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# Third Quarter 2022

Earnings Presentation

# Important Notice

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# Financial and Portfolio Highlights

## Financial Highlights

	Q3-22	Q2-22	Q3-21
Core EPS <sup>*(1)</sup>	\$ 0.50	\$ 0.46	\$ 0.47
Net Investment Income Per Share <sup>(2)</sup>	\$ 0.57	\$ 0.52	\$ 0.40
Net Realized Gains (Losses) Per Share <sup>(2)</sup>	\$ —	\$ (0.01)	\$ 0.33
Net Unrealized Gains (Losses) Per Share <sup>(2)</sup>	\$ (0.36)	\$ (0.29)	\$ —
GAAP Net Income Per Share <sup>(2)(3)</sup>	\$ 0.21	\$ 0.22	\$ 0.73
Net Asset Value Per Share	\$ 18.56	\$ 18.81	\$ 18.52

## Portfolio Highlights

<i>(dollar amounts in millions)</i>	Q3-22	Q2-22	Q3-21
Gross Commitments <sup>(4)</sup>	\$2,242	\$ 3,109	\$ 3,110
Exits of Commitments <sup>(5)</sup>	\$ 1,996	\$ 1,085	\$2,263
Total Fair Value of Investments	\$21,339	\$21,170	\$17,677
Weighted Average Yield on Debt and Other Income Producing Securities at Amortized Cost <sup>(6)</sup>	10.7 %	9.5 %	8.6 %
Weighted Average Yield on Total Investments at Amortized Cost <sup>(7)</sup>	9.6 %	8.7 %	7.7 %

Note: Endnotes begin on slide 24

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

# Selected Historical Financial Information

(dollar amounts in millions, except per share data and stock prices)	As of and for the Three Months Ended				
	9/30/22	6/30/22	3/31/22	12/31/21	9/30/21
Core EPS <sup>(1)</sup>	\$ 0.50	\$ 0.46	\$ 0.42	\$ 0.58	\$ 0.47
Net Investment Income Per Share <sup>(2)</sup>	\$ 0.57	\$ 0.52	\$ 0.41	\$ 0.52	\$ 0.40
Net Realized and Unrealized Gains (Losses) Per Share <sup>(2)</sup>	\$ (0.36)	\$ (0.30)	\$ 0.03	\$ 0.31	\$ 0.33
GAAP Net Income Per Share <sup>(2)(3)</sup>	\$ 0.21	\$ 0.22	\$ 0.44	\$ 0.83	\$ 0.73
Dividend Declared and Payable Per Share	\$ 0.43	\$ 0.42	\$ 0.42	\$ 0.41	\$ 0.41
Additional Dividend Declared and Payable Per Share	\$ 0.03	\$ 0.03	\$ 0.03	\$ —	\$ —
Stockholders' Equity	\$ 9,436	\$ 9,335	\$ 9,379	\$ 8,868	\$ 8,537
Net Asset Value Per Share	\$ 18.56	\$ 18.81	\$ 19.03	\$ 18.96	\$ 18.52
Debt/Equity Ratio	1.27x	1.27x	1.13x	1.26x	1.17x
Debt/Equity Ratio, Net of Available Cash <sup>(8)</sup>	1.24x	1.25x	1.06x	1.21x	1.04x
Unsecured Debt to Total Debt	71.7 %	72.3 %	80.4 %	75.9 %	83.5 %
Weighted Average Stated Interest on Debt <sup>(9)</sup>	3.8 %	3.5 %	3.2 %	3.1 %	3.2 %
Net Interest and Dividend Margin <sup>(10)</sup>	6.6 %	6.4 %	6.4 %	6.4 %	6.5 %
Ratio of Earnings to Fixed Charges <sup>(11)</sup>	3.2	3.4	3.3	3.7	3.3
<b>Market Capitalization</b>					
Principal Debt	\$ 11,853	\$ 11,768	\$ 10,570	\$ 11,061	\$ 9,928
Equity	8,579	8,898	10,324	9,910	9,367
<b>Total Market Capitalization</b>	<b>\$ 20,432</b>	<b>\$ 20,666</b>	<b>\$ 20,894</b>	<b>\$ 20,971</b>	<b>\$ 19,295</b>
<b>Common Stock Data:</b>					
High Price during the period	\$ 20.70	\$ 22.44	\$ 22.58	\$ 21.70	\$ 20.43
Low Price during the period	\$ 16.84	\$ 17.12	\$ 19.70	\$ 19.66	\$ 19.52
Closing Price	\$ 16.88	\$ 17.93	\$ 20.95	\$ 21.19	\$ 20.33

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

# Selected Historical Financial Information (cont'd)

(dollar amounts in millions)	As of					
	9/30/22	6/30/22	3/31/22	12/31/21	9/30/21	
Investments at Fair Value	\$ 21,339	\$ 21,170	\$ 19,486	\$ 20,009	\$ 17,677	
Number of Portfolio Companies <sup>(12)</sup>	458	452	395	387	371	
<b>Asset Class (at fair value):</b>						
First Lien Senior Secured Loans <sup>(13)</sup>	45 %	45 %	45 %	47 %	49 %	
Second Lien Senior Secured Loans	18 %	19 %	21 %	23 %	23 %	
Senior Direct Lending Program <sup>(14)</sup>	5 %	5 %	5 %	5 %	5 %	
Senior Subordinated Loans	5 %	5 %	5 %	4 %	6 %	
Preferred Equity	10 %	9 %	9 %	8 %	7 %	
Ivy Hill Asset Management <sup>(15)</sup>	9 %	9 %	7 %	5 %	3 %	
Other Equity	8 %	8 %	8 %	8 %	7 %	
<b>Interest Rate Type (at fair value)</b>						
% Floating Rate <sup>(16)</sup>	73 %	74 %	74 %	77 %	80 %	
% Fixed Rate	10 %	10 %	10 %	10 %	9 %	
% Non-Income Producing	10 %	10 %	10 %	8 %	8 %	
% Ivy Hill Asset Management Equity*	7 %	6 %	6 %	5 %	3 %	
<b>Yields:</b>						
Weighted Avg. Yield on Debt and Other Income Producing Securities at Amortized Cost <sup>(6)</sup>	10.7 %	9.5 %	8.9 %	8.7 %	8.9 %	
Weighted Avg. Yield on Debt and Other Income Producing Securities at Fair Value <sup>(6)</sup>	10.8 %	9.6 %	8.8 %	8.7 %	8.9 %	
Weighted Average Yield on Total Investments at Amortized Cost <sup>(7)</sup>	9.6 %	8.7 %	8.1 %	7.9 %	8.2 %	
Weighted Average Yield on Total Investments at Fair Value <sup>(7)</sup>	9.7 %	8.6 %	8.0 %	7.9 %	8.2 %	

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

## Selected Historical Financial Information (cont'd)

<i>(dollar amounts in millions)</i>	For the Three Months Ended									
	9/30/22		6/30/22		3/31/22		12/31/21		9/30/21	
<b>Commitments:</b>										
Gross Commitments <sup>(4)</sup>	\$	2,242	\$	3,109	\$	2,001	\$	5,866	\$	3,110
Exits of Commitments <sup>(5)</sup>		(1,996)		(1,085)		(2,551)		(3,869)		(2,263)
Net Commitments <sup>(17)</sup>	\$	246	\$	2,024	\$	(550)	\$	1,997	\$	847
<b>Gross Commitments Information:</b>										
Number of Transactions		40		52		49		86		47
Weighted Average Commitment Term in Months		66		65		61		78		77
Average Commitment in Period	\$	56	\$	60	\$	41	\$	68	\$	66
<b>Fundings:</b>										
Gross Fundings	\$	2,223	\$	2,895	\$	1,894	\$	5,682	\$	2,531
Net Fundings <sup>(17)</sup>	\$	279	\$	1,745	\$	(572)	\$	2,122	\$	454
<b>Portfolio Turnover</b>		0.05		0.06		0.10		0.19		0.12

# Quarterly Operating Results

<i>(amounts in millions, except per share data)</i>	For the Three Months Ended					
	9/30/22	6/30/22	3/31/22	12/31/21	9/30/21	
Investment income	\$ 537	\$ 479	\$ 440	\$ 529	\$ 442	
Expenses	235	212	229	279	253	
<b>Net investment income before income taxes</b>	<b>302</b>	<b>267</b>	<b>211</b>	<b>250</b>	<b>189</b>	
Income tax expense, including excise tax	14	10	13	8	5	
<b>Net investment income</b>	<b>288</b>	<b>257</b>	<b>198</b>	<b>242</b>	<b>184</b>	
Net realized and unrealized gains/(losses)	(184)	(146)	13	140	150	
<b>Net Income</b>	<b>\$ 104</b>	<b>\$ 111</b>	<b>\$ 211</b>	<b>\$ 382</b>	<b>\$ 334</b>	
<b>Per Share:</b>						
Core EPS <sup>(1)</sup>	\$ 0.50	\$ 0.46	\$ 0.42	\$ 0.58	\$ 0.47	
GAAP Net Income Per Share <sup>(2)(3)</sup>	\$ 0.21	\$ 0.22	\$ 0.44	\$ 0.83	\$ 0.73	
Dividends Declared and Payable**	\$ 0.46	\$ 0.45	\$ 0.45	\$ 0.41	\$ 0.41	
Weighted average shares of common stock outstanding <sup>(2)(3)</sup>	503	494	479	463	453	
Common shares outstanding at end of period	508	496	493	468	461	

<i>(amounts in millions, except per share data)</i>	For the Nine Months Ended	
	9/30/22	9/30/21
Investment income	\$ 1,456	\$ 1,291
Expenses	676	771
<b>Net investment income before income taxes</b>	<b>780</b>	<b>520</b>
Income tax expense, including excise tax	37	21
<b>Net investment income</b>	<b>743</b>	<b>499</b>
Net realized and unrealized gains (losses)	(317)	686
<b>Net Income</b>	<b>\$ 426</b>	<b>\$ 1,185</b>
<b>Per Share:</b>		
Core EPS <sup>(1)</sup>	\$ 1.39	\$ 1.43
GAAP Net Income Per Share <sup>(2)(3)</sup>	\$ 0.86	\$ 2.68
Dividends Declared and Payable***	\$ 1.36	\$ 1.21
Weighted average shares of common stock outstanding <sup>(2)(3)</sup>	492	441
Common shares outstanding at end of period	508	461

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

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

\*\*\* For the nine months ended September 30, 2022, dividends declared and payable included additional dividends of \$0.09 per share.

# Quarterly Operating Results Detail

(amounts in millions)	For the Three Months Ended					
	9/30/22	6/30/22	3/31/22	12/31/21	9/30/21	
<b>Net Investment Income Before Income Taxes:</b>						
<b>Investment Income:</b>						
Interest income from investments	\$ 385	\$ 319	\$ 310	\$ 336	\$ 317	
Capital structuring service fees	32	32	30	116	59	
Dividend income	107	119	88	64	54	
Other income	13	9	12	13	12	
<b>Total investment income</b>	<b>537</b>	<b>479</b>	<b>440</b>	<b>529</b>	<b>442</b>	
<b>Expenses:</b>						
Interest and credit facility fees	120	101	93	105	94	
Base management fees	78	75	73	69	65	
Income based fees	63	57	51	67	53	
Capital gains incentive fees*	(37)	(29)	2	28	30	
Administrative fees	3	2	4	4	4	
Other general and administrative	8	6	6	6	7	
<b>Total operating expenses</b>	<b>235</b>	<b>212</b>	<b>229</b>	<b>279</b>	<b>253</b>	
Net investment income before income taxes	302	267	211	250	189	
Income tax expense, including excise tax	14	10	13	8	5	
<b>Net Investment Income</b>	<b>\$ 288</b>	<b>\$ 257</b>	<b>\$ 198</b>	<b>\$ 242</b>	<b>\$ 184</b>	

\* Accrued in accordance with GAAP. As of September 30, 2022, Ares Capital had accrued \$72 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

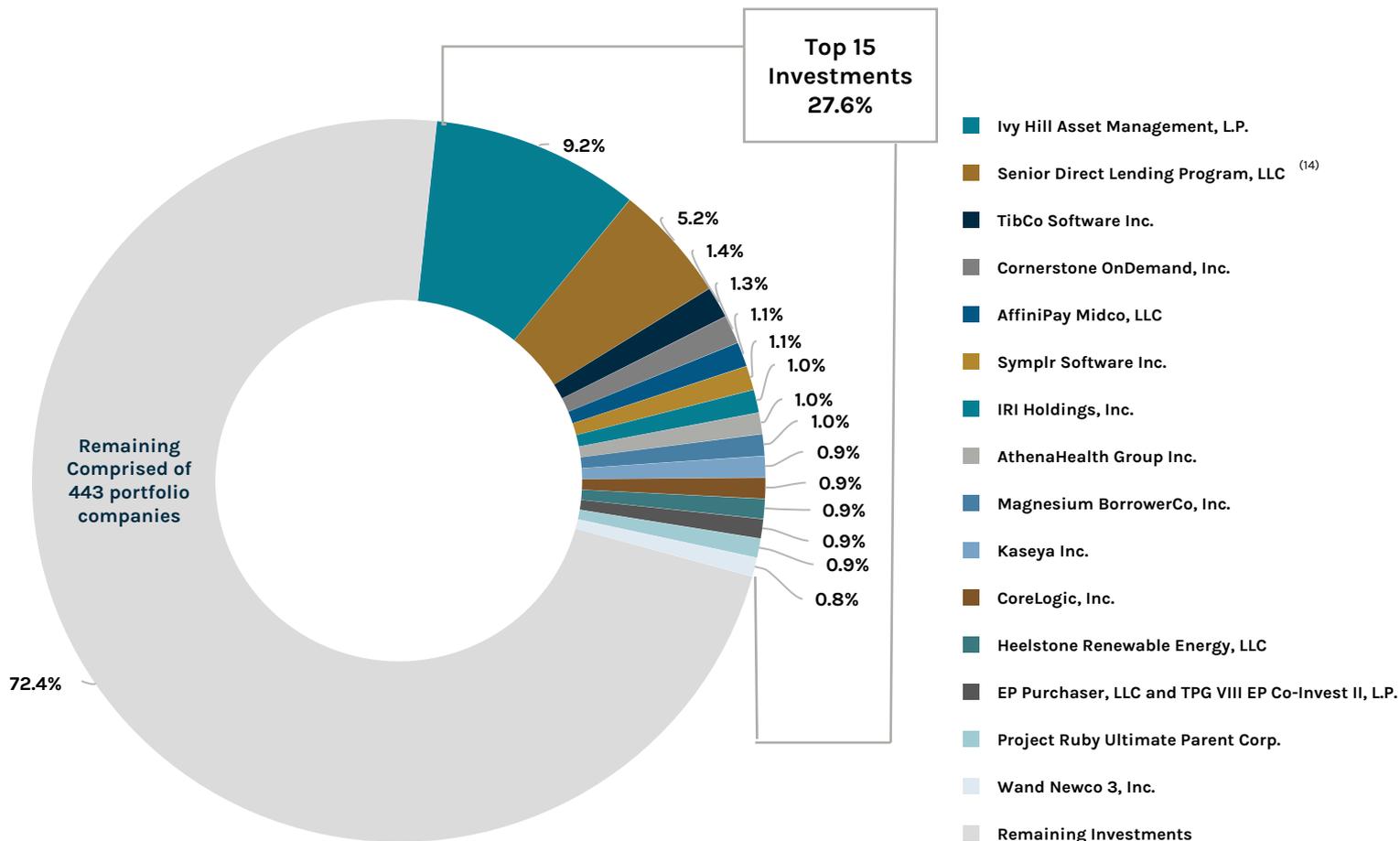
(amounts in millions)	For the Three Months Ended				
	9/30/22	6/30/22	3/31/22	12/31/21	9/30/21
<b>Net Realized and Unrealized Gains (Losses):</b>					
<b>Realized gains (losses) on investments:</b>					
Gains	\$ 71	\$ 2	\$ 81	\$ 49	233
Losses	(93)	(26)	(12)	(49)	(110)
Net realized gains (losses) on investments	(22)	(24)	69	—	123
<b>Unrealized gains (losses) on investments:</b>					
Unrealized appreciation	213	187	169	219	230
Unrealized depreciation	(439)	(343)	(139)	(130)	(127)
Net unrealized gains (losses) on investments	(226)	(156)	30	89	103
Net unrealized (appreciation) depreciation reversed related to net realized gains or losses on investments	12	5	(40)	56	(91)
<b>Total net unrealized gains (losses) on investments</b>	<b>(214)</b>	<b>(151)</b>	<b>(10)</b>	<b>145</b>	<b>12</b>
Net realized and unrealized gains (losses) on foreign currency and other transactions	51	29	2	(5)	15
Realized loss on extinguishment of debt	—	—	(48)	—	—
<b>Net realized and unrealized gains (losses)</b>	<b>\$ (185)</b>	<b>\$ (146)</b>	<b>\$ 13</b>	<b>\$ 140</b>	<b>150</b>

# Quarterly Balance Sheets

(amounts in millions, except per share data)	As of				
	9/30/22	6/30/22	3/31/22	12/31/21	9/30/21
<b>ASSETS</b>					
Investments at fair value	\$ 21,339	\$ 21,170	\$ 19,486	\$ 20,009	\$ 17,677
Cash and cash equivalents	257	204	695	372	1,193
Restricted cash	105	57	19	114	20
Interest receivable	160	134	128	142	111
Receivable for open trades	21	101	5	80	24
Other assets	135	108	106	99	98
Operating lease right-of-use asset	21	23	24	27	31
<b>Total assets</b>	<b>\$ 22,038</b>	<b>\$ 21,797</b>	<b>\$ 20,463</b>	<b>\$ 20,843</b>	<b>\$ 19,154</b>
<b>LIABILITIES</b>					
Debt	\$ 11,816	\$ 11,728	\$ 10,528	\$ 11,020	\$ 9,895
Base management fees payable	78	75	73	69	65
Income based fees payable	63	57	51	67	53
Capital gains incentive fees payable*	72	108	138	161	133
Interest and facility fees payable	76	89	68	100	66
Payable to participants	105	57	19	114	20
Payable for open trades	141	131	31	216	153
Accounts payable and other liabilities	139	102	63	111	87
Secured borrowings	79	78	74	74	97
Operating lease liabilities	33	37	39	43	48
<b>Total liabilities</b>	<b>12,602</b>	<b>12,462</b>	<b>11,084</b>	<b>11,975</b>	<b>10,617</b>
<b>STOCKHOLDERS' EQUITY</b>					
Common stock	—	—	—	—	—
Capital in excess of par value	9,370	9,139	9,071	8,553	8,373
Accumulated undistributed (overdistributed) earnings	66	196	308	315	164
<b>Total stockholders' equity</b>	<b>9,436</b>	<b>9,335</b>	<b>9,379</b>	<b>8,868</b>	<b>8,537</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 22,038</b>	<b>\$ 21,797</b>	<b>\$ 20,463</b>	<b>\$ 20,843</b>	<b>\$ 19,154</b>
<b>NET ASSETS PER SHARE</b>	<b>\$ 18.56</b>	<b>\$ 18.81</b>	<b>\$ 19.03</b>	<b>\$ 18.96</b>	<b>\$ 18.52</b>

\* Accrued in accordance with GAAP. For the year ended December 31, 2021, the capital gains incentive fees actually payable under Ares Capital's investment advisory and management agreement was \$26 million, which was paid in the first quarter of 2022. No capital gains incentive fees were actually payable under Ares Capital's investment advisory and management agreement for any other periods presented.

# Investment Portfolio by Issuer as of September 30, 2022\*

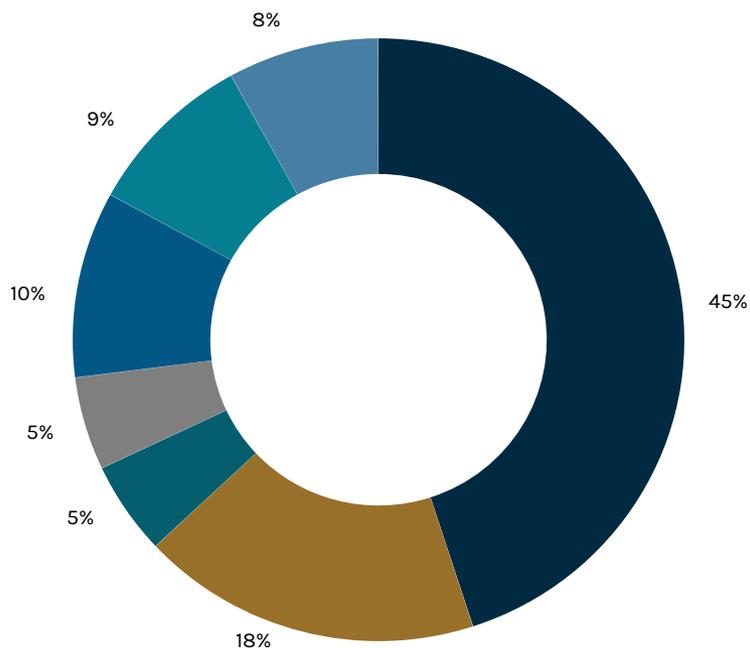


Diversified \$21.3 billion portfolio with 458 portfolio companies<sup>(12)</sup>

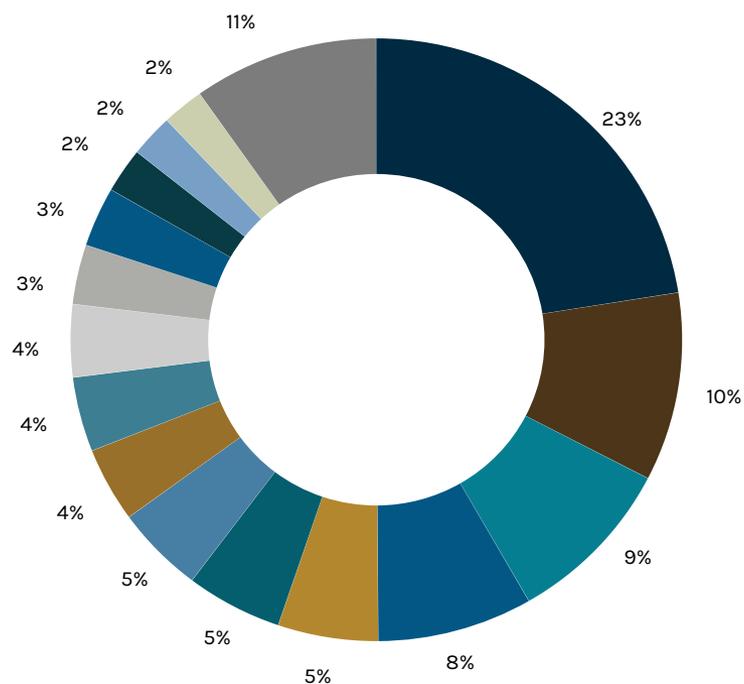
\* At fair value

# Investment Portfolio as of September 30, 2022\*

## Asset Class



## Industry



- First Lien Senior Secured Loans<sup>(13)</sup>
- Second Lien Senior Secured Loans
- Senior Direct Lending Program<sup>(14)</sup>
- Senior Subordinated Loans
- Preferred Equity
- Ivy Hill Asset Management<sup>(15)</sup>
- Other Equity

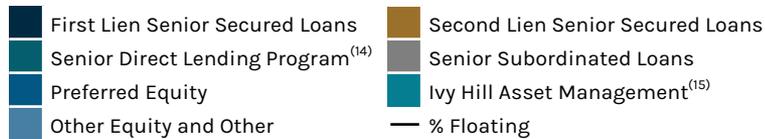
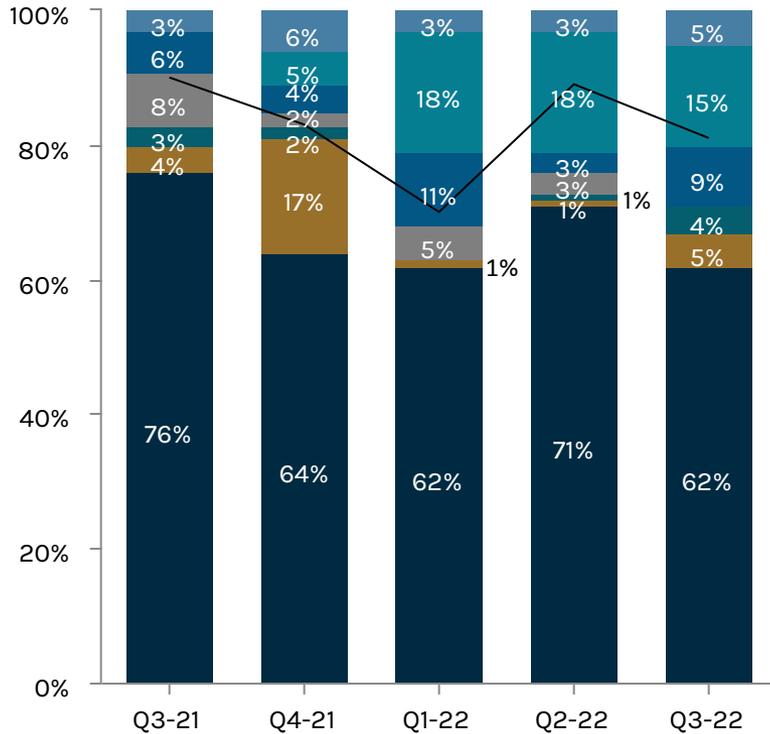
- Software & Services
- Health Care Services
- Ivy Hill Asset Management<sup>(15)</sup>
- Commercial & Professional Services
- Insurance Services
- Senior Direct Lending Program<sup>(14)</sup>
- Power Generation
- Consumer Services

- Capital Goods
- Consumer Durables & Apparel
- Automobiles & Components
- Diversified Financials
- Food & Beverage
- Pharmaceuticals, Biotechnology & Life Sciences
- Retailing and Distribution
- Other

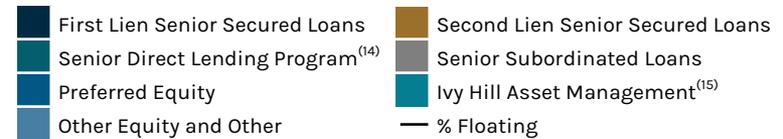
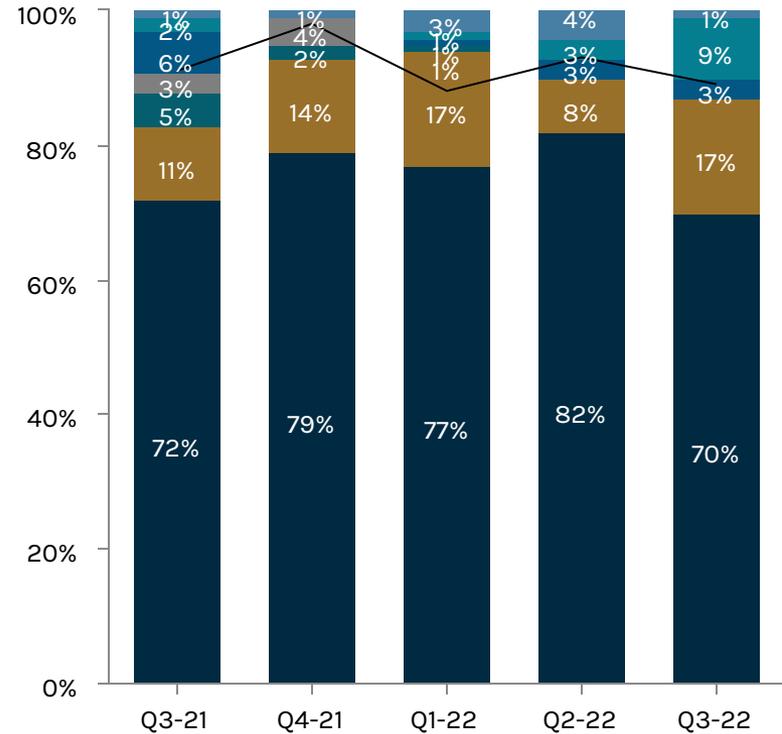
\* At fair value

# Portfolio Activity

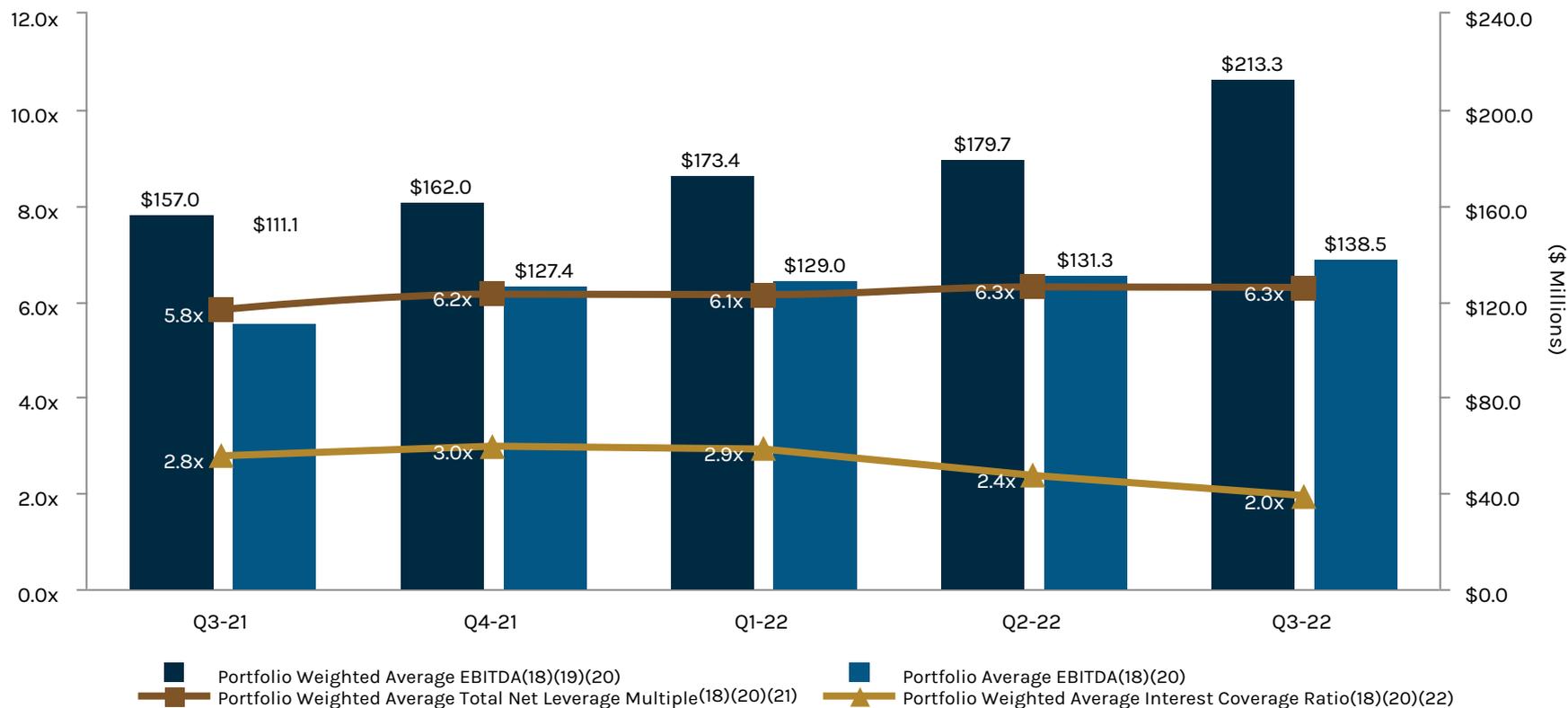
## Gross Commitments by Asset Class



## Exits of Commitments by Asset Class



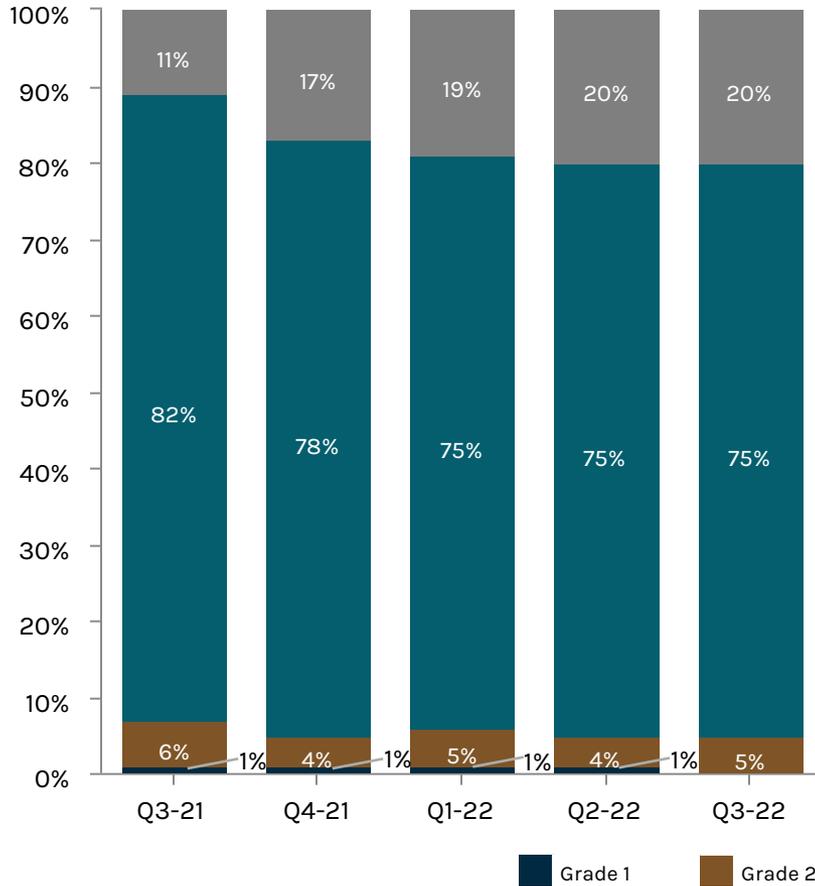
# Portfolio Company EBITDA and Credit Statistics



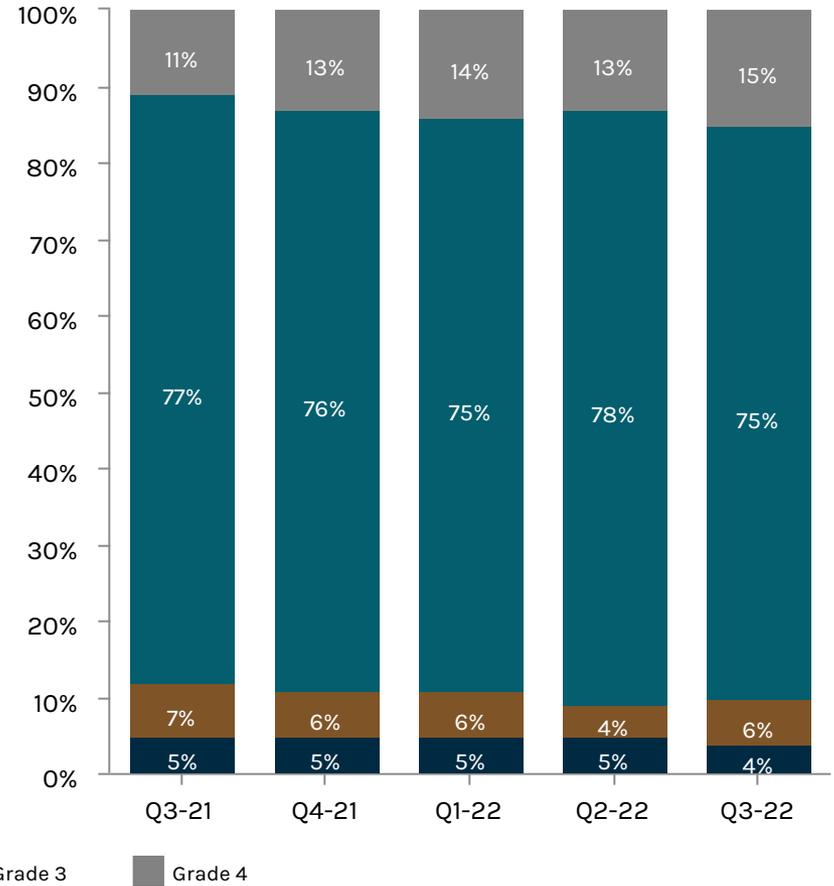
\* For the portfolio companies included in the portfolio weighted average EBITDA data above (subject to additional exclusions described in the following sentence), the weighted average EBITDA growth rate as of Q3-22 was approximately 13% on a comparable basis for the most recently reported LTM period versus prior year LTM period. In addition to those portfolio companies excluded as noted, this calculation excludes 57 companies where prior year comparable data was not available.<sup>(23)</sup>

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

% by Fair Value

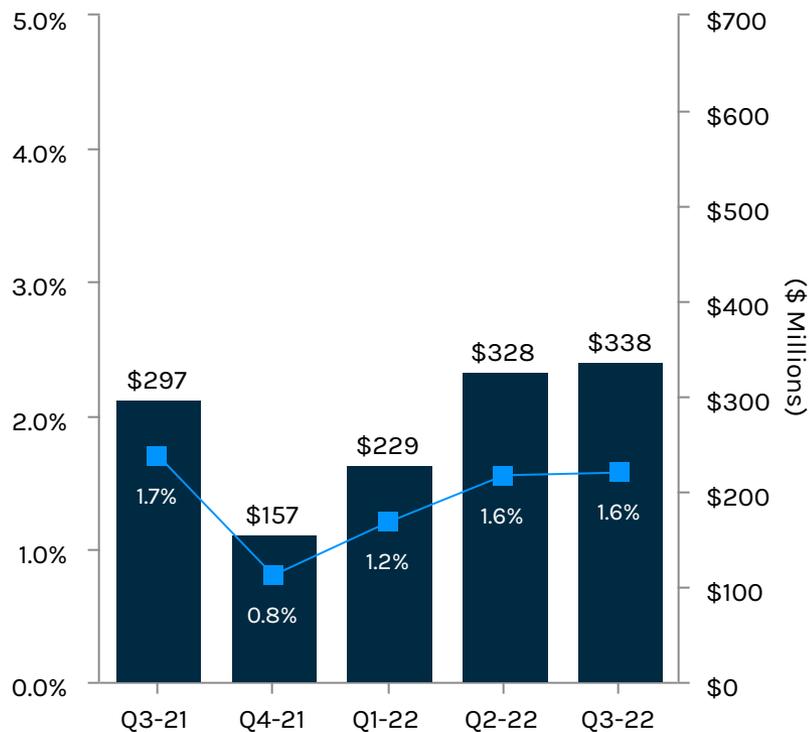


% by Number of Companies

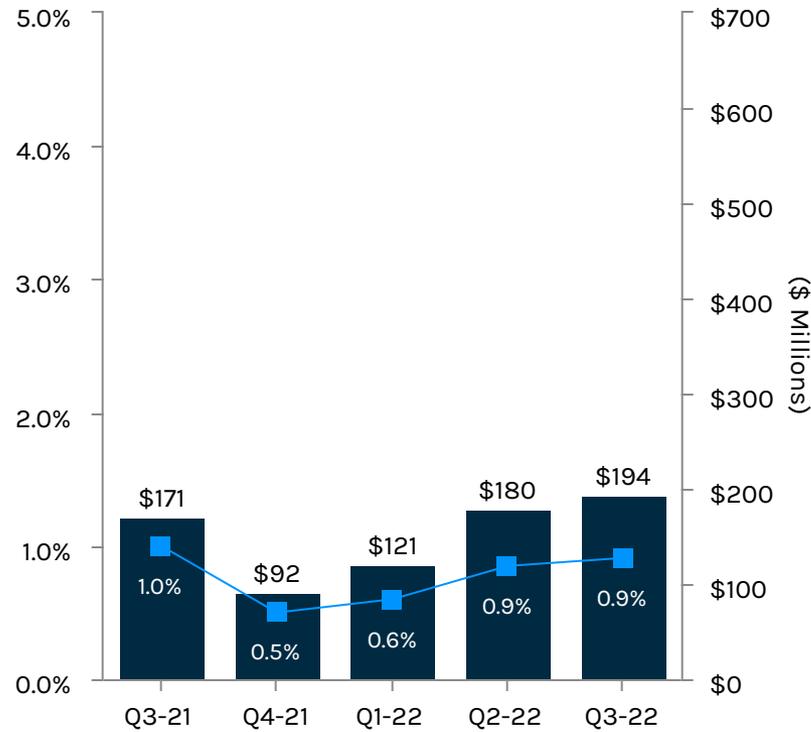


# Loans on Non-Accrual Status

## Amortized Cost



## Fair Value



Investments on Non-Accrual Status
  Percentage of Total Investment Portfolio

# Investment Activity from October 1, 2022 through October 20, 2022

## **Ares Capital made approximately \$1.1 billion of new investment commitments**

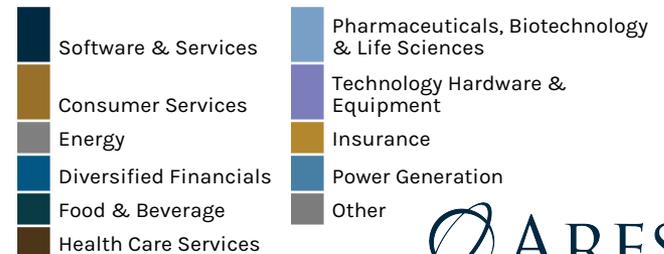
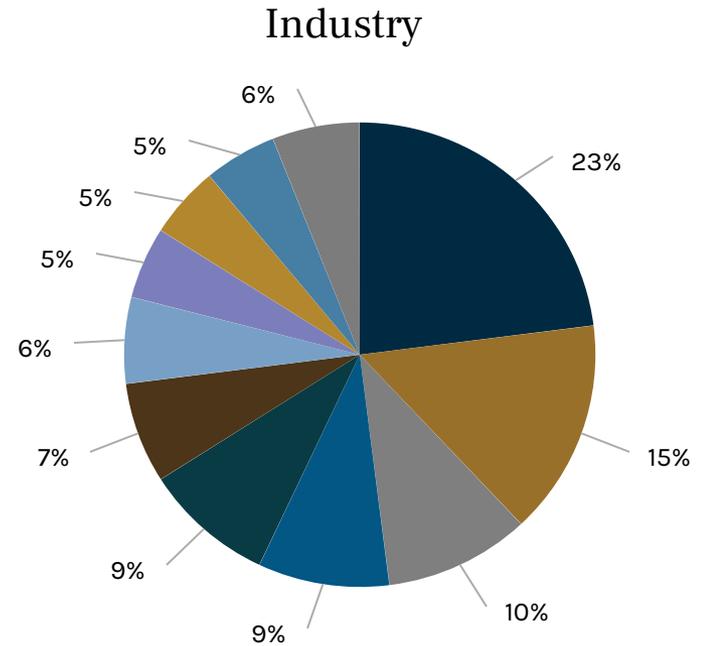
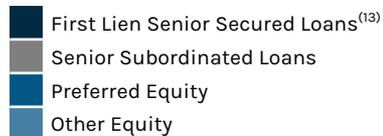
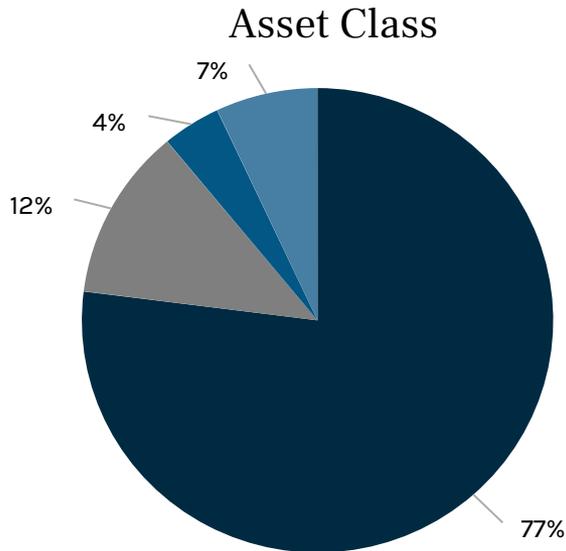
- 68% were in first lien senior secured loans, 31% were in second lien senior secured loans and 1% were in other equity
- 98% were floating rate, 1% were non-income producing and 1% were on non-accrual status
- Weighted average yield of debt and other income producing securities funded at amortized cost of 11.0%
- Weighted average yield on total investments funded at amortized cost was 10.9%

## **Ares Capital exited approximately \$418 million of investment commitments**

- 77% were first lien senior secured loans, 20% were preferred equity and 3% were second lien senior secured loans
- 80% were floating rate and 20% were fixed rate
- Weighted average yield of debt and other income producing securities exited or repaid at amortized cost was 10.0%
- Weighted average yield on total investments exited or repaid at amortized cost was 10.0%
- Total net realized gains of approximately \$8 million
- Exits include approximately \$6 million of loans sold to IHAM or certain vehicles managed by IHAM, resulting in no realized gains or losses

# Backlog and Pipeline

- As of October 20, 2022, Ares Capital had a backlog and pipeline of approximately \$605 million and \$0, respectively<sup>(25)</sup>
- The following is a breakdown of the backlog and pipeline by asset class and by industry



# Debt Summary

(dollar amounts in millions)	As of 6/30/22			As of 9/30/22			Weighted Average Stated Interest Rate <sup>(28)</sup>	Interest Rate	Maturity Date
	Aggregate Principal Amount Committed/Outstanding <sup>(27)</sup>	Principal Amount Outstanding	Carrying Value of Outstanding Debt	Aggregate Principal Amount Committed/Outstanding <sup>(27)</sup>	Principal Amount Outstanding	Carrying Value of Outstanding Debt			
<b>Secured Revolving Facilities<sup>(26)</sup>:</b>									
Revolving Credit Facility	\$ 4,843	\$ 1,787	\$ 1,787	\$ 4,843	\$ 1,787	\$ 1,787	4.988 %	SOFR + 1.75% <sup>(30)</sup>	March 2027 <sup>(30)</sup>
Revolving Funding Facility	1,775	962	962	1,775	932	932	4.990 %	SOFR + 1.90% <sup>(30)</sup>	December 2026 <sup>(30)</sup>
SMBC Funding Facility	800	401	401	800	456	456	4.604 %	LIBOR + 1.75% <sup>(30)</sup>	May 2026 <sup>(30)</sup>
BNP Funding Facility	300	115	115	300	175	175	4.301 %	LIBOR + 1.80% <sup>(30)</sup>	June 2025 <sup>(30)</sup>
<b>Subtotal</b>	<b>7,718</b>	<b>3,265</b>	<b>3,265</b>	<b>7,718</b>	<b>3,350</b>	<b>3,350</b>	<b>4.900 %</b>		
<b>Unsecured Notes Payable:</b>									
2023 Notes	750	750	749 <sup>(28)</sup>	750	750	750 <sup>(28)</sup>	3.500 %		February 2023
2024 Convertible Notes	403	403	398 <sup>(28)</sup>	403	403	399 <sup>(28)</sup>	4.625 %		March 2024
2024 Notes	900	900	898 <sup>(28)</sup>	900	900	898 <sup>(28)</sup>	4.200 %		June 2024
March 2025 Notes	600	600	597 <sup>(28)</sup>	600	600	597 <sup>(28)</sup>	4.250 %		March 2025
July 2025 Notes	1,250	1,250	1,259 <sup>(28)</sup>	1,250	1,250	1,258 <sup>(28)</sup>	3.250 %		July 2025
January 2026 Notes	1,150	1,150	1,143 <sup>(28)</sup>	1,150	1,150	1,144 <sup>(28)</sup>	3.875 %		January 2026
July 2026 Notes	1,000	1,000	989 <sup>(28)</sup>	1,000	1,000	990 <sup>(28)</sup>	2.150 %		July 2026
2027 Notes	500	500	494 <sup>(28)</sup>	500	500	494 <sup>(28)</sup>	2.875 %		June 2027
2028 Notes	1,250	1,250	1,246 <sup>(28)</sup>	1,250	1,250	1,246 <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
<b>Subtotal</b>	<b>8,503</b>	<b>8,503</b>	<b>8,463</b>	<b>8,503</b>	<b>8,503</b>	<b>8,466</b>	<b>3.382 %</b>		
<b>Total Debt</b>	<b>\$ 16,221</b>	<b>\$ 11,768</b>	<b>\$ 11,728</b>	<b>\$ 16,221</b>	<b>\$ 11,853</b>	<b>\$ 11,816</b>	<b>3.811 %</b>		

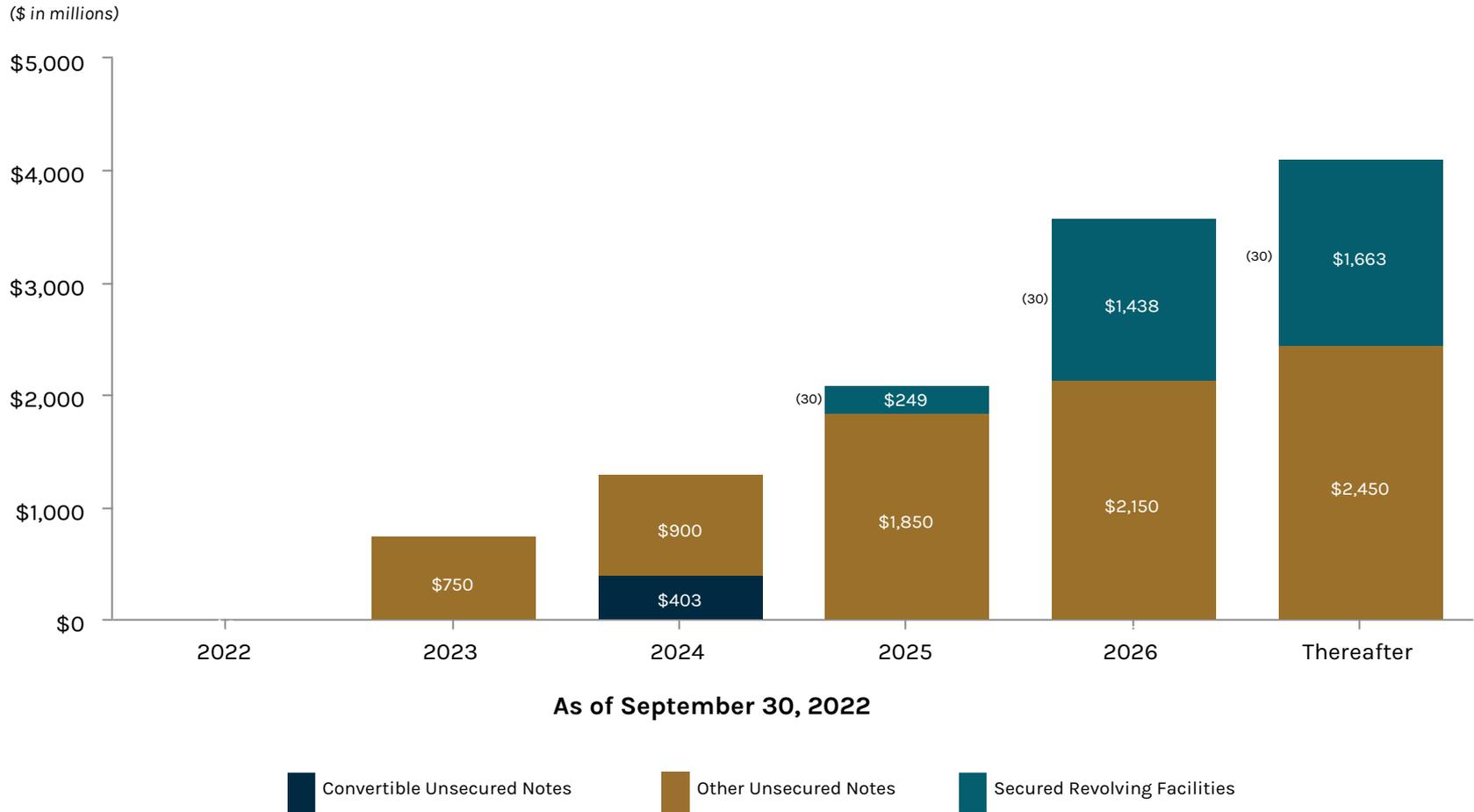
## Floating and Fixed rate debt as of September 30, 2022

Debt (dollar amounts in millions)	Principal Amount Outstanding	Weighted Average Stated Interest Rate <sup>(28)</sup>	Weighted Average Remaining Maturity* (in years)
Floating	\$ 3,350	4.90 %	4.09
Fixed	8,503	3.38 %	3.72
<b>Total</b>	<b>\$ 11,853</b>	<b>3.81 %</b>	<b>3.79</b>

\* Represents the weighted average remaining maturity of outstanding debt as of September 30, 2022.

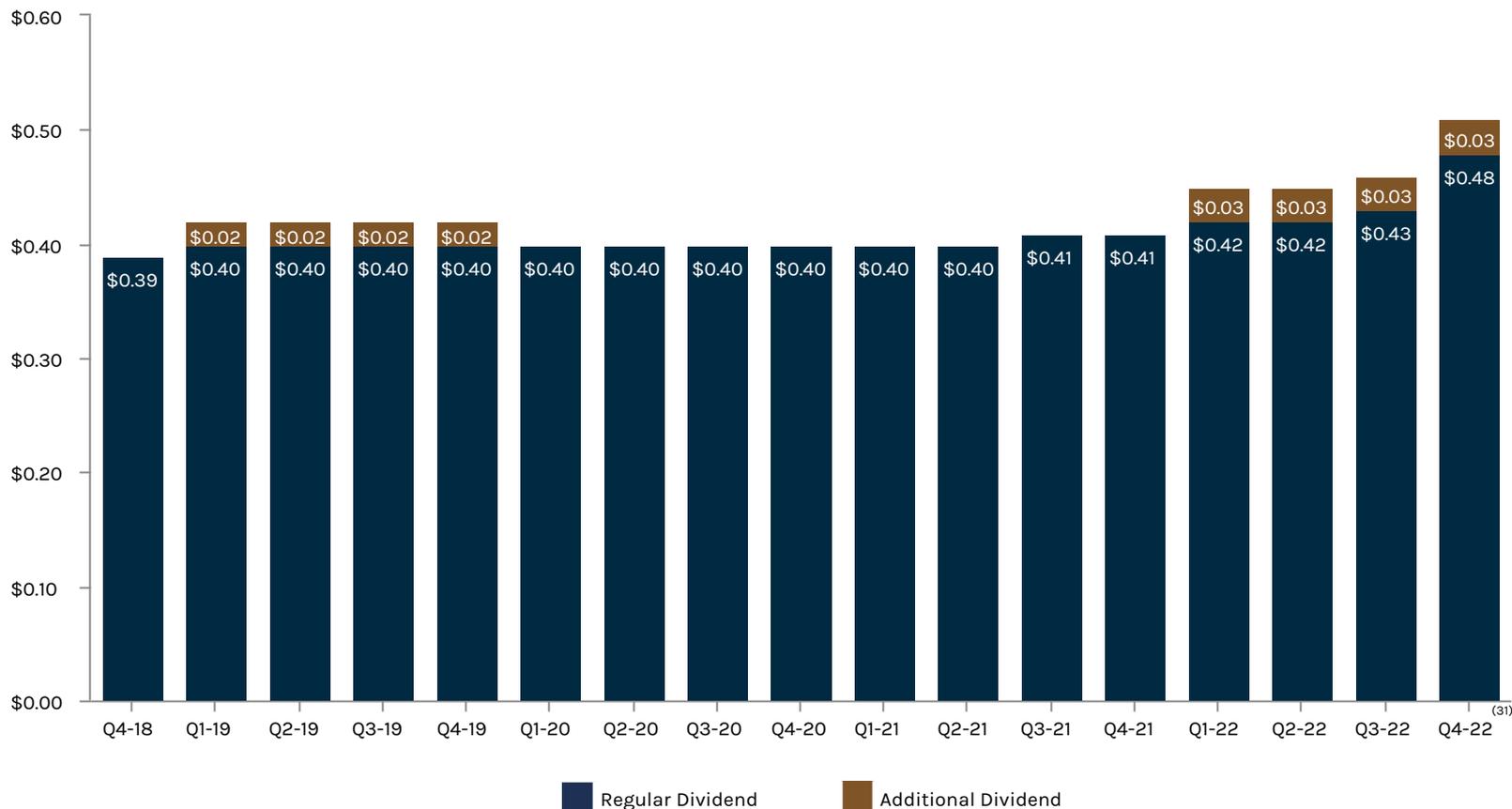
# Debt Summary

## Debt Maturities\*



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

# Quarterly Dividends



- ARCC carried forward excess taxable income of \$678 million or \$1.36 per share from 2021 for distribution to stockholders in 2022

# 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

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Former Chief Financial Officer of the  
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Co-Founder of the Retail & Apparel  
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Retired Partner of Davis Polk & Wardwell LLP

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MICHAEL PARKS  
Chief Executive Officer and President of  
FlyawayHomes

ROBERT ROSEN  
Strategic Adviser to Ares Private Equity  
Group

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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

DAVID SCHWARTZ  
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

LISA MORGAN  
Chief Compliance Officer

PENNI ROLL  
Chief Financial Officer

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EVERSHEDS SUTHERLAND (US) LLP  
Washington, D.C.

## Independent Registered Public Accounting Firm

KPMG LLP  
Los Angeles, CA

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[www.computershare.com/investor](http://www.computershare.com/investor)

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[www.arescapitalcorp.com](http://www.arescapitalcorp.com)

\* As of October 25, 2022.

# Reconciliations of Core EPS

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

	For the Three Months Ended				
	9/30/22	6/30/22	3/31/22	12/31/21	9/30/21
Core EPS <sup>(1)</sup>	\$ 0.50	\$ 0.46	\$ 0.42	\$ 0.58	\$ 0.47
Net realized and unrealized gains (losses) <sup>(2)</sup>	(0.36)	(0.30)	0.03	0.31	0.33
Capital gains incentive fees attributable to net realized and unrealized gains and losses <sup>(2)</sup>	0.07	0.06	—	(0.06)	(0.07)
Income tax expense related to net realized gains and losses <sup>(2)</sup>	—	—	(0.01)	—	—
<b>GAAP net income per share<sup>(2)(3)</sup></b>	<b>\$ 0.21</b>	<b>\$ 0.22</b>	<b>\$ 0.44</b>	<b>\$ 0.83</b>	<b>\$ 0.73</b>

	For the Nine Months Ended	
	9/30/22	9/30/21
Core EPS <sup>(1)</sup>	\$ 1.39	\$ 1.43
Net realized and unrealized gains (losses) <sup>(2)</sup>	(0.65)	1.55
Capital gains incentive fees attributable to net realized and unrealized gains and losses <sup>(2)</sup>	0.13	(0.30)
Income tax expense related to net realized gains and losses <sup>(2)</sup>	(0.01)	—
<b>GAAP net income per share<sup>(2)(3)</sup></b>	<b>\$ 0.86</b>	<b>\$ 2.68</b>

# Endnotes

- 1) Core EPS is a non-GAAP financial measure. Core EPS is the net increase (decrease) in stockholders' equity resulting from operations less 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. Basic 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 Core EPS to the most directly comparable GAAP financial measure are set forth on slide 23 hereof.
- 2) Per share amounts and weighted average shares outstanding are basic. The basic weighted average shares outstanding for the three months ended 9/30/21, 12/31/21, 3/31/22, 6/30/22 and 9/30/22 were approximately 453 million, 463 million, 479 million, 494 million and 503 million, respectively.
- 3) In the first quarter of 2022, Ares Capital adopted Accounting Standards Update (ASU) 2020-06, "Accounting for Convertible Instruments and Contracts in an Entity's Own Equity" ("ASU 2020-06"), which requires the use of the if-converted method when calculating the dilutive impact of outstanding convertible notes on diluted earnings per share. As a result, Ares Capital's diluted GAAP net income per share for the three months ended March 31, 2022, June 30, 2022 and September 30, 2022 was \$0.43, \$0.22 and \$0.21, respectively. The weighted average shares outstanding for purpose of calculating the diluted GAAP net income per share for the three months ended March 31, 2022, June 30, 2022 and September 30, 2022 was approximately 500 million shares, 514 million shares and 523 million shares, respectively, which includes approximately 21 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 nine months ended September 30, 2022 was \$0.86. The weighted average shares outstanding for purpose of calculating the diluted GAAP net income per share for the nine months ended September 30, 2022 was approximately 512 shares, which includes approximately 20 million shares related to the assumed conversion of outstanding convertible notes. Under the allowed modified retrospective method, diluted GAAP net income per share for the prior periods were not restated to reflect the impact of ASU 2020-06. As such, diluted GAAP net income per share amounts for the prior periods are the same as the basic GAAP net income per share amounts.
- 4) Includes investment commitments to IHAM, a wholly-owned portfolio company of Ares Capital, or vehicles managed by IHAM. Q3-22, Q2-22, Q1-22, Q4-21 and Q2-21 also include investment commitments to IHAM or vehicles managed by IHAM of \$342 million, \$570 million, \$349 million, \$296 million and \$52 million, respectively.
- 5) Includes sales to IHAM or vehicles managed by IHAM. Q3-22, Q2-22, Q1-22, Q4-21 and Q3-21 include sales of loans to IHAM or vehicles managed by IHAM of \$860 million, \$379 million, \$1.2 billion, \$1.4 billion and \$201 million, respectively. Q3-22, Q2-22 and Q1-22 also include investment commitments repaid by IHAM of \$189 million, \$28 million and \$16 million, respectively.
- 6) The weighted average yield on debt and other income producing securities is 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 yield on the total investment portfolio is 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 dividends payable and 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.
- 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 September 30, 2022, the total amortized cost and fair value of loans that Ares Capital classified as "unitranche" loans were \$5.1 billion and \$5.0 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 September 30, 2022 for information regarding the SDLP.
- 15) Includes Ares Capital's equity and subordinated loan 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 September 30, 2022 for more information regarding IHAM.
- 16) As of September 30, 2022, excluding Ares Capital's investment in the subordinated certificates of the SDLP, 92% 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 \$83.5 million, \$85.2 million, \$91.9 million, \$93.6 million and \$92.2 million as of 9/30/21, 12/31/21, 3/31/22, 6/30/22 and 9/30/22, respectively. The portfolio average EBITDA for the underlying borrowers in the SDLP was \$71.5 million, \$73.8 million, \$79.5 million, \$79.7 million and \$80.1 million as of 9/30/21, 12/31/21, 3/31/22, 6/30/22 and 9/30/22, 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) Portfolio weighted average total net leverage multiples represent Ares Capital's last dollar of invested debt capital (net of cash) as a multiple of EBITDA. Portfolio weighted average total net leverage multiples for borrowers in the SDLP represent the SDLP's last dollar of invested debt capital (net of cash) as a multiple of EBITDA. The weighted average total net leverage multiple for the underlying borrowers in the SDLP was 5.8x, 6.0x, 6.0x, 5.9x and 5.8x as of 9/30/21, 12/31/21, 3/31/22, 6/30/22 and 9/30/22, respectively, which excludes certain portfolio companies with negative or de minimis EBITDA. Weighted average total net leverage multiples are weighted based on the fair value of the 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) Portfolio weighted average interest coverage ratio represents the portfolio company's EBITDA as a multiple of cash interest expense. The weighted average interest coverage ratio for the underlying borrowers in the SDLP was 2.7x, 2.6x, 2.5x, 2.2x and 1.9x as of 9/30/21, 12/31/21, 3/31/22, 6/30/22 and 9/30/22, respectively, which excludes certain portfolio companies with negative or de minimis EBITDA. Weighted average interest coverage ratios are weighted based on the fair value of the 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 September 30, 2022.

## 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 three and nine months ended September 30, 2022 for more information regarding each of Ares Capital's secured revolving facilities.
- 31) Declared. In addition to the fourth quarter 2022 regular dividend of \$0.48 per share to be paid on December 29, 2022 to stockholders of record on December 15, 2022, Ares Capital previously declared additional dividends totaling \$0.12 per share for 2022, to be distributed in four consecutive quarterly payments of \$0.03 per share beginning with the first quarter of 2022. The fourth quarter additional dividend of \$0.03 per share is to be paid on December 29, 2022 to stockholders of record on December 15, 2022.

