

Saratoga Investment Corp.

**Fiscal Second Quarter 2022
Shareholder Presentation**

October 6, 2021



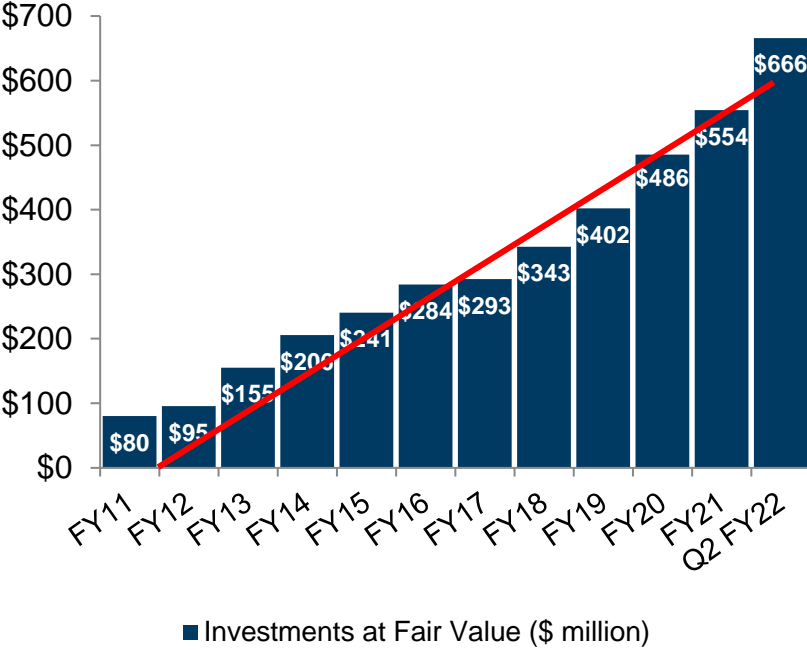
Continued Growth and Outperformance in Q2

Fiscal Second Quarter 2022 Highlights:

- Continued high quality portfolio and strong performance
 - Investment quality remains strong
 - 93.2% of loan investments with highest internal rating and zero non-accruals
 - Return on equity of 14.4% for LTM and 9.9% for Q2, net of realized loss on extinguishment
 - Net realized gain of \$1.5 million and unrealized appreciation of \$3.4 million in Q2
 - Gross Unlevered IRR of 12.7% on total unrealized portfolio as of August 31, 2021
 - Fair value of \$666.1 million is 3.8% above total cost of portfolio
 - Gross Unlevered IRR of 16.1% on \$698.0 million of total realizations
- Consistent strong long-term originations contribute to growing assets under management
 - AUM up 20% since year-end and up 31% since last year with originations of \$116.0 million in Q2, offset by \$134.8 million repayments
- Base of liquidity and capital remains strong
 - Quarter-end liquidity allows growth of AUM by 34% and is mostly long-term
 - \$125 million 4.375% 5-year unsecured bond issued on July 15, 2021 (effective yield of 4.125%)
 - New \$50m credit facility with Encina Lender Finance reducing cost of capital by 100 bps
- Increased dividend by \$0.08, or 18%, to \$0.52 per share for the quarter ended August 31, 2021, paid on September 28, 2021
- Key performance indicators of Q2 continue to grow from Q1
 - Adjusted NII of \$7.0 million is up 12.0%, Adjusted NII per share of 63c is up 7c and NAV per share of \$28.97 is up 0.9%, or \$0.27, to highest level yet
 - NAV per share has increased 14 of the past 17 quarters

Continued Asset Growth and Strong Credit Quality

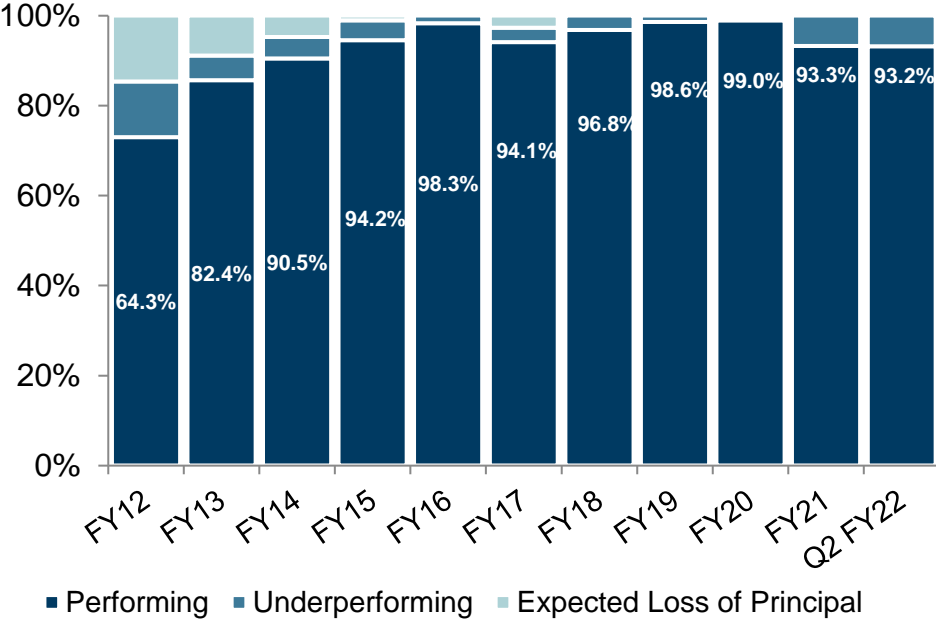
Asset Base Expansion Trend



Fair value of AUM increased 31% year-over-year and 20% since year-end

Fair value of \$666m at Q2 FY22 is 4% above cost

Overall Credit Quality Remains Strong



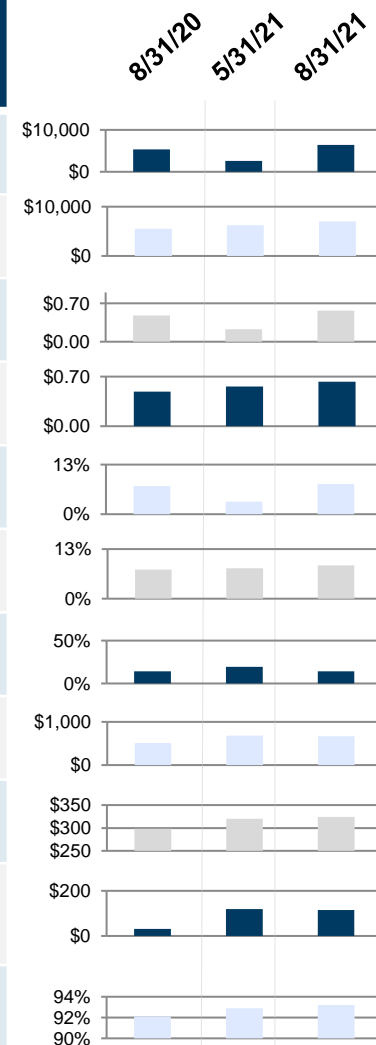
93% of our SAR loan investments hold our highest internal rating; zero non-accrual at quarter-end*

* Excludes our investment in our CLO and our equity positions

Q2 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)	August 31, 2020	May 31, 2021	August 31, 2021
Net investment income	\$5,335	\$2,556	\$6,393
Adjusted net investment income*	\$5,491	\$6,254	\$7,003
Net investment income per share	\$0.48	\$0.23	\$0.57
Adjusted net investment income per share*	\$0.49	\$0.56	\$0.63
Net investment income yield	7.4%	3.3%	7.9%
Adjusted net investment income yield*	7.6%	8.0%	8.7%
Return on Equity – Last Twelve Months	14.3%	19.4%	14.4%
Fair value of investment portfolio	\$508.1	\$677.8	\$666.1
Total net assets	\$298.2	\$320.3	\$324.1
Investments in new/existing portfolio companies	\$31.7	\$119.2	\$116.0
Loan Investments held in “Performing” credit ratings	92.1%	92.9%	93.2%



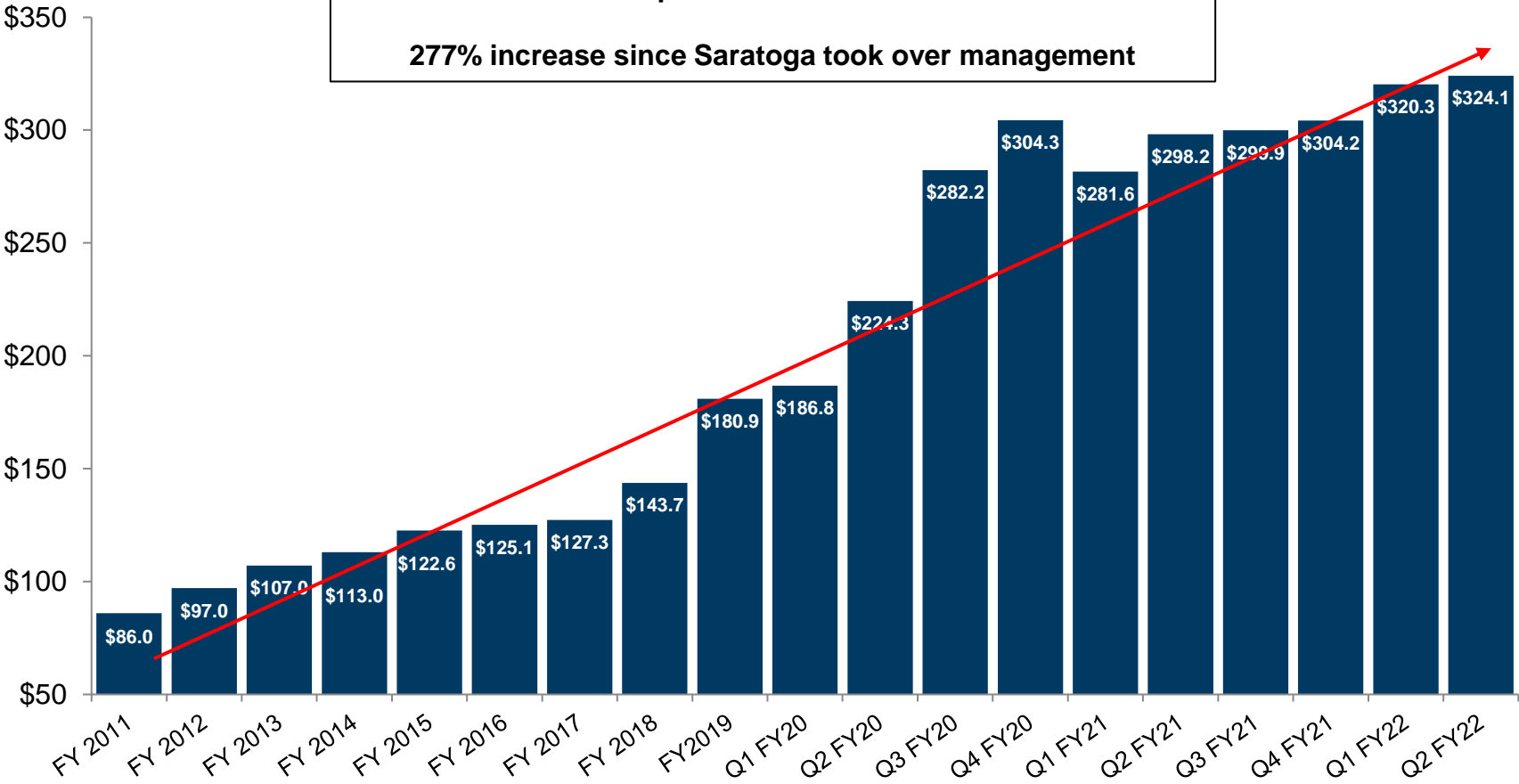
*Adjusted for accrued capital gains incentive fee expense and interest expense on 2025 Notes during call period, reconciliation to GAAP net investment income, net investment income per share and net investment income yield included in our fiscal second quarter 2022 earnings release.

Long-Term Accretive NAV Growth

Net Asset Value (FY11 to Q2 FY22)

in millions

1% increase this quarter and 7% increase from year-end and pre-COVID levels
277% increase since Saratoga took over management



Quarterly Reconciliation of NII and NAV per Share

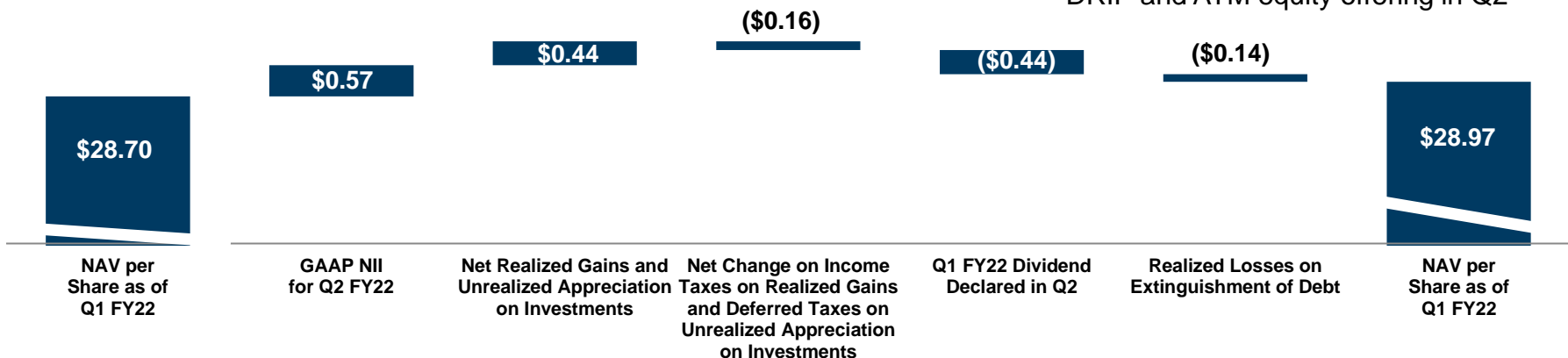
Reconciliation of Quarterly Adjusted NII per Share

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



Reconciliation of Quarterly NAV per Share

- No impact from share repurchase plan, DRIP and ATM equity offering in Q2



Dry Powder Remains Available

(As of August 31, 2021)		Total Borrowing Capacity	Outstanding	Available Liquidity	Remaining Maturity Period	Fixed / Floating Rate
Secured Revolving Credit Facility		\$45.0 million	\$0.0 million	\$45.0 million	4.5 Years	Floating
SBA Debentures	SBIC I	\$108.0 million	\$108.0 million	\$0.0 million	2-8 years	Fixed
	SBIC II	\$175.0 million	\$64.0 million	\$111.0 million	9-10 years	Fixed
Publicly-Traded Notes (at par value)	SAK	\$43.1 million	\$43.1 million	\$0.0 million	4 Years	Fixed
Unsecured Notes		\$175.0 million	\$175.0 million	\$0.0 million	4.5 years	Fixed
Private Notes (at par value)		\$20.0 million	\$20.0 million	\$0.0 million	4-6 Years	Fixed
Cash and Cash Equivalents		\$73.3 million	\$73.3 million	\$73.3 million	-	-
Total Available Liquidity (at quarter-end):				\$ 229.3 million		

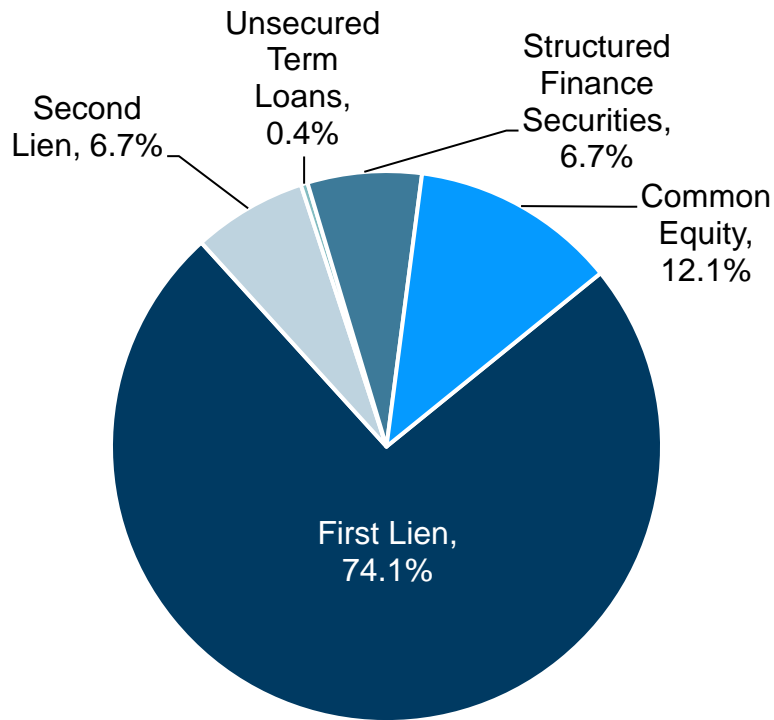
Ability to grow AUM by 34% without any new external financing as of August 31, 2021

- \$111m of SBIC II debentures currently available and undrawn on \$87.5m 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

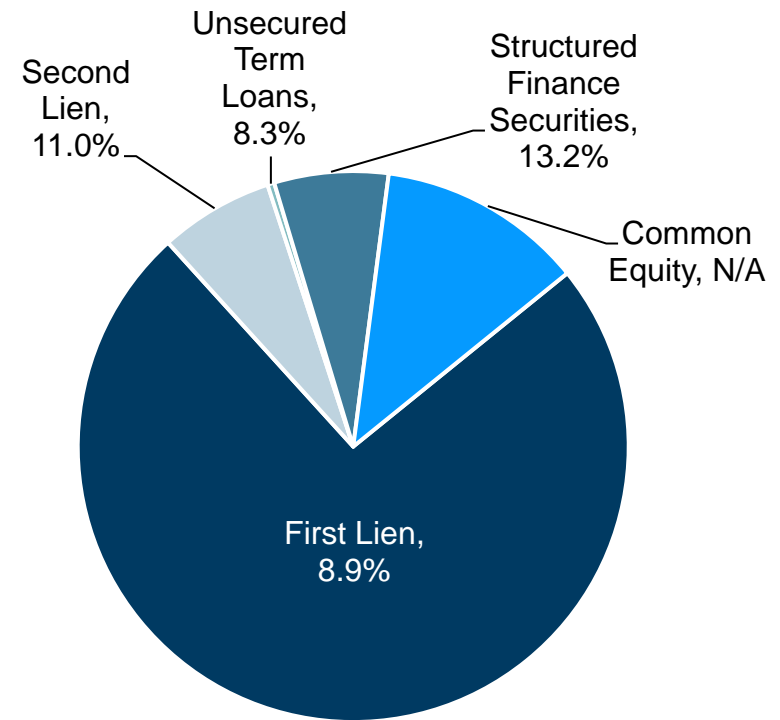
Portfolio Composition – \$666.1 m

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



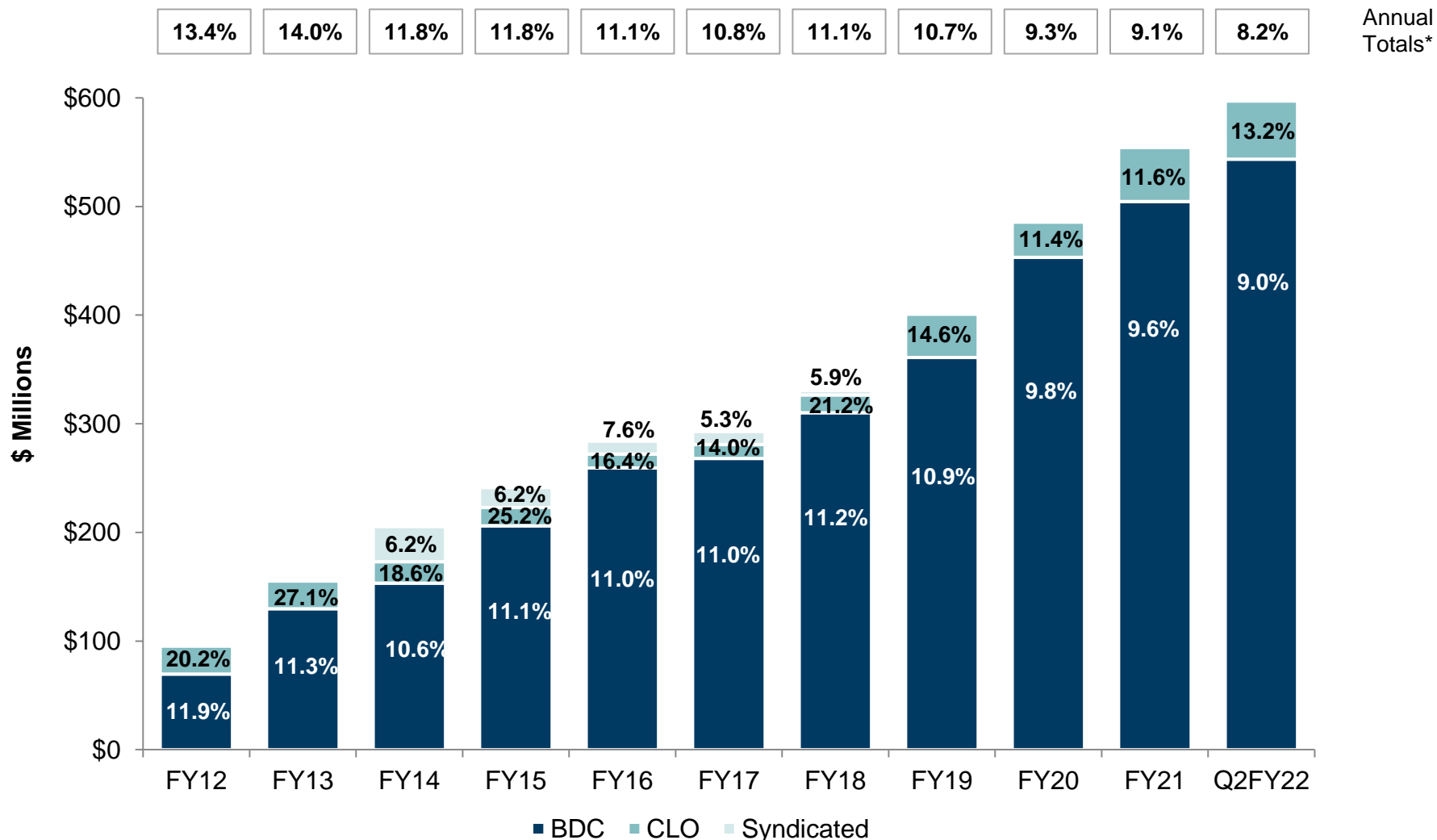
Portfolio Yield – 8.2%

(Weighted Average
Current Yield of Existing Portfolio)



Yield of BDC Remains Healthy

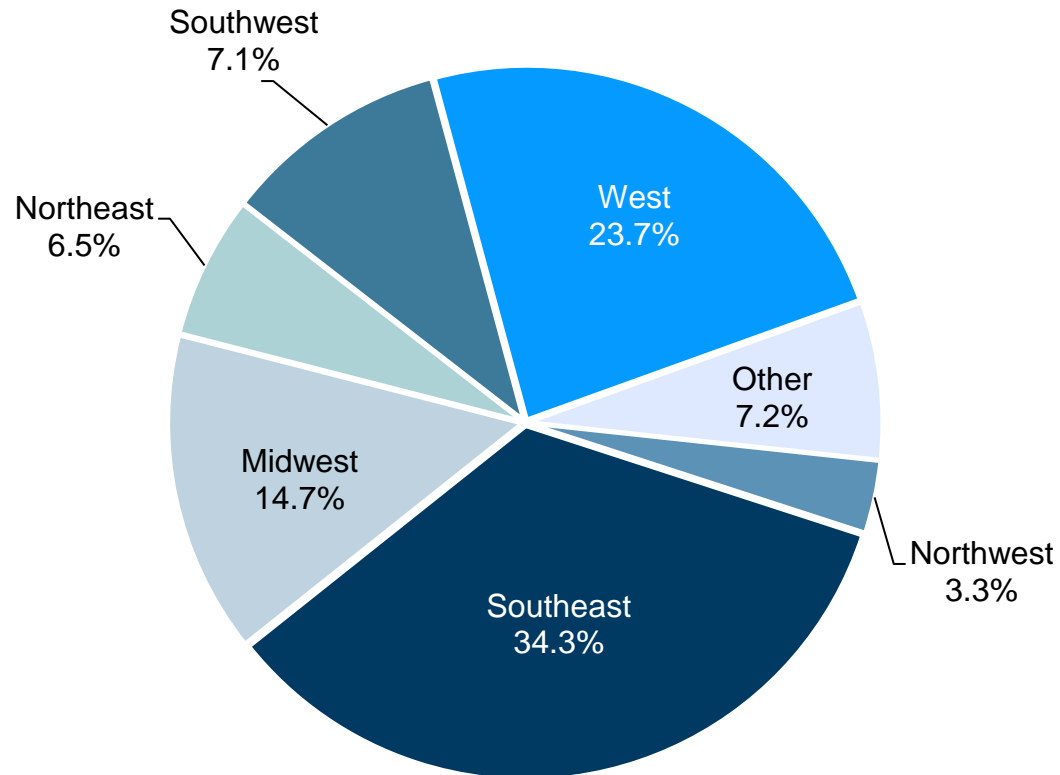
Weighted Average Current Yields



* Annual total yields on full portfolio. Excludes dividend income on preferred equity investments and other income. BDC, CLO and Syndicated yields are annualized and calculated on fair value of interest earning assets.

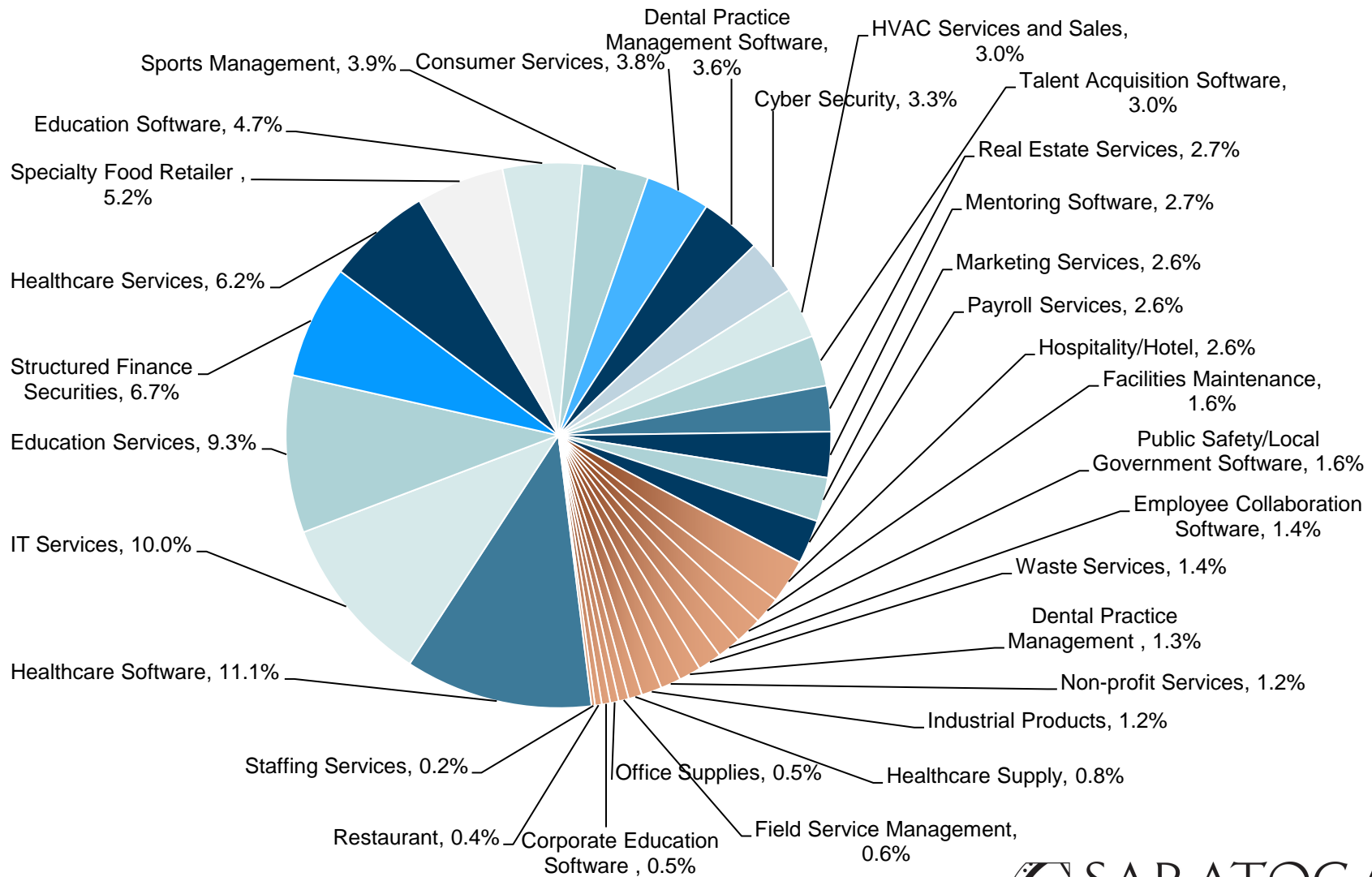
Diversified Across Geography

Investments Diversified Geographically



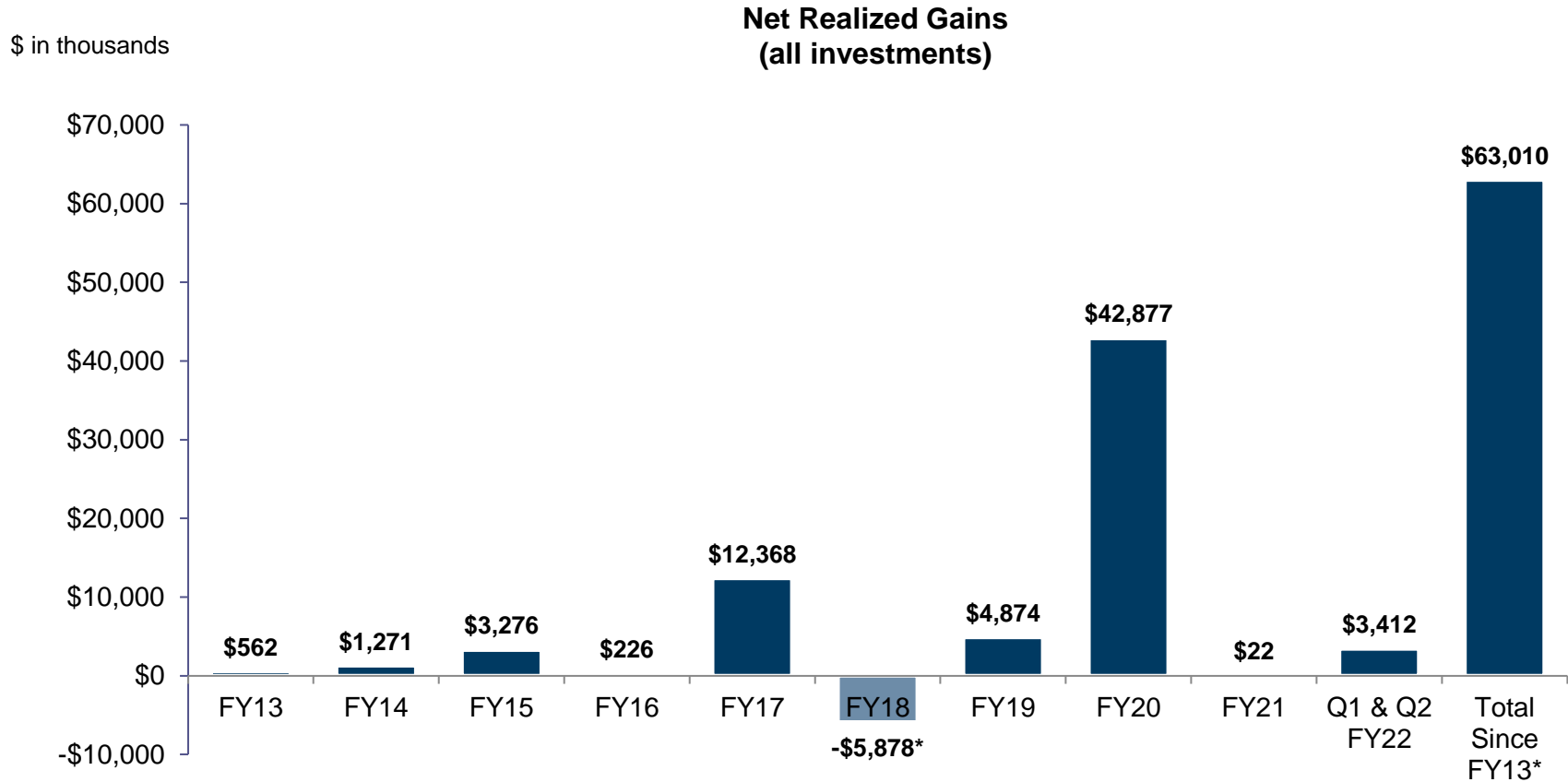
Diversified Across Industry

Investments across 34 distinct industries



Net Realized Gains Help Protect Shareholder Capital

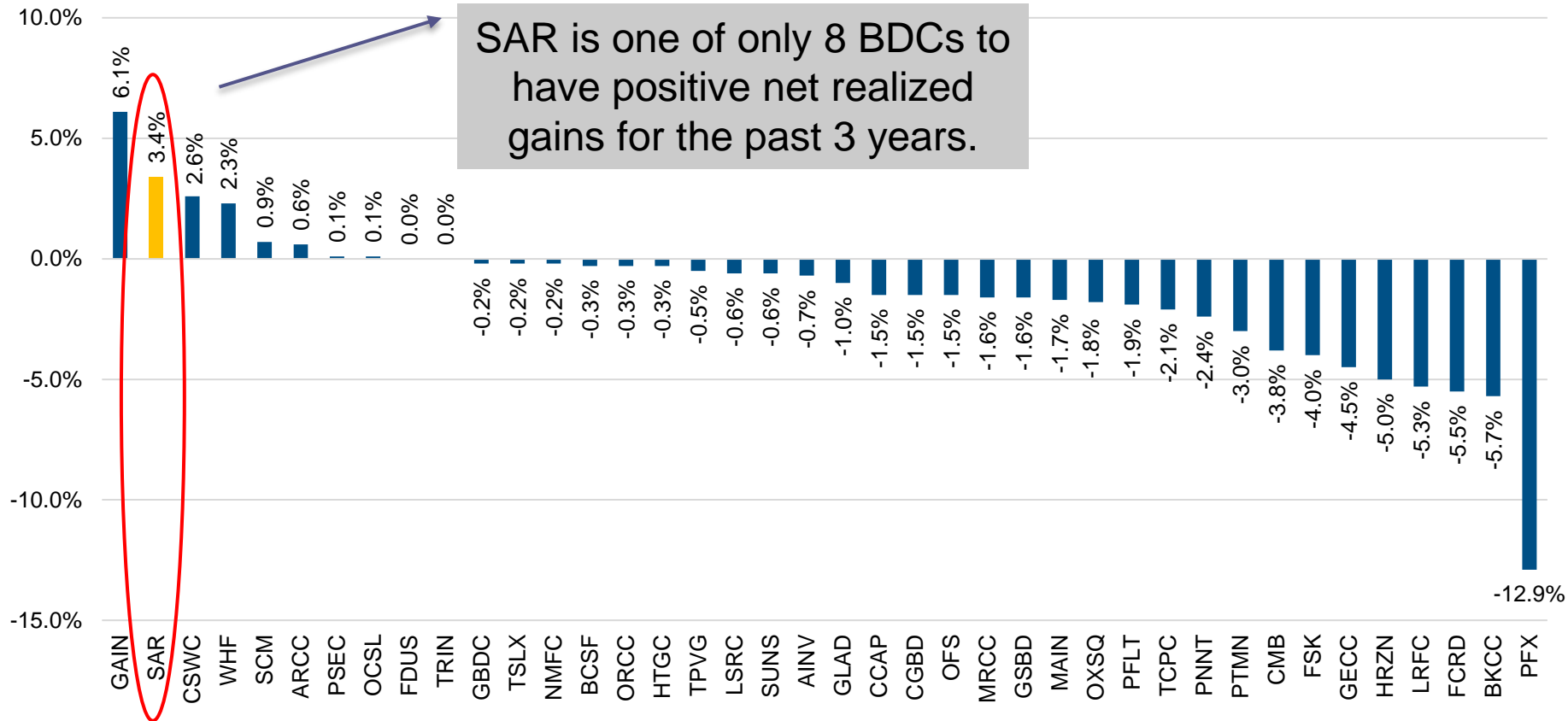
Cumulative net realized gains reflect portfolio credit quality



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

Strong Net Realized Gains Flow from Disciplined Underwriting

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

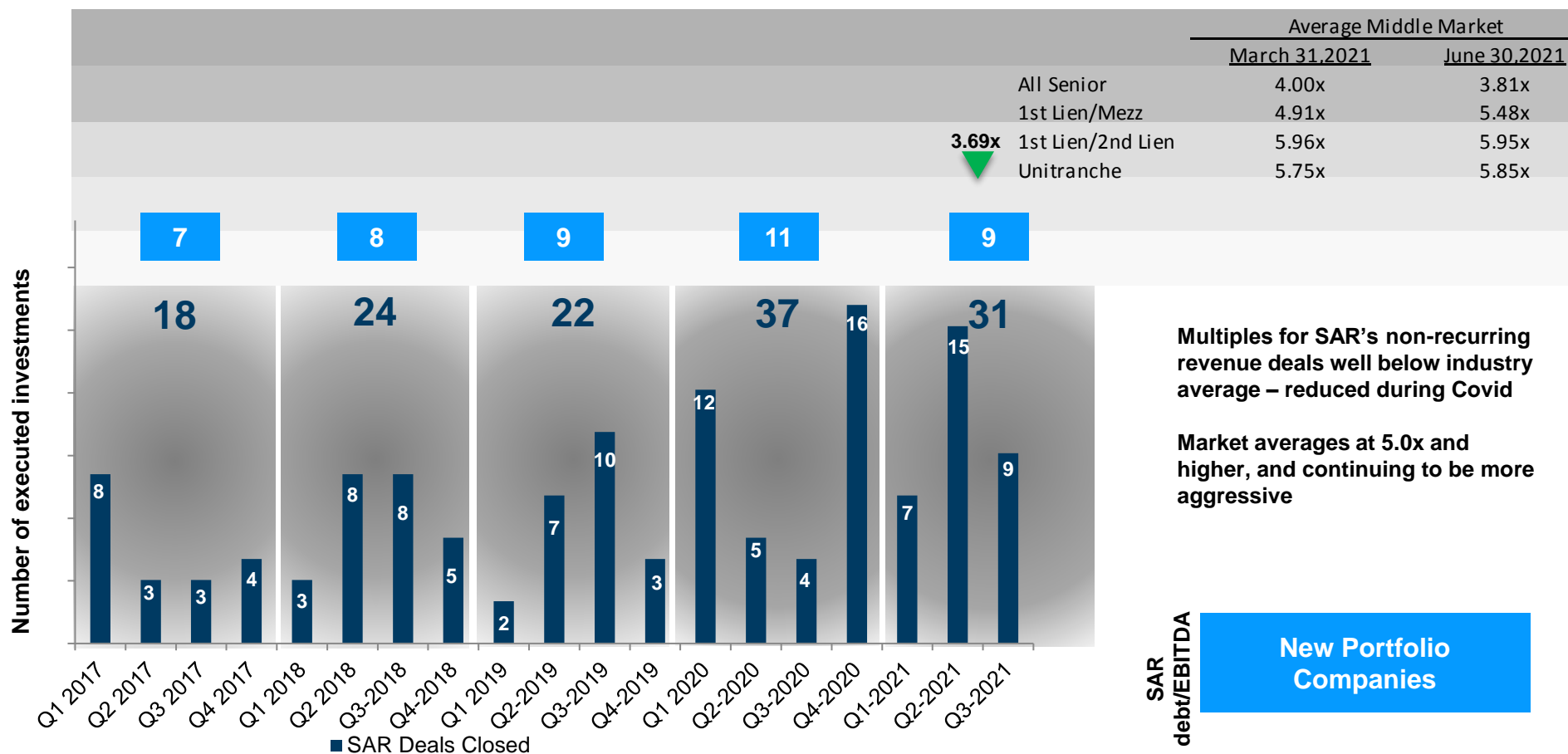


*Source: Ladenburg Thalmann - calculated as three year average realized gains as proportion of average cost
SAR data excludes legacy investments not originated by Saratoga management

Exercising Disciplined Investment Judgment While Growing Origination Pace

SAR Debt Multiples/Deals Closed (2017-2021)

Portfolio leverage with non-recurring revenue underwriting is 3.69x¹



Multiples for SAR's non-recurring revenue deals well below industry average – reduced during Covid

Market averages at 5.0x and higher, and continuing to be more aggressive

SAR debt/EBITDA
New Portfolio Companies

*Calendar quarters, not fiscal

¹Excludes 22 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 and high conversion of term sheets

Calendar*	2017	Δ	2018	Δ	2019	Δ	2020	Δ	LTM Q3 2021	Q1-Q3 2020	Δ	Q1-Q3 2021
Deals Sourced	722	17%	846	2%	863	-28%	619	-8%	568	487	-10%	436
Term Sheets (excludes follow-ons)	49	49%	73	5%	77	-58%	32	106%	66	24	63%	39
Deals Executed (new and follow-on)	18	33%	24	-8%	22	32%	29	62%	47	23	35%	31
New portfolio companies	7		8		9		11		14	7		9

- ~72% of deal flow from private equity sponsors
- ~28% of deals from private companies without institutional ownership
- Saratoga maintains investment discipline which is demonstrated by passing on that other firms close

- We are seeing increasing term sheets issued in Q3 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

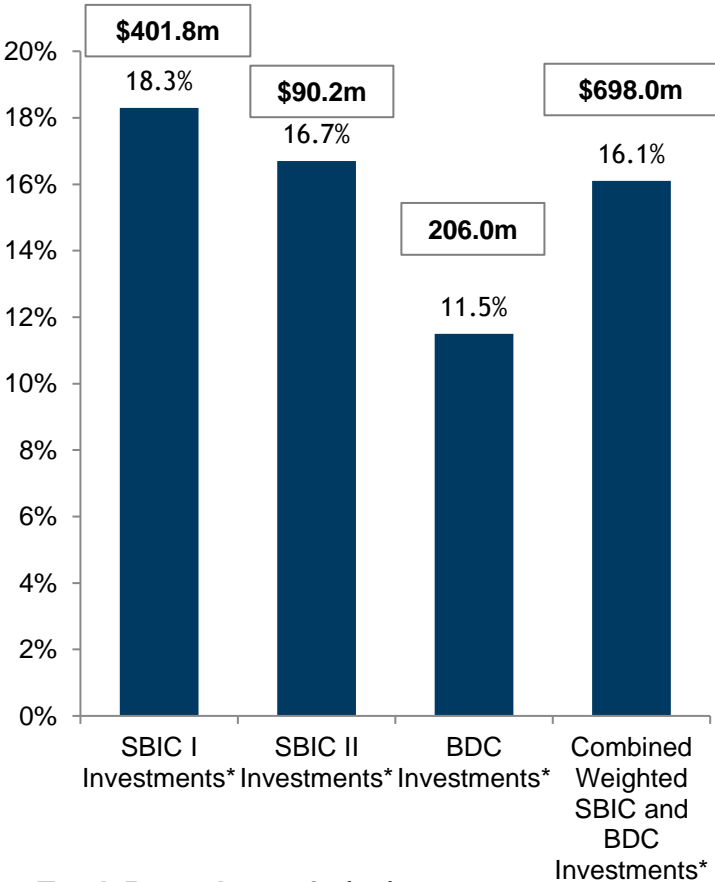
- Fourteen new portfolio companies during LTM Q3 2021
- Saratoga new portfolio company investments average ~ 2% of deals reviewed

*Calendar quarters, not fiscal quarters.

Demonstrated Strong Track Record

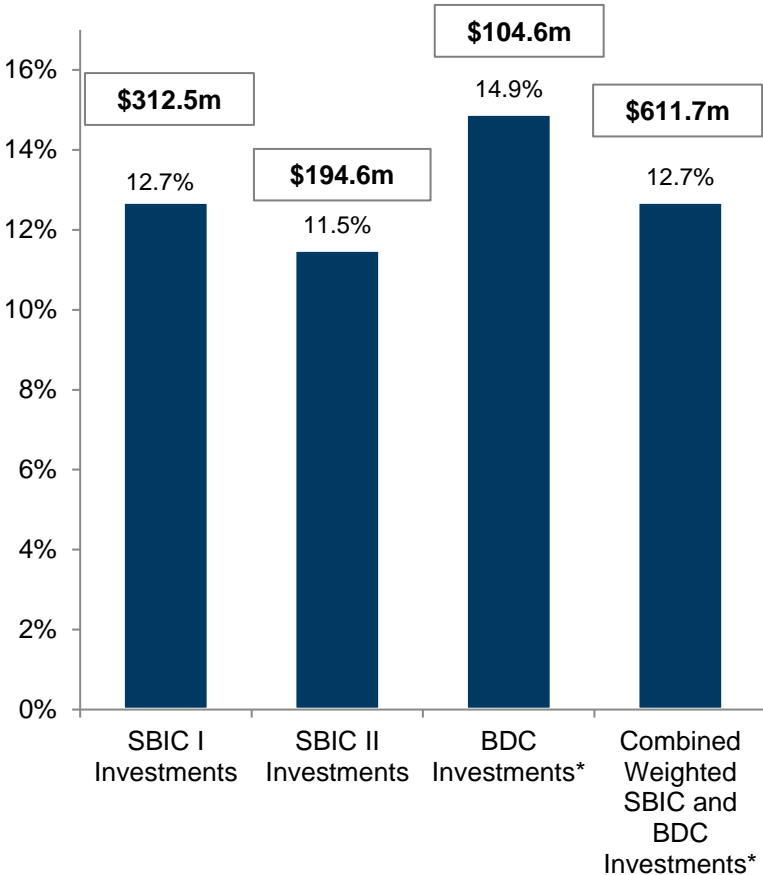
Realized Investments

(Gross Unlevered IRR%)



Unrealized Investments ¹

(Gross Unlevered IRR%)

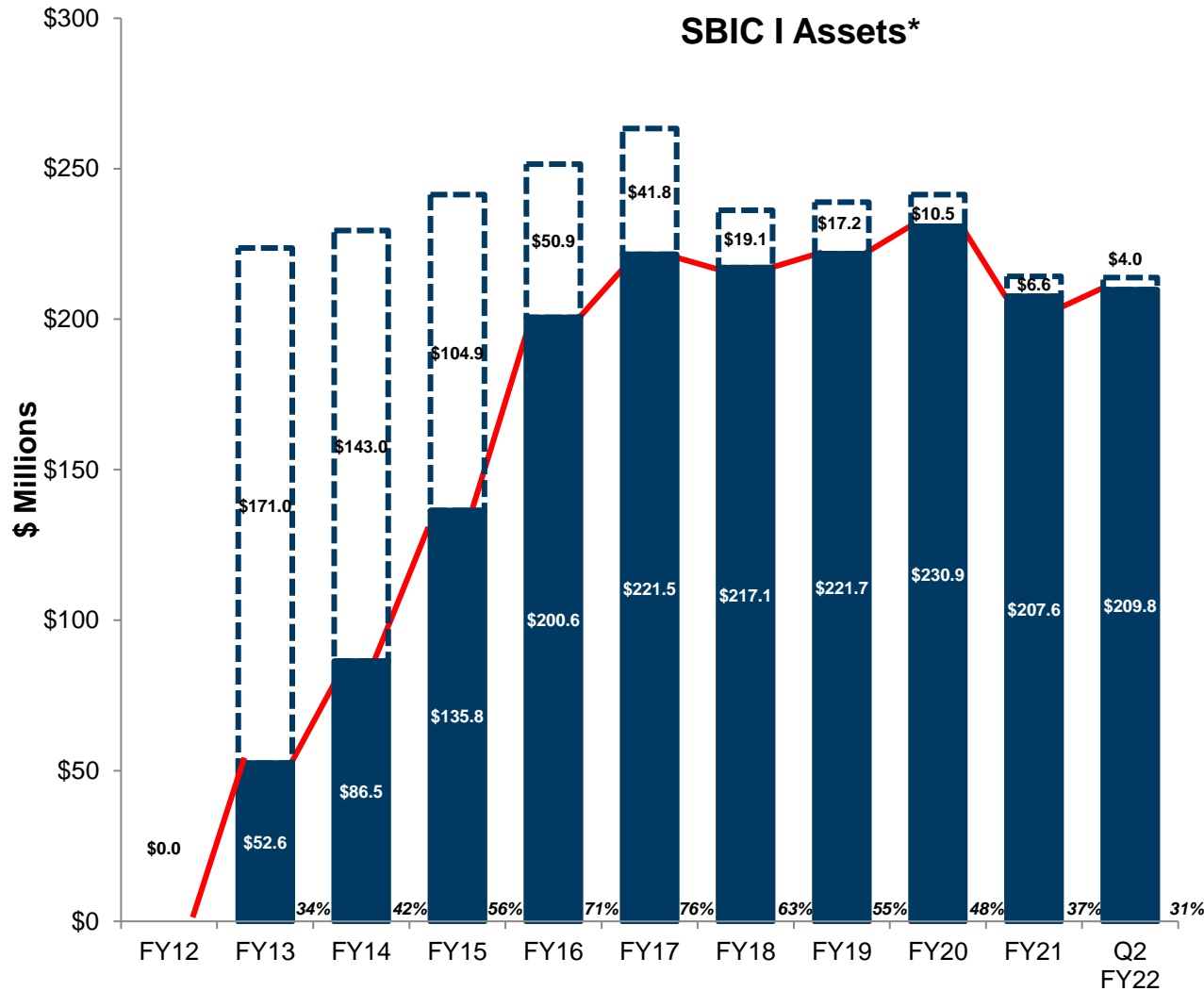


Track Records as of 8/31/21

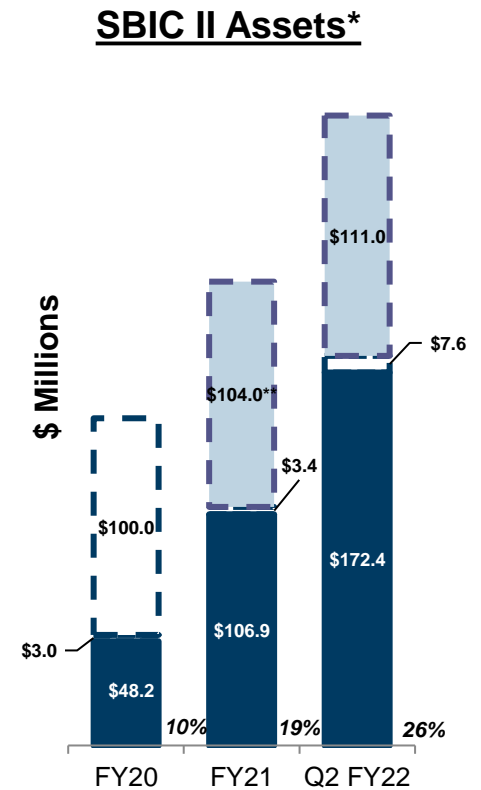
¹ IRRs for unrealized investments include fair value and accrued interest as of 8/31/2021

* 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 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 \$119m of available capacity in FY20, FY21, and Q2 FY22 respectively (debt and equity at 2:1 leverage)

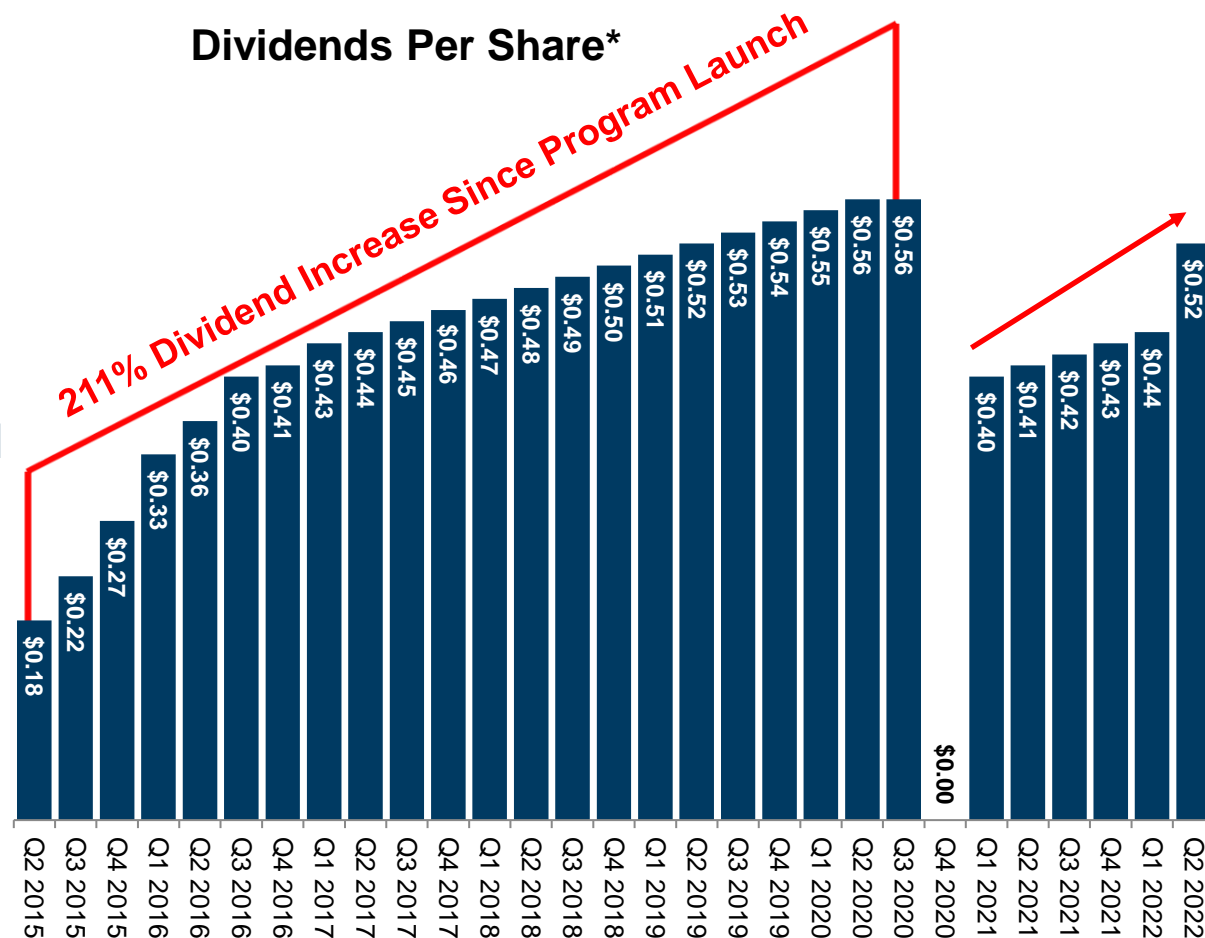


* At Fair Value for SBIC I and II assets

** Represents current debenture capacity based on \$87.5m capital in SBIC II

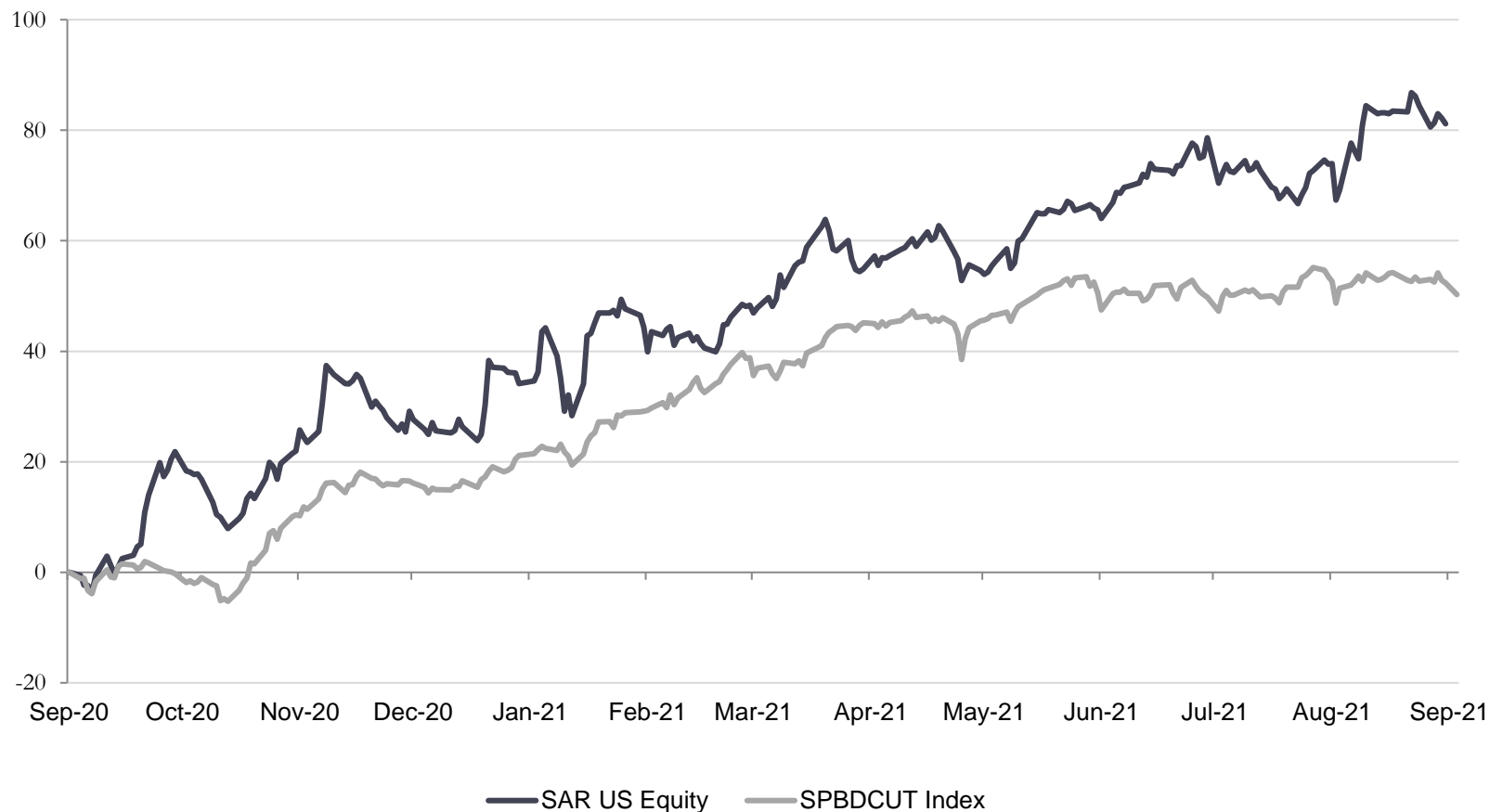
Long-Term Dividend Growth

- 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 27% over past year with five sequential quarter increases
- Q2 FY22 dividend of \$0.52 declared and paid for the quarter ended August 31, 2021, an increase of \$0.08 (18%)



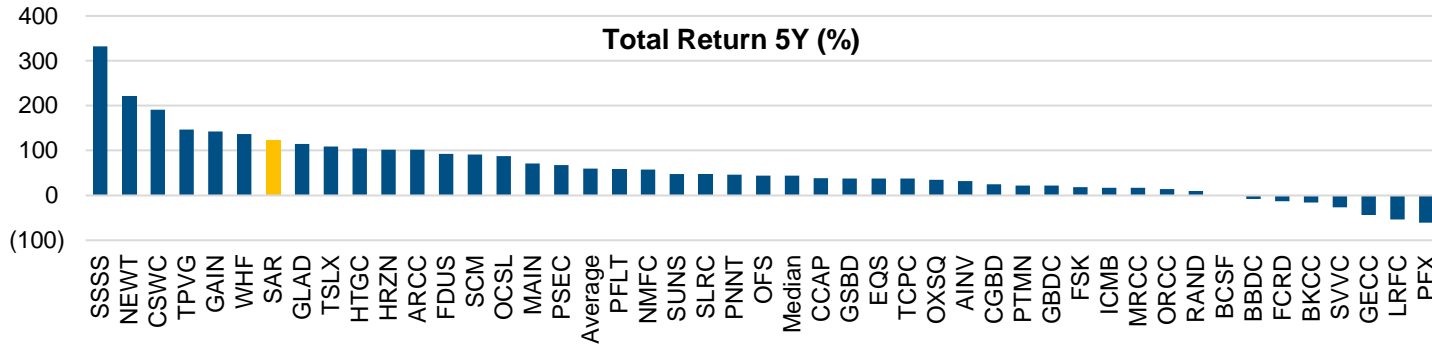
SAR LTM Total Return Beats the BDC Index

LTM Total Return (%)
(Sept 2020 to Sept 2021)
SAR 77% v BDC Index 50%

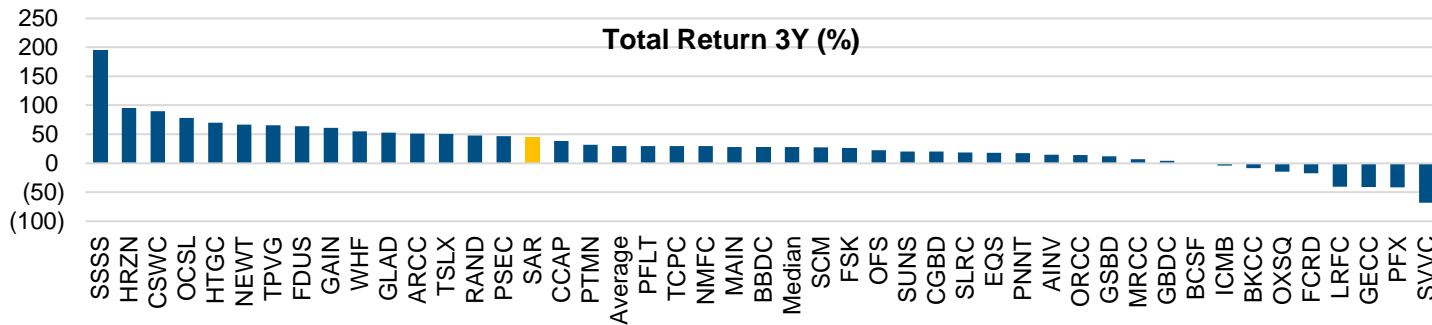


Long-Term Performance at Top of BDC Industry

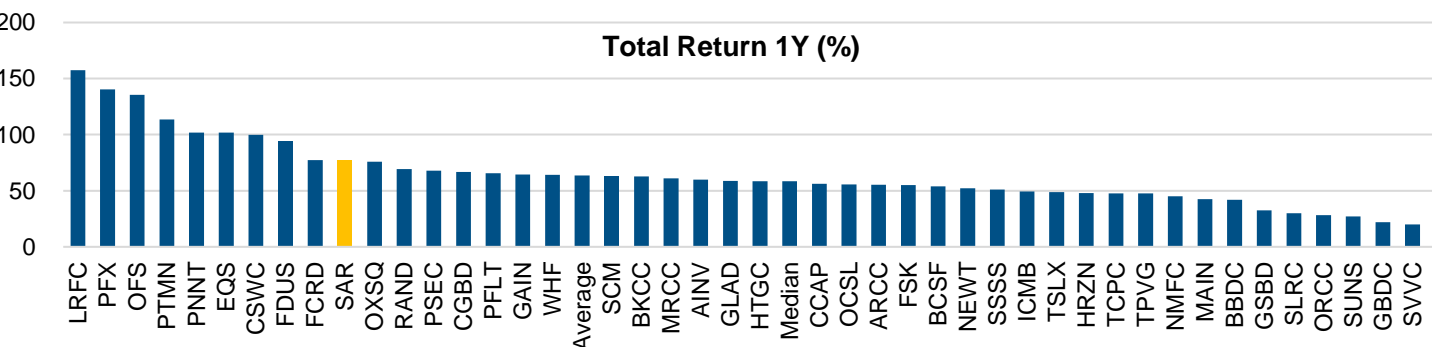
BDC Total Return (%)



**Last 5 years:
123%**



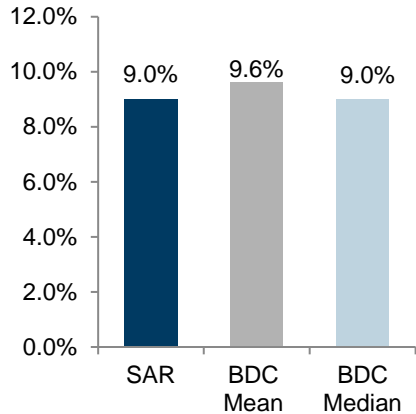
**Last 3 years:
46%**



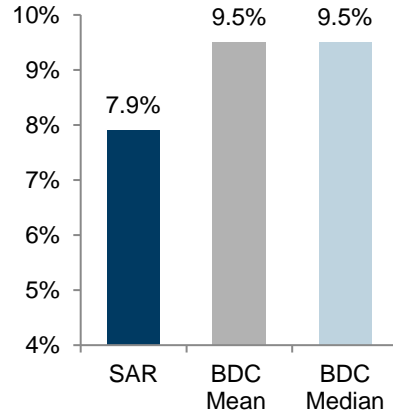
**Last 12 months:
77%**

Strongly Differentiated Outperformance

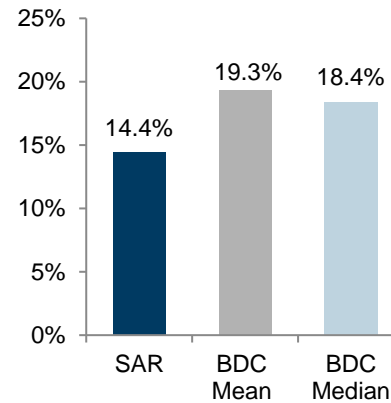
Interest % on Portfolio



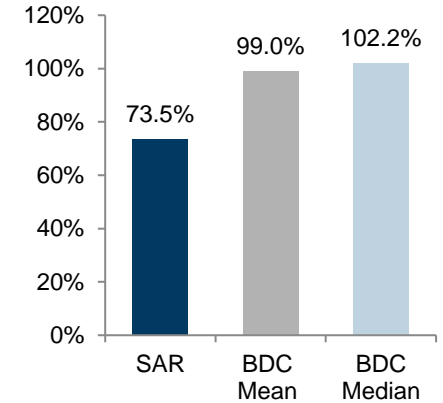
LTM NII Yield



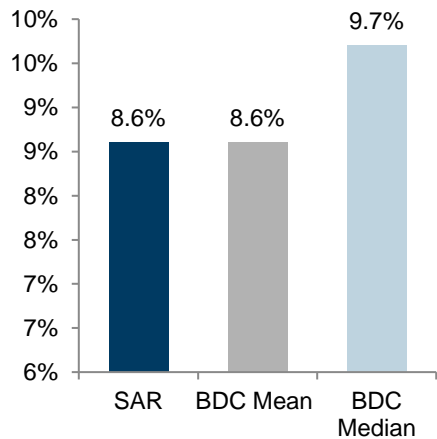
LTM ROE



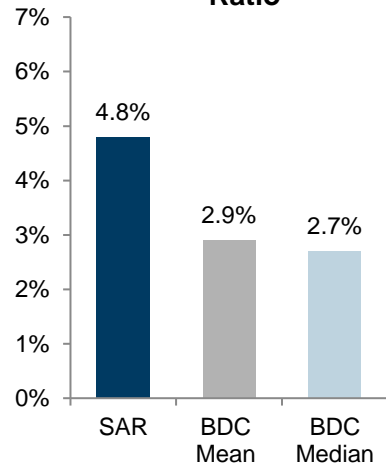
Regulatory Debt/Equity



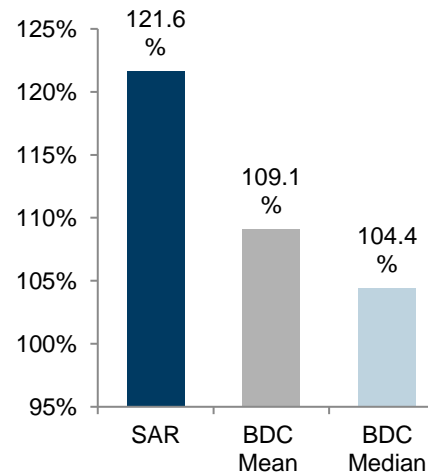
LTM NAV Per Share Growth



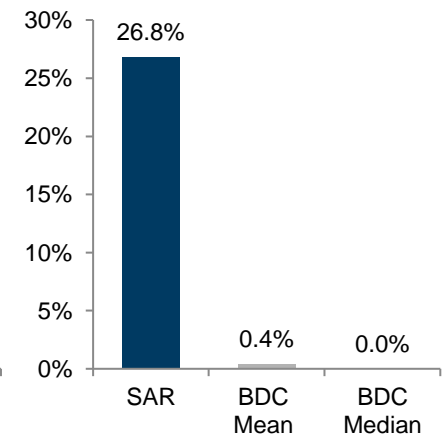
LTM Operating Expense Ratio*



Dividend Coverage



Year-Over-Year Dividend Growth



Source: SNL Financial / Company Filings / Raymond James report as of 9/10/21

* 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 15.5%.

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 52c per share for the quarter ended August 31, 2021, up 18% since last quarter and up 27% last twelve months, represents current dividend yield of 7.3%; significant management ownership of 15%

▶ Strong return on equity

LTM ROE of 14.4% factors in both investment income and net gains/losses

▶ Low-cost available liquidity

Borrowing capacity still at hand through SBIC II debentures, new credit facility and cash – can grow current asset base by 34% as of quarter ended August 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 20% from year-end and 31% from prior year, with fair value now 3.8% above cost for full portfolio

▶ Well-positioned for changes in interest rates

Approx. 97% 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. Investment grade rating of “BBB+”.

▶ 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, 74% 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.

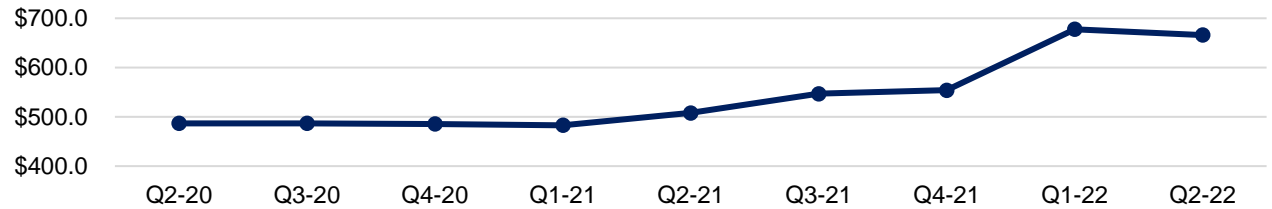
KPIs – Balance Sheet – Q2 FY22

Period	FMV Investment Portfolio (in millions)
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
Q2-22	\$ 666.1

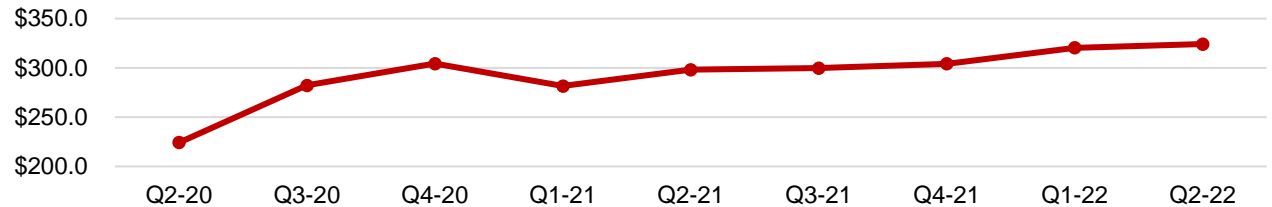
Period	NAV (in millions)
Q2-20	\$ 224.3
Q3-20	\$ 282.2
Q4-20	\$ 304.3
Q1-21	\$ 281.6
Q2-21	\$ 298.2
Q3-21	\$ 299.9
Q4-21	\$ 304.2
Q1-22	\$ 320.3
Q2-22	\$ 324.1

Period	NAV Per Share
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
Q2-22	\$ 28.97

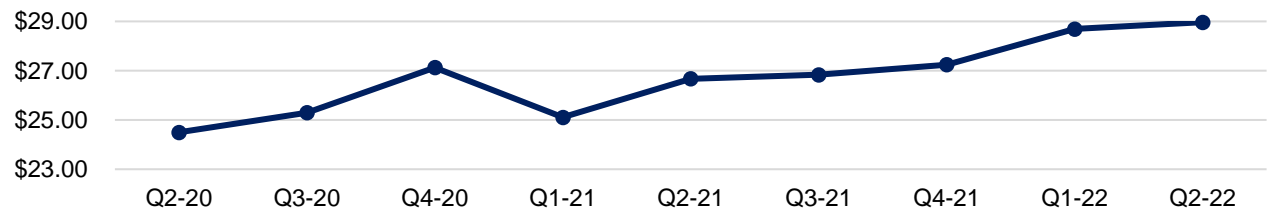
FMV Investment Portfolio (in millions)



NAV (in millions)

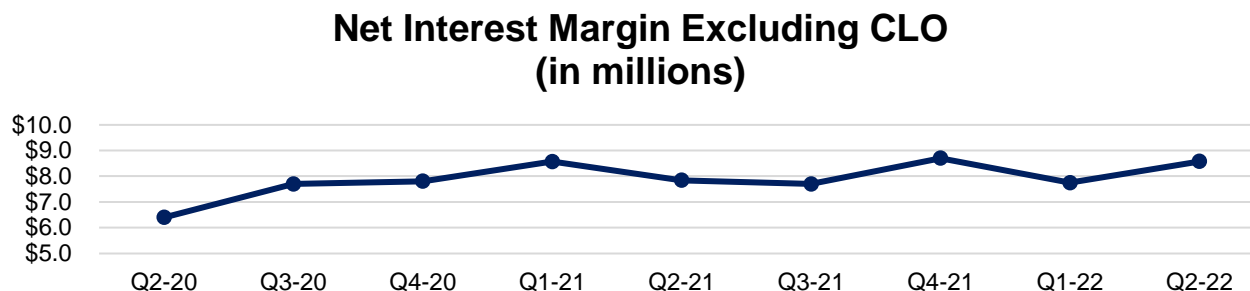


NAV Per Share

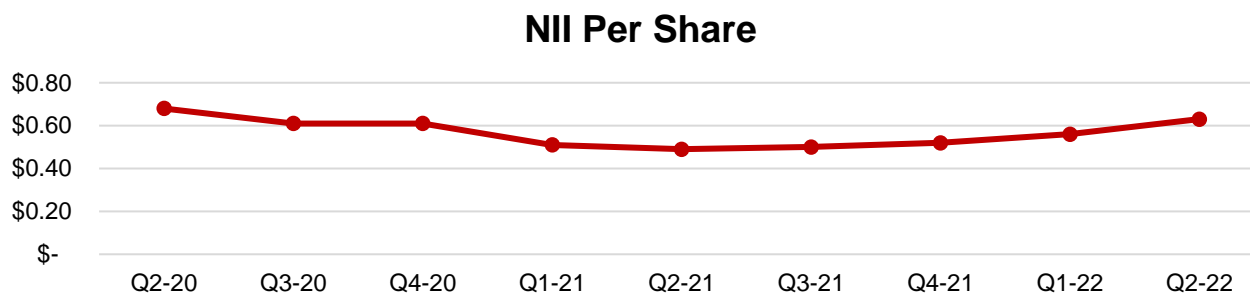


KPIs – Income Statement – Q2 FY22 (continued)

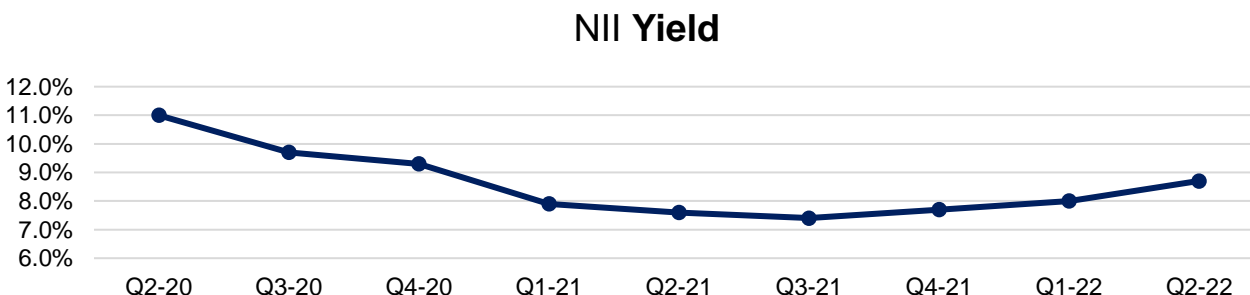
Period	Net Interest Margin (in millions)
Q2-20	\$ 6.4
Q3-20	\$ 7.7
Q4-20	\$ 7.8
Q1-21	\$ 8.6
Q2-21	\$ 7.8
Q3-21	\$ 7.7
Q4-21	\$ 8.7
Q1-22	\$ 7.7
Q2-22	\$ 8.6



Period	NII Per Share
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
Q2-22	\$ 0.63

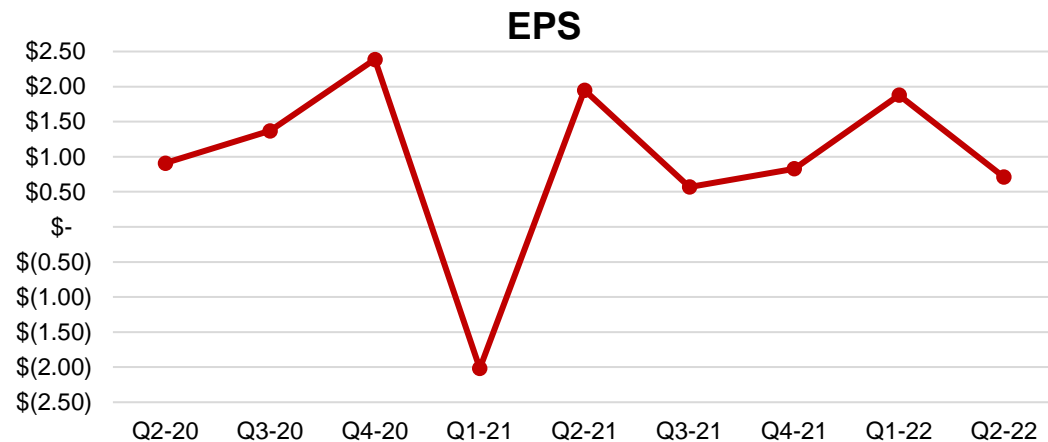


Period	NII Yield
Q2-20	11.0%
Q3-20	9.7%
Q4-20	9.3%
Q1-21	7.9%
Q2-21	7.6%
Q3-21	7.4%
Q4-21	7.7%
Q1-22	8.0%
Q2-22	8.7%

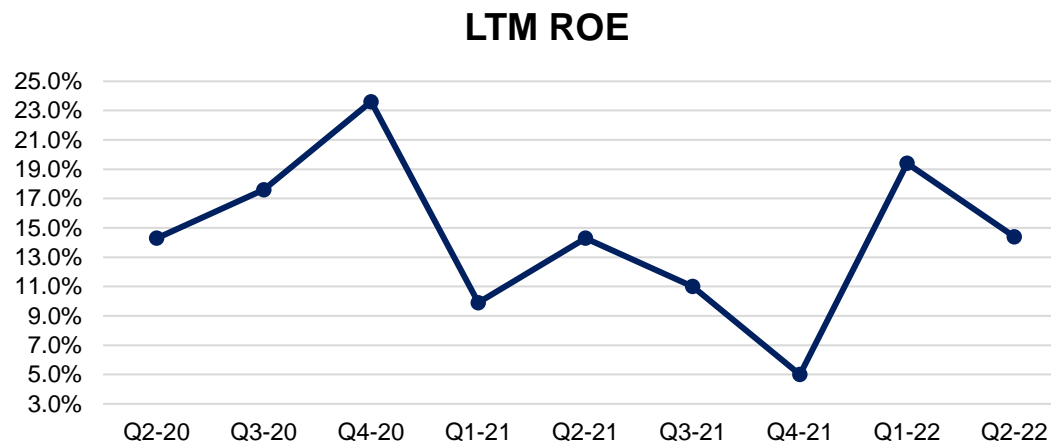


KPIs –Income Statement– Q2 FY22 (continued)

Period	EPS
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
Q2-22	\$ 0.71



Period	LTMROE
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%
Q2-22	14.4%



KPIs - SAR Net Interest Margin

SAR has quadrupled its Net Interest Margin since taking over management

