

**FSK** | FS KKR Capital Corp.

# **FS KKR Capital Corp.**

Financial Information

Quarter and Year Ended December 31, 2023

All information is as of December 31, 2023 unless otherwise noted

# Summary of Quarterly Results

## Fourth Quarter Performance

- Net investment income (NII) for the quarter ended December 31, 2023 was \$200 million, or \$0.71 per share, as compared to \$234 million, or \$0.84 per share, for the quarter ended September 30, 2023.
- Adjusted net investment income (Adjusted NII) for the quarter ended December 31, 2023 was \$209 million, or \$0.75 per share, as compared to \$224 million, or \$0.80 per share, for the quarter ended September 30, 2023<sup>(1)</sup>.
- Net asset value (NAV) per share as of December 31, 2023 was \$24.46, compared to \$24.89 as of September 30, 2023.
- New investment fundings in the fourth quarter were approximately \$680 million. Net investment activity in the fourth quarter was \$162 million, including \$146 million of sales to Credit Opportunities Partners JV, LLC (COPJV).

## Distribution/Dividend

- Paid a total distribution of \$0.75 per share for the fourth quarter of 2023 consisting of a \$0.64 per share base distribution, \$0.06 supplemental distribution, and \$0.05 special distribution.
- Declared a distribution of \$0.70 per share for the first quarter of 2024, which consists of a base distribution amount of \$0.64 per share and a supplemental distribution amount of \$0.06 per share. A total distribution of \$0.75 per share will be paid in the first quarter, which includes the first \$0.05 per share installment of the \$0.10 per share total special distribution declared in November.
- For the quarter ended December 31, 2023, the Adjusted NII / Dividend coverage ratio was 107%<sup>(2)</sup>.
- Dividend yield on NAV per share was 11.9% and dividend yield on market value of common stock was 14.3% as of February 23, 2024<sup>(3)</sup>.

## Portfolio Diversification

- Diversified portfolio with 204 portfolio companies spread across 24 industries.
- Exposure to the top ten largest portfolio companies by fair value was 19% as of December 31, 2023.

## Capital Structure

- 63% of our drawn leverage was unsecured as of December 31, 2023 and our weighted average effective rate on borrowings was 5.42%.
- \$3.9 billion of liquidity in undrawn debt, cash, and unsettled trades.
- In November, we issued \$400mm of 7.875% unsecured notes due 2029; proceeds were used for general corporate purposes, including repayment of existing revolving debt
- 82% of our liabilities mature in 2026 or beyond, with 52% maturing in 2028 or beyond.

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

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

3. Based on the 2024 expected minimum total distributions of \$2.90 per share as a percentage of FSK's NAV per share of \$24.46 and FSK's closing market price as of February 23, 2024.

# Financial Results

<i>(Dollar amounts in millions, except per share data)</i>	12/31/22	3/31/23	6/30/23	9/30/23	12/31/23
NII per share	\$0.80	\$0.81	\$0.82	\$0.84	\$0.71
Adjusted NII per share <sup>(1)</sup>	\$0.81	\$0.78	\$0.78	\$0.80	\$0.75
Net realized and unrealized gains (losses) per share	(\$0.56)	(\$0.11)	(\$0.31)	\$0.11	(\$0.39)
Adjusted net realized and unrealized gains (losses) per share	(\$0.52)	(\$0.07)	(\$0.27)	\$0.14	(\$0.36)
Net increase (decrease) in net assets resulting from operations (earnings per share)	\$0.24	\$0.71	\$0.51	\$0.95	\$0.32
Stockholder distributions declared per share	\$0.70	\$0.70	\$0.70	\$0.70	\$0.70
Special distributions declared per share <sup>(2)</sup>	-	\$0.05	\$0.05	\$0.05	\$0.05
Net asset value per share at period end	\$24.89	\$24.93	\$24.69	\$24.89	\$24.46
Weighted average shares outstanding (in millions)	282.7	280.9	280.1	280.1	280.1
Shares outstanding, end of period (in millions)	281.7	280.1	280.1	280.1	280.1
Total investments at fair value	\$15,377	\$15,277	\$14,764	\$14,666	\$14,649
Total assets	\$16,124	\$16,058	\$15,488	\$15,384	\$15,469
Cash <sup>(3)</sup>	\$251	\$250	\$274	\$176	\$231
Total debt <sup>(4)</sup>	\$8,731	\$8,713	\$8,190	\$8,046	\$8,223
Debt-to-equity, Net <sup>(5)</sup>	1.18x	1.18x	1.13x	1.10x	1.13x
Adjusted NII / stockholder distributions declared	116%	111%	111%	114%	107%

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 and \$0.05 per share payable during Q1 2024.

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				
	12/31/22	3/31/23	6/30/23	9/30/23	12/31/23
<b>Investment at Fair Value:</b>					
First Lien Senior Secured Loans	60.3%	61.0%	59.5%	59.8%	58.2%
Second Lien Senior Secured Loans	7.8%	7.7%	7.9%	7.5%	7.5%
Other Senior Secured Debt	0.7%	0.7%	0.9%	0.9%	0.7%
Subordinated Debt	1.7%	1.8%	1.9%	2.0%	2.2%
Asset Based Finance	12.4%	11.7%	12.0%	11.8%	14.2%
Credit Opportunities Partners JV, LLC	9.3%	9.1%	9.4%	9.6%	9.5%
Preferred Equity <sup>(1)</sup>	5.3%	5.7%	6.1%	6.1%	5.8%
Equity/Other	2.5%	2.3%	2.3%	2.3%	1.9%
<b>Total Investments</b>	<b>\$15,377</b>	<b>\$15,277</b>	<b>\$14,764</b>	<b>\$14,666</b>	<b>\$14,649</b>
Number of portfolio companies <sup>(2)</sup>	197	189	195	200	204
<b>Interest Rate Type:<sup>(3)</sup></b>					
% Floating Rate	89.0%	89.4%	88.6%	88.5%	89.3%
% Fixed Rate	11.0%	10.6%	11.4%	11.5%	10.7%
<b>Net Interest Margin:</b>					
Weighted average annual yield on accruing debt investments <sup>(4)</sup>	11.4%	11.7%	12.1%	12.2%	12.2%
Weighted average effective interest rate on borrowings <sup>(5)</sup>	4.8%	5.1%	5.2%	5.3%	5.4%

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 10.7% as of December 31, 2023. 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 12.7% on accruing debt investments and 11.2% on all debt investments as of December 31, 2023.

5. Includes the effect of non-usage fees.

# FSK Investment Portfolio Overview

## Investment Portfolio Summary

<b>\$14.6bn</b>	Portfolio Fair Value
<b>204</b>	Portfolio Companies
<b>66.4%</b>	Senior Secured Investments <sup>(1)</sup>
<b>\$111mm / 6.0x</b>	Median portfolio company EBITDA & leverage <sup>(2)</sup>
<b>19.3%</b>	Top 10 Concentration <sup>(3)</sup>
<b>24</b>	Industries
<b>12.2%</b>	Weighted Average Yield on Accruing Debt Investments <sup>(4)</sup>
<b>5.5%</b>	Non-accrual rate at FV

Note: Does not look through to FSK's portfolio companies held solely in COPJV.

1. Looking through to the investments in COPJV, senior secured investments total 75.1% as of December 31, 2023.

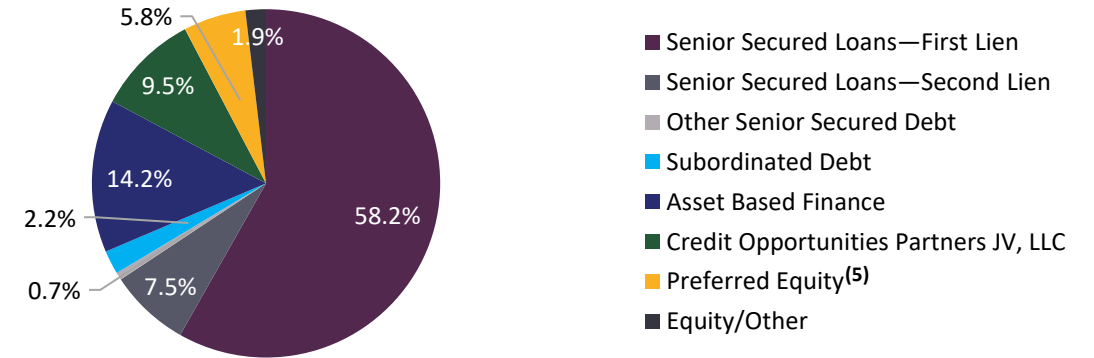
2. Based on underlying Direct Origination corporate investments using most recently reported financial information and may include pro forma adjustments. Certain Asset Based Finance, Equity/Other and portfolio companies with negative or de minimis EBITDA are excluded.

3. Figure excludes the impact of FSK's investment in COPJV.

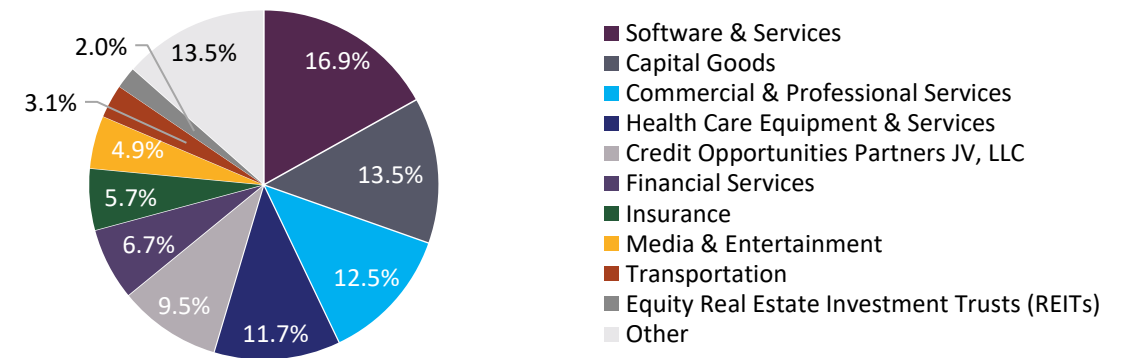
4. Excludes the impact of the Merger. See FSK's Annual Report on Form 10-K for additional information on the calculation of weighted average annual yield on accruing debt investments. On a GAAP basis, FSK's weighted average annual yield on accruing debt investments was 12.7% as of December 31, 2023.

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

## Security Exposure (by fair value)

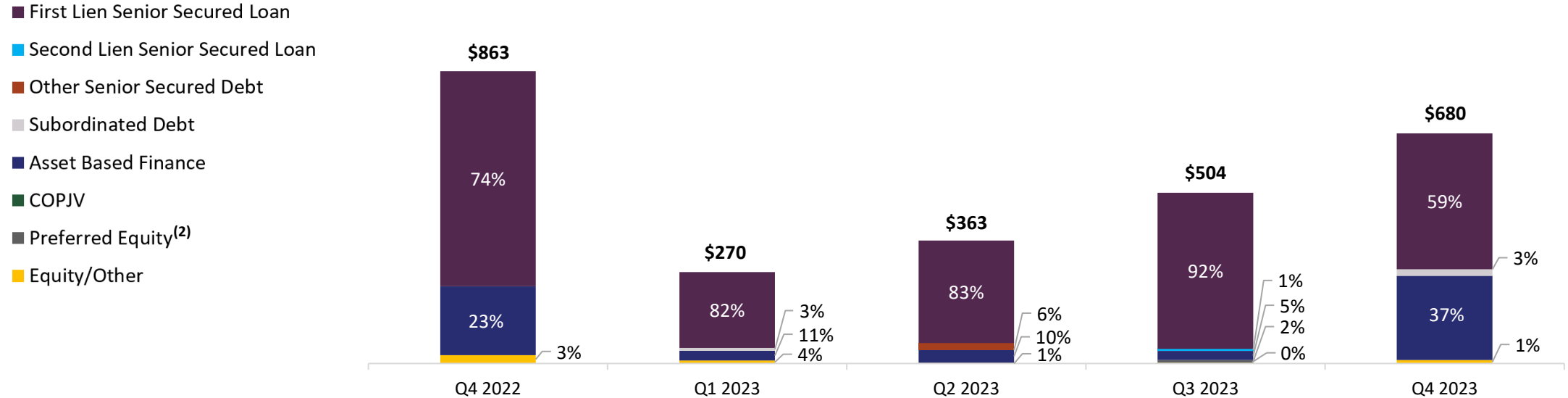


## Sector Exposure (by fair value)



# Quarterly Investment Activity

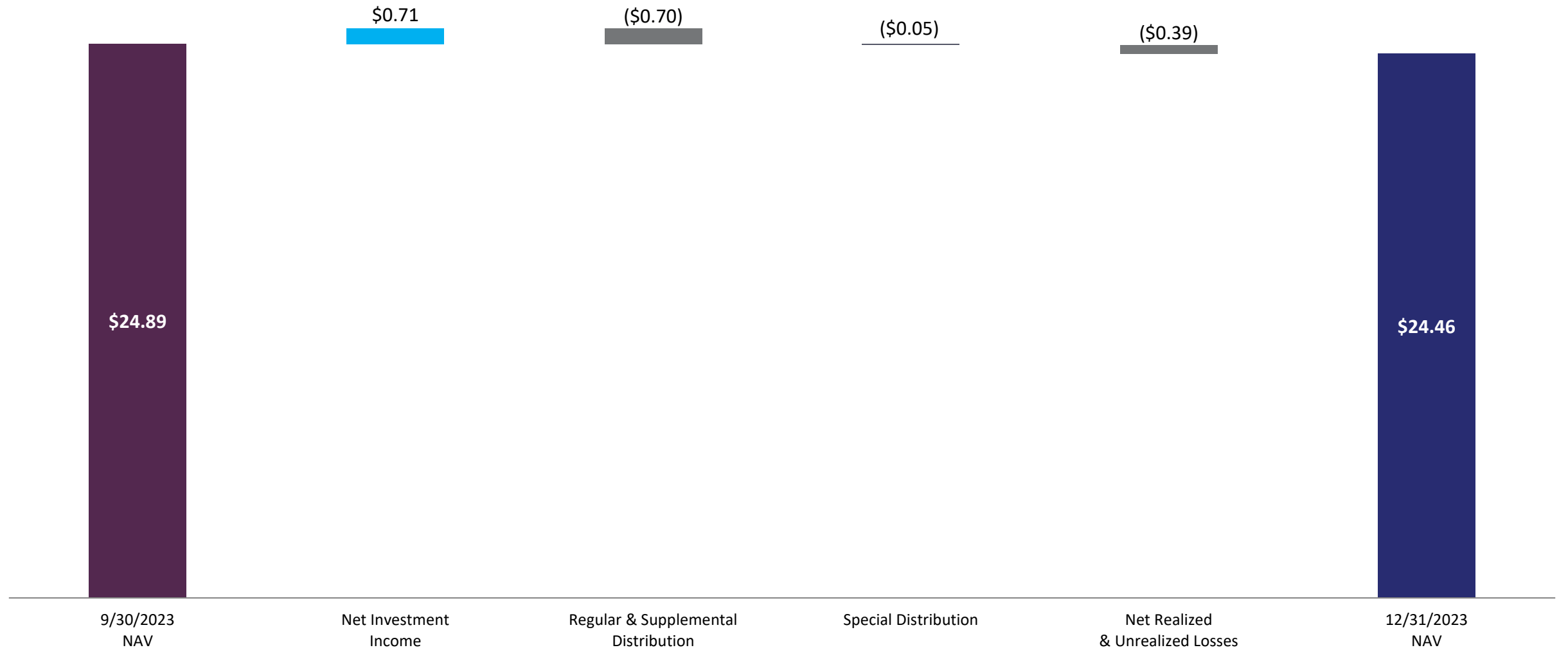
## Asset Mix of New Purchases<sup>(1)</sup>



Portfolio Roll (\$ in millions)	12/31/22	3/31/23	6/30/23	9/30/23	12/31/23
Investment Purchases	\$863	\$270	\$363	\$504	\$680
Sales and Redemptions <sup>(3)</sup>	(1,211)	(386)	(845)	(675)	(664)
<b>Net Investment Activity</b>	<b>(\$348)</b>	<b>(\$116)</b>	<b>(\$482)</b>	<b>(\$171)</b>	<b>\$16</b>
Net Sales to COPJV	127	122	-	289	146
<b>Adjusted Net Investment Activity</b>	<b>(\$221)</b>	<b>\$6</b>	<b>(\$482)</b>	<b>\$118</b>	<b>\$162</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



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.

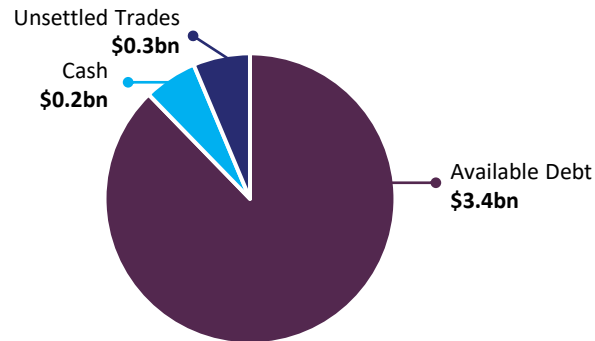
# Capital Structure: Overview

## Key Highlights

- 1.13x Net Debt-to-Equity as of December 31, 2023, compared to 1.10x as of September 30, 2023<sup>(1)</sup>
- In October, we amended and upsized our Senior Secured Revolver to, among other things, increase the total commitment from \$4,655mm to \$4,670mm and extend the maturity from May 2027 to October 2028
- In November, we issued \$400mm of 7.875% unsecured notes due 2029; proceeds were used for general corporate purposes, including repayment of existing revolving debt
- 5.42% weighted average effective rate on borrowings as of December 31, 2023, compared to 5.31% as of September 30, 2023<sup>(2)</sup>
- Rated Investment Grade by Moody's (Baa3), Fitch (BBB-), and Kroll (BBB)
- 63% of drawn leverage and 44% of committed leverage is unsecured as of December 31, 2023
- Weighted average maturity of 3.6 years as of December 31, 2023

## Liquidity Analysis

12/31/2023 Liquidity: \$3.9bn



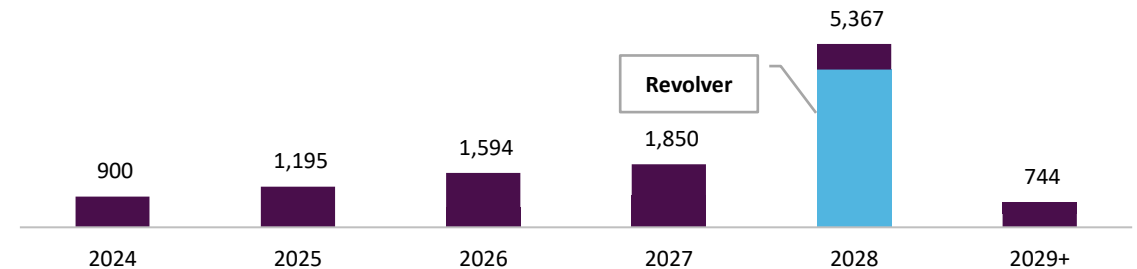
1. Net debt-to-equity ratio is debt outstanding, net of cash and foreign currency and net payable/receivable for investments purchased/sold and repaid, divided by net assets.
2. Weighted average effective interest rate on borrowings, including the effect of non-usage fees.
3. Amount available for borrowing reduced by any standby letters of credit issued. As of December 31, 2023, \$18mm of such letters of credit have been issued.

## Capital Structure Overview

Funding Source	Committed	Outstanding	Undrawn	Maturity	Wtd. Avg. Rate
Senior Secured Revolver due 2028	4,617	1,429	3,170 <sup>(3)</sup>	10/31/2028	S+1.75% - 1.88%
Additional Bilateral Facilities	1,544	1,305	239	Various	Various
<b>Total Secured</b>	<b>6,161</b>	<b>2,734</b>	<b>3,409</b>		
FS KKR MM CLO 1	344	344	-	1/15/2031	S+1.85% - 3.01%
<b>Total CLO</b>	<b>344</b>	<b>344</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%
7.875% Notes due 2029	400	400	-	1/15/2029	7.875%
<b>Total Unsecured</b>	<b>5,145</b>	<b>5,145</b>	<b>-</b>		
<b>TOTAL</b>	<b>11,650</b>	<b>8,223</b>	<b>3,409</b>		<b>5.42%<sup>(2)</sup></b>

## Long Term Maturity Ladder

82% of our liabilities mature in 2026 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

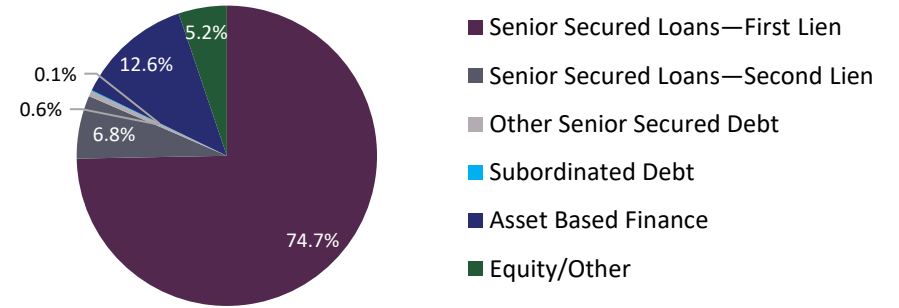
## December 31, 2023 update

- > **Portfolio**
  - Fair value of investments was \$3.5bn
  - 92% 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)
  - 1.16x net debt-to-equity ratio<sup>(1)</sup>

### Security Exposure (by fair value)

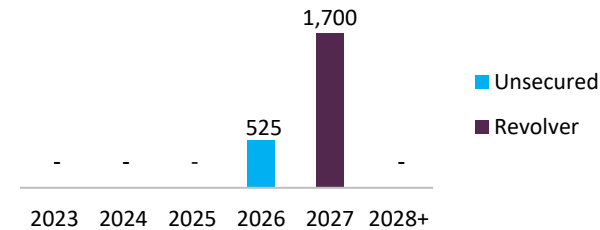


### Sector Exposure (by fair value)



### Capital Structure

#### Long Term Maturity Ladder



**Total debt:** committed \$2.2bn, funded \$1.8bn

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

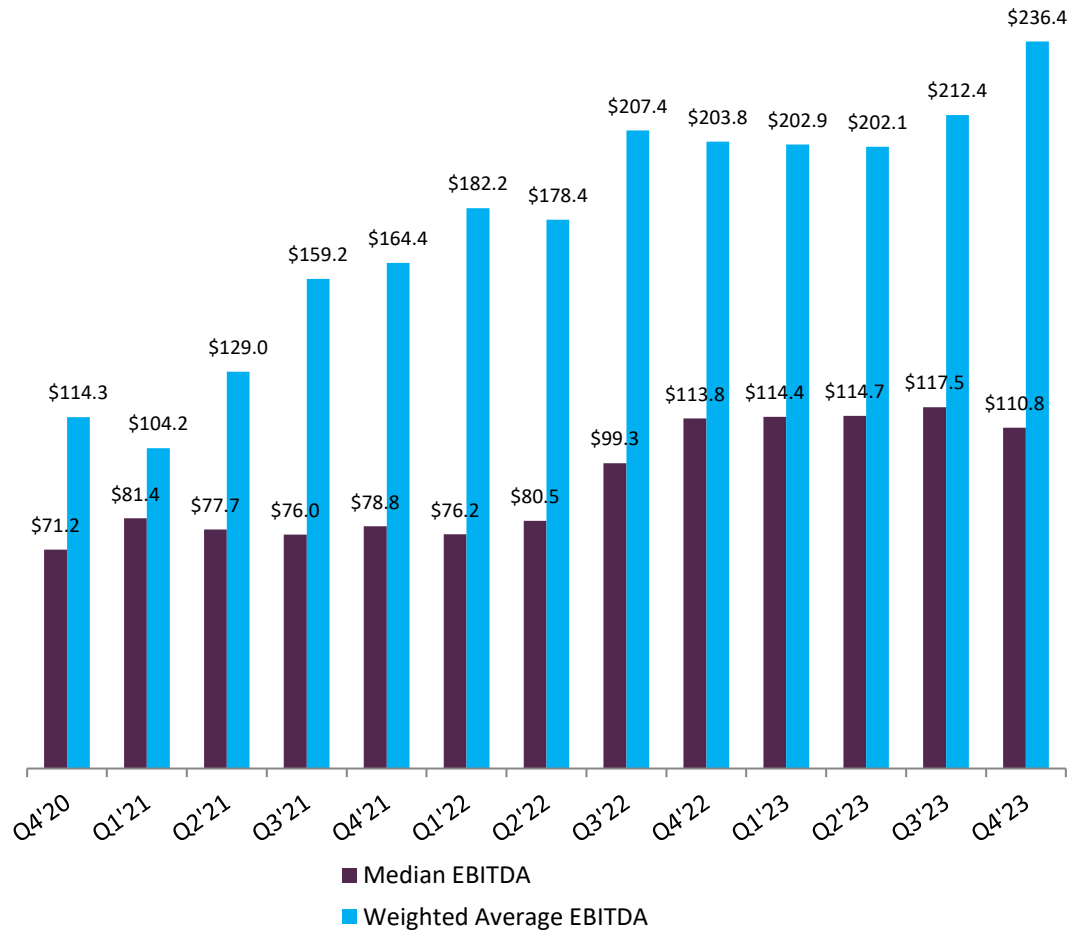
**Wtd. average interest rate on borrowings:** 6.76%<sup>(2)</sup>

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.

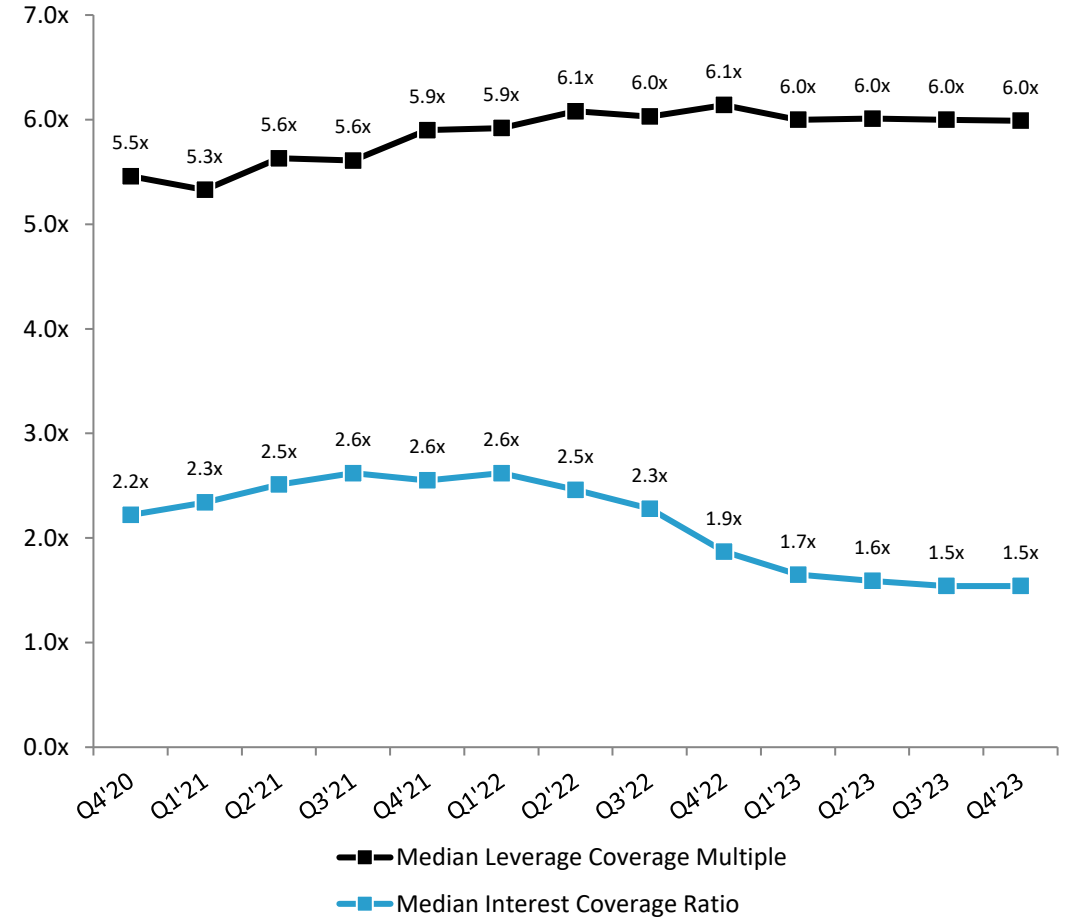
2. Includes the effect of non-usage fees.

# Direct Origination Investments EBITDA and Credit Statistics

## Direct Origination Portfolio Company 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. Does not look through to FSK's portfolio companies held solely in COPJV. Weighted Average EBITDA based on amortized cost.



# APPENDIX

# Operating Results

<i>(Dollar amounts in millions, except per share data)</i>	For The Three Months Ended				
	12/31/22	3/31/23	6/30/23	9/30/23	12/31/23
Total investment income	\$449	\$456	\$462	\$465	\$447
Net expenses	(205)	(227)	(233)	(231)	(225)
<b>Net investment income before taxes</b>	<b>\$244</b>	<b>\$229</b>	<b>\$229</b>	<b>\$234</b>	<b>\$222</b>
Excise taxes	(18)	-	-	-	(22)
<b>Net investment income</b>	<b>\$226</b>	<b>\$229</b>	<b>\$229</b>	<b>\$234</b>	<b>\$200</b>
Plus: excise taxes (net of incentive fee impact)	14	-	-	-	18
Plus: net merger accretion and one-time expenses <sup>(1)</sup>	(11)	(10)	(10)	(10)	(9)
<b>Adjusted net investment income<sup>(2)</sup></b>	<b>\$229</b>	<b>\$219</b>	<b>\$219</b>	<b>\$224</b>	<b>\$209</b>
Total net unrealized and realized gains (losses)	(157)	(30)	(87)	31	(107)
Provision for taxes on realized gains on investments	(2)	-	-	-	(3)
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>\$67</b>	<b>\$199</b>	<b>\$142</b>	<b>\$265</b>	<b>\$90</b>
<b>Per Share:</b>					
Net investment income	\$0.80	\$0.81	\$0.82	\$0.84	\$0.71
Adjusted net investment income <sup>(2)</sup>	\$0.81	\$0.78	\$0.78	\$0.80	\$0.75
Net increase (decrease) in net assets results from operations	\$0.24	\$0.71	\$0.51	\$0.95	\$0.32
Stockholder distributions	\$0.68	\$0.70	\$0.75	\$0.75	\$0.75
Weighted average shares outstanding (millions)	282.7	280.9	280.1	280.1	280.1
Shares outstanding, end of period (millions)	281.7	280.1	280.1	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				
	12/31/22	3/31/23	6/30/23	9/30/23	12/31/23
<b>Investment income:</b>					
Interest income	\$319	\$327	\$320	\$316	\$332
Payment-in-kind interest income	41	42	56	58	36
Fee income	12	5	6	12	12
Total dividend and other income	77	82	80	79	67
<b>Total investment income</b>	<b>\$449</b>	<b>\$456</b>	<b>\$462</b>	<b>\$465</b>	<b>\$447</b>
<b>Operating expenses:</b>					
Investment advisory fees & expenses	59	58	56	56	56
Interest expense	109	114	118	117	118
Incentive fees <sup>(1)</sup>	27	46	47	47	41
Other operating expenses	10	9	12	11	10
<b>Total operating expenses</b>	<b>\$205</b>	<b>\$227</b>	<b>\$233</b>	<b>\$231</b>	<b>\$225</b>
Net investment income before taxes	\$244	\$229	\$229	\$234	\$222
Income taxes, including excise taxes	(18)	-	-	-	(22)
<b>Net investment income</b>	<b>\$226</b>	<b>\$229</b>	<b>\$229</b>	<b>\$234</b>	<b>\$200</b>
Total net unrealized and realized gains (losses)	(157)	(30)	(87)	31	(107)
Provision for taxes on realized gains on investments	(2)	-	-	-	(3)
<b>Net increase in net assets resulting from operations</b>	<b>\$67</b>	<b>\$199</b>	<b>\$142</b>	<b>\$265</b>	<b>\$90</b>

1. Net of the \$15 million incentive fee waiver in 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. The fee waiver expired on December 31, 2022.

# Balance Sheet

<i>(Dollar amounts in millions, except per share data)</i>	As of				
	12/31/22	3/31/23	6/30/23	9/30/23	12/31/23
<b>Assets</b>					
Total investments, at fair value	\$15,377	\$15,277	\$14,764	\$14,666	\$14,649
Cash	248	245	225	171	223
Foreign currency, at fair value	3	5	49	5	8
Receivable for investments sold and repaid	212	205	117	176	246
Income receivable	227	275	275	317	290
Unrealized appreciation on foreign currency forward contracts	25	21	22	21	13
Deferred financing costs	23	23	26	25	32
Prepaid expenses and other assets	9	7	10	3	8
<b>Total Assets</b>	<b>\$16,124</b>	<b>\$16,058</b>	<b>\$15,488</b>	<b>\$15,384</b>	<b>\$15,469</b>
<b>Liabilities</b>					
Payable for investments purchased	\$14	-	-	-	-
Debt	8,694	8,678	8,158	8,016	8,187
Unrealized depreciation on derivative instruments	1	1	1	-	4
Shareholders' distributions payable	192	196	196	196	196
Interest payable	90	74	95	79	98
Other liabilities <sup>(1)</sup>	121	126	123	123	135
<b>Total Liabilities</b>	<b>\$9,112</b>	<b>\$9,075</b>	<b>\$8,573</b>	<b>\$8,414</b>	<b>\$8,620</b>
<b>Total Net Assets</b>	<b>\$7,012</b>	<b>\$6,983</b>	<b>\$6,915</b>	<b>\$6,970</b>	<b>\$6,849</b>
<b>Net Asset Value per Share</b>	<b>\$24.89</b>	<b>\$24.93</b>	<b>\$24.69</b>	<b>\$24.89</b>	<b>\$24.46</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				
	12/31/22	3/31/23	6/30/23	9/30/23	12/31/23
<b>Realized gain/loss</b>					
Net realized gain (loss) on investments:					
Non-controlled/unaffiliated investments	(\$31)	(\$58)	(\$39)	(\$50)	-
Non-controlled/affiliated investments	(6)	0	(3)	(14)	(4)
Controlled/affiliated investments	(28)	-	(172)	(2)	(1)
Net realized gain (loss) on foreign currency forward contracts	1	3	1	3	1
Net realized gain (loss) on foreign currency	11	1	2	1	8
<b>Total net realized gain (loss)</b>	<b>(\$53)</b>	<b>(\$54)</b>	<b>(\$211)</b>	<b>(\$62)</b>	<b>\$4</b>
<b>Unrealized gain/loss</b>					
Net change in unrealized appreciation (depreciation) on investments:					
Non-controlled/unaffiliated investments	(\$105)	\$5	\$26	\$94	(\$95)
Non-controlled/affiliated investments	9	16	(27)	22	(2)
Controlled/affiliated investments	45	10	128	(37)	26
Net change in unrealized appreciation (depreciation) on foreign currency forward contracts	(15)	(4)	1	-	(12)
Net change in unrealized gain (loss) on foreign currency	(38)	(3)	(4)	14	(28)
<b>Total net unrealized gain (loss)</b>	<b>(\$104)</b>	<b>\$24</b>	<b>\$124</b>	<b>\$93</b>	<b>(\$111)</b>
<b>Total net realized and unrealized gain (loss)</b>	<b>(\$157)</b>	<b>(\$30)</b>	<b>(\$87)</b>	<b>\$31</b>	<b>(\$107)</b>

# Important Disclosure Notice

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## Forward-Looking Statements

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Certain figures in this presentation have been rounded.