

Saratoga Investment Corp.

**Fiscal First Quarter 2021
Shareholder Presentation**

July 9, 2020



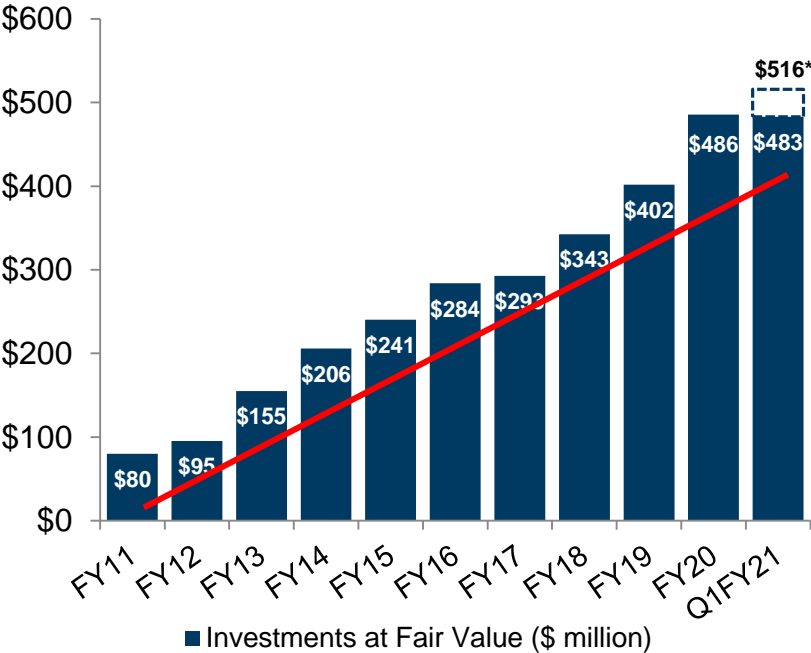
Continued Strong Performance in Q1

Fiscal First Quarter 2021 Highlights:

- Continued high quality portfolio and strong performance
 - Investment quality remains strong
 - 90.4% of loan investments with highest internal rating as of May 31, 2020
 - Valuations reflect impact of changes to market spreads, EBITDA multiples and/or revised portfolio company performance related to COVID-19
 - Return on equity of 9.9% for LTM Q1, beating BDC industry median of -12.2% and highest ROE in industry
 - Net of unrealized depreciation of 6.1% on the overall portfolio in Q1
 - Gross Unlevered IRR of 16.7% on total realizations of \$483.0 million
- Consistent strong long-term originations contribute to growing assets under management
 - AUM down 0.6% since last quarter
 - \$31.7m of unrealized depreciation offset by net originations of \$29.6m
- Base of liquidity and capital solid as of May 31, 2020
 - Regulatory leverage of 569% versus 150% requirement
 - New \$43.1m 7.25% 5-year baby bond called “SAK” was issued since quarter end
- Dividend of \$0.40 per share for Q1 FY21 – to be prospectively reassessed on a quarterly basis
 - Continued focus on retaining liquidity and preserving NAV due to economic uncertainty and to support existing portfolio companies
- Key performance indicators of Q1 remain strong in COVID-19 environment as compared to last year
 - Adjusted NII of \$5.8 million is up 24%, Adjusted NII per share of 51c is down from 60c on 45% increased shares, LTM ROE of 9.9% and NAV per share of \$25.11 is up 4.4% or \$1.05

Continued Asset Growth and Strong Credit Quality

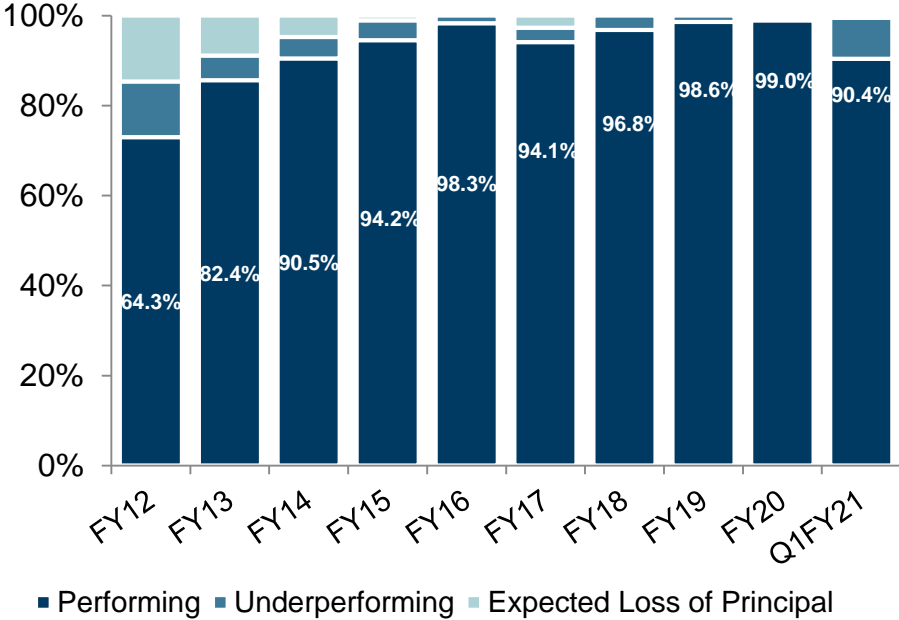
Asset Base Expansion Trend



Fair value of AUM increased 18% year-over-year, net of 6% Q1FY21 unrealized reduction in fair value of investments

*Cost increased to \$516m, up 27% year-over-year and up 6% from last quarter

Overall Credit Quality Remains Strong



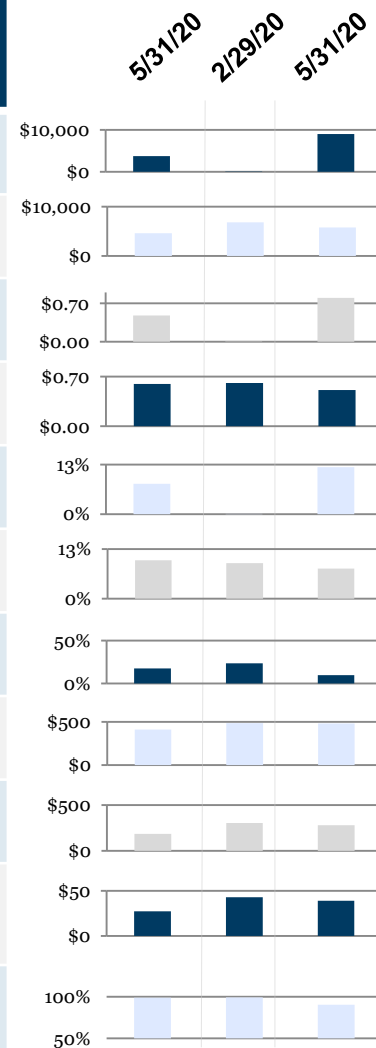
Over 90% of our SAR loan investments hold our highest internal rating; three on non-accrual at quarter-end*

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

Q1 FY21: Strong Financial Foundation

Key Performance Metrics for the Fiscal Quarter

For the quarter ended and as of (\$ in millions except per share)	May 31, 2019	Feb 29, 2020	May 31, 2020
Net investment income	\$3,681	\$66	\$9,018
Adjusted net investment income*	\$4,635	\$6,812	\$5,768
Net investment income per share	\$0.48	\$0.01	\$0.80
Adjusted net investment income per share*	\$0.60	\$0.61	\$0.51
Net investment income yield	8.0%	0.1%	12.3%
Adjusted net investment income yield*	10.1%	9.3%	7.9%
Return on Equity – Last Twelve Months	11.7%	23.6%	9.9%
Fair value of investment portfolio	\$409.5	\$485.6	\$482.9
Total net assets	\$186.8	\$304.3	\$281.6
Investments in new/existing portfolio companies	\$27.4	\$43.2	\$39.0
Loan Investments held in “Performing” credit ratings	98.7%	99.0%	90.4%

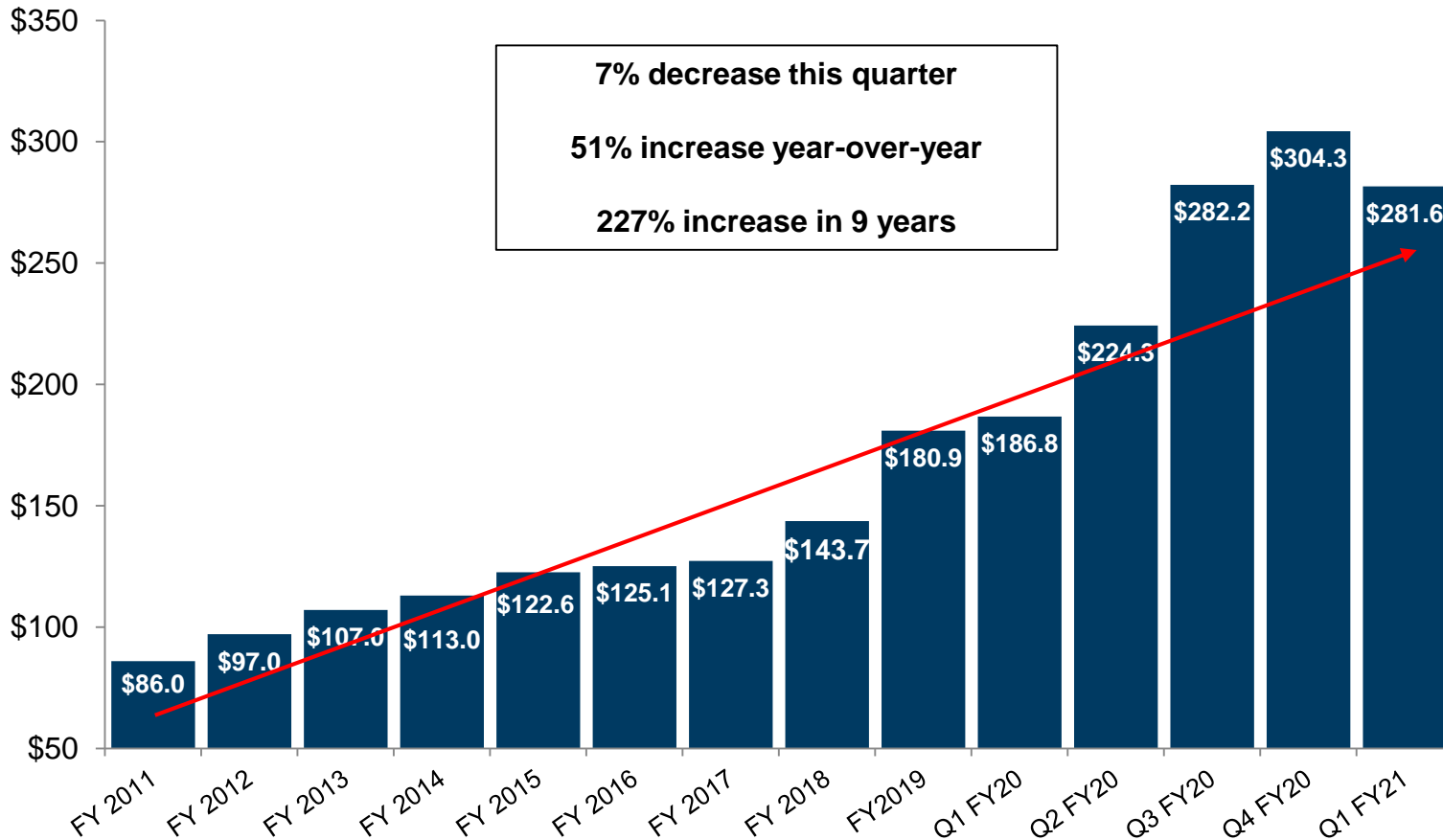


*Adjusted for accrued capital gains incentive fee expense, reconciliation to GAAP net investment income included in our fiscal first quarter 2021 earnings release.

Long-Term Accretive NAV Growth

Net Asset Value (FY11 to Q1 FY21)

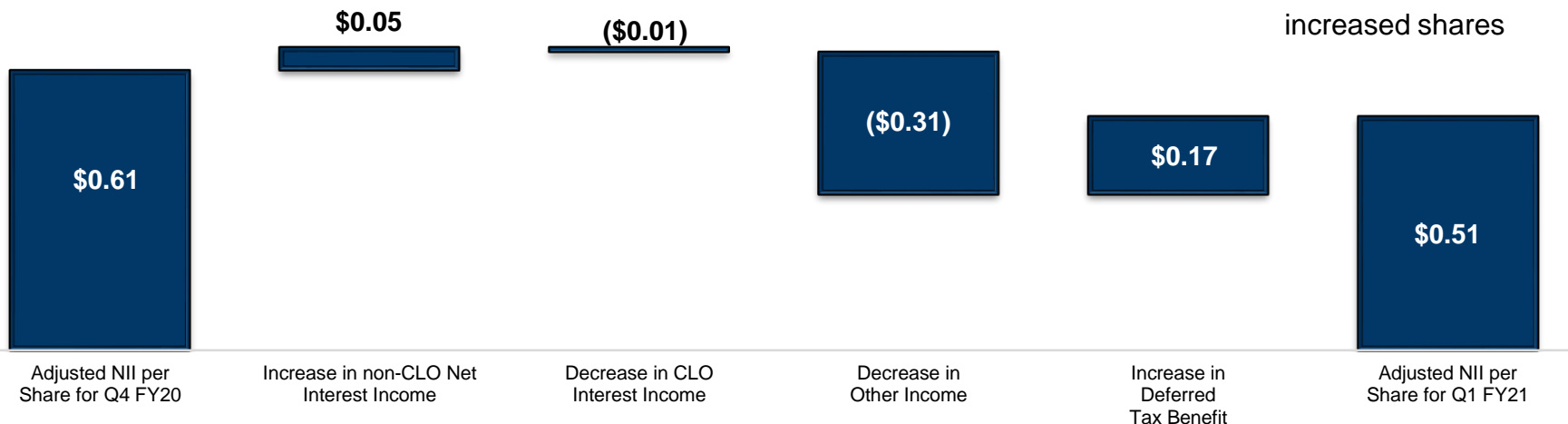
in millions



Quarterly Reconciliation of NII and NAV per Share

Reconciliation of Quarterly Adjusted NII per Share

- Impacts are shown net of incentive fee
- No dilution from increased shares



Reconciliation of Quarterly NAV per Share



Dry Powder Remains Available

(As of May 31, 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 Years	Floating
SBA Debentures	SBIC I	\$150.0 million	\$150.0 million	\$0.0 million	3-9 years	Fixed
	SBIC II	\$175.0 million	\$20.0 million	\$155.0 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		\$25.8 million	\$0.0 million	\$25.8 million	-	-

Total Available Liquidity (at quarter-end): \$ 225.8 million*

* New \$43.1m 7.25% 5-year baby bond called "SAK" was issued since quarter-end. Increases quarter-end liquidity on pro forma basis to approx. \$269m

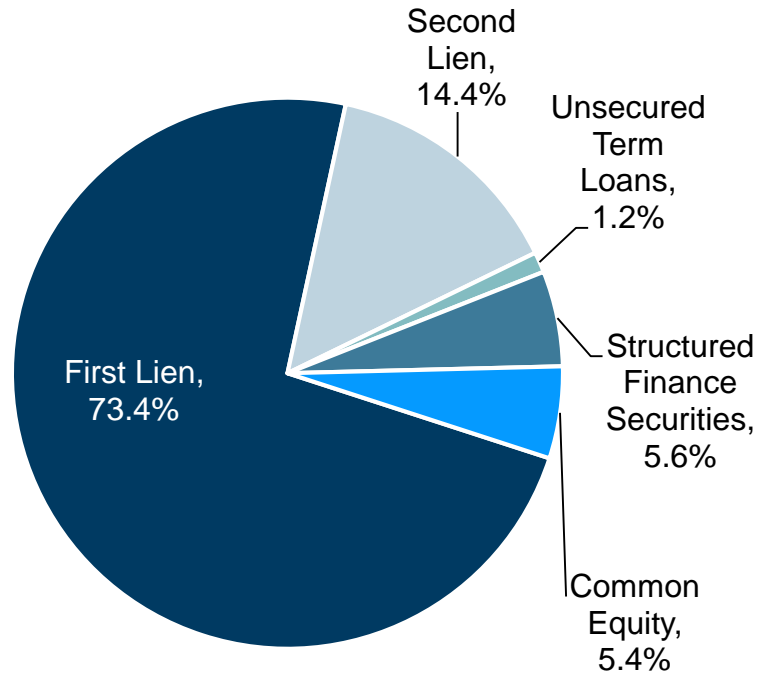
Ability to grow AUM by 47% without any new external financing as of May 31, 2020

- \$7m of net repayments since quarter-end in BDC, SBIC I and SBIC II
- \$80m of SBIC II debentures currently available on \$50m 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

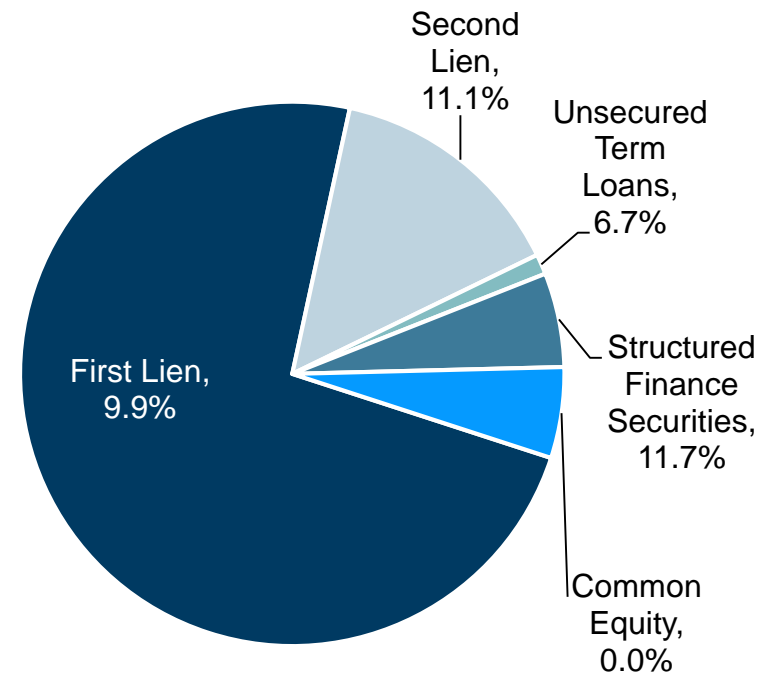
Portfolio Composition – \$483.0 m

(Based on Fair Values
as of May 31, 2020)



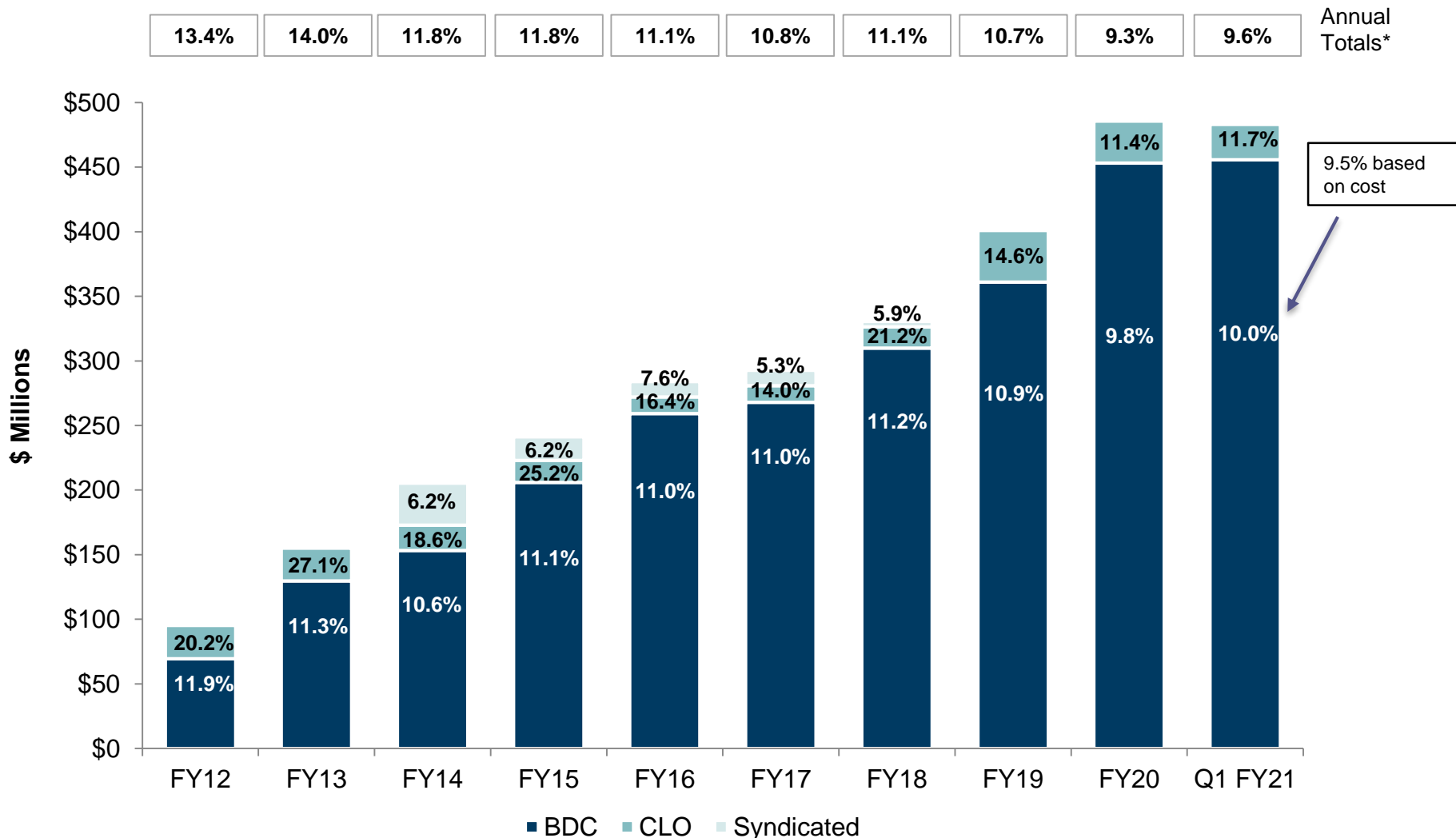
Portfolio Yield – 9.6%

(Weighted Average
Current Yield of Existing Portfolio)



Yield of BDC Remains Healthy

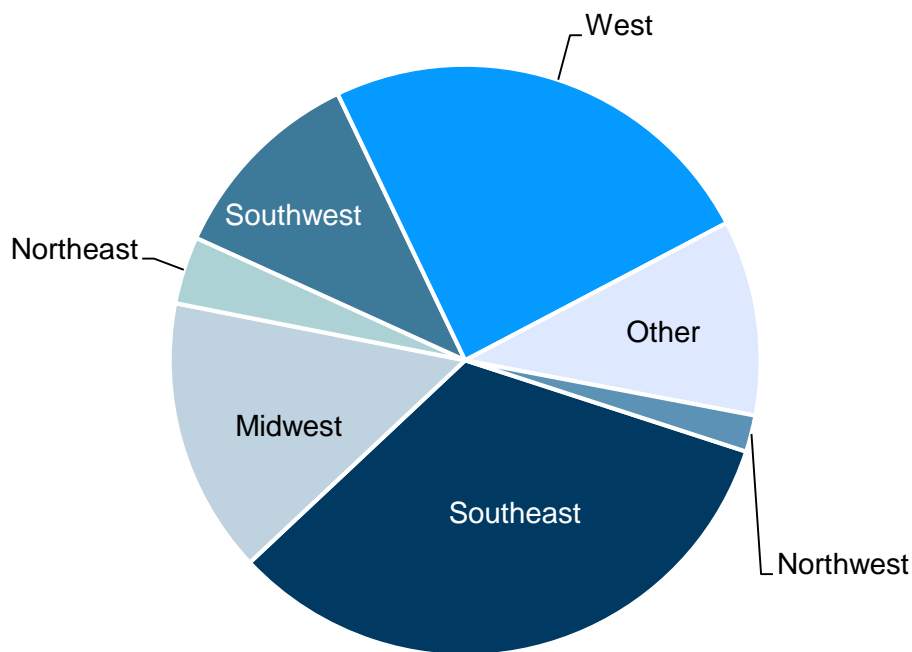
Weighted Average Current Yields



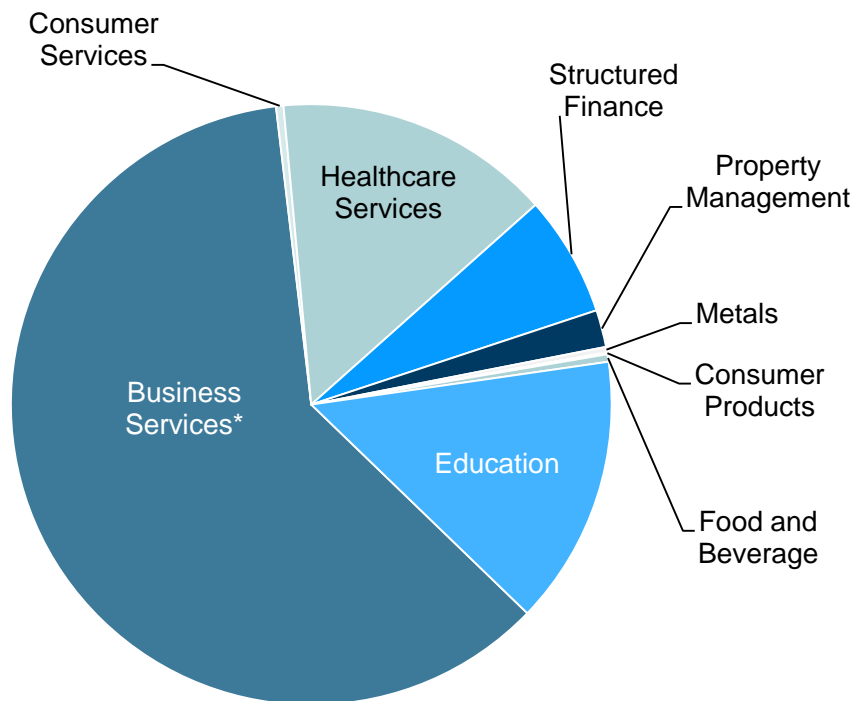
* Annual total yields on full portfolio. BDC, CLO and Syndicated yields are annualized and calculated on fair value of interest earning assets.

Diversified Across Industry and Geography

Investments diversified geographically



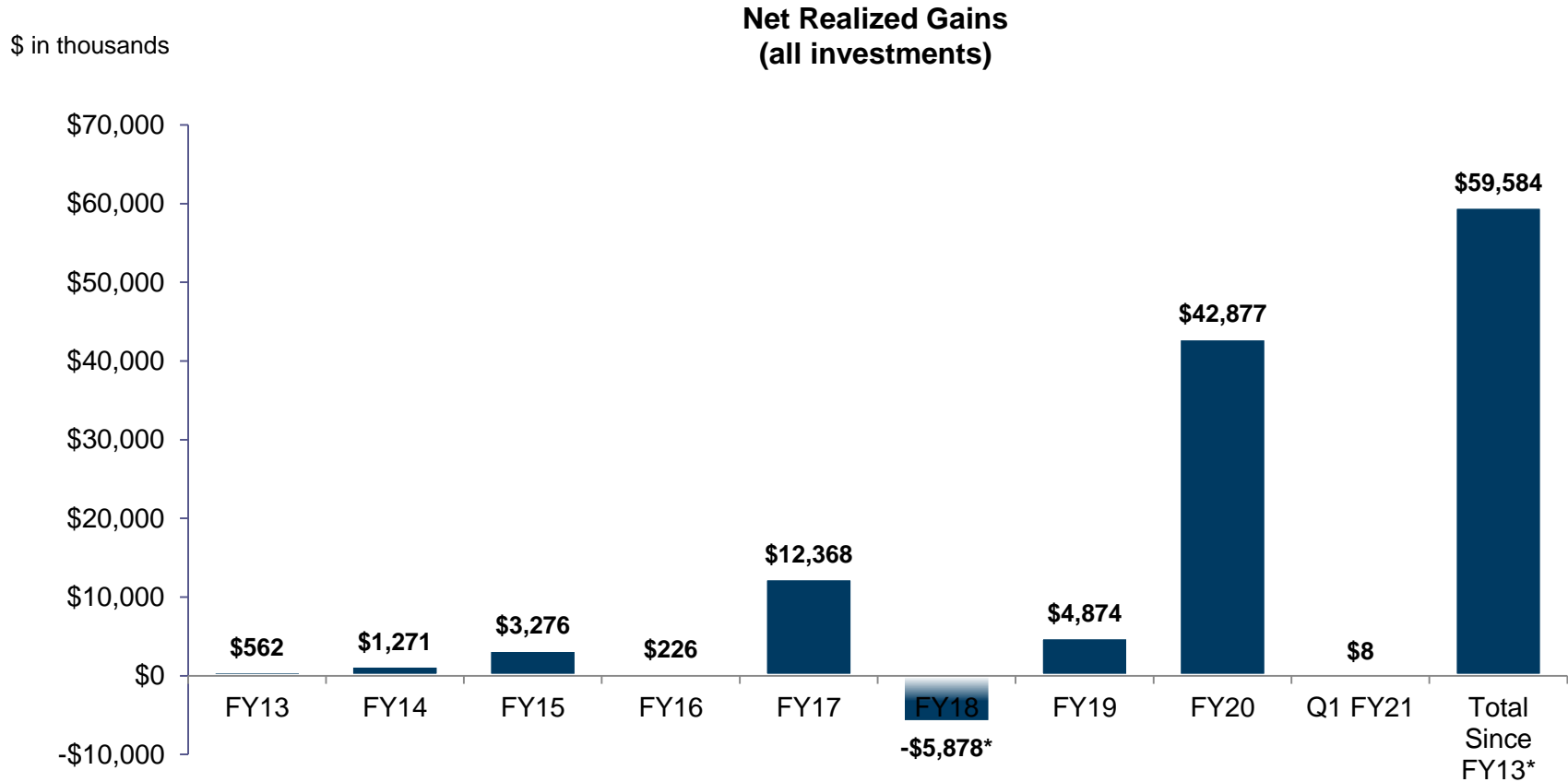
Investments across 9 distinct industries



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

Net Realized Gains Help Protect Shareholder Capital

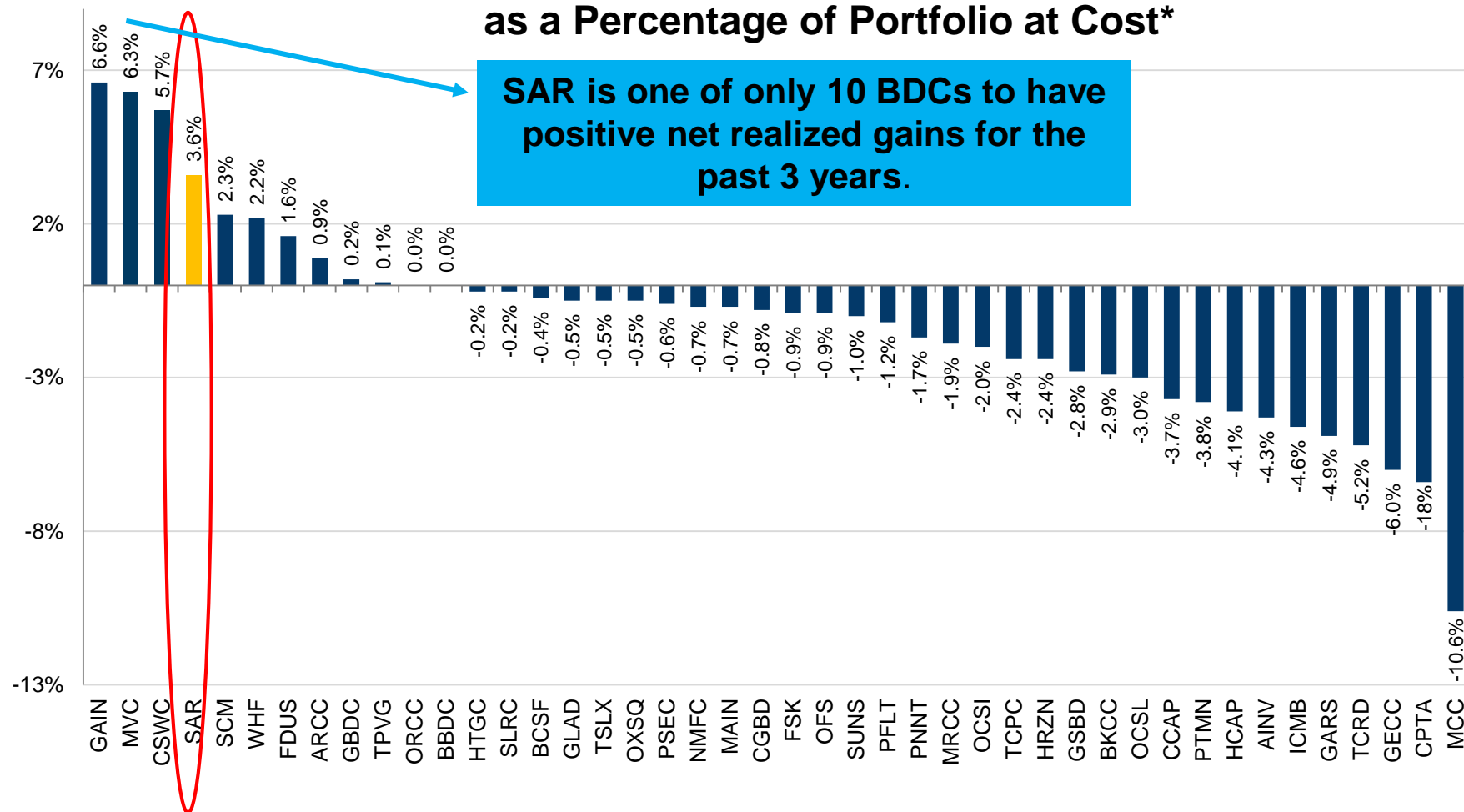
Cumulative net realized gains reflect portfolio credit quality



* 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*

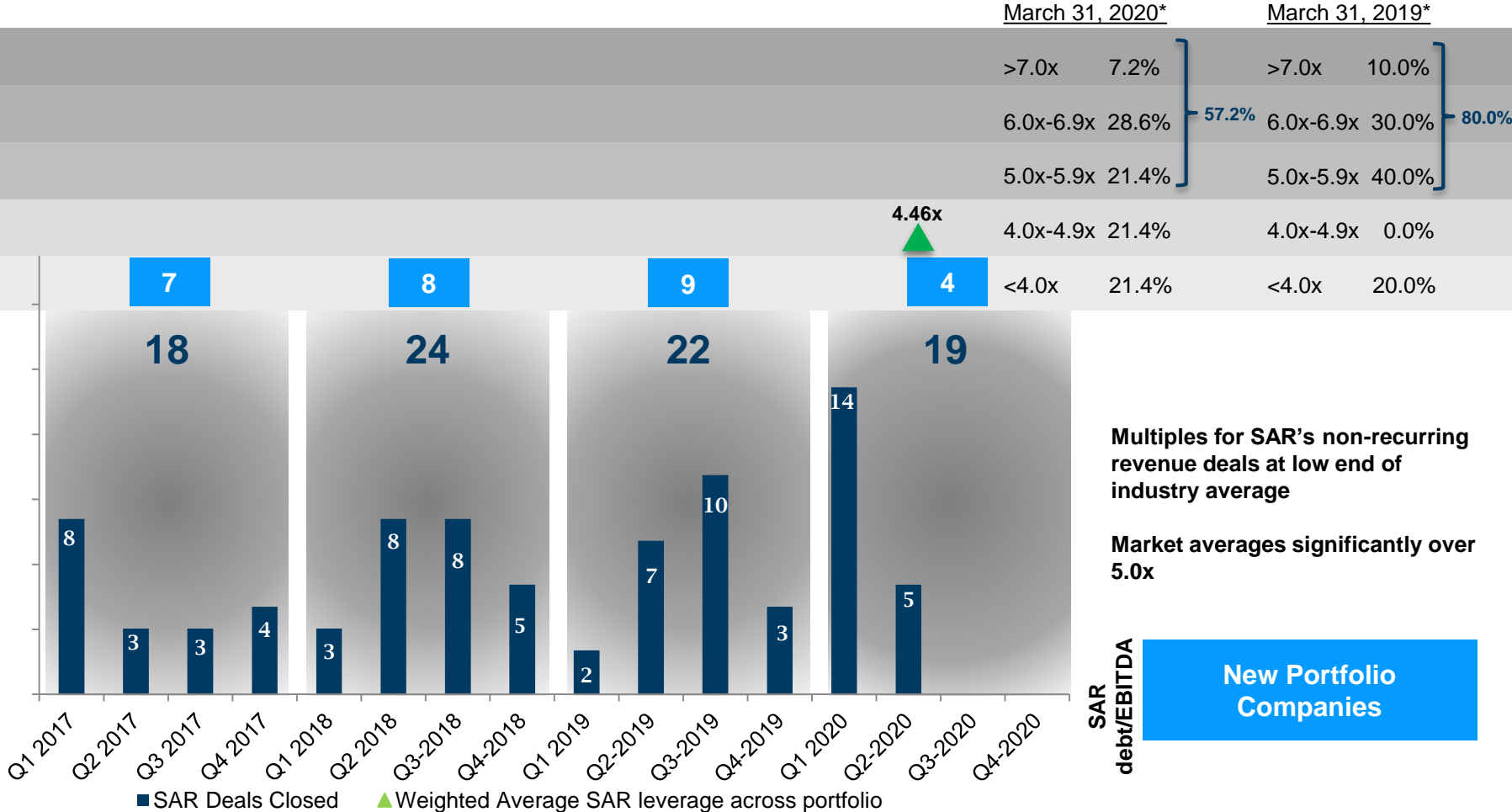


Source: Ladenburg Thalmann - calculated as three year average realized gains as proportion of average cost

Exercising Disciplined Investment Judgment While Growing Origination Pace

SAR Debt Multiples/Deals Closed (2017-2020)

Portfolio leverage with non-recurring revenue underwriting is 4.46x¹



Multiples for SAR's non-recurring revenue deals at low end of industry average

Market averages significantly over 5.0x

SAR debt/EBITDA

New Portfolio Companies

*Calendar quarters, not fiscal

¹Excludes 19 loans underwritten using recurring revenue metrics. These recurring revenue loans would have significantly different portfolio leverage statistics.

Active Pipeline During Tough Execution Market

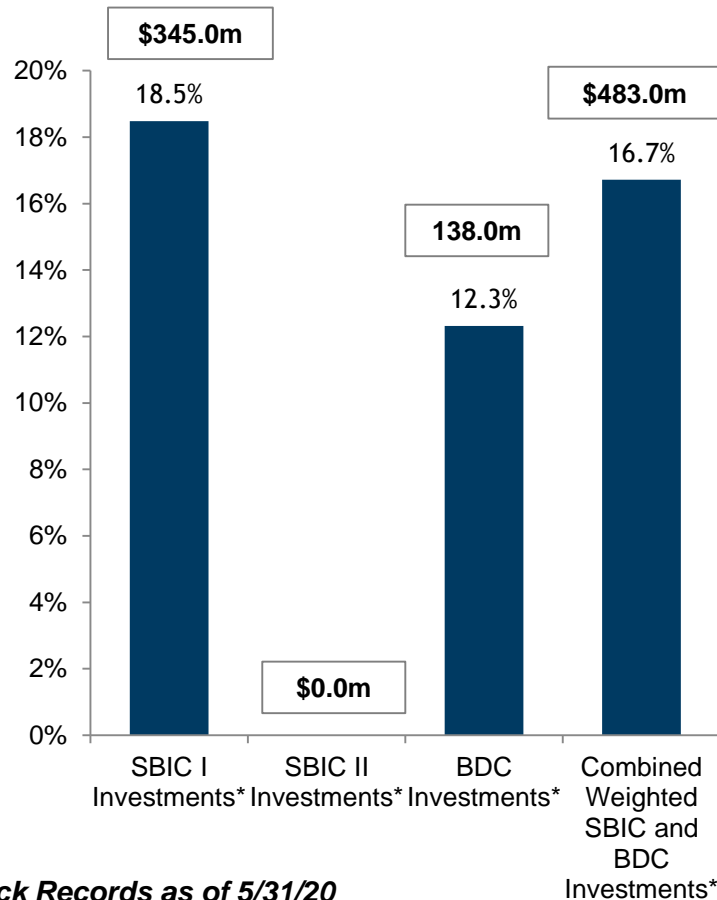
The number of new business opportunities remains strong, yet were impacted by COVID-19 - beginning to see some rebound in inquiries yet we remain as disciplined as ever

Calendar*	2017	Δ	2018	Δ	2019	Δ	LTM Q2 2020	
Deals Sourced	722	17%	846	2%	863	- 10%	781	<ul style="list-style-type: none"> • 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
Term Sheets	49	49%	73	5%	77	- 25%	58	<ul style="list-style-type: none"> • Saratoga issues an average of 16 term sheets per quarter, or 7% of deals reviewed • ~ 90% of term sheets are issued for transactions involving a private equity sponsor
Deals Executed (new and follow-on)	18	33%	24	-8%	22	36%	30	<ul style="list-style-type: none"> • Saratoga closed 1.3% of deals sourced with new platform companies • Deals executed includes follow-on investments which reliably augment portfolio growth
New Portfolio Companies	7		8		9		10	<ul style="list-style-type: none"> • Ten new portfolio companies during LTM Q2 2020

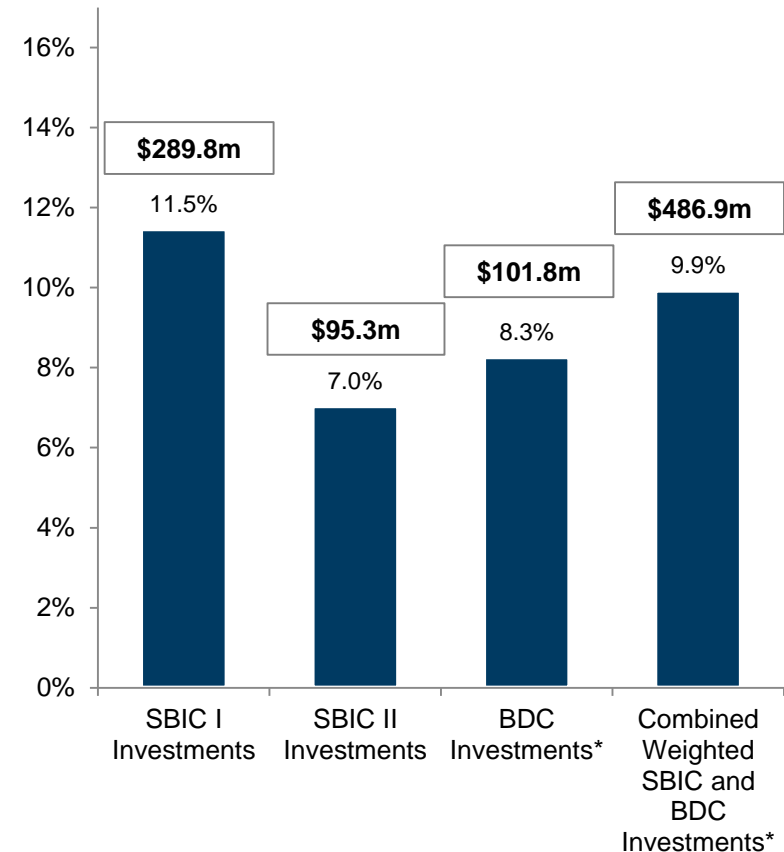
*Calendar quarters, not fiscal quarters.

Demonstrated Strong Track Record

Realized Investments (Gross Unlevered IRR%)



Unrealized Investments ¹ (Gross Unlevered IRR%)

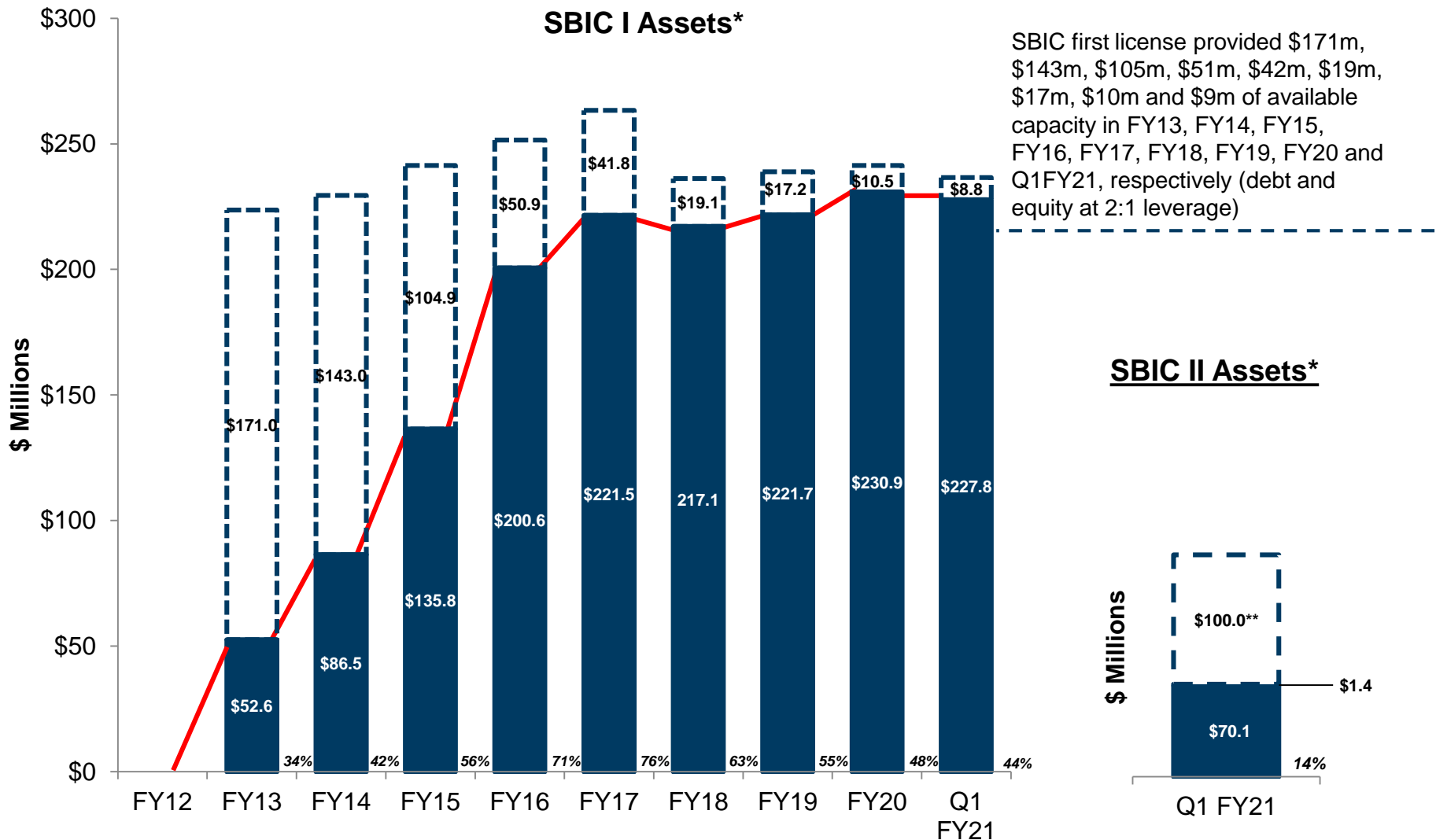


Track Records as of 5/31/20

¹ IRRs for unrealized investments include fair value and accrued interest as of 5/31/20

* 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

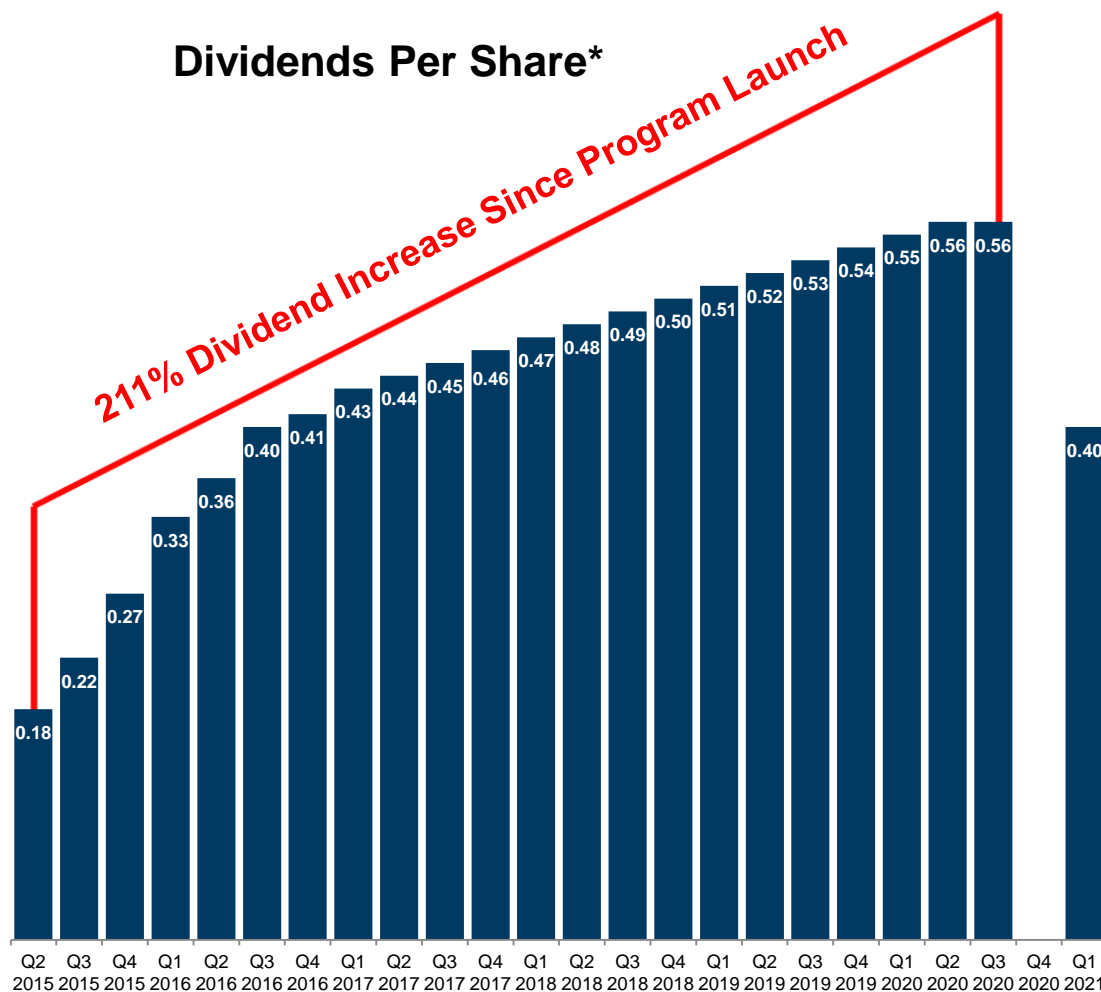


* At Fair Value for SBIC I and II assets, except for Q1 FY21 which is at cost

** Represents current debenture capacity based on \$50.0m 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
- Q1 FY21 dividend of \$0.40 declared for the quarter ended May 31, 2020



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

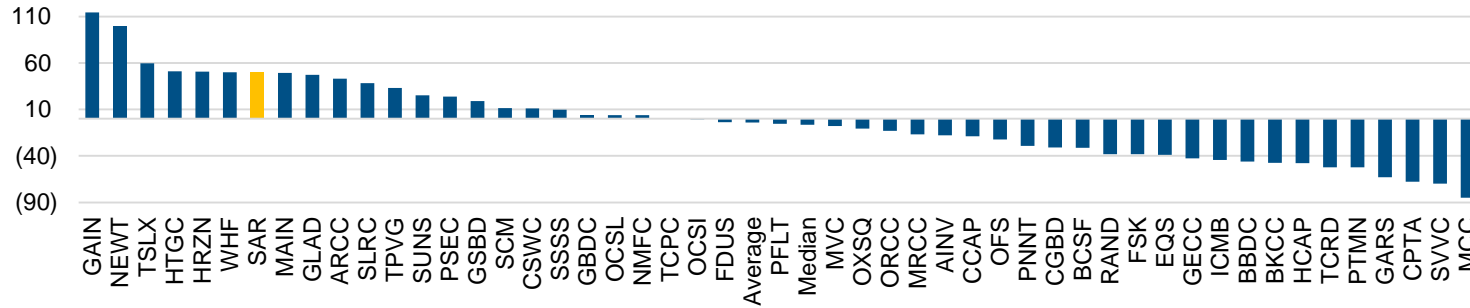
SAR LTM Total Return In Line with BDC Index

LTM Total Return (%)
(June 2019 to June 2020)
SAR -26% v BDC Index -22%

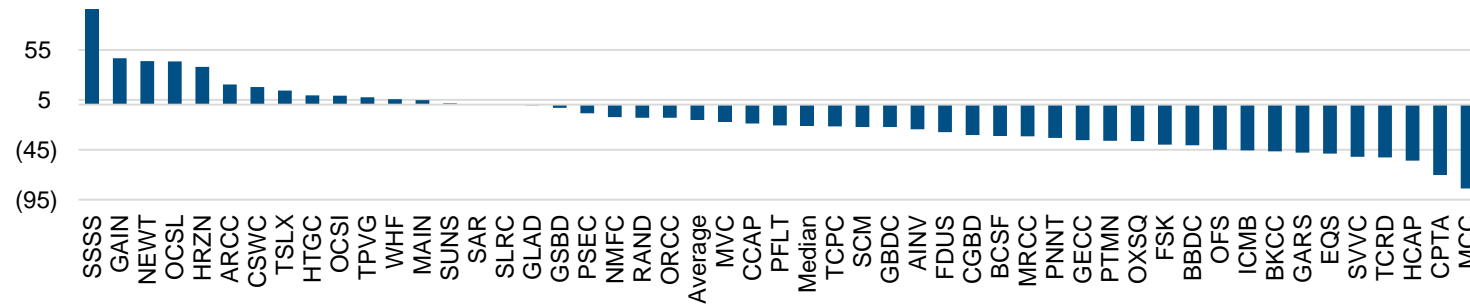


Long-Term Performance at Top of BDC Industry

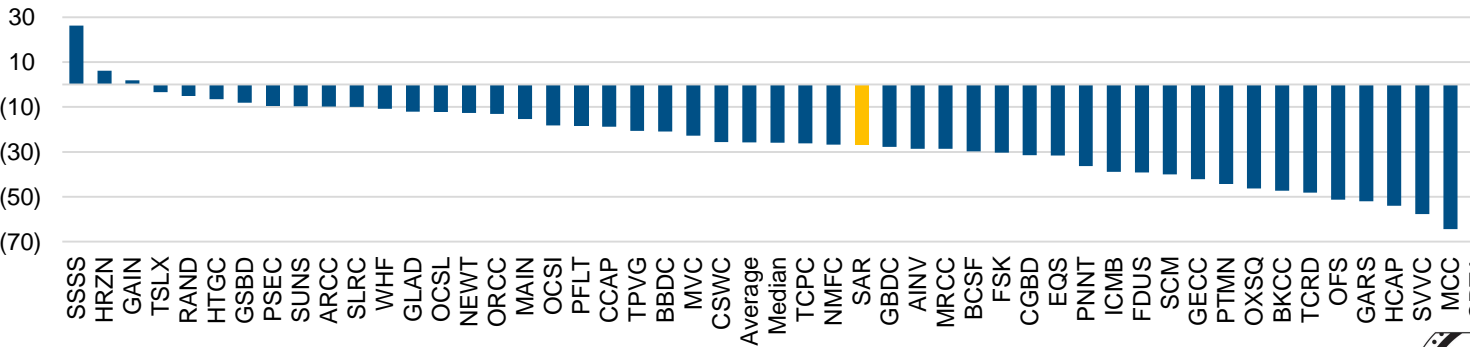
BDC Total Return (%)



**Last 5 years:
50%**

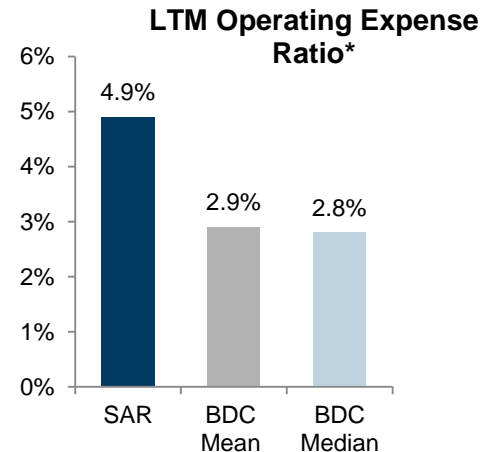
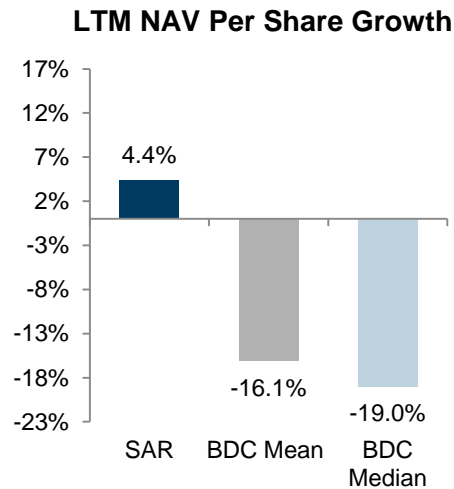
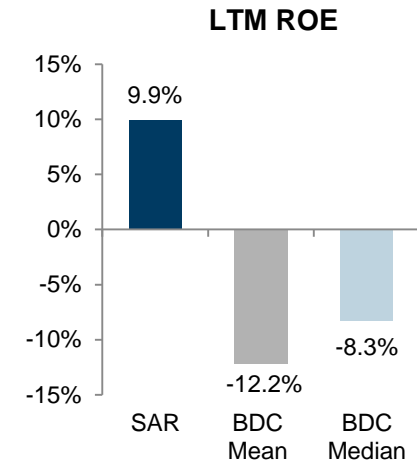
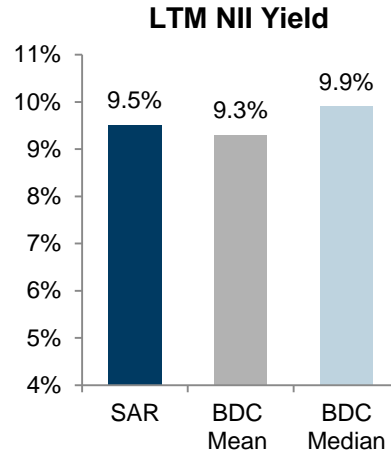
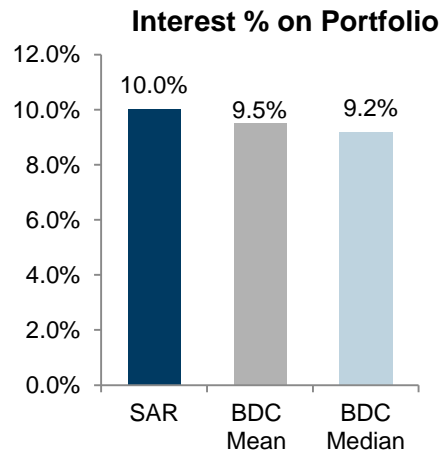


**Last 3 years:
0%**



**Last 12 months:
-26%**

Strongly Differentiated Outperformance



Source: SNL Financial / Company Filings / Raymond James report as of 06/12/20

* 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 15.2%.

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 \$0.40c for the quarter ended May 31, 2020 representing current dividend yield of approx. 10.5%; significant management ownership of 14%
- ▶ **Strong return on equity and NAV per share**
LTM ROE of 9.9% factors in both investment income and net gains/losses, top ROE in the BDC industry; LTM NAV per share increased by 4% including impact of Covid-19 MTM
- ▶ **Low-cost available liquidity**
Borrowing capacity still at hand through SBIC II debentures, credit facility and cash – can grow current asset base by 47% as of quarter ended May 31, 2020 with most of it in sub-2.5% cost liquidity (SBIC II debentures) that will be very accretive to earnings. Completed first new public baby bond since COVID on June 24, 2020, raising \$43.1m
- ▶ **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 475% since FY 2011, 18% 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, 90% of credits are the highest quality, 73% 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.



SARATOGA
INVESTMENT CORP.

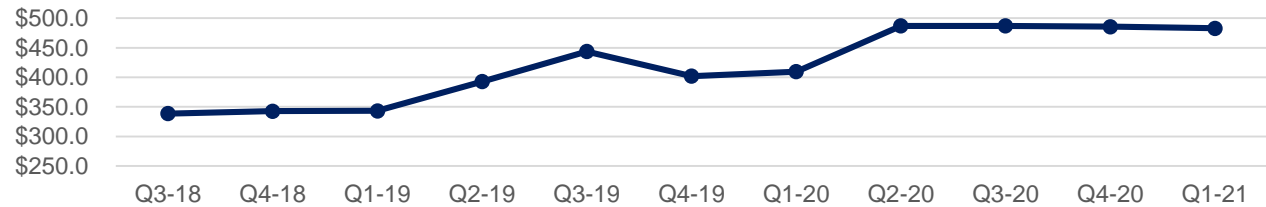
KPIs – Balance Sheet – Q1 FY21

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

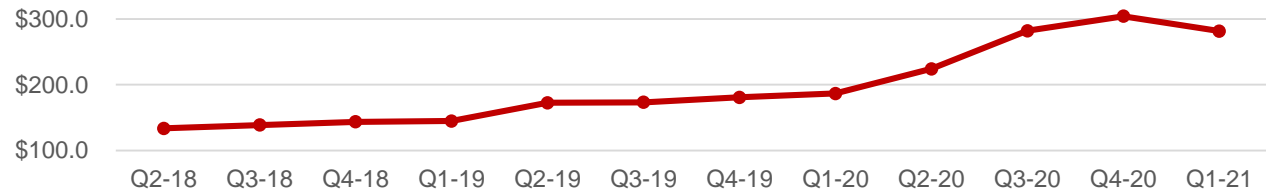
Period	NAV (in millions)
Q2-18	\$ 133.5
Q3-18	\$ 138.8
Q4-18	\$ 143.7
Q1-19	\$ 144.8
Q2-19	\$ 172.7
Q3-19	\$ 173.3
Q4-19	\$ 180.9
Q1-20	\$ 186.8
Q2-20	\$ 224.3
Q3-20	\$ 282.2
Q4-20	\$ 304.3
Q1-21	\$ 281.6

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

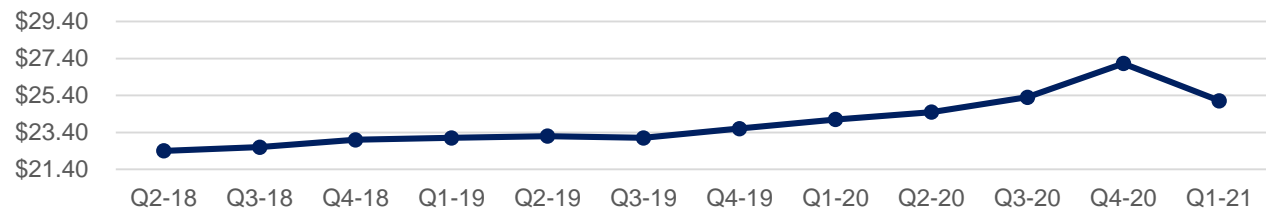
FMV Investment Portfolio (in millions)



NAV (in millions)



NAV Per Share

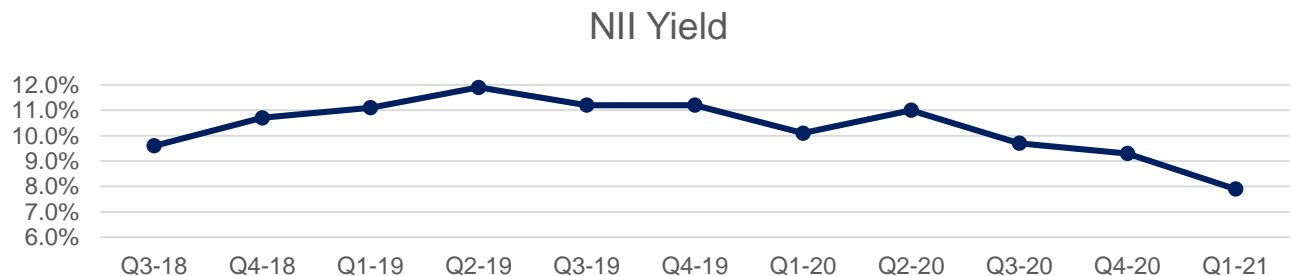
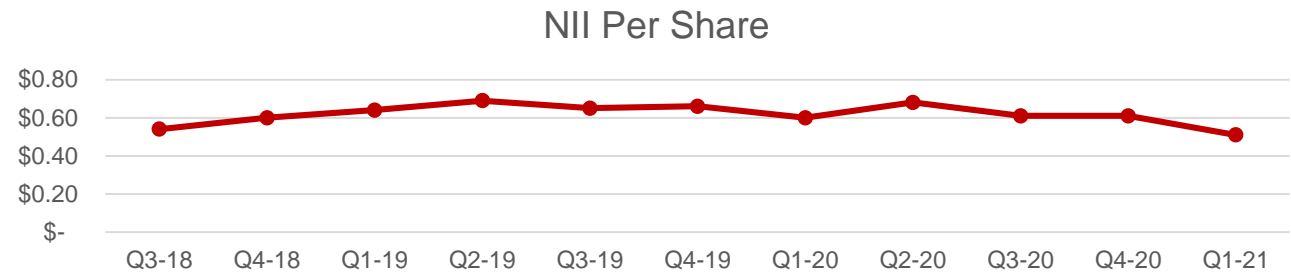
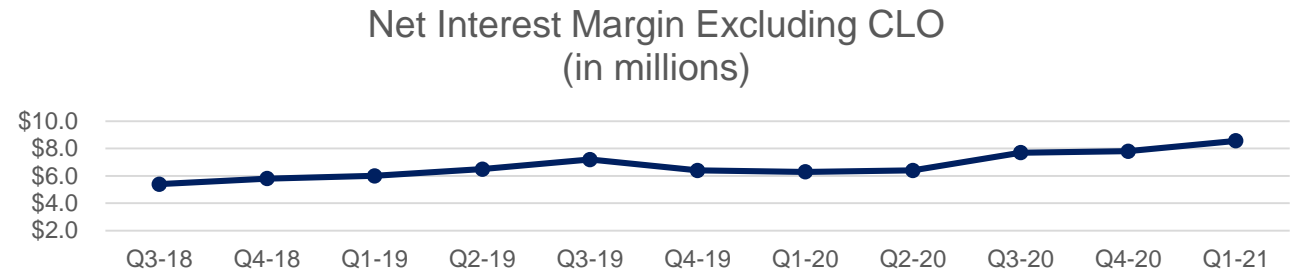


KPIs – Income Statement – Q1 FY21

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

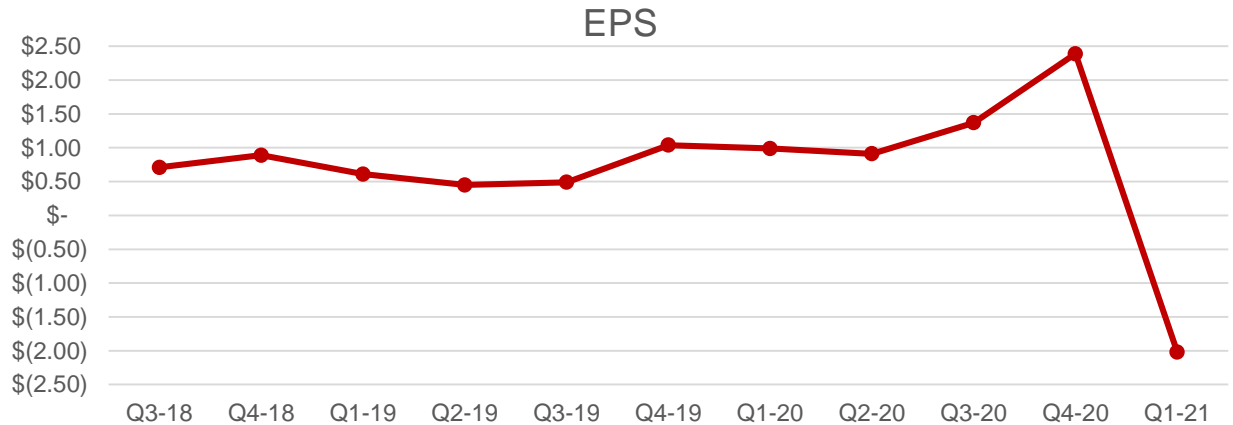
Period	NII Per Share
Q3-18	\$ 0.54
Q4-18	\$ 0.60
Q1-19	\$ 0.64
Q2-19	\$ 0.69
Q3-19	\$ 0.65
Q4-19	\$ 0.66
Q1-20	\$ 0.60
Q2-20	\$ 0.68
Q3-20	\$ 0.61
Q4-20	\$ 0.61
Q1-21	\$ 0.51

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%

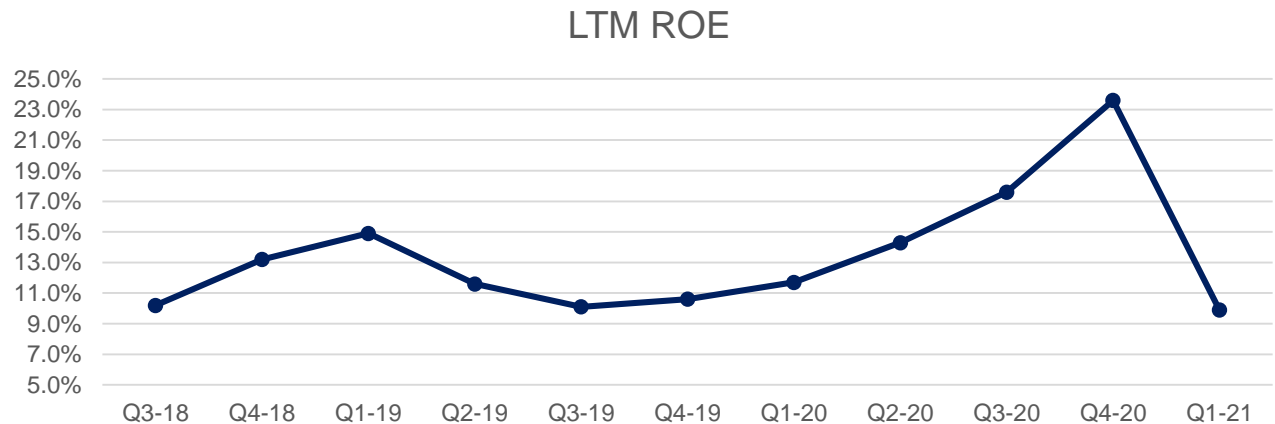


KPIs –Income Statement– Q4 FY20 (continued)

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
Q1-21	\$ (2.02)



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%



KPIs - SAR Net Interest Margin

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

Net Interest Margin

14% increase in LTM

276% increase in 9 years

