

Saratoga Investment Corp.

**Fiscal First Quarter 2020
Shareholder Presentation**

July 11, 2019



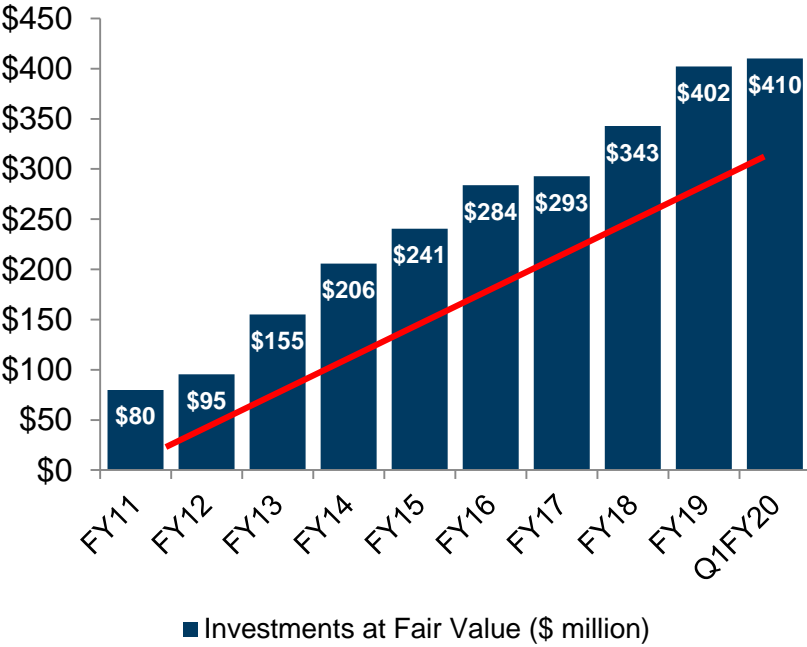
Continued Growth and Outperformance in Q1 FY20

Fiscal First Quarter 2020 Highlights:

- Continued high quality portfolio and strong performance
 - Investment quality remains strong
 - 98.7% of loan investments with highest internal rating
 - Return on equity of 11.7% for LTM and 16.6% for Q1, beating BDC industry mean of 8.7%
 - Unrealized gain of \$4.0 million in Q1 on overall portfolio
 - Gross Unlevered IRR of 13.4% on total unrealized portfolio as of May 31, 2019
 - Gross Unlevered IRR of 13.9% on \$376 million of total realizations
- Consistent strong long-term originations contribute to growing assets under management
 - AUM up 19% since last year
 - Originations in three new portfolio platforms in Q1
- Latest dividend of \$0.55 per share continued nineteenth increase in quarterly dividends
- Base of liquidity and capital remains strong
 - Existing available liquidity allows us to increase current AUM by 26%
 - Independent Board-approved increase in leverage to 2:1 effective April 16, 2019
 - ATM equity program – sold 76,448 shares in Q1 for gross proceeds of \$1.8 million
- Key performance indicators of Q1 strong versus last year
 - Adjusted NII of \$4.6 million is up 16%, Adjusted NII per share of 60c is down 4c and NAV per share of \$24.06 is up \$1.00, or 4.3%

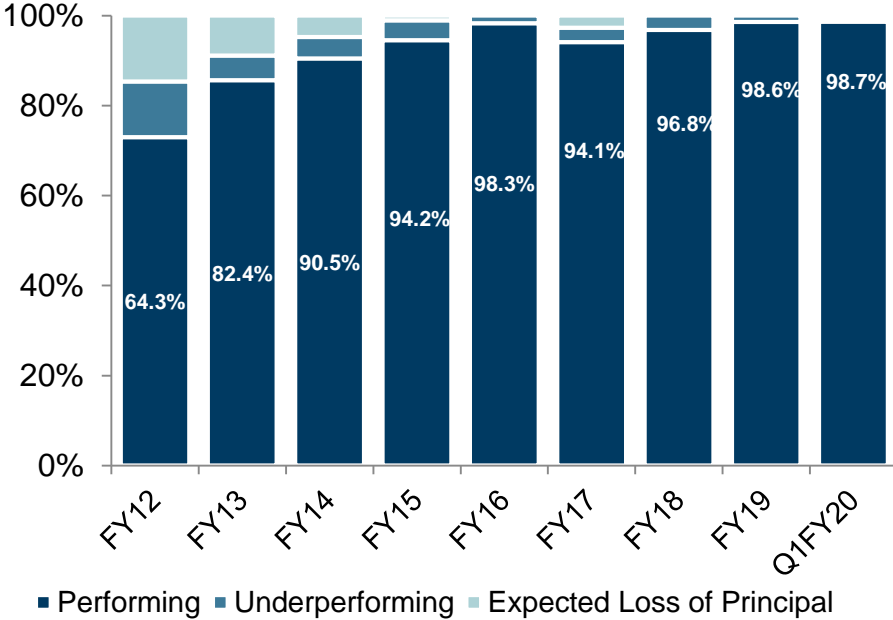
Continued Asset Growth and Strong Credit Quality

Asset Base Expansion Trend



Fair value of AUM increased 19% year-over-year, 2% this quarter and 412% since FY11

Overall Credit Quality Continues Strong



Almost 99% 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 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)	May 31, 2018	Feb 28, 2019	May 31, 2019
Net investment income	\$3,928	\$4,091	\$3,681
Adjusted net investment income*	\$4,000	\$4,942	\$4,635
Net investment income per share	\$0.63	\$0.54	\$0.48
Adjusted net investment income per share*	\$0.64	\$0.66	\$0.60
Net investment income yield	10.9%	9.2%	8.0%
Adjusted net investment income yield*	11.1%	11.2%	10.1%
Return on Equity – Last Twelve Months	14.9%	10.6%	11.7%
Fair value of investment portfolio	\$343.4	\$402.0	\$409.5
Total net assets	\$144.8	\$180.9	\$186.8
Investments in new/existing portfolio companies	\$35.2	\$29.3	\$27.4
Loan Investments held in “Performing” credit ratings	99.3%	98.6%	98.7%



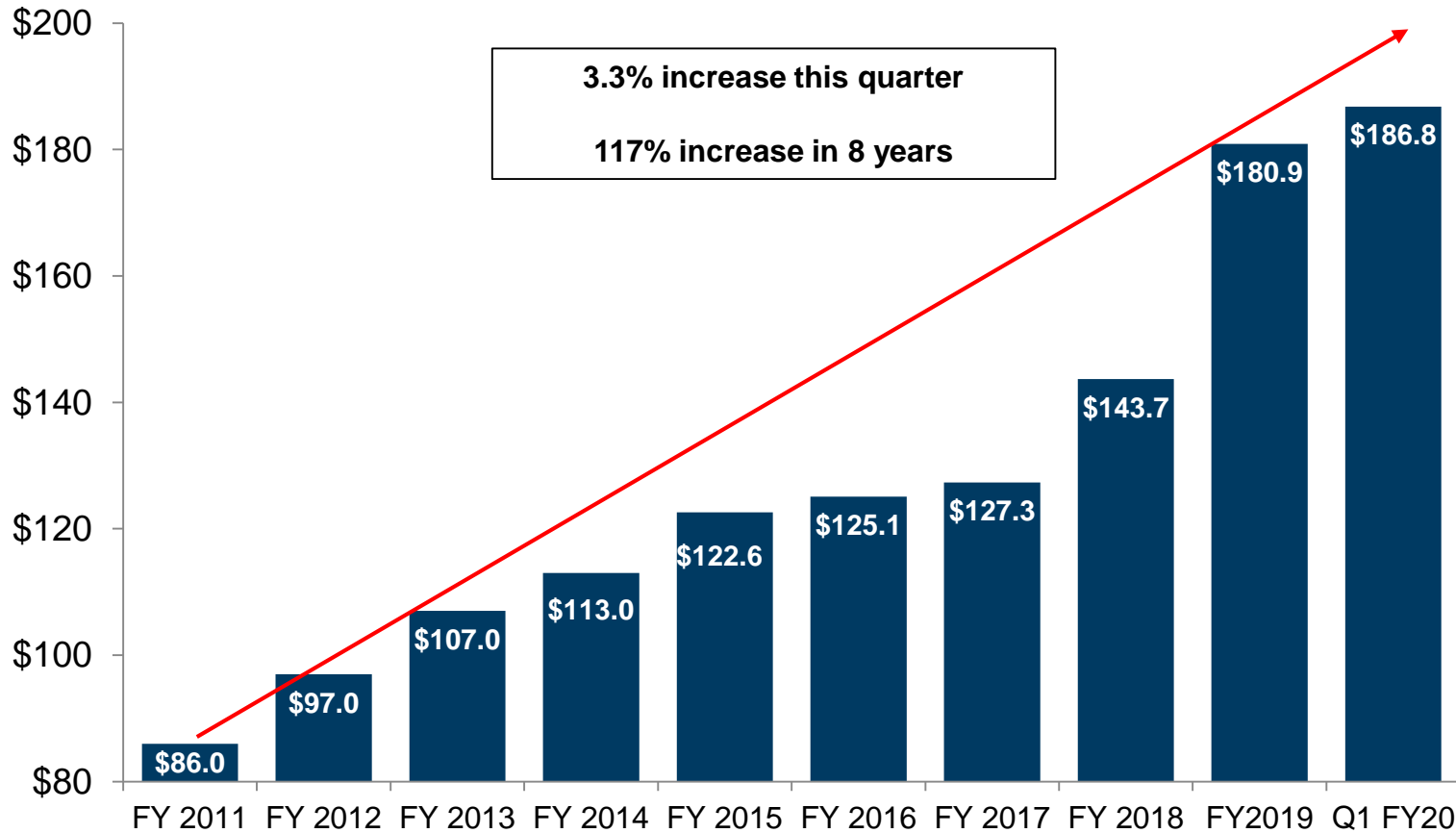
*Adjusted for accrued capital gains incentive fee expense, and interest during call period and loss on extinguishment of existing baby bonds debt, reconciliation to GAAP net investment income included in our fiscal first quarter 2019 earnings release.



NAV Growth Driven by Performance

Net Asset Value (FY11 to FY20)

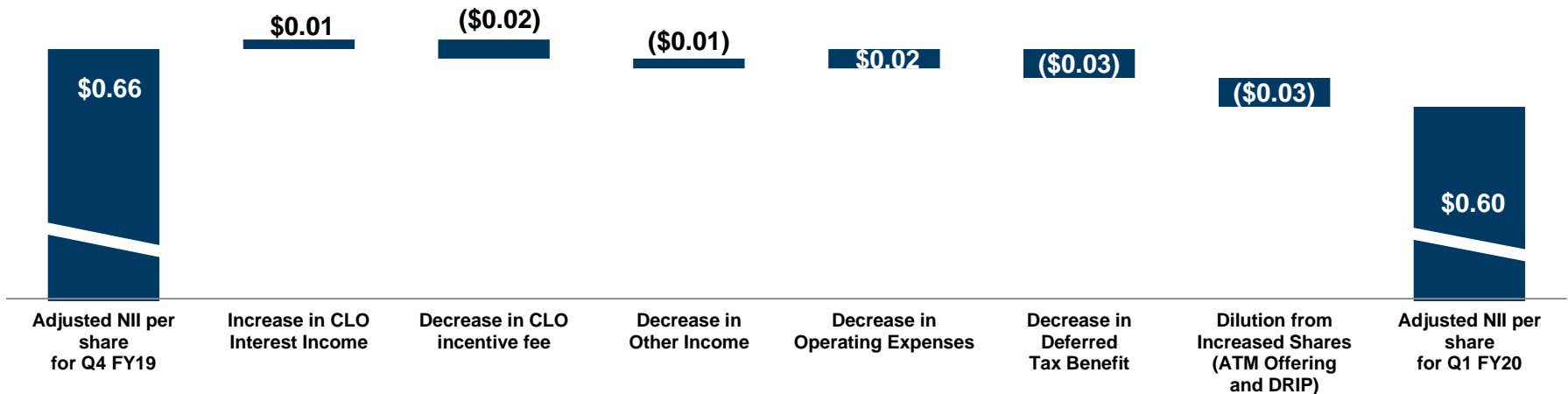
in millions



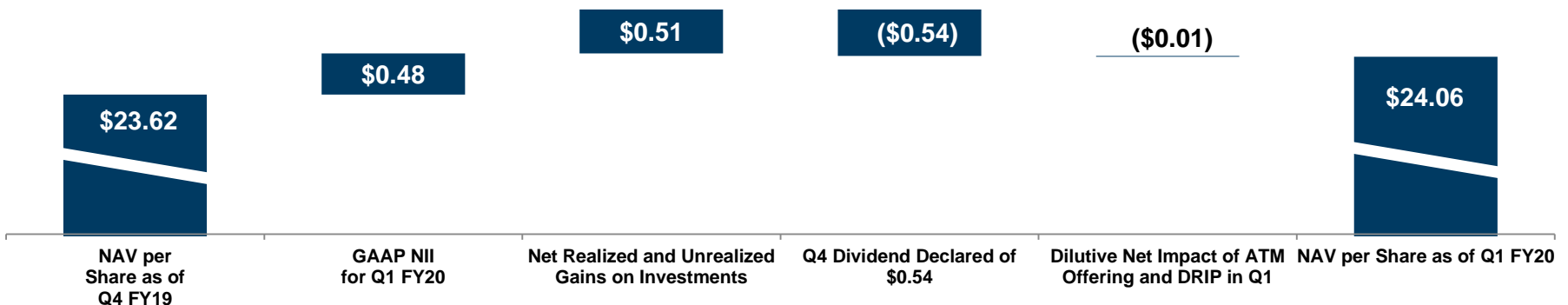
Quarterly Reconciliation of NII and NAV per Share

Reconciliation of Quarterly Adjusted NII per Share

- Impacts are shown net of incentive fee



Reconciliation of Quarterly NAV per Share



Dry Powder Remains Available

(As of May 31, 2019)		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	6 Years	Floating
SBA Debentures		\$150.0 million	\$150.0 million	\$0.0 million	4-10 years	Fixed
Publicly-Traded Notes (at fair value)	SAB	\$76.8 million	\$76.8 million	\$0.0 million	5 Years	Fixed
	SAF	\$60.7 million	\$60.7 million	\$0.0 million	6 Years	Fixed
Cash and Cash Equivalents		\$62.1 million	\$0.0 million	\$62.1 million	-	-

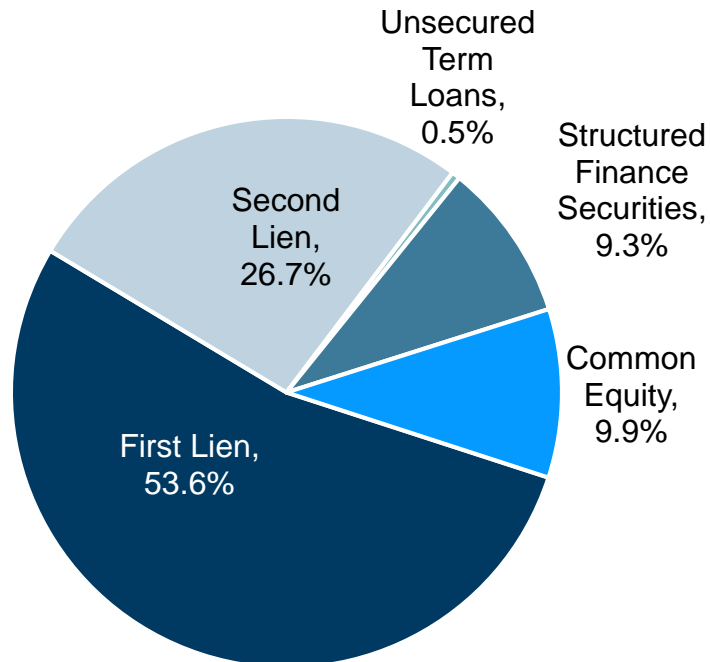
Total Available Liquidity (at quarter-end): \$ 107.1 million

- Ability to grow AUM by 26% without any new external financing

Portfolio Composition and Yield

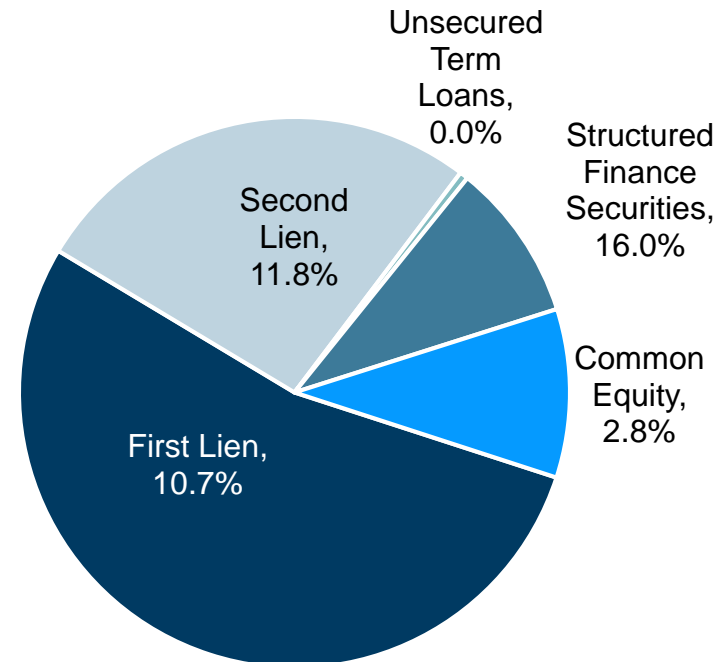
Portfolio Composition – \$409.5 m

(Based on Fair Values
as of May 31, 2019)



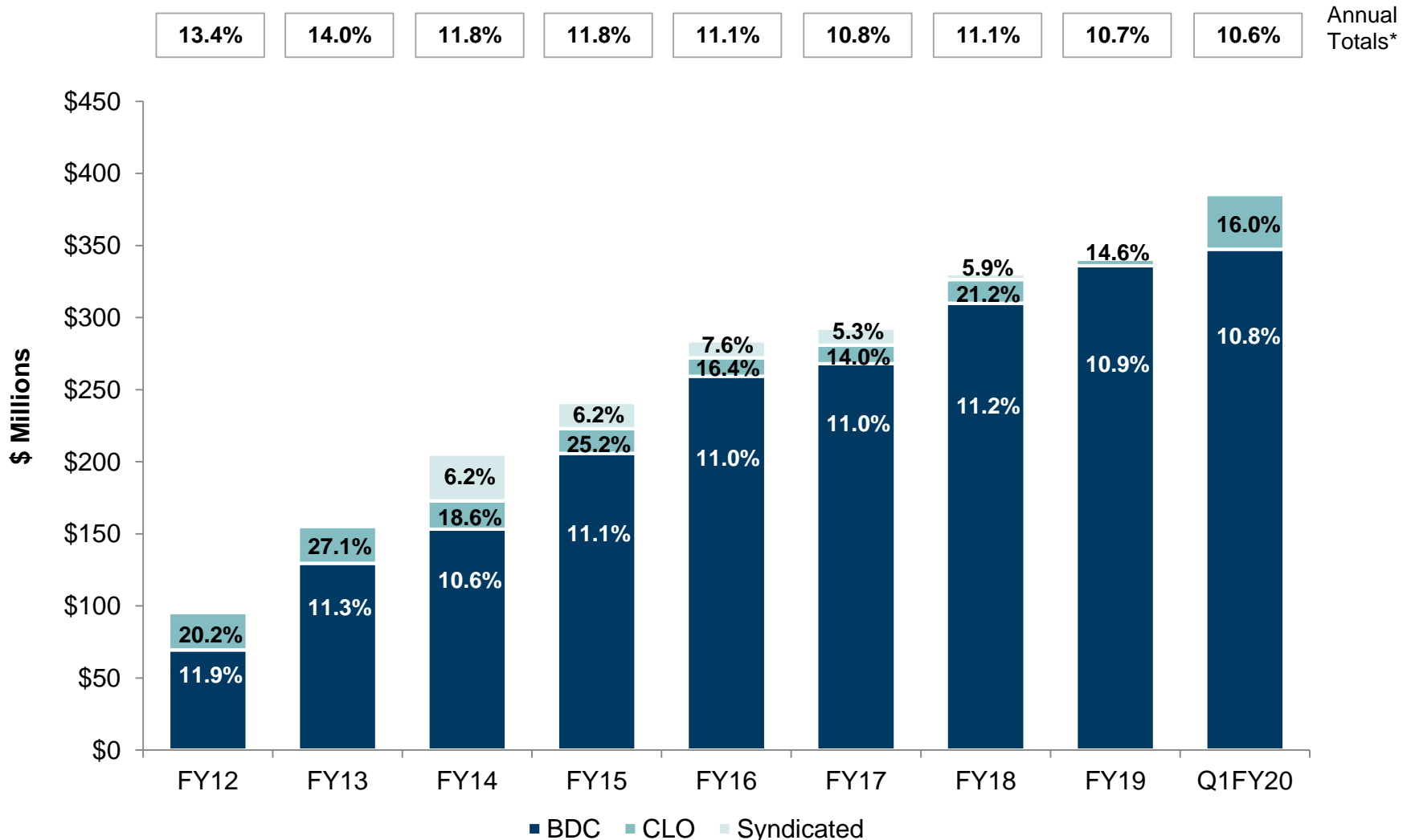
Portfolio Yield – 10.6%

(Weighted Average
Current Yield of Existing Portfolio)



Yield of BDC Remains Strong

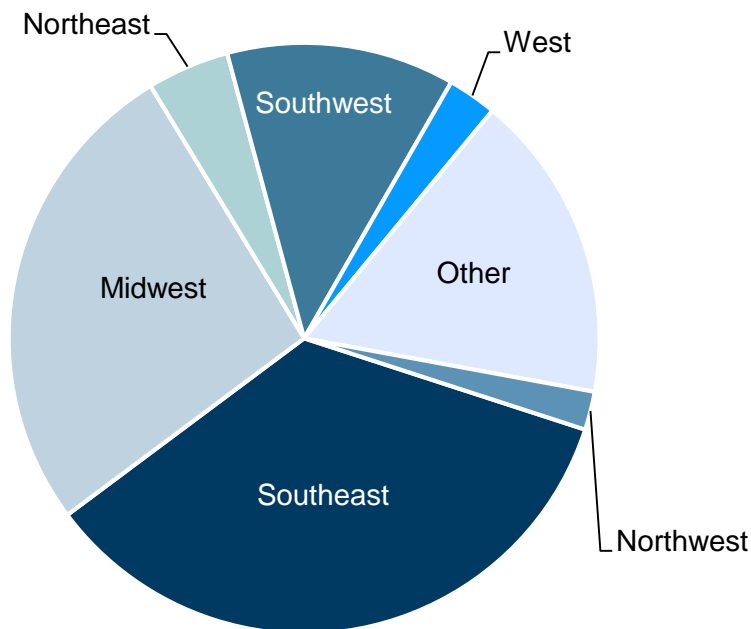
Weighted Average Current Yields



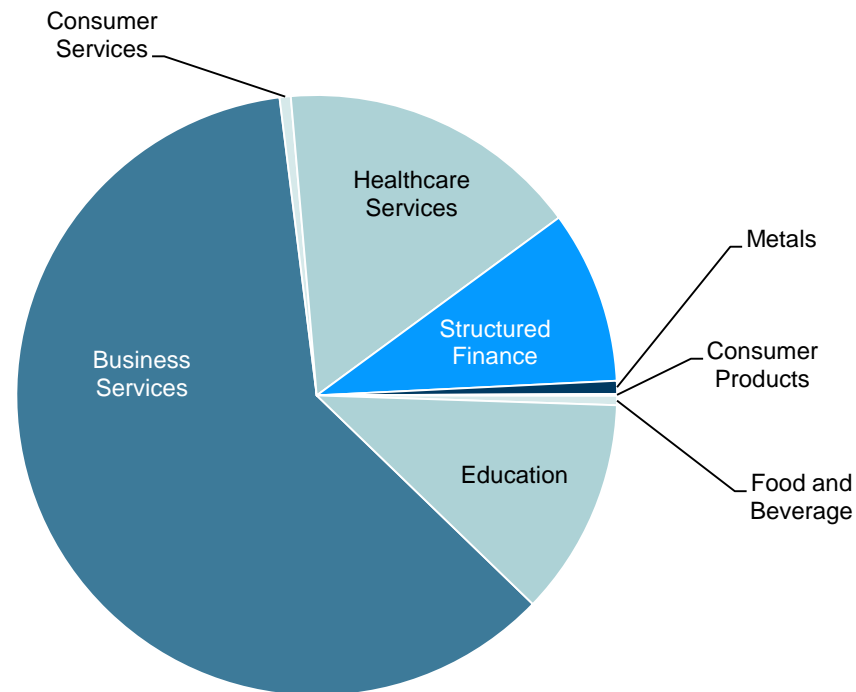
Annual total yields on full portfolio. BDC, CLO and Syndicated yields are annualized and calculated on fair value of interest earning assets.

Diversified Across Industry and Geography

Investments diversified geographically

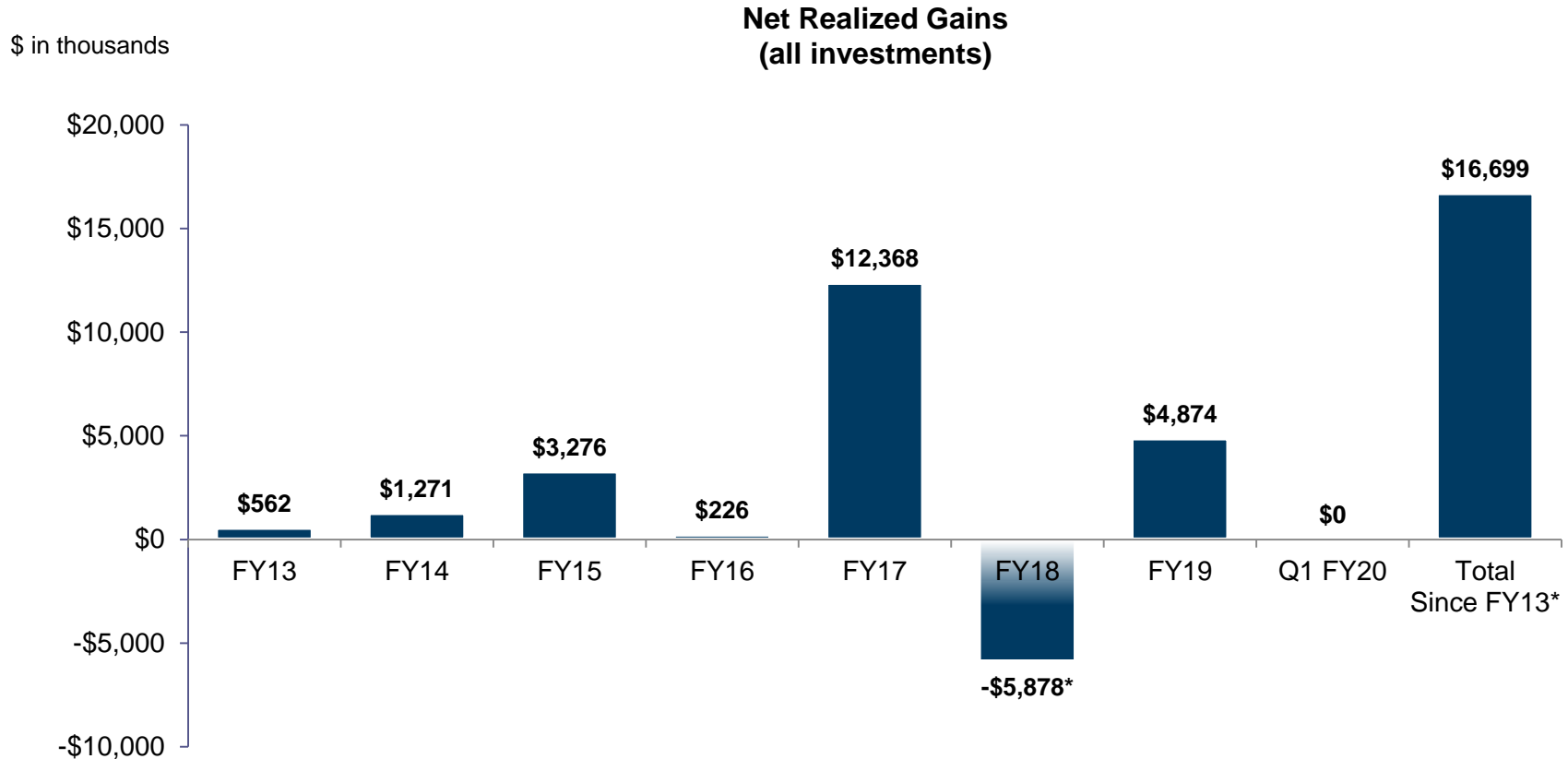


Investments across 8 distinct industries



Net Realized Gains Help Protect Shareholder Capital

Cumulative net realized gains reflect portfolio credit quality



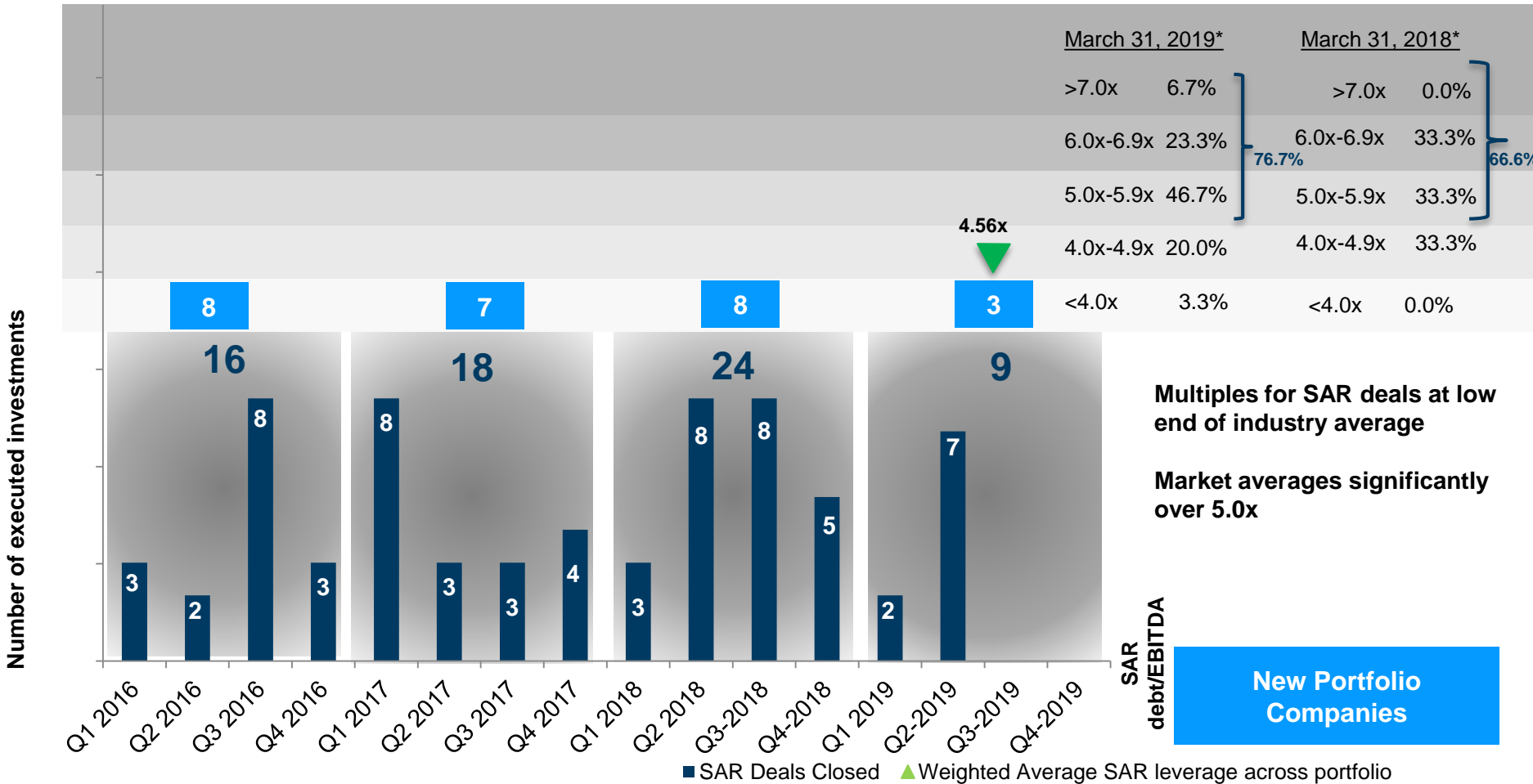
* Reflects realized loss on My Alarm Center investment of \$7.7m less \$1.8m in other realized gains in FY18.

Exercising Disciplined Investment Judgment While Growing Origination Pace

SAR Debt Multiples/Deals Closed (2016-2019)

Total Portfolio Leverage is 4.56x¹

Market Average Multiples
(Total Debt/EBITDA)



Multiples for SAR deals at low end of industry average

Market averages significantly over 5.0x

New Portfolio Companies

*Calendar quarters, not fiscal

Source: S&P Global market Intelligence US:Q2 2019, issuers with EBITDA less than or equal to \$50m. The data has limitations due to a small sample size but that it does reflect trend toward increasing leverage.

¹Excludes twelve 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.

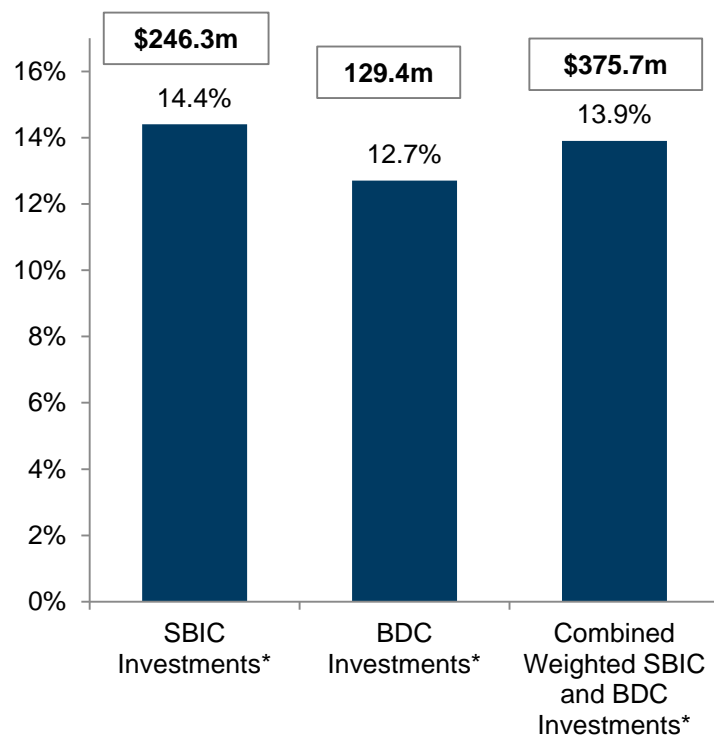
Calendar*	2016	Δ	2017	Δ	2018	Δ	LTM Q2 2019	
Deals Sourced	645	28%	722	17%	846	3%	869	<ul style="list-style-type: none"> • 50% of deal flow from private equity sponsors • 40% of deals from private companies without institutional ownership • Saratoga maintains investment discipline which is demonstrated by passing on ~70 deals a year that other firms close
Term Sheets	48	2%	49	49%	73	5%	77	<ul style="list-style-type: none"> • Saratoga issues an average of 19 term sheets per quarter, or 9% of deals reviewed • ~ 80% of term sheets are issued for transactions involving a private equity sponsor
Deals Executed (new and follow-on)	16	13%	18	33%	24	(8%)	22	<ul style="list-style-type: none"> • Saratoga closes an average of 6 new deals or follow-ons per quarter, ~3% of deals reviewed
New portfolio companies	8		7		8		8	<ul style="list-style-type: none"> • Eight new portfolio companies in the past twelve months

*Calendar quarters, not fiscal quarters.

Demonstrated Strong Track Record

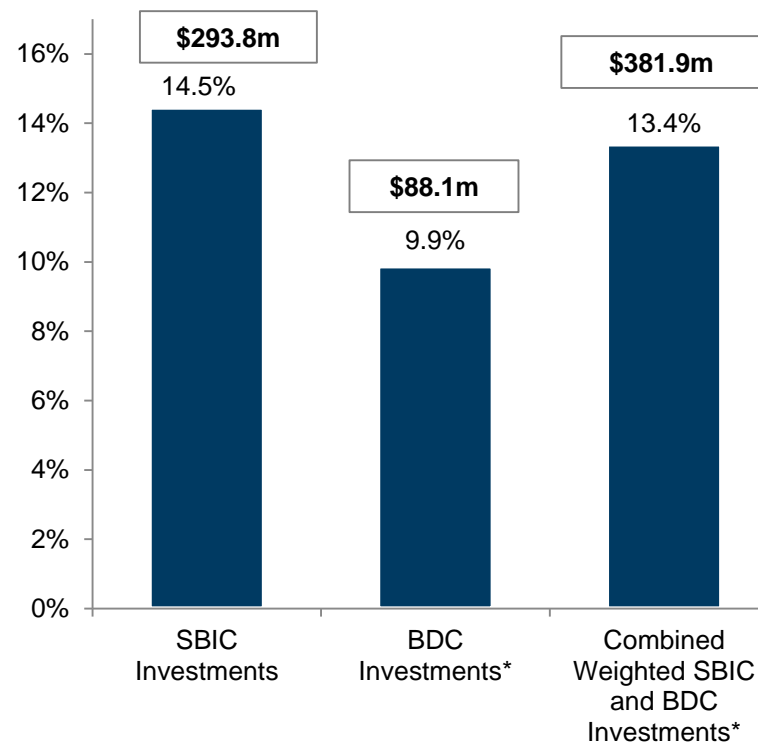
Realized Investments

(Gross Unlevered IRR%)



Unrealized Investments ¹

(Gross Unlevered IRR%)

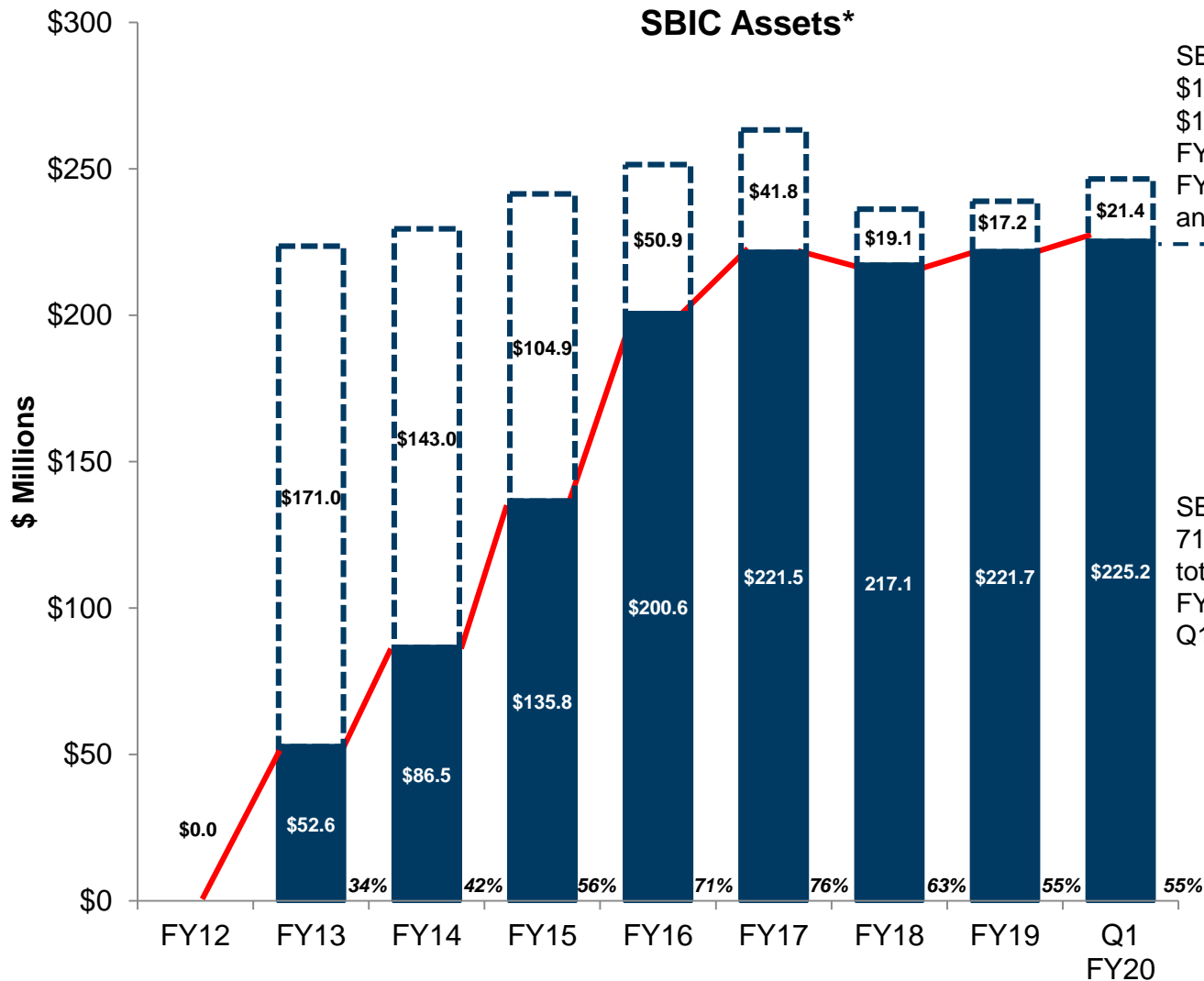


Track Records as of 5/31/19

¹ IRRs for unrealized investments include fair value and accrued interest as of 5/31/19

* SBIC investments represent all investments in the first license. BDC investments exclude investments existing when Saratoga management took over, and corporate financing investments.

SBIC Assets Fully Funded



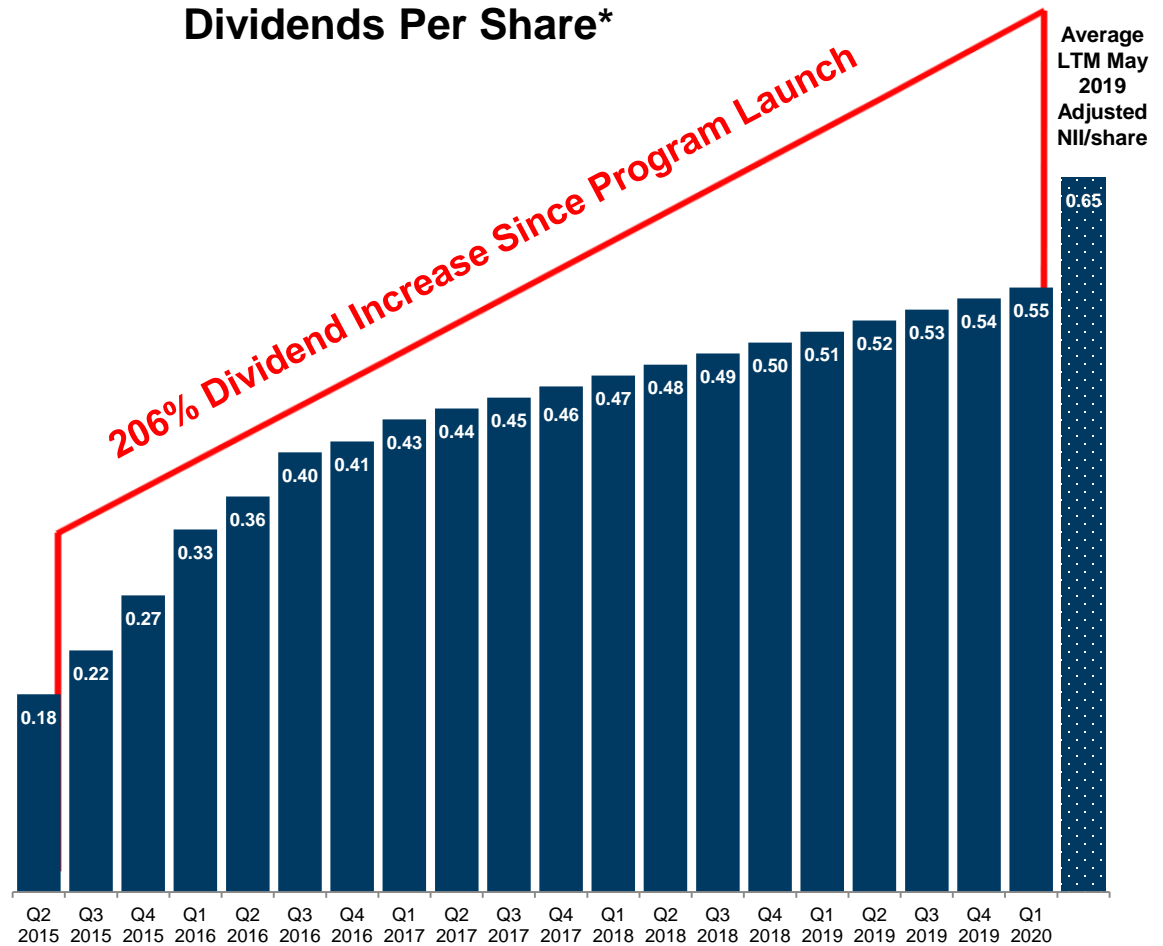
SBIC first license provided \$171m, \$143m, \$105m, \$51m, \$42m, \$19m, \$17m and \$21m of available capacity in FY13, FY14, FY15, FY16, FY17, FY18, FY19 and Q1FY20, respectively (debt and equity at 2:1 leverage)

SBIC represented 34%, 42%, 56%, 71%, 76%, 63%, 55% and 55% of total assets in FY13, FY14, FY15, FY16, FY17, FY18, FY19, and Q1FY20, respectively

* At Fair Value as of February 28, 2019.

Dividends Continue to Increase

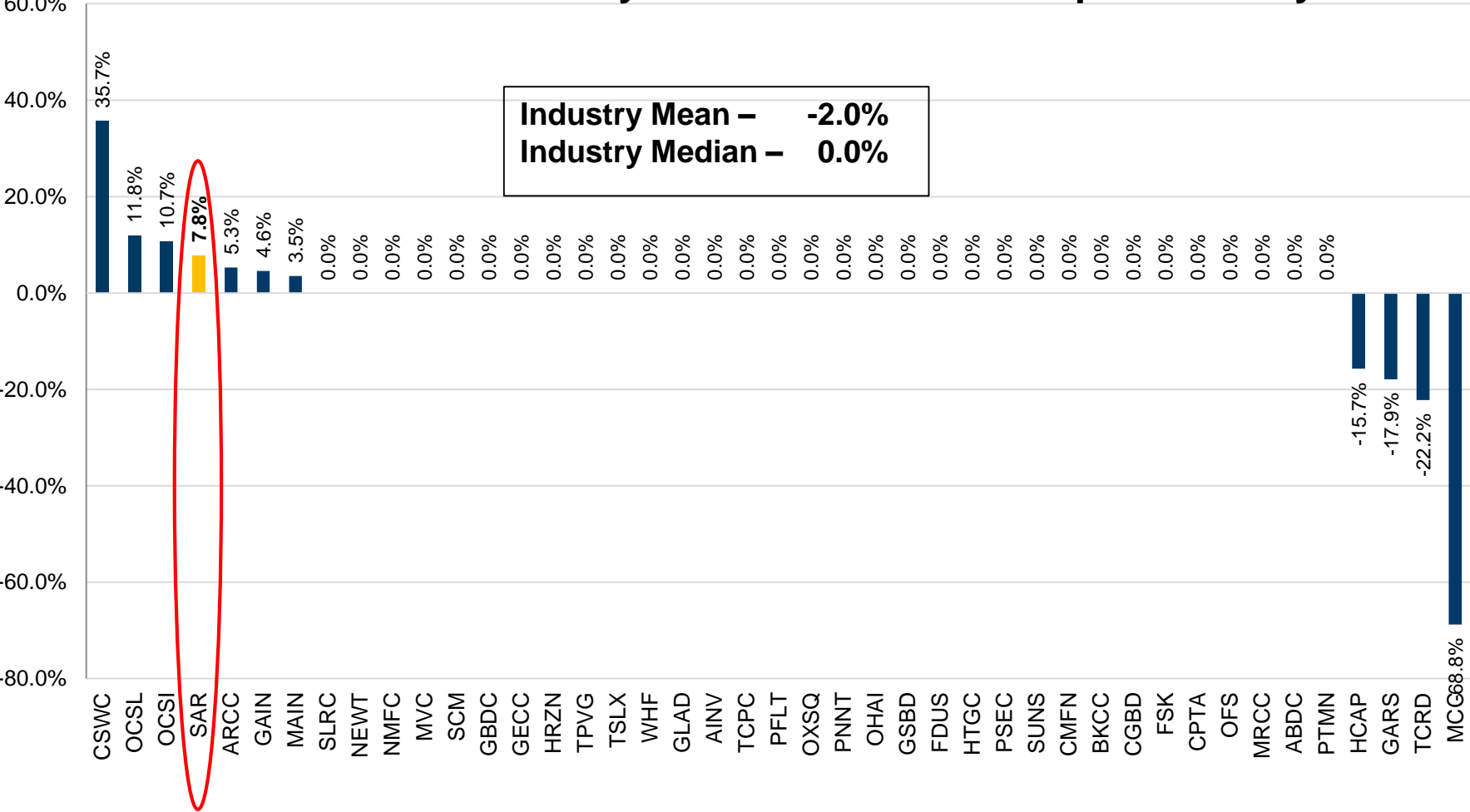
- Established dividend policy to pay regular quarterly cash dividends to stockholders pursuant to dividend reinvestment plan (“DRIP”)
- Increased dividend by 206% since program launch
- Declared Q1 2020 dividend of \$0.55, an increase of \$0.01 (2%)
- Overearning our current dividend



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

Saratoga Growing Dividends the Past Nineteen Quarters

Year-Over-Year Quarterly Dividend Growth at Top of Industry

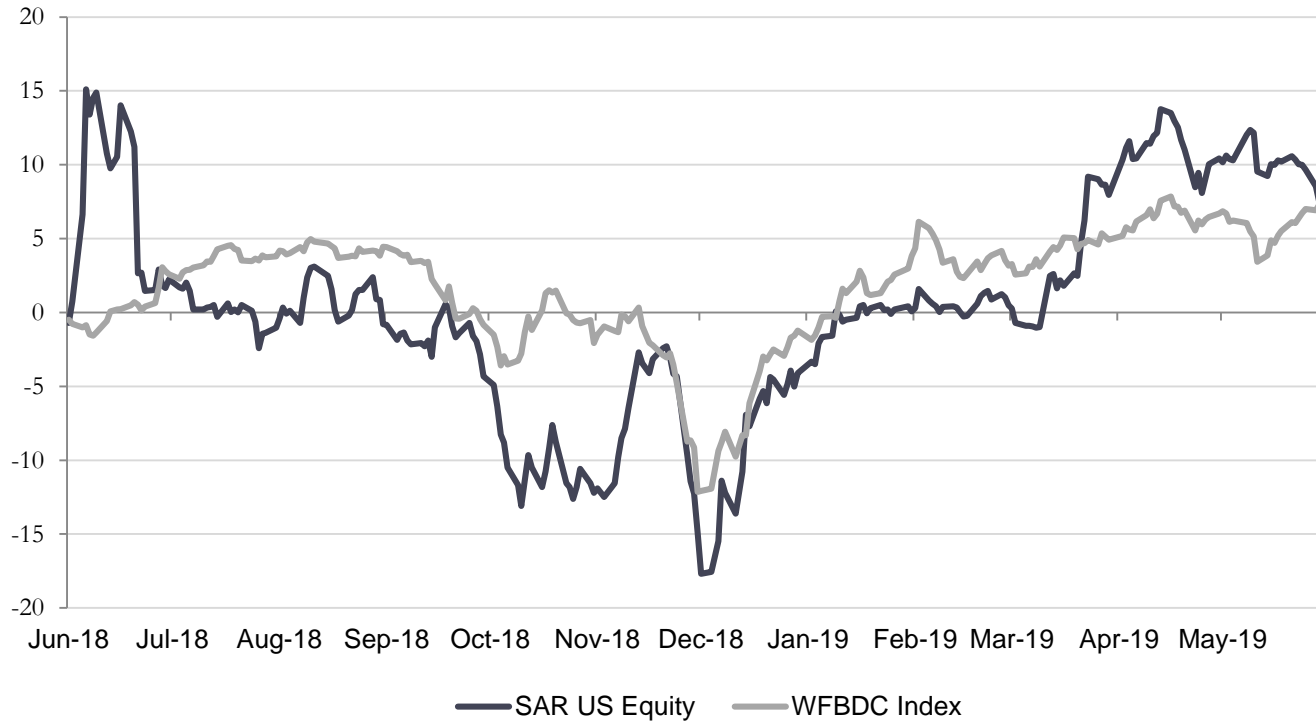


Source: Raymond James report as of 3/29/2019

Saratoga LTM Total Return Outperforms BDC Index

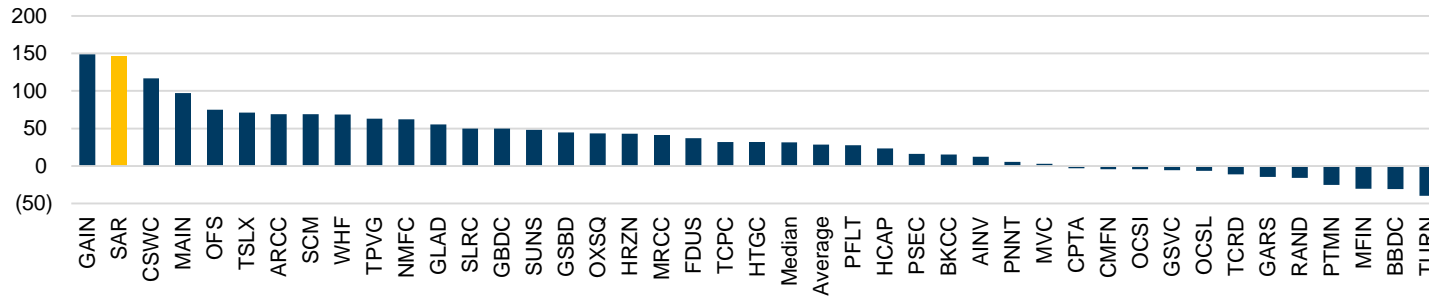
LTM Total Return (%)
(June 2018 to June 2019)

SAR +9% vs. BDC Index +8%

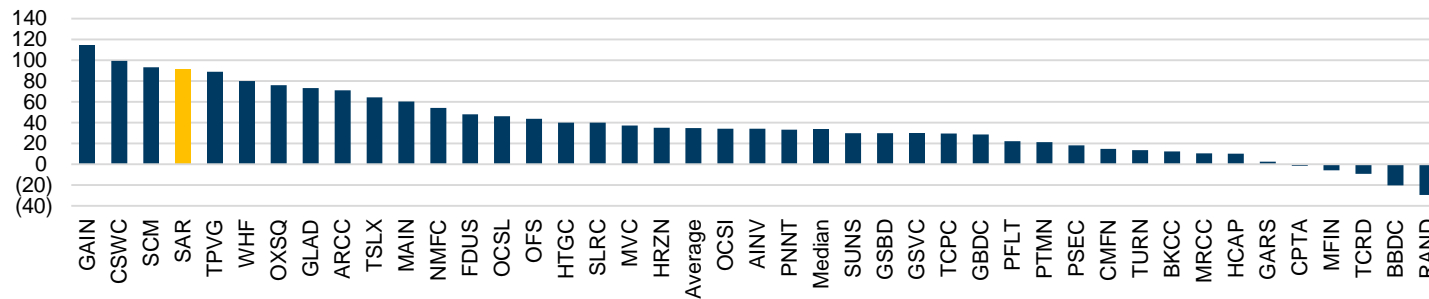


Performance at Top of BDC Industry

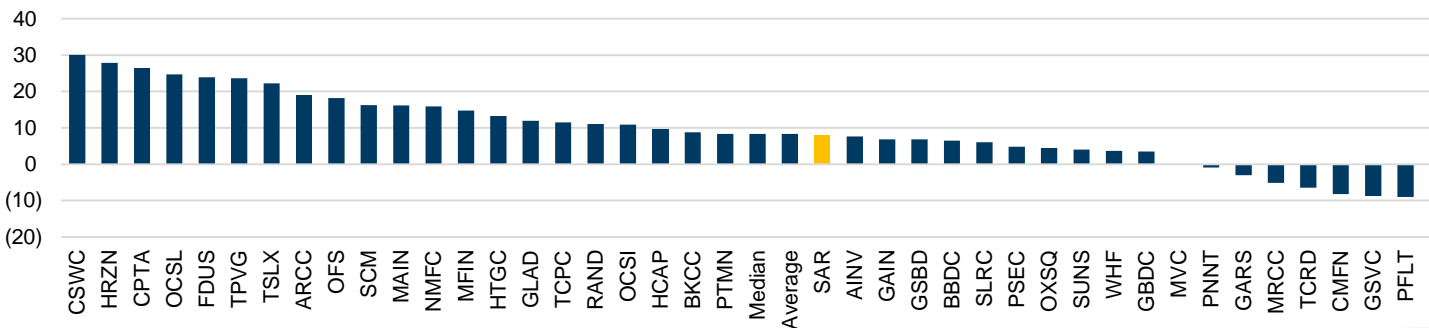
BDC Total Return (%)



**Past 5 years:
146%**

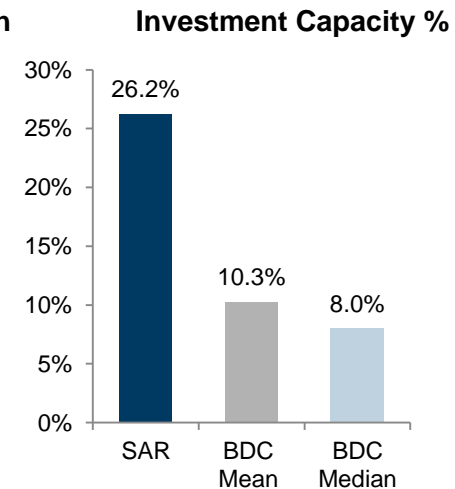
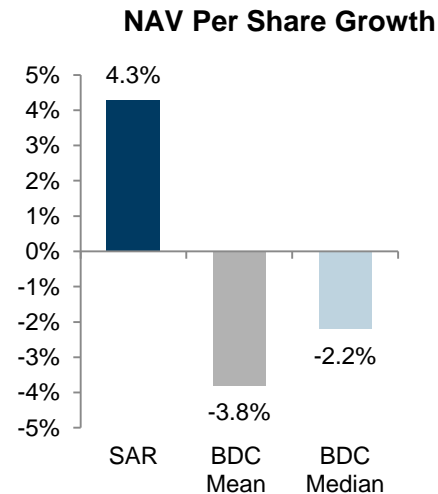
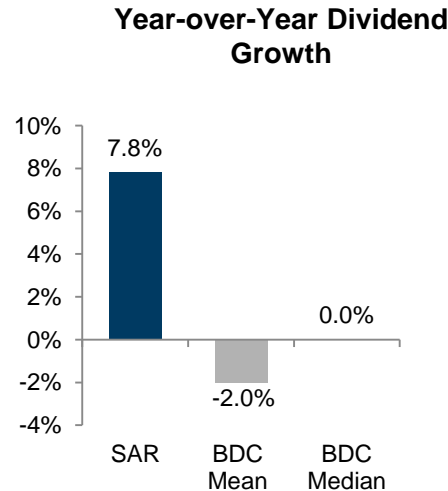
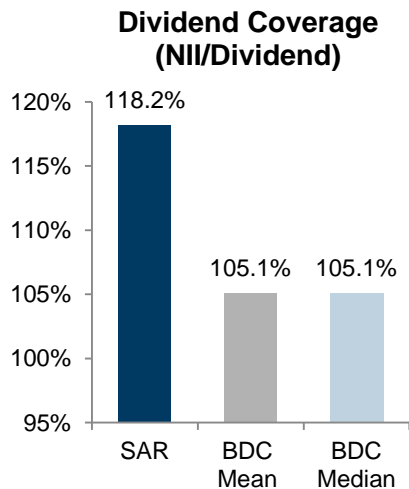
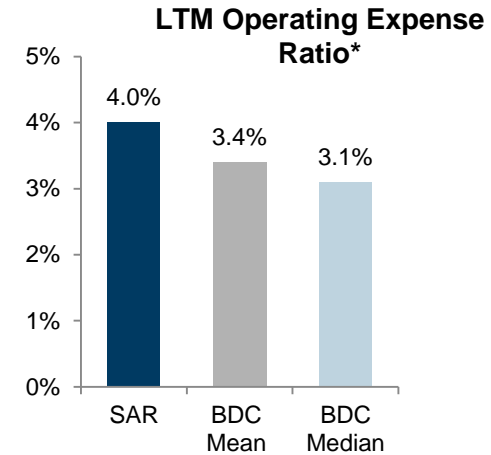
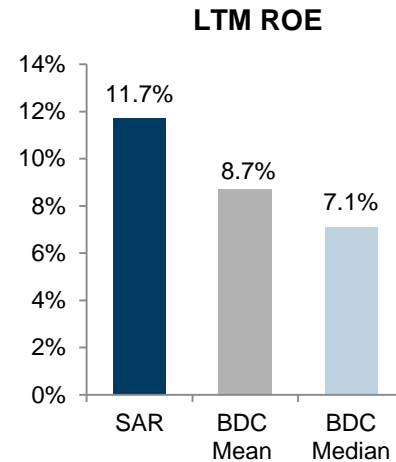
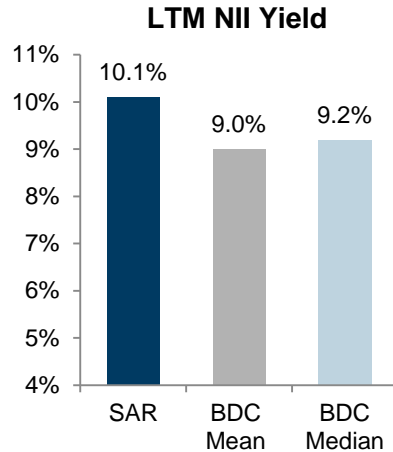
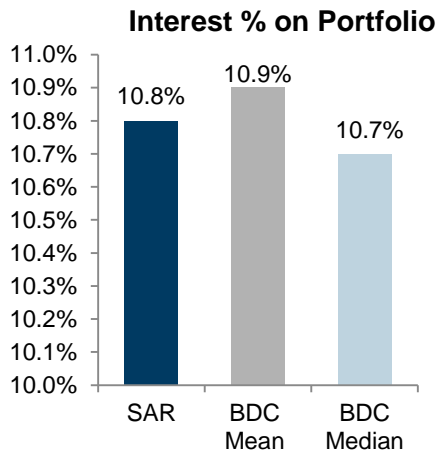


**Last 3 years:
92%**



**Last 12 months:
8%**

Strongly Differentiated Outperformance



Source: SNL Financial / Company Filings / Raymond James report as of 06/19/19

* 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 16.8%.

Establishing Competitive Edge vs. Other BDCs

Outstanding performance characteristics

▶ Strong and growing dividend	Paying a current dividend yield of approx. 9%; increased quarterly dividend by 206% since program launched; over-earning dividend by 18% (based on average adjusted LTM NII per share); significant management ownership of 20%
▶ Strong return on equity	LTM ROE of 11.7% factors in both investment income and net gains/losses
▶ Low-cost available liquidity	Borrowing capacity still at hand through both credit facility and cash – can grow current asset base by 26% as of quarter ended May 31, 2019 (pre-repayments significant last six months)
▶ Solid earnings per share and NII Yield	Attractive NII per share generated from strong risk-adjusted portfolio returns and favorable capital structure
▶ Commitment to AUM expansion	Assets under management has grown steadily 412% since FY 2011, 19% in past year.
▶ Well-positioned for higher interest rates	Approx. 83% of our investments have floating interest rates. Debt primarily at fixed rates and long-term, with new \$40.0m 7-year baby bond issued in Q3FY19 and \$20.0m 7-year baby bond follow-on in Q4FY19. 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, 54% of investments are first lien, protected against potential risk of rising interest rates

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.

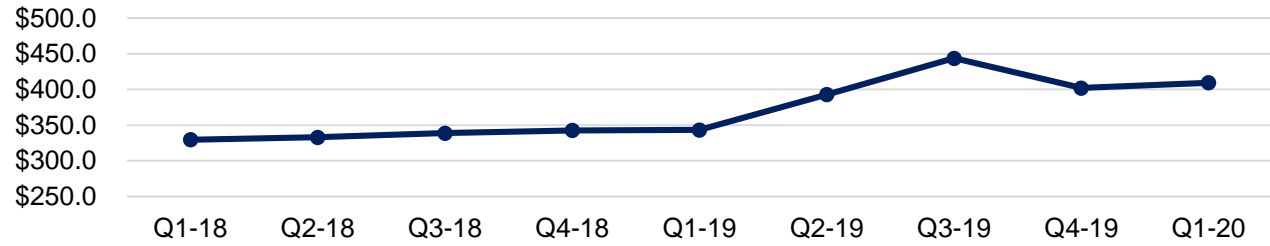
KPIs – Balance Sheet – Q1 FY20

Period	FMV Investment Portfolio (in millions)
Q1-18	\$ 329.7
Q2-18	\$ 333.0
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

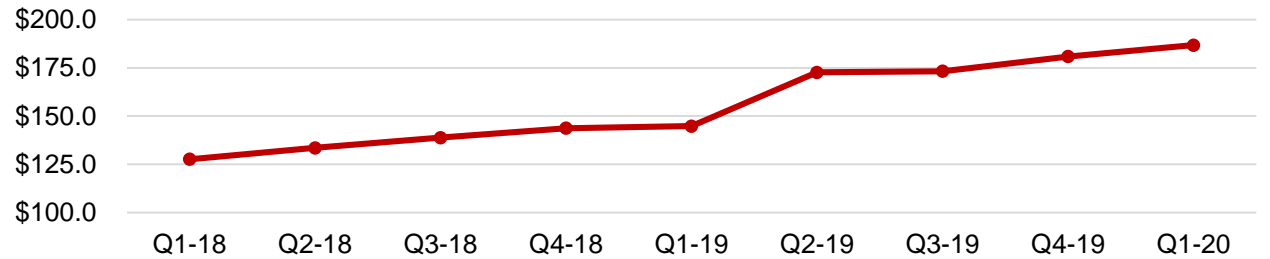
Period	NAV (in millions)
Q1-18	\$ 127.6
Q2-18	\$ 133.5
Q3-18	\$ 138.8
Q4-18	\$ 143.7
Q1-19	\$ 144.8
Q2-19	\$ 172.7
Q3-19	\$ 173.3
Q4-19	\$ 180.9
Q1-20	\$ 186.8

Period	NAV Per Share
Q1-18	\$ 21.7
Q2-18	\$ 22.4
Q3-18	\$ 22.6
Q4-18	\$ 23.0
Q1-19	\$ 23.1
Q2-19	\$ 23.2
Q3-19	\$ 23.1
Q4-19	\$ 23.6
Q1-20	\$ 24.1

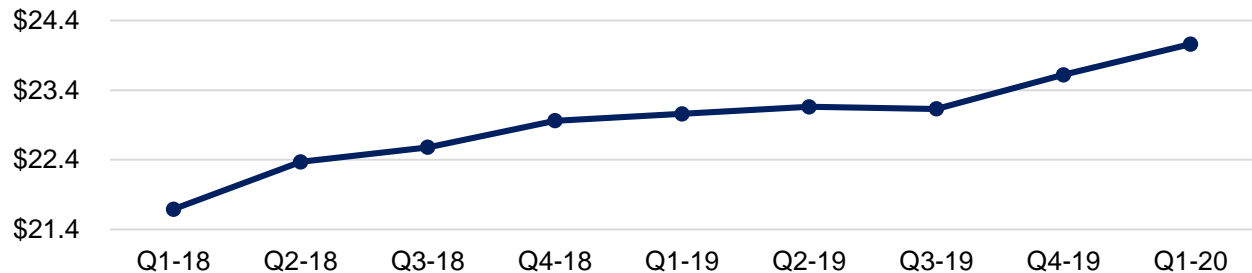
FMV Investment Portfolio (in millions)



NAV (in millions)



NAV Per Share



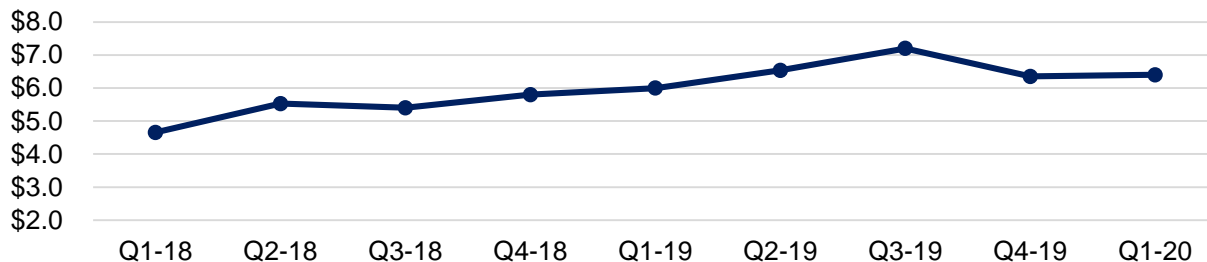
KPIs – Income Statement – Q1 FY20

Period	Net Interest Margin (in millions)	
Q1-18	\$	4.7
Q2-18	\$	5.5
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

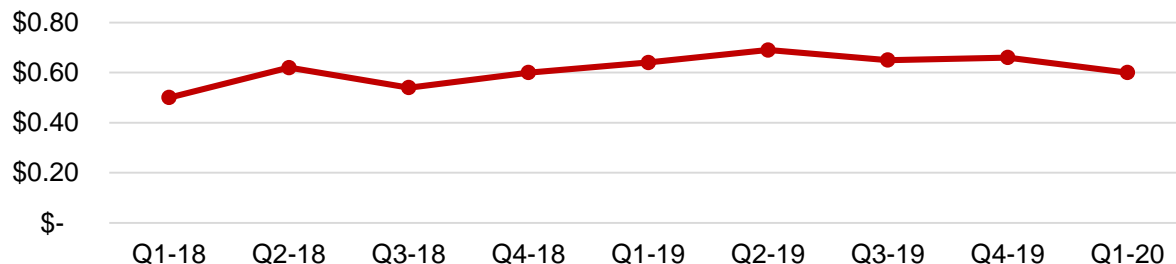
Period	NII Per Share	
Q1-18	\$	0.50
Q2-18	\$	0.62
Q3-18	\$	0.54
Q4-18	\$	0.60
Q1-19	\$	0.64
Q2-19	\$	0.69
Q3-19	\$	0.65
Q4-19	\$	0.66
Q1-20	\$	0.60

Period	NII Yield	
Q1-18		9.2%
Q2-18		11.3%
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%

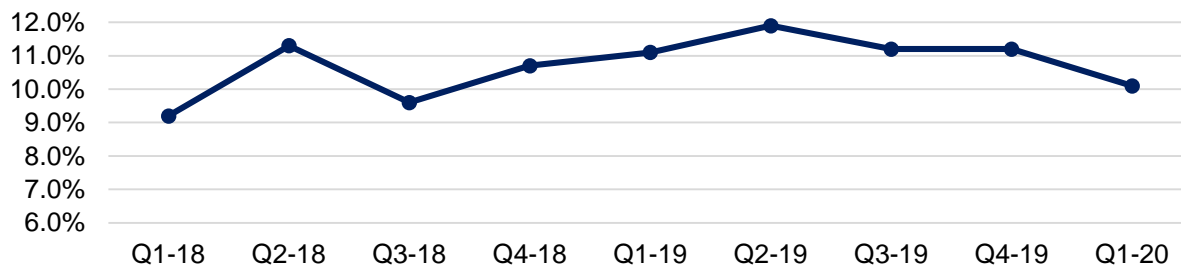
Net Interest Margin Excluding CLO (in millions)



NII Per Share

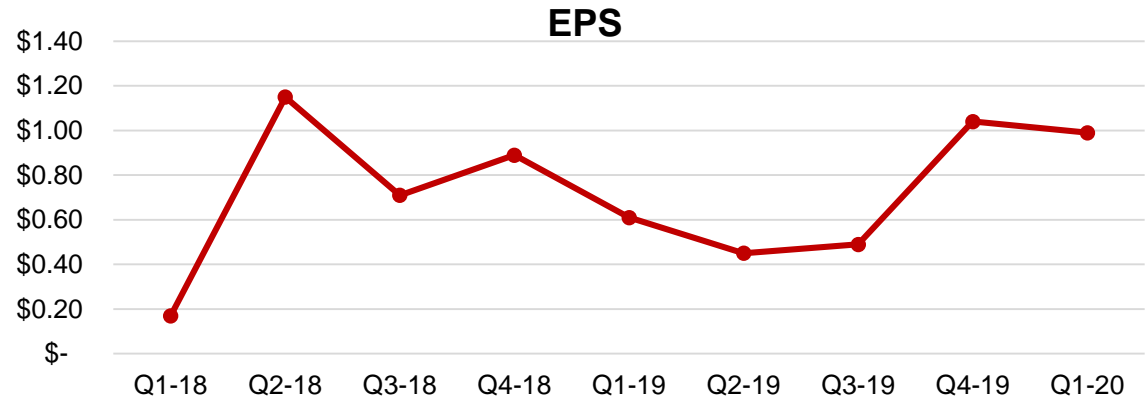


LTM NII Yield

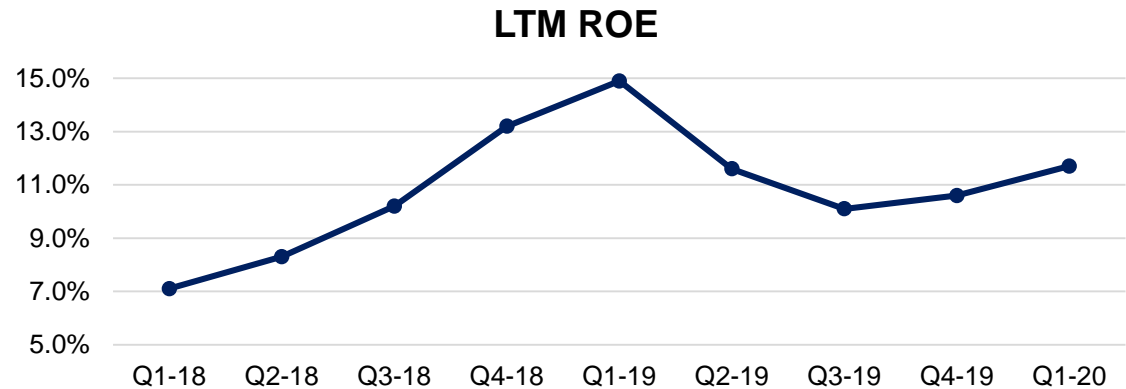


KPIs – Income Statement – Q1 FY20 (continued)

Period	EPS
Q1-18	\$ 0.17
Q2-18	\$ 1.15
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

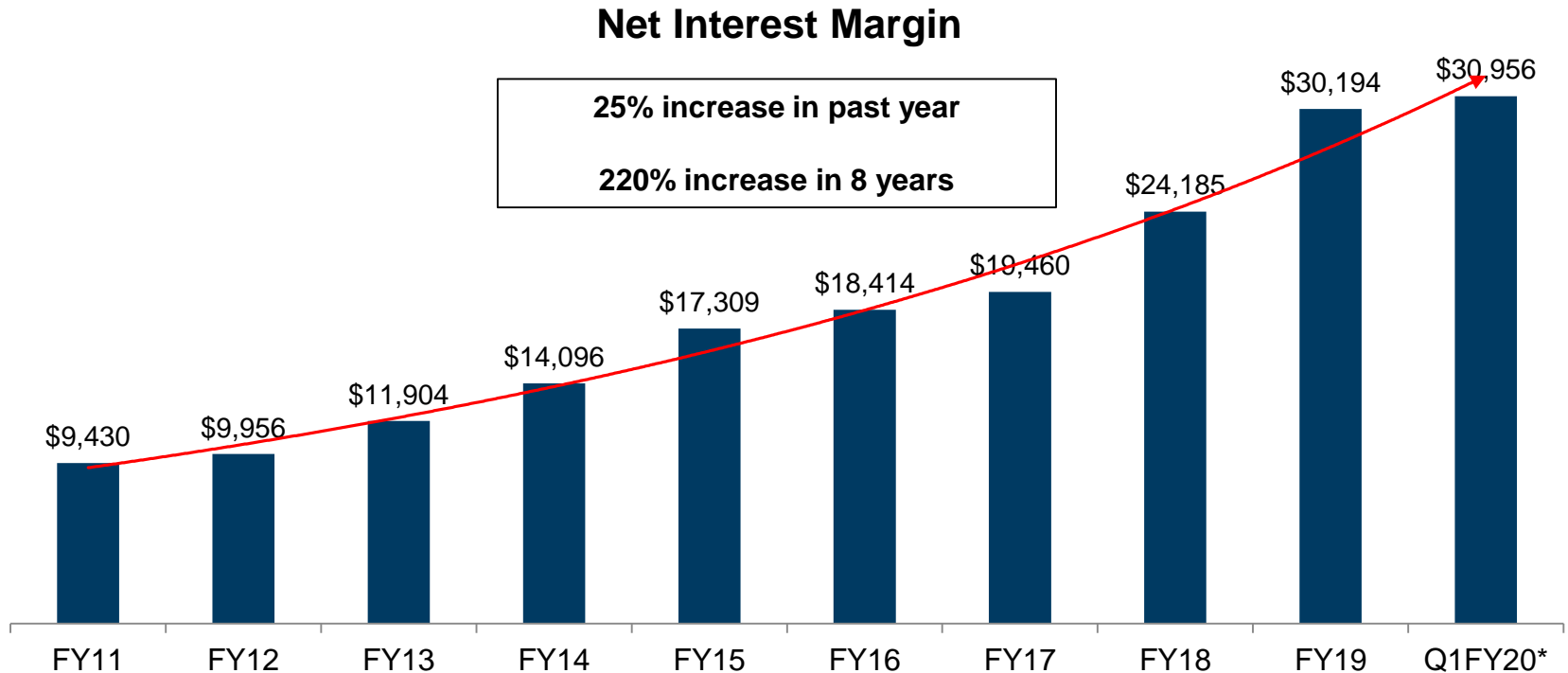


Period	LTM ROE
Q1-18	7.1%
Q2-18	8.3%
Q3-18	10.2%
Q4-18	13.2%
Q1-19	14.9%
Q2-19	11.6%
Q3-19	10.1%
Q4-19	10.6%
Q1-20	11.7%



KPIs - SAR Net Interest Margin

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



* Calculated as annualization of Q1 FY20