

Saratoga Investment Corp.

Fiscal Fourth Quarter and Fiscal Year 2021 Shareholder Presentation

May 6, 2021



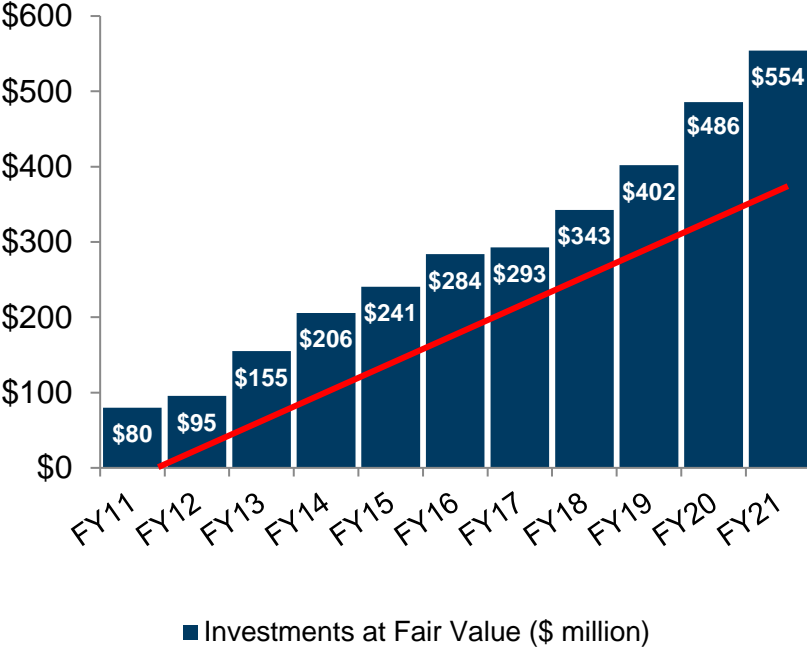
Continued Growth and Outperformance in FY21 & Q4

Fiscal Year-End and Fourth Quarter 2021 Highlights:

- Continued high quality portfolio and strong performance
 - Investment quality remains strong
 - 93.3% of loan investments with highest internal rating
 - Return on equity of 5.0% for LTM and 12.3% for Q4, beating BDC industry mean of 0.4%
 - Unrealized appreciation of \$5.6 million in Q4, over 95% of Q1 reduction in value now recovered
 - Gross Unlevered IRR of 13.0% on total unrealized portfolio as of February 28, 2021
 - Fair value of \$554.3 million is 1% above total cost of portfolio
 - Gross Unlevered IRR of 16.5% on \$560.5 million of total realizations
- Consistent strong long-term originations contribute to growing assets under management
 - AUM up 14% since last year-end with originations of \$202.3 million in FY 2021 and \$80.2 million in Q4
 - Completed fourth refinancing of the Saratoga CLO, upsized from \$500 million to \$650 million
- Base of liquidity and capital remains strong
 - Year-end liquidity allows growth of AUM by 39% and is mostly long-term
 - Does not include \$50 million 4.375% 5-year unsecured bond issued on March 10, 2021
- Increased dividend by \$0.01 to \$0.43 per share for the quarter ended February 28, 2021, paid on April 22, 2021
- Key performance indicators of Q4 continue to grow from Q3
 - Adjusted NII of \$5.8 million is up 4.5%, Adjusted NII per share of 52c is up 2c, LTM ROE of 5.0% is down from 11.0% and NAV per share of \$27.25 is up 1.5%, or \$0.41, to highest level yet
 - NAV per share has increased 12 of the past 14 quarters

Continued Asset Growth and Strong Credit Quality

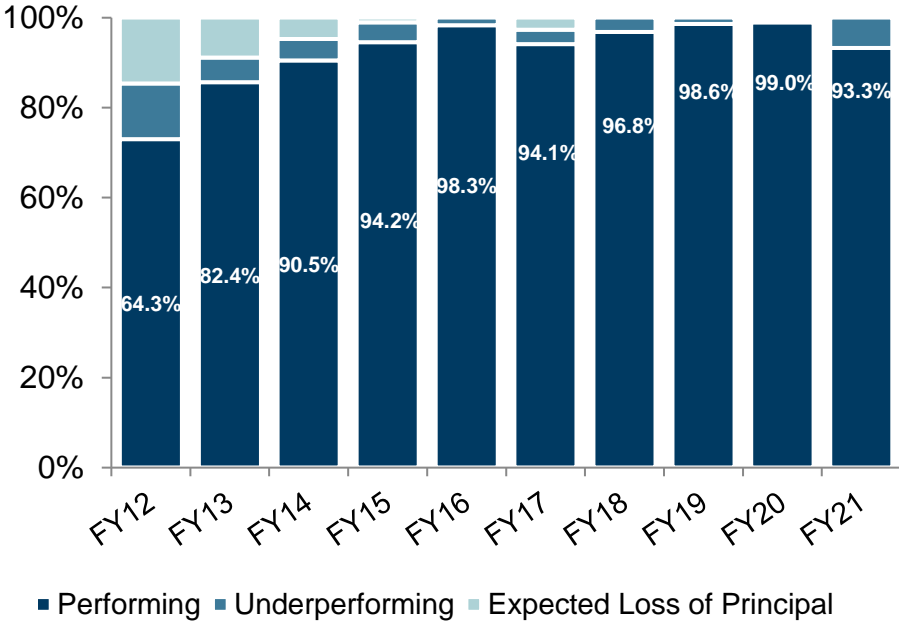
Asset Base Expansion Trend



Fair value of AUM increased 14% year-over-year

Fair value of \$554m at FY21 is 1% above cost

Overall Credit Quality Remains Strong



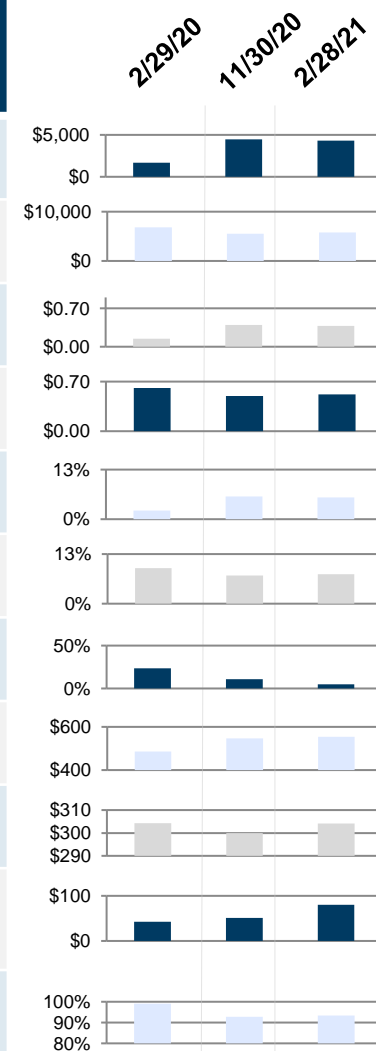
93% of our SAR loan investments hold our highest internal rating; two on non-accrual at quarter-end*

* Excludes our investment in our CLO and our equity positions

Q4 FY21: Strong Financial Foundation and Momentum

Key Performance Metrics for the Fiscal Quarter

For the quarter ended and as of (\$ in millions except per share)	Feb 29, 2020	Nov 30, 2020	Feb 28, 2021
Net investment income	\$1,649	\$4,471	\$4,289
Adjusted net investment income*	\$6,812	\$5,530	\$5,780
Net investment income per share	\$0.15	\$0.40	\$0.38
Adjusted net investment income per share*	\$0.61	\$0.50	\$0.52
Net investment income yield	2.3%	6.0%	5.7%
Adjusted net investment income yield*	9.3%	7.4%	7.7%
Return on Equity – Last Twelve Months	23.6%	11.0%	5.0%
Fair value of investment portfolio	\$485.6	\$546.9	\$554.3
Total net assets	\$304.3	\$299.9	\$304.2
Investments in new/existing portfolio companies	\$43.2	\$51.3	\$80.2
Loan Investments held in “Performing” credit ratings	99.0%	92.8%	93.3%

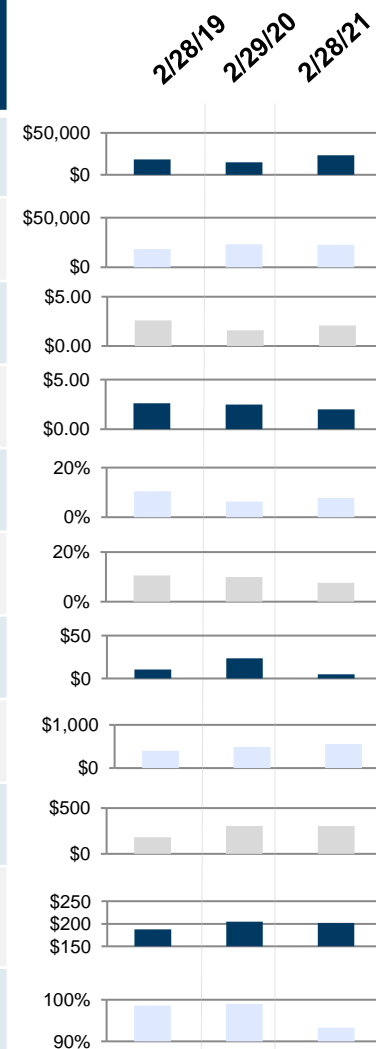


*Adjusted for accrued capital gains incentive fee expense, reconciliation to GAAP net investment income, net investment income per share and net investment income yield included in our fiscal fourth quarter 2021 earnings release.

FY21: Strong Financial Foundation and Momentum

Key Performance Metrics for the Fiscal Year

For the year ended and as of (\$ in millions except per share)	Feb 28, 2019	Feb 29, 2020	Feb 28, 2021
Net investment income	\$18,302	\$14,862	\$23,113
Adjusted net investment income*	\$18,553	\$23,221	\$22,569
Net investment income per share	\$2.60	\$1.59	\$2.07
Adjusted net investment income per share*	\$2.63	\$2.49	\$2.02
Net investment income yield	10.5%	6.3%	7.8%
Adjusted net investment income yield*	10.6%	9.9%	7.6%
Return on Equity – Last Twelve Months	10.6%	23.6%	5.0%
Fair value of investment portfolio	\$402.0	\$485.6	\$554.3
Total net assets	\$180.9	\$304.3	\$304.2
Investments in new/existing portfolio companies	\$187.7	\$204.6	\$202.3
Loan Investments held in “strong” credit ratings	98.6%	99.0%	93.3%



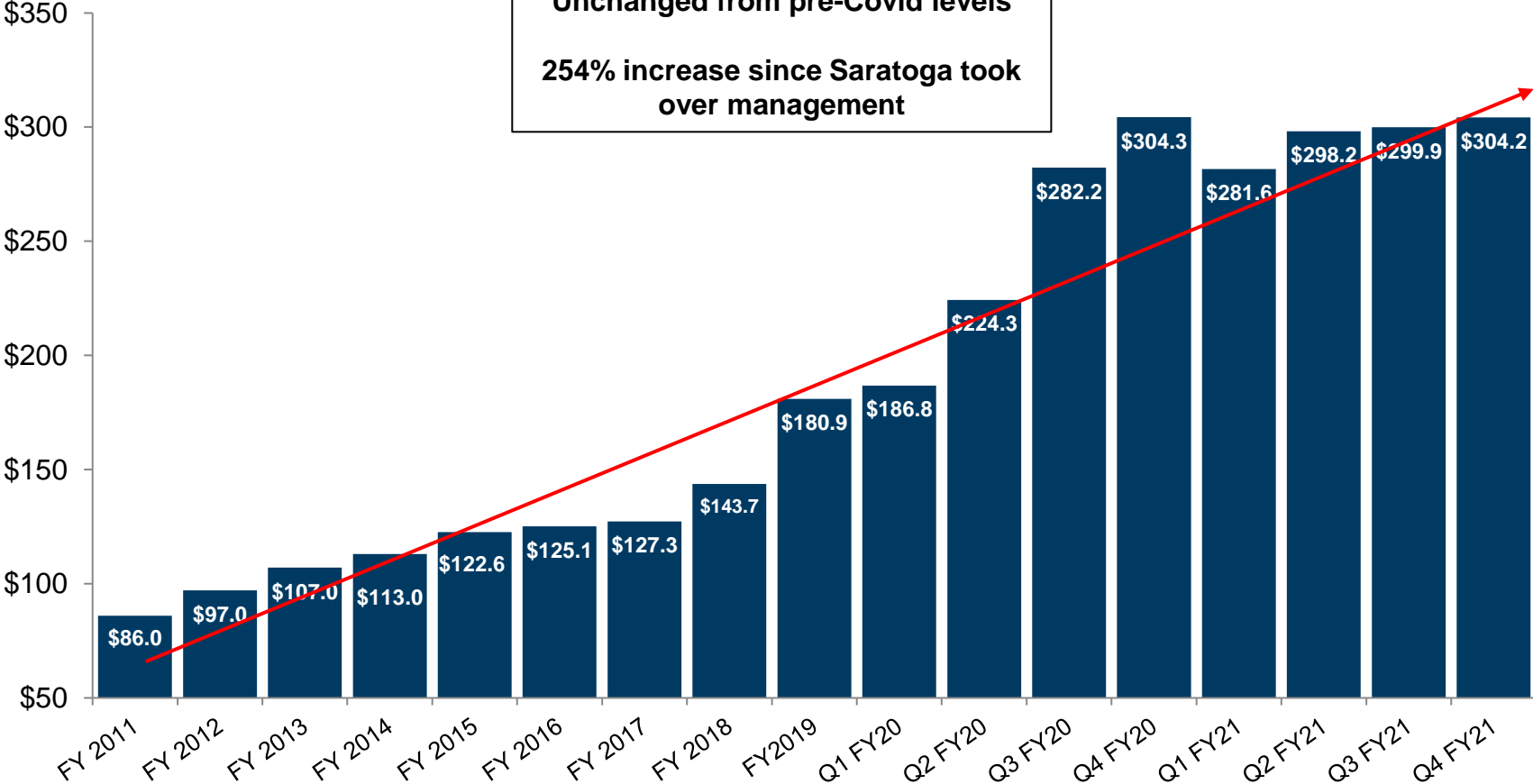
*Adjusted for accrued capital gains incentive fee expense, reconciliation to GAAP net investment income, net investment income per share and net investment income yield included in our fiscal fourth quarter 2021 earnings release.

Long-Term Accretive NAV Growth

Net Asset Value (FY11 to FY21)

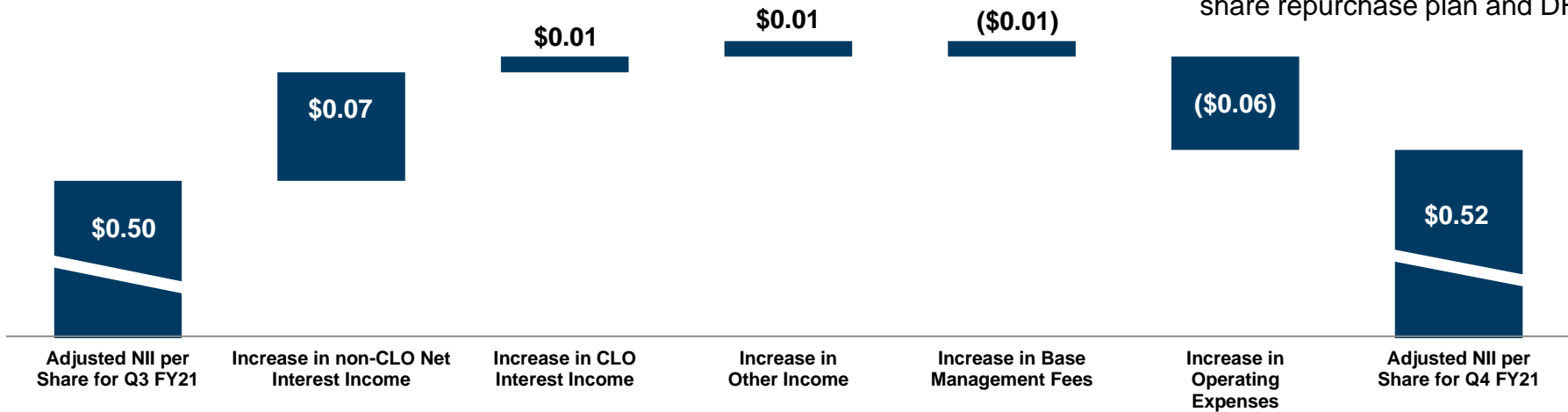
1.4% increase this quarter
Unchanged from pre-Covid levels
254% increase since Saratoga took over management

in millions



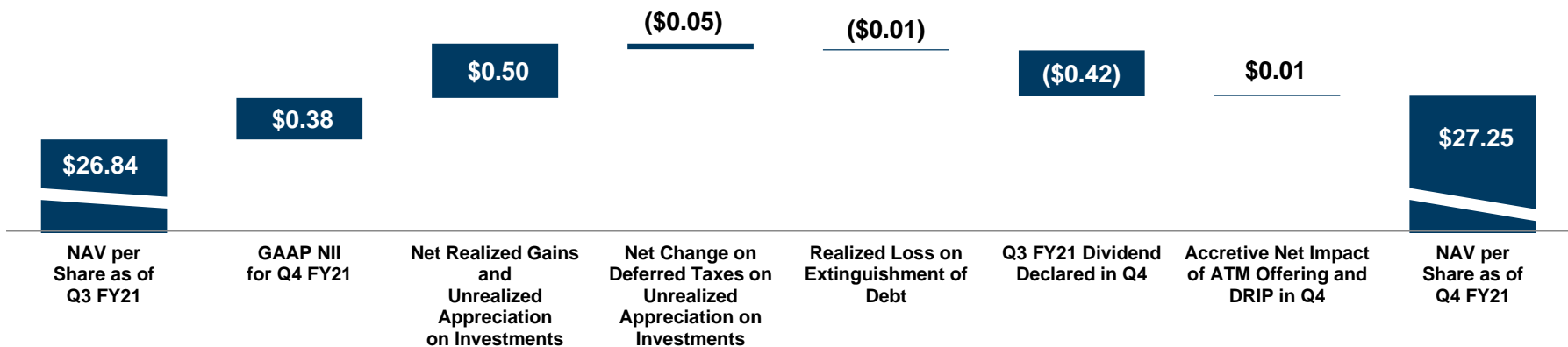
Quarterly Reconciliation of NII and NAV per Share

Reconciliation of Quarterly Adjusted NII per Share



- Impacts are shown net of incentive fee
- Zero net accretion / dilution from share repurchase plan and DRIP

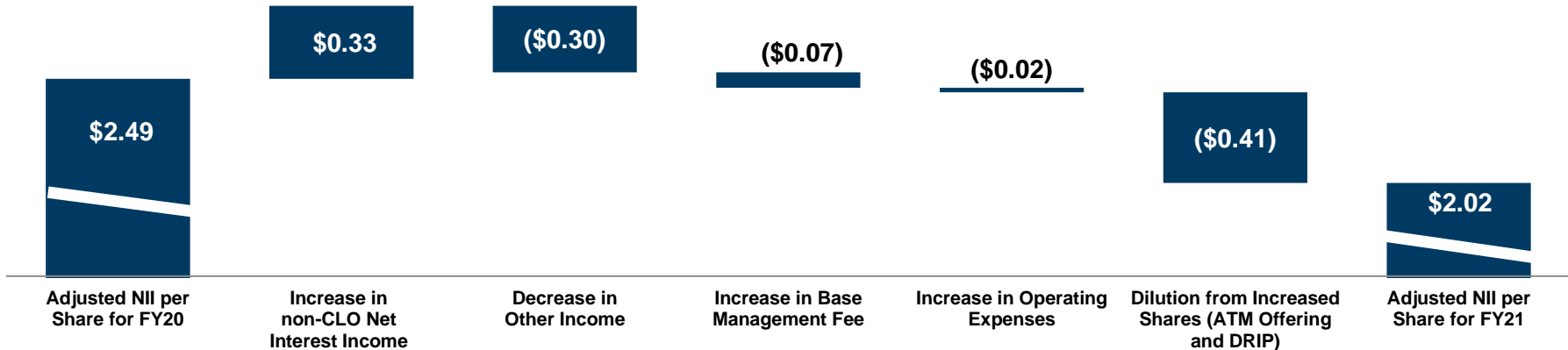
Reconciliation of Quarterly NAV per Share



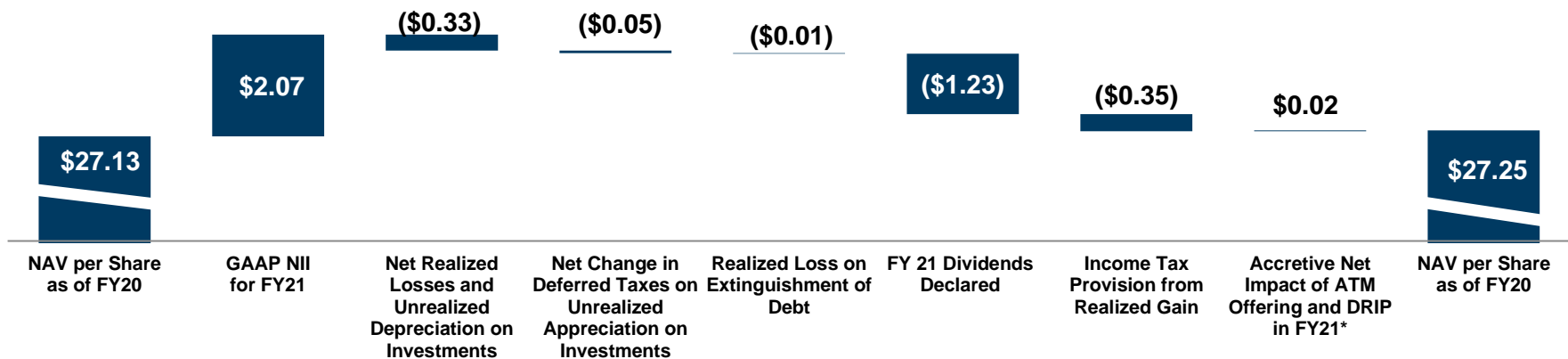
Annual Reconciliation of NII and NAV per Share

- Impacts are shown net of incentive fee

Reconciliation of Annual Adjusted NII per Share



Reconciliation of Annual NAV per Share



* Includes the impact of the different share amounts used for different items (weighted average basic common shares outstanding for the full year earnings numbers and actual common shares outstanding at the end of the year) in the per common share data calculation and rounding impacts.

Dry Powder Remains Available

(As of Feb 28, 2021)		Total Borrowing Capacity	Outstanding	Available Liquidity	Remaining Maturity Period	Fixed / Floating Rate
Secured Revolving Credit Facility		\$45.0 million	\$0.0 million	\$45.0 million	4.5 Years	Floating
SBA Debentures	SBIC I	\$124.0 million	\$124.0 million	\$0.0 million	2-8 years	Fixed
	SBIC II	\$175.0 million	\$34.0 million	\$141.0 million	9-10 years	Fixed
Publicly-Traded Notes (at par value)	SAF	\$60.0 million	\$60.0 million	\$0.0 million	4.5 Years	Fixed
	SAK	\$43.1 million	\$43.1 million	\$0.0 million	4 Years	Fixed
Private Notes (at par value)		\$20.0 million	\$20.0 million	\$0.0 million	4-6 Years	Fixed
Cash and Cash Equivalents		\$29.9 million	\$0.0 million	\$29.9 million	-	-

Total Available Liquidity (at quarter-end): \$ 215.9 million

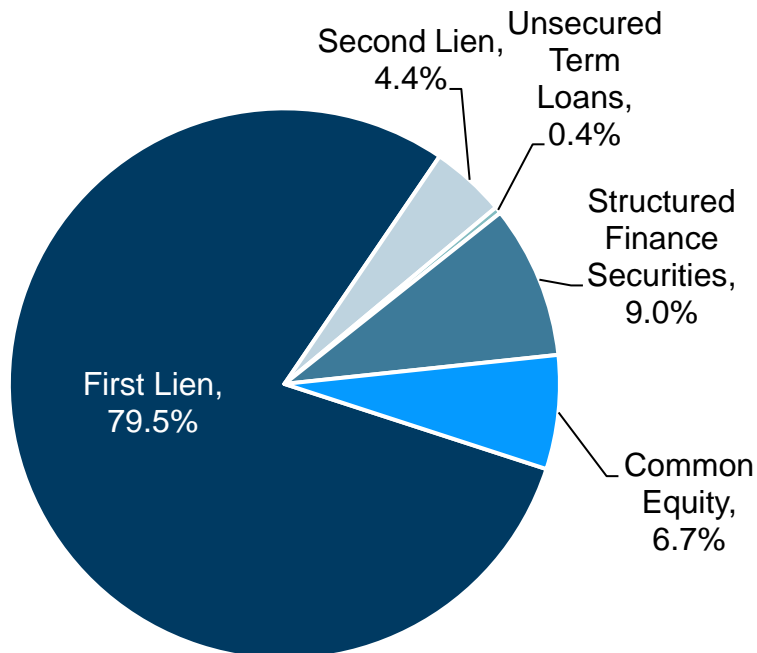
Ability to grow AUM by 39% without any new external financing as of Feb 28, 2021

- \$104m of SBIC II debentures currently available and undrawn on \$69m of capital for new and existing SBIC II investments. SBIC II debentures are generally not available to support existing BDC or SBIC I investments
- The above available liquidity does not include the \$50m 4.375% 5-year unsecured bond offering completed on March 10, 2021

Portfolio Composition and Yield

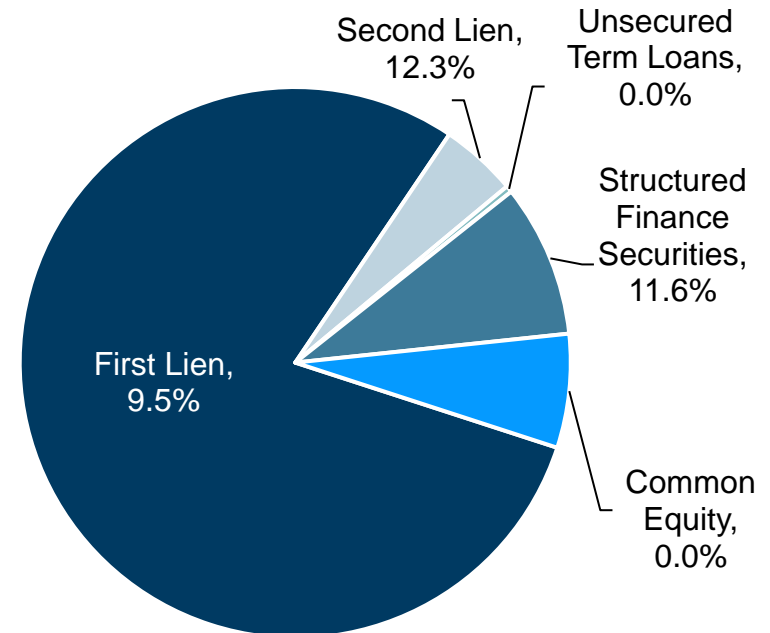
Portfolio Composition – \$554.3 m

(Based on Fair Values
as of Feb 28, 2021)



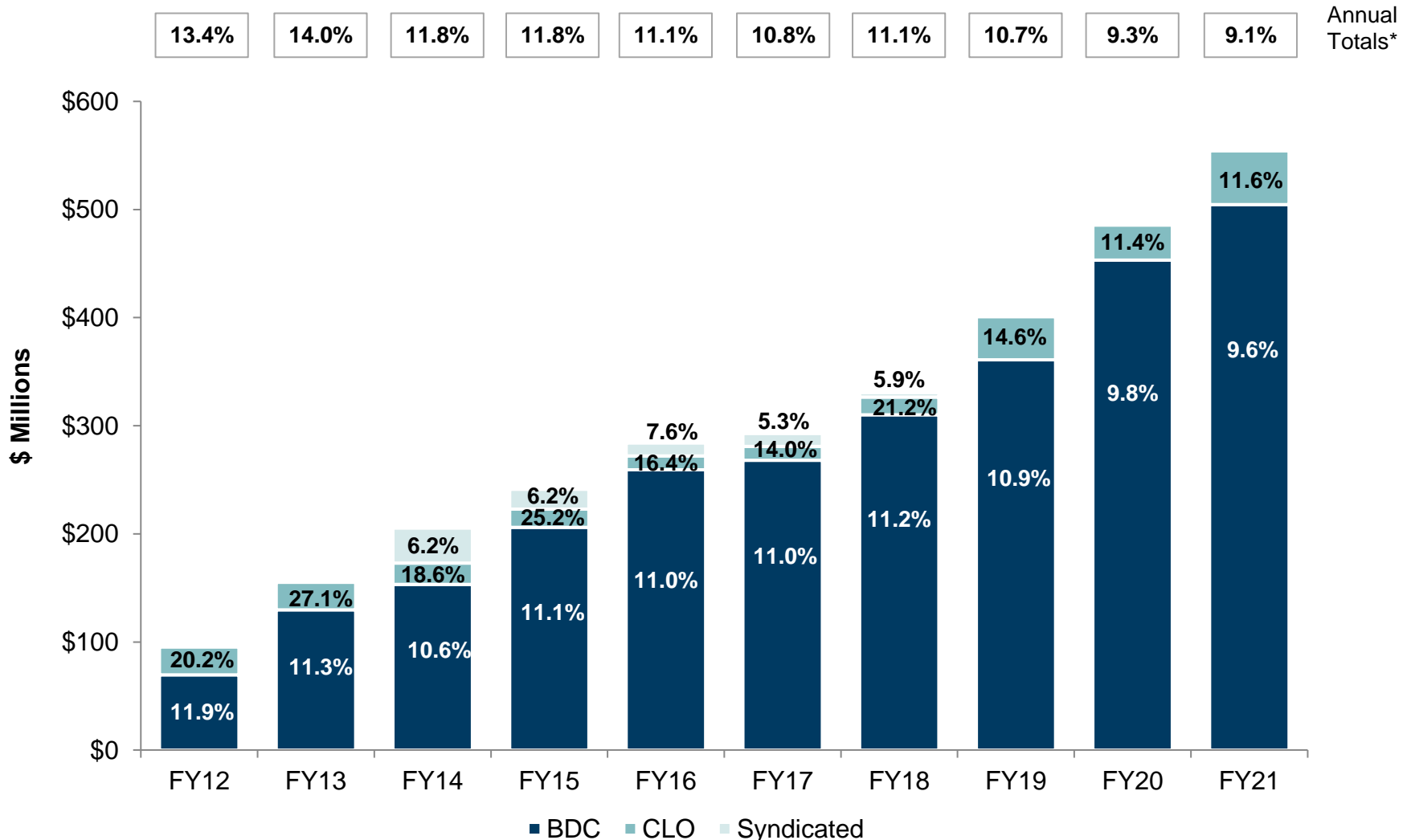
Portfolio Yield – 9.1%

(Weighted Average
Current Yield of Existing Portfolio)



Yield of BDC Remains Healthy

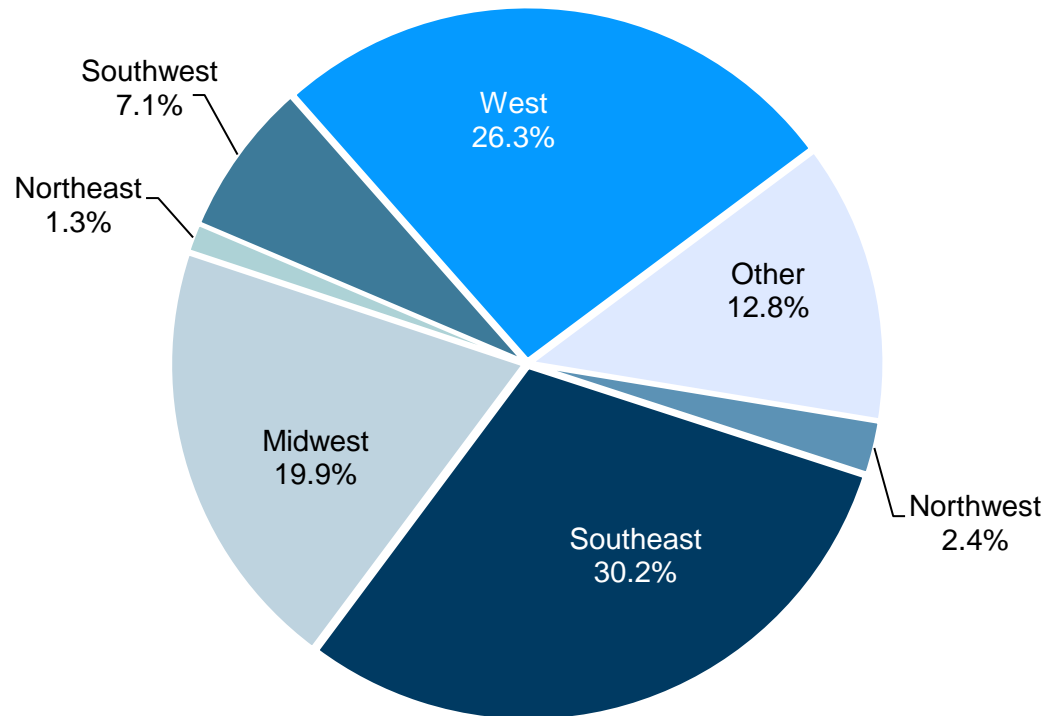
Weighted Average Current Yields



* Annual total yields on full portfolio. BDC, CLO and Syndicated yields are annualized and calculated on fair value of interest earning assets.

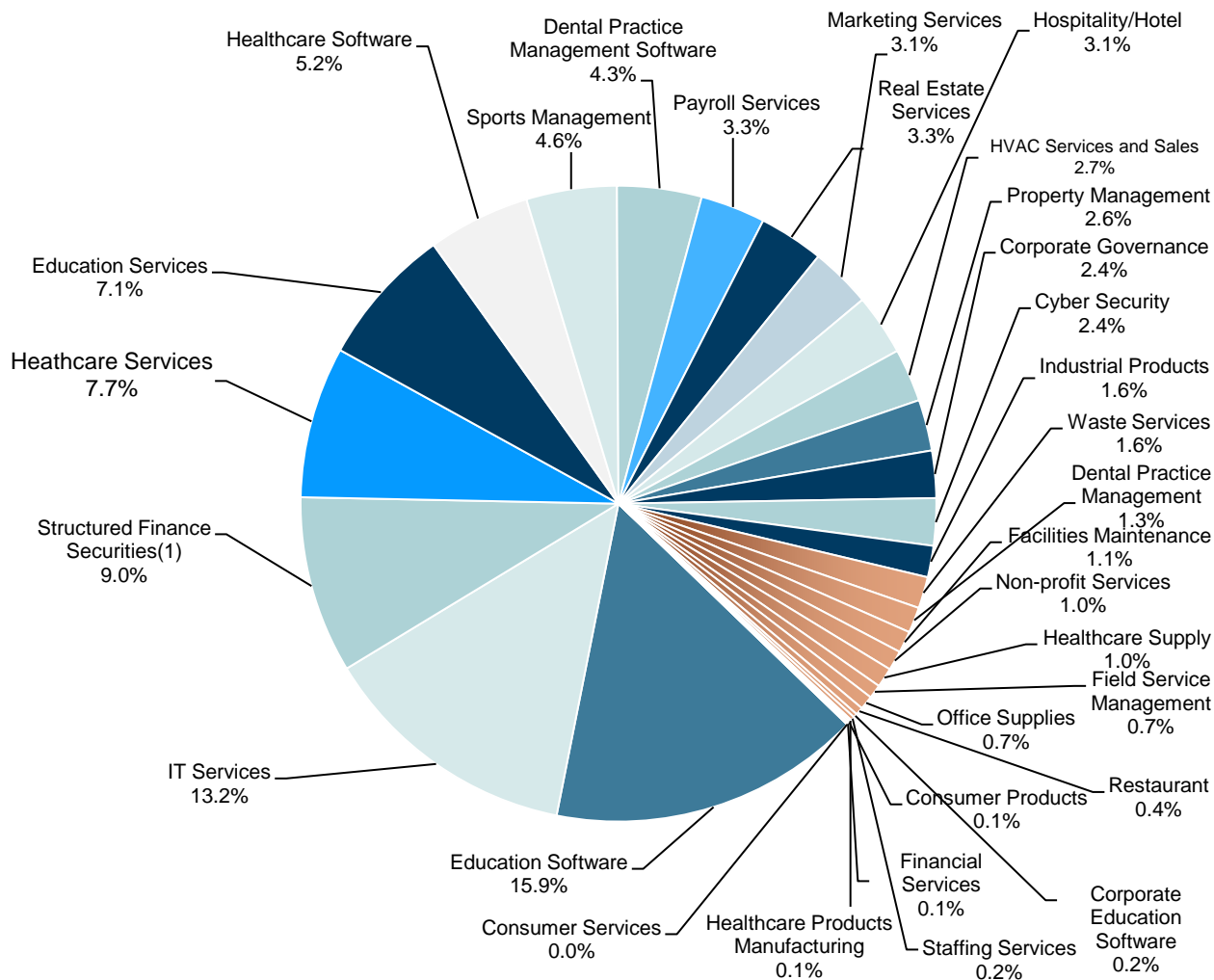
Diversified Across Geography

Investments Diversified Geographically



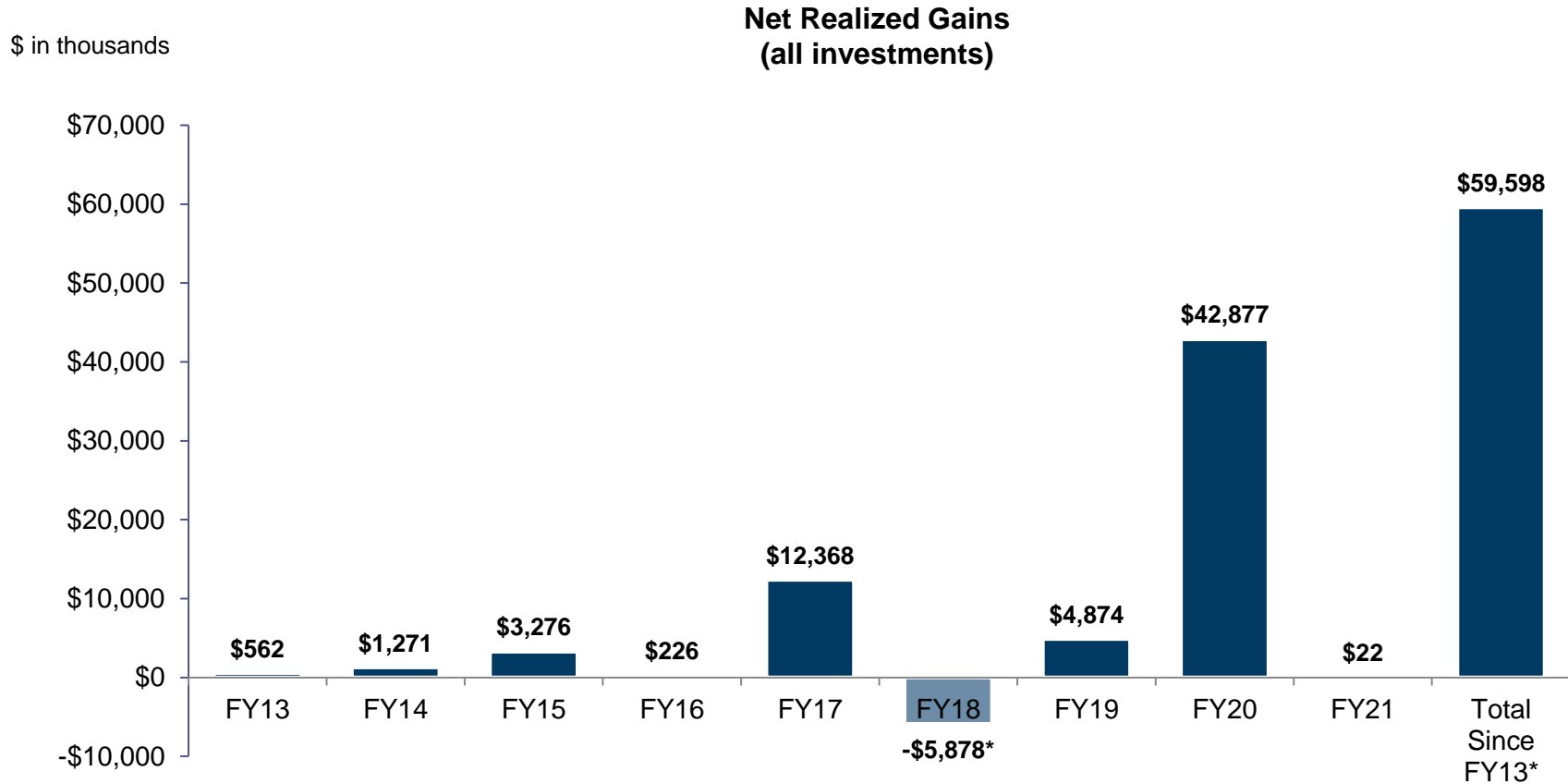
Diversified Across Industry

Investments across 31 distinct industries



Net Realized Gains Help Protect Shareholder Capital

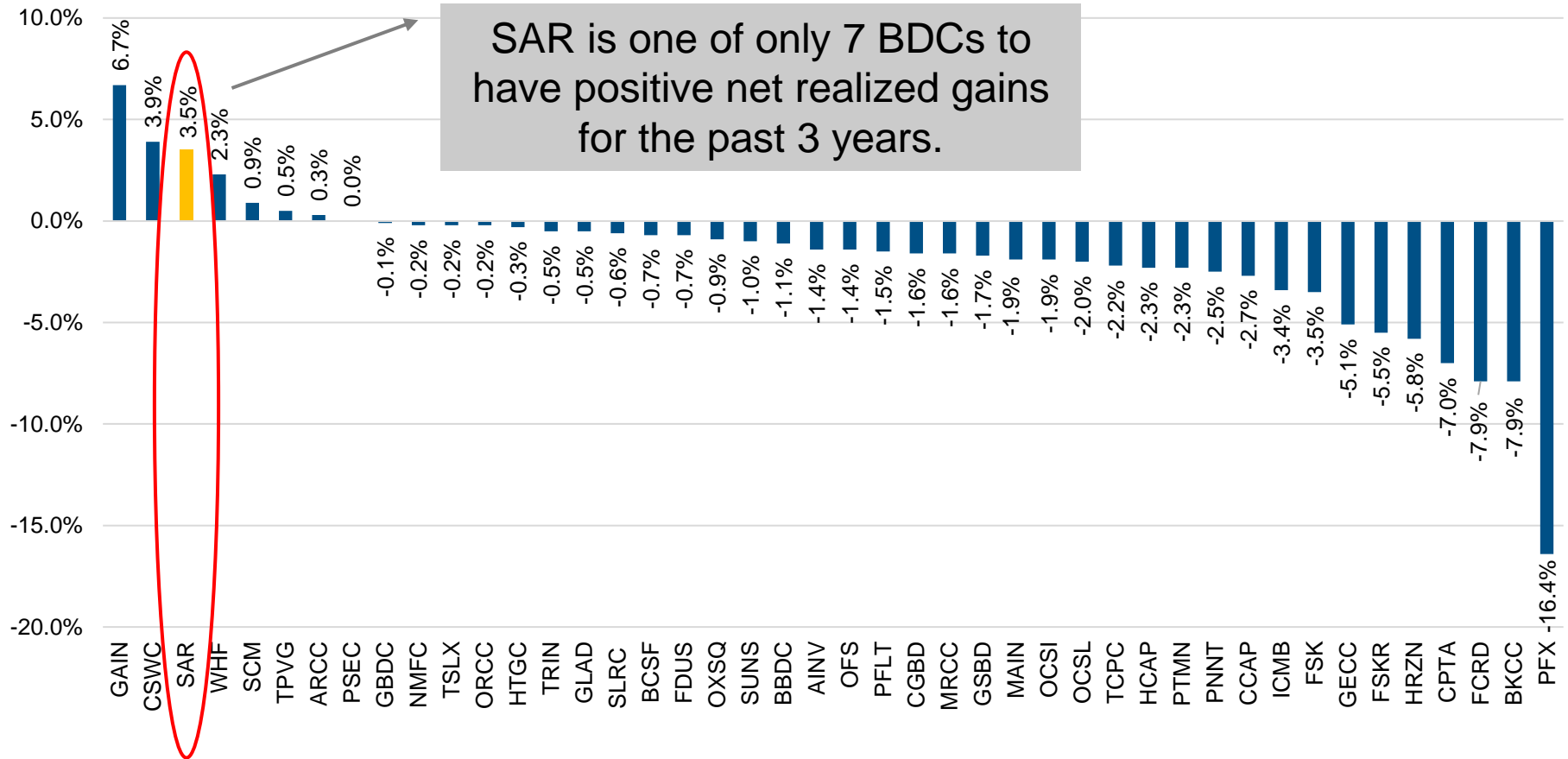
Cumulative net realized gains reflect portfolio credit quality



* Reflects realized loss on My Alarm Center investment of \$7.7m less \$1.8m in other realized gains in FY18.
Reflects investments originated by Saratoga management (excludes Elyria legacy investment)

Strong Net Realized Gains Flow from Disciplined Underwriting

Last 3 Year Average Net Realized Gains(Loss) as a Percentage of Portfolio at Cost*



Source: Ladenburg Thalmann Sector Update 3/29/21 - calculated as three year average realized gains as proportion of average cost

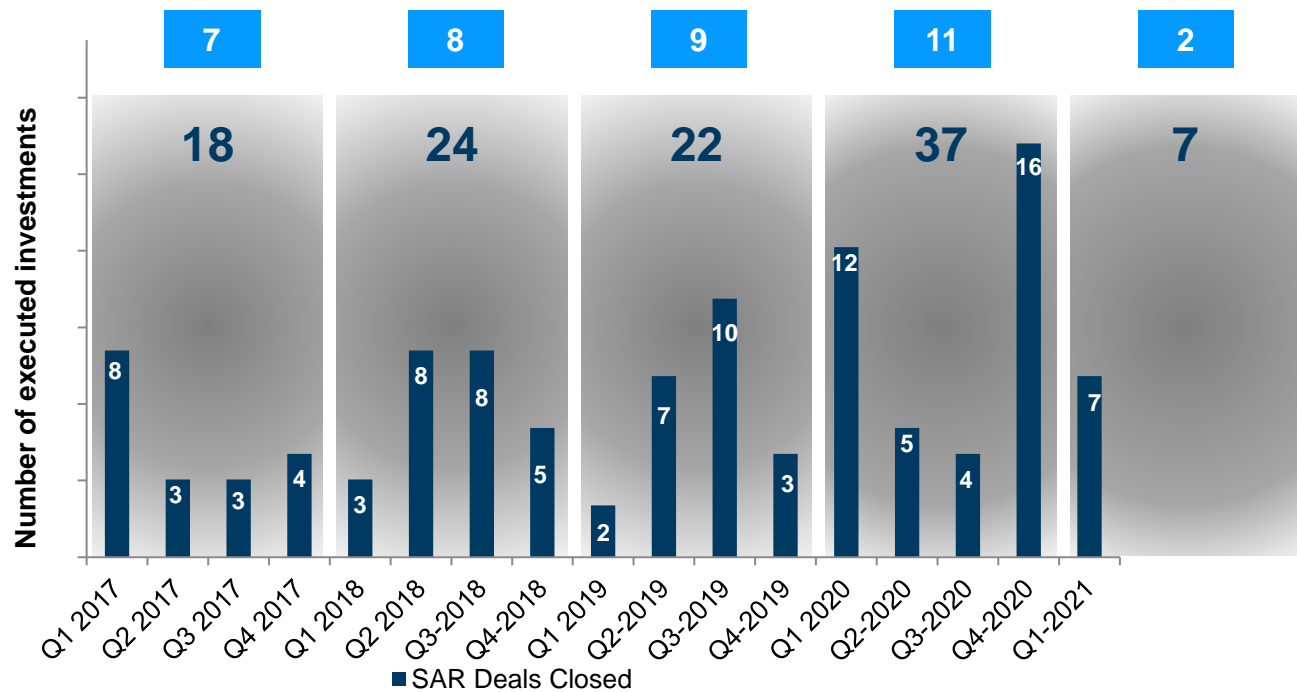
Exercising Disciplined Investment Judgment While Growing Origination Pace

SAR Debt Multiples/Deals Closed (2017-2021)

Portfolio leverage with non-recurring revenue underwriting is 3.63x¹

	Average Middle Market	
	December 31, 2020	September 30, 2020
All Senior	4.05x	3.72x
1st Lien/Mezz	5.15x	5.29x
1st Lien/2nd Lien	5.73x	5.24x
Unitranche	5.62x	5.28x

3.63x



New Portfolio Companies

Debt/EBITDA multiples for SAR's non-recurring revenue deals at low end of industry average – reduced during Covid

Market averages over 5.0x

*Calendar quarters, not fiscal

¹Excludes 18 loans underwritten using recurring revenue metrics. These recurring revenue loans would have significantly different portfolio leverage statistics.

⁸ of the 37 deals closed in calendar 2020 were liquidity draws related to COVID.



Pipeline Growth Interrupted by COVID-19

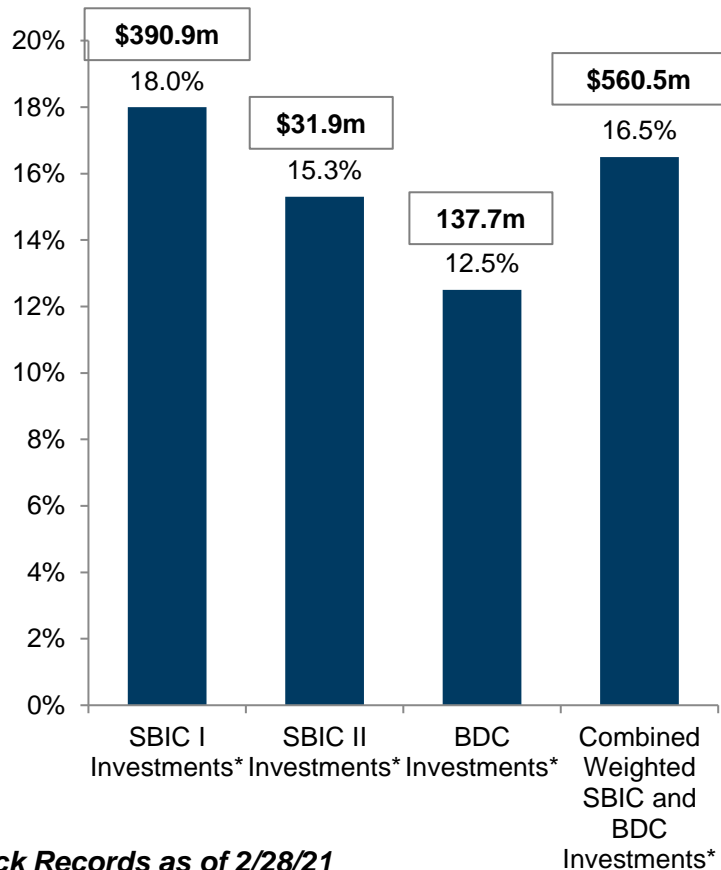
New business opportunities severely impacted by COVID-19 but seeing substantial rebound in volume of inquiries

Calendar*	2017	Δ	2018	Δ	2019	Δ	2020	Δ	LTM Q1 2021	
Deals Sourced	722	17%	846	2%	863	28%	619	7%	575	<ul style="list-style-type: none"> 65% of deal flow from private equity sponsors 35% of deals from private companies without institutional ownership Saratoga maintains investment discipline which is demonstrated by passing on ~60 deals a year that other firms close
Term Sheets (excludes follow-ons)	49	49%	73	5%	77	58%	32	63%	52	<ul style="list-style-type: none"> We are seeing increasing term sheets issued in Q1 2021 thus far as compared to last year that was significantly impacted by COVID ~ 85% of term sheets are issued for transactions involving a private equity sponsor
Deals Executed (new and follow-on)	18	33%	24	8%	22	32%	29	3%	28	<ul style="list-style-type: none"> Includes follow-on investments which reliably augment portfolio growth YTD 2020 and LTM Q1 2021 deals executed excludes 8 and 4 COVID related liquidity draws, respectively
New Portfolio Companies	7		8		9		11		10	<ul style="list-style-type: none"> Ten new portfolio companies during LTM Q1 2021 Saratoga new portfolio company investments average ~ 1.7% of deals reviewed

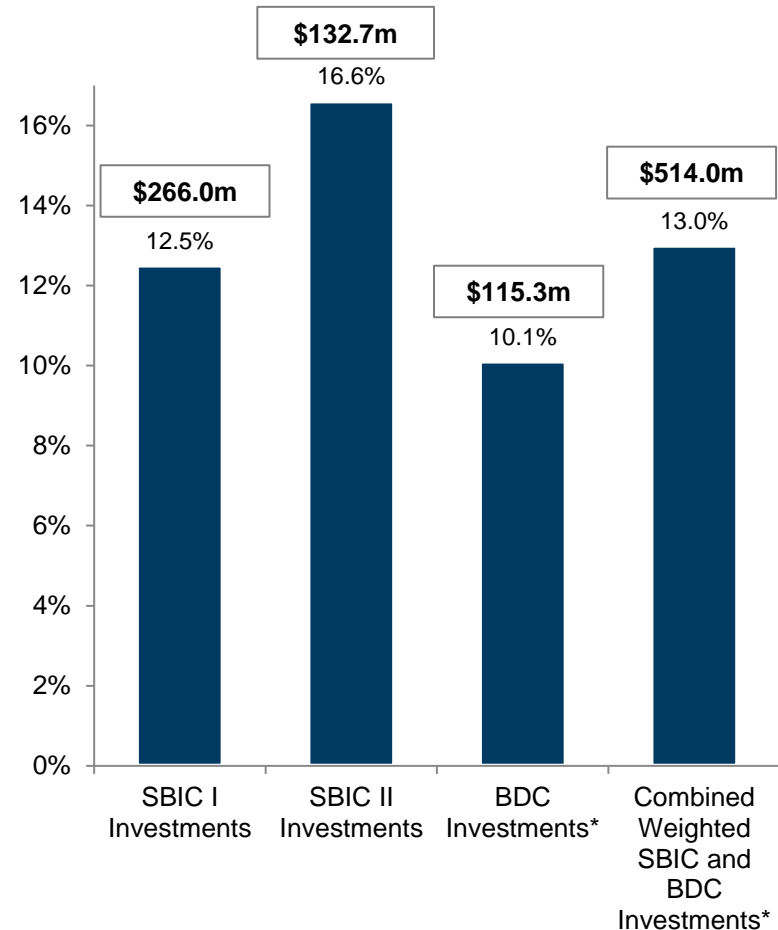
*Calendar quarters, not fiscal quarters.

Demonstrated Strong Track Record

Realized Investments (Gross Unlevered IRR%)



Unrealized Investments ¹ (Gross Unlevered IRR%)

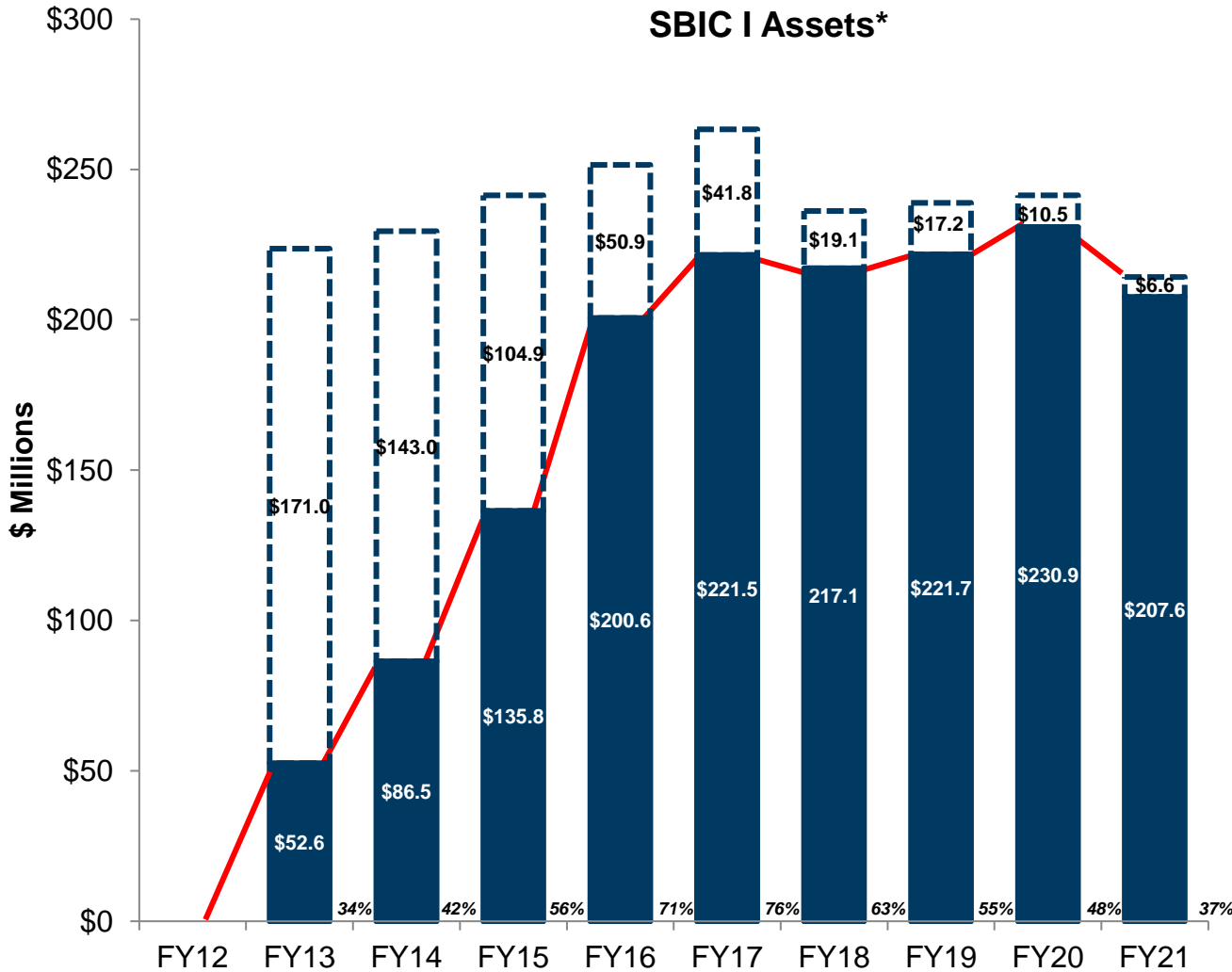


Track Records as of 2/28/21

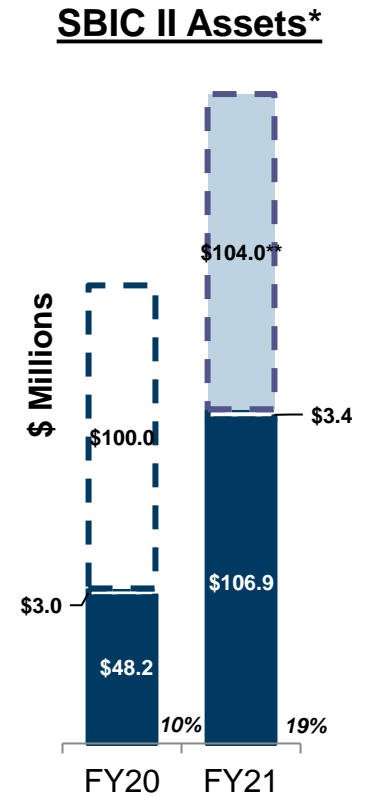
¹ IRRs for unrealized investments include fair value and accrued interest as of 2/28/2021

* SBIC I and SBIC II investments represent all investments in the specific funds. BDC investments exclude investments existing when Saratoga management took over, and corporate financing investments.

SBIC I Fully Funded - SBIC II Mostly Available



SBIC second license provided \$103m and \$107m of available capacity in FY20 and FY21, respectively (debt and equity at 2:1 leverage)

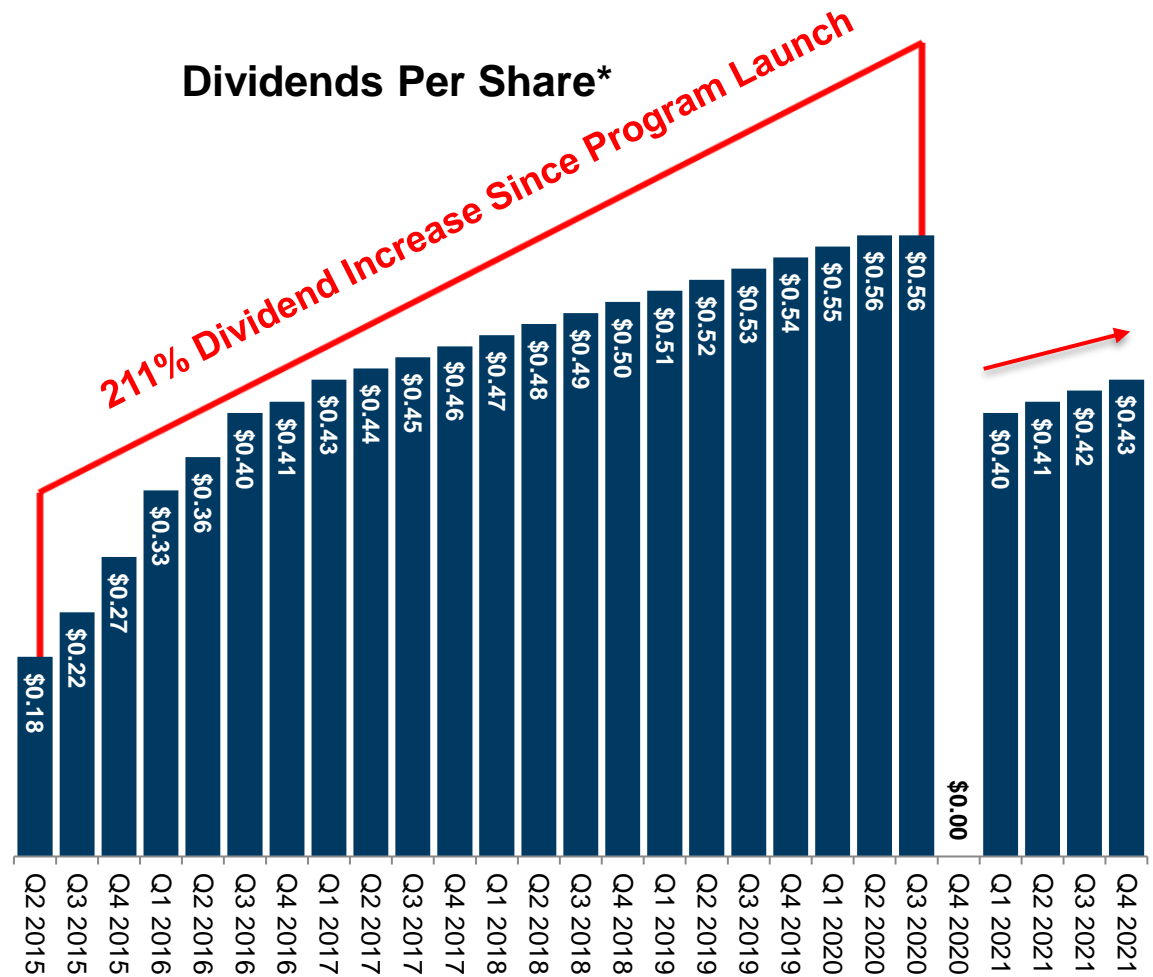


* At Fair Value for SBIC I and II assets

** Represents current debenture capacity based on \$69.0m committed capital in SBIC II

Long-Term Dividend Growth

- Established dividend policy to pay regular quarterly cash dividends to stockholders pursuant to dividend reinvestment plan (“DRIP”) in 2014
- Increased dividend by 211% since program launch until year-end deferral
- Q4 FY21 dividend of \$0.43 declared and paid for the quarter ended February 28, 2021, an increase of \$0.01



*Excludes special dividend of \$0.20 per share paid on September 5, 2016

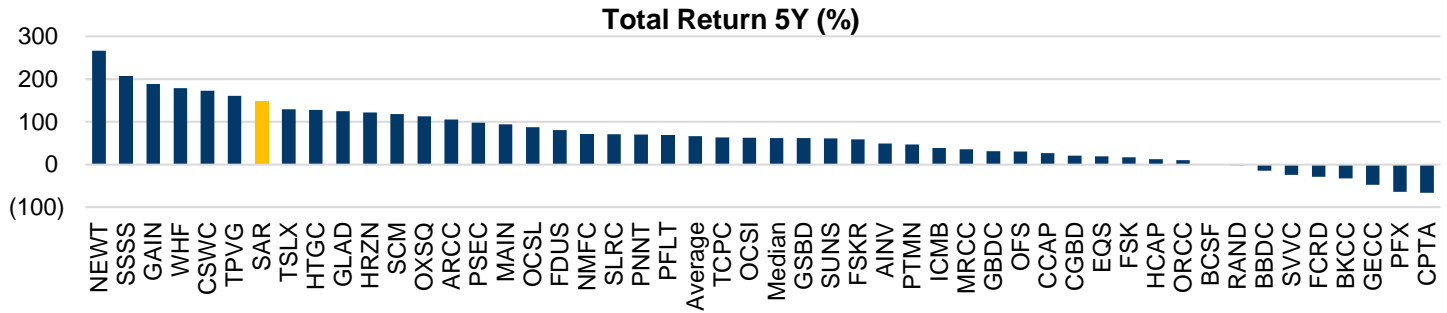
SAR LTM Total Return In Line with BDC Index

LTM Total Return (%)
(Apr 2020 to Apr 2021)
SAR 153% v BDC Index 121%

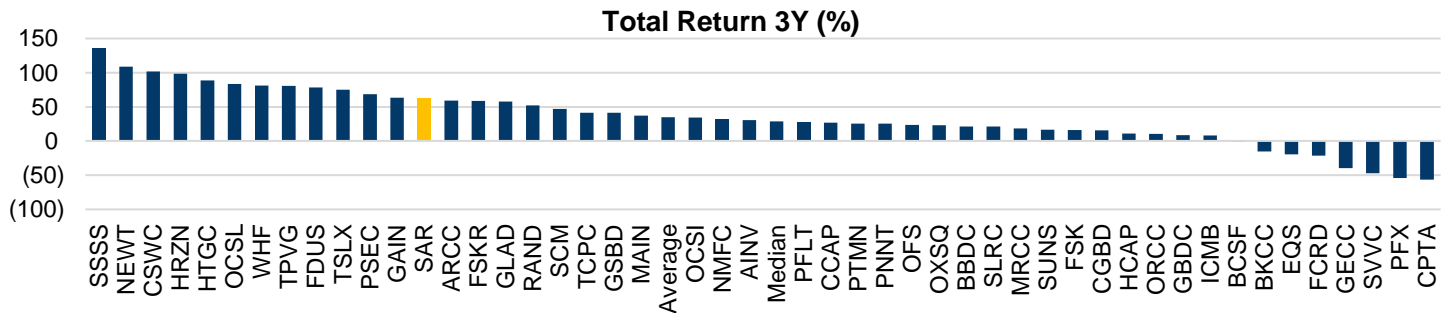


Long-Term Performance at Top of BDC Industry

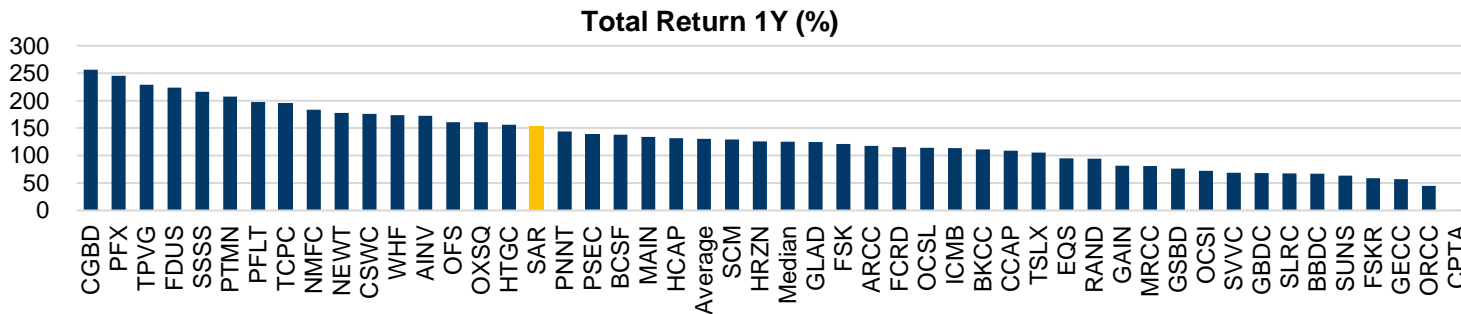
BDC Total Return (%)



**Last 5 years:
148%**



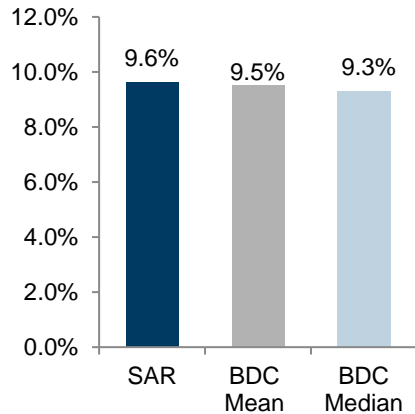
**Last 3 years:
62%**



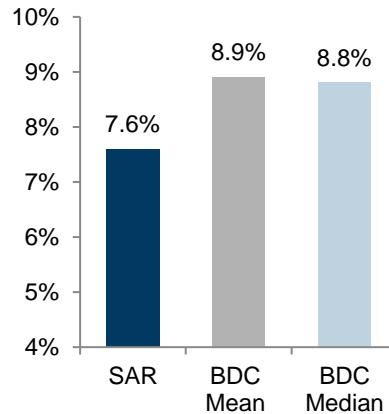
**Last 12 months:
153%**

Strongly Differentiated Outperformance

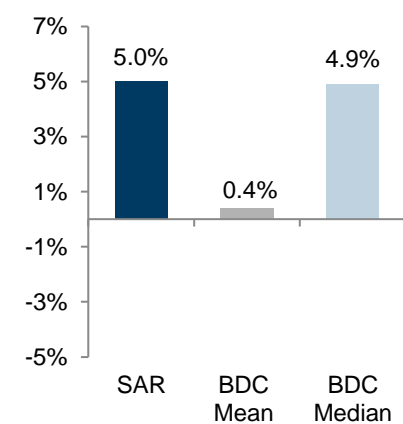
Interest % on Portfolio



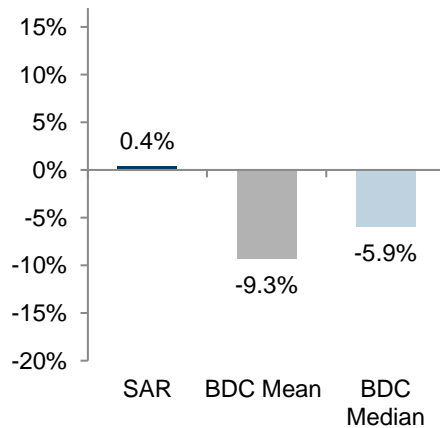
LTM NII Yield



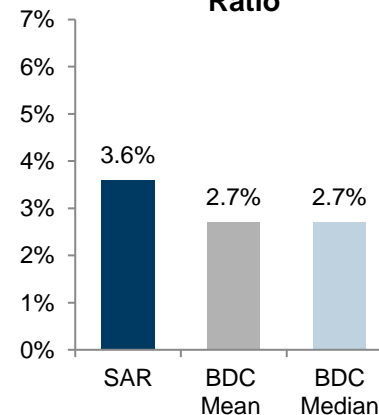
LTM ROE



LTM NAV Per Share Growth



LTM Operating Expense Ratio*



Source: SNL Financial / Company Filings / Raymond James report as of 4/2/21

* LTM Operating Expense Ratio defined as total operating expenses, net of interest and debt financing expenses and income and excise taxes, divided by average total assets. Total Operating expenses divided by net assets is 11.6%.

Establishing Competitive Edge vs. Other BDCs

Outstanding performance characteristics

▶ Strong long-term dividend

Increased quarterly dividend by 211% since program launched until recent deferral; Latest dividend declared of 43c per share for the quarter ended February 28, 2021, representing current dividend yield of 6.7% with room to grow; significant management ownership of 14.8%

▶ Strong return on equity

LTM ROE of 5.0% factors in both investment income and net gains/losses, beating the BDC industry average of 0.4%. Seven-year average ROE of 11.4%.

▶ Low-cost available liquidity

Borrowing capacity still at hand through SBIC II debentures, credit facility and cash – can grow current asset base by 39% as of quarter ended February 28, 2021 with most of it in cash or sub-2% cost liquidity (SBIC II debentures) that will be accretive to earnings. Completed \$50m 5-year 4.375% bond offering subsequent to year-end

▶ Solid earnings per share and NII Yield

Attractive and growing NII per share generated from strong risk-adjusted portfolio returns and favorable capital structure

▶ Commitment to AUM expansion

Fair value of AUM increased 1% from last quarter and 14% from year-end, with over 95% of Q1FY21 fair value reduction being recovered.

▶ Well-positioned for changes in interest rates

Approx. 95% of our investments have floating interest rates with floors of 1.0% or higher. Floors of new investments reset at higher levels than current rates this year. Debt primarily at fixed rates and long-term. Upgraded to “BBB+” investment grade rating recently.

▶ Limited oil & gas exposure

Will not be facing significant write-downs as a result of major direct exposure to energy/oil/gas investments

▶ Attractive risk profile

SAR and SBIC leverage is below market averages, 93% of credits are the highest quality, 80% of investments are first lien

Objectives for the Future

- Expand our asset base without sacrificing credit quality while benefitting from scale
- Increase our capacity to source, analyze, close and manage our investments by adding to our management team and processes
- Utilize benefits of fully deploying available financing to build scale and increase our AUM and net investment income/yield, enabling us to achieve growth in:
 - Net Asset Value
 - Return on Equity
 - Earnings per Share
 - Stock Values

Questions?



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INVESTMENT CORP.



SARATOGA
INVESTMENT CORP.

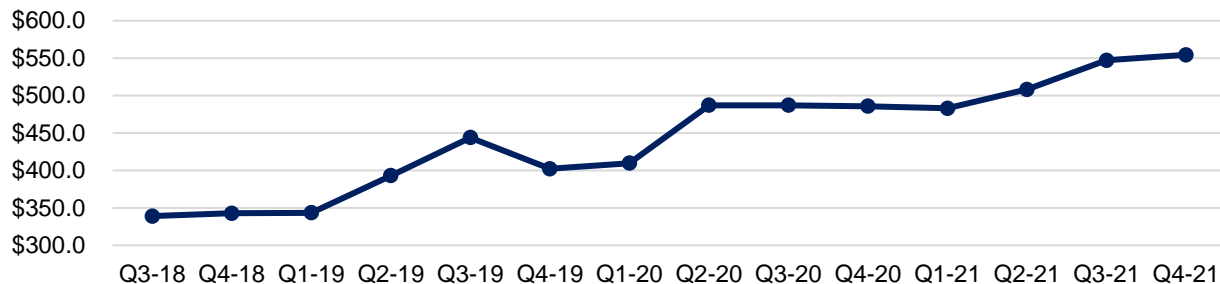
KPIs – Balance Sheet – Q4 FY21

Period	FMV Investment Portfolio (in millions)
Q3-18	\$ 338.8
Q4-18	\$ 342.7
Q1-19	\$ 343.4
Q2-19	\$ 392.9
Q3-19	\$ 443.8
Q4-19	\$ 402.0
Q1-20	\$ 409.5
Q2-20	\$ 486.9
Q3-20	\$ 487.0
Q4-20	\$ 485.6
Q1-21	\$ 482.9
Q2-21	\$ 508.1
Q3-21	\$ 546.9
Q4-21	\$ 554.3

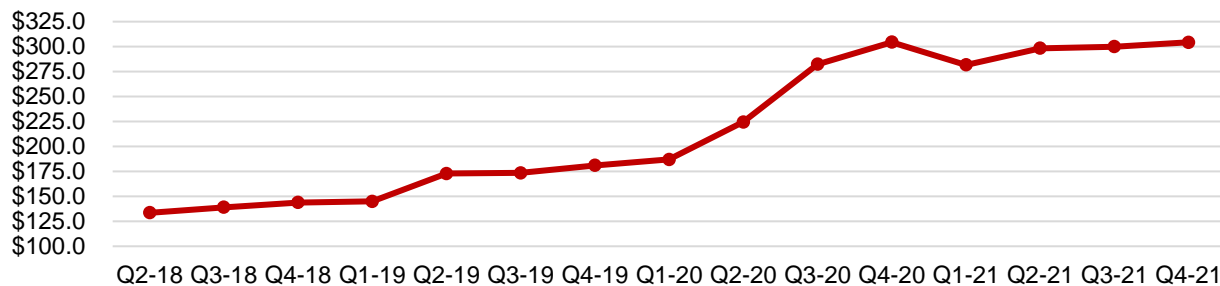
Period	NAV (in millions)
Q2-18	\$ 133.5
Q3-18	\$ 138.8
Q4-18	\$ 143.7
Q1-19	\$ 144.8
Q2-19	\$ 172.7
Q3-19	\$ 173.3
Q4-19	\$ 180.9
Q1-20	\$ 186.8
Q2-20	\$ 224.3
Q3-20	\$ 282.2
Q4-20	\$ 304.3
Q1-21	\$ 281.6
Q2-21	\$ 298.2
Q3-21	\$ 299.9
Q4-21	\$ 304.2

Period	NAV Per Share
Q2-18	\$ 22.40
Q3-18	\$ 22.60
Q4-18	\$ 23.00
Q1-19	\$ 23.10
Q2-19	\$ 23.20
Q3-19	\$ 23.10
Q4-19	\$ 23.60
Q1-20	\$ 24.10
Q2-20	\$ 24.50
Q3-20	\$ 25.30
Q4-20	\$ 27.13
Q1-21	\$ 25.11
Q2-21	\$ 26.68
Q3-21	\$ 26.84
Q4-21	\$ 27.25

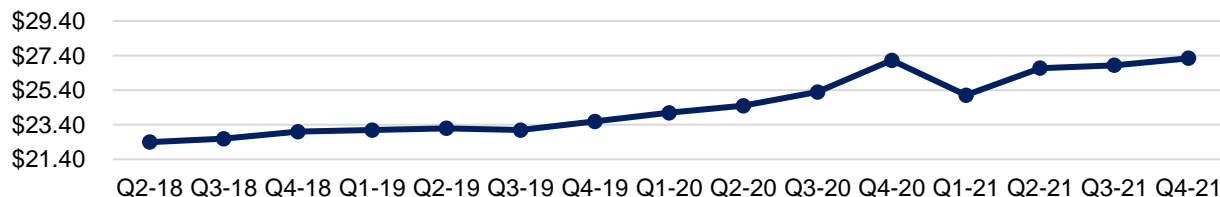
FMV Investment Portfolio (in millions)



NAV (in millions)



NAV Per Share



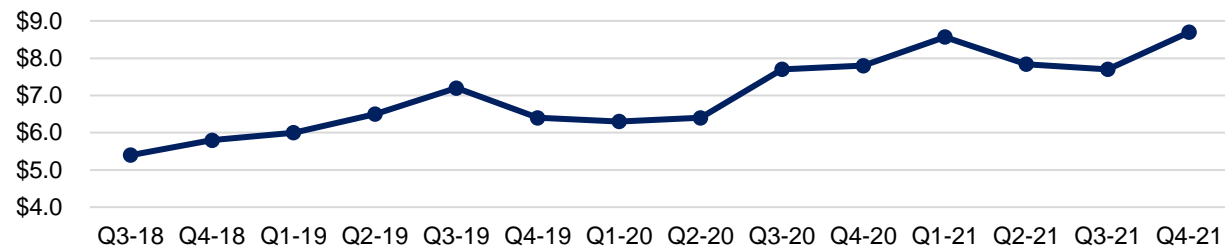
KPIs – Income Statement – Q4 FY21 (continued)

Period	Net Interest Margin (in millions)
Q3-18	\$ 5.4
Q4-18	\$ 5.8
Q1-19	\$ 6.0
Q2-19	\$ 6.5
Q3-19	\$ 7.2
Q4-19	\$ 6.4
Q1-20	\$ 6.3
Q2-20	\$ 6.4
Q3-20	\$ 7.7
Q4-20	\$ 7.8
Q1-21	\$ 8.6
Q2-21	\$ 7.8
Q3-21	\$ 7.7
Q4-21	\$ 8.7

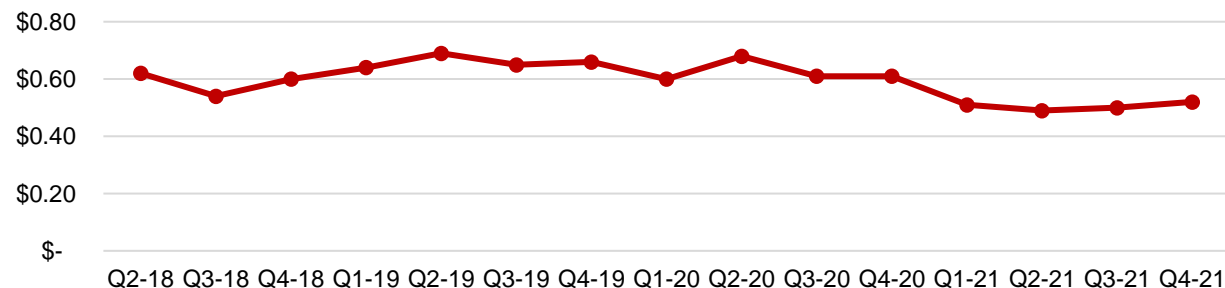
Period	NII Per Share
Q2-18	\$ 0.62
Q3-18	\$ 0.54
Q4-18	\$ 0.60
Q1-19	\$ 0.64
Q2-19	\$ 0.69
Q3-19	\$ 0.65
Q4-19	\$ 0.66
Q1-20	\$ 0.60
Q2-20	\$ 0.68
Q3-20	\$ 0.61
Q4-20	\$ 0.61
Q1-21	\$ 0.51
Q2-21	\$ 0.49
Q3-21	\$ 0.50
Q4-21	\$ 0.52

Period	NII Yield
Q2-18	11.3%
Q3-18	9.6%
Q4-18	10.7%
Q1-19	11.1%
Q2-19	11.9%
Q3-19	11.2%
Q4-19	11.2%
Q1-20	10.1%
Q2-20	11.0%
Q3-20	9.7%
Q4-20	9.3%
Q1-21	7.9%
Q2-21	7.6%
Q3-21	7.4%
Q4-21	7.7%

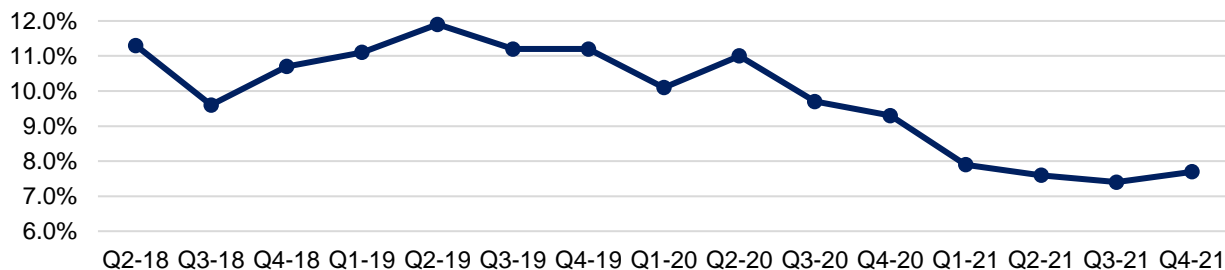
Net Interest Margin Excluding CLO (in millions)



NII Per Share

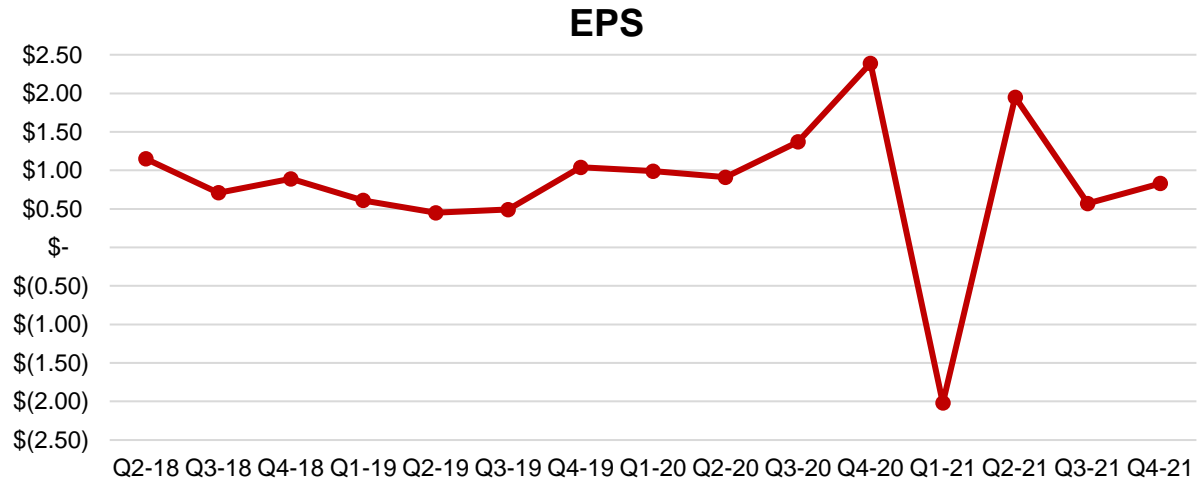


NII Yield

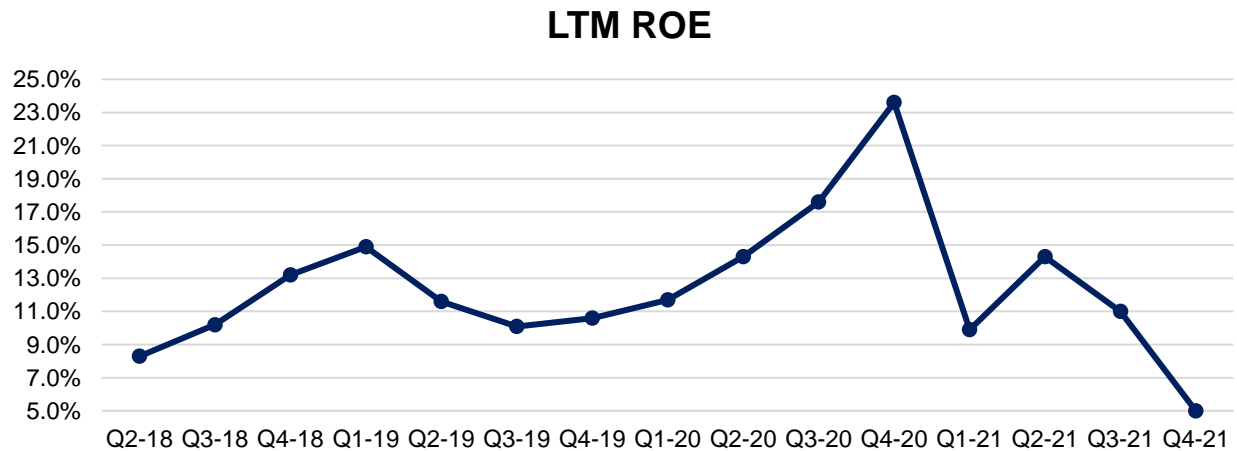


KPIs –Income Statement– Q4 FY21 (continued)

Period	EPS
Q2-18	\$ 1.15
Q3-18	\$ 0.71
Q4-18	\$ 0.89
Q1-19	\$ 0.61
Q2-19	\$ 0.45
Q3-19	\$ 0.49
Q4-19	\$ 1.04
Q1-20	\$ 0.99
Q2-20	\$ 0.91
Q3-20	\$ 1.37
Q4-20	\$ 2.39
Q1-21	\$ (2.02)
Q2-21	\$ 1.95
Q3-21	\$ 0.57
Q4-21	\$ 0.83



Period	LTM ROE
Q2-18	8.3%
Q3-18	10.2%
Q4-18	13.2%
Q1-19	14.9%
Q2-19	11.6%
Q3-19	10.1%
Q4-19	10.6%
Q1-20	11.7%
Q2-20	14.3%
Q3-20	17.6%
Q4-20	23.6%
Q1-21	9.9%
Q2-21	14.3%
Q3-21	11.0%
Q4-21	5.0%



KPIs - SAR Net Interest Margin

SAR has almost quadrupled its Net Interest Margin since taking over management

