

**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 4, 2023

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

**Delaware**  
(State or other jurisdiction  
of incorporation)

**814-00755**  
(Commission  
File Number)

**26-1219283**  
(IRS Employer  
Identification No.)

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

**90071**  
(Zip Code)

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

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

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

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.01 per share	OCSL	The Nasdaq Stock Market LLC

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

Emerging Growth Company

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

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

On May 4, 2023, Oaktree Specialty Lending Corporation (the “Company”) issued a press release announcing its financial results for the fiscal quarter ended March 31, 2023. A copy of the press release is attached hereto as Exhibit 99.1.

On May 4, 2023, the Company will host a conference call to discuss its financial results for the fiscal quarter ended March 31, 2023. 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 4, 2023](#)

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

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

**SIGNATURE**

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

OAKTREE SPECIALTY LENDING CORPORATION

Date: May 4, 2023

By: /s/ Christopher McKown

Name: Christopher McKown

Title: Chief Financial Officer and Treasurer



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

LOS ANGELES, CA, May 4, 2023 - Oaktree Specialty Lending Corporation (NASDAQ: OCSL) ("Oaktree Specialty Lending" or the "Company"), a specialty finance company, today announced its financial results for the fiscal quarter ended March 31, 2023.

### Financial Highlights for the Quarter Ended March 31, 2023<sup>1</sup>

- **Total investment income** was \$96.3 million (\$1.32 per share) for the second fiscal quarter of 2023, as compared with \$79.2 million (\$1.30 per share) for the first fiscal quarter of 2023. Adjusted total investment income was \$95.7 million (\$1.31 per share) for the second fiscal quarter of 2023, as compared with \$77.4 million (\$1.27 per share) for the first fiscal quarter of 2023. The increase was primarily driven by the growth in assets that resulted from the completion of the merger with Oaktree Strategic Income II, Inc. ("OSI2") during the quarter (the "OSI2 Merger") as well as the impact of higher base rates on the Company's floating rate debt portfolio.
- **GAAP net investment income** was \$46.0 million (\$0.63 per share) for the second fiscal quarter of 2023, as compared with \$38.8 million (\$0.63 per share) for the first fiscal quarter of 2023. The increase was primarily driven by higher total investment income and was partially offset by higher interest expense, Part I incentive fees and operating expenses.
- **Adjusted net investment income** was \$45.4 million (\$0.62 per share) for the second fiscal quarter of 2023, as compared with \$37.1 million (\$0.61 per share) for the first fiscal quarter of 2023. The increase primarily reflected higher adjusted total investment income and was partially offset by higher interest expense, Part I incentive fees and operating expenses.
- **Net asset value ("NAV") per share** was \$19.66 as of March 31, 2023, up slightly as compared with \$19.63 as of December 31, 2022.
- **Originated** \$123.8 million of new investment commitments<sup>2</sup> and received \$162.1 million of proceeds from prepayments, exits, other paydowns and sales during the quarter ended March 31, 2023. The weighted average yield on new debt investments was 11.9%.
- **Total debt outstanding** was \$1,765.0 million as of March 31, 2023. The total debt to equity ratio was 1.16x, and the net debt to equity ratio was 1.14x, after adjusting for cash and cash equivalents.
- **Liquidity** as of March 31, 2023 was composed of \$43.8 million of unrestricted cash and cash equivalents and \$335.0 million of undrawn capacity under the Company's credit facilities (subject to borrowing base and other limitations). Unfunded investment commitments were \$264.5 million, or \$237.4 million excluding unfunded commitments to the Company's joint ventures. Of the \$237.4 million, approximately \$184.0 million can be drawn immediately with the remaining amount subject to certain milestones that must be met by portfolio companies.
- **A quarterly cash distribution was declared** of \$0.55 per share. The distribution is payable in cash on June 30, 2023 to stockholders of record on June 15, 2023.
- **Completed the OSI2 Merger** on January 23, 2023, which added \$572.1 million of investments at fair value.

Armen Panossian, Chief Executive Officer and Chief Investment Officer, said, "OCSL achieved strong results in the second fiscal quarter, driven by solid adjusted net investment income generated from wider spreads on new originations and the impact of higher base rates on our predominantly floating rate loan portfolio. We also continued our strategy of rotating out of public debt investments and redeploying capital into our robust pipeline of compelling and higher-yielding private credit opportunities."

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

<sup>2</sup> Amounts exclude assets acquired in the OSI2 Merger.

Mr. Panossian continued, "Moreover, we were delighted to successfully close our merger with OSI2 on January 23, 2023, which marked another significant highlight of the quarter. We are excited to leverage the benefits of the combined company, which we believe will generate substantial long-term value for our shareholders. These positive results underscore our commitment to delivering strong risk-adjusted returns, and we believe we are positioned to sustain this momentum in the future."

**Distribution Declaration**

The Board of Directors declared a quarterly distribution of \$0.55 per share. The distribution is payable in cash on June 30, 2023 to stockholders of record on June 15, 2023.

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

## Results of Operations

	For the three months ended		
	March 31, 2023	December 31, 2022	March 31, 2022
	(unaudited)	(unaudited)	(unaudited)
(\$ in thousands, except per share data)			
<b>GAAP operating results:</b>			
Interest income	\$ 88,745	\$ 69,978	\$ 57,019
PIK interest income	4,123	6,130	4,674
Fee income	2,380	2,021	1,905
Dividend income	1,054	1,050	700
<b>Total investment income</b>	<b>96,302</b>	<b>79,179</b>	<b>64,298</b>
Net expenses	50,324	40,293	24,200
<b>Net investment income before taxes</b>	<b>45,978</b>	<b>38,886</b>	<b>40,098</b>
(Provision) benefit for taxes on net investment income	—	—	—
Excise tax	—	(78)	—
<b>Net investment income</b>	<b>45,978</b>	<b>38,808</b>	<b>40,098</b>
Net realized and unrealized gains (losses), net of taxes	(24,456)	(25,636)	(25,657)
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>\$ 21,522</b>	<b>\$ 13,172</b>	<b>\$ 14,441</b>
<b>Total investment income per common share</b>	<b>\$ 1.32</b>	<b>\$ 1.30</b>	<b>\$ 1.06</b>
<b>Net investment income per common share</b>	<b>\$ 0.63</b>	<b>\$ 0.63</b>	<b>\$ 0.66</b>
<b>Net realized and unrealized gains (losses), net of taxes per common share</b>	<b>\$ (0.34)</b>	<b>\$ (0.42)</b>	<b>\$ (0.42)</b>
<b>Earnings (loss) per common share — basic and diluted</b>	<b>\$ 0.29</b>	<b>\$ 0.22</b>	<b>\$ 0.24</b>
<b>Non-GAAP Financial Measures<sup>1</sup>:</b>			
Adjusted total investment income	\$ 95,741	\$ 77,433	\$ 60,290
Adjusted net investment income	\$ 45,417	\$ 37,062	\$ 32,344
Adjusted net realized and unrealized gains (losses), net of taxes	\$ (3,501)	\$ (23,890)	\$ (21,649)
Adjusted earnings (loss)	\$ 41,916	\$ 13,172	\$ 14,441
Adjusted total investment income per share	\$ 1.31	\$ 1.27	\$ 1.00
Adjusted net investment income per share	\$ 0.62	\$ 0.61	\$ 0.53
Adjusted net realized and unrealized gains (losses), net of taxes per share	\$ (0.05)	\$ (0.39)	\$ (0.36)
Adjusted earnings (loss) per share	\$ 0.57	\$ 0.22	\$ 0.24

<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/loss resulting from the merger of Oaktree Strategic Income Corporation with and into the Company in March 2021 (the "OCSI Merger") and the OSI2 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, 2023	December 31, 2022	March 31, 2022
	(unaudited)	(unaudited)	(unaudited)
(\$ in thousands, except per share data and ratios)			
<b>Select balance sheet and other data:</b>			
Cash and cash equivalents	\$ 43,750	\$ 17,382	\$ 39,366
Investment portfolio at fair value	3,164,860	2,642,870	2,644,775
Total debt outstanding (net of unamortized financing costs)	1,723,840	1,463,624	1,363,660
Net assets	1,515,150	1,201,989	1,330,376
Net asset value per share	19.66	19.63	21.78
Total debt to equity ratio	1.16x	1.26x	1.05x
Net debt to equity ratio	1.14x	1.24x	1.02x

Adjusted total investment income for the quarter ended March 31, 2023 was \$95.7 million and included \$88.1 million of interest income from portfolio investments, \$4.1 million of payment-in-kind ("PIK") interest income, \$2.4 million of fee income and \$1.1 million of dividend income. The \$18.3 million increase from the quarter ended December 31, 2022 was primarily driven by the growth in assets that resulted from the completion of the OSI2 Merger during the quarter and the impact of higher base rates on the Company's floating rate debt portfolio.

Net expenses for the quarter ended March 31, 2023 totaled \$50.3 million, up \$10.0 million from the quarter ended December 31, 2022. The increase in net expenses was mainly driven by \$7.1 million of higher interest expense due to the impact of rising interest rates on the Company's floating rate liabilities and an increase in borrowings outstanding primarily driven by the OSI2 Merger. Further contributing to the increase were \$1.3 million of higher part I incentive fees and \$1.1 million of higher professional fees and general and administrative expenses, a portion of which resulted from the OSI2 merger.

Adjusted net investment income was \$45.4 million (\$0.62 per share) for the quarter ended March 31, 2023, up from \$37.1 million (\$0.61 per share) for the quarter ended December 31, 2022. The increase of \$8.4 million primarily reflected \$18.3 million of higher adjusted total investment income and was partially offset by \$10.0 million of higher net expenses.

Adjusted net realized and unrealized losses, net of taxes, were \$3.5 million for the quarter ended March 31, 2023, primarily reflecting net realized and unrealized losses on foreign currency forward contracts, which the Company uses to hedge foreign currency exchange risk associated with the Company's investments denominated in foreign currencies.

## Portfolio and Investment Activity

(\$ in thousands)	As of		
	March 31, 2023 (unaudited)	December 31, 2022 (unaudited)	March 31, 2022 (unaudited)
Investments at fair value	\$ 3,164,860	\$ 2,642,870	\$ 2,644,775
Number of portfolio companies	165	156	146
Average portfolio company debt size	\$ 18,800	\$ 16,500	\$ 17,700
<b>Asset class:</b>			
Senior secured debt	88.0 %	86.3 %	86.4 %
Unsecured debt	1.9 %	2.4 %	2.1 %
Equity	4.1 %	4.3 %	4.5 %
JV interests	6.0 %	7.0 %	7.1 %
<b>Non-accrual debt investments:</b>			
Non-accrual investments at fair value	\$ 73,424	\$ —	\$ —
Non-accrual investments as a percentage of debt investments at fair value	2.4 %	— %	— %
Non-accrual investments as a percentage of debt investments at cost	2.5 %	— %	— %
Number of investments on non-accrual	2	—	—
<b>Interest rate type:</b>			
Percentage floating-rate	87.9 %	87.3 %	89.0 %
Percentage fixed-rate	12.1 %	12.7 %	11.0 %
<b>Yields:</b>			
Weighted average yield on debt investments <sup>1</sup>	11.9 %	11.6 %	8.8 %
Cash component of weighted average yield on debt investments	10.9 %	10.3 %	7.6 %
Weighted average yield on total portfolio investments <sup>2</sup>	11.5 %	11.2 %	8.4 %
<b>Investment activity:</b>			
New investment commitments	\$ 123,800	\$ 250,300	\$ 227,900
New funded investment activity <sup>3</sup>	\$ 103,600	\$ 274,400	\$ 236,200
Proceeds from prepayments, exits, other paydowns and sales	\$ 162,100	\$ 104,400	\$ 180,100
Net new investments <sup>4</sup>	\$ (58,500)	\$ 170,000	\$ 56,100
Number of new investment commitments in new portfolio companies	6	18	16
Number of new investment commitments in existing portfolio companies	3	7	9
Number of portfolio company exits	5	11	10

<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 SLF JV I and Glick JV, and excluding any amortization or accretion of interest income resulting solely from the cost basis established by ASC 805 (see Non-GAAP Financial Measures below) for the assets acquired in connection with the OCSI Merger and OSI2 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 SLF JV I and Glick JV, and excluding any amortization or accretion of interest income resulting solely from the cost basis established by ASC 805 for the assets acquired in connection with the OCSI Merger and OSI2 Merger.

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

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

As of March 31, 2023, the fair value of the investment portfolio was \$3.2 billion and was composed of investments in 165 companies. These included debt investments in 151 companies, equity investments in 43 companies, and the Company's joint venture investments in SLF JV I LLC ("SLF JV I") and OCSI Glick JV LLC ("Glick JV"). 31 of the equity investments were in companies in which the Company also had a debt investment.

As of March 31, 2023, 95.0% of the Company's portfolio at fair value consisted of debt investments, including 75.0% of first lien loans, 13.0% of second lien loans and 7.0% of unsecured debt investments, including the debt investments in SLF JV I and Glick JV. This compared to 71.9% of first lien loans, 14.4% of second lien loans and 8.5% of unsecured debt investments, including the debt investments in SLF JV I and Glick JV, as of December 31, 2022.

As of March 31, 2023, there were two investments on non-accrual status, which represented 2.5% and 2.4% of the debt portfolio at cost and fair value, respectively. Both of these investments were placed on non-accrual during the quarter following what we believe to be isolated events, and the Company expects to resolve each situation in the near-term.

#### *SLF JV I*

The Company's investments in SLF JV I totaled \$139.5 million at fair value as of March 31, 2023, up 2% from \$136.8 million as of December 31, 2022. The increase was primarily driven by SLF JV I's use of leverage and unrealized appreciation in the underlying investment portfolio and undistributed net investment income.

As of March 31, 2023, SLF JV I had \$392.9 million in assets, including senior secured loans to 56 portfolio companies. This compared to \$409.4 million in assets, including senior secured loans to 59 portfolio companies, as of December 31, 2022. As of March 31, 2023, there were no investments held by SLF JV I on non-accrual status. SLF JV I generated cash interest income of \$3.2 million for the Company during the quarter ended March 31, 2023, up from \$2.6 million in the prior quarter. In addition, SLF JV I generated dividend income of \$1.1 million for the Company during the quarter ended March 31, 2023, flat as compared to the prior quarter. As of March 31, 2023, 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.

#### *Glick JV*

The Company's investments in Glick JV totaled \$50.0 million at fair value as of March 31, 2023, up 1% from \$49.5 million as of December 31, 2022. The increase was primarily driven by net investment income.

As of March 31, 2023, Glick JV had \$131.0 million in assets, including senior secured loans to 39 portfolio companies. This compared to \$137.5 million in assets, including senior secured loans to 40 portfolio companies, as of December 31, 2022. As of March 31, 2023, there were no investments held by Glick JV on non-accrual status. Glick JV generated cash interest income of \$1.2 million during the quarter ended March 31, 2023, flat as compared to \$1.2 million in the prior quarter. As of March 31, 2023, Glick JV had \$18.9 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, 2023, the Company had total principal value of debt outstanding of \$1,765.0 million, including \$1,115.0 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 63% secured and 37% unsecured borrowings as of March 31, 2023. The Company was in compliance with all financial covenants under its credit facilities as of March 31, 2023.

As of March 31, 2023, the Company had \$43.8 million of unrestricted cash and cash equivalents and \$335.0 million of undrawn capacity on its credit facilities (subject to borrowing base and other limitations). As of March 31, 2023, unfunded investment commitments were \$264.5 million, or \$237.4 million excluding unfunded commitments to the Company's joint ventures. Of the \$237.4 million, approximately \$184.0 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, 2023, the weighted average interest rate on debt outstanding, including the effect of the interest rate swap agreement, was 6.2%, up from 5.6% as of December 31, 2022, primarily driven by the impact of higher interest rates on the Company's floating rate liabilities.

The Company's total debt to equity ratio was 1.16x and 1.26x as of March 31, 2023 and December 31, 2022, respectively. The Company's net debt to equity ratio was 1.14x and 1.24x as of March 31, 2023 and December 31, 2022, respectively.

## 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/loss resulting from the OCSI Merger and the OSI2 Merger and in the case of adjusted net investment income, without giving effect to capital gains incentive fees. The presentation of the below non-GAAP measures is not intended to be a substitute for financial results prepared in accordance with GAAP and should not be considered in isolation.

- **“Adjusted Total Investment Income” and “Adjusted Total Investment Income Per Share”** – represents total investment income excluding any amortization or accretion of interest income resulting solely from the cost basis established by ASC 805 (see below) for the assets acquired in connection with the OCSI Merger and the OSI2 Merger.
- **“Adjusted Net Investment Income” and “Adjusted Net Investment Income Per Share”** – represents net investment income, excluding (i) any amortization or accretion of interest income resulting solely from the cost basis established by ASC 805 (see below) for the assets acquired in connection with the OCSI Merger and the OSI2 Merger and (ii) capital gains incentive fees (“Part II incentive fees”).
- **“Adjusted Net Realized and Unrealized Gains (Losses), Net of Taxes” and “Adjusted Net Realized and Unrealized Gains (Losses), Net of Taxes Per Share”** – represents net realized and unrealized gains (losses) net of taxes excluding any net realized and unrealized gains (losses) resulting solely from the cost basis established by ASC 805 (see below) for the assets acquired in connection with the OCSI Merger and the OSI2 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.

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 the 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 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 Fund Advisors, LLC (the “Adviser”) under its second 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 and gain/loss resulting from the Mergers and are used by management to evaluate the economic earnings of its investment portfolio. Moreover,

<sup>1</sup> Adjusted earnings (loss) includes accrued Part II incentive fees. As of and for the three months ended March 31, 2023, there was no accrued Part II incentive fee liability. Part II incentive fees are contractually calculated and paid at the end of the fiscal year in accordance with the A&R Advisory Agreement, which differs from Part II incentive fees accrued under GAAP. For the three months ended March 31, 2023, no amounts were payable under the A&R Advisory Agreement.

these metrics more closely 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 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, 2023 (unaudited)		December 31, 2022 (unaudited)		March 31, 2022 (unaudited)	
	Amount	Per Share	Amount	Per Share	Amount	Per Share
<i>(\$ in thousands, except per share data)</i>						
GAAP total investment income	\$ 96,302	\$ 1.32	\$ 79,179	\$ 1.30	\$ 64,298	\$ 1.06
Less: Interest income accretion related to merger accounting adjustments	(561)	(0.01)	(1,746)	(0.03)	(4,008)	(0.07)
Adjusted total investment income	\$ 95,741	\$ 1.31	\$ 77,433	\$ 1.27	\$ 60,290	\$ 1.00

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, 2023 (unaudited)		December 31, 2022 (unaudited)		March 31, 2022 (unaudited)	
	Amount	Per Share	Amount	Per Share	Amount	Per Share
<i>(\$ in thousands, except per share data)</i>						
GAAP net investment income	\$ 45,978	\$ 0.63	\$ 38,808	\$ 0.63	\$ 40,098	\$ 0.66
Less: Interest income accretion related to merger accounting adjustments	(561)	(0.01)	(1,746)	(0.03)	(4,008)	(0.07)
Add: Part II incentive fee					(3,746)	(0.06)
Adjusted net investment income	\$ 45,417	\$ 0.62	\$ 37,062	\$ 0.61	\$ 32,344	\$ 0.53

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, 2023 (unaudited)		December 31, 2022 (unaudited)		March 31, 2022 (unaudited)	
	Amount	Per Share	Amount	Per Share	Amount	Per Share
<i>(\$ in thousands, except per share data)</i>						
GAAP net realized and unrealized gains (losses), net of taxes	\$ (24,456)	\$ (0.33)	\$ (25,636)	\$ (0.42)	\$ (25,657)	\$ (0.42)
Less: Net realized and unrealized losses (gains) related to merger accounting adjustments	20,955	0.29	1,746	0.03	4,008	0.07
Adjusted net realized and unrealized gains (losses), net of taxes	\$ (3,501)	\$ (0.05)	\$ (23,890)	\$ (0.39)	\$ (21,649)	\$ (0.36)

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, 2023 (unaudited)		December 31, 2022 (unaudited)		March 31, 2022 (unaudited)	
	Amount	Per Share	Amount	Per Share	Amount	Per Share
<i>(\$ in thousands, except per share data)</i>						
Net increase (decrease) in net assets resulting from operations	\$ 21,522	\$ 0.29	\$ 13,172	\$ 0.22	\$ 14,441	\$ 0.24
Less: Interest income accretion related to merger accounting adjustments	(561)	(0.01)	(1,746)	(0.03)	(4,008)	(0.07)
Less: Net realized and unrealized losses (gains) related to merger accounting adjustments	20,955	0.29	1,746	0.03	4,008	0.07
Adjusted earnings (loss)	\$ 41,916	\$ 0.57	\$ 13,172	\$ 0.22	\$ 14,441	\$ 0.24

## Conference Call Information

Oaktree Specialty Lending will host a conference call to discuss its second fiscal quarter 2023 results at 11:00 a.m. Eastern Time / 8:00 a.m. Pacific Time on May 4, 2023. The conference call may be accessed by dialing (877) 507-3275 (U.S. callers) or +1 (412) 317-5238 (non-U.S. callers). All callers will need to reference "Oaktree Specialty Lending" once connected with the operator. Alternatively, a live webcast of the conference call can be accessed through the Investors section of Oaktree Specialty Lending's website, [www.oaktreespecialtylending.com](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 8632948, 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, including the impacts of inflation and rising interest rates; (ii) risks associated with possible disruption in the operations of the Company or the economy generally due to terrorism, war or other geopolitical conflict (including the current conflict between Russia and Ukraine), natural disasters or pandemics; (iii) future changes in laws or regulations (including the interpretation of these laws and regulations by regulatory authorities); (iv) conditions in the Company's operating areas, particularly with respect to business development companies or regulated investment companies; and (v) other considerations that may be disclosed from time to time in the Company's publicly disseminated documents and filings. The Company has based the forward-looking statements included in this press release on information available to it on the date of this press release, and the Company assumes no obligation to update any such forward-looking statements. The Company undertakes no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that it may make directly to you or through reports that the Company in the future may file with the Securities and Exchange Commission, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.

## Contacts

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

	March 31, 2023 (unaudited)	December 31, 2022 (unaudited)	September 30, 2022
<b>ASSETS</b>			
<b>Investments at fair value:</b>			
Control investments (cost March 31, 2023: \$283,629; cost December 31, 2022: \$281,911; cost September 30, 2022: \$260,305)	\$ 235,855	\$ 232,462	\$ 214,165
Affiliate investments (cost March 31, 2023: \$25,924; cost December 31, 2022: \$24,327; cost September 30, 2022: \$27,353)	24,316	23,173	26,196
Non-control/Non-affiliate investments (cost March 31, 2023: \$3,010,825; cost December 31, 2022: \$2,471,776; cost September 30, 2022: \$2,330,096)	2,904,689	2,387,235	2,253,750
<b>Total investments at fair value (cost March 31, 2023: \$3,320,378; cost December 31, 2022: \$2,778,014; cost September 30, 2022: \$2,617,754)</b>	<b>3,164,860</b>	<b>2,642,870</b>	<b>2,494,111</b>
Cash and cash equivalents	43,750	17,382	23,528
Restricted cash	9,263	1,863	2,836
Interest, dividends and fees receivable	28,508	37,802	35,598
Due from portfolio companies	2,022	6,181	22,495
Receivables from unsettled transactions	14,439	8,657	4,692
Due from broker	45,690	39,760	45,530
Deferred financing costs	7,045	6,781	7,350
Deferred offering costs	186	32	32
Deferred tax asset, net	1,770	1,722	1,687
Derivative assets at fair value	—	—	6,789
Other assets	974	4,210	1,665
<b>Total assets</b>	<b>\$ 3,318,507</b>	<b>\$ 2,767,260</b>	<b>\$ 2,646,313</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Liabilities:</b>			
Accounts payable, accrued expenses and other liabilities	\$ 3,424	\$ 3,035	\$ 3,701
Base management fee and incentive fee payable	19,390	16,871	15,940
Due to affiliate	4,012	3,260	3,180
Interest payable	14,851	13,368	7,936
Payables from unsettled transactions	—	20,974	26,981
Derivative liability at fair value	37,840	44,139	41,969
Credit facilities payable	1,115,000	860,000	700,000
Unsecured notes payable (net of \$4,279, \$4,650 and \$5,020 of unamortized financing costs as of March 31, 2023, December 31, 2022 and September 30, 2022, respectively)	608,840	603,624	601,043
<b>Total liabilities</b>	<b>1,803,357</b>	<b>1,565,271</b>	<b>1,400,750</b>
<b>Commitments and contingencies</b>			
<b>Net assets:</b>			
Common stock, \$0.01 par value per share, 250,000 shares authorized; 77,080, 61,220 and 61,125 shares issued and outstanding as of March 31, 2023, December 31, 2022 and September 30, 2022, respectively	771	612	611
Additional paid-in-capital	2,163,528	1,829,653	1,827,721
Accumulated overdistributed earnings	(649,149)	(628,276)	(582,769)
<b>Total net assets (equivalent to \$19.66, \$19.63 and \$20.38 per common share as of March 31, 2023, December 31, 2022 and September 30, 2022, respectively)</b>	<b>1,515,150</b>	<b>1,201,989</b>	<b>1,245,563</b>
<b>Total liabilities and net assets</b>	<b>\$ 3,318,507</b>	<b>\$ 2,767,260</b>	<b>\$ 2,646,313</b>

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

	Three months ended March 31, 2023 (unaudited)	Three months ended December 31, 2022 (unaudited)	Three months ended March 31, 2022 (unaudited)	Six months ended March 31, 2023 (unaudited)	Six months ended March 31, 2022 (unaudited)
<b>Interest income:</b>					
Control investments	\$ 5,191	\$ 4,567	\$ 3,334	\$ 9,758	\$ 6,814
Affiliate investments	648	641	366	1,289	700
Non-control/Non-affiliate investments	82,149	64,298	53,314	146,447	104,949
Interest on cash and cash equivalents	757	472	5	1,229	6
<b>Total interest income</b>	<b>88,745</b>	<b>69,978</b>	<b>57,019</b>	<b>158,723</b>	<b>112,469</b>
<b>PIK interest income:</b>					
Non-control/Non-affiliate investments	4,123	6,130	4,674	10,253	9,337
<b>Total PIK interest income</b>	<b>4,123</b>	<b>6,130</b>	<b>4,674</b>	<b>10,253</b>	<b>9,337</b>
<b>Fee income:</b>					
Control investments	12	13	13	25	26
Affiliate investments	5	5	5	10	10
Non-control/Non-affiliate investments	2,363	2,003	1,887	4,366	2,781
<b>Total fee income</b>	<b>2,380</b>	<b>2,021</b>	<b>1,905</b>	<b>4,401</b>	<b>2,817</b>
<b>Dividend income:</b>					
Control investments	1,050	1,050	700	2,100	4,616
Non-control/Non-affiliate investments	4	—	—	4	—
<b>Total dividend income</b>	<b>1,054</b>	<b>1,050</b>	<b>700</b>	<b>2,104</b>	<b>4,616</b>
<b>Total investment income</b>	<b>96,302</b>	<b>79,179</b>	<b>64,298</b>	<b>175,481</b>	<b>129,239</b>
<b>Expenses:</b>					
Base management fee	11,483	9,917	10,082	21,400	20,034
Part I incentive fee	9,007	7,703	6,704	16,710	13,161
Part II incentive fee	—	—	(3,746)	—	(1,995)
Professional fees	2,075	1,500	822	3,575	2,144
Directors fees	160	160	160	320	283
Interest expense	27,804	20,719	9,908	48,523	19,308
Administrator expense	315	298	307	613	697
General and administrative expenses	1,255	746	713	2,001	1,406
<b>Total expenses</b>	<b>52,099</b>	<b>41,043</b>	<b>24,950</b>	<b>93,142</b>	<b>55,038</b>
Fees waived	(1,775)	(750)	(750)	(2,525)	(1,500)
<b>Net expenses</b>	<b>50,324</b>	<b>40,293</b>	<b>24,200</b>	<b>90,617</b>	<b>53,538</b>
<b>Net investment income before taxes</b>	<b>45,978</b>	<b>38,886</b>	<b>40,098</b>	<b>84,864</b>	<b>75,701</b>
(Provision) benefit for taxes on net investment income	—	—	—	—	(3,308)
Excise tax	—	(78)	—	(78)	—
<b>Net investment income</b>	<b>45,978</b>	<b>38,808</b>	<b>40,098</b>	<b>84,786</b>	<b>72,393</b>
<b>Unrealized appreciation (depreciation):</b>					
Control investments	1,675	(3,309)	(8,894)	(1,634)	(9,561)
Affiliate investments	(454)	3	(137)	(451)	(388)
Non-control/Non-affiliate investments	(21,124)	(8,675)	(19,696)	(29,799)	(22,527)
Foreign currency forward contracts	1,624	(11,001)	1,689	(9,377)	852
<b>Net unrealized appreciation (depreciation)</b>	<b>(18,279)</b>	<b>(22,982)</b>	<b>(27,038)</b>	<b>(41,261)</b>	<b>(31,624)</b>
<b>Realized gains (losses):</b>					
Control investments	—	—	—	—	1,868
Non-control/Non-affiliate investments	(2,459)	(7,651)	991	(10,110)	5,472
Foreign currency forward contracts	(3,652)	4,448	411	796	3,383
<b>Net realized gains (losses)</b>	<b>(6,111)</b>	<b>(3,203)</b>	<b>1,402</b>	<b>(9,314)</b>	<b>10,723</b>
(Provision) benefit for taxes on realized and unrealized gains (losses)	(66)	549	(21)	483	2,357
<b>Net realized and unrealized gains (losses), net of taxes</b>	<b>(24,456)</b>	<b>(25,636)</b>	<b>(25,657)</b>	<b>(50,092)</b>	<b>(18,544)</b>
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>\$ 21,522</b>	<b>\$ 13,172</b>	<b>\$ 14,441</b>	<b>\$ 34,694</b>	<b>\$ 53,849</b>
<b>Net investment income per common share — basic and diluted</b>	<b>\$ 0.63</b>	<b>\$ 0.63</b>	<b>\$ 0.66</b>	<b>\$ 1.26</b>	<b>\$ 1.20</b>
<b>Earnings (loss) per common share — basic and diluted</b>	<b>\$ 0.29</b>	<b>\$ 0.22</b>	<b>\$ 0.24</b>	<b>\$ 0.52</b>	<b>\$ 0.89</b>
Weighted average common shares outstanding — basic and diluted	73,203	61,142	60,533	67,106	60,327



**OAKTREE**

OCSL | Specialty Lending Corporation

SECOND QUARTER 2023  
MAY 4, 2023

EARNINGS PRESENTATION  
NASDAQ: OCSL



# Forward Looking Statements & Legal Disclosures

Some of the statements in this presentation constitute forward-looking statements because they relate to future events or our future performance or financial condition. The forward-looking statements contained in this presentation may include statements as to: our future operating results and distribution projections; the ability of Oaktree Fund Advisors, LLC (together with its affiliates, "Oaktree") to reposition our portfolio and to implement Oaktree's future plans with respect to our business; the ability of Oaktree and its affiliates to attract and retain highly talented professionals; our business prospects and the prospects of our portfolio companies; the impact of the investments that we expect to make; the ability of our portfolio companies to achieve their objectives; our expected financings and investments and additional leverage we may seek to incur in the future; the adequacy of our cash resources and working capital; the timing of cash flows, if any, from the operations of our portfolio companies; and the cost or potential outcome of any litigation to which we may be a party. In addition, words such as "anticipate," "believe," "expect," "seek," "plan," "should," "estimate," "project" and "intend" indicate forward-looking statements, although not all forward-looking statements include these words. The forward-looking statements contained in this presentation involve risks and uncertainties. Our actual results could differ materially from those implied or expressed in the forward-looking statements for any reason, including the factors set forth in "Risk Factors" and elsewhere in our annual report on Form 10-K for the fiscal year ended September 30, 2022 and our quarterly report on Form 10-Q for the quarter ended March 31, 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 conflict between Russia and Ukraine), natural disasters or pandemics; future changes in laws or regulations (including the interpretation of these laws and regulations by regulatory authorities) and conditions in our operating areas, particularly with respect to business development companies or regulated investment companies; and other considerations disclosed from time to time in our publicly disseminated documents and filings.

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

## Calculation of Assets Under Management

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

Unless otherwise indicated, data provided herein are dated as of March 31, 2023.



# Highlights for the Quarter Ended March 31, 2023

<b>ADJUSTED NET INVESTMENT INCOME<sup>1</sup></b>	<ul style="list-style-type: none"><li>• \$0.62 per share as compared with \$0.61 per share for the quarter ended December 31, 2022</li><li>• GAAP net investment income was \$0.63 per share, consistent with the quarter ended December 31, 2022</li><li>• The increase in adjusted net investment income was primarily due to a larger investment portfolio and the impact of higher base rates on the Company's floating rate debt portfolio</li></ul>
<b>NET ASSET VALUE PER SHARE</b>	<ul style="list-style-type: none"><li>• \$19.66 as compared with \$19.63 as of December 31, 2022</li><li>• The increase was primarily driven by net investment income in excess of the quarterly dividend</li></ul>
<b>DIVIDENDS</b>	<ul style="list-style-type: none"><li>• Declared a cash distribution of \$0.55 per share, which was well-covered by adjusted net investment income of \$0.62 per share</li><li>• Distribution will be payable on June 30, 2023 to stockholders of record as of June 15, 2023</li></ul>
<b>INVESTMENT ACTIVITY</b>	<ul style="list-style-type: none"><li>• \$124 million of new investment commitments</li><li>• 11.9% weighted average yield on new debt investments</li><li>• \$104 million of new investment fundings and received \$162 million of proceeds from prepayments, exits, other paydowns and sales</li></ul>
<b>INVESTMENT PORTFOLIO</b>	<ul style="list-style-type: none"><li>• \$3.2 billion at fair value diversified across 165 portfolio companies</li><li>• 11.9% weighted average yield on debt investments, up from 11.6% as of December 31, 2022 primarily due to higher base rates</li><li>• 88% senior secured</li><li>• 88% of debt portfolio was floating rate</li></ul>
<b>CAPITAL STRUCTURE &amp; LIQUIDITY</b>	<ul style="list-style-type: none"><li>• 1.14x net debt to equity ratio, as compared with 1.24x as of December 31, 2022</li><li>• \$44 million of cash and \$335 million of undrawn capacity on credit facilities</li></ul>
<b>MERGER WITH OSI2</b>	<ul style="list-style-type: none"><li>• Completed the merger of Oaktree Strategic Income II, Inc. ("OSI2") with and into us (the "OSI2 Merger") on January 23, 2023</li><li>• Added \$572 million of investments at fair value</li></ul>

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.

<sup>1</sup> See page 19 for a description of this non-GAAP measure.



# Portfolio Summary

## PORTFOLIO CHARACTERISTICS

(At fair value)

<p><b>\$3.2bn</b></p> <p>TOTAL INVESTMENTS</p>	<p><b>165</b></p> <p>PORTFOLIO COMPANIES</p>
<p><b>11.9%</b></p> <p>WEIGHTED AVERAGE YIELD ON DEBT INVESTMENTS</p>	<p><b>\$133mm</b></p> <p>MEDIAN DEBT PORTFOLIO COMPANY EBITDA<sup>1</sup></p>
<p><b>88%</b></p> <p>SENIOR SECURED DEBT INVESTMENTS</p>	<p><b>88%</b></p> <p>FLOATING RATE</p>

As of March 31, 2023

Note: Numbers may not sum due to rounding.

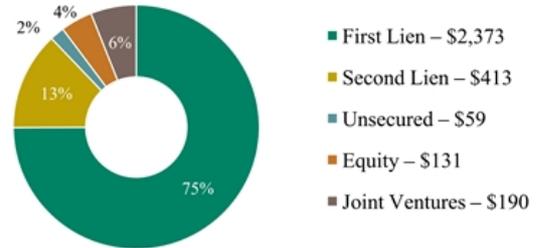
<sup>1</sup> Excludes investments in negative EBITDA borrowers, structured products and recurring revenue software businesses.

<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 1 LLC (the "Kemper JV") and OCSI Glick JV (the "Glick JV"), joint ventures that invest primarily in senior secured loans of middle market companies.

## PORTFOLIO COMPOSITION

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



## TOP TEN SUB-INDUSTRIES<sup>2, 3</sup>

(As % of total portfolio at fair value)

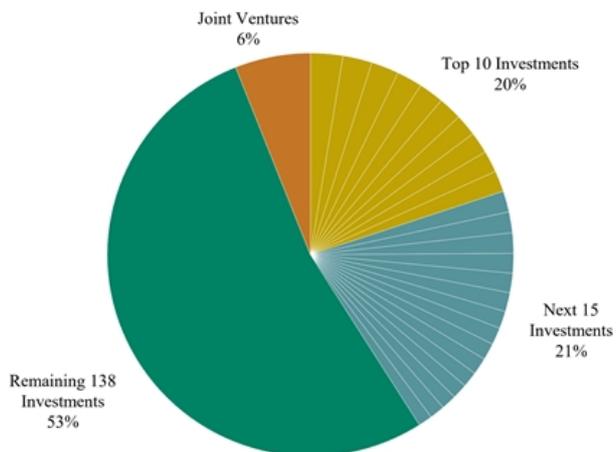




# Portfolio Diversity

## 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	18.2%
Pharmaceuticals	5.2
Financial Services	4.7
Professional Services	4.1
Health Care Providers & Services	4.0
Biotechnology	4.0
Real Estate Management & Development	4.0
Specialty Retail	3.9
Health Care Technology	3.7
Aerospace & Defense	3.2
Machinery	3.2
Chemicals	3.0
Remaining 29 Industries	32.8
Joint Ventures	6.0

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

As of March 31, 2023

Note: Numbers may not sum due to rounding.

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

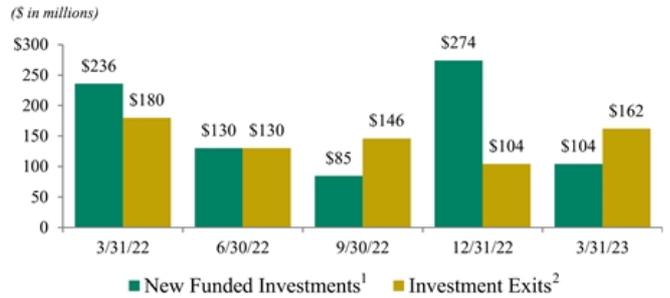


# Investment Activity

## NEW INVESTMENT HIGHLIGHTS

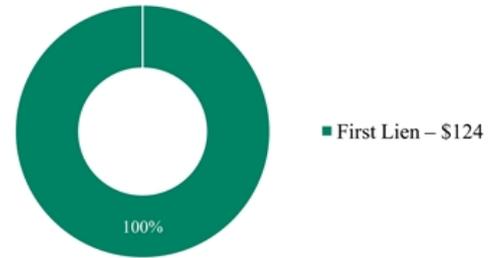
<p><b>\$124mm</b> NEW INVESTMENT COMMITMENTS</p>	<p><b>\$104mm</b> NEW INVESTMENT FUNDINGS<sup>1</sup></p>
<p><b>11.9%</b> WEIGHTED AVERAGE YIELD ON NEW DEBT COMMITMENTS</p>	<p><b>100%</b> ALSO HELD BY OTHER OAKTREE FUNDS</p>
<p><b>\$107mm</b> NEW INVESTMENT COMMITMENTS IN NEW PORTFOLIO COMPANIES</p>	<p><b>\$17mm</b> NEW INVESTMENT COMMITMENTS IN EXISTING PORTFOLIO COMPANIES</p>

## HISTORICAL FUNDED ORIGINATIONS AND EXITS



## 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 OSI2 merger.

<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			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

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				
	3/31/2023	12/31/2022	9/30/2022	6/30/2022	3/31/2022
GAAP Net Investment Income per Share	\$0.63	\$0.63	\$0.59	\$0.66	\$0.66
<i>Adjusted Net Investment Income per Share<sup>1</sup></i>	<i>\$0.62</i>	<i>\$0.61</i>	<i>\$0.55</i>	<i>\$0.51</i>	<i>\$0.53</i>
Net Realized and Unrealized Gains (Losses), Net of Taxes per Share	\$(0.33)	\$(0.42)	\$(0.37)	\$(1.28)	\$(0.42)
<i>Adjusted Net Realized and Unrealized Gains (Losses), Net of Taxes per Share<sup>1</sup></i>	<i>\$(0.05)</i>	<i>\$(0.39)</i>	<i>\$(0.34)</i>	<i>\$(1.24)</i>	<i>\$(0.36)</i>
Earnings (Loss) per Share	\$0.29	\$0.22	\$0.22	\$(0.62)	\$0.24
<i>Adjusted Earnings (Loss) per Share<sup>1</sup></i>	<i>\$0.57</i>	<i>\$0.22</i>	<i>\$0.22</i>	<i>\$(0.62)</i>	<i>\$0.24</i>
Quarterly Distributions per Share	\$0.55	\$0.54	\$0.51	\$0.495	\$0.48
Special Distributions per Share	--	\$0.42	--	--	--
NAV per Share	\$19.66	\$19.63	\$20.83	\$20.67	\$21.78
Weighted Average Shares Outstanding	73,203	61,142	61,125	61,123	60,533
Shares Outstanding, End of Period	77,080	61,220	61,125	61,125	61,068
Investment Portfolio (at Fair Value)	\$3,164,860	\$2,642,870	\$2,494,111	\$2,565,389	\$2,644,775
Cash and Cash Equivalents	\$43,750	\$17,382	\$23,528	\$34,306	\$39,366
Total Assets	\$3,318,507	\$2,767,260	\$2,646,313	\$2,689,378	\$2,756,682
Total Debt Outstanding <sup>2</sup>	\$1,723,840	\$1,463,624	\$1,301,043	\$1,356,606	\$1,363,660
Net Assets	\$1,515,150	\$1,201,989	\$1,245,563	\$1,263,529	\$1,330,376
Total Debt to Equity Ratio	1.16x	1.26x	1.08x	1.10x	1.05x
Net Debt to Equity Ratio	1.14x	1.24x	1.06x	1.08x	1.02x
Weighted Average Interest Rate on Debt Outstanding <sup>3</sup>	6.2%	5.6%	4.4%	3.2%	2.5%

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.

<sup>1</sup> See page 19 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				
	3/31/2023	12/31/2022	9/30/2022	6/30/2022	3/31/2022
Investments at Fair Value	\$3,164,860	\$2,642,870	\$2,494,111	\$2,565,389	\$2,644,775
Number of Portfolio Companies	165	156	149	151	146
Average Portfolio Company Debt Investment Size	\$18,800	\$16,500	\$16,500	\$16,700	\$17,700
<b>Asset Class:</b>					
First Lien	75.0%	71.9%	71.2%	70.0%	69.0%
Second Lien	13.0	14.4	15.7	16.6	17.3
Unsecured Debt	1.9	2.4	2.3	2.5	2.1
Equity	4.1	4.3	4.2	4.3	4.5
Joint Venture Interests	6.0	7.0	6.7	6.6	7.1
<b>Interest Rate Type for Debt Investments:</b>					
% Floating-Rate	87.9%	87.3%	86.5%	87.8%	89.0%
% Fixed-Rate	12.1	12.7	13.5	12.2	11.0
<b>Yields:</b>					
Weighted Average Yield on Debt Investments <sup>1</sup>	11.9%	11.6%	10.6%	9.3%	8.8%
Cash Component of Weighted Average Yield on Debt Investments	10.9	10.3	9.3	8.2	7.6
Weighted Average Yield on Total Portfolio Investments <sup>2</sup>	11.5	11.2	10.2	9.0	8.4

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 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.

<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 OCSI Merger and the OSI2 Merger. See page 19 for a description of the non-GAAP financial measures.



## Investment Activity

(\$ in thousands)	As of				
	3/31/2023 <sup>1</sup>	12/31/2022	9/30/2022	6/30/2022	3/31/2022
New Investment Commitments	\$123,800	\$250,300	\$97,000	\$131,900	\$227,900
New Funded Investment Activity <sup>2</sup>	\$103,600	\$274,400	\$84,500	\$130,000	\$236,200
Proceeds from Prepayments, Exits, Other Paydowns and Sales	\$162,100	\$104,400	\$146,100	\$129,900	\$180,100
Net New Investments <sup>3</sup>	\$(58,500)	\$170,000	\$(61,600)	\$100	\$56,100
New Investment Commitments in New Portfolio Companies	6	18	6	12	16
New Investment Commitments in Existing Portfolio Companies	3	7	5	16	9
Portfolio Company Exits	5	11	8	7	10
Weighted Average Yield at Cost on New Debt Investment Commitments	11.9%	13.1%	9.9%	9.2%	8.7%

<sup>1</sup> Excludes the assets acquired in the OSI2 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: 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.

<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

**0.90x to 1.25x**  
TARGET LEVERAGE RATIO

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

**37%**  
UNSECURED  
BORROWINGS

**\$379mm**  
AVAILABLE LIQUIDITY<sup>4</sup>

## FUNDING SOURCES

(\$ in millions)

	Committed	Principal Outstanding	Interest Rate	Maturity
Syndicated Credit Facility	\$1,000	\$750	SOFR + 2.00%	5/4/2026
Citibank Facility	200	160	LIBOR + 1.25%-2.25% <sup>1</sup>	11/18/2024
OSI2 Citibank Facility	250	205	LIBOR + 1.65%-2.25% <sup>2</sup>	1/26/2025
2025 Notes	300	300	3.500%	2/25/2025
2027 Notes	350	350	2.700% (LIBOR + 1.658%) <sup>3</sup>	1/15/2027
Cash and Cash Equivalents	--	(44)	--	--
<b>Total</b>	<b>\$2,100</b>	<b>\$1,721</b>		
<b>Weighted Average Interest Rate</b>		<b>6.2%</b>		
<b>Net Debt to Equity Ratio</b>		<b>1.14x</b>		

## MATURITIES

(\$ in millions)



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

As of March 31, 2023

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 interest rate on outstanding borrowings is LIBOR plus 1.65% on broadly syndicated loans and LIBOR plus 2.25% on all other eligible loans.

<sup>3</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.

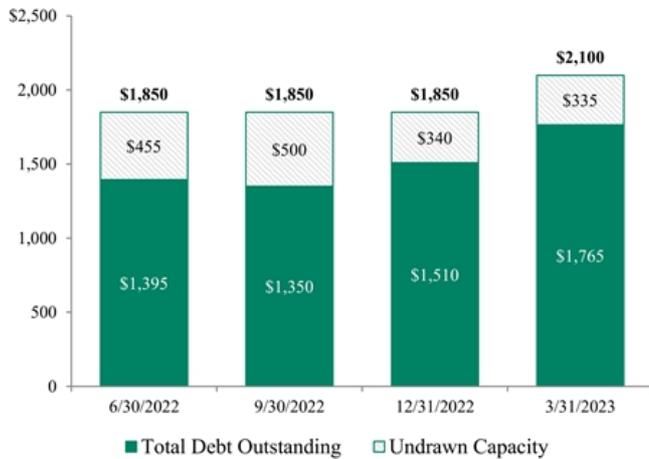
<sup>4</sup> Liquidity was composed of \$43.8 million of unrestricted cash and cash equivalents and \$335.0 million of undrawn capacity under the credit facilities (subject to borrowing base and other limitations).



# Funding and Liquidity Metrics

## LEVERAGE UTILIZATION

(\$ in millions)



	6/30/2022	9/30/2022	12/31/2022	3/31/2023
Cash	\$34	\$24	\$17	\$44
Net Assets	\$1,264	\$1,246	\$1,202	\$1,515
Total Leverage	1.10x	1.08x	1.26x	1.16x
Net Leverage	1.08x	1.06x	1.24x	1.14x

<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, 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.

## LIQUIDITY OVERVIEW

(\$ in millions)

	6/30/2022	9/30/2022	12/31/2022	3/31/2023
Credit Facilities Committed	\$1,200	\$1,200	\$1,200	\$1,450
Credit Facilities Drawn	(745)	(700)	(860)	(1,115)
Cash and Cash Equivalents	34	24	17	44
<b>Total Liquidity</b>	<b>489</b>	<b>524</b>	<b>357</b>	<b>379</b>
Total Unfunded Commitments <sup>1</sup>	(183)	(175)	(172)	(237)
Unavailable Unfunded Commitments <sup>2</sup>	56	33	42	53
<b>Adjusted Liquidity</b>	<b>\$362</b>	<b>\$382</b>	<b>\$227</b>	<b>\$195</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>\$140mm</b> OCSL'S INVESTMENTS IN THE KEMPER JV	<b>4.4%</b> % OF OCSL'S PORTFOLIO
<b>\$5.1mm</b> NET INVESTMENT INCOME <sup>1</sup>	<b>15.0%</b> RETURN ON OCSL'S INVESTMENT (ANNUALIZED) <sup>3</sup>

#### GLICK JV CHARACTERISTICS

(At fair value)

<b>\$50mm</b> OCSL'S INVESTMENTS IN THE GLICK JV	<b>1.6%</b> % OF OCSL'S PORTFOLIO
<b>\$1.9mm</b> NET INVESTMENT INCOME <sup>2</sup>	<b>15.6%</b> RETURN ON OCSL'S INVESTMENT (ANNUALIZED) <sup>3</sup>

#### COMBINED PORTFOLIO SUMMARY

INVESTMENT PORTFOLIO	FIRST LIEN	PORTFOLIO COMPANY COUNT	WTD. AVG. DEBT PORTFOLIO YIELD	LEVERAGE RATIO
<b>\$480mm</b>	<b>95%</b>	<b>59</b>	<b>10.6%</b>	<b>1.3x</b>

As of March 31, 2023

<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, 2023.

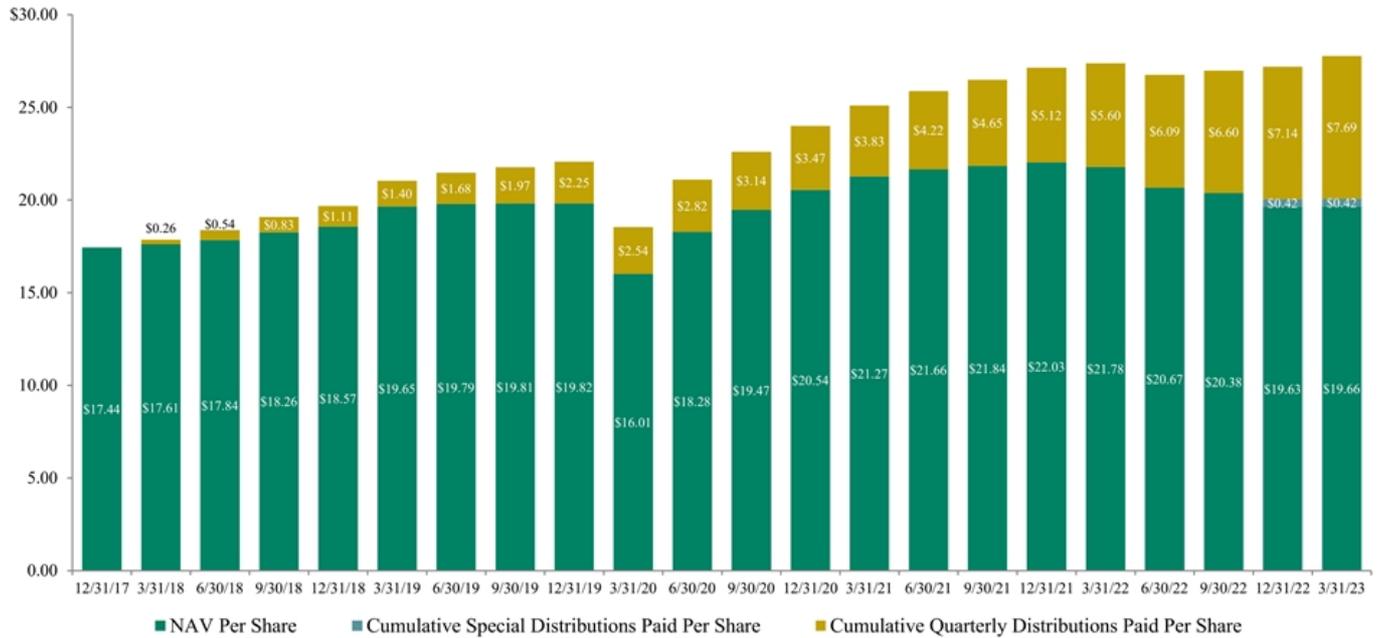
<sup>2</sup> Represents OCSL's 87.5% share of the Glick JV's net investment income (excluding subordinated note interest expense) earned during the quarter ended March 31, 2023.

<sup>3</sup> 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 December 31, 2022.



# Compelling Performance Under Oaktree Management

## NAV AND CUMULATIVE DISTRIBUTIONS PAID PER SHARE<sup>1</sup>



***OCSL has generated a 10.5% annualized return on equity under Oaktree management<sup>2</sup>***

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.

<sup>1</sup> Cumulative distributions declared and paid from December 31, 2017 through March 31, 2023.

<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, 2023. Assumes dividends reinvested at NAV.



# Opportunities to Increase Return on Equity

1

## POSITIONED FOR CONTINUED INTEREST RATE INCREASES

- 88% of the debt portfolio at fair value was composed of floating rate debt investments
- Higher base rates are positively impacting net investment income

2

## CONTINUE ROTATING INTO HIGHER-YIELDING INVESTMENTS

- Opportunity to improve the portfolio's yield by rotating out of lower-yielding investments into higher-yielding, proprietary loans or discounted secondary market purchases
- \$21 million at fair value of senior secured loans with interest rates at or below LIBOR + 4.50%<sup>2</sup>
- \$53 million of investments with interest rates equal to or below LIBOR + 3.75% in the joint ventures<sup>2</sup>

3

## REALIZATION OF MERGER SYNERGIES

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

As of March 31, 2023

<sup>1</sup> Subject to borrowing base and other limitations.

<sup>2</sup> For senior secured loans that have a cost basis above 92.5%.

# Appendix



**OAKTREE**  
OCSL | Specialty Lending Corporation



# Quarterly Statement of Operations

(\$ in thousands)	For the three months ended				
	3/31/2023	12/31/2022	9/30/2022	6/30/2022	3/31/2022
<b>INVESTMENT INCOME</b>					
Interest income	\$88,745	\$69,978	\$61,719	\$54,728	\$57,019
PIK interest income	4,123	6,130	6,011	5,178	4,674
Fee income	2,380	2,021	1,539	2,275	1,905
Dividend income	1,054	1,050	875	956	700
<b>GAAP total investment income</b>	<b>96,302</b>	<b>79,179</b>	<b>70,144</b>	<b>63,137</b>	<b>64,298</b>
Less: Interest income accretion related to merger accounting adjustments	(561)	(1,746)	(2,173)	(2,188)	(4,008)
<b>Adjusted total investment income</b>	<b>95,741</b>	<b>77,433</b>	<b>67,971</b>	<b>60,949</b>	<b>60,290</b>
<b>EXPENSES</b>					
Base management fee	11,483	9,917	9,703	9,819	10,082
Part I incentive fee	9,007	7,703	6,986	6,497	6,704
Part II incentive fee	--	--	--	(6,796)	(3,746)
Interest expense	27,804	20,719	15,751	11,870	9,908
Other operating expenses <sup>1</sup>	3,805	2,704	2,596	2,127	2,002
<b>Total expenses</b>	<b>52,099</b>	<b>41,043</b>	<b>35,036</b>	<b>23,517</b>	<b>24,950</b>
Reversal of fees waived (fees waived)	(1,775)	(750)	(750)	(750)	(750)
<b>Net expenses</b>	<b>50,324</b>	<b>40,293</b>	<b>34,286</b>	<b>22,767</b>	<b>24,200</b>
(Provision) benefit for taxes on net investment income	--	--	--	--	--
Excise tax	--	(78)	--	--	--
<b>GAAP net investment income</b>	<b>45,978</b>	<b>38,808</b>	<b>35,858</b>	<b>40,370</b>	<b>40,098</b>
Less: Interest income accretion related to merger accounting adjustments	(561)	(1,746)	(2,173)	(2,188)	(4,008)
Add: Part II incentive fee	--	--	--	(6,796)	(3,746)
<b>Adjusted net investment income</b>	<b>\$45,417</b>	<b>\$37,062</b>	<b>\$33,685</b>	<b>\$31,386</b>	<b>\$32,344</b>

Note: See page 19 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				
	3/31/2023	12/31/2022	9/30/2022	6/30/2022	3/31/2022
<b>NET REALIZED AND UNREALIZED GAINS (LOSSES)</b>					
Net unrealized appreciation (depreciation)	\$ (18,279)	\$ (22,982)	\$ (17,869)	\$ (86,755)	\$ (27,038)
Net realized gains (losses)	(6,111)	(3,203)	(2,756)	9,212	1,402
(Provision) benefit for taxes on realized and unrealized gains (losses)	(66)	549	(2,025)	(661)	(21)
<b>GAAP net realized and unrealized gains (losses), net of taxes</b>	<b>\$ (24,456)</b>	<b>\$ (25,636)</b>	<b>\$ (22,650)</b>	<b>\$ (78,204)</b>	<b>\$ (25,657)</b>
Less: Net realized and unrealized losses (gains) related to merger accounting adjustments	20,955	1,746	2,173	2,188	4,008
<b>Adjusted net realized and unrealized gains (losses), net of taxes</b>	<b>\$ (3,501)</b>	<b>\$ (23,890)</b>	<b>\$ (20,477)</b>	<b>\$ (76,016)</b>	<b>\$ (21,649)</b>
<b>GAAP net increase (decrease) in net assets resulting from operations</b>	<b>\$ 21,522</b>	<b>\$ 13,172</b>	<b>\$ 13,208</b>	<b>\$ (37,384)</b>	<b>\$ 14,441</b>
Less: Interest income accretion related to merger accounting adjustments	(561)	(1,746)	(2,173)	(2,188)	(4,008)
Less: Net realized and unrealized losses (gains) related to merger accounting adjustments	20,955	1,746	2,173	2,188	4,008
<b>Adjusted earnings (loss)</b>	<b>\$ 41,916</b>	<b>\$ 13,172</b>	<b>\$ 13,208</b>	<b>\$ (37,834)</b>	<b>\$ 14,441</b>
<b>PER SHARE DATA:</b>					
GAAP total investment income	\$ 1.32	\$ 1.30	\$ 1.15	\$ 1.03	\$ 1.06
Adjusted total investment income	1.31	1.27	1.11	1.00	1.00
GAAP net investment income	0.63	0.63	0.59	0.66	0.66
Adjusted net investment income	0.62	0.61	0.55	0.51	0.53
GAAP net realized and unrealized gains (losses), net of taxes	(0.33)	(0.42)	(0.37)	(1.28)	(0.42)
Adjusted net realized and unrealized gains (losses), net of taxes	(0.05)	(0.39)	(0.34)	(1.24)	(0.36)
GAAP net increase/decrease in net assets resulting from operations	0.29	0.22	0.22	(0.62)	0.24
Adjusted earnings (loss)	0.57	0.22	0.22	(0.62)	0.24
Weighted average common shares outstanding	73,203	61,142	61,125	61,123	60,533
Shares outstanding, end of period	77,080	61,220	61,125	61,125	61,068

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).



# OAKTREE

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