

VARAGON CAPITAL PARTNERS

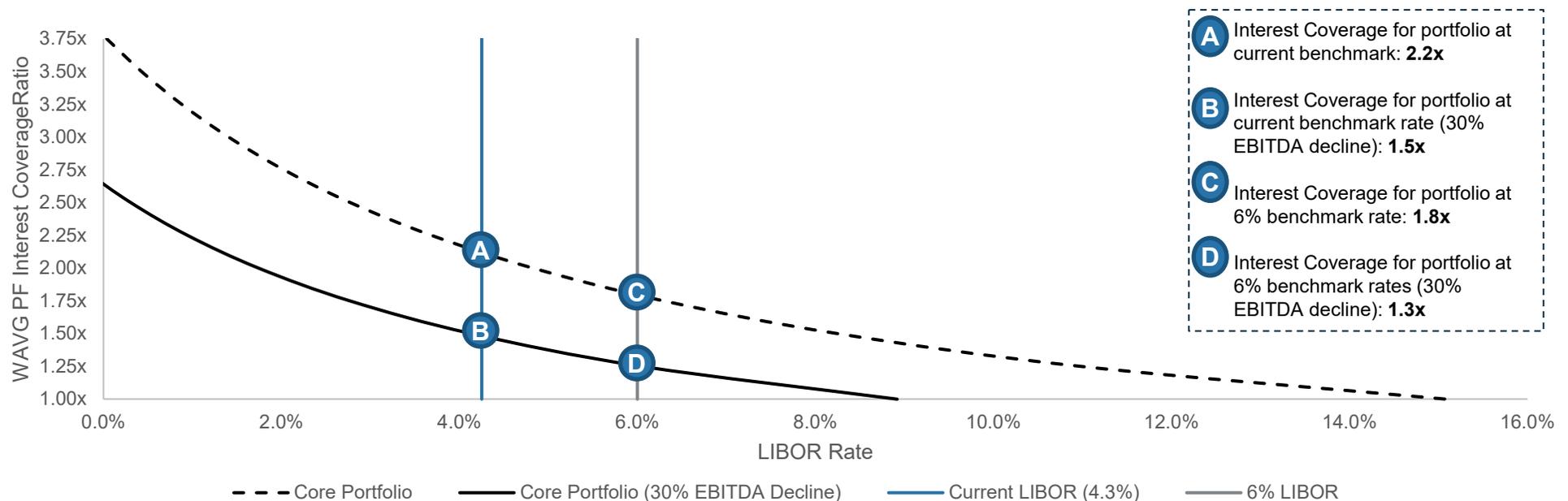
Interest Rate Sensitivity Analysis *January 2023*



Varagon Capital Interest Rate Sensitivity Analysis

Varagon believes its portfolio¹ is resilient in the face of rising benchmark interest rates

The following analysis maps the weighted-average interest coverage² ratio of the portfolio at increasing hypothetical benchmark rates using the portfolio's current weighted-average EBITDA. The same analysis was performed on a "stressed" EBITDA at 30% below current level.



- Varagon believes its portfolio has room to absorb further increases in benchmark rates while maintaining acceptable levels of interest coverage
 - Weighted-average interest coverage is 2.2x across at current benchmark rates
- Based on Varagon analysis and most recent company performance
 - 92% of VCP's portfolio by par value can cover interest at LIBOR of 7%
 - Weighted average interest coverage is projected to be 1.5x or greater when benchmark rates are over 8% and 1x when benchmark rates are approximately 15%

¹ Varagon's portfolio includes over 180 borrowers in Varagon-originated loans; excludes 21 loans related to SDLP. Par values and portfolio population as of 9/30/2022

² Interest Coverage calculated at leverage for Varagon's loan in each company across Varagon's portfolio

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