

Risk Factors Comparison 2025-02-05 to 2024-02-07 Form: 10-K

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You should carefully consider the risk factors described below, together with all of the other information included in this Annual Report, including our consolidated financial statements and the related notes thereto, before you decide whether to make an investment in our securities. The risks set out below are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and / or operating results. If any of the following events occur, our business, financial condition and results of operations could be materially adversely affected. In such case, the net asset value of our common stock and the trading price, if any, of our securities could decline, and you may lose all or part of your investment.

RISK FACTOR SUMMARY The following is a summary of the principal risks that you should carefully consider before investing in our securities.

- The capital markets may experience periods of disruption and instability. Such market conditions may materially and adversely affect debt and equity capital markets, which may have a negative impact on our business and operations.
- Global economic, political and market conditions, including uncertainty about the financial stability of the United States, could have a significant adverse effect on our business, financial condition and results of operations.
- A failure on our part to maintain our status as a BDC may significantly reduce our operating flexibility and a failure to maintain our status as a RIC may subject us to additional corporate-level income taxes and reduce earnings available from which to pay dividends.
- We are dependent upon certain key systems and personnel of Ares for our success and upon their access to other Ares investment professionals.
- We borrow money, which magnifies the potential for gain or loss on amounts invested and may increase the risk of investing in us.
- We operate in a highly competitive market for investment opportunities.
- Our ability to enter into transactions with our affiliates is restricted.
- There are significant potential conflicts of interest that could impact our investment returns.
- Most of our portfolio investments are not publicly traded and, as a result, the fair value of these investments may not be readily determinable. Additionally, to the extent that we need liquidity and need to sell assets, the lack of liquidity in our investments may adversely affect our business.
- Our financial condition and results of operations could be negatively affected if a significant investment fails to perform as expected.
- Declines in market prices and liquidity in the corporate debt markets can result in significant net unrealized depreciation of our portfolio, which in turn would reduce our net asset value.
- Economic recessions or downturns could impair our portfolio companies and harm our operating results.
- Our investments, which are primarily in middle- market companies, may be risky and we could lose all or part of our investment.
- Our portfolio companies may be highly leveraged.
- Our shares of common stock may trade at a price above or below net asset value. If our common stock trades at a discount to net asset value, our ability to raise capital may be limited.
- Our ability to grow depends on our ability to raise capital.
- Our asset coverage requirement is 150 %, which may increase the risk of investing in us.
- We and our portfolio companies and service providers may be subject to cybersecurity risks and our business could be adversely affected by changes to data protection laws and regulations.

RISKS RELATING TO OUR BUSINESS The capital markets may experience periods of disruption and instability. Such market conditions may materially and adversely affect the debt and equity capital markets, which may have a negative impact on our business and operations. From time to time, capital markets may experience periods of disruption and instability. Such disruptions may result in, amongst other things, write- offs, the re- pricing of credit risk, the failure of financial institutions or worsening general economic conditions, any of which could materially and adversely impact the broader financial and credit markets and reduce the availability of debt and equity capital for the market as a whole and financial services firms in particular. There can be no assurance these market conditions will not occur or worsen in the future, including **economic and political events in or affecting the world' s major economies, such as the ongoing war between Russia and Ukraine and conflicts in the Middle East. Sanctions imposed by the U. S. and other countries in connection with hostilities between Russia and Ukraine and the tensions between China and Taiwan have caused additional financial market volatility and affected the global economy. Concerns over future increases in inflation, economic recession, as well as interest rate volatility and fluctuations in oil and gas prices resulting from global production and demand levels, as well as geopolitical tension, have exacerbated market volatility. Market uncertainty and volatility have also been magnified as a result of the Russia-Ukraine war 2024 U. S. presidential and more recently congressional elections and resulting uncertainties regarding actual and potential shifts in U. S. and foreign, trade, economic and the other policies Israel-Hamas war, including with respect to health epidemics and pandemics, rising interest rates treaties and tariffs or renewed inflationary pressure.** Equity capital may be difficult to raise during such periods of adverse or volatile market conditions because, subject to some limited exceptions, as a BDC, we are generally not able to issue additional shares of our common stock at a price less than net asset value without first obtaining approval for such issuance from our stockholders and our independent directors. We generally seek approval from our stockholders so that we have the flexibility to issue up to 25 % of our then outstanding shares of our common stock at a price below net asset value. Pursuant to approval granted at a special meeting of stockholders held on August 8, ~~2023~~ **2024**, we are permitted to sell or otherwise issue shares of our common stock at a price below net asset value, subject to certain limitations and determinations that must be made by our board of directors. Such stockholder approval expires on August 8, ~~2024~~ **2025**. Volatility and dislocation in the capital markets can also create a challenging environment in which to raise or access debt capital. Such conditions could make it difficult to extend the maturity of or refinance our existing indebtedness or obtain new indebtedness with similar terms and any failure to do so could have a material adverse effect on our business. The debt capital that we have raised over the last year has been at higher rates than we have raised debt at in the past due to the higher interest rate environment we have been experiencing. The debt capital that will

operations. We are dependent upon certain key personnel of Ares for our future success and upon their access to other Ares investment professionals. We depend on the diligence, skill, judgment, network of business contacts and personal reputations of certain key personnel of the Ares Credit Group and our future success depends on their continued service. We also depend, to a significant extent, on access to the investment professionals of other groups within Ares, the information and deal flow generated by Ares' investment professionals in the course of their investment and portfolio management activities, as well as the support of senior business operations professionals of Ares. The departure or misconduct of any of these individuals, or of a significant number of the investment professionals or partners of Ares, could have a material adverse effect on our business, financial condition or results of operations. In addition, we cannot assure you that Ares Capital Management will remain our investment adviser or that we will continue to have access to Ares' investment professionals or its information and deal flow. Further, there can be no assurance that ~~we Ares Capital~~ will replicate ~~its our~~ own, **our affiliates'**, or Ares' historical success, and we caution ~~you~~ that our investment returns could be substantially lower than the returns achieved by other Ares funds. Our financial condition and results of operations depend on our ability to manage future growth effectively. Our ability to achieve our investment objective depends on our ability to acquire suitable investments and monitor and administer those investments, which depends, in turn, on our investment adviser's ability to identify, invest in and monitor companies that meet our investment criteria. Accomplishing this result on a cost-effective basis is largely a function of the structuring of our investment process and the ability of our investment adviser to provide competent, attentive and efficient services to us. Our executive officers and the members of our investment adviser's investment committee have substantial responsibilities in connection with their roles at Ares and with other Ares funds as well as responsibilities under the investment advisory and management agreement. They may also be called upon to provide significant managerial assistance to certain of our portfolio companies. These demands on their time, which will increase as the number of investments grow, may distract them or slow the rate of investment. In order for us to grow, Ares will need to hire, train, supervise, manage and retain new employees. However, we cannot assure you that Ares will be able to do so effectively. Any failure to manage our future growth effectively could have a material adverse effect on our business, financial condition and results of operations. We will need to periodically access the capital markets to raise cash to fund new investments in excess of our repayments, and we may also need to access the capital markets to refinance existing debt obligations to the extent such maturing obligations are not repaid with availability under our revolving credit facilities, which includes **our senior secured revolving credit agreement, dated as of December 28, 2005 (as amended, the "Revolving Credit Facility"), our purchase and sale agreement, dated as of November 3, 2004 (as amended, the "Revolving Funding Facility"), our loan and servicing agreement, dated as of January 20, 2012 (as amended, the "SMBC Funding Facility") and our revolving credit and security agreement, dated as of June 11, 2020 (as amended, the "BNP Funding Facility") and, together with the Revolving Credit Facility, the Revolving Funding Facility and the SMBC Funding Facility,** the "Facilities") or cash flows from operations. We have elected to be treated as a RIC and operate in a manner so as to qualify for the U. S. federal income tax treatment applicable to RICs. Among other things, in order to maintain our RIC status, we must distribute to our stockholders on a timely basis generally an amount equal to at least 90 % of our investment company taxable income, and, as a result, such distributions will not be available to fund investment originations or repay maturing debt. We must continue to borrow from financial institutions and issue additional securities to fund our growth. Unfavorable economic or capital market conditions may increase our funding costs, limit our access to the capital markets or could result in a decision by lenders not to extend credit to us. An inability to successfully access the capital markets may limit our ability to refinance our existing debt obligations as they come due and / or to fully execute our business strategy and could limit our ability to grow or cause us to have to shrink the size of our business, which could decrease our earnings, if any. See " — The capital markets may experience periods of disruption and instability. Such market conditions may materially and adversely affect the debt and equity capital markets, which may have a negative impact on our business and operations. " In addition, we are currently allowed to borrow amounts or issue debt securities or preferred stock, which we refer to collectively as " senior securities, " such that our asset coverage, as calculated pursuant to the Investment Company Act, equals at least 150 % immediately after such borrowing (i. e., we are able to borrow up to two dollars for every dollar we have in assets less all liabilities and indebtedness not represented by senior securities issued by us). Such requirement, in certain circumstances, may restrict our ability to borrow or issue debt securities or preferred stock. The amount of leverage that we employ will depend on our investment adviser's and our board of directors' assessments of market and other factors at the time of any proposed borrowing or issuance of senior securities. We cannot assure you that we will be able to maintain or increase the amount available to us under our current Facilities **or to our portfolio companies under the Letter of Credit Facility (as defined below)**. obtain other lines of credit or issue senior securities at all or on terms acceptable to us. Regulations governing our operation as a BDC affect our ability to, and the way in which we, raise additional capital. We may issue senior securities or borrow money from banks or other financial institutions, up to the maximum amount permitted by the Investment Company Act. As a BDC, we are currently permitted to incur indebtedness or issue senior securities only in amounts such that our asset coverage, as calculated pursuant to the Investment Company Act, equals at least 150 % after each such incurrence or issuance (i. e., we are able to borrow up to two dollars for every dollar we have in assets less all liabilities and indebtedness not represented by senior securities issued by us). If the value of our assets declines, we may be unable to satisfy this test, which may prohibit us from paying dividends and could prevent us from maintaining our status as a RIC or may prohibit us from repurchasing shares of our common stock. In addition, our inability to satisfy this test could cause an event of default under our existing indebtedness. If we cannot satisfy this test, we may be required to sell a portion of our investments at a time when such sales may be disadvantageous and, depending on the nature of our leverage, repay a portion of our indebtedness. Accordingly, any failure to satisfy this test could have a material adverse effect on our business, financial condition or results of operations. As of December 31, ~~2023~~ **2024**, our asset coverage calculated in accordance with the Investment Company Act was ~~194~~ **196**%. Also, to generate cash for funding new investments, we may in the future seek to issue additional debt or to securitize certain of our

loans. The Investment Company Act may impose restrictions on the structure of any such securitization. We are not generally able to issue and sell our common stock at a price below net asset value per share. We may, however, sell our common stock, or warrants, options or rights to acquire our common stock, at a price below the current net asset value per share of our common stock if our board of directors determines that such sale is in our best interests and the best interests of our stockholders, and our stockholders approve such sale. Any such sale would be dilutive to the net asset value per share of our common stock. In any such case, the price at which our securities are to be issued and sold may not be less than a price that, in the determination of our board of directors, closely approximates the market value of such securities (less any commission or discount). If our common stock trades at a discount to net asset value, this restriction could adversely affect our ability to raise capital. Borrowings, also known as leverage, magnify the potential for gain or loss on amounts invested and, therefore, increase the risks associated with investing in our securities. We currently borrow under the Facilities and have issued or assumed other senior securities, and in the future may borrow from, or issue additional senior securities to, banks, insurance companies, funds, institutional investors and other lenders and investors. Lenders and holders of such senior securities have fixed dollar claims on our consolidated assets that are superior to the claims of our common stockholders or any preferred stockholders. If the value of our consolidated assets increases, then leveraging would cause the net asset value per share of our common stock to increase more sharply than it would have had we not incurred leverage. Conversely, if the value of our consolidated assets decreases, leveraging would cause net asset value to decline more sharply than it otherwise would have had we not incurred leverage. Similarly, any increase in our consolidated income in excess of consolidated interest payable on the borrowed funds would cause our net income to increase more than it would had we not incurred leverage, while any decrease in our consolidated income would cause net income to decline more sharply than it would have had we not incurred leverage. Such a decline could negatively affect our ability to make common stock dividend payments. There can be no assurance that a leveraging strategy will be successful. As of December 31, 2023-2024, we had approximately \$ 3. 3-6 billion of outstanding borrowings under the Facilities, **our wholly owned consolidated subsidiary, Ares Direct Lending CLO 1 LLC (“ ADL CLO 1 ”) had approximately \$ 403-476 million in aggregate principal amount outstanding of unsecured convertible the notes offered in the ADL CLO 1 debt securitization that mature on April 25, 2036 (collectively, the “ April 2036 CLO Notes ”), excluding the approximately \$ 226 million of subordinated notes that mature on March-April 25, 2036 issued by ADL CLO 1, 2024 which were retained by us and eliminated in consolidation (the “ 2024 Convertible-April 2036 CLO Subordinated Notes ”) and, our wholly owned consolidated subsidiary, Ares Direct Lending CLO 4 LLC (“ ADL CLO 4 ”) had approximately \$ 544 8-3 billion million in aggregate principal amount outstanding of senior the loans incurred in the ADL CLO 4 debt securitization that mature on October 24, 2036 (collectively, the “ October 2036 CLO unsecured Secured Loans ” and, together with the April 2036 CLO notes Notes comprised of, the “ Debt Securitizations ”), excluding the approximately \$ 900-260 million in aggregate principal amount of subordinated senior unsecured notes that mature on June-10-October 24, 2036 issued by ADL CLO 2024 and bear interest at a rate of 4. -200 % which were retained by us and eliminated in consolidation (the “ 2024-October 2036 CLO Subordinated Notes ”), and we had approximately \$ 600 9. 2 million billion in aggregate principal amount outstanding of senior unsecured notes that mature on March 1, 2025 and bear interest at a rate of 4. 250 % (we refer to each series of unsecured notes using the defined term set forth under the “ Unsecured March 2025 Notes ” column), \$ 1, 250 million in aggregate principal amount of senior unsecured notes that mature on July 15, 2025 and bear interest at a rate of 3. 250 % (the table below “ July 2025 Notes ”), \$ 1, 150 million in aggregate principal amount of senior unsecured notes that mature on January 15, 2026 and collectively referred to all such series bear interest at a rate of 3. 875 % (the “ January 2026 Notes ”); \$ 1, 000 million in aggregate principal amount of senior unsecured notes that mature on July 15, 2026 and bear interest at a rate of 2. 150 % (the “ July 2026 Notes ”), \$ 900 million in aggregate principal amount of senior unsecured notes that mature on January 15, 2027 and bear interest at a rate of 7. 000 % (the “ January 2027 Notes ”) which was as swapped from a fixed rate to a floating rate of one-month SOFR plus 2. 581 % under the interest rate swap agreements, \$ 500 million in aggregate principal amount of senior unsecured notes that mature on June 15, 2027 and bear interest at a rate of 2. 875 % (the “ June 2027 Notes ”), \$ 1, 250 million in aggregate principal amount of senior unsecured notes that mature on June 15, 2028 and bear interest at a rate of 2. 875 % (the “ 2028 Notes ”) and \$ 700 million in aggregate principal amount of senior unsecured notes that mature on November 15, 2031 and bear interest at a rate of 3. 200 % (the “ 2031 Notes ” and together with the 2024 Notes, the March 2025 Notes, the July 2025 Notes, the January 2026 Notes, the July 2026 Notes, the January 2027 Notes, the June 2027 Notes and the 2028 Notes, the “ Unsecured Notes ”). (dollar amounts in millions) Unsecured Notes Aggregate Principal Amount Issued Effective Stated Interest Rate Original Issuance Date Maturity Date March 2025 Notes \$ 600 4. 250 % January 11, 2018 March 1, 2025 July 2025 Notes \$ 1, 250 3. 250 % January 15, 2020 July 15, 2025 January 2026 Notes \$ 1, 150 3. 875 % July 15, 2020 January 15, 2026 July 2026 Notes \$ 1, 000 2. 150 % January 13, 2021 July 15, 2026 January 2027 Notes (1) \$ 900 6. 978 % August 3, 2023 January 15, 2027 June 2027 Notes \$ 500 2. 875 % January 13, 2022 June 15, 2027 June 2028 Notes \$ 1, 250 2. 875 % June 10, 2021 June 15, 2028 March 2029 Notes (1) \$ 1, 000 6. 575 % January 23, 2024 March 1, 2029 July 2029 Notes (1) \$ 850 6. 040 % May 13, 2024 July 15, 2029 November 2031 Notes \$ 700 3. 200 % November 4, 2021 November 15, 2031 (1) The effective stated interest rates of the January 2027 Notes, the March 2029 Notes and the July 2029 Notes include the impact of interest rate swaps. In addition, we and Deutsche Bank AG New York Branch (the “ DB Issuer ”) are party to an uncommitted continuing agreement (the “ Letter of Credit Facility ”). As of December 31, 2024, the DB Issuer had \$ 140 million in letters of credit issued under the Letter of Credit Facility. In order for us to cover our annual interest payments on our outstanding indebtedness at December 31, 2023-2024, we must achieve annual returns on our December 31, 2023-2024 total assets of at least 2. 4 %. The weighted average stated interest rate charged on our principal amount of outstanding indebtedness as of December 31, 2023-2024 was 4. 8-9 %. We intend to continue borrowing under the Facilities in the future and we may increase the size of the Facilities, the Letter of Credit Facility or issue additional debt securities or other evidences of indebtedness**

(although there can be no assurance that we will be successful in doing so). See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Recent Developments,” as well as Note 15-16 to our consolidated financial statements for the year ended December 31, 2023-2024 for a subsequent event relating to an additional issuance of unsecured notes and the BNP Funding Facility. For more information on our indebtedness, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Financial Condition, Liquidity and Capital Resources.” Our ability to service our debt depends largely on our financial performance and is subject to prevailing economic conditions and competitive pressures. The amount of leverage that we employ at any particular time will depend on our investment adviser’s and our board of directors’ assessments of market and other factors at the time of any proposed borrowing and is subject to our compliance with our asset coverage requirement following any such borrowing. The Facilities, the Debt Securitizations 2024 Convertible Notes and the Unsecured Notes impose financial and operating covenants that restrict our business activities, including limitations that could hinder our ability to finance additional loans and investments or to make the distributions required to maintain our status as a RIC. A failure to renew the Facilities or to add new or replacement debt facilities or to issue additional debt securities or other evidences of indebtedness could have a material adverse effect on our business, financial condition and results of operations. The following table illustrates the effect on return to a holder of our common stock of the leverage created by our use of borrowing at the weighted average stated interest rate of 4.8-9% as of December 31, 2023-2024, together with (a) our total value of net assets as of December 31, 2023-2024; (b) approximately \$ 11-13.9-8 billion in aggregate principal amount of indebtedness outstanding as of December 31, 2023-2024 and (c) hypothetical annual returns on our portfolio of minus 10% to plus 10%. Assumed Return on Portfolio (Net of Expenses) (1)- 10.00% - 5.00% — % 5.00% 10.00% Corresponding Return to Common Stockholders (2)- 26.36-21% - 15.74-63% - 5.12-05% 5.51-53% 16.13-11%

(1) The assumed portfolio return is required by SEC regulations and is not a prediction of, and does not represent, our projected or actual performance. Actual returns may be greater or less than those appearing in the table. Pursuant to SEC regulations, this table is calculated as of December 31, 2023-2024. As a result, it has not been updated to take into account any changes in assets or leverage since December 31, 2023-2024. (2) In order to compute the “Corresponding Return to Common Stockholders,” the “Assumed Return on Portfolio” is multiplied by the total value of our assets at as of December 31, 2023-2024 to obtain an assumed return to us. From this amount, the interest expense (calculated by multiplying the weighted average stated interest rate of 4.8-9% by the approximately \$ 11-13.9-8 billion of principal debt outstanding as of December 31, 2023-2024) is subtracted to determine the return available to stockholders. The return available to stockholders is then divided by the total value of our net assets as of December 31, 2023-2024 to determine the “Corresponding Return to Common Stockholders.” In addition to regulatory requirements that restrict our ability to raise capital, the Facilities, the Debt Securitizations 2024 Convertible Notes and the Unsecured Notes contain various covenants that, if not complied with, could accelerate repayment under the Facilities, the Debt Securitizations 2024 Convertible Notes and the Unsecured Notes, thereby materially and adversely affecting our liquidity, financial condition and results of operations. The agreements governing the Facilities, the Debt Securitizations 2024 Convertible Notes and the Unsecured Notes require us to comply with certain financial and operational covenants. These covenants may include, among other things: • restrictions on the level of indebtedness that we are permitted to incur in relation to the value of our assets; • restrictions on our ability to incur liens; and • maintenance of a minimum level of stockholders’ equity. As of the date of this Annual Report, we are in compliance in all material respects with the covenants of the Facilities, the Debt Securitizations 2024 Convertible Notes and the Unsecured Notes. However, our continued compliance with these covenants depends on many factors, some of which are beyond our control. For example, depending on the condition of the public debt and equity markets and pricing levels, unrealized depreciation in our portfolio may increase in the future. Any such increase could result in our inability to comply with our obligation to restrict the level of indebtedness that we are able to incur in relation to the value of our assets or to maintain a minimum level of stockholders’ equity. Accordingly, although we believe we will continue to be in compliance, there are no assurances that we will continue to comply with the covenants in the Facilities, the Debt Securitizations 2024 Convertible Notes and the Unsecured Notes. Failure to comply with these covenants could result in a default under the Facilities, the Debt Securitizations 2024 Convertible Notes or the Unsecured Notes, that, if we were unable to obtain a waiver from the lenders or holders of such indebtedness, as applicable, such lenders or holders could accelerate repayment under such indebtedness and thereby have a material adverse impact on our business, financial condition and results of operations. **We have formed and may in the future form CLOs, which subject us to certain structured financing risks. To finance certain investments, we have completed debt securitizations through collateralized loan obligations (“CLOs”) and may in the future securitize certain of our secured loans or other investments, including through the formation of one or more additional CLOs, while retaining all or most of the exposure to the performance of such investments. As of December 31, 2024, we have completed two debt securitizations, one in May 2024 through ADL CLO 1, which has approximately \$ 476 million in aggregate principal amount of April 2036 CLO Notes issued and outstanding (excluding the April 2036 CLO Subordinated Notes), and one in November 2024 through ADL CLO 4, which has approximately \$ 544 million in aggregate principal amount of October 2036 CLO Secured Loans issued and outstanding (excluding the October 2036 CLO Subordinated Notes). Our current CLOs involve, and any additional CLOs would involve, a contribution by us of a pool of assets to a special purpose entity, and a sale of debt interests in such entity on a non-recourse or limited-recourse basis to purchasers. In addition, a decline in the credit quality of loans in a CLO due to poor operating results of the relevant borrower, declines in the value of loan collateral or increases in defaults, among other things, may force a CLO to sell certain assets at a loss, reducing their earnings and, in turn, cash potentially available for distribution to us for distribution to our stockholders. To the extent that any losses are incurred by the CLO in respect of any collateral, such losses will be borne first by the owner of equity interests in the CLO. The manager for a CLO that we create may be us, our investment adviser or an affiliate, and such manager may**

be entitled to receive compensation for structuring and / or management services. To the extent our investment adviser or an affiliate other than us serves as manager and we are obligated to compensate our investment adviser or the affiliate for such services, we, our investment adviser or the affiliate will implement offsetting arrangements to assure that we, and indirectly, our common stockholders, pay no additional management fee to our investment adviser or the affiliate in connection therewith. Our investment adviser serves as asset manager to ADL CLO 1 and ADL CLO 4 under asset management agreements with such entities and is entitled to receive compensation for structuring and / or management services. Our investment adviser has agreed to waive any management fees from ADL CLO 1 and ADL CLO 4. To the extent we serve as the manager, we will waive any right to receive fees for such services from us (and indirectly our common stockholders) or any affiliate .

A number of entities compete with us to make the types of investments that we make in middle- market companies. We compete with other BDCs, public and private funds, commercial and investment banks, commercial financing companies, insurance companies, hedge funds, and, to the extent they provide an alternative form of financing, private equity funds. Some of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. Some competitors may have a lower cost of funds and access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than we do. Furthermore, many of our competitors are not subject to the regulatory restrictions that the Investment Company Act imposes on us as a BDC and that the Code imposes on us as a RIC. In addition, new competitors frequently enter the financing markets in which we operate. We cannot assure you that the competitive pressures we face will not have a material adverse effect on our business, financial condition and results of operations. Also, as a result of this competition, we may not be able to pursue attractive investment opportunities from time to time. We do not seek to compete primarily based on the interest rates we offer and we believe that some of our competitors may make loans with interest rates that are comparable to or lower than the rates we offer. Rather, we compete with our competitors based on our existing investment platform, seasoned investment professionals, experience and focus on middle- market companies, disciplined investment philosophy, extensive industry focus and flexible transaction structuring. For a more detailed discussion of these competitive advantages, see “ Item 1. Business — Competitive Advantages. ” We may lose investment opportunities if we do not match our competitors’ pricing, terms and structure. The loss of such investment opportunities may limit our ability to grow or cause us to have to shrink the size of our portfolio, which could decrease our earnings. If we match our competitors’ pricing, terms and structure, we may experience decreased net interest income and increased risk of credit loss. As a result of operating in such a competitive environment, we may make investments that are on less favorable terms than what we may have originally anticipated, which may impact our return on these investments. As a BDC, we are prohibited under the Investment Company Act from participating in certain transactions with certain of our affiliates without the prior approval of a majority of our independent directors and, in some cases, of the SEC. Among other things, any person that, directly or indirectly, owns, controls or holds with the power to vote 5 % or more of our outstanding voting securities is an affiliate of ours for the purposes of the Investment Company Act. **However, we may under certain circumstances purchase any such affiliate’ s loans or securities in the secondary market, which could create a conflict for our investment adviser between our interests and the interests of such affiliate, in that the ability of our investment adviser to recommend actions in our best interest may be limited.** We are generally prohibited from buying or selling any securities (other than our securities) from or to an affiliate. The Investment Company Act also prohibits us from participating in certain “ joint ” transactions with certain of our affiliates which could include investments in the same portfolio company (whether at the same or different times), without the prior approval of our independent directors and, in cases where the affiliate is presumed to control us (i. e., they own more than 25 % of our voting securities), prior approval of the SEC. Similar restrictions limit our ability to transact business with our officers or directors or their affiliates. As a result of these restrictions, we may be prohibited from buying or selling any security (other than our securities) from or to any portfolio company of a fund managed by any affiliate of our investment adviser, or entering into joint arrangements, such as certain co-investments with these companies or funds, without the prior approval of the SEC, which may limit the scope of investment opportunities that may otherwise be available to us. We rely on the Co- Investment Exemptive Order granted to us, our investment adviser and certain of its affiliates by the SEC that allows us to engage in co- investment transactions with other affiliated funds managed by our investment adviser, subject to certain terms and conditions. However, while the terms of the Co- Investment Exemptive Order require that we be given the opportunity to participate in certain transactions originated by our investment adviser or its affiliates, we ultimately may not participate in those transactions. In addition, based on guidelines approved by our board of directors, we may not see certain transactions originated by our investment adviser or its affiliates. This also may limit the scope of investment opportunities that may otherwise be available to us. Conflicts may arise in allocating and structuring investments, time, services, expenses or resources among the investment activities of Ares funds, Ares, other Ares- affiliated entities and the employees of Ares. Certain of our executive officers and directors, and members of the investment committee of our investment adviser, serve or may serve as officers, directors or principals of other entities, including other Ares funds. These officers and directors will devote such portion of their time to our affairs as is required for the performance of their duties, but they are not required to devote all of their time to us. Accordingly, they may have obligations to investors in those entities, the fulfillment of which might not be in our or our stockholders’ best interests or may require them to devote time to services for other entities, which could interfere with the time available to provide services to us. Members of our investment adviser’ s investment committee may have significant responsibilities for other Ares funds. Similarly, although the professional staff of our investment adviser will devote as much time to the management of us as appropriate to enable our investment adviser to perform its duties in accordance with the investment advisory and management agreement, the investment professionals of our investment adviser may have conflicts in allocating their time and services among us, ~~on the one hand, and investment vehicles managed by our investment adviser or one or more of its affiliates, on the other hand.~~ These activities

could be viewed as creating a conflict of interest insofar as the time and effort of the professional staff of our investment adviser and its officers and employees will not be devoted exclusively to our business but will instead be allocated between our business and the management of these other investment vehicles. In addition, certain Ares funds may have investment objectives that compete or overlap with, and may from time to time invest in asset classes similar to those targeted by ~~us, Ares Capital~~. Consequently, we, ~~on the one hand~~, and these other entities, ~~on the other hand~~, may from time to time pursue the same or similar capital and investment opportunities. **Pursuant to its investment allocation policy, Ares and its controlled affiliates, including** our investment adviser, endeavor to allocate investment opportunities in a fair and equitable manner, and in any event consistent with any fiduciary duties owed to ~~us, Ares Capital~~. Nevertheless, it is possible that we may not be given the opportunity to participate in certain investments made by investment funds managed by investment managers affiliated with Ares (including our investment adviser) and, if given such opportunity, may not be allowed to participate in such investments without the prior approval of our directors who are not interested persons and, in some cases, the prior approval of the SEC. In addition, there may be conflicts in the allocation of investments among us and the funds managed by investment managers affiliated with Ares (including our investment adviser) or one or more of our controlled affiliates or among the funds they manage, including investments made pursuant to the Co-Investment Exemptive Order. Further, such other Ares funds may hold positions in portfolio companies in which ~~we have, Ares Capital has~~ also invested. Such investments may raise potential conflicts of interest between ~~us, Ares Capital~~ and such other Ares funds, particularly if ~~we, Ares Capital~~ and such other Ares funds invest in different classes or types of securities or investments of the same underlying portfolio company. In that regard, actions may be taken by such other Ares funds that are adverse to ~~our, Ares Capital's~~ interests, including, but not limited to, during a restructuring, bankruptcy or other insolvency proceeding or similar matter occurring at the underlying portfolio company. We have from time to time sold assets to IHAM and certain of the IHAM Vehicles and, as part of our investment strategy, we may offer to sell additional assets to vehicles managed by one or more of our affiliates (including IHAM) or we may purchase assets from vehicles managed by one or more of our affiliates (including IHAM). In addition, vehicles managed by one or more of our affiliates (including IHAM) may offer assets to or may purchase assets from one another. While assets may be sold or purchased at prices that are consistent with those that could be obtained from third parties in the marketplace, and although these types of transactions generally require approval of one or more independent parties, there may be an inherent conflict of interest in such transactions between us and funds managed by one of our affiliates (including our investment adviser). **In addition, subject to the limitations of the Investment Company Act and conditions of the Co-Investment Exemptive Order, we may invest in loans, the proceeds of which may refinance or otherwise repay debt or securities of companies whose debt is owned by other Ares funds.** We pay a base management fee, an income based fee and a capital gains incentive fee to our investment adviser, and reimburse our investment adviser for certain expenses it incurs. Ares, from time to time, incurs fees, costs, and expenses on behalf of more than one fund. To the extent such fees, costs, and expenses are incurred for the account or benefit of more than one fund, each such fund will typically bear an allocable portion of any such fees, costs, and expenses in proportion to the size of its investment in the activity or entity to which such expense relates (subject to the terms of each fund's governing documents) or in such other manner as Ares considers fair and equitable under the circumstances such as the relative fund size or capital available to be invested by such funds. Where a fund's governing documents do not permit the payment of a particular expense, Ares will generally pay such fund's allocable portion of such expense. In addition, investors in our common stock will invest on a gross basis and receive distributions on a net basis after expenses, resulting in, among other things, a lower rate of return than one might achieve if distributions were made on a gross basis. Our investment adviser's base management fee is based on a percentage of our total assets (other than cash or cash equivalents but including assets purchased with borrowed funds) and, consequently, our investment adviser may have conflicts of interest in connection with decisions that could affect our total assets, such as decisions as to whether to incur indebtedness or to make future investments. We are currently allowed to borrow amounts subject to our compliance with our asset coverage requirement following any such borrowing. Accordingly, our investment adviser may have conflicts of interest in connection with decisions to use increased leverage permitted under our asset coverage requirement applicable to senior securities, as the incurrence of such additional indebtedness would result in an increase in the base management ~~fees- fee~~ payable to our investment adviser and may also result in an increase in the income based ~~fees- fee~~ and capital gains incentive ~~fees- fee~~ payable to our investment adviser. The income based ~~fees- fee~~ payable by us to our investment adviser that ~~relate~~ **relates** to our pre-incentive fee net investment income is computed and paid on income that may include ~~interest~~ **income** that is accrued but not yet received in cash. If a portfolio company defaults on a loan that is structured to provide accrued interest, it is possible that accrued interest previously used in the calculation of such fee will become uncollectible. Our investment adviser is not under any obligation to reimburse us for any part of the income based ~~fees- fee~~ it ~~received~~ **receives** that ~~were~~ **is** based on accrued ~~interest~~ **income** that we never actually receive. Our investment advisory and management agreement renews for successive annual periods if approved by our board of directors or by the affirmative vote of the holders of a majority of our outstanding voting securities, including, in either case, approval by a majority of our directors who are not "interested persons" of us as defined in Section 2 (a) (19) of the Investment Company Act. However, both we and our investment adviser have the right to terminate the agreement without penalty upon 60 days' written notice to the other party. Moreover, conflicts of interest may arise if our investment adviser seeks to change the terms of our investment advisory and management agreement, including, for example, the terms for compensation to our investment adviser. While any material change to the investment advisory and management agreement must be submitted to stockholders for approval under the Investment Company Act, we may from time to time decide it is appropriate to seek stockholder approval to change the terms of the agreement. We are party to an administration agreement with our administrator, Ares Operations, a subsidiary of Ares Management, pursuant to which our administrator furnishes us with administrative services and we pay our administrator at cost our allocable portion of overhead and other expenses (including travel expenses) incurred by our administrator in performing its obligations under our

administration agreement, including our allocable portion of the compensation, rent, and other expenses of certain of our officers (including our chief compliance officer, chief financial officer, chief accounting officer, general counsel, secretary, treasurer and assistant treasurer) and their respective staffs, but not investment professionals. Our wholly owned portfolio company, IHAM, is party to an administration agreement, referred to herein as the “ IHAM administration agreement, ” with Ares Operations. Pursuant to the IHAM administration agreement, our administrator provides IHAM with administrative services and IHAM reimburses our administrator for all of the actual costs associated with such services, including its allocable portion of our administrator’ s overhead and the cost of our administrator’ s officers and respective staff in performing its obligations under the IHAM administration agreement. Prior to entering into the IHAM administration agreement, IHAM was party to a services agreement with our investment adviser, pursuant to which our investment adviser provided similar services. As a result of the arrangements described above, there may be times when the management team of Ares Management (including those members of management focused primarily on managing ~~us Ares Capital~~) has interests that differ from those of our stockholders, giving rise to a conflict. Additionally, the members of management focused on managing us will also manage other Ares funds, and, consequently, will need to devote significant attention and time to managing other Ares funds, in addition to us. Our stockholders may have conflicting investment, tax and other objectives with respect to their investments in us. The conflicting interests of individual stockholders may relate to or arise from, among other things, the nature of our investments, the structure or the acquisition of our investments, and the timing of dispositions of our investments. As a consequence, conflicts of interest may arise in connection with decisions made by our investment adviser, including with respect to the nature or structuring of our investments, that may be more beneficial for one stockholder than for another stockholder, especially with respect to stockholders’ individual tax situations. In selecting and structuring investments appropriate for us, our investment adviser will consider ~~the our~~ investment and tax objectives ~~of and the those of Company and~~ our stockholders, as a whole, not the investment, tax or other objectives of any stockholder individually. We may be subject to additional corporate- level income taxes if we fail to maintain our status as a RIC. We have elected to be treated as a RIC under the Code and operate in a manner so as to qualify for the U. S. federal income tax treatment applicable to RICs. As a RIC, we generally will not pay U. S. federal corporate- level income taxes on our income and net capital gains that we distribute to our stockholders as dividends on a timely basis. We will be subject to U. S. federal corporate- level income tax on any undistributed income and / or gains. To maintain our status as a RIC, we must meet certain source of income, asset diversification and annual distribution requirements. We may also be subject to certain U. S. federal excise taxes, as well as state, local and foreign taxes. To maintain our RIC status, we must timely distribute an amount equal to at least 90 % of our investment company taxable income (as defined by the Code, which generally includes net ordinary income and net short term capital gains) to our stockholders (the “ Annual Distribution Requirement ”). We have the ability to pay a large portion of our dividends in shares of our stock, and as long as a portion of such dividend is paid in cash and other requirements are met, such stock dividends will be taxable as a dividend for U. S. federal income tax purposes. This may result in our U. S. stockholders having to pay tax on such dividends, even if no cash is received, and may result in our non- U. S. stockholders being subject to withholding tax in respect of amounts distributed in our stock. Because we use debt financing, we are subject to certain asset coverage ratio requirements under the Investment Company Act and financial covenants under our indebtedness that could, under certain circumstances, restrict us from making distributions necessary to qualify as a RIC. If we are unable to obtain cash from other sources, we may fail to maintain our status as a RIC and, thus, may be subject to corporate- level income tax on all of our income and / or gains. To maintain our status as a RIC, in addition to the Annual Distribution Requirement, we must also meet certain annual source of income requirements at the end of each taxable year and asset diversification requirements at the end of each calendar quarter. Failure to meet these requirements may result in our having to (a) dispose of certain investments quickly or (b) raise additional capital to prevent the loss of RIC status. Because most of our investments are in private companies and are generally illiquid, any such dispositions may be at disadvantageous prices and may result in losses. Also, the rules applicable to our qualification as a RIC are complex with many areas of uncertainty. Accordingly, no assurance can be given that we have qualified or will continue to qualify as a RIC. If we fail to maintain our status as a RIC for any reason and become subject to regular “ C ” corporation income tax, the resulting corporate- level income taxes could substantially reduce our net assets, the amount of income available for distribution and the amount of our distributions. Such a failure would have a material adverse effect on us and on any investment in us. Certain provisions of the Code provide some relief from RIC disqualification due to failures of the source of income and asset diversification requirements, although there may be additional taxes due in such cases. We cannot assure you that we would qualify for any such relief should we fail the source of income or asset diversification requirements. We may have difficulty paying our required distributions under applicable tax rules if we recognize income before or without receiving cash representing such income. For U. S. federal income tax purposes, we may be required to include in income certain amounts that we have not yet received in cash, such as original issue discount, which may arise, for example, if we receive warrants in connection with the making of a loan, or PIK interest representing contractual interest added to the loan principal balance and due at the end of the loan term. Such original issue discount or PIK interest is included in income before we receive any corresponding cash payments. We also may be required to include in income certain other amounts that we will not receive in cash, including, for example, amounts attributable to hedging and foreign currency transactions. Since, in certain cases, we may recognize income before or without receiving cash in respect of such income, we may have difficulty meeting the U. S. federal income tax requirement to distribute generally an amount equal to at least 90 % of our investment company taxable income to maintain our status as a RIC. Accordingly, we may have to sell some of our investments at times we would not consider advantageous, raise additional debt or equity capital or reduce new investment originations to meet these distribution requirements. If we are not able to obtain cash from other sources, we may fail to qualify as a RIC and thus be subject to additional corporate- level income taxes. Such a failure could have a material adverse effect on us and on any investment in us. A large percentage of our portfolio investments are not publicly traded. The fair value of investments that are not publicly traded

may not be readily determinable. We value these investments **at least** quarterly at fair value as determined in good faith by our investment adviser, as the valuation designee, subject to the oversight of our board of directors, based on, among other things, the input of **IVPs independent third-party valuation firms** that have been engaged to support the valuation of such portfolio investments at least once during a trailing 12-month period (with certain de minimis exceptions) and **under** subject to a valuation policy and **a consistently applied** valuation **procedures process**. The valuation process is conducted at the end of each fiscal quarter by our investment adviser, and a portion of our investment portfolio at fair value is subject to review by an **IVP independent third-party valuation firm** each quarter. However, we may use these **IVPs independent valuation firms** to review the value of our investments more frequently, including in connection with the occurrence of significant events or changes in value affecting a particular investment. In addition, our independent registered public accounting firm obtains an understanding of, and performs select procedures relating to, our valuation process within the context of performing our integrated audit. The types of factors that may be considered in valuing our investments include the enterprise value of the portfolio company (the entire value of the portfolio company to a market participant, including the sum of the values of debt and equity securities used to capitalize the enterprise at a point in time), the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings and discounted cash flows, the markets in which the portfolio company does business, a comparison of the portfolio company's securities to similar publicly traded securities, changes in the interest rate environment and the credit markets generally that may affect the price at which similar investments would trade in their principal markets and other relevant factors. When an external event such as a purchase transaction, public offering or subsequent **equity** sale occurs, we consider the pricing indicated by the external event to corroborate our valuation. Because such valuations, and particularly valuations of private investments and private companies, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, our determinations of fair value may differ materially from the values that would have been used if a ready market for these investments existed and may differ materially from the values that we may ultimately realize. Our net asset value per share could be adversely affected if our determinations regarding the fair value of these investments are higher than the values that we realize upon disposition of such investments. The lack of liquidity in our investments may adversely affect our business. As we generally make investments in private companies, substantially all of these investments are subject to legal and other restrictions on resale or are otherwise less liquid than publicly traded securities. The illiquidity of our investments may make it difficult for us to sell such investments if the need arises. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we could realize significantly less than the value at which we have recorded our investments or could be unable to dispose of our investments in a timely manner. In addition, we may face other restrictions on our ability to liquidate an investment in a portfolio company to the extent that we or an affiliated manager of Ares has material non-public information regarding such portfolio company. Our investment portfolio includes investments that may be significant individually or in the aggregate. If a significant investment in one or more companies fails to perform as expected, such a failure could have a material adverse effect on our business, financial condition and operating results, and the magnitude of such effect could be more significant than if we had further diversified our portfolio. Our investment portfolio includes our investment in IHAM, a wholly owned portfolio company, which as of December 31, **2023-2024**, represented **8-7** **1** % of our total portfolio at fair value. In addition, for the year ended December 31, **2023-2024**, approximately **10-9** **4-6** % of our total investment income was earned from our investment in IHAM. For more information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Portfolio and Investment Activity — Ivy Hill Asset Management, L. P." and Note 4 to our consolidated financial statements for the year ended December 31, **2023-2024**. Increasing scrutiny from stakeholders and regulators with respect to ESG matters may impose additional costs and expose us to additional risks. Our business (including that of our portfolio companies) faces increasing public scrutiny related to **Environmental, Social and Governance ("ESG")** activities, which are increasingly considered to contribute to reducing a company's operational risk, market risk and reputational risk, which may in turn impact the long-term sustainability of a company's performance. A variety of organizations measure the performance of companies on ESG topics, and the results of these assessments are widely publicized. **If our ESG ratings or performance do not meet the standards set by such investors or our stockholders, they may choose to exclude our securities from their investments.** In addition, investment in funds that specialize in companies that perform well in such assessments **remain** are increasingly popular, and major institutional investors have publicly emphasized **discussed** **the their importance consideration** of such ESG ratings and measures **to in making** their investment decisions. We risk damage to our brand and reputation if we fail to act responsibly in a number of areas, including, but not limited to **diversity, equity and inclusion**, human rights, climate change and environmental stewardship, support for local communities, corporate governance, **and** transparency **and, or** consideration of ESG factors in our investment processes. Adverse incidents with respect to ESG activities could impact the value of our brand, our relationship with existing and future portfolio companies, the cost of our operations and relationships with investors, all of which could adversely affect our business and results of operations. **"Anti-ESG"** However, regional and investor specific sentiment may differ in what constitutes **has gained momentum across the U. S., with a material positive growing number of states, federal agencies, the executive branch and Congress having enacted, proposed or negative indicated an intent to pursue "anti-ESG corporate practice" policies, legislation or issued related legal opinions and engaged in related investigations and litigation.** There is no guarantee that Ares' **If investors subject to "anti-ESG" legislation view our investment adviser and sustainability practices will uniformly fit every investor's definition of best responsible investing or ESG practices as being in contradiction of such "anti-ESG" policies, legislation for- or all environmental legal opinions, such social and governance considerations across geographies and investor investors types may not invest in us and it could negatively impact the price of our common stock.** In addition, corporate diversity, equity and inclusion ("DEI") practices have recently come under increasing scrutiny. For example, some advocacy groups and federal and state officials have asserted that the U. S. Supreme Court's decision striking down race-based affirmative action in higher education in

June 2023 should be analogized to private employment matters and private contract matters and several media campaigns and cases alleging discrimination based on such arguments have been initiated since the decision. Additionally, in January 2025, President Trump signed a number of Executive Orders focused on DEI, which indicate continued scrutiny of DEI initiatives and potential related investigations of certain private entities with respect to DEI initiatives, including publicly traded companies. If we do not successfully manage expectations across varied stakeholder interests, it could erode stakeholder trust, impact our reputation and constrain our investment opportunities. Such scrutiny of both ESG and DEI related practices could expose our investment adviser to the risk of litigation, investigations or challenges by federal or state authorities or result in reputational harm. Additionally, new certain regulatory regulations initiatives related to ESG that are applicable to us and our portfolio companies could adversely affect our business. For example, in May 2018, the European Commission adopted an “action plan on financing sustainable growth.” The (“action Action plan Plan”) is designed to, among other things, designed to define and reorient investment toward more sustainability-sustainable economic activity. The action Action plan Plan contemplates, among other things: establishing European Union (the “EU”) labels for green financial products; clarifying asset managers’ and institutional investors’ duties regarding sustainability in their investment decision-making processes; increasing disclosure requirements in the financial services sector around ESG sustainability and strengthening increasing the transparency of companies on their ESG policies and related processes and management systems; and introducing a ‘green supporting factor’ in the EU prudential rules for banks and insurance companies to incorporate climate risks into banks’ and insurance companies’ risk management policies. Moreover, on January 5, 2023, the Corporate Sustainability Reporting Directive (“CSRD”) came into effect. The CSRD amends and strengthens the rules introduced on sustainability reporting for companies, banks and insurance companies under the Non-Financial Reporting Directive (2014 / 95 / EU) (“NFRD”). The CSRD requires a much broader range of companies, including non-EU companies with significant turnover and a legal presence in EU markets, to produce detailed and prescriptive reports on sustainability-related matters within their financial statements. There can be no assurance that adverse developments with respect to CSRD will not adversely affect our assets or the returns from those assets. One or more of our portfolio companies may fall within scope of CSRD and this may lead to increased management burdens and costs. There is a risk that a significant reorientation in the market following the implementation of these regulations and further measures could be adverse to our portfolio companies if they are perceived to be less valuable as a consequence of, e. g., their carbon footprint or allegations or evidence of “greenwashing” (i. e., the holding out of a product as having green or sustainable characteristics where this is not, in fact, the case). We and our portfolio companies are subject to the risk that similar measures might be introduced in other jurisdictions in the future. There is also a growing regulatory interest across jurisdictions in improving transparency regarding the definition, measurement and disclosure of ESG factors in order to allow investors to validate and better understand sustainability claims. In 2021 For example, the SEC sometimes reviews compliance with established an enforcement task force to look into ESG commitments in examinations practices and disclosures by public companies and investment managers and has taken started to bring enforcement actions based on against registered investment advisers for not establishing adequate or consistently implementing ESG disclosures not matching actual investment processes policies and procedures to meet ESG commitments to investors. In March Further, in 2022 2024, the SEC adopted issued a proposed rule-rules regarding the enhancement aimed at enhancing and standardization---standardizing of mandatory climate-related disclosures for investors; however, these rules are stayed pending the outcome of consolidated legal challenges in the Eighth Circuit Court of Appeals. At the state level, in October 2023, California enacted legislation that would mandate extensive will ultimately require certain companies that do business in California to publicly disclose-- disclose their Scopes 1, 2, and 3 greenhouse gas emissions, with third party assurance of such data, and issue public reports on their climate-related financial data, risks- risk -and opportunities for certain public companies. In addition, the SEC has announced that it is working on proposals for mandatory disclosure of certain ESG-related mitigation measures matters, including with respect to board diversity and human capital management. At this time, there is uncertainty regarding the scope of such proposals or when they would become effective (if at all). Compliance with any new laws or regulations increases our regulatory burden and could result in increased legal, accounting and compliance costs, make compliance some activities more difficult, time- consuming and expensive-costly, affect the manner in which we or our portfolio companies conduct our businesses and adversely affect our profitability. We and / or our portfolio companies may be materially and adversely impacted by global climate change. Climate change is widely considered to be a significant threat to the global economy. Our business operations and our portfolio companies may face risks associated with climate change, including risks related to the impact of climate-related legislation and regulation (both domestically and internationally), risks related to climate-related business trends (such as the process of transitioning to a lower-carbon economy), and risks stemming from the physical impacts of climate change, such as the increasing frequency or severity of extreme weather events (including wildfires, droughts, hurricanes and floods) and rising sea levels and temperatures. We, our executive officers, directors, and our investment adviser, its affiliates and / or any of their respective principals and employees could be the target of litigation or regulatory investigations. We, as well as our investment adviser and its affiliates, participate in a highly regulated industry and are each subject to regulatory examinations in the ordinary course of business. There can be no assurance that we, our executive officers, directors, and our investment adviser, its affiliates and / or any of their respective principals and employees will avoid regulatory investigation and possible enforcement actions stemming therefrom. Our investment adviser is a registered investment adviser and, as such, is subject to the provisions of the Advisers Act. We and our investment adviser are each, from time to time, subject to formal and informal examinations, investigations, inquiries, audits and reviews from numerous regulatory authorities both in response to issues and questions raised in such examinations or investigations and in connection with the changing priorities of the applicable regulatory authorities across the market in general. In addition, the new presidential administration will lead to leadership changes at a number of U. S. federal regulatory agencies with

oversight over our industry. Any changes or reforms may impose additional costs or result in other limitations on us.

We, our executive officers, directors, and our investment adviser, its affiliates and / or any of their respective principals and employees could also be named as defendants in, or otherwise become involved in, litigation. Litigation and regulatory actions can be time- consuming and expensive and can lead to unexpected losses, which expenses and losses are often subject to indemnification by us. Legal proceedings could continue without resolution for long periods of time and their outcomes, which could materially and adversely affect our value or the ability of our investment adviser to manage us, are often impossible to anticipate. ~~our~~ **Our** investment adviser would likely be required to expend significant resources responding to any litigation or regulatory action related to it, and these actions could be a distraction to the activities of our investment adviser. Our investment activities are subject to the normal risks of becoming involved in litigation by third parties. These risks would be somewhat greater if we were to exercise control or significant influence over a portfolio company' s direction. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would, absent willful misfeasance, bad faith, gross negligence **(with respect to the performance of duties or obligations under the investment advisory and management agreement), negligence (with respect to the performance of duties or obligations under the administration agreement) , or reckless disregard of the duties involved and obligations under the investment advisory and management agreement or administration agreement, as applicable, in each case, as applicable,** by our investment adviser, our administrator , **any of their respective members and any of their respective officers, managers, partners, agents, employees, controlling persons, members and any other affiliated persons** , or any of our officers, be borne by us and would reduce our net assets. Our investment adviser and others are indemnified by us in connection with such litigation, subject to certain conditions. Changes in laws or regulations governing our operations or the operations of our portfolio companies, changes in the interpretation thereof or enacted laws or regulations could require changes to certain business practices of us or our portfolio companies, negatively impact the operations, cash flows or financial condition of us or our portfolio companies, impose additional costs on us or our portfolio companies or otherwise adversely affect our business or the business of our portfolio companies. We and our portfolio companies are subject to regulation by laws and regulations at the local, state, federal and, in some cases, foreign levels. These laws and regulations, as well as their interpretation, may be changed from time to time, and new laws and regulations may be enacted. Accordingly, any change in these laws or regulations, changes in their interpretation, or enacted laws or regulations could require changes to certain business practices of us or our portfolio companies, negatively impact the operations, cash flows or financial condition of us or our portfolio companies, impose additional costs on us or our portfolio companies or otherwise adversely affect our business or the business of our portfolio companies. Over the past several years, there also has been increasing regulatory attention to the extension of credit outside of the traditional banking sector, raising the possibility that some portion of the non- bank financial sector may be subject to new regulation. While it cannot be known at this time whether any regulation will be implemented or what form it will take, increased regulation of non- bank lending could be materially adverse to our business, financial ~~conditions-~~ **condition** and results of operations. Regulators are also increasing scrutiny and considering regulation of the use of artificial intelligence technologies. We cannot predict what, if any, actions may be taken or the impact such actions may have on our business **and results of operations. In June 2024, the U. S. Supreme Court reversed its longstanding approach under the Chevron doctrine, which provided for judicial deference to regulatory agencies. As a result of this decision, we cannot be sure whether there will be increased challenges to existing agency regulations or how lower courts will apply the decision in the context of other regulatory schemes without more specific guidance from the U. S. Supreme Court. For example, the decision could significantly impact consumer protection, advertising, privacy, artificial intelligence, anti- corruption and anti- money laundering practices and other regulatory regimes with which we and our portfolio companies are or may be required to comply. Any such regulatory developments could result in uncertainty about and changes in the ways such regulations apply to us and our portfolio companies, and may require additional resources to ensure continued compliance. We cannot predict which, if any, of these actions will be taken or, if taken, their effect on the financial stability of the United States. Such actions could have a significant adverse effect on our business, financial condition** and results of operations. Additionally, legislative or other actions relating to taxes could have a negative effect on us. The rules dealing with U. S. federal income taxation are constantly under review by legislators and by the Internal Revenue Service (" IRS ") and the U. S. Treasury Department. We cannot predict how future tax proposals and changes in U. S. tax laws, rates, regulations or other guidance issued under existing tax laws, might affect us, our business, our stockholders, or our portfolio companies in the long- term. New legislation and any U. S. Treasury regulations, administrative interpretations or court decisions interpreting such legislation could significantly and negatively affect our business or the business of our portfolio companies or could have other adverse consequences. For example, such decisions and legislation may impact our ability to qualify for tax treatment as a RIC or negatively affect the U. S. federal income tax consequences applicable to us and our stockholders as a result of such qualification. Stockholders are urged to consult with their tax advisor regarding tax legislative, regulatory, or administrative developments and proposals and their potential effect on an investment in our securities . **Changes to United States tariff and import / export regulations may have a negative effect on our portfolio companies and, in turn, harm us. The United States has recently enacted and proposed to enact significant new tariffs. Additionally, President Trump has directed various federal agencies to further evaluate key aspects of U. S. trade policy and there has been ongoing discussion and commentary regarding potential significant changes to U. S. trade policies, treaties and tariffs. There continues to exist significant uncertainty about the future relationship between the U. S. and other countries with respect to such trade policies, treaties and tariffs. These developments, or the perception that any of them could occur, may have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global trade and, in particular, trade between the impacted nations and the U. S. Any of these factors could depress economic activity and restrict our portfolio companies' access to suppliers or**

customers and have a material adverse effect on their business, financial condition and results of operations, which in turn would negatively impact us. Our investment adviser's liability is limited under the investment advisory and management agreement, and we are required to indemnify our investment adviser against certain liabilities, which may lead our investment adviser to act in a riskier manner on our behalf than it would when acting for its own account. Our investment adviser has not assumed any responsibility to us other than to render the services described in the investment advisory and management agreement, and it will not be responsible for any action of our board of directors in declining to follow our investment adviser's advice or recommendations. Pursuant to the investment advisory and management agreement, our investment adviser and its members and their respective officers, managers, partners, agents, employees, controlling persons and members and any other persons affiliated with it will not be liable to us for their acts under the investment advisory and management agreement, absent willful misfeasance, bad faith, gross negligence or reckless disregard in the performance of their duties. We have agreed to indemnify, defend and protect our investment adviser and its members and their respective officers, managers, partners, agents, employees, controlling persons and members and any other persons or entities affiliated with it with respect to all damages, liabilities, costs and expenses arising out of or otherwise based upon the performance of any of our investment adviser's duties or obligations under the investment advisory and management agreement or otherwise as an investment adviser for us, and not arising out of willful misfeasance, bad faith, gross negligence or reckless disregard in the performance of their duties under the investment advisory and management agreement. These protections may lead our investment adviser to act in a riskier manner when acting on our behalf than it would when acting for its own account. See "**Risk Factors**—Risks Relating to Our Investments — Our investment adviser's fee structure may ~~induce~~ **create an incentive for** it to make certain investments on our behalf, including speculative investments." We may be obligated to pay our investment adviser certain fees even if we incur a loss. Our investment adviser is entitled to ~~an~~ **an** income based ~~fees~~ **fee** for each fiscal quarter in an amount equal to a percentage of the excess of our pre-incentive fee net investment income for that quarter (before deducting any income based fee and capital gains incentive ~~fees~~ **fee** and certain other items) above a threshold return for that quarter. Our pre-incentive fee net investment income for income based fee purposes excludes realized and unrealized capital losses or depreciation and income taxes related to realized gains that we may incur in the fiscal quarter, even if such capital losses or depreciation and income taxes related to realized gains result in a net loss on our statement of operations for that quarter. Thus, we may be required to pay our investment adviser ~~an~~ **an** income based ~~fees~~ **fee** for a fiscal quarter even if there is a decline in the value of our portfolio or the net asset value of our common stock or we incur a net loss for that quarter. Under the investment advisory and management agreement, we will defer cash payment of any income based fee and the capital gains incentive fee otherwise earned by our investment adviser if, during the most recent four full calendar quarter periods ending on or prior to the date such payment is to be made, the sum of (a) our aggregate distributions to our stockholders and (b) our change in net assets (defined as total assets less indebtedness and before taking into account any income based ~~fees~~ **fee** or capital gains incentive ~~fees~~ **fee** accrued during the period) is less than 7.0% of our net assets (defined as total assets less indebtedness) at the beginning of such period. These calculations will be adjusted for any share issuances or repurchases. Any such deferred fees will be carried over for payment in subsequent calculation periods to the extent such payment can then be made under the investment advisory and management agreement. If a portfolio company defaults on a loan that is structured to provide interest, it is possible that accrued and unpaid interest previously used in the calculation of ~~the~~ **the** income based ~~fees~~ **fee** will become uncollectible. Our investment adviser is not under any obligation to reimburse us for any part of ~~an~~ **an** income based ~~fees~~ **fee** it received that was based on accrued income that we never receive. We are highly dependent on the information systems of Ares Management and operational risks including systems failures could significantly disrupt our business, result in losses or limit our growth, which may, in turn, negatively affect the market price of our common stock and our ability to pay dividends. Our business is highly dependent on communications and information systems of Ares Management, the parent of our investment adviser and our administrator. In this Annual Report, we sometimes refer to hardware, software, information and communications systems maintained by Ares Management and used by us, our investment adviser and our administrator as "our" systems. We also face operational risk from transactions and key data not being properly recorded, evaluated or accounted for with respect to our portfolio companies. In addition, we face operational risk from errors made in the execution, confirmation or settlement of transactions. In particular, our investment adviser is highly dependent on its ability to process and evaluate, on a daily basis, transactions across markets and geographies in a time-sensitive, efficient and accurate manner. Consequently, we and our investment adviser and administrator rely heavily on Ares Management's financial, accounting and other data processing systems. In addition, we operate in a business that is highly dependent on information systems and technology. Ares Management's and our information systems and technology may not continue to be able to accommodate our growth, and the cost of maintaining the information systems and technology, which may be partially allocated to or borne by us, may increase from its current level. Such a failure to accommodate growth, or an increase in costs related to the information systems and technology, could have a material adverse effect on our business and results of operations. Furthermore, a disaster or a disruption in the infrastructure that supports our businesses, including a disruption involving electronic communications, human resources systems or other services used by us, our investment adviser, our administrator or third parties with whom we conduct business could have a material adverse effect on our ability to continue to operate our businesses without interruption. Although we and Ares Management have disaster recovery programs in place, these may not be sufficient to mitigate the harm that may result from such a disaster or disruption. In addition, insurance and other safeguards might only partially reimburse us for any losses as a result of such a disaster or disruption, if at all. We and Ares Management also rely on third-party service providers for certain aspects of our respective businesses, including for certain information systems, technology and administration of our portfolio company investments and compliance matters. Operational risks could increase as vendors increasingly offer mobile and cloud-based software services rather than software services that can be operated within Ares Management's own data centers, as certain aspects of the security of such technologies may be complex, unpredictable or beyond our or Ares Management's control, and any failure by mobile

technology or cloud service providers to adequately safeguard their systems and prevent cyber- attacks could disrupt our operations and result in misappropriation, corruption or loss of confidential, proprietary or personal information. In addition, our counterparties' information systems, technology or accounts may be the target of cyber- attacks. Any interruption or deterioration in the performance of these third parties or the service providers of our counterparties or failures or vulnerabilities of their respective information systems or technology could impair the quality of our funds' operations and could impact our reputation, adversely affect our businesses and limit our ability to grow. Finally, there ~~has been~~ **continues to be** significant evolution and developments in the use of artificial intelligence technologies, **including generative artificial intelligence**, such as ~~ChatGPT~~ **GPT- 4o**. We cannot fully determine the impact of such evolving technology to our business at this time.

RISKS RELATING TO OUR INVESTMENTS As a BDC, we are required to carry our investments at market value or, if no market value is ascertainable, at fair value as determined in good faith by our investment adviser, as the valuation designee, subject to the oversight of our board of directors. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may differ significantly from the values that would have been used had a readily available market value existed for such investments, and the differences could be material. We may take into account the following types of factors, if relevant, in determining the fair value of our investments: the enterprise value of a portfolio company (the entire value of the portfolio company to a market participant, including the sum of the values of debt and equity securities used to capitalize the enterprise at a point in time), the nature and realizable value of any collateral, the portfolio company' s ability to make payments and its earnings and discounted cash flow, the markets in which the portfolio company does business, a comparison of the portfolio company' s securities to similar publicly traded securities, changes in the interest rate environment and the credit markets generally that may affect the price at which similar investments would trade in their principal markets and other relevant factors. When an external event such as a purchase transaction, public offering or subsequent ~~equity~~ sale occurs, we use the pricing indicated by the external event to corroborate our valuation. While most of our investments are not publicly traded, applicable accounting standards require us to assume as part of our valuation process that our investments are sold in a principal market to market participants (even if we plan on holding an investment through its maturity). As a result, volatility in the capital markets can also adversely affect our investment valuations. Decreases in the market values or fair values of our investments are recorded as unrealized depreciation. The effect of all of these factors on our portfolio can reduce our net asset value (and, as a result our asset coverage calculation) by increasing net unrealized depreciation in our portfolio. Depending on market conditions, we could incur substantial realized and / or unrealized losses, which could have a material adverse effect on our business, financial condition or results of operations. The current macroeconomic environment is characterized by labor shortages, **high strikes, work stoppages, labor disputes, supply chain disruptions and accidents, changing** interest rates, persistent inflation, foreign currency exchange volatility, volatility in global capital markets and ~~growing~~ **concerns over actual and potential tariffs and sanctions, inflation and persistent** recession risk. The risks associated with our and our portfolio companies' businesses are more severe during periods of economic slowdown or recession. Many of our portfolio companies may be susceptible to economic downturns or recessions and may be unable to repay our loans during these periods. Therefore, during these periods our non- performing assets may increase and the value of our portfolio may decrease if we are required to write down the values of our investments. Adverse economic conditions may also decrease the value of collateral securing some of our loans and the value of our equity investments. Economic slowdowns or recessions could lead to financial losses in our portfolio and a decrease in revenues, net income and assets. Unfavorable economic conditions also could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events could prevent us from increasing investments and harm our operating results. We experienced to some extent such effects as a result of the economic downturn that occurred throughout portions of the past ~~four~~ **five** fiscal years and from 2008 through 2009 and may experience such effects again in any future downturn or recession. A portfolio company' s failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, acceleration of the time when the loans are due and foreclosure on its assets representing collateral for its obligations, which could trigger cross defaults under other agreements and jeopardize our portfolio company' s ability to meet its obligations under the debt investments that we hold and the value of any equity securities we own. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting portfolio company. Investments in privately held middle- market companies involve significant risks. We primarily invest in privately held U. S. middle- market companies. Investments in privately held middle- market companies involve a number of significant risks, including the following: • these companies may have limited financial resources and may be unable to meet their obligations, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of us realizing our investment; • they typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns; • they typically depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse effect on such portfolio company and, in turn, on us; • there is generally little public information about these companies. These companies and their financial information are generally not subject to the Exchange Act and other regulations that govern public companies, and we may be unable to uncover all material information about these companies, which may prevent us from making a fully informed investment decision and cause us to lose money on our investments; • they generally have less predictable operating results and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position; • we, our executive officers, directors and our investment adviser, its affiliates and / or any of their respective principals and employees may, in the ordinary course of business, be named as defendants in litigation arising from our investments in our portfolio companies and may, as a result, incur significant costs and expenses in connection with such litigation; • changes in laws and regulations (including the tax laws), as well as their interpretations, may adversely affect their business, financial

structure or prospects; and • they may have difficulty accessing the capital markets to meet future capital needs. Our debt investments may be risky and we could lose all or part of our investment. The debt that we invest in is typically not initially rated by any rating agency, but we believe that if such investments were rated, they would be below investment grade (rated lower than “Baa3” by Moody’s Investors Service, lower than “BBB-” by Fitch Ratings or lower than “BBB-” by Standard & Poor’s Ratings Services), which under the guidelines established by these entities is an indication of having predominantly speculative characteristics with respect to the issuer’s capacity to pay interest and repay principal. Bonds that are rated below investment grade are sometimes referred to as “high yield bonds” or “junk bonds.” Therefore, our investments may result in an above average amount of risk and volatility or loss of principal. While the debt we invest in is often secured, such security does not guarantee that we will receive principal and interest payments according to the terms of the loan, or that the value of any collateral will be sufficient to allow us to recover all or a portion of the outstanding amount of the loan should we be forced to enforce our remedies. Some of the loans in which we may invest may be “covenant-lite” loans, which means the loans contain fewer covenants than other loans (in some cases, none) and may not include terms which allow the lender to monitor the performance of the borrower and declare a default if certain criteria are breached. An investment by us in a covenant-lite loan may potentially hinder the ability to reprice credit risk associated with the issuer and reduce the ability to restructure a problematic loan and mitigate potential loss. We may also experience delays in enforcing our rights under covenant-lite loans. As a result of these risks, our exposure to losses may be increased, which could result in an adverse impact on our net income and net asset value. We also may invest in assets other than first and second lien and subordinated debt investments, including high-yield securities, U. S. government securities, credit derivatives and other structured securities and certain direct equity investments. These investments entail additional risks that could adversely affect our investment returns. Investments in equity securities, many of which are illiquid with no readily available market, involve a substantial degree of risk. We may purchase common **stock** and other equity securities. Although common stock has historically generated higher average total returns than fixed income securities over the long-term, common stock also has experienced significantly more volatility in those returns. The equity securities we acquire may fail to appreciate and may decline in value or become worthless and our ability to recover our investment will depend on the underlying portfolio company’s success. Investments in equity securities involve a number of significant risks, including: • any equity investment we make in a portfolio company could be subject to further dilution as a result of the issuance of additional equity interests and to serious risks as a junior security that will be subordinate to all indebtedness (including trade creditors) or senior securities in the event that the issuer is unable to meet its obligations or becomes subject to a bankruptcy process; • to the extent that the portfolio company requires additional capital and is unable to obtain it, we may not recover our investment; and • in some cases, equity securities in which we invest will not pay current dividends, and our ability to realize a return on our investment, as well as to recover our investment, will be dependent on the success of the portfolio company. Even if the portfolio company is successful, our ability to realize the value of our investment may be dependent on the occurrence of a liquidity event, such as a public offering or the sale of the portfolio company. It is likely to take a significant amount of time before a liquidity event occurs or we can otherwise sell our investment. In addition, the equity securities we receive or invest in may be subject to restrictions on resale during periods in which it could be advantageous to sell them. There are special risks associated with investing in preferred securities, including: • preferred securities may include provisions that permit the issuer, at its discretion, to defer distributions for a stated period without any adverse consequences to the issuer. If we own a preferred security that is deferring its distributions, we may be required to report income for tax purposes before we receive such distributions; • preferred securities are subordinated to debt in terms of priority to income and liquidation payments, and therefore will be subject to greater credit risk than debt; • preferred securities may be substantially less liquid than many other securities, such as common stock or U. S. government securities; and • generally, preferred security holders have no voting rights with respect to the issuing company, subject to limited exceptions. Additionally, when we invest in first lien senior secured loans (including “unitranche” loans, which are loans that combine both senior and subordinated debt, generally in a first lien position), second lien senior secured loans or subordinated debt, we may acquire warrants or other equity securities as well. Our goal is ultimately to dispose of such equity interests and realize gains upon our disposition of such interests. However, the equity interests we receive may not appreciate in value and, in fact, may decline in value. Accordingly, we may not be able to realize gains from our equity interests and any gains that we do realize on the disposition of any equity interests may not be sufficient to offset any other losses we experience. We may invest, to the extent permitted by law, in the equity securities of investment funds that are operating pursuant to certain exceptions to the Investment Company Act and in advisers to similar investment funds and, to the extent we so invest, will bear our ratable share of any such company’s expenses, including management and performance fees. We will also remain obligated to pay the base management fee, income based fee and capital gains incentive fee to our investment adviser with respect to the assets invested in the securities and instruments of such companies. With respect to each of these investments, each of our common stockholders will bear **his or her** their share of the base management fee, income based fee and capital gains incentive fee due to our investment adviser as well as indirectly bearing the management and performance fees and other expenses of any such investment funds or advisers. There may be circumstances in which our debt investments could be subordinated to claims of other creditors or we could be subject to lender liability claims. If one of our portfolio companies were to go bankrupt, even though we may have structured our interest as senior debt, depending on the facts and circumstances, a bankruptcy court might recharacterize our debt holding as an equity investment and subordinate all or a portion of our claim to that of other creditors. In addition, lenders can be subject to lender liability claims for actions taken by them where they become too involved in the borrower’s business or exercise control over the borrower. For example, we could become subject to a lender’s liability claim, if, among other things, we actually render significant managerial assistance. Our portfolio companies may incur debt or issue equity securities that rank equally with, or senior to, our investments in such companies. Our portfolio companies may have, or may be permitted to incur, other debt, or issue other equity securities, that rank equally with, or senior to, our investments. By

their terms, such instruments may provide that the holders are entitled to receive payment of dividends, interest or principal on or before the dates on which we are entitled to receive payments in respect of our investments. These debt instruments would usually prohibit the portfolio companies from paying interest on or repaying our investments in the event and during the continuance of a default under such debt. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of securities ranking senior to our investment in that portfolio company typically are entitled to receive payment in full before we receive any distribution in respect of our investment. After repaying such holders, the portfolio company may not have any remaining assets to use for repaying its obligation to us. In the case of securities ranking equally with our investments, we would have to share on an equal basis any distributions with other security holders in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company. The rights we may have with respect to the collateral securing any junior priority loans we make to our portfolio companies may also be limited pursuant to the terms of one or more intercreditor agreements (including agreements governing “first out” and “last out” structures) that we enter into with the holders of senior debt. Under such an intercreditor agreement, at any time that senior obligations are outstanding, we may forfeit certain rights with respect to the collateral to the holders of the senior obligations. These rights may include the right to commence enforcement proceedings against the collateral, the right to control the conduct of such enforcement proceedings, the right to approve amendments to collateral documents, the right to release liens on the collateral and the right to waive past defaults under collateral documents. We may not have the ability to control or direct such actions, even if as a result our rights as junior lenders are adversely affected. When we are a debt or minority equity investor in a portfolio company, we are often not in a position to exert influence on the entity, and other equity holders and management of the company may make decisions that could decrease the value of our investment in such portfolio company. When we make debt or minority equity investments, we are subject to the risk that a portfolio company may make business decisions with which we disagree and the other equity holders and management of such company may take risks or otherwise act in ways that do not serve our interests. As a result, a portfolio company may make decisions that could decrease the value of our investment. Some of our portfolio companies may be highly leveraged, which may have adverse consequences to these companies and to us as an investor. These companies may be subject to restrictive financial and operating covenants and the leverage may impair these companies’ ability to finance their future operations and capital needs. As a result, these companies’ flexibility to respond to changing business and economic conditions and to take advantage of business opportunities may be limited. Further, a leveraged company’s income and net assets will tend to increase or decrease at a greater rate than if borrowed money were not used. The fees payable by us to our investment adviser may create an incentive for our investment adviser to make investments on our behalf that are risky or more speculative than would be the case in the absence of such compensation arrangement. The way in which ~~the~~ income based ~~fees- fee~~ payable to our investment adviser ~~are-is~~ determined, which ~~are-is~~ calculated as a percentage of the return on invested capital, may encourage our investment adviser to use leverage to increase the return on our investments. Under certain circumstances, the use of leverage may increase the likelihood of default, which would disfavor the holders of our common stock and the holders of securities convertible into our common stock. In addition, our investment adviser will receive the capital gains incentive fee based, in part, upon net capital gains realized on our investments. Unlike ~~the~~ income based ~~fees- fee~~, there is no hurdle rate applicable to the capital gains incentive fee. As a result, our investment adviser may have a tendency to invest more in investments that are likely to result in capital gains as compared to income producing securities. Such a practice could result in our investing in more speculative securities than would otherwise be the case, which could result in higher investment losses, particularly during economic downturns. The income based ~~fees- fee~~ ~~are-is~~ computed and paid on income that has been accrued but not yet received in cash, including as a result of investments with a deferred interest feature such as debt instruments with PIK interest, preferred stock with PIK dividends and zero coupon securities. If a portfolio company defaults on a loan that is structured to provide accrued interest, it is possible that accrued interest previously used in the calculation of the income based fee will become uncollectible. Our investment adviser is not under any obligation to reimburse us for any part of the fees it received that were based on such accrued ~~interest-income~~ that we never actually received. Because of the structure of the income based ~~fees- fee~~, it is possible that we may have to pay ~~an~~ income based ~~fees- fee~~ in a quarter during which we incur a loss. For example, if we receive pre- incentive fee net investment income in excess of the hurdle rate for a quarter, we will pay the applicable income based ~~fees- fee~~ even if we have incurred a loss in that quarter due to realized and / or unrealized capital losses. In addition, if market interest rates rise, our investment adviser may be able to invest our funds in debt instruments that provide for a higher return, which would increase our pre- incentive fee net investment income and make it easier for our investment adviser to surpass the fixed hurdle rate and receive ~~an~~ income based ~~fees- fee~~. Our investments in foreign companies or investments denominated in foreign currencies may involve significant risks in addition to the risks inherent in U. S. and U. S. dollar denominated investments. Our investment strategy contemplates potential investments in foreign companies. Investing in foreign companies may expose us to additional risks not typically associated with investing in U. S. companies. These risks include changes in exchange control regulations, political and social instability, expropriation, imposition of foreign taxes (potentially at confiscatory levels), less liquid markets, less available information than is generally the case in the U. S., higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility. Although we expect most of our investments will be U. S. dollar denominated, our investments that are denominated in a foreign currency will be subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short- term interest rates, differences in relative values of similar assets in different currencies, long- term opportunities for investment and capital appreciation and political developments. We may employ hedging techniques to minimize these risks, but we cannot assure you that such strategies will be effective or without risk to us. We ~~may expose ourselves to risks if we engage in hedging transactions.~~ We have and may in the future enter into hedging transactions, which may expose us to risks associated with such

transactions. We may utilize instruments such as forward contracts, currency options and interest rate swaps, caps, collars and floors to seek to hedge against fluctuations in the relative values of our portfolio positions from changes in currency exchange rates and market interest rates. Use of these hedging instruments may include counter-party credit risk. Hedging against a decline in the values of our portfolio positions does not eliminate the possibility of fluctuations in the values of such positions or prevent losses if the values of such positions decline. However, such hedging can establish other positions designed to gain from those same developments, thereby offsetting the decline in the value of such portfolio positions. Such hedging transactions may also limit the opportunity for gain if the values of the underlying portfolio positions should increase. Moreover, it may not be possible to hedge against an exchange rate or interest rate fluctuation that is so generally anticipated that we are not able to enter into a hedging transaction at an acceptable price. The success of our hedging transactions will depend on our ability to correctly predict movements in currencies and interest rates. Therefore, while we may enter into such transactions to seek to reduce currency exchange rate and interest rate risks, unanticipated changes in currency exchange rates or interest rates may result in poorer overall investment performance than if we had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio positions being hedged may vary. Moreover, for a variety of reasons, we may not seek to (or be able to) establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Any such imperfect correlation may prevent us from achieving the intended hedge and expose us to risk of loss. In addition, it may not be possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities is likely to fluctuate as a result of factors not related to currency fluctuations. See also “Risk Factors — Risks Relating to Our Business — We are exposed to risks associated with changes in interest rates, including the current rising interest rate environment.” As a BDC, we are permitted to enter into unfunded commitment agreements, and, if we fail to meet certain requirements, we will be required to treat such unfunded commitments as derivative transactions, subject to leverage limitations, which may limit our ability to use derivatives and / or enter into certain other financial contracts. Under Rule 18f-4 under the Investment Company Act, BDCs that make significant use of derivatives are required to operate subject to a value-at-risk leverage limit, adopt a derivatives risk management program and appoint a derivatives risk manager, and comply with various testing and board reporting requirements. These requirements apply unless the BDC qualifies as a “limited derivatives user,” as defined under the rule. We currently operate as a “limited derivatives user” which may limit our ability to use derivatives and / or enter into certain other financial contracts. In addition, under Rule 18f-4, a BDC may enter into an unfunded commitment agreement that is not a derivatives transaction, such as an agreement to provide financing to a portfolio company, if the BDC has, among other things, a reasonable belief, at the time it enters into such an agreement, that it will have sufficient cash and cash equivalents to meet its obligations with respect to all of its unfunded commitment agreements, in each case as it becomes due. Unfunded commitment agreements entered into by a BDC in compliance with this condition will not be considered for purposes of computing asset coverage for purposes of compliance with the Investment Company Act with respect to our use of leverage as well as derivatives and / or other financial contracts.

~~Certain of our portfolio companies’ businesses could be adversely affected by the effects of health pandemics or epidemics, which could have a negative impact on our and our portfolio companies’ businesses and operations. Certain of our portfolio companies’ businesses could be adversely affected by the effects of health pandemics or epidemics. Another severe outbreak of COVID-19 or another pandemic can disrupt our and our portfolio companies’ businesses and materially and adversely impact our and / or their financial results. The COVID-19 pandemic contributed to certain conditions associated with the current macroeconomic environment and caused significant disruptions and instabilities in the global and U.S. financial markets or deteriorations in credit and financing conditions. A resurgence of COVID-19 or another pandemic with effects similar to those of COVID-19 may adversely affect our and our portfolio companies’ liquidity positions.~~

RISKS RELATING TO OUR COMMON STOCK AND PUBLICLY TRADED NOTES Our shares of common stock have traded at a discount from net asset value and may do so again, which could limit our ability to raise additional equity capital. Shares of closed-end investment companies frequently trade at a market price that is less than the net asset value that is attributable to those shares. This characteristic of closed-end investment companies is separate and distinct from the risk that our net asset value per share may decline. It is not possible to accurately predict whether any shares of our common stock will trade at, above, or below net asset value. In the past five years, the stocks of BDCs as an industry, including at times shares of our common stock, have traded below net asset value and during much of 2009 traded at near historic lows as a result of concerns over liquidity, leverage restrictions and distribution requirements. See “**Risk Factors — Risks Relating to Our Business** — The capital markets may experience periods of disruption and instability. Such market conditions may materially and adversely affect the debt and equity capital markets, which may have a negative impact on our business and operations.” When our common stock is trading below its net asset value per share, we will generally not be able to issue additional shares of our common stock at its market price without first obtaining approval for such issuance from our stockholders and our independent directors. Pursuant to approval granted at a special meeting of stockholders held on August 8, 2023-2024, we currently are permitted to sell or otherwise issue shares of our common stock at a price below net asset value, subject to certain limitations and determinations that must be made by our board of directors. Such stockholder approval expires on August 8, 2024-2025. There is a risk that investors in our common stock may not receive dividends or that our dividends may not grow over time and that investors in our debt securities may not receive all of the interest income to which they are entitled. We intend to make distributions on a quarterly basis to our stockholders out of assets legally available for distribution. We cannot assure you that we will achieve investment results that will allow us to make a specified level of cash distributions or year-to-year increases in cash distributions. If we declare a dividend and if more stockholders opt to receive cash distributions rather than participate in our dividend reinvestment plan, we may be forced to sell some of our investments in order to make cash dividend payments. In addition, due to the asset coverage test applicable to us as a BDC, we may be limited in our ability to make distributions. Certain of the Facilities may also limit our ability to declare dividends if we default under certain provisions.

Further, if we invest a greater amount of assets in non-income producing securities, it could reduce the amount available for distribution and may also inhibit our ability to make required interest payments to holders of our debt, which may cause a default under the terms of our debt agreements. Such a default could materially increase our cost of raising capital, as well as cause us to incur penalties under the terms of our debt agreements. Provisions of the Maryland General Corporation Law and of our charter and bylaws could deter takeover attempts and have an adverse effect on the price of our common stock. The Maryland General Corporation Law (the “MGCL”), our charter and our bylaws contain provisions that may discourage, delay or make more difficult a change in control of ~~us~~ **Ares Capital** or the removal of our directors. We are subject to the Maryland Business Combination Act (the “Business Combination Act”), subject to any applicable requirements of the Investment Company Act. Our board of directors has adopted a resolution exempting from the Business Combination Act any business combination between us and any other person, subject to prior approval of such business combination by our board, including approval by a majority of our independent directors. If the resolution exempting business combinations is repealed or our board or independent directors do not approve a business combination, the Business Combination Act may discourage third parties from trying to acquire control of us and may increase the difficulty of consummating such an offer. Our bylaws exempt from the Maryland Control Share Acquisition Act (the “Control Share Acquisition Act”) acquisitions of our stock by any person. If we amend our bylaws to repeal the exemption from the Control Share Acquisition Act, subject to any applicable requirements of the Investment Company Act, the Control Share Acquisition Act also may make it more difficult for a third party to obtain control of us and may increase the difficulty of consummating such an offer. We have also adopted measures that may make it difficult for a third party to obtain control of us, including provisions of our charter classifying our board of directors into three classes serving staggered three-year terms, and provisions of our charter authorizing our board of directors to classify or reclassify shares of our stock into one or more classes or series, to cause the issuance of additional shares of our stock, and to amend our charter from time to time, without stockholder approval, to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we have authority to issue. These provisions, as well as other provisions of our charter and bylaws, may discourage, delay, defer, make more difficult or prevent a transaction or a change in control that might otherwise be in **our** stockholders’ best interest. Our bylaws designate the Circuit Court for Baltimore City, Maryland as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers or other employees. Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Circuit Court for Baltimore City, Maryland, or, if that Court does not have jurisdiction, the U. S. District Court for the District of Maryland, Baltimore Division, will be the sole and exclusive forum for: (i) any derivative action or proceeding brought on our behalf, (ii) any Internal Corporate Claim, as such term is defined in Section 1-101 (p) of the MGCL, including, without limitation, (a) any action asserting a claim of breach of any duty owed by any of our directors or officers or other employees to us or to our stockholders or (b) any action asserting a claim against us or any of our directors or officers or other employees arising pursuant to any provision of the MGCL or our charter or bylaws or (iii) any action asserting a claim against us or any of our directors or officers or other employees that is governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring or holding any interest in shares of our common stock shall be deemed to have notice of and to have consented and waived any objection to this exclusive forum provision of our bylaws, as the same may be amended from time to time. Our board of directors, without stockholder approval, adopted this exclusive forum provision so that we can respond to such litigation more efficiently, reduce the costs associated with our responses to such litigation, particularly litigation that might otherwise be brought in multiple forums, and make it less likely that plaintiffs’ attorneys will be able to employ such litigation to coerce us into otherwise unjustified settlements. However, this exclusive forum provision may limit a stockholder’s ability to bring a claim in a judicial forum that such stockholder believes is favorable for disputes with us or our directors, officers or other employees, if any, and may discourage lawsuits against us and our directors, officers or other employees, if any. We believe the risk of a court declining to enforce this exclusive forum provision is remote, as the General Assembly of Maryland has specifically amended the MGCL to authorize the adoption of such provision. However, if a court were to find such provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings notwithstanding that the MGCL expressly provides that the charter or bylaws of a Maryland corporation may require that any Internal Corporate Claim be brought only in courts sitting in one or more specified jurisdictions, we may incur additional costs that we do not currently anticipate associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition and results of operations. Investing in our common stock may involve an above average degree of risk. The investments we make in accordance with our investment objective may result in a higher amount of risk than alternative investment options and volatility or loss of principal. Our investments in portfolio companies may be highly speculative and aggressive and, therefore, an investment in our securities may not be suitable for someone with lower risk tolerance. The market price of our common stock may fluctuate significantly. The capital and credit markets have **in the past** experienced periods of extreme volatility and disruption ~~over the past several years (including throughout portions of the past four fiscal years)~~. The market price and liquidity of the market for shares of our common stock may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include: • significant volatility in the market price and trading volume of securities of publicly traded RICs, BDCs or other companies in our sector, which are not necessarily related to the operating performance of these companies; • price and volume fluctuations in the overall stock market from time to time; • the inclusion or exclusion of our common stock from certain indices; • changes in law, regulatory policies or tax guidelines, or interpretations thereof, particularly with respect to RICs or BDCs; • changes in accounting guidelines governing valuation of our investments; • loss of our RIC **or BDC** status; • our ability to manage our capital resources effectively; • changes in our earnings or variations in our operating results; • changes in the value of our portfolio of investments; • any shortfall in investment income or net investment income or any increase in losses from levels

expected by investors or securities analysts; • departure of Ares' key personnel; • short-selling pressure with respect to shares of our common stock or BDCs generally; • ~~future sales of our securities convertible into or exchangeable or exercisable for our common stock or the conversion of such securities, including the 2024 Convertible Notes~~; • uncertainty surrounding the strength of the U. S. economy; • uncertainty between the U. S. and other countries with respect to trade policies, treaties, and tariffs; • **global unrest**; and • general economic trends and other external factors. In the past, following periods of volatility in the market price of a company' s securities, securities class action litigation has often been brought against that company. If our stock price fluctuates significantly, we may be the target of securities litigation in the future. Securities litigation could result in substantial costs and divert management' s attention and resources from our business. We may in the future determine to issue preferred stock, which could adversely affect the market value of our common stock. The issuance of shares of preferred stock with dividend or conversion rights, liquidation preferences or other economic terms favorable to the holders of preferred stock could adversely affect the market price for our common stock by making an investment in the common stock less attractive. In addition, the dividends on any preferred stock we issue must be cumulative. Payment of dividends and repayment of the liquidation preference of preferred stock must take preference over any dividends or other payments to our common stockholders, and holders of preferred stock are not subject to any of our expenses or losses and are not entitled to participate in any income or appreciation in excess of their stated preference (other than convertible preferred stock that converts into common stock). In addition, under the Investment Company Act, preferred stock constitutes a " senior security " for purposes of the asset coverage test. The net asset value per share of our common stock may be diluted if we sell shares of our common stock in one or more offerings at prices below the then current net asset value per share of our common stock or securities to subscribe for or convertible into shares of our common stock. At a special meeting of stockholders held on August 8, ~~2023~~ **2024**, subject to certain determinations required to be made by our board of directors, our stockholders approved our ability to sell or otherwise issue shares of our common stock, in an amount not exceeding 25 % of our then outstanding common stock, at a price below the then current net asset value per share during a period that began on August 8, ~~2023~~ **2024** and expires on August 8, ~~2024~~ **2025**. In addition, at our 2009 annual stockholders meeting, our stockholders approved a proposal authorizing us to sell or otherwise issue warrants or securities to subscribe for or convertible into shares of our common stock subject to certain limitations (including, without limitation, that the number of shares issuable does not exceed 25 % of our then outstanding common stock and that the exercise or conversion price thereof is not, at the date of issuance, less than the greater of the market value per share and the net asset value per share of our common stock). The authorization granted to sell or issue warrants or securities to subscribe for or convertible into shares of our common stock has no expiration. Any decision to sell shares of our common stock below its then current net asset value per share or securities to subscribe for or convertible into shares of our common stock would be subject to the determination by our board of directors that such issuance is in our and our stockholders' best interests. If we were to sell shares of our common stock below its then current net asset value per share, such sales would result in an immediate dilution to the net asset value per share of our common stock. This dilution would occur as a result of the sale of shares at a price below the then current net asset value per share of our common stock and a proportionately greater decrease in the stockholders' interest in our earnings and assets and their voting interest in us than the increase in our assets resulting from such issuance. Because the number of shares of common stock that could be so issued and the timing of any issuance is not currently known, the actual dilutive effect cannot be predicted. In addition, if we issue warrants or securities to subscribe for or convertible into shares of our common stock, subject to certain limitations, the exercise or conversion price per share could be less than net asset value per share at the time of exercise or conversion (including through the operation of anti - dilution protections). Because we would incur expenses in connection with any issuance of such securities, such issuance could result in a dilution of the net asset value per share at the time of exercise or conversion. This dilution would include reduction in net asset value per share as a result of the proportionately greater decrease in the stockholders' interest in our earnings and assets and their voting interest than the increase in our assets resulting from such issuance. Further, if our current stockholders do not purchase any shares to maintain their percentage interest when we issue new shares, regardless of whether such offering is above or below the then current net asset value per share, their voting power will be diluted. Our stockholders will experience dilution in their ownership percentage if they opt out of our dividend reinvestment plan. All dividends declared in cash payable to stockholders that are participants in our dividend reinvestment plan are automatically reinvested in shares of our common stock. As a result, our stockholders that opt out of our dividend reinvestment plan will experience dilution in their ownership percentage of our common stock over time. Our stockholders may ~~experience dilution upon the conversion of the 2024 Convertible Notes. As of December 31, 2023, the 2024 Convertible Notes are convertible into shares of our common stock. As of December 31, 2023, the conversion price of the 2024 Convertible Notes was effectively \$ 19. 43 per share, taking into account certain de minimis adjustments that will be made on the conversion date and subject to further adjustment in certain circumstances. We have elected to settle our conversion obligations in connection with the 2024 Convertible Notes with a combination of cash and shares of our common stock. If we deliver shares of common stock upon a conversion at the time our tangible book value per share exceeds the conversion price in effect at such time, our stockholders may incur dilution. In addition, our stockholders will experience dilution in their ownership percentage of common stock upon our issuance of common stock in connection with the conversion of the 2024 Convertible Notes and any dividends paid on our common stock will also be paid on shares issued in connection with such conversion after such issuance. Our stockholders may receive shares of our common stock as dividends, which could result in adverse cash flow consequences to them. In order to satisfy the Annual Distribution Requirement applicable to RICs, we have the ability to declare a large portion of a dividend in shares of our common stock instead of in cash. As long as a portion of such dividend is paid in cash (which portion could be as low as 20 %) and certain requirements are met, the entire distribution would be treated as a dividend for U. S. federal income tax purposes. As a result, a stockholder would be taxed on 100 % of the fair market value of the shares received as part of the dividend on the date a stockholder received it in the same manner as a cash dividend, even though most of the dividend was paid in shares of our~~

common stock. Sales of substantial amounts of our common stock in the public market may have an adverse effect on the market price of our common stock. Sales of substantial amounts of our common stock, or the availability of such common stock for sale (including as a result of the conversion of our 2024 Convertible Notes into common stock), could adversely affect the prevailing market prices for our common stock. If this occurs and continues, it could impair our ability to raise additional capital through the sale of securities should we desire to do so. The trading market or market value of our publicly issued debt securities may fluctuate. Our publicly issued debt securities may or may not have an established trading market. We cannot assure holders of our debt securities that a trading market for our publicly issued debt securities will ever develop or be maintained if developed. In addition to our creditworthiness, many factors may materially adversely affect the trading market for, and market value of, our publicly issued debt securities. These factors include, but are not limited to, the following: • the time remaining to the maturity of these debt securities; • the outstanding principal amount of debt securities with terms identical to these debt securities; • the ratings assigned by national statistical ratings agencies; • the general economic environment; • the supply of such debt securities trading in the secondary market, if any; • the redemption or repayment features, if any, of these debt securities; • the level, direction and volatility of market interest rates generally; and • market rates of interest higher or lower than rates borne by the debt securities. Holders of our debt securities should also be aware that there may be a limited number of buyers if and when they decide to sell their debt securities. This too may materially adversely affect the market value of the debt securities or the trading market for the debt securities. Terms relating to redemption may materially adversely affect our noteholders' return on any debt securities that we may issue. If our noteholders' debt securities are redeemable at our option, we may choose to redeem their debt securities at times when prevailing interest rates are lower than the interest rate paid on their debt securities. In addition, if our noteholders' debt securities are subject to mandatory redemption, we may be required to redeem their debt securities also at times when prevailing interest rates are lower than the interest rate paid on their debt securities. In this circumstance, our noteholders may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as their debt securities being redeemed. Our credit ratings may not reflect all risks of an investment in our debt securities. Our credit ratings are an assessment by third parties of our ability to pay our obligations. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of our debt securities. Our credit ratings, however, may not reflect the potential impact of risks related to market conditions generally or other factors discussed above on the market value of or trading market for the publicly issued debt securities.

GENERAL RISK FACTORS

Concerns over the United States' debt ceiling and budget- deficit have driven downgrades by rating agencies to the U. S. government' s credit rating. Downgrades by rating agencies to the U. S. government' s credit rating or concerns about its credit and deficit levels in general could cause interest rates and borrowing costs to rise, which may negatively impact both the perception of credit risk associated with our debt portfolio and our ability to access the debt markets on favorable terms. In addition, a decreased U. S. government credit rating, any default by the U. S. government on its obligations, or any prolonged U. S. government shutdown, could create broader financial turmoil and uncertainty, which may weigh heavily on our financial performance and the value of our common stock. U. S. debt ceiling and budget deficit concerns have increased the possibility of additional credit- rating downgrades and economic slowdowns or a recession in the United States. Deterioration in the economic conditions in the Eurozone and other regions or countries globally and the resulting instability in global financial markets may pose a risk to our business. Financial markets have been affected at times by a number of global macroeconomic events, including the following: large sovereign debts and fiscal deficits of several countries in Europe and in emerging markets jurisdictions, levels of non - performing loans on the balance sheets of European banks, instability in the Chinese capital markets and **global health crises** ~~the COVID-19 pandemic~~. Global market and economic disruptions have affected, and may in the future affect, the U. S. capital markets, which could adversely affect our business, financial condition or results of operations. We cannot assure you that market disruptions in Europe and other regions or countries, including the increased cost of funding for certain governments and financial institutions, will not impact the global economy, and we cannot assure you that assistance packages will be available, or if available, be sufficient to stabilize countries and markets in Europe or elsewhere affected by a financial crisis. To the extent uncertainty regarding any economic recovery in Europe or elsewhere negatively impacts consumer confidence and consumer credit factors, our business, financial condition and results of operations could be significantly and adversely affected. Moreover, there is a risk of both sector- specific and broad- based corrections and / or downturns in the equity and credit markets. Any of the foregoing could have a significant impact on the markets in which we operate and could have a material adverse impact on our business prospects and financial condition. Various social and political circumstances in the U. S. and around the world **that are outside** (including wars and other forms of conflict, terrorist acts, security operations and catastrophic events such as fires, floods, earthquakes, tornadoes, hurricanes and global health epidemics or **our control** outbreaks of infectious diseases), may also contribute to increased market volatility and economic uncertainties or deterioration in the U. S. and worldwide. Such events, including trade tensions between the United States and China, other uncertainties regarding actual and potential shifts in U. S. and foreign, trade, economic and other policies with other countries, the **ongoing war between** Russia **and** Ukraine **war** and more recently **conflicts in** the **Middle East** **Israel-Hamas war** and health epidemics and pandemics, could adversely affect our business, financial condition or results of operations . **Additionally, as a result of the 2024 U. S. election, the Republican Party currently controls both the executive and legislative branches of government, which increases the likelihood that legislation may be adopted that could significantly affect the regulation of U. S. financial markets. Regulatory changes could result in greater competition from banks and other lenders with which we compete for lending and other investment opportunities. The United States may also potentially withdraw from or renegotiate various trade agreements and take other actions that would change current trade policies of the United States** . These market and economic disruptions could negatively impact the operating results of our portfolio companies . **This could in turn materially reduce our net asset value and dividends and adversely affect our financial prospects and condition** . We may experience fluctuations in our quarterly results. We could experience fluctuations in our

quarterly operating results due to a number of factors, including the interest rates payable on the debt investments we make, the default rates on such investments, the level of our expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which we encounter competition in our markets and general economic conditions. As a result of these factors, results for any period should not be relied upon as being indicative of performance in future periods.

~~Cybersecurity failures and data security~~ **Security incidents or cyber- attacks** could adversely affect our business by causing a disruption to our operations, a compromise or corruption of our confidential, personal or other sensitive information and / or damage to our business relationships or reputation, any of which could negatively impact our business, financial condition and operating results. The efficient operation of our business is dependent on **information systems and technology, including** computer hardware and software systems, as well as data processing systems and the secure processing, storage and transmission of information, all of which are potentially vulnerable to security ~~breaches~~ **incidents** and cyber- attacks ~~or other security breaches~~, which may include intentional attacks or accidental losses, either of which may result in unauthorized access to, or corruption of, our hardware, software, or data processing systems, or to our confidential, personal, or other sensitive information. In addition, we, our investment adviser, our administrator, or their employees may be the target of fraudulent emails or other targeted attempts to gain unauthorized access to confidential, personal, or other sensitive information, **which are becoming more sophisticated and difficult to detect**. ~~The result~~ **Cybersecurity risks are also exacerbated by the rapidly increasing volume of highly sensitive data, including our proprietary business information and intellectual property, personal information of our investment adviser's employees, our administrator's employees, their affiliates' employees, our investors and others, and other sensitive information that Ares collects, processes and stores in its data centers and on its networks or those of its third- party service providers.** ~~any~~ **Many jurisdictions have also enacted laws requiring companies to notify individuals of data security breaches involving certain types of personal information, with which we and Ares must comply in the event of a security incident or cyber- attack . The rapid evolution and increasing prevalence of artificial intelligence technologies may also increase or our other and Ares' cybersecurity risks. The result of any security incidents- incident or cyber- attack** may include disrupted operations, **including in our and our investment adviser's operations,** misstated or unreliable financial data, fraudulent transfers or requests for transfers of money, liability for stolen **or improperly accessed** assets or information (including personal information), fines or penalties, investigations, increased cybersecurity protection and insurance costs, litigation, or damage to our business relationships and reputation, in each case, causing our business and results of operations to suffer . ~~The rapid evolution and increasing prevalence of artificial intelligence technologies may also increase our-~~ **or cybersecurity risks otherwise causing interruptions or malfunctions in our, our investment adviser's employees', our administrator's employees', their affiliates' employees', our investors', our counterparties' or third parties' operations** . Although we are not currently aware of any **security incidents or cyber-attacks or other incidents** that, individually or in the aggregate, have materially affected, or would reasonably be expected to materially affect, our operations or financial condition, there has been an increase in the frequency and sophistication of the cyber and security threats that we face, with attacks ranging from those common to businesses generally to more advanced and persistent attacks. **Security incidents or Cyber cyber** - attacks and other security threats could originate from a wide variety of sources, including cyber criminals, nation state hackers, hacktivists and other outside or inside parties, **as well as through employee malfeasance** . We or our third- party providers may face a heightened risk of a security breach or disruption with respect to confidential, personal or other sensitive information resulting from an attack by foreign governments or cyber terrorists. We may be a target for attacks because, as a specialty finance company, we hold confidential and other sensitive information, including price information, about existing and potential investments. Further, we are dependent on third- party vendors for hosting hardware, software and data processing systems that we do not control. We also rely on third- party service providers for certain aspects of our businesses, including for certain information systems, technology and administration of our funds and compliance matters. While we rely on the cybersecurity strategy and policies implemented by Ares **Management**, which includes the performance of risk assessments on third- party providers, our reliance on them and their potential reliance on third- party providers removes certain cybersecurity functions from outside of our immediate control, and cyber- attacks on Ares **Management**, on us or on our third- party service providers could adversely affect us, our business and our reputation. **We cannot guarantee that third parties and infrastructure in Ares' networks and Ares' and our partners' networks have not been compromised or that they do not contain exploitable defects or bugs that could result in a breach of or disruption to Ares' information technology systems or the third- party information technology systems that support our services. Ares' and our ability to monitor these third parties' information security practices is limited, and they may not have adequate information security measures in place.** The costs related to cyber- attacks or other security threats or disruptions may not be fully insured or indemnified by others, including by our third- party providers. **Security incidents** ~~As our reliance on computer hardware and software systems, data processing systems, and other technology has increased, so have the risks posed to such systems, both those we or Ares Management control and those provided by third- party vendors.~~ **Cyber cyber** - attacks may originate from a wide variety of sources, and while Ares **Management** has implemented processes, procedures and internal controls designed to mitigate cybersecurity risks and cyber- attacks, these measures do not guarantee that a **security incident or cyber- attack** will not occur or that our financial results ~~, or operations or confidential information, personal or other sensitive information~~ will not be negatively impacted by such an incident, especially because the techniques of threat actors change frequently and are often not recognized until launched, **and may be enhanced by artificial intelligence technologies** . Ares **Management** relies on industry accepted security measures and technology to securely maintain confidential and proprietary information maintained on their information systems, as well as on policies and procedures to protect against the unauthorized or unlawful disclosure of confidential, personal or other sensitive information. Although Ares **Management** takes protective measures and endeavors to strengthen its computer systems, software, technology assets and networks to prevent and address potential **security incidents and** cyber- attacks, there can be no assurance that any of these measures prove effective. Ares

Management expects to be required to devote increasing levels of funding and resources, which may in part be allocated to us, to comply with evolving cybersecurity and privacy laws and regulations and to continually monitor and enhance its cybersecurity procedures and controls. Cybersecurity risks are exacerbated by the rapidly increasing volume of highly sensitive data, including our proprietary business information and intellectual property, personal information of our investment adviser's and administrator's employees, our investors and others and other sensitive information that Arcs Management collects, processes and stores in its data centers and on its networks or those of its third-party service providers. The secure processing, maintenance and transmission of this information are critical to our operations. A significant actual or potential theft, loss, corruption, exposure, fraudulent use or misuse of investor, employee or other personal information, proprietary business data or other sensitive information, whether by third parties or as a result of employee malfeasance or otherwise, non-compliance with applicable contractual or other legal obligations regarding such data or intellectual property or a violation of applicable privacy and security policies with respect to such data could result in significant investigation, remediation and other costs, fines, penalties, litigation or regulatory actions against us and significant reputational harm, any of which could harm our business and results of operations. Our portfolio companies also rely on similar systems and face similar risks. A disruption or compromise of these systems could have a material adverse effect on the value of these businesses. We may invest in strategic assets having a national or regional profile or in infrastructure assets, the nature of which could expose them to a greater risk of being subject to a terrorist attack or cyber-attack than other assets or businesses. Such an event may have material adverse consequences on our investments or may require portfolio companies to increase preventative security measures or expand insurance coverage. In addition, we operate in businesses that are highly dependent on information systems and technology. The costs related to cyber or other security threats or disruptions may not be fully insured or indemnified by other means. Cybersecurity has become a priority for regulators in the U. S. and around the world. In February, the latter half of 2021-2022, the SEC brought three charges, sanctioning eight companies, all of which were registered as broker-dealers, investment advisory firms or both, for deficient cybersecurity policies and procedures, and settled charges in two separate actions against public companies for deficient disclosure controls and procedures violations related to a cybersecurity vulnerability that exposed sensitive customer information. More recently, the SEC proposed, and subsequently delayed the adoption of, new rules related to cybersecurity risk management for registered investment advisers, registered investment companies and business development companies, as well as amendments to certain rules that govern investment adviser and fund disclosures. In July 2023, the SEC also adopted rules requiring public companies to disclose material cybersecurity incidents on Form 8-K and periodic disclosure of a registrant's cybersecurity risk management, strategy, and governance in annual reports. The rules became effective beginning with annual reports for fiscal years ending on or after December 15, 2023 and beginning with Form 8-Ks on December 18, 2023. In May 2024, the SEC adopted amendments to Regulation S-P, which, beginning in December 2025, require investment companies and SEC-registered investment advisers to adopt written policies and procedures for incident response programs to address unauthorized access to, or use of, customer information, including providing notice to certain individuals affected by any such incident. We will need to comply with this amended rule beginning December 2025. With the SEC particularly focused on cybersecurity, we expect increased scrutiny of our and Arcs Management's policies and systems designed to manage cybersecurity risks and related disclosures. We also may face increased costs to comply with the new SEC rules, including Arcs Management's increased costs for cybersecurity training and management, a portion of which may be allocated to us. In addition, the SEC has indicated in recent periods that one of its examination priorities for the Office of Compliance Inspections and Examinations is to continue to examine cybersecurity procedures and controls, including testing the implementation of these procedures and controls. We are subject to numerous privacy laws, and violation of such laws may subject us to significant fines or penalties, litigation, or reputational damage, and new privacy laws could impact our business and financial performance. Many jurisdictions in which we operate have laws and regulations relating to data privacy, cybersecurity and protection of personal information, including, the California Consumer Privacy Act (the "CCPA"), the New York SHIELD Act, the General Data Protection Regulation ("GDPR") and the U. K. GDPR (collectively, "Privacy Laws"). These Privacy Laws and related regulations are quickly evolving and may conflict with one another. Moreover, to the extent that these laws and regulations or the enforcement of the same become more stringent, or if new laws or regulations are enacted, our financial performance or plans for growth may be adversely impacted. In addition, the SEC has indicated in recent periods that one of its examination priorities compliance with applicable Privacy Laws may require adhering to stringent legal and operational requirements, which could increase compliance costs for us and our investment adviser and require the Office dedication of additional time and resources to Compliance Inspections and Examinations is by us, our investment adviser or Arcs. A failure to continue to examine-comply with applicable Privacy Laws could result in fines, sanctions, enforcement actions or other penalties or reputational damage. Further, significant actual or potential theft, loss, corruption, exposure, fraudulent use or misuse of investor, employee or other personal information, proprietary business data or other sensitive information, whether by third parties or as a result of employee malfeasance or otherwise, non-compliance with our, our investment adviser's or Arcs' contractual or other legal obligations regarding such data or intellectual property or a violation of Arcs' privacy and cybersecurity security procedures and controls-policies with respect to such data could result in significant investigation, including testing remediation and the other implementation of these procedures-costs, fines, penalties, litigation or regulatory actions against us and controls-significant reputational harm, any of which could harm our business and results of operations. There may be substantial financial penalties or fines for breach of privacy-Privacy laws Laws (which may include insufficient security for personal or other sensitive information). For example, the maximum penalty for breach of the GDPR is the greater of 20 million Euros and 4 % of group annual worldwide turnover, and fines for each violation of the CCPA are \$ 2, 500 per violation, or \$ 7, 500 per violation for intentional violations. Non-compliance with any applicable privacy or data security laws represents a serious risk to our business. Some jurisdictions have also enacted, and

compliance may be complicated by conflicting or inconsistent laws requiring companies to notify individuals of data security breaches involving certain types of personal information. Breaches in security could potentially jeopardize our, our investment adviser's or administrator's employees' or our investors' or counterparties' confidential or other information processed and stored in, or transmitted through, our or Ares Management's computer systems and networks (or those of our third-party service providers), or otherwise cause interruptions or malfunctions in our, our investment adviser's or administrator's employees', our investors', our portfolio companies, our counterparties' or third parties' operations, which could result in significant losses, increased costs, disruption of our business, liability to our investors, our portfolio companies and other counterparties, fines or penalties, litigation, regulatory **regulations** intervention or reputational damage, which could also lead to ~~loss of investors~~. Ineffective internal controls could impact our business and operating results. Our internal control over financial reporting may not prevent or detect misstatements because of its inherent limitations, including the possibility of human error, the circumvention or overriding of controls, or fraud. Even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. If we fail to maintain the adequacy of our internal controls, including any failure to implement required new or improved controls, or if we experience difficulties in their implementation, our business and operating results could be harmed and we could fail to meet our financial reporting obligations.