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## Second Quarter 2023

Earnings Presentation

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# Financial and Portfolio Highlights

## Financial Highlights

	Q2-23	Q1-23	Q2-22
GAAP Net Income Per Share <sup>(1)(2)</sup>	\$ 0.61	\$ 0.52	\$ 0.22
Core EPS <sup>*(3)</sup>	\$ 0.58	\$ 0.57	\$ 0.46
Net Investment Income Per Share <sup>(1)</sup>	\$ 0.57	\$ 0.60	\$ 0.52
Net Realized Losses Per Share <sup>(1)</sup>	\$ (0.15)	\$ (0.10)	\$ (0.01)
Net Unrealized Gains (Losses) Per Share <sup>(1)</sup>	\$ 0.19	\$ 0.02	\$ (0.29)
Net Asset Value Per Share	\$ 18.58	\$ 18.45	\$ 18.81

## Portfolio Highlights

<i>(dollar amounts in millions)</i>	Q2-23	Q1-23	Q2-22
Gross Commitments <sup>(4)</sup>	\$ 1,218	\$ 766	\$ 3,109
Exits of Commitments <sup>(5)</sup>	\$ 1,138	\$ 1,884	\$ 1,085
Total Fair Value of Investments	\$21,496	\$21,148	\$21,170
Weighted Average Yields on Debt and Other Income Producing Securities at Amortized Cost <sup>(6)</sup>	12.2 %	12.0 %	9.5 %
Weighted Average Yields on Total Investments at Amortized Cost <sup>(7)</sup>	11.0 %	10.8 %	8.7 %

Note: Endnotes begin on slide 24

\* See slide 23 hereof for reconciliations of GAAP net income per share, the most directly comparable GAAP financial measure, to Core EPS.

# Selected Historical Financial Information

(dollar amounts in millions, except per share data and stock prices)	As of and for the Three Months Ended				
	6/30/23	3/31/23	12/31/22	9/30/22	6/30/22
GAAP Net Income Per Share <sup>(1)(2)</sup>	\$ 0.61	\$ 0.52	\$ 0.34	\$ 0.21	\$ 0.22
Core EPS <sup>(3)</sup>	\$ 0.58	\$ 0.57	\$ 0.63	\$ 0.50	\$ 0.46
Net Investment Income Per Share <sup>(1)</sup>	\$ 0.57	\$ 0.60	\$ 0.68	\$ 0.57	\$ 0.52
Net Realized and Unrealized Gains (Losses) Per Share <sup>(1)</sup>	\$ 0.04	\$ (0.08)	\$ (0.34)	\$ (0.36)	\$ (0.30)
Dividend Declared and Payable Per Share	\$ 0.48	\$ 0.48	\$ 0.48	\$ 0.43	\$ 0.42
Additional Dividend Declared and Payable Per Share	\$ —	\$ —	\$ 0.03	\$ 0.03	\$ 0.03
Stockholders' Equity	\$ 10,354	\$ 10,049	\$ 9,555	\$ 9,436	\$ 9,335
Net Asset Value Per Share	\$ 18.58	\$ 18.45	\$ 18.40	\$ 18.56	\$ 18.81
Debt/Equity Ratio	1.10x	1.12x	1.29x	1.27x	1.27x
Debt/Equity Ratio, Net of Available Cash <sup>(8)</sup>	1.07x	1.09x	1.26x	1.24x	1.25x
Unsecured Debt to Total Debt	68.0 %	69.2 %	69.4 %	71.7 %	72.3 %
Weighted Average Stated Interest on Debt <sup>(9)</sup>	4.6 %	4.4 %	4.2 %	3.8 %	3.5 %
Net Interest and Dividend Margin <sup>(10)</sup>	7.9 %	7.5 %	6.9 %	6.6 %	6.4 %
Ratio of Earnings to Fixed Charges <sup>(11)</sup>	3.3	3.3	3.3	3.2	3.4
<b>Market Capitalization:</b>					
Principal Debt	\$ 11,401	\$ 11,196	\$ 12,245	\$ 11,853	\$ 11,768
Equity	10,473	9,949	9,591	8,579	8,898
<b>Total Market Capitalization</b>	<b>\$ 21,874</b>	<b>\$ 21,145</b>	<b>\$ 21,836</b>	<b>\$ 20,432</b>	<b>\$ 20,666</b>
<b>Common Stock Data:</b>					
High Price during the period	\$ 19.11	\$ 20.04	\$ 19.76	\$ 20.70	\$ 22.44
Low Price during the period	\$ 17.65	\$ 17.19	\$ 17.30	\$ 16.84	\$ 17.12
Closing Price	\$ 18.79	\$ 18.27	\$ 18.47	\$ 16.88	\$ 17.93

\*See slide 23 hereof for reconciliations of GAAP net income per share, the most directly comparable GAAP financial measure, to Core EPS.

# Selected Historical Financial Information (cont'd)

(dollar amounts in millions)	As of				
	6/30/23	3/31/23	12/31/22	9/30/22	6/30/22
Investments at Fair Value	\$ 21,496	\$ 21,148	\$ 21,780	\$ 21,339	\$ 21,170
Number of Portfolio Companies <sup>(12)</sup>	475	466	466	458	452
<b>Asset Class (at fair value):</b>					
First Lien Senior Secured Loans <sup>(13)</sup>	42 %	41 %	43 %	45 %	45 %
Second Lien Senior Secured Loans	18 %	18 %	18 %	18 %	19 %
Senior Direct Lending Program <sup>(14)</sup>	6 %	6 %	6 %	5 %	5 %
Senior Subordinated Loans	5 %	5 %	5 %	5 %	5 %
Preferred Equity	10 %	10 %	9 %	10 %	9 %
Ivy Hill Asset Management <sup>(15)</sup>	10 %	11 %	10 %	9 %	9 %
Other Equity	9 %	9 %	9 %	8 %	8 %
<b>Interest Rate Type (at fair value):</b>					
% Floating Rate <sup>(16)</sup>	68 %	69 %	71 %	73 %	74 %
% Fixed Rate	12 %	11 %	11 %	10 %	10 %
% Non-Income Producing	11 %	11 %	10 %	10 %	10 %
% Ivy Hill Asset Management Equity*	9 %	9 %	8 %	7 %	6 %
<b>Yields:</b>					
Weighted Avg. Yield on Debt and Other Income Producing Securities at Amortized Cost <sup>(6)</sup>	12.2 %	12.0 %	11.6 %	10.7 %	9.5 %
Weighted Avg. Yield on Debt and Other Income Producing Securities at Fair Value <sup>(6)</sup>	12.5 %	12.2 %	11.9 %	10.8 %	9.6 %
Weighted Average Yield on Total Investments at Amortized Cost <sup>(7)</sup>	11.0 %	10.8 %	10.5 %	9.6 %	8.7 %
Weighted Average Yield on Total Investments at Fair Value <sup>(7)</sup>	11.1 %	10.9 %	10.6 %	9.7 %	8.6 %

\*Ares Capital's equity investment in Ivy Hill Asset Management, L.P. ("IHAM") generally pays a quarterly dividend.

# Selected Historical Financial Information (cont'd)

(dollar amounts in millions)	For the Three Months Ended									
	6/30/23		3/31/23		12/31/22		9/30/22		6/30/22	
Commitments:										
Gross Commitments <sup>(4)</sup>	\$	1,218	\$	766	\$	2,519	\$	2,242	\$	3,109
Exits of Commitments <sup>(5)</sup>		(1,138)		(1,884)		(2,333)		(1,984)		(1,085)
Net Commitments <sup>(17)</sup>	\$	80	\$	(1,118)	\$	186	\$	258	\$	2,024
Gross Commitments Information:										
Number of Transactions		46		32		42		40		52
Weighted Average Commitment Term in Months		65		72		77		66		65
Average Commitment in Period	\$	26	\$	24	\$	60	\$	56	\$	60
Fundings:										
Gross Fundings	\$	1,329	\$	1,090	\$	2,710	\$	2,223	\$	2,895
Net Fundings <sup>(17)</sup>	\$	132	\$	(699)	\$	490	\$	279	\$	1,745
Portfolio Turnover		0.06		0.05		0.10		0.05		0.06

# Quarterly Operating Results

(amounts in millions, except per share data)	For the Three Months Ended					
	6/30/23	3/31/23	12/31/22	9/30/22	6/30/22	
Investment income	\$ 634	\$ 618	\$ 640	\$ 537	\$ 479	
Expenses	314	298	273	235	212	
<b>Net investment income before income taxes</b>	<b>320</b>	<b>320</b>	<b>367</b>	<b>302</b>	<b>267</b>	
Income tax expense, including excise tax	6	2	18	14	10	
<b>Net investment income</b>	<b>314</b>	<b>318</b>	<b>349</b>	<b>288</b>	<b>257</b>	
Net realized and unrealized gains (losses)	17	(40)	(175)	(184)	(146)	
<b>Net Income</b>	<b>\$ 331</b>	<b>\$ 278</b>	<b>\$ 174</b>	<b>\$ 104</b>	<b>\$ 111</b>	
<b>Per Share:</b>						
GAAP Net Income Per Share <sup>(1)(2)</sup>	\$ 0.61	\$ 0.52	\$ 0.34	\$ 0.21	\$ 0.22	
Core EPS <sup>*(3)</sup>	\$ 0.58	\$ 0.57	\$ 0.63	\$ 0.50	\$ 0.46	
Dividends Declared and Payable <sup>**</sup>	\$ 0.48	\$ 0.48	\$ 0.51	\$ 0.46	\$ 0.45	
Weighted average shares of common stock outstanding <sup>(2)(3)</sup>	547	534	514	503	494	
Common shares outstanding at end of period	557	545	519	508	496	

(amounts in millions, except per share data)	For the Six Months Ended		
	6/30/23	6/30/22	
Investment income	\$ 1,252	\$ 919	
Expenses	612	441	
<b>Net investment income before income taxes</b>	<b>640</b>	<b>478</b>	
Income tax expense, including excise tax	8	23	
<b>Net investment income</b>	<b>632</b>	<b>455</b>	
Net realized and unrealized losses	(23)	(133)	
<b>Net Income</b>	<b>\$ 609</b>	<b>\$ 322</b>	
<b>Per Share:</b>			
GAAP Net Income Per Share <sup>(1)(2)</sup>	\$ 1.13	\$ 0.66	
Core EPS <sup>*(3)</sup>	\$ 1.15	\$ 0.88	
Dividends Declared and Payable <sup>***</sup>	\$ 0.96	\$ 0.90	
Weighted average shares of common stock outstanding <sup>(2)(3)</sup>	541	487	
Common shares outstanding at end of period	557	496	

\* See slide 23 hereof for reconciliations of GAAP net income per share, the most directly comparable GAAP financial measure, to Core EPS.

\*\* For each of the quarters ended December 31, 2022, September 30, 2022 and June 30, 2022, dividends declared and paid included an additional dividend of \$0.03 per share.

\*\*\* For the six months ended June 30, 2022, dividends declared and payable included additional dividends of \$0.06 per share.

# Quarterly Operating Results Detail

(amounts in millions)	For the Three Months Ended					
	6/30/23	3/31/23	12/31/22	9/30/22	6/30/22	
<b>Net Investment Income Before Income Taxes:</b>						
<b>Investment Income:</b>						
Interest income from investments	\$ 476	\$ 470	\$ 456	\$ 385	\$ 319	
Capital structuring service fees	21	10	59	32	32	
Dividend income	123	121	110	107	119	
Other income	14	17	15	13	9	
<b>Total investment income</b>	<b>634</b>	<b>618</b>	<b>640</b>	<b>537</b>	<b>479</b>	
<b>Expenses:</b>						
Interest and credit facility fees	141	139	141	120	101	
Base management fees	79	79	79	78	75	
Income based fees	79	76	81	63	57	
Capital gains incentive fees*	4	(6)	(37)	(37)	(29)	
Administrative fees	3	3	2	3	2	
Other general and administrative	8	7	7	8	6	
<b>Total operating expenses</b>	<b>314</b>	<b>298</b>	<b>273</b>	<b>235</b>	<b>212</b>	
Net investment income before income taxes	320	320	367	302	267	
Income tax expense, including excise tax	6	2	18	14	10	
<b>Net Investment Income</b>	<b>\$ 314</b>	<b>\$ 318</b>	<b>\$ 349</b>	<b>\$ 288</b>	<b>\$ 257</b>	

\* Accrued in accordance with GAAP. As of June 30, 2023, Ares Capital had accrued \$33 million of incentive fees payable related to capital gains under GAAP; however, such amount is not actually payable under Ares Capital's investment advisory and management agreement with its investment adviser. The actual amount due under the investment advisory and management agreement is only determined annually at the end of each calendar year and may be less than the amount accrued under GAAP.



# Quarterly Gain/Loss Detail

(amounts in millions)	For the Three Months Ended				
	6/30/23	3/31/23	12/31/22	9/30/22	6/30/22
<b>Net Realized and Unrealized Gains (Losses):</b>					
<b>Realized gains (losses) on investments:</b>					
Gains	\$ 25	\$ 41	\$ 83	\$ 71	2
Losses	(93)	(61)	(82)	(93)	(26)
Net realized gains (losses) on investments	(68)	(20)	1	(22)	(24)
<b>Unrealized gains (losses) on investments:</b>					
Unrealized appreciation	253	224	204	213	187
Unrealized depreciation	(224)	(287)	(411)	(439)	(343)
Net unrealized gains (losses) on investments	29	(63)	(207)	(226)	(156)
Net unrealized depreciation reversed related to net realized gains or losses on investments	68	48	68	12	5
Total net unrealized gains (losses) on investments	97	(15)	(139)	(214)	(151)
Net realized and unrealized (losses) gains on foreign currency and other transactions	(12)	(5)	(37)	51	29
<b>Net realized and unrealized gains (losses)</b>	<b>\$ 17</b>	<b>\$ (40)</b>	<b>\$ (175)</b>	<b>\$ (185)</b>	<b>(146)</b>

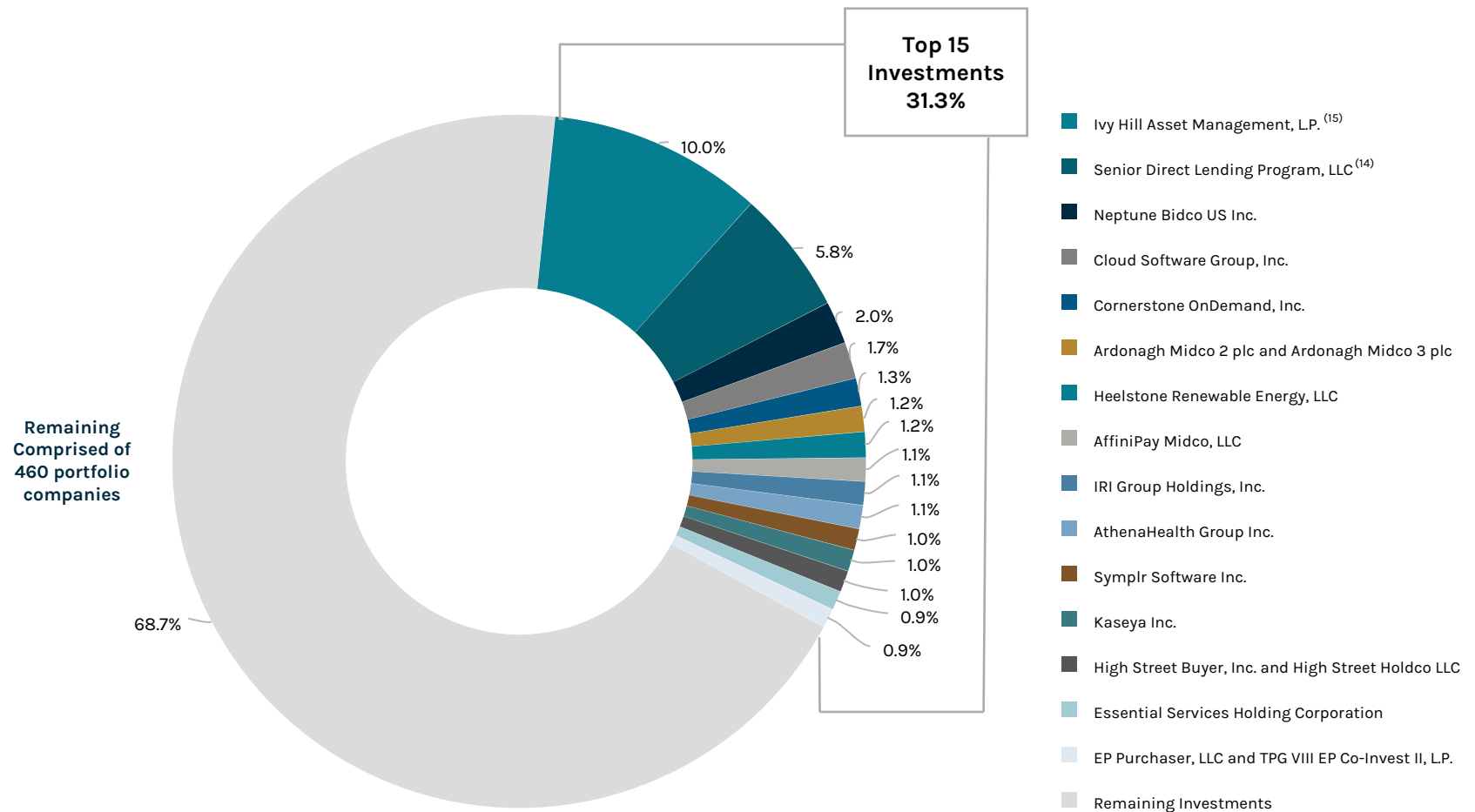
# Quarterly Balance Sheets

	6/30/23		3/31/23		As of 12/31/22		9/30/22		6/30/22	
(amounts in millions, except per share data)										
ASSETS										
Investments at fair value	\$	21,496	\$	21,148	\$	21,780	\$	21,339	\$	21,170
Cash and cash equivalents		411		359		303		257		204
Restricted cash		42		18		34		105		57
Interest receivable		181		187		176		160		134
Receivable for open trades		5		7		4		21		101
Other assets		81		75		81		135		108
Operating lease right-of-use asset		15		18		20		21		23
Total assets	\$	22,231	\$	21,812	\$	22,398	\$	22,038	\$	21,797
LIABILITIES										
Debt	\$	11,371	\$	11,164	\$	12,210	\$	11,816	\$	11,728
Base management fees payable		79		79		79		78		75
Income based fees payable*		79		157		81		63		57
Capital gains incentive fees payable**		33		29		35		72		108
Interest and facility fees payable		87		84		105		76		89
Payable to participants		42		18		34		105		57
Payable for open trades		6		7		22		141		131
Accounts payable and other liabilities		121		117		167		139		102
Secured borrowings		35		80		79		79		78
Operating lease liabilities		24		28		31		33		37
Total liabilities		11,877		11,763		12,843		12,602		12,462
STOCKHOLDERS' EQUITY										
Common stock		1		1		1		—		—
Capital in excess of par value		10,273		10,033		9,556		9,370		9,139
Accumulated undistributed (overdistributed) earnings		80		15		(2)		66		196
Total stockholders' equity		10,354		10,049		9,555		9,436		9,335
Total liabilities and stockholders' equity	\$	22,231	\$	21,812	\$	22,398	\$	22,038	\$	21,797
NET ASSETS PER SHARE										
	\$	18.58	\$	18.45	\$	18.40	\$	18.56	\$	18.81

\* Pursuant to the terms of Ares Capital's Investment Advisory and Management Agreement (the "Agreement"), payment of \$81 million of the income based fees earned by Ares Capital's investment adviser for the fourth quarter of 2022 was deferred. The deferred income based fees were paid in the second quarter of 2023 pursuant to the terms of the Agreement.

\*\* Accrued in accordance with GAAP. No capital gains incentive fees were actually payable under Ares Capital's investment advisory and management agreement for any periods presented.

# Investment Portfolio by Issuer as of June 30, 2023\*

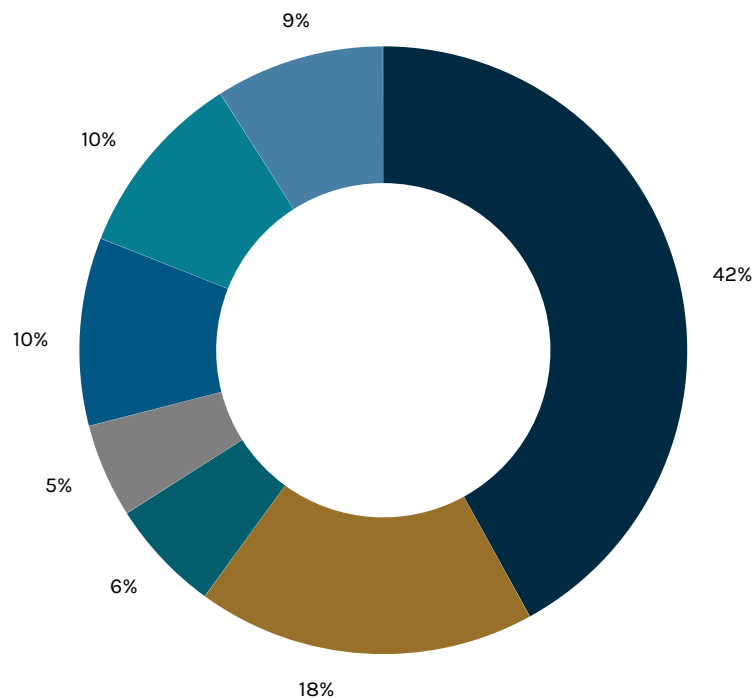


Diversified \$21.5 billion portfolio with 475 portfolio companies<sup>(12)</sup>

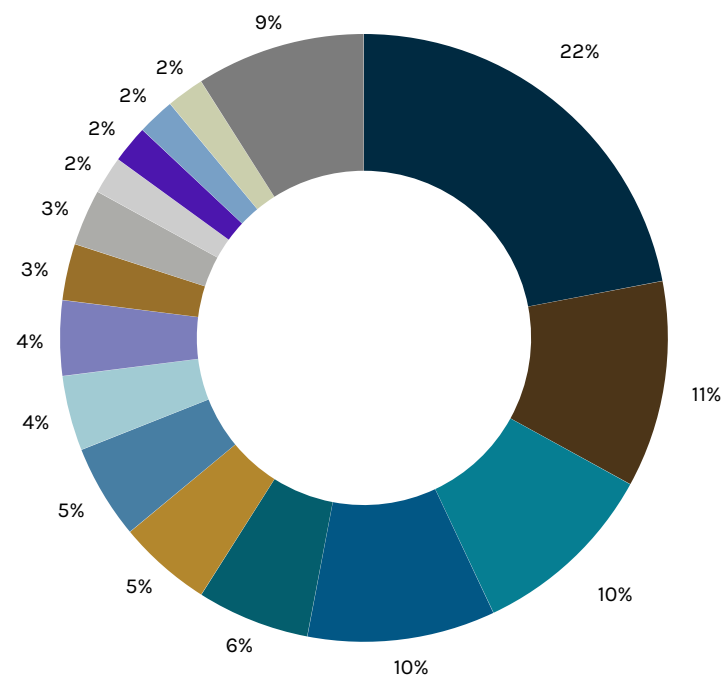
\* At fair value

# Investment Portfolio as of June 30, 2023\*

## Asset Class



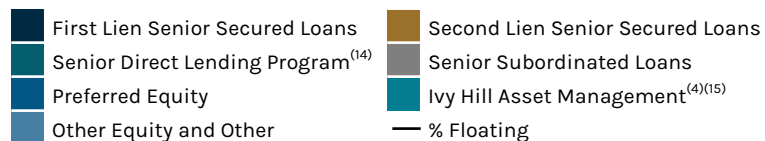
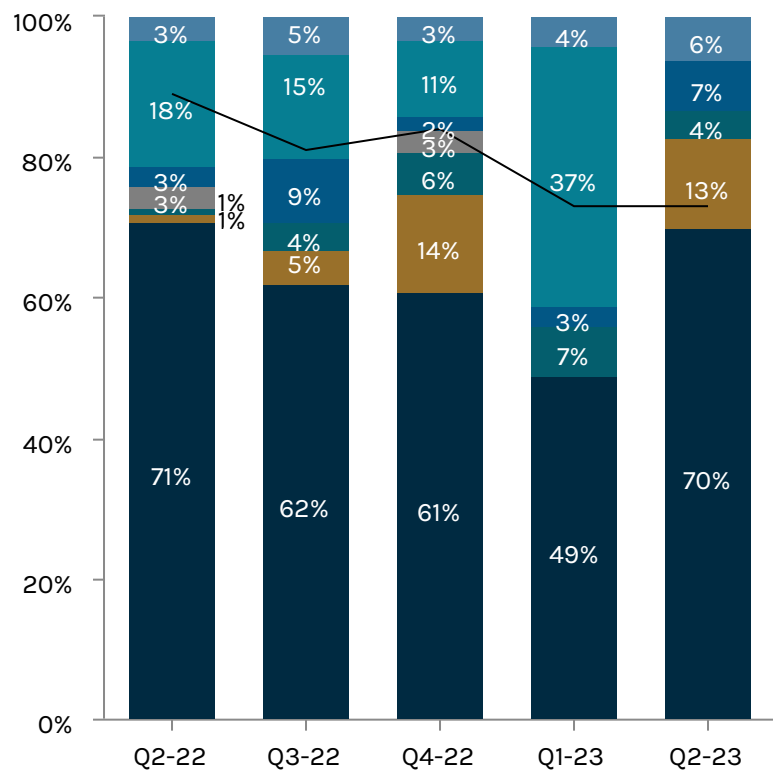
## Industry



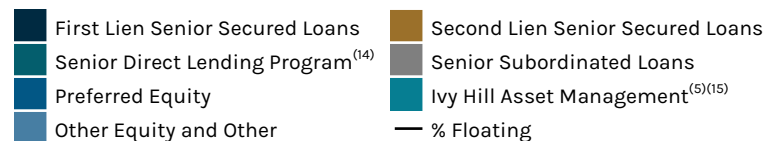
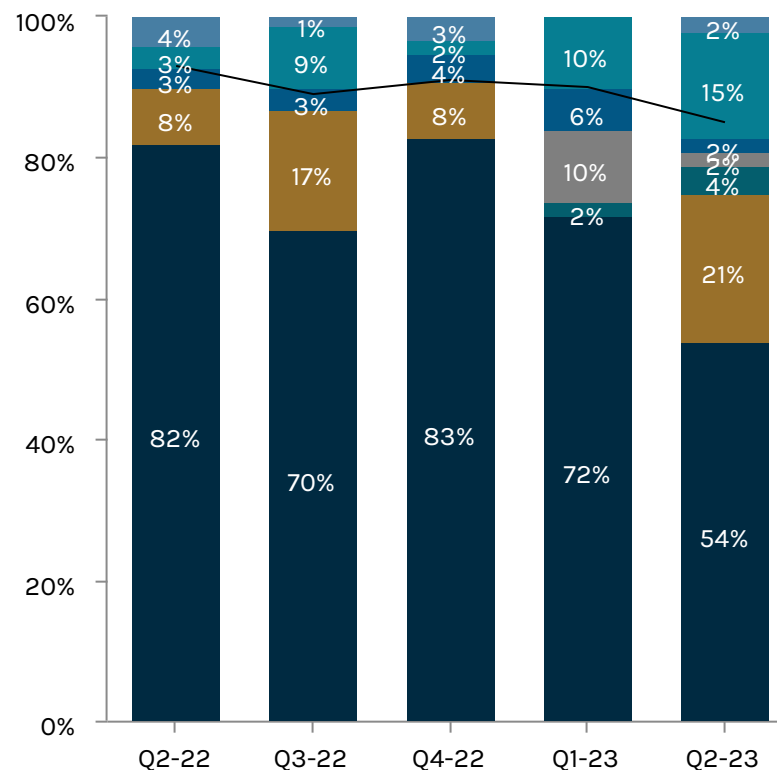
\* At fair value

# Portfolio Activity

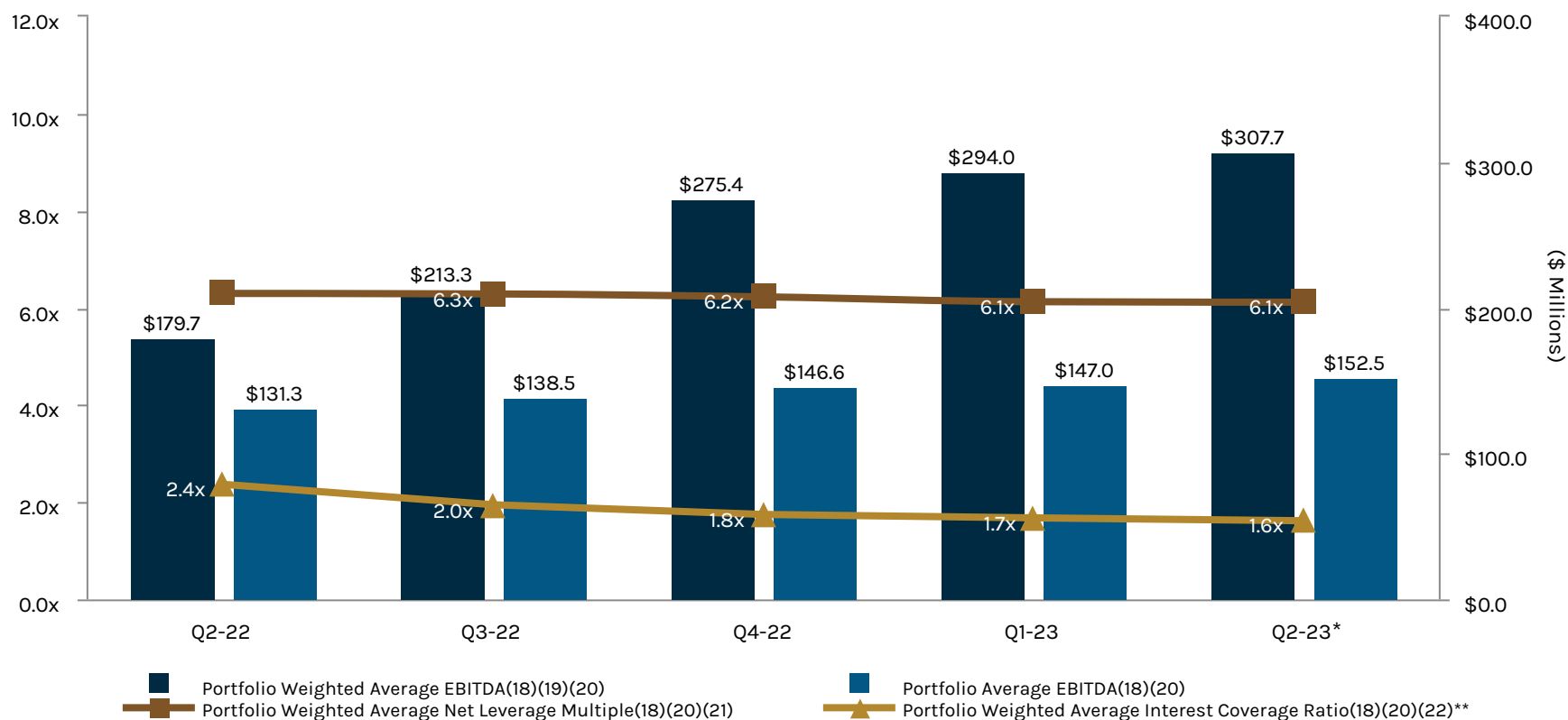
## Gross Commitments by Asset Class



## Exits of Commitments by Asset Class



# Portfolio Company EBITDA and Credit Statistics

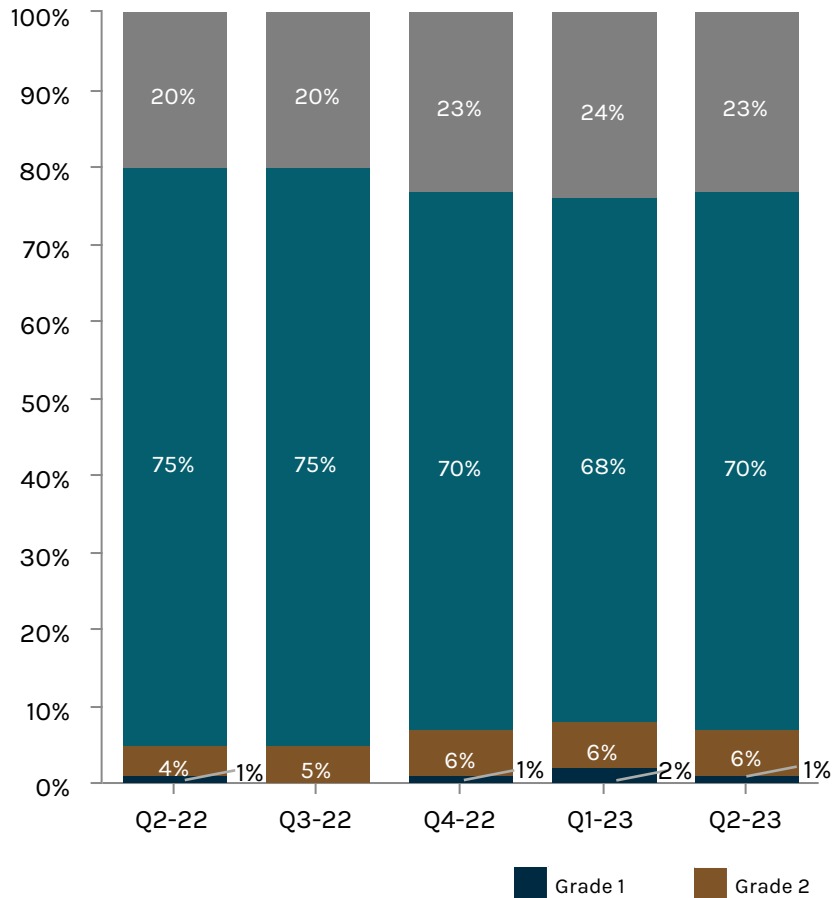


\* For the portfolio companies included in the portfolio weighted average EBITDA data above (subject to additional exclusions described in the following sentence), the weighted average EBITDA growth rate as of Q2-23 was approximately 7% on a comparable basis for the most recently reported LTM period versus prior year LTM period. In addition to those portfolio companies excluded as noted<sup>(18)</sup>, this calculation excludes 57 companies where prior year comparable data was not available.<sup>(23)</sup>

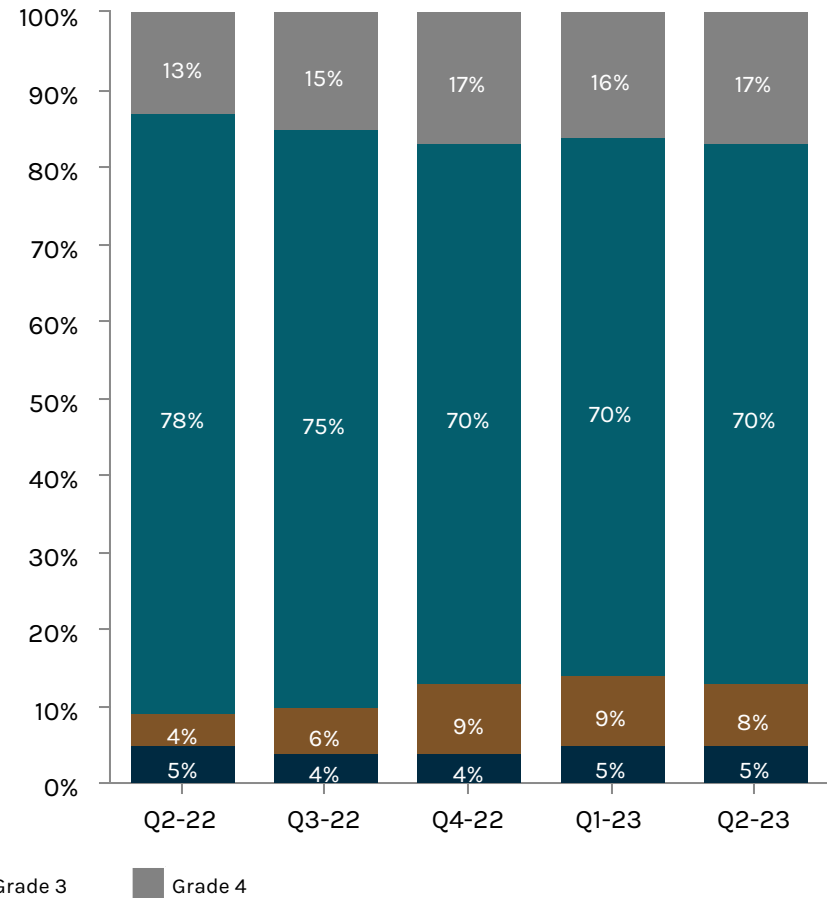
\*\* Interest coverage represents portfolio companies' LTM EBITDA as a multiple of implied annualized cash interest based on the borrowing levels and market rates at quarter end.

# Portfolio By Grade<sup>(24)</sup>

% by Fair Value

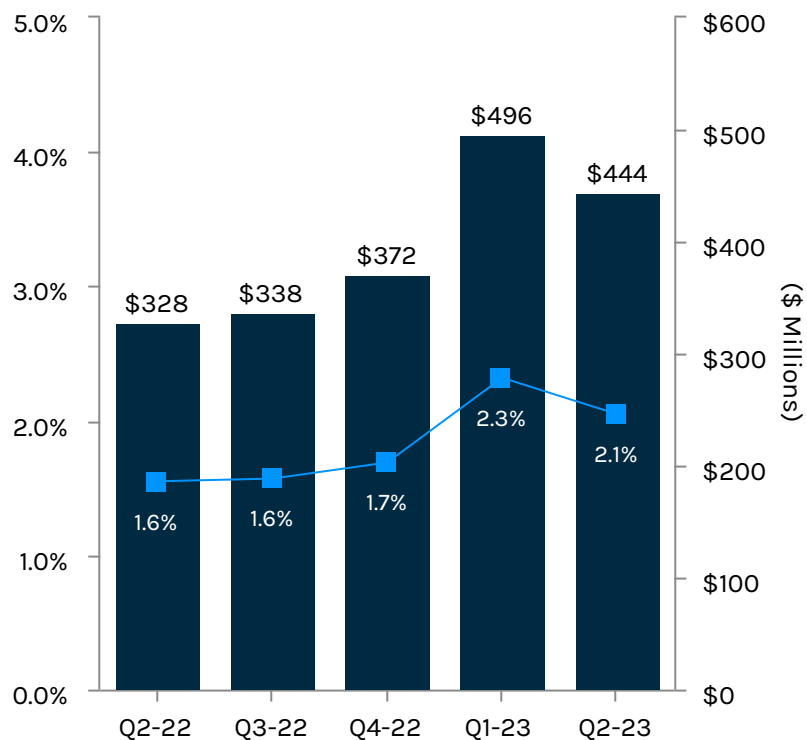


% by Number of Companies

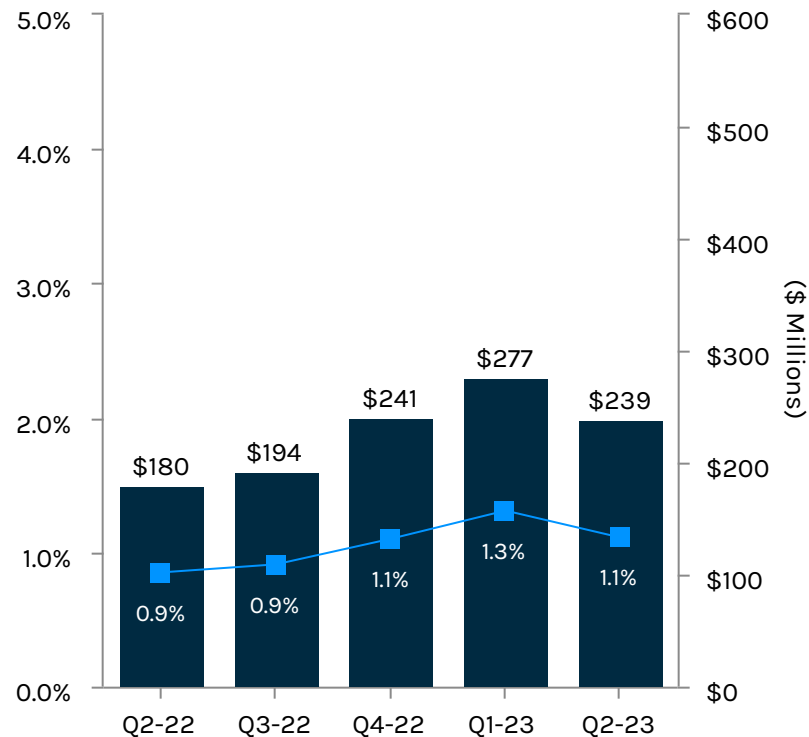


# Loans on Non-Accrual Status

## Amortized Cost



## Fair Value



Investments on Non-Accrual Status
  Percentage of Total Investment Portfolio



# Investment Activity from July 1, 2023 through July 19, 2023

## **Ares Capital made approximately \$211 million of new investment commitments**

- 38% were in first lien senior secured loans, 13% were in second lien senior secured loans and 49% were in preferred equity
- 51% were floating rate and 49% were fixed rate
- Weighted average yield of debt and other income producing securities funded at amortized cost of 11.3%
- Weighted average yield on total investments funded at amortized cost was 11.3%

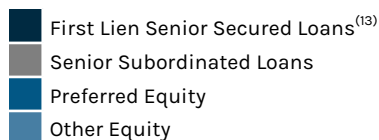
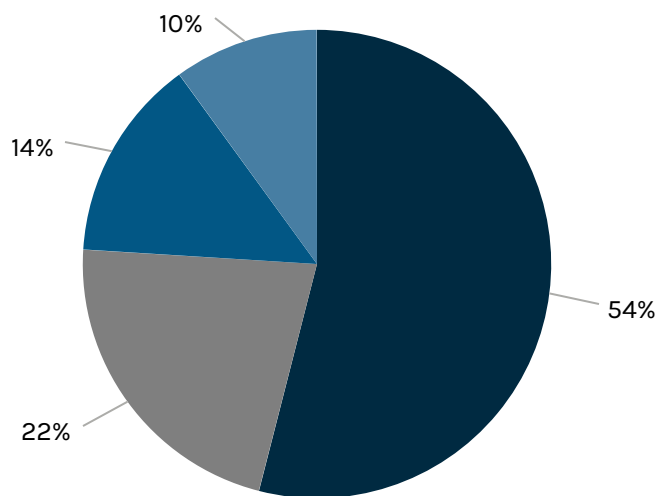
## **Ares Capital exited approximately \$118 million of investment commitments**

- 47% were first lien senior secured loans, 29% were investments in the SDLP Certificates, 22% were preferred equity and 2% were second lien senior secured loans
- 100% were floating rate
- Weighted average yield of debt and other income producing securities exited or repaid at amortized cost was 13.5%
- Weighted average yield on total investments exited or repaid at amortized cost was 13.5%
- No realized gains or losses
- Exits include approximately \$4 million of loans sold to IHAM or certain vehicles managed by IHAM, resulting in no realized gains or losses

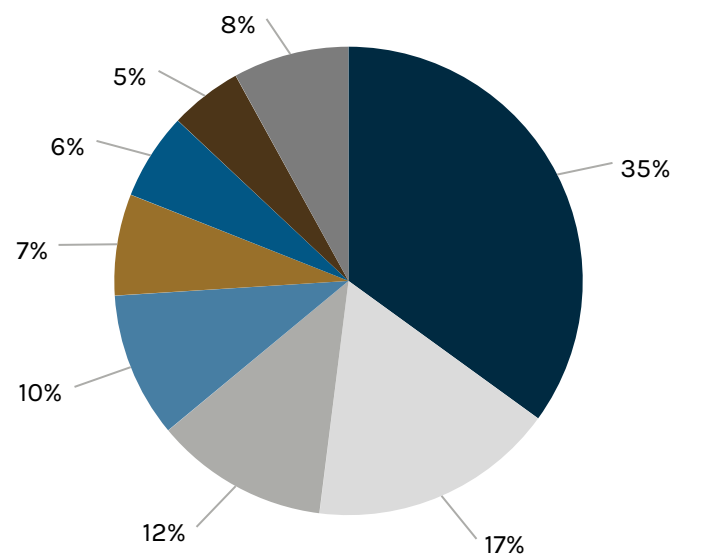
# Backlog and Pipeline

- As of July 19, 2023, Ares Capital had a backlog and pipeline of approximately \$425 million and \$45 million, respectively<sup>(25)</sup>
- The following is a breakdown of the backlog and pipeline by asset class and by industry

Asset Class



Industry



# Debt Summary

(dollar amounts in millions)	As of 3/31/23			As of 6/30/23						
	Aggregate Principal Amount Committed/ <sup>(27)</sup> Outstanding	Principal Amount Outstanding	Carrying Value of Outstanding Debt	Aggregate Principal Amount Committed/ <sup>(27)</sup> Outstanding	Principal Amount Outstanding	Carrying Value of Outstanding Debt	Weighted Average Stated Interest Rate <sup>(29)</sup>	Interest Rate	Maturity Date	
Secured Revolving Facilities <sup>(26)</sup> :										
Revolving Credit Facility	\$ 4,843	\$ 1,872	\$ 1,872	\$ 4,758	\$ 1,922	\$ 1,922	6.903 %	SOFR + 1.75%	<sup>(30)</sup> April 2028	<sup>(30)</sup>
Revolving Funding Facility	1,775	850	850	1,775	850	850	7.056 %	SOFR + 1.90%	<sup>(30)</sup> December 2026	<sup>(30)</sup>
SMBC Funding Facility	800	401	401	800	401	401	6.997 %	SOFR + 1.75%	<sup>(30)</sup> May 2026	<sup>(30)</sup>
BNP Funding Facility	500	320	320	790	475	475	7.957 %	SOFR + 2.80%	<sup>(30)</sup> April 2028	<sup>(30)</sup>
Subtotal	7,918	3,443	3,443	8,123	3,648	3,648	7.086 %			
Unsecured Notes Payable:										
2024 Convertible Notes	403	403	400 <sup>(28)</sup>	403	403	401 <sup>(28)</sup>	4.625 %		March 2024	
2024 Notes	900	900	899 <sup>(28)</sup>	900	900	899 <sup>(28)</sup>	4.200 %		June 2024	
March 2025 Notes	600	600	598 <sup>(28)</sup>	600	600	598 <sup>(28)</sup>	4.250 %		March 2025	
July 2025 Notes	1,250	1,250	1,257 <sup>(28)</sup>	1,250	1,250	1,256 <sup>(28)</sup>	3.250 %		July 2025	
January 2026 Notes	1,150	1,150	1,145 <sup>(28)</sup>	1,150	1,150	1,145 <sup>(28)</sup>	3.875 %		January 2026	
July 2026 Notes	1,000	1,000	991 <sup>(28)</sup>	1,000	1,000	992 <sup>(28)</sup>	2.150 %		July 2026	
2027 Notes	500	500	494 <sup>(28)</sup>	500	500	495 <sup>(28)</sup>	2.875 %		June 2027	
2028 Notes	1,250	1,250	1,247 <sup>(28)</sup>	1,250	1,250	1,247 <sup>(28)</sup>	2.875 %		June 2028	
2031 Notes	700	700	690 <sup>(28)</sup>	700	700	690 <sup>(28)</sup>	3.200 %		November 2031	
Subtotal	7,753	7,753	7,721	7,753	7,753	7,723	3.371 %			
Total Debt	\$ 15,671	\$ 11,196	\$ 11,164	\$ 15,876	\$ 11,401	\$ 11,371	4.560 %			

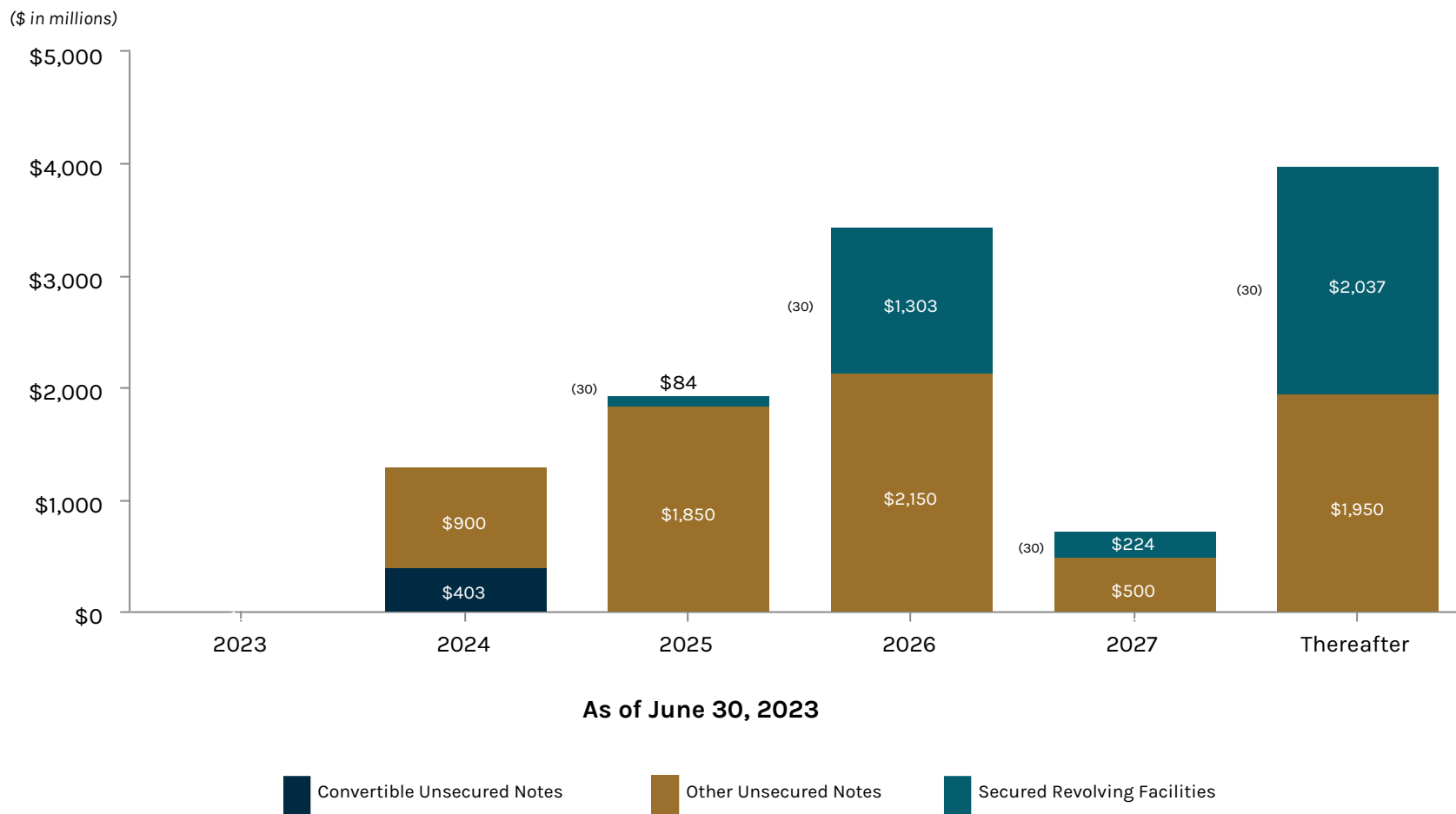
## Floating and Fixed rate debt as of June 30, 2023

Debt (dollar amounts in millions)	Principal Amount Outstanding	Weighted Average Stated Interest Rate <sup>(29)</sup>	Weighted Average Remaining Maturity* (in years)
Floating	\$ 3,648	7.09 %	4.13
Fixed	7,753	3.37 %	3.19
<b>Total</b>	<b>\$ 11,401</b>	<b>4.56 %</b>	<b>3.49</b>

\* Represents the weighted average remaining maturity of outstanding debt as of June 30, 2023.

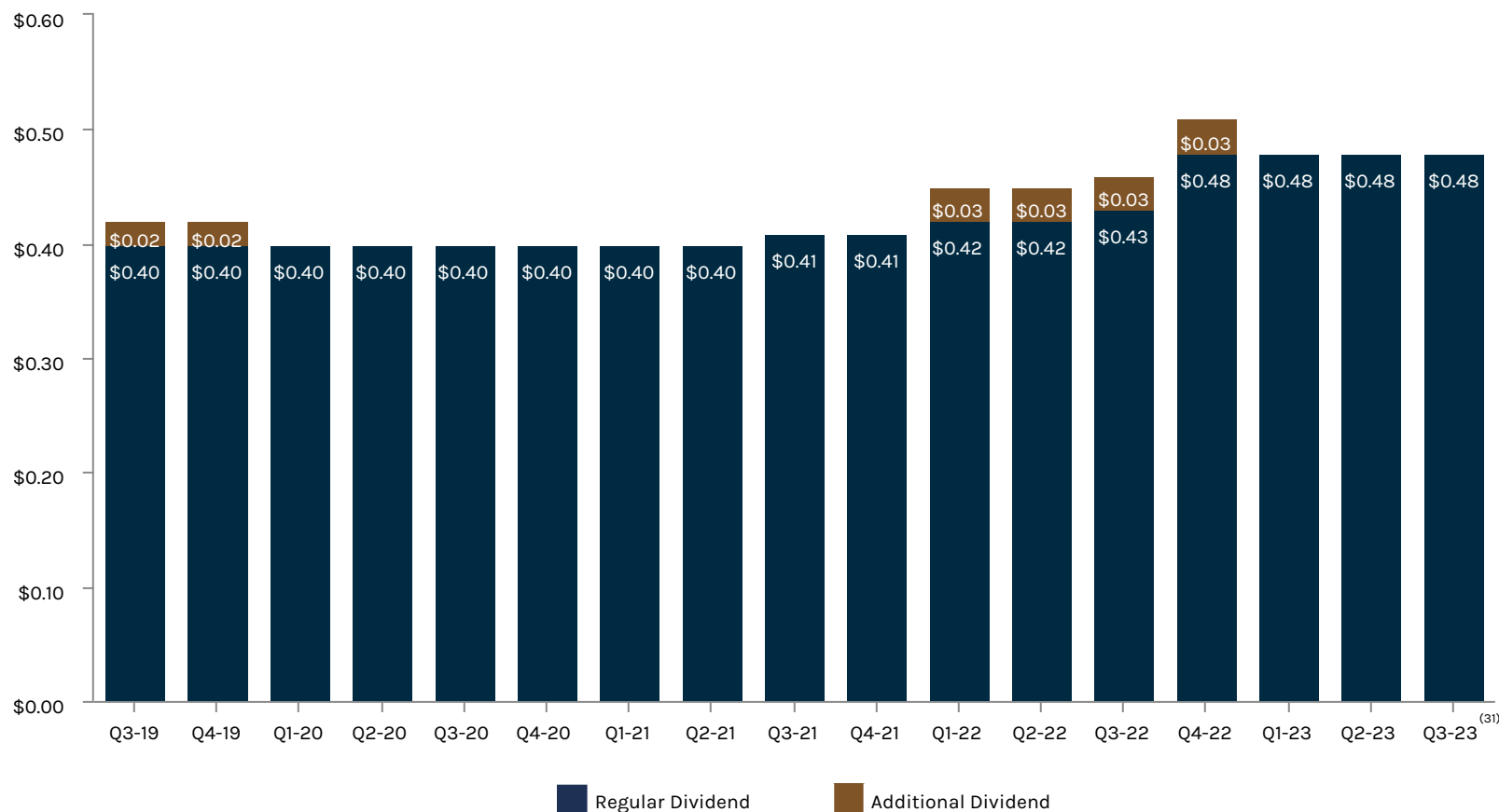
# Debt Summary

## Debt Maturities\*



\* Represents the total aggregate principal amount outstanding due on the stated maturity date.

# Quarterly Dividends



- ARCC estimates that it has carried forward excess taxable income of approximately \$650 million<sup>(32)</sup> or \$1.19<sup>(33)</sup> per share from 2022 for distribution to stockholders in 2023

# Corporate Data

## Board of Directors

MICHAEL AROUGHETI  
Co-Chairman and Executive Vice President  
of Ares Capital Corporation  
Co-Founder, Chief Executive Officer and  
President of Ares

ANN TORRE BATES  
Former Executive Vice President, Chief  
Financial Officer and Treasurer of NHP, Inc.

KIPP DEVEER  
Chief Executive Officer of Ares Capital  
Corporation  
Partner, Head of Credit Group

MARY BETH HENSON  
Former Chief Financial Officer of the  
National Audubon Society  
Co-Founder & Managing Director, Retail &  
Apparel Investment Banking Group, Merrill  
Lynch

DANIEL KELLY, JR.  
Retired Partner of Davis Polk & Wardwell LLP

STEVEN MCKEEVER  
Founder and Chief Executive Officer of  
Hidden Beach Recordings

MICHAEL PARKS  
Chief Executive Officer and President of  
FlyawayHomes

ROBERT ROSEN  
Strategic Adviser to Ares Private Equity  
Group

BENNETT ROSENTHAL  
Co-Chairman of Ares Capital Corporation  
Co-Founder and Partner of Ares  
Co-Chairman of Ares Private Equity Group

ERIC SIEGEL  
Retired Partner of Apollo Advisors, LP.  
Special Advisor to the Chairman of the  
Milwaukee Brewers Baseball Club and a  
member of the Club's Board of Advisors

MICHAEL SMITH  
Partner, Co-Head of Credit Group

## Investment Committee

MARK AFFOLTER  
Partner, Co-Head of U.S. Direct Lending

MICHAEL AROUGHETI  
Co-Chairman and Executive Vice  
President of Ares Capital Corporation  
Co-Founder, Chief Executive Officer and  
President of Ares

KIPP DEVEER  
Director and Chief Executive Officer of  
Ares Capital Corporation  
Partner, Head of Credit Group

MICHAEL DIEBER  
Partner, Co-Head of Portfolio Management

MITCHELL GOLDSTEIN  
Co-President of Ares Capital Corporation  
Partner, Co-Head of Credit Group

JIM MILLER  
Partner, Co-Head of U.S. Direct Lending

KORT SCHNABEL  
Co-President of Ares Capital Corporation  
Partner, Co-Head of U.S. Direct Lending

MICHAEL SMITH  
Director of Ares Capital Corporation  
Partner, Co-Head of Credit Group

## Corporate Officers

MICHAEL AROUGHETI  
Co-Chairman and Executive Vice  
President of Ares Capital Corporation  
Co-Founder, Chief Executive Officer and  
President of Ares

JOSHUA BLOOMSTEIN  
Vice President, General Counsel and  
Secretary

KIPP DEVEER  
Director and Chief Executive Officer of  
Ares Capital Corporation  
Partner, Head of Credit Group

MITCHELL GOLDSTEIN  
Co-President

MIRIAM KRIEGER  
Vice President

SCOTT LEM  
Chief Accounting Officer,  
Vice President and Treasurer

JANA MARKOWICZ  
Chief Operating Officer

LISA MORGAN  
Chief Compliance Officer

PENNI ROLL  
Chief Financial Officer

NASEEM SAGATI AGHILI  
Vice President

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Co-President

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Please visit our website at:  
[www.arescapitalcorp.com](http://www.arescapitalcorp.com)

# Reconciliations of GAAP Net Income Per Share to Core EPS

The following are reconciliations of net income per share computed in accordance with GAAP to core earnings per share:

	For the Three Months Ended				
	6/30/23	3/31/23	12/31/22	9/30/22	6/30/22
<b>GAAP net income per share<sup>(1)(2)</sup></b>	<b>\$ 0.61</b>	<b>\$ 0.52</b>	<b>\$ 0.34</b>	<b>\$ 0.21</b>	<b>\$ 0.22</b>
Adjustments:					
Net realized and unrealized (gains) losses <sup>(1)</sup>	(0.04)	0.08	0.34	0.36	0.30
Capital gains incentive fees attributable to net realized and unrealized gains and losses <sup>(1)</sup>	0.01	(0.01)	(0.07)	(0.07)	(0.06)
Income tax expense (benefit) related to net realized gains and losses <sup>(1)</sup>	—	(0.02)	0.02	—	—
<b>Core EPS<sup>(3)</sup></b>	<b>\$ 0.58</b>	<b>\$ 0.57</b>	<b>\$ 0.63</b>	<b>\$ 0.50</b>	<b>\$ 0.46</b>

	For the Six Months Ended	
	6/30/23	6/30/22
<b>GAAP net income per share<sup>(1)(2)</sup></b>	<b>\$ 1.13</b>	<b>\$ 0.66</b>
Adjustments:		
Net realized and unrealized losses <sup>(1)</sup>	0.04	0.27
Capital gains incentive fees attributable to net realized and unrealized gains and losses <sup>(1)</sup>	—	(0.06)
Income tax expense (benefit) related to net realized gains and losses <sup>(1)</sup>	(0.02)	0.01
<b>Core EPS<sup>(3)</sup></b>	<b>\$ 1.15</b>	<b>\$ 0.88</b>

# Endnotes

- 1) Per share amounts and weighted average shares outstanding are basic. The basic weighted average shares outstanding for the three months ended June 30, 2023, March 31, 2023, December 31, 2022, September 30, 2022 and June 30, 2022 were approximately 547 million, 534 million, 514 million, 503 million and 494 million, respectively. The basic weighted average shares outstanding for the six months ended June 30, 2023 and June 30, 2022 were approximately 541 million and 487 million, respectively.
- 2) Ares Capital's diluted GAAP net income per share for the three months ended June 30, 2023, March 31, 2023, December 31, 2022, September 30, 2022 and June 30, 2022 was \$0.59, \$0.51, \$0.34, \$0.21 and \$0.22, respectively. The weighted average shares outstanding for the purpose of calculating the diluted GAAP net income per share for the three months ended June 30, 2023, March 31, 2023, December 31, 2022, September 30, 2022 and June 30, 2022 were approximately 567 million shares, 555 million shares, 534 million shares, 523 million shares and 514 million shares, respectively, which includes approximately 20 million shares, 21 million shares, 20 million shares, 20 million shares and 20 million shares, respectively, related to the assumed conversion of outstanding convertible notes. Ares Capital's diluted GAAP net income per share for the six months ended June 30, 2023 and June 30, 2022 was \$1.10 and \$0.65, respectively. The weighted average shares outstanding for the purpose of calculating the diluted GAAP net income per share for the six months ended June 30, 2023 and June 30, 2022 were approximately 561 million shares and 507 million shares, respectively, which includes 20 million shares and 20 million shares, respectively, related to the assumed conversion of outstanding convertible notes.
- 3) Core EPS is a non-GAAP financial measure. Core EPS is the net increase (decrease) in stockholders' equity resulting from operations, and excludes net realized and unrealized gains and losses, any capital gains incentive fees attributable to such net realized and unrealized gains and losses, and any income taxes related to such net realized gains and losses, divided by the basic weighted average shares outstanding for the relevant period. GAAP net income (loss) per share is the most directly comparable GAAP financial measure. Ares Capital believes that Core EPS provides useful information to investors regarding financial performance because it is one method Ares Capital uses to measure its financial condition and results of operations. 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. Reconciliations of GAAP net income per share, the most directly comparable GAAP financial measure, to Core EPS are set forth on slide 23 hereof.
- 4) Includes investment commitments to IHAM, a wholly-owned portfolio company of Ares Capital, or vehicles managed by IHAM. Q2-23, Q1-23, Q4-22, Q3-22 and Q2-22 include investment commitments to IHAM of \$0, \$283 million, \$283 million, \$342 million and \$570 million, respectively.
- 5) Q2-23, Q1-23, Q4-22, Q3-22 and Q2-22 include sales of loans to IHAM or vehicles managed by IHAM of \$39 million, \$652 million, \$943 million, \$860 million and \$379 million, respectively. Q2-23 and Q1-23 also include investment commitments repaid by IHAM of \$171 million and \$192 million, respectively.
- 6) The weighted average yields on debt and other income producing securities are computed as (a) annual stated interest rate or yield earned plus the net annual amortization of original issue discount and market discount or premium earned on accruing debt and other income producing securities (including the annualized amount of the dividend received by Ares Capital related to its equity investment in IHAM during the most recent quarter end), divided by (b) total accruing debt and other income producing securities at amortized cost or at fair value (including the amortized cost or fair value of Ares Capital's equity investment in IHAM, as applicable), as applicable.
- 7) The weighted average yields on total investments are computed as (a) annual stated interest rate or yield earned plus the net annual amortization of original issue discount and market discount or premium earned on accruing debt and other income producing securities (including the annualized amount of the dividend received by Ares Capital related to its equity investment in IHAM during the most recent quarter end), divided by (b) total investments at amortized cost or at fair value, as applicable.
- 8) Computed as total principal debt outstanding less available cash divided by stockholders' equity. Available cash excludes restricted cash as well as cash held for uses specifically designated for paying interest and expenses on certain debt.
- 9) Computed as (a) the annual stated interest expense on our debt obligations divided by (b) total debt obligations at principal amount outstanding. Stated interest expense on debt excludes facility and other fees and the amortization of original issue discount or premium, market discounts and debt issuance costs.
- 10) Net interest and dividend margin represents the difference between interest and dividend income (including dividend income from IHAM) and interest and credit facility fees expense for the last twelve month period divided by average total investments at amortized cost during the same period.



# Endnotes (cont'd)

- 11) Excludes realized and unrealized gains (losses), incentive fees attributable to net realized and unrealized gains (losses) and income tax expense, including excise taxes. Fixed charges include interest and credit facility fees expense and amortization of debt issuance costs.
- 12) Includes portfolio companies for which there are outstanding commitments, but for which no amounts were funded at the end of the period.
- 13) First lien senior secured loans include certain loans that Ares Capital classifies as "unitranche" loans, which are loans that combine both senior and subordinated debt, generally in a first lien position. As of June 30, 2023, the total amortized cost and fair value of loans that Ares Capital classified as "unitranche" loans were \$4.9 billion and \$4.7 billion, respectively.
- 14) Represents Ares Capital's portion of co-investments with Varagon Capital Partners and its clients in first lien senior secured loans, including certain loans that the Senior Direct Lending Program LLC (the "SDLP") classifies as "unitranche" loans, to U.S. middle-market companies. See Note 4 to Ares Capital's consolidated financial statements included in the quarterly report on Form 10-Q for the quarter ended June 30, 2023 for information regarding the SDLP.
- 15) Includes Ares Capital's subordinated loan and equity investments in IHAM, as applicable. IHAM is an asset management services company and an SEC-registered investment adviser. See Note 4 to Ares Capital's consolidated financial statements included in the quarterly report on Form 10-Q for the quarter ended June 30, 2023 for more information regarding IHAM.
- 16) As of June 30, 2023, excluding Ares Capital's investment in the subordinated certificates of the SDLP, 95% of the floating rate investments at fair value contained interest rate floor features.
- 17) Represents gross commitments or fundings less commitments or investments exited, respectively.
- 18) The portfolio weighted average EBITDA and average EBITDA for the underlying borrowers includes information solely in respect of corporate investments in Ares Capital's portfolio and the weighted average total net leverage multiple and interest coverage ratio data includes information solely in respect of corporate portfolio companies in which Ares Capital has a debt investment (in each case, subject to the exclusions described in the following sentence). Excluded from the data above is information in respect of the following: (i) the SDLP (and the underlying borrowers in the SDLP), (ii) portfolio companies that do not report EBITDA, including IHAM, (iii) portfolio companies with negative or de minimis EBITDA, (iv) investment funds/vehicles, (v) discrete projects in the project finance/power generation sector, (vi) certain oil and gas companies, (vii) venture capital backed companies and (viii) commercial real estate finance companies. The portfolio weighted average EBITDA for the underlying borrowers in the SDLP was \$93.6 million, \$92.2 million, \$93.4 million, \$92.3 million and \$95.8 million as of June 30, 2022, September 30, 2022, December 31, 2022, March 31, 2023 and June 30, 2023, respectively. The portfolio average EBITDA for the underlying borrowers in the SDLP was \$79.7 million, \$80.1 million, \$82.6 million, \$82.1 million and \$86.1 million as of June 30, 2022, September 30, 2022, December 31, 2022, March 31, 2023 and June 30, 2023, respectively.
- 19) Weighted average EBITDA amounts are weighted based on the fair value of the portfolio company investments. EBITDA amounts are estimated from the most recent portfolio company financial statements, have not been independently verified by Ares Capital and may reflect a normalized or adjusted amount. Accordingly, Ares Capital makes no representation or warranty in respect of this information.
- 20) EBITDA is a non-GAAP financial measure. For a particular portfolio company, EBITDA is generally defined as net income before net interest expense, income tax expense, depreciation and amortization. EBITDA amounts are estimated from the most recent portfolio company financial statements, have not been independently verified by Ares Capital and may reflect a normalized or adjusted amount. Accordingly, Ares Capital makes no representation or warranty in respect of this information.
- 21) The net leverage multiple represents Ares Capital's last dollar of invested debt capital (net of cash) as a multiple of EBITDA. The portfolio weighted average net leverage multiple is weighted based on the fair value of the portfolio company investments. In addition to the data presented for the entire portfolio, the weighted average net leverage multiple for the underlying borrowers in the SDLP was 5.9x, 5.8x, 5.8x, 6.0x and 5.9x as of June 30, 2022, September 30, 2022, December 31, 2022, March 31, 2023 and June 30, 2023, respectively, which excludes certain portfolio companies with negative or de minimis EBITDA. Net leverage multiples for the underlying borrowers in the SDLP represent the SDLP's last dollar of invested debt capital (net of cash) as a multiple of EBITDA. The SDLP portfolio weighted average net leverage multiple is weighted based on the fair value of the underlying portfolio company investments. Portfolio company credit statistics for Ares Capital and the SDLP are derived from the most recently available portfolio company financial statements, have not been independently verified by Ares Capital and may reflect a normalized or adjusted amount. Accordingly, Ares Capital makes no representation or warranty in respect of this information.

## Endnotes (cont'd)

- 22) The interest coverage ratio represents portfolio companies' LTM EBITDA as a multiple of implied annualized cash interest expense based on the borrowing levels and market rates at quarter end. The portfolio weighted average interest coverage ratio is weighted based on the fair value of the portfolio company investments. In addition to the data presented for the entire portfolio, the weighted average interest coverage ratio for the underlying borrowers in the SDLP was 2.2x, 1.9x, 1.7x, 1.7x and 1.6x as of June 30, 2022, September 30, 2022, December 31, 2022, March 31, 2023 and June 30, 2023, respectively, which excludes certain portfolio companies with negative or de minimis EBITDA. The SDLP portfolio weighted average interest coverage ratio is weighted based on the fair value of the underlying portfolio company investments. Portfolio company credit statistics for Ares Capital and the SDLP are derived from the most recently available portfolio company financial statements, have not been independently verified by Ares Capital and may reflect a normalized or adjusted amount. Accordingly, Ares Capital makes no representation or warranty in respect of this information.
- 23) The EBITDA growth rate for each included portfolio company is calculated as the percentage change for the most recently reported fiscal year to date comparable periods and is weighted based on the fair value of the portfolio company investments to calculate the portfolio weighted average EBITDA growth rate. For a particular portfolio company, EBITDA is generally defined as net income before net interest expense, income tax expense, depreciation and amortization. EBITDA amounts used in the calculation are estimated from the most recent portfolio company financial statements, have not been independently verified by Ares Capital and may reflect a normalized or adjusted amount. Accordingly, Ares Capital makes no representation or warranty in respect of this information.
- 24) Based on our investment adviser's internal investment rating system scale from 1 to 4. Investments with a grade of 4 involve the least amount of risk to our initial cost basis and the trends and risk factors for these investments since origination or acquisition are generally favorable, which may include the performance of the portfolio company or a potential exit. Investments with a grade of 3 involve a level of risk to our initial cost basis that is similar to the risk to our initial cost basis at the time of origination or acquisition. This portfolio company is generally performing as expected and the risk factors to our ability to ultimately recoup the cost of our investment are neutral to favorable. Investments with a grade of 2 indicate that the risk to our ability to recoup the initial cost basis of such investment has increased materially since origination or acquisition, including as a result of factors such as declining performance and non-compliance with debt covenants; however, payments are generally not more than 120 days past due. Investments with a grade of 1 indicate that the risk to our ability to recoup the initial cost basis of such investment has substantially increased since origination or acquisition and our investment adviser does not anticipate that we will recoup our initial cost basis and we may realize a substantial loss on our initial cost basis upon exit. All investments or acquired investments in new portfolio companies are initially assessed a grade of 3.
- 25) Investment backlog includes transactions approved by our investment adviser's investment committee and/or for which a formal mandate, letter of intent or a signed commitment has been issued, and therefore we believe are likely to close. Investment pipeline includes transactions where due diligence and analysis are in process, but no formal mandate, letter of intent or signed commitment has been issued. The consummation of any of the investments in this backlog and pipeline depends upon, among other things, one or more of the following: satisfactory completion of our due diligence investigation of the prospective portfolio company, our acceptance of the terms and structure of such investment and the execution and delivery of satisfactory transaction documentation. In addition, Ares Capital may sell all or a portion of these investments and certain of these investments may result in the repayment of existing investments. Ares Capital cannot assure you that we will make any of these investments or that we will sell all or any portion of these investments.
- 26) Requires periodic payments of interest and may require repayments of a portion of the outstanding principal once their respective reinvestment periods end but prior to the applicable stated maturity.
- 27) Subject to borrowing base and other restrictions. Represents total aggregate amount committed or outstanding, as applicable, under such instrument.
- 28) Represents the aggregate principal amount of the notes outstanding adjusted for the unaccreted discount or premium initially recorded at the time of issuance.
- 29) Effective stated rate as of June 30, 2023.

## Endnotes (cont'd)

- 30) See Note 5 to Ares Capital's consolidated financial statements included in the quarterly report on Form 10-Q for the quarter ended June 30, 2023 for more information regarding each of Ares Capital's secured revolving facilities.
- 31) Declared. The third quarter 2023 regular dividend of \$0.48 per share to be paid on September 29, 2023 to stockholders of record on September 15, 2023.
- 32) The amount of excess 2022 U.S. federal taxable income available for carry over into 2023 is only an estimate based on estimated 2022 U.S. federal taxable income. The calculation of estimated 2022 U.S. federal taxable income includes a number of estimated inputs, including information received from third parties, and as a result, actual 2022 U.S. federal taxable income will not be finally determined until Ares Capital's 2022 tax return is filed in 2023. Consequently, both 2022 U.S. federal taxable income and the amount of excess U.S. federal taxable income available for carry over into 2023 are subject to change. See Note 11 to Ares Capital's consolidated financial statements included in the annual report on Form 10-K for the year ended December 31, 2022 for more information.
- 33) The estimated taxable income per share carried forward from 2022 for distribution to stockholders in 2023 is based on the approximately 545 million shares outstanding as of March 15, 2023.

