

**FSK** | FS KKR Capital Corp.

# **FS KKR Capital Corp.**

**(NYSE: FSK)**

Investor Presentation

August 2023

All information is as of June 30, 2023 unless otherwise noted



# FS KKR ADVISOR & MARKET OVERVIEW

**FSK** | FS KKR Capital Corp.

# FS/KKR Advisor: Overview

**FS | KKR**

## Size & Scale

- ~\$15.5 billion publicly traded BDC within \$200 billion KKR Credit platform
- ~1,800 issuers across KKR Credit network
- FSK has direct involvement of over 250 professionals
- Ability to commit in size

## Focus

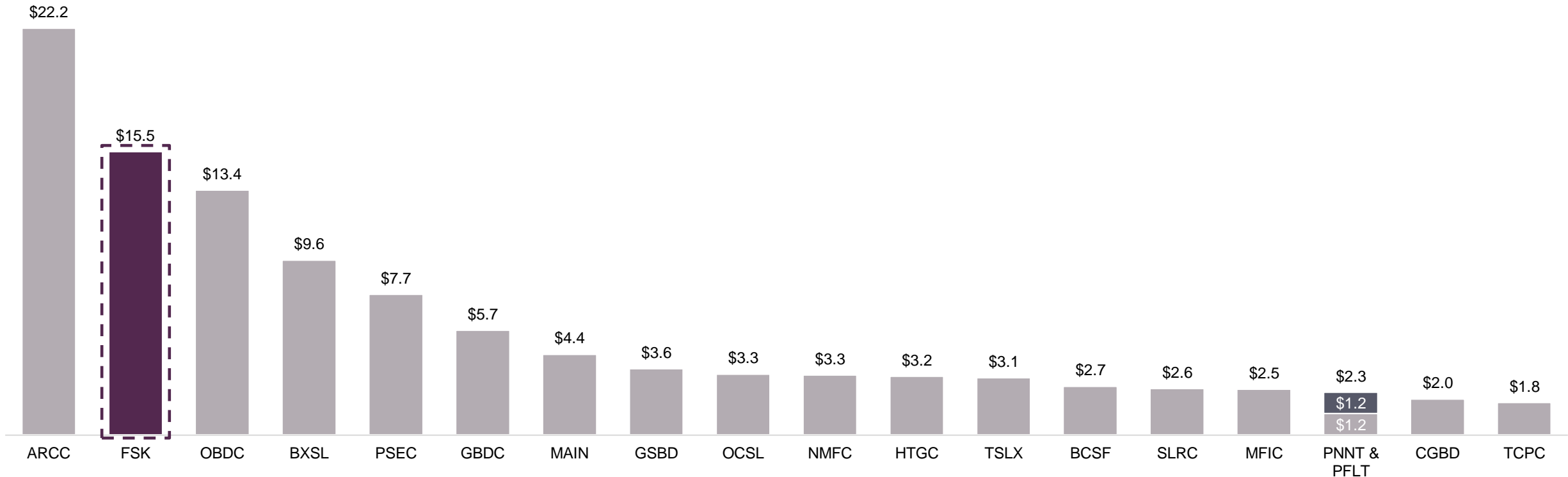
- Investment structures:
  - Senior secured
  - Asset Based Finance
  - Junior capital
- Upper middle market:
  - \$50-\$150 million+ EBITDA
- Market leading businesses:
  - Pricing power
  - Defensive industries
- Preservation of capital:
  - Rigorous portfolio monitoring
  - Internal workout capabilities

## Global Market Reach

- Financial sponsor relationships across multiple countries
- Dedicated non-sponsor sourcing effort leveraging all of the KKR network
- Deep industry experience across KKR Credit platform
- ~100 investment professionals

# FSK: A Leading BDC

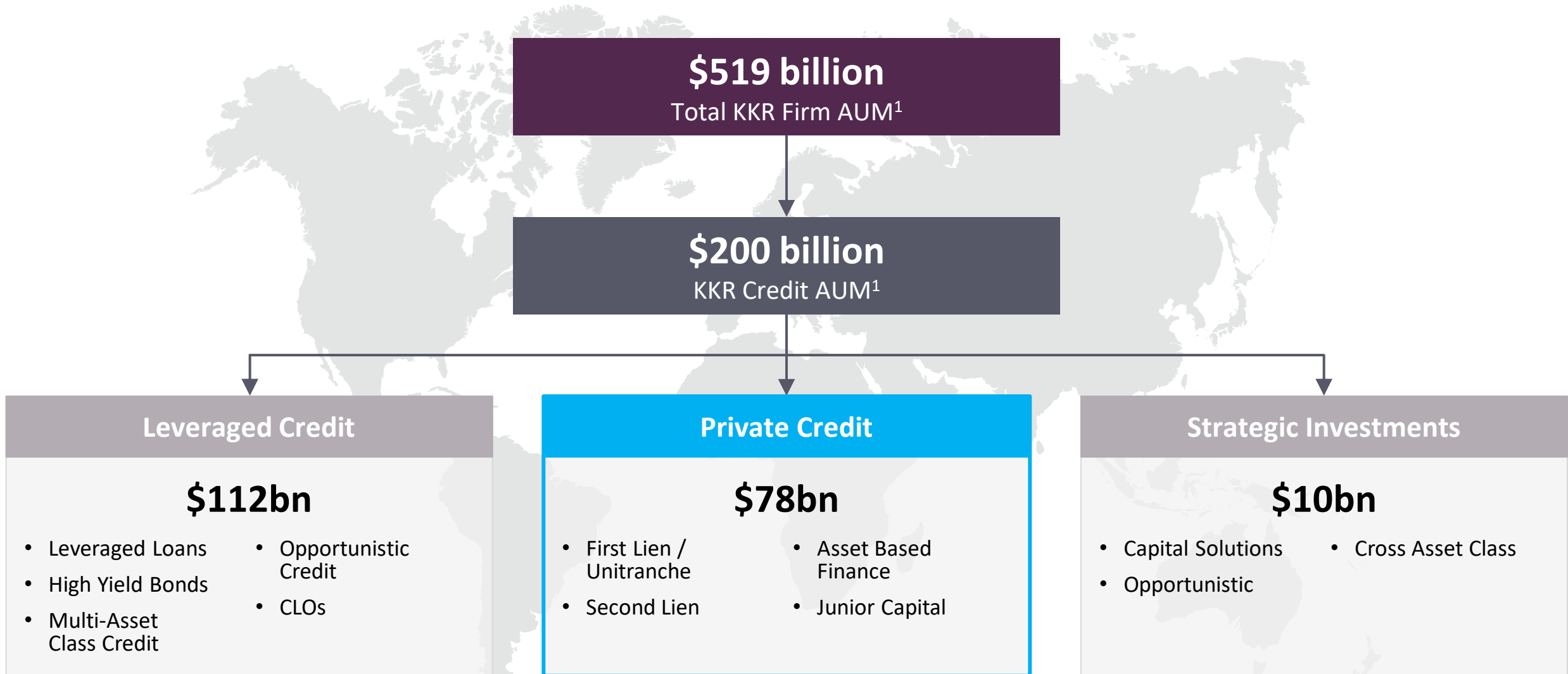
## Total Assets Under Management Ranked by Publicly Traded BDC Advisor/Manager (\$bn)



FSK is the second largest publicly traded BDC as measured by total assets

1. PSEC as of March 31, 2023.

# KKR Credit: Overview



1. Please see "Important Information" for a description of Assets Under Management calculation.

# KKR Private Credit: Overview

**\$78 billion**  
Private Credit AUM

**20+**

Investment Committee  
Average Years of Experience

**~100**

Investment Professionals

## Direct Lending

- Directly originated and privately negotiated senior secured loans
- Upper middle market corporate borrowers

## Junior Capital

- Directly originated and privately negotiated subordinated debt and preferred stock financings

## Asset Based Finance

- Investments backed by diverse pools of financial and hard assets
- Multi-sector / asset class approach

## Broad Private Credit platform where size and scale matter

Control lender status across  
~86% of investments<sup>1</sup>

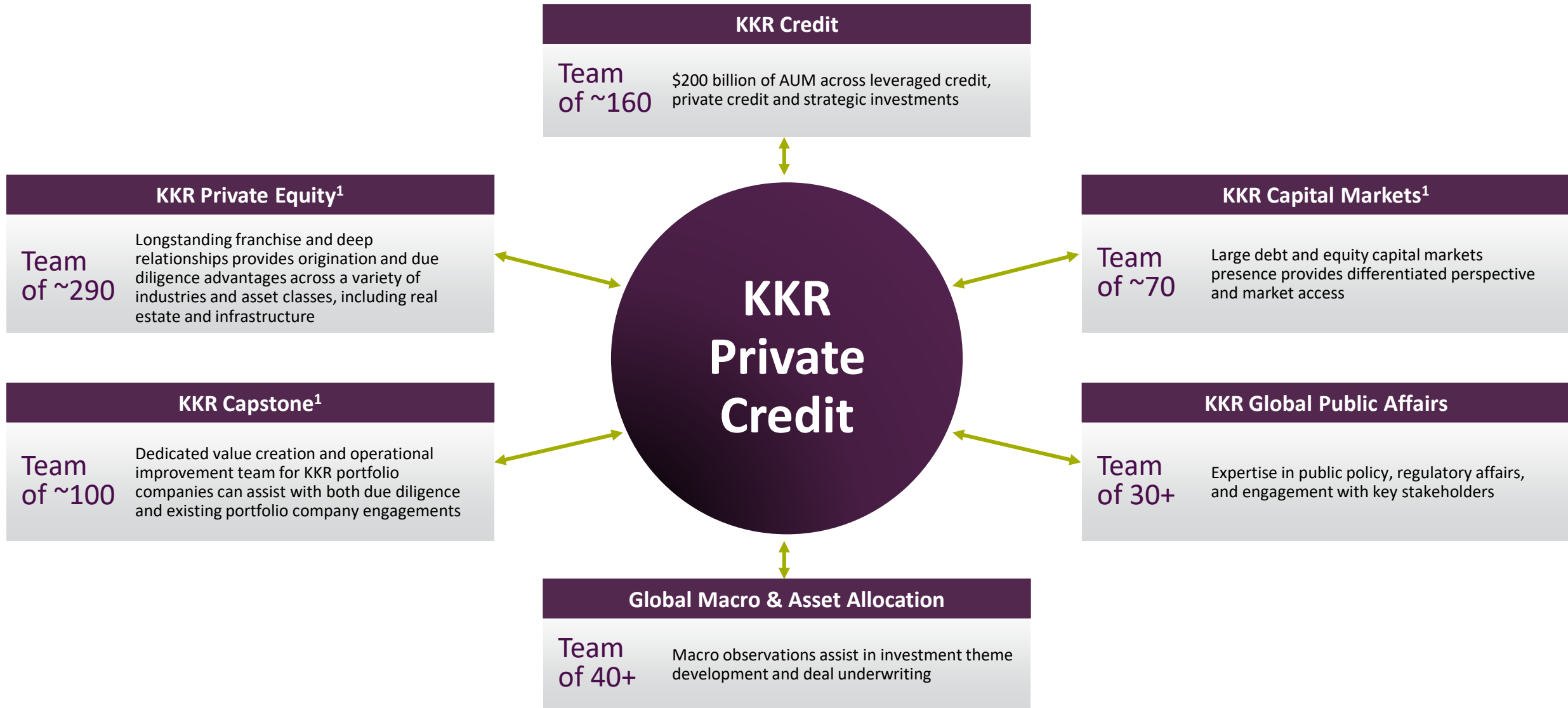
Integrated global resources and access  
to KKR Credit 'library' of ~1,800 issuers

Strong alignment of interest with  
~\$1.2 billion of KKR capital committed  
to private credit strategies<sup>2</sup>

1. Based on weighted average KKR Credit role in KKRLP III & KKRLP IV, excluding broadly syndicated loans. Controlling Lender Position includes Sole, Lead and Co-Lead roles.

2. Represents KKR balance sheet and employee commitment to KKR's private credit funds. Includes balance sheet and employee commitments across all private credit commingled, separately managed account, and BDC structures.

# KKR Private Credit: Leverages the Broader KKR Firm



1. Please see "Important Information" for additional disclosure regarding KKR's internal information barrier policies and procedures, which may limit the involvement of certain personnel in some investment discussions.

# KKR Private Credit: Key Attributes

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## Disciplined Investment Philosophy & Process

- “PE Style” due diligence standard
- Focus on downside and structural protections
- KKR Private Credit team fully leverages broader KKR resources

## Differentiated Origination Capabilities

- Global, multi-channel origination footprint
- Range of capabilities allows us to be a total solutions provider
- Ability to exploit incumbent lender relationships
- Access to broad network of KKR

## Proven Track Record & Consistent Portfolio Construction

- Over the past 15+ years, KKR Credit has:
  - Deployed over ~\$78bn in private credit transactions
  - Invested over cycles and in different market conditions
  - Grown the size of investments / borrowers as platform has scaled

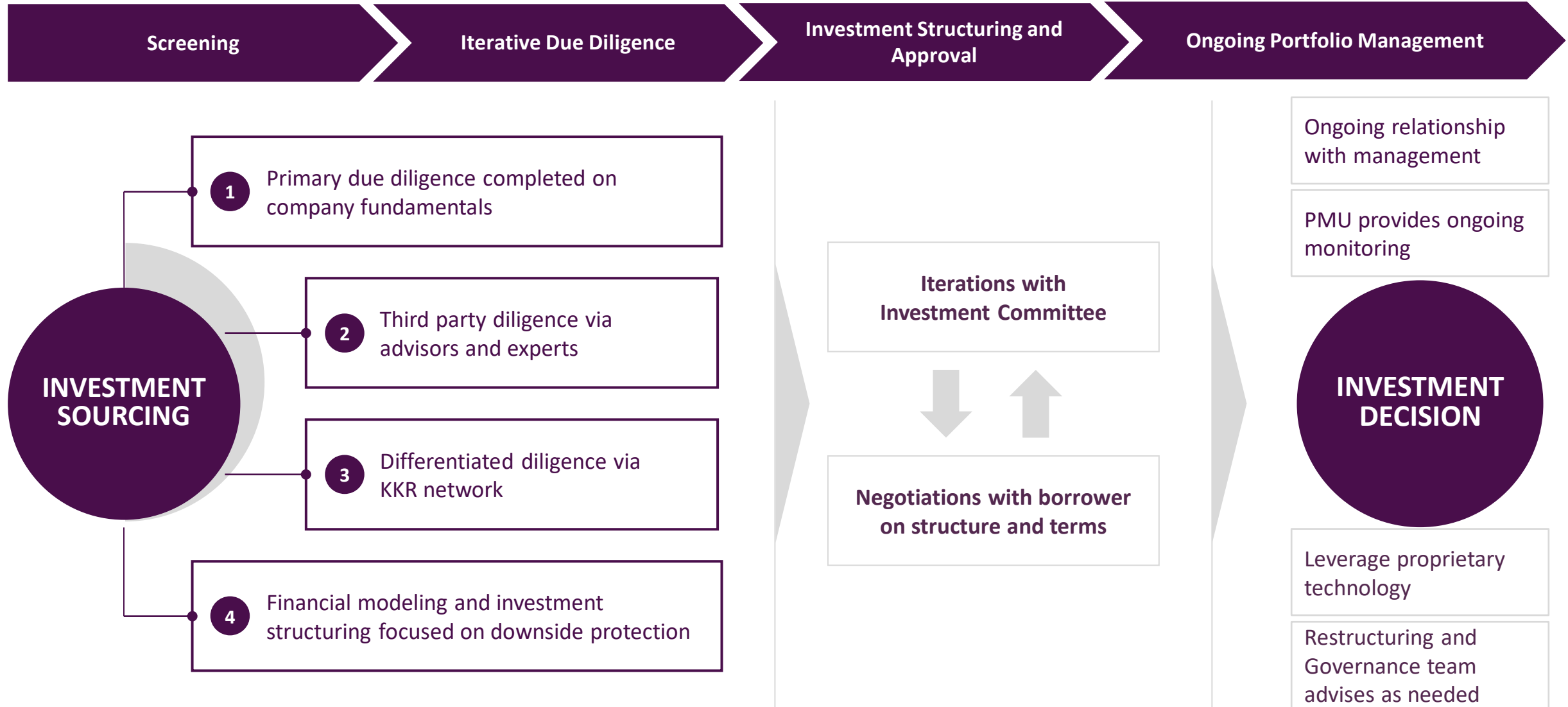
## Risk Management Culture

- Constant re-underwriting through our quarterly portfolio review process
- Dedicated team to monitor the portfolio; is an integral part of the investment team
- Hands-on investor when required, leveraging KKR operational expertise and resources
- Consideration of ESG risks embedded into investment process



# KKR Private Credit: Investment Process

KKR's deep origination network generates significant investment opportunities



# Benefits of the Upper Middle Market

Our Direct Lending strategy primarily targets the upper end of the middle market, which we believe to be more defensive and more resilient through various market cycles

## Financial Sponsor Backing

- Sponsors provide professional management, oversight, and alignment
- Lenders maintain a direct relationship with sponsors
- Sponsors operate with a committed pool of capital that they can use for workout initiatives or to address liquidity needs

## Industry Leading Borrowers

- More established companies with diversified customer and supplier bases, multiple revenue streams, and various paths for organic and inorganic growth
- Greater pricing power, which is especially critical during periods of rising inflation

## Experienced Management Teams

- Management teams tend to be more experienced and can navigate effectively through changing market cycles and downturns

## Stronger Credit Profiles

- According to LCD, from 1995 to Q2 2022, companies with EBITDA of \$50-\$99mm have a **9% lower rate of default** than companies with EBITDA of \$0-\$49mm<sup>1</sup>
- According to LCD, from 1995 to Q2 2022, companies with EBITDA of \$100mm or greater have a **33% lower rate of default** than companies with EBITDA of \$0-\$49mm<sup>1</sup>

“A larger-scale business is usually associated with a stronger market position, a better ability to weather financial downturn, more established operations, and a more stable outlook.”

- Moody's Analytics

“We can easily find empirical evidence showing small companies have a higher default risk”

- S&P Global

“We see a significant decrease in default rates for companies with total assets above \$100 million”

- Moody's Analytics

1. LCD Default Review Q2 2023. Comprises loans closed between 1995 and Q2 2022.

# Private Credit: KKR Platform Benefits

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## 1. Leverage Global KKR Network

Strong collaboration across KKR's broader platform enhancing both origination and due diligence

## 2. Private Credit Platform with Differentiated Size and Scale

Ability to finance higher quality, upper-middle market borrowers on a sole lender basis

## 3. Institutionalized and Seasoned Team

Broad investment team, including dedicated Portfolio Monitoring and Workout resources enhance our total capability set

## 4. Broad Origination Network of Repeat Relationships

On average ~65% of our originations come from existing portfolio companies within KKR's network

## 5. Rigorous "PE-Style" Investment Diligence Process

Consistent and repeatable underwriting process with a focus on structural and downside protection



# FSK OVERVIEW AND RECENT RESULTS

**FSK** | FS KKR Capital Corp.

# Financial Results

| <i>(Dollar amounts in millions, except per share data)</i>                           | 6/30/22  | 9/30/22  | 12/31/22 | 3/31/23  | 6/30/23  |
|--|----------|----------|----------|----------|----------|
| NII per share  | \$0.71   | \$0.76   | \$0.80   | \$0.81   | \$0.82   |
| Adjusted NII per share <sup>(1)</sup>  | \$0.67   | \$0.73   | \$0.81   | \$0.78   | \$0.78   |
| Net realized and unrealized gains (losses) per share                                 | (\$0.96) | (\$1.21) | (\$0.56) | (\$0.11) | (\$0.31) |
| Adjusted net realized and unrealized gains (losses) per share                        | (\$0.92) | (\$1.17) | (\$0.52) | (\$0.07) | (\$0.27) |
| Net increase (decrease) in net assets resulting from operations (earnings per share) | (\$0.26) | (\$0.45) | \$0.24   | \$0.71   | \$0.51   |
| Stockholder distributions declared per share   | \$0.67   | \$0.68   | \$0.70   | \$0.70   | \$0.70   |
| Special distributions declared per share <sup>(2)</sup>                              | -        | -        | -        | \$0.05   | \$0.05   |
| Net asset value per share at period end  | \$26.41  | \$25.30  | \$24.89  | \$24.93  | \$24.69  |
| Weighted average shares outstanding (in millions)                                    | 283.9    | 283.2    | 282.7    | 280.9    | 280.1    |
| Shares outstanding, end of period (in millions)                                      | 283.5    | 283.0    | 281.7    | 280.1    | 280.1    |
| Total investments at fair value  | \$16,178 | \$15,792 | \$15,377 | \$15,277 | \$14,764 |
| Total assets   | \$17,189 | \$16,716 | \$16,124 | \$16,058 | \$15,488 |
| Cash <sup>(3)</sup>  | \$269    | \$266    | \$251    | \$250    | \$274    |
| Total debt <sup>(4)</sup>  | \$9,347  | \$9,176  | \$8,731  | \$8,713  | \$8,190  |
| Debt-to-equity, Net <sup>(5)</sup>   | 1.15x    | 1.19x    | 1.18x    | 1.18x    | 1.13x    |
| Adjusted NII / stockholder distributions declared                                    | 100%     | 107%     | 116%     | 111%     | 111%     |

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

2. Consists of three payments of \$0.05 per share during Q2 2023, Q3 2023, and Q4 2023.

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 |                 |                 |                 |                 |
|---|----------------------------------|-----------------|-----------------|-----------------|-----------------|
|   | 6/30/22                          | 9/30/22         | 12/31/22        | 3/31/23         | 6/30/23         |
| <b>Investment at Fair Value:</b>  |                                  |                 |                 |                 |                 |
| First Lien Senior Secured Loans   | 61.9%                            | 61.9%           | 60.3%           | 61.0%           | 59.5%           |
| Second Lien Senior Secured Loans  | 8.0%                             | 7.9%            | 7.8%            | 7.7%            | 7.9%            |
| Other Senior Secured Debt   | 0.7%                             | 0.7%            | 0.7%            | 0.7%            | 0.9%            |
| Subordinated Debt   | 0.5%                             | 1.6%            | 1.7%            | 1.8%            | 1.9%            |
| Asset Based Finance   | 13.1%                            | 11.6%           | 12.4%           | 11.7%           | 12.0%           |
| Credit Opportunities Partners JV, LLC                                     | 9.3%                             | 9.3%            | 9.3%            | 9.1%            | 9.4%            |
| Preferred Equity <sup>(1)</sup>   | 3.9%                             | 4.7%            | 5.3%            | 5.7%            | 6.1%            |
| Equity/Other  | 2.6%                             | 2.3%            | 2.5%            | 2.3%            | 2.3%            |
| <b>Total Investments</b>  | <b>\$16,178</b>                  | <b>\$15,792</b> | <b>\$15,377</b> | <b>\$15,277</b> | <b>\$14,764</b> |
| Number of portfolio companies <sup>(2)</sup>                              | 192                              | 195             | 197             | 189             | 195             |
| <b>Interest Rate Type:<sup>(3)</sup></b>                                  |                                  |                 |                 |                 |                 |
| % Floating Rate   | 87.4%                            | 89.1%           | 89.0%           | 89.4%           | 88.6%           |
| % Fixed Rate  | 12.6%                            | 10.9%           | 11.0%           | 10.6%           | 11.4%           |
| <b>Net Interest Margin:</b>   |                                  |                 |                 |                 |                 |
| Weighted average annual yield on accruing debt investments <sup>(4)</sup> | 9.2%                             | 10.4%           | 11.4%           | 11.7%           | 12.1%           |
| Weighted average effective interest rate on borrowings <sup>(5)</sup>     | 3.5%                             | 4.2%            | 4.8%            | 5.1%            | 5.2%            |

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 Quarterly Report on Form 10-Q 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 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. Excluding the impact of the Merger, FSK's weighted average annual yield on all debt investments was 11.3% as of June 30, 2023. See FSK's Quarterly Report on Form 10-Q 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 12.7% on accruing debt investments and 11.8% on all debt investments as of June 30, 2023.

5. Includes the effect of non-usage fees.

# FSK Investment Portfolio Overview

**195**

portfolio companies<sup>(1)</sup>

**19%**

FV in top-10 portfolio companies<sup>(2)</sup>

**68%**

of investments in senior secured debt<sup>(2)</sup>

**\$115mm / 6.0x**

median portfolio company EBITDA & leverage<sup>(3)</sup>

**89%**

of debt investments are floating rate<sup>(4)</sup>

**12.1%**

wtd. avg. annual yield on accruing debt investments<sup>(5)</sup>

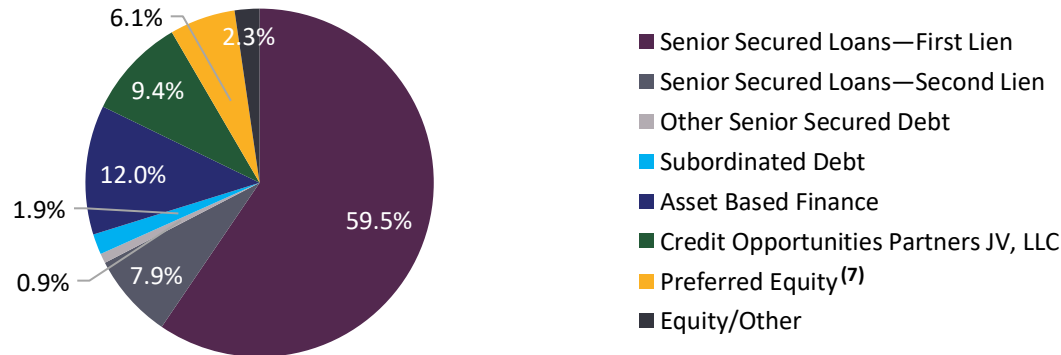
**2.5%**

non-accrual rate at FV

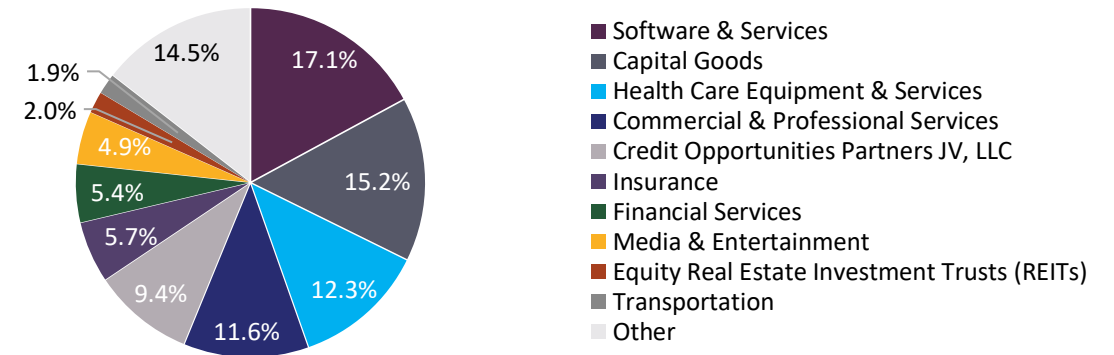
**~75%**

lead, co-lead, or sole origination<sup>(6)</sup>

## Security Exposure (by fair value)



## Sector Exposure (by fair value)

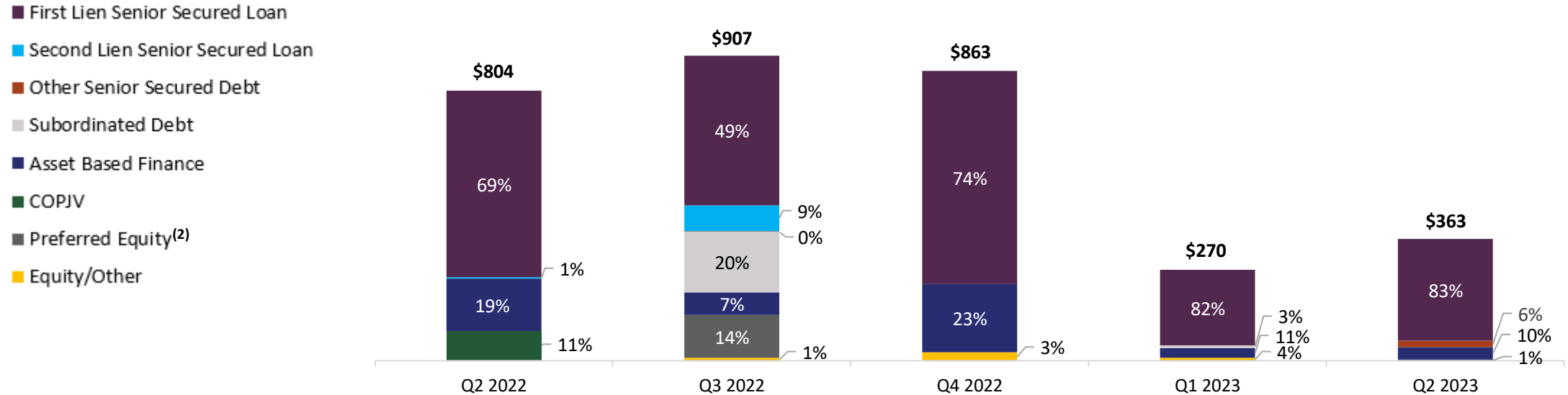


**Total Investment Portfolio at Fair Value: \$14.8bn**

- 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 Quarterly Report on Form 10-Q for its definition of debt investments.
- Excludes the impact of the Merger. See FSK's Quarterly Report on Form 10-Q 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 12.7% as of June 30, 2023.
- 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<sup>(1)</sup>

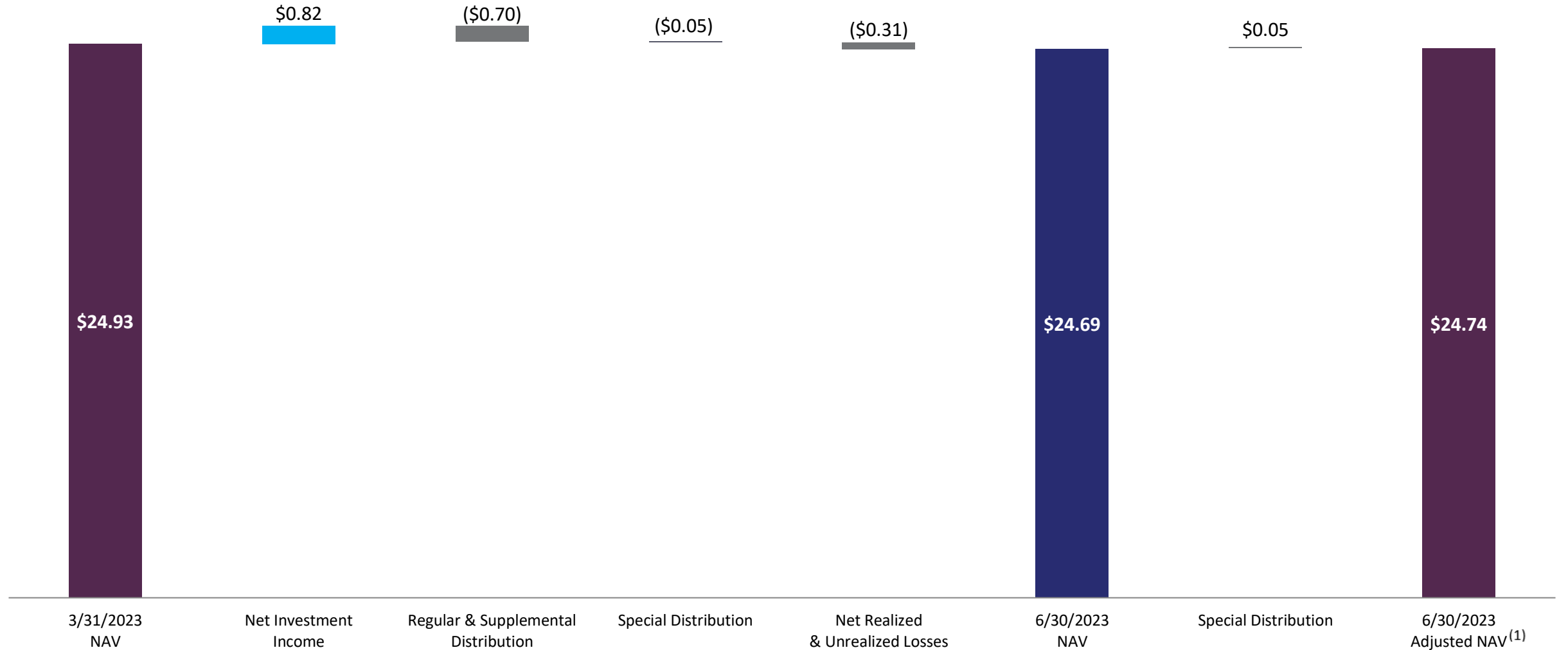


| Portfolio Roll (\$ in millions)         | 6/30/22        | 9/30/22       | 12/31/22       | 3/31/23        | 6/30/23        |
|---|----------------|---------------|----------------|----------------|----------------|
| Investment Purchases                    | \$804          | \$907         | \$863          | \$270          | \$363          |
| Sales and Redemptions <sup>(3)</sup>    | (906)          | (951)         | (1,211)        | (386)          | (845)          |
| <b>Net Investment Activity</b>          | <b>(\$102)</b> | <b>(\$44)</b> | <b>(\$348)</b> | <b>(\$116)</b> | <b>(\$482)</b> |
| Net Sales to COPJV                      | 87             | 300           | 127            | 122            | -              |
| <b>Adjusted Net Investment Activity</b> | <b>(\$15)</b>  | <b>\$256</b>  | <b>(\$221)</b> | <b>\$6</b>     | <b>(\$482)</b> |

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 COPJV.



# Net Asset Value Bridge



1. Adjusted NAV reflects Q2 2023 NAV per share adjusted for the special distribution of \$0.05 per share declared on May 5, 2023 and paid on May 31, 2023.

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.

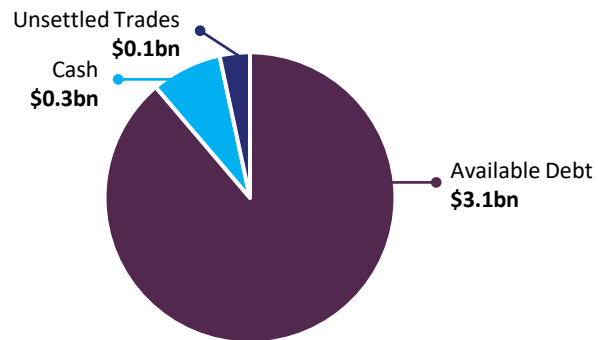
# Capital Structure: Overview

## Key Highlights

- 1.13x Net Debt-to-Equity as of June 30, 2023, compared to 1.18x as of March 31, 2023<sup>(1)</sup>
- 5.21% weighted average effective rate on borrowings as of June 30, 2023, compared to 5.08% as of March 31, 2023<sup>(2)</sup>
- Rated Investment Grade by Moody's (Baa3) Stable, Fitch (BBB-) Stable & Kroll (BBB) Stable
- 58% of drawn leverage and 42% of committed leverage is unsecured as of June 30, 2023
- In April, we merged our two Deutsche Bank revolving facilities together, we extended the revolving period to February 2025, and we extended the maturity date by two years to February 2027, among other things.
- In June, we amended our Morgan Stanley revolving credit facility to extend the revolving period to November 2024 and extend the maturity date by two years to November 2026, among other things.

## Liquidity Analysis

6/30/2023 Liquidity: \$3.5bn



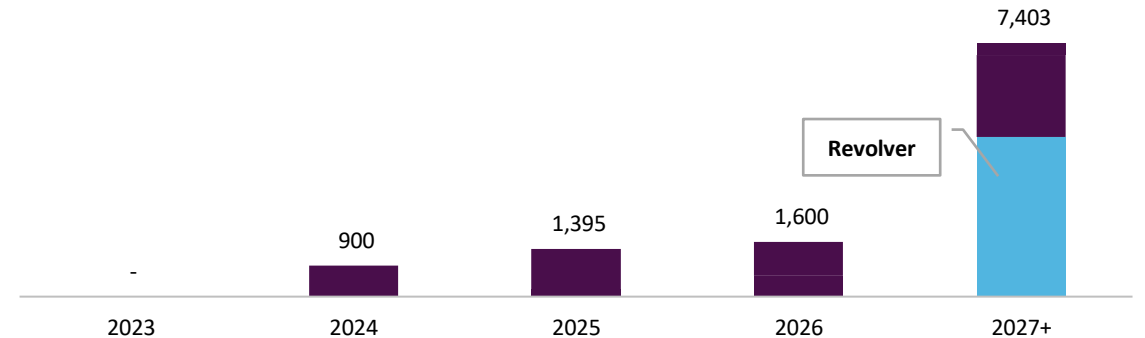
1. Net debt-to-equity ratio is debt outstanding, net of cash and foreign currency and net payable/receivable for investments purchased/sold and repaid, divided by net assets.
2. Weighted average effective interest rate on borrowings, including the effect of non-usage fees.
3. Amount available for borrowing reduced by any standby letters of credit issued. As of June 30, 2023, \$17mm of such letters of credit have been issued.

## Capital Structure Overview

| Funding Source                   | Committed     | Outstanding  | Undrawn              | Maturity   | Wtd. Avg. Rate             |
|----------------------------------|---------------|--------------|----------------------|------------|----------------------------|
| Senior Secured Revolver due 2027 | 4,655         | 1,806        | 2,832 <sup>(3)</sup> | 5/17/2027  | S+1.75% - 1.88%            |
| Additional Bilateral Facilities  | 1,550         | 1,291        | 259                  | Various    | Various                    |
| <b>Total Secured</b>             | <b>6,205</b>  | <b>3,097</b> | <b>3,091</b>         |            |                            |
| FS KKR MM CLO 1                  | 348           | 348          | -                    | 1/15/2031  | S+1.85% - 3.01%            |
| <b>Total CLO</b>                 | <b>348</b>    | <b>348</b>   | <b>-</b>             |            |                            |
| 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%                     |
| <b>Total Unsecured</b>           | <b>4,745</b>  | <b>4,745</b> | <b>-</b>             |            |                            |
| <b>TOTAL</b>                     | <b>11,298</b> | <b>8,190</b> | <b>3,091</b>         |            | <b>5.21%<sup>(2)</sup></b> |

## Long Term Maturity Ladder

100% of our liabilities mature 2024 and beyond



# Credit Opportunities Partners JV, LLC Overview

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

- > **Primarily senior secured assets**

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

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- > **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

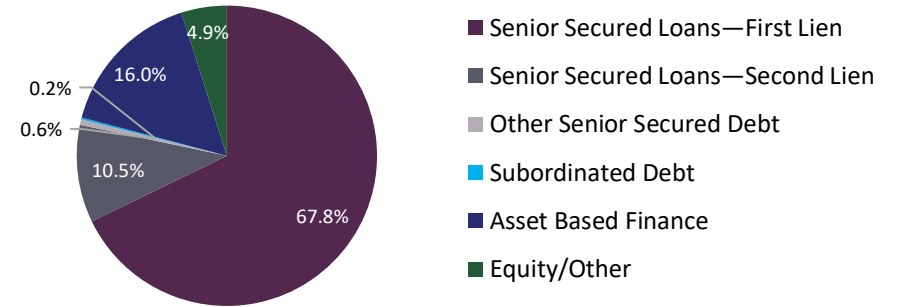
## June 30, 2023 update

- > **Portfolio**
  - Fair value of investments was \$3.3bn
  - 91% floating rate debt investments

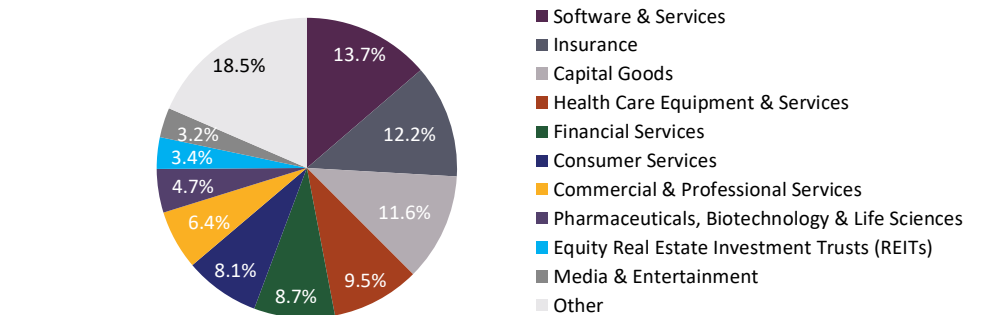
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- > **Key stats**
  - NAV of \$1.6bn (FSK's equity of COPJV was \$1.4bn)
  - \$640mm of uncalled equity capital (\$560mm allocated to FSK)
  - 1.09x net debt-to-equity ratio<sup>(1)</sup>

## Security Exposure (by fair value)

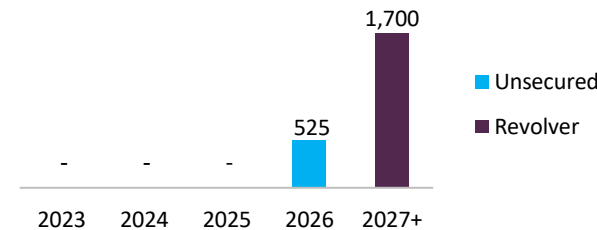


## Sector Exposure (by fair value)



## Capital Structure

### Long Term Maturity Ladder



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

**Unsecured debt:** 24% committed, 28% drawn

**Wtd. average interest rate on borrowings:** 6.38%<sup>(2)</sup>

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.

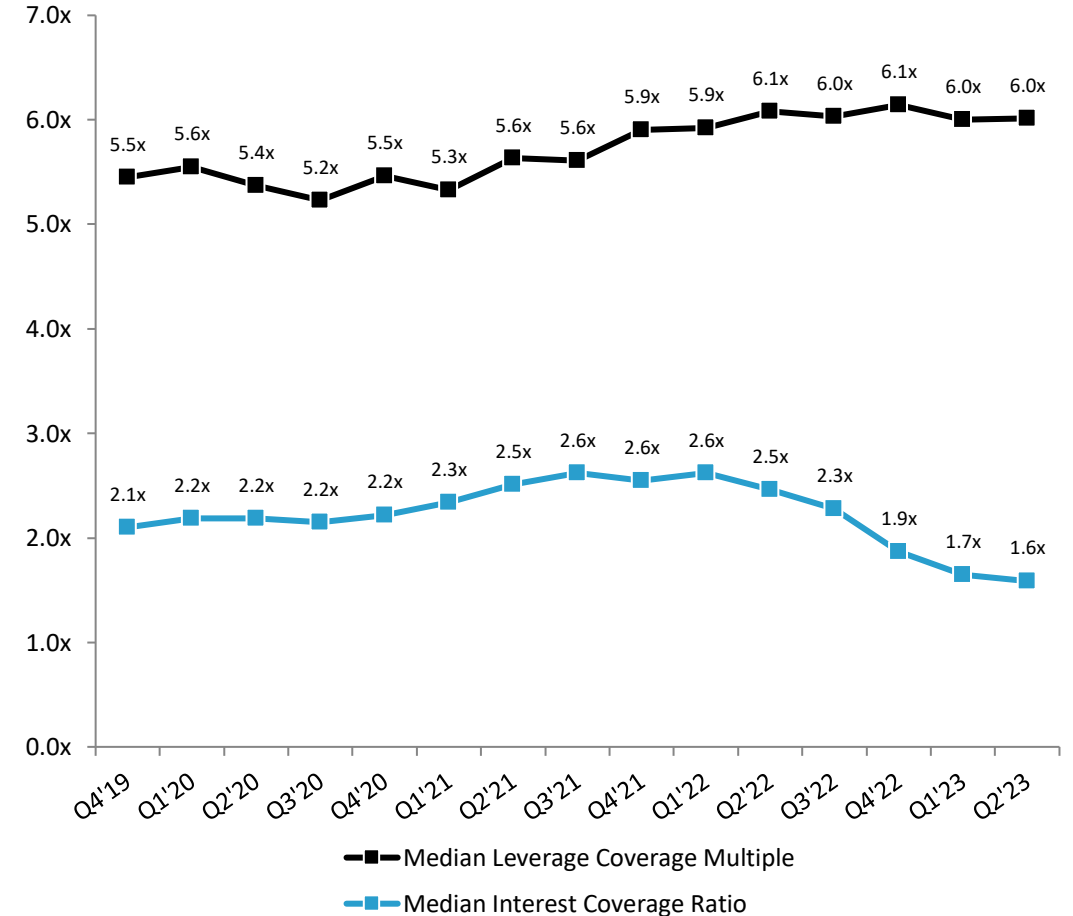
2. Includes the effect of non-usage fees.

# 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 \$202.1 million as of June 30, 2023.



# KKR CREDIT ESG POLICY

**FSK** | FS KKR Capital Corp.

# KKR Private Credit: ESG Approach

## Dedicated Team with Deep Expertise

1

Investment team partners with Global KKR ESG Team Members

## Proprietary ESG Scoring

2

ESG scorecards are managed within KKR's internal credit monitoring systems

## Investment Process

3

ESG analysis and scores are discussed as part of KKR Credit's robust Investment Process.

## Ongoing Monitoring

4

Deal teams are responsible for ESG analysis, scoring and ongoing monitoring

### Integration

KKR has developed a team of internal "Subject Matter Experts" who partner across the investment teams and geographies on the integration and management of ESG issues

### Framework

KKR has been a signatory of the Principles for Responsible Investment ("PRI") since 2009, we are guided by the Sustainability Accounting Standards Board ("SASB") at the investment level, and our climate strategy is informed by the Taskforce on Climate-related Financial Disclosures ("TCFD") recommendations

### Partnership

History of partnering with extensive network of leading non-governmental organizations and other thought leaders



# APPENDIX

# Operating Results

| <i>(Dollar amounts in millions, except per share data)</i>             | For The Three Months Ended |                |              |              |              |
|--|----------------------------|----------------|--------------|--------------|--------------|
|  | 6/30/22                    | 9/30/22        | 12/31/22     | 3/31/23      | 6/30/23      |
| Total investment income  | \$379                      | \$411          | \$449        | \$456        | \$462        |
| Net expenses   | (176)                      | (194)          | (205)        | (227)        | (233)        |
| <b>Net investment income before taxes</b>                              | <b>\$203</b>               | <b>\$217</b>   | <b>\$244</b> | <b>\$229</b> | <b>\$229</b> |
| Excise taxes   | -                          | (1)            | (18)         | -            | -            |
| <b>Net investment income</b>   | <b>\$203</b>               | <b>\$216</b>   | <b>\$226</b> | <b>\$229</b> | <b>\$229</b> |
| Plus: excise taxes (net of incentive fee impact)                       | -                          | 1              | 14           | -            | -            |
| Plus: net merger accretion and one-time expenses <sup>(1)</sup>        | (13)                       | (12)           | (11)         | (10)         | (10)         |
| <b>Adjusted net investment income<sup>(2)</sup></b>                    | <b>\$190</b>               | <b>\$205</b>   | <b>\$229</b> | <b>\$219</b> | <b>\$219</b> |
| Total net unrealized and realized gains (losses)                       | (273)                      | (343)          | (157)        | (\$30)       | (\$87)       |
| Provision for taxes on realized gains on investments                   | (3)                        | -              | (2)          | -            | -            |
| <b>Net increase (decrease) in net assets resulting from operations</b> | <b>(\$73)</b>              | <b>(\$127)</b> | <b>\$67</b>  | <b>\$199</b> | <b>\$142</b> |
| <b>Per Share:</b>  |                            |                |              |              |              |
| Net investment income  | \$0.71                     | \$0.76         | \$0.80       | \$0.81       | \$0.82       |
| Adjusted net investment income <sup>(2)</sup>                          | \$0.67                     | \$0.73         | \$0.81       | \$0.78       | \$0.78       |
| Net increase (decrease) in net assets results from operations          | (\$0.26)                   | (\$0.45)       | \$0.24       | \$0.71       | \$0.51       |
| Stockholder distributions  | \$0.68                     | \$0.67         | \$0.68       | \$0.70       | \$0.75       |
| Weighted average shares outstanding (millions)                         | 283.9                      | 283.2          | 282.7        | 280.9        | 280.1        |
| Shares outstanding, end of period (millions)                           | 283.5                      | 283.0          | 281.7        | 280.1        | 280.1        |

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 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 |                |              |              |              |
|---|----------------------------|----------------|--------------|--------------|--------------|
|   | 6/30/22                    | 9/30/22        | 12/31/22     | 3/31/23      | 6/30/23      |
| <b>Investment income:</b>                                   |                            |                |              |              |              |
| Interest income   | \$247                      | \$279          | \$319        | \$327        | \$320        |
| Payment-in-kind interest income                             | 40                         | 39             | 41           | 42           | 56           |
| Fee income  | 13                         | 26             | 12           | 5            | 6            |
| Total dividend and other income                             | 79                         | 67             | 77           | 82           | 80           |
| <b>Total investment income</b>                              | <b>\$379</b>               | <b>\$411</b>   | <b>\$449</b> | <b>\$456</b> | <b>\$462</b> |
| <b>Operating expenses:</b>                                  |                            |                |              |              |              |
| Investment advisory fees & expenses                         | 63                         | 61             | 59           | 58           | 56           |
| Interest expense  | 83                         | 96             | 109          | 114          | 118          |
| Incentive fees <sup>(1)</sup>                               | 22                         | 25             | 27           | 46           | 47           |
| Other operating expenses                                    | 8                          | 12             | 10           | 9            | 12           |
| <b>Total operating expenses</b>                             | <b>\$176</b>               | <b>\$194</b>   | <b>\$205</b> | <b>\$227</b> | <b>\$233</b> |
| Net investment income before taxes                          | \$203                      | \$217          | \$244        | \$229        | \$229        |
| Income taxes, including excise taxes                        | -                          | (1)            | (18)         | -            | -            |
| <b>Net investment income</b>                                | <b>\$203</b>               | <b>\$216</b>   | <b>\$226</b> | <b>\$229</b> | <b>\$229</b> |
| Total net unrealized and realized gains (losses)            | (273)                      | (343)          | (157)        | (30)         | (87)         |
| Provision for taxes on realized gains on investments        | (3)                        | -              | (2)          | -            | -            |
| <b>Net increase in net assets resulting from operations</b> | <b>(\$73)</b>              | <b>(\$127)</b> | <b>\$67</b>  | <b>\$199</b> | <b>\$142</b> |

1. Net of the \$15 million incentive fee waiver beginning in Q3 2021 through Q4 2022. The Advisor 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           |                 |                 |                 |                 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
|   | 6/30/22         | 9/30/22         | 12/31/22        | 3/31/23         | 6/30/23         |
| <b>Assets</b>   |                 |                 |                 |                 |                 |
| Total investments, at fair value                              | \$16,178        | \$15,792        | \$15,377        | \$15,277        | \$14,764        |
| Cash  | 232             | 264             | 248             | 245             | 225             |
| Foreign currency, at fair value                               | 37              | 2               | 3               | 5               | 49              |
| Receivable for investments sold and repaid                    | 498             | 425             | 212             | 205             | 117             |
| Income receivable   | 190             | 165             | 227             | 275             | 275             |
| Unrealized appreciation on foreign currency forward contracts | 24              | 39              | 25              | 21              | 22              |
| Deferred financing costs                                      | 24              | 22              | 23              | 23              | 26              |
| Prepaid expenses and other assets                             | 6               | 7               | 9               | 7               | 10              |
| <b>Total Assets</b>   | <b>\$17,189</b> | <b>\$16,716</b> | <b>\$16,124</b> | <b>\$16,058</b> | <b>\$15,488</b> |
| <b>Liabilities</b>  |                 |                 |                 |                 |                 |
| Payable for investments purchased                             | \$27            | \$57            | \$14            | -               | -               |
| Debt  | 9,306           | 9,137           | 8,694           | 8,678           | 8,158           |
| Unrealized depreciation on derivative instruments             | 0               | -               | 1               | 1               | 1               |
| Shareholders' distributions payable                           | 193             | 190             | 192             | 196             | 196             |
| Interest Payable  | 77              | 67              | 90              | 74              | 95              |
| Other liabilities <sup>(1)</sup>                              | 99              | 105             | 121             | 126             | 123             |
| <b>Total Liabilities</b>                                      | <b>\$9,702</b>  | <b>\$9,556</b>  | <b>\$9,112</b>  | <b>\$9,075</b>  | <b>\$8,573</b>  |
| <b>Total Net Assets</b>                                       | <b>\$7,487</b>  | <b>\$7,160</b>  | <b>\$7,012</b>  | <b>\$6,983</b>  | <b>\$6,915</b>  |
| <b>Net Asset Value per Share</b>                              | <b>\$26.41</b>  | <b>\$25.30</b>  | <b>\$24.89</b>  | <b>\$24.93</b>  | <b>\$24.69</b>  |

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 |                |                |               |                |
|--|----------------------------|----------------|----------------|---------------|----------------|
|  | 6/30/22                    | 9/30/22        | 12/31/22       | 3/31/23       | 6/30/23        |
| <b>Realized gain/loss</b>  |                            |                |                |               |                |
| Net realized gain (loss) on investments:   |                            |                |                |               |                |
| Non-controlled/unaffiliated investments  | \$177                      | \$16           | (\$31)         | (\$58)        | (\$39)         |
| Non-controlled/affiliated investments  | 45                         | 51             | (6)            | 0             | (3)            |
| Controlled/affiliated investments  | (39)                       | (4)            | (28)           | -             | (172)          |
| Net realized gain (loss) on foreign currency forward contracts                             | 2                          | 2              | 1              | 3             | 1              |
| Net realized gain (loss) on foreign currency   | 6                          | 5              | 11             | 1             | 2              |
| <b>Total net realized gain (loss)</b>  | <b>\$191</b>               | <b>\$70</b>    | <b>(\$53)</b>  | <b>(\$54)</b> | <b>(\$211)</b> |
| <b>Unrealized gain/loss</b>  |                            |                |                |               |                |
| Net change in unrealized appreciation (depreciation) on investments:                       |                            |                |                |               |                |
| Non-controlled/unaffiliated investments  | (\$251)                    | (\$283)        | (\$105)        | \$5           | \$26           |
| Non-controlled/affiliated investments  | (71)                       | (99)           | 9              | 16            | (27)           |
| Controlled/affiliated investments  | (184)                      | (69)           | 45             | 10            | 128            |
| Net change in unrealized appreciation (depreciation) on foreign currency forward contracts | 15                         | 15             | (15)           | (4)           | 1              |
| Net change in unrealized gain (loss) on foreign currency                                   | 27                         | 23             | (38)           | (3)           | (4)            |
| <b>Total net unrealized gain (loss)</b>  | <b>(\$464)</b>             | <b>(\$413)</b> | <b>(\$104)</b> | <b>\$24</b>   | <b>\$124</b>   |
| <b>Total net realized and unrealized gain (loss)</b>                                       | <b>(\$273)</b>             | <b>(\$343)</b> | <b>(\$157)</b> | <b>(\$30)</b> | <b>(\$87)</b>  |

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Certain figures in this presentation have been rounded.

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