

Saratoga Investment Corp.

Fiscal First Quarter 2022 Shareholder Presentation

July 8, 2021



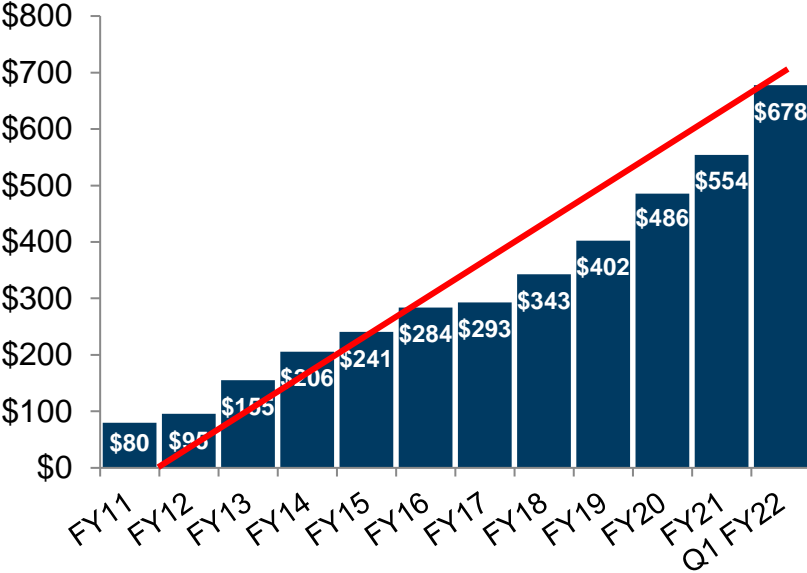
Continued Growth and Outperformance in Q1

Fiscal First Quarter 2022 Highlights:

- Continued high quality portfolio and strong performance
 - Investment quality remains strong
 - 92.9% of loan investments with highest internal rating
 - Return on equity of 19.4% for LTM and 27.0% for Q4, beating BDC industry mean of 17.6%
 - Unrealized appreciation of \$16.8 million in Q1, reduction in Q1 last year value now more than recovered
 - Gross Unlevered IRR of 13.0% on total unrealized portfolio as of May 31, 2021
 - Fair value of \$677.8 million is 3.2% above total cost of portfolio
 - Gross Unlevered IRR of 16.5% on \$573.3 million of total realizations
- Consistent strong long-term originations contribute to growing assets under management
 - AUM up 22% since last quarter and up 40% since last year with originations of \$119.2 million in Q1
- Base of liquidity and capital remains strong
 - Quarter-end liquidity allows growth of AUM by 23% and is mostly long-term
 - \$50 million 4.375% 5-year unsecured bond issued on March 10, 2021
- Increased dividend by \$0.01 to \$0.44 per share for the quarter ended May 31, 2021, paid on June 29, 2021
- Key performance indicators of Q1 continue to grow from Q4
 - Adjusted NII of \$6.3 million is up 8.2%, Adjusted NII per share of 56c is up 4c, LTM ROE of 19.4% is up from 5.0% and NAV per share of \$28.70 is up 5.3%, or \$1.45, to highest level yet
 - NAV per share has increased 13 of the past 15 quarters

Continued Asset Growth and Strong Credit Quality

Asset Base Expansion Trend

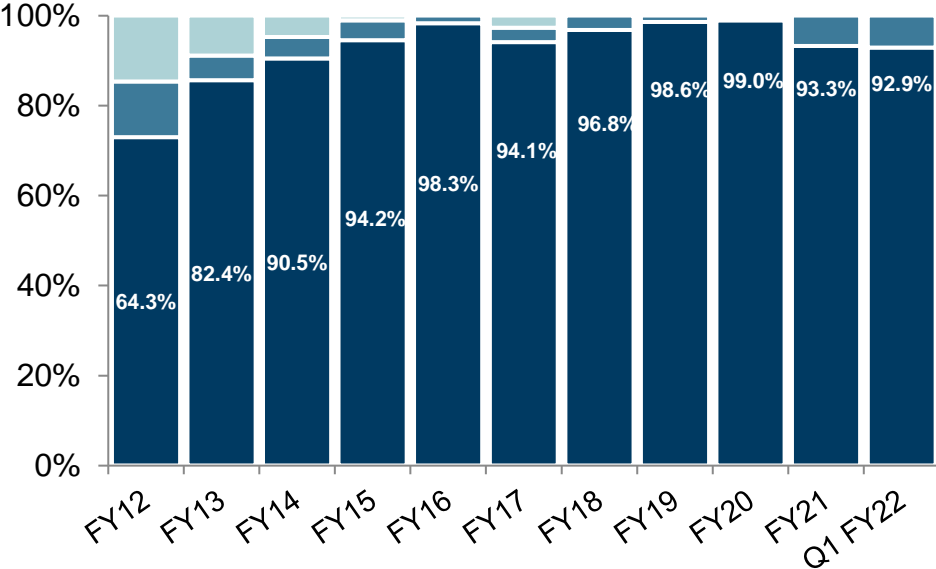


■ Investments at Fair Value (\$ million)

Fair value of AUM increased 22% year-over-year

Fair value of \$678m at Q1 FY22 is 3% above cost

Overall Credit Quality Remains Strong



■ Performing ■ Underperforming ■ Expected Loss of Principal

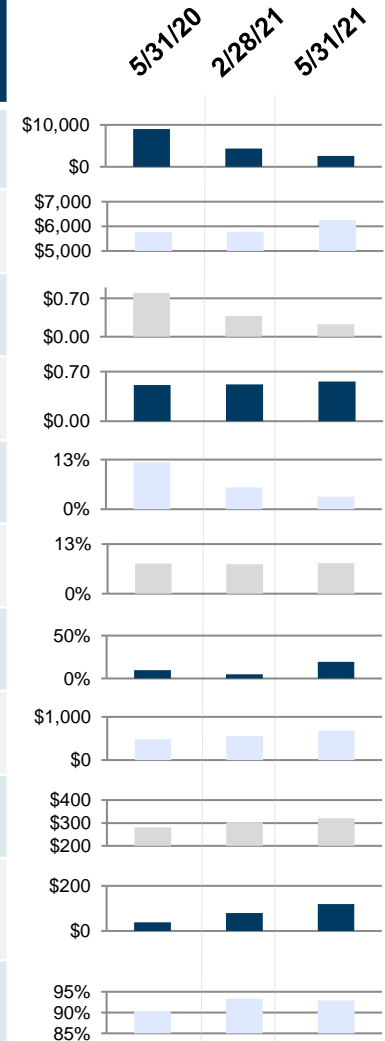
93% of our SAR loan investments hold our highest internal rating; one on non-accrual at quarter-end*

* Excludes our investment in our CLO and our equity positions

Q1 FY22: Strong Financial Foundation and Momentum

Key Performance Metrics for the Fiscal Quarter

For the quarter ended and as of (\$ in millions except per share)	May 31, 2020	Feb 28, 2021	May 31, 2021
Net investment income	\$9,018	\$4,289	\$2,556
Adjusted net investment income*	\$5,768	\$5,780	\$6,254
Net investment income per share	\$0.80	\$0.38	\$0.23
Adjusted net investment income per share*	\$0.51	\$0.52	\$0.56
Net investment income yield	12.3%	5.7%	3.3%
Adjusted net investment income yield*	7.9%	7.7%	8.0%
Return on Equity – Last Twelve Months	9.9%	5.0%	19.4%
Fair value of investment portfolio	\$482.9	\$554.3	\$677.8
Total net assets	\$281.6	\$304.2	\$320.3
Investments in new/existing portfolio companies	\$39.0	\$80.2	\$119.2
Loan Investments held in “Performing” credit ratings	90.4%	93.3%	92.9%

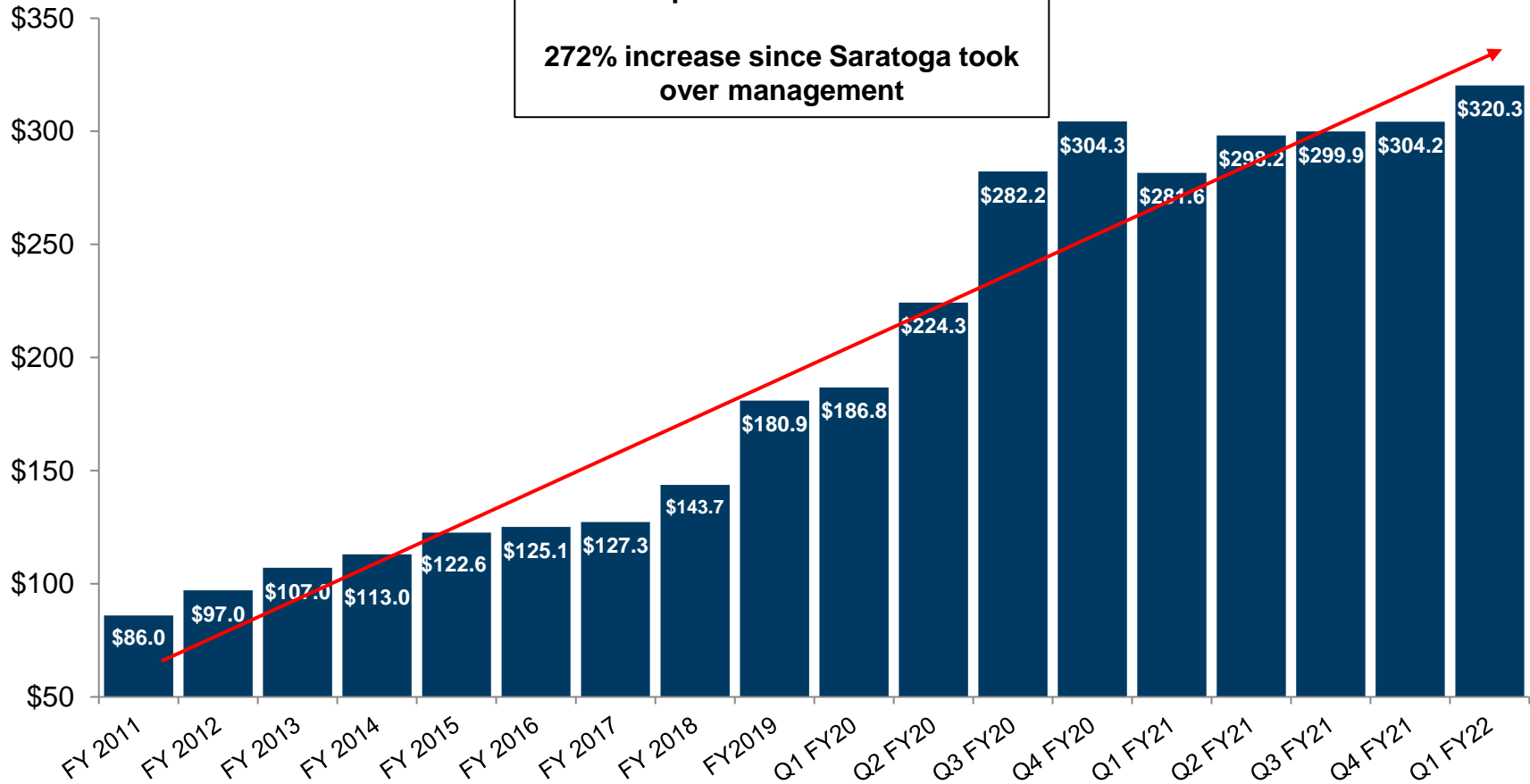


*Adjusted for accrued capital gains incentive fee expense, reconciliation to GAAP net investment income, net investment income per share and net investment income yield included in our fiscal first quarter 2022 earnings release.

Long-Term Accretive NAV Growth

Net Asset Value (FY11 to Q1 FY22)

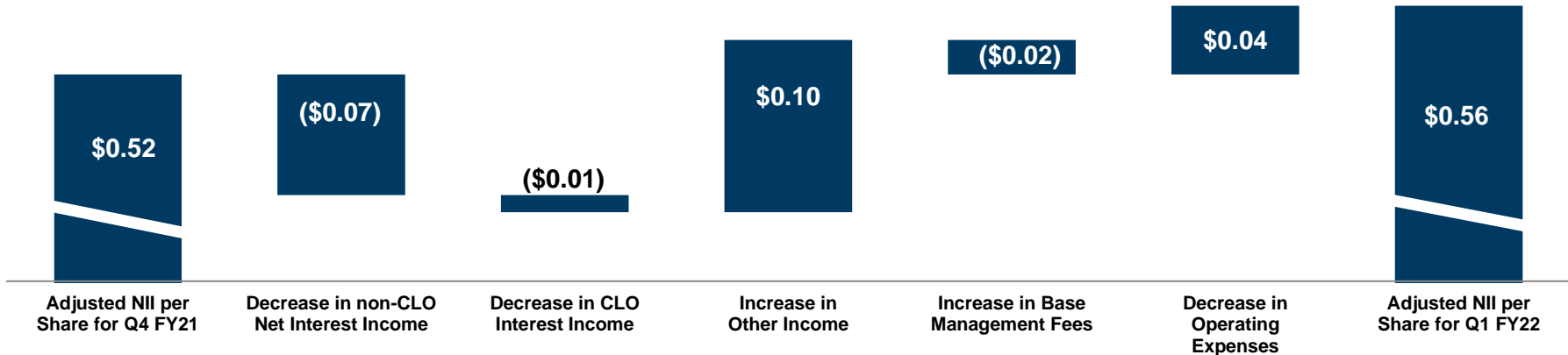
in millions



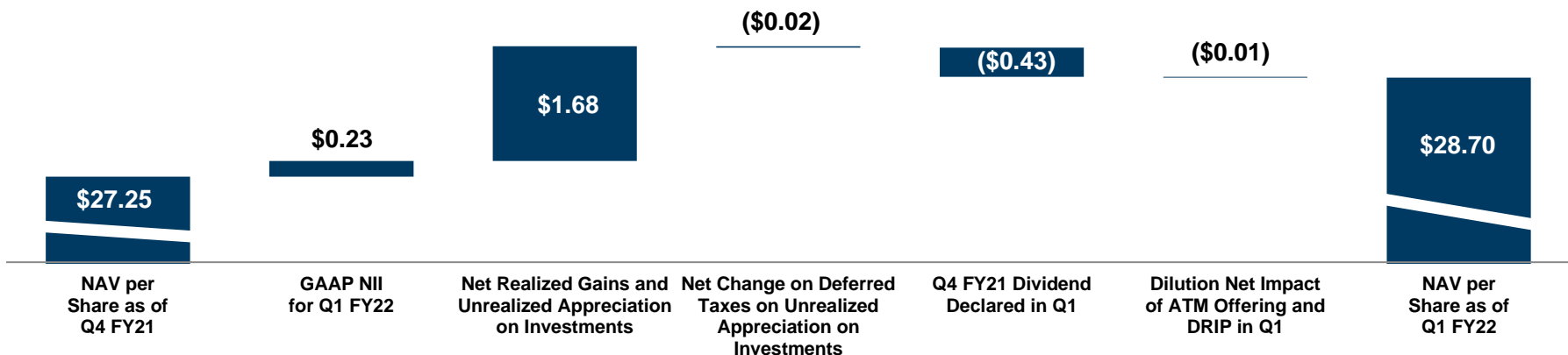
Quarterly Reconciliation of NII and NAV per Share

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



Dry Powder Remains Available

(As of May 31, 2021)		Total Borrowing Capacity	Outstanding	Available Liquidity	Remaining Maturity Period	Fixed / Floating Rate
Secured Revolving Credit Facility		\$45.0 million	\$39.0 million	\$6.0 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	\$44.0 million	\$131.0 million	9-10 years	Fixed
Publicly-Traded Notes (at par value)	SAF	\$60.0 million	\$60.0 million	\$0.0 million	4 Years	Fixed
	SAK	\$43.1 million	\$43.1 million	\$0.0 million	4 Years	Fixed
Unsecured Notes		\$50.0 million	\$50.0 million	\$0.0 million	5 years	Fixed
Private Notes (at par value)		\$20.0 million	\$20.0 million	\$0.0 million	4-6 Years	Fixed
Cash and Cash Equivalents		\$20.0 million	\$0.0 million	\$20.0 million	-	-
Total Available Liquidity (at quarter-end): \$ 157.0 million						

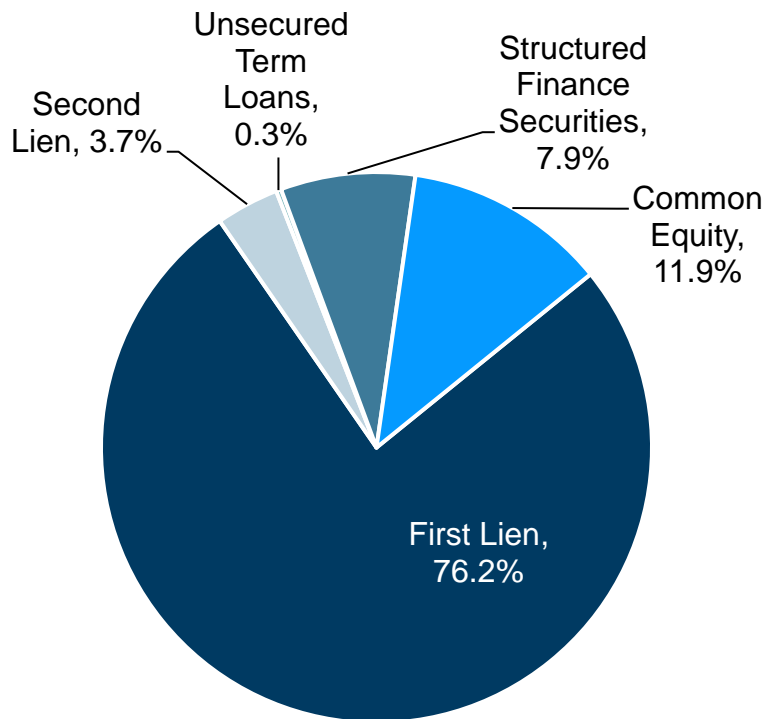
Ability to grow AUM by 23% without any new external financing as of May 31, 2021

- \$124m of SBIC II debentures currently available and undrawn on \$84m of capital for new and existing SBIC II investments. SBIC II debentures are generally not available to support existing BDC or SBIC I investments

Portfolio Composition and Yield

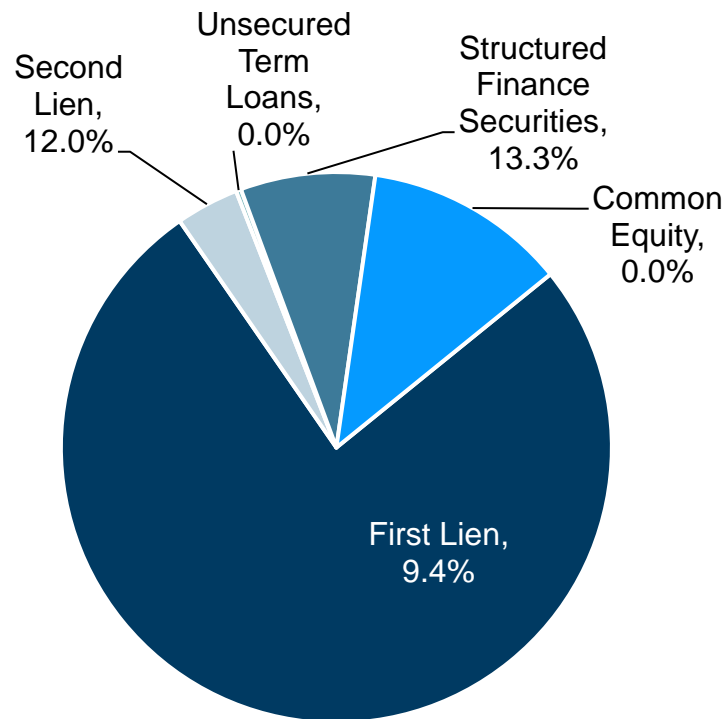
Portfolio Composition – \$677.8 m

(Based on Fair Values
as of May 31, 2021)



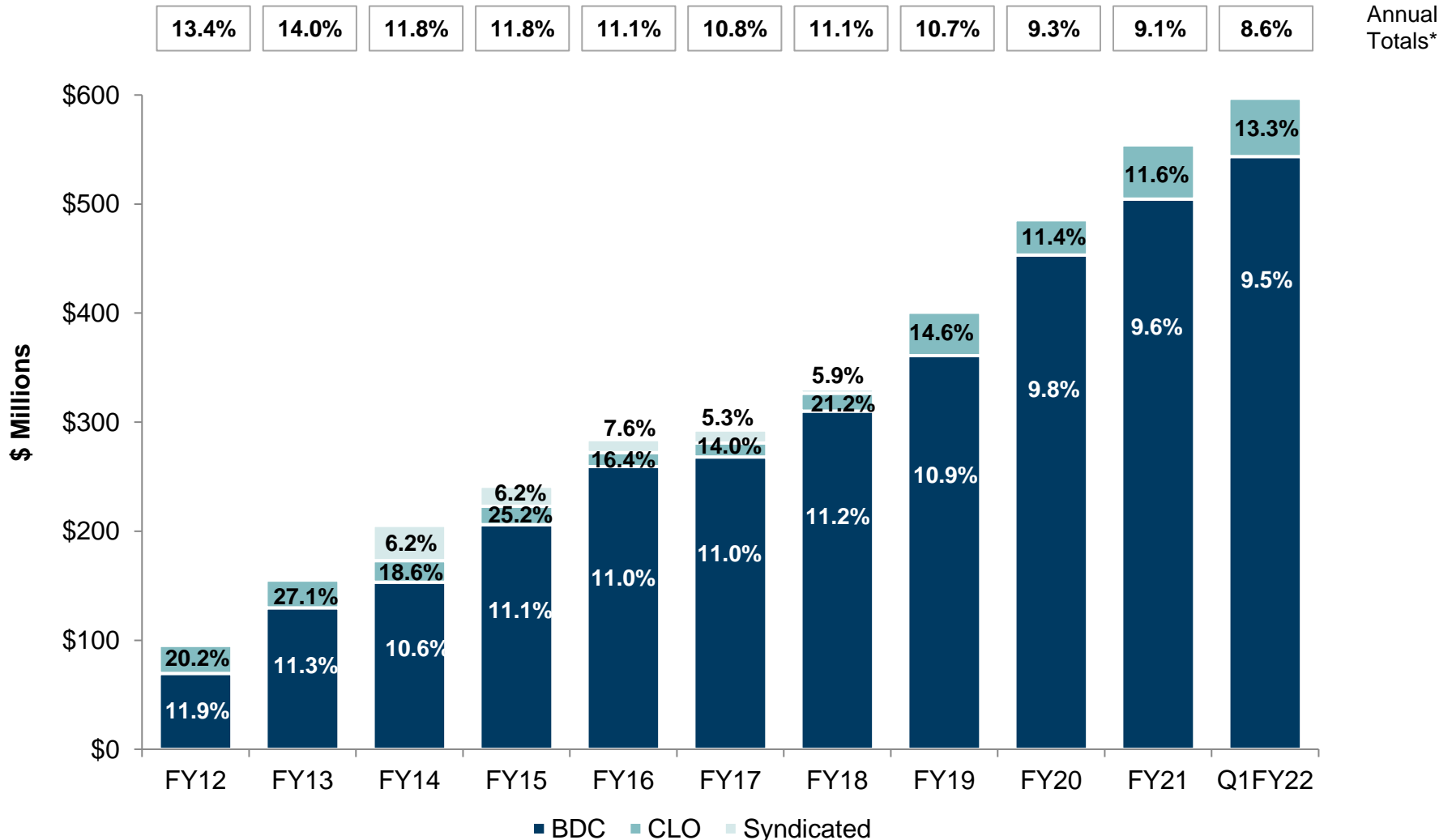
Portfolio Yield – 8.6%

(Weighted Average
Current Yield of Existing Portfolio)



Yield of BDC Remains Healthy

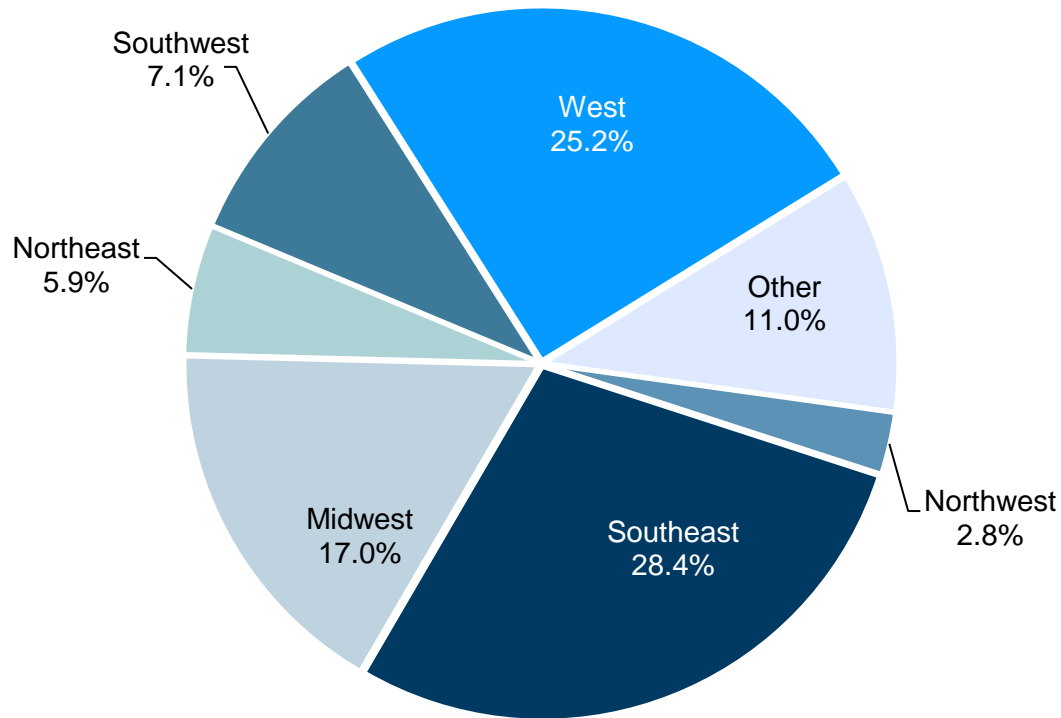
Weighted Average Current Yields



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

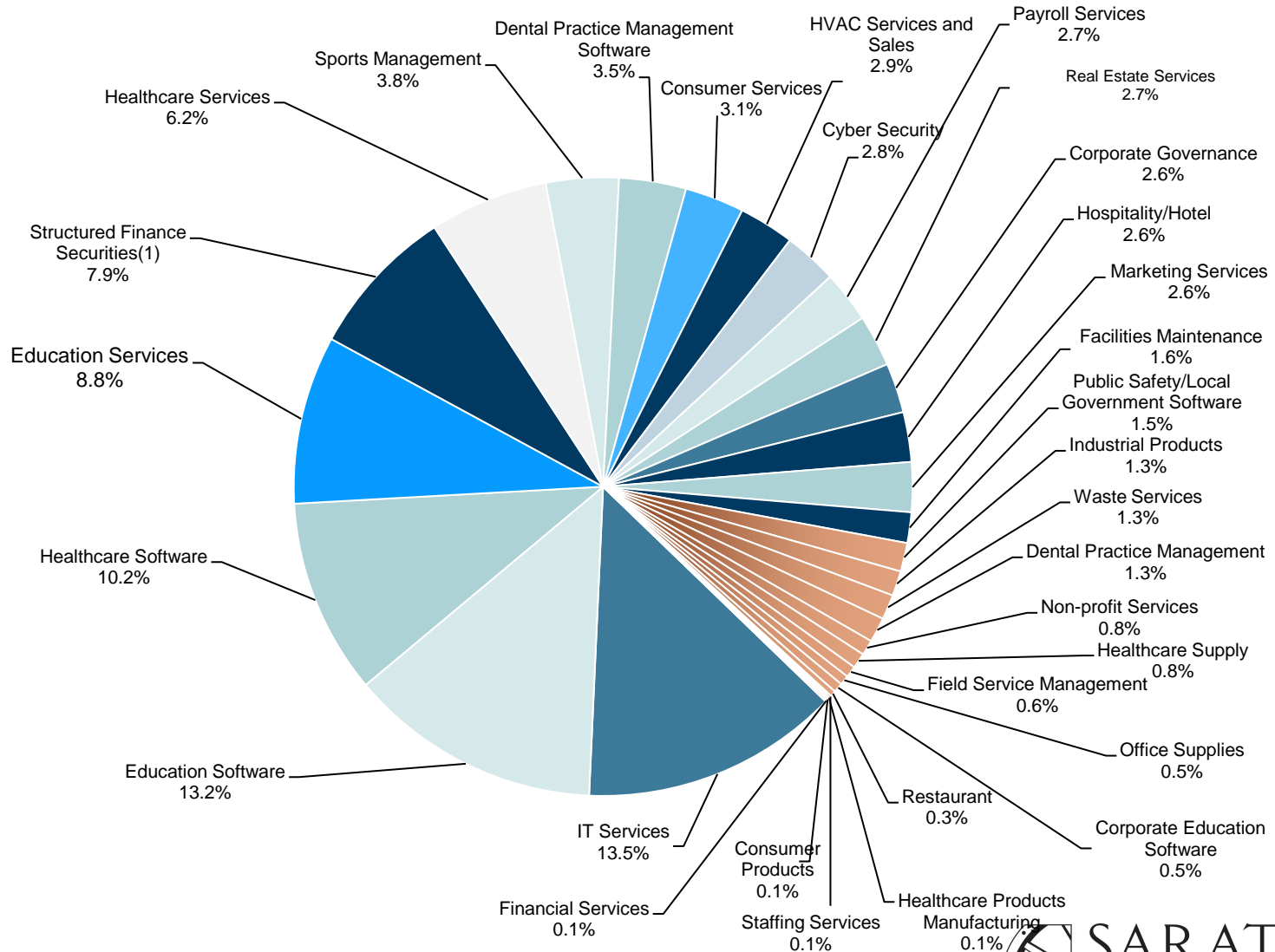
Diversified Across Geography

Investments Diversified Geographically



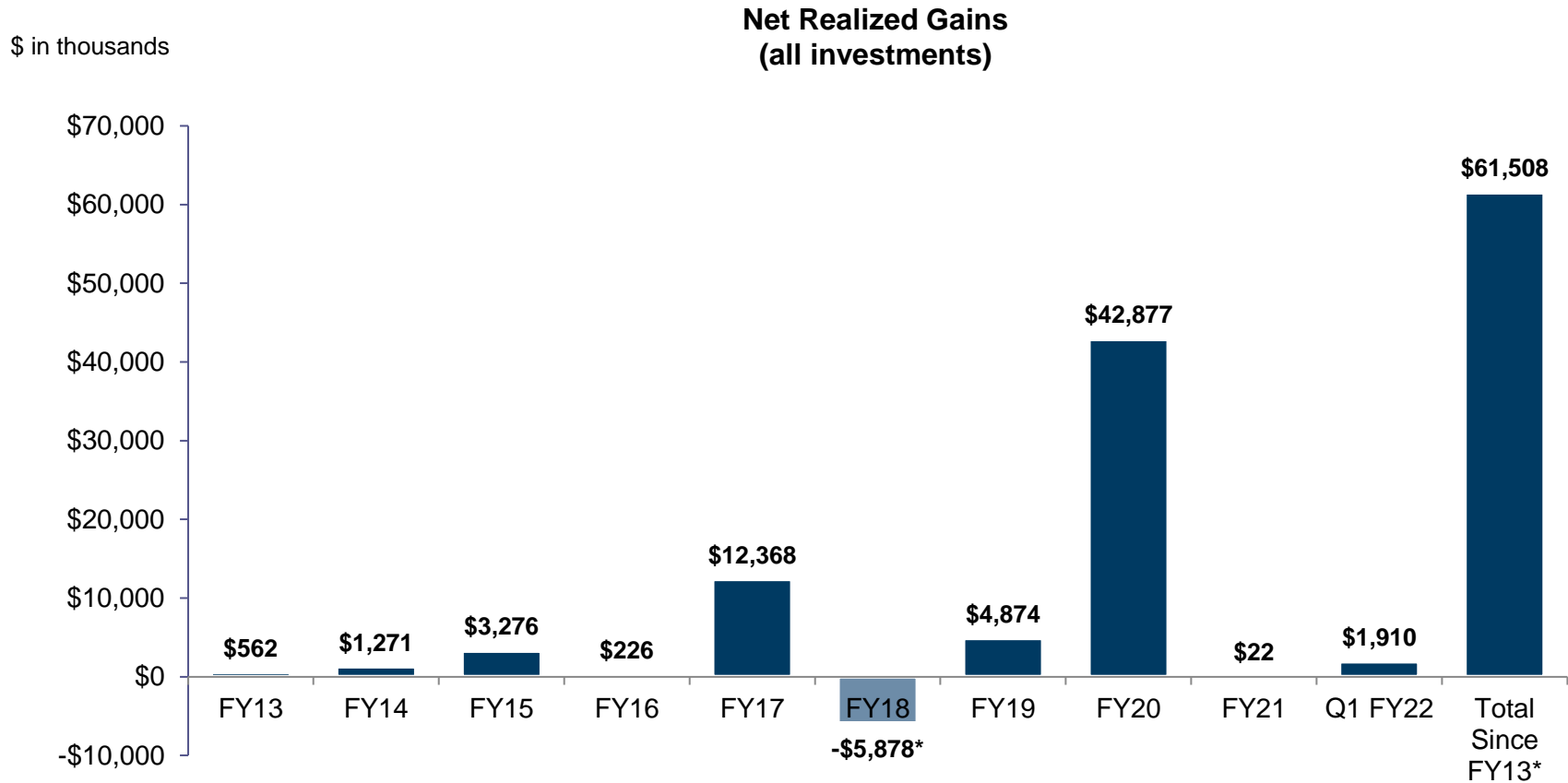
Diversified Across Industry

Investments across 31 distinct industries



Net Realized Gains Help Protect Shareholder Capital

Cumulative net realized gains reflect portfolio credit quality

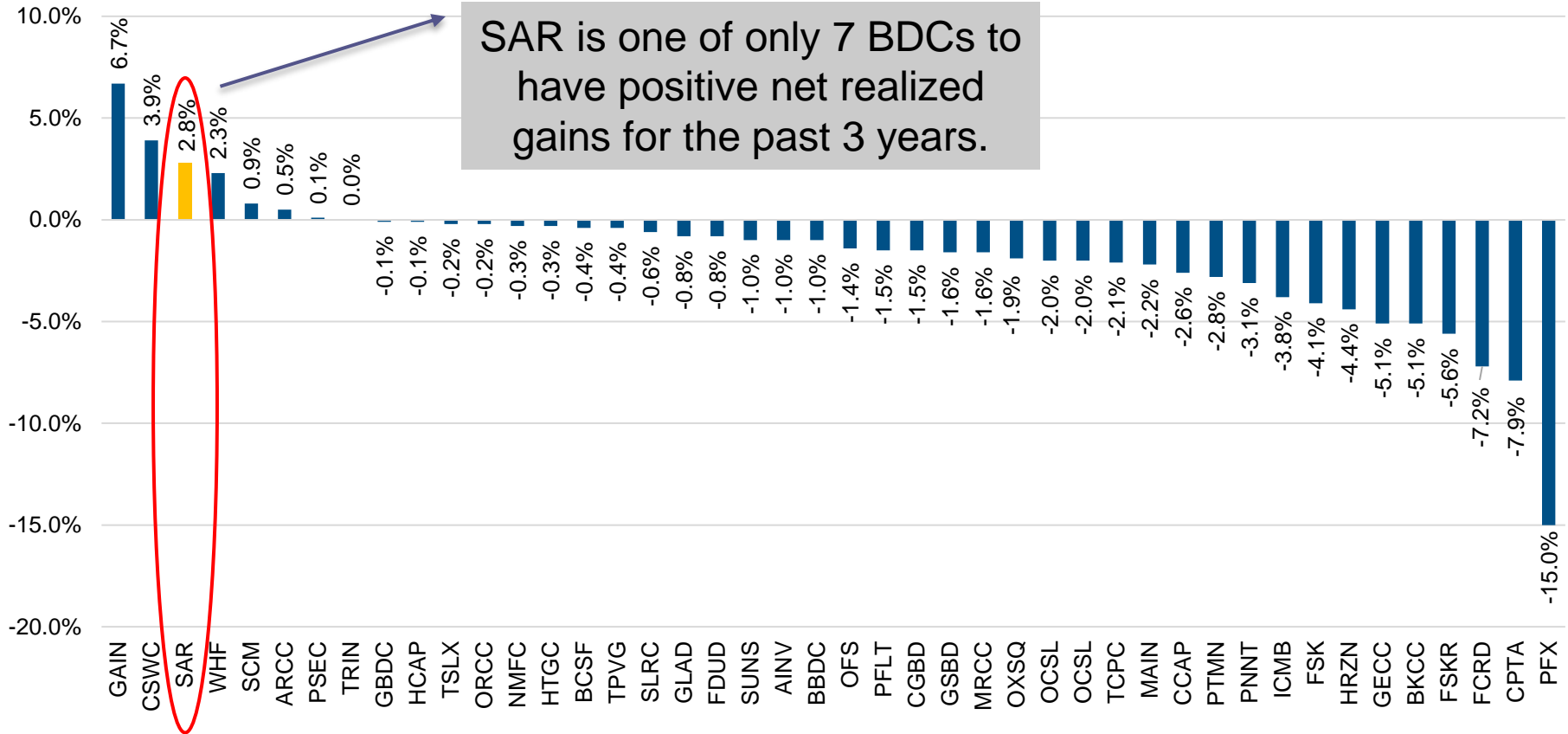


* Reflects realized loss on My Alarm Center investment of \$7.7m less \$1.8m in other realized gains in FY18.
Reflects investments originated by Saratoga management (excludes Elyria legacy investment)

Strong Net Realized Gains Flow from Disciplined Underwriting

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

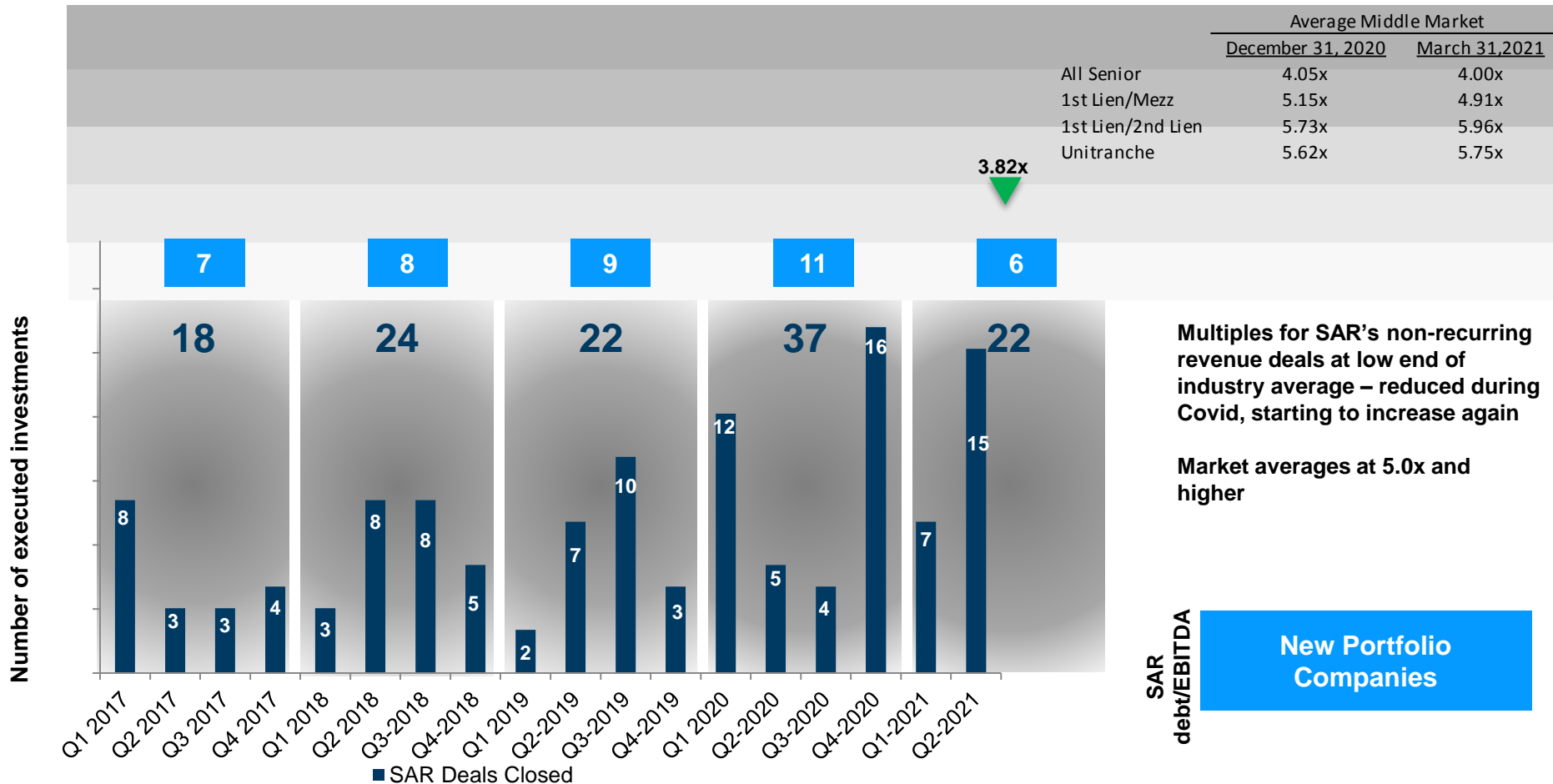
SAR is one of only 7 BDCs to have positive net realized gains for the past 3 years.



Source: Ladenburg Thalmann - 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 3.82x¹



*Calendar quarters, not fiscal

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

²8 of the 37 deals closed in calendar year 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 inquiries

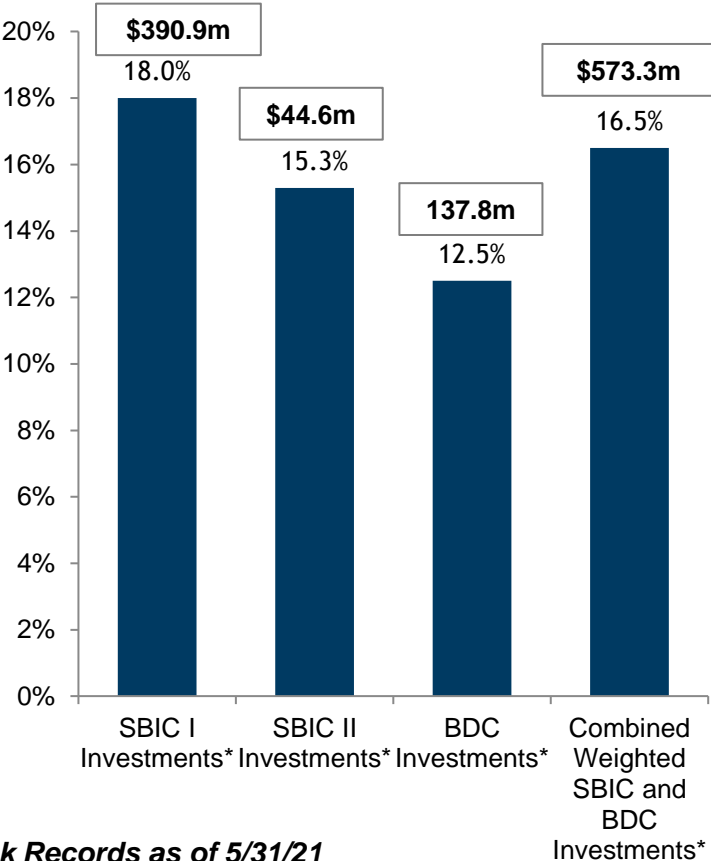
Calendar*	2017	Δ	2018	Δ	2019	Δ	2020	Δ	LTM Q2 2021	Q1-Q2 2020	Δ	Q1-Q2 2021
Deals Sourced	722	17%	846	2%	863	-28%	619	-4%	592	353	-10%	318
Term Sheets (excludes follow-ons)	49	49%	73	5%	77	-58%	32	72%	55	19	47%	28
Deals Executed (new and follow-on)	18	33%	24	-8%	22	32%	29	45%	42	17	29%	22
New portfolio companies	7		8		9		11		11	4		6

- ~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 ~66 deals a year that other firms close
- We are seeing increasing term sheets issued in Q2 2021 thus far as compared to last year that was significantly impacted by Covid
- ~ 80% of term sheets are issued for transactions involving a private equity sponsor
- Includes follow-on investments which reliably augment portfolio growth
- YTD 2020 and LTM Q2 2021 deals executed excludes 8 and 0 COVID related liquidity draws, respectively
- Eleven new portfolio companies during LTM Q2 2021
- Saratoga new portfolio company investments average ~ 1.3% of deals reviewed

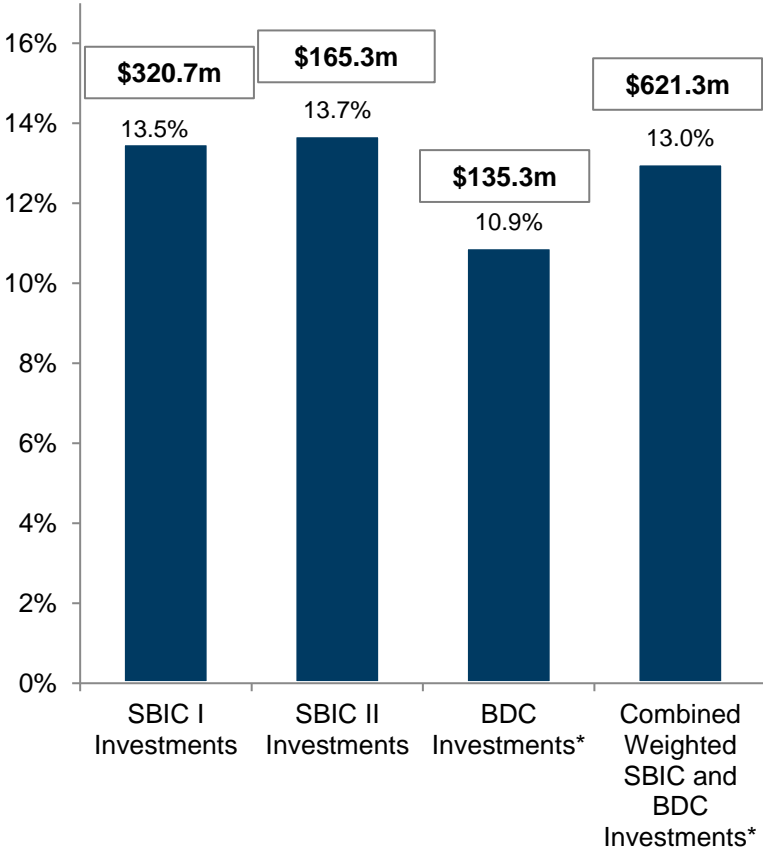
*Calendar quarters, not fiscal quarters.

Demonstrated Strong Track Record

Realized Investments
(Gross Unlevered IRR%)



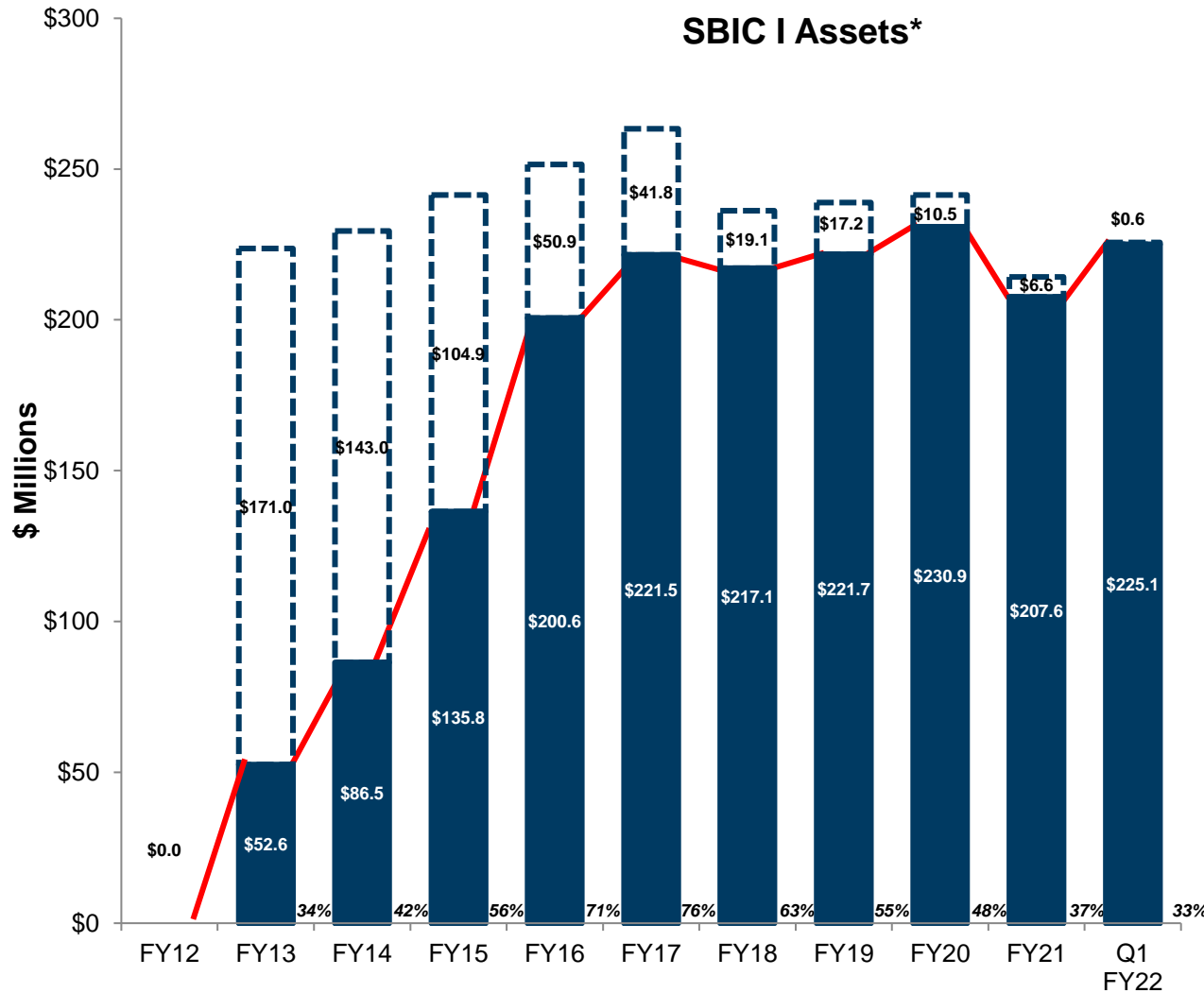
Unrealized Investments ¹
(Gross Unlevered IRR%)



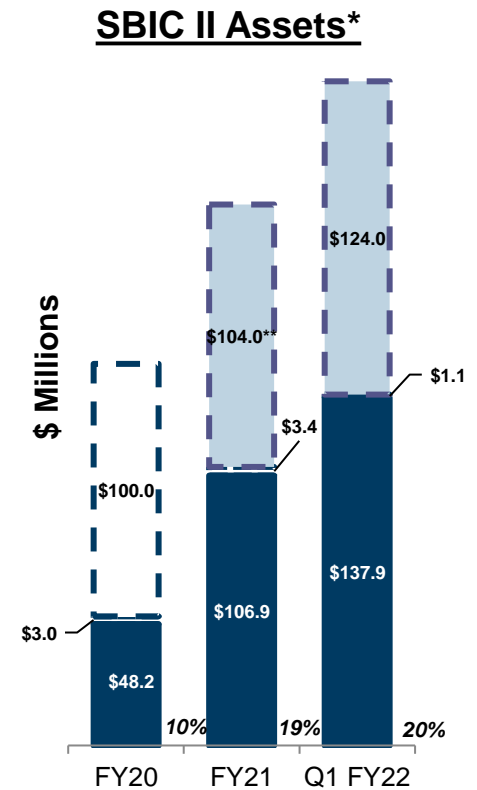
Track Records as of 5/31/21

¹ IRRs for unrealized investments include fair value and accrued interest as of 5/31/2021
 * SBIC I and SBIC II investments represent all investments in the specific funds, including later follow-ons that might be invested in the BDC due to SBIC fund size or other limitations. 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, \$107m and \$135m of available capacity in FY20, FY21, and Q1 FY22 respectively (debt and equity at 2:1 leverage)

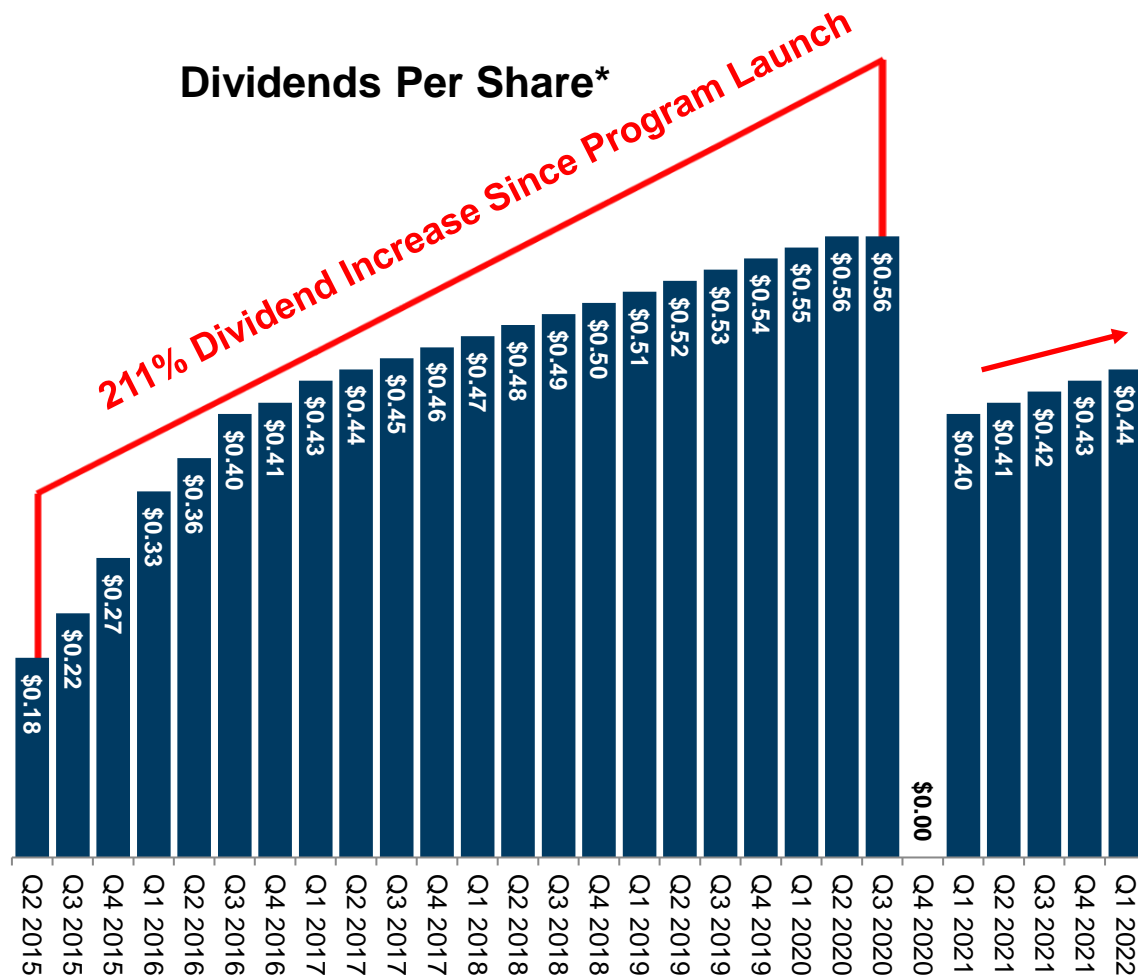


* At Fair Value for SBIC I and II assets

** Represents current debenture capacity based on \$84.0m 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 last year-end deferral
- Increased dividend by 10% over past year with four sequential quarter increases
- Q1 FY22 dividend of \$0.44 declared and paid for the quarter ended May 31, 2021, an increase of \$0.01



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

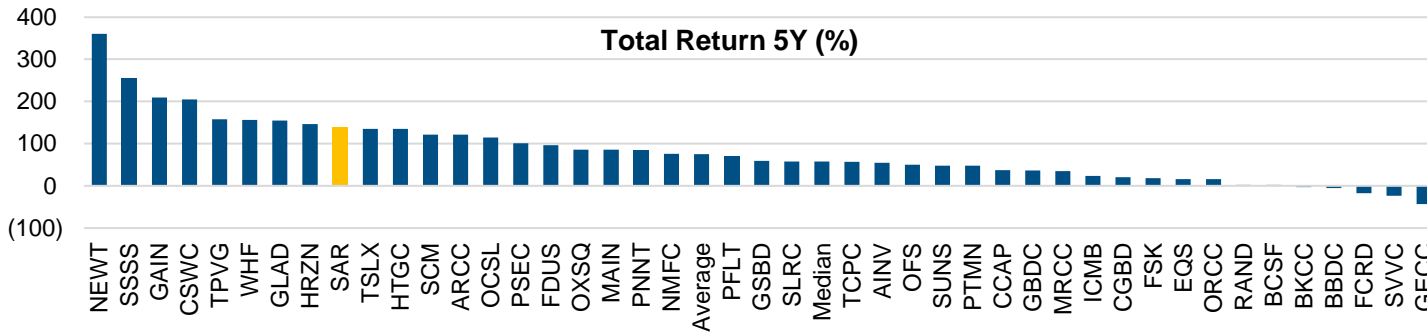
SAR LTM Total Return Beats the BDC Index

LTM Total Return (%)
(June 2020 to June 2021)
SAR 68% v BDC Index 54%

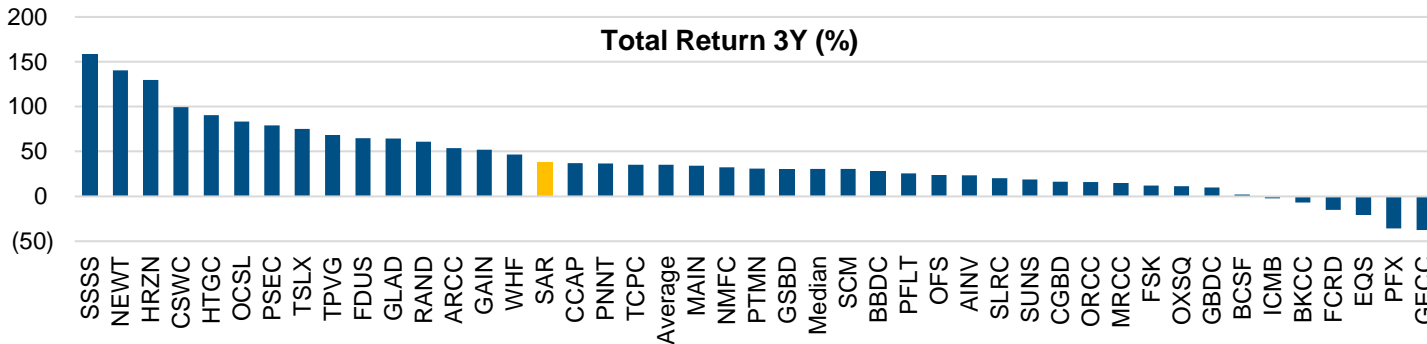


Long-Term Performance at Top of BDC Industry

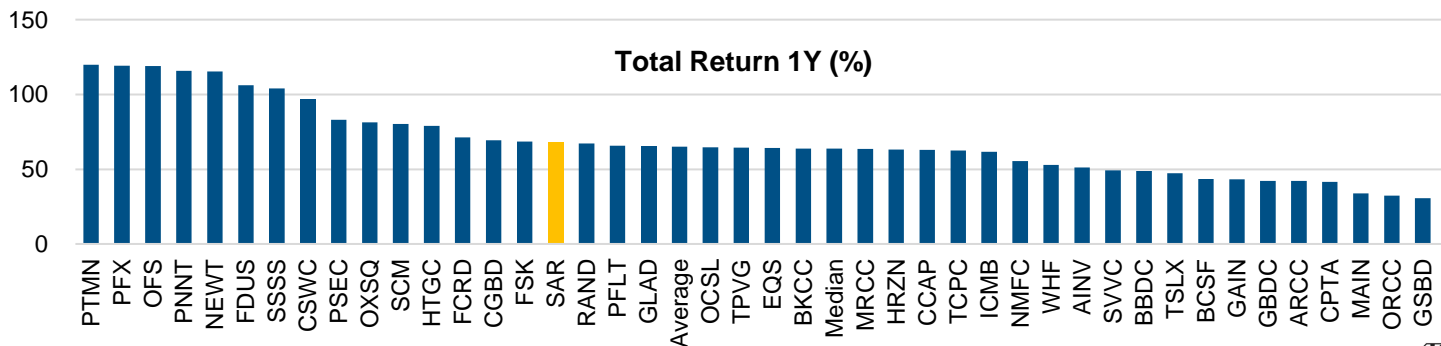
BDC Total Return (%)



**Last 5 years:
139%**



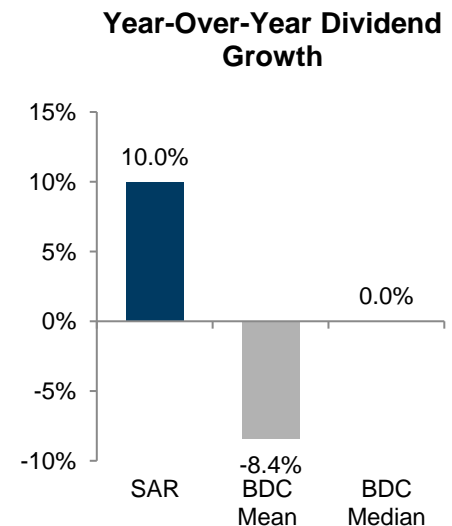
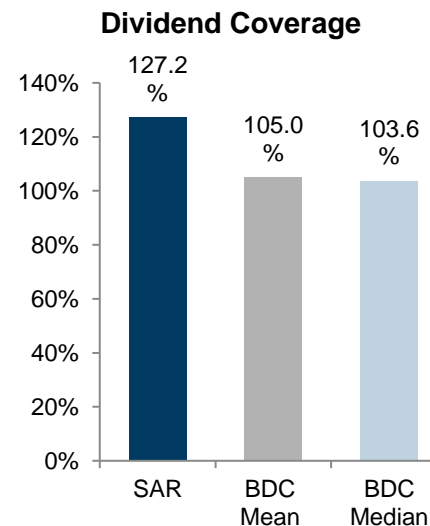
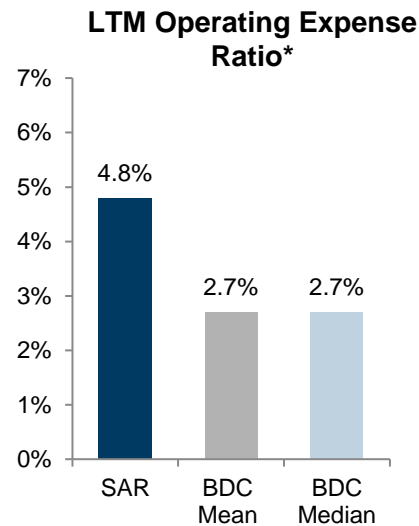
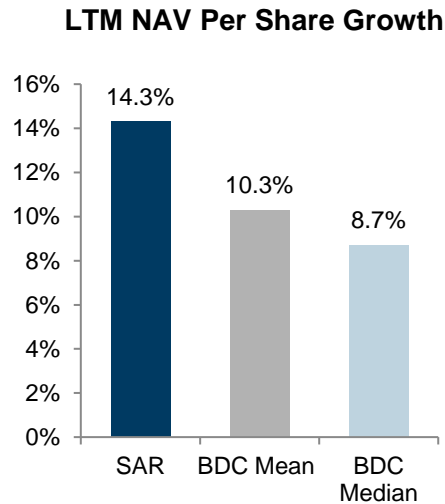
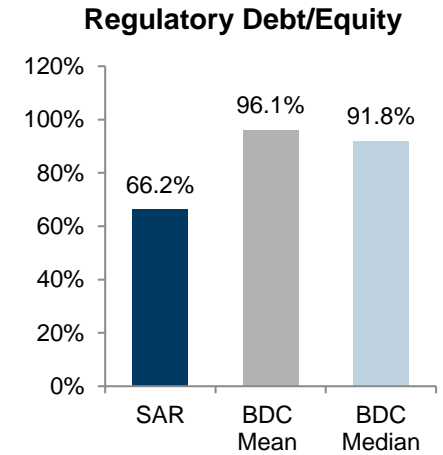
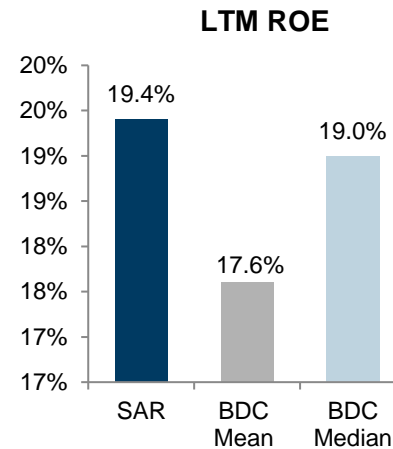
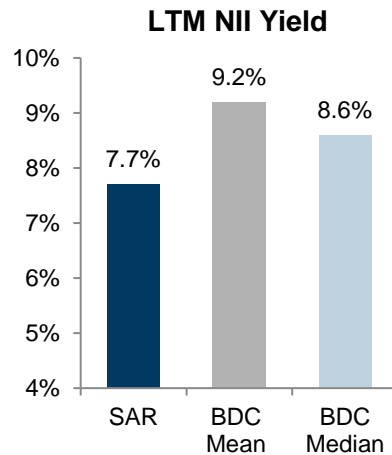
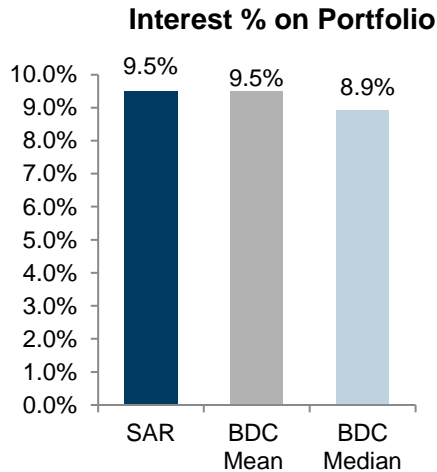
**Last 3 years:
38%**



**Last 12 months:
68%**



Strongly Differentiated Outperformance



Source: SNL Financial / Company Filings / Raymond James report as of 6/11/21

* 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 14.8%.

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 44c per share for the quarter ended May 31, 2021, up 10% last twelve months, represents current dividend yield of 6.7%; significant management ownership of 15%
- ▶ **Strong return on equity**
LTM ROE of 19.4% factors in both investment income and net gains/losses, ahead of BDC industry average of 17.6%
- ▶ **Low-cost available liquidity**
Borrowing capacity still at hand through SBIC II debentures, credit facility and cash – can grow current asset base by 23% as of quarter ended May 31, 2021 with most of it in cash or sub-2% cost liquidity (SBIC II debentures) that will be accretive to earnings.
- ▶ **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 22% from last quarter and 40% from prior year, with a full recovery of the Q1FY21 fair value reduction
- ▶ **Well-positioned for changes in interest rates**
Approx. 96% of our investments have floating interest rates, most 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, 76% 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?



SARATOGA
INVESTMENT CORP.



SARATOGA
INVESTMENT CORP.

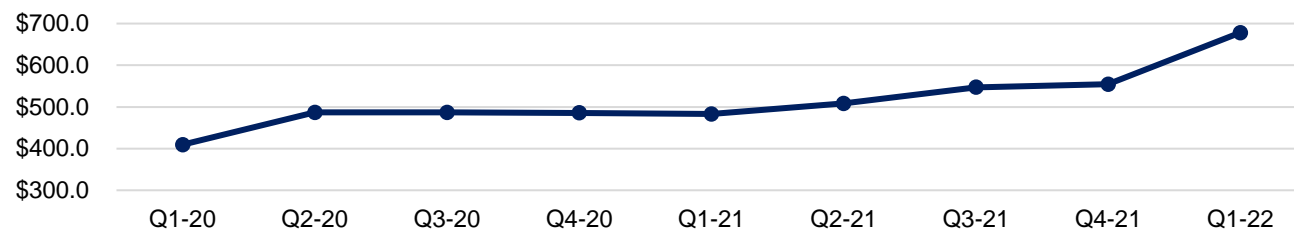
KPIs – Balance Sheet – Q1 FY22

Period	FMV Investment Portfolio (in millions)
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
Q1-22	\$ 677.8

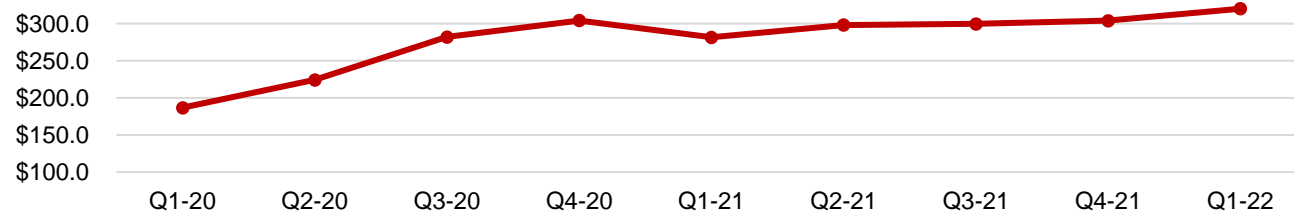
Period	NAV (in millions)
Q1-20	\$ 186.8
Q2-20	\$ 224.3
Q3-20	\$ 282.2
Q4-20	\$ 304.3
Q1-21	\$ 281.6
Q2-21	\$ 298.2
Q3-21	\$ 299.9
Q4-21	\$ 304.2
Q1-22	\$ 320.3

Period	NAV Per Share
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
Q1-22	\$ 28.70

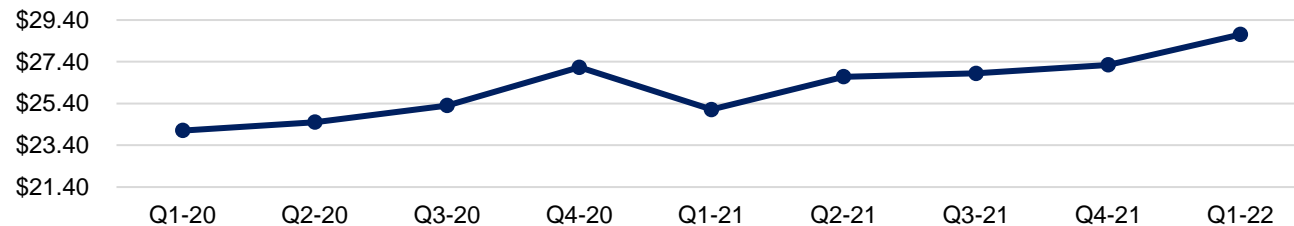
FMV Investment Portfolio
(in millions)



NAV
(in millions)



NAV
Per Share



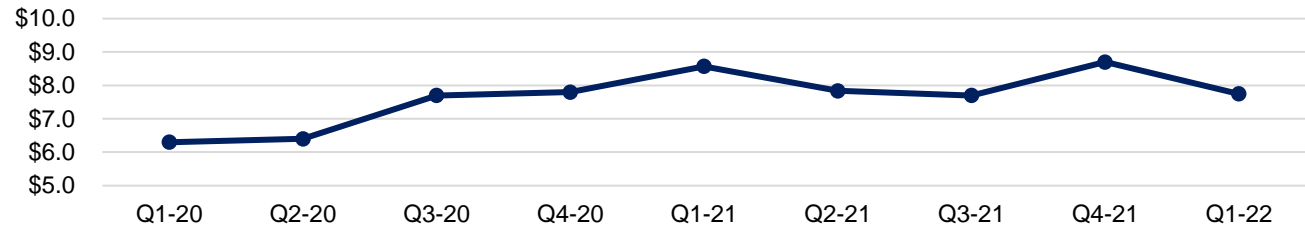
KPIs – Income Statement – Q1 FY22 (continued)

Period	Net Interest Margin (in millions)
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
Q1-22	\$ 7.7

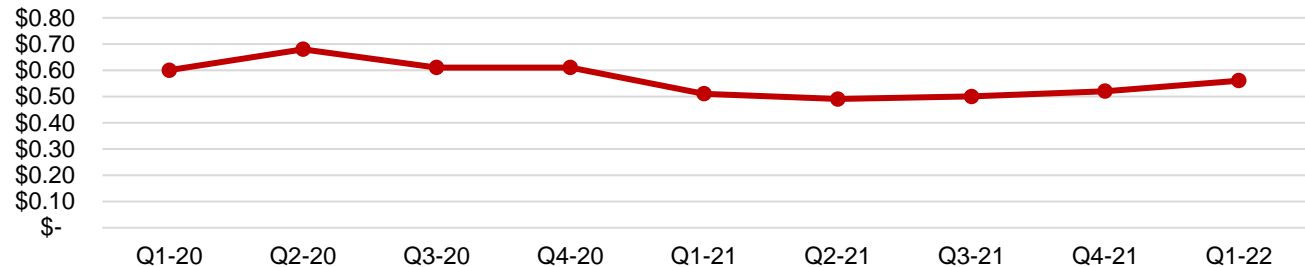
Period	NII Per Share
Q1-20	\$ 0.60
Q2-20	\$ 0.68
Q3-20	\$ 0.61
Q4-20	\$ 0.61
Q1-21	\$ 0.51
Q2-21	\$ 0.49
Q3-21	\$ 0.50
Q4-21	\$ 0.52
Q1-22	\$ 0.56

Period	NII Yield
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%
Q1-22	8.0%

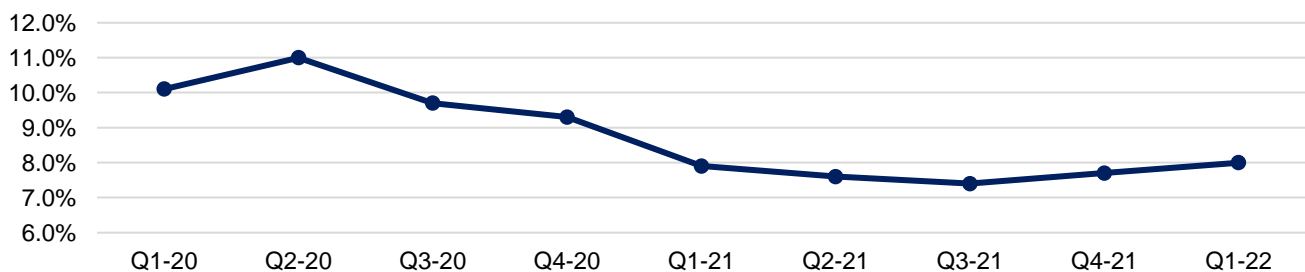
Net Interest Margin Excluding CLO
(in millions)



NII Per Share

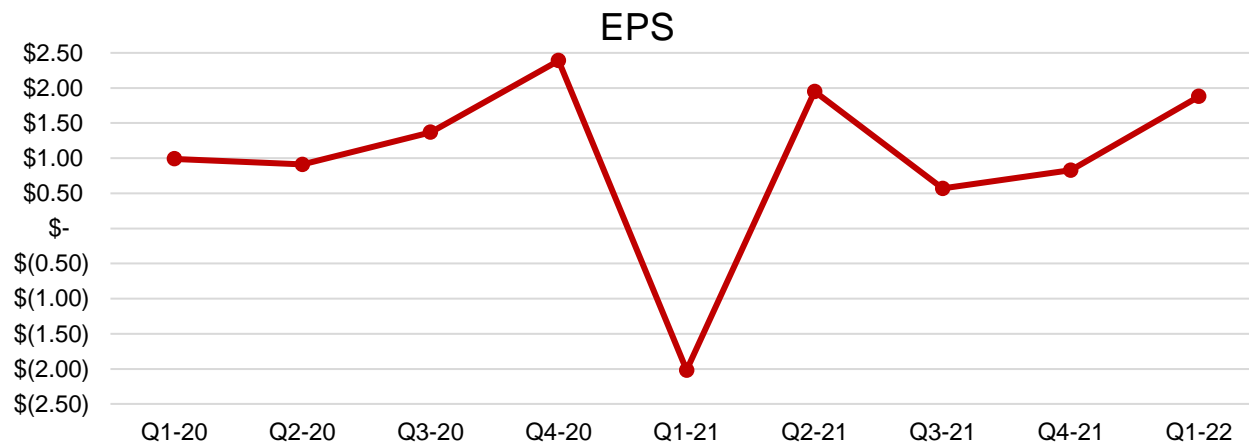


NII Yield

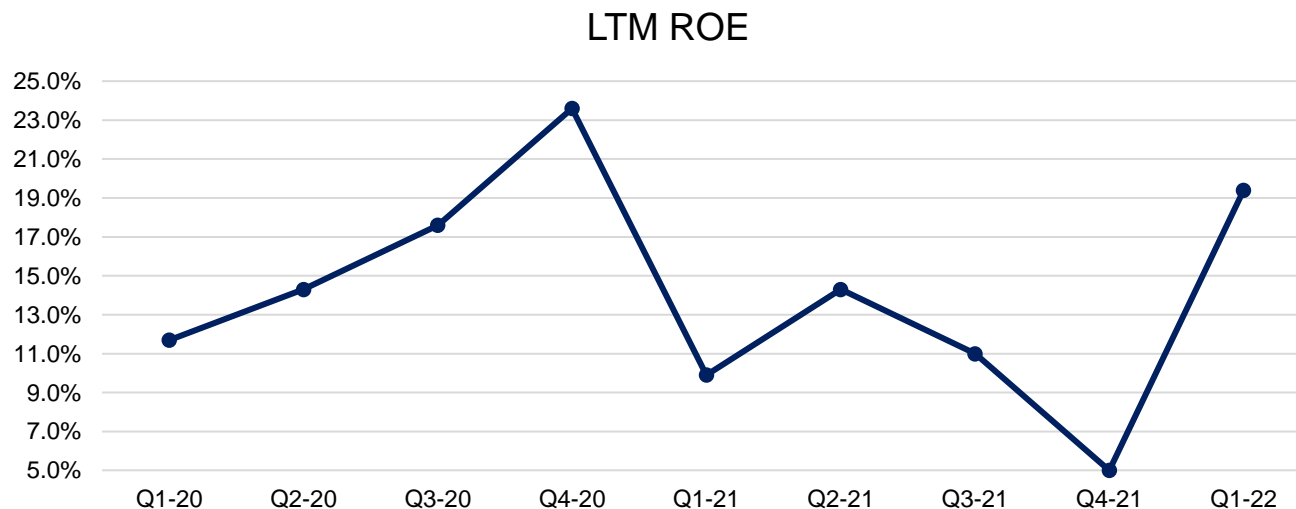


KPIs –Income Statement– Q1 FY22 (continued)

Period	EPS
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
Q1-22	\$ 1.88



Period	LTM ROE
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%
Q1-22	19.4%



KPIs - SAR Net Interest Margin

SAR has quadrupled its Net Interest Margin since taking over management

