

Saratoga Investment Corp.

Fiscal Second Quarter 2024 Shareholder Presentation

October 10, 2023



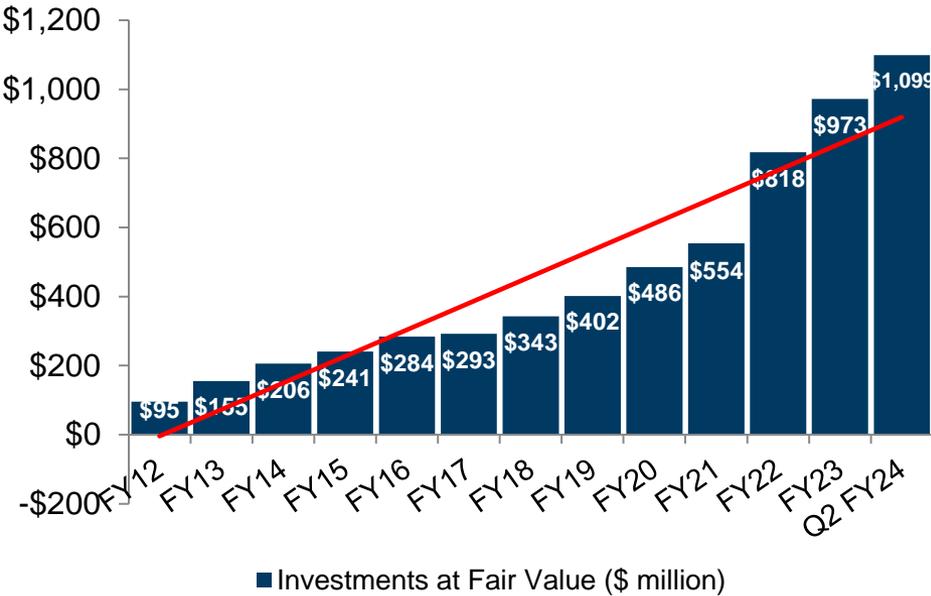
Continued Growth and Outperformance in Q2

Fiscal Second Quarter 2024 Highlights:

- Continued high quality portfolio and strong performance
 - Investment quality remains strong
 - 98.2% of loan investments with highest internal rating and two non-accruals (1.6% of fair value/4.5% of cost)
 - Return on equity of 9.6% for LTM, as compared to industry average of 5.1%
 - Net unrealized depreciation of \$5.7 million for Q2 includes \$15.4 million net unrealized depreciation related to the Pepper Palace investment, offset by \$3.9 million net unrealized appreciation in the remaining core BDC portfolio and \$5.8 million net unrealized appreciation related to the CLO and JV investments in the broadly syndicated loan market
 - Gross Unlevered IRR of 15.6% on \$908 million of total realizations
 - Gross Unlevered IRR of 10.6% on total unrealized portfolio as of August 31, 2023
 - Fair value of \$1.1 billion is 1.4% below total cost of portfolio, with core BDC portfolio 0.2% above cost
- Consistent strong long-term originations contribute to growing assets under management
 - AUM up 15% since last year and up 1% this quarter, with originations of \$28 million in Q2, resulting from strong pipeline
- Base of liquidity and capital remains strong
 - Quarter-end liquidity allows growth of AUM by 22% and is mostly long-term, with \$48 million in cash
 - Issued \$34 million of equity at net asset value since Q1, with \$24 million raised in Q2 and \$10 million since quarter-end
- Declared dividend of \$0.71 per share for the quarter ended August 31, 2023, paid on September 28, 2023
- Key performance indicators for Q2 and versus Q1 - Adjusted NII of \$13.2 million (up 2%), Adjusted NII per share of \$1.08 (unchanged), LTM ROE of 9.6% (up versus 5.1% for industry) and NAV per share of \$28.44 (down 4c, or 0.1%)

Continued Asset Growth and Strong Credit Quality

Asset Base Expansion Trend

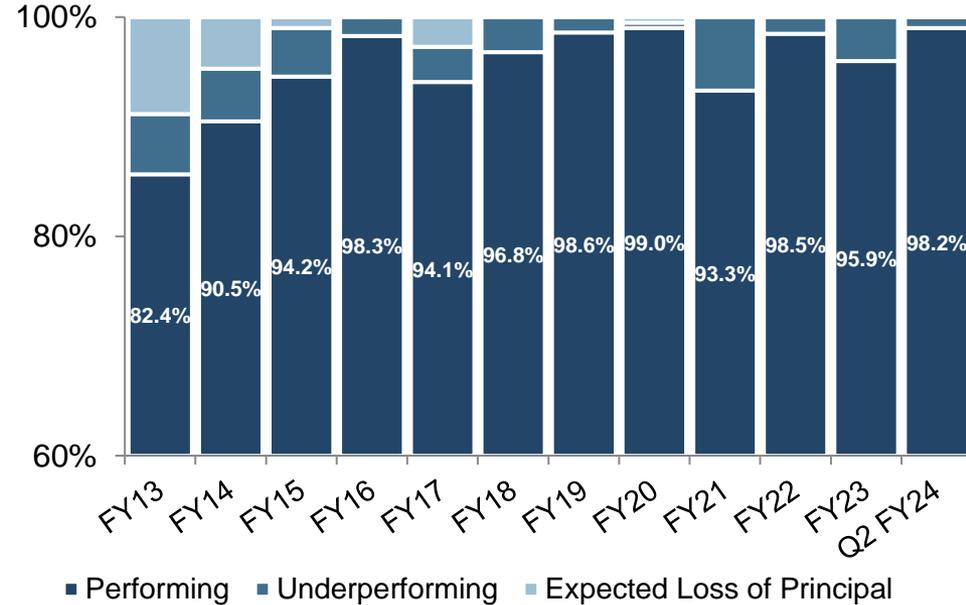


Fair value of AUM increased 15% year-over-year and increased 1% since last quarter

Fair value of \$1,099m at Q2 FY24 is 1.4% below cost, with core non-CLO BDC portfolio 0.2% above cost

* Excludes our investment in our CLO and our equity positions

Overall Credit Quality Remains Strong

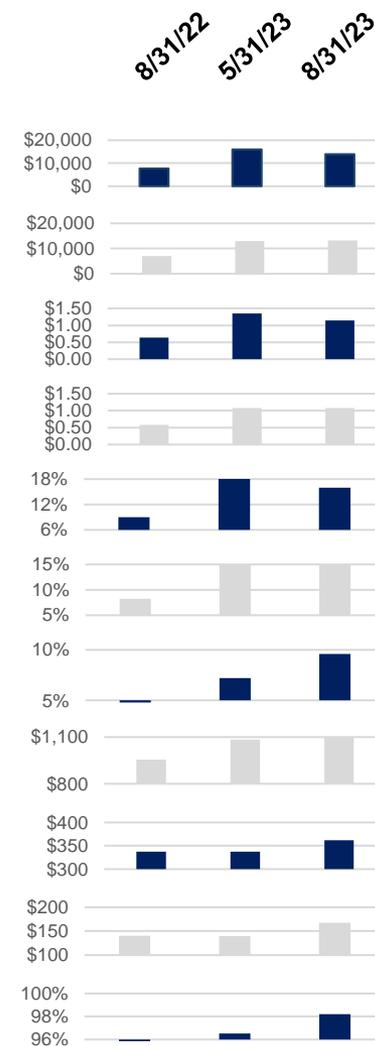


98.2% of our SAR loan investments hold our highest internal rating, up slightly from last quarter and year-end; two investments on non-accrual at quarter-end (1.6% of fair value/ 4.5% of cost)*

Q2 FY24: 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, 2022	May 31, 2023	August 31, 2023
Net investment income	\$7,698	\$15,959	\$13,965
Adjusted net investment income*	\$6,959	\$12,849	\$13,156
Net investment income per share	\$0.64	\$1.35	\$1.15
Adjusted net investment income per share*	\$0.58	\$1.08	\$1.08
Net investment income yield	9.0%	18.7%	16.0%
Adjusted net investment income yield*	8.2%	15.0%	15.0%
Return on Equity – Last Twelve Months	4.8%	7.2%	9.6%
Fair value of investment portfolio	\$954.7	\$1,084.1	\$1,098.9
Total net assets	\$337.2	\$337.5	\$362.1
Investments in new/existing portfolio companies	\$140.6	\$139.8	\$27.5
Loan Investments held in “Performing” credit ratings	95.6%	96.5%	98.2%



*Adjusted for accrued capital gains incentive fee expense, and interest expense and amortization of deferred financing costs related to the 2025 SAK Notes during the period while the 2027 SAT Notes were already issued and outstanding, reconciliation to GAAP net investment income, net investment income per share and net investment income yield included in our fiscal second quarter 2024 earnings release.



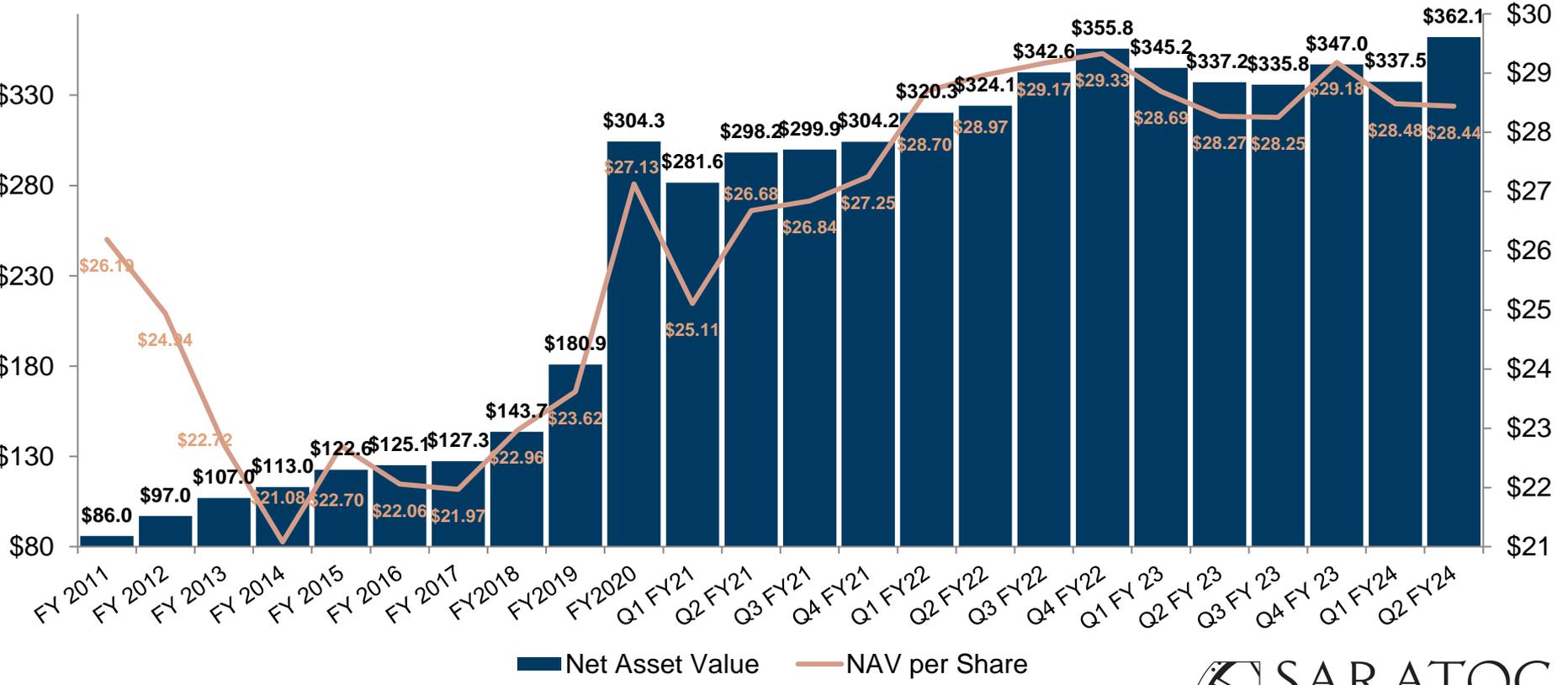
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Long-Term Accretive NAV and NAV Per Share Growth

Net Asset Value and NAV per Share (FY11 to FYQ224)

NAV: 7% increase this quarter. 321% increase since Saratoga took over management.
NAV/Share: Minimal change this quarter. 29% increase since FY17 with increases 16 of the last 22 quarters.

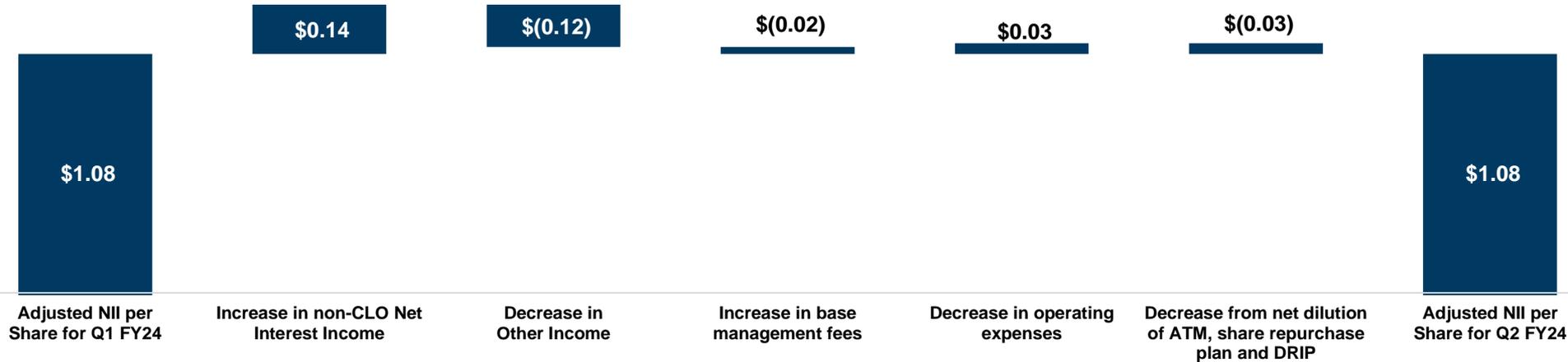
(in millions)



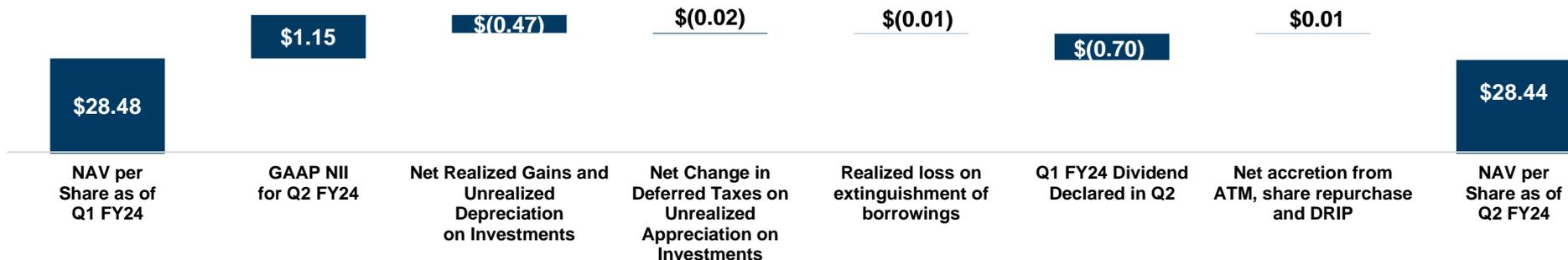
Quarterly Reconciliation of NII and NAV per Share

- Impacts are shown net of incentive fees.

Reconciliation of Quarterly Adjusted NII per Share



Reconciliation of Quarterly NAV per Share



Dry Powder Remains Available

(As of August 31, 2023)		Total Borrowing Capacity	Outstanding	Available Liquidity	Remaining Maturity Period	Fixed / Floating Rate
Secured Revolving Credit Facility		\$65.0 million	\$35.0 million	\$30.0 million	2.5 Years	Floating
SBA Debentures	SBIC I	\$0.0 million	\$0.0 million	\$0.0 million	-	Fixed
	SBIC II	\$175.0 million	\$175.0 million	\$0.0 million	6-9 years	Fixed
	SBIC III	\$175.0 million	\$14.0 million	\$161.0 million*	10 years	Fixed
Publicly-Traded Notes (at par value)	SAT	\$105.5 million	\$105.5 million	\$0.0 million	4 Years	Fixed
	SAJ	\$46.0 million	\$46.0 million	\$0.0 million	4 Years	Fixed
	SAY	\$60.4 million	\$60.4 million	\$0.0 million	5 Years	Fixed
	SAZ	\$57.5 million	\$57.5 million	\$0.0 million	5 Years	Fixed
Unsecured Notes		\$250.0 million	\$250.0 million	\$0.0 million	3-4 years	Fixed
Private Notes (at par value)		\$52.0 million	\$52.0 million	\$0.0 million	1-4 Years	Fixed
Cash and Cash Equivalents		\$48.4 million	\$48.4 million	\$48.4 million	-	-
Total Available Liquidity (at quarter-end):				\$ 239.4 million		

Ability to grow AUM by 22% without any new external financing as of August 31, 2023 (including new SBIC license)

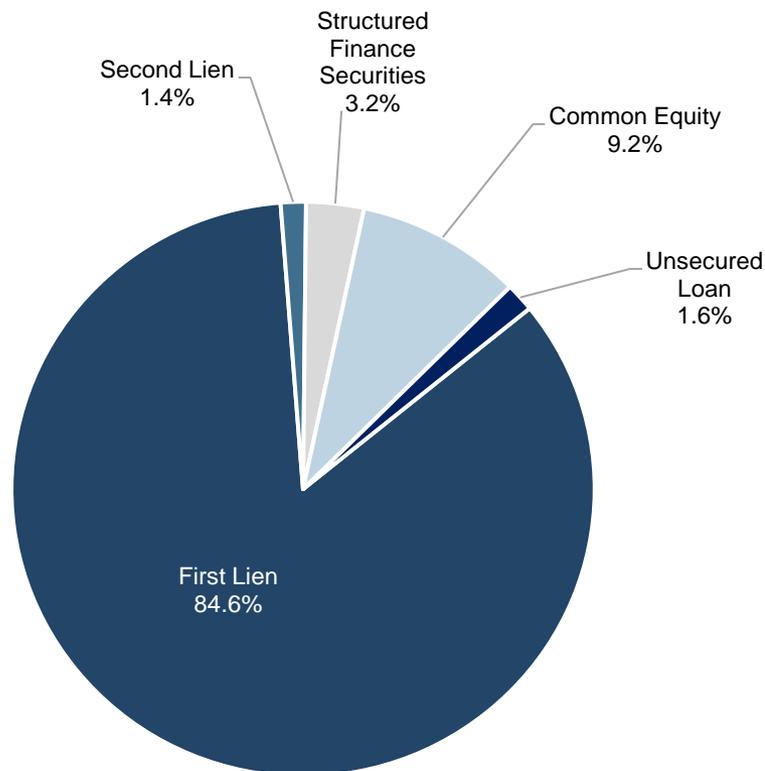
- SBIC III debentures are generally not available to support existing BDC or SBIC I or SBIC II investments

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

Portfolio Composition and Yield

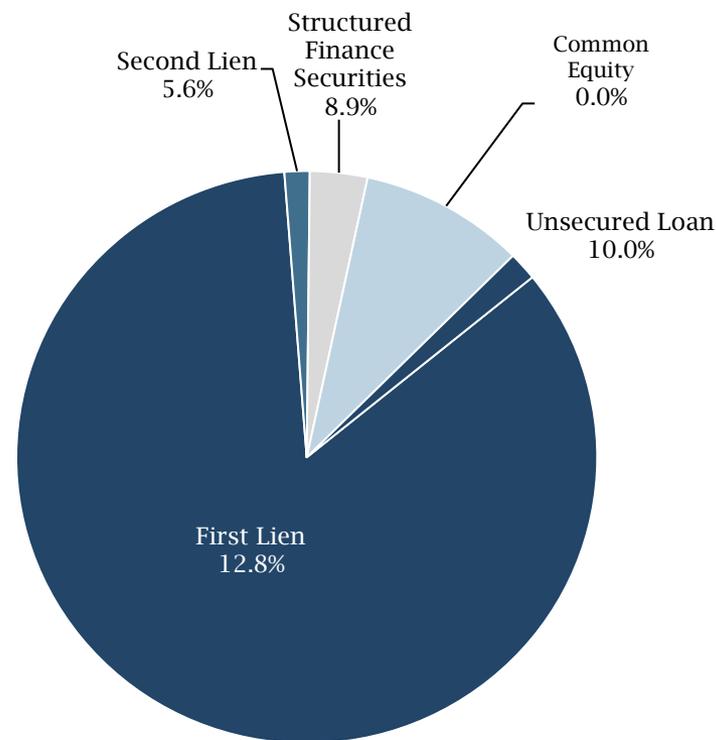
Portfolio Composition – \$1,098.9m

(Based on Fair Values
as of August 31, 2023)



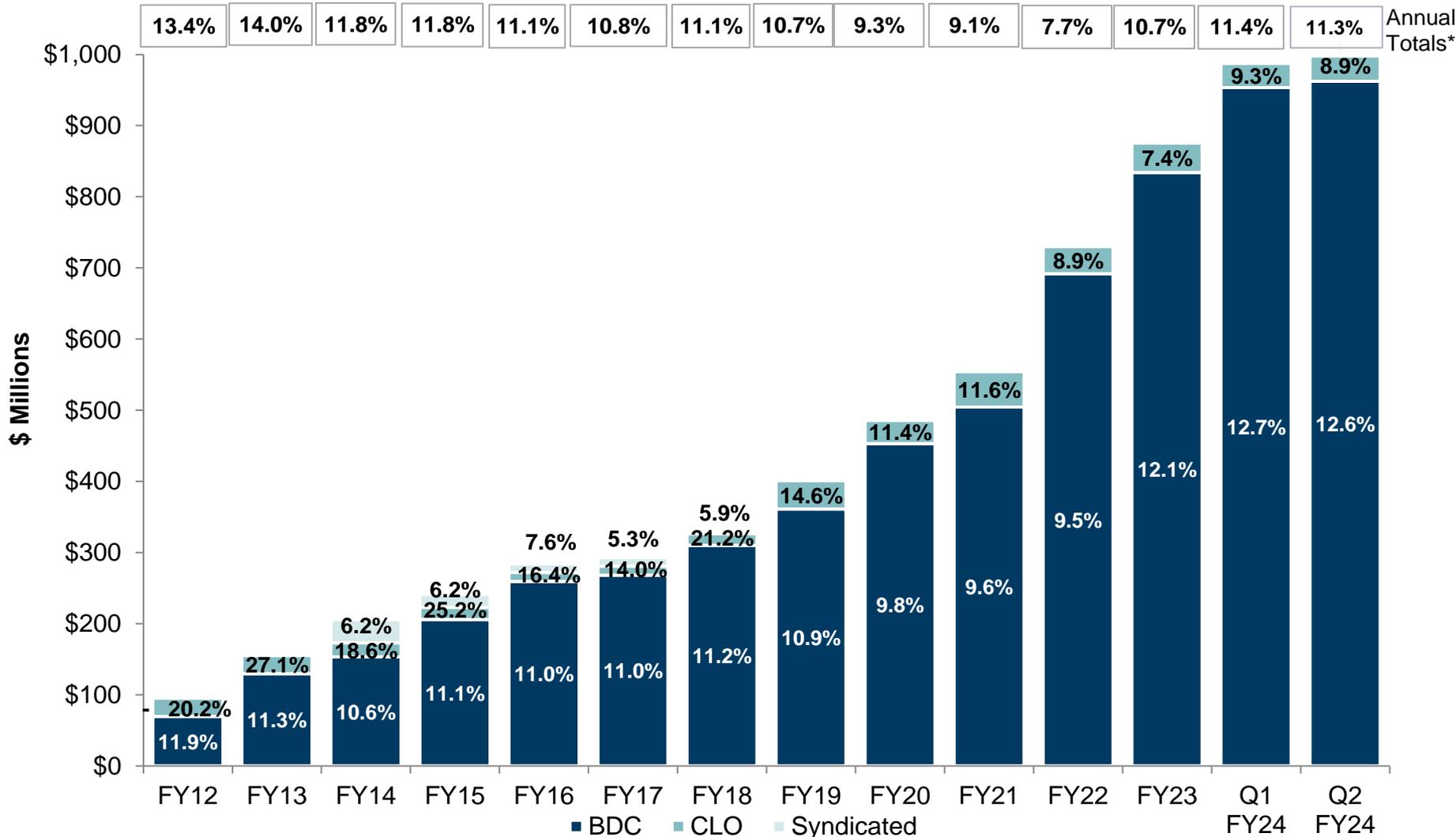
Portfolio Yield – 11.3%

(Weighted Average
Current Yield of Total Existing
Portfolio)



Yield of BDC Growing With Rising Rates

Weighted Average Current Yields

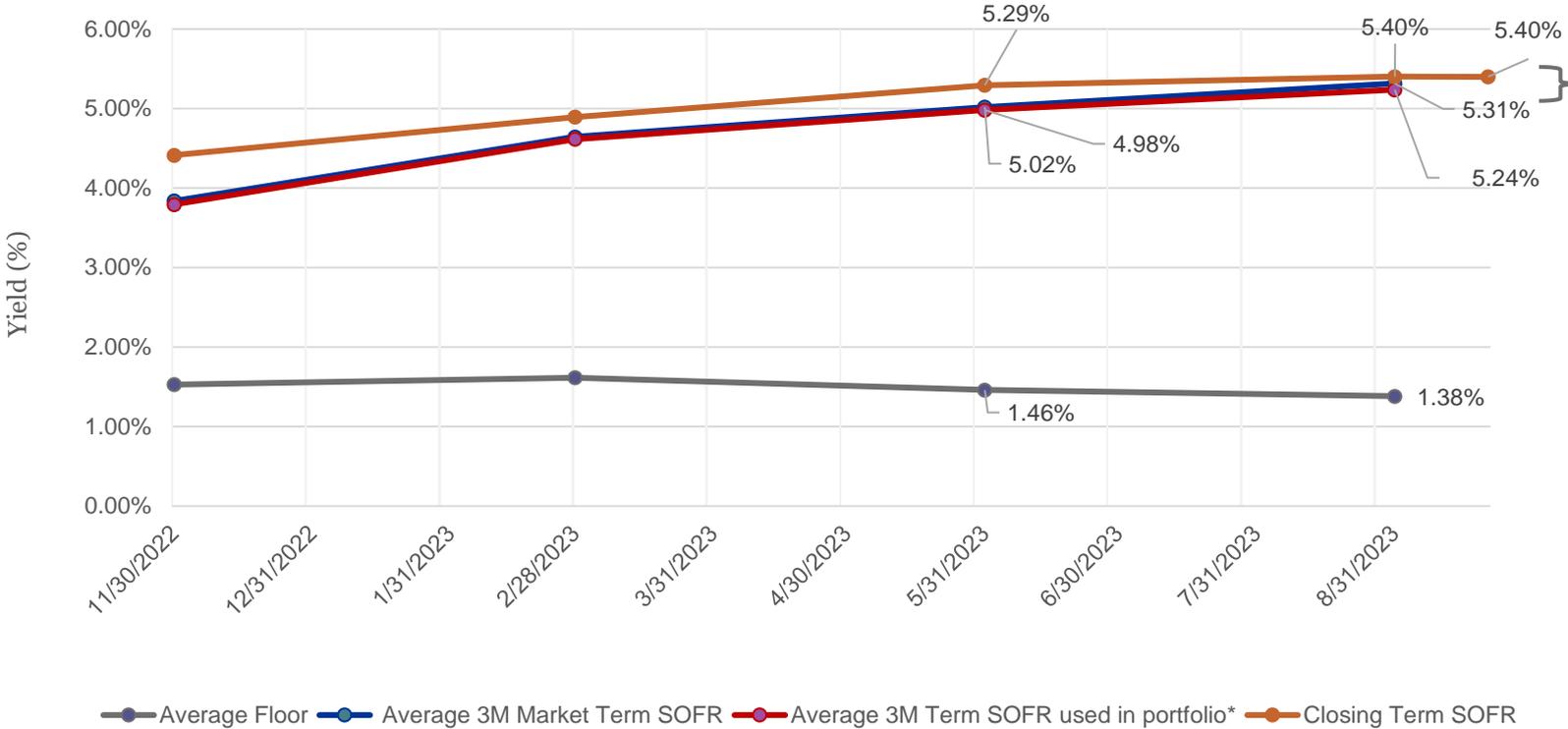


* Annual total yields on fair value of full portfolio. Excludes dividend income on preferred equity investments and other income. BDC, CLO and Syndicated yields are annualized and calculated on fair value of interest earning assets.



Accretive Impact of Increased Rates with Lag Effect on Earnings

SOFR Impact on Portfolio



Q2 actual earnings do not reflect full quarter impact of Q2 average rate increase (7bps) nor current closing rate difference (another 9bps)

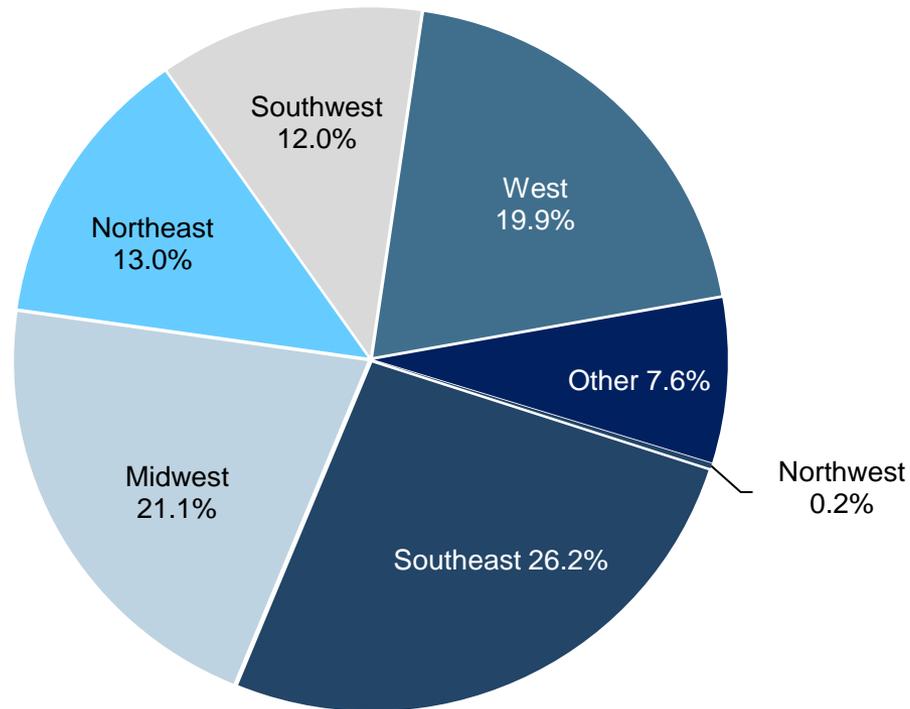
99% of our interest earning assets are variable rate

96% of our borrowings (all debt except \$35.0 million credit facility) is fixed rate

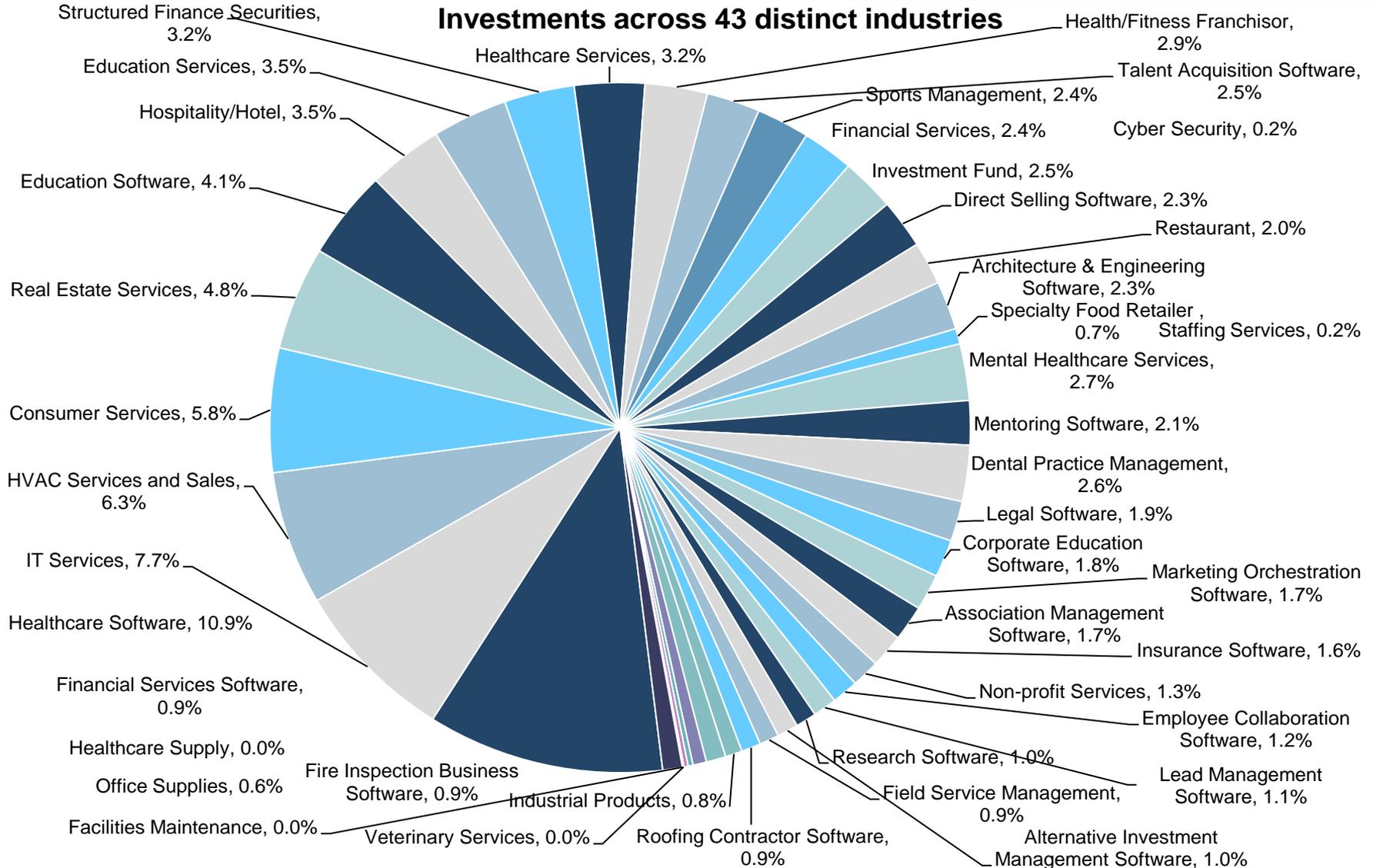
*For illustrative purposes only includes Saratoga investments with 3-month SOFR as reference rate. All investments are converted from LIBOR to SOFR or practical equivalent at June 30, 2023.

Diversified Across Geography

Investments Diversified Geographically

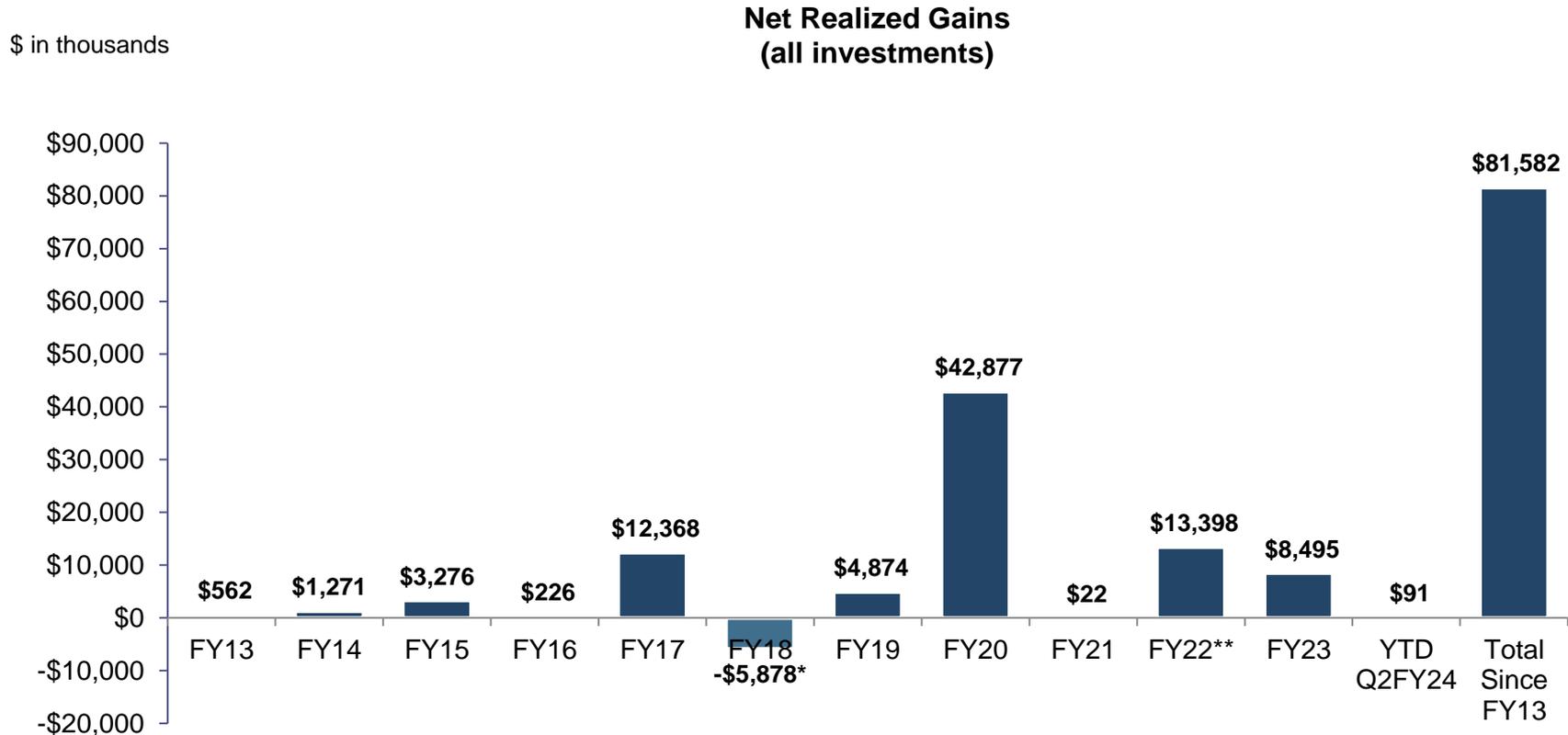


Diversified Across Industry



Net Realized Gains Help Protect Shareholder Capital

Cumulative net realized gains reflect portfolio credit quality



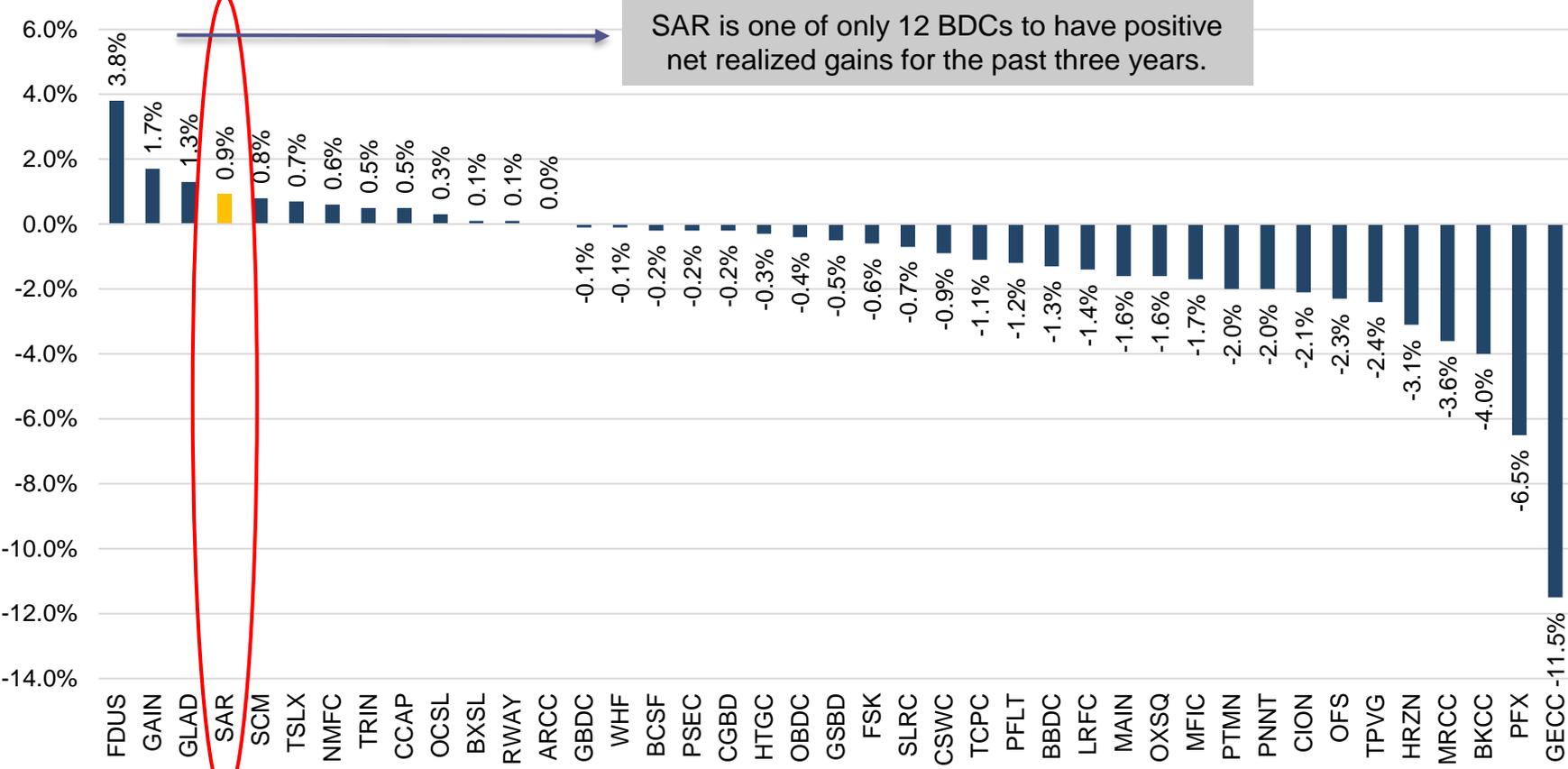
* Reflects realized loss on My Alarm Center investment of \$7.7m less \$1.8m in other realized gains in FY18.

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

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

Strong Net Realized Gains Flow from Disciplined Underwriting

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

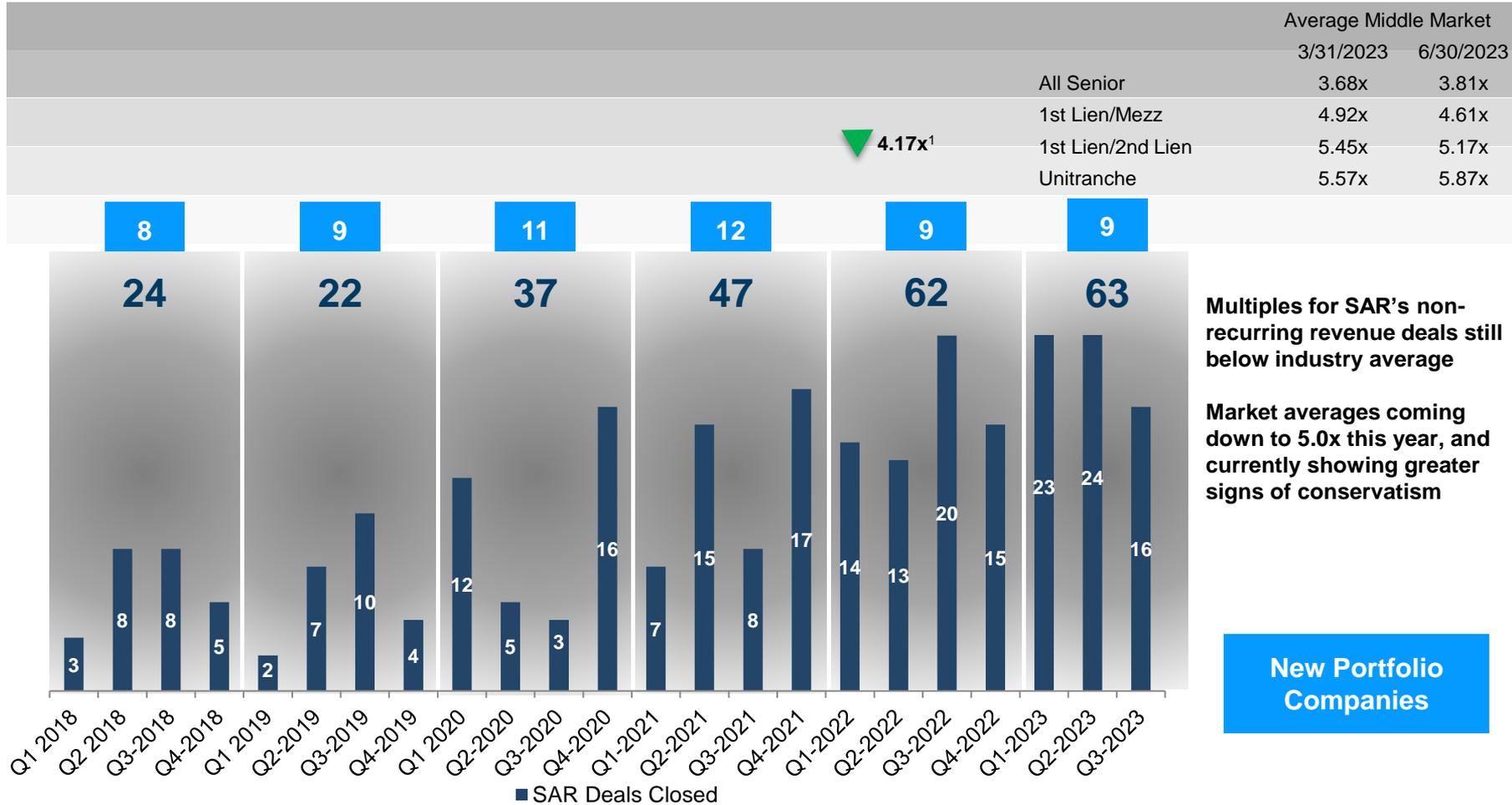


*Source: Ladenburg Thalmann - calculated as three-year average realized gains as proportion of average cost
 SAR data excludes legacy investments not originated by Saratoga management

Exercising Disciplined Investment Judgment While Growing Origination Pace

SAR Debt Multiples/Deals Closed (2018-2023)

Portfolio leverage with non-recurring revenue underwriting is 4.17x^{1^}



Multiples for SAR's non-recurring revenue deals still below industry average

Market averages coming down to 5.0x this year, and currently showing greater signs of conservatism

New Portfolio Companies

*Calendar quarters, not fiscal

¹Excludes 27 loans underwritten using recurring revenue metrics. These recurring revenue loans would have significantly different portfolio leverage statistics.

⁴Excludes our yellow and red assets, Knowland and Pepper Palace. Leverage 5.94x including these two investments

*8 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 healthy success in term sheets and deals executed driven by investments in team and strong reputation

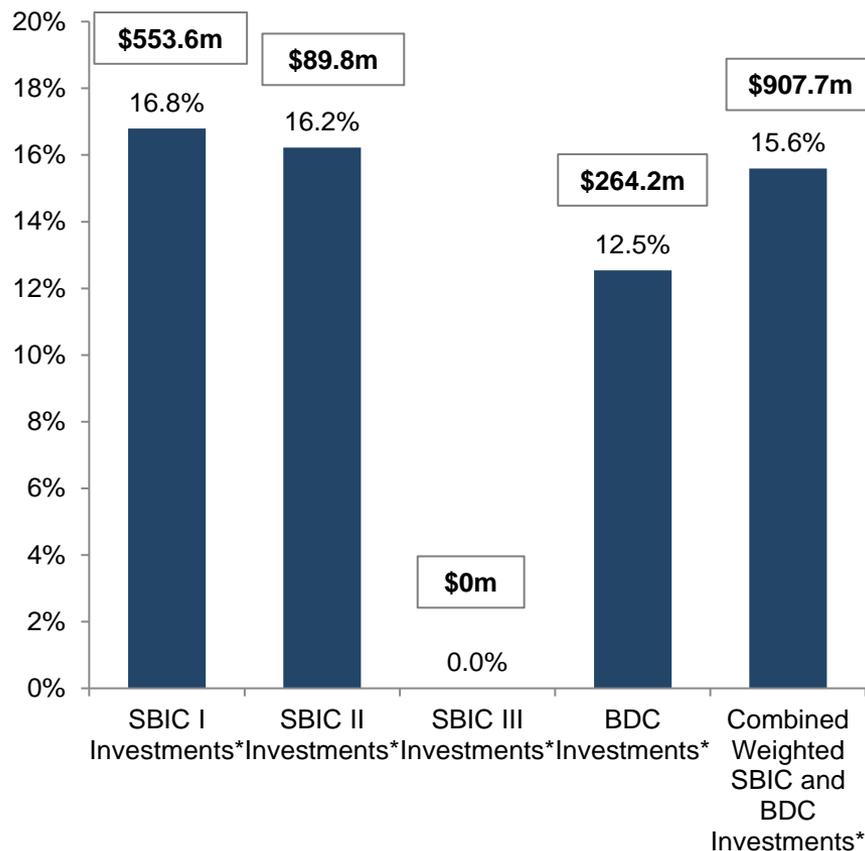
Calendar*	2019	Δ	2020	Δ	2021	Δ	2022	Δ	LTM Q3 2023	Q1-Q3 2022	Δ	Q1-Q3 2023	
Deals Sourced	863	-28%	619	-8%	572	-20%	469	1%	472	361	1%	364	<ul style="list-style-type: none"> ~63% of deal flow from private equity sponsors ~37% of deals from private companies without institutional ownership Saratoga maintains investment discipline which is demonstrated by passing on many deals that other firms close
Term Sheets (excludes follow-ons)	77	-58%	32	109%	67	-30%	47	2%	48	38	-21%	30	<ul style="list-style-type: none"> ~92% of term sheets are 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)	22	32%	29	62%	47	32%	62	26%	78	42	50%	63	<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	9		11		12		9		9	9		9	<ul style="list-style-type: none"> 9 new portfolio companies during LTM Q3 2023, and 5 from new relationships Saratoga new portfolio company investments average ~2.5% of deals reviewed

*Calendar quarters, not fiscal quarters.

Demonstrated Strong Track Record

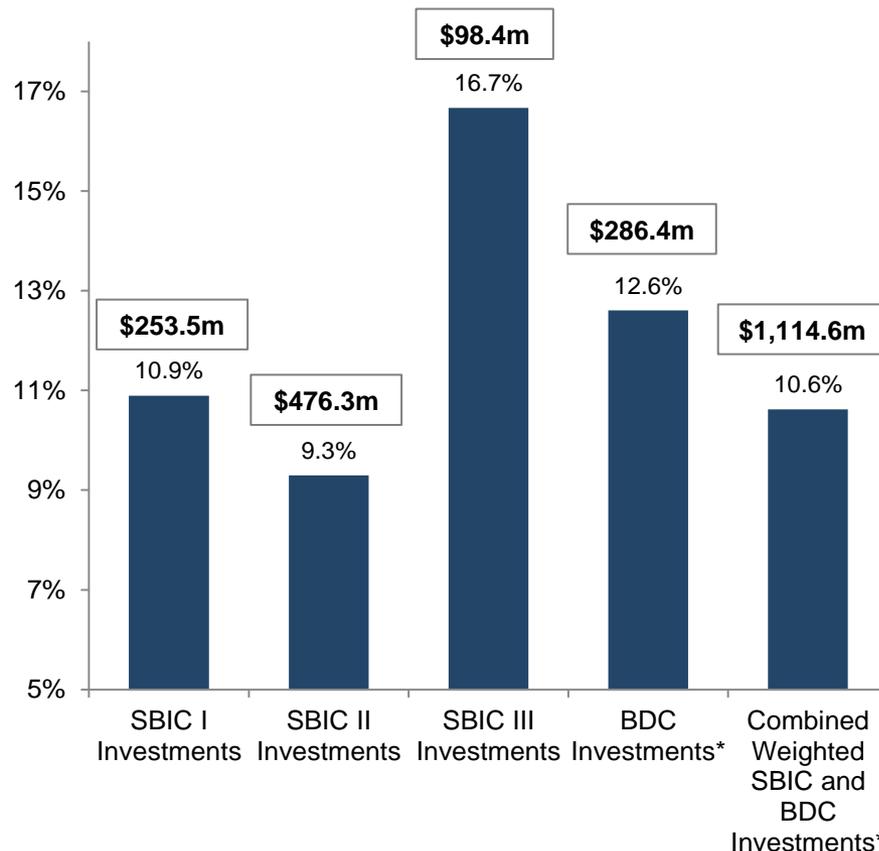
Realized Investments [^]

(Gross Unlevered IRR%)



Unrealized Investments ^{1 ^}

(Gross Unlevered IRR%)



Track Records as of 8/31/23

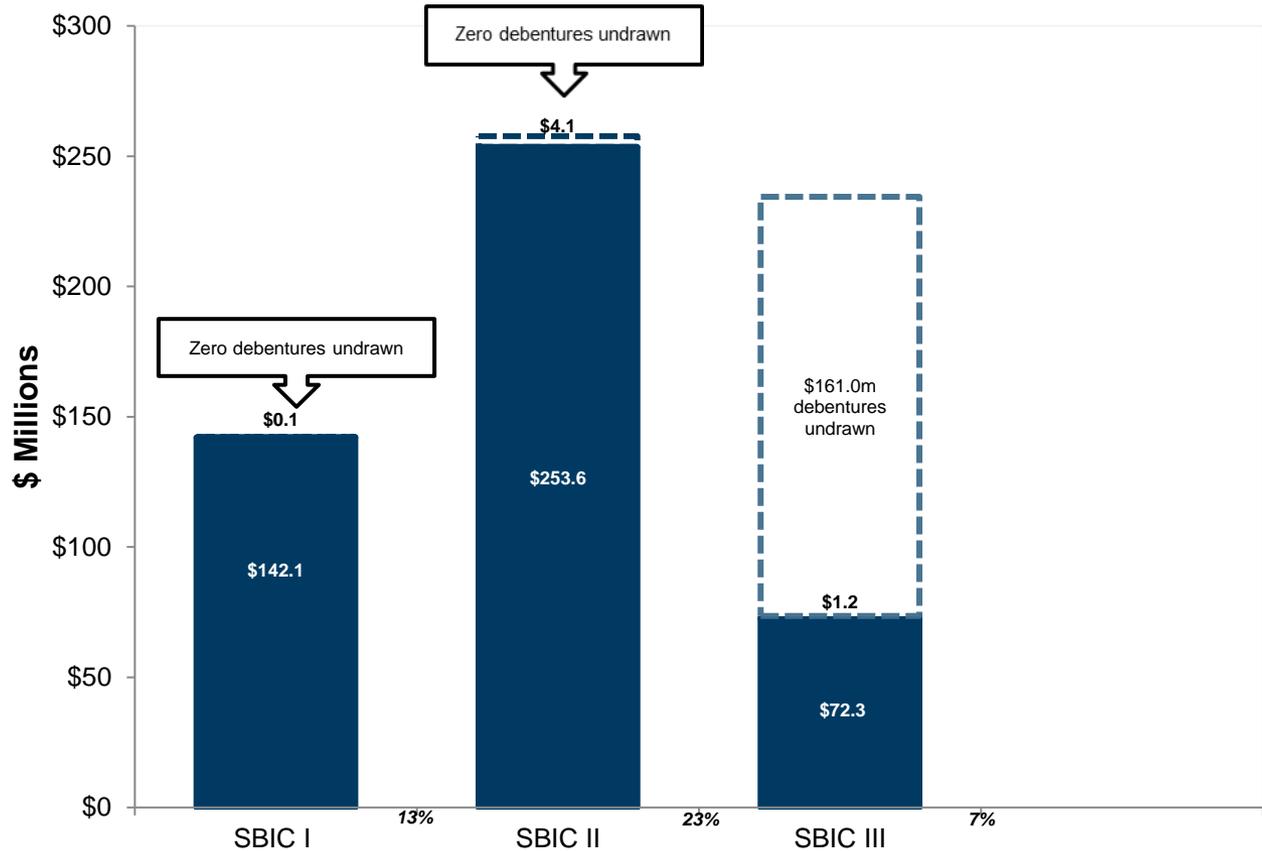
¹ IRRs for unrealized investments include fair value and accrued interest as of 8/31/2023

* 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.

[^] Graphs show invested dollars

SBIC I and II Fully Funded - SBIC III Availability



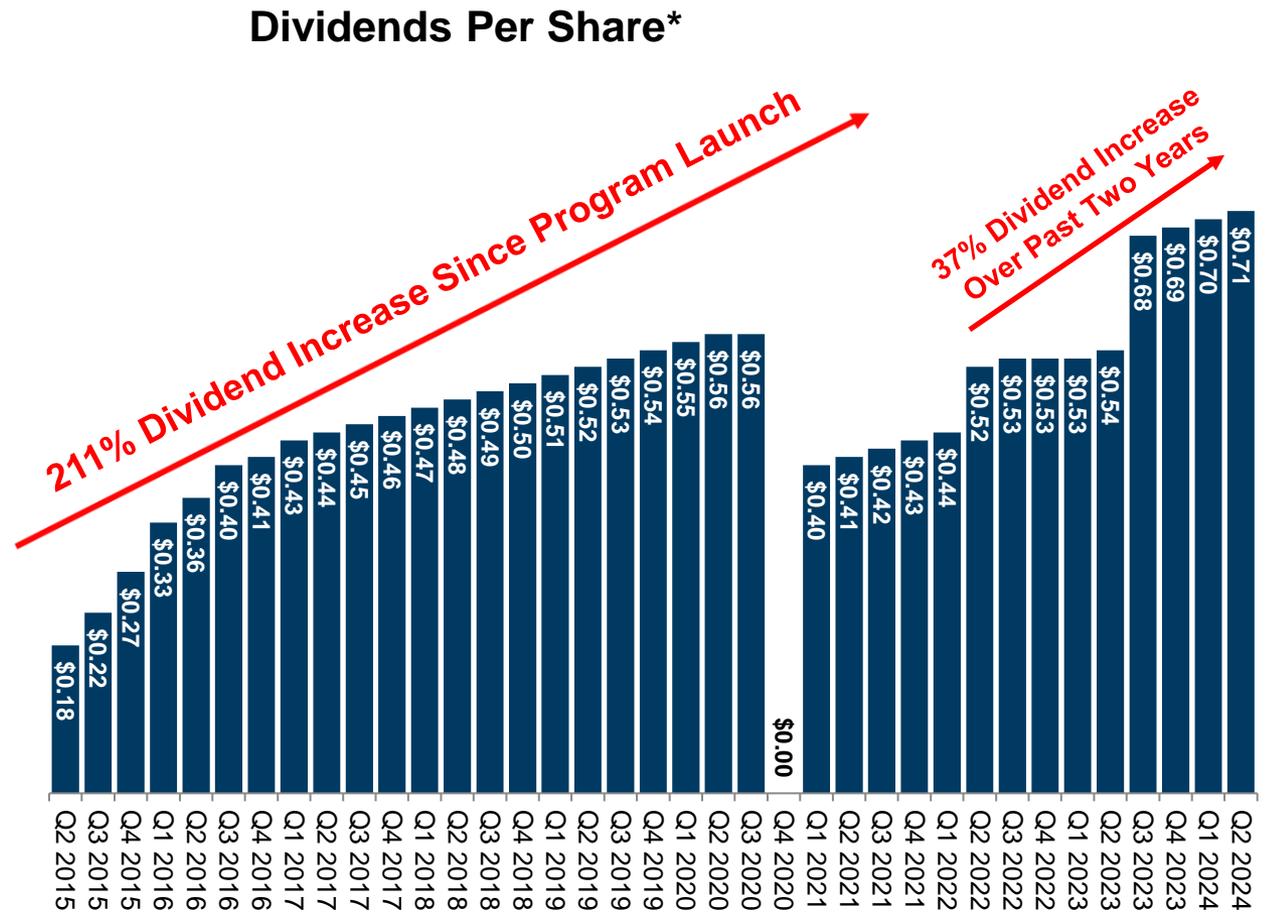
* SBIC I cash available to the BDC

** SBIC II and III cash available for new originations and follow-ons in existing license.

*** SBIC III has \$161 million of available debentures based on the SBA family of funds limit

Long-Term Dividend Growth

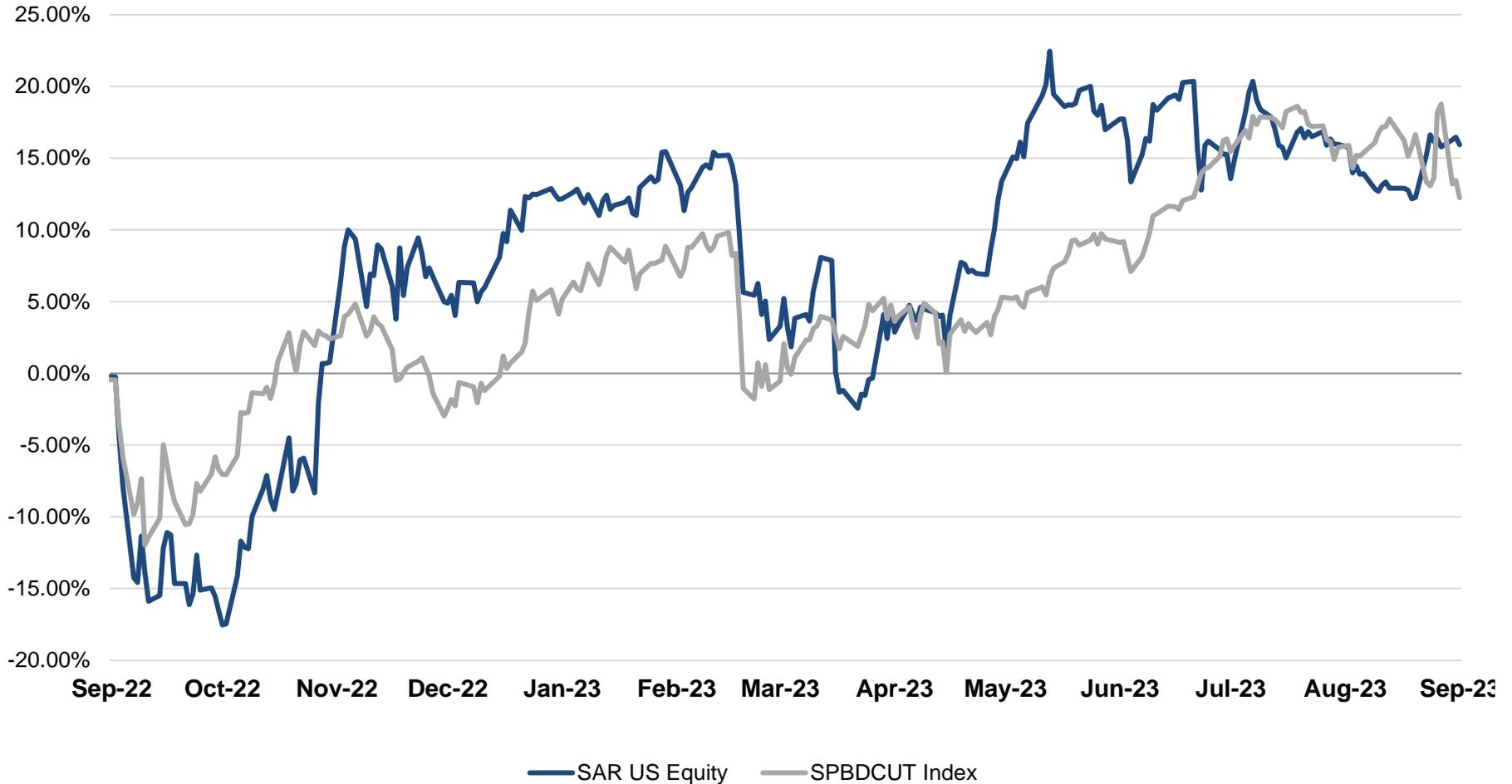
- Established dividend policy to pay regular quarterly cash dividends to stockholders pursuant to dividend reinvestment plan (“DRIP”) in 2014
- Increased dividend by 211% since program launch until last year-end deferral
- Increased dividend by 37% over past two years, with a 1% increase this past quarter
- Q2 FY24 dividend of \$0.71 declared and paid for the quarter ended August 31, 2023.



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

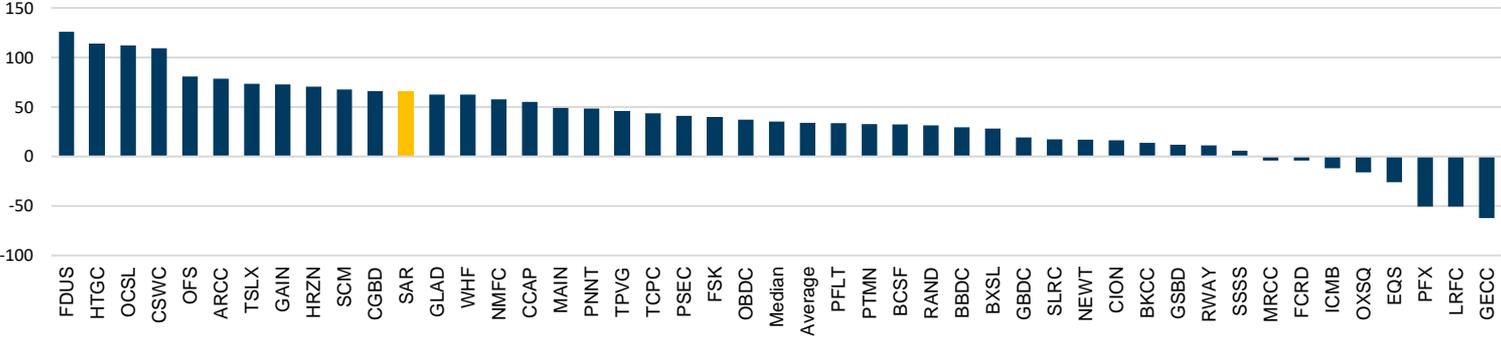
SAR LTM Total Return In Line With BDC Index

LTM Total Return (%)
(September 2022 to September 2023)
SAR +16% v BDC Index +12%

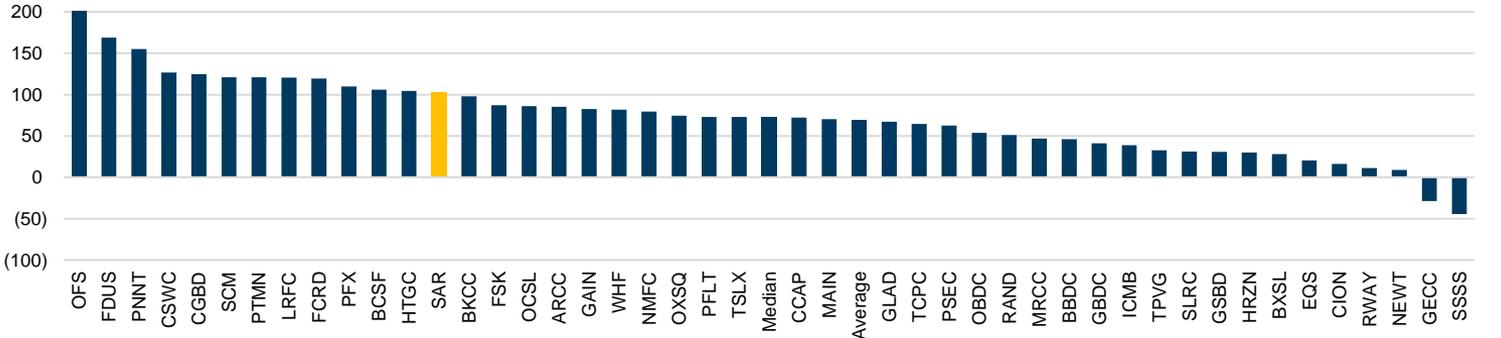


Long-Term Performance at Top of BDC Industry

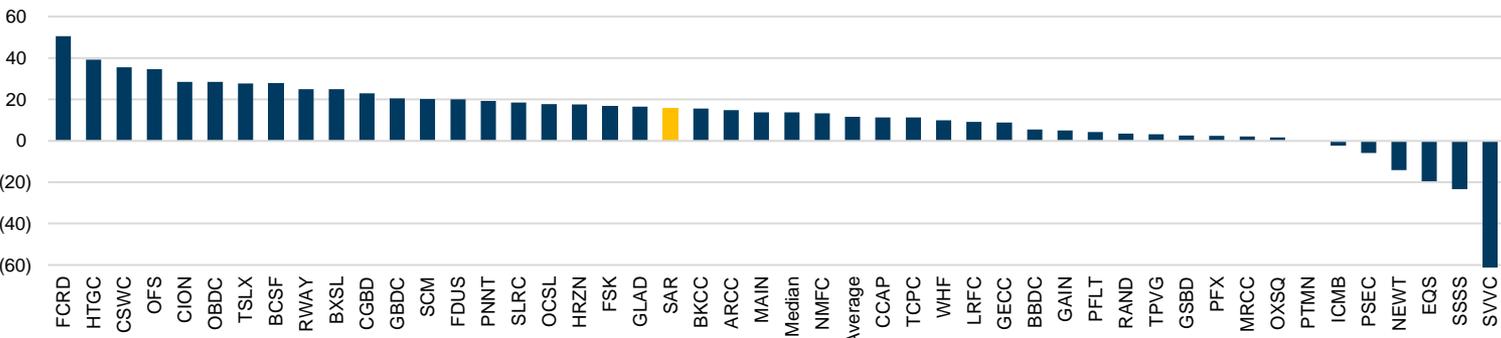
BDC Total Return (%)



Last 5 years: 66%
(BDC Index 34%)

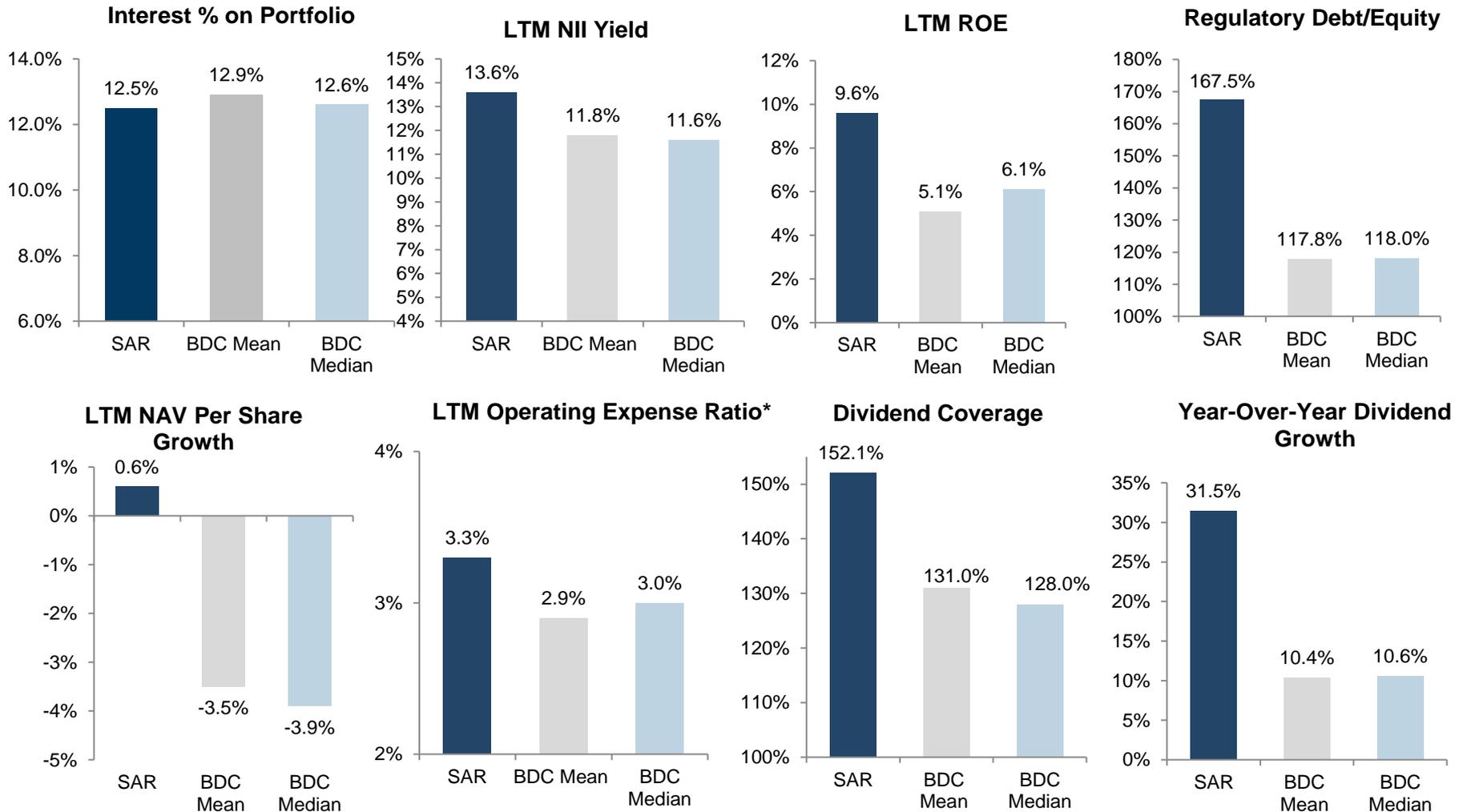


Last 3 years: 102%
(BDC Index 70%)



Last 12 months: 16%
(BDC Index 12%)

Differentiated Long-Term Outperformance



Source: SNL Financial / Company Filings / Raymond James report as of 9/15/23

* 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 23.1% .

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 71c per share for the quarter ended August 31, 2023, up 31% over prior year, represents current dividend yield of 11.7%; significant management ownership of 13%

▶ Strong return on equity

LTM ROE of 9.6% factors in both investment income and net gains/losses, beats current industry average of 5.1%

▶ Low-cost available liquidity

Borrowing capacity still at hand through new SBIC III debentures, undrawn credit facility and cash – can grow current asset base by 22% as of quarter ended August 31, 2023, with most of it in cash or low-cost liquidity (SBIC III debentures) that will be accretive to earnings. Raised \$24m through our ATM program since quarter-end, and an additional \$10m in September 2023

▶ 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 up 15% from prior year, with total portfolio fair value now 1.4% below cost and core BDC portfolio fair value 0.2% above cost

▶ Well-positioned for changes in interest rates

Approx. 99% of our loans have floating interest rates, with interest rates currently higher than all floors and future increases fully accretive to interest income. 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

98% of credits are the highest quality, 85% 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?



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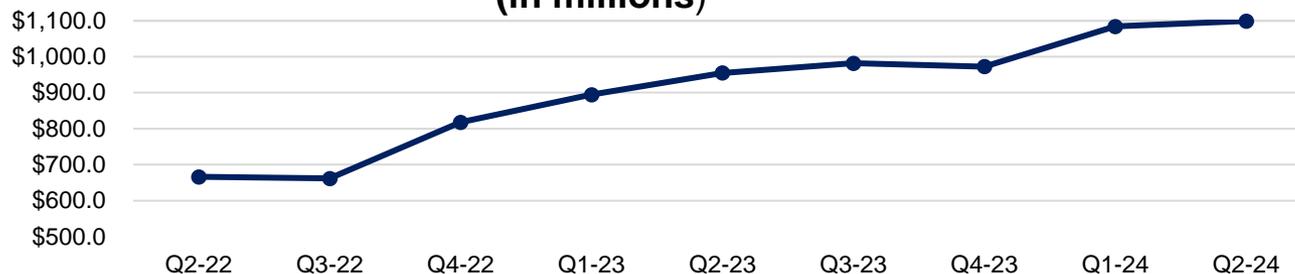
KPIs – Balance Sheet – Q2 FY24

Period	FMV Investment Portfolio (in millions)
Q2-22	\$ 666.1
Q3-22	\$ 661.8
Q4-22	\$ 817.6
Q1-23	\$ 894.5
Q2-23	\$ 954.7
Q3-23	\$ 982.0
Q4-23	\$ 972.6
Q1-24	\$ 1,084.1
Q2-24	\$ 1,098.9

Period	NAV (in millions)
Q2-22	\$ 324.1
Q3-22	\$ 342.6
Q4-22	\$ 355.8
Q1-23	\$ 345.2
Q2-23	\$ 337.2
Q3-23	\$ 335.8
Q4-23	\$ 347.0
Q1-24	\$ 337.5
Q2-24	\$ 362.1

Period	NAV Per Share
Q2-22	\$ 28.97
Q3-22	\$ 29.17
Q4-22	\$ 29.33
Q1-23	\$ 28.69
Q2-23	\$ 28.27
Q3-23	\$ 28.25
Q4-23	\$ 29.18
Q1-24	\$ 28.48
Q2-24	\$ 28.44

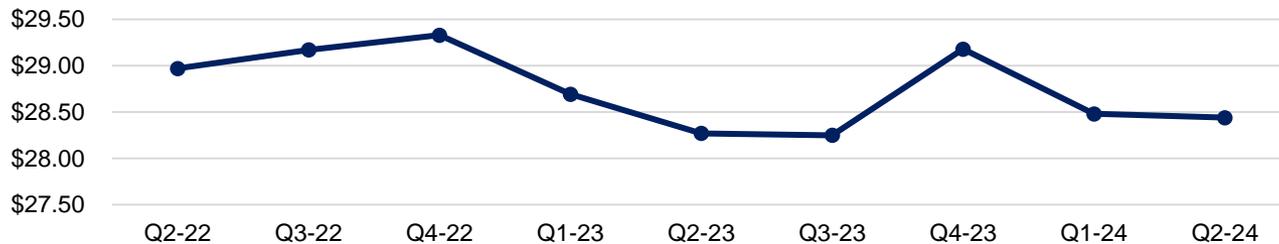
FMV Investment Portfolio (in millions)



NAV (in millions)



NAV Per Share



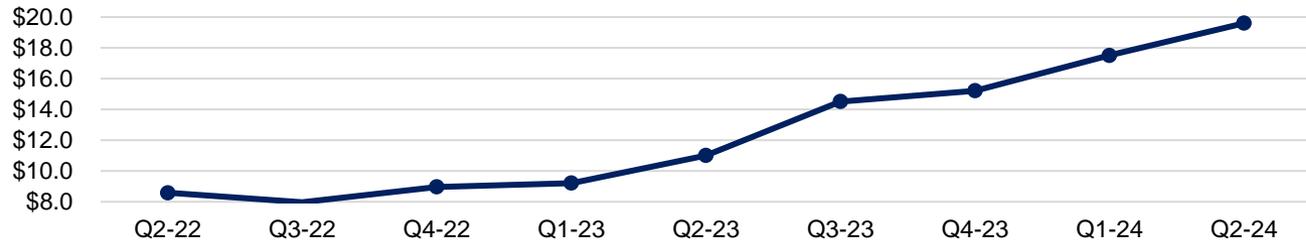
KPIs – Income Statement – Q2 FY24

Period	Net Interest Margin (in millions)
Q2-22	\$ 8.6
Q3-22	\$ 8.0
Q4-22	\$ 9.0
Q1-23	\$ 9.2
Q2-23	\$ 11.0
Q3-23	\$ 14.5
Q4-23	\$ 15.2
Q1-24	\$ 17.5
Q2-24	\$ 19.6

Period	NII Per Share
Q2-22	\$ 0.63
Q3-22	\$ 0.53
Q4-22	\$ 0.53
Q1-23	\$ 0.53
Q2-23	\$ 0.58
Q3-23	\$ 0.77
Q4-23	\$ 0.98
Q1-24	\$ 1.08
Q2-24	\$ 1.08

Period	NII Yield
Q2-22	8.7%
Q3-22	7.3%
Q4-22	7.3%
Q1-23	7.3%
Q2-23	8.2%
Q3-23	10.8%
Q4-23	13.6%
Q1-24	15.0%
Q2-24	15.0%

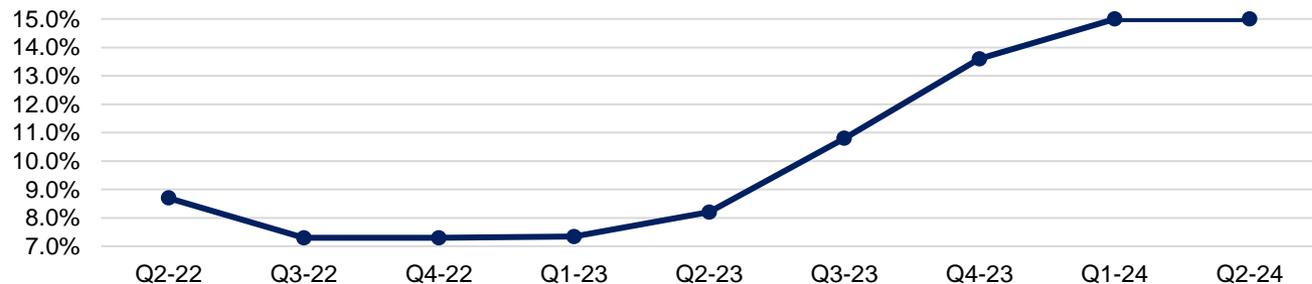
Net Interest Margin Excluding CLO (in millions)



Adjusted NII Per Share

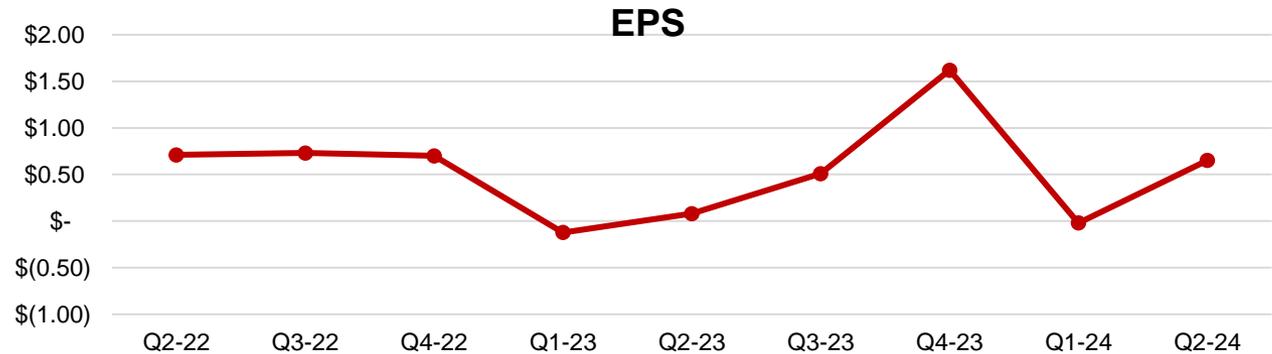


Adjusted NII Yield

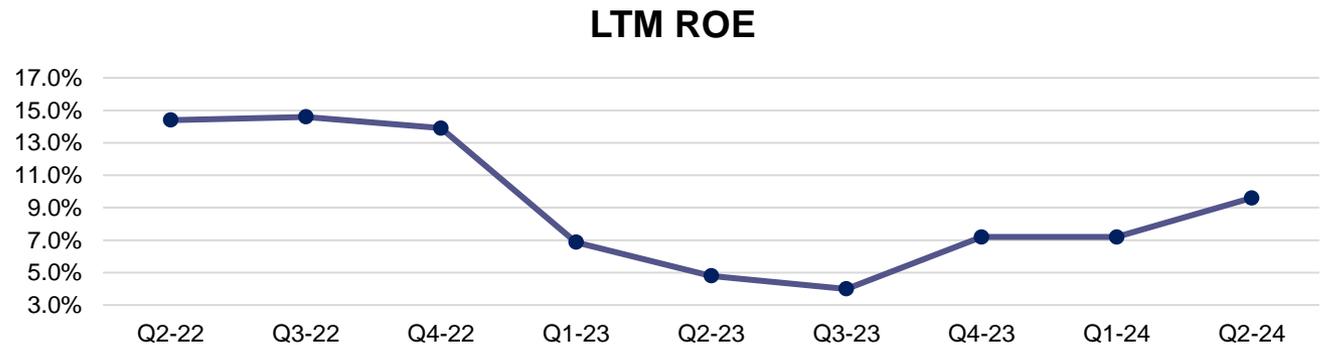


KPIs – Income Statement– Q2 FY24 (continued)

Period	EPS
Q2-22	\$ 0.71
Q3-22	\$ 0.73
Q4-22	\$ 0.70
Q1-23	\$ (0.12)
Q2-23	\$ 0.08
Q3-23	\$ 0.51
Q4-23	\$ 1.62
Q1-24	\$ (0.02)
Q2-24	\$ 0.65



Period	LTM ROE
Q2-22	14.4%
Q3-22	14.6%
Q4-22	13.9%
Q1-23	6.9%
Q2-23	4.8%
Q3-23	4.0%
Q4-23	7.2%
Q1-24	7.2%
Q2-24	9.6%



KPIs - SAR Net Interest Margin Continues to Grow

SAR has quintupled its Net Interest Margin since taking over management

Net Interest Margin

66% increase in LTM
588% increase in 12 years

