

VARAGON CAPITAL PARTNERS

Interest Rate Sensitivity Analysis

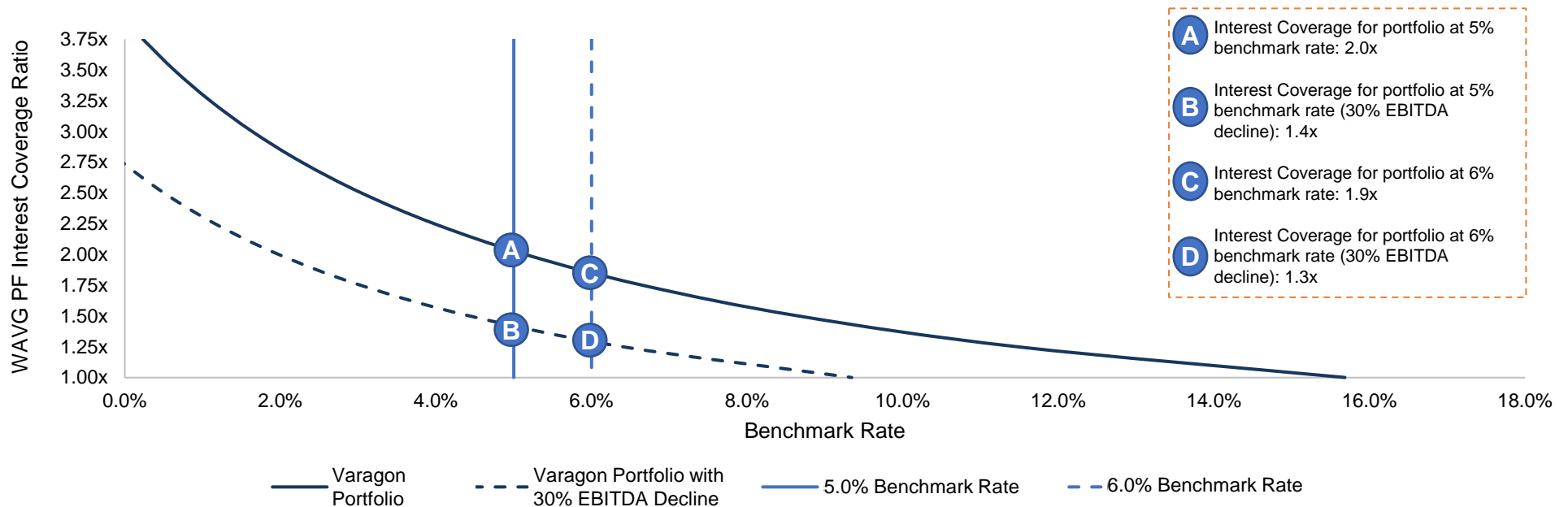
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Varagon Capital Interest Rate Sensitivity Analysis

Varagon believes its portfolio¹ can be expected to service its debt in the face of rising benchmark 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 shown resilience in a rising rate environment, maintaining levels of interest coverage with acceptable cushion should rates increase further

- Weighted-average interest coverage is 2.0x across at current benchmark rates

Based on Varagon analysis and most recent company performance

- 89% of VCP's portfolio by par value (93% by borrower count) can cover interest at 7% LIBOR
- Weighted average interest coverage is projected to be 1.5x or greater when benchmark rates are over 8% and 1x when benchmark rates are over 15%, all else equal

1. Varagon's portfolio includes 180 borrowers in Varagon-originated loans; excludes 22 loans related to SDLP. Par values and portfolio population as of 12/31/2022

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

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