

FSK | FS KKR Capital Corp.

FS KKR Capital Corp.

Financial Information

Quarter and Year Ended December 31, 2022

All information is as of December 31, 2022 unless otherwise noted

Summary of Quarterly Results

Fourth Quarter Performance

- Net investment income (NII) for the quarter ended December 31, 2022 was \$226 million, or \$0.80 per share, as compared to \$216 million, or \$0.76 per share, for the quarter ended September 30, 2022.
- Adjusted net investment income (Adjusted NII) for the quarter ended December 31, 2022 was \$229 million, or \$0.81 per share, as compared to \$205 million, or \$0.73 per share, for the quarter ended September 30, 2022⁽¹⁾.
- Net asset value (NAV) per share as of December 31, 2022 was \$24.89, compared to \$25.30 as of September 30, 2022.
- New investment fundings in the fourth quarter were approximately \$863 million. Net investment activity in the fourth quarter was (\$221) million, including \$127 million of sales to Credit Opportunities Partners JV, LLC (COPJV).

Distribution/Dividend

- Paid a total distribution of \$0.68 per share for the fourth quarter of 2022.
- Declared a total distribution of \$0.70 per share for the first quarter of 2023, which consists of a new higher base distribution amount of \$0.64 per share and a supplemental distribution amount of \$0.06 per share.
- For the quarter ended December 31, 2022, the Adjusted NII / Dividend coverage ratio was 116%⁽²⁾.
- Annualized dividend yield on market value of common stock was 14.3% as of February 24, 2023⁽³⁾.

Portfolio Diversification

- Diversified portfolio with 197 portfolio companies spread across 22 industries.
- Exposure to the top ten largest portfolio companies by fair value was 19% as of December 31, 2022.

Capital Structure

- 54% of our drawn leverage was unsecured as of December 31, 2022 and our weighted average effective rate on borrowings was 4.78%.
- \$3.0 billion of liquidity in undrawn debt, cash, and unsettled trades.
- No upcoming maturities until July 2024.

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

2. Based on the total declared first quarter distribution of \$0.70 per share.

3. Based on the total declared first quarter distribution of \$0.70 per share annualized as a percentage of FSK's closing market price as of February 24, 2023.

Financial Results

<i>(Dollar amounts in millions, except per share data)</i>	12/31/21	3/31/22	6/30/22	9/30/22	12/31/22
NII per share	\$0.66	\$0.77	\$0.71	\$0.76	\$0.80
Adjusted NII per share ⁽¹⁾	\$0.65	\$0.72	\$0.67	\$0.73	\$0.81
Net realized and unrealized gains (losses) per share	(\$0.02)	\$0.02	(\$0.96)	(\$1.21)	(\$0.56)
Adjusted net realized and unrealized gains (losses) per share	\$0.03	\$0.07	(\$0.92)	(\$1.17)	(\$0.52)
Net increase (decrease) in net assets resulting from operations (earnings per share)	\$0.64	\$0.79	(\$0.26)	(\$0.45)	\$0.24
Total stockholder distributions declared per share	\$0.63	\$0.68	\$0.67	\$0.68	\$0.70
Net asset value per share at period end	\$27.17	\$27.33	\$26.41	\$25.30	\$24.89
Weighted average shares outstanding (in millions)	284.9	284.3	283.9	283.2	282.7
Shares outstanding, end of period (in millions)	284.5	284.1	283.5	283.0	281.7
Total investments at fair value	\$16,101	\$16,554	\$16,178	\$15,792	\$15,377
Total assets	\$17,228	\$17,985	\$17,189	\$16,716	\$16,124
Cash ⁽²⁾	\$377	\$369	\$269	\$266	\$251
Total debt ⁽³⁾	\$9,179	\$9,879	\$9,347	\$9,176	\$8,731
Debt-to-equity, Net ⁽⁴⁾	1.07x	1.12x	1.15x	1.19x	1.18x
Adjusted NII / total stockholder distributions declared	103%	106%	100%	107%	116%

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

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

3. Principal amount outstanding.

4. 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				
	12/31/21	3/31/22	6/30/22	9/30/22	12/31/22
Investment at Fair Value:					
First Lien Senior Secured Loans	60.7%	59.9%	61.9%	61.9%	60.3%
Second Lien Senior Secured Loans	9.7%	8.6%	8.0%	7.9%	7.8%
Other Senior Secured Debt	0.7%	0.7%	0.7%	0.7%	0.7%
Subordinated Debt	0.7%	0.5%	0.5%	1.6%	1.7%
Asset Based Finance	13.9%	13.2%	13.1%	11.6%	12.4%
Credit Opportunities Partners JV, LLC	8.7%	8.9%	9.3%	9.3%	9.3%
Preferred Equity ⁽¹⁾	2.6%	4.2%	3.9%	4.7%	5.3%
Equity/Other	3.0%	4.0%	2.6%	2.3%	2.5%
Total Investments	\$16,101	\$16,554	\$16,178	\$15,792	\$15,377
Number of portfolio companies ⁽²⁾	189	193	192	195	197
Interest Rate Type:⁽³⁾					
% Floating Rate	87.2%	87.1%	87.4%	89.1%	89.0%
% Fixed Rate	12.8%	12.9%	12.6%	10.9%	11.0%
Net Interest Margin:					
Weighted average annual yield on accruing debt investments ⁽⁴⁾	8.4%	8.3%	9.2%	10.4%	11.4%
Weighted average interest rate on borrowings ⁽⁵⁾	3.0%	3.1%	3.5%	4.2%	4.8%

1. Included within Equity/Other in FSK's Quarterly and Annual Reports on Form 10-Q and 10-K, respectively.

2. 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).

3. 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.

4. Excludes the impact of the Merger. Excluding the impact of the Merger, FSK's weighted average annual yield on all debt investments was 10.6% as of December 31, 2022. 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 12.0% on accruing debt investments and 11.2% on all debt investments as of December 31, 2022.

5. Includes the effect of non-usage fees.

FSK Investment Portfolio Overview

197

portfolio companies⁽¹⁾

19%

FV in top-10 portfolio companies⁽²⁾

69%

of investments in senior secured debt⁽²⁾

\$114mm / 6.1x

median portfolio company EBITDA & leverage⁽³⁾

89%

of debt investments are floating rate⁽⁴⁾

11.4%

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

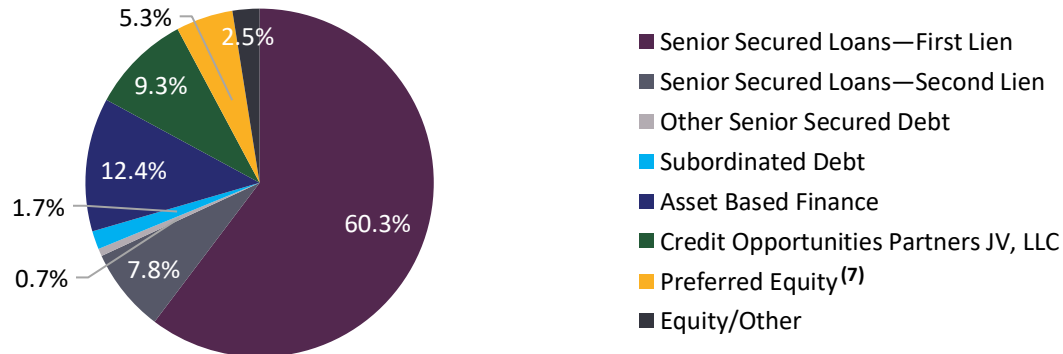
2.4%

non-accrual rate at FV

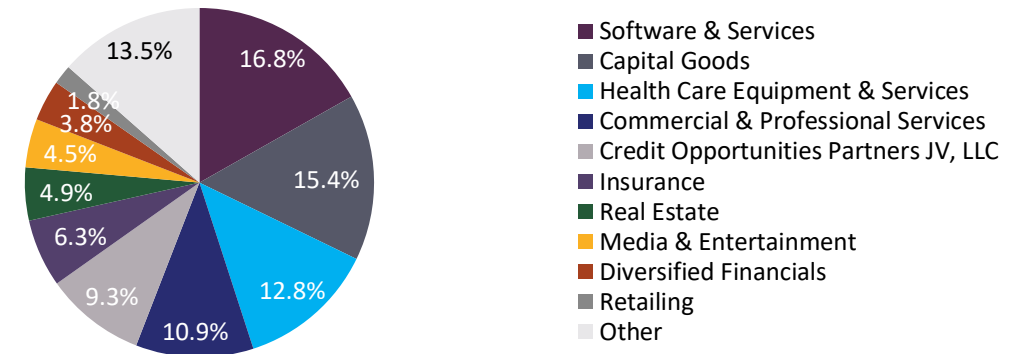
~80%

lead, co-lead, or sole origination⁽⁶⁾

Security Exposure (by fair value)



Sector Exposure (by fair value)

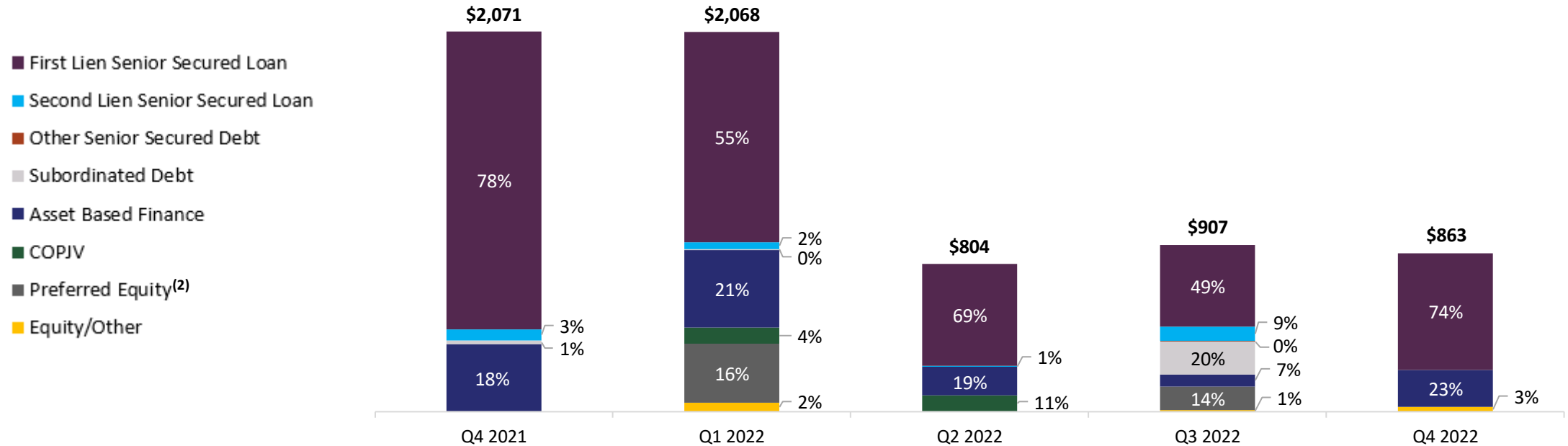


Total Investment Portfolio at Fair Value: \$15.4bn

- 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 12.0% as of December 31, 2022.
- 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.
- Included within Equity/Other in FSK's Quarterly and Annual Reports on Form 10-Q and 10-K, respectively.

Quarterly Investment Activity

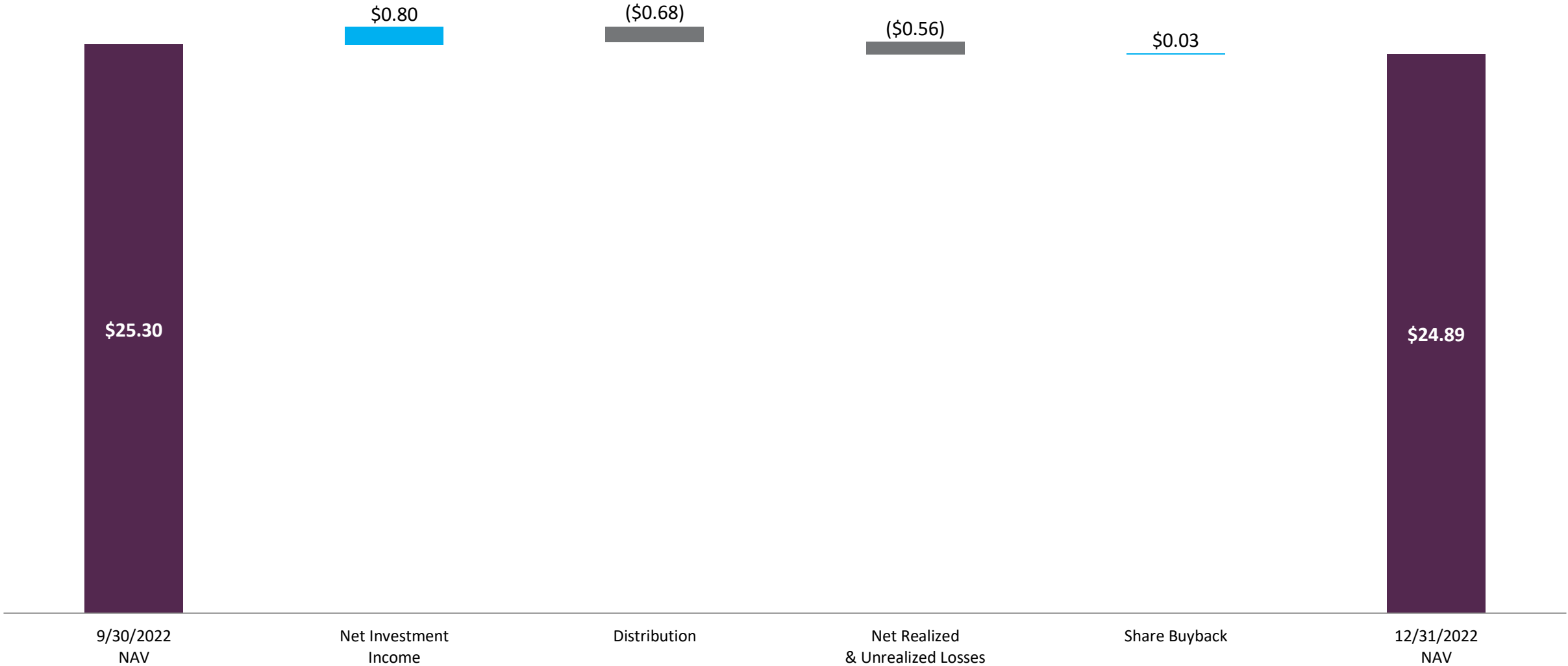
Asset Mix of New Purchases⁽¹⁾



Portfolio Roll (\$ in millions)	12/31/21	3/31/22	6/30/22	9/30/22	12/31/22
Investment Purchases	\$2,071	\$2,068	\$804	\$907	\$863
Sales and Redemptions ⁽³⁾	(1,855)	(1,673)	(906)	(951)	(1,211)
Net Investment Activity	\$216	\$395	(\$102)	(\$44)	(\$348)
Net Sales to COPIV	1,005	554	87	300	127
Adjusted Net Investment Activity	\$1,221	\$949	(\$15)	\$256	(\$221)

1. Any amount less than 0.5% is reflected as zero.
2. Included within Equity/Other in FSK's Quarterly and Annual Reports on Form 10-Q and 10-K, respectively.
3. Includes net sales to COPIV.

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.

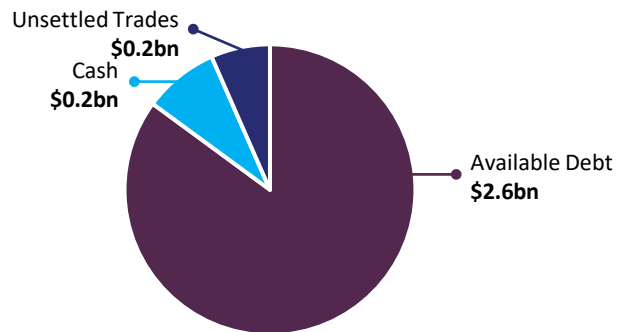
Capital Structure: Overview

Key Highlights

- 1.18x Net Debt-to-Equity as of December 31, 2022, compared to 1.19x as of September 30, 2022⁽¹⁾
- 4.78% weighted average effective rate on borrowings as of December 31, 2022, compared to 4.21% as of September 30, 2022⁽²⁾
- Rated Investment Grade by Moody's (Baa3) Stable, Fitch (BBB-) Stable & Kroll (BBB) Stable
- 54% of drawn leverage is unsecured as of December 31, 2022

Liquidity Analysis

12/31/2022 Liquidity: \$3.0bn

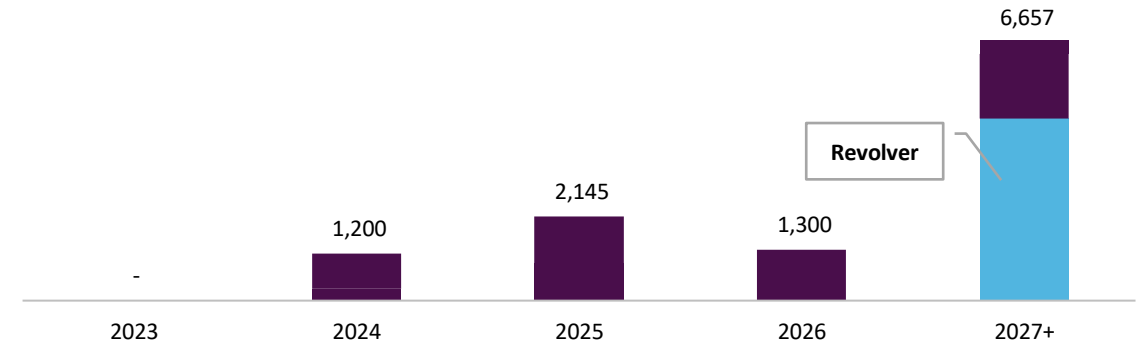


Capital Structure Overview

Funding Source	Committed	Outstanding	Undrawn	Maturity	Wtd. Avg. Rate
Senior Secured Revolver due 2027	4,655	2,260	2,383 ⁽³⁾	5/17/2027	S+1.75% - 1.88%
Additional Bilateral Facilities	1,550	1,374	176	Various	Various
Total Secured	6,205	3,634	2,559		
FS KKR MM CLO 1	352	352	-	1/15/2031	L+1.85% - 3.01%
Total CLO	352	352	-		
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%
3.250% Notes due 2027	500	500	-	7/15/2027	3.250%
3.125% Notes due 2028	750	750	-	10/12/2028	3.125%
Total Unsecured	4,745	4,745	-		
TOTAL	11,302	8,731	2,559		4.78%⁽²⁾

Long Term Maturity Ladder

100% 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. Amount available for borrowing reduced by any standby letters of credit issued. As of December 31, 2022, \$12mm 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

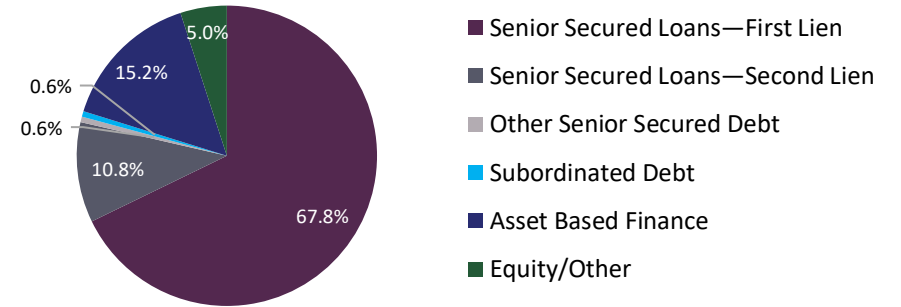
- > **Key Terms of the Partnership**
 - FSK and SCRS share voting control 50% / 50%
 - Equity ownership 87.5% FSK / 12.5% SCRS
 - FSK provides day-to-day administrative oversight

December 31, 2022 update

- > **Portfolio**
 - Fair value of investments was \$3.6bn
 - 94% floating rate debt investments

- > **Key stats**
 - NAV of \$1.6bn (FSK's equity of COPJV was \$1.4bn)
 - \$640mm of uncalled equity capital (\$560mm allocated to FSK)
 - 1.17x net debt-to-equity ratio⁽¹⁾

Security Exposure (by fair value)

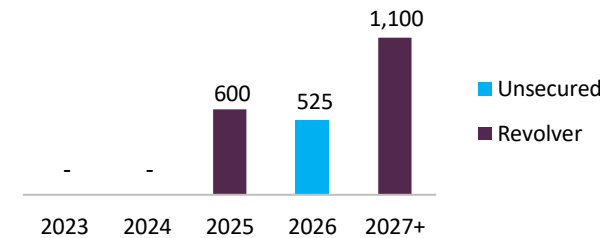


Sector Exposure (by fair value)



Capital Structure

Long Term Maturity Ladder



Total debt: committed \$2.2bn, funded \$1.9bn

Unsecured debt: 24% committed, 27% drawn

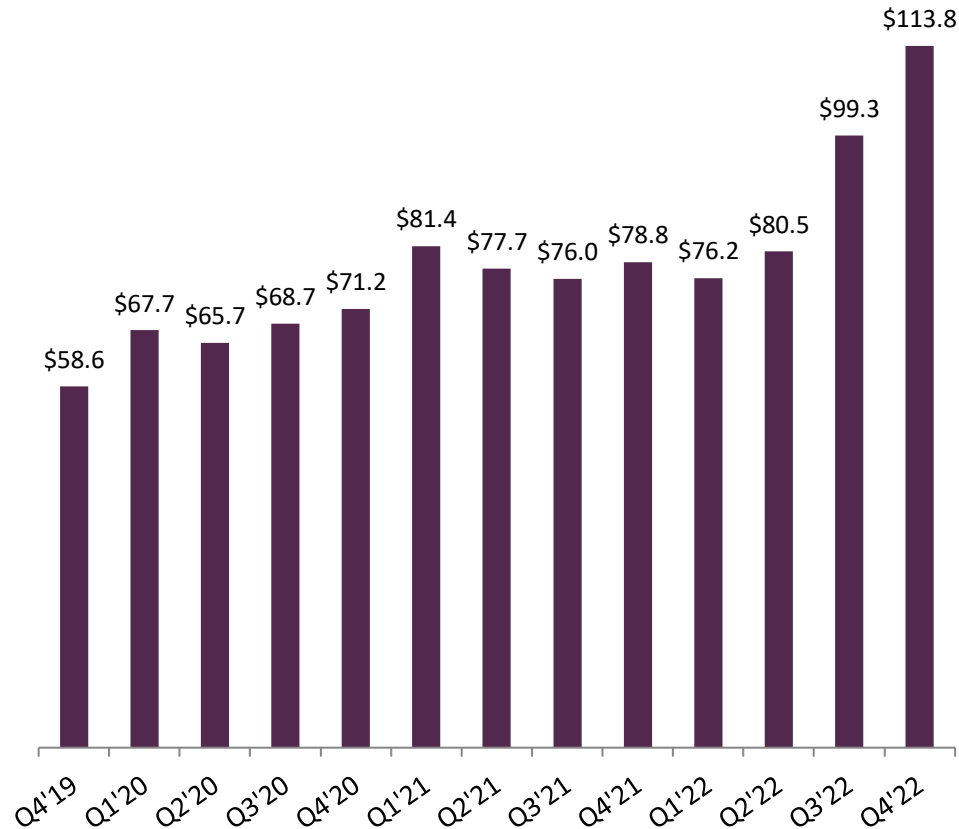
Wtd. average interest rate on borrowings: 5.52%⁽²⁾

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.

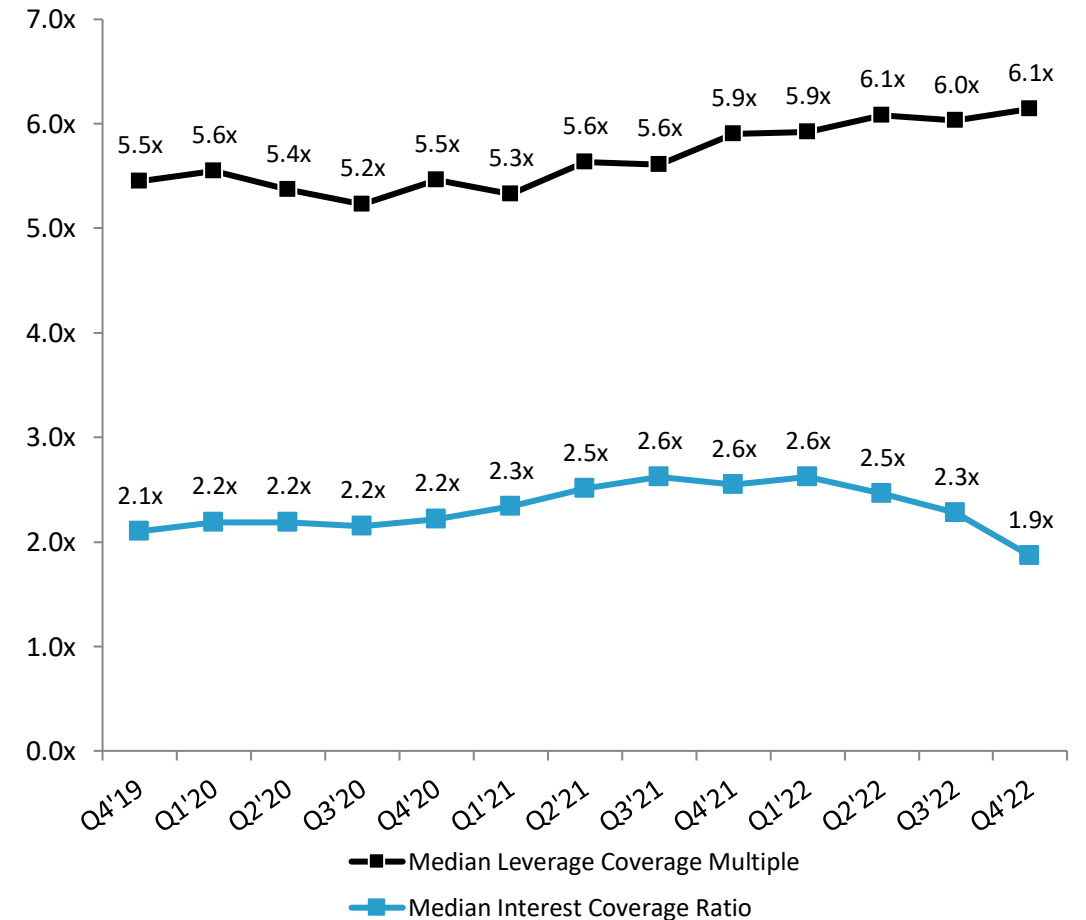
2. Includes the effect of non-usage fees.

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 \$203.8 million as of December 31, 2022.



APPENDIX

Operating Results

<i>(Dollar amounts in millions, except per share data)</i>	For The Three Months Ended				
	12/31/21	3/31/22	6/30/22	9/30/22	12/31/22
Total investment income	\$364	\$396	\$379	\$411	\$449
Net expenses	(163)	(176)	(176)	(194)	(205)
Net investment income before taxes	\$201	\$220	\$203	\$217	\$244
Excise taxes	(12)	-	-	(1)	(18)
Net investment income	\$189	\$220	\$203	\$216	\$226
Plus: excise taxes (net of incentive fee impact)	12	-	-	1	14
Plus: net merger accretion and one-time expenses ⁽¹⁾	(16)	(14)	(13)	(12)	(11)
Adjusted net investment income⁽²⁾	\$185	\$206	\$190	\$205	\$229
Total net unrealized and realized gains (losses)	(5)	5	(273)	(343)	(157)
Realized loss on extinguishment of debt	(3)	-	-	-	-
Provision for taxes on realized gains on investments	-	-	(3)	-	(2)
Net increase (decrease) in net assets resulting from operations	\$181	\$225	(\$73)	(\$127)	\$67
Per Share:					
Net investment income	\$0.66	\$0.77	\$0.71	\$0.76	\$0.80
Adjusted net investment income ⁽²⁾	\$0.65	\$0.72	\$0.67	\$0.73	\$0.81
Net increase (decrease) in net assets results from operations	\$0.64	\$0.79	(\$0.26)	(\$0.45)	\$0.24
Stockholder distributions	\$0.62	\$0.63	\$0.68	\$0.67	\$0.68
Weighted average shares outstanding (millions)	284.9	284.3	283.9	283.2	282.7
Shares outstanding, end of period (millions)	284.5	284.1	283.5	283.0	281.7

1. Net merger accretion represents a reversal of all Merger-related accretion for the specified period.

2. 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 an 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				
	12/31/21	3/31/22	6/30/22	9/30/22	12/31/22
Investment income:					
Interest income	\$245	\$261	\$247	\$279	\$319
Payment-in-kind interest income	37	43	40	39	41
Fee income	26	29	13	26	12
Total dividend and other income	56	63	79	67	77
Total investment income	\$364	\$396	\$379	\$411	\$449
Operating expenses:					
Investment advisory fees & expenses	60	62	63	61	59
Interest expense	73	77	83	96	109
Incentive fees ⁽¹⁾	19	25	22	25	27
Other operating expenses	11	12	8	12	10
Total operating expenses	\$163	\$176	\$176	\$194	\$205
Net investment income before taxes	201	220	\$203	\$217	\$244
Income taxes, including excise taxes	(12)	-	-	(1)	(18)
Net investment income	\$189	\$220	\$203	\$216	\$226
Total net unrealized and realized gains (losses)	(5)	5	(273)	(343)	(157)
Realized loss on extinguishment of debt	(3)	-	-	-	-
Provision for taxes on realized gains on investments	-	-	(3)	-	(2)
Net increase in net assets resulting from operations	\$181	\$225	(\$73)	(\$127)	\$67

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

(Dollar amounts in millions, except per share data)	As of				
	12/31/21	3/31/22	6/30/22	9/30/22	12/31/22
Assets					
Total investments, at fair value	\$16,101	\$16,554	\$16,178	\$15,792	\$15,377
Cash	258	362	232	264	248
Foreign currency, at fair value	119	7	37	2	3
Receivable for investments sold and repaid	567	856	498	425	212
Income receivable	153	176	190	165	227
Unrealized appreciation on foreign currency forward contracts	9	10	24	39	25
Deferred financing costs	16	15	24	22	23
Prepaid expenses and other assets	5	5	6	7	9
Total Assets	\$17,228	\$17,985	\$17,189	\$16,716	\$16,124
Liabilities					
Payable for investments purchased	\$2	\$33	\$27	\$57	\$14
Debt	9,142	9,835	9,306	9,137	8,694
Unrealized depreciation on derivative instruments	1	1	0	-	1
Shareholders' distributions payable	176	179	193	190	192
Interest Payable	70	66	77	67	90
Other liabilities ⁽¹⁾	107	104	99	105	121
Total Liabilities	\$9,498	\$10,218	\$9,702	\$9,556	\$9,112
Total Net Assets	\$7,730	\$7,767	\$7,487	\$7,160	\$7,012
Net Asset Value per Share	\$27.17	\$27.33	\$26.41	\$25.30	\$24.89

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				
	12/31/21	3/31/22	6/30/22	9/30/22	12/31/22
Realized gain/loss					
Net realized gain (loss) on investments:					
Non-controlled/unaffiliated investments	\$50	(\$26)	\$177	\$16	(\$31)
Non-controlled/affiliated investments	(11)	(6)	45	51	(6)
Controlled/affiliated investments	9	-	(39)	(4)	(28)
Net realized gain (loss) on foreign currency forward contracts	-	5	2	2	1
Net realized gain (loss) on foreign currency	(3)	1	6	5	11
Total net realized gain (loss)	\$45	(\$26)	\$191	\$70	(\$53)
Unrealized gain/loss					
Net change in unrealized appreciation (depreciation) on investments:					
Non-controlled/unaffiliated investments	(\$48)	(\$40)	(\$251)	(\$283)	(\$105)
Non-controlled/affiliated investments	29	30	(71)	(99)	9
Controlled/affiliated investments	(37)	37	(184)	(69)	45
Net change in unrealized appreciation (depreciation) on foreign currency forward contracts	4	1	15	15	(15)
Net change in unrealized gain (loss) on foreign currency	2	3	27	23	(38)
Total net unrealized gain (loss)	(\$50)	\$31	(\$464)	(\$413)	(\$104)
Total net realized and unrealized gain (loss)	(\$5)	\$5	(\$273)	(\$343)	(\$157)

Important Disclosure Notice

Forward-Looking Statements

Statements included herein may constitute “forward-looking” statements as that term is defined in Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended, including statements with regard to future events or the future performance or operations of FS KKR Capital Corp. (“FSK”). Words such as “believes,” “expects,” “projects,” and “future” or similar expressions are intended to identify forward-looking statements. These forward-looking statements are subject to the inherent uncertainties in predicting future results and conditions. Certain factors could cause actual results to differ materially from those projected in these forward-looking statements. Factors that could cause actual results to differ materially include changes in the economy, geo-political risks, risks associated with possible disruption to FSK’s operations or the economy generally due to terrorism, natural disasters or pandemics such as COVID-19, future changes in laws or regulations and conditions in FSK’s operating area, and the price at which shares of FSK’s common stock trade on the New York Stock Exchange. Some of these factors are enumerated in the filings FSK made with the U.S. Securities and Exchange Commission (the “SEC”). The inclusion of forward-looking statements should not be regarded as a representation that any plans, estimates or expectations will be achieved. Any forward-looking statements speak only as of the date of this communication. Except as required by federal securities laws, FSK undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on any of these forward-looking statements.

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