

Saratoga Investment Corp.

Fiscal Fourth Quarter and Fiscal Year 2020 Shareholder Presentation

May 7, 2020



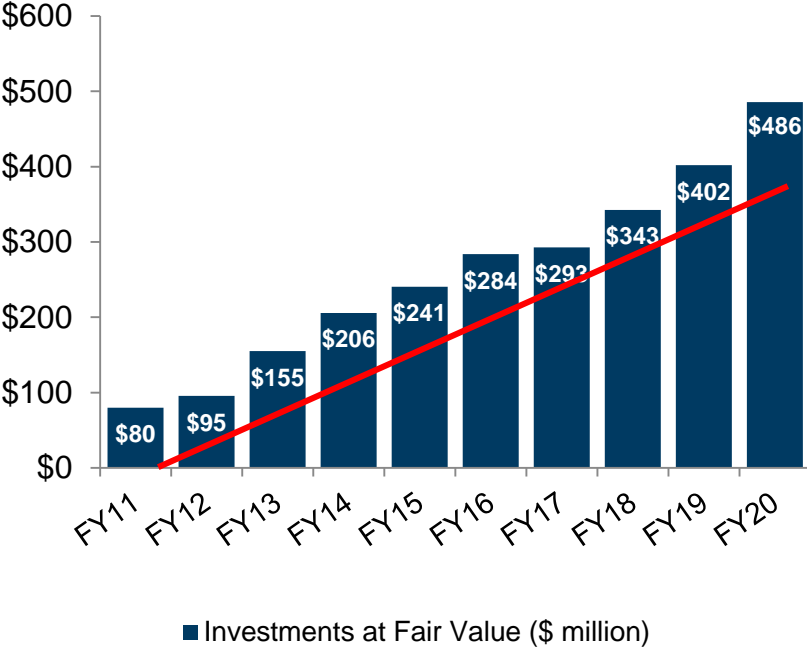
Continued Growth and Outperformance in Q4 & FY20

Fiscal Year-End and Fourth Quarter 2020 Highlights:

- Continued high quality portfolio and strong performance
 - Investment quality remains strong
 - 99.0% of loan investments with highest internal rating as of February 29, 2020
 - Return on equity of 23.6% for LTM Q4, beating BDC industry mean of 8.5% and highest ROE in industry
 - Realized and unrealized net gain of \$42.5m in FY20 and \$26.8 million in Q4 on overall portfolio
 - Gross Unlevered IRR of 13.5% on total unrealized portfolio as of February 29, 2020
 - Gross Unlevered IRR of 16.9% on \$474.4 million of total realizations
- Consistent strong long-term originations contribute to growing assets under management
 - AUM up 21% since last year-end
 - Record originations of \$204.6m in FY20
- Base of liquidity and capital solid as of February 29, 2020
 - Second SBIC license approved by the SBA adding \$175.0 million of new investment capacity
- Dividend for Q4 FY20 deferred – to be prospectively reassessed on at least a quarterly basis
 - Conservatively retaining liquidity and preserving NAV due to economic uncertainty and to support existing portfolio companies
- Key performance indicators of Q4 remain strong versus last year
 - Adjusted NII of \$6.8 million is up 38%, Adjusted NII per share of 61c is only down from 66c on 49% increased shares, LTM ROE of 23.6% is up from 10.6% and NAV per share of \$27.13 is up 14.9%, or \$3.51

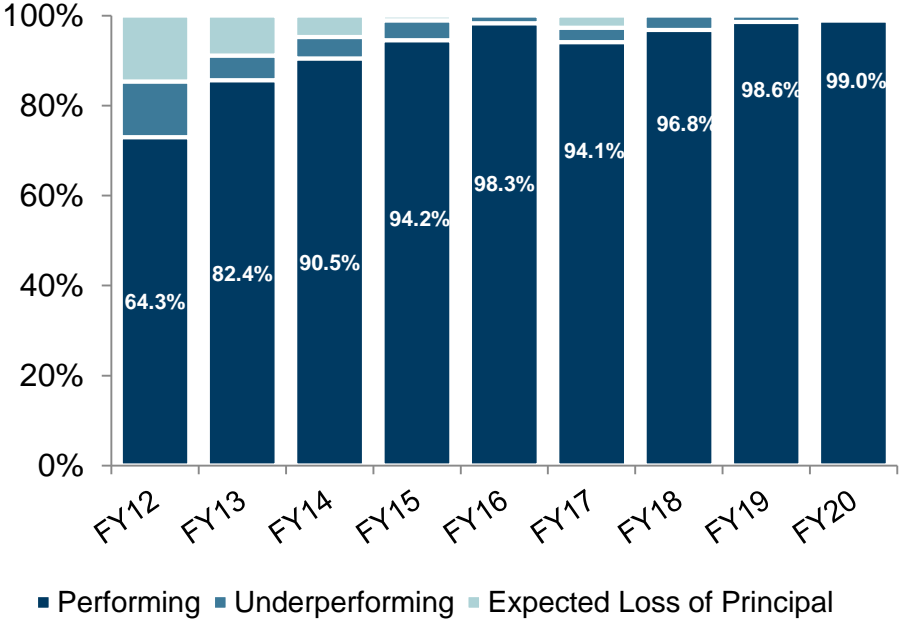
Continued Asset Growth and Strong Credit Quality

Asset Base Expansion Trend



Fair value of AUM increased 21% year-over-year

Overall Credit Quality Remains Strong



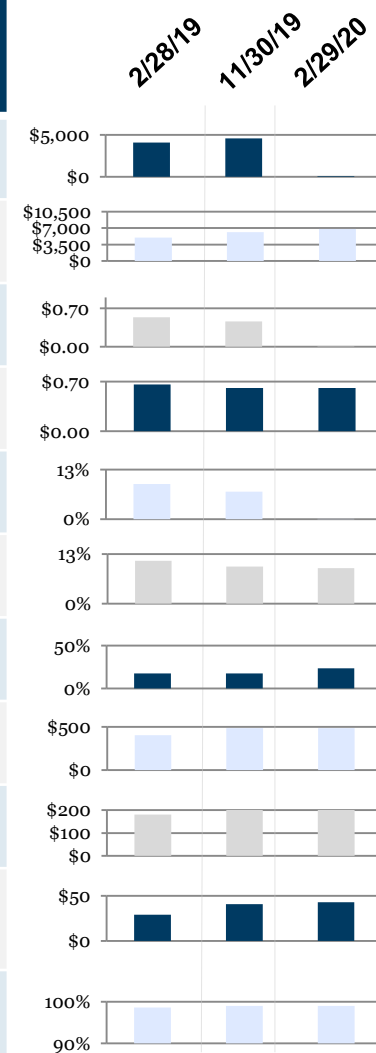
99% of our SAR loan investments hold our highest internal rating; two on non-accrual at quarter-end*

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

Q4 FY20: 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 28, 2019	Nov 30, 2019	Feb 29, 2020
Net investment income	\$4,091	\$4,575	\$66
Adjusted net investment income*	\$4,942	\$6,142	\$6,812
Net investment income per share	\$0.54	\$0.46	\$0.01
Adjusted net investment income per share*	\$0.66	\$0.61	\$0.61
Net investment income yield	9.2%	7.2%	0.1%
Adjusted net investment income yield*	11.2%	9.7%	9.3%
Return on Equity – Last Twelve Months	17.7%	17.6%	23.6%
Fair value of investment portfolio	\$402.0	\$487.0	\$485.6
Total net assets	\$180.9	\$282.2	\$304.3
Investments in new/existing portfolio companies	\$29.3	\$40.8	\$43.2
Loan Investments held in “Performing” credit ratings	98.6%	99.0%	99.0%

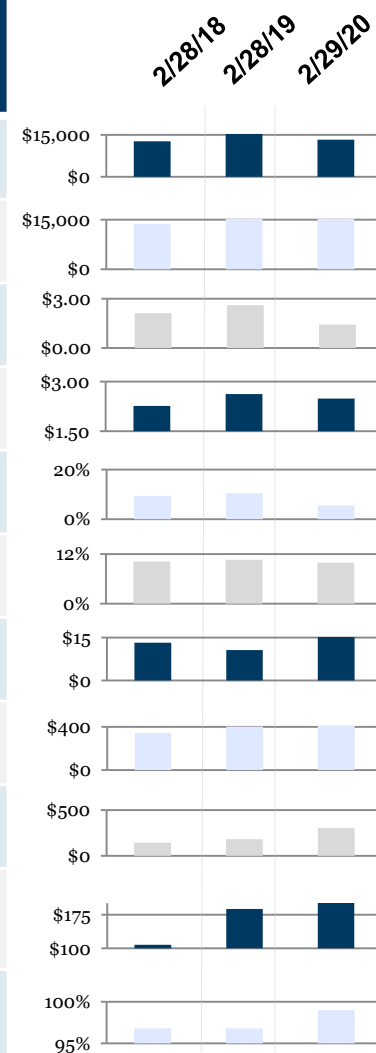


*Adjusted for accrued capital gains incentive fee expense, and loss on extinguishment of existing baby bonds debt, reconciliation to GAAP net investment income included in our fiscal fourth quarter 2020 earnings release.

FY20: 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, 2018	Feb 28, 2019	Feb 29, 2020
Net investment income	\$12,732	\$18,302	\$13,278
Adjusted net investment income*	\$13,651	\$18,553	\$23,221
Net investment income per share	\$2.11	\$2.60	\$1.42
Adjusted net investment income per share*	\$2.27	\$2.63	\$2.49
Net investment income yield	9.5%	10.5%	5.6%
Adjusted net investment income yield*	10.2%	10.6%	9.9%
Return on Equity – Last Twelve Months	13.2%	10.6%	23.6%
Fair value of investment portfolio	\$342.7	\$402.0	\$485.6
Total net assets	\$143.7	\$180.9	\$304.3
Investments in new/existing portfolio companies	\$107.7	\$187.7	\$204.6
Loan Investments held in “strong” credit ratings	96.8%	98.6%	99.0%

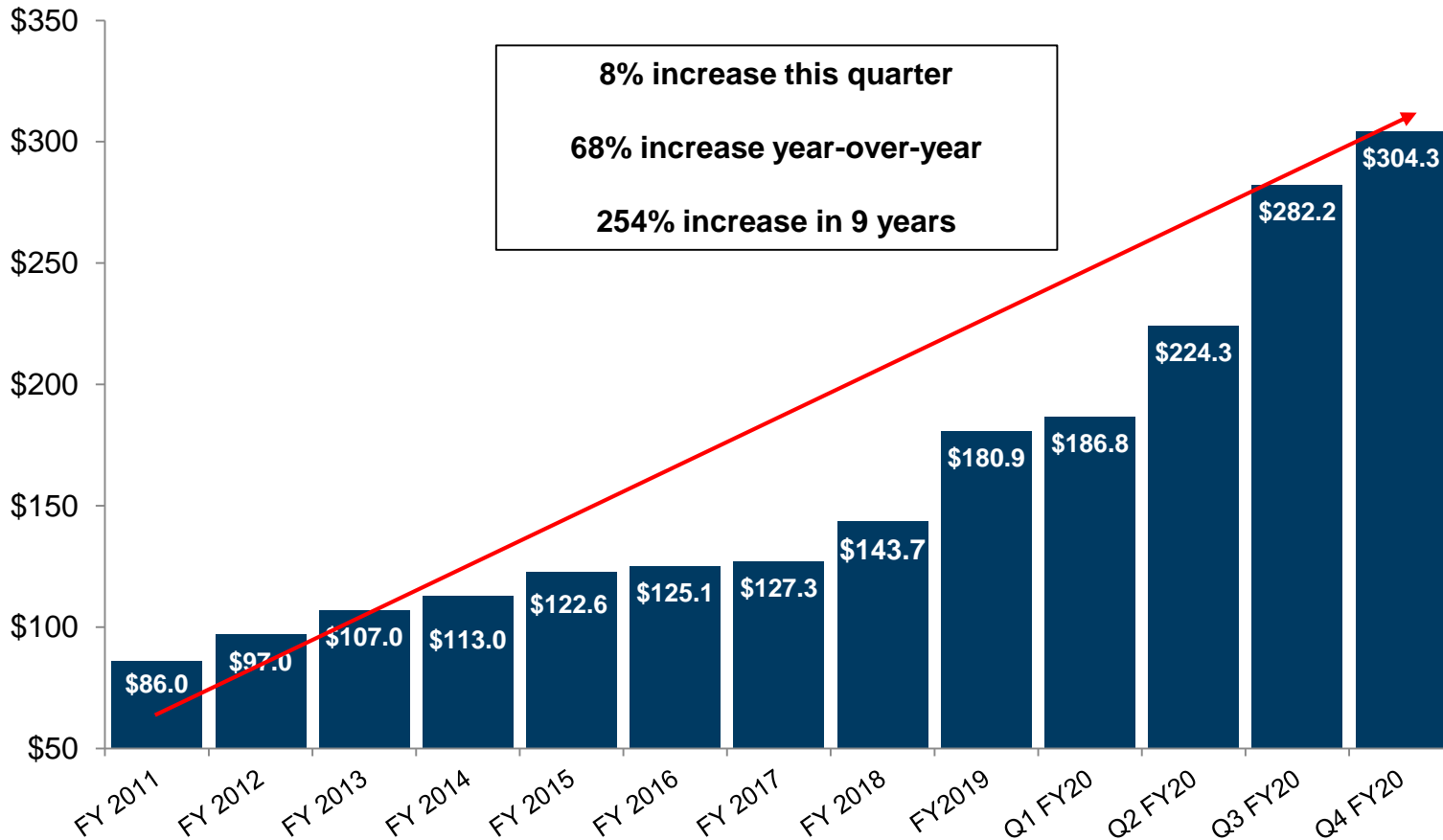


*Adjusted for accrued capital gains incentive fee expense, and loss on extinguishment of existing baby bonds debt, reconciliation to GAAP net investment income included in our fiscal fourth quarter 2020 earnings release.

NAV Growth Continues Accretively

Net Asset Value (FY11 to FY20)

in millions



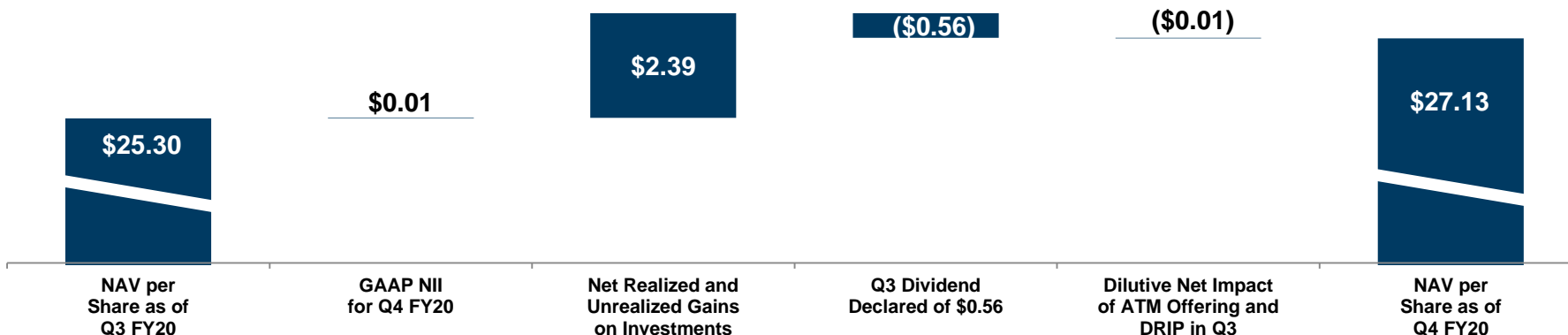
Quarterly Reconciliation of NII and NAV per Share

- Impacts are shown net of incentive fee

Reconciliation of Quarterly Adjusted NII per Share



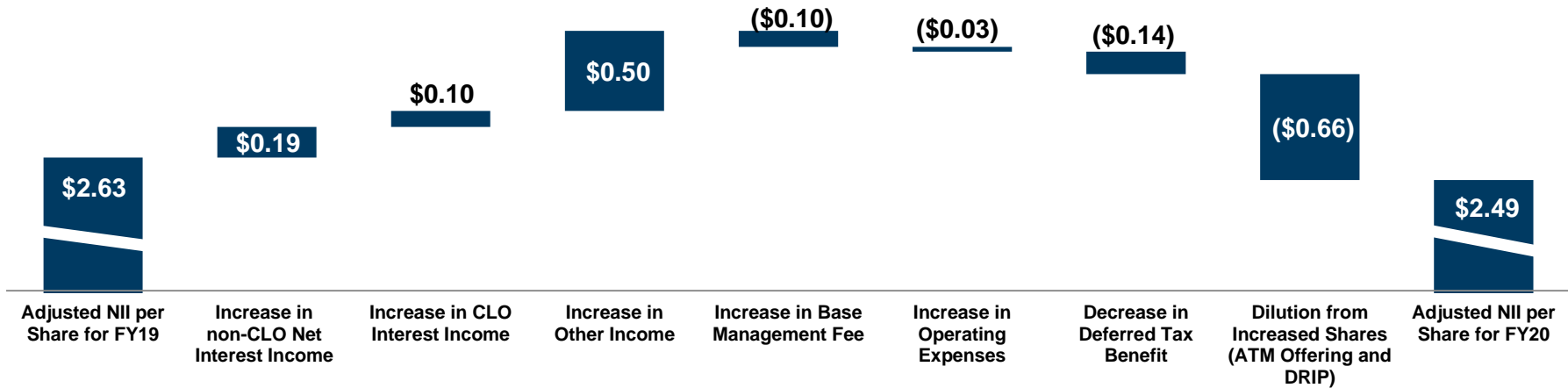
Reconciliation of Quarterly NAV per Share



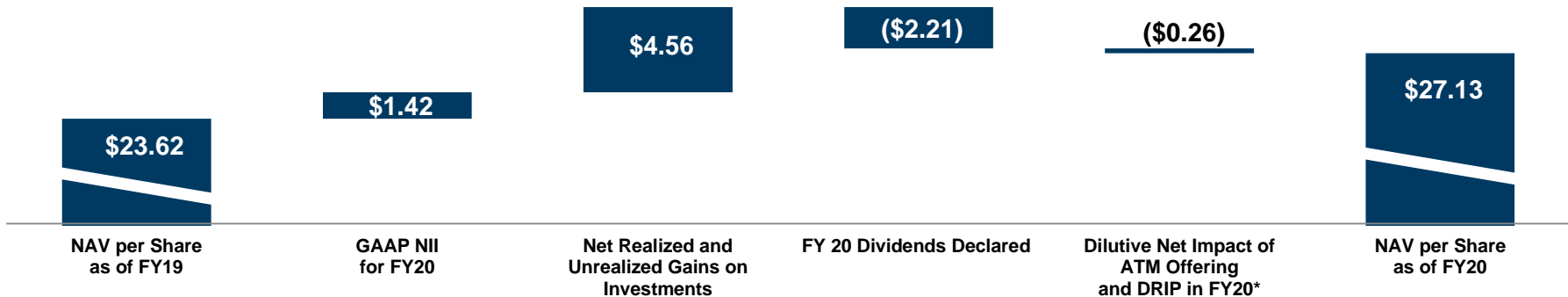
Annual Reconciliation of NII and NAV per Share

Reconciliation of Annual Adjusted NII per Share

- Impacts are shown net of incentive fee



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 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 29, 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	5.5 Years	Floating
SBA Debentures	SBIC I	\$150.0 million	\$150.0 million	\$0.0 million	3-9 years	Fixed
	SBIC II	\$175.0 million	\$0.0 million	\$175.0 million	10 years	Fixed
Publicly-Traded Notes (at par value)	SAF	\$60.0 million	\$60.0 million	\$0.0 million	6 Years	Fixed
Cash and Cash Equivalents		\$39.5 million	\$0.0 million	\$39.5 million	-	-

Total Available Liquidity (at quarter-end): \$ 259.5 million

Ability to grow AUM by 53% without any new external financing as of Feb 29, 2020

- \$26.4m of net originations since quarter-end in BDC and SBIC II
- \$100m of SBIC II debentures currently available on \$50m of capital for new and existing SBIC II investments

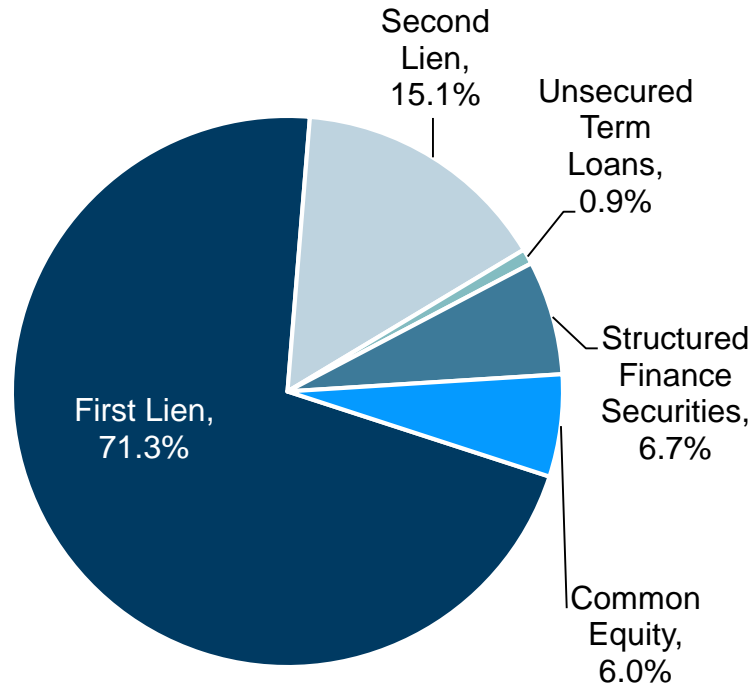


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Portfolio Composition and Yield

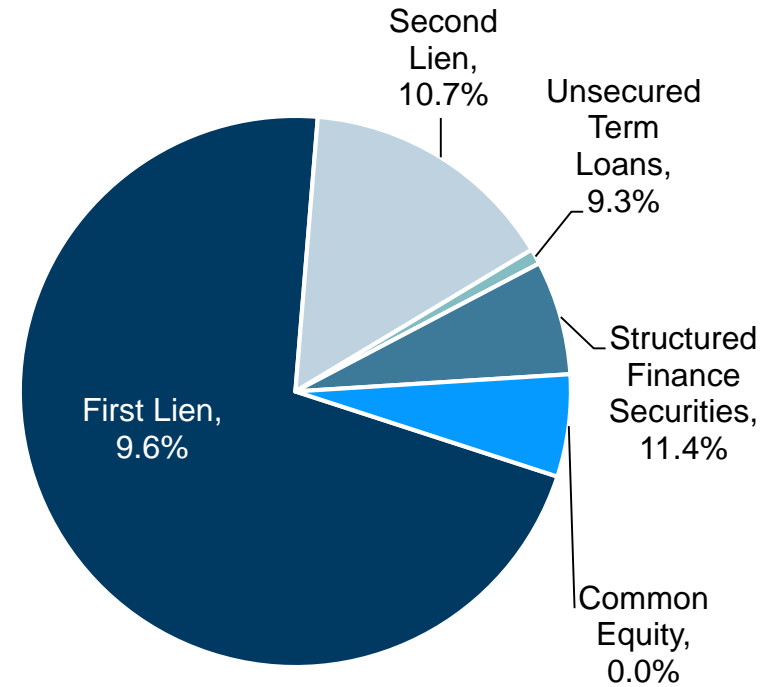
Portfolio Composition – \$485.6 m

(Based on Fair Values
as of Feb 29, 2020)



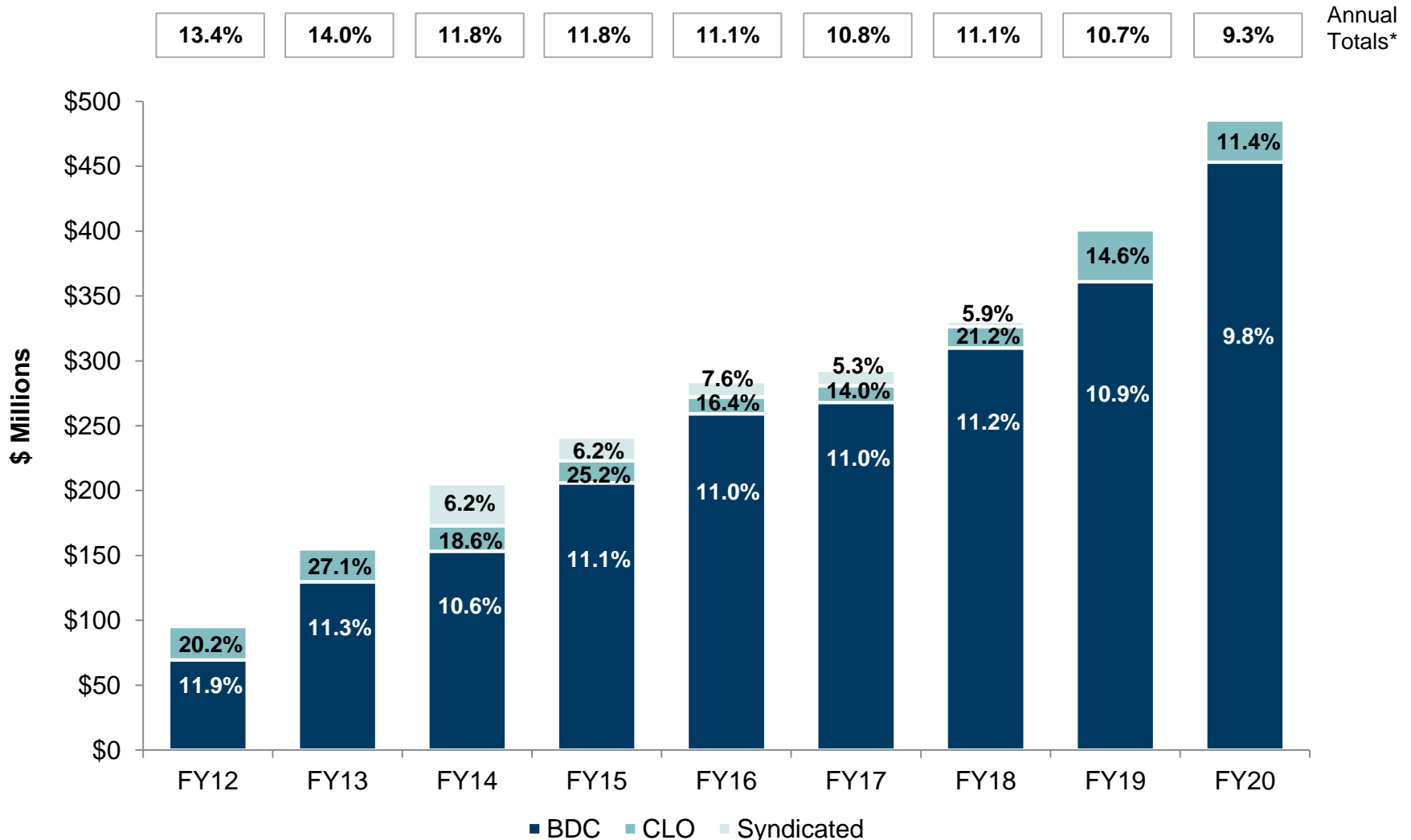
Portfolio Yield – 9.3%

(Weighted Average
Current Yield of Existing Portfolio)



Yield of BDC Remains Healthy

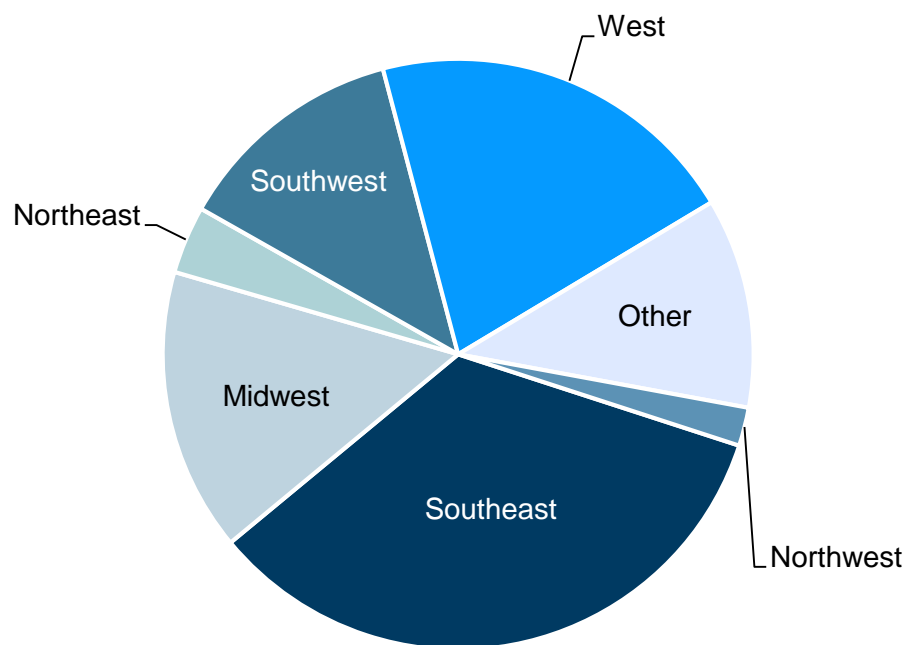
Weighted Average Current Yields



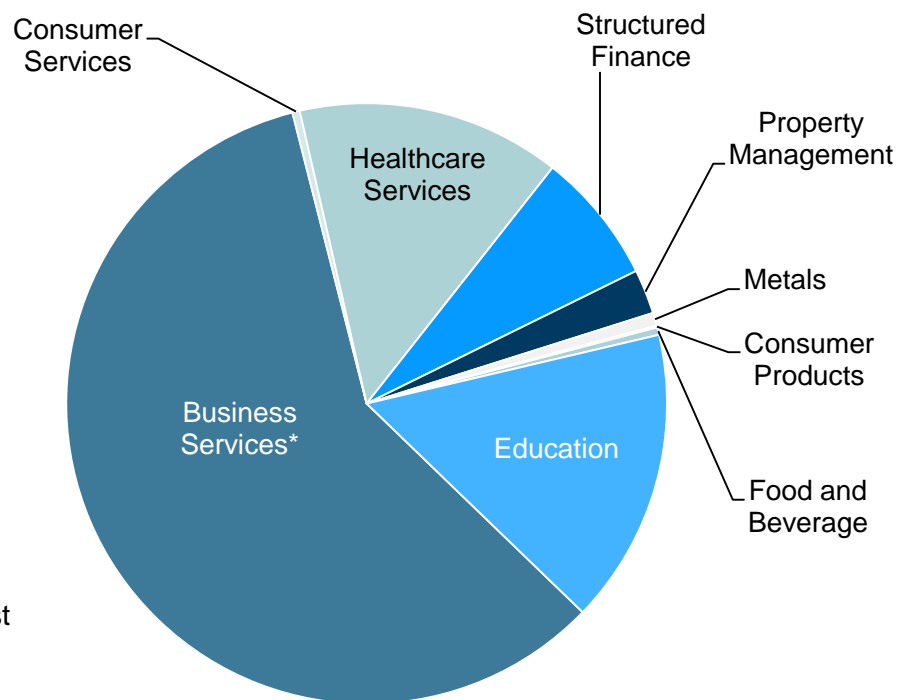
* Annual total yields on full portfolio. BDC, CLO and Syndicated yields are annualized and calculated on fair value of interest earning assets.

Diversified Across Industry and Geography

Investments diversified geographically



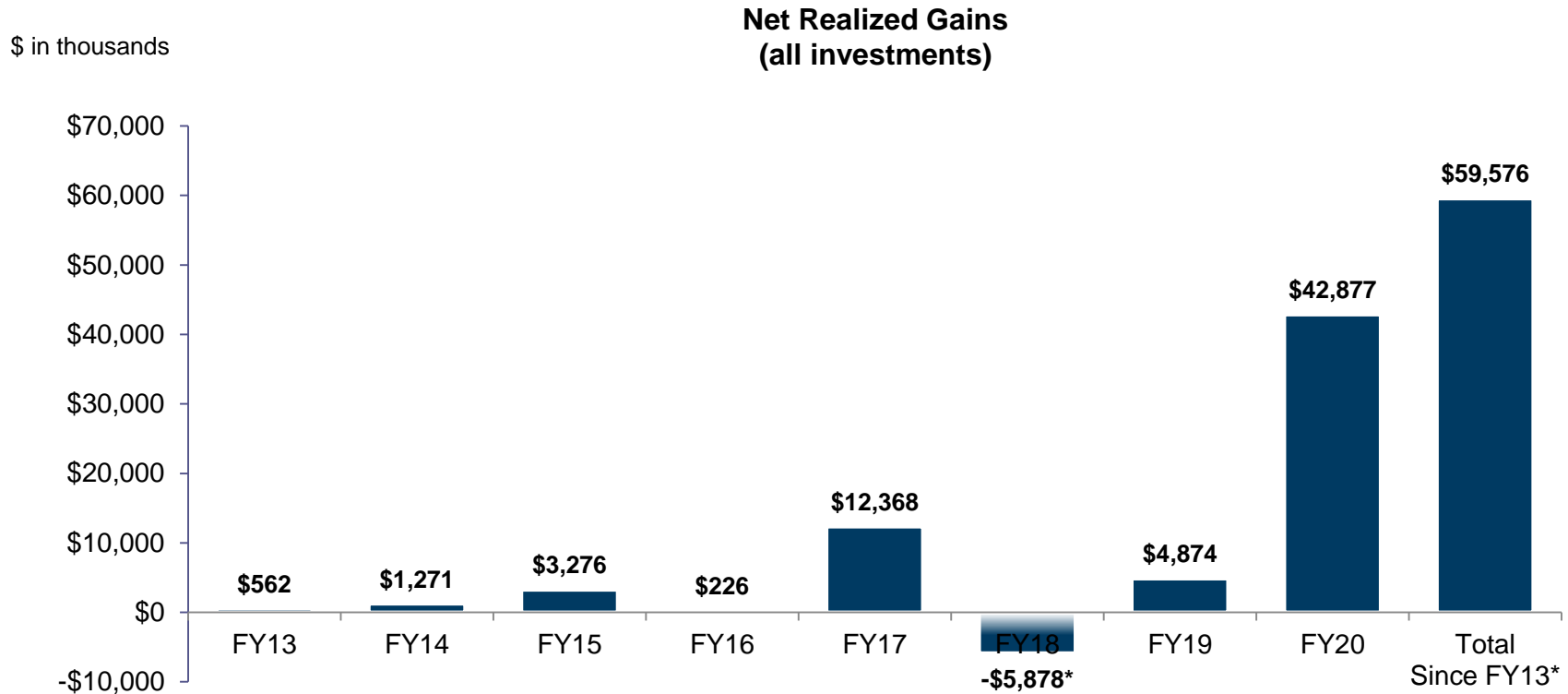
Investments across 9 distinct industries



* Further breakdown of Business Services into sub-industries available in our Investor Presentation on our website

Net Realized Gains Help Protect Shareholder Capital

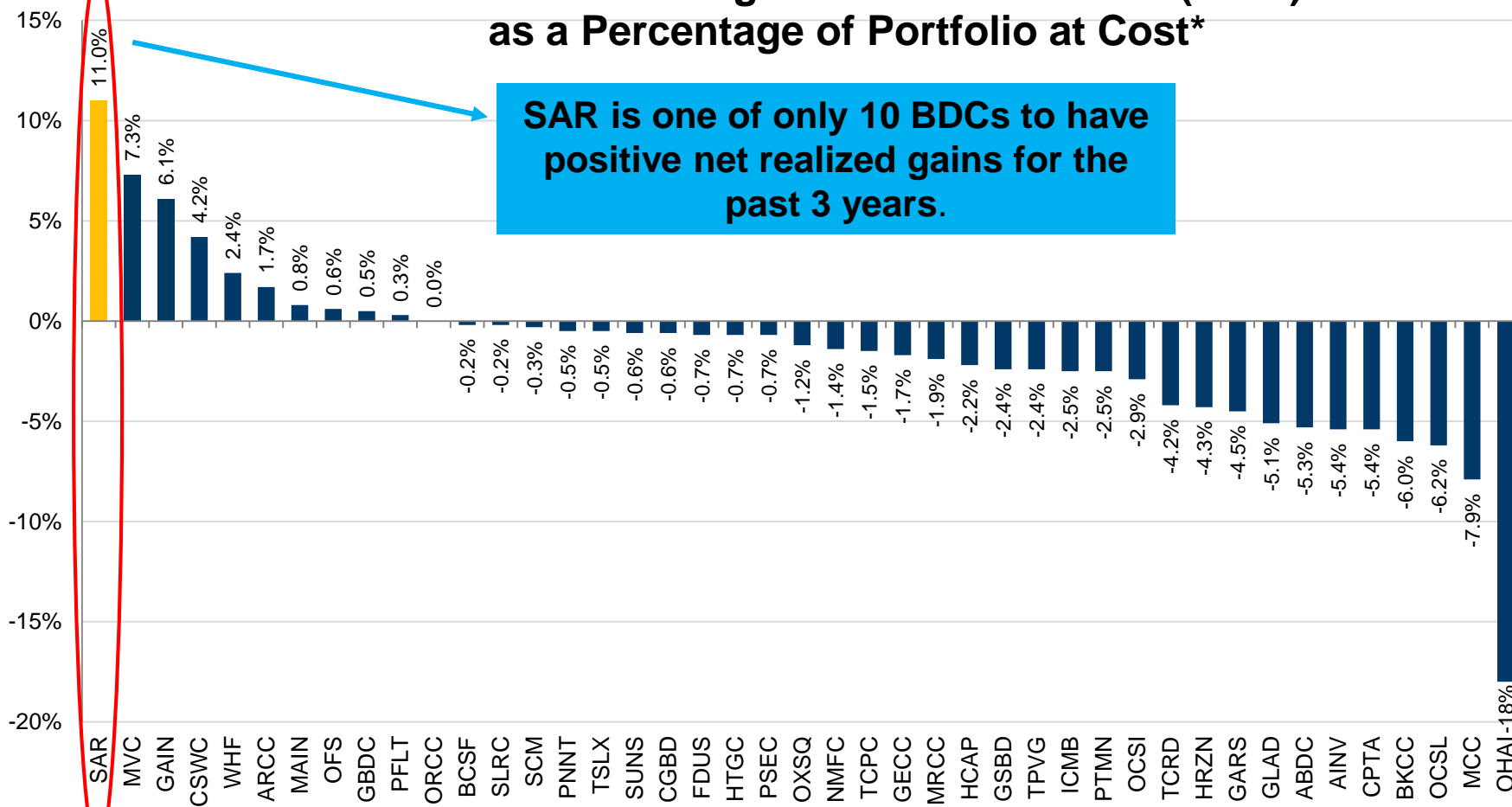
Cumulative net realized gains reflect portfolio credit quality



* 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*

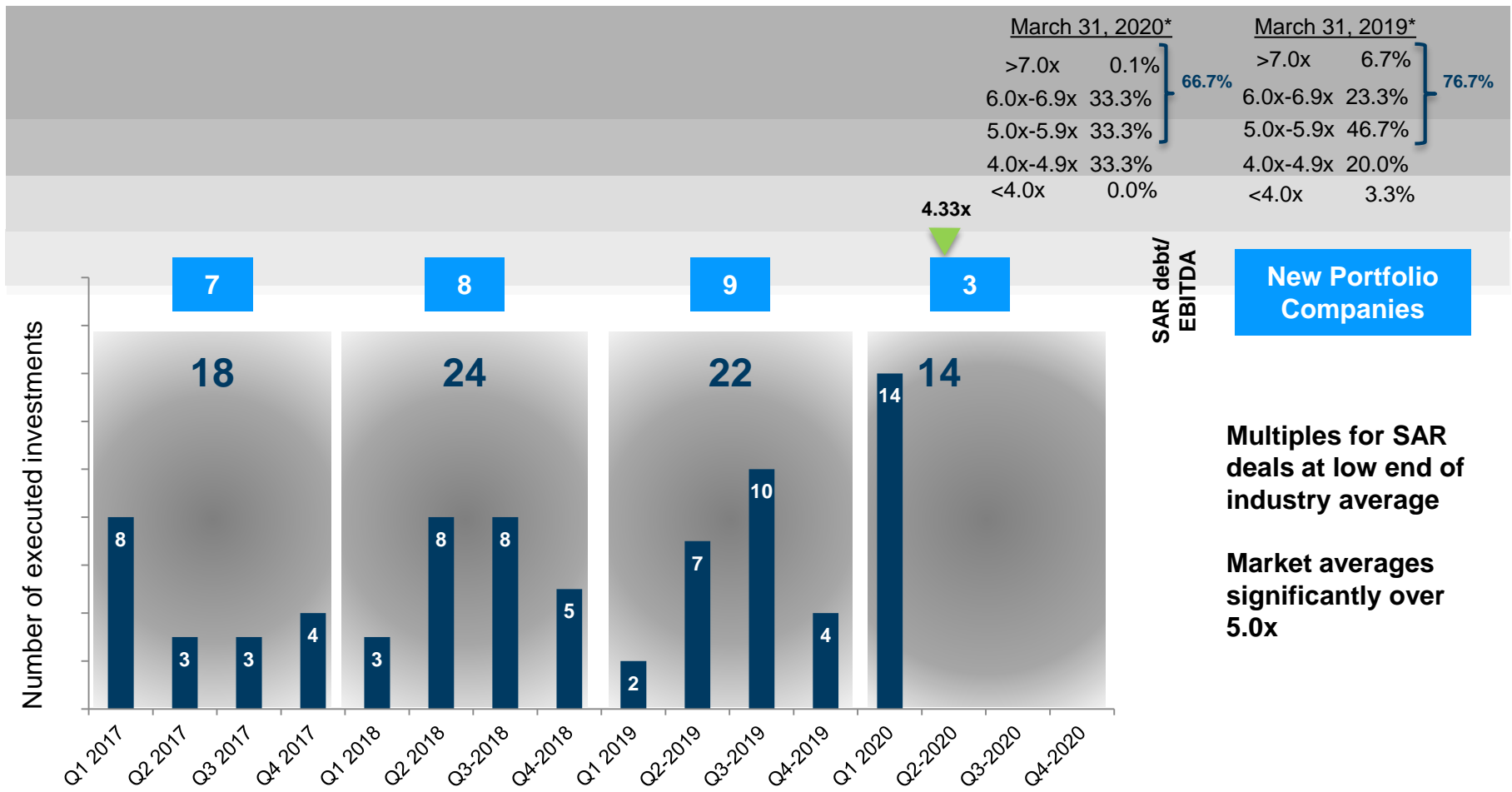


Source: Ladenburg Thalmann report as of 1/21/20, adjusted for Q4FY20 Saratoga results
Calculated as realized gains as proportion of average cost

Exercising Disciplined Investment Judgment While Growing Origination Pace

SAR Debt Multiples/Deals Closed (2016-2019)

Total Portfolio Leverage with EBITDA underwriting is 4.33x¹



March 31, 2020*		March 31, 2019*	
>7.0x	0.1%	>7.0x	6.7%
6.0x-6.9x	33.3%	6.0x-6.9x	23.3%
5.0x-5.9x	33.3%	5.0x-5.9x	46.7%
4.0x-4.9x	33.3%	4.0x-4.9x	20.0%
<4.0x	0.0%	<4.0x	3.3%

SAR debt/ EBITDA

New Portfolio Companies

Multiples for SAR deals at low end of industry average

Market averages significantly over 5.0x

*Calendar quarters, not fiscal

■ SAR Deals Closed

▲ Weighted Average SAR leverage across portfolio

¹Excludes 17 loans underwritten using recurring revenue metrics

Robust and Growing Pipeline During Tough Execution Market

The number of new business opportunities remains strong, yet we remain as disciplined as ever – reduction reflects early impact of Covid-19 during March 2020

Calendar*	2017	Δ	2018	Δ	2019	Δ	LTM Q1 2020
Deals Sourced	722	17%	846	2%	863	- 2%	844
Term Sheets	49	49%	73	5%	77	- 8%	71
Deals Executed (new and follow-on)	18	33%	24	-8%	22	55%	34
New portfolio companies	7		8		9		12

- 50% of deal flow from private equity sponsors
- 50% of deals from private companies without institutional ownership
- Saratoga maintains investment discipline which is demonstrated by passing on ~70 deals a year that other firms close

- Saratoga issues an average of 18 term sheets per quarter, or 8% of deals reviewed
- ~ 80% of term sheets are issued for transactions involving a private equity sponsor

- Saratoga closes an average of 8 new deals or follow-ons per quarter, ~4% of deals reviewed

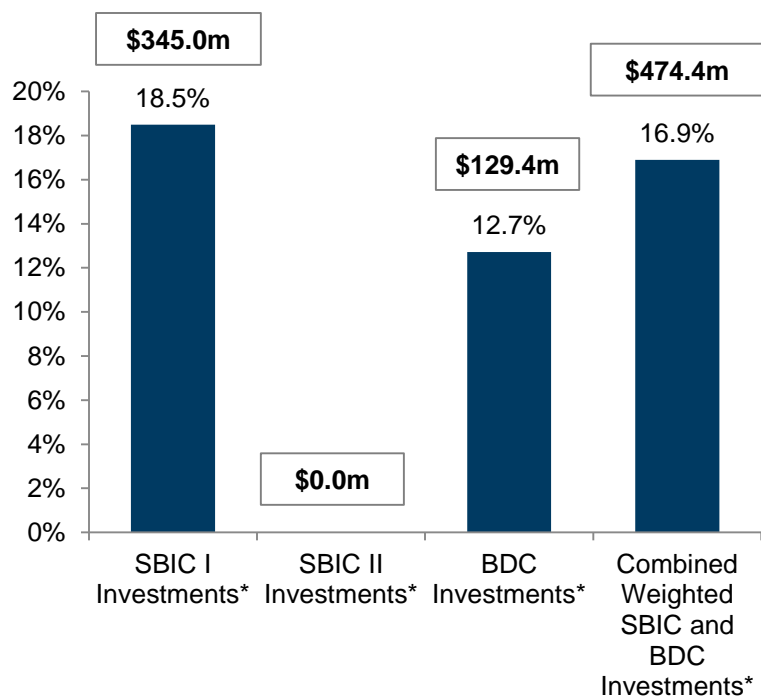
- Twelve new portfolio companies during LTM Q1 2020

*Calendar quarters, not fiscal quarters.

Demonstrated Strong Track Record

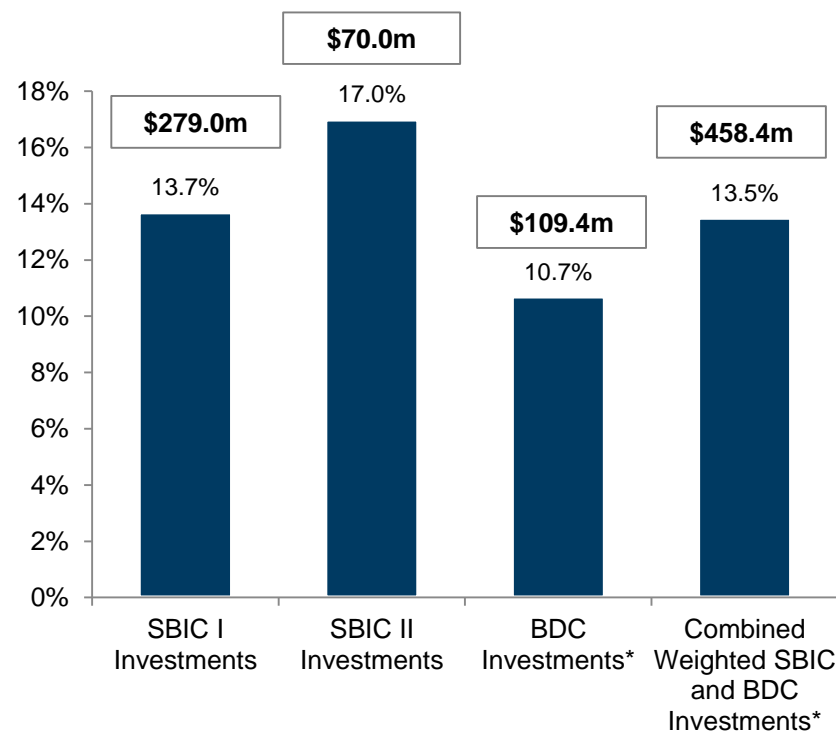
Realized Investments

(Gross Unlevered IRR%)



Unrealized Investments ¹

(Gross Unlevered IRR%)

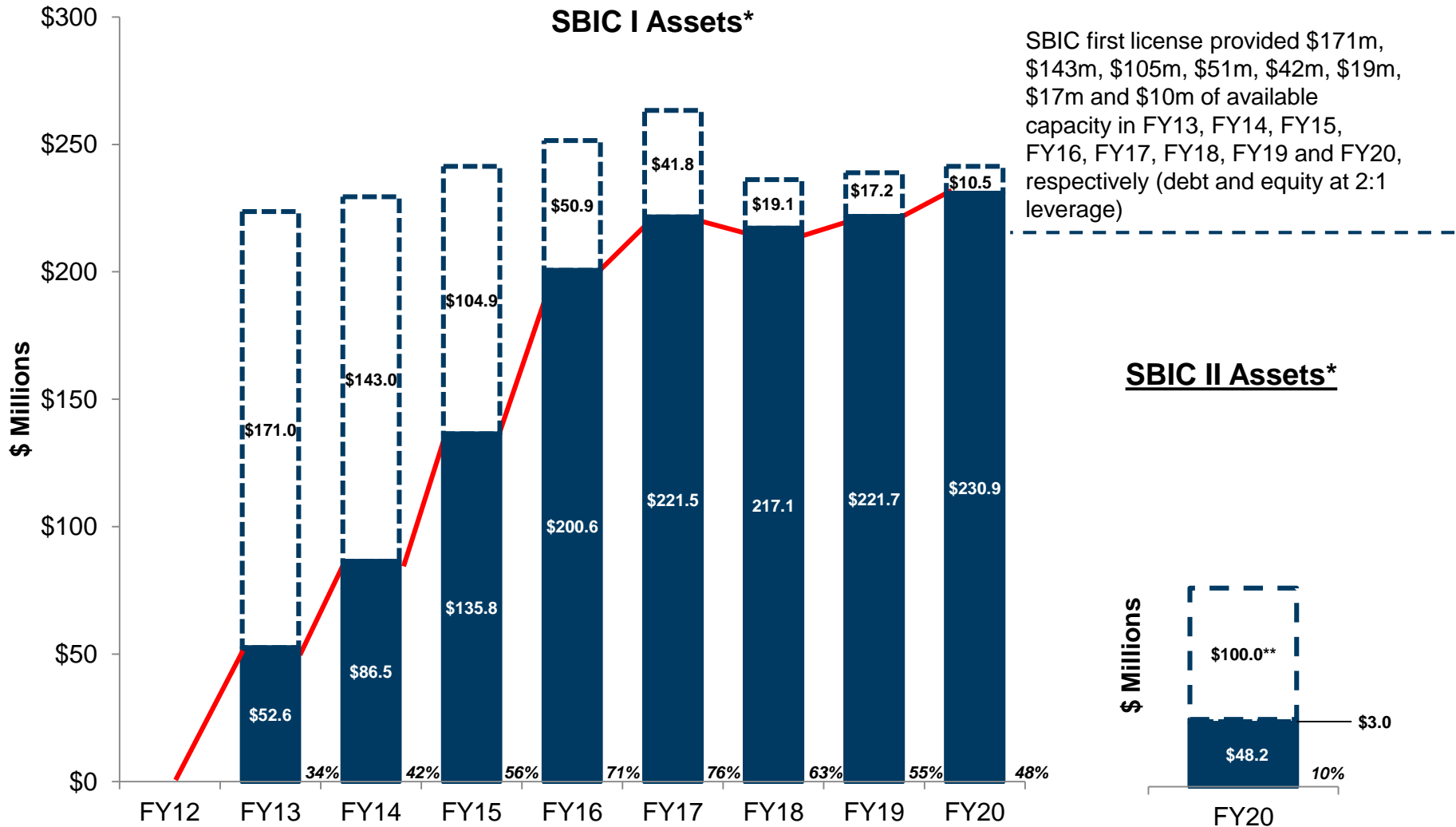


Track Records as of 2/29/20

¹ IRRs for unrealized investments include fair value and accrued interest as of 2/29/20

* 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.

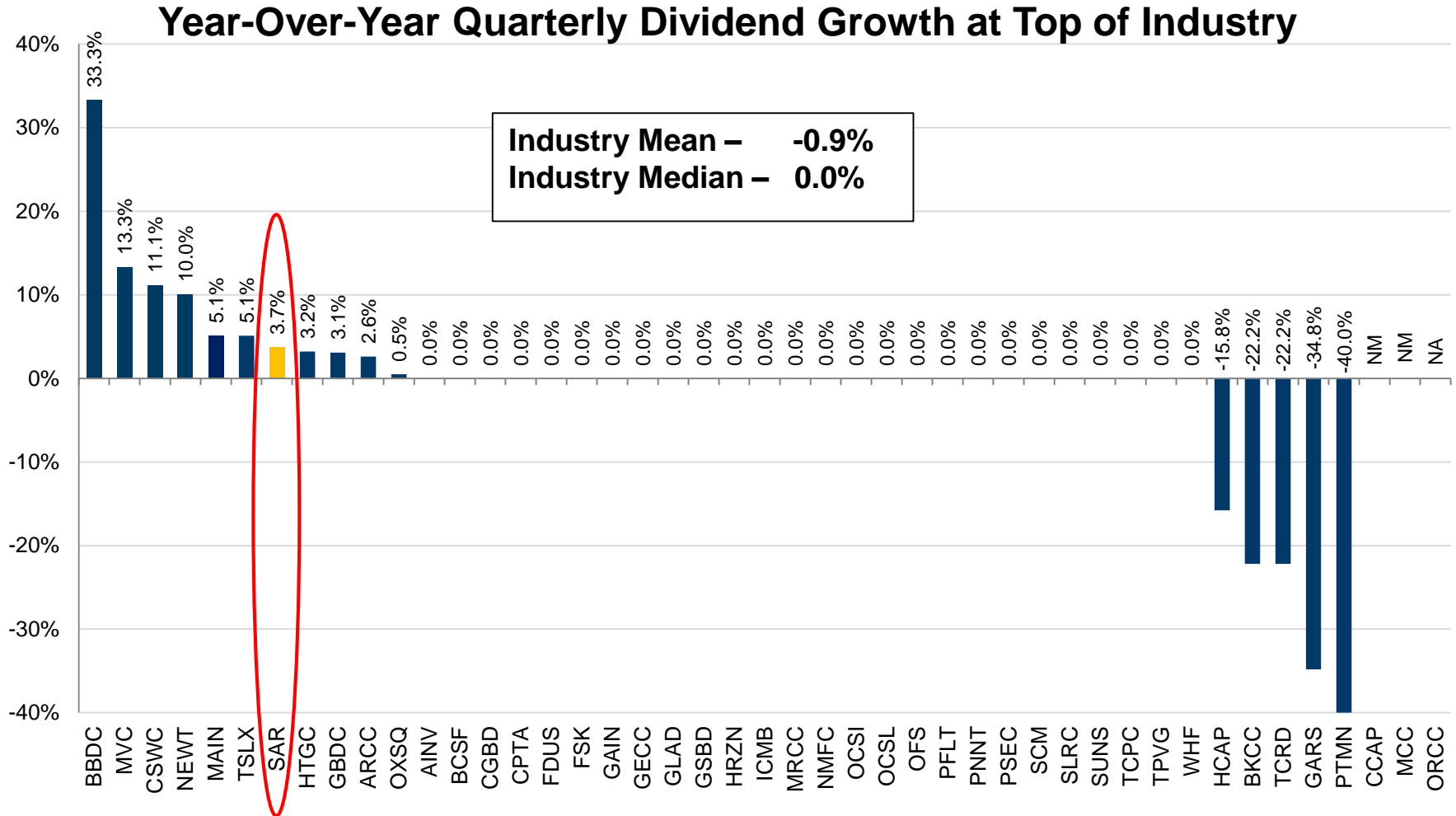
SBIC I Fully Funded - SBIC II Mostly Available



* At Fair Value as of February 29, 2020 for SBIC I and II assets

** Represents current debenture capacity based on \$50.0m capital in SBIC II

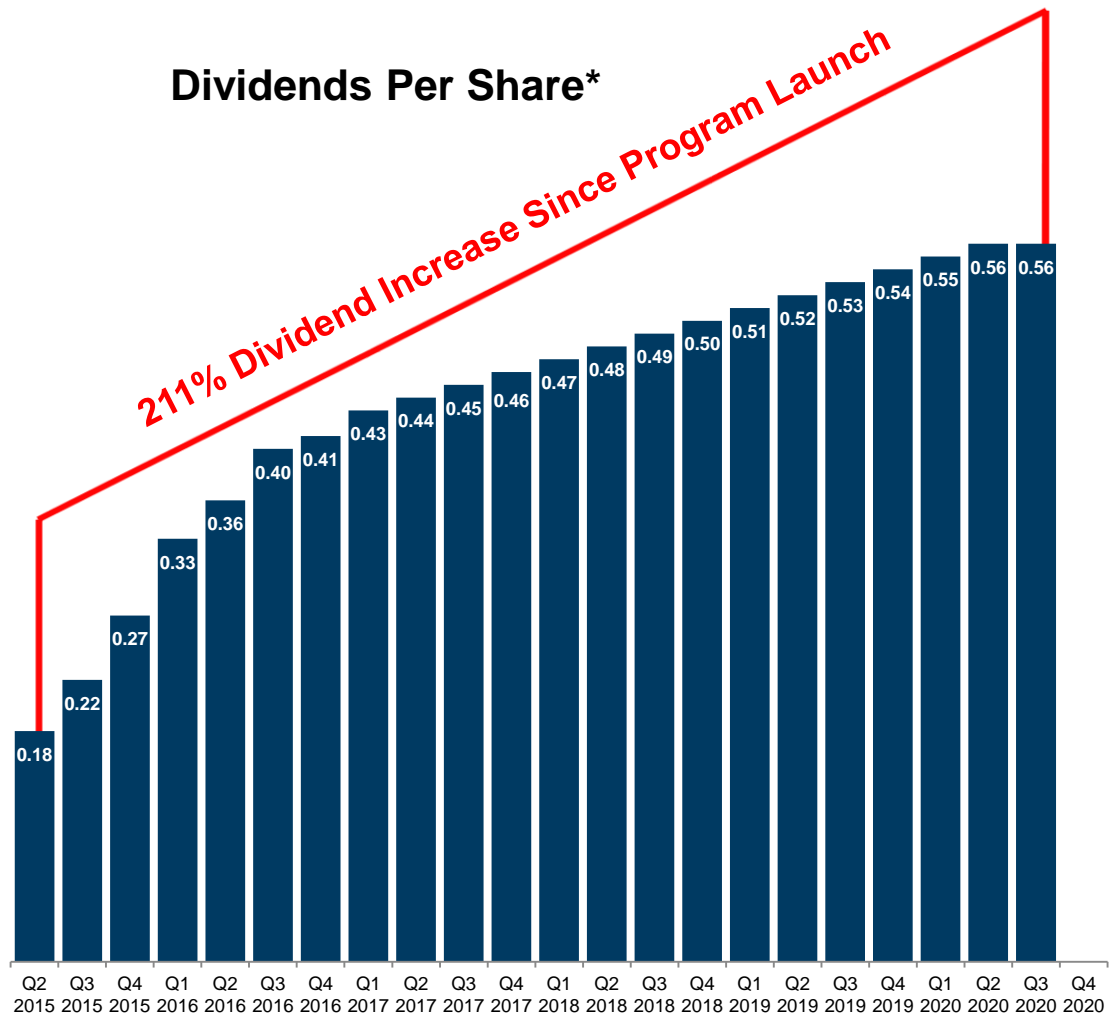
Saratoga Growing Dividends the Past Five Years



Source: Raymond James report as of 4/9/2020

Dividend Deferred In Light of COVID-19 Uncertainty

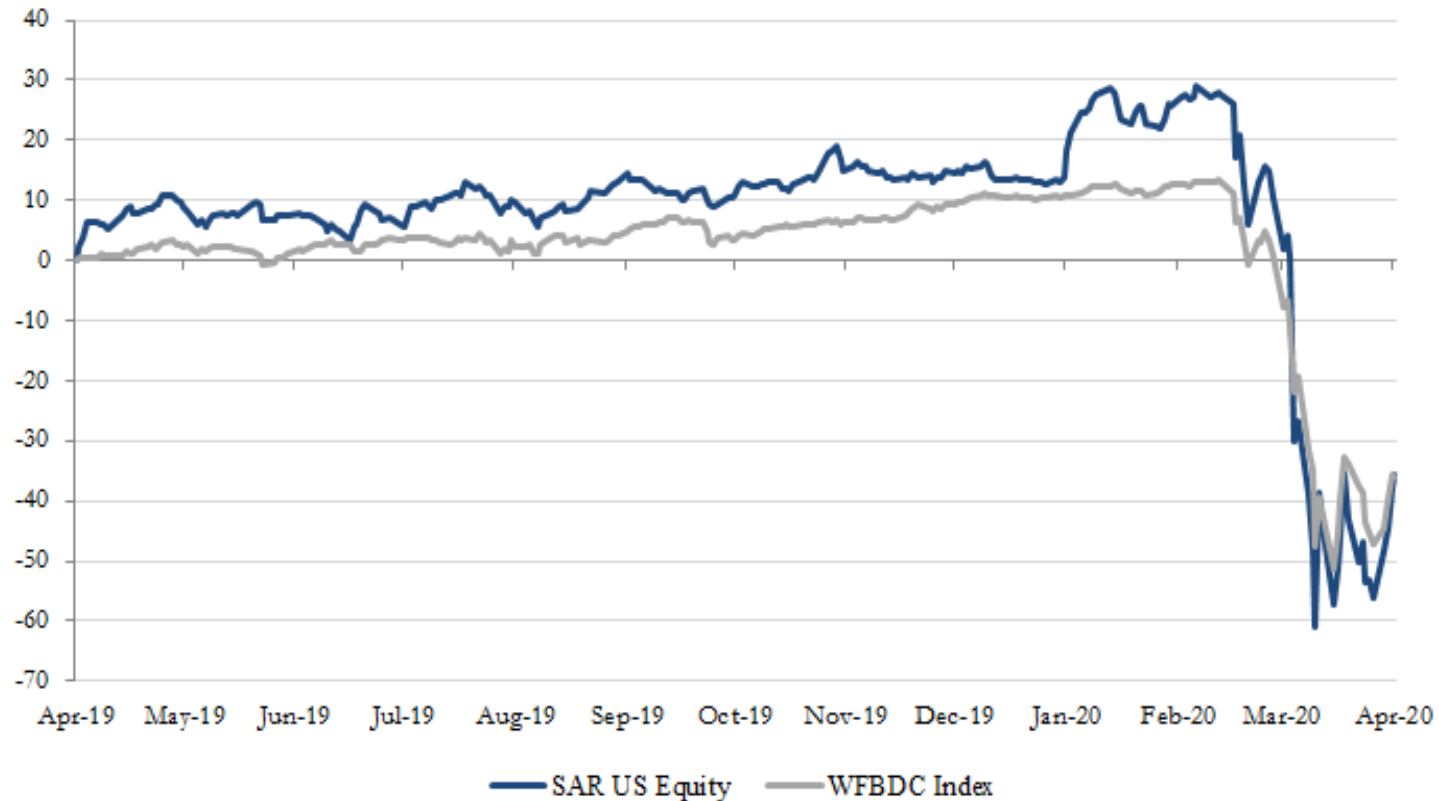
- Established dividend policy to pay regular quarterly cash dividends to stockholders pursuant to dividend reinvestment plan (“DRIP”)
- Increased dividend by 211% since program launch
- Q4 FY20 dividend deferred during these uncertain times to retain liquidity to support portfolio companies and preserve NAV



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

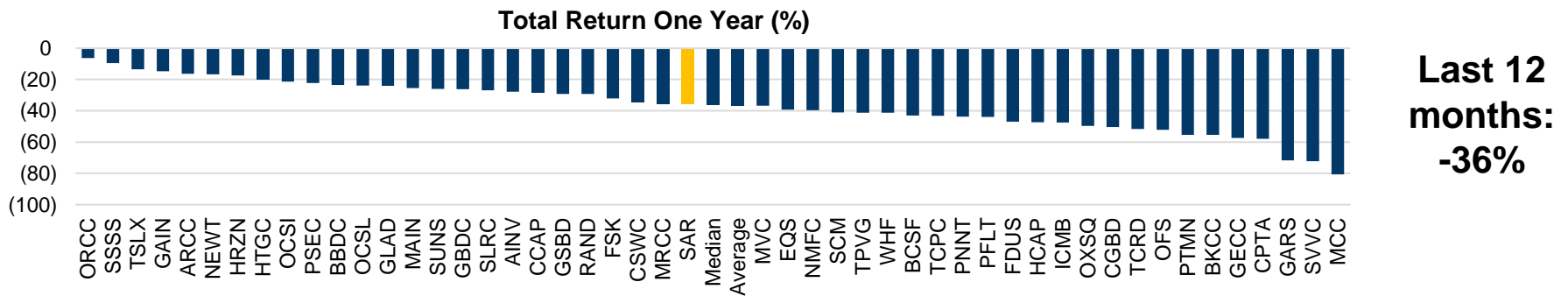
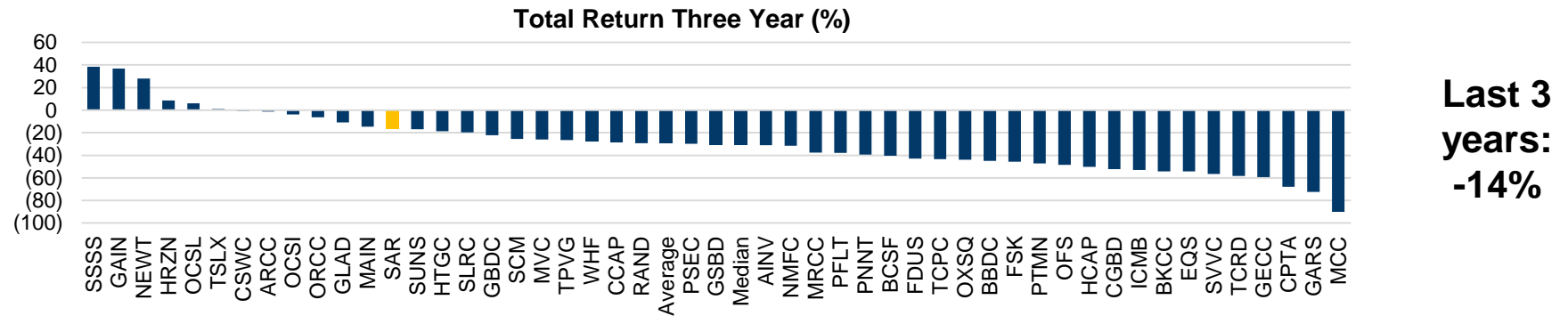
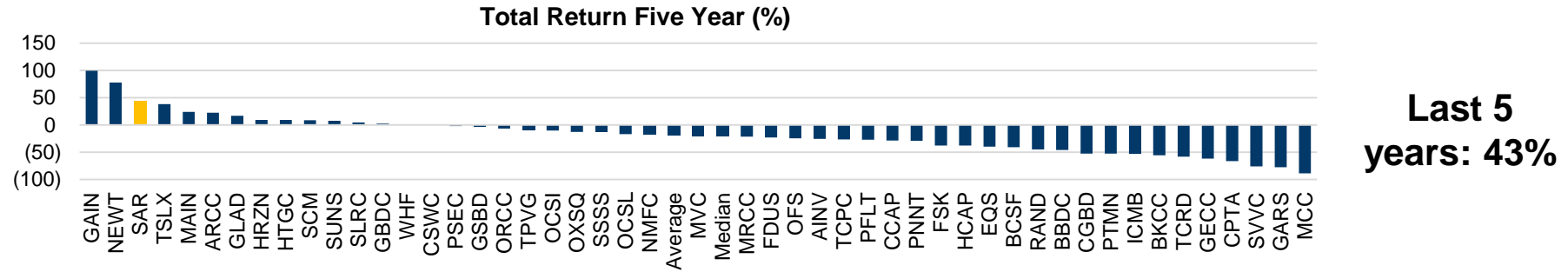
SAR LTM Total Return In Line with BDC Index

LTM Total Return (%)
(April 2019 to April 2020)
SAR -36% v BDC Index -36%

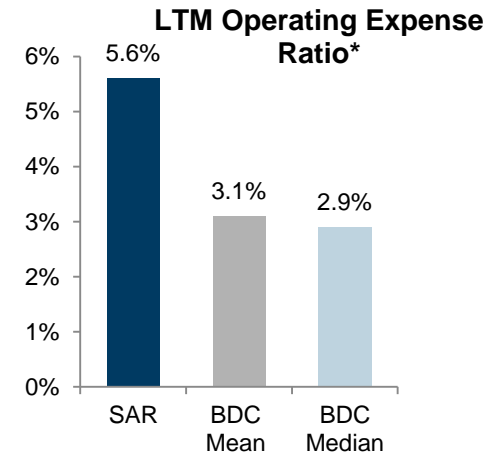
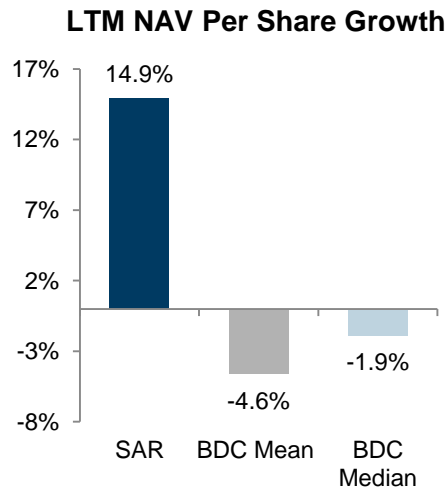
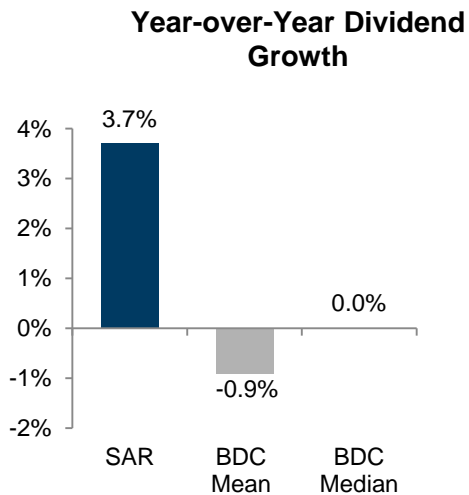
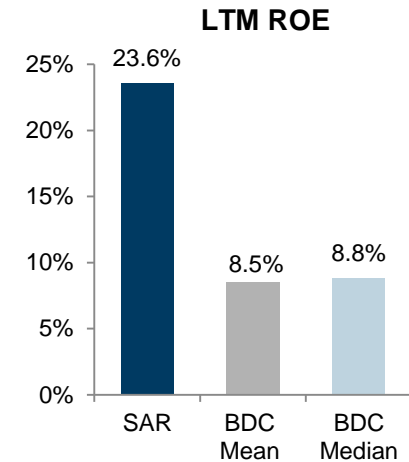
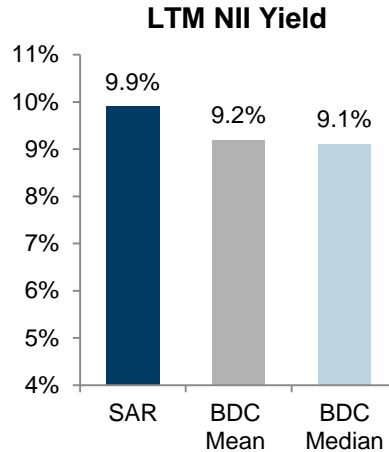
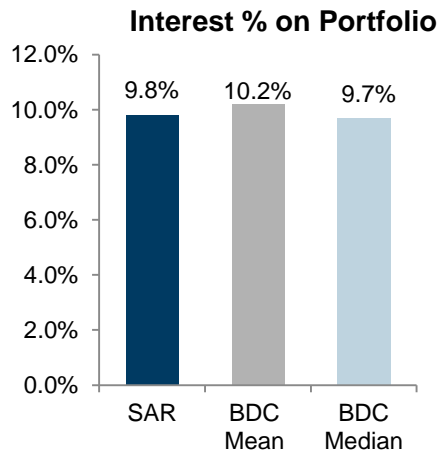


Long-Term Performance at Top of BDC Industry

BDC Total Return (%)



Strongly Differentiated Outperformance



Source: SNL Financial / Company Filings / Raymond James report as of 04/09/20

* 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 18.5%.

Establishing Competitive Edge vs. Other BDCs

Outstanding performance characteristics

- ▶ **Strong and growing long-term dividend**
Paid an LTM dividend yield of approx. 13.9%; increased quarterly dividend by 211% since program launched; significant management ownership of 11%
- ▶ **Strong return on equity**
LTM ROE of 23.6% factors in both investment income and net gains/losses, top ROE in the 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 53% as of quarter ended February 29, 2020 with most of it in sub-2.5% cost liquidity (SBIC II debentures) that is 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**
Assets under management has grown steadily 508% since FY 2011, 21% in past year.
- ▶ **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, 99% of credits are the highest quality, 71% 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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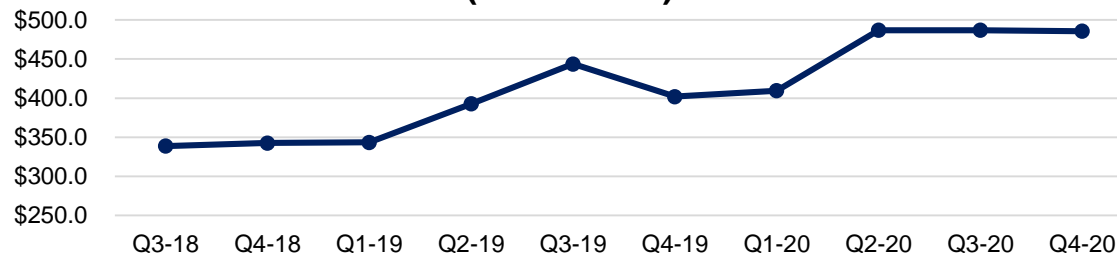
KPIs – Balance Sheet – Q4 FY20

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

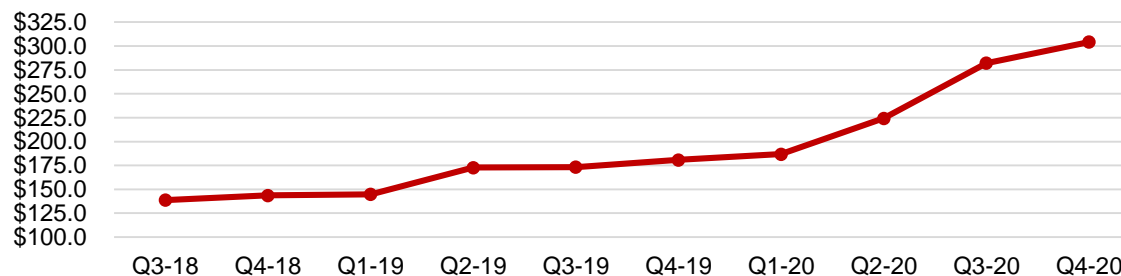
Period	NAV (in millions)
Q3-18	\$ 138.8
Q4-18	\$ 143.7
Q1-19	\$ 144.8
Q2-19	\$ 172.7
Q3-19	\$ 173.3
Q4-19	\$ 180.9
Q1-20	\$ 186.8
Q2-20	\$ 224.3
Q3-20	\$ 282.2
Q4-20	\$ 304.3

Period	NAV Per Share
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

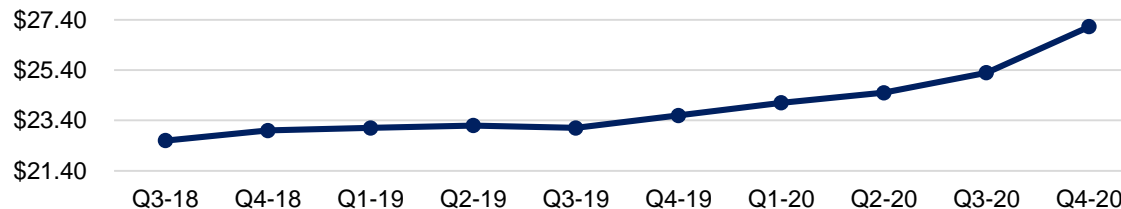
FMV Investment Portfolio (in millions)



NAV (in millions)



NAV Per Share



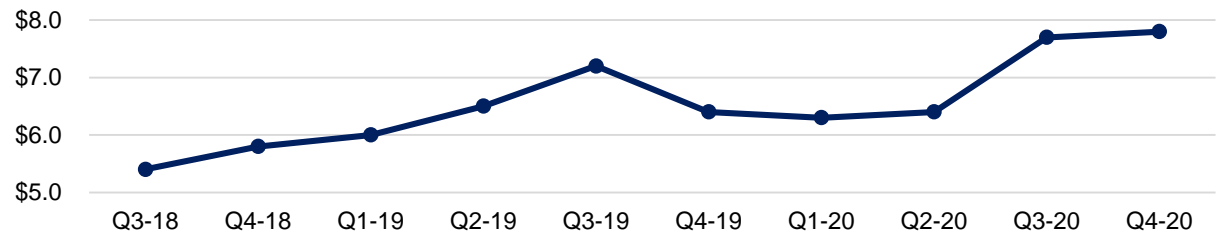
KPIs – Income Statement – Q4 FY20

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

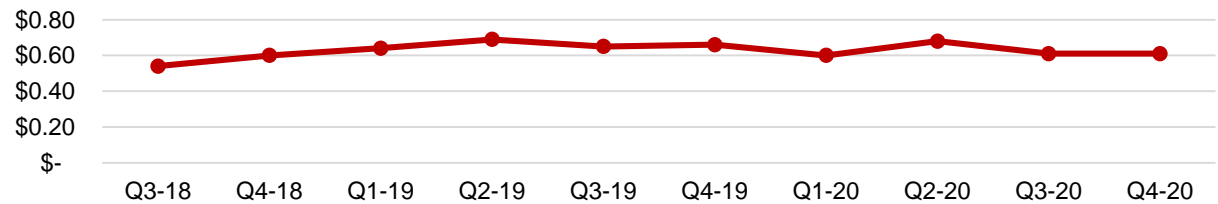
Period	NII Per Share
Q3-18	\$ 0.54
Q4-18	\$ 0.60
Q1-19	\$ 0.64
Q2-19	\$ 0.69
Q3-19	\$ 0.65
Q4-19	\$ 0.66
Q1-20	\$ 0.60
Q2-20	\$ 0.68
Q3-20	\$ 0.61
Q4-20	\$ 0.61

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%

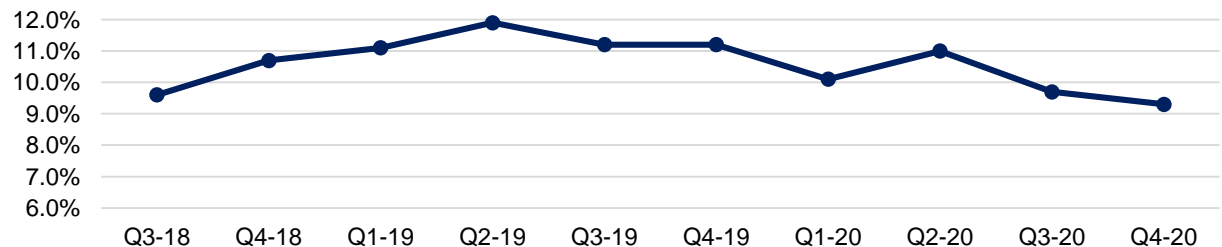
Net Interest Margin Excluding CLO (in millions)



Adjusted NII Per Share

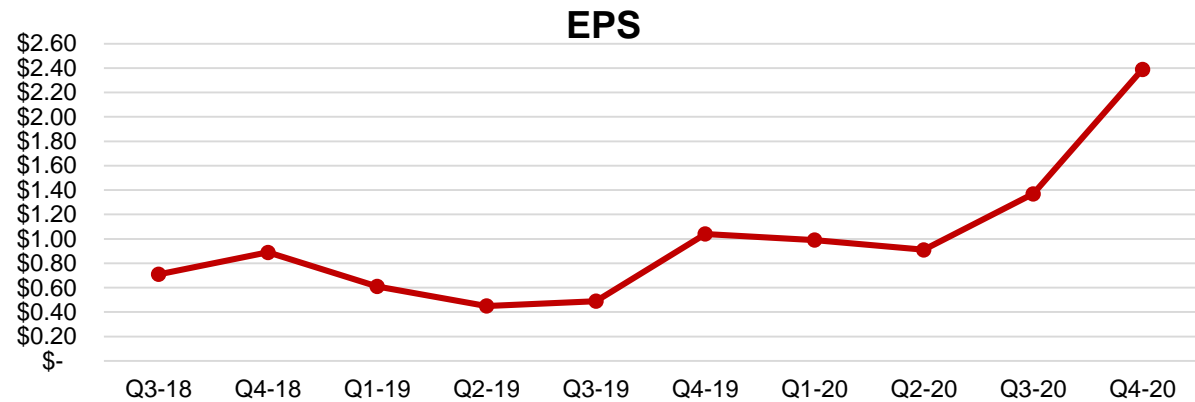


Adjusted NII Yield

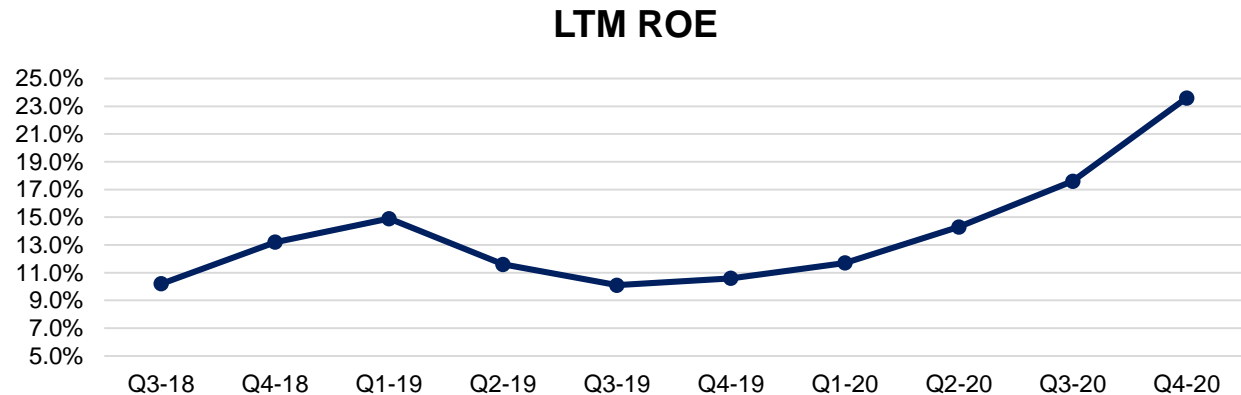


KPIs –Income Statement– Q4 FY20 (continued)

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



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%



KPIs - SAR Net Interest Margin

SAR has more than tripled its Net Interest Margin since taking over management

Net Interest Margin

