



GLADSTONE INVESTMENT

**Investor Day Presentation
September 20, 2023**

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Investor Day Presentation Agenda

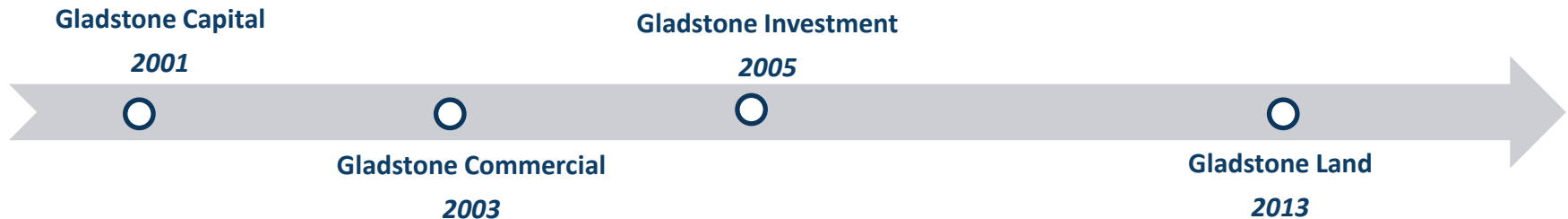
- I. **Who We Are – Overview and Objectives**
- II. **Portfolio & Investment Strategy**
- III. **Financial Highlights, Shareholder Value & Capital Structure**
- IV. **Outlook**

Investor Day Presentation

I. Who We Are – Overview and Objectives

Gladstone Investment | Who We Are ⁽¹⁾

The Gladstone Companies were founded in 2001 and are comprised of two publicly traded BDCs and two publicly traded REITs.



Significant capital raised and deployed

- Nasdaq symbol “GAIN” | market cap of \$438 million
 - \$1.6+ billion invested since 2005 IPO
 - \$847 million in total assets at fair value
- 2026 Notes listed on Nasdaq under the symbol “GAINN,” with an interest rate of 5.00%
- 2028 Notes listed on Nasdaq under the symbol “GAINZ,” with an interest rate of 4.875%
- 2028 Notes listed on Nasdaq under the symbol “GAINL,” with an interest rate of 8.00%

Experienced management team with proven track record

- Externally managed by an SEC-registered investment adviser, Gladstone Management Corporation, and administrator with over 70 professionals
- Nine investment professionals, and a CFO and Controller dedicated exclusively to Gladstone Investment Corporation
- Proven investment track record across multiple economic cycles

⁽¹⁾ All information in this presentation is as of 6/30/2023, except as noted.

Gladstone Investment | Overview⁽¹⁾

GAIN is differentiated from other BDCs through its buyout investment strategy

Differentiated buyout structure

- Primary equity investor – Lead majority of prospective transactions, often partnering with existing management teams
- Differentiated approach – turnkey provider of equity & secured debt to effect change of control buyouts
 - Typically provides most, if not all, of the debt capital along with a majority of the equity capital
 - Target mix of total invested dollars per transaction is 25% equity & 75% debt (at cost)
 - Traditional BDCs typically have equity exposure of 5 - 10%
- Turnkey approach greatly increases certainty and speed of closing, providing business owners and intermediaries with confidence in GAIN's ability to execute a transaction

Dedicated lower middle market focus on niche market leaders

- Target lower middle market companies (EBITDA of \$4 - \$15 million) domiciled in the United States
- Focused on businesses with leading market positions, positive cash flow generation, and strong management teams
- Industry agnostic with investments in manufacturing, business/consumer services, and consumer products

Evergreen fund structure creates alignment with management

- Investment decisions not guided by fundraising or end-of-fund deadlines versus a traditional buy-out fund
- Provides flexibility to portfolio company boards and management in terms of strategy and timing
- Allows all stakeholders to focus on sustainable, long-term value creation

Active portfolio management

- Active leadership on portfolio company boards to drive alignment and accountability with management teams
- Leverage knowledge and experience from past deals to identify revenue and cost opportunities
- Current portfolio is diversified across 26 companies, 19 states, and 15 industries⁽²⁾

(1) All information in this presentation is as of 6/30/2023, except as noted.

(2) Includes the September 2023 new buyout investment of The E3 Company, LLC.

Gladstone Investment | Overview

Delivering to investors consistent and increasing distributions

Investment structure creates attractive risk-reward profile

- Senior secured debt provides downside protection, along with the upside potential of GAIN's equity investments
- No third-party sponsor risk as GAIN is the sponsor
- Greater ability to influence decision making or enact changes to drive shareholder value, due to GAIN's significant economic ownership position in its portfolio companies

Strong and growing distributions

- Consistently raised regular monthly distributions to shareholders, as a result of growing debt portfolio, and has never missed a monthly distribution since its IPO in 2005
- GAIN's equity ownership provides further upside to shareholders through prospective capital gains from successful exits, which supports supplemental distributions
 - Since inception, average buyout exit cash-on-cash equity return of 3.8x
- Dividend yield of 9.3% as of September 14, 2023 ⁽²⁾

Outperformance and outsized upside potential compared to industry peers⁽¹⁾

- Excellent historical performance compared to industry peers in total return and return of equity ("ROE") over the past five and ten years
 - GAIN's 5 and 10-year total return is 72% and 312% vs. industry peers of 49% and 73%
 - GAIN's 5 and 10-year average ROE is 13% and 13% vs. industry peers of 9% and 8%

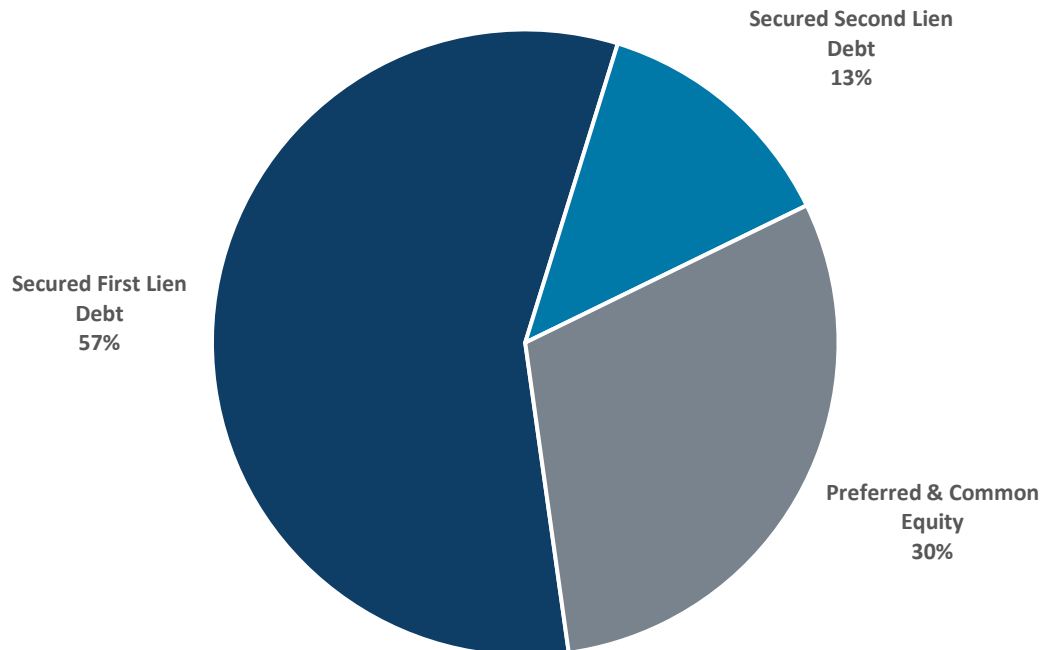
(1) See slides 25 and 26 for detail.

(2) Assumes a full year of the \$0.08 per share regular monthly distributions, including amounts not yet paid and/or declared in September 2023 through March 2024, and the supplemental distributions of \$0.12 paid in June 2023 and \$0.12 paid in September 2023.

Upside Potential Driven by Focus on Equity Securities

- GAIN's equity ownership provides further upside potential to shareholders through prospective capital gains and other income from successful exits which support supplemental distributions from time to time.
- Since inception, GAIN has generated approximately \$324.3 million in net realized gains and dividends on the exit of the equity portion of buyout portfolio companies.

Meaningful Equity Component in GAIN Portfolio⁽¹⁾



Approximately 30% of GAIN's portfolio, at fair value, is comprised of equity securities (typically preferred equity with common equity participation)

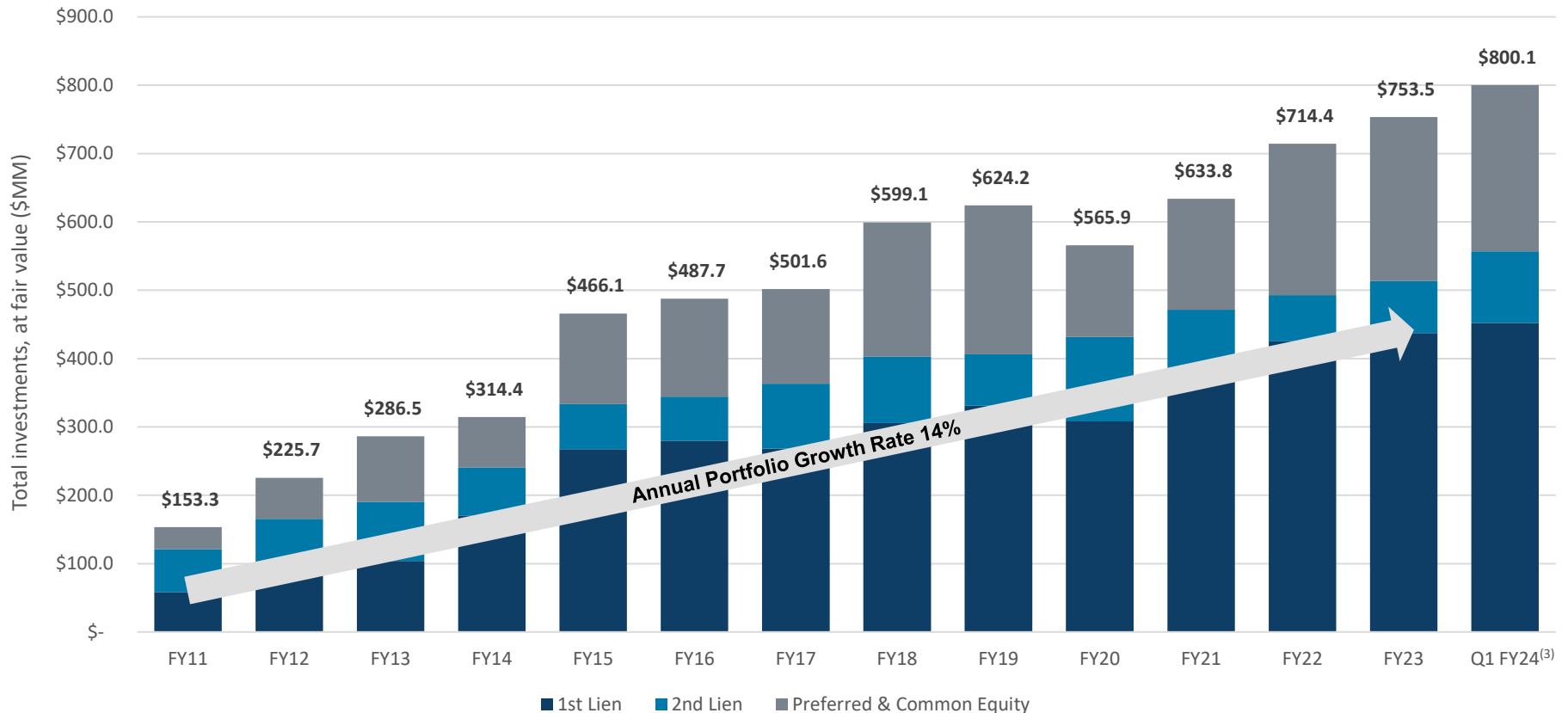
⁽¹⁾ At fair value as of 6/30/2023.

Growing Portfolio

From 4/1/2010 to 6/30/2023, we have:

- Made investments in 43 new companies of approximately \$1.2 billion⁽¹⁾
- Exited 29 companies for a return of proceeds of \$842.5 million⁽¹⁾⁽²⁾

FYE March 31



⁽¹⁾ Excludes line of credit commitments.

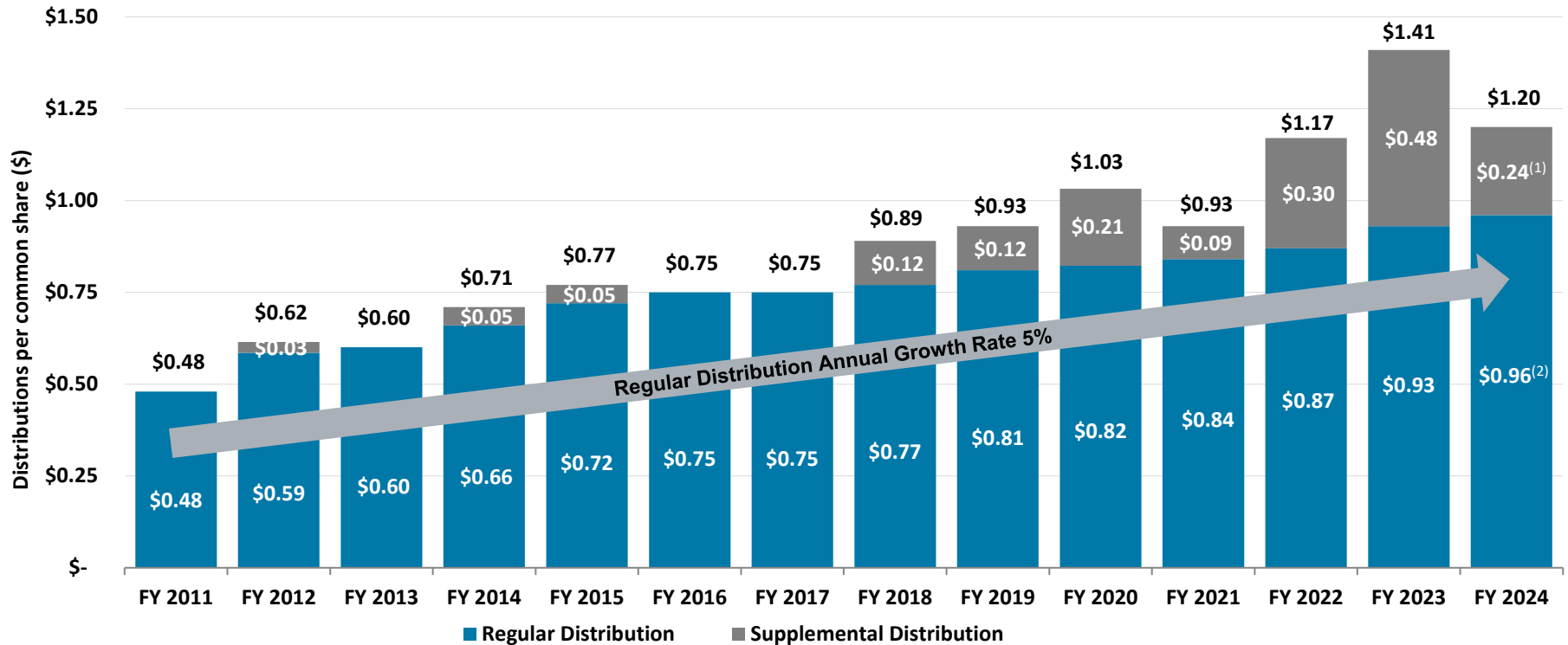
⁽²⁾ Includes return of capital, realized gains and dividends received from initial investment date through exit, net of losses on debt/equity and cost balances written-off or restructured.

⁽³⁾ As of 6/30/2023 and excludes the September 2023 new buyout investment of The E3 Company, LLC.

History of Strong Monthly and Supplemental Distributions

- From inception through 6/30/23, GAIN has paid 216 consecutive monthly distributions to common shareholders
- GAIN's regular annual distribution run-rate has increased 100% from \$0.48 per common share in FY11 to \$0.96 per common share for FY24, most recently increased in October 2022.
- In addition to regular distributions, GAIN has a history of paying supplemental distributions to common shareholders, consisting of realized capital gains from portfolio company exits

FYE March 31



⁽¹⁾ Includes the supplemental distributions of \$0.12 paid in June 2023 and \$0.12 paid in September 2023.

⁽²⁾ Assumes a full year of the \$0.08 per share regular monthly distributions, including amounts not yet paid and/or declared in September 2023 through March 2024.

Investor Day Presentation

II. Portfolio & Investment Strategy

Portfolio is Broad and Diversified

Manufacturing



PHOENIX DOOR SYSTEMS



Business/Consumer Services



B+T GRP



COUNSEL PRESS



Consumer Products



Historical Exits

Manufacturing



Business/Consumer Services

AQUAVENTURE

Bassett Creek Restoration



Consumer Products



Geographic Diversification



Investment Focus and Process

Driving performance with a focused and diligent approach to investment selections

Investment Focus

- Target stable lower middle market companies with EBITDA of \$4 – \$15 million
- Investment size (debt & equity) generally up to \$75 million (typically 25% equity & 75% debt)
- Lead or co-lead prospective transactions
- Focused on cash-flow positive businesses with proven competitive advantages and strong management teams
- Sector agnostic with interest in manufacturing, business services/distribution, and consumer products

Investment Structures

- Preferred equity is typically participating with a stated dividend of around 8%
- Secured 1st or 2nd lien term debt with current interest rates in the low- to mid-teens, generally with a success fee due upon a change of control and 5-year term without amortization
- Revolver may be provided with the expectation of refinancing shortly after close
- Portfolio company management option pool range of 10 – 25%

Deal Sourcing

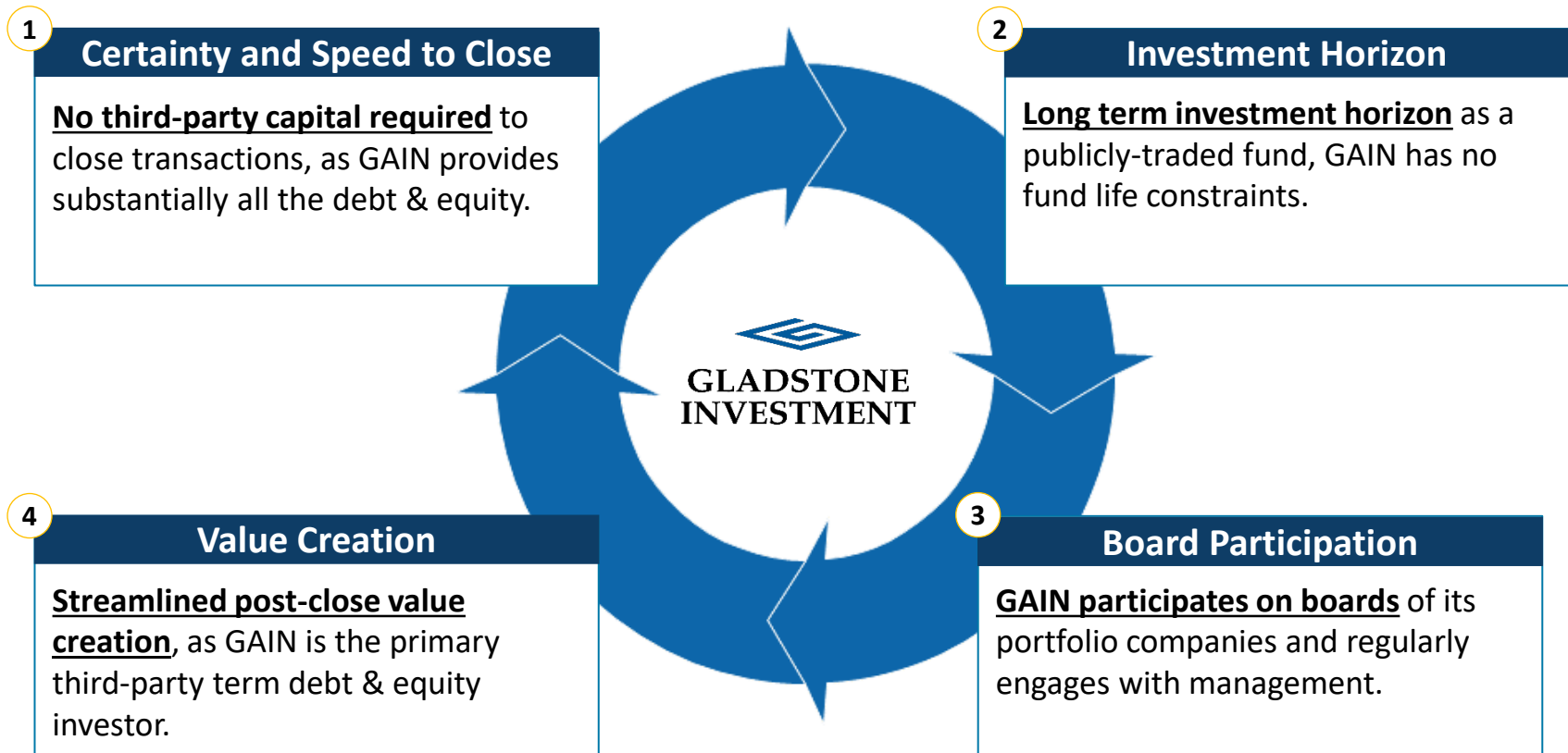
- Source opportunities from investment banks, M&A advisory firms, and industry executives
- Regionally focused sourcing strategy, spearheaded by every member of the investment team
- Debt & equity from single investor provides competitive advantage by improving the certainty of close and decreasing deal complexity

Due Diligence

- Typical due diligence period of 45 to 60 days after executing letter of intent
- Thorough multi-disciplinary approach – blending internal industry experience, onsite visits and management assessments, supplemented with third party quality of earnings reports, industry studies, management assessments, and customary legal and insurance investigations

Risk Management and Value Creation

GAIN takes a long-term approach with a strategy to deploy debt & equity designed to streamline post-close value creation



Value Creation Across the Portfolio

Equity ownership allows GAIN to effect change with its investments

GAIN helps to establish an effective board governance structure at the onset of each investment

- Enables GAIN to influence company strategy
- GAIN supports board members with relevant value-added industry expertise
- GAIN has ability to replace and enhance management

When appropriate, GAIN develops add-on and roll-up strategies to build value

- GAIN has executed two roll-up strategies as well as 8 add-on acquisitions in the last 5 years

Experienced
Governance
Structure

Strategic
Planning

Add-on and
Roll-up
Strategies

Sales and
Operational
Initiatives

At the outset of its investment, GAIN, along with company management, develop a strategic plan

- Builds buy-in with management on what we plan to do and when
- Creates a framework for alignment and accountability at the Board level

Proactive interaction with company management to drive long term value creation

- Leverage knowledge and experience from past deals to identify revenue and cost opportunities
- Significant experience in professionalizing sales management, investing in personnel and equipment, and negotiating costs

New Buyout Investments

We continue to actively invest in new buyout opportunities and strategic investments in existing portfolio companies. Our most recent new buyouts are detailed below:

Dema/Mai Holdings, Inc.

- **Acquired:** June/July 2022
- **Investment Size:** \$60.1MM (\$39.1MM debt & \$21.0MM equity)
- **Company Description:** Plumbing and mechanical systems installation and services provider
- **Headquarters:** Denver, Colorado
- **Sector:** Business/Consumer Services



Home Concepts Holdings, LLC

- **Acquired:** May 2023
- **Investment Size:** \$15.3MM (\$12.0MM debt & \$3.3MM equity)
- **Company Description:** Home improvement advertising publication
- **Headquarters:** Santa Barbara, California
- **Sector:** Business/Consumer Services



The E3 Company, LLC

- **Acquired:** September 2023
- **Investment Size:** \$46.0MM (\$34.8MM debt & \$11.2MM equity)
- **Company Description:** Pressure management solutions provider to oil and gas industry
- **Headquarters:** Kilgore, Texas
- **Sector:** Manufacturing



Add-on and Platform Investments

We continue to actively pursue and invest in strategic add-on opportunities for our existing portfolio companies. Three portfolio companies with recent add-on and platform acquisition investments are highlighted below:

Nocturne Luxury Villas, Inc.

- **Platform Acquisitions:** August 2023, October 2022, May 2022, December 2021, July 2021, and June 2021
- **Platform Investment Size:** Aggregate investment of \$67.7MM (\$61.1MM debt & \$6.6MM equity)
- **Company Description:** A platform focused on the acquisition and integration of luxury vacation rental management companies. To date, Nocturne has made six acquisitions.
- **Headquarters:** Santa Barbara, California
- **Sector:** Business/Consumer Services



Nth Degree Investment Group, LLC

- **Add-on Investment:** June 2023
- **Add-on Investment Size:** \$30.0MM (\$25.0MM debt & \$5.0MM equity)
- **Company Description:** Trade show management, event marketing, and global exhibition services
- **Headquarters:** Duluth, GA
- **Sector:** Business/Consumer Services
- **Add-on Description:** To fund the acquisition of a leading trade show service provider and general contractor



Schylling, Inc.

- **Add-on Investments:** December 2021 and January 2018
- **Add-on Investment Size:** \$20.9MM debt
- **Company Description:** Toy and gift company specializing in high quality classic-style toys
- **Headquarters:** North Andover, MA
- **Sector:** Consumer Products
- **Add-on Description:** To fund the acquisitions of two iconic toy-brands

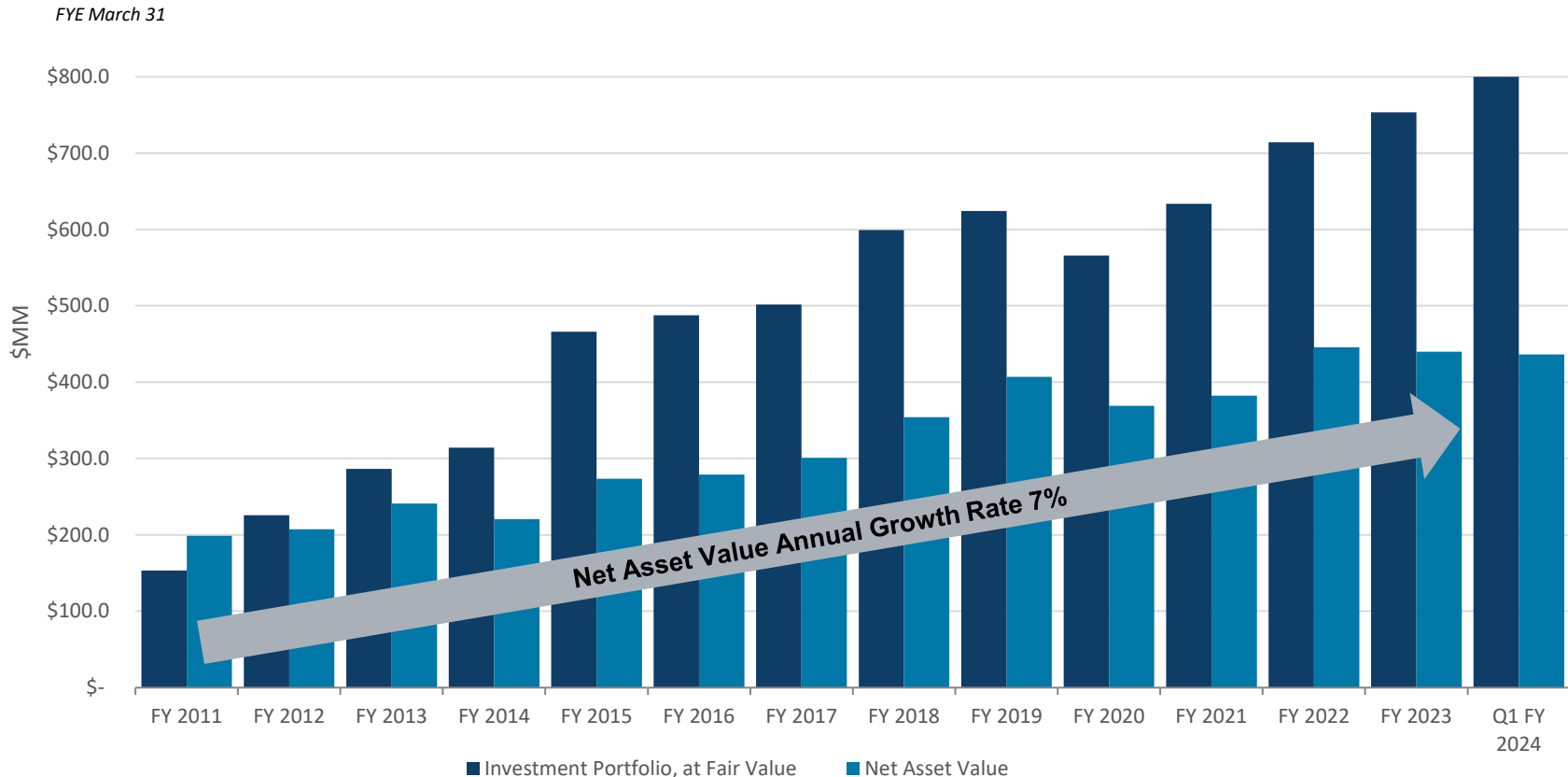


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III. Financial Highlights, Shareholder Value & Capital Structure

Continuous NAV Growth Since FY 2011

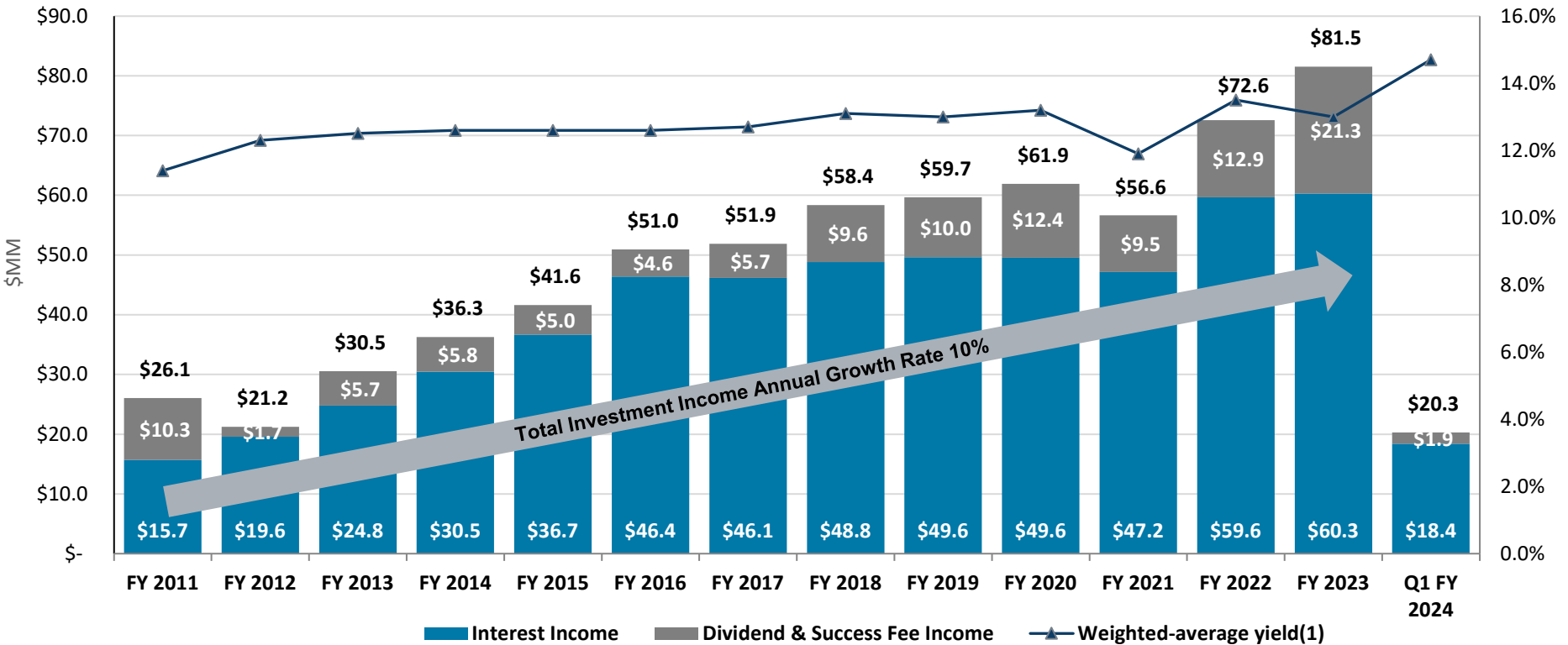
- Continuous growth in overall NAV since FY 2011, driven by diligent growth and value creation in investment portfolio
- Significant NAV per share growth to \$12.99 at 6/30/2023 from \$9.00 at 3/31/2011



Investment Income Growth Since FY 2011

- Significant growth in Investment Income since FY 2011, driven by growth in investment portfolio, increased yields and other income.
- Other income is comprised of dividends on preferred investments and success fees from our portfolio companies.

FYE March 31



(1) Annualized weighted-average yield on our interest-bearing investment portfolio.

Successful Realizations Enhance Shareholder Value

History of exits generating significant capital gains. GAIN's target investment mix of 75% debt and 25% equity provides potential for high returns through consistent current yield and capital appreciation at exit.

Since inception, total equity proceeds returned through successful exits of \$438.2 million, inclusive of \$324.3 million of net realized gains and dividends.

\$ in '000s

Exits in Fiscal Year ⁽¹⁾	Invested Capital ⁽²⁾			Equity Return at Exit	
	Total	Debt ⁽³⁾	Equity	Equity Proceeds ⁽⁴⁾	CoC
FY 2023	\$ 64,625	\$ 56,000	\$ 8,625 ⁽⁵⁾	\$ 10,088	2.1x
FY 2022	\$ 84,686	\$ 57,299	\$ 27,387	\$ 50,717	1.9x
FY 2021	\$ 14,025	\$ 12,500	\$ 1,525	\$ 16,911	11.1x
FY 2020	\$ 100,328	\$ 76,364	\$ 23,963	\$ 94,397	3.9x
Exits in prior FYs / others ⁽⁶⁾	\$ 294,274	\$ 234,151	\$ 60,123 ⁽⁵⁾	\$ 266,127	4.6x
Total	\$ 557,938	\$ 436,314	\$ 121,624	\$ 438,240	3.8x

(1) As of 6/30/2023, no exits for fiscal year 2024.

(2) Some capital may have been returned/restructured/written-off prior to ultimate exit.

(3) Excludes line of credit commitments.

(4) Includes all equity proceeds on exit (return of capital, realized gains, and dividends); does not include debt repayments or gains/losses on debt.

(5) FY 2023 includes \$3,735 and prior FY's include \$3,890 in equity returned prior to exit.

(6) Includes all buyout exits from inception in 2005 through 3/31/2019 and other non-material buyout exits.

Financial Highlights ⁽¹⁾

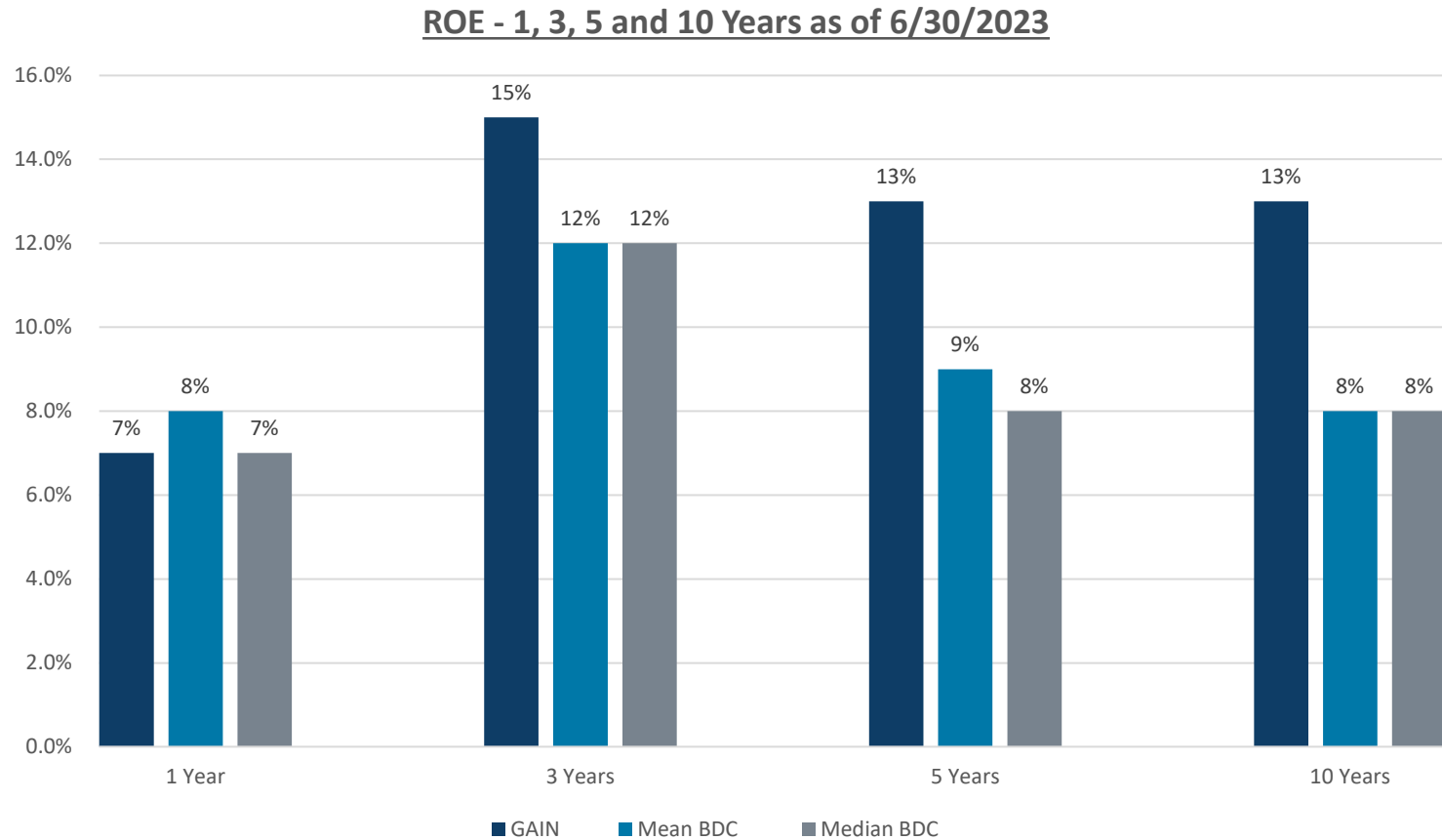
	Three Months Ended		Fiscal Year Ended		
	June 30, 2023	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020
Net investment income (loss) (NII/NIL)	\$ 8,440	\$ 37,000	\$ 14,990	\$ 17,938	\$ 36,362
(+) Capital gains-based incentive fee	67	(296)	18,286	5,032	(6,718)
Adjusted NII ⁽²⁾	\$ 8,507	\$ 36,704	\$ 33,276	\$ 22,970	\$ 29,644
Realized gain	\$ 1,155	\$ 10,753	\$ 12,444	\$ 10,592	\$ 44,803
Unrealized appreciation (depreciation)	\$ (809)	\$ (12,206)	\$ 74,882	\$ 13,924	\$ (78,139)
Weighted-average shares	33,592	33,312	33,205	33,177	32,866
Regular Monthly Distributions per share	\$ 0.24	\$ 0.93	\$ 0.87	\$ 0.84	\$ 0.82
Supplemental Distributions per share	0.12	0.48	0.30	0.09	0.21
Total Distributions per share	\$ 0.36	\$ 1.41	\$ 1.17	\$ 0.93	\$ 1.03
NII/NIL per weighted-average share	\$ 0.25	\$ 1.11	\$ 0.45	\$ 0.54	\$ 1.11
Adjusted NII per weighted avg. share ⁽²⁾	\$ 0.25	\$ 1.10	\$ 1.00	\$ 0.69	\$ 0.90

(1) Dollar amounts in thousands, except per share amounts. The financial information above is not comprehensive and is without notes, so readers should obtain and carefully review the consolidated financial statements and notes contained therein of GAIN's Form 10-Q and Form 10-K, as filed with the SEC for the respective periods.

(2) Adjusted NII – Non-GAAP Financial Measure: Adjusted net investment income represents net investment income, excluding the capital gains-based incentive fee. The Company uses this non-GAAP financial measure internally in analyzing financial results and believes that this non-GAAP financial measure is useful to investors as an additional tool to evaluate ongoing results and trends for the Company. The Company's investment advisory agreement provides that a capital gains-based incentive fee is determined and paid annually with respect to realized capital gains (but not unrealized capital gains) to the extent such realized capital gains exceed realized losses and unrealized depreciation on investments for such year. However, under U.S. GAAP, a capital gains-based incentive fee is accrued if realized capital gains and unrealized appreciation of investments exceed realized capital losses and unrealized depreciation of investments. The Company believes that Adjusted net investment income is a useful indicator of operations exclusive of any capital gains-based incentive fee as net investment income does not include realized or unrealized investment activity associated with the capital gains-based incentive fee.

History of Driving High Shareholder Returns

Long-term Return on Equity Outperforming Compared to Industry Peer Group⁽¹⁾



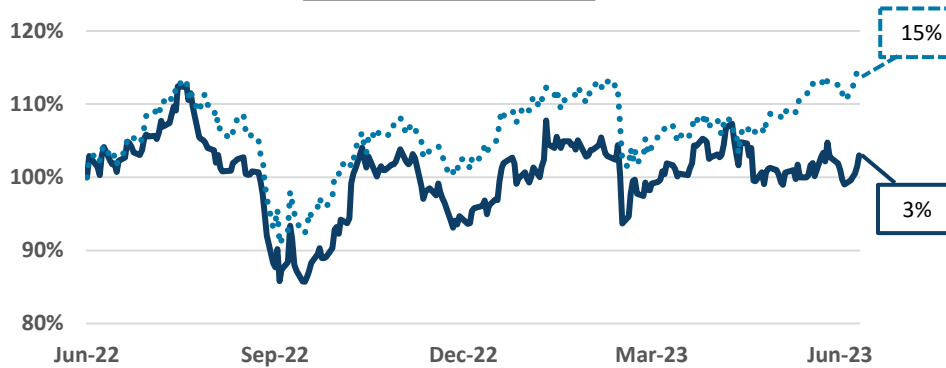
⁽¹⁾ Source: Capital IQ, latest available quarterly data as of 8/9/2023. BDC peer group defined as participants in MVIS US BDC Index as of 8/9/2023. ROE defined as LTM NII +/- real & unrealized gains/losses divided by average NAV.

History of Driving High Shareholder Returns

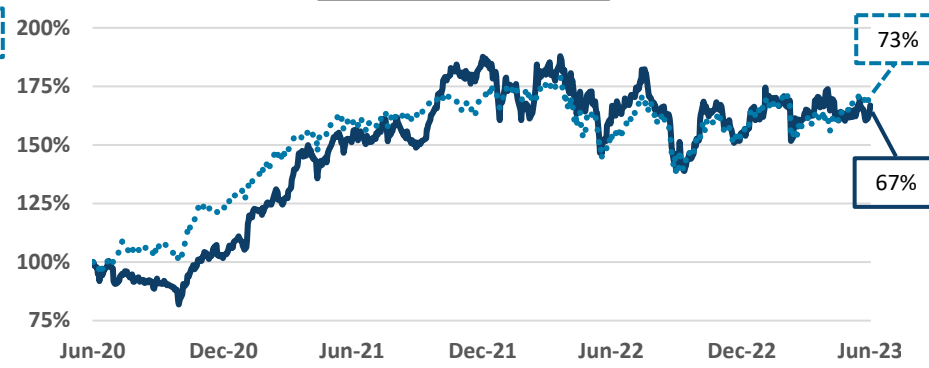
Greater Long-term Total Return Compared to BDC Peer Group⁽¹⁾

5 and 10-year total returns of 72% and 312% vs. BDC industry peers of 49% and 73%

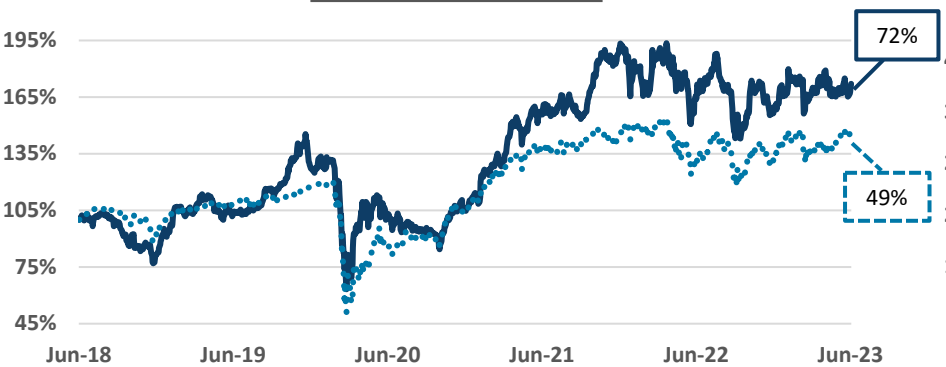
1 Year Total Return



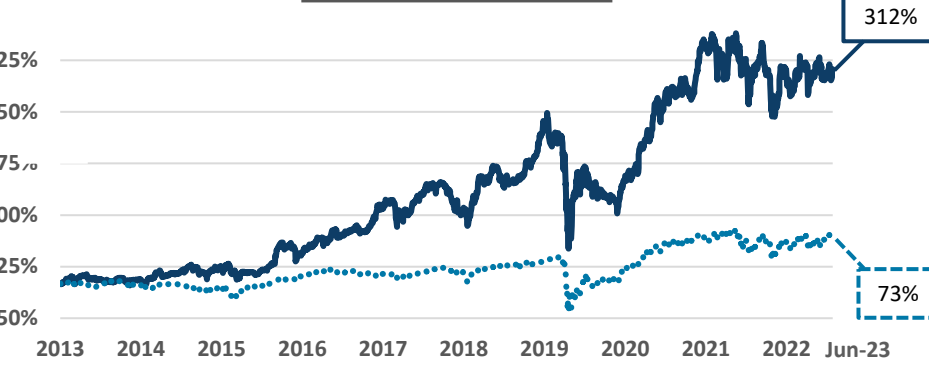
3 Year Total Return



5 Year Total Return



10 Year Total Return⁽²⁾



— GAIN S&P BDC Index

(1) Total return as of 6/30/2023 inclusive of reinvested dividends. BDC peer group defined as participants in the S&P BDC Index as of 8/9/2023.

(2) 10 Year total return represents the period from December 5, 2013, the launch date of the S&P BDC Index, through 6/30/2023.

Capital Structure: Conservative Approach

- GAIN maintains a conservative balance sheet with low leverage and available liquidity to support needs of the business.
 - Asset coverage ratio on senior securities representing indebtedness of 211% compared to the required 150%.
 - Focus on long-term fixed rate financing to match funding needs.
- GAIN utilizes common stock offerings to tap into the equity market when prices are accretive
 - Since IPO, raised an aggregate \$123.5MM of gross proceeds from multiple post-IPO common stock offerings and \$17.7MM of gross proceeds using various common stock At-the-Market (“ATM”) programs.
 - Under the current \$50.0MM ATM program, established in August 2022, we have raised aggregate gross proceeds of \$9.6MM to date, with all sales above then-current NAV per share.

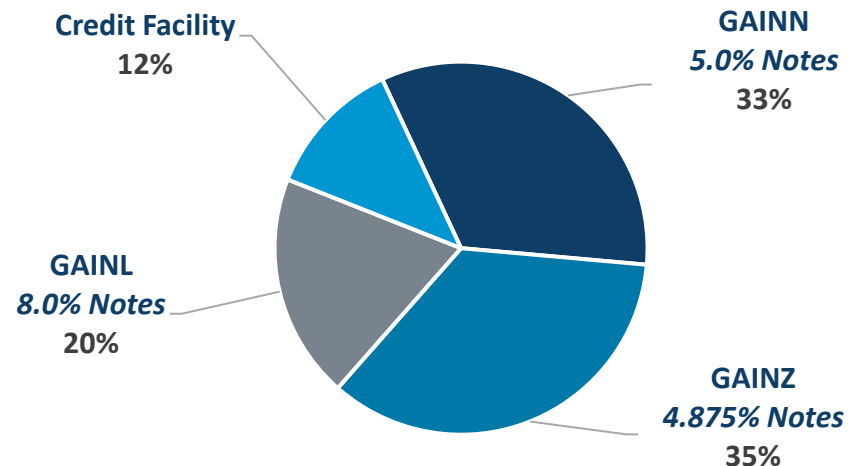
Components of Total Debt as of 6/30/2023

Publicly Traded Notes

- GAINN: \$127.9MM of 5.00% 2026 Notes
- GAINZ: \$134.6MM of 4.875% 2028 Notes
- GAINL: \$74.8MM of 8.00% 2028 Notes

\$180MM Credit Facility

- 1-month SOFR + 2.85% spread + 0.11% SOFR adjustment
- \$ 133.8MM of availability at 6/30/2023



Investor Day Presentation

IV. Outlook

Buyout Market Update

Increased deal flow leading to more actionable opportunities

Deal Sourcing

- GAIN primarily targets two sets of intermediaries to obtain deal flow:
 - *Investment Banks* – increasingly focused on running specialized bidding processes that target a narrow set of buyers with specific experience or a “thesis” in the relevant industry/category.
 - *Independent Sponsors* – this model continues to evolve but is a well-established part of the lower middle market deal environment.

Deal Flow

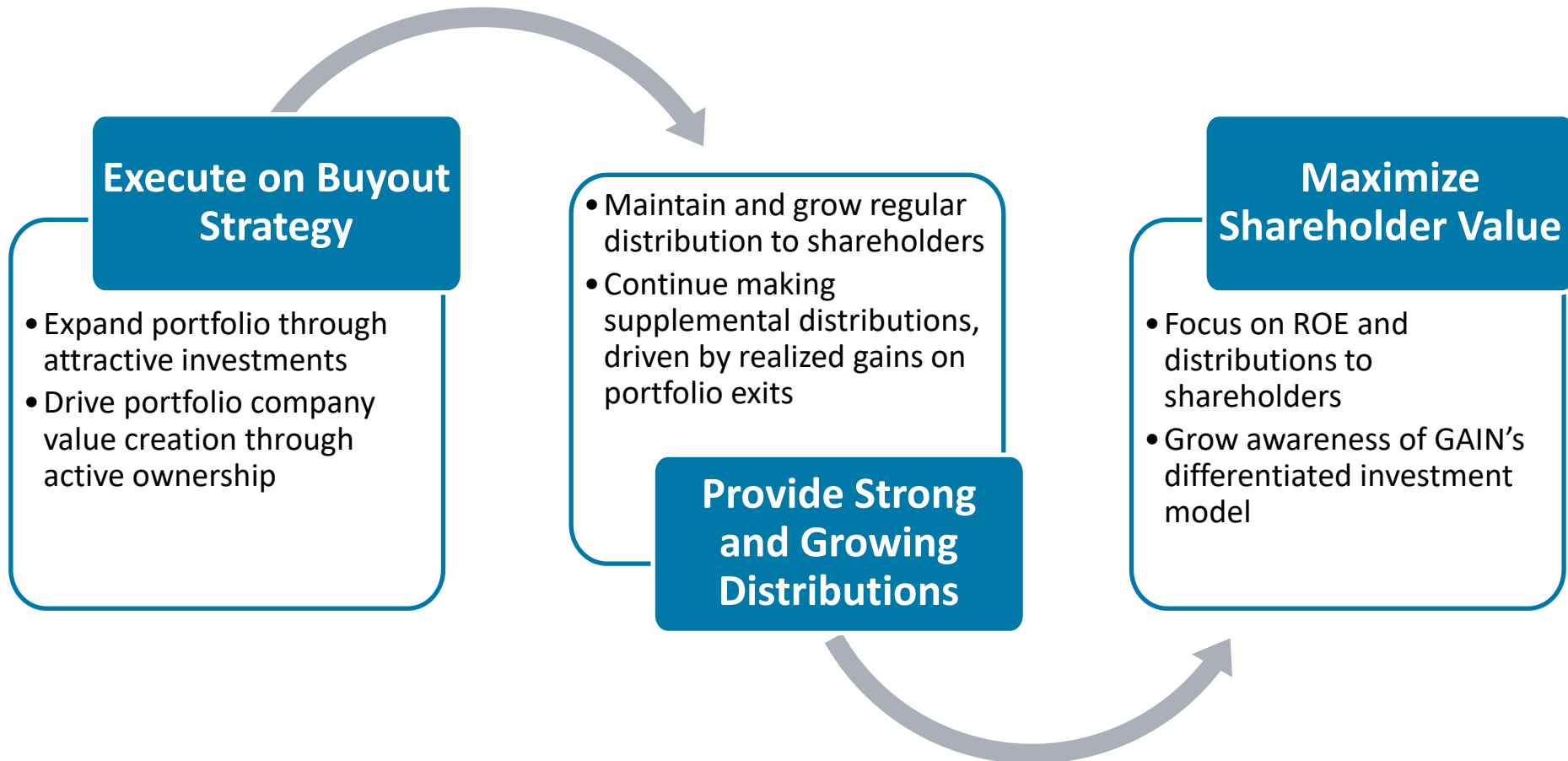
- Over the last few months deal flow has gradually increased across most industries as sellers and buyers accept that higher interest rates are the “new normal”.
- Companies operating in fragmented industries with some level of perceived recession proof recurring/repeatable revenue continue to receive significant attention.
- Independent sponsors continue to focus on “roll-up” strategies, attempting to acquire several businesses at a discounted multiple that they believe will result in a higher multiple once consolidated.

Opportunities

- GAIN expects the recent pickup in deal flow to result in more actionable new deal opportunities, including add-ons for our existing portfolio.
- Although it is a competitive market and valuation expectations remain elevated, GAIN’s unique financing approach should allow us to win new opportunities while remaining disciplined and focused on our core thesis.

Continue to Execute on Strategy

Disciplined underwriting and continued portfolio performance allows GAIN to historically outperform peer group



Corporate Data

Key Executive Officers

David Gladstone
Chairman & CEO

Terry Lee Brubaker
COO

David Dullum
President

Rachael Easton
CFO & Treasurer

Research Coverage

B. Riley Securities

Bryce Rowe

Janney

John Rowan

Jefferies & Company

Kyle Joseph

Ladenburg Thalmann

Mickey M. Schleien

Oppenheimer & Co.

Mitchel Penn

Websites

Gladstone Investment:
www.gladstoneinvestment.com

Investment Adviser:
www.gladstonemanagement.com

Information on all Gladstone Funds:
www.gladstonecompanies.com
www.gladstonedividend.com

Independent Directors

Paul Adelgren

Michela A. English

John Outland

Anthony W. Parker

Walter H. Wilkinson, Jr

Investor Relations

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info@gladstonecompanies.com

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Stradley Ronon Stevens & Young, LLP

Transfer Agent:
Computershare

Auditors:
PricewaterhouseCoopers LLP

Nasdaq Listings

Common: GAIN

2026 5.00% Notes: GAINN

2028 4.875% Notes: GAINZ

2028 8.00% Notes: GAINL

Corporate Headquarters

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