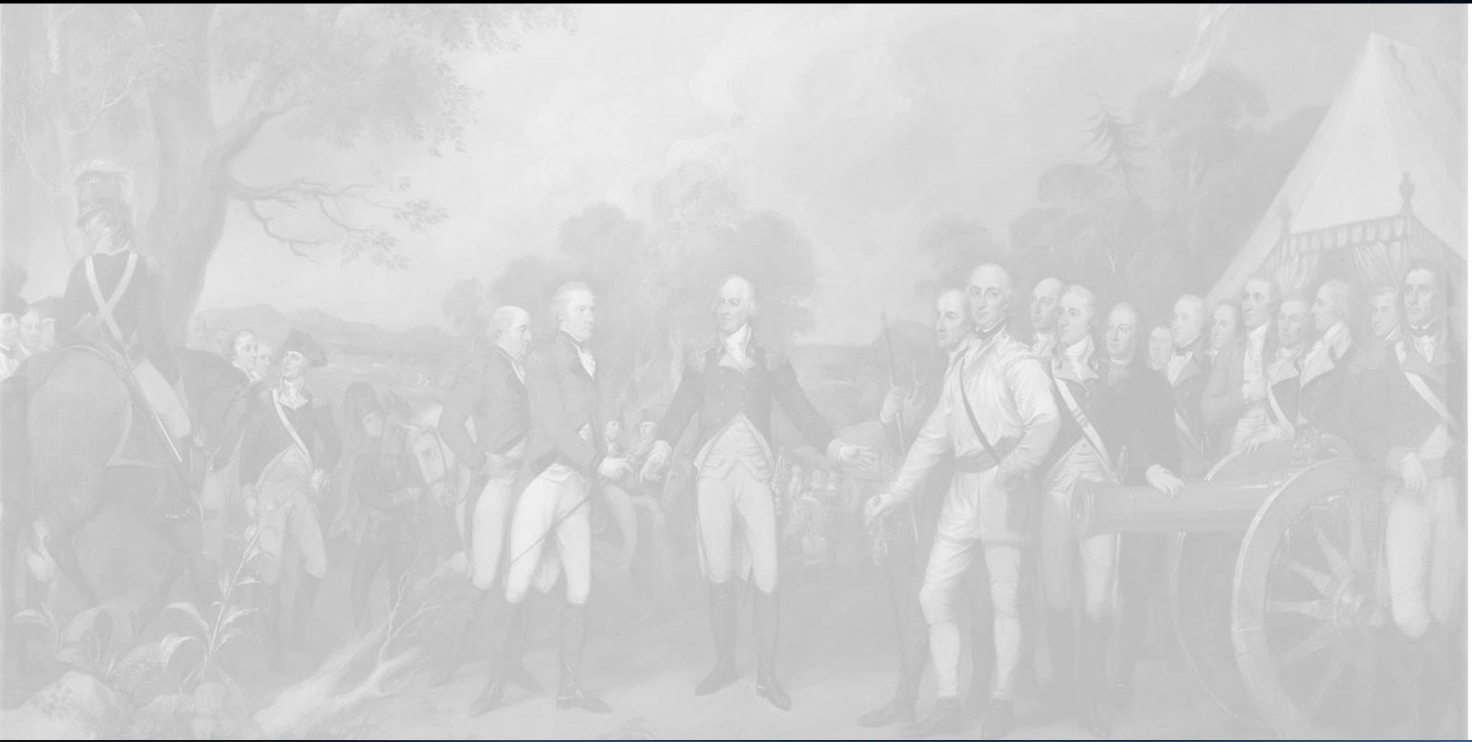
SARATOGA
INVESTMENT CORP.



Saratoga Investment Corp.

(NYSE: SAR)

October 2020

Q2 FY21

Forward Looking Statement / Overview

This presentation contains "forward looking statements" that are subject to risks and uncertainties. Actual outcomes and results could differ materially from those suggested by this presentation due to the impact of many factors beyond the control of Saratoga Investment Corp., including those listed in the "Risk Factors" section of our filings with the Securities and Exchange Commission ("SEC"). Any statement other than a statement of historical fact may constitute a forward looking statement. Any such forward-looking statements are made pursuant to the safe harbor provisions available under applicable securities laws and Saratoga Investment Corp. assumes no obligation to update or revise any such forward-looking statements.

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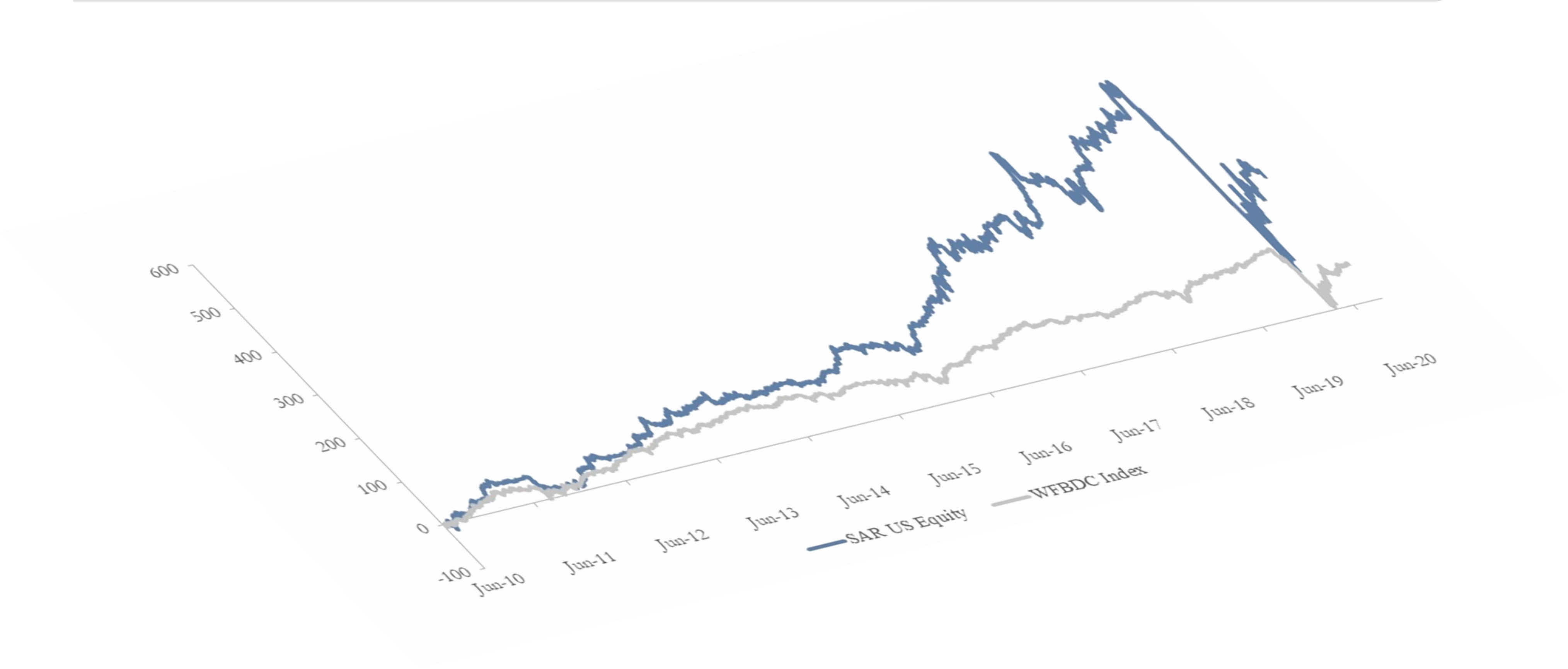
Saratoga Investment Corp ("SIC" or the "Fund")	
Exchange:	NYSE
Ticker:	SAR
As of October 5, 2020	
Market Cap:	$194 million
Stock Price	$17.37
52-Week Trading Range:	$5.94 – $28.70
Common Stock Outstanding:	11.2 million
Management Ownership	15%
Total Dividend Payout TTM:	$1.37
Latest Quarterly Dividend	$0.41
Fiscal Year	February 28
Analyst Coverage	Ladenburg Thalman & Co. Compass Point Janney Maxim Group FBR National Securities

Basic Premise of the Saratoga Opportunity

Saratoga is outperforming the BDC industry and there is a growth opportunity for investors



Investment Highlights

Outperforming BDC sector including ROE and Total Returns

Strong track record of NAV and high-quality asset growth since management's acquisition in 2010

Best positioned company in sector for future growth with low cost-of capital capacity

Successfully retained and attracted investment management and business development talent

Investment Highlights / Contents

SARATOGA INVESTMENT CORP.

Significant Management Ownership of 15%

Slides 6-10

Outperforming BDC Sector including ROE and Total Returns

- LTM ROE of 14.3%, beating BDC industry mean of -8.5%, top BDC ROE in industry
- Average last six years ROE of 11.7% v 4.0% for BDC industry, no year under 9.0%
- Total Return since Saratoga took over management: SAR +281% v +80% BDC Index
- LTM Total Return: SAR -30% vs. -22% BDC Index

Slides 11-13

Best positioned company in sector for future growth with low cost-of capital capacity

- Ability to grow assets by 52% without new external financing
- Existing capital structure fixed rate, long term
- Approximately 93% of our investments have floating interest rates
- Completed $28.75m secondary equity offering on July 13, 2018
- Completed $40.0m 6.25% seven-year baby bond offering on August 28, 2018 (“SAF”)
- Refinanced existing CLO and upsized from $300m to $500m of assets on December 13, 2018
- Completed $20.0m upsizing of SAF 6.25% baby bond on February 5, 2019
- Raised $85.9m of equity under ATM program in FY20 to further fund second SBIC license
- Second SBIC license approval received for up to $175m SBA debentures on August 14, 2019
- Redeemed $74.45 million 6.75% SAB baby bond in December 2019 and February 2020
- Issued $43.1m in 7.25% 5-year baby bond called “SAK” on June 24, 2020
- Increased Q2FY21 quarterly dividend by $0.01 to $0.41 per share

Slides 14-30

Strong track record of NAV and high-quality asset growth since management’s acquisition in 2010

- NAV up 33% since last year
- NAV per share up 9% since last year and up ten of the last twelve quarters
- AUM up 5% since year-end, and grown 5x since management took over (FY11)
- 92.1% of loan investments carry highest internal credit rating as of August 31, 2020
- Net realized gains of $60m on $506m of realizations

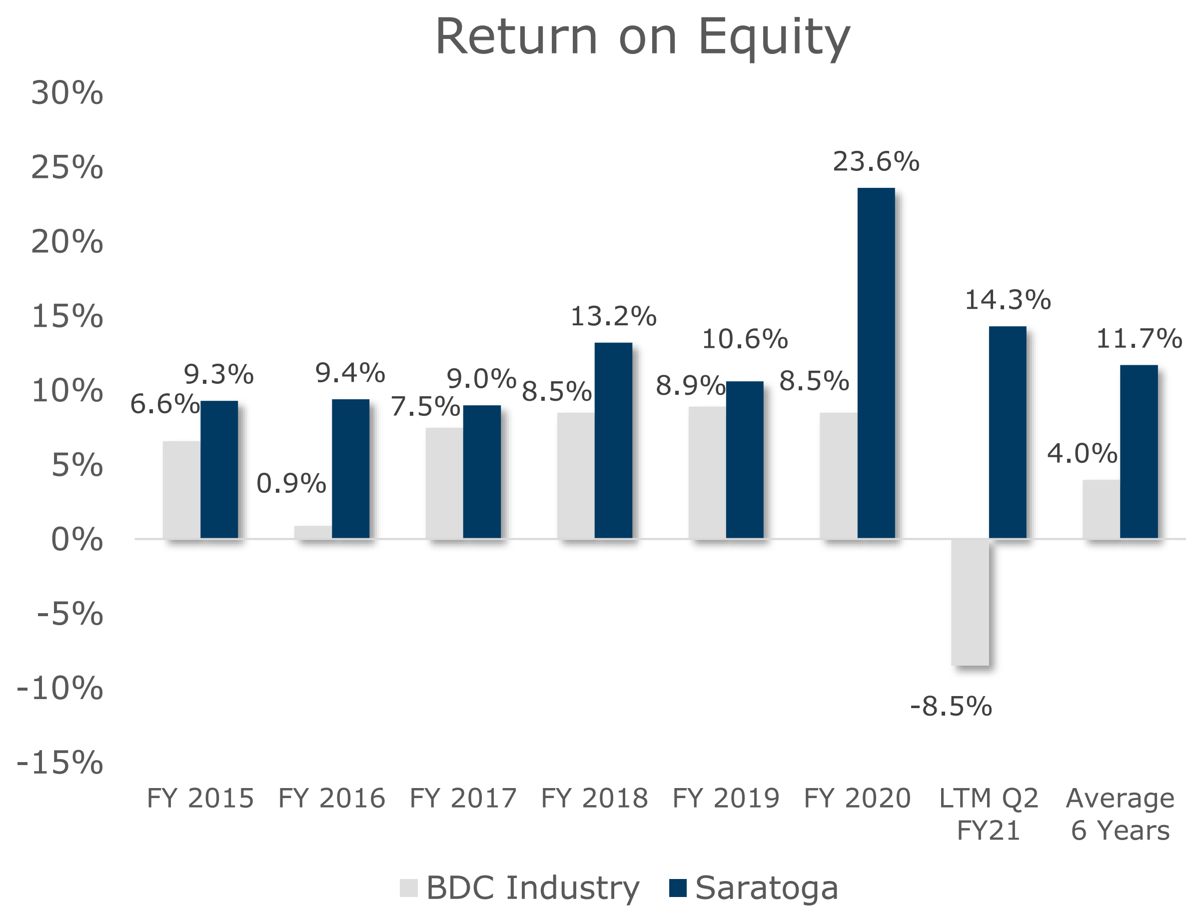
Slides 31-33

Successfully retained and attracted investment management and business development talent

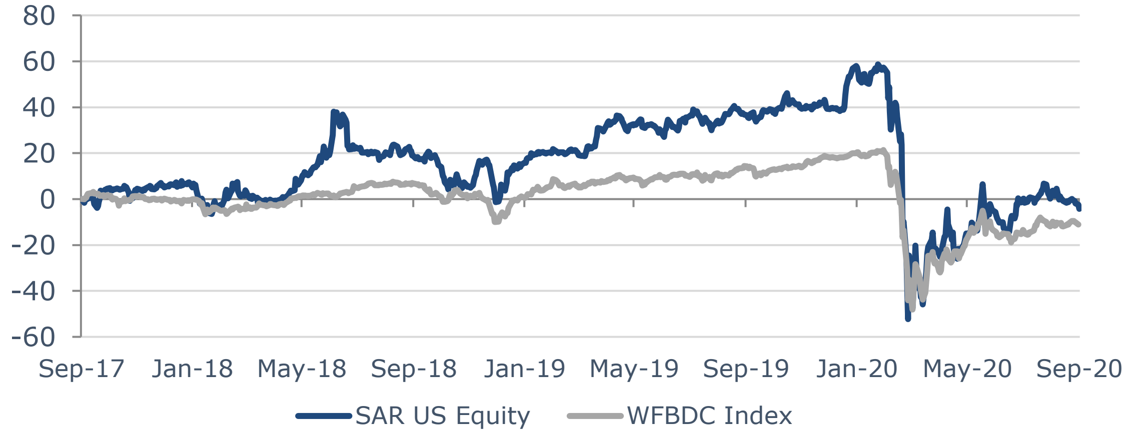
- Combined 120 Years at Saratoga and team has more than tripled in size to 21, with 2 full-time Business Development members, 2 new hires during COVID-19 and still growing with four open hiring positions

Outperforming BDC sector including ROE and Total Returns

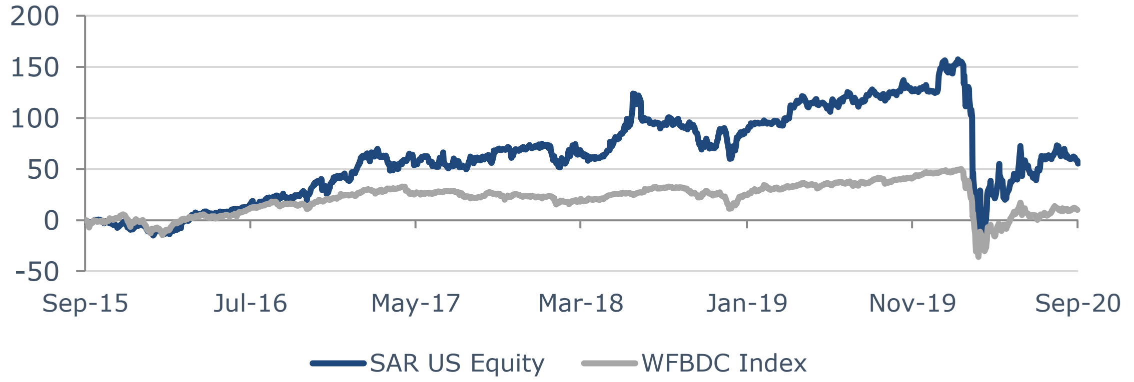
Outperforming BDC sector in ROE and Total Returns



Three-Year Total Return (%)
(Sept 2017 to Sept 2020)
SAR -4% v BDC Index -11%



Five-Year Total Return (%)
(Sept 2015 to Sept 2020)
SAR +55% v BDC Index 10%



Source: Raymond James, Index derived from Wells Fargo Index

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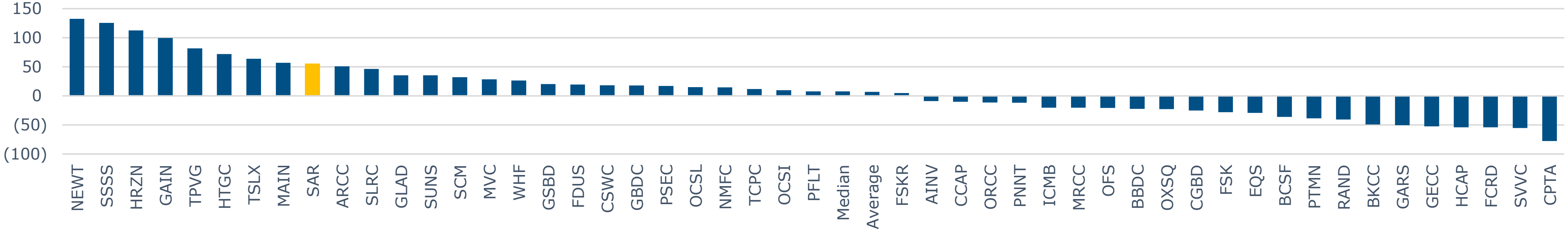
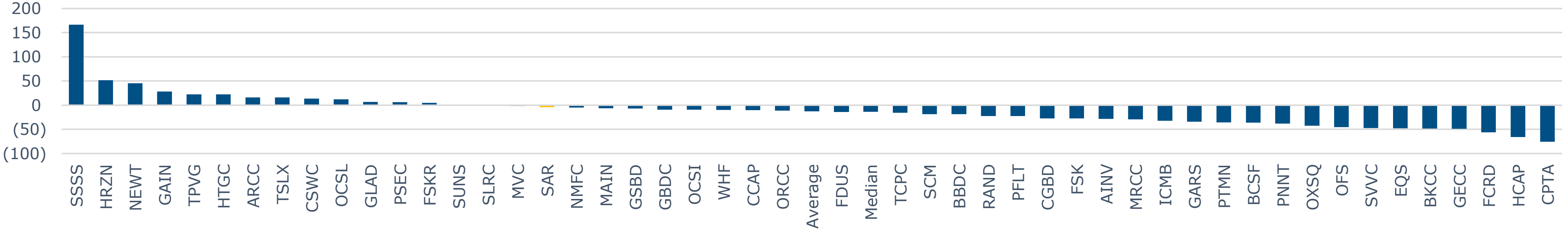
SAR – Top of BDC Industry in Total Return

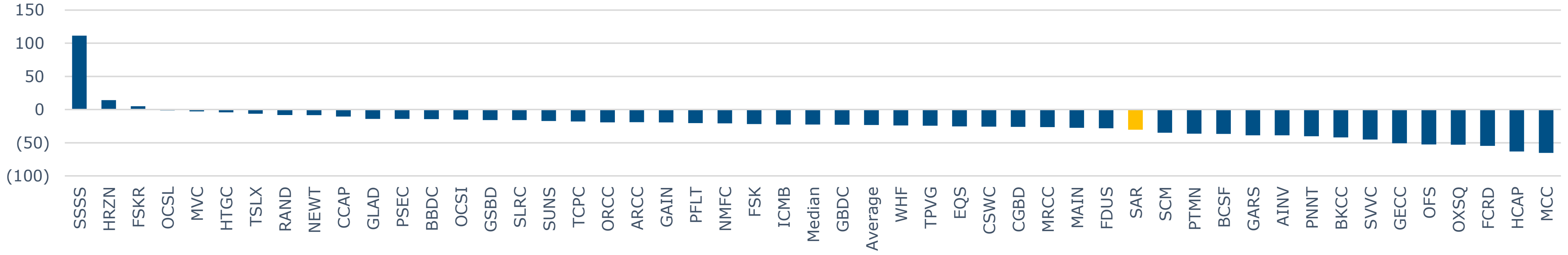
BDC Total Return (%)



Past 5 Years: 55%

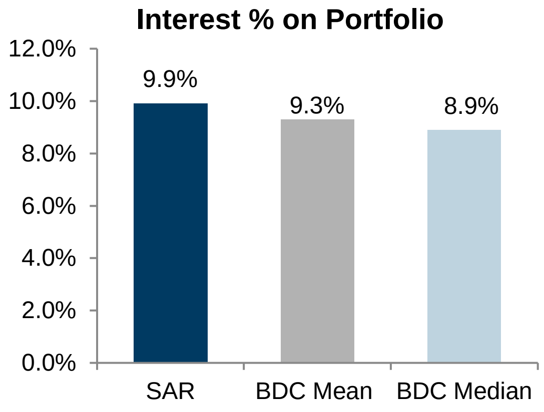


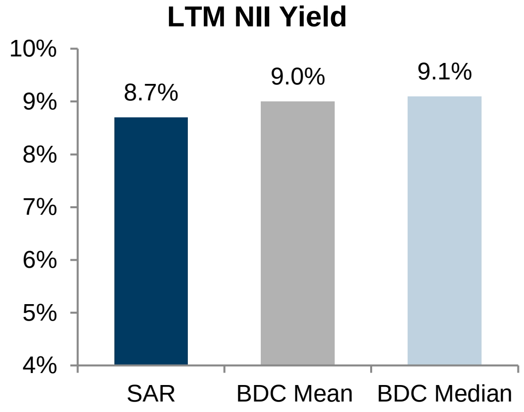
Past 3 Years: -4%

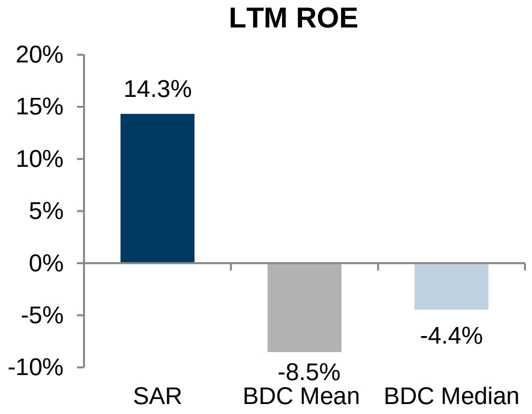


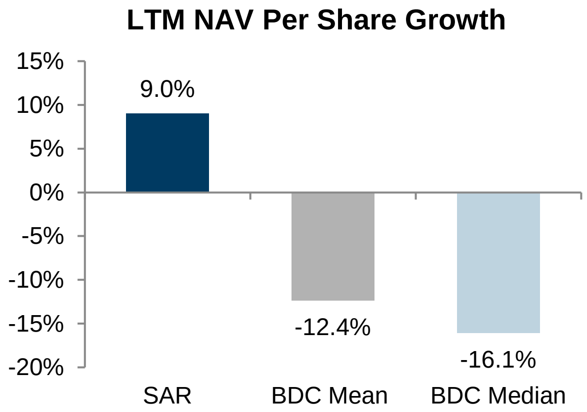
LTM: -30%

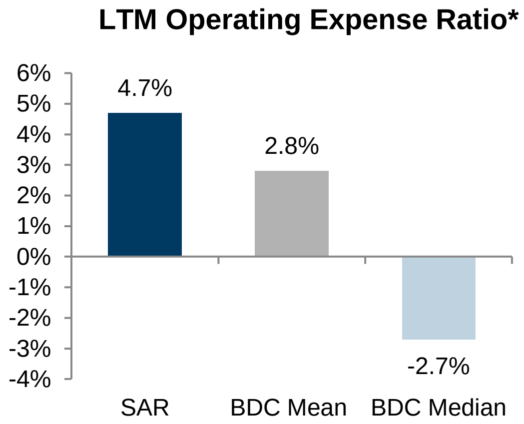
Strongly Differentiated Metrics Outperformance









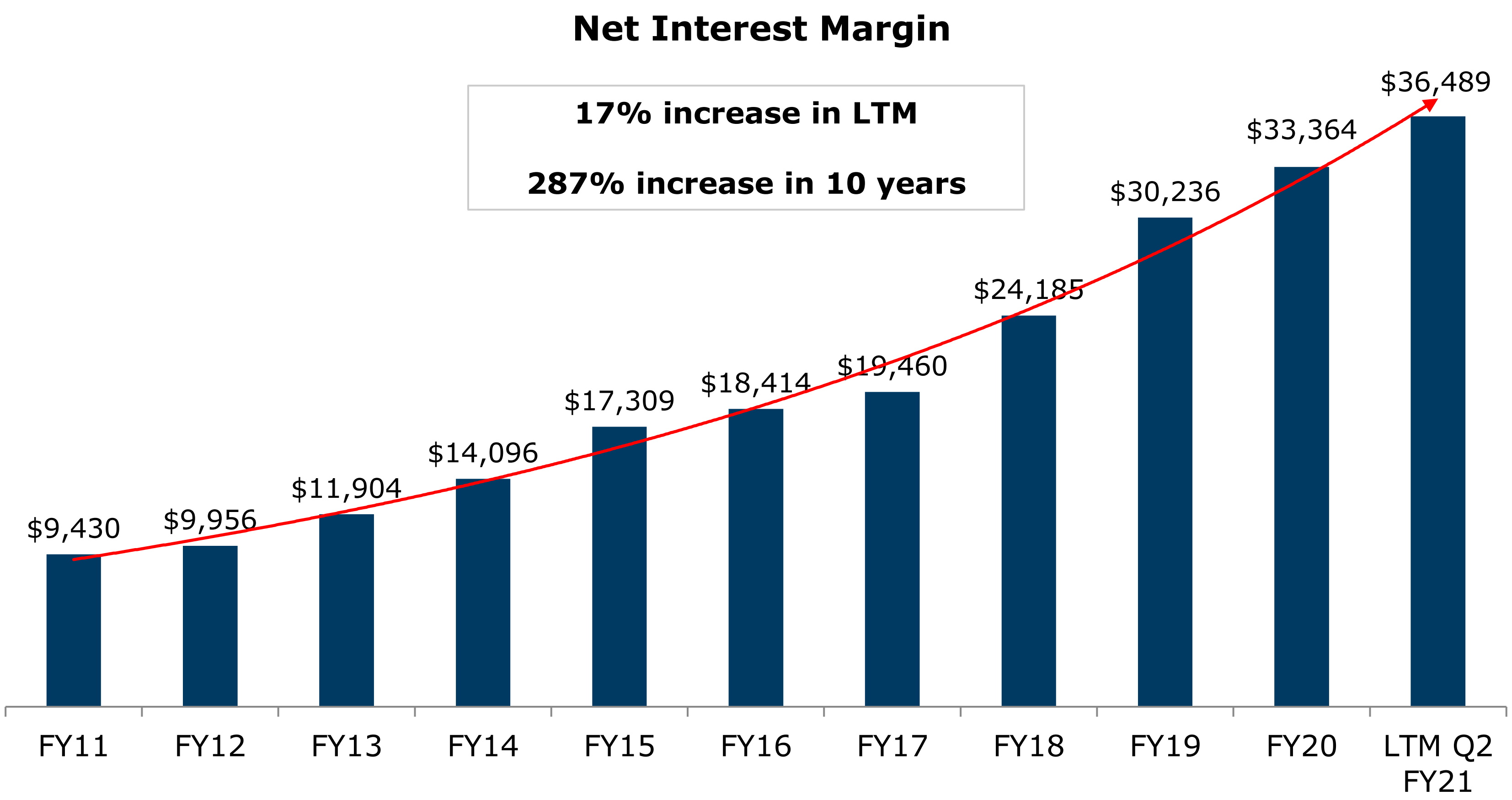


Source: SNL Financial / Company Filings / Raymond James report as of 09/11/20

* LTM Operating Expense Ratio defined as total operating expenses, net of interest and debt financing expenses, divided by average total assets. Total operating expenses divided by net assets is 7.1%.

SAR Net Interest Margin Continues to Grow

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



Best Positioned Company in Sector for Future Growth with Low Cost-of Capital Capacity

Dry Powder Remains Available

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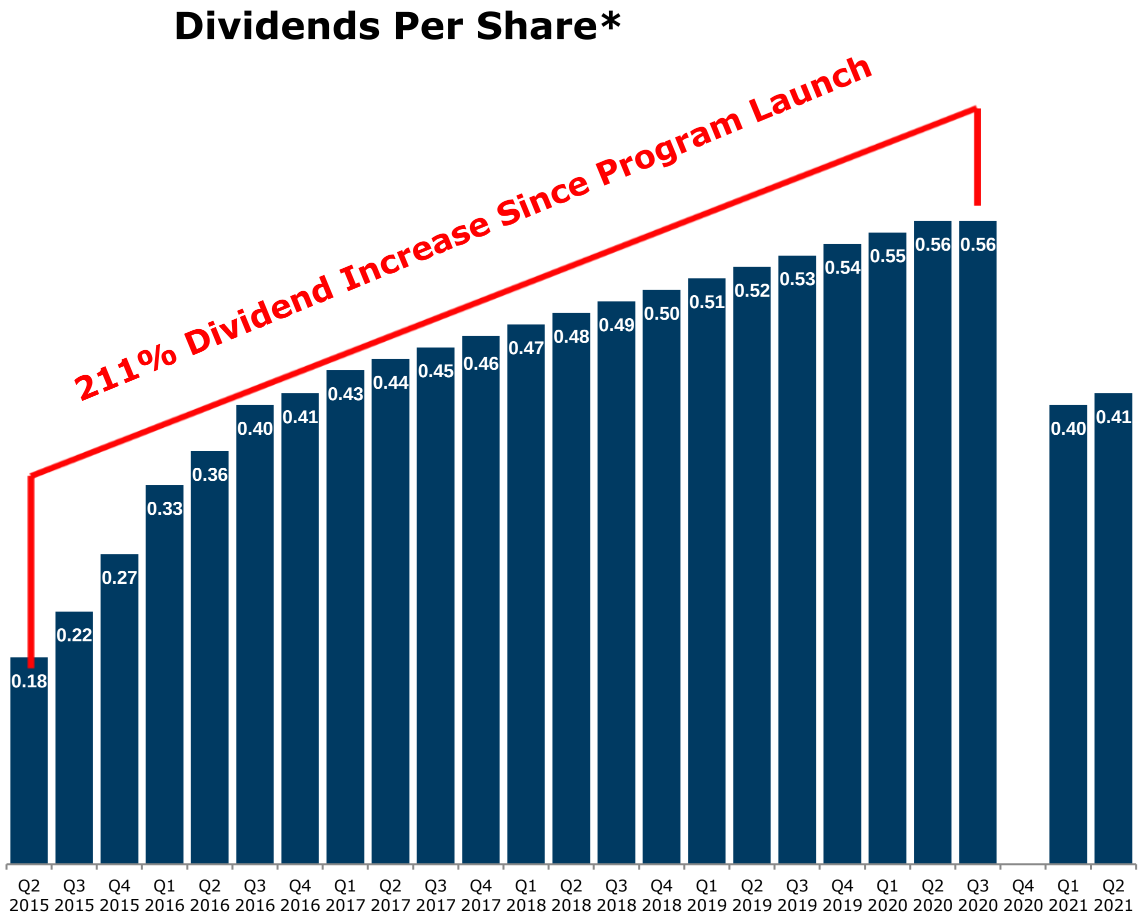
Ability to grow AUM by 52% without any new external financing as of Aug 31, 2020

(As of Aug 31, 2020)		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 Years	Floating
SBA Debentures	SBIC I	$150.0 million	$150.0 million	$0.0 million	3-9 years	Fixed
	SBIC II	$175.0 million	$20.0 million	$155.0 million	10 years	Fixed
Publicly-Traded Notes (at par value)	SAF	$60.0 million	$60.0 million	$0.0 million	5 Years	Fixed
	SAK	$43.1 million	$43.1 million	$0.0 million	5 Years	Fixed
Private Notes (at par value)		$5.0 million	$5.0 million	$0.0 million	5 Years	Fixed
Cash and Cash Equivalents		$65.4 million	$0.0 million	$65.4 million	-	-
Total Available Liquidity (at quarter-end): $ 265.4 million						

- $110m of SBIC II debentures currently available and undrawn on $65m of capital for new and existing SBIC II investments. SBIC II debentures are generally not available to support existing BDC or SBIC I investments.

Long-Term Dividend Growth

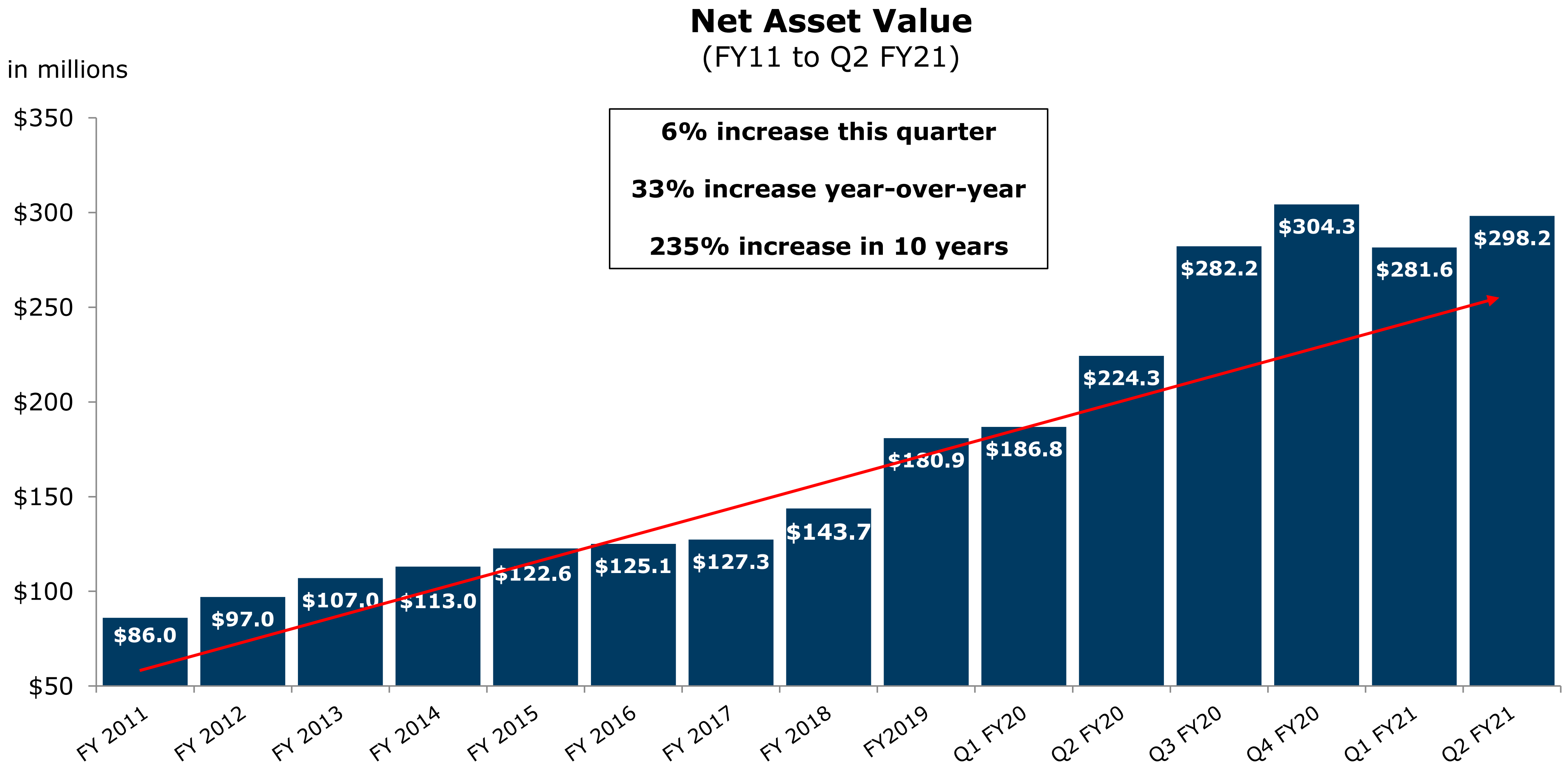
- Established dividend policy to pay regular quarterly cash dividends to stockholders pursuant to dividend reinvestment plan ("DRIP") in 2014
- Increased dividend by 211% since program launch until year-end deferral
- Q2 FY21 dividend of $0.41 declared for the quarter ended Aug 31, 2020, an increase of $0.01



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

Strong Track Record of NAV and High-Quality Asset Growth since Management's Acquisition in 2010

Long-Term Accretive NAV Growth



Continued Asset Growth and Strong Credit Quality

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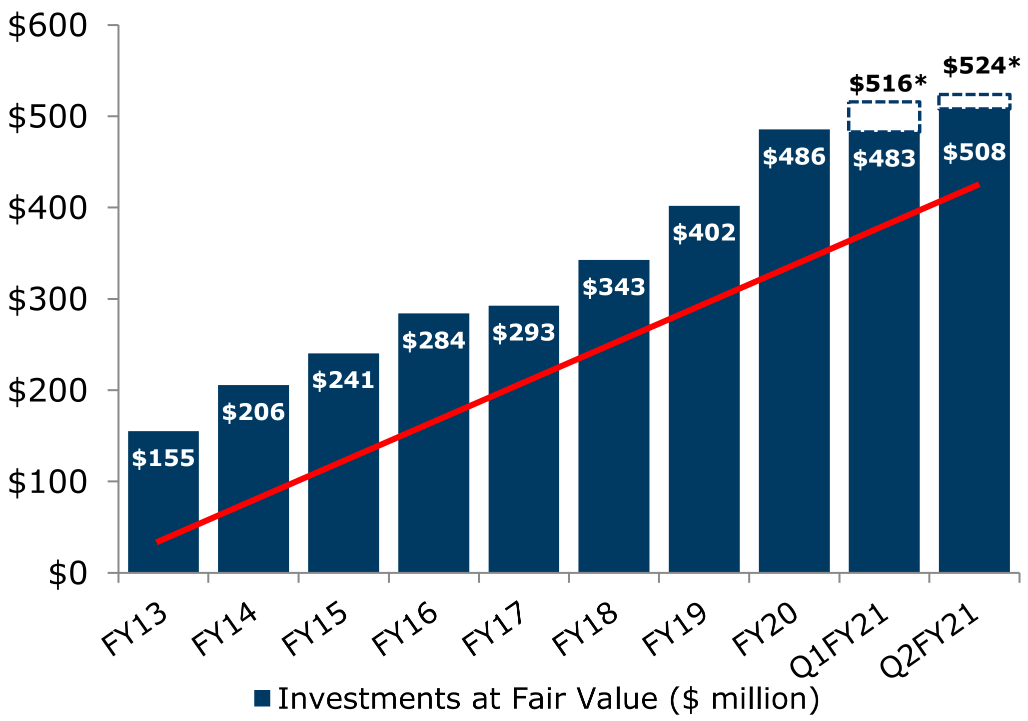
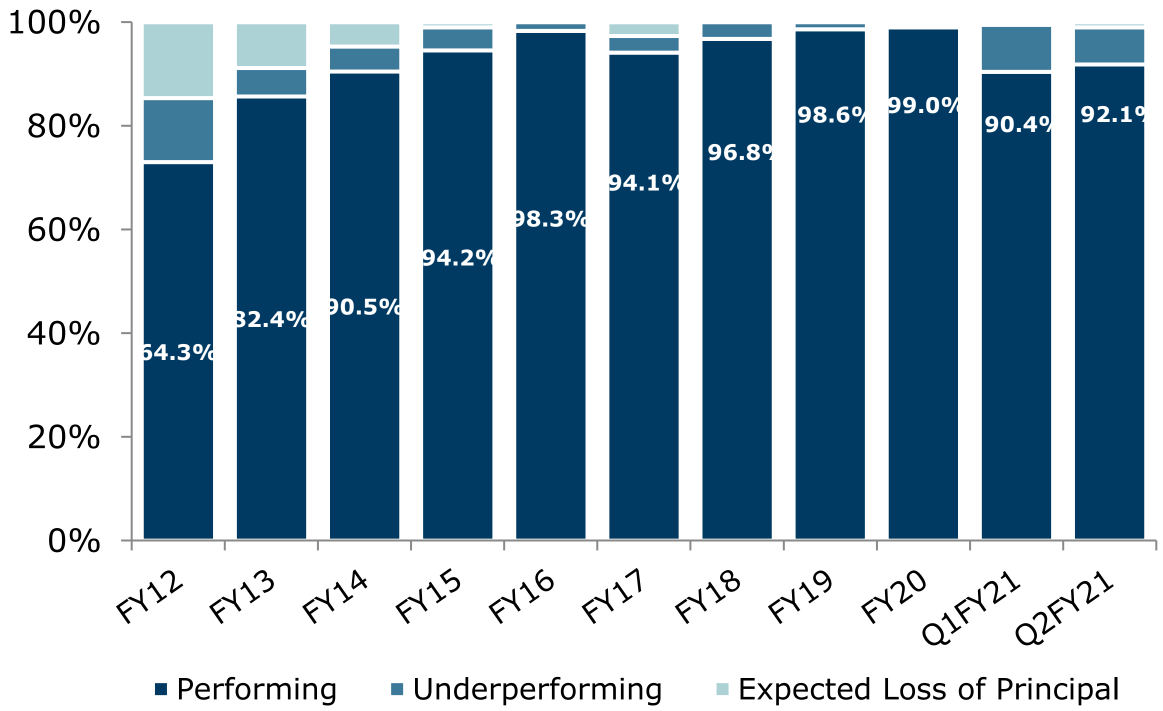
Asset Base Expansion Trend



Fair value of AUM increased 5% from both year-end and last quarter – more than half of the Q1 FY21 unrealized reduction in fair value was recovered this quarter.

*Cost increased to $524m, up 8% since year-end and up 2% from last quarter

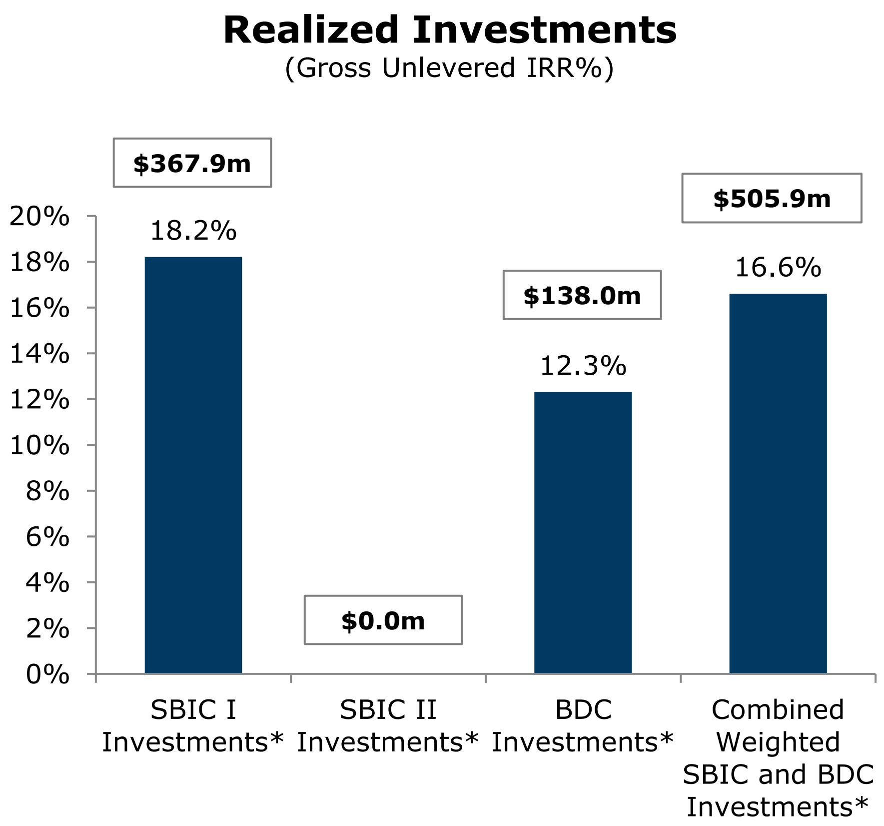
Overall Credit Quality Continues Strong

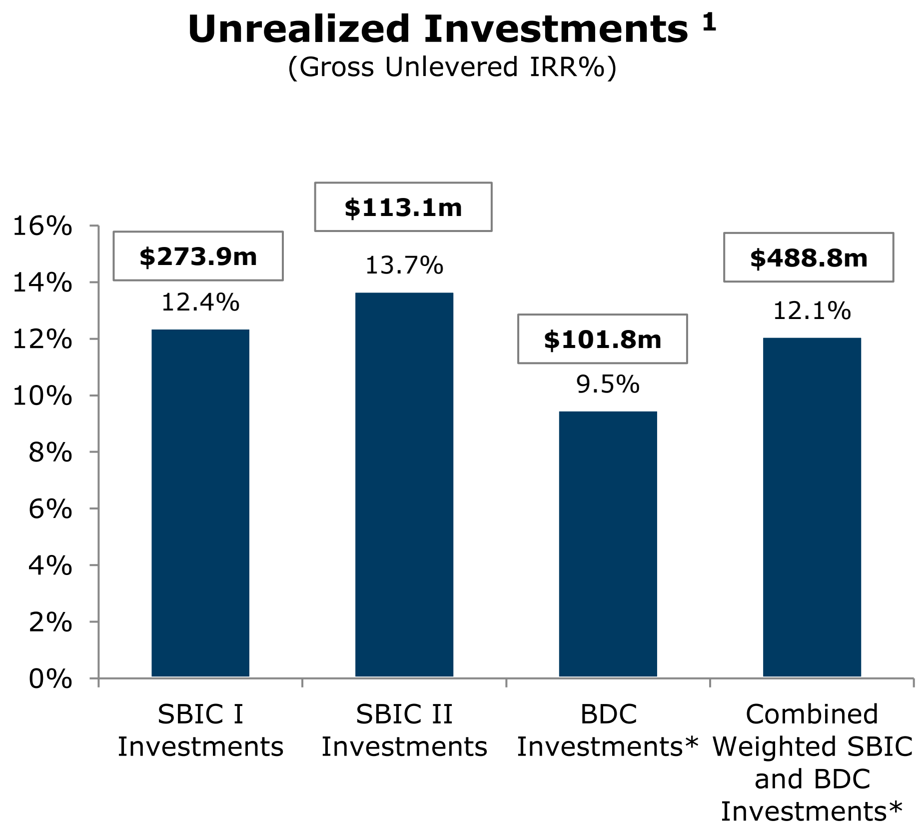


Over 92% of our SAR loan investments hold our highest internal rating; three on non-accrual at quarter-end*

* Excludes our investment in our CLO, and our equity and written-off legacy investments.

Demonstrated Strong Track Record





Track Records as of 8/31/20

[1] IRRs for unrealized investments include fair value and accrued interest as of 8/31/20.

* 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.

Net Realized Gains Help Protect Shareholder Capital

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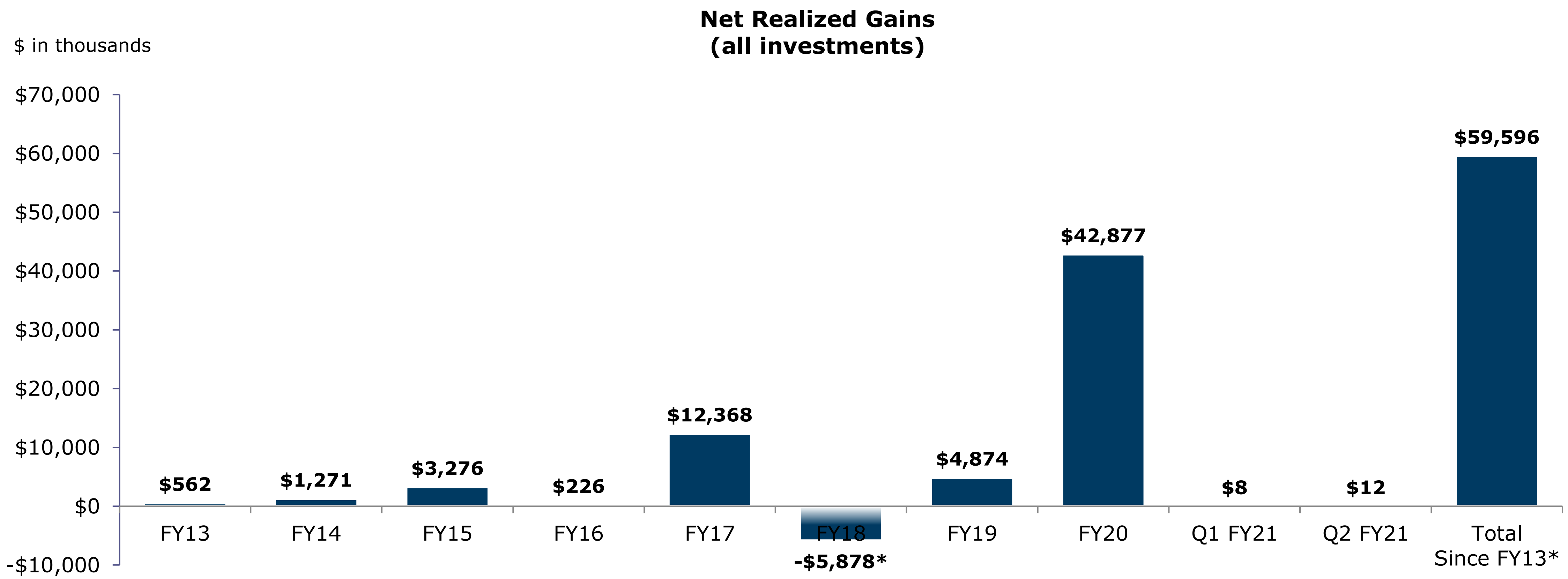
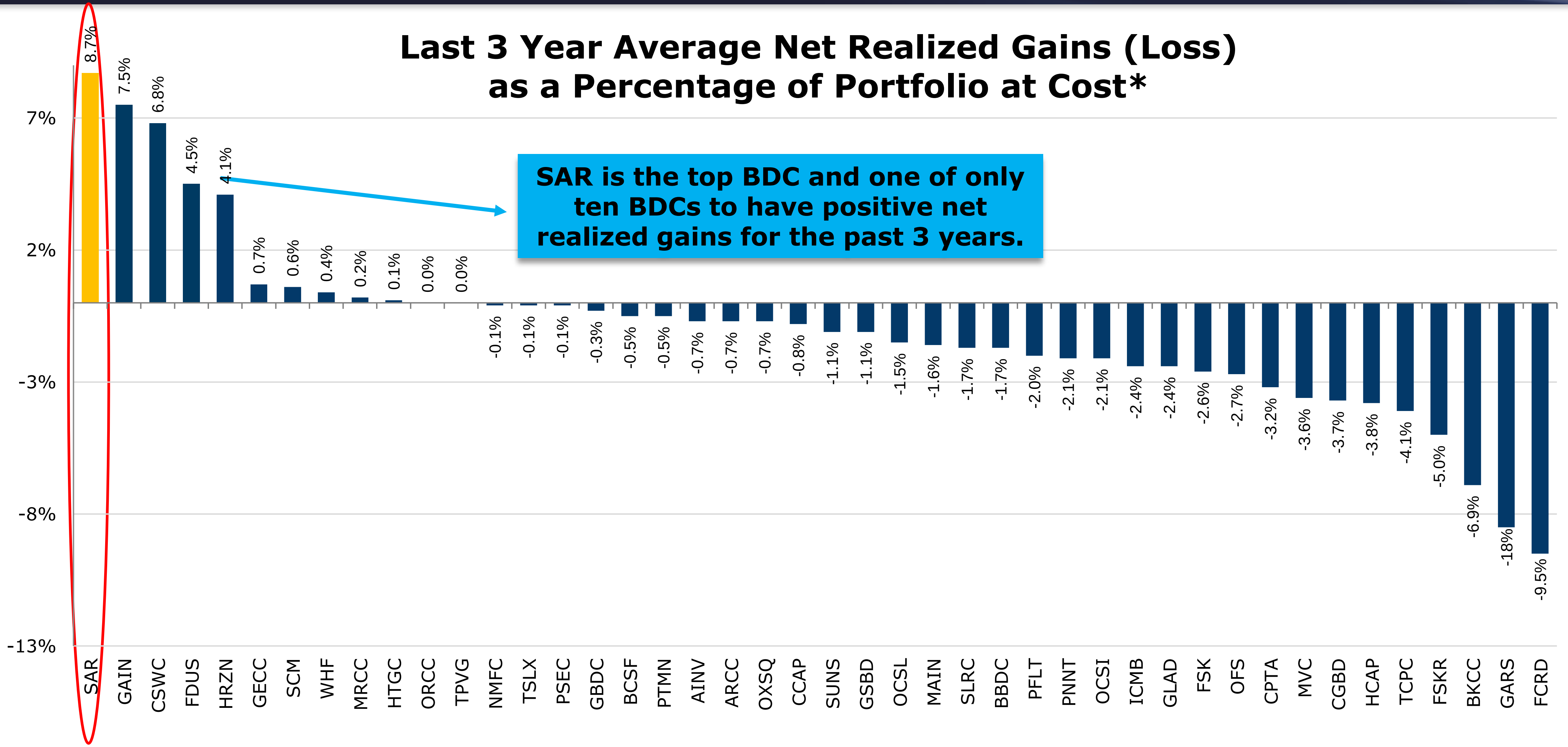
Cumulative net realized gains reflect portfolio credit quality



* Reflects realized loss on My Alarm Center investment of $7.7m less $1.8m in other realized gains in FY18.
Reflects investments under Saratoga management.

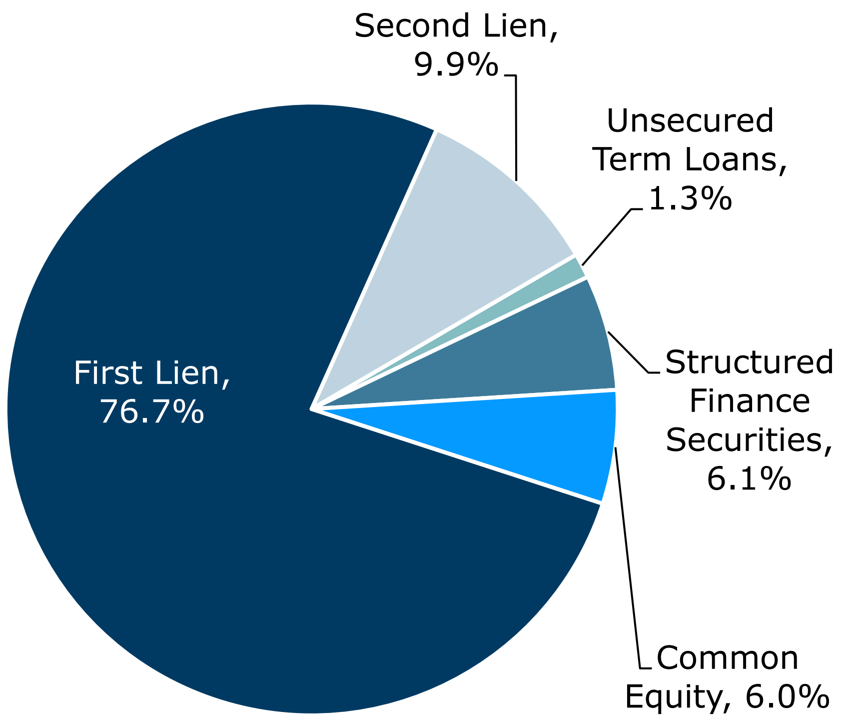
Strong Net Realized Gains Flow from Disciplined Underwriting



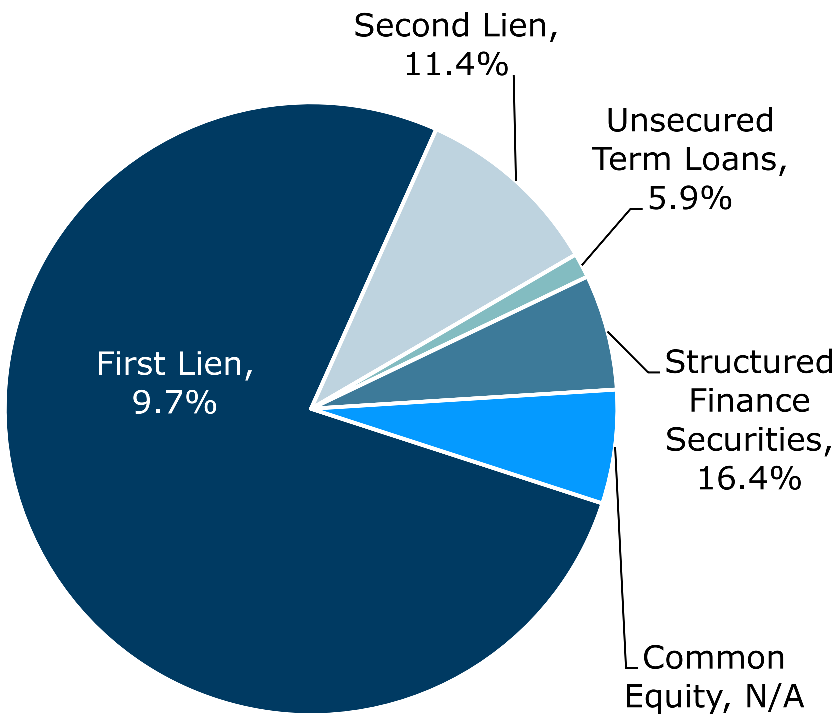
Source: Ladenburg Thalmann - calculated as three year average realized gains as proportion of average cost.

Portfolio Composition and Yield

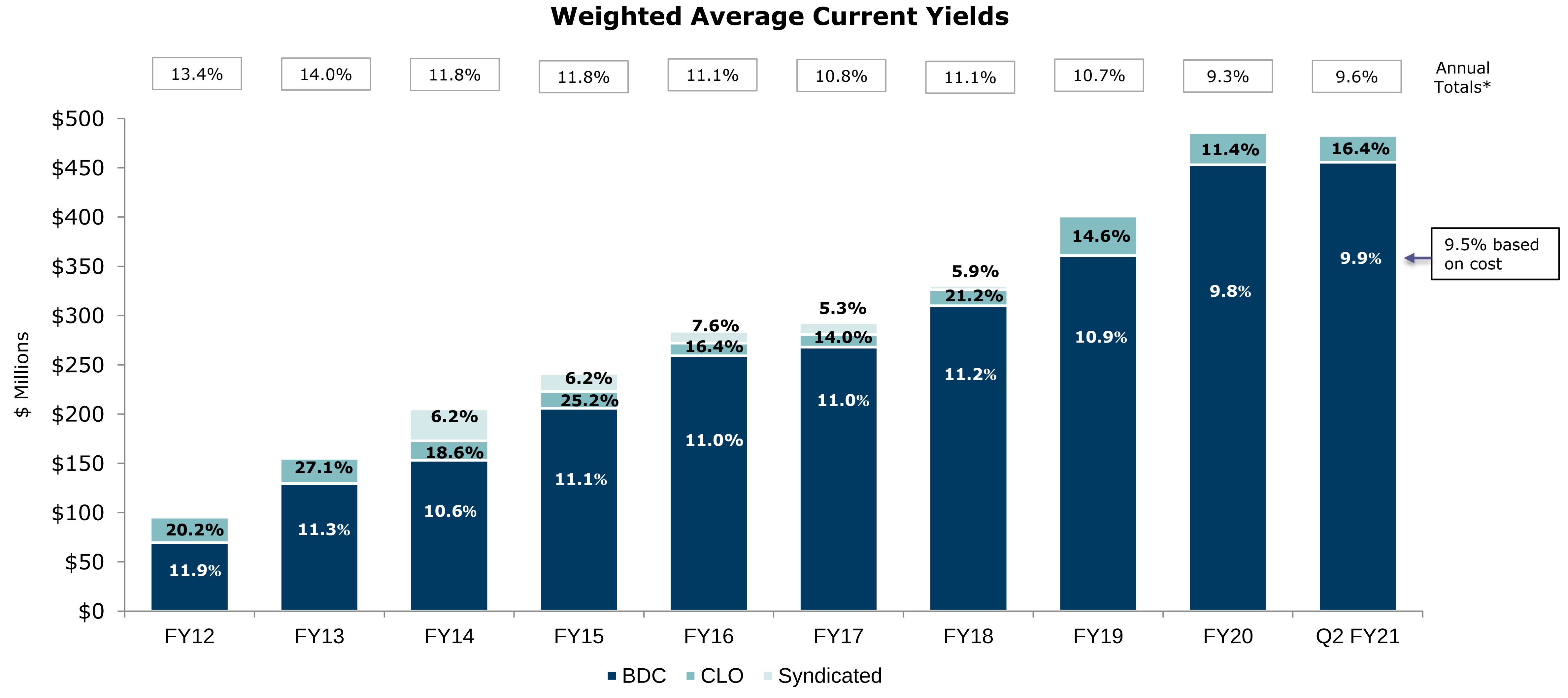
Portfolio Composition – $508.1M
(Based on Fair Values as of Aug 31, 2020)



Portfolio Yield – 9.6%
(Weighted Average Current Yield of Existing Portfolio)



Yield of BDC Remains Healthy



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

Exercising Disciplined Investment Judgment While Growing Origination Pace

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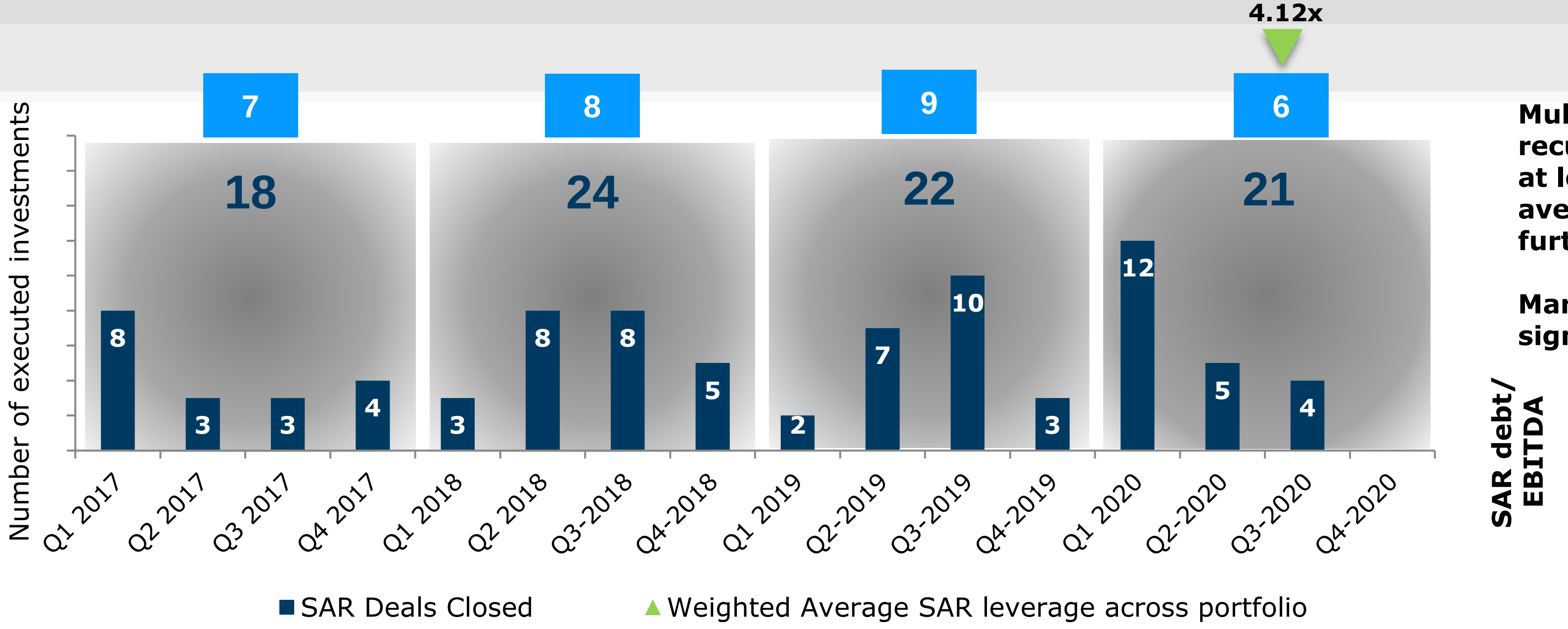
SAR Debt Multiples/Deals Closed (2017-2020)

Portfolio leverage with non-recurring revenue underwriting is 4.12x[1]

June 30, 2020*			March 31, 2020*		
>7.0x	0.0%	58.4%	>7.0x	7.2%	57.2%
6.0x-6.9x	16.7%		6.0x-6.9x	28.6%	
5.0x-5.9x	41.7%		5.0x-5.9x	21.4%	
4.0x-4.9x	25.0%		4.0x-4.9x	21.4%	
<4.0x	16.6%		<4.0x	21.4%	



Multiples for SAR's non-recurring revenue deals at low end of industry average – reduced further during Covid

Market averages significantly over 5.0x

*Calendar quarters, not fiscal

[1]Excludes 19 loans underwritten using recurring revenue metrics. These recurring revenue loans would have significantly different portfolio leverage statistics.

SBIC I Fully Funded - SBIC II Mostly Available

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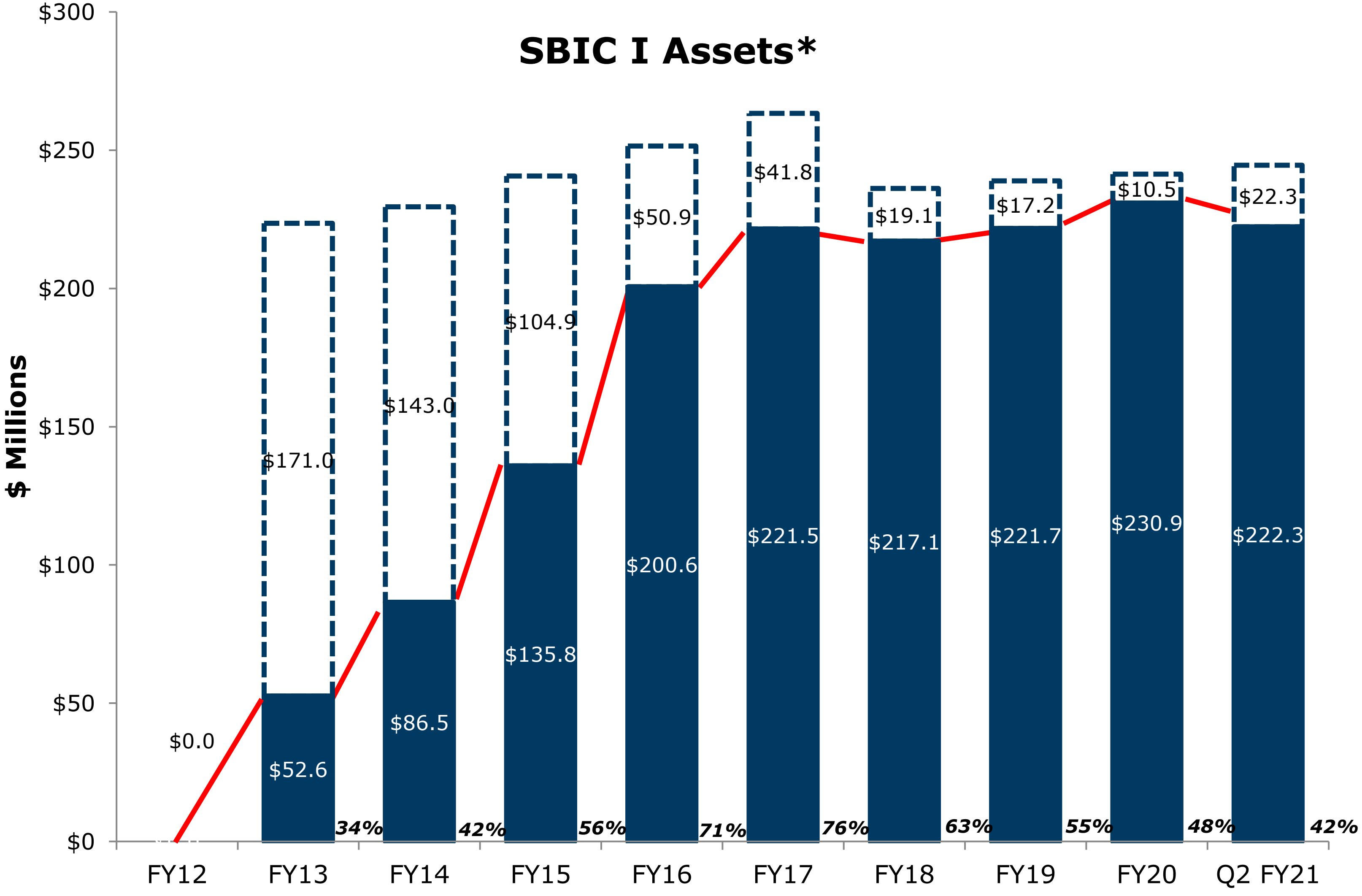
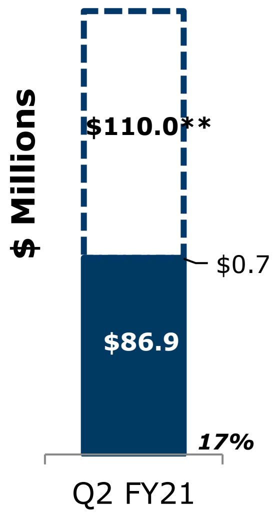


SBIC first license provided $171m, $143m, $105m, $51m, $42m, $19m, $17m, $10m and $22m of available capacity in FY13, FY14, FY15, FY16, FY17, FY18, FY19, FY20 and Q2FY21, respectively (debt and equity at 2:1 leverage)

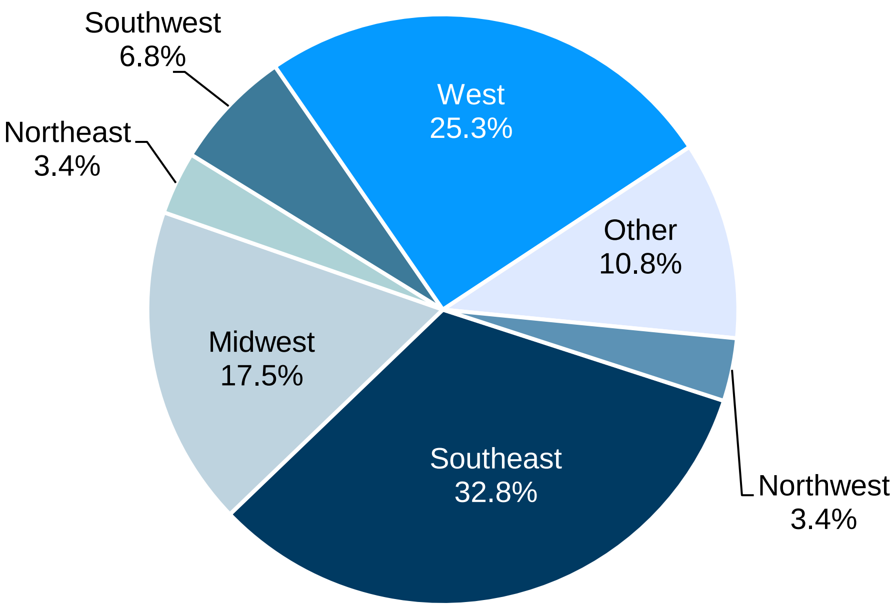
SBIC II Assets*



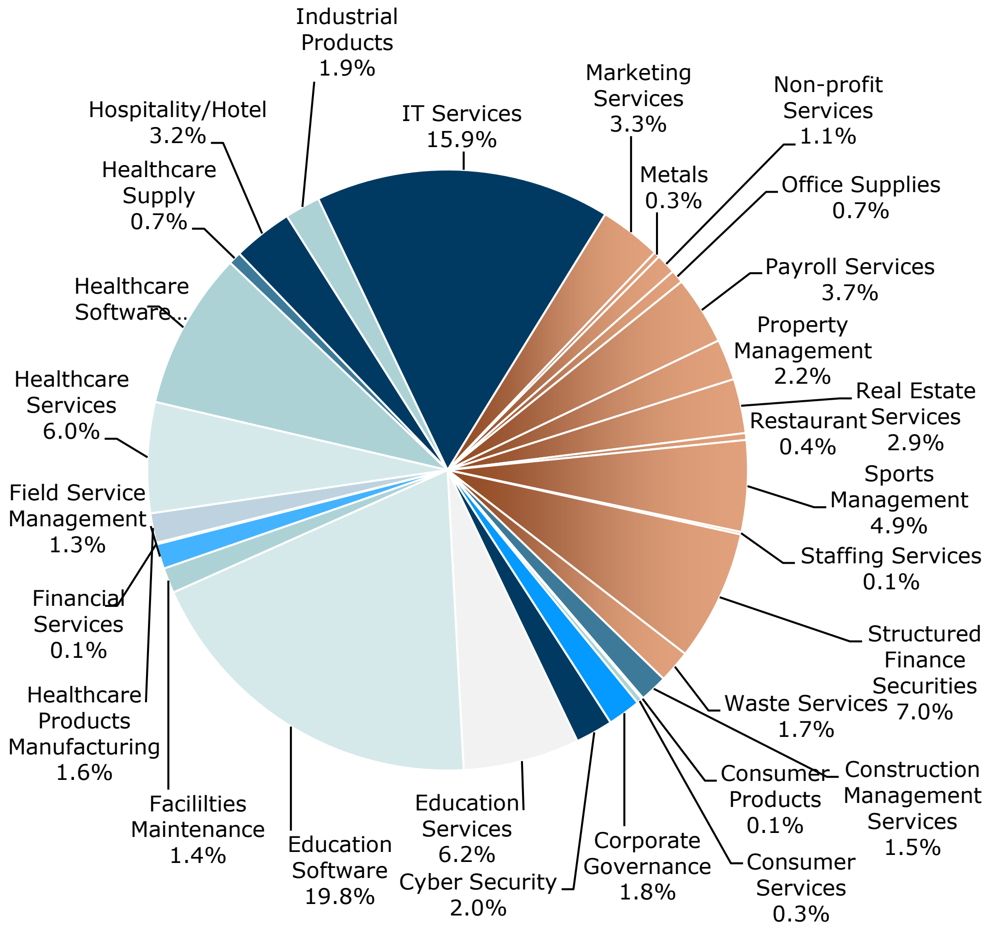
*   At Fair Value for SBIC I and II assets, except for Q2 FY21 which is at cost.
** Represents current debenture capacity based on $65.0m capital in SBIC II.

Diversified Across Geography

Investments Diversified Geographically



Investments Across 29 Distinct Industries



Construction Management Services

Consumer Products

Consumer Services

Corporate Governance

Cyber Security

Education Services

Education Software

Facilities Maintenance

Financial Services

Field Service Management

Healthcare Products Manufacturing

Healthcare Services

Healthcare Software

Healthcare Supply

Hospitality/Hotel

Industrial Products

IT Services

Marketing Services

Metals

Non-profit Services

Office Supplies

Payroll Services

Property Management

Real Estate Services

Restaurant

Sports Management

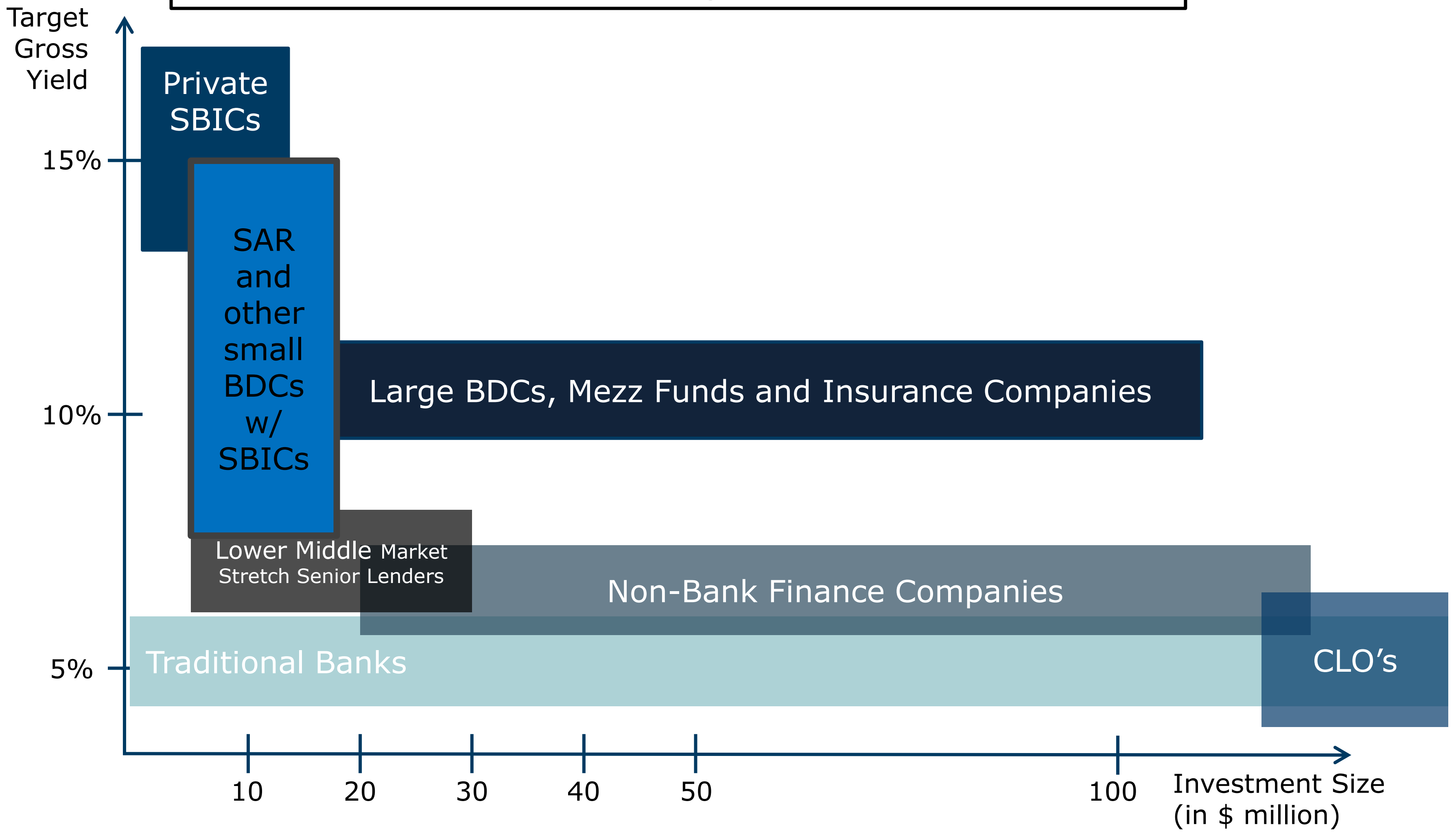
Staffing Services

Structured Finance Securities

Waste Services

Saratoga Has Very Favorable Competitive Positioning

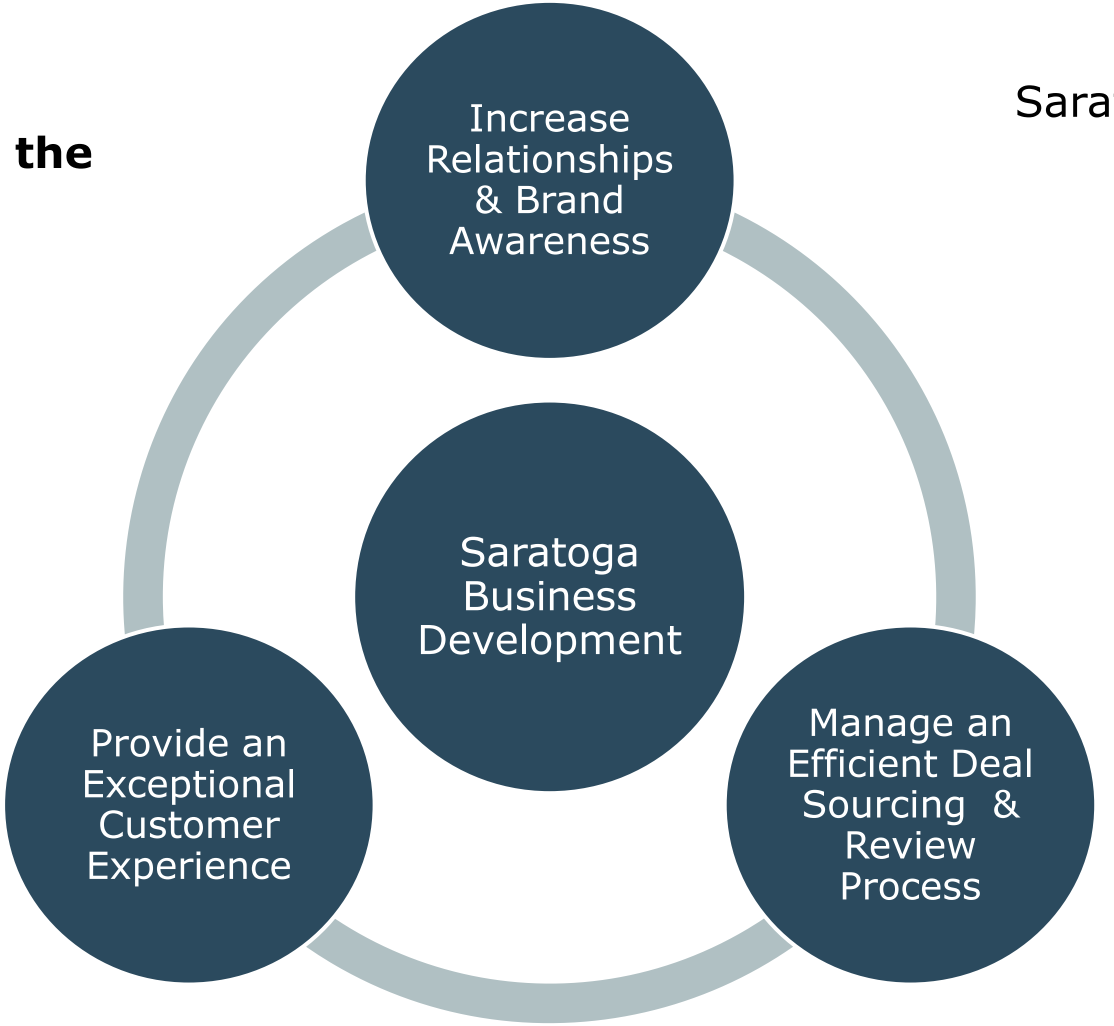
SAR occupies a very advantageous niche in the market



Business Development Philosophy

The main goal of business development is to **increase the number and quality of actionable investment opportunities**

Saratoga's business development strategy relies on **constant focus and improvement**



Partnership reputation builds growing base of referral sources

Efficiency creates a leveraged business model that **improves opportunities to close deals**

Business Development Activities

- Saratoga closely monitors its business development activities and over the last 12 months we have completed over 2,600 activities including:
  - Over 700 in person meetings
  - Over 550 deal referrals to sponsors and other lenders
  - Manage communications with over 3,100 firms and over 8,000 contacts
  - Dozens of video calls during the new COVID-19 “normal” with reduced in-person activity

- We remain active participants on the conference and networking scene:
  - Attended over 70 conferences and events in 2019
  - Hosted 20 formal events including golf events, dinners, and speaking panels

- Active members of several industry groups
  - SBIA (Steenkamp and Burkhart active board members across various committees)
  - ACG (Burkhart and Mann active member of NY chapter)
  - Other groups – Opus Connect, Axial, GLG

Active Pipeline During Tough Execution Market

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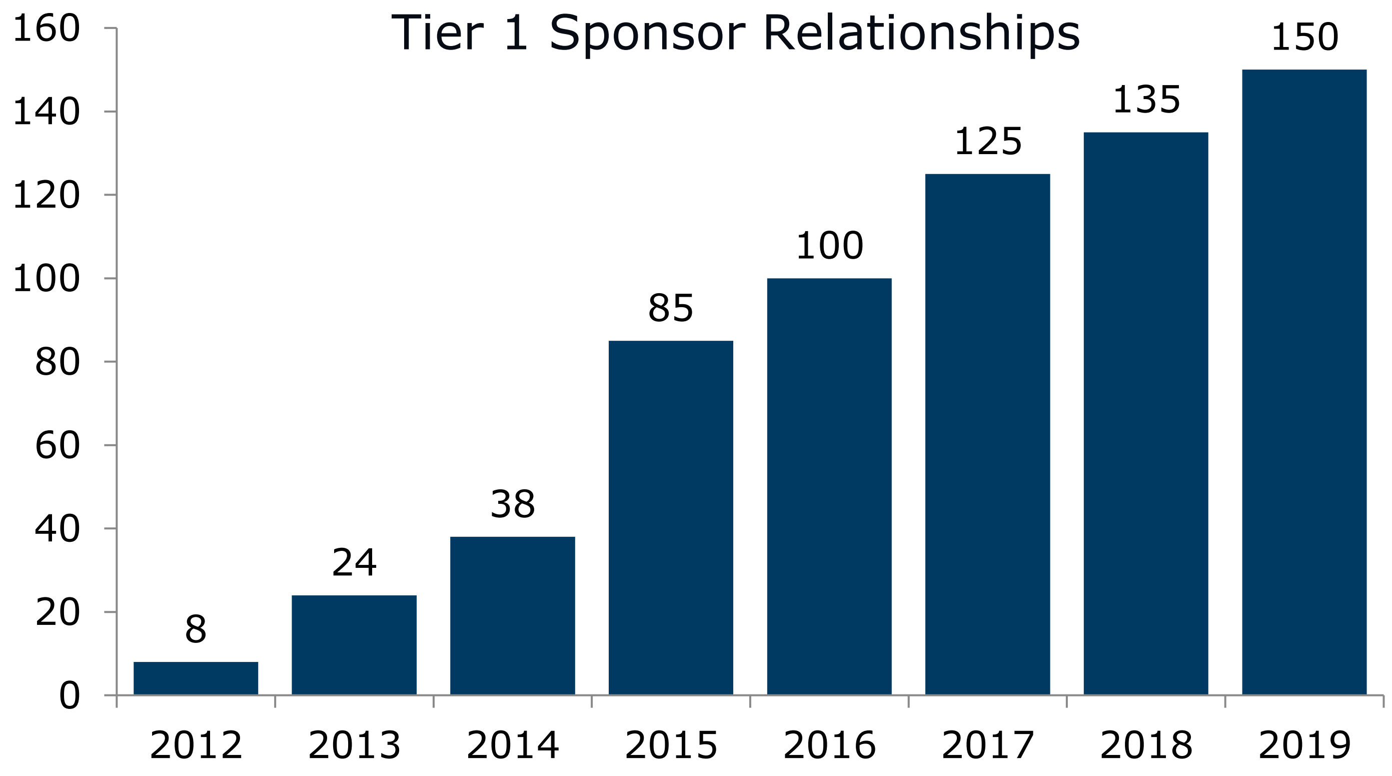
New business opportunities severely impacted by COVID-19 but seeing some rebound in inquiries

Calendar*	2017	Δ	2018	Δ	2019	Δ	LTM Q3 2020	
Deals Sourced	722	17%	846	2%	863	- 15%	736	• 60% of deal flow from private equity sponsors • 40% of deals from private companies without institutional ownership • Saratoga maintains investment discipline which is demonstrated by passing on ~36 deals a year that other firms close
Term Sheets	49	49%	73	5%	77	- 55%	35	• Saratoga issues an average of 9 term sheets per quarter, or 5% of deals reviewed • ~ 60% of term sheets are issued for transactions involving a private equity sponsor
Deals Executed (new and follow-on)	18	33%	24	-8%	22	9%	24	• Includes follow-on investments which reliably augment portfolio growth
New portfolio companies	7		8		9		7	• Seven new portfolio companies during LTM Q3 2020 • Saratoga new portfolio company Investments average ~1% of deals reviewed

*Calendar quarters, not fiscal quarters.

Tier 1 Sponsor Relationships Increased from 8 to 150 in Seven Years – Helps Drive Strong Originations and Pipeline

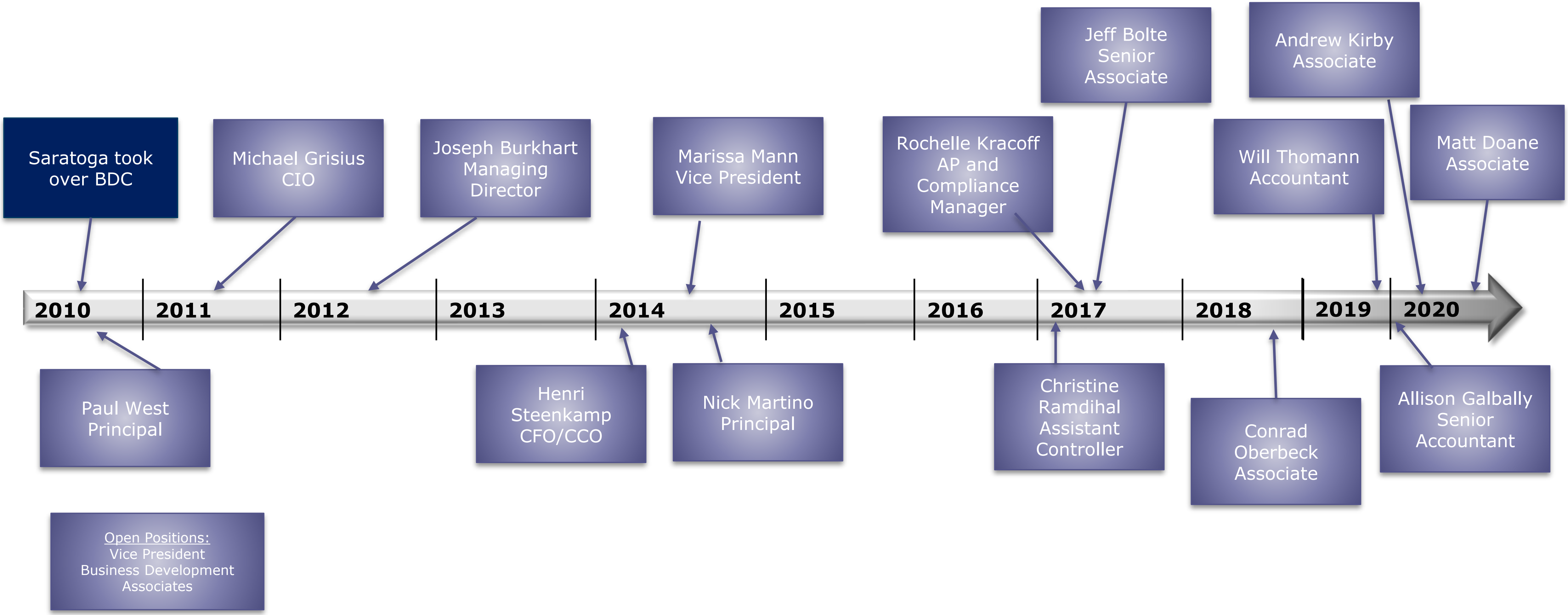


- Investments in business development expanding our relationship base
- Second full-time business development professional added in 2015 and third in 2017
- Growing reputation in marketplace

Successfully Retained and Attracted Investment Management and Business Development Talent

Saratoga Team Has Continued to Grow to Meet Opportunity

~ Saratoga's Established Management Team
Combined have over 120 Years with the Company. ~



Introductions: Best in Class Team

Professional Team	Tenure at Saratoga	Background
Christian Oberbeck, CEO	23 years	BS/BA - Brown University, MBA - Columbia University, Dillon Read, Castle Harlan
Michael Grisius, President and CIO	8 years at firm 16 years at prior firm	BS - Georgetown University, MBA - Cornell University, Allied Capital, Chemical Bank, KPMG
Henri Steenkamp, CFO, CCO, Treasurer and Secretary	6 years, 15 years prior capital markets and controls experience	Honors in Finance – University of Johannesburg, CA(SA), PwC
Charles Phillips, MD	22 years	AB - Harvard College, MBA - Harvard Business School, Dillon Read, McCown De Leeuw
Joe Burkhart, MD Business Development	7 years	BBA – Notre Dame, MBA – Virginia, Allied, ACAS
Thomas Inglesby, MD	9 years (10 years including GSC),15 years at prior firm	BS - University of Maryland, JD/MBA - Virginia GSC Group, Harbour Group
John MacMurray, MD	12 years	AB - Princeton University, MBA – Columbia, EuroConsult
Nick Martino, Principal	6 years	BA – Bucknell University, Prospect, Credit Suisse
Paul West, Principal	9 years	BSBA - University of North Carolina, Chapel Hill
Marissa Mann, Vice President	6 years	BS – Washington and Lee University, JP Morgan
Jeff Bolte, Senior Associate	3 years	BS – Fordham University, CIT
Conrad Oberbeck, Associate	1 year	BA – Yale University, Cushman & Wakefield
Andrew Kirby, Associate	3 months	BA – Vanderbilt University, Hammond Hanlon Camp LLC
Matt Doane, Associate	1 month	BS – Tulane University, BMO, Deutsche Bank
Christine Ramdihal, Assistant Controller	3 years	BA Accounting and Economics – Queens College, Cbiz, BDO, Marsh, Augentius, CPA
Allison Galbally, Senior Accountant	9 months	BS Accounting, MBA Finance– Fordham University, E&Y, Garrison
Jeannette Hill, Controller	3 years	BBA – Pace, Pepsico, Xylem, Shake Shack
Rochelle Kracoff, AP & Compliance Manager	3 years	BS –Brooklyn College, Abrams, Cohen and Associates, Visium
William Thomann, Accountant	10 months	BS Applied Accounting and Finance – Fordham University, Waterfall Asset Management, SEI Investments
Petal Valme	19 years	

Conclusion

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 and Net Asset Value per Share
    - Return on Equity
    - Earnings per Share
    - Stock Values

Conclusion: Defined Growth Strategy and Unique Niche Focus

Best-in-Class Team

Outperforming BDC sector in Total Return

Five Year Total Return of +55% vs. 10% for BDC industry

Last Six Years Average ROE of almost 12% and Consistent with no Year under 9%

Management Ownership
15%

Exceptional Track Record of NAV and High-Quality Asset Growth Since Management's Acquisition in 2010

Fair value of assets under management grown 5x since FY 2011

92% of AUM at highest credit rating

Solid Available Liquidity

Existing available liquidity allow SAR to increase year-end AUM by 52%

Capital structure ~ Fixed rate and long-term

Remaining Room for Growth

Available capacity to grow AUM deploying cash and low-cost SBA debentures – accretive to NII per share

Saratoga is outperforming the BDC industry and there is a valuation gap opportunity for investors.

SARATOGA INVESTMENT CORP.

Appendix:

Saratoga: Basics from Inception
Investment Process
Long-term Market Dynamics
Case Studies

Saratoga: The Basics From Inception to Today

Saratoga Investment Advisors, LLC (“SIA” or the “Fund Manager”)

- Fund Manager since July 2010 after Saratoga Partners recapitalized the Fund
- Grown Fund from $80M assets under management (“AUM”) in 2010 to $508M at Q2 FY 2021 (excluding CLO AUM)
- Successfully retained and attracted investment management talent – more than tripled from 6 to 21 with nine new hires since 2017 and four open positions
- Top performing SBIC on first license in 2012
  - Realized unlevered IRR of 18.2%; Total unrealized unlevered IRR of 12.4%
- Total realized unlevered IRR of BDC is 16.6% on $506m realizations; Total BDC unrealized unlevered IRR is 12.1%
- Successfully manages CLO with approx. $500M AUM
- Grown Net Asset Value (“NAV”) from $71M in 2010 to $298M at Q2 FY2021
- Total Stockholder Return (including dividends) outperforms the BDC Industry average
  - One Year: SAR -30% v -22% BDC Index
  - Three Year: SAR -4% v -11% BDC Index
  - Since Saratoga took over management of the BDC: SAR +281% v 80% BDC Index

Note: Standard Management Agreements –
- Base Management Fee of 1.75%, plus 20% incentive fee on Net Investment Income (“NII”) exceeding 7.5% and 20% on “incentive fee capital gains”
- Administrative agreement pays a capped $2.775M/year

Key Performance Metrics – Most Recent Quarterly Analysis

For the quarter ended and as of ($ in millions except per share)	Aug 31, 2019	May 31, 2020	Aug 31, 2020
Net investment income	$4,956	$9,018	$5,335
Adjusted net investment income*	$5,633	$5,768	$5,491
Net investment income per share	$0.59	$0.80	$0.48
Adjusted net investment income per share*	$0.68	$0.51	$0.49
Net investment income yield	9.6%	12.3%	7.4%
Adjusted net investment income yield*	11.0%	7.9%	7.6%
Return on Equity – Last Twelve Months	14.3%	9.9%	14.3%
Fair value of investment portfolio	$486.9	$482.9	$508.1
Total net assets	$224.3	$281.6	$298.2
Investments in new/existing portfolio companies	$93.2	$39.0	$31.7
Loan Investments held in "Performing" credit ratings	99.0%	90.4%	92.1%

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

Investment Approach: How We've Focused

Focused on middle market companies in the United States

$3 Million to $25 Million Investments in:

Leveraged & Management Buyouts Recapitalizations Growth Financings

Acquisition Financings Transitional Financings

Diverse Investment Strategy: No potential write-downs as a result of exposure to energy inv.

Qualitative Parameters

- Leading market position
- Exceptional management with meaningful stake
- Growth prospects in healthy end markets
- Ability to withstand industry cycles

Financial Parameters

- Revenues of $10 - $150 million
- EBITDA of $2M or above
- Strong margins and free cash flow
- Recurring revenues and stable historical performance
- Modest capital expenditures

Investment Process

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Types of Deals	▪ Debt: investment size $3-25MM ▪ Equity co-investment: size $0.5-3MM ▪ Typical coupon: 8%-14% ▪ Average maturity of 5 years ▪ Conservative capital structure	▪ Unitranche target IRR: 8%-14% ▪ Mezzanine target IRR: 11%-15% ▪ Equity target IRR: >25% ▪ Use of proceeds - acquisitions, MBOs, LBOs, recaps and growth strategies (no turnaround situations)
Company Characteristics	▪ Later stage, small and middle market companies ($10-150MM in revenue, $2+MM in EBITDA) ▪ Strong margins and free cash flow ▪ Exceptional management team with a meaningful stake in the business	▪ Leading market position or niche with sustainable competitive advantages ▪ Recurring or repeatable revenue with loyal customers and attractive margins ▪ Modest capital expenditures and working capital requirements
Industry Profile	▪ Established, well defined industries with solid growth characteristics in healthy end markets ▪ Business services, light manufacturing, franchise businesses, consumer and healthcare services industries	▪ High barriers to entry ▪ No high R&D, early stage technology, or pure commodity industries ▪ Ability to withstand business cycles

Investment Selection and Portfolio Management Process

Initial Investment Summary

Partners' Meeting

Due Diligence

Investment Committee

Final Due Diligence

Final Committee Approval

Funding

Summary Analysis and Deal Write-up
- Read CIM
- Evaluate preliminary data
- Sometimes meet management

Propose Terms and Structure
- Identify and Communicate Key Diligence Items

Conduct Due Diligence
- Meet management and visit company
- Comprehensive analysis of key aspects of business
- Prepare internal models
- Third part quality of earnings report
- Third party consultants
- Industry experts
- Customer calls

Final Due Diligence and Documentation
- Finalize legal documents and deal structure
  - Negotiate covenants
- Third party background checks
- Complete all outstanding diligence

Ongoing Monitoring
- Frequent interaction with ownership and management
- Board observation rights
- Monthly and Quarterly reporting
- Quarterly valuation
- Annual third party valuation

Long-Term Market Dynamics Are Positive

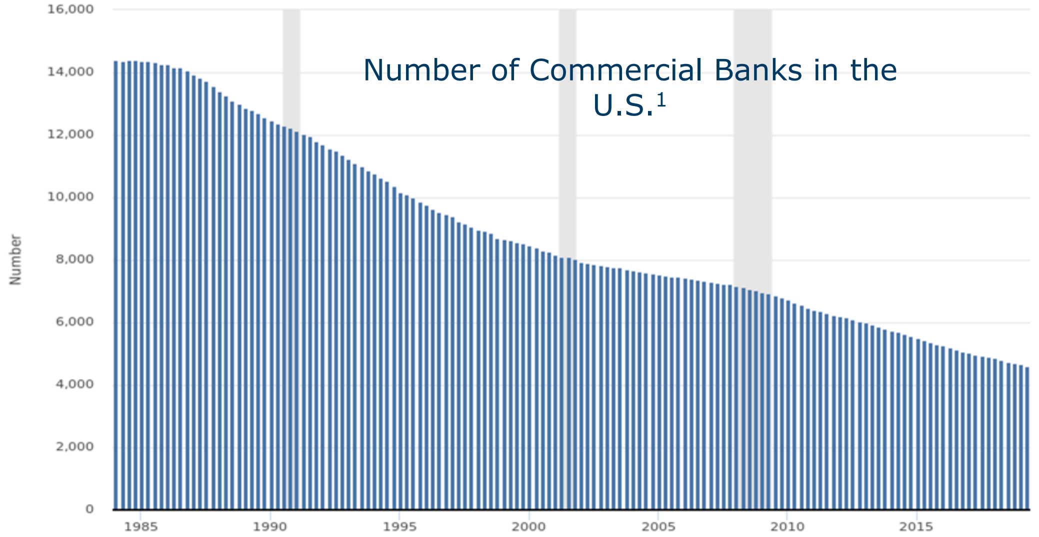
Powerful Secular Trends

- Banks continue to shift toward large borrowers
- Regulatory environment is a headwind for banks in the middle-market

Consistent Decline in Small Business Bank Lending Due to Consolidation and Regulation

- Banks historically the main source of loans for small businesses
- Consistent decline in number of banks due to consolidation; larger banks focus on larger companies
- Increased regulation has made it more onerous for remaining banks to make small business loans

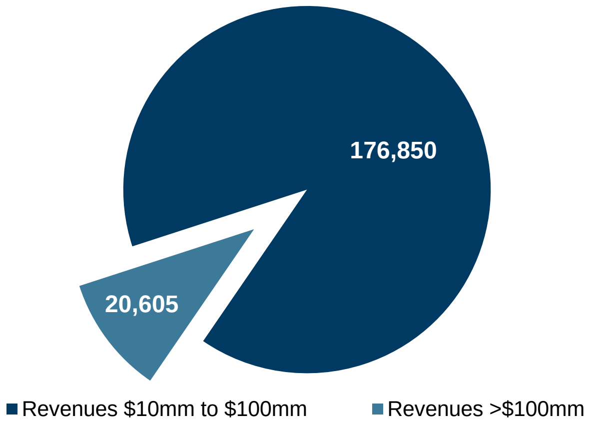
Number of Commercial Banks in the U.S.[1]



Large Market of Small Businesses Underserved by Traditional Asset Managers

- Over 175,000 companies in small business target market –businesses with between $10mm and $150mm in revenues
- Small businesses represent nearly 90% of all businesses
- Large asset managers not focused on small businesses
- Less than 8% of private capital is focused on small businesses

Number of Companies in the U.S. by Revenue[2]



(1) Federal Financial Institutions Examination Council (US) – Commercial Banks in the U.S.
(2) U.S. Census, Dunn & Bradstreet. Businesses with between $10 million and $100 million of annual revenue represents a large segment of Star Mountain target marketplace.

Market Dynamics – Regulatory Changes Benefit BDCs

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Proposed Regulatory Changes

- BDCs poised to fill void left by banks

Proposed Regulation	Key Dates	Detail	Effects on Banks	Effect on BDCs
Basel III	Phase-in 2015-2019	New capital requirements require banks to reserve more equity capital against leveraged loans, with higher risk weightings against non-investment grade securities	x	✓
FDIC Guidance on Leveraged Loans	Guidance effective May 2013	Establishes minimum lending standards, changes in "criticized loans" (loans levered >6x)make underwriting higher leverage transactions (i.e. LBOs) more difficult for the largest banks, "no exceptions policy" on new issuance	x	✓
SIFI[1]	Ongoing	An objective of Dodd-Frank, SIFI regulation requires the enhanced monitoring of systemic risk and supervision of systemically important financial institutions (SIFIs)	x	✓
Volcker Rule	Finalized Dec. 2013 Implement July 2017	Limits ability of banks to own or sponsor hedge funds or private equity funds	x	✓
Risk Retention	Rules passed October 2014	CLO sponsors required to retain a 5% interest in the CLO on their own balance sheet		✓
S. 2136	Rule passed December 2015	Passed law that would allow SBICs to access $350 million of SBA debentures, up from $225 million		✓
H.R. 1800	Ongoing	Proposed law that would raise allowable BDC leverage to 2:1 debt / equity and allow preferred equity to count as equity		✓

Source: Wall Street equity research (May 2013).

(1) SIFI regulation can be viewed as having a negative impact on insurance companies. AIG and Prudential Financial have been designated SIFIs by the Financial Stability Oversight Council (FSOC) and MetLife is in "Stage 3," the final stage of review before being designated a SIFI

Investment Case Studies

Provider of ice machine service contracts to small businesses.

Investment Thesis

- **Strong Value Proposition**
  - Customers avoid a large upfront equipment purchase, receive repair and regular maintenance at no extra charge, emergency ice delivery in the event of machine downtime.
- **Subscription-based Recurring Revenue Model**
  - Cash flow supported by over 9,400 monthly subscriptions (installed machines) spanning locations in 47 states.
- **Highly Diversified Customer Base**
  - Largest customer represented less than 1.0% of revenues; over 95% of Easy Ice's customers reflected single-unit subscribers.
- **Strong Operating Leverage**
  - Monthly recurring revenue business model has few fixed costs beyond the core operating management and sales/call center. Dedicated (fixed cost) service technicians utilized only in the most dense markets.

Investment

- In March 2013, Dec 2014, February 2015, and February 2017 Saratoga provided financing to support the recapitalization of the business and to support installed ice machine growth.
- Initial $7.5M of senior debt has grown to over $20m in debt and equity over the course of investment to support growth via additional fleet purchases.
- In February 2017, Saratoga led a recapitalization in conjunction with management that resulted in Saratoga owning approximately 40% of the company.
- In December 2020, Saratoga sold Easy Ice for a $31.2 million realized gain

Investment Summary

- **Revenue and EBITDA more than tripled over our investment period.**
- **As installed base of machines has grown, revenue visibility and operating leverage has improved.**
- **Attractive subscription model continues to improve, experiencing lower churn rates as customers are more "seasoned."**

HEALTH Media NETWORK

Point of care media company with over 9,500 digital screens and wallboards in medical offices and healthcare facilities

Investment Thesis

- **Value Proposition**
  - HMN provides advertisers access to an engaged, captive audience of highly targeted customers at the point of care.
  - HMN offers a strong, measurable ROI for its customers.
- **Blue Chip Customer Base**
  - HMN's customers include many of the world's largest and most sophisticated pharmaceutical companies, including Pfizer and Bayer, and advertising agencies, including Carat, FCB Health and Target Health, which have endorsed HMN's platform by using it to advertise key drugs in their portfolios.
- **Attractive Unit Economics and Margins**
  - HMN's assets offer very quick payback (less than one year)
  - Highly leverageable business model with strong incremental revenue flow through to EBITDA.
  - Modest maintenance capex leads to high FCF.

Contacts

Board of Directors

Independent:
Steven M. Looney
Charles S. Whitman III
G. Cabell Williams

Interested:
Christian Oberbeck (Chairman)
Michael Grisius

Senior Management

Christian L. Oberbeck
Director (Chairman), Chief Executive Officer

Michael J. Grisius
Director, President

Henri J. Steenkamp
Chief Financial Officer, Chief Compliance Officer, Treasurer, Secretary

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Mickey Schleien

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