

FSK | FS KKR Capital Corp.

FS KKR Capital Corp.

Financial Information

Quarter and Year Ended December 31, 2021

All information is as of December 31, 2021 unless otherwise noted

Summary of Quarterly Results

Fourth Quarter Performance

- Net investment income (NII) for the quarter ended December 31, 2021 was \$189 million, or \$0.66 per share, as compared to \$201 million, or \$0.71 per share, for the quarter ended September 30, 2021.
- Adjusted net investment income (Adjusted NII) for the quarter ended December 31, 2021 was \$185 million, or \$0.65 per share, as compared to \$181 million, or \$0.64 per share, for the quarter ended September 30, 2021⁽¹⁾.
- Net asset value (NAV) per share as of December 31, 2021 was \$27.17, compared to \$27.14 as of September 30, 2021.
- New investment fundings in the fourth quarter were approximately \$2.1 billion. Net investment activity in the fourth quarter was \$1.2 billion, including \$1.0 billion of sales to Credit Opportunities Partners JV, LLC (COPJV).

Dividend

- Paid a dividend of \$0.62 per share for the fourth quarter of 2021.
- Declared a dividend of \$0.63 per share for the first quarter of 2022.
- For the quarter ended December 31, 2021, the Adjusted NII / Dividend coverage ratio was 103%⁽²⁾.
- Annualized dividend yield on market value of common stock was 11.5% as of February 25, 2022⁽³⁾.

Portfolio Diversification

- Diversified portfolio with 189 portfolio companies spread across 23 industries.
- Exposure to the top ten largest portfolio companies by fair value was 19% as of December 31, 2021.

Capital Structure Enhancement

- In October we issued \$500 million of 2024 unsecured notes at 1.625% and \$750 million of 2028 unsecured notes at 3.125% with a blended coupon of 2.54%.
- Closed on four bi-lateral amendments in December which reduced interest expense and extended \$1.25 billion of maturities from 2024 to 2025.
- 51% of our drawn leverage was unsecured as of December 31, 2021 and our weighted average effective rate on borrowings was 3.04%.
- In January 2022 we issued \$500 million of 3.250% unsecured notes maturing in 2027.

1. See the Appendix for a reconciliation between NII and Adjusted NII.

2. Based on the declared first quarter distribution of \$0.63 per share.

3. Based on the declared first quarter distribution of \$0.63 per share annualized as a percentage of FSK's closing market price as of February 25, 2022.

Financial Results

<i>(Dollar amounts in millions, except per share data)</i>	12/31/20	3/31/21	6/30/21	9/30/21	12/31/21
NII per share	\$0.63	\$0.63	\$0.77	\$0.71	\$0.66
Adjusted NII per share ⁽¹⁾	\$0.72	\$0.63	\$0.74	\$0.64	\$0.65
Net realized and unrealized gains (losses) per share	\$0.53	\$0.98	\$4.98	\$0.24	(\$0.02)
Adjusted net realized and unrealized gains (losses) per share	\$0.53	\$0.98	\$0.87 ⁽²⁾	\$0.31	\$0.03
Net increase (decrease) in net assets resulting from operations (earnings per share)	\$1.16	\$1.61	\$5.75	\$0.95	\$0.64
Adjusted Net increase (decrease) in net assets resulting from operations (earnings per share)	\$1.16	\$1.61	\$1.64 ⁽²⁾	\$0.95	\$0.64
Stockholder distributions declared per share	\$0.60	\$0.60	\$0.65	\$0.62	\$0.63
Net asset value per share at period end	\$25.02	\$26.03	\$26.84	\$27.14	\$27.17
Weighted average shares outstanding (in millions)	123.8	123.8	150.4	285.1	284.9
Shares outstanding, end of period (in millions)	123.8	123.8	285.1	285.1	284.5
Total investments at fair value	\$6,780	\$6,457	\$14,734	\$15,824	\$16,101
Total assets	\$7,237	\$6,964	\$15,723	\$16,620	\$17,228
Cash ⁽³⁾	\$191	\$149	\$499	\$241	\$377
Total debt ⁽⁴⁾	\$4,042	\$3,633	\$7,740	\$8,511	\$9,179
Debt-to-equity, Net ⁽⁵⁾	1.19x	1.00x	0.90x	1.03x	1.07x
Adjusted NII / stockholder distributions declared	120%	105%	114%	103%	103%

1. See the Appendix for a reconciliation between NII and Adjusted NII.

2. Excludes the impact of the Merger in Q2 2021. On June 16, 2021, FS KKR Capital Corp. ("FSK") completed its merger (the "Merger") with FS KKR Capital Corp. II. Pursuant to the Merger, FS KKR Capital Corp. II merged with and into FSK, with FSK continuing as the surviving company.

3. Includes cash, restricted cash, and cash denominated in foreign currency.

4. Principal amount outstanding.

5. Net debt-to-equity ratio is debt outstanding, net of cash and foreign currency and net payable/receivable for investments purchased/sold and repaid, divided by net assets.

Portfolio Highlights

<i>(Dollar amounts in millions)</i>	As of and for Three Months Ended				
	12/31/20	3/31/21	6/30/21	9/30/21	12/31/21
Investment at Fair Value:					
First Lien Senior Secured Loans	50.9%	51.2%	56.4%	61.2%	60.7%
Second Lien Senior Secured Loans	13.0%	11.0%	12.4%	10.6%	9.7%
Other Senior Secured Debt	1.3%	1.3%	1.3%	0.9%	0.7%
Subordinated Debt	2.5%	1.2%	0.7%	0.6%	0.7%
Asset Based Finance	14.0%	14.7%	12.9%	12.6%	13.9%
Credit Opportunities Partners JV, LLC	10.5%	11.3%	9.5%	8.8%	8.7%
Equity/Other	7.8%	9.3%	6.8%	5.3%	5.6%
Total Investments	\$6,780	\$6,457	\$14,734	\$15,824	\$16,101
Number of portfolio companies ⁽¹⁾	164	152	195	190	189
Interest Rate Type:⁽²⁾					
% Floating Rate	87.6%	87.4%	88.3%	88.1%	87.2%
% Fixed Rate	12.4%	12.6%	11.7%	11.9%	12.8%
Net Interest Margin:					
Weighted average annual yield on accruing debt investments ⁽³⁾	8.8%	8.6%	8.5%	8.1%	8.4%
Weighted average interest rate on borrowings ⁽⁴⁾	3.9%	4.2%	3.4%	3.2%	3.0%

1. Does not look through to FSK's portfolio companies held solely in COPJV. COPJV is a joint venture between FSK and South Carolina Retirement Systems Group Trust (SCRS).

2. Represents interest rates on debt investments (see FSK's Annual Report on Form 10-K for the definition of debt investments) at US\$ Fair Value. Floating Rate includes variable interest rates on Asset Based Finance investments that can change quarter to quarter.

3. Excludes the impact of the Merger beginning in Q2 2021. Excluding the impact of the Merger, FSK's weighted average annual yield on all debt investments was 7.9% as of December 31, 2021. See FSK's Annual Report on Form 10-K for additional information on the calculation of weighted average annual yield on accruing debt investments and weighted average annual yield on all debt investments. On a GAAP basis, FSK's weighted average annual yield was 9.2% on accruing debt investments and 8.7% on all debt investments as of December 31, 2021.

4. Includes the effect of non-usage fees.

FSK Investment Portfolio Overview

189

portfolio companies⁽¹⁾

19%

FV in top-10 portfolio companies⁽²⁾

71%

of investments in senior secured debt⁽²⁾

\$79mm / 5.9x

median portfolio company EBITDA & leverage⁽³⁾

87%

of debt investments are floating rate⁽⁴⁾

8.4%

wtd. avg. annual yield on accruing debt investments⁽⁵⁾

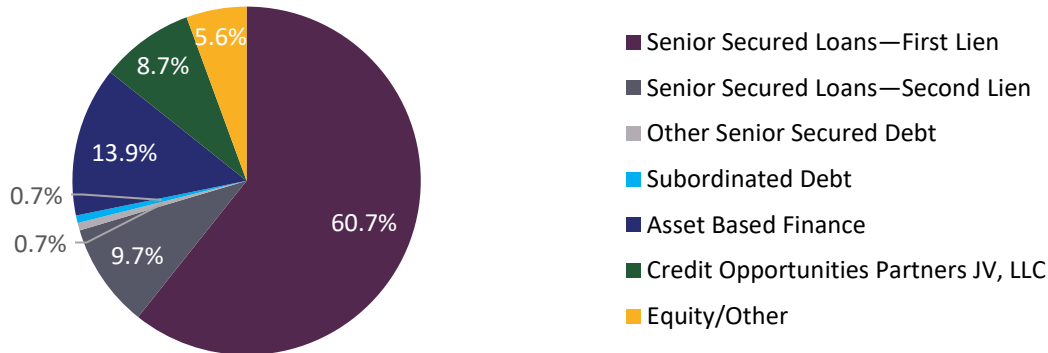
1.9%

non-accrual rate at FV

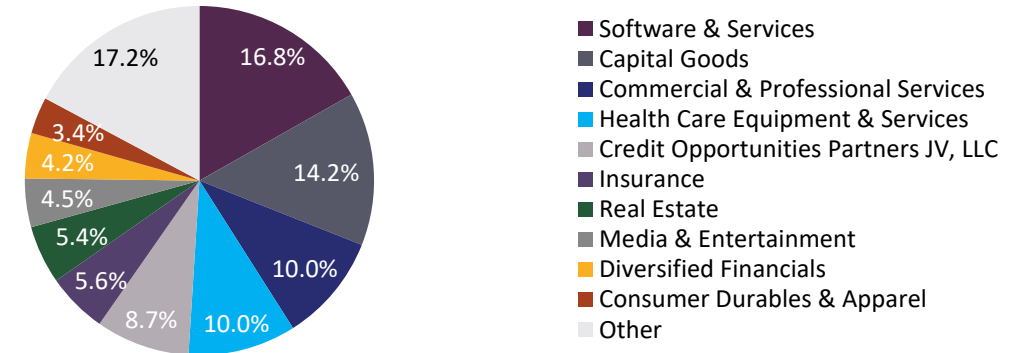
>85%

lead, co-lead, or sole origination⁽⁶⁾

Security Exposure (by fair value)



Sector Exposure (by fair value)

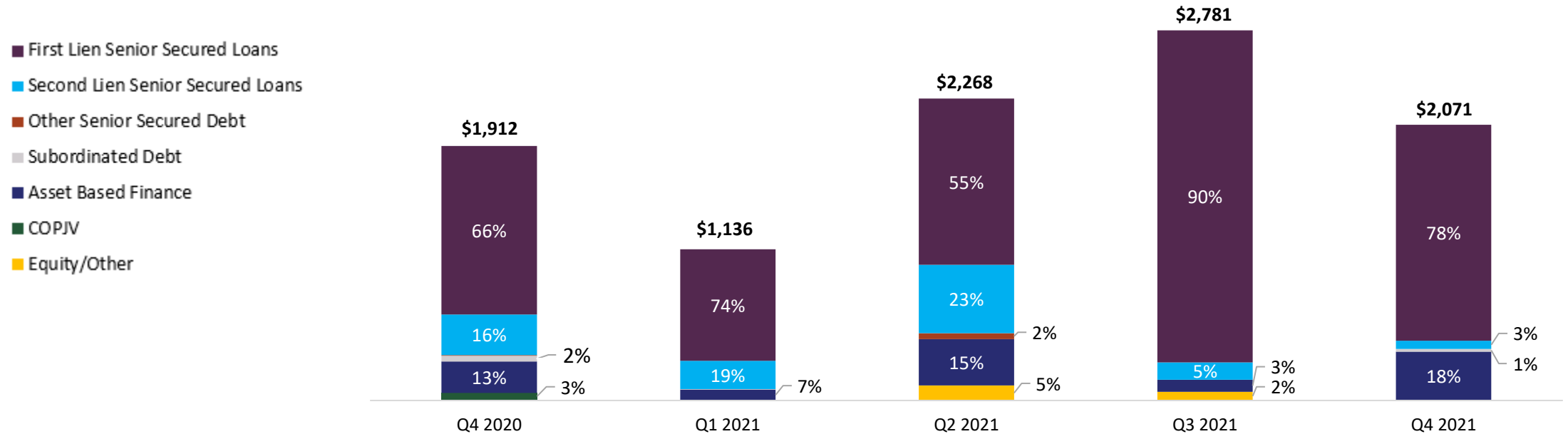


Total Investment Portfolio at Fair Value: \$16.1bn

- Does not look through to FSK's portfolio companies held solely in COPJV.
- Figure excludes the impact of FSK's investment in COPJV.
- Based on underlying Direct Origination corporate investments using most recently reported financial information and may include pro forma adjustments. Certain Asset Based Finance, Equity/Other and portfolio companies with negative or de minimis EBITDA are excluded.
- See FSK's Annual Report on Form 10-K for its definition of debt investments.
- Excludes the impact of the Merger. See FSK's Annual Report on Form 10-K for additional information on the calculation of weighted average annual yield on accruing debt investments. On a GAAP basis, FSK's weighted average annual yield on accruing debt investments was 9.2% as of December 31, 2021.
- Figure based on fair value of Direct Origination investments only. KKR & BDC accounts' participation, KKR Capital Markets' involvement, and deal teams leading the negotiations/structuring are all considered when determining the Origination Role.

Quarterly Investment Activity

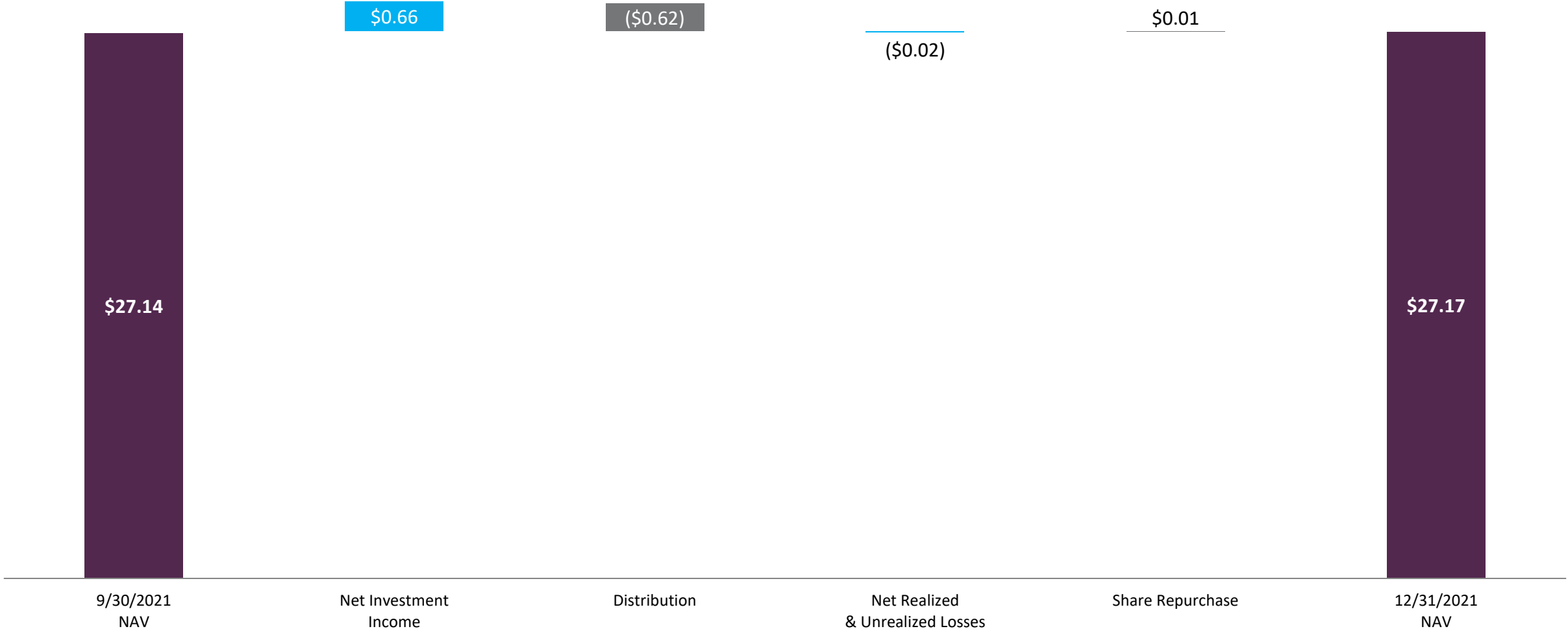
Asset Mix of New Purchases⁽¹⁾⁽²⁾



Portfolio Roll (\$ in millions) ⁽¹⁾	12/31/20	3/31/21	6/30/21 ⁽³⁾	9/30/21	12/31/21
Investment Purchases	\$1,912	\$1,136	\$2,268	\$2,781	\$2,071
Sales and Redemptions ⁽⁴⁾	(1,369)	(2,030)	(1,769)	(1,806)	(1,855)
Net Investment Activity	\$543	(\$894)	\$499	\$975	\$216
Net Sales to COPJV	284	193	58	364	1,005
Adjusted Net Investment Activity	\$827	(\$701)	\$557	\$1,339	\$1,221

- Information for all periods is shown pro-forma for the Merger. For illustrative purposes only.
- Zero represents an amount less than 0.5%.
- Excludes the impact of the Merger. Including the purchase of investments from the Merger, total Investment Purchases would have been \$9,945.
- Includes net sales to COPJV.

Net Asset Value Bridge



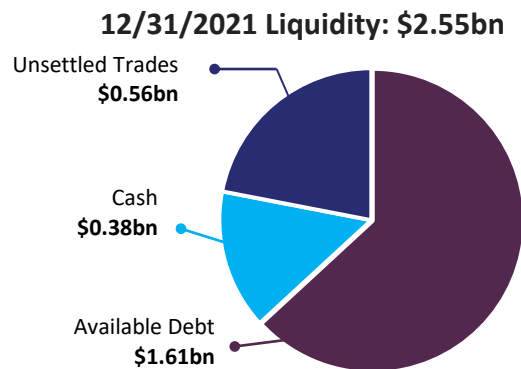
Note: Per share data derived using the weighted average shares outstanding during the period, except NAV per share which is based on shares outstanding at the end of the period. Numbers may not sum due to rounding.

Capital Structure: Overview

Key Highlights

- 1.07x Net Debt-to-Equity as of December 31, 2021, compared to 1.03x as of September 30, 2021⁽¹⁾
- 3.04% weighted average effective rate on borrowings as of December 31, 2021, compared to 3.22% as of September 30, 2021⁽²⁾
- Rated Investment Grade by Moody's (Baa3) Stable, Fitch (BBB-) Negative & Kroll (BBB) Stable
- Issued \$1.25bn unsecured bonds in Q4 with 2.54% weighted average coupon
- Fully repaid and terminated \$640m JPM facility scheduled to mature 2022/2023
- Extended \$1.25bn of additional bilateral facilities from 2024 to 2025
- Issued \$500m 3.25% unsecured bonds in Q1 with 5.5 year maturity
- 51% of drawn leverage is unsecured as of December 31, 2021

Liquidity Analysis

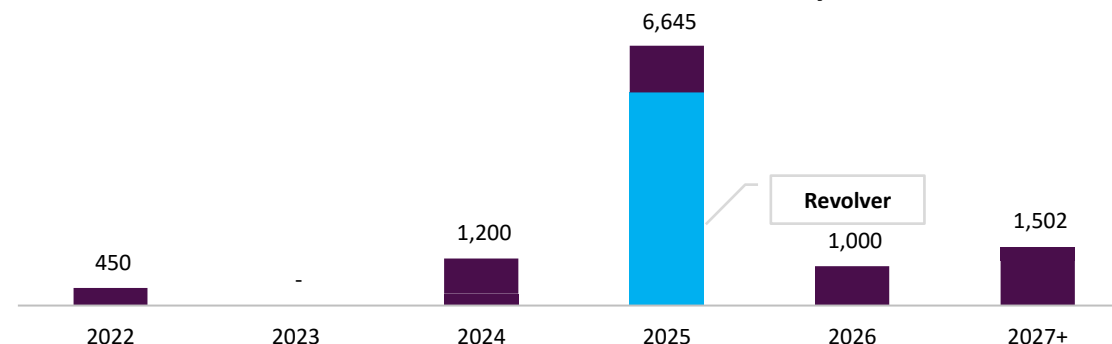


Capital Structure Overview

Funding Source	Committed	Outstanding	Undrawn	Maturity	Wtd. Avg. Rate
Senior Secured Revolver due 2025	4,200	2,647	1,544 ⁽³⁾	12/23/2025	L+1.75% - 2.00%
Additional Bilateral Facilities	1,550	1,485	65	Various	Various
Total Secured	5,750	4,132	1,609		
FS KKR MM CLO 1	352	352	-	1/15/2031	L+1.85% - 3.01%
Total CLO	352	352	-		
4.750% Notes due 2022	450	450	-	5/15/2022	4.750%
4.625% Notes due 2024	400	400	-	7/15/2024	4.625%
1.650% Notes due 2024	500	500	-	10/12/2024	1.650%
4.125% Notes due 2025	470	470	-	2/1/2025	4.125%
4.250% Notes due 2025	475	475	-	2/14/2025	4.250%
8.625% Notes due 2025	250	250	-	5/15/2025	8.625%
3.400% Notes due 2026	1,000	1,000	-	1/15/2026	3.400%
2.625% Notes due 2027	400	400	-	1/15/2027	2.625%
3.125% Notes due 2028	750	750	-	10/12/2028	3.125%
Total Unsecured	4,695	4,695	-		
TOTAL	10,797	9,179	1,609		3.04%⁽²⁾

Long Term Maturity Ladder

96% of our liabilities mature 2024 and beyond



1. Net debt-to-equity ratio is debt outstanding, net of cash and foreign currency and net payable/receivable for investments purchased/sold and repaid, divided by net assets.
 2. Weighted average effective interest rate on borrowings, including the effect of non-usage fees.
 3. The amount available for borrowing under the Senior Secured Revolving Credit Facility is reduced by any standby letters of credit issued under the Senior Secured Revolving Credit Facility. As of December 31, 2021, \$9 of such letters of credit have been issued.

Credit Opportunities Partners JV, LLC Overview

FSK's joint venture with South Carolina Retirement Systems Group Trust (SCRS)

- > **Primarily senior secured assets**

- > **Key Portfolio Benefits**
 - Allows FSK to access the full capabilities of KKR platform
 - Yield enhancing

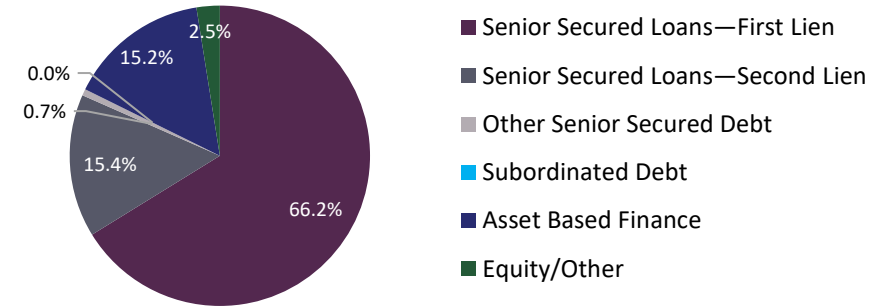
- > **Key Terms of the Partnership**
 - FSK and SCRS share voting control 50% / 50%
 - Equity ownership 87.5% FSK / 12.5% SCRS
 - FSK provides day-to-day administrative oversight

December 31, 2021 update

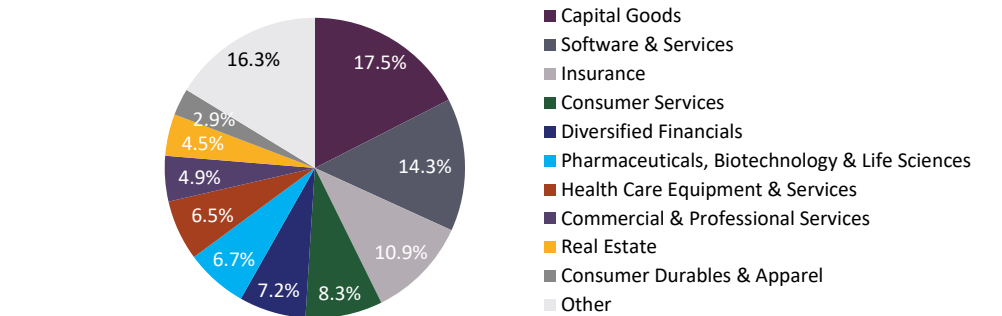
- > **Portfolio**
 - Fair value of investments was \$3.3bn
 - 95% floating rate debt investments

- > **Key stats**
 - NAV of \$1.6bn (FSK's equity of COPJV was \$1.4bn)
 - \$400mm of uncalled equity capital (\$350mm allocated to FSK)
 - 1.03x net debt-to-equity ratio⁽¹⁾

Security Exposure (by fair value)

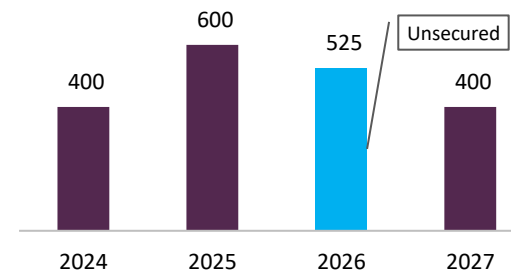


Sector Exposure (by fair value)



Capital Structure

Long Term Maturity Ladder



Total debt: committed \$1.9bn, funded \$1.4bn

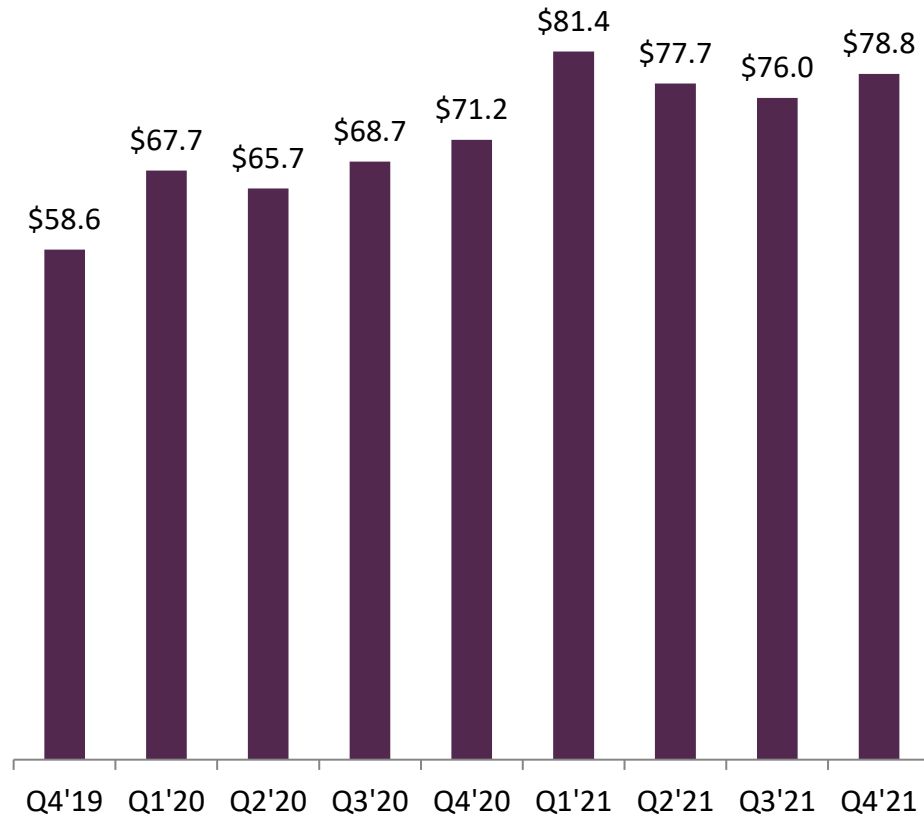
Unsecured debt: 27% committed, 36% drawn

Wtd. average interest rate on borrowings: 3.09%⁽²⁾

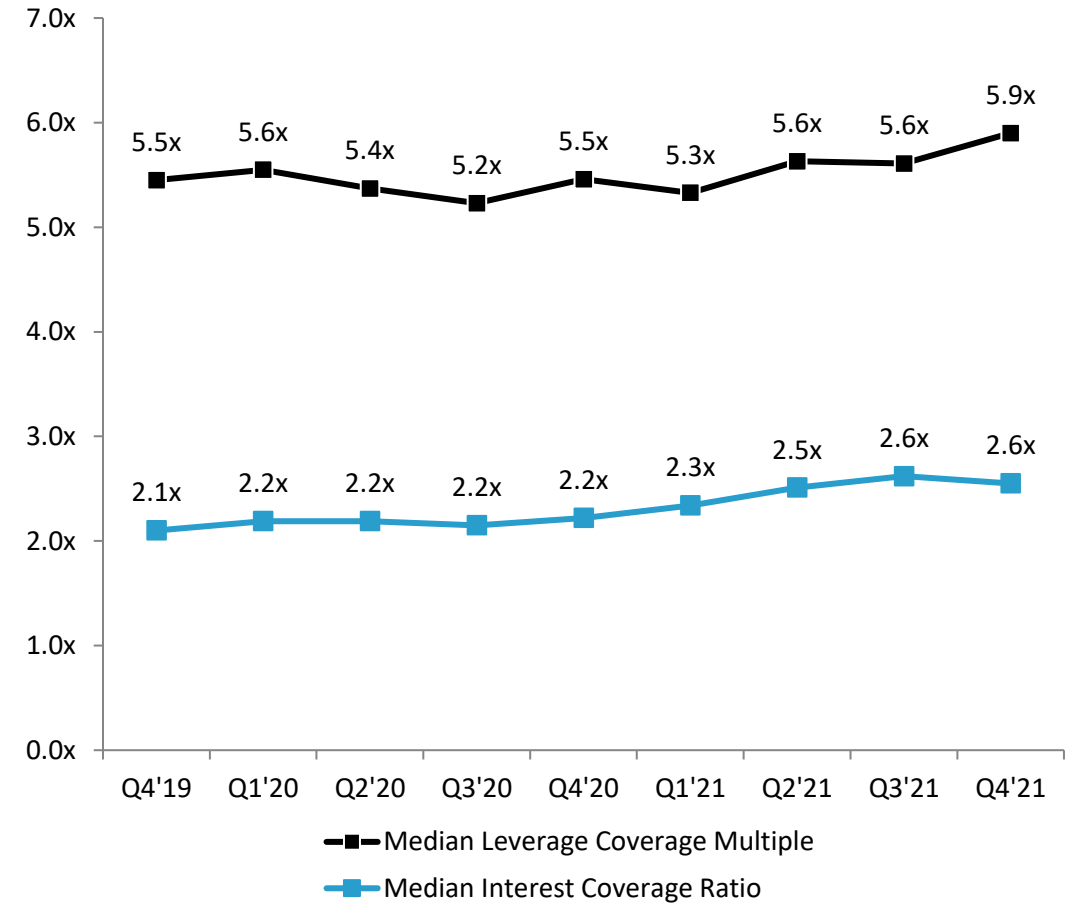
1. Net debt-to-equity ratio is debt outstanding, net of cash and foreign currency and net payable/receivable for investments purchased/sold and repaid, divided by net assets.
 2. Includes the effect of non-usage fees.

Direct Origination Investments EBITDA and Credit Statistics

Direct Origination Portfolio Company Median EBITDA



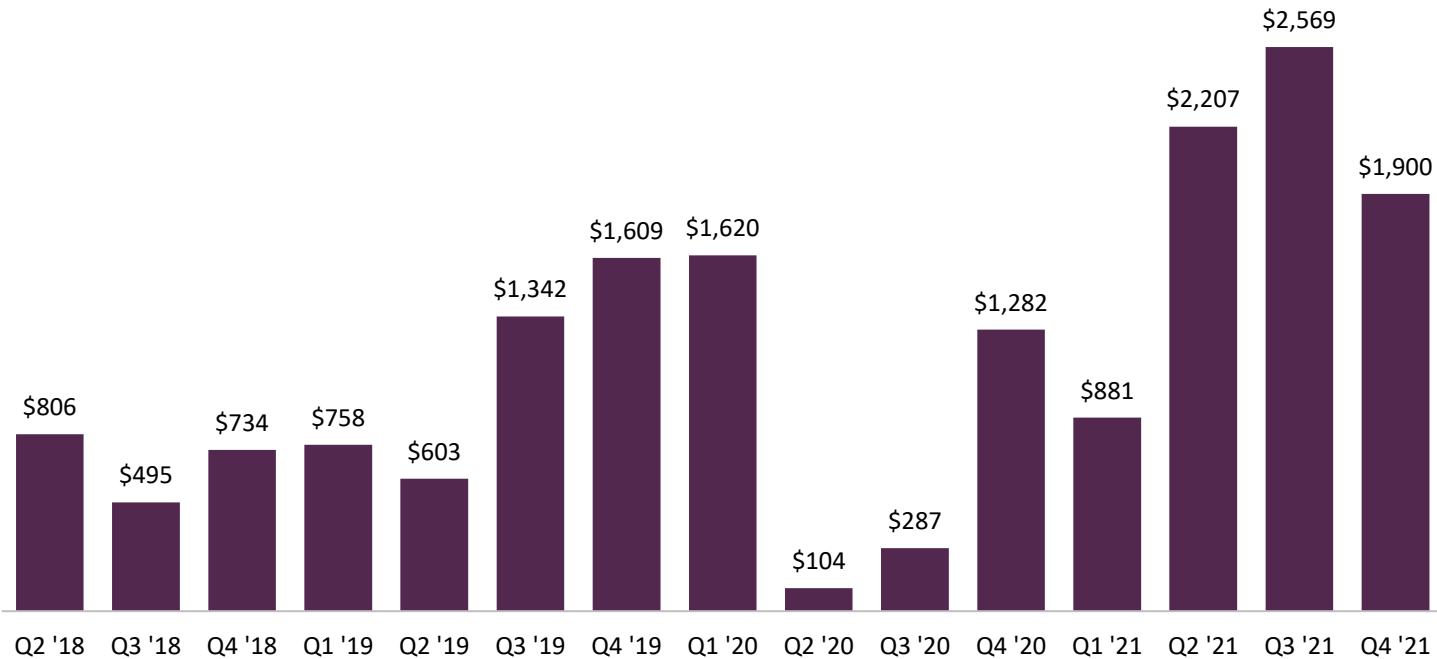
Direct Origination Portfolio Company Coverage Ratios



Note: Based on underlying Direct Origination corporate investments using most recently reported financial information and may include pro forma adjustments. Prior periods are shown pro forma for the Merger. Certain Asset Based Finance, Equity/Other and portfolio companies with negative or de minimis EBITDA are excluded. The weighted average Direct Origination portfolio company EBITDA was \$164.4 million as of December 31, 2021.

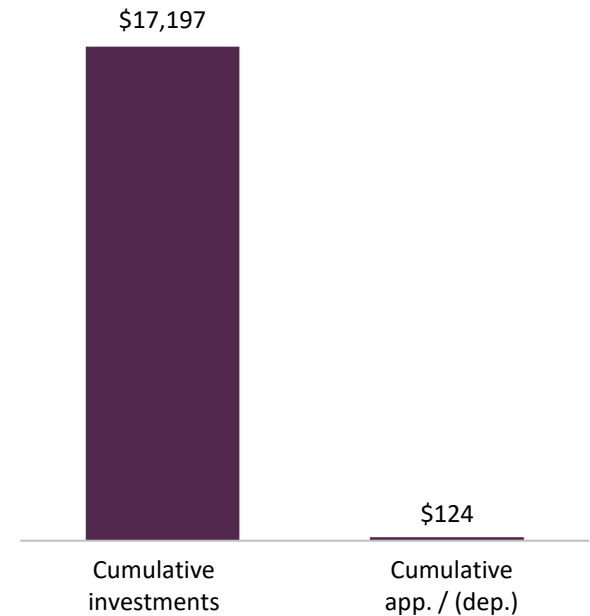
FS/KKR Advisor Performance

FS/KKR New Investments by Quarter (\$mm)



Performance of new investments (\$mm)⁽¹⁾⁽²⁾

Q2 2018 to Q4 2021



- Deployed \$17.2bn in new investments as of December 31, 2021
- Cumulative appreciation totaled 0.72% as of December 31, 2021

Note: Advisor formed in April 2018.

1. Data pro-forma for FSK + FS KKR Capital Corp. II for the respective time periods. Looks through to portfolio companies held solely in COPIV.

2. Appreciation and depreciation is the sum of realized gains/losses over the period and unrealized gains/losses as of the end of the period. Excludes markup to fair value on FSKR assets purchased at a discount during merger.



APPENDIX

Operating Results

<i>(Dollar amounts in millions, except per share data)</i>	For The Three Months Ended				
	12/31/20	3/31/21	6/30/21	9/30/21	12/31/21
Total investment income	\$163	\$151	\$206	\$360	\$364
Net expenses	(75)	(73)	(90)	(159)	(163)
Net investment income before taxes	\$88	\$78	\$116	\$201	\$201
Excise taxes	(10)	-	-	-	(12)
Net investment income	\$78	\$78	\$116	\$201	\$189
Plus: excise taxes	10	-	-	-	12
Plus: net merger accretion and one-time expenses ⁽¹⁾	1	-	(4)	(20)	(16)
Adjusted net investment income⁽²⁾	\$89	\$78	\$112	\$181	\$185
Total net unrealized and realized gains (losses)	65	121	749	69	(5)
Realized loss on extinguishment of debt	-	-	-	-	(3)
Net increase (decrease) in net assets resulting from operations	\$143	\$199	\$865	\$270	\$181
Per Share:					
Net investment income	\$0.63	\$0.63	\$0.77	\$0.71	\$0.66
Adjusted net investment income ⁽²⁾	\$0.72	\$0.63	\$0.74	\$0.64	\$0.65
Net increase (decrease) in net assets results from operations	\$1.16	\$1.61	\$5.75	\$0.95	\$0.64
Stockholder distributions	\$0.60	\$0.60	\$0.60	\$0.65	\$0.62
Weighted average shares outstanding (millions)	123.8	123.8	150.4	285.1	284.9
Shares outstanding, end of period (millions)	123.8	123.8	285.1	285.1	284.5

- Net merger accretion represents a reversal of all Merger-related accretion for the specified period. FSK's one-time expenses for the three months ended December 31, 2020 consist of \$1 associated with the acceleration of deferred financing costs in conjunction with the closing of a debt facility during the quarter.
- Adjusted net investment income is a non-GAAP financial measure. Adjusted net investment income is presented for all periods as GAAP net investment income excluding (i) the accrual for the capital gains incentive fee for realized and unrealized gains; (ii) excise taxes; (iii) the impact of accretion resulting from merger accounting; and (iv) certain non-recurring operating expenses that are one-time in nature and are not representative of ongoing operating expenses incurred during FSK's normal course of business (referred to herein as one-time expenses). FSK uses this non-GAAP financial measure internally in analyzing financial results and believes that the use of this non-GAAP financial measure is useful to investors as an additional tool to evaluate ongoing results and trends and in comparing its financial results with other business development companies. The presentation of this additional information is not meant to be considered in isolation or as a substitute for financial results prepared in accordance with GAAP.

Operating Results Detail

<i>(Dollar amounts in millions, except per share data)</i>	For The Three Months Ended				
	12/31/20	3/31/21	6/30/21	9/30/21	12/31/21
Investment income:					
Interest income	\$103	\$92	\$111	\$239	\$245
Payment-in-kind interest income	18	17	18	35	37
Fee income	12	11	23	31	26
Total dividend and other income	30	31	54	55	56
Total investment income	\$163	\$151	\$206	\$360	\$364
Operating expenses:					
Investment advisory fees & expenses	26	25	30	58	60
Interest expense	42	42	46	70	73
Incentive fees ⁽¹⁾	-	-	8	20	19
Other operating expenses	7	6	6	11	11
Total operating expenses	\$75	\$73	\$90	\$159	\$163
Net investment income before taxes	88	78	116	201	201
Income taxes, including excise taxes	(10)	-	-	-	(12)
Net investment income	\$78	\$78	\$116	\$201	\$189
Total net unrealized and realized gains (losses)	65	121	749	69	(5)
Realized loss on extinguishment of debt	-	-	-	-	(3)
Net increase in net assets resulting from operations	\$143	\$199	\$865	\$270	\$181

1. Net of the \$15 million incentive fee waiver beginning in Q3 2021. The Advisor has agreed to waive income incentive fees in the amount of \$15 million per quarter for the first six full fiscal quarters of operations following the closing of the Merger.

Balance Sheet

<i>(Dollar amounts in millions, except per share data)</i>	As of				
	12/31/20	3/31/21	6/30/21	9/30/21	12/31/21
Assets					
Total investments, at fair value	\$6,780	\$6,457	\$14,734	\$15,824	\$16,101
Cash	182	144	485	229	258
Foreign currency, at fair value	9	5	14	12	119
Receivable for investments sold and repaid	173	263	325	365	567
Income receivable	72	72	140	163	153
Unrealized appreciation on foreign currency forward contracts	1	1	2	6	9
Deferred financing costs	15	14	14	15	16
Prepaid expenses and other assets	5	8	9	6	5
Total Assets	\$7,237	\$6,964	\$15,723	\$16,620	\$17,228
Liabilities					
Payable for investments purchased	-	-	-	\$57	\$2
Debt	3,997	3,590	7,720	8,492	9,142
Unrealized depreciation on derivative instruments	3	2	2	1	1
Shareholders' distributions payable	74	74	168	186	176
Interest Payable	25	41	65	55	70
Other liabilities ⁽¹⁾	42	36	115	93	107
Total Liabilities	\$4,141	\$3,743	\$8,070	\$8,884	\$9,498
Total Net Assets	\$3,096	\$3,221	\$7,653	\$7,736	\$7,730
Net Asset Value per Share	\$25.02	\$26.03	\$26.84	\$27.14	\$27.17

1. Includes accrued performance-based incentive fees, accrued investment advisory fees, accrued directors' fees, administrative expenses payable and deferred tax liabilities.

Quarterly Gain/Loss Information

<i>(Dollar amounts in millions, except per share data)</i>	For The Three Months Ended				
	12/31/20	3/31/21	6/30/21	9/30/21	12/31/21
Realized gain/loss					
Net realized gain (loss) on investments:					
Non-controlled/unaffiliated investments	(\$84)	(\$83)	\$1	\$60	\$50
Non-controlled/affiliated investments	(3)	-	64	139	(11)
Controlled/affiliated investments	-	(43)	(13)	(2)	9
Net realized gain (loss) on foreign currency forward contracts	-	-	-	-	-
Net realized gain (loss) on foreign currency	(1)	(2)	(1)	(1)	(3)
Total net realized gain (loss)	(\$88)	(\$128)	\$51	\$196	\$45
Unrealized gain/loss					
Net change in unrealized appreciation (depreciation) on investments:					
Non-controlled/unaffiliated investments	\$131	\$109	\$466	(\$49)	(\$48)
Non-controlled/affiliated investments	12	27	142	(104)	29
Controlled/affiliated investments	32	106	76	11	(37)
Net change in unrealized appreciation (depreciation) on foreign currency forward contracts	(4)	1	2	5	4
Net change in unrealized gain (loss) on foreign currency	(18)	6	12	10	2
Total net unrealized gain (loss)	\$153	\$249	\$698	(\$127)	(\$50)
Total net realized and unrealized gain (loss)	\$65	\$121	\$749	\$69	(\$5)

Important Disclosure Notice

Forward-Looking Statements

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Certain figures in this presentation have been rounded.