

Saratoga Investment Corp.

**Fiscal Third Quarter 2021
Shareholder Presentation**

January 7, 2021



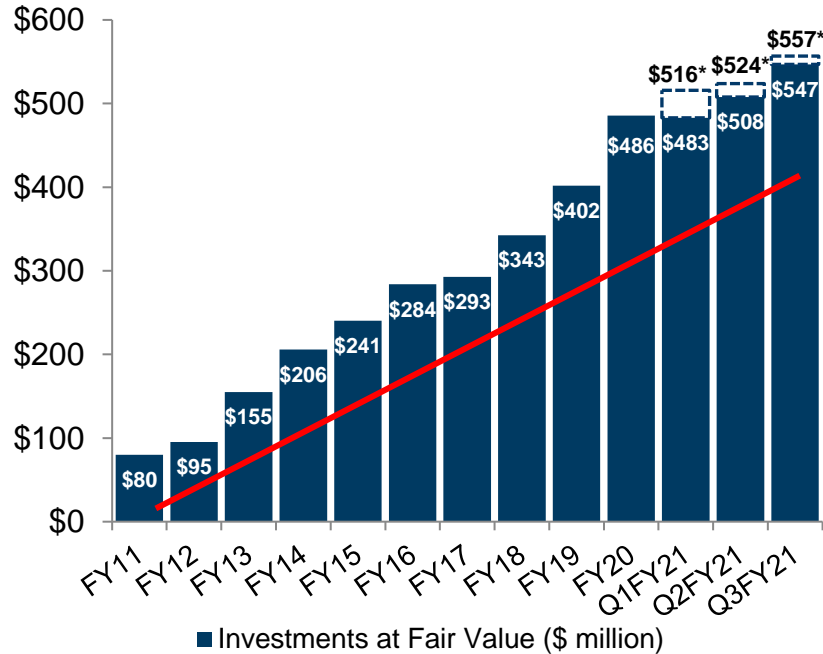
Continued Strong Performance in Q3

Fiscal Third Quarter 2021 Highlights:

- Continued high quality portfolio and strong performance
 - Investment quality remains strong
 - 92.8% of loan investments with highest internal rating as of November 30, 2020, up from 90.4% at Q1
 - Valuations reflect impact of changes to market spreads, EBITDA multiples and/or revised portfolio company performance related to COVID-19
 - ROE of 11.0% for LTM, beating BDC industry mean of -3.6% and second highest ROE in industry
 - Unrealized appreciation of \$6.0 million in Q3, almost 70% of Q1 reduction in value now recovered
 - Gross Unlevered IRR of 16.6 % on total realizations of \$523.4 million
- Consistent strong long-term originations contribute to growing assets under management
 - AUM up 7.6% since last quarter and 12.6% from year-end
 - Net originations of \$33.0 million in Q3
- Base of liquidity and capital solid as of November 30, 2020
 - Ability to grow AUM by 42% with existing liquidity that is mostly long-term
 - Regulatory leverage of 377% versus 150% requirement
- Increasing dividend by \$0.01 to \$0.42 per share for Q3
 - Continued focus on retaining liquidity and preserving NAV due to economic uncertainty and to support existing portfolio companies
- Key performance indicators of Q3 remain strong in COVID-19 environment as compared to last year
 - Adjusted NII of \$5.5 million is down 10.0%, Adjusted NII per share of 50c is down from 61c on 11.3% increased shares, LTM ROE of 11.0% and NAV per share of \$26.84, up 6.1% or \$1.54 per share
 - NAV per share has increased 11 of the past 13 quarters, top of BDCs

Continued Asset Growth and Strong Credit Quality

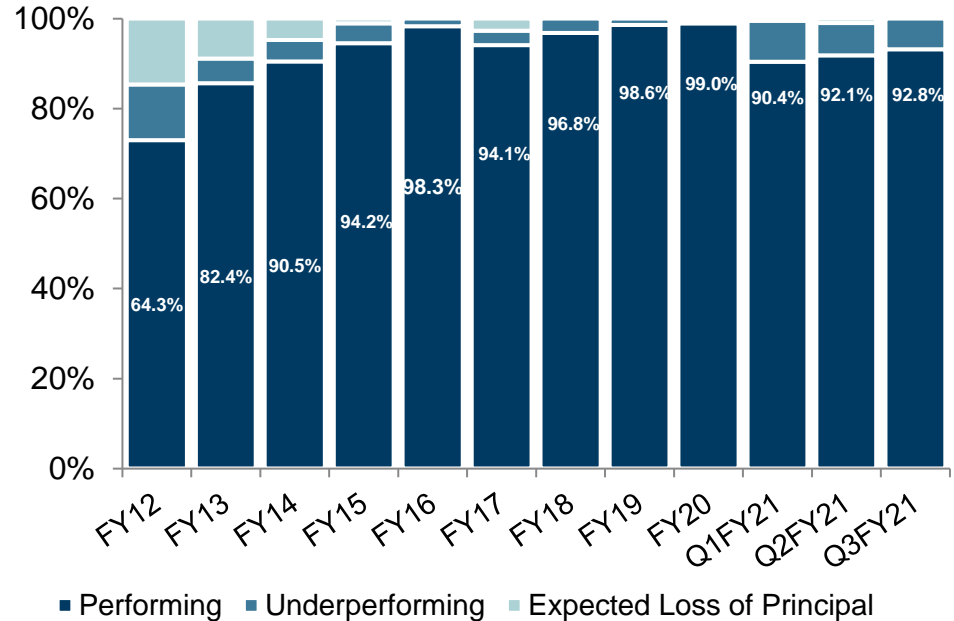
Asset Base Expansion Trend



Fair value of AUM increased 8% from last quarter and 13% from year-end.

*Cost increased to \$557m, up 15% since year-end and up 6% from last quarter

Overall Credit Quality Remains Strong



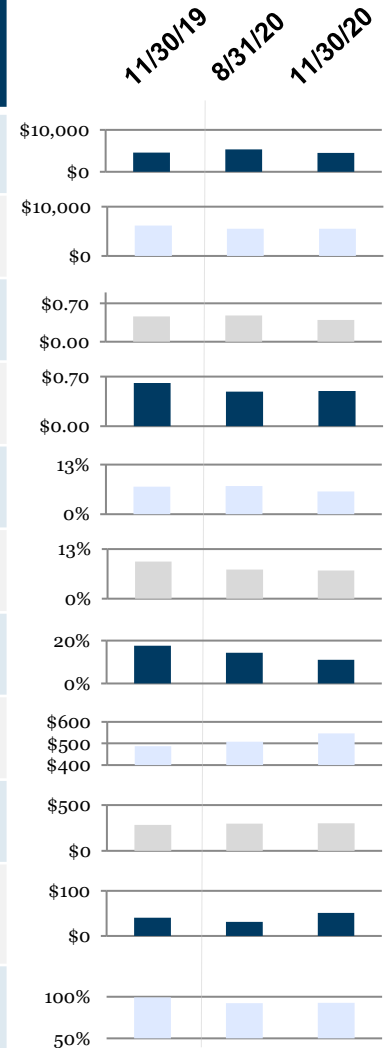
Almost 93% of our SAR loan investments hold our highest internal rating; three on non-accrual at quarter-end*

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

Q3 FY21: Strong Financial Foundation

Key Performance Metrics for the Fiscal Quarter

For the quarter ended and as of (\$ in millions except per share)	Nov 30, 2019	Aug 31, 2020	Nov 30, 2020
Net investment income	\$4,575	\$5,335	\$4,471
Adjusted net investment income*	\$6,142	\$5,491	\$5,530
Net investment income per share	\$0.46	\$0.48	\$0.40
Adjusted net investment income per share*	\$0.61	\$0.49	\$0.50
Net investment income yield	7.2%	7.4%	6.0%
Adjusted net investment income yield*	9.7%	7.6%	7.4%
Return on Equity – Last Twelve Months	17.6%	14.3%	11.0%
Fair value of investment portfolio	\$487.0	\$508.1	\$546.9
Total net assets	\$282.2	\$298.2	\$299.9
Investments in new/existing portfolio companies	\$40.8	\$31.7	\$51.3
Loan Investments held in “Performing” credit ratings	99.0%	92.1%	92.8%

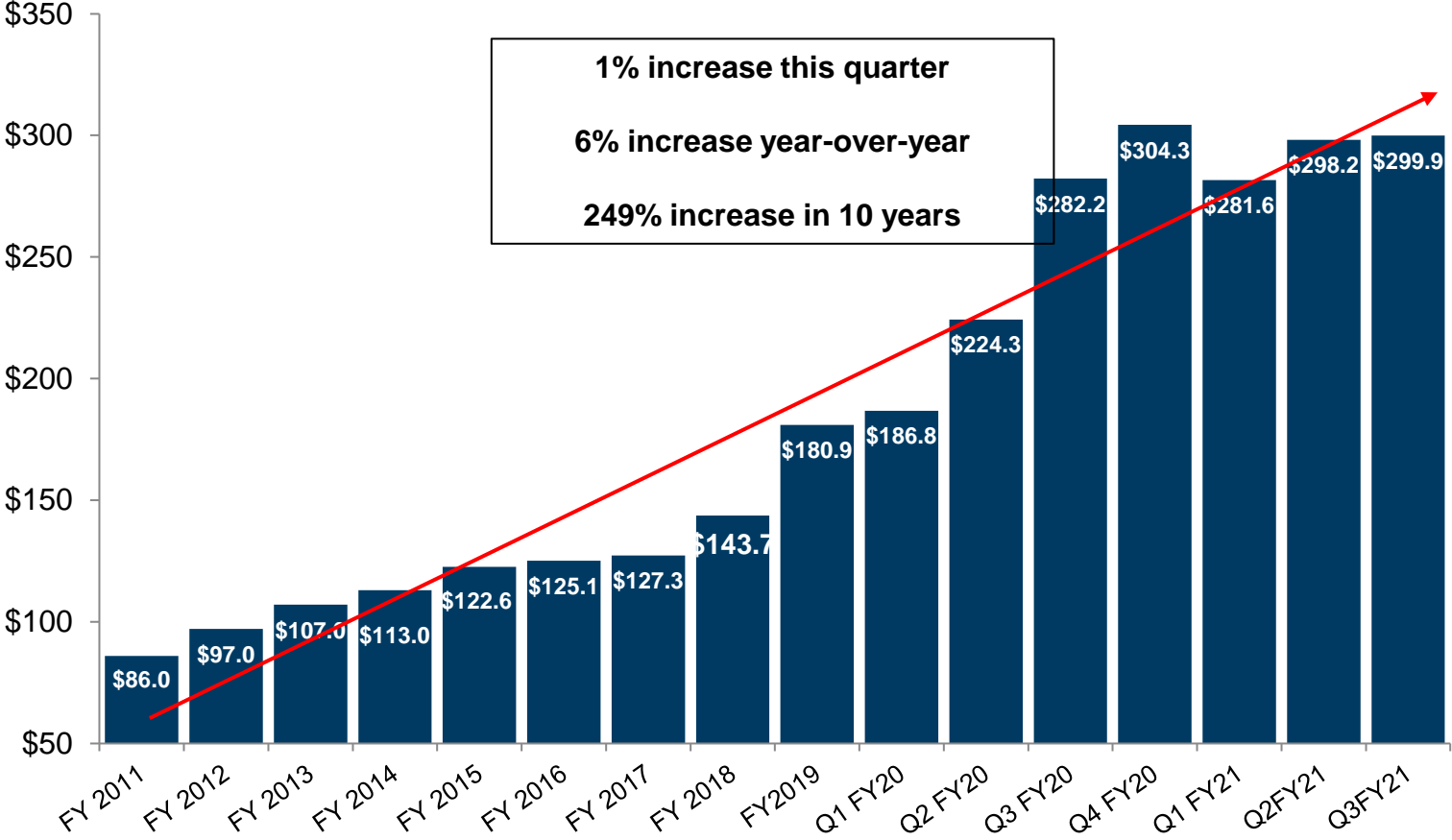


*Adjusted for accrued capital gains incentive fee expense, reconciliation to GAAP net investment income included in our fiscal third quarter 2021 earnings release.

Long-Term Accretive NAV Growth

Net Asset Value (FY11 to Q3 FY21)

in millions



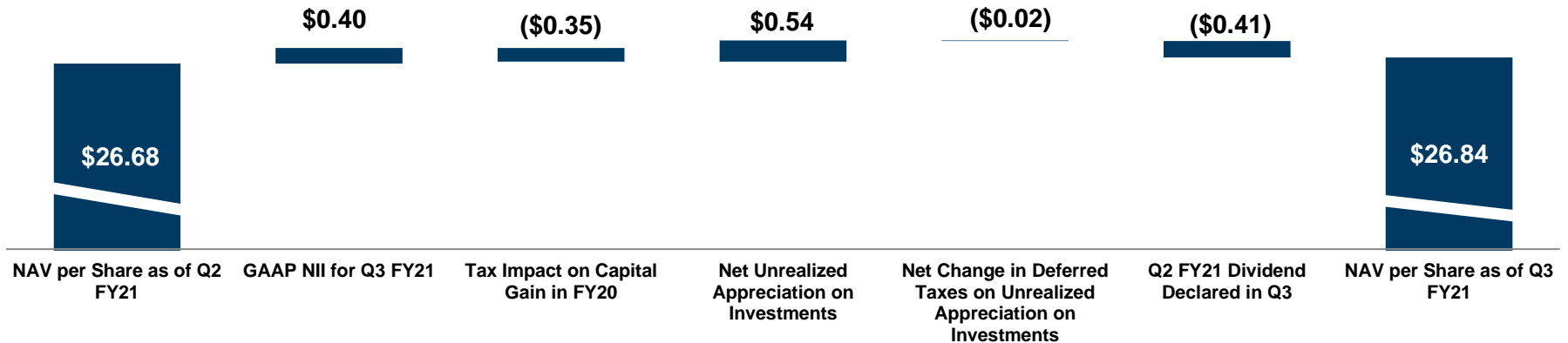
Quarterly Reconciliation of NII and NAV per Share

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 Nov 30, 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	\$26.0 million	\$149.0 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		\$33.9 million	\$0.0 million	\$33.9 million	-	-
Total Available Liquidity (at quarter-end):				\$ 227.9 million		

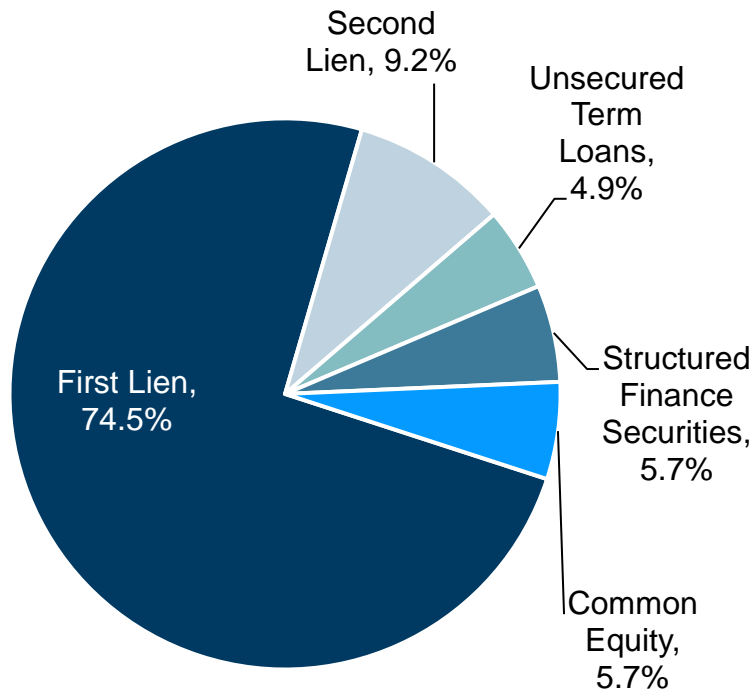
Ability to grow AUM by 42% without any new external financing as of Nov 30, 2020

- \$112m 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.

Portfolio Composition and Yield

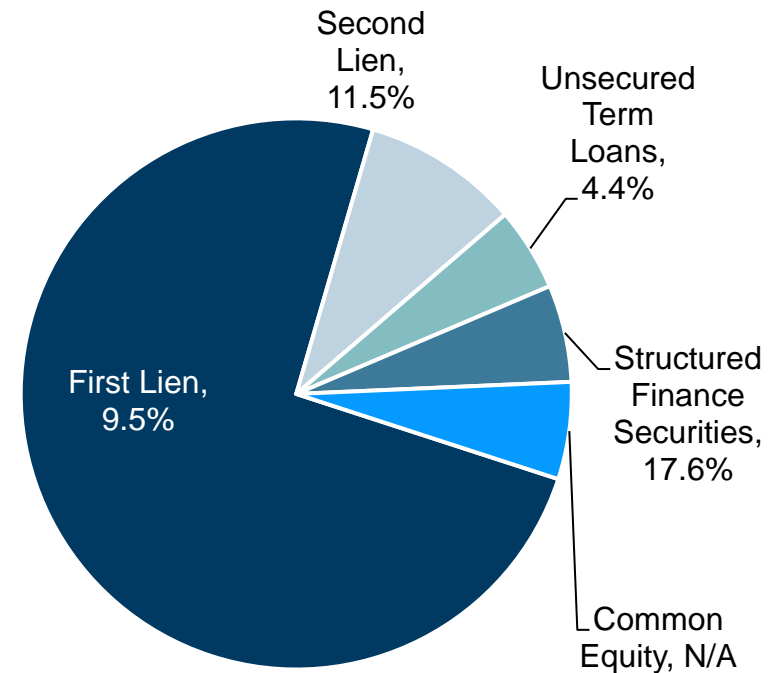
Portfolio Composition – \$546.9 m

(Based on Fair Values
as of Nov 30, 2020)



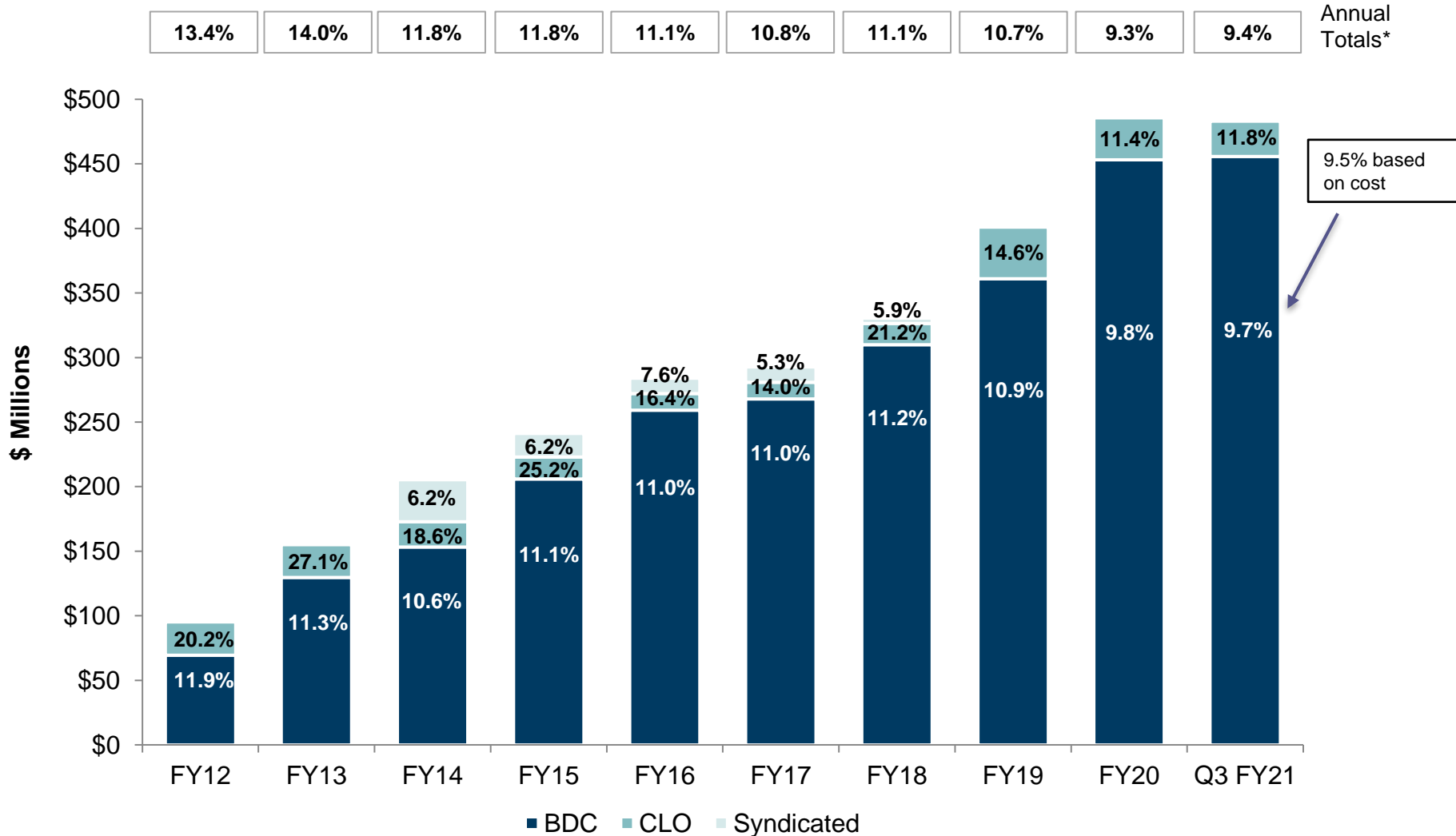
Portfolio Yield – 9.4%

(Weighted Average
Current Yield of Existing Portfolio)



Yield of BDC Remains Healthy

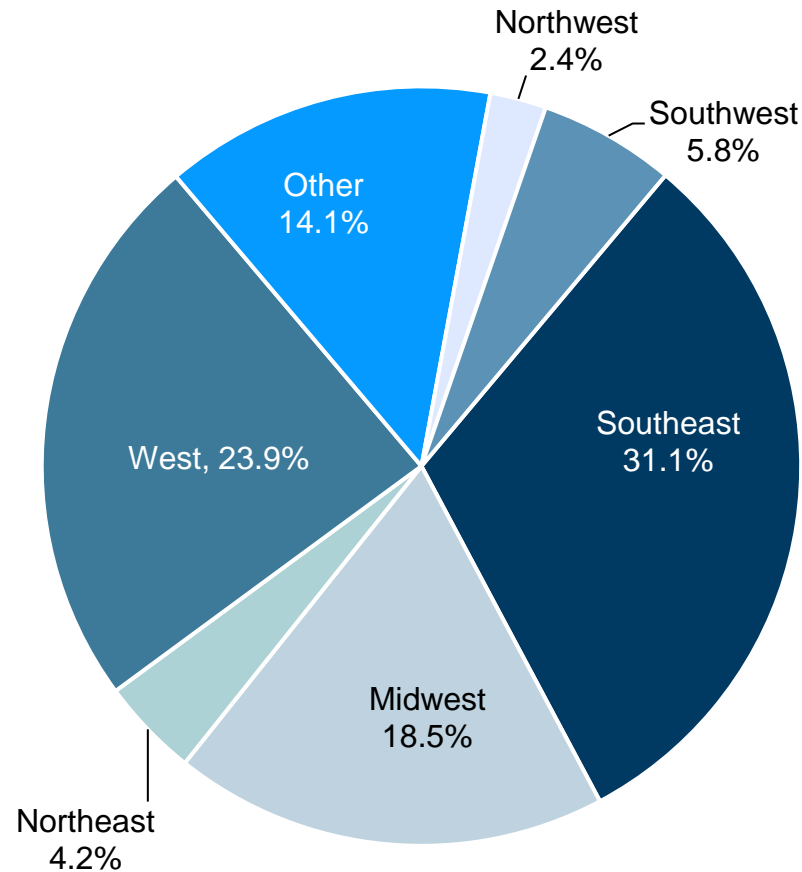
Weighted Average Current Yields



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

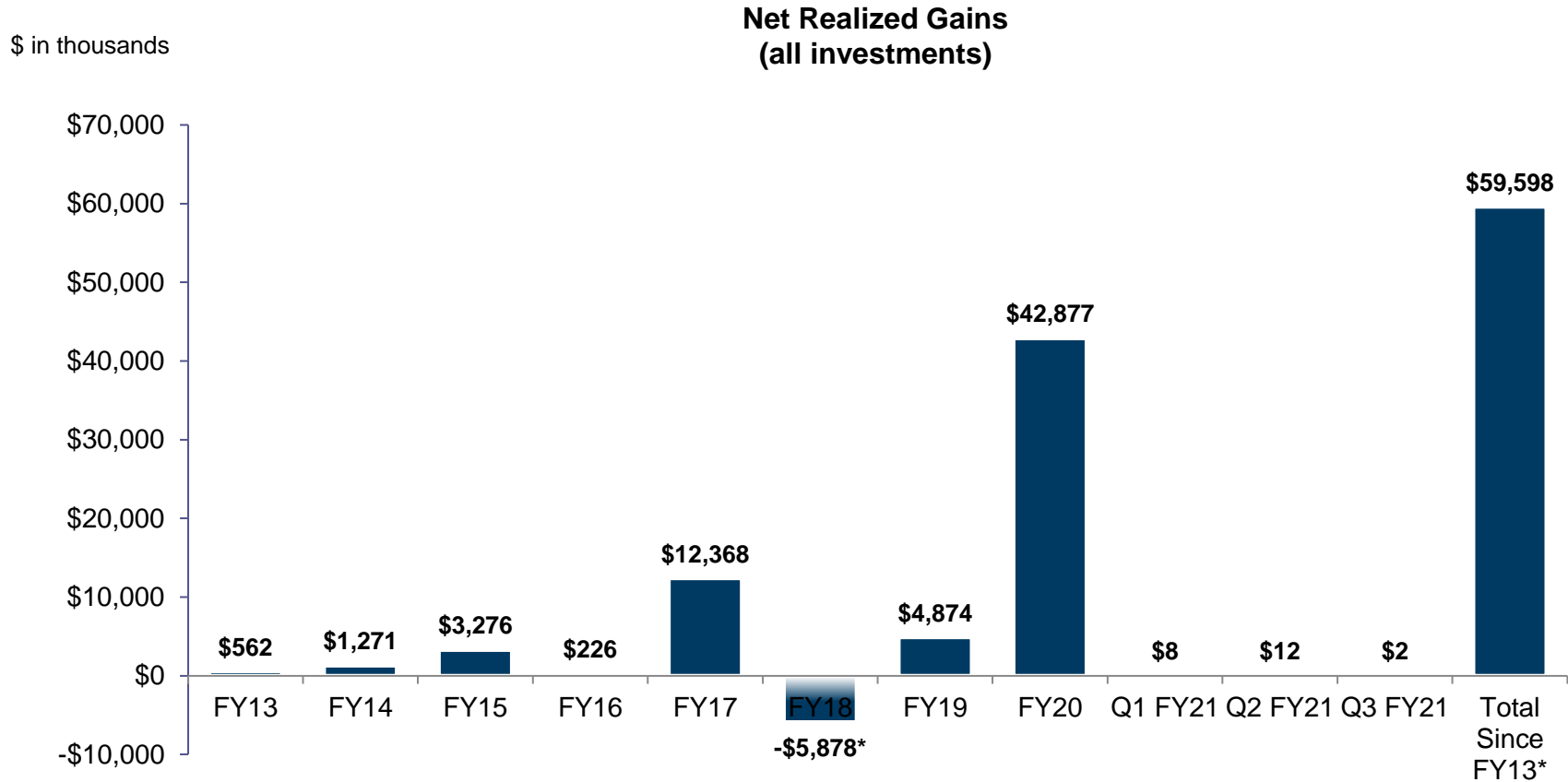
Diversified Across Geography

Investments diversified geographically



Net Realized Gains Help Protect Shareholder Capital

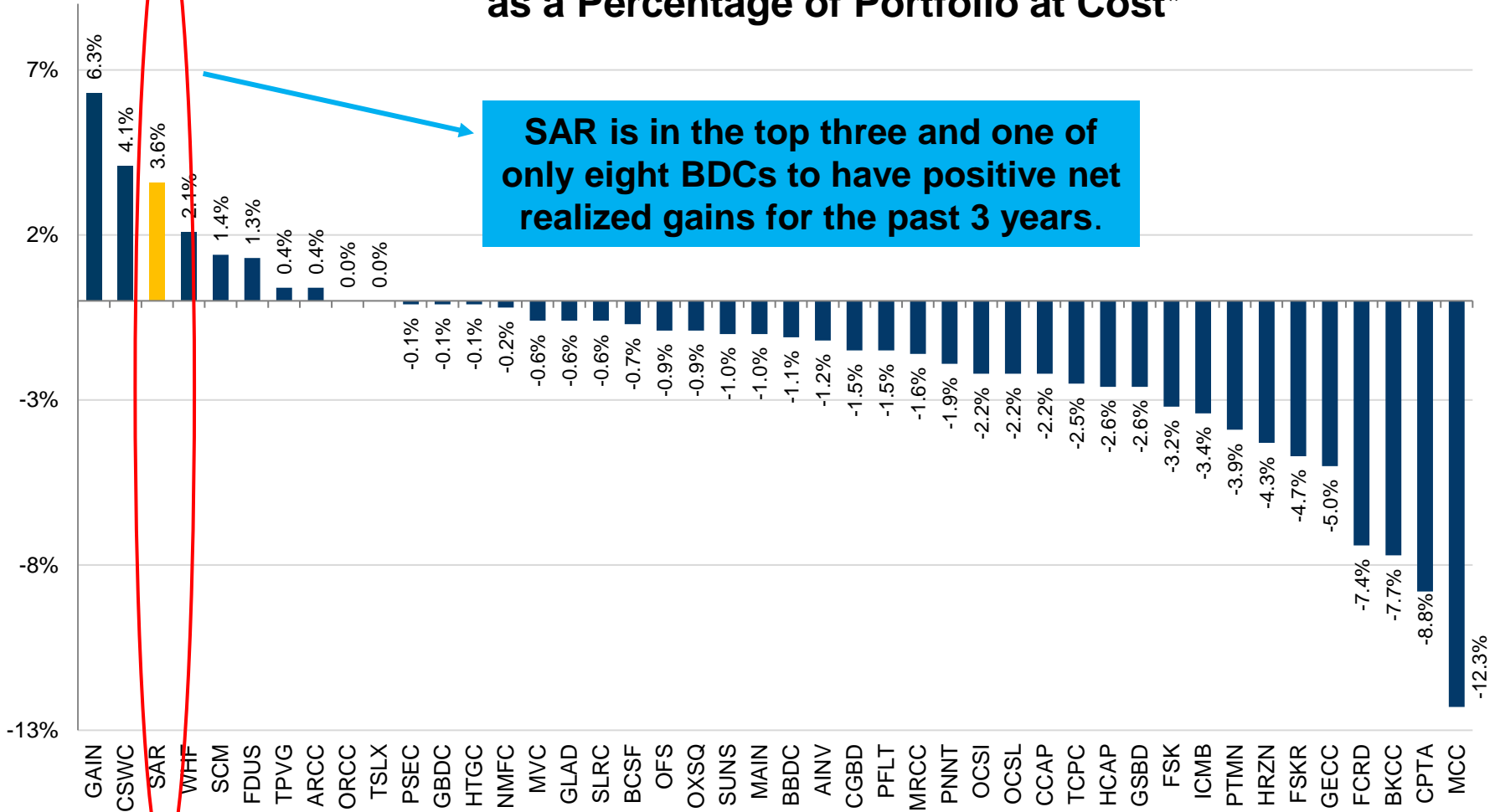
Cumulative net realized gains reflect portfolio credit quality



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

Strong Net Realized Gains Flow from Disciplined Underwriting

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

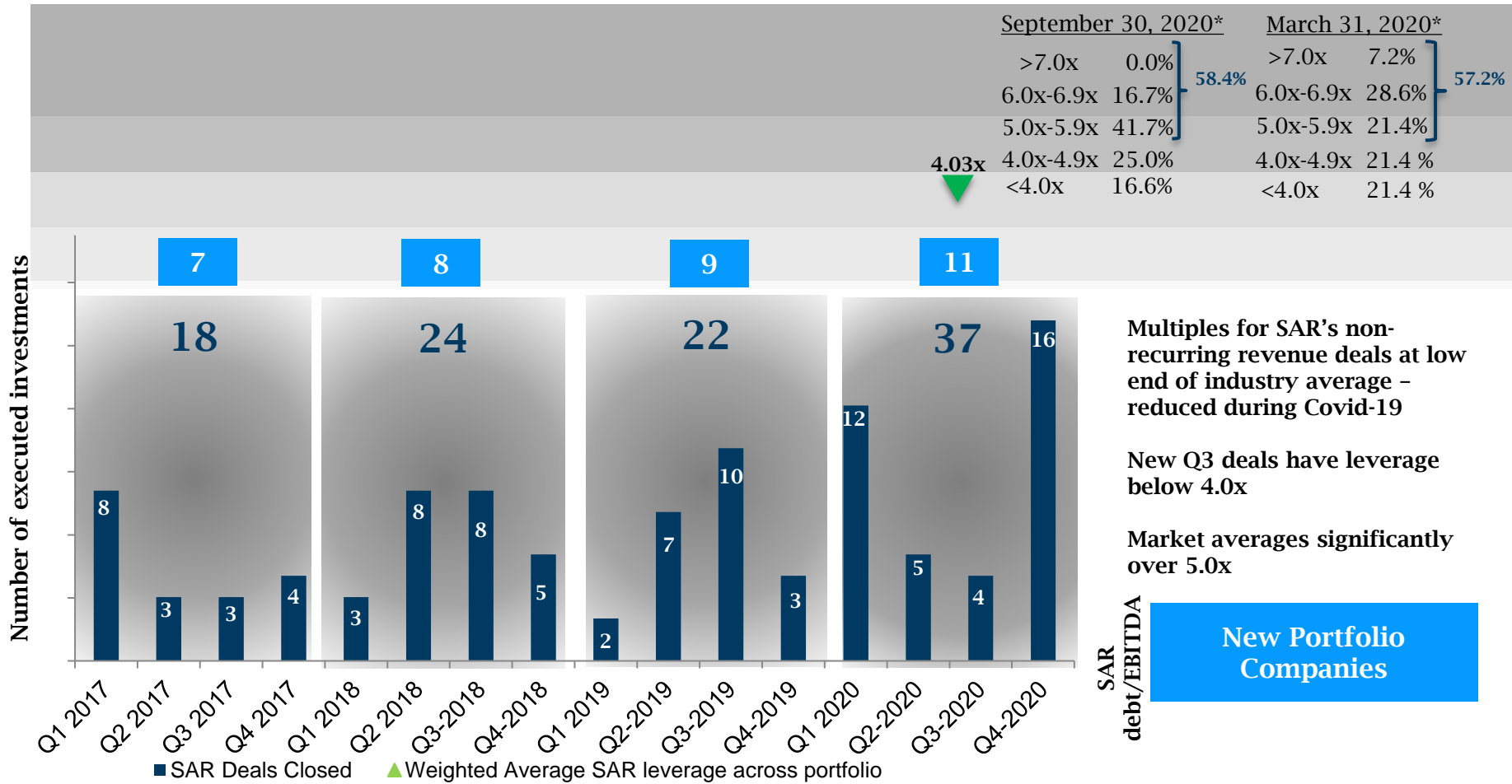


Source: Ladenburg Thalmann - calculated as three year average realized gains as proportion of average cost

Exercising Disciplined Investment Judgment While Growing Origination Pace

SAR Debt Multiples/Deals Closed (2017-2020)

Portfolio leverage with non-recurring revenue underwriting is 4.03x¹



Multiples for SAR's non-recurring revenue deals at low end of industry average – reduced during Covid-19

New Q3 deals have leverage below 4.0x

Market averages significantly over 5.0x

SAR debt/EBITDA

New Portfolio Companies

*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 2020 were liquidity draws related to COVID.

Pipeline Growth Interrupted by COVID-19

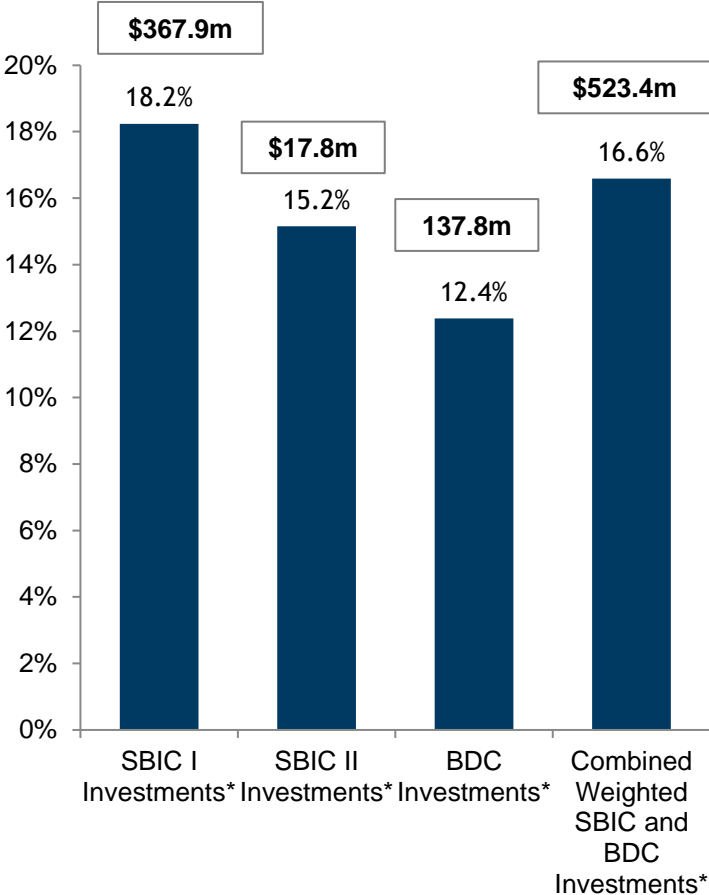
Deal sourcing opportunities severely impacted by COVID-19 but seeing rebound in inquiries

Calendar*	2017	Δ	2018	Δ	2019	Δ	2020	
Deals Sourced	722	17%	846	2%	863	-28%	619	<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 ~64 deals a year that other firms close
Term Sheets	49	49%	73	5%	77	-58%	32	<ul style="list-style-type: none"> Covid-19 has reduced Saratoga's average term sheets issued a quarter from 19 to 8 ~ 97% 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	<ul style="list-style-type: none"> Includes follow-on investments which reliably augment portfolio growth YTD 2020 deals executed excludes 8 COVID related liquidity draws
New Portfolio Companies	7		8		9		11	<ul style="list-style-type: none"> Eleven new portfolio companies during 2020 Saratoga new portfolio company investments average ~ 2% of deals reviewed

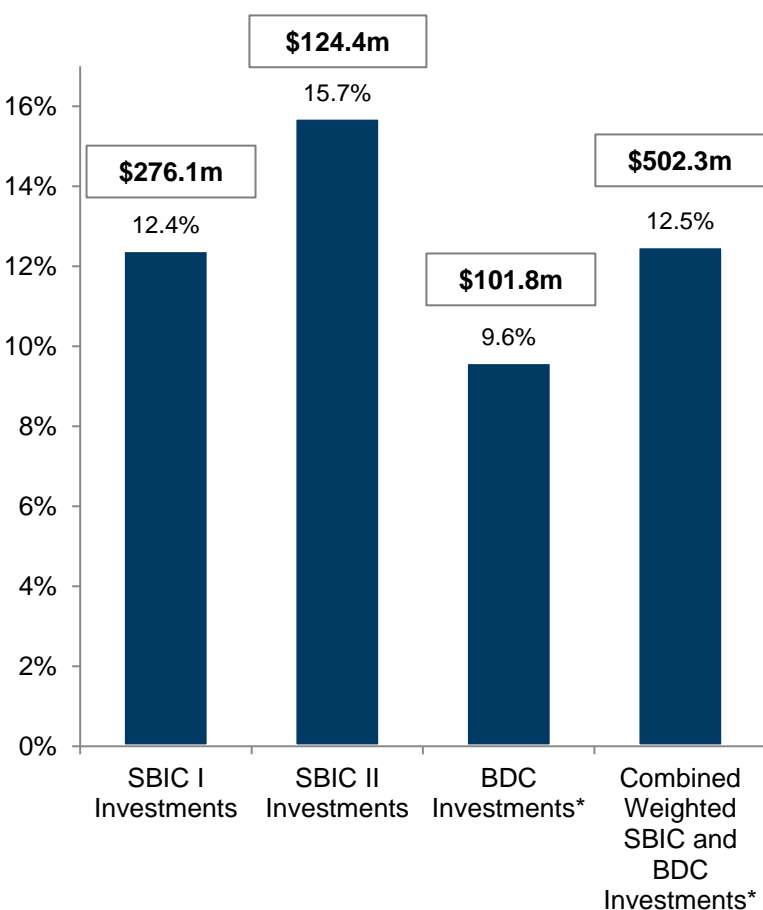
*Calendar years, not fiscal years

Demonstrated Strong Track Record

Realized Investments
(Gross Unlevered IRR%)



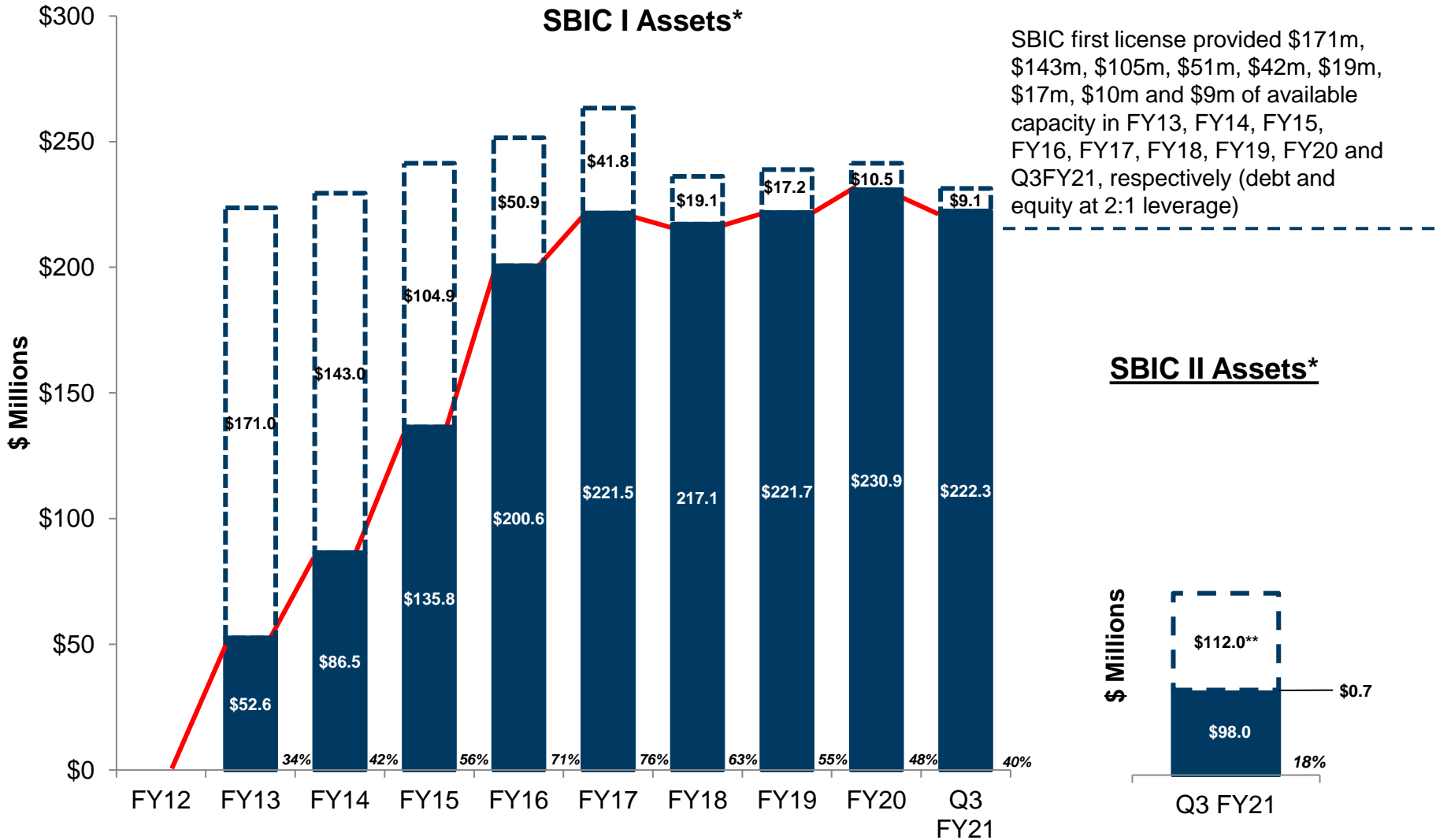
Unrealized Investments ¹
(Gross Unlevered IRR%)



Track Records as of 11/30/20

¹ IRRs for unrealized investments include fair value and accrued interest as of 11/30/2020
 * 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

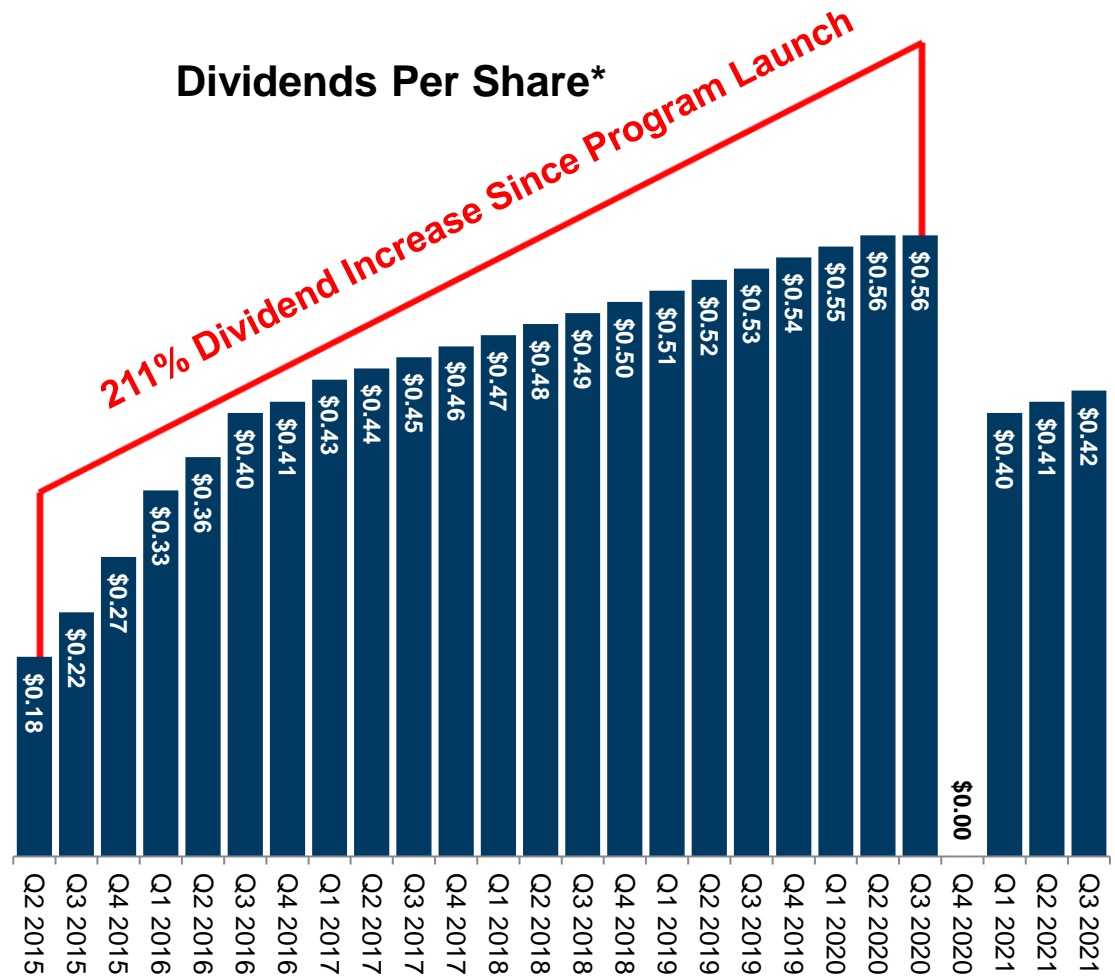


* At Fair Value for SBIC I and II assets, except for Q3 FY21 which is at cost

** Represents current debenture capacity based on \$69.0m 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 year-end deferral
- Q3 FY21 dividend of \$0.42 declared for the quarter ended November 30, 2020, an increase of \$0.01 (2.4%)



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

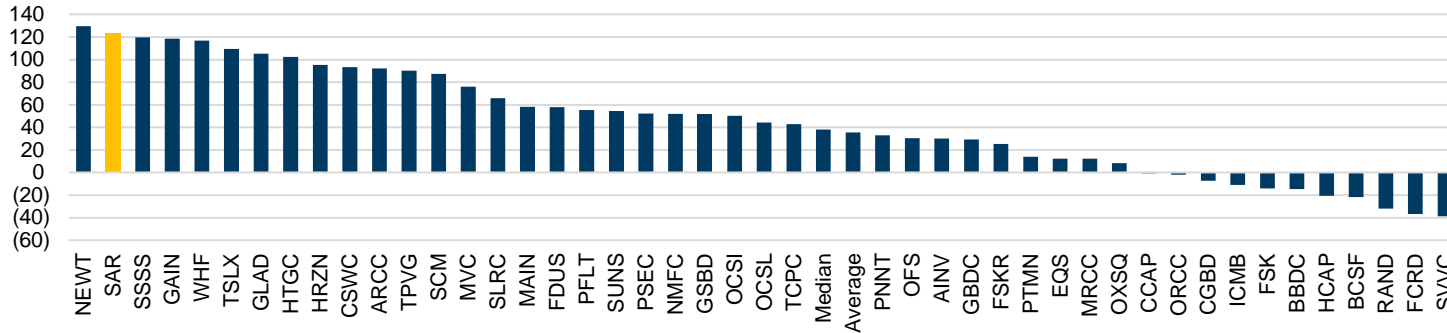
SAR LTM Total Return In Line with BDC Index

LTM Total Return (%)
(Dec 2019 to Dec 2020)
SAR -12% v BDC Index -12%

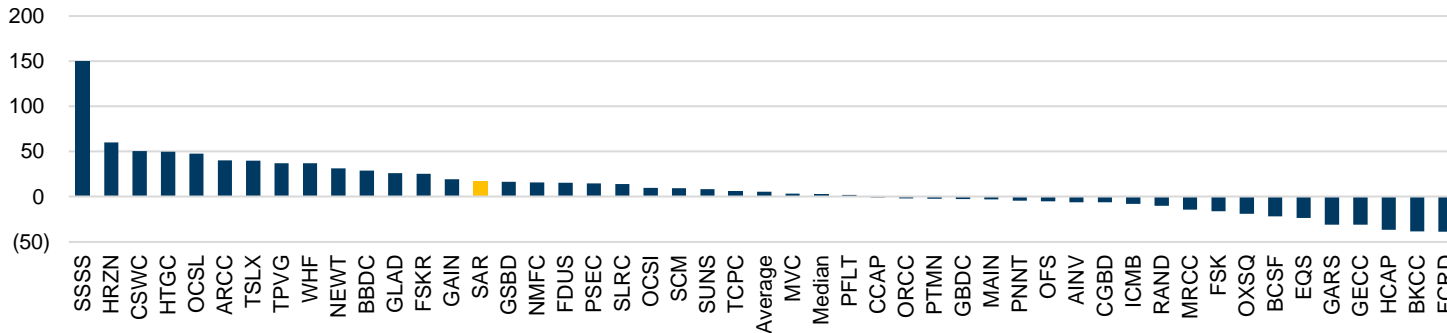


Long-Term Performance at Top of BDC Industry

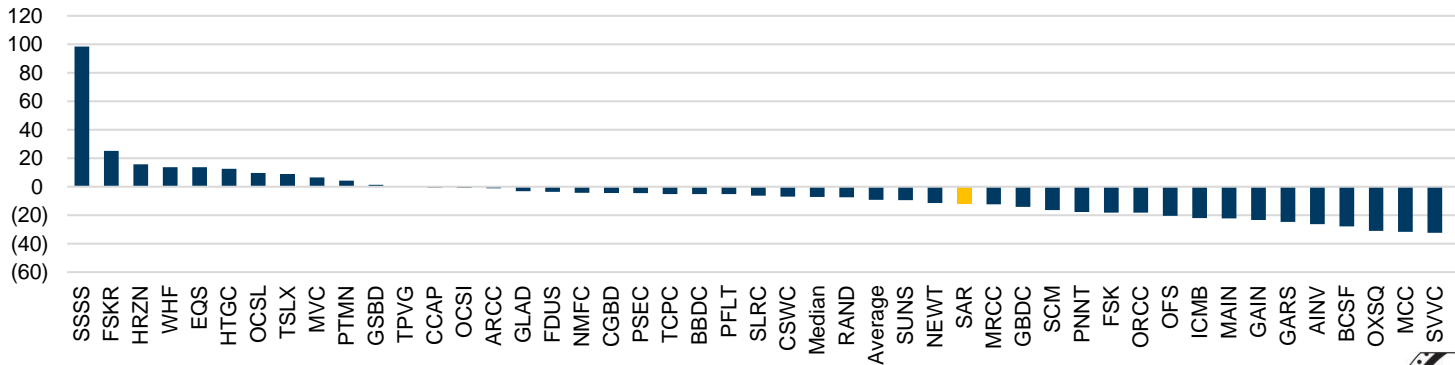
BDC Total Return (%)



Last 5 years:
123%

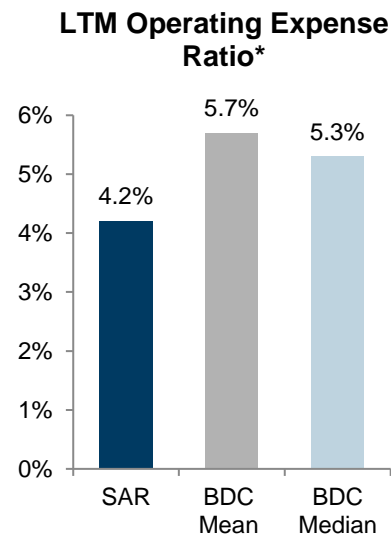
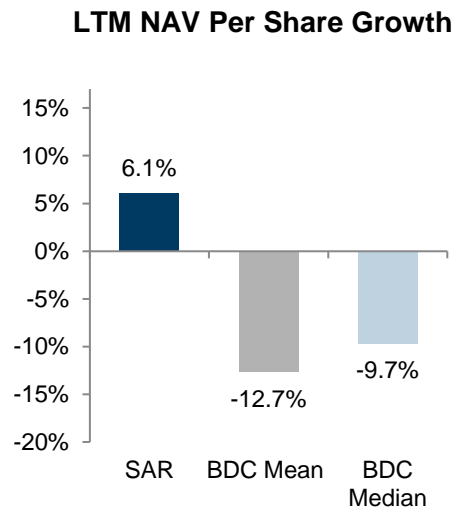
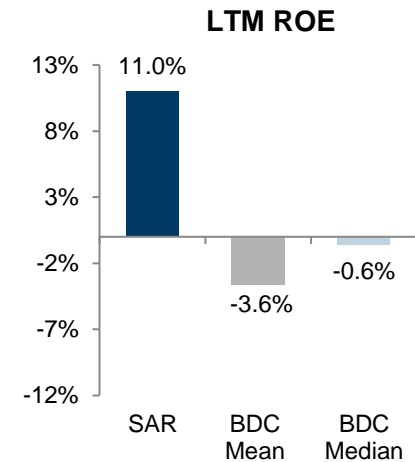
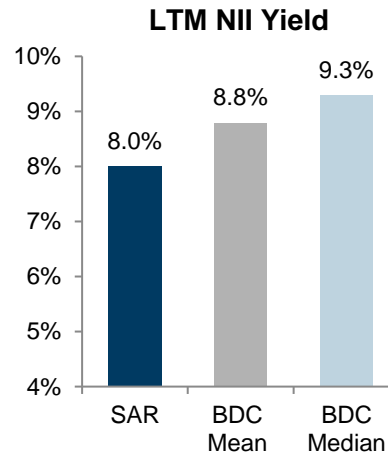
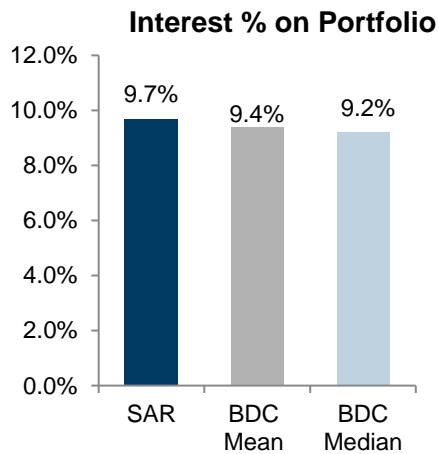


Last 3 years:
17%



Last 12 months:
-12%

Strongly Differentiated Outperformance



Source: SNL Financial / Company Filings / Raymond James report as of 12/11/20

* 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 6.9%.

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 \$0.42c for the quarter ended November 30, 2020 representing current dividend yield of 8.1%; significant management ownership of 14.8%

▶ **Strong return on equity**

LTM ROE of 11.0% factors in both investment income and net gains/losses, Second highest ROE in the BDC industry; NAV per share increased 6.1% versus last year, highest in BDC industry

▶ **Low-cost available liquidity**

Borrowing capacity still at hand through SBIC II debentures, credit facility and cash – can grow current asset base by 42% as of quarter ended November 30, 2020 using mostly 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 8% from last quarter and 13% from year end and over two thirds of the Q1FY21 fair value reduction has been recovered.

▶ **Well-positioned for changes in interest rates**

Approx. 93% of our investments have floating interest rates but all 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. Obtained “BBB” investment grade rating.

▶ **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, 75% 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 and Net Asset Value per share
 - Return on Equity
 - Earnings per Share
 - Stock Values

Questions?



SARATOGA
INVESTMENT CORP.



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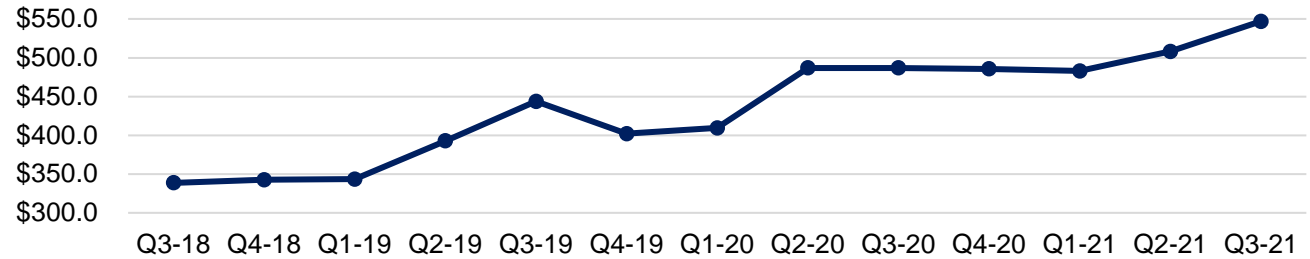
KPIs – Balance Sheet – Q3 FY21

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

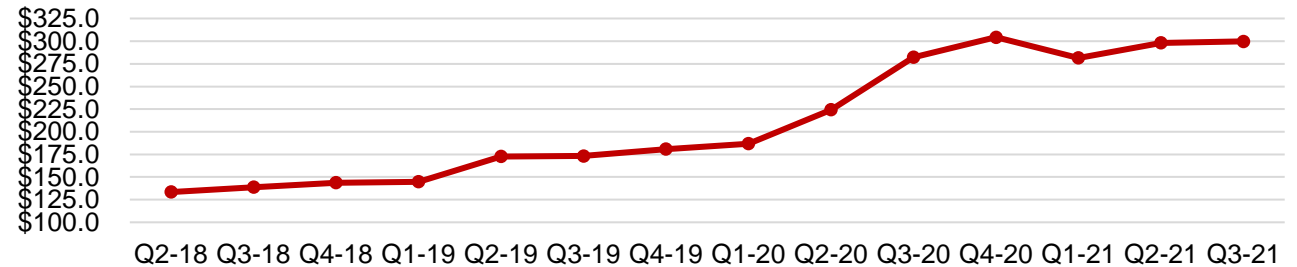
Period	NAV (in millions)
Q2-18	\$ 133.5
Q3-18	\$ 138.8
Q4-18	\$ 143.7
Q1-19	\$ 144.8
Q2-19	\$ 172.7
Q3-19	\$ 173.3
Q4-19	\$ 180.9
Q1-20	\$ 186.8
Q2-20	\$ 224.3
Q3-20	\$ 282.2
Q4-20	\$ 304.3
Q1-21	\$ 281.6
Q2-21	\$ 298.2
Q3-21	\$ 299.9

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

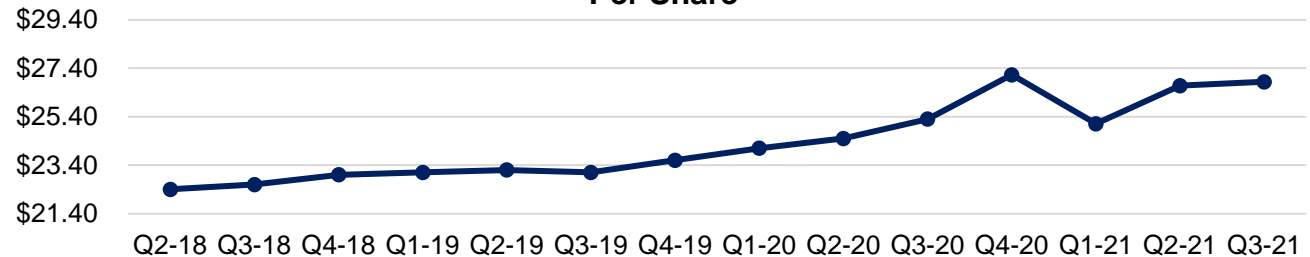
FMV Investment Portfolio (in millions)



NAV (in millions)



NAV Per Share



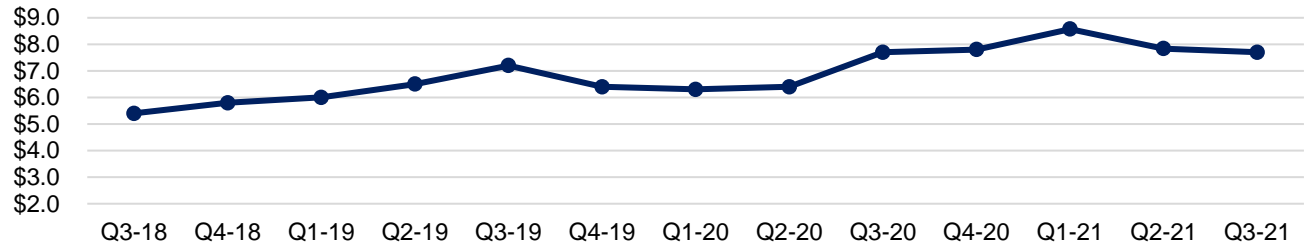
KPIs – Income Statement – Q3 FY21

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

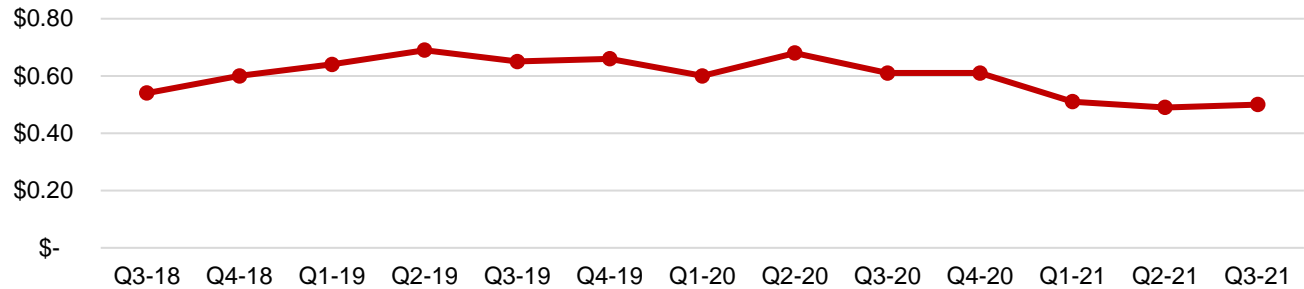
Period	NII Per Share
Q3-18	\$ 0.54
Q4-18	\$ 0.60
Q1-19	\$ 0.64
Q2-19	\$ 0.69
Q3-19	\$ 0.65
Q4-19	\$ 0.66
Q1-20	\$ 0.60
Q2-20	\$ 0.68
Q3-20	\$ 0.61
Q4-20	\$ 0.61
Q1-21	\$ 0.51
Q2-21	\$ 0.49
Q3-21	\$ 0.50

Period	NII Yield
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%

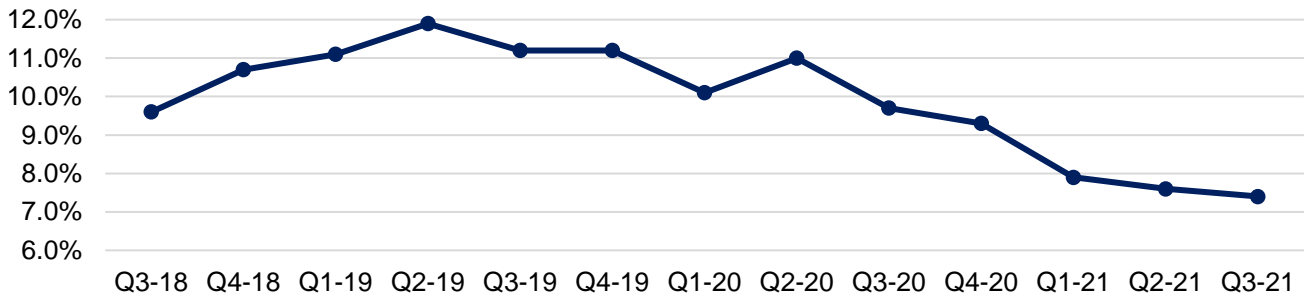
Net Interest Margin Excluding CLO (in millions)



NII Per Share

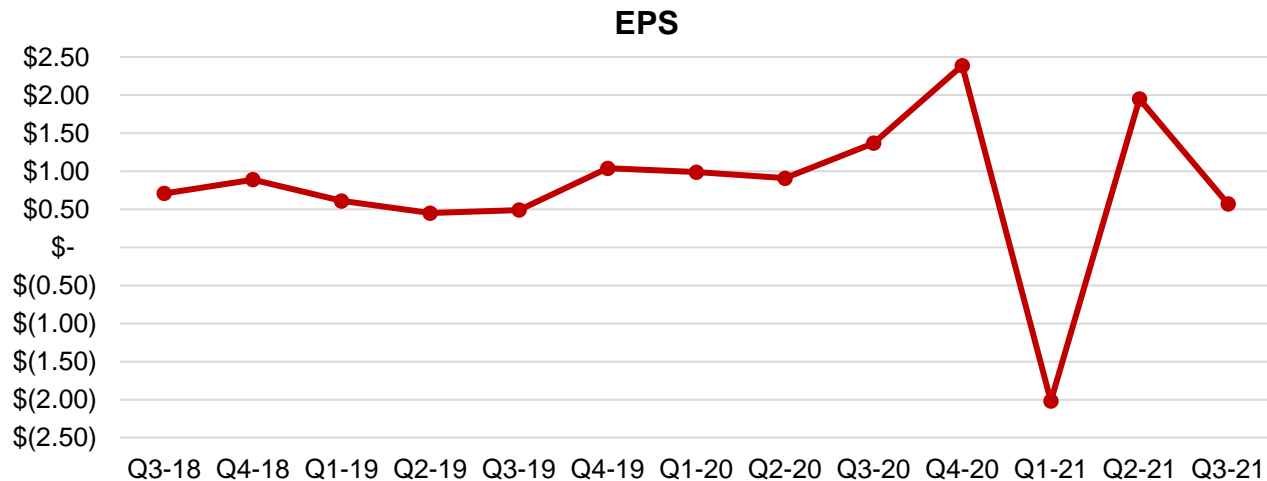


NII Yield

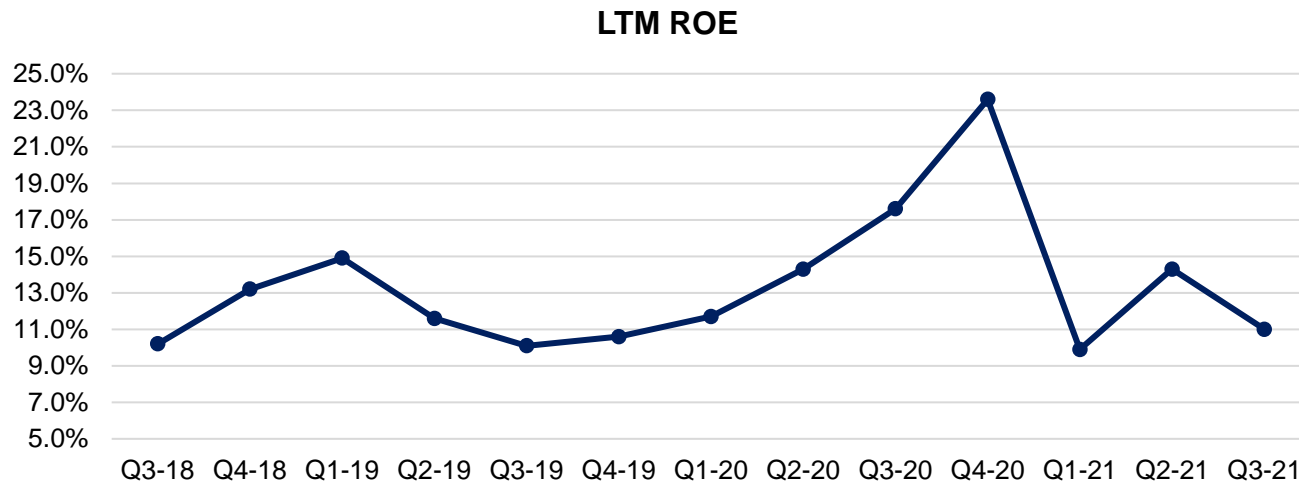


KPIs – Income Statement – Q3 FY21 (continued)

Period	EPS
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



Period	LTM ROE
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%



KPIs - SAR Net Interest Margin

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

