

Saratoga Investment Corp.

Fiscal Second Quarter 2025 Shareholder Presentation

October 9, 2024

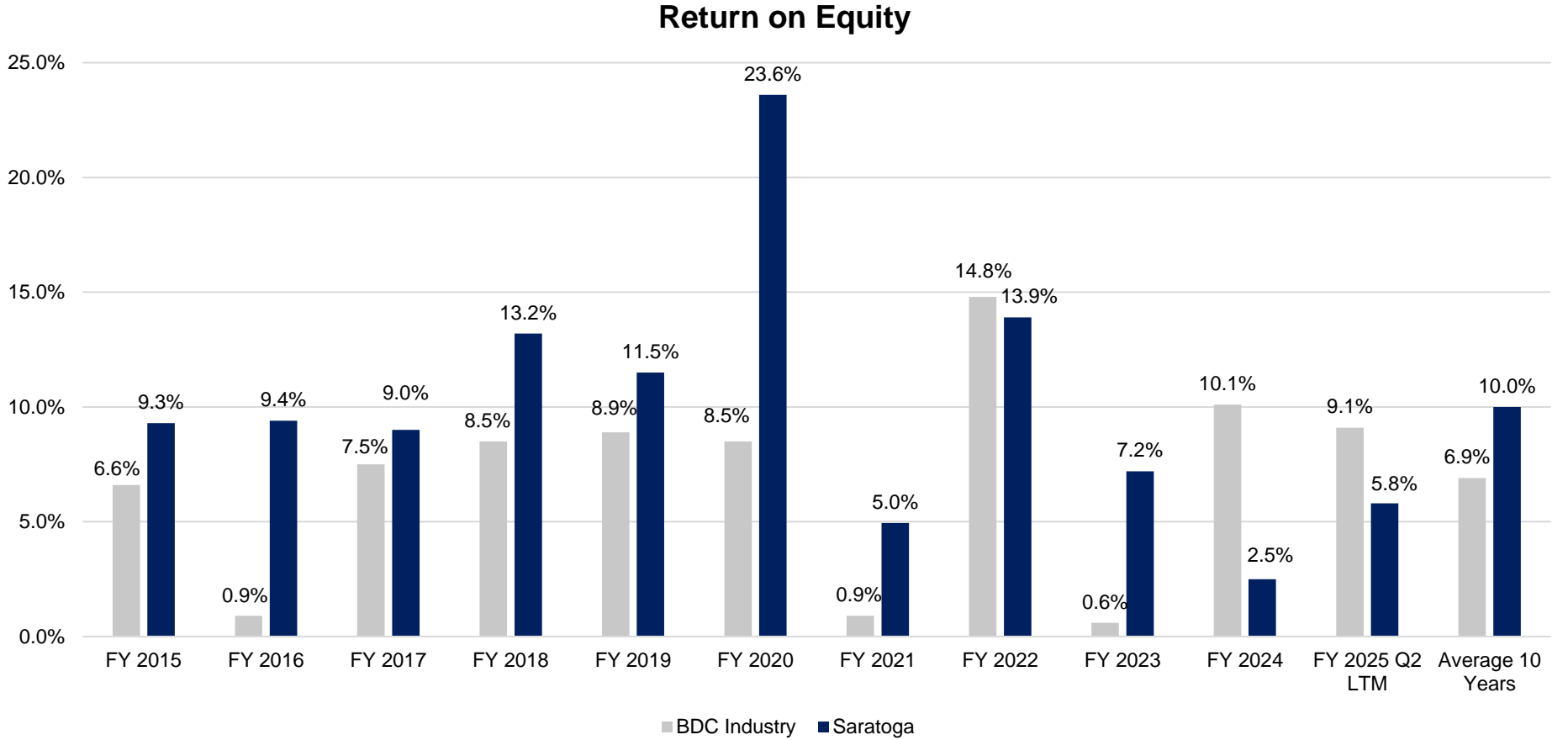


Steady Long-Term Growth and Performance in Q2 2025

Fiscal Second Quarter 2025 Highlights:

- Continued high quality portfolio and solid performance
 - Investment quality remains solid
 - 99.7% of loan investments with highest internal rating and two residual non-accruals (0.3% of fair value / 0.4% of cost)
 - All four non-accrual or watchlist investments resolved during the quarter with decisive action
 - Return on equity in Q2 of 14.4% (annualized) and 5.8% for LTM, as compared to industry average of 9.1%
 - Net realized losses and unrealized appreciation of \$4.7 million, consisting of \$34.0 million realized loss on Pepper Palace investment(restructuring), offset by \$0.5 million realized gain on Book4time Class A preferred investment (sale), and \$28.7 million unrealized appreciation across the portfolio. The unrealized appreciation includes (i) reversal of \$32.1 million net unrealized depreciation previously recognized on our Pepper Palace and Book4time realized investments, offset primarily by (ii) \$2.7 million net unrealized depreciation on our CLO and JV, primarily related to mark-downs due to individual credits in the CLO broadly syndicated portfolio.
 - Remaining total Pepper Palace and Zollege fair value as of quarter-end is \$3.6 million
 - Average ROE over the past ten years of 10.0% exceeds industry average of 6.9% and is consistently positive and steady
 - Gross Unlevered IRR of 11.3% on total unrealized portfolio as of August 31, 2024
 - Fair value of \$1.041 billion is 0.2% above total cost of portfolio, with core non-CLO BDC portfolio being 3.3% above cost
 - Gross Unlevered IRR of 15.2% on \$1.031 billion of total realizations
- Consistent strong long-term net originations contribute to growing assets under management
 - AUM of 1.041 billion, a decrease of 5.3% since last year and 5.0% from last quarter, with \$2.6m in originations and \$60.1m repayments in Q2
 - Pipeline remains strong – subsequent to quarter-end, we executed approximately \$56.7 million of new originations in two new portfolio companies and two follow-ons, including delayed draws, and had one full repayment (Knowland) of \$20.5 million, for a net increase in investments of \$36.2 million.
- Base of liquidity and capital remains strong
 - Quarter-end liquidity allows growth of AUM by 37% and is mostly long-term, with \$162.0 million in cash
- Declared dividend of \$0.74 per share for the quarter ended August 31, 2024, paid on September 26, 2024
- Key performance indicators for Q2 and versus Q1 2025 - Adjusted NII of \$18.2 million (up 26.9%), Adjusted NII per share of \$1.33 (up 26.7%), Adjusted NII Yield of 19.7% (up 420bps), LTM ROE of 5.8% (versus 9.1% for industry) and NAV per share of \$27.07 (up \$0.22, or 0.8%)

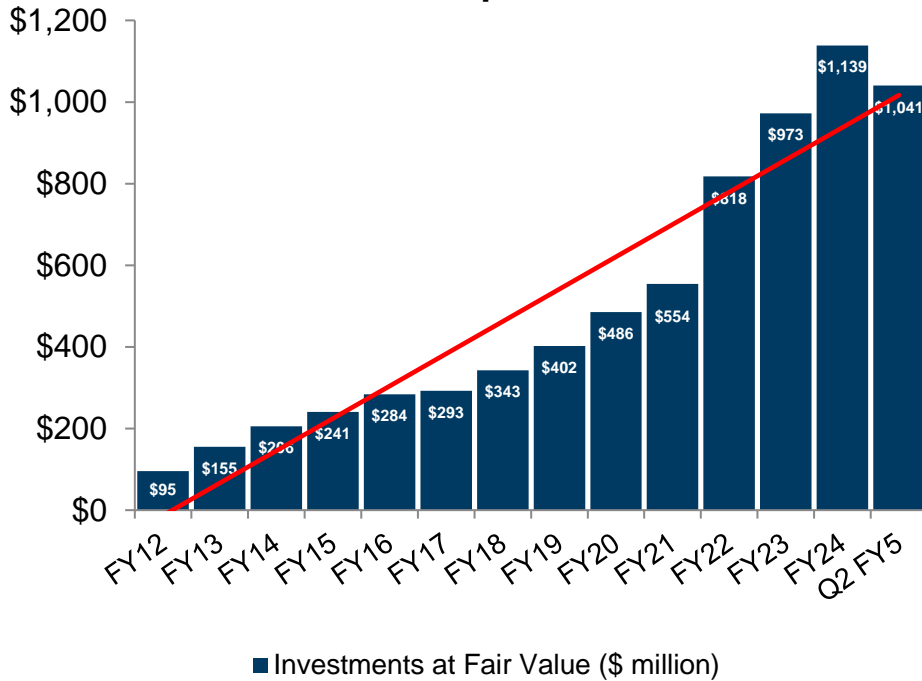
Saratoga Double Digit Long-Term ROE Substantially Ahead of the BDC Industry



Positive performance has led to SAR ROE beating the BDC industry eight of the past ten years, with a 10-year average that is almost 1.5x the industry and consistently positive every year

Consistent Asset Growth and Solid Credit Quality

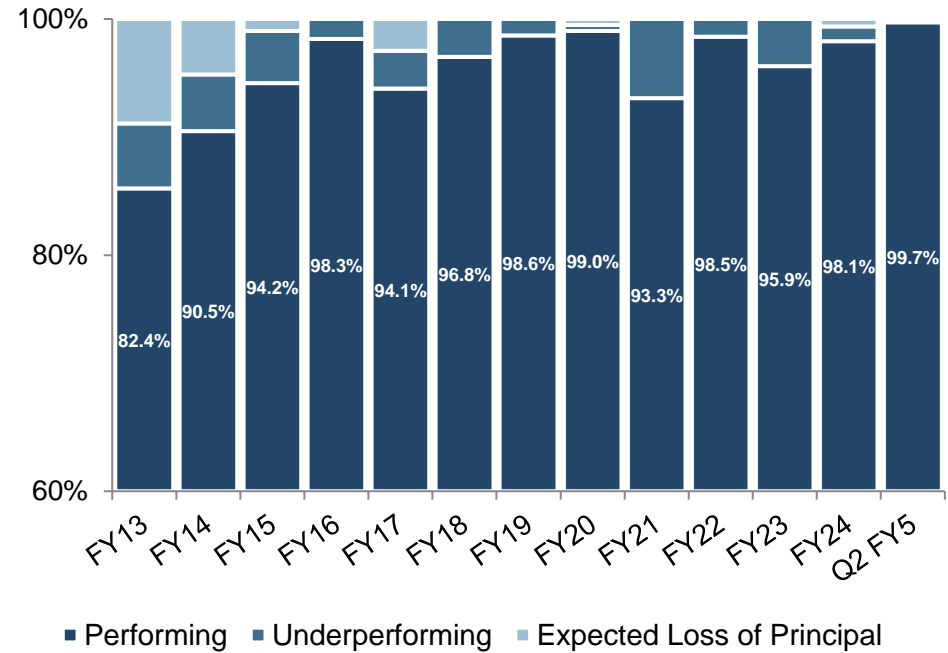
Asset Base Expansion Trend



Fair value of AUM decreased 5.3% year-over-year and 5.0% since last quarter.

Fair value of \$1,041m at Q2 FY25 is 0.2% above cost, with core non-CLO BDC portfolio 3.3% above cost.

Overall Credit Quality Remains Solid



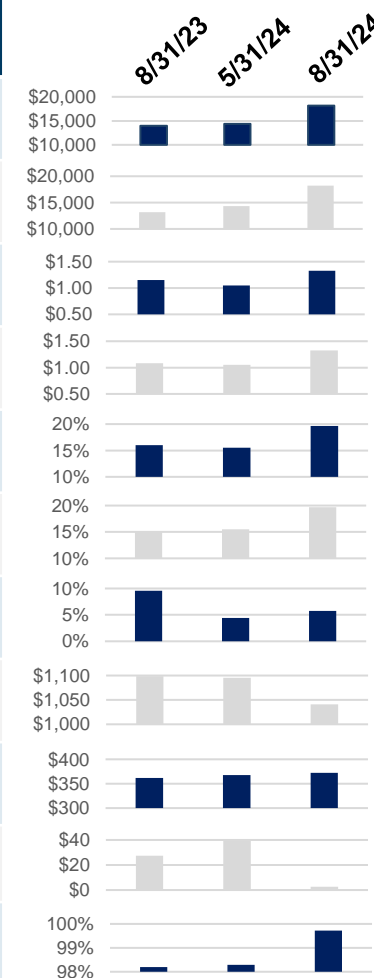
99.7% of our SAR loan investments hold our highest internal rating, up from last quarter; two residual investments on non-accrual at quarter-end (0.3% of fair value / 0.4% of cost)*

* Internal credit ratings exclude our investment in our CLO and our equity positions.

Q2 FY25: 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, 2023	May 31, 2024	August 31, 2024
Net investment income	\$14.0	\$14.3	\$18.2
Adjusted net investment income ¹	\$13.2	\$14.3	\$18.2
Net investment income per share	\$1.15	\$1.05	\$1.33
Adjusted net investment income per share ¹	\$1.08	\$1.05	\$1.33
Net investment income yield	16.0%	15.5%	19.7%
Adjusted net investment income yield ¹	15.0%	15.5%	19.7%
Return on Equity – Last Twelve Months	9.6%	4.4%	5.8%
Fair value of investment portfolio	\$1,098.9	\$1,095.6	\$1,040.7
Total net assets	\$362.1	\$367.9	\$372.1
Investments in new/existing portfolio companies	\$27.5	\$39.3	\$2.6
Loan Investments held in “Performing” credit ratings	98.2%	98.3%	99.7%



1) 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 second quarter 2025 earnings release.

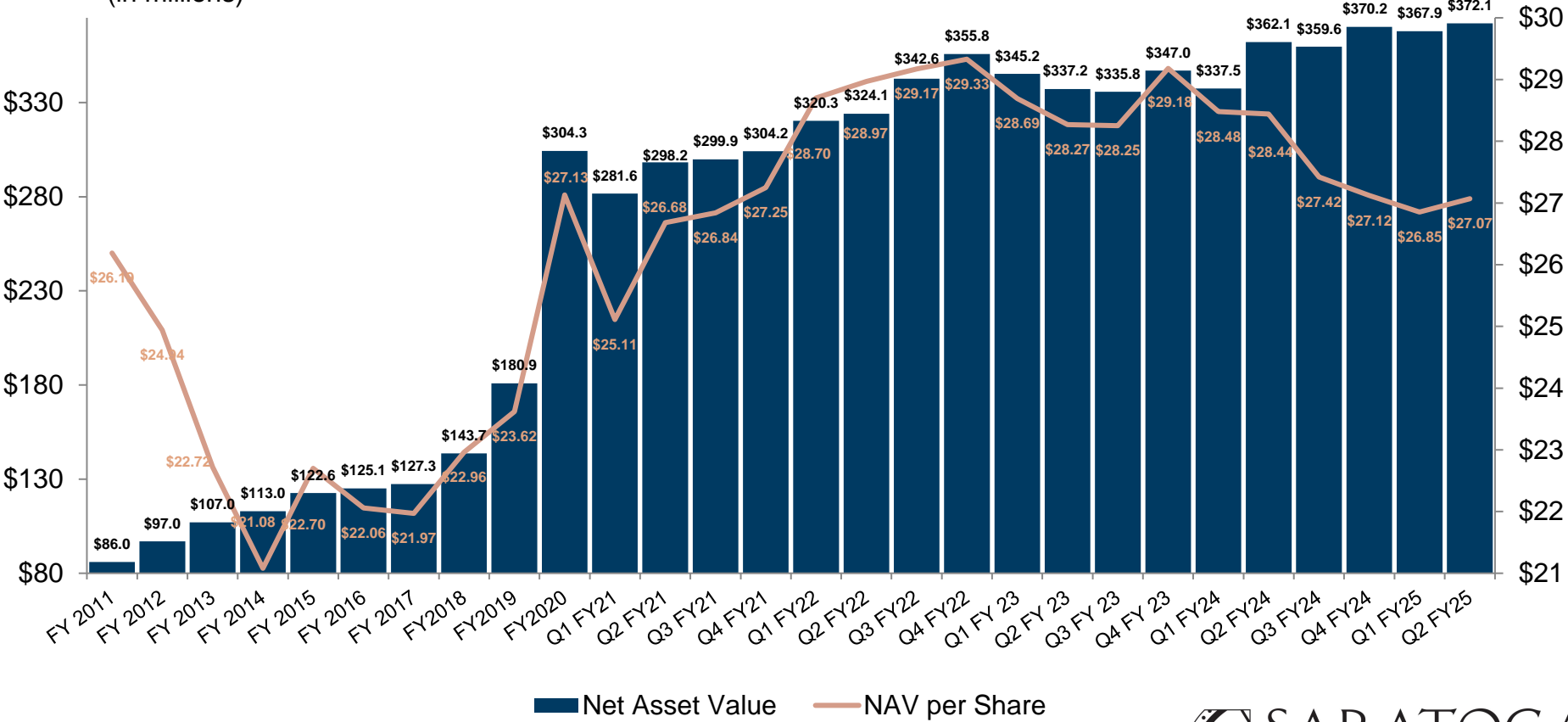
Long-Term NAV and NAV Per Share Growth Despite Recent Discrete Weakness

Net Asset Value and NAV per Share (FY 11 to Q2 FY25)

NAV: 1% increase this quarter. 333% increase since Saratoga took over management.

NAV/Share: 1% increase this quarter. 23% increase since FY17 with increases 22 of the last 28 quarters.

(in millions)

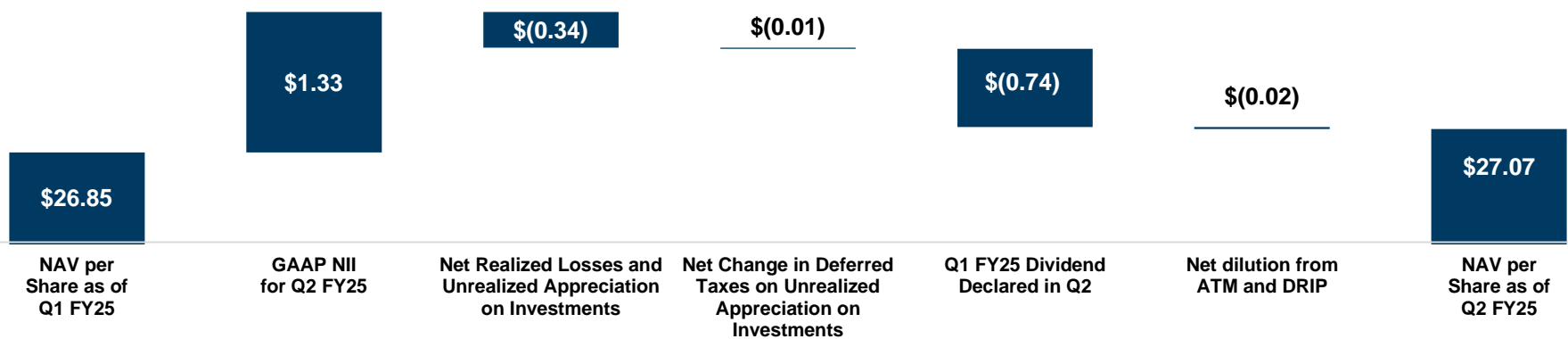


Quarterly Reconciliation of NII and NAV per Share⁽¹⁾⁽²⁾

Reconciliation of Quarterly Adjusted NII per Share



Reconciliation of Quarterly NAV per Share



- 1) Impacts are shown net of incentive fees.
- 2) Zero dilution/accretion from ATM and DRIP

Dry Powder Remains Available

(As of August 31, 2024)		Total Borrowing Capacity	Outstanding	Available Liquidity	Remaining Maturity Period	Call Period	Fixed / Floating Rate
Encina Credit Facility		\$65.0 million	\$32.5 million	\$32.5 million	2 Years	-	Floating
Live Oak Credit Facility		\$75.0 million	\$20.0 million	\$55.0 million	3 Years	-	Floating
SBA Debentures ¹	SBIC II	\$175.0 million	\$175.0 million	-	6-8 years	Now	Fixed
	SBIC III	\$175.0 million	\$39.0 million	\$136.0 million	9-10 years	Now	Fixed
Publicly-Traded Notes (at par value)	SAT	\$105.5 million	\$105.5 million	-	3.0 Years	Now	Fixed
	SAJ	\$46.0 million	\$46.0 million	-	3.0 Years	< 1 Month	Fixed
	SAY	\$60.4 million	\$60.4 million	-	3.5 Years	3 Months	Fixed
	SAZ	\$57.5 million	\$57.5 million	-	4.0 Years	< 1 Year	Fixed
Unsecured Notes		\$250.0 million	\$250.0 million	-	2-3 Years	-	Fixed
Private Notes (at par value)		\$52.0 million	\$52.0 million	-	1-4 Years	< 3 Months	Fixed
Cash and Cash Equivalents		\$162.0 million	\$162.0 million	\$162.0 million	-	-	-

Total Available Liquidity (at quarter-end): \$385.5 million

Ability to grow AUM by 37% without any new external financing as of August 31, 2024

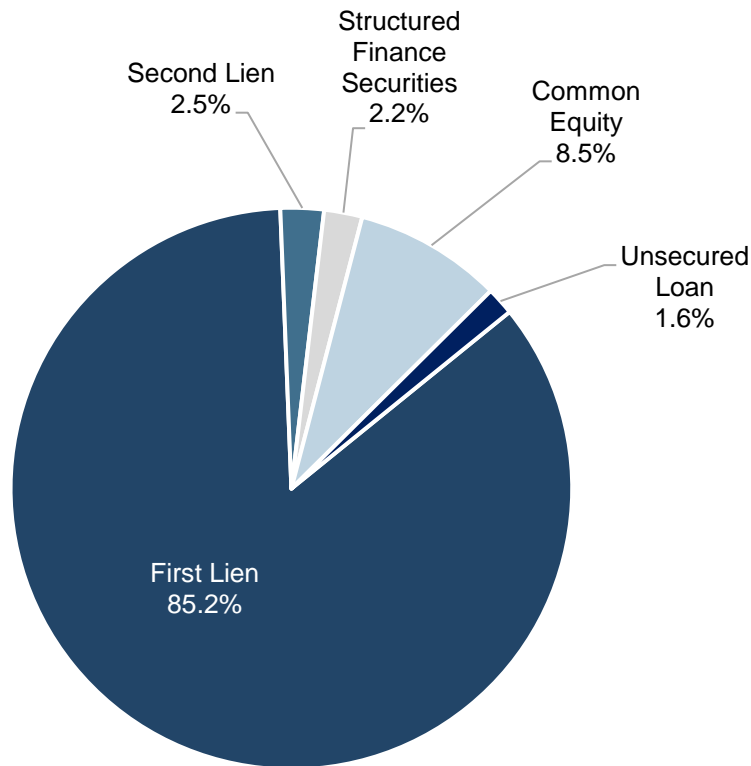
- SBIC III debentures are generally not available to support existing BDC or SBIC II investments

1) Total availability for all combined SBIC licenses limited to \$350.0 million outstanding debentures.

Portfolio Composition and Yield

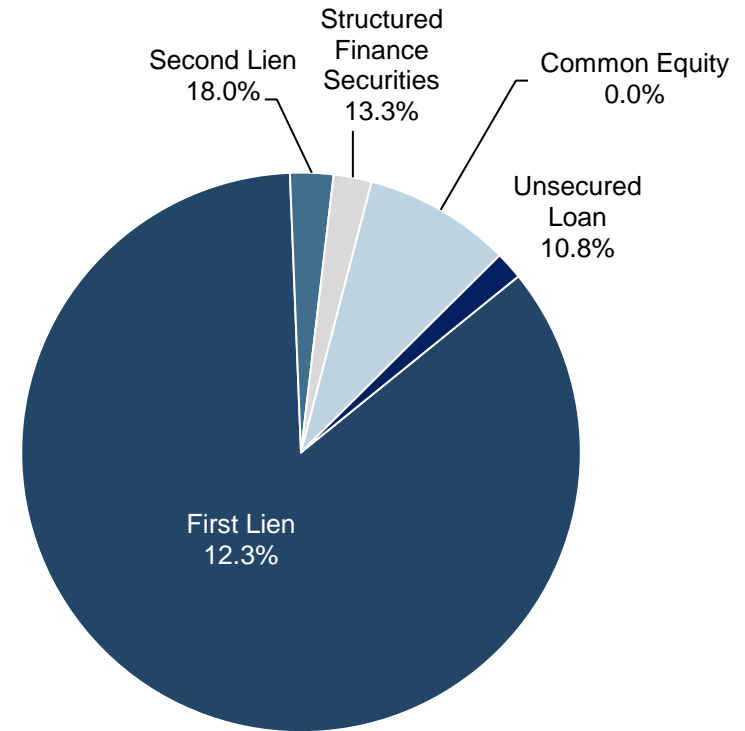
Portfolio Composition – \$1,040.7m

(Based on Fair Values
as of August 31, 2024)



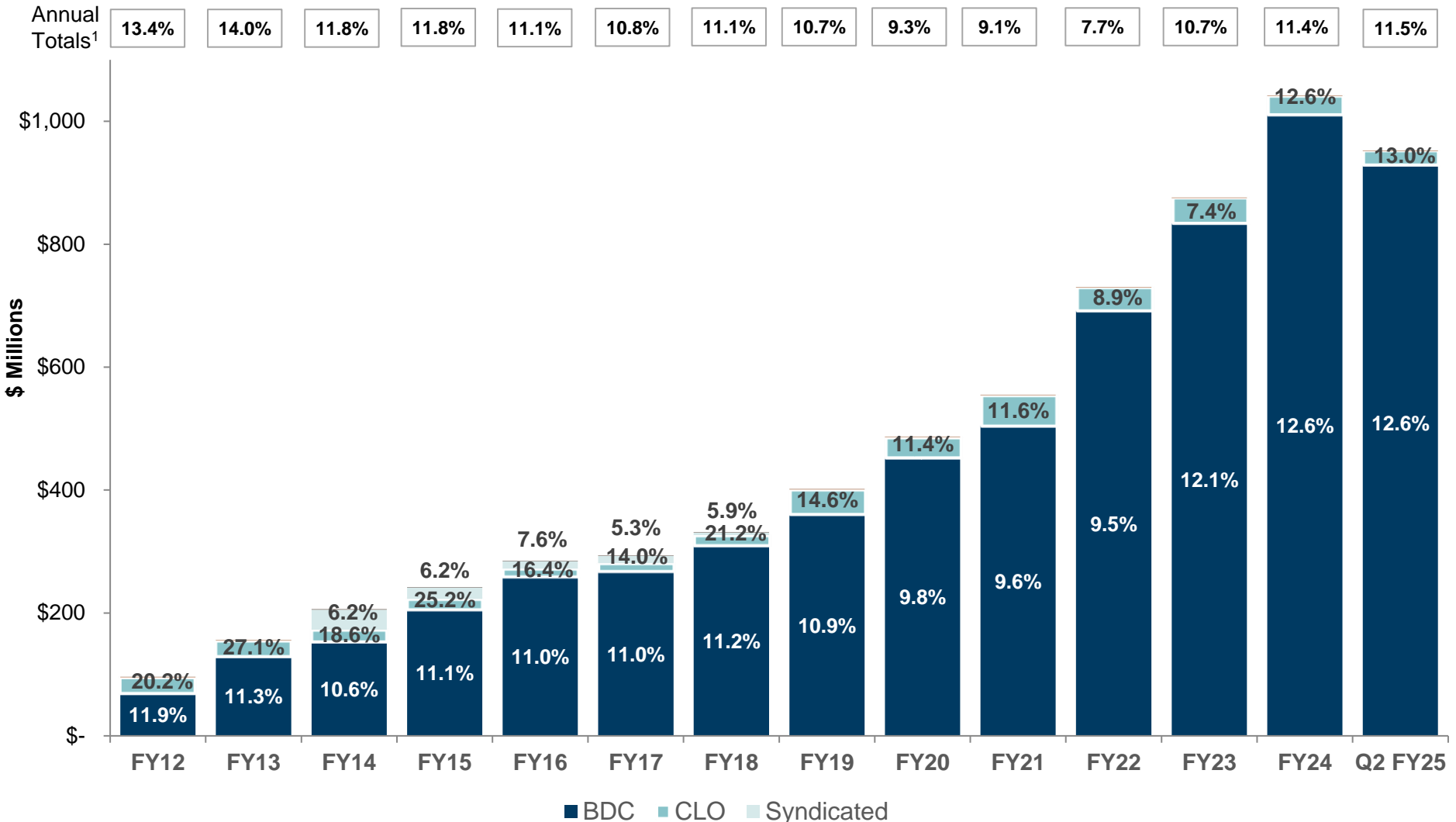
Portfolio Yield – 11.5%

(Weighted Average
Current Yield of Total Existing Portfolio)



Yield of BDC Grew With Rising Rates

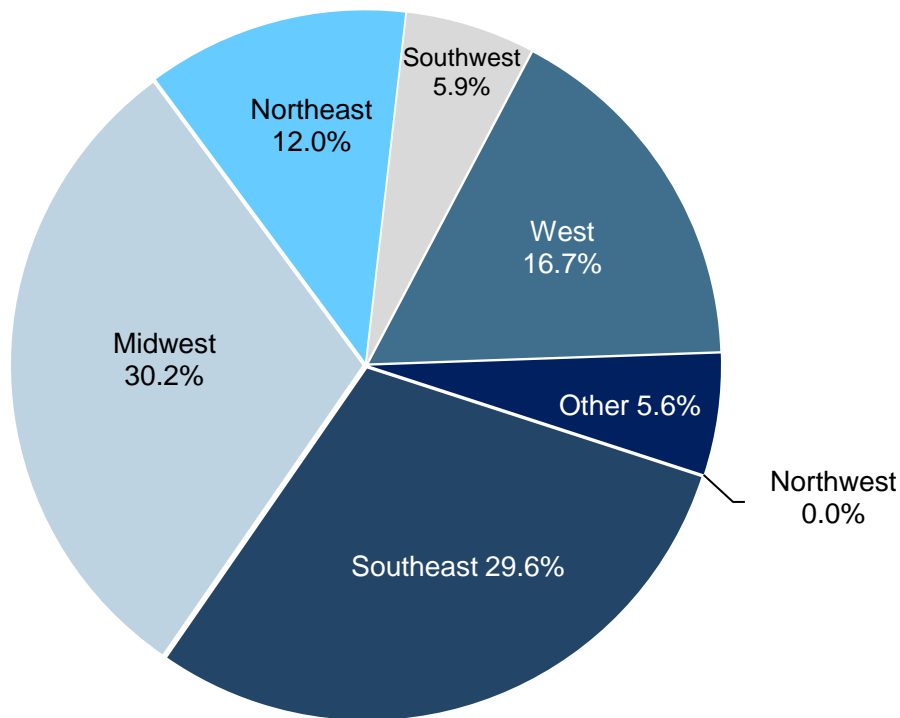
Weighted Average Current Yields



1) Annual total yields on fair value of 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.

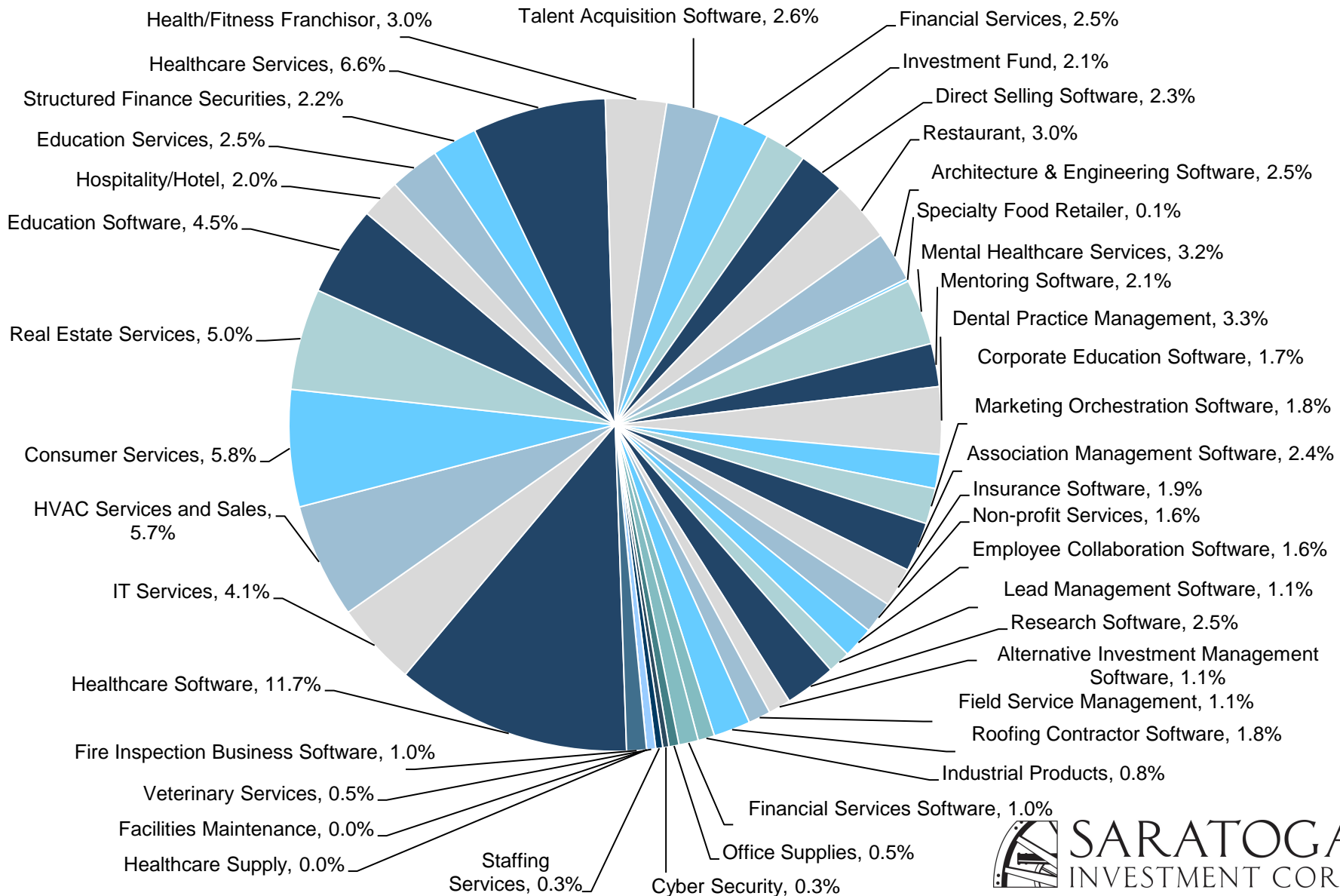
Diversified Across Geography

Investments Diversified Geographically



Diversified Across Industry

Investments across 41 distinct industries



Net Realized Gains Help Protect Shareholder Capital

Cumulative net realized gains reflect portfolio credit quality

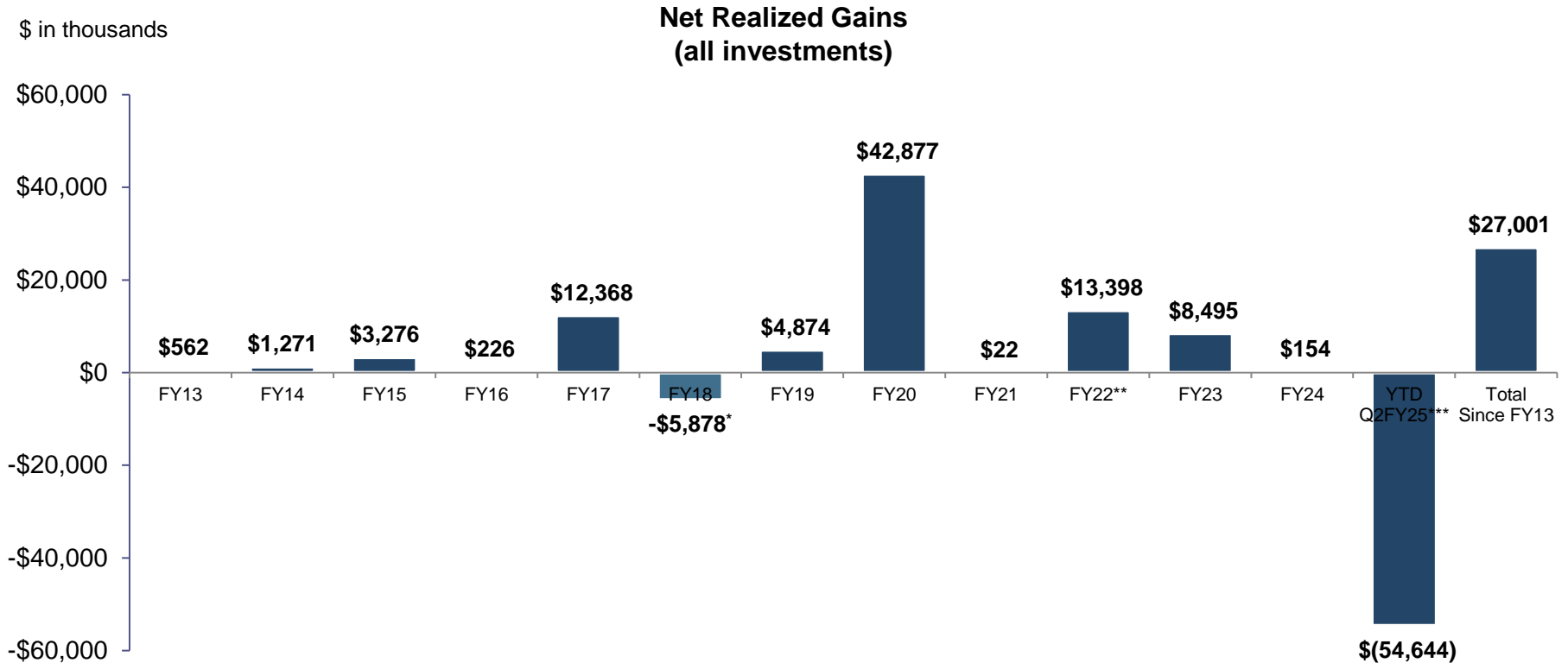


Table above reflects investments originated by Saratoga management (excludes Elyria legacy investment)

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

**Reflects realized gains of \$18.3m on various equity investments in FY22, offset by full \$4.9m write-down of remaining My Alarm Center investment.

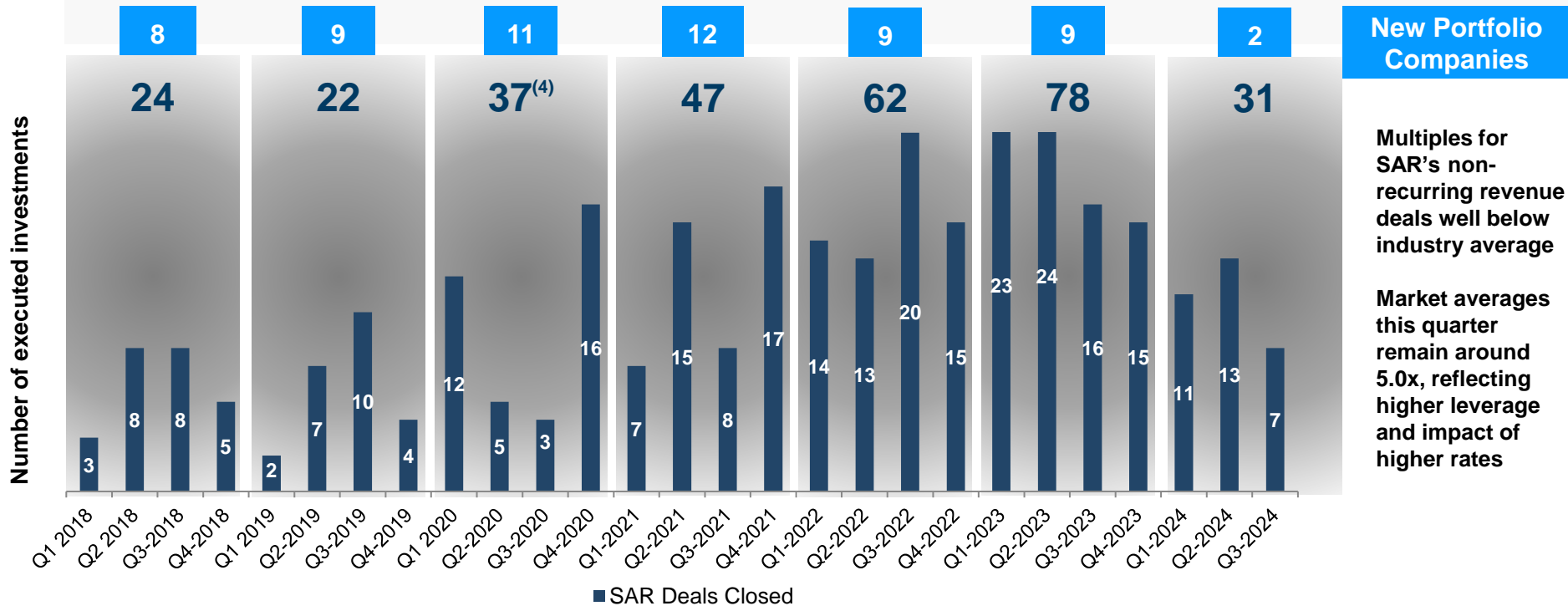
*** Includes realized loss of \$15.1M on Zollege, \$6.1M on Netro, and \$34.0M on Pepper Palace investment.

Exercising Disciplined Investment Judgment

SAR Debt Multiples/Deals Closed (2018-2024)⁽¹⁾

Portfolio leverage with non-recurring revenue underwriting is 4.51x⁽²⁾⁽³⁾

	Average Middle Market	
	3/31/2024	6/30/2024
All Senior	3.84x	3.87x
1st Lien/Mezz	4.62x	4.69x
1st Lien/2nd Lien	5.46x	5.49x
Unitranche	5.53x	5.52x



1) Calendar quarters, not fiscal

2) Excludes 27 loans underwritten using recurring revenue metrics. These recurring revenue loans would have significantly different portfolio leverage statistics.

3) Excludes red assets Pepper Palace and Zollege. Leverage 4.48x including Zollege. Pepper Palace leverage is excluded due to negative EBITDA.

4) 8 of the 37 deals closed in calendar year 2020 were liquidity draws related to COVID.

Pipeline Remains Healthy But Reflects Market Slowdown

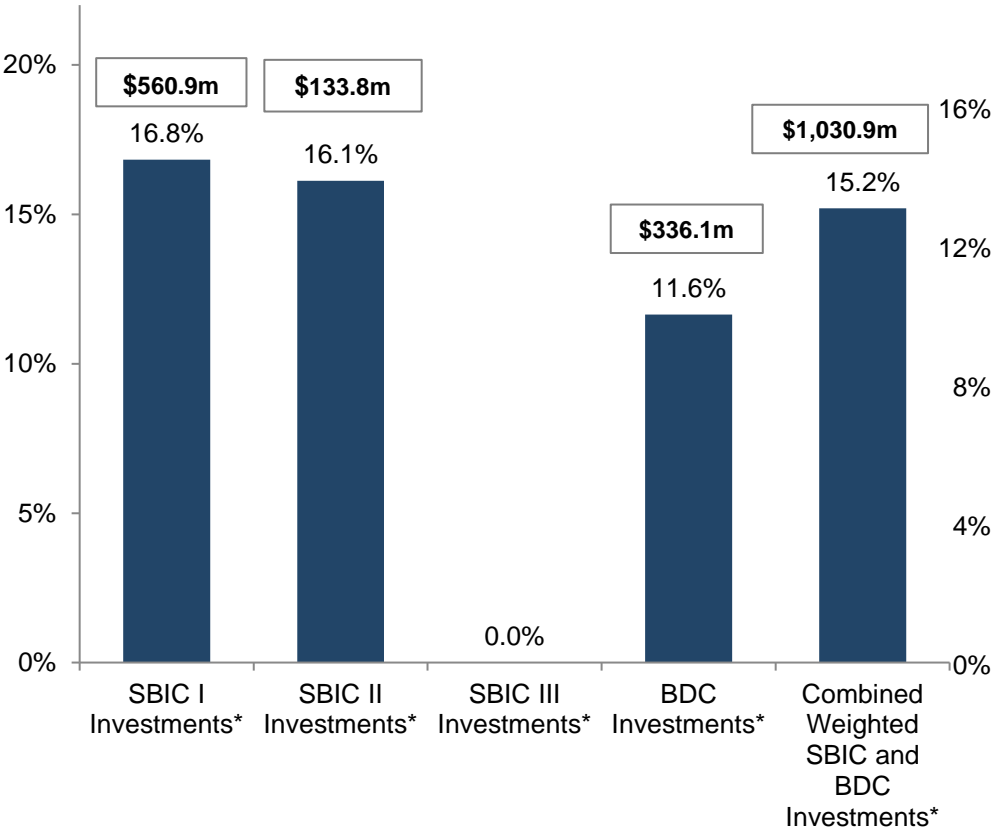
New business opportunities impacted by market opportunities and largely offset by follow-on investments

Calendar ⁽¹⁾	2020	Δ	2021	Δ	2022	Δ	2023	Δ	LTM Q3 2024	Q1-Q3 2023	Δ	Q1-Q3 2024	
Deals Sourced	619	-8%	572	-18%	469	8%	506	-4%	487	364	-13%	318	<ul style="list-style-type: none"> ~61% of deal flow from private equity sponsors ~39% of deals from private companies without institutional ownership Saratoga maintains investment discipline which is demonstrated by passing on many deals that other firms close
Term Sheets (excludes follow-ons)	32	109%	67	-30%	47	-17%	39	-49%	20	30	-60%	12	<ul style="list-style-type: none"> ~90% of term sheets are currently issued for transactions involving a private equity sponsor Being more selective in issuing term sheets based on credit quality
Deals Executed (new and follow-on)	29	62%	47	32%	62	26%	78	-41%	46	65	-52%	31	<ul style="list-style-type: none"> Includes follow-on investments which reliably augment portfolio growth 2020 and 2021 deals executed exclude COVID related liquidity draws
New portfolio companies	11		12		9		9		2	9		2	<ul style="list-style-type: none"> Two new portfolio company during LTM Q3 2024 Saratoga new portfolio company investments average ~1-2% of deals reviewed

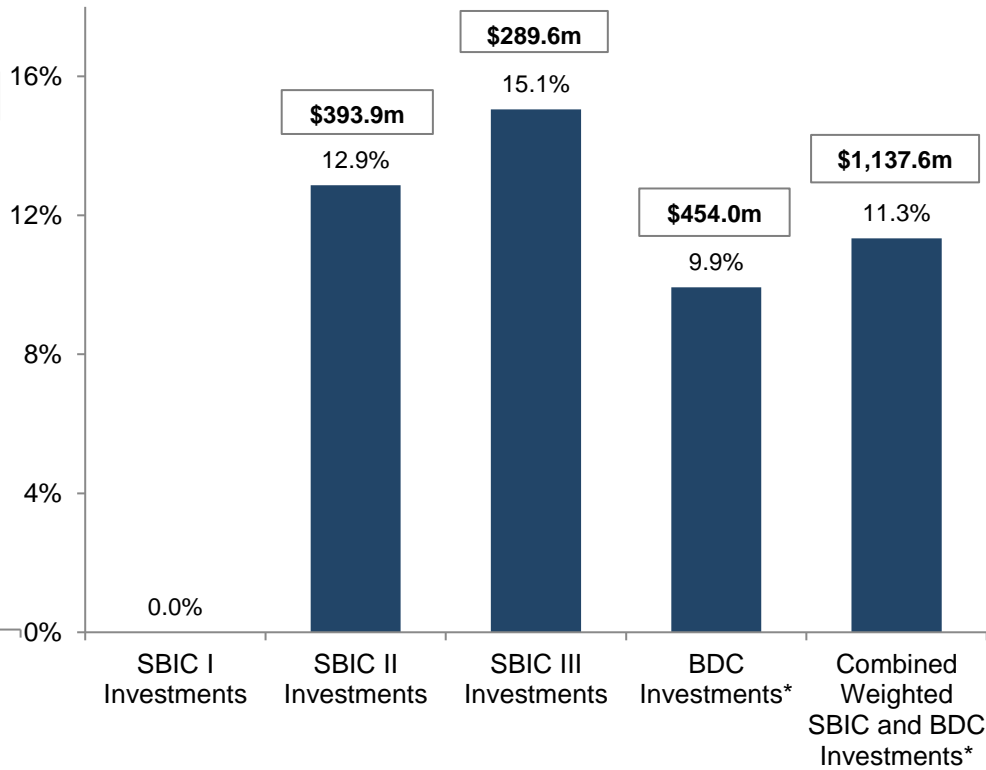
1) Calendar quarters, not fiscal quarters.

Demonstrated Strong Track Record

Realized Investments⁽¹⁾⁽²⁾⁽³⁾
(Gross Unlevered IRR%)



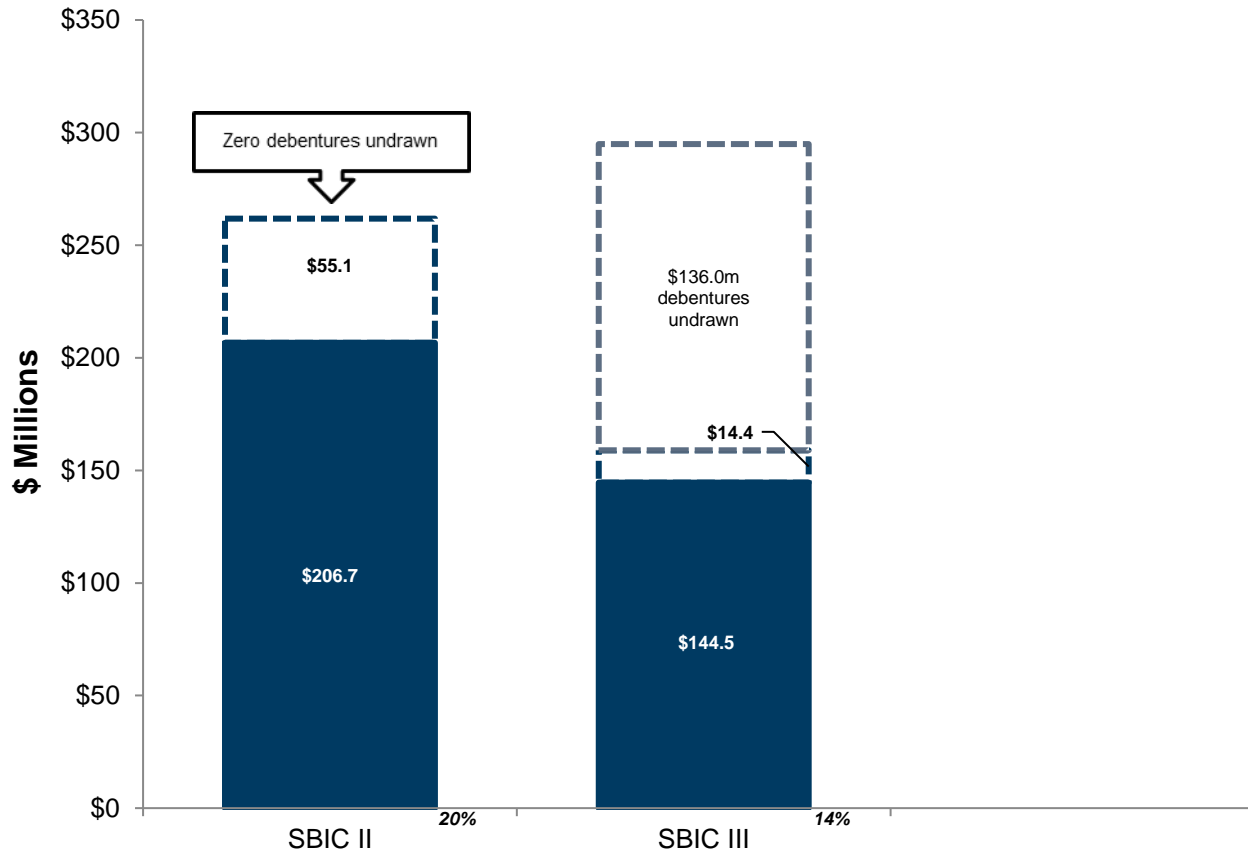
Unrealized Investments⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾
(Gross Unlevered IRR%)



- 1) Track Record as of 8/31/24
- 2) Graphs show invested dollars
- 3) Track record reflects the Zollege and Pepper Palace investments as fully unrealized as we still own the Companies
- 4) IRRs for unrealized investments include fair value and accrued interest as of 8/31/2024

*SBIC I, SBIC II and SBIC III 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, corporate financing investments and our investments in our CLO and JV.

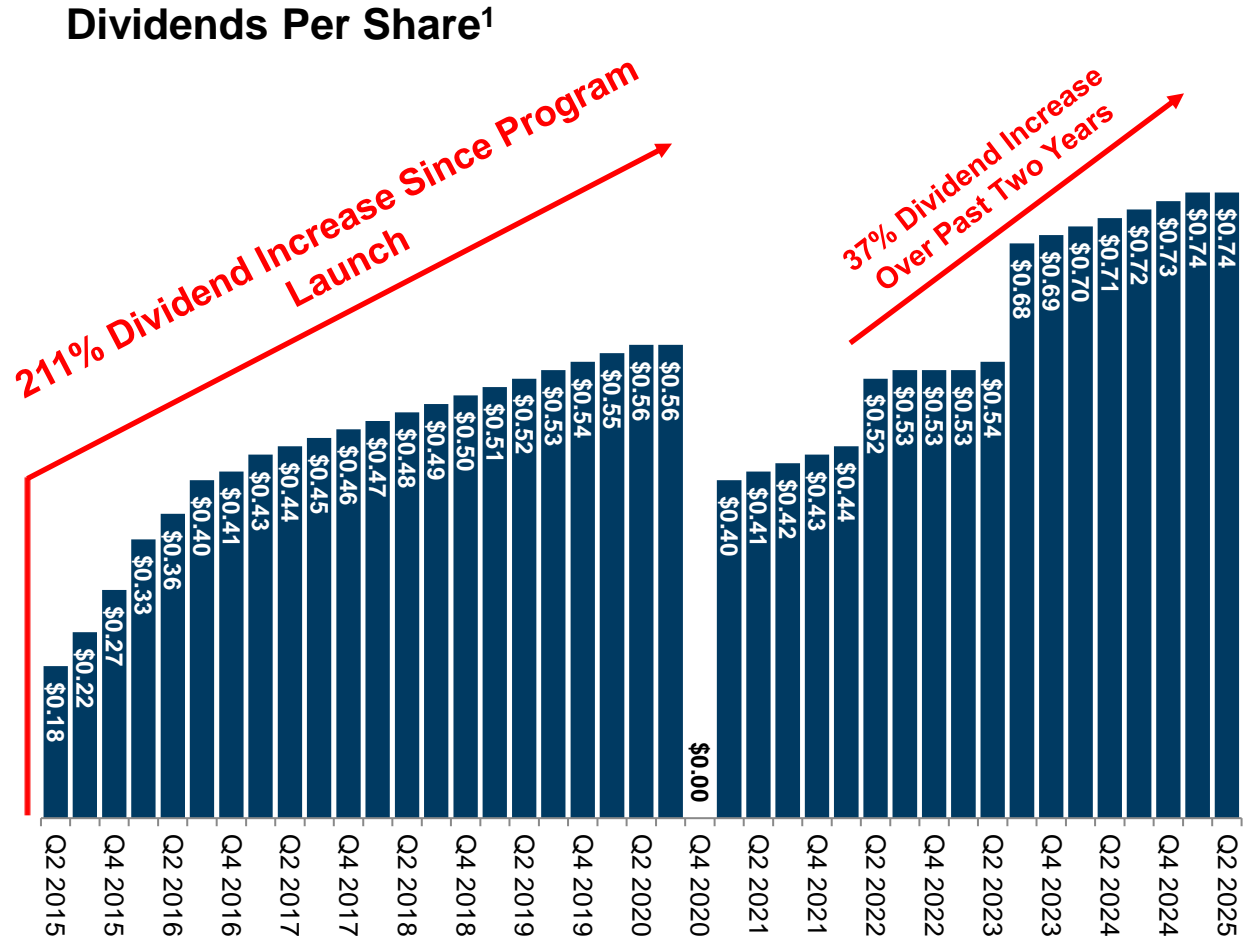
SBIC II Fully Funded - SBIC III Availability⁽¹⁾⁽²⁾



- 1) SBIC III cash available for new originations and follow-ons in existing license, with SBIC II cash only available for follow-ons
- 2) SBIC III has \$136 million of available debentures based on the SBA family of funds limit

Long-Term Consistent Dividend Growth

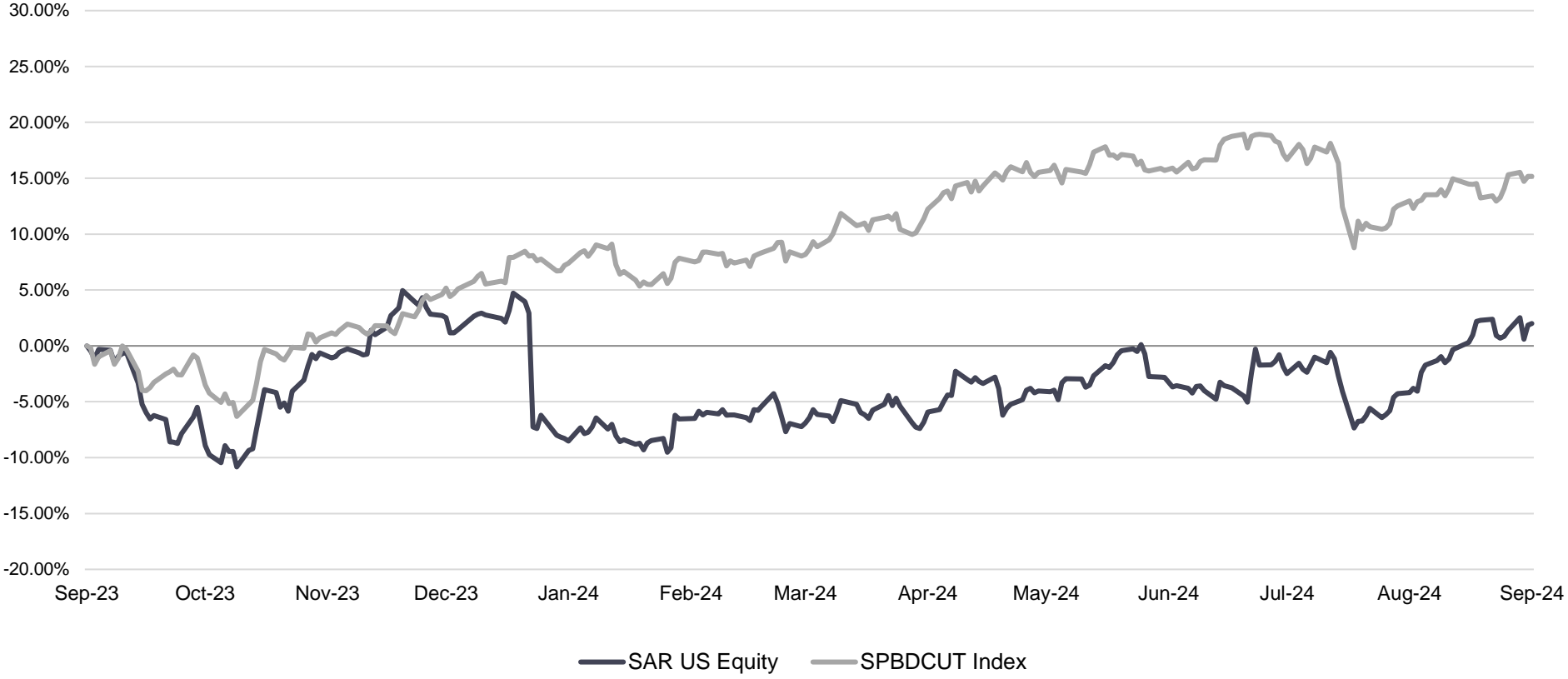
- Established dividend policy to pay regular quarterly cash dividends to stockholders pursuant to dividend reinvestment plan (“DRIP”) in 2014
- Increased dividend by 211% since program launch** until Covid deferral
- Increased dividend by 4% over past year** and remained unchanged this past quarter
- Q2 FY25 dividend of \$0.74** declared and paid for the quarter ended August 31, 2024.



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

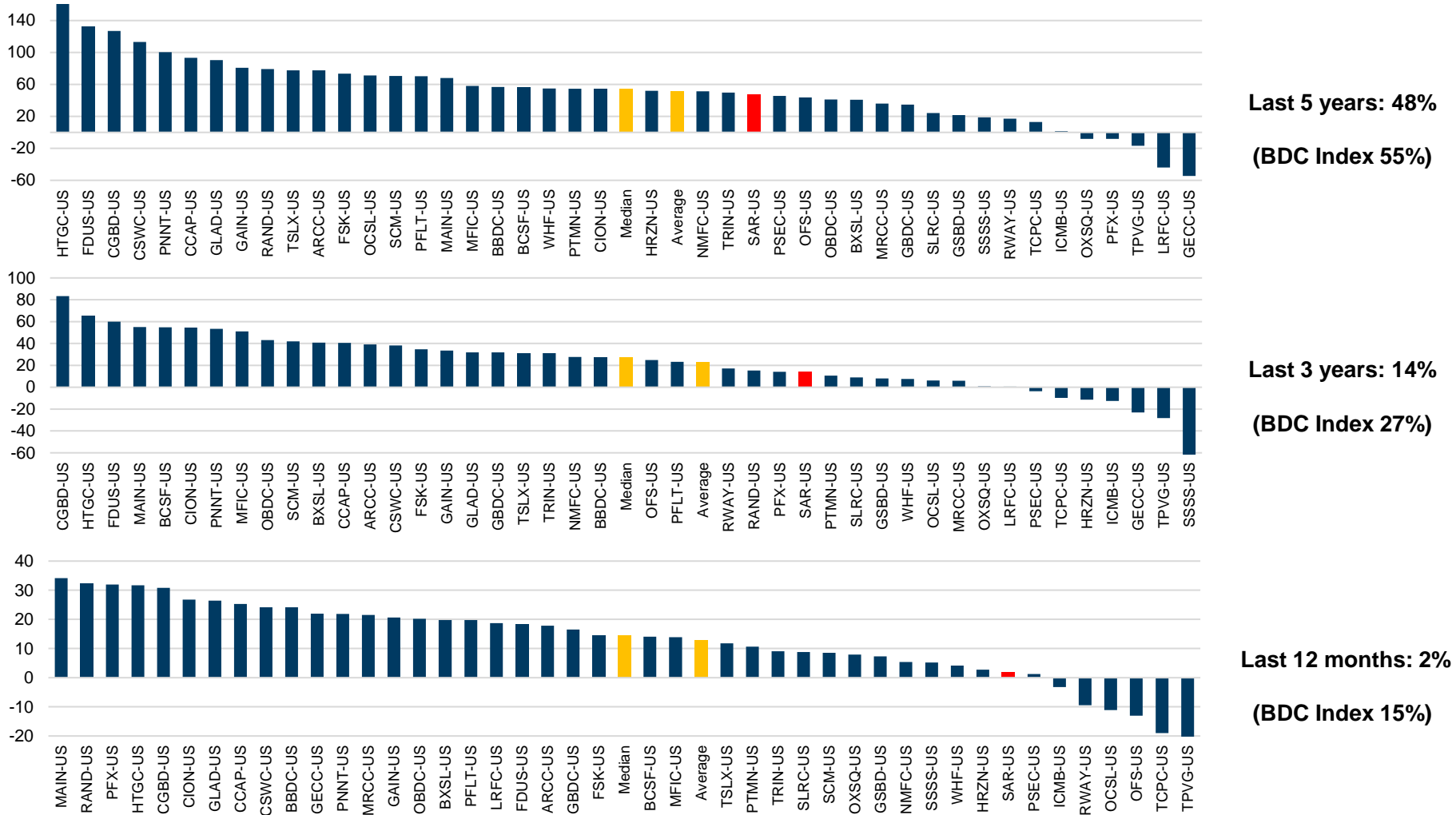
SAR LTM Total Return Lagging BDC Index Creates Opportunity

LTM Total Return (%)
(September 2023 to September 2024)
SAR 2% v BDC Index +15%

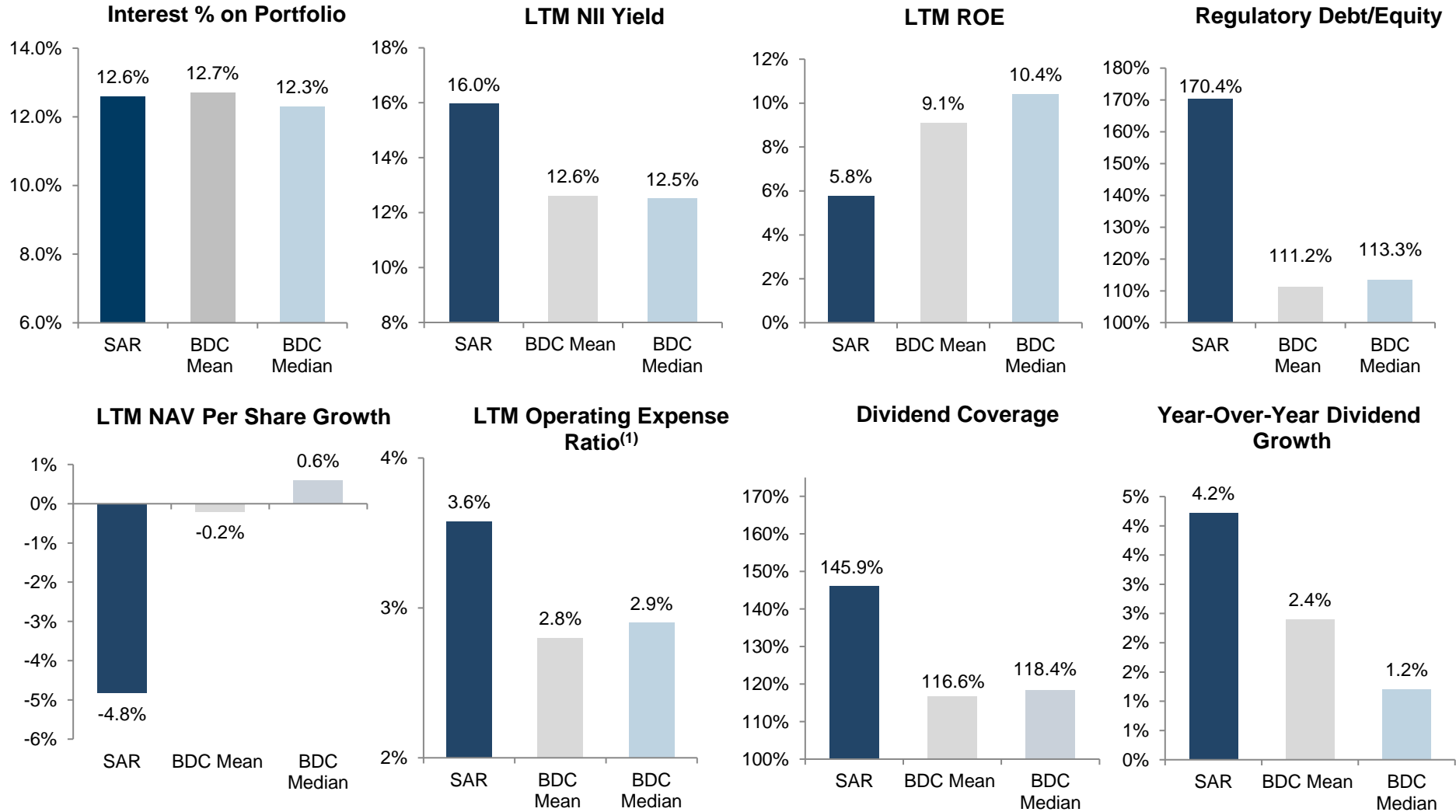


Long-Term Performance Impacted by LTM Performance

BDC Total Return (%)



Short-Term Performance Impacted by Discrete Non-Accruals



Source: SNL Financial / Company Filings / Raymond James report as of 9/13/24

1) 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 24.9%.

Establishing Competitive Edge vs. Other BDCs

Outstanding performance characteristics

▶ Strong long-term dividend

Increased quarterly dividend by 211% since program launched until Covid deferral; Latest dividend declared of \$0.74 per share for the quarter ended August 31, 2024, up 4% over prior year, represents current dividend yield of 12.8%; significant management ownership of 12.5%

▶ Strong return on equity

Long term ROE factors in both investment income and net gains/losses, averages 10.0% over the past ten years versus industry average of 6.9% - most recent LTM ROE of 5.8% below current industry average of 9.1% primary due to recent discrete non-accruals

▶ Low-cost available liquidity

Borrowing capacity still at hand through new SBIC III debentures, undrawn existing and new credit facility and cash – can grow current asset base by 37% as of quarter ended August 31, 2024, with most of it in cash or low-cost liquidity (SBIC III 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 down 5.3% from prior year - total portfolio fair value 0.2% above cost, with core non-CLO BDC portfolio fair value 3.3% above cost

▶ Well-positioned for changes in interest rates

Approx. 99.1% of our loans have floating interest rates, with interest rates currently higher than all floors. Debt primarily at fixed rates and long-term. Investment grade rating of “BBB+”. All our baby bonds are callable either now or within a year.

▶ 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

99.7% of credits are the highest quality, 85.1% 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 diverse and 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.



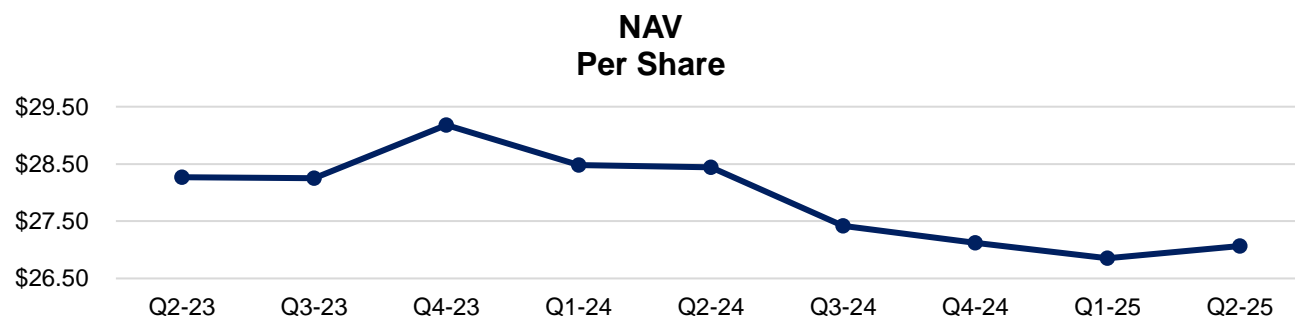
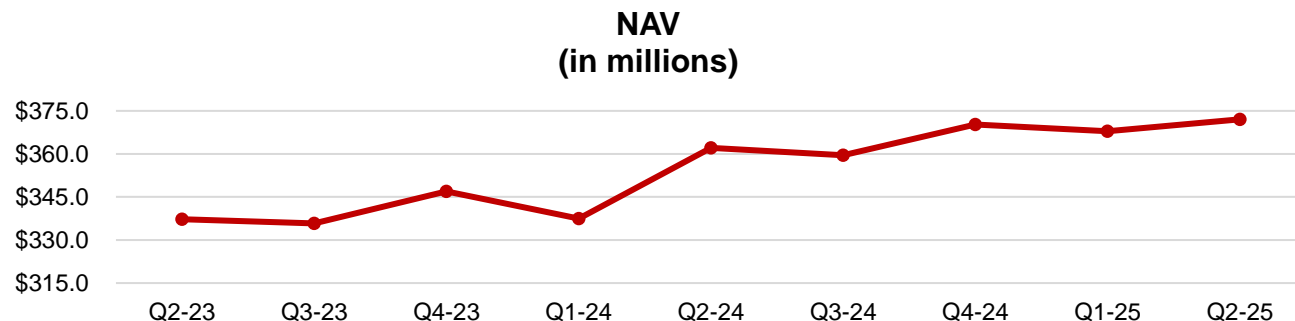
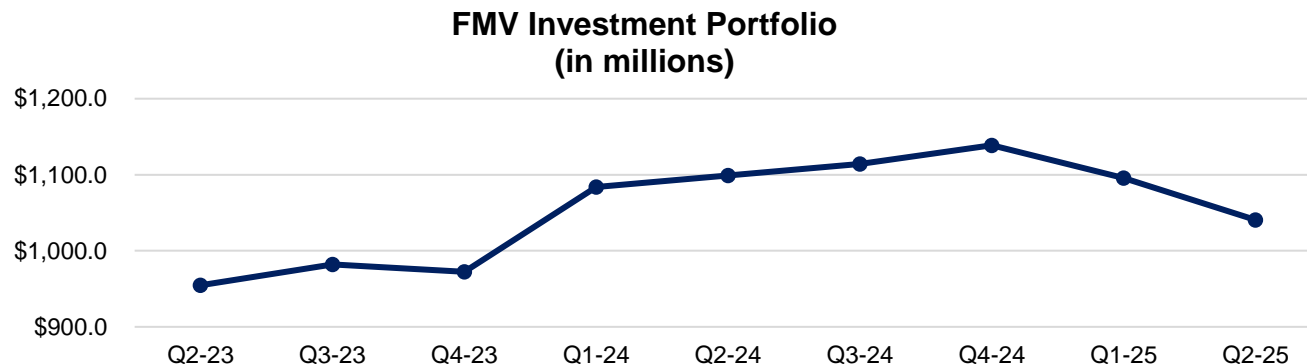
SARATOGA
INVESTMENT CORP.

KPIs – Balance Sheet – Q2 FY25

Period	FMV Investment Portfolio (in millions)
Q2-23	\$ 954.7
Q3-23	\$ 982.0
Q4-23	\$ 972.6
Q1-24	\$ 1,084.1
Q2-24	\$ 1,098.9
Q3-24	\$ 1,114.0
Q4-24	\$ 1,138.8
Q1-25	\$ 1,095.6
Q2-25	\$ 1,040.7

Period	NAV (in millions)
Q2-23	\$ 337.2
Q3-23	\$ 335.8
Q4-23	\$ 347.0
Q1-24	\$ 337.5
Q2-24	\$ 362.1
Q3-24	\$ 359.6
Q4-24	\$ 370.2
Q1-25	\$ 367.9
Q2-25	\$ 372.1

Period	NAV Per Share
Q2-23	\$ 28.27
Q3-23	\$ 28.25
Q4-23	\$ 29.18
Q1-24	\$ 28.48
Q2-24	\$ 28.44
Q3-24	\$ 27.42
Q4-24	\$ 27.12
Q1-25	\$ 26.85
Q2-25	\$ 27.07



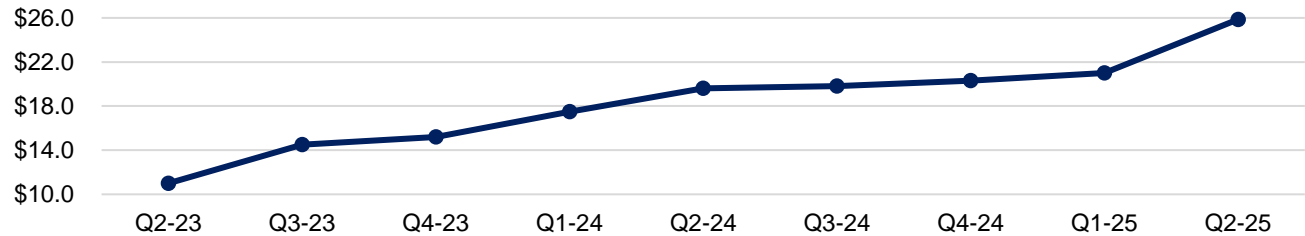
KPIs – Income Statement – Q2 FY25

Net Interest Margin	
Period	(in millions)
Q2-23	\$ 11.0
Q3-23	\$ 14.5
Q4-23	\$ 15.2
Q1-24	\$ 17.5
Q2-24	\$ 19.6
Q3-24	\$ 19.8
Q4-24	\$ 20.3
Q1-25	\$ 21.0
Q2-25	\$ 25.9

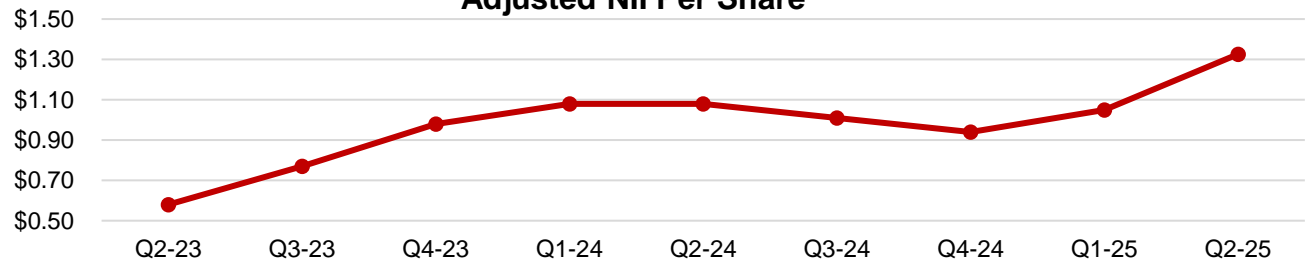
NII Per Share	
Period	
Q2-23	\$ 0.58
Q3-23	\$ 0.77
Q4-23	\$ 0.98
Q1-24	\$ 1.08
Q2-24	\$ 1.08
Q3-24	\$ 1.01
Q4-24	\$ 0.94
Q1-25	\$ 1.05
Q2-25	\$ 1.33

NII Yield	
Period	
Q2-23	8.2%
Q3-23	10.8%
Q4-23	13.6%
Q1-24	15.0%
Q2-24	15.0%
Q3-24	14.6%
Q4-24	14.0%
Q1-25	15.5%
Q2-25	19.7%

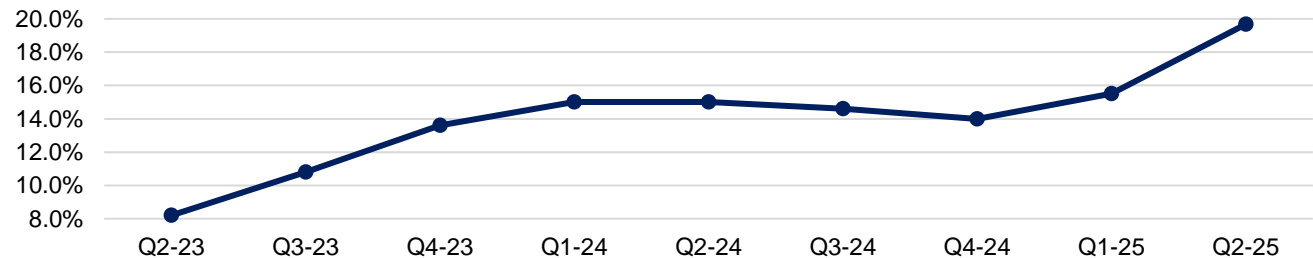
Net Interest Margin Excluding CLO
(in millions)



Adjusted NII Per Share

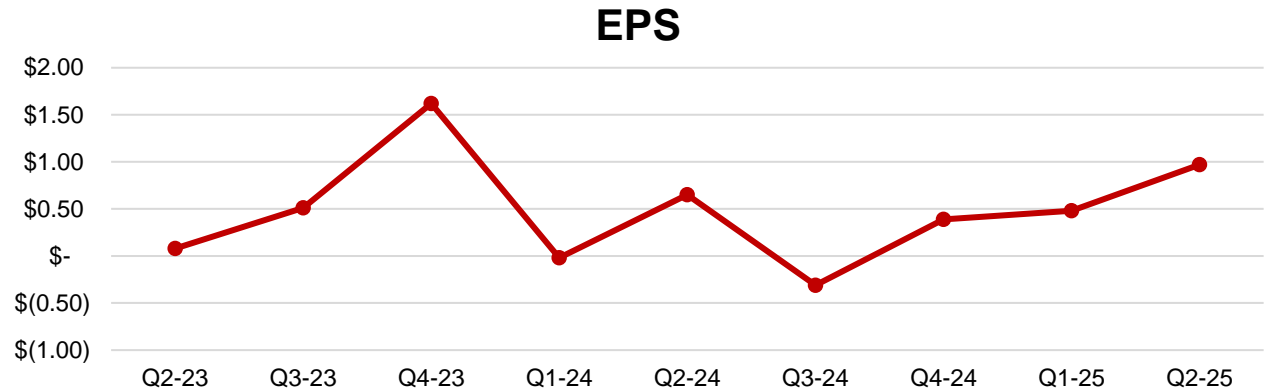


Adjusted NII Yield

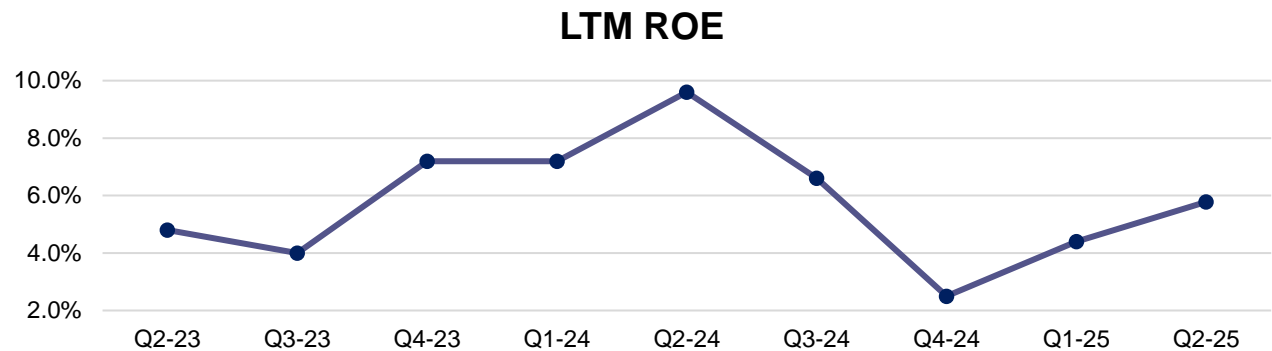


KPIs – Income Statement– Q2 FY25 (continued)

Period	EPS
Q2-23	\$ 0.08
Q3-23	\$ 0.51
Q4-23	\$ 1.62
Q1-24	\$ (0.02)
Q2-24	\$ 0.65
Q3-24	\$ (0.31)
Q4-24	\$ 0.39
Q1-25	\$ 0.48
Q2-25	\$ 0.97



Period	LTM ROE
Q2-23	4.8%
Q3-23	4.0%
Q4-23	7.2%
Q1-24	7.2%
Q2-24	9.6%
Q3-24	6.6%
Q4-24	2.5%
Q1-25	4.4%
Q2-25	5.8%



KPIs - SAR Net Interest Margin Continues to Grow

SAR Net Interest Margin up 37% the past twelve months and over eightfold since taking over management

Net Interest Margin

