



# GLADSTONE CAPITAL

*Investing Since 2001*

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**Investor Presentation  
for the Quarter Ended**

**March 31, 2025**

*NASDAQ: GLAD*

*FINANCING FOR LOWER MIDDLE MARKET COMPANIES*

# Legal Disclaimer

**Forward-Looking Statements:** This presentation may include “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements may include comments with respect to our objectives and strategies, and the results of our operations and our business.

These forward-looking statements inherently involve numerous risks, assumptions, and uncertainties, both general and specific. The risk exists that these statements may not be fulfilled. Although these statements are based on information available to us as of the date of this presentation, which we believe is reasonable, we caution readers of this presentation not to place undue reliance on these forward-looking statements as a number of known and unknown factors could cause future results to differ materially from these statements, including those factors listed under the caption “Risk Factors” in our Form 10-K and Form 10-Q filings, our registration statement, and other filings we may make with the Securities and Exchange Commission, all of which can be found on the investors section of our web site at [www.GladstoneCapital.com](http://www.GladstoneCapital.com) or the SEC’s web site, [www.SEC.gov](http://www.SEC.gov).

Forward-looking statements may be influenced in particular by factors such as the overall impact of public health emergencies, fluctuations in interest rates and stock indices, the effects of competition in the areas in which we operate, and changes in economic, political, regulatory and technological conditions. We caution that the foregoing list is not exhaustive. When considering forward-looking statements when making decisions, investors should carefully consider the aforementioned factors as well as other uncertainties and events.

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\*\*Amounts in tables and charts in thousands, except for share and per share amounts and as otherwise stated.

# Gladstone Capital Quarterly Highlights

(as of 3/31/2025)

## Financial Results

- Net Investment Income Per Share: \$0.50
- Net Asset Value Per Share: \$21.41 (-\$0.10 over prior quarter-end)
- LTM ROE: 18.6% per GAAP and 9.8% on net investment income
- Monthly dividends per share: \$0.165 or annualized dividend yield on NAV of 9.25%

## Portfolio

- Total investments at fair value of \$762.6 million invested in 51 companies
- \$46 million of fundings in Q2 (2 new portfolio companies) did not offset anticipated exits and prepayments of \$81 million from 2 portfolio company exits
- Weighted average yield on debt investments of 12.6% down from 13.1% with lower SOFR Rates<sup>(1)</sup>
- 71% of portfolio in first-lien loans and 90% in secured loans
- Weighted average and median borrower EBITDA of \$11.0 million and \$9.2 million<sup>(2)</sup>, respectively
- Average investment by obligor of \$15.5 million or 2% investment portfolio at fair value
- Four obligors on non-accrual representing \$29.8 million or 4.3% of debt investments (fair value)

## Debt & Liquidity

- Outstanding debt balance was \$280 million; quarter-end debt-to-equity ratio was 0.60x
- Current investment capacity: \$251 million under undrawn committed bank lines

## Recent Events

- Declared regular distribution of \$0.165/share per month for Apr., May., and Jun. (\$0.495 total)
- In 2Q25, received ~\$42 million repayment from SpaceCo (Karman Aerospace) following the IPO
- Completed the bankruptcy restructuring of investment in Eegee's

<sup>1</sup> Actual yields earned over the life of investments could be materially different from the yields presented herein.

<sup>2</sup> Both exclude certain investments on the watchlist and investments with TTM EBITDA greater than \$25 million.

# Gladstone Capital Investment Highlights

 Lending focused on growth-oriented lower middle market businesses

 Experienced, long-tenured leadership and investment team

 Proprietary sourcing and execution model with high degree of selectivity

 Diversified, conservative portfolio with focus on senior secured, first lien loans

 Active portfolio management and risk monitoring

 Focus on shareholder alignment

# Gladstone Capital Overview

## Background:

- Founded in 2001 with the purpose of making loans to lower middle market U.S. businesses, Gladstone Capital's investment team is exclusively focused on this segment of the private capital market
- Gladstone Capital is funded through publicly traded common stock (*Nasdaq: GLAD*) and is leveraged via various senior unsecured note issues and a bank revolving credit facility
- Managed by Gladstone Management Corporation, an SEC registered investment adviser managing \$4.0+ billion in assets across four publicly traded yield-oriented funds and one newly-formed private interval fund

## Investment Strategy:

- Target direct originated secured debt investments in growth-oriented companies with revenue visibility and free cash flow to support organic deleveraging and where capital structure flexibility and lender support are valued
- Target companies with operating cash flow (EBITDA) of \$3-25 million and investments of \$8-40 million which are below the investment threshold of most of the large-scale private capital funds
- Majority of investments are backed by private equity sponsors (~85% of the portfolio at 3/31/25), which provide governance oversight, strategic sector insight, experience managing leveraged capital structures and access to additional investment capacity to support growth

## Deal Sourcing/Diligence/Risk Management:

- Leverage experienced origination team to source, structure, undertake "equity level" diligence and pro-actively manage investments via ongoing board level participation to mitigate credit losses
- Highly selective screening process where under 5% of deals reviewed ultimately close and all deals require financial maintenance covenants
- All investments undergo ongoing senior management review, quarterly third-party expert investment valuations in support of SEC filed financials which are subject to quarterly oversight by Gladstone Capital's audit committee and independent board members

# Attractive Lower Middle Market Dynamics

## Why focus on lower middle market (“LMM”) companies

- Greater industry diversity and more consistent flow of growth-oriented investment opportunities
- Lower cash flow purchase multiples in the LMM translate to reduced financial leverage, better asset collateral coverage, and the ability for lenders to structure and control entire debt financing solutions
- Smaller investment threshold attracts less competition from larger private debt funds or commercial banks, supporting more attractive investment returns at lower relative leverage levels, often with more lender-friendly documentation
- LMM companies and PE Sponsors are more receptive to equity co-investments, offering opportunities to selectively participate in anticipated growth and equity appreciation
- Proprietary origination and lead lender solution approach provide elevated diligence insight and management team access, leading to greater visibility and influence over strategy & risk mitigation

## Trends Enhancing Opportunity for Non-Bank/Private Credit Lenders

- PE Sponsors aiming to scale LMM platform investments rely upon flexible financing solutions, often requiring future funding to support growth efforts, which demands a more experienced and responsive lender capable of underwriting long-term equity strategies with the agility to respond to changing conditions and new opportunities
- Providing streamlined “one-stop” financing solutions accelerates transaction closings, provides GLAD access to primary diligence and control over documentation, and simplifies future growth funding or facility modifications for the borrower
- Shifting capital market conditions and regulatory or internal leverage lending constraints continue to hamper the commercial bank participation in as cashflow lenders to the LMM PE sponsor community
- Over 90% of private debt funds raised exceed \$1B, with multi-billion-dollar firms prioritizing larger borrowers (>\$25 million EBITDA), aligning with institutional capital deployment objectives and lower-fee structures

**LMM is a less competitive segment of the leveraged finance market, offering a more attractive risk reward profile that aligns well with the investment flexibilities of Gladstone Capital’s non-bank investment platform**

# Gladstone Capital 3/31/2025 Quarter Summary

## Originations/Portfolio Activity:

- New investments totaled \$45.6 million during the quarter, comprised of \$38.3 million into two new portfolio companies, and \$7.3 million of add-on investments in support of existing portfolio companies.
- Portfolio exits, amortization payments, and prepayments were \$81.3 million, resulting in net originations of (\$35.7) million.
- We have absorbed the bulk of the anticipated surge in portfolio exits and our current deal pipeline of expected fundings should easily outpace anticipated repayments to put us back on track to grow the portfolio.

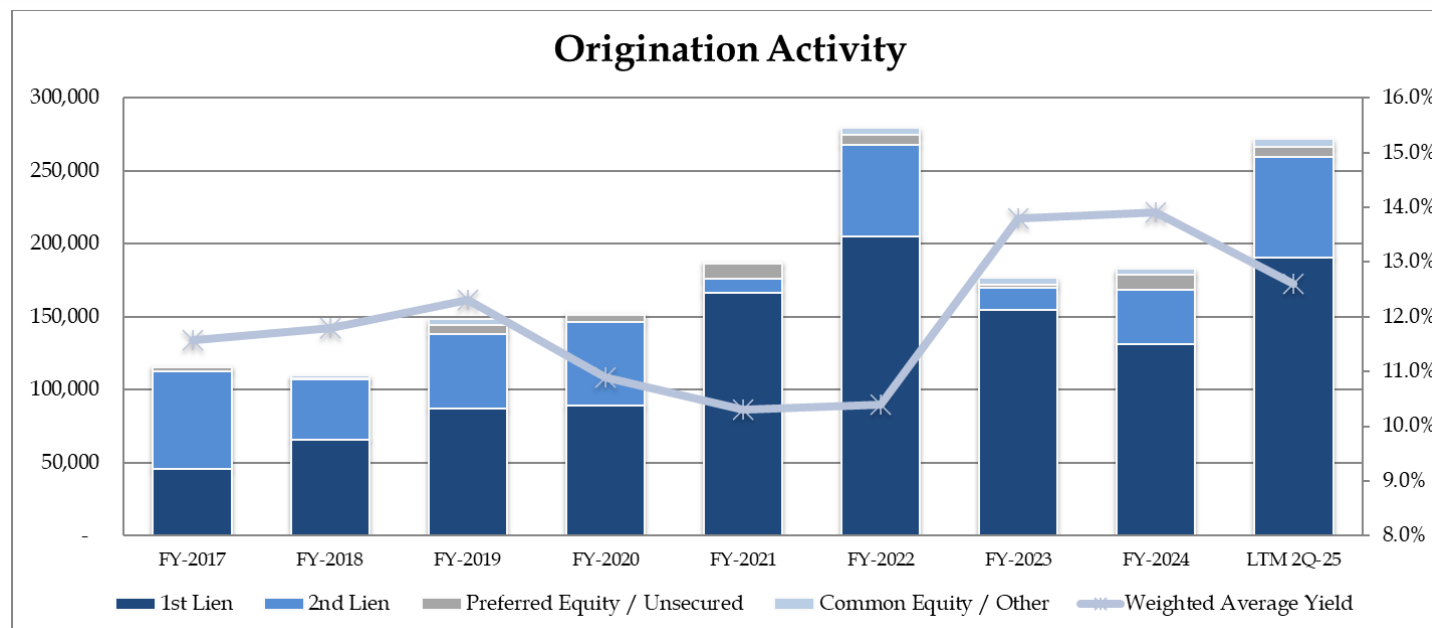
## Portfolio Yield / Net Investment Income (NII):

- Average SOFR rates declined 36bp in the quarter which accounted for the majority of the decline in the portfolio's weighted average yield which fell to 12.6% from 13.1% last quarter, however interest income was unchanged at \$21.3 million due to the 6.3% increase in the average earning assets for the period.
- Other investment income declined \$0.4 million from the prior quarter which dropped total investment income by \$0.4 million, to \$21.6 million.
- Total expenses declined by \$0.4 million as interest expenses rose \$0.3 million with higher average bank borrowings, however the total declined due to lower professional fees, other expenses, and net management fees.
- Net investment income for the quarter was unchanged at ~\$11.2 million or \$0.50 per share and covered common distributions.

## Portfolio Performance and Valuation:

- Our portfolio continues to perform well with modest leverage metrics and favorable liquidity. We ended the quarter with four non-earning debt investments (unchanged) representing 4.3% of debt investments at fair value.
- Conservative asset mix with 90% of investments in secured loans, 71% in lower risk 1st lien loans and weighted average leverage across core proprietary loan portfolio of 3.8x.
- Net realized gains came in at \$7.7 million for the quarter with equity investment exits, and the net unrealized depreciation on the balance of the portfolio was \$2.2 million, bringing our ROE to 18.6% for the TTM period.

# Gladstone Capital Origination Activity



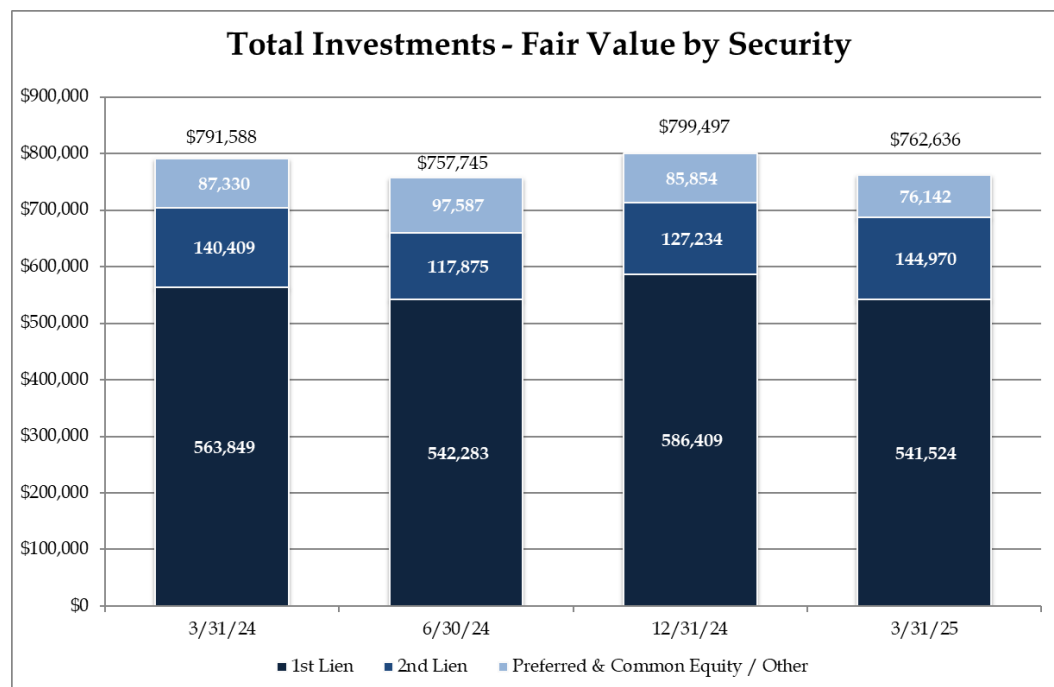
## Gladstone Capital Quarterly Net Investment

	6/30/2023	9/30/2023	12/31/2023	3/31/2024	6/30/2024	9/30/2024	12/31/2024	3/31/2025
New Investments at Cost	\$ 53,500	\$ -	\$ 11,000	\$ 15,000	\$ 27,250	\$ -	\$ 107,159	\$ 38,265
Disbursements to Existing Portfolio Companies	17,115	27,393	46,998	\$ 29,735	\$ 19,139	\$ 28,527	\$ 44,457	\$ 7,330
Sales, Repayments, Other Exits at Cost	(35,230)	(41,017)	(22,066)	(15,146)	(86,420)	(12,638)	(165,343)	(81,274)
Net New Investments at Cost	\$ 35,385	\$ (13,624)	\$ 35,932	\$ 29,589	\$ (40,031)	\$ 15,889	\$ (13,727)	\$ (35,679)
Number of New Portfolio Company Investments	3	0	1	1	2	0	6	2
Number of Portfolio Company Exits	2	1	1	1	2	2	4	2
Total Portfolio Companies	52	51	51	51	51	49	51	51



# Gladstone Capital Portfolio Trends

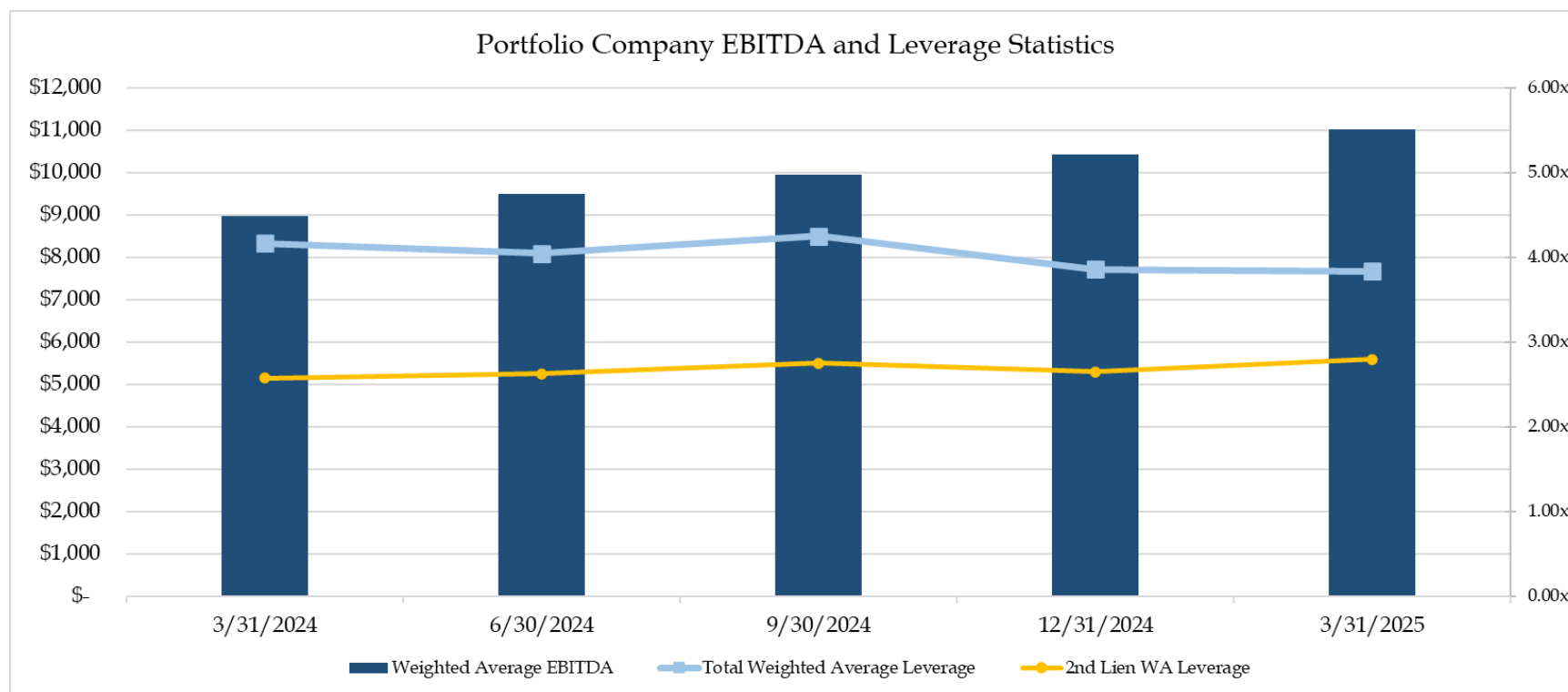
- While new deal buyout activity has been volatile in the past several quarters, we have absorbed significant refinancings of larger and mature credits while seeding a new vintage of growth oriented LMM platform investments to maintain our AUM and portfolio diversity.
- 1<sup>st</sup> lien investments decreased to 71% of the portfolio driven by recent debt position repayments.
- Approximately 90.8% of our loan portfolio is subject to floating rates with minimum SOFR floors.
- We continue to make minority equity co-investments in approximately half of our new originations to selectively capitalize on the most attractive buyout opportunities.
- The current portfolio valuation of \$762.6 million represents ~97% of cost as of 3/31/2025.



	12/31/23	3/31/24	6/30/24	9/30/24	12/31/24	3/31/25
First Lien Debt	72.9%	71.2%	71.6%	69.7%	73.4%	71.0%
Second Lien Debt	16.9%	17.8%	15.5%	14.3%	15.9%	19.0%
Equity / Other	10.2%	11.0%	12.9%	16.0%	10.7%	10.0%

# Portfolio Metrics

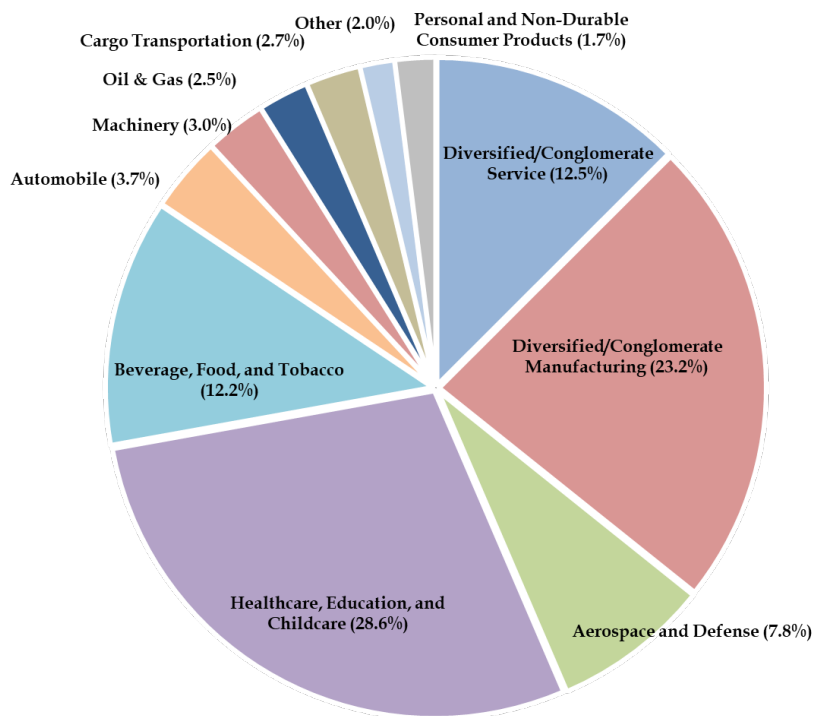
Consistent with GLAD's LMM focus, the core loan portfolio continues to represent companies with an average EBITDA of approx. \$11.0 million and an average leverage attachment point of 3.84x EBITDA



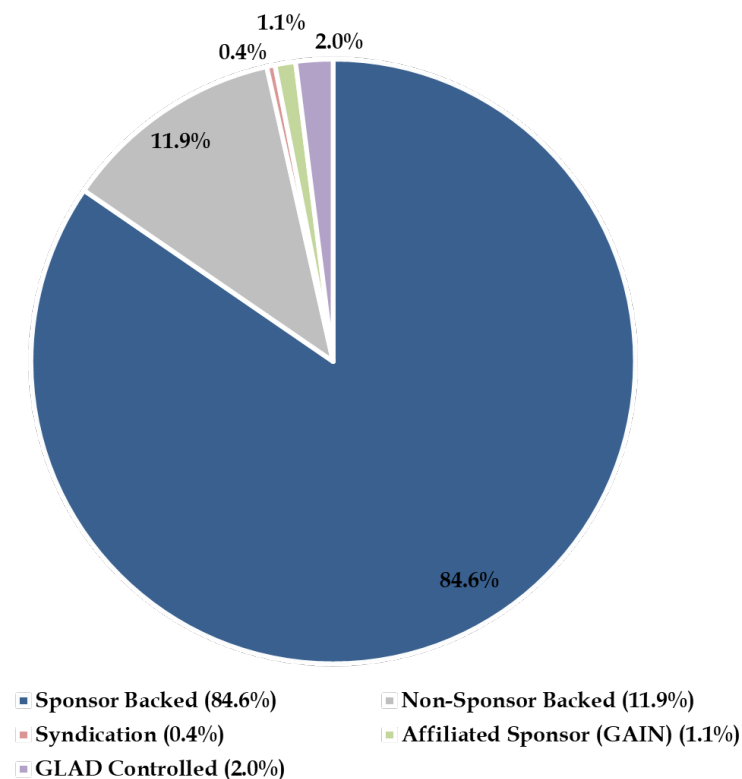
*\*For the purposes of this presentation, certain investments have been excluded from the data used to develop the above analysis. Those exclusions include investments: (i) originated as Syndications; (ii) co-investments with GAIN; (iii) residual investments under \$5 million; (iv) equity only investments; (v) investments with TTM EBITDA greater than \$25 million; and (vi) two investments with a de minimis TTM EBITDA relative to total debt skewing weighted average leverage. Additionally, investment EBITDA and Leverage are weighted based on the size of the principal outstanding.*

# Industry and Deal Sources Are Diversified

**Portfolio Diversification Across 13 Industries - At 3/31/2025 Fair Value**



**Deal Source Composition - At 3/31/2025 Fair Value**



# Portfolio Composition

<i>Portfolio Characteristics As Of:</i>	June 30, 2024	September 30, 2024	December 31, 2024	March 31, 2025
Total Portfolio - FV	\$ 757,745	\$ 796,260	\$ 799,497	\$ 762,636
# of Portfolio Companies	51	49	51	51
Average Investment Size - FV	\$ 14,858	\$ 16,250	\$ 15,676	\$ 14,954
Top 5 Investments % FV	27.3%	29.2%	23.8%	24.5%
WAVG Investment Yield**	13.9%	14.0%	13.1%	12.6%
1st Lien FV	\$ 542,283	\$ 554,937	\$ 586,409	\$ 541,524
2nd Lien FV	117,875	113,716	127,234	144,970
Equity / Other FV	97,587	127,607	85,854	76,142
Proprietary % of FV	98.9%	99.6%	99.6%	99.5%
Syndicated % of FV	1.1%	0.4%	0.4%	0.5%
Fixed Rate Debt % Cost	6.2%	6.1%	8.9%	9.2%
Variable Rate Debt % of Cost	93.8%	93.9%	91.1%	90.8%
Performing % FV (Debt)	97.9%	98.1%	96.0%	95.7%
Non-Performing % FV (Debt)	2.1%	1.9%	4.0%	4.3%

*\*\*Weighted average yield on interest bearing debt investments (excludes non-accruals and reserves on interest receivables)*

*Note: \$'s are in (000's)*

# Representative Portfolio Investments



**WINGS 'N MORE RESTAURANTS LLC.** is a proud Texas tradition and restaurant chain that offers a diverse, value-oriented menu centered around the "buffalo style" chicken wing.



**AXIOS INDUSTRIAL GROUP** is a provider of scaffolding, insulation, coatings, surface preparation and specialty solutions for a broad range of industrial customers in support of turnaround, maintenance and capital projects.



**TORRENT PHOTONICS HOLDCO LLC** provides an integrated suite of technologies to serve the security and defense, medical, industrial, semiconductor, commercial, and science and technology markets.



**PAN-AM DENTAL LABORATORY** is a full-service manufacturer and distributor of high-quality custom dental products.



**ENGINEERING MANUFACTURING TECHNOLOGIES, LLC** is a precision manufacturer of close tolerance metal components used in defense, industrial, and other end markets and applications.



**ENCORE DREDGING PARTNERS, LLC** is a premier mid-sized cutter suction and mechanical dredging services provider focusing on navigable waterways throughout the U.S.



**FIX-IT GROUP LLC** is a provider of residential maintenance, repair, and replacement services.



**HH-INSPIRE ACQUISITION, INC.** is a plastic surgery and aesthetic center offering a comprehensive range of cosmetic surgeries and aesthetics treatments



**ITEN DEFENSE, LLC** is a leading provider of advanced composites and armor solutions used in personal protective equipment, aircraft, tactical vehicles, and maritime vessels.



**KARMAN MISSILE & SPACE SYSTEMS** is a premier manufacturer of flight-critical and high temperature assemblies and components for space and defense end-markets with significant content on the industry's most coveted platforms.



**QUALITY ENVIRONMENTAL SERVICES, INC.** is a leading provider of environmental remediation services to private, state, and federal customers in the greater Midwest region.



**FREEDOM DENTAL HEALTH** is Dental Support Organization offering a wide range of services, including general and pediatric dentistry, orthodontics and periodontal surgery.



**CAFÉ ZUPAS** is a healthy fast casual restaurant brand that serves house-made soups, salads and sandwiches from over 200 fresh ingredients.



**WORKFORCEQA LLC** is a leading tech-enabled Third-Party Administrator ("TPA") of employee compliance solutions focused on regulated and safety-sensitive industries.

# Quarterly Financial Summary

	Three Months Ended				
	March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024	March 31, 2025
<i>In Thousands, except per share data</i>					
Income:					
Interest Income	\$ 23,715	\$ 23,199	\$ 23,384	\$ 21,320	\$ 21,338
Other Investment Income	282	2,490	330	640	231
Total Investment Income	23,997	25,689	23,714	21,960	21,569
Expenses:					
Fees to Advisor & Admin	6,131	6,412	6,174	4,385	4,164
Interest Expense	5,732	5,509	5,442	4,743	5,019
Operating Expense	1,357	1,375	1,143	1,608	1,141
Total Expenses	13,220	13,296	12,759	10,736	10,324
Net Investment Income (NII)	\$ 10,777	\$ 12,393	\$ 10,955	\$ 11,224	\$ 11,245
Weighted Average Shares*	43,509	21,754	21,860	22,312	22,330
NII Per WAVG Share	\$ 0.248	\$ 0.570	\$ 0.493	\$ 0.503	\$ 0.504
Realized/Unrealized Gains (Loss) per Share	\$ 0.296	\$ 0.310	\$ 0.944	\$ 0.714	\$ (0.101)
Dividend Per WAVG Share	\$ 0.248	\$ 0.570	\$ 0.500	\$ 0.900	\$ 0.495
NAV Per Share	\$ 9.90	\$ 20.18	\$ 21.18	\$ 21.51	\$ 21.41
LTM Return on Equity (NII)**	11.2%	10.9%	10.5%	10.0%	9.8%
Portfolio at Fair Value	791,588	757,745	796,260	799,497	762,636
Debt***	370,815	319,674	324,610	315,761	279,678
Net Asset Value	430,791	439,078	470,895	480,316	478,059
Debt-to-Equity	88.1%	75.3%	70.9%	67.7%	60.0%

\*Total Shares outstanding total at 3/31/25 was 22,329,852 (following the 1:2 reverse share split executed April 2024)

\*\*Return on Equity (NII) defined as: LTM net investment income divided by LTM average net assets

\*\*\*Debt includes Line of Credit and Long Term Debt

Note: The financial information above is not comprehensive and is without notes, so readers should obtain and carefully review GLAD's Forms 10-K and 10-Q for the corresponding reporting periods as filed with the SEC.

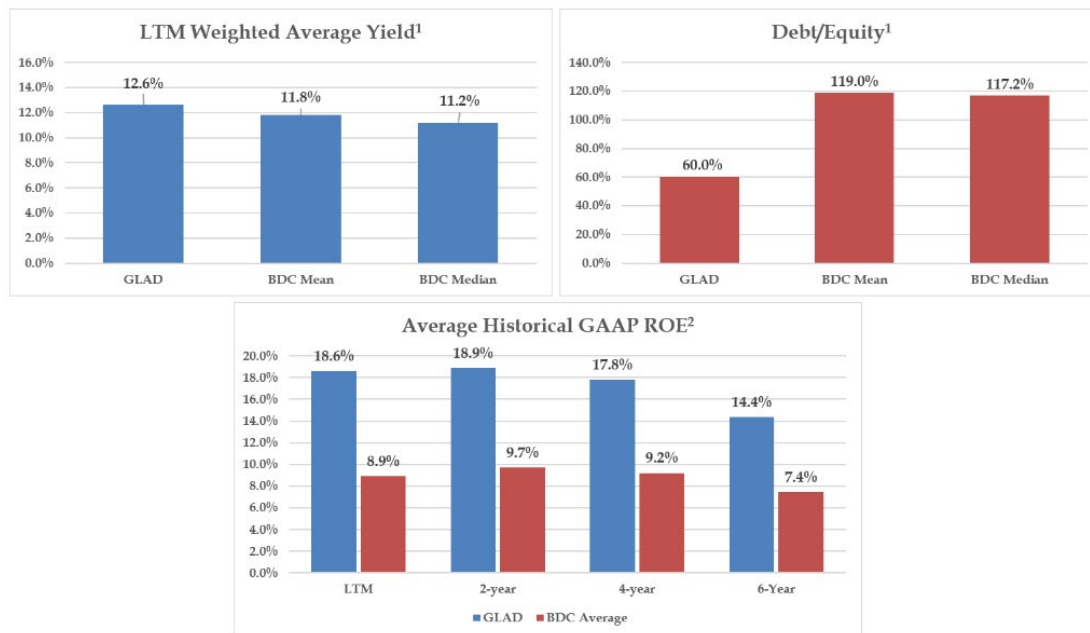
# Gladstone Capital 3/31/2025 Quarter Summary

## Capital Base and Liquidity

- Total Assets decreased to \$777 million as of March 31, 2025, consisting of ~\$763 million in investments at fair value and ~\$14 million in cash and other assets.
- We ended the quarter with a conservative leverage position of 60.0% of NAV, which is well below the BDC industry average of 117%.
- Liabilities declined slightly to \$287 million as of March 31, 2025, and consisted primarily of \$254 million of Senior Notes including the \$57 million 7.75% “GLADZ” baby bond due September 2028, and advances under our \$293 million line of credit decreased to \$25.1 million.

## ROE Performance

- Between higher rates and the performance of the portfolio, GLAD achieved an ROE of ~18.6% for the twelve months ended March 2025.
- With ample availability under our bank credit facility, GLAD is well positioned to grow our earning assets and fee income to continue to support our shareholder distributions in the coming year.
- Monthly distributions to our common stockholders of \$0.165 per common share was announced for the months of April, May and June which is an annual run rate of \$1.98 per share.



(1) BDC Mean/Median Source: Raymond James BDC Industry Weekly Newsletters (05/01/2025)

(2) BDC Averages Source: Oppenheimer & Co. Financial Institutions/Business Development Companies Equity Research Industry Update (12/31/2025)

# Corporate Data

## Executive Officers

**David Gladstone**  
Chairman & CEO

**Bob Marcotte**  
President

**Nicole Schaltenbrand**  
CFO & Treasurer

## Research Coverage

**Janney Montgomery Scott LLC**  
John Rowan

**Jefferies**  
Matt Hurwit

**Ladenburg Thalmann**  
Mickey Schleien

**Lucid Capital Markets**  
Erick Zwick

**Oppenheimer & Co.**  
Mitchel Penn

**Raymond James**  
Robert Dodd

## Websites

**Gladstone Capital:**  
[www.gladstonecapital.com](http://www.gladstonecapital.com)

**Investment Adviser:**  
[www.gladstonemanagement.com](http://www.gladstonemanagement.com)

**Information on all Funds:**  
[www.gladstonecompanies.com](http://www.gladstonecompanies.com)

## Other Officers

**Michael LiCalsi**  
General Counsel & Secretary

**Jack Dellafiora**  
Chief Compliance Officer

## Investor Relations

1521 Westbranch Drive, Suite 100  
McLean, VA 22102  
(703) 287-5893  
[capital@gladstone.com](mailto:capital@gladstone.com)

## Other

**Corporate Counsel:**  
Kirkland & Ellis LLP

**Transfer Agent:**  
Computershare Inc.

**Auditors:**  
PricewaterhouseCoopers LLP

## Nasdaq Listings

**Common Stock Ticker:** GLAD  
**7.75% Notes Ticker:** GLADZ

## Corporate Headquarters

1521 Westbranch Drive, Ste. 100  
McLean, VA 22102  
(703) 287-5800  
**Other Locations:** Dallas & Los Angeles