

## Performance

### Q4 earnings summary<sup>1</sup>

- Net investment income was \$0.80 per share, fully covering the Q4 2022 distribution of \$0.68 per share.
- Adjusted net investment income was \$0.81 per share, compared to \$0.73 per share for the quarter ended Sept. 30, 2022.<sup>2</sup>
- Net asset value (NAV) declined 1.6% to \$24.89 per share as of Dec. 31, 2022, compared to \$25.30 as of Sept. 30, 2022.
- Earnings per share (EPS) of \$0.24, compared to EPS of (\$0.45) for the quarter ended Sept. 30, 2022.

### 2022 earnings summary<sup>1</sup>

- Achieved meaningful earnings growth—adjusted net investment income per share for the full year grew over 10% vs. 2021.<sup>2</sup>
- Net investment income was \$3.05 per share, compared to \$2.76 per share for the year ended Dec. 31, 2021.
- Total net realized and unrealized loss of \$2.73 per share, compared to a total net realized and unrealized gain of \$4.40 per share for the year ended Dec. 31, 2021.
- Paid cash distributions totaling \$2.66 per share.<sup>3</sup>

### Distributions<sup>1,3</sup>

- Paid a distribution of \$0.68 per share in Q4 2022.
- Declared a Q1 2023 distribution of \$0.70 per share, which consists of the new base distribution of \$0.64 per share and a supplemental distribution of \$0.06 per share.
- FSK's Q1 2023 quarterly base distribution of \$0.64 per share represents approximately a 5% increase over the previous quarter's base distribution of \$0.61 per share, and approximately a 7% increase in our base distribution from a year ago.
- Q1 2023 distribution represents an 11.3% annualized yield on FSK's Dec. 31, 2022 NAV.

## Portfolio

### Portfolio company highlights

The portfolio is defensively positioned:

- Focused on larger middle market companies with strong competitive positions, resilient cash flows, and businesses in non-cyclical industries (i.e., Software & Services, Healthcare, Commercial & Professional Services and Insurance represented 47% of the portfolio based on fair market value).
- 12% of the fair value of the portfolio in asset-based finance investments—highly collateralized investments with long-term contractual cash flows.
- Weighted average EBITDA growth year-over-year was ~15% across our portfolio companies in which we have invested since April 2018.<sup>4</sup>

### Origination highlights

- The pace of new originations in 2H 2022 was slower than prior quarters due to slower M&A environment.
- Approximately \$863M in total originations, our corporate lending originations carried a weighted average coupon of SOFR + 660 bps and weighted average LTV of 40%.
- Focus on senior secured debt: 60% of portfolio's fair value comprised entirely of 1st lien debt.
- Originations were predominantly add-on financings for existing portfolio companies, which served as a natural source of deal flow in current environment.

### Non-accruals

- 2.4% of the portfolio based on fair value and 4.9% based on amortized cost as of Dec. 31, 2022 compared to 2.5% and 5.0%, respectively, as of Sept. 30, 2022.

### Leverage

- \$3B liquidity in undrawn debt, cash and unsettled trades.
- 1.18x net debt-to-equity<sup>5</sup>
- 4.8% weighted average cost of debt.<sup>6</sup>
- 54% of drawn debt was unsecured.

## Outlook & Resources

### Q4 Resources

- [Press Release](#)
- [Earnings Presentation](#)
- [Webcast](#)

### Market Outlook (as of Feb. 28, 2023)

- We continue to expect above average volatility, given the Federal Reserve's focus on curbing inflation, as well as continued geopolitical issues, certain remaining supply chain constraints and margin pressures on companies of all sizes.
- We believe the increased volatility and economic uncertainty will continue to create compelling investment opportunities for large scale private debt investors, such as FSK.
- Despite the current market backdrop, the majority of portfolio companies continue to experience solid fundamental performance.

### New originations

- The economics and return opportunities on new originations are extremely attractive to us, driven by spread widening and the increase in base rates.
- Compared to a year ago, spreads on new originations are approximately 100 basis points higher, with enhanced call protection and attractive leverage levels for high-quality companies.
- We believe M&A transaction flow will remain below historical norms, but we expect our favorable liquidity position should enable us to take advantage of quality investment opportunities.

1. Per share data was derived by using the weighted average shares of FSK's common stock outstanding during the applicable period. Per share numbers may not add to 100 due to rounding.
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.
3. The per share data for distributions reflects the amount of distributions paid per share of our common stock to stockholders of record during each applicable period.
4. 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.
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.
6. Weighted average effective interest rate on borrowings, including the effect of non-usage fees.

### 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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Certain figures in this presentation have been rounded.

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The determination of the tax attributes of FSK's distributions is made annually as of the end of its fiscal year based upon its taxable income and distributions paid, in each case, for the full year. Therefore, a determination as to the tax attributes of the distributions made on a quarterly basis may not be representative of the actual tax attributes for a full year. FSK intends to update stockholders quarterly with an estimated percentage of its distributions that resulted from taxable ordinary income. The actual tax characteristics of distributions to stockholders will be reported to stockholders annually on Form 1099-DIV.

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FSK may fund its cash distributions to stockholders from any sources of funds legally available to it, including net investment income from operations, capital gains proceeds from the sale of assets, non-capital gains proceeds from the sale of assets, dividends or other distributions paid to it on account of preferred and common equity investments in portfolio companies, proceeds from the sale of shares of FSK's common stock and borrowings. FSK has not established limits on the amount of funds it may use from available sources to make distributions. There can be no assurance that FSK will be able to pay distributions at a specific rate or at all.