

## Risk Factors Comparison 2025-05-07 to 2024-05-06 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text** Section

**Investing in our securities involves a number of significant risks. In addition to other information contained in this Annual Report on Form 10-K, you should consider carefully the following information before making an investment in our securities. The risks set forth below are the principal risks with respect to the Company generally and with respect to BDCs, they may not be the only risks we face. This section nonetheless describes the principal risk factors associated with investment in the Company specifically, as well as those factors generally associated with investment in a company with investment objectives, investment policies, capital structure or trading markets similar to the Company's. If any of the risks occur, our business, financial condition and results of operations could be materially adversely affected. In such case, our NAV and the trading price of our securities could decline and you may lose all or part of your investment.**

**SUMMARY OF RISK FACTORS** The following is a summary of the principal risks that you should carefully consider before investing in our securities. These and other risk factors are described more fully in this "Item 1A. Risk Factors." Risks Related to Our Business and Structure • We employ leverage, which magnifies the potential for gain or loss on amounts invested and may increase the risk of investing in us. • We are exposed to risks associated with changes in interest rates including potential effects on our cost of capital and net investment income. ~~• The alternative reference rates that have replaced LIBOR in our credit arrangements and other financial instruments may not yield the same or similar economic results as LIBOR over the life of such transactions.~~ Risks Related to the Current Environment • Global economic, political and market conditions may adversely affect our business, results of operations and financial condition, including our revenue growth and profitability. • Inflation may adversely affect the business results of operations and financial condition of our portfolio companies, which may, in turn, impact the valuation of such portfolio companies. • We are currently operating in a period of capital markets disruption and economic uncertainty. • Economic recessions or downturns could impair the ability of our portfolio companies to repay loans and harm our operating results. Risks Related to Our Adviser and Its Affiliates • We may be obligated to pay Saratoga Investment Advisors incentive fees even if we incur a net loss, or there is a decline in the value of our portfolio. • The way in which the base management and incentive fees under the Management Agreement is determined may encourage Saratoga Investment Advisors to take actions that may not be in our best interests. • Saratoga Investment Advisors' liability is limited under the Management Agreement and we will indemnify Saratoga Investment Advisors against certain liabilities, which may lead it to act in a riskier manner on our behalf than it would when acting for its own account. • Our ability to enter into transactions with our affiliates is restricted. Risks Related to Our Investments • A majority of our debt investments are not required to make principal payments until the maturity of such debt securities and are generally riskier than other types of loans. • The lack of liquidity in our investments may adversely affect our business. • Our investment in Saratoga CLO constitutes a leveraged investment in a portfolio of subordinated notes representing the lowest-rated securities issued by a pool of predominantly senior secured first lien term loans and is subject to additional risks and volatility. All losses in the pool of loans will be borne by our subordinated notes and only after the value of our subordinated notes is reduced to zero will the higher-rated notes issued by the pool bear any losses. • Investments in equity securities involve a substantial degree of risk. Risks Related to Our Common Stock • We may choose to pay dividends in our own stock, in which case you may be required to pay tax in excess of the cash you receive. • Due to the current market conditions, we may defer our dividends and choose to incur U. S. federal excise tax in order preserve cash and maintain flexibility. • The market price of our common stock may fluctuate significantly. • There is a risk that you may not receive distributions or that our distributions may not grow over time. Risks Related to Our Notes • The Notes are unsecured and therefore are effectively subordinated to any existing and future secured indebtedness, including indebtedness under our Encina Credit Facility and our Live Oak Credit Facility. • An active trading market for the Public Notes may not develop or be sustained, which could limit the market price of the Public Notes or the ability to sell them. **RISKS RELATED TO OUR BUSINESS AND STRUCTURE** We employ leverage, which magnifies the potential for gain or loss on amounts invested and may increase the risk of investing in us. Borrowings, also known as leverage, magnify the potential for gain or loss on amounts invested and, therefore, increase the risks associated with investing in us. We borrow from and issue senior debt securities to banks and other lenders that is secured by a lien on our assets. Holders of these senior securities have fixed dollar claims on our assets that are superior to the claims of the holders of our securities. Leverage is generally considered a speculative investment technique. Any increase in our income in excess of interest payable on our outstanding indebtedness would cause our net income to increase more than it would have had we not incurred leverage, while any decrease in our income would cause net income to decline more sharply than it would have had we not incurred leverage. Such a decline could negatively affect our ability to make common stock distributions or scheduled debt payments, including with respect to the Notes, as defined below. There can be no assurance that our leveraging strategy will be successful. Our outstanding indebtedness imposes, and additional debt we may incur in the future will likely impose, financial and operating covenants that restrict our business activities, including limitations that could hinder our ability to finance additional loans and investments or to make the distributions required to maintain our status as a RIC **under Regulation M of the Code**. A failure to add new debt facilities or issue additional debt securities or other evidences of indebtedness in lieu of or in addition to existing indebtedness could have a material adverse effect on our business, financial condition or results of operations. As of February 29, 2024-2025, there were \$ ~~35~~ **32.5 million outstanding borrowings under the Encina Credit Facility. As of February 28, 2025, there were \$ 20**. 0 million outstanding borrowings under the ~~Encina Live Oak~~ Credit Facility. As of February 29-28, 2024-2025, we had issued \$ ~~214~~ **170**. 0 million in SBA-guaranteed debentures and our \$ 20. 0 million principal amount of 8.

75 % fixed- rate notes due 2025 (the “ 8. 75 % 2025 Notes ”), \$ 12. 0 million principal amount of 7. 00 % fixed- rate notes due 2025 (the “ 7. 00 % 2025 Notes ”), our \$ 5. 0 million principal amount of 7. 75 % fixed- rate notes due in 2025 (the “ 7. 75 % 2025 Notes ”), our \$ 175. 0 million principal amount of 4. 375 % fixed- rate notes due in 2026 (the “ 4. 375 % 2026 Notes ”), our \$ 75. 0 million principal amount of 4. 35 % fixed- rate notes due in 2027 (the “ 4. 35 % 2027 Notes ”), our \$ 105. 5 million principal amount of 6. 00 % fixed- rate notes due in 2027 (the “ 6. 00 % 2027 Notes ”), our \$ 15. 0 million principal amount of 6. 25 % fixed- rate notes due in 2027 (the “ 6. 25 % 2027 Notes ”) our \$ 46. 0 million principal amount of 8. 00 % fixed- rate notes due 2027 (the “ 8. 00 % 2027 Notes ”), our \$ 60. ~~375~~<sup>4</sup> million principal amount of 8. 125 % fixed- rate notes due 2027 (the “ 8. 125 % 2027 Notes ”) and our \$ 57. 5 million principal amount of 8. 50 % fixed- rate notes due 2028 (the “ 8. 50 % 2028 Notes ” and together with the 6. 00 % 2027 Notes, the 8. 00 % 2027 Notes, and the 8. 125 % 2027 Notes, the “ Public Notes ”). Together, the 8. 75 % 2025 Notes, 7. 00 % 2025 Notes, the 7. 75 % 2025 Notes, the 4. ~~35~~<sup>375</sup> % 2027 Notes, the 6. 00 % 2027 Notes, the 6. 25 % 2027 Notes, the 8. 00 % 2027 Notes, the 8. 125 % 2027 Notes, and the 8. 50 % 2028 Notes are referred to as the “ Notes ”. We may incur additional indebtedness in the future, including, but not limited to, borrowings under the Encina Credit Facility, the Live Oak Credit Facility, or the issuance of additional debt securities in one or more public or private offerings, although there can be no assurance that we will be successful in doing so. Our ability to service our debt depends largely on our financial performance and is subject to prevailing economic conditions and competitive pressures. The amount of leverage that we employ at any particular time will depend on our management’ s and our board of directors’ assessment of market and other factors at the time of any proposed borrowing. As a BDC, we are generally permitted to issue senior securities only in amounts such that our asset coverage ratio equals at least 150 % of total assets to total borrowings and other senior securities, which include all of our borrowings (other than the senior securities of SBIC II LP’ s and SBIC III LP’ s under the terms of our SEC exemptive relief) and any preferred stock we may issue in the future. If this ratio declines below 150 %, we may not be able to incur additional debt and may need to sell a portion of our investments to repay some debt when it is disadvantageous to do so, and we may not be able to make distributions to our stockholders. The following table illustrates the effect of leverage on returns from an investment in our common stock assuming various annual returns, net of expenses. The calculations in the table below are hypothetical and actual returns may be higher or lower than those appearing in the table below. Assumed Return on Our Portfolio (net of expenses) **Assumed Return on Portfolio (Net of Expenses)** - 10. 0 %- 5. 0 % 0 % 5 % 10 % ~~Assumed Return on Portfolio (Net of Expenses)~~ Corresponding Return to Common Stockholder (1)- 46 %- 30 %- 14 % 2 % 18 % (1) Assumes \$ 1, ~~148~~<sup>203</sup>. ~~7. 8 billion~~<sup>million</sup> in average total assets, \$ ~~792~~<sup>824</sup>. ~~8. 2~~ million in average debt outstanding, \$ ~~355~~<sup>375</sup>. ~~3. 5~~ million in average net assets and an average interest rate of 6. ~~2~~<sup>3</sup> %. Actual interest payments may be different. The various return scenarios above exclude borrowing costs, which are then separately deducted from the net return to common stockholders calculated based on average debt outstanding and average interest rate. Substantially all of the assets of SIF II and SIF III are subject to security interests under our Encina Credit Facility and our Live Oak Facility, respectively, and all of each SBIC Subsidiary’ s assets are subject to claims of the SBA with respect to SBA- guaranteed debentures we issue and if we default on our obligations thereunder, we may suffer adverse consequences, including the foreclosure on our assets. Substantially all of the assets of SIF II and SIF III are pledged as collateral under the Encina Credit Facility and the Live Oak Credit Facility, respectively, and all of each SBIC Subsidiary’ s assets are subject to a superior claim by the SBA pursuant to the SBA- guaranteed debentures. If we default on our obligations under the Encina Credit Facility, the Live Oak Credit Facility, or the SBA- guaranteed debentures, Encina Lender Finance, LLC, Live Oak Banking Company, and / or the SBA may have the right to foreclose upon and sell, or otherwise transfer, the collateral subject to their security interests or superior claim. In such event, we may be forced to sell our investments to raise funds to repay our outstanding borrowings in order to avoid foreclosure and these forced sales may be at times and at prices we would not consider advantageous. Moreover, such deleveraging of our company could significantly impair our ability to effectively operate our business in the manner in which we have historically operated. In addition, if Encina Lender Finance, LLC, the lender under the Encina Credit Facility, or the Live Oak Banking Company, the lender under the Live Oak Credit Facility, exercise their right to sell the assets pledged under the Encina Credit Facility or the Live Oak Credit Facility, respectively, such sales may be completed at distressed sale prices, thereby diminishing or potentially eliminating the amount of cash available to us after repayment of the amounts outstanding under the Encina Credit Facility or the Live Oak Credit Facility. We are exposed to risks associated with changes in interest rates including potential effects on our cost of capital and net investment income. General interest rate fluctuations and changes in credit spreads on floating rate loans may have a substantial negative impact on our investments and investment opportunities and, accordingly, may have a material adverse effect on our rate of return on invested capital. **Following** ~~In~~ **addition, in response to market indicators showing a rise in** **period of elevated interest rates to address** inflation **concerns**, **in the third quarter of 2024, the Federal Reserve cut rates for the first time** since March ~~2022~~<sup>2020</sup> **and**, **most recently, cut rates in the fourth quarter of 2024. The** Federal Reserve has ~~been rapidly increasing interest~~ **indicated that there may be additional rates** ~~rate~~. ~~Although cuts in the Federal Reserve left its~~ **future; however, future reductions to the** benchmark rates **are** steady in the fourth quarter of 2023, it has indicated that additional rate increases in the future may be necessary to mitigate inflationary pressures and there can be no assurance that the Federal Reserve will not **certain** make upwards adjustments to the federal funds rate in the future. However, there are reports that the Federal Reserve may begin to cut the benchmark rates in 2024. An increase in interest rates would make it more expensive to use debt to finance our investments. Decreases in credit spreads on debt that pays a floating rate of return would have an impact on the income generation of our floating rate assets. Trading prices for debt that pays a fixed rate of return tend to fall as interest rates rise. Trading prices tend to fluctuate more for fixed rate securities that have longer maturities. Although we have no policy governing the maturities of our investments, under current market conditions we expect that we will invest in a portfolio of debt generally having maturities of up to ten years. This means that we will be subject to greater risk (other things being equal) than an entity investing solely in shorter- term securities. Because we may borrow to fund our investments, a portion of our net investment income may be

dependent upon the difference between the interest rate at which we borrow funds and the interest rate at which we invest these funds. A portion of our investments will have fixed interest rates, while a portion of our borrowings will likely have floating interest rates. As a result, a significant change in market interest rates could have a material adverse effect on our net investment income. In periods of rising interest rates, our cost of funds could increase, which would reduce our net investment income if there is not a corresponding increase in interest income generated by our investment portfolio. Further, rising interest rates could also adversely affect our performance if we hold investments with floating interest rates, subject to specified minimum (or “floor”) interest rates, while at the same time engaging in borrowings subject to floating interest rates not subject to such minimums. In such a scenario, rising interest rates may temporarily increase our interest expense, even though our interest income from investments is not increasing in a corresponding manner if market rates remain lower than the existing floor rate. If general interest rates rise, there is also a risk that the portfolio companies in which we hold floating rate securities will be unable to pay escalating interest amounts, which could result in a default under their loan documents with us. Rising interest rates could also cause portfolio companies to shift cash from other productive uses to the payment of interest, which may have a material adverse effect on their business and operations and could, over time, lead to increased defaults. In addition, rising interest rates may increase pressure on us to provide fixed rate loans to our portfolio companies, which could adversely affect our net investment income, as increases in our cost of borrowed funds would not be accompanied by increased interest income from such fixed- rate investments. We may hedge against such interest rate fluctuations by using standard hedging instruments such as futures, options and forward contracts, subject to applicable legal requirements, including without limitation, all necessary registrations (or exemptions from registration) with the Commodity Futures Trading Commission. These activities may limit our ability to participate in the benefits of lower interest rates with respect to the hedged borrowings. Adverse developments resulting from changes in interest rates or hedging transactions could have a material adverse effect on our business, financial condition and results of operations. ~~The alternative reference rates that have replaced LIBOR in our credit arrangements and other financial instruments may not yield the same or similar economic results as LIBOR over the life of such transactions.~~ LIBOR, the London Interbank Offered Rate, is an index rate that historically was widely used in lending transactions and was a common reference rate for setting the floating interest rate on private loans. Prior to June 30, 2023, LIBOR was typically the reference rate used in floating- rate loans identified by the Investment Adviser. The ICE Benchmark Administration (“IBA”) (the entity that is responsible for calculating LIBOR) ceased providing overnight, one, three, six and twelve months USD LIBOR tenors on June 30, 2023. In addition, the United Kingdom’s Financial Conduct Authority (“FCA”), which oversees the IBA, now prohibits entities supervised by the FCA from using LIBORs, including USD LIBOR, except in very limited circumstances. In the United States, the Secured Overnight Financing Rate (“SOFR”) is the preferred alternative rate for LIBOR. SOFR is a measure of the cost of borrowing cash overnight, collateralized by U. S. Treasury securities, and is based on directly observable U. S. Treasury- backed repurchase transactions. SOFR is published by the Federal Reserve Bank of New York each U. S. Government Securities Business Day, for transactions made on the immediately preceding US. Government Securities Business Day. Alternative reference rates that may replace LIBOR, including SOFR for USD transactions, may not yield the same or similar economic results as LIBOR over the lives of such transactions. All of our loans that referenced LIBOR have been amended to reference the forward- looking term rate published by CME Group Benchmark Administration Limited based on the secured overnight financing rate (“CME Term SOFR”), or a similarly accepted alternative rate. CME Term SOFR rates are forward- looking rates that are derived by compounding projected overnight SOFR rates over one, three, and six months taking into account the values of multiple consecutive, executed, one- month and three- month CME Group traded SOFR futures contracts and, in some cases, over- the- counter SOFR Overnight Indexed Swaps as an indicator of CME Term SOFR reference rate values. CME Term SOFR and the inputs on which it is based are derived from SOFR. Since CME Term SOFR is a relatively new market rate, there will likely be no established trading market for credit agreements or other financial instruments when they are issued, and an established market may never develop or may not be liquid. Market terms for instruments referencing CME Term SOFR rates may be lower than those of later- issued CME Term SOFR indexed instruments. Similarly, if CME Term SOFR does not prove to be widely used, the trading price of instruments referencing CME Term SOFR may be lower than those of instruments indexed to indices that are more widely used. Uncertainty about U. S. Presidential Administration initiatives could negatively impact our business, financial condition and results of operations. The U. S. government periodically calls for significant changes to U. S. trade, healthcare, immigration, foreign and government regulatory policy. In this regard, there is significant uncertainty with respect to legislation, regulation and government policy at the federal level, as well as the state and local levels. Recent events have created a climate of heightened uncertainty and introduced new and difficult- to- quantify macroeconomic and political risks with potentially far- reaching implications. There has been a corresponding meaningful increase in the uncertainty surrounding **tariffs,** interest rates, inflation, foreign exchange rates, trade volumes and fiscal and monetary policy. To the extent the U. S. Congress or the current presidential administration implements changes to U. S. policy, those changes may impact, among other things, the U. S. and global economy, international trade and relations, unemployment, immigration, corporate taxes, healthcare, the U. S. regulatory environment, inflation and other areas. Although we cannot predict the impact, if any, of these changes to our business, they could adversely affect our business, financial condition, operating results and cash flows. Until we know what policy changes are made and how those changes impact our business and the business of our competitors over the long term, we will not know if, overall, we will benefit from them or be negatively affected by them. There are significant potential conflicts of interest which could adversely impact our investment returns. Our executive officers and directors, and the members of our Investment Adviser, serve or may serve as officers, directors or principals of entities that operate in the same or a related line of business as we do or of investment funds managed by our affiliates. Accordingly, they may have obligations to investors in those entities, the fulfillment of which might not be in the best interests of us or our stockholders. For example, Christian L. Oberbeck, our chief executive officer and managing member of our Investment Adviser, is the managing partner of Saratoga Partners, a middle- market private equity

investment firm. In addition, the principals of our Investment Adviser may manage other funds which may from time to time have overlapping investment objectives with those of us and accordingly invest in, whether principally or secondarily, asset classes similar to those targeted by us. If this should occur, the principals of our Investment Adviser will face conflicts of interest in the allocation of investment opportunities to us and such other funds. Although our investment professionals will endeavor to allocate investment opportunities in a fair and equitable manner, we and our common stockholders could be adversely affected in the event investment opportunities are allocated among us and other investment vehicles managed or sponsored by, or affiliated with, our executive officers, directors and Investment Adviser, and the members of our Investment Adviser. Changes in laws or regulations governing our operations, or changes in the interpretation thereof, and any failure by us to comply with laws or regulations governing our operations may adversely affect our business. We are subject to regulation at the local, state and federal level. New legislation may be enacted or new interpretations, rulings or regulations could be adopted, including those governing the types of investments we are permitted to make, any of which could harm us and our stockholders, potentially with retroactive effect. For example, the current U. S. presidential administration could support **a an enhanced regulatory agenda , or propose changes to existing regulations,** that imposes greater costs on all sectors and on financial services companies in particular. In addition, any change to the SBA's current debenture program could have a significant impact on our ability to obtain low- cost leverage and, therefore, our competitive advantage over other funds. Legal, tax and regulatory changes could occur that may adversely affect us. For example, from time to time the market for private equity transactions has been ~~(and is currently being)~~ adversely affected by a decrease in the availability of senior and subordinated financings for transactions, in part in response to credit market disruptions and / or regulatory pressures on providers of financing to reduce or eliminate their exposure to the risks involved in such transactions. Additionally, any changes to the laws and regulations governing our operations related to permitted investments may cause us to alter our investment strategy in order to meet our investment objectives. Such changes could result in material differences to the strategies and plans set forth in this Annual Report and may shift our investment focus from the areas of expertise of our Investment Adviser to other types of investments in which our Investment Adviser may have little or no expertise or experience. Any such changes, if they occur, could have a material adverse effect on our results of operations and the value of your investment. Legislative or other actions relating to taxes could have a negative effect on the Company. Legislative or other actions relating to taxes could have a negative effect on the Company and its investors. **Matters pertaining to** ~~The rules dealing with~~ U. S. federal income ~~taxation~~ **tax** are constantly under review by persons involved in the legislative process , ~~and by the IRS ,~~ and the U. S. Treasury Department. We cannot predict with certainty how any changes in the tax laws might affect the Company, its investments or its investors. New legislation and any U. S. Treasury regulations, administrative interpretations or court decisions interpreting such legislation could ~~significantly and negatively~~ affect the Company's ability to qualify ~~for tax treatment~~ as a RIC or **otherwise impact** the U. S. federal income tax consequences to the Company and its investors ~~of such qualification or could have other adverse consequences~~. You are urged to consult with your tax advisor with respect to the impact of the status of any legislative, regulatory or administrative developments and proposals and their potential effect on your investment in our securities. There is uncertainty surrounding potential legal, regulatory and policy changes by the current presidential administration and Congress in the United States that may directly affect financial institutions and the global economy. Following the November ~~2022~~ **2024** elections in the United States, the ~~Democratic-Republican~~ **Republican** Party controls the Presidency ~~and ,~~ the Senate ~~and ,~~ ~~with the Republican Party controlling~~ the House of Representatives. Despite political tensions and uncertainty ~~in a divided legislature ,~~ changes in federal policy, including tax policies, ~~and at~~ **as well as the positions of** regulatory agencies are expected to occur over time through policy and personnel changes, which may lead to changes involving the level of oversight and focus on the financial services industry or the tax rates paid by corporate entities. The nature, timing and economic and political effects of potential changes to the current legal and regulatory framework affecting financial institutions remain highly uncertain. Uncertainty surrounding future changes may adversely affect our operating environment and therefore our business, financial condition, results of operations and growth prospects. Changes to United States tariff and import / export regulations may have a negative effect on **the operations of** our portfolio companies and, in turn, harm us. ~~There --~~ **The U. S. government** has **recently imposed** ~~been ongoing discussion and commentary regarding potential significant changes to United States trade policies , treaties and~~ **may in the future increase,** tariffs **on specific countries and commodities. In response, certain foreign trading partners, and other in the future may, impose retaliatory tariffs on certain U. S. goods .** The ~~foregoing~~ **current U. S. presidential administration, along with Congress,** has created significant uncertainty about the future relationship between the United States and **certain** other countries with respect to ~~the~~ trade policies, treaties and **new and increased** tariffs. These developments, or the ~~perception that any of them could occur~~ **continued uncertainty relating U. S. trade policies ,** may have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global trade and, in particular, trade between the impacted nations and the United States. **The uncertainty relating to U. S. trade policies has increased market volatility.** Any of these factors could depress economic activity and restrict **certain of** our portfolio companies' access to suppliers or customers , ~~and~~ **have a material increase costs, decrease margins, and reduce the competitiveness of products and services offered by our portfolio companies. The foregoing may** ~~adverse adversely~~ effect ~~on their --~~ **the revenues** business, financial condition and **profitability of such portfolio companies and, in turn, negatively affect our** results of operations , ~~which in turn would negatively impact us~~. We are dependent on information systems and systems failures could significantly disrupt our business, which may, in turn, negatively affect the market price of our common stock and our ability to pay dividends. Our business is dependent on our and third parties' communications and information systems. Any failure or interruption of those systems, including as a result of the termination of an agreement with any third- party service providers, could cause delays or other problems in our activities. Our financial, accounting, data processing, backup or other operating systems and facilities may fail to operate properly or become disabled or damaged as a result of a number of factors including events that are wholly or partially beyond our control and adversely affect our business.

There could be: ● sudden electrical or telecommunications outages; ● natural disasters such as earthquakes, tornadoes and hurricanes; ● disease pandemics or other serious public health events, ~~such as the ongoing COVID-19 pandemic~~; ● events arising from local or larger scale political or social matters, including terrorist acts; ● acts of war; and ● cyber- attacks. These events, in turn, could have a material adverse effect on our operating results and negatively affect the market price of our common stock and our ability to pay dividends to our stockholders. Our ability to enter into transactions involving derivatives and financial commitment transactions may be limited. In 2020, the SEC adopted Rule 18f- 4 under the 1940 Act (**“ Rule 18f- 4 ”**), which relates to the use of derivatives and other transactions that create future payment or delivery obligations by BDCs (and other funds that are registered investment companies). Under Rule 18f- 4, ~~for which compliance was required beginning in August 2022~~, BDCs that use derivatives are subject to a value- at- risk (“ VaR ”) leverage limit, certain derivatives risk management program and testing requirements and requirements related to board reporting. These requirements apply unless the BDC qualifies as a “ limited derivatives user, ” as defined in Rule 18f- 4. A BDC that enters into reverse repurchase agreements or similar financing transactions could either (i) comply with the asset coverage requirements of Section 18, as modified by Section 61 ~~7~~ of the 1940 Act when engaging in reverse repurchase agreements or (ii) choose to treat such agreements as derivatives transactions under Rule 18f- 4. In addition, under Rule 18f- 4, a BDC may enter into an unfunded commitment agreement that is not a derivatives transaction, such as an agreement to provide financing to a portfolio company, if the BDC has a reasonable belief, at the time it enters into such an agreement, that it will have sufficient cash and cash equivalents to meet its obligations with respect to all of its unfunded commitment agreements, in each case as it becomes due. If the BDC cannot meet this requirement, it is required to treat the unfunded commitment as a derivatives transaction subject to the aforementioned requirements of Rule 18f- 4. Collectively, these requirements may limit our ability to use derivatives and / or enter into certain other financial contracts. **We qualify as a “ limited derivatives user, ” and as a result the requirements applicable to us under Rule 18f- 4 may limit our ability to use derivatives and enter into certain other financial contracts.** However, if we fail to qualify as a limited derivatives user and become subject to the additional requirements under Rule 18f- 4, compliance with such requirements may increase cost of doing business, which could have a material adverse effect on our business, financial condition, results of operations, and cash flows. Internal and external cyber threats, as well as other disasters, could impair our ability to conduct business effectively. We, and others in our industry, are the targets of malicious cyber activity. A successful cyber- ~~attach~~ **attach-attack**, whether perpetrated by criminal or state- sponsored actors, against us or our service providers, or an accidental disclosure of non- public information, could have an adverse effect on our ability to communicate or conduct business, negatively impacting our operations and financial condition. This adverse effect can become particularly acute if those events affect our electronic data processing, transmission, storage, and retrieval systems, or impact the availability, integrity, or confidentiality of our data, especially personal and other confidential information. Saratoga Investment Advisors and third- party service providers with which we do business depend heavily upon computer systems to perform necessary business functions. Despite our implementation of a variety of security measures, our computer systems, networks, and data, like those of other companies, could be subject to unauthorized access, acquisition, use, alteration, or destruction, such as from the insertion of malware (including ransomware) physical and electronic break- ins or unauthorized tampering, unauthorized access, or system failures and disruptions of our computer systems, networks and data. If one or more of these events occurs, it could potentially jeopardize the confidential, proprietary, personal and other information processed, stored in, and transmitted through our computer systems and networks. Such an attack could cause interruptions or malfunctions in our operations, which could result in financial losses, misappropriation of assets, loss of personal information, litigation, regulatory enforcement action and penalties, client dissatisfaction or loss, reputational damage, and increased costs associated with mitigation of damages and remediation. We may have to make a significant investment to fix or replace any inoperable or compromised systems or to modify or enhance ~~its~~ **its-our** cybersecurity controls, procedures and measures. Similarly, the public perception that we or our affiliates may have been the target of a cybersecurity threat, whether successful or not, also could have a material adverse effect on our reputation and lead to financial losses from loss of business, depending on the nature and severity of the threat. If unauthorized parties gain access to such information and technology systems, they may be able to steal, publish, delete or modify private and sensitive information, including nonpublic personal information related to stockholders (and their beneficial owners) and material nonpublic information. The systems we have implemented to manage risks relating to these types of events could prove to be inadequate and, if compromised, could become inoperable for extended periods of time, cease to function properly or fail to adequately secure private information. Breaches such as those involving covertly introduced malware, impersonation of authorized users and industrial or other espionage may not be identified even with sophisticated prevention and detection systems, potentially resulting in further harm and preventing them from being addressed appropriately. The failure of these systems or of disaster recovery plans for any reason could cause significant interruptions in our and our investment advisor’ s operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to stockholders, material nonpublic information and other sensitive information in our possession. Third parties with which we do business are sources of cybersecurity or other technological risks. We outsource certain functions and these relationships allow for the storage and processing of our information, as well as client, counterparty, employee, and borrower information. Cybersecurity failures or breaches to Saratoga Investment Advisors and other service providers (including, but not limited to, accountants, custodians, transfer agents and administrators), and the issuers of securities in which we invest, also have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, interference with our ability to calculate its NAV, impediments to trading, the inability of our shareholders to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputation damages, reimbursement of other compensation costs, or additional compliance costs. Our disaster recovery programs may not be sufficient to mitigate the harm that may result from such a disaster or disruption. In addition, insurance and other safeguards might only partially reimburse us for our losses, if at all. While we engage in actions to reduce our exposure resulting from outsourcing, ongoing

threats may result in unauthorized access, acquisitions, use, alteration or destruction of data, or other cybersecurity incidents that affects our data, resulting in increased costs and other consequences as described above. The Company does not control the cybersecurity measures put in place by such third parties, and such third parties could have limited indemnification obligations to the Company and its affiliates. If such a third party fails to adopt or adhere to adequate cybersecurity procedures, or if despite such procedures its networks or systems are breached, information relating to investor transactions and / or personal information of investors may be lost or improperly accessed, used or disclosed. In addition, cybersecurity has become a top priority for regulators around the world. Privacy and information security laws and regulation changes, and compliance with those changes, may result in cost increases due to system changes and the development of new administrative processes. In addition, we may be required to expend significant additional resources to modify our protective measures and to investigate and remediate vulnerabilities or other exposures arising from operational and security risks. We currently maintain insurance coverage relating to cybersecurity risks; however, we may be required to expend significant additional resources to modify our protective measures or to investigate and remediate vulnerabilities or other exposures, and we may be subject to litigation and financial losses that are not fully insured. Cybersecurity risks and cyber incidents may adversely affect our business or the business of our portfolio companies by causing a disruption to our operations or the operations of our portfolio companies, a compromise or corruption of our confidential information or the confidential information of our portfolio companies and / or damage to our business relationships or the business relationships of our portfolio companies, all of which could negatively impact the business, financial condition and operating results of us or our portfolio companies. A cybersecurity incident is considered to be an unauthorized occurrence, or a series of related unauthorized occurrences, on or conducted through a company' s information systems that jeopardizes the confidentiality, integrity, or availability of a company' s information systems or any information residing therein –. These incidents may be an intentional attack or an unintentional event and could involve gaining unauthorized access to our information systems or those of our portfolio companies or third- party vendors for purposes of misappropriating assets, stealing confidential information, corrupting data or causing operational disruption. Despite careful security and controls design, the information technology system of our portfolio companies and our third- party vendors, may be subject to security breaches and cyber- attacks the result of which could include disrupted operations, misstated or unreliable financial data, liability for stolen assets or information, increased cybersecurity protection and insurance costs, litigation and damage to business relationships. As our portfolio companies' and our third party vendor' s reliance on technology has increased, so have the risks posed to our information systems, both internal and those provided by third- party service providers, and the information systems of our portfolio companies and third- party vendors. We have implemented processes, procedures and internal controls to help mitigate cybersecurity risks and cyber intrusions, but these measures, as well as our increased awareness of the nature and extent of a risk of a cyber- incident, do not guarantee that a cyber- incident will not occur and / or that our financial results, operations or confidential information will not be negatively impacted by such an incident. Regulations governing our operation as a BDC will affect our ability to raise additional capital. Our business requires a substantial amount of additional capital. We may acquire additional capital from the issuance of senior securities or other indebtedness or the issuance of additional shares of our common stock. However, we may not be able to raise additional capital in the future on favorable terms or at all. We may issue debt securities or preferred securities, which we refer to collectively as “senior securities,” and we may borrow money from banks or other financial institutions, up to the maximum amount permitted by the 1940 Act. We are not generally able to issue and sell our common stock at a price below NAV per share. We may, however, sell our common stock, or issue warrants, options or rights to acquire our common stock, at a price below the current NAV of the common stock if our board of directors determines that such sale is in our best interests and the best interests of our stockholders, and the holders of a majority of our outstanding voting securities have approved such issuances within the prior year. In any such case, the price at which our securities are to be issued and sold may not be less than a price which, in the determination of our board of directors, closely approximates the market value of such securities (less any commission or discount). If our common stock trades at a discount to NAV, this restriction could adversely affect our ability to raise capital. We do not currently have stockholder approval of issuances below NAV. Effective April 16, 2019, our asset coverage requirement was reduced from 200 % to 150 %, which may increase the risk of investing in the Company. The 1940 Act generally prohibits BDCs from incurring indebtedness unless immediately after such borrowing we have an asset coverage for total borrowings of at least 200 % (i. e., the amount of debt may not exceed 50 % of the value of our assets). However, on March 23, 2018, the Small Business Credit Availability Act modified the 1940 Act by allowing a BDC to increase the maximum amount of leverage it may incur from an asset coverage ratio of 200 % to an asset coverage ratio of 150 %, if certain requirements are met. Under the 1940 Act, we were allowed to increase our leverage capacity once the majority of our independent directors approved an increase in our leverage capacity, with such approval becoming effective after one year. On April 16, 2018, our board of directors, including a majority of our independent directors, approved of our becoming subject to a minimum asset coverage ratio of 150 % under the 1940 Act, which became effective on April 16, 2019. We are required to make certain disclosures on our website and in SEC filings regarding, among other things, the receipt of approval to increase our leverage, our leverage capacity and usage, and risks related to leverage. We are generally permitted to incur indebtedness or issue senior securities in amounts such that our asset coverage, as defined in the 1940 Act, equals at least 150 % after each issuance of senior securities. Compliance with these requirements may unfavorably limit our investment opportunities and reduce our ability in comparison to other companies to profit from favorable spreads between the rates at which we can borrow and the rates at which we can lend. As a BDC, therefore, we may need to issue equity more frequently than our privately-owned competitors, which may lead to greater stockholder dilution. With respect to stock that is a senior security, we must make provisions to prohibit any dividend distribution to our stockholders or the repurchase of certain of our securities, unless we meet the applicable asset coverage ratios at the time of the dividend distribution or repurchase. If the value of our assets declines - **decline**, we may be unable to satisfy the asset coverage test. If that happens, we may be required to liquidate a portion of our

investments and repay a portion of our indebtedness at a time when such sales may be disadvantageous in order to make dividend distributions or repurchase certain of our securities. Leverage magnifies the potential for loss on investments in our indebtedness and on invested equity capital. As we use leverage to partially finance our investments, our stockholders will experience increased risks of investing in our securities. If the value of our assets increases, then leveraging would cause the NAV attributable to our common stock to increase more sharply than it would have had we not leveraged. Conversely, if the value of our assets decreases, leveraging would cause NAV to decline more sharply than it otherwise would have had we not leveraged our business. Similarly, any increase in our income in excess of interest payable on the borrowed funds would cause our net investment income to increase more than it would without the leverage, while any decrease in our income would cause net investment income to decline more sharply than it would have had we not borrowed. Such a decline could negatively affect our ability to pay common stock dividends, scheduled debt payments or other payments related to our securities. Increased leverage may also cause a downgrade of our credit rating. Leverage is generally considered a speculative investment technique. See “ Risk Factors — Risks Related to Our Business and Structure — We employ leverage, which magnifies the potential for gain or loss on amounts invested and may increase the risk of investing in us. ” The agreements governing our Encina Credit Facility and our Live Oak Credit Facility contain various covenants that, among other things, limit our discretion in operating our business and provide for certain minimum financial covenants. The agreements governing the Encina Credit Facility and the Live Oak Credit Facility contain customary default provisions such as the termination or departure of certain “ key persons ” of Saratoga Investment Advisors, a material adverse change in our business and the failure to maintain certain minimum loan quality and performance standards. An event of default under the Encina Credit Facility or the Live Oak Credit Facility would result, among other things, in termination of the availability of further funds under the Encina Credit Facility or the Live Oak Credit Facility and an accelerated maturity date for all amounts outstanding under the Encina Credit Facility or the Live Oak Credit Facility, which would likely disrupt our business and, potentially, the portfolio companies whose loans we financed through the Encina Credit Facility or the Live Oak Credit Facility. This could reduce our revenues and, by delaying any cash payment allowed to us under the Encina Credit Facility or the Live Oak Credit Facility until the lender has been paid in full, reduce our liquidity and cash flow and impair our ability to grow our business and maintain our status as a RIC. Each loan origination under the respective facility is subject to the satisfaction of certain conditions. We cannot assure you that we will be able to borrow funds under the Encina Credit Facility or Live Oak Credit Facility at any particular time or at all. We will be subject to U. S. federal income tax imposed at corporate rates if we fail to qualify as a RIC. We have elected to be treated as and intend to maintain our qualification annually as a RIC under Subchapter M of the Code; however, no assurance can be given that we will be able to maintain our RIC tax treatment. As a RIC, we are not subject to U. S. federal income tax on our income (including realized gains) that is timely distributed to our stockholders, provided that we satisfy certain source- of- income, annual distribution and asset – diversification requirements. While we are not subject to U. S. federal income tax on the income and gains we timely distribute to our stockholders, our stockholders will be required to include the amounts of such distributions in income and may be subject to U. S. federal income tax on such amounts. The source- of- income requirement is satisfied if we derive at least 90 % of our annual gross income from interest, dividends, payments with respect to certain securities loans, gains from the sale or other disposition of securities or options thereon or foreign currencies, or other income derived with respect to our business of investing in such securities or currencies, and net income from interests in “ qualified publicly traded partnerships, ” as defined in the Code. The annual distribution requirement generally is satisfied if we timely distribute to our stockholders on an annual basis an amount equal to at least 90 % of our ordinary net taxable income and realized net short- term capital gains in excess of realized net long- term capital losses, if any, reduced by deductible expenses. We are subject to certain asset coverage ratio requirements under the 1940 Act and covenants under our borrowing agreements that could, under certain circumstances, restrict us from making the required distributions. In such case, if we are unable to obtain cash from other sources or are prohibited from making distributions, we may be subject to U. S. federal income tax at corporate rates. The asset- diversification requirements will be satisfied if we diversify our holdings so that at the end of each quarter of the taxable year: (i) at least 50 % of the value of our assets consists of cash, cash equivalents, U. S. government securities, securities of other regulated investment companies, and other securities if such other securities of any one issuer do not represent more than 5 % of the value of our assets or more than 10 % of the outstanding voting securities of the issuer; and (ii) no more than 25 % of the value of our assets is invested in (a) the securities, other than U. S. government securities or securities of other regulated investment companies, of one issuer, (b) the securities, other than securities of other RICs, of two or more issuers that are controlled, as determined under applicable tax rules, by us and that are engaged in the same or similar or related trades or businesses or (c) the securities of one or more “ qualified ” publicly traded partnerships. Failure to meet these tests may result in our having to (i) dispose of certain investments or (ii) raise additional capital to prevent the loss of our RIC qualification. Because most of our investments will be in private companies, any such dispositions could be made at disadvantageous prices and may result in substantial losses. If we raise additional capital to satisfy the asset- diversification requirements, it could take us time to invest such capital. During this period, we will invest the additional capital in temporary investments, such as cash and cash equivalents, which we expect will earn yields substantially lower than the interest income that we anticipate receiving in respect of investments in leveraged loans and mezzanine debt. If we fail to qualify as a RIC for any reason, all of our taxable income will be subject to U. S. federal income tax at regular corporate rates. The resulting tax liability could substantially reduce our net assets, the amount of income available for distribution to our common stockholders or payment of our outstanding indebtedness including the Notes. Such a failure would have a material adverse effect on our results of operations and financial condition. Because we intend to distribute between 90 % and 100 % of our income to our stockholders in connection with our election to be treated as a RIC, we will continue to need additional capital to finance our growth. If additional funds are unavailable or not available on favorable terms, our ability to grow will be impaired. In order to qualify for the tax benefits available to RICs and to minimize U. S. federal income taxes at corporate rates, we intend to distribute to our

stockholders between 90 % and 100 % of our annual taxable income and capital gains, except that we may retain certain net capital gains for investment and treat such amounts as deemed distributions to our stockholders. If we elect to treat any amounts as deemed distributions, we must pay U. S. federal income taxes at the corporate rate on such deemed distributions on behalf of our stockholders. As a result of these requirements, we will likely need to raise capital from other sources to grow our business. As a BDC, we generally are required to meet a coverage ratio of total assets, less liabilities and indebtedness not represented by senior securities, to total senior securities, which includes all of our borrowings and any outstanding preferred stock, of at least 150 % as of April 16, 2019. These requirements limit the amount that we may borrow. Because we will continue to need capital to grow our investment portfolio, these limitations may prevent us from incurring debt and require us to raise additional equity at a time when it may be disadvantageous to do so. While we expect to be able to borrow and to issue additional debt and equity securities, we cannot assure you that debt and equity financing will be available to us on favorable terms, or at all. Also, as a BDC, we generally are not permitted to issue equity securities priced below NAV without stockholder approval. If additional funds are not available to us, we could be forced to curtail or cease new investment activities, and our NAV and share price could decline. We may have difficulty paying our required distributions if we recognize income before or without receiving cash in respect of such income. For U. S. federal income tax purposes, we may be required to recognize taxable income in circumstances in which we do not receive a corresponding payment in cash. For example, we may on occasion hold debt obligations that are treated under applicable tax rules as having original issue discount (such as debt instruments with PIK or, in certain cases, increasing interest rates or issued with warrants) and we must include in income each year a portion of the original issue discount that accrues over the life of the obligation, regardless of whether cash representing such income is received by us in the same taxable year. We may also have to include in income other amounts that we have not yet received in cash, such as deferred loan origination fees that are paid after origination of the loan or are paid in non- cash compensation such as warrants or stock. In addition, we may be required to accrue for U. S. federal income tax purposes amounts attributable to our investment in Saratoga CLO, a collateralized loan obligation fund, that may differ from the distributions paid in respect of our investment in the subordinated notes of such collateralized loan obligation fund because of the factors set forth above or because distributions on the subordinated notes are contractually required to be diverted for reinvestment or to pay down outstanding indebtedness. Because original issue discount will be included in the Company' s " investment company taxable income " for the year of the accrual, we may be requested to make distributions to shareholders to satisfy the annual distribution requirement applicable to RICs, even where we have not received any corresponding cash amount. As a result, we may have difficulty meeting the annual distribution requirement necessary to maintain favorable tax treatment. If we are not able to obtain cash from other sources, and choose not to make a qualifying share distribution, we may become subject to U. S federal income tax at corporate rates. Additionally, because investments with a deferred payment feature may have the effect of deferring a portion of the borrower' s payment obligation until maturity of the debt investment, it may be difficult for us to identify and address developing problems with borrowers in terms of their ability to repay us. We operate in a highly competitive market for investment opportunities. A number of entities compete with us to make the types of investments that we make in private middle- market companies. We compete with other BDCs, public and private funds (including SBICs), commercial and investment banks, commercial financing companies, insurance companies, high- yield investors, hedge funds, and, to the extent they provide an alternative form of financing, private equity funds. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than us. Some competitors may have a lower cost of funds and access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments that could allow them to consider a wider variety of investments and establish more relationships than us. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us as a BDC. As a result of this competition, we may not be able to take advantage of attractive investment opportunities from time to time, and we cannot assure you that we will be able to identify and make investments that meet our investment objective. While we do not seek to compete primarily based on the interest rates we offer, we believe that some of our competitors may make loans with interest rates that are comparable or lower than the rates we offer. We may lose investment opportunities if we do not match our competitors' pricing, terms and structure. If we match our competitors' pricing, terms and structure, we may experience decreased net interest income and increased risk of credit loss. As a result of operating in such a competitive environment, we may make investments that are on better terms to our portfolio companies than we originally anticipated, which may impact our return on these investments. We are a non- diversified investment company within the meaning of the 1940 Act, and therefore we are not limited with respect to the proportion of our assets that may be invested in securities of a single issuer. We are classified as a non- diversified investment company within the meaning of the 1940 Act, which means that we are not limited by the 1940 Act with respect to the proportion of our assets that we may invest in securities of a single issuer. Although we seek to maintain a diversified portfolio in accordance with our business strategies, to the extent that we assume large positions in the securities of a small number of issuers, our NAV may fluctuate to a greater extent than that of a diversified investment company as a result of changes in the financial condition or the market' s assessment of the issuer. We may also be more susceptible to any single economic or regulatory occurrence than a diversified investment company. Beyond our RIC asset- diversification requirements, we do not have fixed guidelines for diversification, and our investments could be concentrated in relatively few portfolio companies. Our financial condition and results of operations depend on our ability to manage future investments effectively. Our ability to achieve our investment objective depends on our ability to acquire suitable investments and monitor and administer those investments, which depends, in turn, on Saratoga Investment Advisors' ability to identify, invest in and monitor companies that meet our investment criteria. Accomplishing this result on a cost- effective basis is largely a function of Saratoga Investment Advisors' structuring of the investment process and its ability to provide competent, attentive and efficient service to us. Our executive officers and the officers and employees of Saratoga Investment Advisors have substantial responsibilities in connection with their roles at Saratoga Partners as well as responsibilities under the Management Agreement. They may also be

called upon to provide managerial assistance to our portfolio companies. These demands on their time, which will increase as the number of investments grow, may distract them or slow the rate of investment. In order to grow, Saratoga Investment Advisors may need to hire, train, supervise and manage new employees. However, we cannot assure you that any such employees will contribute beneficially to the work of Saratoga Investment Advisors. Any failure to manage our future growth effectively could have a material adverse effect on our business and financial condition. We may experience fluctuations in our quarterly and annual results. We could experience fluctuations in our quarterly operating results due to a number of factors, including the interest rate payable on the debt investments we make, the default rate on such investments, the level of our expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, changes in our portfolio composition, the degree to which we encounter competition in **our the** markets **in which we operate** and general economic conditions. As a result of these factors, results for any period should not be relied upon as being indicative of performance in future periods. In addition, any of these factors could negatively impact our ability to achieve our investment objectives, which may cause the NAV of our common stock to decline. Terrorist attacks, acts of war, or natural disasters may affect any market for our common stock, impact the businesses in which we invest and harm our business, operating results and financial condition. Portfolio investments may be affected by force majeure events (i. e., events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, war, terrorism and labor strikes). Some force majeure events may adversely affect the ability of a party (including a portfolio company or a counterparty to us or a portfolio company) to perform its obligations until it is able to remedy the force majeure event. In addition, the cost to a portfolio company of repairing or replacing damaged assets resulting from such force majeure event could be considerable. Additionally, a major governmental intervention into industry, including the nationalization of an industry or the assertion of control over one or more companies or its assets, could result in a loss to us, including if its investment in such issuer is cancelled, unwound or acquired (which could be without what we consider to be adequate compensation). To the extent we are exposed to investments in portfolio companies that as a group are exposed to such force majeure events, the risks and potential losses to us are enhanced. The continued threat of global terrorism and the impact of military and other action will likely continue to cause volatility in the economies of certain countries, contribute to increased market volatility and economic uncertainties or deterioration in the United States and worldwide and various aspects thereof, including in prices of commodities. Our portfolio investments may involve significant strategic assets having a national or regional profile. The nature of these assets could expose them to a greater risk of being the subject of a terrorist attack than other assets or businesses. Acts of war could similarly lead to such volatility. For example, in response to the conflict between Russia and Ukraine, the United States and other countries have imposed sanctions or other restrictive actions against Russia. In addition, the **ongoing recent outbreak of** hostilities in the Middle East and escalating tensions in the region may create volatility and disruption of global markets. Any of the above factors, including sanctions, export controls, tariffs, trade wars and other governmental actions, could have a material adverse effect on our business, financial condition, cash flows, and results of operations, and could cause the market value of our common stock to decline. Substantially all of our portfolio investments are recorded at fair value as determined in good faith by our board of directors; such valuations are inherently uncertain and may be materially higher or lower than the values that we ultimately realize upon the disposal of such investments. Substantially all of our portfolio is, and we expect will continue to be, comprised of investments that are not publicly traded. The value of investments that are not publicly traded may not be readily determinable. We value these investments quarterly at fair value as determined in good faith by our board of directors. Saratoga Investment Advisors may utilize the services of an independent valuation firm to aid it in determining fair value of investments for which market quotations are not readily available. The types of factors that may be considered in valuing our investments include the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings, the markets in which the portfolio company does business, market yield trend analysis, comparison to publicly traded companies, discounted cash flow and other relevant factors. Because such valuations, and particularly valuations of private investments and private companies are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, our determinations of fair value may differ materially from the values that would have been used if a ready market for these investments existed. Our NAV could be materially affected if the determinations regarding the fair value of our investments were materially higher or lower than the values that we ultimately realize upon the disposal of such investments. Our board of directors may change our investment objective, operating policies and strategies without prior notice or stockholder approval, the effects of which may be adverse. Our board of directors has the authority to modify or waive our current investment objective, operating policies and strategies without prior notice and without stockholder approval. We cannot predict the effect any changes to our current operating policies and strategies would have on our business, financial condition, and value of our common stock. However, the effects might be adverse, which could negatively impact our ability to pay dividends and cause you to lose all or part of your investment. Any failure to comply with SBA regulations could have an adverse effect on our operations. Our wholly owned subsidiaries, SBIC II LP and SBIC III LP, received an SBIC license from the SBA on August 14, 2019 and September 29, 2022, respectively. The SBA places certain limitations on the financing terms of investments by SBICs in portfolio companies and prohibits SBICs from providing funds for certain purposes or to businesses in a few prohibited industries. Compliance with SBIC requirements may cause our SBIC subsidiaries to forego attractive investment opportunities that are not permitted under SBA regulations. Further, SBA regulations require that an SBIC be periodically examined and audited by the SBA to determine its compliance with the relevant SBA regulations. The SBA prohibits, without prior SBA approval, a "change of control" of an SBIC or transfers that would result in any person (or a group of persons acting in concert) owning 10 % or more of a class of capital stock of an SBIC. If our SBIC Subsidiaries fail to comply with applicable SBA regulations, the SBA could, depending on the severity of the violation, limit or prohibit its use of debentures, declare outstanding debentures immediately due and payable, and / or limit it from making new investments. In addition, the SBA can revoke or suspend a license for willful or repeated violation of, or willful or repeated failure to observe, any provision of the Small Business Investment Act of 1958 or

any rule or regulation promulgated thereunder. These actions by the SBA would, in turn, negatively affect us because our SBIC Subsidiaries are our wholly owned subsidiaries. Any failure to comply with SBA regulations may hinder our ability to take advantage of our SBIC subsidiaries' access to SBA- guaranteed debentures, which could have an adverse effect on our operations.

**RISKS RELATED TO THE CURRENT ENVIRONMENT** Global economic, political and market conditions may adversely affect our business, results of operations and financial condition, including our revenue growth and profitability. The current worldwide financial market situation, as well as various social and political tensions in the United States and around the world (including wars and other forms of conflict, terrorist acts, security operations and catastrophic events such as fires, floods, earthquakes, tornadoes, hurricanes and global health epidemics), may contribute to increased market volatility, may have long-term effects on the U. S. and worldwide financial markets, and may cause economic uncertainties or deterioration in the United States and worldwide. On January 31, 2020, the United Kingdom ended its membership in the European Union, referred to as “Brexit.” Following the termination of a transition period, the United Kingdom and the European Union entered into a trade and cooperation agreement to govern the future relationship between the parties, which was ~~provisionally applied as of January 1, 2021 and entered into force on May 1, 2021 following ratification by the European Union. With respect to financial services, the agreement leaves decisions on equivalence and adequacy to be determined by each of the United Kingdom and the European Union unilaterally in due course. Such agreement is untested and could lead to ongoing political and economic uncertainty and periods of exacerbated volatility in both the United Kingdom and in wider European and global markets for some time.~~ In addition, on December 24, 2020, the European Union and United Kingdom governments signed a trade deal that ~~became provisionally effective on January 1, 2021 and that now~~ governs the relationship between the United Kingdom and the European Union (the “Trade Agreement”). The Trade Agreement implements significant regulation around trade, transport of goods and travel restrictions between the United Kingdom and the European Union. Notwithstanding the foregoing, the longer term economic, legal, political and social implications of Brexit are unclear at this stage and are likely to continue to lead to ongoing political and economic uncertainty and periods of increased volatility in both the United Kingdom and in wider European markets for some time. In particular, Brexit could lead to calls for similar referendums in other European Union jurisdictions, which could cause increased economic volatility in the European and global markets. This mid- to long- term uncertainty could have adverse effects on the economy generally and on our ability to earn attractive returns. In particular, currency volatility could mean that our returns are adversely affected by market movements and could make it more difficult, or more expensive, for us to execute prudent currency hedging policies. We are currently operating in a period of significant market disruption and economic uncertainty, which may have a negative impact on our business, financial condition and results of operations. An extended disruption in the capital markets and the credit markets could negatively affect our business. From time to time, capital markets may experience periods of disruption and instability. The U. S. capital markets have experienced extreme volatility and disruption following the global outbreak of COVID- 19 that began in December 2019, the conflict between Russia and Ukraine that began in late February 2022, and the ongoing war in the Middle East (see “**Risk Factors — Risks Related to Our Business and Structure** — Terrorist attacks, acts of war, or natural disasters may affect any market for our common stock, impact the businesses in which we invest and harm our business, operating results and financial condition” for more information). Even after the COVID- 19 pandemic subsided, the U. S. economy, as well as most other major economies, have continued to experience unpredictable economic conditions, and we anticipate our businesses would be materially and adversely affected by any prolonged economic downturn or recession in the United States and other major markets. In addition, disruptions in the capital markets have increased the spread between the yields realized on risk- free and higher risk securities, resulting in illiquidity in parts of the capital markets. These types of events have adversely affected and could continue to adversely affect operating results for us and for our portfolio companies. The current economic conditions have resulted in an adverse impact on the ability of lenders to originate loans, the volume and type of loans originated, the ability of borrowers to make payments and the volume and type of amendments and waivers granted to borrowers and remedial actions taken in the event of a borrower default, each of which could negatively impact the amount and quality of loans available for investment by the Company and returns to the Company, among other things. The U. S. credit markets (in particular for middle- market loans) have experienced the following among other things: (i) increased draws by borrowers on revolving lines of credit and other financing instruments; (ii) increased requests by borrowers for amendments and waivers of their credit agreements to avoid default, increased defaults by such borrowers and / or increased difficulty in obtaining refinancing at the maturity dates of their loans and increased uses of PIK features; and (iii) greater volatility in pricing and spreads and difficulty in valuing loans during periods of increased volatility, and liquidity issues. With respect to loans to portfolio companies, the Company will be impacted if, among other things, (i) amendments and waivers are granted (or are required to be granted) to borrowers permitting deferral of loan payments or allowing for PIK interest payments, (ii) borrowers default on their loans, are unable to refinance their loans at maturity, or go out of business, or (iii) the value of loans held by the Company decreases as a result of such events and the uncertainty they cause. Portfolio companies may also be more likely to seek to draw on unfunded commitments we have made, and the risk of being unable to fund such commitments is heightened during such periods. Depending on the duration and extent of the disruption to the business operations of our portfolio companies, we expect some portfolio companies, particularly those in vulnerable industries, to experience financial distress and possibly to default on their financial obligations to us and / or their other capital providers. In addition, if such portfolio companies are subjected to prolonged and severe financial distress, we expect some of them to substantially curtail their operations, defer capital expenditures, and lay off workers. These developments would be likely to permanently impair their businesses and result in a reduction in the value of our investments in them. These conditions and future market disruptions and / or illiquidity could have an adverse effect on our (and our portfolio companies') business, financial condition, results of operations and cash flows. Ongoing unfavorable economic conditions may increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to our portfolio companies and / or us. These events have limited and could continue to limit our investment originations, limit our

ability to grow and have a material negative impact on our operating results and the fair values of our debt and equity investments. We may have to access, if available, alternative markets for debt and equity capital, and a severe disruption in the global financial markets, deterioration in credit and financing conditions, continued increases in interest rates, or uncertainty regarding U. S. government spending and deficit levels or other global economic conditions could have a material adverse effect on our business, financial condition and results of operations. While we intend to continue to source and invest in new loan transactions to U. S. middle- market companies, we cannot be certain that we will be able to do so successfully or consistently. A lack of suitable investment opportunities may impair our ability to make new investments, and may negatively impact our earnings and result in decreased dividends to our shareholders. If current economic conditions continue for an extended period of time, loan delinquencies, loan non- accruals, problem assets, and bankruptcies may increase. In addition, collateral for our loans may decline in value, which could cause loan losses to increase and the net worth and liquidity of loan guarantors could decline, impairing their ability to honor commitments to us. An increase in loan delinquencies and non- accruals or a decrease in loan collateral and guarantor net worth could result in increased costs and reduced income which would have a material adverse effect on our business, financial condition or results of operations. We **also** continue to observe supply chain interruptions, labor difficulties, commodity inflation and elements of economic and financial market instability both globally and in the United States **, which could adversely impact our results of operations and financial condition** . We will need to raise additional capital in the future in order to continue to make investments in accordance with our business and investing strategy and to pursue new business opportunities. Ongoing disruptive conditions in the financial industry and the impact of new legislation in response to those conditions could restrict our business operations and could adversely impact our results of operations and financial condition. We cannot be certain as to the duration or magnitude of the ongoing economic conditions in the markets in which we and our portfolio companies operate and corresponding declines in economic activity that may negatively impact the U. S. economy and the markets for the various types of goods and services provided by U. S. middle- market companies. Depending on the duration, magnitude and severity of these conditions and their related economic and market impacts, certain of our portfolio companies may suffer declines in earnings and could experience financial distress, which could cause them to default on their financial obligations to us and their other lenders. We will also be negatively affected if our operations and effectiveness or the operations and effectiveness of a portfolio company (or any of the key personnel or service providers of the foregoing) is compromised or if necessary or beneficial systems and processes are disrupted. In consideration of these and related factors, we may downgrade our internal ratings with respect to other portfolio companies in the future as conditions warrant and new information becomes available. Inflation may adversely affect the business, results of operations and financial condition of our portfolio companies, which may, in turn, impact the valuation of such portfolio companies. Certain of our portfolio companies may be impacted by inflation, which may, in turn, impact the valuation of such portfolio companies. If such portfolio companies are unable to pass any increases in their costs along to their customers, it could adversely affect their results and their ability to pay interest and principal on our loans, particularly if interest rates rise in response to inflation. In addition, any projected future decreases in our portfolio companies' operating results due to inflation could adversely impact the fair value of those investments. Any decreases in the fair value of our investments could result in future unrealized losses and therefore reduce our net assets resulting from operations. Further downgrades of the U. S. credit rating, automatic spending cuts, or another government shutdown could negatively impact our liquidity, financial condition and earnings. U. S. debt ceiling and budget deficit concerns have increased the possibility of additional credit- rating downgrades and economic slowdowns, or a recession in the United States. U. S. lawmakers have passed legislation to raise the federal debt ceiling on multiple occasions, including, most recently, in June 2023, which suspended the debt ceiling through early 2025 unless Congress takes legislative action to further extend or defer it. Despite taking action to suspend the debt ceiling, ratings agencies have threatened to lower the long- term sovereign credit rating on the United States, including Fitch downgrading the U. S. government' s **credit long- term** rating from AAA to AA in August 2023 and Moody' s lowering the U. S. government' s credit rating outlook from " stable " to " negative " in November 2023. **There is no guarantee that there will not be a further downgrade in the future.** The impact of the increased debt ceiling and / or downgrades to the U. S. government' s sovereign credit rating or its perceived creditworthiness could adversely affect the U. S. and global financial markets and economic conditions. ~~Absent further quantitative easing by the Federal Reserve, these~~ **These** developments could cause interest rates and borrowing costs to rise, which may negatively impact our ability to access the debt markets on favorable terms. In addition, disagreement over the federal budget has caused the U. S. federal government to shut down for periods of time ~~7~~, and may lead to additional shutdowns in the future. Continued adverse political and economic conditions could have a material adverse effect on our business, financial condition and results of operations. Economic recessions or downturns could impair the ability of our portfolio companies to repay loans and harm our operating results. Many of our portfolio companies are susceptible to economic slowdowns or recessions, **including and, as a result of, among other things, the COVID- 19 pandemic, elevated levels of inflation, and a rising interest rate environment, and** may be unable to repay our loans during these periods. Therefore, any non- performing assets are likely to increase, and the value of our portfolio is likely to decrease during these periods. Adverse economic conditions also may decrease the value of any collateral securing some of our loans and the value of our equity investments and could lead to financial losses in our portfolio and a corresponding decrease in revenues, net income and assets. Unfavorable economic conditions also could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events could prevent us from increasing our investments and harm our operating results. A portfolio company' s failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, acceleration of its loans and foreclosure on its assets, which could trigger cross- defaults under other agreements and jeopardize our portfolio company' s ability to meet its obligations under the debt securities that we hold. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting portfolio company. It is possible that we could become subject to a lender liability claim, including as a result of actions taken if

we or Saratoga Investment Advisors renders significant managerial assistance to the borrower. Furthermore, if one of our portfolio companies were to file for bankruptcy protection, even though we may have structured our investment as senior secured debt, depending on the facts and circumstances, including the extent to which we or Saratoga Investment Advisors provided managerial assistance to that portfolio company or otherwise exercise control over it, a bankruptcy court might re-characterize our debt as a form of equity and subordinate all or a portion of our claim to claims of other creditors.

**RISKS RELATED TO OUR ADVISER AND ITS AFFILIATES** We may be obligated to pay Saratoga Investment Advisors incentive fees even if we incur a net loss, or there is a decline in the value of our portfolio. Saratoga Investment Advisors is entitled to incentive fees for each fiscal quarter in an amount equal to a percentage of the excess of our investment income for that quarter (before deducting incentive compensation, but net of operating expenses and certain other items) above a threshold return for that quarter. Our pre- incentive fee net investment income, for incentive compensation purposes, excludes realized and unrealized capital gains or losses that we may incur in the fiscal quarter, even if such capital gains or losses result in a net gain or loss on our consolidated statements of operations for that quarter. Thus, we may be required to pay Saratoga Investment Advisors incentive fees for a fiscal quarter even if there is a decline in the value of our portfolio or we incur a net loss for that quarter. Under the terms of the Management Agreement, we may have to pay incentive fees to Saratoga Investment Advisors in connection with the sale of an investment that is sold at a price higher than the fair value of such investment on May 31, 2010, even if we incur a loss on the sale of such investment. Incentive fees on capital gains paid to Saratoga Investment Advisors under the Management Agreement equals 20.0 % of our “ incentive fee capital gains, ” which equals our realized capital gains on a cumulative basis from May 31, 2010 through the end of the fiscal year, if any, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis on each investment in the Company’ s portfolio, less the aggregate amount of any previously paid capital gain incentive fee. Under the Management Agreement, the capital gains portion of the incentive fee is based on realized gains and realized and unrealized losses from May 31, 2010. Therefore, realized and unrealized losses incurred prior to such time will not be taken into account when calculating the capital gains portion of the incentive fee, and Saratoga Investment Advisors will be entitled to 20.0 % of the incentive fee capital gains that arise after May 31, 2010. In addition, the cost basis for computing realized gains and losses on investments held by us as of May 31, 2010 will equal the fair value of such investments as of such date. See our Form 10- Q for the quarter ended May 31, 2010 that was filed with the SEC on July 15, 2010 for the fair value and other information related to our investments as of such date. As a result, we may be required to pay incentive fees to Saratoga Investment Advisors on the sale of an investment even if we incur a realized loss on such investment, so long as the investment is sold for an amount greater than its fair value as of May 31, 2010. The way in which the base management and incentive fees under the Management Agreement is determined may encourage Saratoga Investment Advisors to take actions that may not be in our best interests. The incentive fee payable by us to our Investment Adviser may create an incentive for it to make investments on our behalf that are risky or more speculative than would be the case in the absence of such compensation arrangement, which could result in higher investment losses, particularly during cyclical economic downturns. The way in which the incentive fee payable to our Investment Adviser is determined, which is calculated separately in two components as a percentage of the income (subject to a hurdle rate) and as a percentage of the realized gain on invested capital, may encourage our Investment Adviser to use leverage to increase the return on our investments or otherwise manipulate our income so as to recognize income in quarters where the hurdle rate is exceeded. Moreover, we pay Saratoga Investment Advisors a base management fee based on our total assets, including any investments made with borrowings, which may create an incentive for it to cause us to incur more leverage than is prudent, or not to repay our outstanding indebtedness when it may be advantageous for us to do so, in order to maximize its compensation. Under certain circumstances, the use of leverage may increase the likelihood of default, which would disfavor the holders of our securities. The incentive fee payable by us to our Investment Adviser also may create an incentive for our Investment Adviser to invest on our behalf in instruments that have a deferred interest feature. Under these investments, we would accrue the interest over the life of the investment but would not receive the cash income from the investment until the end of the investment’ s term, if at all. Our net investment income used to calculate the income portion of our incentive fee, however, includes accrued interest. Thus, a portion of the incentive fee would be based on income that we have not yet received in cash and may never receive in cash if the portfolio company is unable to satisfy such interest payment obligation to us. Consequently, while we may make incentive fee payments on income accruals that we may not collect in the future and with respect to which we do not have a “ claw back ” right against our Investment Adviser per se, the amount of accrued income written off in any period will reduce the income in the period in which such write- off was taken and may thereby reduce such period’ s incentive fee payment. In addition, Saratoga Investment Advisors receives a quarterly income incentive fee based, in part, on our pre- incentive fee net investment income, if any, for the immediately preceding calendar quarter. This income incentive fee is subject to a fixed quarterly hurdle rate before providing an income incentive fee return to Saratoga Investment Advisors. This fixed hurdle rate was determined when then current interest rates were relatively low on a historical basis. Thus, if interest rates rise, it would become easier for our investment income to exceed the hurdle rate and, as a result, more likely that Saratoga Investment Advisors will receive an income incentive fee than if interest rates on our investments remained constant or decreased. However, if we repurchase our outstanding debt securities, including the Notes, and such repurchase results in our recording a net gain or loss on the extinguishment of debt for financial reporting and tax purposes, such net gain or loss will not be included in our pre- incentive fee net investment income for purposes of determining the income incentive fee payable to our Investment Adviser under the Management Agreement. Moreover, our Investment Adviser receives the incentive fee based, in part, upon net capital gains realized on our investments. Unlike the portion of the incentive fee based on income, there is no performance threshold applicable to the portion of the incentive fee based on net capital gains. As a result, our Investment Adviser may have a tendency to invest more in investments that are likely to result in capital gains as compared to income producing securities. Such a practice could result in our investing in more speculative securities than would otherwise be the case, which could result in

higher investment losses, particularly during economic downturns. Our board of directors will seek to ensure that Saratoga Investment Advisors is acting in our best interests and that any conflict of interest faced by Saratoga Investment Advisors in its capacity as our Investment Adviser does not negatively impact us. The base management fee we pay to Saratoga Investment Advisors may induce it to influence our leverage, which may be contrary to our interest. We pay Saratoga Investment Advisors a quarterly base management fee based on the value of our total assets (including any assets acquired with leverage). Accordingly, Saratoga Investment Advisors has an economic incentive to increase our leverage. Our board of directors monitors the conflicts presented by this compensation structure by approving the amount of leverage that we incur. If our leverage is increased, we will be exposed to increased risk of loss, bear the increase cost of issuing and servicing such senior indebtedness, and will be subject to any additional covenant restrictions imposed on us in an indenture or other instrument or by the applicable lender. Saratoga Investment Advisors' liability is limited under the Management Agreement and we will indemnify Saratoga Investment Advisors against certain liabilities, which may lead it to act in a riskier manner on our behalf than it would when acting for its own account. Saratoga Investment Advisors has not assumed any responsibility to us other than to render the services described in the Management Agreement. Pursuant to the Management Agreement, Saratoga Investment Advisors and its officers and employees are not liable to us for their acts under the Management Agreement absent willful misfeasance, bad faith, gross negligence or reckless disregard in the performance of their duties. We have agreed to indemnify, defend and protect Saratoga Investment Advisors and its officers and employees with respect to all damages, liabilities, costs and expenses resulting from acts of Saratoga Investment Advisors not arising out of willful misfeasance, bad faith, gross negligence or reckless disregard in the performance of their duties under the Management Agreement. These protections may lead Saratoga Investment Advisors to act in a riskier manner when acting on our behalf than it would when acting for its own account. Our ability to enter into transactions with our affiliates is restricted. Because we have elected to be treated as a BDC, we are prohibited under the 1940 Act from participating in certain transactions with certain of our affiliates without the prior approval of our independent directors and, in some cases, the SEC. Any person that owns, directly or indirectly, 5.0% or more of our outstanding voting securities is our affiliate for purposes of the 1940 Act and we are generally prohibited from buying or selling any securities (other than any security of which we are the issuer) from or to such affiliate, absent the prior approval of our independent directors. The 1940 Act also prohibits certain "joint" transactions with certain of our affiliates, which could include investments in the same portfolio company, without prior approval of our independent directors and, in some cases, the SEC. If a person acquires more than 25.0% of our voting securities, we are prohibited from buying or selling any security (other than any security of which we are the issuer) from or to such person or certain of that person's affiliates, or entering into prohibited joint transactions with such person, absent the prior approval of the SEC. Similar restrictions limit our ability to transact business with our officers, directors or Investment Adviser or their affiliates. We rely on the Order granted to us, Saratoga Investment Advisors and certain of its affiliates by the SEC that permits us to participate in negotiated co-investment transactions with certain other funds and accounts managed and controlled by Saratoga Investment Advisors or a control affiliate thereof, subject to the satisfaction of certain conditions. These restrictions may limit the scope of investment opportunities that would otherwise be available to us and there can be no assurance that we will be able to participate in all investment opportunities that are suitable to us.

**RISKS RELATED TO OUR INVESTMENTS** If we make unsecured debt investments, we may lack adequate protection in the event our portfolio companies become distressed or insolvent and will likely experience a lower recovery than more senior debtholders in the event our portfolio companies default on their indebtedness. We make unsecured debt investments in portfolio companies. Unsecured debt investments are unsecured and junior to other indebtedness of the portfolio company. As a consequence, the holder of an unsecured debt investment may lack adequate protection in the event the portfolio company becomes distressed or insolvent and will likely experience a lower recovery than more senior debtholders in the event the portfolio company defaults on its indebtedness. In addition, unsecured debt investments of middle-market companies are often highly illiquid and in adverse market conditions may experience steep declines in valuation even if they are fully performing. If we invest in the securities and other obligations of distressed or bankrupt companies, such investments may be subject to significant risks, including lack of income, extraordinary expenses, uncertainty with respect to satisfaction of debt, lower-than-expected investment values or income potentials and resale restrictions. We are authorized to invest in the securities and other obligations of distressed or bankrupt companies. At times, distressed debt obligations may not produce income and may require us to bear certain extraordinary expenses (including legal, accounting, valuation and transaction expenses) in order to protect and recover our investment. Therefore, to the extent we invest in distressed debt, our ability to achieve current income may be diminished which may affect our ability to make distributions on our common stock or make interest and principal payments of the Notes. We also will be subject to significant uncertainty as to when and in what manner and for what value the distressed debt we invest in will eventually be satisfied (e.g., through a liquidation of the obligor's assets, an exchange offer or plan of reorganization involving the distressed debt securities or a payment of some amount in satisfaction of the obligation). In addition, even if an exchange offer is made or plan of reorganization is adopted with respect to distressed debt held by us, there can be no assurance that the securities or other assets received by us in connection with such exchange offer or plan of reorganization will not have a lower value or income potential than may have been anticipated when the investment was made. Moreover, any securities received by us upon completion of an exchange offer or plan of reorganization may be restricted as to resale. As a result of our participation in negotiations with respect to any exchange offer or plan of reorganization with respect to an issuer of distressed debt, we may be restricted from disposing of such securities if we are in possession of material non-public information relating to the issuer. Second priority liens on collateral securing loans that we make to our portfolio companies may be subject to control by senior creditors with first priority liens. If there is a default, the value of the collateral may not be sufficient to repay in full both the first priority creditors and us. Certain loans that we make to portfolio companies will be secured on a second priority basis by the same collateral securing senior secured debt of such companies. The first priority liens on the collateral will secure the portfolio company's obligations under any outstanding senior debt and may

secure certain other future debt that may be permitted to be incurred by the company under the agreements governing the loans. The holders of obligations secured by the first priority liens on the collateral will generally control the liquidation of and be entitled to receive proceeds from any realization of the collateral to repay their obligations in full before us. In addition, the value of the collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from the sale or sales of all of the collateral would be sufficient to satisfy the loan obligations secured by the second priority liens after payment in full of all obligations secured by the first priority liens on the collateral. If such proceeds are not sufficient to repay amounts outstanding under the loan obligations secured by the second priority liens, then we, to the extent not repaid from the proceeds of the sale of the collateral, will only have an unsecured claim against the company's remaining assets, if any. The rights we may have with respect to the collateral securing the loans we make to our portfolio companies with senior debt outstanding may also be limited pursuant to the terms of one or more intercreditor agreements that we enter into with the holders of senior debt. Under such an intercreditor agreement, at any time that obligations that have the benefit of the first priority liens are outstanding, any of the following actions that may be taken with respect to the collateral will be at the direction of the holders of the obligations secured by the first priority liens: the ability to cause the commencement of enforcement proceedings against the collateral; the ability to control the conduct of such proceedings; the approval of amendments to collateral documents; releases of liens on the collateral; and waivers of past defaults under collateral documents. We may not have the ability to control or direct such actions, even if our rights are adversely affected. A majority of our debt investments are not required to make principal payments until the maturity of such debt securities and are generally riskier than other types of loans. As of February 29-28, 2024-2025, 77-87, & 1% of our debt portfolio consisted of "interest-only" loans, which are structured such that the borrower makes only interest payments throughout the life of the loan and makes a large, "balloon payment" at the end of the loan term. The ability of a borrower to make or refinance a balloon payment may be affected by a number of factors, including the financial condition of the borrower, prevailing economic conditions, interest rates, and collateral values. If the interest-only loan borrower is unable to make or refinance a balloon payment, we may experience greater losses than if the loan were structured as amortizing. We may be exposed to higher risks with respect to our investments that include PIK interest, particularly our investments in interest-only loans. To the extent our portfolio investments permit PIK interest and our portfolio companies elect to pay PIK interest, we will be exposed to higher risks, including the following: • because PIK interest results in an increase in the size of the loan balance of the underlying loan, our exposure to potential loss increases when we receive PIK interest; • PIK instruments may have higher yields, which reflect the payment deferral and credit risk associated with these instruments; • PIK accruals may create uncertainty about the source of our distributions to stockholders; • PIK instruments may have unreliable valuations because their continuing accruals require continuing judgments about the collectability of the deferred payments and the value of the collateral. To the extent our investments are structured as interest-only loans, PIK interest will increase the size of the balloon payment due at the end of the loan term. PIK interest payments on such loans may increase the probability and magnitude of a loss on our investment, particularly with respect to our interest-only loans. As of February 29-28, 2024-2025, 19-14, 7-0% of our interest-only loans provided for contractual PIK interest, which represents contractual interest added to a loan balance and due at the end of such loan's term, and 49-29, 6-5% of such investments elected to pay a portion of interest due in PIK. As of February 29-28, 2024-2025, 2-0, 3-8% of the Company's interest-only loans are loans that pay contractual PIK interest only. The lack of liquidity in our investments may adversely affect our business. We primarily make investments in private companies. A portion of these securities may be subject to legal and other restrictions on resale, transfer, pledge or other disposition or will otherwise be less liquid than publicly traded securities. The illiquidity of our investments may make it difficult for us to sell such investments if the need arises. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we have previously recorded our investments. In addition, we may face other restrictions on our ability to liquidate an investment in a business entity to the extent that we or our Investment Adviser has or could be deemed to have material non-public information regarding such business entity. We may not have the funds to make additional investments in our portfolio companies which could impair the value of our portfolio. After our initial investment in a portfolio company, we may be called upon from time to time to provide additional funds to such company or have the opportunity to increase our investment through the exercise of a warrant to purchase common stock. There is no assurance that we will make, or will have sufficient funds to make, follow-on investments. Any decisions not to make a follow-on investment or any inability on our part to make such an investment may have a negative impact on a portfolio company in need of such an investment, may result in a missed opportunity for us to increase our participation in a successful operation or may reduce the expected yield on the investment. Even if we have sufficient capital to make a desired follow-on investment, we may elect not to make a follow-on investment because we may not want to increase our level of risk, because we prefer other opportunities or because we are inhibited by compliance with BDC requirements, SBA regulations or the desire to maintain our RIC tax treatment. Our ability to make follow-on investments may also be limited by our Investment Adviser allocation policy. The debt securities in which we invest are subject to credit risk and prepayment risk. An issuer of a debt security may be unable to make interest payments and repay principal. We could lose money if the issuer of a debt obligation is, or is perceived to be, unable or unwilling to make timely principal and / or interest payments, or to otherwise honor its obligations. Substantially all of the debt investments held in our portfolio hold a non-investment grade rating by one or more rating agencies or, if not rated, would be rated below investment grade if they were rated, which are often referred to as "junk." Certain debt instruments may contain call or redemption provisions which would allow the issuer thereof to prepay principal prior to the debt instrument's stated maturity. This is known as prepayment risk. Prepayment risk is greater during a falling interest rate environment as issuers can reduce their cost of capital by refinancing higher interest debt instruments with lower interest debt instruments. An issuer may also elect to refinance their debt instruments with lower interest debt instruments if the credit standing of the issuer improves. To the extent debt securities in our portfolio are called or redeemed, we may receive less

than we paid for such security and we may be forced to reinvest in lower yielding securities or debt securities of issuers of lower credit quality. Our investment in Saratoga CLO constitutes a leveraged investment in a portfolio of subordinated notes representing the lowest- rated securities issued by a pool of predominantly senior secured first lien term loans and is subject to additional risks and volatility. All losses in the pool of loans will be borne by our subordinated notes and only after the value of our subordinated notes is reduced to zero will the higher- rated notes issued by the pool bear any losses. At February 29-28, 2024-2025, our investment in the subordinated notes of Saratoga CLO, a collateralized loan obligation fund, had a fair value of \$ 9-0. 5-2 million and constituted 0. 8-02 % of our portfolio. This investment constitutes a first loss position in a portfolio that, as of February 29-28, 2024-2025, was composed of \$ 640-527. 8-1 million in aggregate principal amount of primarily senior secured first lien term loans and \$ 12-21. 1-3 million in uninvested cash. In addition, as of February 29-28, 2024-2025, we also own \$ 9. 4 million and \$ 11. 4 million in aggregate principal of the F- 2- R- 3 Notes and Class E Notes with a fair value of \$ 8 2. 9-3 million and \$ 12. 3 million, respectively, in the Saratoga CLO and Saratoga Investment Corp. Senior Loan Fund 2022- 1, Ltd., that only rank senior to the subordinated notes of each collateralized loan obligation fund. A first loss position means that we will suffer the first economic losses if the value of Saratoga CLO decreases. First loss positions typically carry a higher risk and earn a higher yield. Interest payments generated from this portfolio will be used to pay the administrative expenses of Saratoga CLO and interest on the debt issued by Saratoga CLO before paying a return on the subordinated notes. Principal payments will be similarly applied to pay administrative expenses of Saratoga CLO and for reinvestment or repayment of Saratoga CLO debt before paying a return on, or repayment of, the subordinated notes. In addition, 80. 0 % of our fixed management fee and 100. 0 % our incentive management fee for acting as the collateral manager of Saratoga CLO is subordinated to the payment of interest and principal on Saratoga CLO debt. Any losses on the portfolio will accordingly reduce the cash flow available to pay these management fees and provide a return on, or repayment of, our investment. Depending on the amount and timing of such losses, we may experience smaller than expected returns and, potentially, the loss of our entire investment. As the manager of the portfolio of Saratoga CLO, we will have some ability to direct the composition of the portfolio, but our discretion is limited by the terms of the debt issued by Saratoga CLO which may limit our ability to make investments that we feel are in the best interests of the subordinated notes, and the availability of suitable investments. The performance of Saratoga CLO' s portfolio is also subject to many of the same risks sets forth in this Annual Report with respect to portfolio investments in leveraged loans. In the event that a bankruptcy court orders the substantive consolidation of us with Saratoga CLO, the creditors of Saratoga CLO, including the holders of \$ 640-527. 8-1 million aggregate principal amount of debt, as of February 29-28, 2024-2025 issued by Saratoga CLO, would have claims against the consolidated bankruptcy estate, which would include our assets. We believe that we have observed and will observe certain formalities and operating procedures that are generally recognized requirements for maintaining our separate existence and that our assets and liabilities can be readily identified as distinct from those of Saratoga CLO. However, we cannot assure you that a bankruptcy court would agree in the event that we or Saratoga CLO became a debtor in connection with a bankruptcy proceeding. If a bankruptcy court concludes that substantive consolidation of us with Saratoga CLO is warranted, the creditors of Saratoga CLO would have claims against the consolidated bankruptcy estate. Substantive consolidation means that our assets are placed in a single bankruptcy estate with those of Saratoga CLO, rather than kept separate, and that the creditors of Saratoga CLO have a claim against that single estate (including our assets), as opposed to retaining their claims against only Saratoga CLO. Our investments in Saratoga CLO have a different risk profile than would direct investments made by us, including less information available and fewer rights regarding repayment compared to companies we invest in directly as well as complicated accounting and tax implications. Due to our investments in the Saratoga CLO being primarily broadly syndicated loans, there may be less information available to us on those companies as compared to most investments that we make directly. For example, we will typically have fewer rights relating to how such companies manage their cash flow to repay debt, the inclusion of protective covenants, default penalties, lien protection, change of control provisions and board observation rights in deal terms, and our general ability to oversee the company' s operations. Our investment in Saratoga CLO is also subject to the risk of leverage associated with the debt issued by Saratoga CLO and the repayment priority of senior debt holders in Saratoga CLO. The accounting and tax implications of such investments are complicated. In particular, reported earnings from the equity tranche investment of Saratoga CLO are recorded according to U. S. GAAP based upon an effective yield calculation. Current taxable earnings on these investments, however, will generally not be determinable until after the end of the fiscal year of Saratoga CLO that ends within the Company' s fiscal year, even though the investment is generating cash flow. In general, the U. S. federal income tax treatment of investment in Saratoga CLO may result in higher distributable earnings in the early years and a capital loss at maturity, while for reporting purposes the totality of cash flows are reflected in a constant yield to maturity. The senior loan portfolio of Saratoga CLO may be concentrated in a limited number of industries or borrowers, which may subject Saratoga CLO, and in turn us, to a risk of significant loss if there is a downturn in a particular industry in which Saratoga CLO is concentrated. Saratoga CLO has senior loan portfolios that may be concentrated in a limited number of industries or borrowers. A downturn in any particular industry or borrower in which Saratoga CLO is heavily invested may subject Saratoga CLO, and in turn us, to a risk of significant loss and could significantly impact the aggregate returns we realize. If an industry in which Saratoga CLO is heavily invested suffers from adverse business or economic conditions, a material portion of our investment in Saratoga CLO could be affected adversely, which, in turn, could adversely affect our financial position and results of operations. For example, as of February 29-28, 2024-2025, Saratoga CLO' s investments in the banking, finance, insurance & real estate industry represented approximately 19-20. 0-6 % of the fair value of Saratoga CLO' s portfolio. Companies in the banking, finance, insurance & real estate industry are subject to general economic downturns and business cycles and will often suffer reduced revenues and rate pressures during periods of economic uncertainty. In addition, investments in business service represented approximately 10-9. 8-5 % of the fair value of Saratoga CLO' s portfolio. Changes in healthcare or other laws and regulations applicable to the businesses of some of the companies in which Saratoga CLO invests may occur that could increase their compliance and other

costs of doing business, require significant systems enhancements, or render their products or services less profitable or obsolete, any of which could have a material adverse effect on their results of operations. There has also been an increased political and regulatory focus on healthcare laws in recent years, and new legislation could have a material effect on the business and operations of companies in which Saratoga CLO invests. Failure by Saratoga CLO to satisfy certain debt compliance ratios may entitle senior debtholders to additional payments, which may harm our operating results by reducing payments we would otherwise be entitled to receive from Saratoga CLO. The failure by Saratoga CLO to satisfy certain debt compliance ratios, specifically those with respect to adequate collateralization and / or interest coverage tests, could lead to a reduction in its payments to us. In the event that Saratoga CLO failed these certain tests, senior debt holders may be entitled to additional payments that would, in turn, reduce the payments we would otherwise be entitled to receive. Separately, we may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms, which may include the waiver of certain financial covenants, with Saratoga CLO or any other investment we may make. If any of these occur, it could materially and adversely affect our operating results and cash flows. Downgrades by rating agencies of broadly syndicated loans could adversely impact the financial performance of Saratoga CLO and its ability to pay equity distributions in the future. Ratings agencies have undergone reviews of CLO tranches and their broadly syndicated loans in light of response to the COVID- 19 pandemic' s adverse impact on the economic market. Such reviews have, in some cases, resulted in downgrades of broadly syndicated loans. Such downgrades of broadly syndicated loans, as well as downgrades of broadly syndicated loans in the future, could adversely impact the financial performance of Saratoga CLO, thereby limiting Saratoga CLO' s ability to pay equity distributions and subordinated management fees to the Company in the future. The full extent of downgrades by ratings agencies of broadly syndicated loans is currently unknown, thereby resulting in a high degree of uncertainty with respect to Saratoga CLO' s financial performance and ability to pay equity distributions and subordinated management fees to the Company in the future. We may invest through joint ventures, partnerships or other special purpose vehicles and our investments through these vehicles may entail greater risks, or risks that we otherwise would not incur, if we otherwise made such investments directly. We may make indirect investments in portfolio companies through joint ventures, partnerships or other special purpose vehicles, including SLF JV. In general, the risks associated with indirect investments in portfolio companies through a joint venture, partnership or other special purpose vehicle are similar to those associated with a direct investment in a portfolio company. While we intend to analyze the credit and business of a potential portfolio company in determining whether to make an investment in an investment vehicle, we will nonetheless be exposed to the creditworthiness of the investment vehicle. In the event of a bankruptcy proceeding against the portfolio company, the assets of the portfolio company may be used to satisfy its obligations prior to the satisfaction of our investment in the investment vehicle (i. e., our investment in the investment vehicle could be structurally subordinated to the other obligations of the portfolio company). In addition, if we are to invest in an investment vehicle, we may be required to rely on our partners in the investment vehicle when making decisions regarding such investment vehicle' s investments, accordingly, the value of the investment could be adversely affected if our interests diverge from those of our partners in the investment vehicle. Available information about privately held companies is limited. We invest primarily in privately- held companies. Generally, little public information exists about these companies, and we are required to rely on the ability of our Investment Adviser' s investment professionals to obtain adequate information to evaluate the potential returns from investing in these companies. These companies and their financial information are not subject to the Sarbanes- Oxley Act of 2002 and other rules that govern public companies. If we are unable to uncover all material information about these companies, we may not make a fully informed investment decision, and we may lose money on our investments. When we are a debt or minority equity investor in a portfolio company, we may not be in a position to control the entity, and its management may make decisions that could decrease the value of our investment. We make both debt and minority equity investments; therefore, we are subject to the risk that a portfolio company may make business decisions with which we disagree, and the stockholders and management of such company may take risks or otherwise act in ways that do not serve our interests. As a result, a portfolio company may make decisions that could decrease the value of our portfolio holdings. Our portfolio companies may incur debt or issue equity securities that rank equally with, or senior to, our investments in such companies. Our portfolio companies usually will have, or may be permitted to incur, other debt, or issue other equity securities that rank equally with, or senior to, our investments. By their terms, such instruments may provide that the holders are entitled to receive payment of dividends, interest or principal on or before the dates on which we are entitled to receive payments in respect of our investments. These debt instruments will usually prohibit the portfolio companies from paying interest on or repaying our investments in the event and during the continuance of a default under such debt. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of securities ranking senior to our investment in that portfolio company would typically be entitled to receive payment in full before we receive any distribution in respect of our investment. After repaying such holders, the portfolio company may not have any remaining assets to use for repaying its obligation to us. In the case of debtor ranking equally with our investments, we would have to share on an equal basis any distributions with other holders in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company. There may be circumstances where our debt investments could be subordinated to claims of other creditors or we could be subject to lender liability claims. If one of our portfolio companies were to go bankrupt, even though we may have structured our interest as senior debt, depending on the facts and circumstances, including the extent to which we actually provided managerial assistance to that portfolio company, a bankruptcy court might re- characterize our debt holding and subordinate all or a portion of our claim to that of other creditors. In addition, lenders can be subject to lender liability claims for actions taken by them where they become too involved in the borrower' s business or exercise control over the borrower. It is possible that we could become subject to a lender' s liability claim, including as a result of actions taken if we actually render significant managerial assistance. **Our Investments investments** in equity securities involve a substantial degree of risk. We purchase common stock and other equity securities. Although equity securities have historically generated higher

average total returns than fixed- income securities over the long- term, equity securities also have experienced significantly more volatility in those returns and in recent years have significantly underperformed relative to fixed- income securities. The equity securities we acquire may fail to appreciate and may decline in value or become worthless and our ability to recover our investment will depend on our portfolio company' s success. Investments in equity securities involve a number of significant risks, including: • any equity investment we make in a portfolio company could be subject to further dilution as a result of the issuance of additional equity interests and to serious risks as a junior security that will be subordinate to all indebtedness or senior securities in the event that the issuer is unable to meet its obligations or becomes subject to a bankruptcy process; • to the extent that the portfolio company requires additional capital and is unable to obtain it, we may not recover our investment in equity securities; and • in some cases, equity securities in which we invest will not pay current dividends, and our ability to realize a return on our investment, as well as to recover our investment, will be dependent on the success of our portfolio companies. Even if the portfolio companies are successful, our ability to realize the value of our investment may be dependent on the occurrence of a liquidity event, such as a public offering or the sale of the portfolio company. It is likely to take a significant amount of time before a liquidity event occurs or we can sell our equity investments. In addition, the equity securities we receive or invest in may be subject to restrictions on resale during periods in which it could be advantageous to sell. There are special risks associated with investing in preferred securities, including: • preferred securities may include provisions that permit the issuer, at its discretion, to defer distributions for a stated period without any adverse consequences to the issuer. If we own a preferred security that is deferring its distributions, we may be required to report income for U. S. federal income tax purposes even though we have not received any cash payments in respect of such income; • preferred securities are subordinated with respect to corporate income and liquidation payments, and are therefore subject to greater risk than debt; • preferred securities may be substantially less liquid than many other securities, such as common securities or U. S. government securities; and • preferred security holders generally have no voting rights with respect to the issuing company, subject to limited exceptions. Our investments in foreign debt, including that of emerging market issuers, may involve significant risks in addition to the risks inherent in U. S. investments. Although there are limitations on our ability to invest in foreign debt, we may, from time to time, invest in debt of foreign companies, including the debt of emerging market issuers. Investing in foreign companies may expose us to additional risks not typically associated with investing in U. S. companies. These risks include changes in exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility. Investments in the debt of emerging market issuers may subject us to additional risks such as inflation, wage and price controls, and the imposition of trade barriers. Furthermore, economic conditions in emerging market countries are, to some extent, influenced by economic and securities market conditions in other emerging market countries. Although economic conditions are different in each country, investors' reaction to developments in one country can have effects on the debt of issuers in other countries. Although most of our investments will be U. S. dollar- denominated, our investments that are denominated in a foreign currency will be subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short- term interest rates, differences in relative values of similar assets in different currencies, long- term opportunities for investment and capital appreciation, and political developments. We may employ hedging techniques to minimize these risks, but we cannot assure you that we will fully hedge against these risks or that such strategies will be effective. As a result, a change in currency exchange rates may adversely affect our profitability. We may expose ourselves to risks if we engage in hedging transactions. We may utilize instruments such as forward contracts, currency options and interest rate swaps, caps, collars and floors to seek to hedge against fluctuations in the relative values of our portfolio positions from changes in currency exchange rates and market interest rates. Use of these hedging instruments may expose us to counter- party credit risk. Hedging against a decline in the values of our portfolio positions does not eliminate the possibility of fluctuations in the values of such positions or prevent losses if the values of such positions decline. However, such hedging can establish other positions designed to gain from those same developments, thereby offsetting the decline in the value of such portfolio positions. Such hedging transactions may also limit the opportunity for gain if the values of the portfolio positions should increase. Moreover, it may not be possible to hedge against an exchange rate or interest rate fluctuation that is generally anticipated at an acceptable price. The success of our hedging transactions will depend on our ability to correctly predict movements in currencies and interest rates. Therefore, while we may enter into such transactions to seek to reduce currency exchange rate and interest rate risks, unanticipated changes in currency exchange rates or interest rates may result in poorer overall investment performance than if we had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio positions being hedged may vary. Moreover, for a variety of reasons, we may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Any such imperfect correlation may prevent us from achieving the intended hedge and expose us to risk of loss. In addition, it may not be possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non- U. S. currencies because the value of those securities is likely to fluctuate as a result of factors not entirely related to currency fluctuations. To the extent we engage in hedging transactions, we also face the risk that counterparties to the derivative instruments we hold may default, which may expose us to unexpected losses from positions where we believed that our risk had been appropriately hedged. Our investments may be risky, and you could lose all or part of your investment. Substantially all of our debt investments hold a non- investment grade rating by one or more rating agencies (which non- investment grade debt is commonly referred to as " high yield " and " junk " debt) or, where not rated by any rating agency, would be below investment grade or " junk ", if rated. A below investment grade or " junk " rating means that, in the rating agency' s view, there is an increased risk that the obligor on such debt will be unable to

pay interest and repay principal on its debt in full. We also invest in debt that defers or pays PIK interest. To the extent interest payments associated with such debt are deferred, such debt will be subject to greater fluctuations in value based on changes in interest rates, such debt could produce taxable income without a corresponding cash payment to us, and since we generally do not receive any cash prior to maturity of the debt, the investment will be of greater risk. In addition, private middle-market companies in which we invest are exposed to a number of significant risks, including: • limited financial resources and an inability to meet their obligations, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of us realizing any guarantees we may have obtained in connection with our investment; • shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns; • dependence on the management talents and efforts of a small group of persons; the death, disability, resignation or termination of one or more of which could have a material adverse impact on the company and, in turn, on us; • less predictable operating results and, possibly, substantial additional capital requirements to support their operations, finance expansion or maintain their competitive position; and • difficulty accessing the capital markets to meet future capital needs. In addition, our executive officers, directors and our Investment Adviser may, in the ordinary course of business, be named as defendants in litigation arising from our investments in the portfolio companies. Our portfolio may continue to be concentrated in a limited number of industries, which may subject us to a risk of significant loss if there is a downturn in a particular industry in which a number of our investments are concentrated. Our portfolio may continue to be concentrated in a limited number of industries. A downturn in any particular industry in which we are invested could significantly impact the aggregate returns we realize. As of February 29-28, 2024-2025, our investments in the Healthcare Software industry represented approximately 10.8. 6-7% of the fair value of our portfolio and our investments in the ~~FF~~ Consumer Services industry represented approximately 6. 9-1% of the fair value of our portfolio. In addition, we may from time to time invest a relatively significant percentage of our portfolio in industries we do not necessarily target. If an industry in which we have significant investments suffers from adverse business or economic conditions, as these industries have to varying degrees, a material portion of our investment portfolio could be affected adversely, which, in turn, could adversely affect our financial position and results of operations. A number of our portfolio companies are in the Software- as- a- Service industry and such companies are subject to additional risks that are unique to that industry, and the financial results of our portfolio companies in the Software- as- a- Service industry could materially adversely affect our financial results. A number of our portfolio companies are in the Software- as- a- Service (" SAAS ") industry and such companies are subject to additional risks that are unique to the SAAS industry. For example, such portfolio companies may be subject to consumer protection laws that are enforced by regulators such as the Federal Trade Commission (" FTC ") and private parties, and include statutes that regulate the collection and use of information for marketing purposes. Any new legislation or regulations regarding the Internet, mobile devices, software sales or export and / or the cloud or SAAS industry, and / or the application of existing laws and regulations to the Internet, mobile devices, software sales or export and / or the cloud or SAAS industry, could create new legal or regulatory burdens on our portfolio companies that could have a material adverse effect on their respective operations. In addition, our SAAS portfolio companies may incur significant operating losses and negative cash flows during certain times of their respective life cycles, resulting in an adverse impact on their operations and on their ability to repay their debt. Because our SAAS portfolio companies are generally investments that are underwritten and valued on " recurring revenue " rather than EBITDA, the fair value determinations of such companies are inherently uncertain and may fluctuate over short periods of time. They are also subject to the risks that their customers have financial difficulties that make them unable or unwilling to pay for the software and services that drive a portfolio company' s recurring revenue projections. There is often less collateral securing our loans to these companies as compared to our other portfolio companies, which could impair our ability to be repaid if the portfolio companies default on their obligations or otherwise encounter financial difficulties. For these reasons, our financial results could be materially adversely affected if our portfolio companies in the SAAS industry encounter financial difficulty and fail to repay their obligations. As of February 29-28, 2024-2025, our current total investments in SAAS companies were \$ 664. 515. 0 million, or 52. 7 million, or 58. 4% of total investments. If our primary investments are deemed not to be qualifying assets, we could be precluded from investing in our desired manner or deemed to be in violation of the 1940 Act. In order to maintain our status as a BDC, we may not acquire any assets other than " qualifying assets " unless, at the time of and after giving effect to such acquisition, at least 70. 0 % of our total assets are qualifying assets. We believe that most of the investments that we may acquire in the future will constitute qualifying assets. However, we may be precluded from investing in what we believe are attractive investments if such investments are not qualifying assets for purposes of the 1940 Act. If we do not invest a sufficient portion of our assets in qualifying assets, we could violate the 1940 Act provisions applicable to BDCs and be precluded from making follow- on investments in existing portfolio companies (which could result in the dilution of our position) or required to dispose of investments at inappropriate times in order to come into compliance with the 1940 Act. If we need to dispose of such investments quickly, it could be difficult to dispose of such investments on favorable terms. We may not be able to find a buyer for such investments and, even if we do find a buyer, we may have to sell the investments at a substantial loss. Any such outcomes would have a material adverse effect on our business, financial condition, results of operations and cash flows. Furthermore, any failure to comply with the requirements imposed on BDCs by the 1940 Act could cause the SEC to bring an enforcement action against us and / or expose us to claims of private litigants. If we do not maintain our status as a BDC, we would be subject to regulation as a registered closed- end investment company under the 1940 Act. As a registered closed- end investment company, we would be subject to substantially more regulatory restrictions under the 1940 Act, which would significantly decrease our operating flexibility. RISKS RELATED TO OUR COMMON STOCK Investing in our common stock may involve an above average degree of risk. The investments we make in accordance with our investment objective may result in a higher amount of risk than alternative investment options and volatility or loss of principal. Our investments in portfolio companies may be highly speculative and aggressive, and therefore, an investment in our common stock

may not be suitable for someone with lower risk tolerance. We may choose to pay dividends in our own stock, in which case you may be required to pay tax in excess of the cash you receive. We have in the past, and may in the future, distribute taxable dividends that are payable to our stockholders in part through the issuance of shares of our common stock. For example, on October 30, 2013, our board of directors declared a dividend of \$ 2.65 per share to shareholders payable in cash or shares of our common stock. Under certain applicable provisions of the Code and the Treasury regulations and a revenue procedure issued by the IRS, a RIC may treat a distribution of its own stock as fulfilling its RIC distribution requirements if each stockholder may elect to receive his or her entire distribution in either cash or stock of the RIC, subject to a limitation that the aggregate amount of cash to be distributed to all stockholders must be at least 20 % of the aggregate declared distribution. If too many stockholders elect to receive their distributions in cash, we must allocate the cash available for distribution among the shareholders electing to receive cash (with the balance of the distribution paid in shares of our common stock). If we qualify as a publicly offered RIC and we decide to make any distributions consistent with this revenue procedure that are payable in part in our stock, taxable stockholders receiving such dividends will be required to include the full amount of the dividend (whether received in cash, our stock, or a combination thereof) as ordinary income (or as long-term capital gain to the extent such distribution is properly reported as a capital gain dividend) to the extent of our current and accumulated earnings and profits for U. S. federal income tax purposes. The value of the shares received by a stockholder is treated as income for U. S. federal income tax purposes. A U. S. stockholder may have income from such a dividend in excess of the amount of cash received, and thus may be required to obtain cash from other sources to pay any applicable U. S. federal income tax. If a U. S. stockholder sells the stock it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our stock at the time of the sale. Furthermore, with respect to non-U. S. stockholders, we may be required to withhold U. S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in stock. If a significant number of our stockholders determine to sell shares of our stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our stock. Due to the current market conditions, we may defer our dividends and choose to incur U. S. federal excise tax in order to preserve cash and maintain flexibility. As a BDC, we are not required to make any distributions to shareholders other than in connection with our election to be treated a RIC for U. S. federal income tax purposes as under Subchapter M of the Code. In order to maintain our tax treatment as a RIC, we generally must distribute to shareholders for each taxable year at least 90 % of our investment company taxable income (i. e., net ordinary income plus realized net short-term capital gains in excess of realized net long-term capital losses). If we qualify for taxation as a RIC, we generally will not be subject to U. S. federal income tax on our investment company taxable income and net capital gains (i. e., realized net long-term capital gains in excess of realized net short-term capital losses) that we timely distribute to shareholders. We will be subject to U. S. federal income tax on our investment company taxable income and net capital gains that we do not timely distribute to shareholders. In addition, we will be subject to a nondeductible 4 % U. S. federal excise tax on undistributed earnings of a RIC unless we distribute each calendar year at least the sum of (i) 98 % of our net ordinary income for the calendar year, (ii) 98.2 % of our capital gain net income for the one-year period ending on October 31 of the calendar year, and (iii) any net ordinary income and capital gain net income that we recognized for preceding years, but were not distributed during such years, and on which we paid no U. S. federal income tax. Under the Code, we may satisfy certain of our RIC distributions with dividends paid after the end of the current calendar year. In particular, if we pay a distribution in January of the following year that was declared in October, November, or December of the current year and is payable to shareholders of record in the current year, the dividend will be treated for all U. S. federal tax purposes as if it were paid on December 31 of the current year. In addition, under the Code, we may pay dividends, referred to as “ spillover dividends, ” that are paid during the following taxable year that will allow us to maintain our qualification for taxation as a RIC and eliminate our liability for U. S. federal income tax at corporate rates. Under these spillover dividend procedures, because our taxable year ends on February 28 or 29, we may defer distribution of income earned during the current taxable year until February of the following taxable year. For example, we may defer distributions of income earned during the year ended February 29, 2024, until as late as February 28, 2025. If we choose to carry-over this distribution of income in the form of a spillover dividend, we will incur the 4 % U. S. federal excise tax on some or all of the distribution. Due to current market conditions (as described herein) it is possible that we may take certain actions with respect to the timing and amounts of our distributions in order to preserve cash and maintain flexibility. For example, we may reduce our dividends and / or defer our dividends to the following taxable year. If we defer our dividends, we may choose to utilize the spillover dividend rules discussed above and incur the 4 % U. S. federal excise tax on such amounts. To further preserve cash, we may combine these reductions or deferrals of dividends with one or more distributions that are payable partially in our stock. (see “ **Risk Factors — Risks Related to Our Common Stock** — We may choose to pay dividends in our own stock, in which case you may be required to pay tax in excess of the cash you receive ” for more information). The market price and liquidity of the market for our common stock may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include, but are not limited to: • significant volatility in the market price and trading volume of securities of BDCs or other companies in our sector, which are not necessarily related to the operating performance of these companies; • changes in regulatory policies, accounting pronouncements or tax guidelines, particularly with respect to RICs, BDCs or SBICs; • failure to qualify for RIC tax treatment; • changes in the value of our portfolio of investments; • any shortfall in revenue or net income or any increase in losses from levels expected by investors or securities analysts; • departure of any of Saratoga Investment Advisors’ key personnel; • operating performance of companies comparable to us; • general economic trends and other external factors; or • loss of a major funding source. Our business and operation could be negatively affected if we become subject to any securities litigation or shareholder activism, which could cause us to incur significant expense, hinder execution of investment strategy and impact our stock price. In the past, following periods of volatility in the market price of a company’ s securities, securities class action litigation has often been brought

against that company. Shareholder activism, which could take many forms or arise in a variety of situations, has been increasing in the BDC space recently. While we are currently not subject to any securities litigation or shareholder activism, due to the potential volatility of our stock price and for a variety of other reasons, we may in the future become the target of securities litigation or shareholder activism. Securities litigation and shareholder activism, including potential proxy contests, could result in substantial costs and divert management's and our board of directors' attention and resources from our business. Additionally, such securities litigation and shareholder activism could give rise to perceived uncertainties as to our future, adversely affect our relationships with service providers and make it more difficult to attract and retain qualified personnel. Also, we may be required to incur significant legal fees and other expenses related to any securities litigation and activist shareholder matters. Further, our stock price could be subject to significant fluctuation or otherwise be adversely affected by the events, risks and uncertainties of any securities litigation and shareholder activism. There is a risk that you may not receive distributions or that our distributions may not grow over time. As a BDC for 1940 Act purposes and a RIC for U. S. federal income tax purposes, we intend to make distributions out of assets legally available for distribution to our stockholders once such distributions are authorized by our board of directors and declared by us. We cannot assure you that we will achieve investment results that will allow us to make a specified level of cash distributions or periodically increase our dividend rate. In addition, due to the asset coverage test that is applicable to us as a BDC, and provisions contained in the agreements governing our borrowings, we may be limited in our ability to make distributions. Further, if we invest a greater amount of assets in equity securities that do not pay current dividends, it could reduce the amount available for distribution. Provisions of our governing documents and the Maryland General Corporation Law could deter future takeover attempts and have an adverse impact on the price of our common stock. We are governed by our charter and bylaws, which we refer to as our "governing documents." Our governing documents and the Maryland General Corporation Law contain provisions that may have the effect of delaying, deferring or preventing a future transaction or change in control of us that might involve a premium price for our stockholders or otherwise be in their best interest. Our charter provides for the classification of our board of directors into three classes of directors, serving staggered three- year terms, which may render a change of control of us or removal of our incumbent management more difficult. Furthermore, any and all vacancies on our board of directors will be filled generally only by the affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy will serve for the remainder of the full term until a successor is elected and qualifies. Our board of directors is authorized to create and issue new series of shares, to classify or reclassify any unissued shares of stock into one or more classes or series, including preferred stock and, without stockholder approval, to amend our charter to increase or decrease the number of shares of stock that we have authority to issue, which could have the effect of diluting a stockholder's ownership interest. Prior to the issuance of shares of stock of each class or series, including any reclassified series, our board of directors is required by our governing documents to set the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each class or series of shares of stock. Our governing documents also provide that our board of directors has the exclusive power to adopt, alter or repeal any provision of our bylaws, and to make new bylaws. The Maryland General Corporation Law also contains certain provisions that may limit the ability of a third party to acquire control of us, such as: • the Maryland Business Combination Act, which, subject to certain limitations, prohibits certain business combinations between us and an "interested stockholder" (defined generally as any person who beneficially owns 10 % or more of the voting power of the common stock or an affiliate thereof) for five years after the most recent date on which the stockholder becomes an interested stockholder and, thereafter, imposes special minimum price provisions and special stockholder voting requirements on these combinations; and • the Maryland Control Share Acquisition Act, which provides that "control shares" of a Maryland corporation (defined as shares of common stock which, when aggregated with other shares of common stock controlled by the stockholder, entitles the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a "control share acquisition" (defined as the direct or indirect acquisition of ownership or control of "control shares") have no voting rights except to the extent approved by stockholders by the affirmative vote of at least two- thirds of all the votes entitled to be cast on the matter, excluding all interested shares of common stock. In addition, the provisions of the Maryland Business Combination Act will not apply, however, if our board of directors adopts a resolution that any business combination between us and any other person will be exempt from the provisions of the Maryland Business Combination Act, **subject to prior approval of such business combination by the board of directors**. Although our board of directors has adopted such a resolution, there can be no assurance that this resolution will not be altered or repealed in whole or in part at any time. If the resolution is altered or repealed, the provisions of the Maryland Business Combination Act may discourage others from trying to acquire control of us. As permitted by Maryland law, our bylaws contain a provision exempting from the Maryland Control Share Acquisition Act any and all acquisitions by any person of our common stock. Although our bylaws include such a provision, such a provision may also be amended or eliminated by our board of directors at any time in the future, subject to obtaining confirmation from the SEC that it does not object to us being subject to the Maryland Control Share Acquisition Act. Our common stock may trade at a discount to our NAV per share. Common stock of BDCs, as closed- end investment companies, frequently trade at a discount to NAV. Our common stock has traded at a discount to our NAV since shortly after our initial public offering. The risk that our common stock may continue to trade at a discount to our NAV is separate and distinct from the risk that our NAV per share may decline. Stockholders may incur dilution if we sell shares of our common stock in one or more offerings at prices below the then current NAV per share of our common stock. The 1940 Act prohibits us from selling shares of our common stock at a price below the current NAV per share of such stock, with certain exceptions. One such exception is prior stockholder approval of issuances below NAV provided that our board of directors makes certain determinations. We do not currently have stockholder approval of issuances below NAV. If we were to sell shares of our common stock below NAV per share, such sales would result in an immediate dilution to the NAV per share. This dilution would occur as a result of the sale of shares at a price

below the then current NAV per share of our common stock and a proportionately greater decrease in a stockholder's interest in our earnings and assets and voting interest in us than the increase in our assets resulting from such issuance. Because the number of shares of common stock that could be so issued and the timing of any issuance is not currently known, the actual dilutive effect cannot be predicted. The issuance of subscription rights, warrants or convertible debt that are exchangeable for our common stock, will cause your economic interest and voting power in us to be diluted as a result of our offering of any such securities. Stockholders who do not fully exercise rights, warrants or convertible debt issued to them in any offering of subscription rights, warrants or convertible debt to purchase our common stock should expect that they will, at the completion of the offering, own a smaller proportional economic interest and have diminished voting power in us than would otherwise be the case if they fully exercised their rights, warrants or convertible debt. We cannot state precisely the amount of any such dilution in share ownership or voting power because we do not know what proportion of the common stock would be purchased as a result of any such offering. In addition, if the subscription price, warrant price or convertible debt price is less than our NAV per share of common stock at the time of such offering, then our stockholders would experience an immediate dilution of the aggregate NAV of their shares as a result of the offering. The amount of any such decrease in NAV is not predictable because it is not known at this time what the subscription price, warrant price, convertible debt price or NAV per share will be on the expiration date of such offering or what proportion of our common stock will be purchased as a result of any such offering. The risk of dilution is greater if there are multiple rights offerings. However, our board of directors will make a good faith determination that any offering of subscription rights, warrants or convertible debt would result in a net benefit to existing stockholders. Finally, our common stockholders will bear all costs and expenses incurred by us in connection with any proposed offering of subscription rights, warrants or convertible debt that are exchangeable for our common stock, whether or not such offering is actually completed by us.

**RISKS RELATED TO OUR NOTES** The Notes are **unsecured and therefore are effectively subordinated to any existing and future secured indebtedness, including indebtedness under our Encina Credit Facility and our Live Oak Credit Facility. The Notes are** not secured by any of our assets or any of the assets of any of our subsidiaries, including our wholly owned subsidiaries. As a result, the Notes are effectively subordinated to any existing and future secured indebtedness we or our subsidiaries have outstanding (including our Encina Credit Facility and our Live Oak Credit Facility) or that we or our subsidiaries may incur in the future (or any indebtedness that is initially unsecured as to which we have granted or subsequently grant a security interest) to the extent of the value of the assets securing such indebtedness, including, without limitation, borrowings under our Encina Credit Facility and our Live Oak Credit Facility. In any liquidation, dissolution, bankruptcy or other similar proceeding, the holders of any of our secured indebtedness or secured indebtedness of our subsidiaries may assert rights against the assets pledged to secure that indebtedness in order to receive full payment of their indebtedness before the assets may be used to pay other creditors, including the holders of the Notes. As of February 29-28, 2024-2025, there was \$ ~~35-32.5~~ **32.5 million outstanding borrowings under the Encina Credit Facility and we had the ability to borrow up to \$ 65.0 million under the Encina Credit Facility, subject to certain conditions. As of February 28, 2025, there was \$ 20.0 million** outstanding borrowings under the ~~Encina Live Oak~~ **Encina Live Oak** Credit Facility and we had the ability to borrow up to \$ ~~65-75~~ **75.0 million** under the ~~Encina Live Oak~~ **Encina Live Oak** Credit Facility, subject to certain conditions. The Encina Credit Facility and the Live Oak Credit Facility is secured by substantially all of the assets of SIF II and SIF III, respectively, wholly owned subsidiaries. The Notes are structurally subordinated to the indebtedness and other liabilities of our subsidiaries. The Notes are obligations exclusively of Saratoga Investment Corp., and not of any of our subsidiaries. None of our subsidiaries is a guarantor of the Notes and the Notes are not required to be guaranteed by any subsidiary we may acquire or create in the future. Any assets of our subsidiaries are not directly available to satisfy the claims of our creditors, including holders of the Notes. Except to the extent we are a creditor with recognized claims against our subsidiaries, all claims of creditors of our subsidiaries will have priority over our equity interests in such entities (and therefore the claims of our creditors, including holders of the Notes) with respect to the assets of such entities. Even if we are recognized as a creditor of one or more of these entities, our claims would still be effectively subordinated to any security interests in the assets of any such entity and to any indebtedness or other liabilities of any such entity senior to our claims. Consequently, the Notes are structurally subordinated to all indebtedness and other liabilities of any of our existing or future indebtedness of our subsidiaries, including the SBA- guaranteed debentures. These entities may incur substantial indebtedness in the future, all of which would be structurally senior to the Notes. As of February 29-28, 2024-2025, we had \$ ~~214-170~~ **170.0 million** in SBA- guaranteed debentures outstanding. The indebtedness under the SBA- guaranteed debentures is structurally senior to the Notes. The indenture under which the Notes are issued contains limited protection for holders of the Notes. The indenture under which the Notes are issued offers limited protection to holders of the Notes. The terms of the indenture and the Notes do not restrict our or any of our subsidiaries' ability to engage in, or otherwise be a party to, a variety of corporate transactions, circumstances or events that could have a material adverse impact on your investment in the Notes. In particular, the terms of the indenture and the Notes do not place any restrictions on our or our subsidiaries' ability to:

- issue securities or otherwise incur additional indebtedness or other obligations, including (1) any indebtedness or other obligations that would be equal in right of payment to the Notes, (2) any indebtedness or other obligations that would be secured and therefore rank effectively senior in right of payment to the Notes to the extent of the values of the assets securing such debt, (3) indebtedness of ours that is guaranteed by one or more of our subsidiaries and which therefore is structurally senior to the Notes and (4) securities, indebtedness or obligations issued or incurred by our subsidiaries that would be senior to our equity interests in our subsidiaries and therefore rank structurally senior to the Notes with respect to the assets of these entities, in each case other than an incurrence of indebtedness or other obligation that would cause a violation of Section 18 (a) (1) (A) as modified by Section 61 (a) (2) of the 1940 Act or any successor provisions, whether or not we continue to be subject to such provisions of the 1940 Act, but giving effect, in each case, to any exemptive relief granted to us by the SEC. Currently, these provisions generally prohibit us from incurring additional borrowings, including through the issuance of additional debt securities, unless our asset coverage, as defined in the 1940 Act, equals at least 150 % after such borrowings; •

sell assets (other than certain limited restrictions on our ability to consolidate, merge or sell all or substantially all of our assets); ● enter into transactions with affiliates; ● create liens (including liens on the shares of our subsidiaries) or enter into sale and leaseback transactions; ● make investments; or ● create restrictions on the payment of dividends or other amounts to us from our subsidiaries. Furthermore, the terms of the indenture and the Notes do not protect holders of the Notes in the event that we experience changes (including significant adverse changes) in our financial condition, results of operations or credit ratings, if any, as they do not require that we or our subsidiaries adhere to any financial tests or ratios or specified levels of net worth, revenues, income, cash flow, or liquidity. Our ability to recapitalize, incur additional debt (including additional debt that matures prior to the maturity of the Notes), and take a number of other actions that are not limited by the terms of the Notes may have important consequences for you as a holder of the Notes, including making it more difficult for us to satisfy our obligations with respect to the Notes or negatively affecting the market value of the Notes. Other debt we issue or incur in the future could contain more protections for its holders than the indenture and the Notes, including additional covenants and events of default. For example, the indenture under which the Notes is issued do not contain cross- default provisions that are contained in the agreement relating to the Encina Credit Facility and the Live Oak Credit Facility. The issuance or incurrence of any such debt with incremental protections could affect the market for, trading levels and prices of the Notes. We may not be able to repurchase the 4.375 % 2026 Notes and the 4.35 % 2027 Notes upon a Change of Control Repurchase Event. Upon a Change of Control Repurchase Event (as defined in the relevant indenture), holders of the 4.375 % 2026 Notes and the 4.35 % 2027 Notes may require us to repurchase for cash some or all of the 4.375 % 2026 Notes and the 4.35 % 2027 Notes, respectively, at a repurchase price equal to 100 % of the aggregate principal amount of the 4.375 % 2026 Notes and the 4.35 % 2027 Notes, respectively, being repurchased, plus their respective accrued and unpaid interest to, but not including, the repurchase date. We may not be able to repurchase the 4.375 % 2026 Notes and the 4.35 % 2027 Notes upon a Change of Control Repurchase Event because we may not have sufficient funds. Our and our subsidiaries' future financing facilities may contain similar restrictions and provisions. Our failure to purchase such tendered 4.375 % 2026 Notes and the 4.35 % 2027 Notes upon the occurrence of such Change of Control Repurchase Event would cause an event of default under the respective indenture governing the 4.375 % 2026 Notes and the 4.35 % 2027 Notes, respectively, which may result in the acceleration of such indebtedness requiring us to repay that indebtedness immediately. If the holders of the 4.375 % 2026 Notes and the 4.35 % 2027 Notes exercise their respective right to require us to repurchase the 4.375 % 2026 Notes and the 4.35 % 2027 Notes, respectively, upon a Change of Control Repurchase Event, the financial effect of any such repurchase could cause a default under our current and future debt instruments, even if the Change of Control Repurchase Event itself would not cause a default. If a Change of Control Repurchase Event were to occur, we may not have sufficient funds to repay any such accelerated indebtedness. An active trading market for the Public Notes may not develop or be sustained, which could limit the market price of the Public Notes or the ability to sell them. Although each of the 6.00 % 2027 Notes, 8.00 % 2027 Notes, 8.125 % 2027 Notes, and 8.50 % 2028 Notes are listed on the NYSE under the symbol "SAT", "SAJ", "SAY", and "SAZ", respectively, we cannot provide any assurances that an active trading market will develop or be maintained for the Public Notes or that the Public Notes will be able to be sold. At various times, the Public Notes may trade at a discount from their initial offering price depending on prevailing interest rates, the market for similar securities, our credit ratings, if any, general economic conditions, our financial condition, performance and prospects and other factors. Accordingly, we cannot provide any assurance that a liquid trading market will develop for the Public Notes, or that the Public Notes will be able to be sold at a particular time or at a favorable price. To the extent an active trading market does not develop, the liquidity and trading price for the Public Notes may be harmed. At the same time, the trading market for the Public Notes may also be very volatile, and many of the risk factors related to our common stock and outlined above in "Risks Related to Our Common Stock" could also be applicable to the Public Notes. Terms relating to redemption may materially adversely affect the return on our Notes. Subject to their terms, we may redeem the Notes from time to time, especially when prevailing interest rates are lower than the rate borne by the Notes. If prevailing rates are lower at the time of redemption, you would not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on the Notes being redeemed. Our redemption right also may adversely impact your ability to sell the Notes as the optional redemption date or period approaches. The 6.00 % 2027 Notes mature on April 30, 2027 and **commencing, as of** April 27, 2024, may be redeemed in whole or in part at any time or from time to time at our option. The 8.00 % 2027 Notes mature on October 31, 2027 and **commencing, as of** October 27, 2024, may be redeemed in whole or in part at any time or from time to time at our option. The 8.125 % 2027 Notes mature on December 31, 2027 and **commencing, as of** December 13, 2024, may be redeemed in whole or in part at any time or from time to time at our option. The 8.50 % 2028 Notes mature on April 15, 2028 and **commencing, as of** April 14, 2025, may be redeemed in whole or in part at any time or from time to time at our option. The 4.375 % 2026 Notes are redeemable, in whole or in part, at any time at our option prior to November 28, 2025, at par plus a "make- whole" premium, and thereafter at par. The 4.35 % 2027 Notes are redeemable, in whole or in part, at any time at our option prior to November 28, 2026, at par plus a "make- whole" premium, and thereafter at par. The 7.00 % 2025 Notes mature on September 8, 2025 and **commencing, as of** September 8, 2024, may be redeemed in whole or in part at any time or from time to time at our option, at par plus a "make- whole" premium, and thereafter at par. The 7.75 % Notes 2025 mature on July 9, 2025 and may be redeemed in whole or in part at any time or from time to time at our option, subject to a fee depending on the date of repayment, at par plus a "make- whole" premium, and thereafter at par. The 6.25 % 2027 Notes mature on December 29, 2027 and may be redeemed in whole or in part at any time or from time to time at our option, on or after December 29, 2024, at par plus a "make- whole" premium, and thereafter at par. If we default on our obligations to pay our other indebtedness, we may not be able to make payments on the Notes. Any default under the agreements governing our indebtedness, including a default under the Encina Credit Facility or the Live Oak Credit Facility, indenture governing each of the Notes or other indebtedness to which we may be a party that is not waived by the required lenders or the holders, and the remedies sought by the lenders or the holders of such indebtedness could make us

unable to pay principal, premium, if any, and interest on the Notes and substantially decrease the market value of the Notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, as applicable, in the instruments governing our indebtedness, we could be in default under the terms of the agreements governing such indebtedness (including the Encina Credit Facility, the Live Oak Credit Facility and the Notes). In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest, the lenders under the Encina Credit Facility, the Live Oak Credit Facility, or other debt we may incur in the future could elect to terminate their commitment, cease making further loans and institute foreclosure proceedings against our assets, and we could be forced into bankruptcy or liquidation. In addition, any such default may constitute a default under the Notes, which could further limit our ability to repay our debt, including the Notes. Our ability to generate sufficient cash flow in the future is, to some extent, subject to general economic, financial, competitive, legislative and regulatory factors as well as other factors that are beyond our control. We cannot assure you that our business will generate cash flow from operations, or that future borrowings will be available to us under the Encina Credit Facility, the Live Oak Credit Facility, or otherwise, in an amount sufficient to enable us to meet our payment obligations under the Notes, the Encina Credit Facility, and the Live Oak Credit Facility, and to fund other liquidity needs. If our operating performance declines and we are not able to generate sufficient cash flow to service our debt obligations, we may, in the future, need to refinance or restructure our debt, including any Notes sold, sell assets, reduce or delay capital investments, seek to raise additional capital or seek to obtain waivers from the required lenders under the Encina Credit Facility or the Live Oak Credit Facility, the holders of the respective Notes, or other debt that we may incur in the future to avoid being in default. If we are unable to implement one or more of these alternatives, we may not be able to meet our payment obligations under the Notes and our other debt. If we breach our covenants under the Encina Credit Facility, the Live Oak Credit Facility, the Notes or other debt and seek a waiver, we may not be able to obtain a waiver from the required lenders or the holders thereof. If this occurs, we would be in default under the Encina Credit Facility, the Live Oak Credit Facility, the Notes or other debt, the lenders or holders could exercise their rights as described above, and we could be forced into bankruptcy or liquidation. If we are unable to repay debt, lenders having secured obligations could proceed against the collateral securing the debt. 62-55