	3.1	4.2
Equity	4.2	3.9	4.4	3.8	4.1
Limited Partnership Interests	0.0	0.0	0.0	0.1	0.2
Joint Venture Interests	7.4	8.1	8.0	7.3	7.5
Interest Rate Type for Debt Investments:					
% Floating-Rate	91.5%	91.4%	91.8%	88.8%	88.3%
% Fixed-Rate	8.5	8.6	8.2	11.2	11.7
Yields:					
Weighted Average Yield on Debt Investments ¹	8.7%	8.4%	8.3%	8.5%	8.3%
Cash Component of Weighted Average Yield on Debt Investments	7.4	7.1	7.1	7.1	7.0
Weighted Average Yield on Total Portfolio Investments ²	8.3	8.0	7.8	8.0	7.8

Note: Numbers may not sum due to rounding.

¹ Annual stated yield earned plus net annual amortization of OID or premium earned on accruing investments, including the Company's share of the return on debt investments in the Kemper JV and Glick JV, and excluding any amortization or accretion of interest income resulting solely from the cost basis established by ASC 805 for the assets acquired in connection with the Merger. See page 21 for a description of the non-GAAP financial measures.

² Annual stated yield earned plus net annual amortization of OID or premium earned on accruing investments and dividend income, including the Company's share of the return on debt investments in the Kemper JV and Glick JV, and excluding any amortization or accretion of interest income resulting solely from the cost basis established by ASC 805 for the assets acquired in connection with the Merger. See page 21 for a description of the non-GAAP financial measures.



Investment Activity

(\$ in thousands)	As of				
	9/30/2021	6/30/2021	3/31/2021 ¹	12/31/2020	9/30/2020
New Investment Commitments	\$385,000	\$178,400	\$317,700	\$286,300	\$148,500
New Funded Investment Activity ²	\$416,400	\$165,300	\$301,800	\$241,500	\$146,300
Proceeds from Prepayments, Exits, Other Paydowns and Sales	\$201,800	\$170,600	\$228,900	\$160,700	\$184,200
Net New Investments ³	\$214,600	\$(5,300)	\$72,900	\$80,800	\$(37,900)
New Investment Commitments in New Portfolio Companies	14	9	18	14	8
New Investment Commitments in Existing Portfolio Companies	6	1	2	7	3
Portfolio Company Exits	11	11	12	12	12
Weighted Average Yield at Cost on New Debt Investment Commitments	8.6%	9.2%	8.2%	8.7%	10.6%

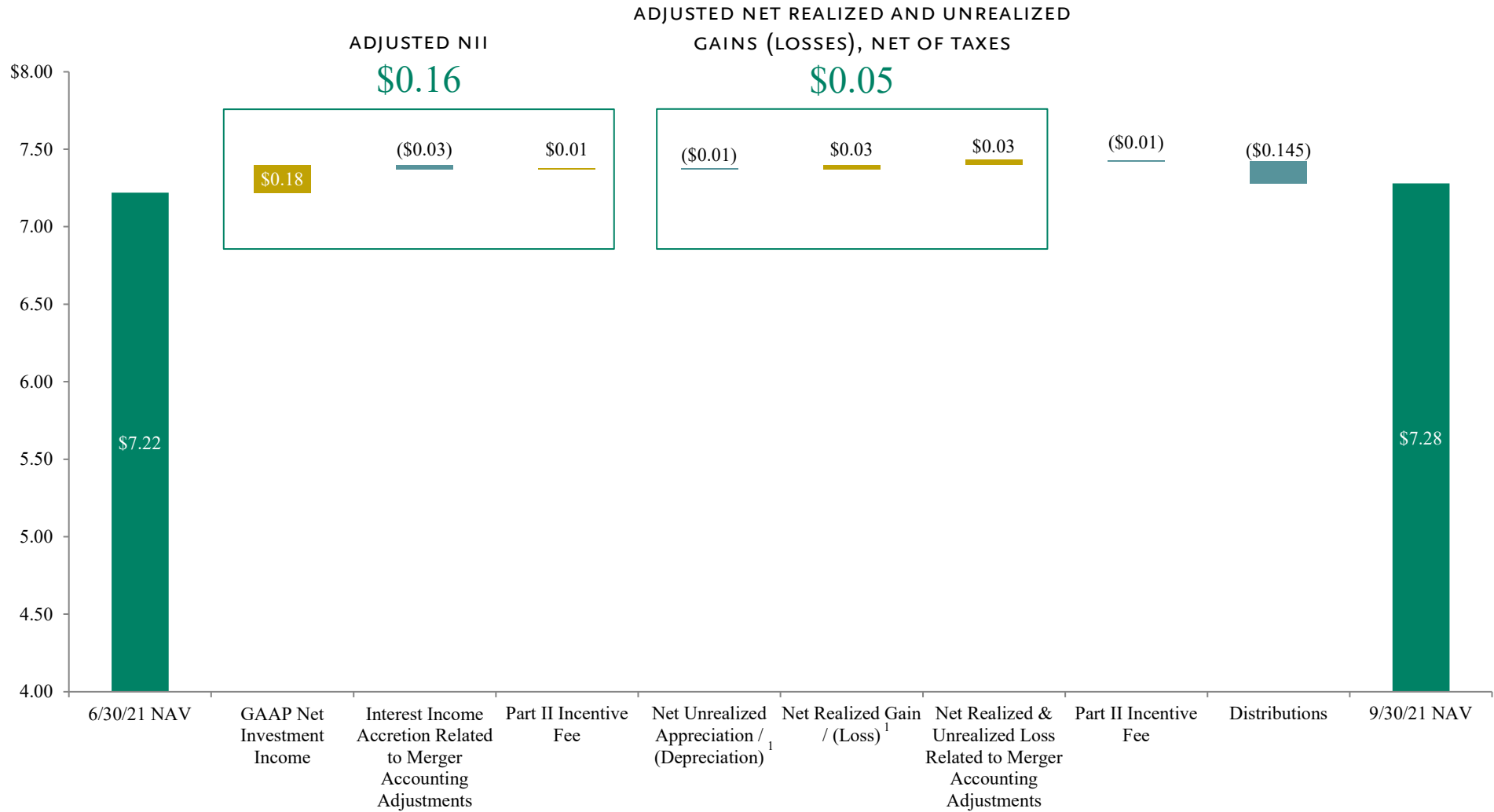
¹ Excludes the assets acquired in the Merger.

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

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



Net Asset Value Per Share Bridge



Note: Net asset value per share amounts are based on the shares outstanding at each respective quarter end. Net investment income per share, net unrealized appreciation / (depreciation), and net realized gain / (loss) are based on the weighted average number of shares outstanding for the period. Numbers may not sum due to rounding. See page 21 for a description of the non-GAAP measures.

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



Capital Structure Overview

0.85x to 1.00x

TARGET LEVERAGE RATIO

**Investment
Grade Rated**

BY MOODY'S AND FITCH

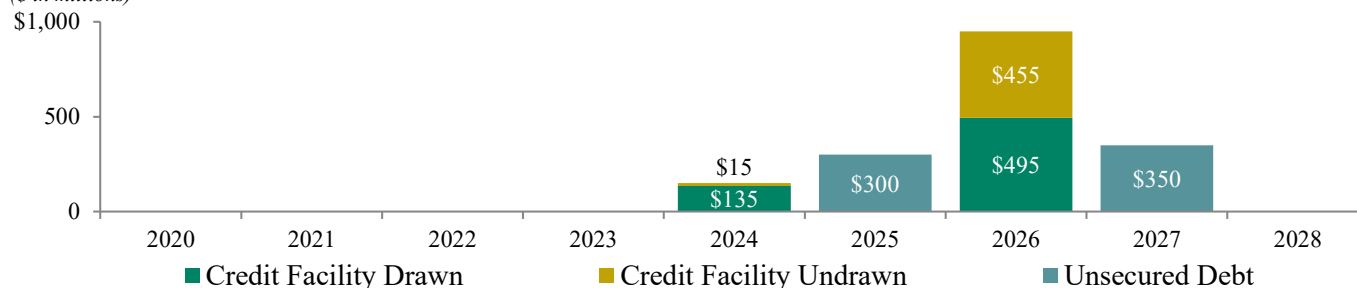
51%UNSECURED
BORROWINGS**\$499mm**AVAILABLE LIQUIDITY³**FUNDING SOURCES**

(\$ in millions)

	Committed	Principal Outstanding	Interest Rate	Maturity
Syndicated Credit Facility	\$950	\$495	LIBOR + 2.00%	5/4/2026
Citibank Facility	150	135	LIBOR + 1.25%-2.25% ¹	7/18/2024
2025 Notes	300	300	3.500%	2/25/2025
2027 Notes	350	350	2.700% (LIBOR + 1.658%) ²	1/15/2027
Cash and Cash Equivalents	--	(29)	--	--
Total	\$1,750	\$1,251		
Weighted Average Interest Rate		2.4%		
Net Debt to Equity Ratio		0.95x		

MATURITIES

(\$ in millions)

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

As of September 30, 2021

Note: Numbers may not sum due to rounding.

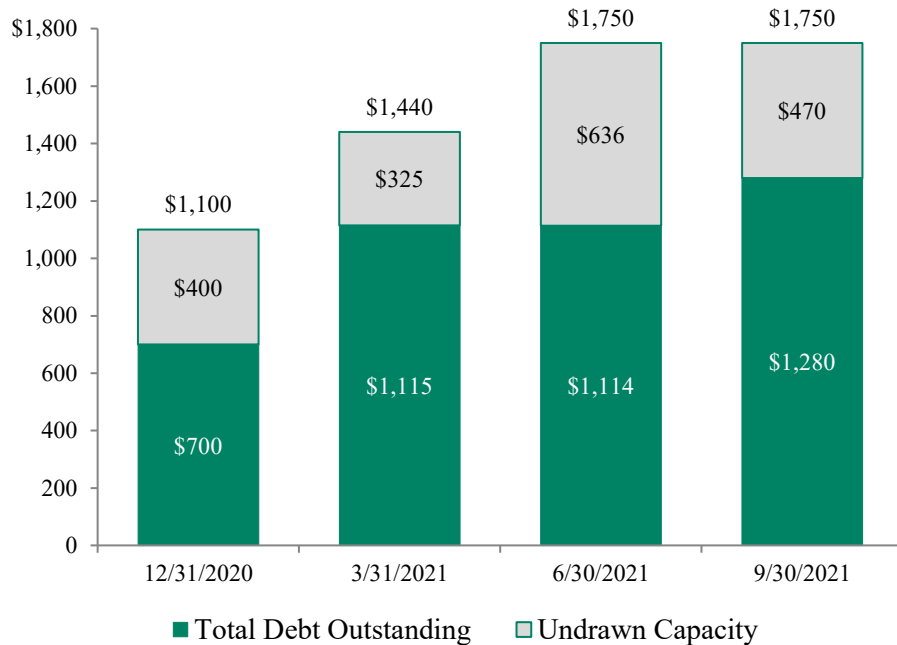
¹ The interest rate on outstanding borrowings is LIBOR plus 1.25%-2.20% on broadly syndicated loans subject to observable market depth and LIBOR plus 2.25% on all other eligible loans.² The Company entered into an interest rate swap agreement under which the Company receives a fixed interest rate of 2.700% and pays a floating rate of the three-month LIBOR plus 1.658% on a notional amount of \$350 million.³ Liquidity was composed of \$29.3 million of unrestricted cash and cash equivalents and \$470.0 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)

	12/31/2020	3/31/2021	6/30/2021	9/30/2021
Credit Facility Committed	\$800	\$1,140	\$1,100	\$1,100
Credit Facility Drawn	(400)	(815)	(464)	(630)
Cash and Cash Equivalents	24	40	85	29
Total Liquidity	424	365	721	499
Total Unfunded Commitments ¹	(198)	(242)	(239)	(216)
Unavailable Unfunded Commitments ²	48	50	73	62
Adjusted Liquidity	\$274	\$173	\$555	\$345

Ample liquidity to support funding needs³

	12/31/2020	3/31/2021	6/30/2021	9/30/2021
Cash	\$24	\$40	\$85	\$29
Net Assets	\$965	\$1,279	\$1,302	\$1,313
Net Leverage	0.70x	0.84x	0.79x	0.95x
Total Leverage	0.73x	0.87x	0.86x	0.97x

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

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)

\$134mm OCSL'S INVESTMENTS IN THE KEMPER JV	5.2% % OF OCSL'S PORTFOLIO	\$3.5mm NET INVESTMENT INCOME ¹
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GLICK JV CHARACTERISTICS

(At fair value)

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

INVESTMENT PORTFOLIO	FIRST LIEN	PORTFOLIO COMPANY COUNT	WTD. AVG. DEBT PORTFOLIO YIELD	LEVERAGE RATIO
\$471mm	93%	60	5.9%	1.3x

As of September 30, 2021

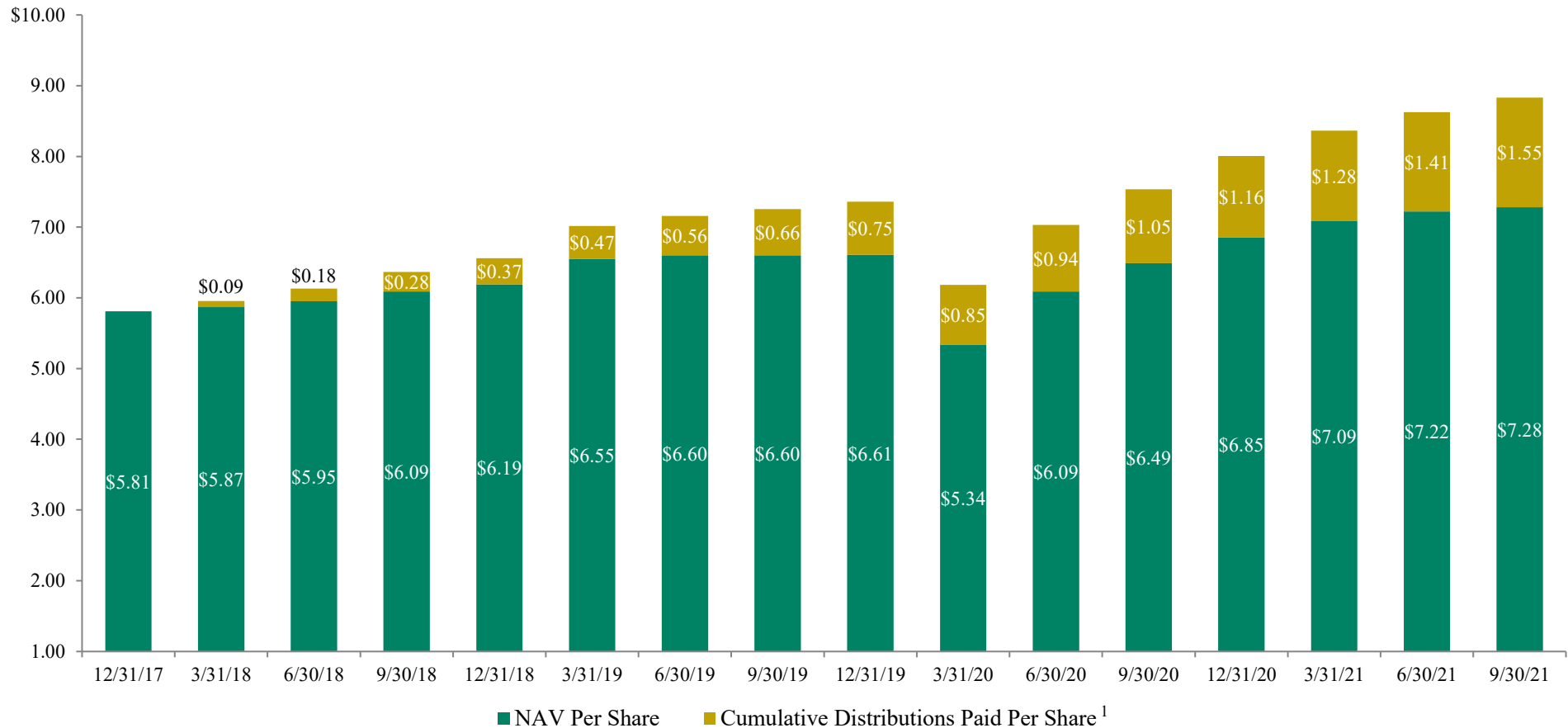
¹ Represents OCSL's 87.5% share of the Kemper JV's net investment income (excluding subordinated note interest expense) earned during the quarter ended September 30, 2021.

² Represents OCSL's 87.5% share of the Glick JV's net investment income (excluding subordinated note interest expense) earned during the quarter ended September 30, 2021.



Compelling Performance Under Oaktree Management

NAV AND CUMULATIVE DISTRIBUTIONS PAID PER SHARE



OCSL has generated an 11.8% annualized return on equity under Oaktree management²

¹ Cumulative distributions declared and paid from December 31, 2017 through September 30, 2021.

² Annualized return on equity calculated as the change in net asset value plus distributions paid from December 31, 2017 through September 30, 2021.



Opportunities to Increase Return on Equity

1

CONTINUE ROTATING INTO HIGHER-YIELDING INVESTMENTS

- Opportunity to improve the portfolio's yield by rotating out of lower-yielding investments into higher-yielding, proprietary ones
- Exited \$45 million of lower yielding senior secured loans during the quarter
- The weighted average yield of the debt portfolio increased to 8.7% from 8.4% last quarter, highlighting this progress
- \$83 million at fair value of senior secured loans with interest rates at or below LIBOR + 4.50%¹

2

CONTINUE TO OPERATE WITHIN TARGET LEVERAGE RANGE

- Maintaining a leverage ratio within the target range of 0.85x to 1.00x debt to equity may support the earnings power of the portfolio
- 0.95x net debt to equity, up from 0.79x last quarter following \$215 million of net new investment activity during the quarter ended September 30, 2021
- Ample dry powder with \$470 million of undrawn capacity under credit facilities²

3

OPTIMIZE JOINT VENTURES

- Opportunity to increase underlying joint venture portfolio yields by rotating into higher spread in investments
 - \$79 million of investments with interest rates at or below LIBOR + 3.75% in the Kemper and Glick JVs¹
- Utilize additional borrowings to operate within target leverage range
 - Target leverage range: 1.25x to 1.75x debt to equity
 - 1.4x and 1.1x total debt to equity at Kemper JV and Glick JV, respectively

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

As of September 30, 2021

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

² Subject to borrowing base and other limitations.

Appendix



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OCSL | Specialty Lending Corporation



Non-Core Investment Portfolio Detail

NON-CORE INVESTMENT PORTFOLIO CHARACTERISTICS

DEBT INVESTMENTS

- \$74 million at fair value in four companies
- Received \$3 million partial paydowns in one investment during the quarter ended September 30, 2021

EQUITY INVESTMENTS¹

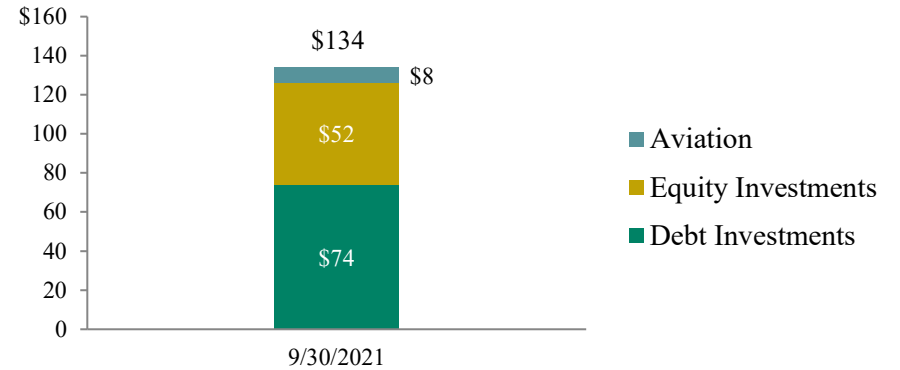
- \$52 million at fair value in 15 companies and limited partnership interests in one third-party managed fund

AVIATION

- \$8 million at fair value in one aircraft

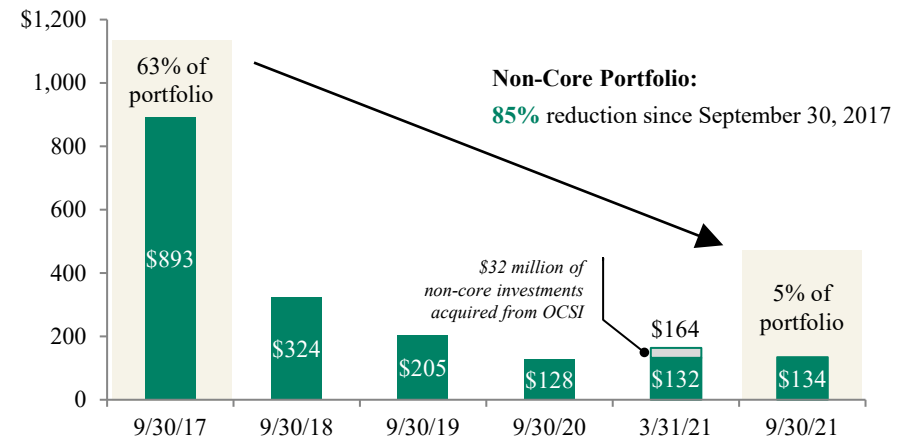
NON-CORE PORTFOLIO COMPOSITION

(At fair value; \$ in millions)



NON-CORE PORTFOLIO PROGRESSION²

(At fair value; \$ in millions)



Note: Numbers may not sum due to rounding.

¹ Excludes OCSL's equity investment in First Star Speir Aviation Limited.

² Excludes investments in the Kemper JV and Glick JV.

Quarterly Statement of Operations

(\$ in thousands)	For the three months ended				
	9/30/2021	6/30/2021	3/31/2021	12/31/2020	9/30/2020
INVESTMENT INCOME					
Interest income	\$55,094	\$51,999	\$35,655	\$31,633	\$37,153
PIK interest income	4,960	4,597	3,801	3,089	2,573
Fee income	645	7,823	2,278	3,352	3,571
Dividend income	3,101	1,019	209	130	302
GAAP total investment income	63,800	65,438	41,943	38,204	43,599
Less: Interest income accretion related to merger accounting adjustments	(5,571)	(5,060)	(665)	--	--
Adjusted total investment income	58,229	60,378	41,278	38,204	43,599
EXPENSES					
Base management fee	9,768	8,905	7,074	6,541	6,005
Part I incentive fee	6,015	6,990	4,444	4,149	5,206
Part II incentive fee	1,629	2,837	3,609	9,540	--
Interest expense	9,032	8,823	6,568	6,095	6,133
Other operating expenses ¹	2,627	2,343	2,242	1,861	1,710
Total expenses	29,071	29,898	23,937	28,186	19,054
Reversal of fees waived (fees waived)	(750)	(750)	(108)	--	--
Net expenses	28,321	29,148	23,829	28,186	19,054
(Provision) benefit for taxes on net investment income	(2,437)	(358)	--	--	--
GAAP net investment income	33,042	35,932	18,114	10,018	24,545
Less: Interest income accretion related to merger accounting adjustments	(5,571)	(5,060)	(665)	--	--
Add: Part II incentive fee	1,629	2,837	3,609	9,540	--
Adjusted net investment income	\$29,100	\$33,709	\$21,058	\$19,558	\$24,545

Note: See page 21 for a description of the non-GAAP measures.

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



Quarterly Statement of Operations (continued)

(\$ in thousands, except per share amounts)	For the three months ended				
	9/30/2021	6/30/2021	3/31/2021	12/31/2020	9/30/2020
NET REALIZED AND UNREALIZED GAINS (LOSSES)					
Net unrealized appreciation (depreciation)	\$ (2,098)	\$ 3,917	\$ 65,144	\$ 47,556	\$ 39,468
Net realized gains (losses)	3,739	8,610	5,856	8,215	6,447
(Provision) benefit for taxes on realized and unrealized gains (losses)	1,878	(1,421)	(997)	(245)	157
GAAP net realized and unrealized gains (losses), net of taxes	\$3,519	\$11,106	\$70,003	\$55,526	\$46,072
Less: Net realized and unrealized losses (gains) related to merger accounting adjustments	5,569	5,045	(33,396)	--	--
Adjusted net realized and unrealized gains (losses), net of taxes	\$9,088	\$16,151	\$36,607	\$55,526	\$46,072
GAAP net increase (decrease) in net assets resulting from operations	\$36,561	\$47,038	\$88,117	\$65,544	\$70,617
Less: Interest income accretion related to merger accounting adjustments	(5,571)	(5,060)	(665)	--	--
Less: Net realized and unrealized losses (gains) related to merger accounting adjustments	5,569	5,045	(33,396)	--	--
Adjusted earnings (loss)	\$36,559	\$47,023	\$54,056	\$65,544	\$70,617
PER SHARE DATA:					
GAAP total investment income	\$0.35	\$0.36	\$0.29	\$0.27	\$0.31
Adjusted total investment income	0.32	0.33	0.28	0.27	0.31
GAAP net investment income	0.18	0.20	0.12	0.07	0.17
Adjusted net investment income	0.16	0.19	0.14	0.14	0.17
GAAP net realized and unrealized gains (losses), net of taxes	0.02	0.06	0.48	0.39	0.33
Adjusted net realized and unrealized gains (losses), net of taxes	0.05	0.09	0.25	0.39	0.33
GAAP net increase/decrease in net assets resulting from operations	0.20	0.26	0.60	0.46	0.50
Adjusted earnings (loss)	0.20	0.26	0.37	0.46	0.50
Weighted average common shares outstanding	180,361	180,361	146,652	140,961	140,961
Shares outstanding, end of period	180,361	180,361	180,361	140,961	140,961

Note: See page 21 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 OCSI's stockholders was allocated to the individual assets acquired and liabilities assumed based on the relative fair values of the net identifiable assets acquired other than "non-qualifying" assets, which established a new cost basis for the acquired OCSI investments under ASC 805 that, in aggregate, was significantly lower than the historical cost basis of the acquired OCSI investments prior to the Merger. Additionally, immediately following the completion of the Merger, the acquired OCSI investments were marked to their respective fair values under ASC 820, Fair Value Measurements, which resulted in unrealized appreciation. The new cost basis established by ASC 805 on debt investments acquired will accrete over the life of each respective debt investment through interest income, with a corresponding adjustment recorded to unrealized appreciation on such investment acquired through its ultimate disposition. The new cost basis established by ASC 805 on equity investments acquired will not accrete over the life of such investments through interest income and, assuming no subsequent change to the fair value of the equity investments acquired and disposition of such equity investments at fair value, the Company will recognize a realized gain with a corresponding reversal of the unrealized appreciation on disposition of such equity investments acquired.

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 OCSI 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 OCSI investments established by ASC 805 that would have been to the benefit of Oaktree absent such exclusion).



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