



GLADSTONE  
CAPITAL

# \$150,000,000 Series A Cumulative Redeemable Preferred Stock Offering

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**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, prospectus supplement and other filings we may make with the Securities and Exchange Commission ("SEC"), 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.

**Past or Present Performance Disclaimer:** This presentation includes information regarding our past or present performance. Please note, past or present performance is not a guarantee of future performance or future results. We undertake no obligation to update the information contained herein to reflect subsequently occurring events or circumstances, except as required by applicable securities laws and regulations.

Please consult the prospectus supplement for this offering for a recitation of the risk factors of this offering. If any of the risks contained in or incorporated by reference into the prospectus supplement or the accompanying prospectus actually occur, our business, financial condition or results of operations could be materially adversely affected. If that happens, we may be unable to timely pay the dividends accrued on the Series A Preferred Stock (the “Shares”), the value of the Shares could decline and you may lose all or part of your investment. We believe the risk factors described below are the principal risk factors associated with an investment in our Shares as well as those factors generally associated with an investment company with investment objectives, investment policies, capital structure or trading markets similar to ours. In addition, new risks may emerge at any time and we cannot predict such risks or estimate the extent to which they may affect our financial performance. Some statements in the prospectus supplement, including statements in the risk factors, constitute forward-looking statements. See the “Forward-Looking Statements” and “Risk Factors” sections in the prospectus supplement, the accompanying prospectus and in our regular filings with the SEC for additional risks which may affect us or the Shares.

- *There will be no public market for the Shares as we do not intend to apply for listing on a national securities exchange unless the Share Repurchase Program is terminated.*
- *Dividend payments on the Shares are not guaranteed.*
- *We will be required to terminate this offering if our common stock is no longer listed on Nasdaq or another national securities exchange.*
- *The Shares will bear a risk of redemption by us.*
- *Your option to request that your Shares be repurchased is subject to a 5% quarterly limitation, the continuation of the Share Repurchase Program and our availability of funds, and may also be limited by law.*
- *Our ability to pay dividends on and/or repurchase Shares may be limited by Maryland law, the 1940 Act and the terms of our debt facilities as well as future agreements we may enter.*
- *The cash distributions you receive may be less frequent or lower in amount than you expect.*
- *If you elect to participate in the Share Repurchase Program, the cash payment that you receive as a result of your optional repurchase request may be a substantial discount to the price that you paid for the Shares in this offering.*
- *Holders of the Shares will be subject to inflation risk.*
- *An investment in the Shares bears interest rate risk.*
- *Holders of the Shares will bear reinvestment risk.*
- *Our management will have broad discretion in the use of the net proceeds from this offering and may allocate the net proceeds from this offering in ways that you and other stockholders may not approve.*
- *We may be unable to invest a significant portion of the net proceeds of this offering on acceptable terms.*

- *We may authorize, establish, create, issue and sell shares of one or more additional series of Preferred Stock while the Shares are outstanding without the vote or consent of the holders thereof.*
- *We finance certain of our investments with borrowed money and capital from the issuance of senior securities (which would include the Series A Preferred Stock), which magnifies the potential for gain or loss on amounts we invest and may increase your risk of investing in us. The use of leverage is generally considered a speculative investment technique and increases the risks associated with investing in our securities.*
- *The stability of the price of the Shares does not indicate stability in the value of the underlying assets. The value of the company's asset portfolio will fluctuate over time and may be worth less than the price paid for the Series A Preferred Stock. The investor may not be able to sell the investment.*
- *The ratings on our Company and Series A Preferred Stock reflect opinions based on the quantitative and qualitative analysis of information sourced and received by Egan-Jones, which information is not audited or verified by Egan-Jones. Ratings are not buy, hold or sell recommendations and do not address the market price of a security. Ratings may be upgraded, downgraded, placed under review, confirmed and discontinued.*
- *Gladstone Securities, the dealer manager in this offering, is our affiliate, and we established the offering price and other terms for the Shares pursuant to discussions between us and our affiliated dealer manager; as a result, the actual value of your investment may be substantially less than what you pay.*
- *If you fail to meet the fiduciary standards and other requirements under ERISA or Section 4975 of the Code as a result of an investment in this offering, you could be subject to liability and penalties, including excise taxes.*

Gladstone Capital Corporation ("GLAD") has filed a registration statement (including a prospectus) and a prospectus supplement with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement, the prospectus supplement and other documents that GLAD has filed with the SEC for more complete information about GLAD and this offering. You may get these documents for free by visiting EDGAR on the SEC website at [www.sec.gov](http://www.sec.gov). Alternatively, Gladstone Securities, GLAD's dealer manager for this offering, will arrange to send you the prospectus and prospectus supplement if you request it by calling tollfree at (833) 849-5993.



## Offering Summary

## SEC REGULATED

BDCs are regulated by the SEC under the Investment Company Act of 1940, which imposes leverage limitations among other regulations



## EXPERIENCED

Established operator with 22-year track record and seasoned and diversified loan portfolio to support distributions



## DIVIDEND COVERAGE

Preferred stock supported by strong asset coverage and priority over public traded common equity (~\$535mm)



## LIQUIDITY<sup>1</sup>

The issuer intends to make quarterly repurchases throughout the offering, including repurchases at par after a three-year hold



## MONTHLY INCOME POTENTIAL

6.25% annualized dividend, paid monthly ahead of common stock dividends.  
*There is no guarantee of continuous dividends*



## STABLE VALUE

Issuer pays all upfront fees, so there is no fee impact on the statement value of the Shares  
*The value of the underlying assets will fluctuate. The investor may not have liquidity*

<sup>1</sup> See “Description of the Series A Preferred Stock—Share Repurchase Program” in our Prospectus Supplement dated November 22, 2024. Gladstone Capital's obligation to repurchase Series A Preferred Stock is limited to the extent that its Board of Directors determines that it does not have sufficient funds available or it is restricted by applicable law from making such repurchase.



## OFFERING SUMMARY

# \$150M Series A Redeemable Preferred Stock



Gladstone Capital manages a diversified portfolio of directly originated debt investments focusing on senior loans to established growth-oriented lower middle market US-based businesses with near term revenue visibility and proven cashflows to mitigate credit risk. Offering proceeds are intended to refinance a portion of outstanding bank borrowings and support additional portfolio growth.

### OFFERING SUMMARY

#### OFFERING TYPE

Continuous offering of non-listed, Series A Preferred Stock of a public business development company (BDC) (common stock on Nasdaq: GLAD)

#### OFFERING SIZE

Up to \$150 million

#### PRICE PER SHARE

- \$25.00
- \$23.25 for RIA and fee-based accounts

#### INVESTMENT MINIMUMS

- No minimum for qualified retirement accounts
- \$5,000 for non-qualified accounts

#### LIQUIDITY

- Quarterly Share Repurchase Program up to 5.0% of shares outstanding quarterly available throughout offering subject to the following discounts<sup>2</sup>

Holding Time	Discount	Repurchase Price
< 1 Year	10%	\$22.50
>1 Year, <2 Years	6%	\$23.50
>2 Years, <3 Years	3%	\$24.25
>3 Years	0%	\$25.00

#### COMMISSIONS, FEES & EXPENSES

- Up to 7.0% selling commission, 3.0% dealer-manager fee, and up to 2.5% expenses
- Gladstone Capital, through Gladstone Securities, will pay all commissions and expenses associated with the sale of the Shares. Gladstone Capital and Gladstone Securities will not pay selling commissions on sales to fee-based accounts, as described in the prospectus supplement

### POTENTIAL FOR MONTHLY INCOME<sup>1</sup>

# 6.25%

annualized dividend (6.72% through fee-based accounts), paid monthly and in preference to dividends on publicly-traded common stock<sup>1</sup>

<sup>1</sup> There is no guarantee of capital preservation or continuous dividends.

<sup>2</sup> See "Description of the Series A Preferred Stock—Share Repurchase Program" in our Prospectus Supplement dated November 22, 2024. Gladstone Capital's obligation to repurchase Series A Preferred Stock is limited to the extent that its Board of Directors determines that it does not have sufficient funds available or it is restricted by applicable law from making such repurchase.



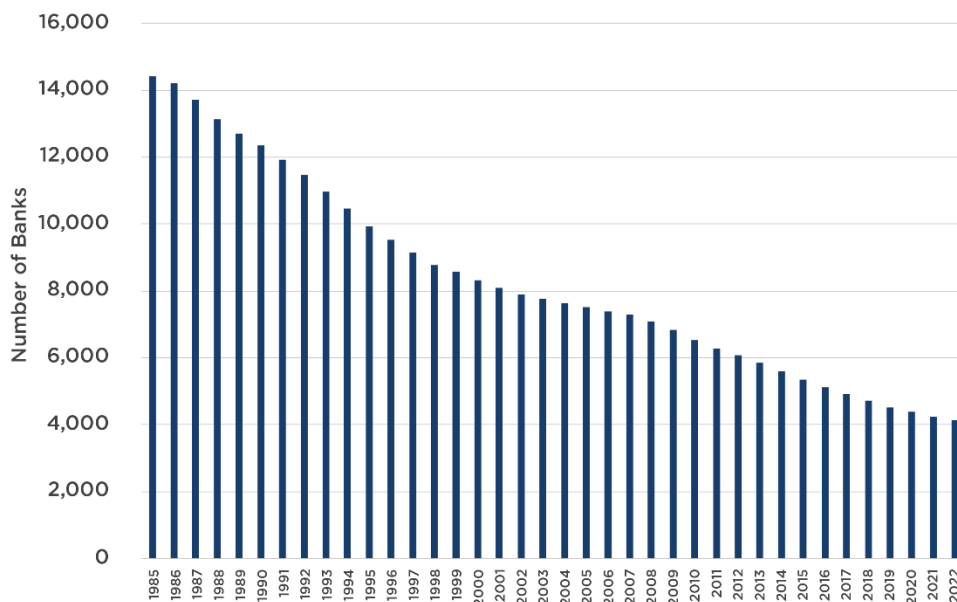
## Market Overview



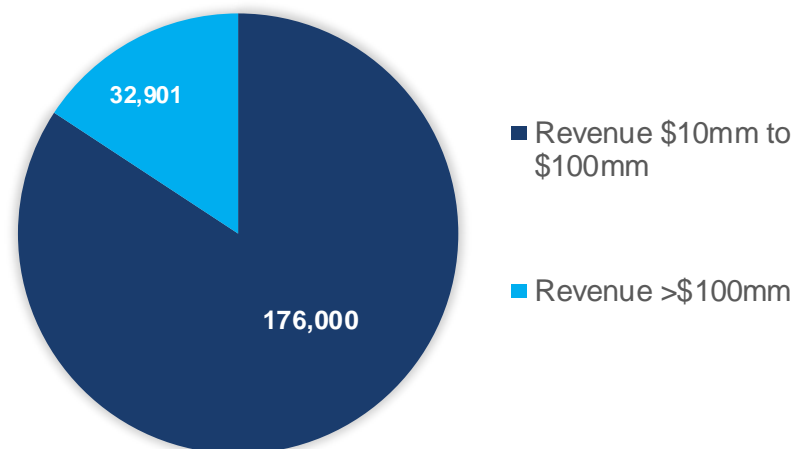
# Lower Middle Market Investment Overview

- Lower middle market (“LMM”) companies (\$3M-\$25M of EBITDA<sup>1</sup>) **need capital to grow** with limited capital access
- Many PE sponsors start with LMM business with intent to grow (or acquire) to scale and achieve capital appreciation
- Represent a more **consistent flow of attractive growth-oriented investment opportunities**
- Typically sell for lower cash flow multiples, which translates into **reduced financial leverage**, better asset collateral coverage and ability to structure and **control entire debt financing solution and proactively manage investments to minimize credit losses**
- **Less competition** from larger lenders (private credit funds or banks) which supports more attractive investment yields, lower relative leverage levels and more favorable lender protections
- More receptive to equity co-investments, providing an opportunity to **participate in equity appreciation**/gains

NUMBER OF COMMERCIAL BANKS IN THE U.S.<sup>2</sup>



NUMBER OF COMPANIES IN THE U.S. BY REVENUE<sup>3</sup>



<sup>1</sup> Defined as Earnings Before Interest, Depreciation and Amortization

<sup>2</sup> Historical Bank Data as of June 2023. <https://banks.data.fdic.gov/>

<sup>3</sup> NAICS Association. <https://www.naics.com/business-lists/counts-by-company-size/>. Updated December 3, 2024.



## PROVIDE CUSTOM-TAILORED FINANCING SOLUTIONS TO LMM COMPANIES

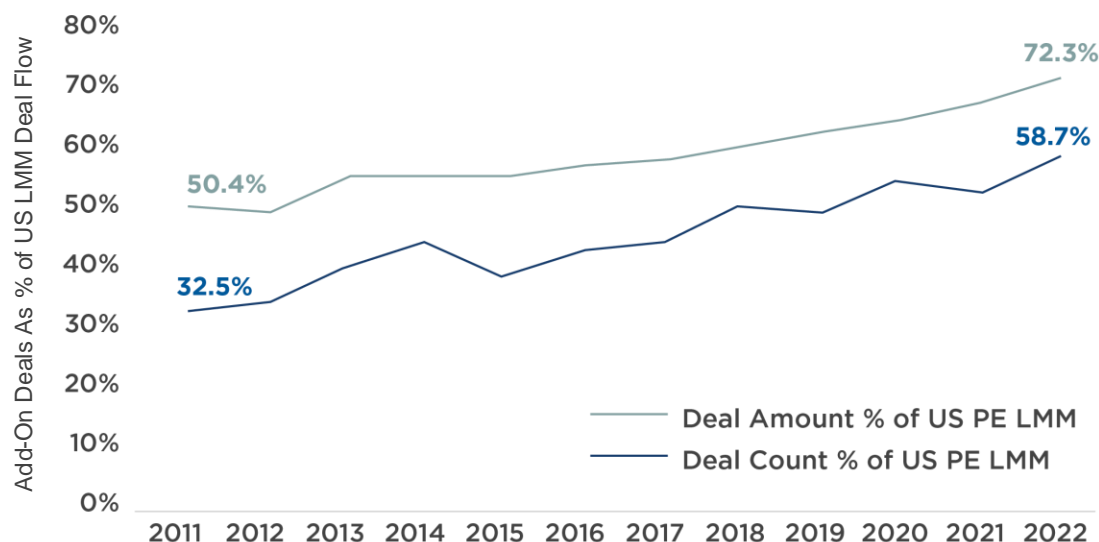
- Reduces deal execution risks and expedites transaction closing
- Market craving experienced partner with long term investment perspective
- Flex financing to support LMM growth plan and equity appreciation



## LMM FOCUS AND EXPERIENCED ORIGINATOR TEAM ARE MARKET DIFFERENTIATORS REINFORCING FINANCING PARTNER ROLE WHILE PRUDENTLY MANAGING RISK PROFILE

- Highly selective “PE Style” underwriting methodology
- Focus on growth-oriented industries with experienced management and sustainable margins/cashflow to support leverage capital base
- Manage credit documents to ensure structural protections while supporting growth plan and deleveraging of risk profile
- Originators average 17+ years investing experience and maintain ongoing monitoring role as board observer
- Proactive risk management to mitigate downside

### SUPPORT OF ADD-ONS KEY TO LMM GROWTH<sup>1</sup>



<sup>1</sup> Pitchbook, “2022 Annual US PE Middle Market Report”, page 8, as of December 31, 2022.

Add-ons defined as investments made in existing portfolio companies.

## SHRINKING POOL OF TRADITIONAL CREDIT OPTIONS FUELING PRIVATE CREDIT GROWTH

- Shifting market conditions, leverage constraints and regulation have dramatically reduced the syndicated commercial bank role in the leveraged financing market
- Few large banks have the coverage platforms or originator experience to originate or manage middle market investments resulting in lagging credit loss performance
- The proliferation of private credit funds sponsored by large scale asset managers and bolstered by institutional investor demand for yield has nearly eliminated commercial bank's role in leveraged financings despite bank pricing advantages

## LIMITED PRIVATE CREDIT OPTIONS FOR LMM SEGMENT

- Bulk of private debt funds linked with multi-billion-dollar asset managers
  - Over 85% of private debt raised since 2020 in funds greater than \$1B
  - Scale dictates need to focus on larger borrowers (>\$25 million EBITDA) and minimum investment size to manage profitability given institutional fee profile and investment timeline
- Regional bank capital and deposit stresses have had far-reaching impacts given traditional prominence as LMM lenders

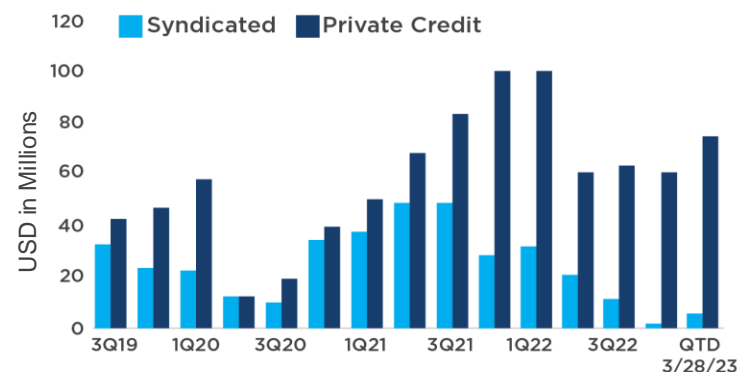
<sup>1</sup> Data through March 28, 2023. Private credit is based on transactions covered by LCD News. Sources: Pitchbook | LCD.

<sup>2</sup> Pitchbook, "Global Private Debt Report", page 21, as of June 30, 2023.

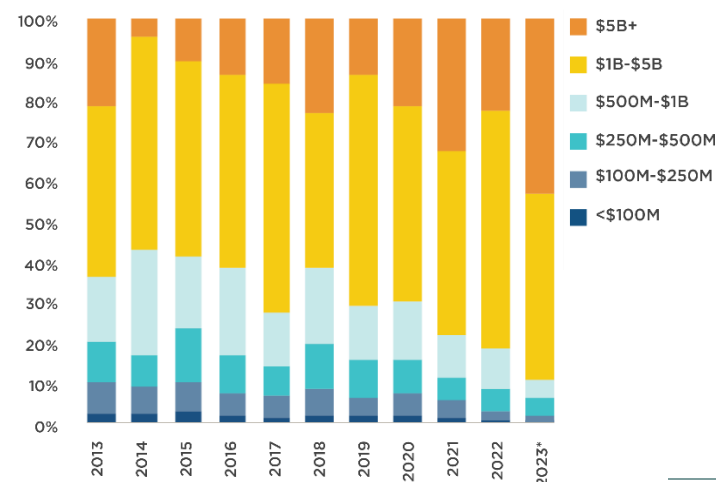
\* As of June 30, 2023

## REDUCED COMMERCIAL BANK ROLE IN LEVERAGED FINANCING MARKET

Leveraged Buyouts Financed in Broadly Syndicated Loans vs. Private Credit Markets<sup>1</sup>



## SHARE OF PRIVATE DEBT CAPITAL RAISED BY SIZE<sup>2</sup>



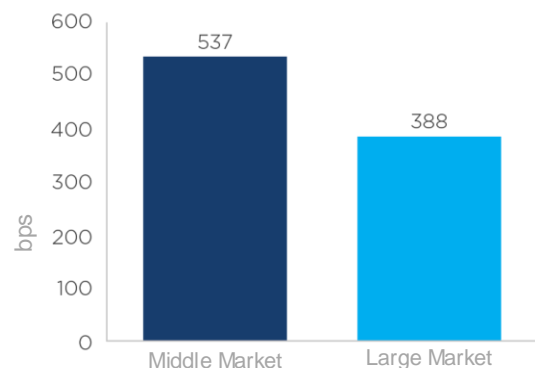


## Competitive dynamics have contributed to higher yields without an increase in credit risk profile



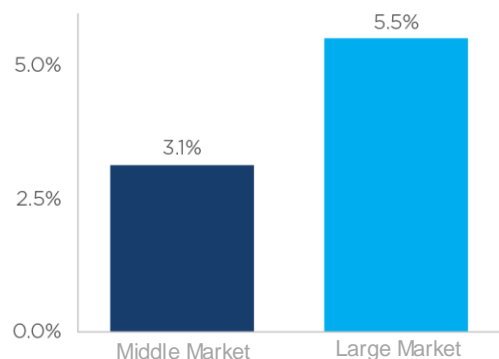
### HIGHER YIELDS<sup>1</sup>

Average spread for middle market loans ~150 bps above large market<sup>1</sup>



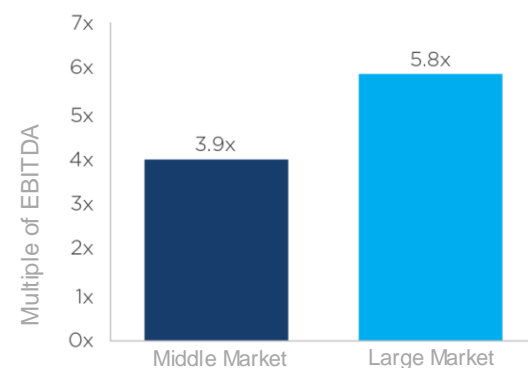
### LOWER DEFAULT RATES<sup>1</sup>

Default rates ~235 bps lower for middle vs. large market loans<sup>2</sup>



### LESS LEVERAGE<sup>1</sup>

Average leverage/EBITDA ratios ~2x below large market loans<sup>3</sup>



<sup>1</sup> Source: PitchBook LCD Global Research, "LCD's High-End Middle Market Lending Review." As of June 30, 2022. Middle Market defined as issuers with EBITDA < \$50M. Large Market defined as issuers with EBITDA > \$50M. Represents average since 2010.

<sup>2</sup> Source: PitchBook LCD Global Research, "LCD Institutional Loan Default Review." Produced June 2022. Comprises loans closed between 1995 and Q1 2021. Middle market defined as issuers with less than \$250 million in enterprise value. Large Market defined as issuers with more than \$500 million in enterprise value.

<sup>3</sup> Source for Large LBOs: PitchBook LCD Global Research, "LCD's Leveraged Buyout Review." As of June 30, 2022. Large LBOs defined as issuers with EBITDA > \$50M. Source for Middle Market: GF Data's "GF Data Leverage Report May 2022." Includes companies less than \$250 million in enterprise value. Represents average since 2010.



## Company Overview



## 2001

Founded as one of the first Business Development Companies (BDCs) focused on making secured loans to lower middle market U.S. businesses

Publicly traded common stock

**Nasdaq:**  
**GLAD**

Equity Market Capitalization

Approximately  
**\$535M**

Leveraged via rated bank revolving credit facility and senior unsecured note issues rated<sup>1</sup>



Current Portfolio

**\$796M**

in assets invested across

**49**  
companies

Cumulative Investment Experience

**\$2.8B**

of loans/investments in

**277**  
companies

The Series A Preferred Stock has earned a BBB+ rating<sup>1</sup> by Egan Jones based on, among other factors, GLAD's leveraged capital base and earnings profile which provides asset and dividend coverage.

## EXTERNALLY MANAGED BY GLADSTONE MANAGEMENT



Privately-held investment adviser



22-year operating history



Manages more than \$4.0B across four publicly-traded funds



Dedicated fund investment teams to align interests with external investors



Scaled administrative support across more than 75 professionals

All data as of September 30, 2024 unless otherwise noted.

<sup>1</sup> Egan Jones re-affirmed A- Corporate and Senior Notes rating and issued BBB+ Series A Preferred Stock rating on June 8, 2023. Ratings are opinions that reflect the creditworthiness of an issuer and/or a security. Creditworthiness is determined by assessing coverage of the estimated loss via current and forward-looking measurements that assess an issuer's ability and willingness to make payments on ultimate obligations (including principal, interest, dividend or other types of distributions) per the terms of an obligation. An 'A' rating indicates a high level of creditworthiness with low sensitivity to evolving credit conditions. A 'BBB+' rating indicates a moderate level of creditworthiness with moderate sensitivity to evolving credit conditions.

<sup>1</sup> Use of leverage magnifies the potential for gain or loss, is considered a speculative investment technique and increases the risks associated with investing in our securities.

## Benefits of Investing in a BDC

Created by U.S. Congress in 1980, a Business Development Company (BDC) is a type of investment company that primarily focuses on providing financing and support to small and medium-sized businesses.

### SEC REGULATIONS ON BDCs MANDATE:

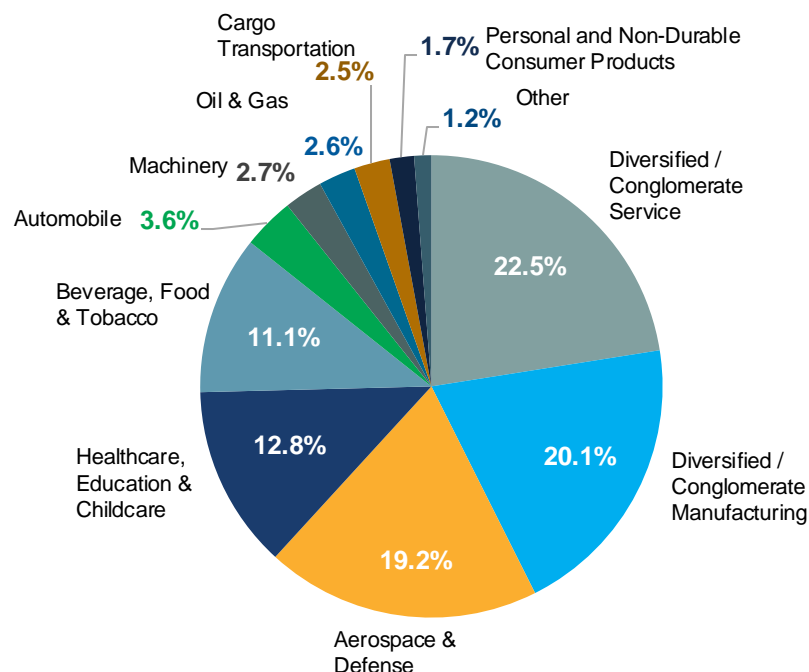
- **Asset diversity** to reduce sector concentration risk
- Investor transparency via **quarterly public SEC filings** including independent fair market valuation of all assets
- Minimum of 150% asset coverage of all debts (including preferred stock) **limiting entity-level leverage** and preserving collateral coverage

### OPERATE AS REGULATED INVESTMENT COMPANIES FOR TAX PURPOSES

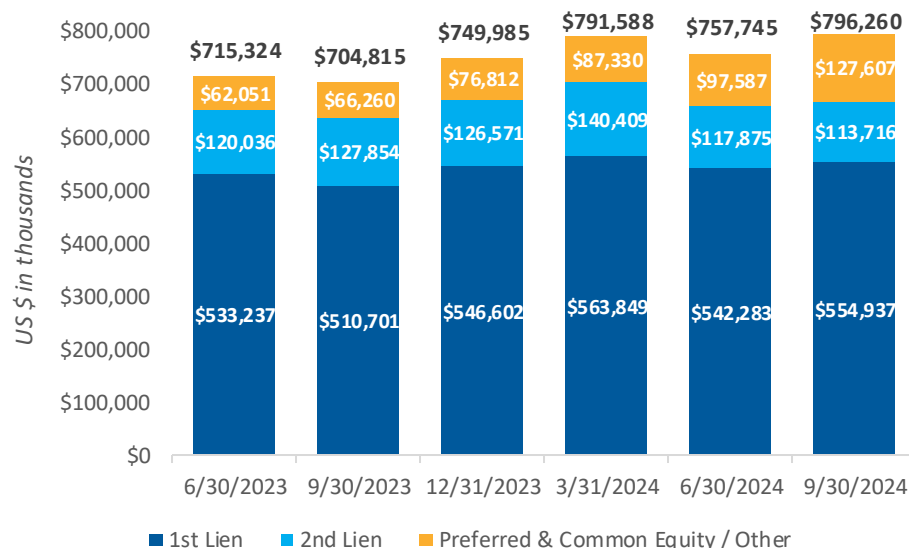
- Gladstone Capital pays no corporate income taxes provided distributions are at least 90% of taxable income, maximizing **cashflow available for investor distributions**<sup>1</sup>

<sup>1</sup> There is no guarantee of continuous dividends.

## PORTFOLIO DIVERSIFICATION (FAIR VALUE)



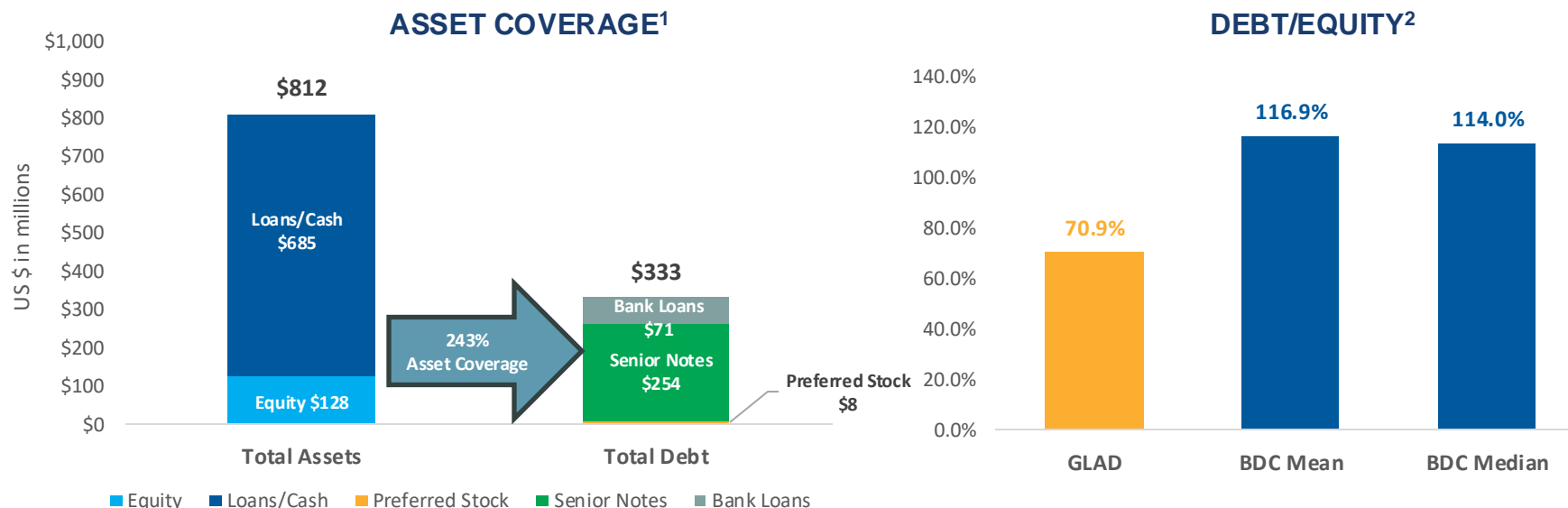
## TOTAL INVESTMENTS – FAIR VALUE BY SECURITY



- Approximately 94% of loans are subject to floating rates with minimum floors
- Average investment of \$16.3 million
- 82% of portfolio backed by private equity sponsor providing oversight and capital to support growth

1st Lien Debt	74.5%	72.5%	72.9%	71.2%	71.6%	69.7%
2nd Lien Debt	16.8%	18.1%	16.9%	17.8%	15.5%	14.3%
Equity/Other	8.7%	9.4%	10.2%	11.0%	12.9%	16.0%
Performing Loans % FMV	99.6%	99.5%	99.6%	98.2%	97.9%	98.1%
Weighted Avg. Loan Yield	13.6%	13.8%	13.9%	14.0%	13.9%	14.0%

## MODEST LEVERAGE CONTRIBUTES TO STRONG DEBT/PREFERRED ASSET COVERAGE



- Favorable LMM yields & leverage support interest and preferred dividend coverage
- Debt/Preferred rating of A-/BBB+ (Egan Jones)

# 2.94x

**INTEREST & DIVIDEND  
COVERAGE<sup>3</sup>**

All data as of September 30, 2024, unless otherwise noted.

Use of leverage magnifies the potential for gain or loss, is considered a speculative investment technique and increases the risks associated with investing in our securities.

<sup>1</sup> Calculated as Total Assets / Total Debt; subject to certain regulatory calculation requirements. Under the 1940 Act, BDCs must have 150% asset coverage. Total Debt includes Preferred Stock. As of September 30, 2024, the Company has issued 349,931 shares of Series A Preferred Stock.

<sup>2</sup> Calculated as Total Liabilities / Shareholders' Equity.

<sup>3</sup> Calculated on year-to-date basis as (Net Investment Income + Financing Costs) / Financing Costs. Financing costs include interest, fees, preferred dividends.





## Gladstone Capital Portfolio



INVESTMENT CRITERIA	
PRIMARY FOCUS	<ul style="list-style-type: none"> <li>• Direct originated investments where we can lead the underwriting, structuring, documentation and control the ongoing management of the investment position</li> <li>• Priority to be in the senior creditor position where possible and secured to enhance our negotiating position and mitigate potential credit losses</li> </ul>
INVESTMENT YIELDS	<ul style="list-style-type: none"> <li>• Benchmarked and must be accretive to the current equity and distributions</li> </ul>
INDUSTRIES	<ul style="list-style-type: none"> <li>• Industry agnostic</li> <li>• Except <u>no</u> financial services, early stage or high-tech companies, commodity or cyclical businesses</li> </ul>
COMPANIES	<ul style="list-style-type: none"> <li>• Established companies – typically added value businesses</li> <li>• Strong revenue visibility and competitive barriers</li> <li>• Above average margins that generate free cash flow to comfortably service the capital structure</li> <li>• Favorable growth characteristics to deleverage risk profile</li> <li>• Operating cash flow (EBITDA) of \$3M-\$25M (majority are under \$10M) and investments of \$8M-\$40M</li> </ul>



## MULTI-DISCIPLINARY “EQUITY LIKE” TEAM UNDERWRITING APPROACH



## Originating deal team retains oversight of investment

- Board level observation rights to monitor performance and proactively manage our position
- Detailed monthly reporting and ongoing senior management reviews to flag issues
- Quarterly third-party expert investment valuations required by BDC regulations reviewed by Gladstone Capital's valuation and audit committees and board members oversight prior to inclusion in public filings

## Recent Market Commentary

- New investments totaled \$28.5 million during the quarter ended September 30, 2024, comprised of add-on investments to existing portfolio companies
- Originations have exceeded portfolio exits and refinancings for the past several quarters lifting portfolio net asset growth by approximately \$41 million over the past twelve months
- PE sponsor demand for unitranche<sup>1</sup> financings has continued to drive 1st lien investment balances
- Most recent investments underwritten at reduced leverage levels to accommodate elevated debt service costs


<sup>1</sup> Unitranche debt is structured as a single financing arrangement comprised of a roll-up of separate tranches, (i.e. first and second lien debt, into a single credit facility).

<sup>2</sup> A revolver, or a revolving credit facility, is a type of credit that enables a borrower to withdraw money, use it to fund their business, repay it and then withdraw it again when they need it.


## Recent Investments

		
<b>HEALTHCARE</b>	<b>BUSINESS SERVICES</b>	<b>SPECIALTY MATERIALS</b>
Revolver <sup>2</sup> Senior Term Loan Delayed Draw Term Loan Equity Co-Investment	Senior term loan	Revolver Senior term loan Equity co-investment
<i>Acquisition Financing</i>	<i>Recapitalization</i>	<i>Acquisition Financing</i>
<b>April 2023</b>	<b>March 2023</b>	<b>January 2023</b>

	
<b>RESTAURANT</b>	<b>FOOD &amp; BEVERAGE</b>
Revolver Delayed draw term loan	First lien term loan Equity
<i>Growth Financing</i>	<i>Acquisition Financing</i>
<b>September 2022</b>	<b>August 2022</b>

## EACH INVESTMENT SITUATION STARTS WITH A STORY...


<b>AEROSPACE</b>
Unitranche Term Loan
<i>Sponsor Buyout</i>
<b>August 2020</b>

- Precision engineering/design, fabrication and assembly services for complex aerospace and rocket platforms being acquired by a PE firm we have worked with previously
- Significant backlog combined with fundamental political support to cease the purchase of Russian made rocket platforms provided a longer-term tailwind for future revenue opportunities
- GLAD provided unitranche debt to expedite buyout, shifted to 2nd lien to support follow-on acquisition and participated in upsized unitranche to fund 2nd acquisition which was further expanded with a new lender group in support of 3<sup>rd</sup> and 4<sup>th</sup> acquisitions


<b>FOOD &amp; BEVERAGE</b>
First lien term loan Equity
<i>Acquisition Financing</i>
<b>August 2022</b>

- Founded in 1895, the company is a Midwest based SQF certified wet-fill contract manufacturer of food ingredients and retail-ready food products including sweet and savory sauces (like Baskin Robbins chocolate ribbon) in bulk, retail, and pouch formats
- The CEO/controlling shareholder was looking to transition, tapped his eldest son as President to lead operations. Following a comprehensive review/rationalization and business recovery, the President led the buyout of the business while bringing in industry experts post-closing
- Based on the historical strengths of the contract manufacturing business, customer diversity and improving profitability, GLAD provided a flexible unitranche debt financing and an equity co-investment


<b>BUSINESS SERVICES</b>
Senior term loan
<i>Recapitalization</i>
<b>March 2023</b>

- Leadpoint is a workforce outsourcing solution provider for the material recycling facility industry operating under multiyear contracts to a variety of large waste companies across almost 100 locations
- The Company's CEO and majority shareholder was seeking a flexible financing facility to retire a minority institutional investor and support for pending growth
- Based on the historical strengths of the underlying contracts, growing demands for outsourcing and improving profitability, GLAD provided a flexible unitranche debt financing and working capital line of credit

The background image shows a modern office environment. In the foreground, a man and a woman are seated at a wooden conference table, facing each other in conversation. The man is wearing a white shirt, and the woman is wearing a grey blazer. They are both looking towards the right side of the frame. In the background, another person is partially visible, also seated at the table. The office has large windows on the right side, letting in natural light. A blue semi-transparent overlay covers the left portion of the image, and a thin orange diagonal line separates it from the rest of the photo.

## Summary





## ATTRACTIVE LOWER MIDDLE MARKET DYNAMICS

- Vast number of businesses drive consistent flow of investment opportunities
- Reduced lender competition supports higher yields and lower losses
- LMM opportunity growing with recent regional bank issues



## DISCIPLINED UNDERWRITING

- Cashflow lender focused on growing businesses with strong revenue visibility, free cashflow & competitive barriers
- Multi-disciplinary “equity-like” team underwriting mostly senior lending position
- Directly sourced and agent loans to control lender protections and remedies



## DIVERSIFIED PORTFOLIO

- Diversified secured loan portfolio generating interest income to support distributions
- Growing businesses lead to organic deleveraging and enhanced exit valuation

Opportunity to invest in an investment grade-rated BDC with 22 years of lower middle market cash flow lending experience via a preferred stock with stable value<sup>1</sup>, liquidity<sup>2</sup>, and a 6.25% annual cash dividend paid monthly<sup>3</sup>



## MANAGEMENT TEAM

- Established manager with multiple public funds
- Investment team dedicated to sourcing and ongoing deal management and aligned with investor interest



## ISSUER PROTECTIONS

- Strong collateral and dividend coverage & priority over publicly traded common (FMV \$535 million) and associated dividends



## REGULATORY REQUIREMENTS

- SEC regulations of BDCs require asset diversity, leverage limitations, FMV valuation and public filings

<sup>1</sup> The value of the underlying assets will fluctuate. The investor may not have liquidity.

<sup>2</sup> See “Description of the Series A Preferred Stock—Share Repurchase Program” in our Prospectus Supplement dated November 22, 2024. Gladstone Capital's obligation to repurchase Series A Preferred Stock is limited to the extent that its Board of Directors determines that it does not have sufficient funds available or it is restricted by applicable law from making such repurchase.

<sup>3</sup> There is no guarantee of capital preservation or continuous dividends.

## EXECUTIVE OFFICERS

**David Gladstone**  
Chairman & CEO

**Terry Lee Brubaker<sup>1</sup>**  
COO

**Bob Marcotte**  
President

**Nicole Schaltenbrand**  
CFO & Treasurer

## COMMON STOCK RESEARCH COVERAGE

**B. Riley Securities**  
Bryce Rowe

**Janney Montgomery Scott LLC**  
John Rowan

**Jefferies**  
Matthew Hurwit

**Ladenburg Thalmann**  
Mickey Schleien

**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 and Secretary

**Jack Dellaflora**  
Chief Compliance Officer

**Michael McQuigg**  
Executive Vice President

## INVESTOR RELATIONS

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

## OTHER

**Corporate Counsel:**  
Kirkland & Ellis LLP

**Transfer Agent:**  
Computershare Inc.

**Auditors:**  
PricewaterhouseCoopers LLP

## NASDAQ COMMON STOCK

**Common Stock Ticker: GLAD**

## CORPORATE HEADQUARTERS

1521 Westbranch Drive, Ste. 100  
McLean, VA 22102  
(703) 287-5800

**Other Locations:** Dallas & Los Angeles

<sup>1</sup>Mr. Brubaker will be retiring as COO of the Company effective December 2, 2024.



## Appendix

## APPENDIX

# Quarterly Financial Summary



AS OF SEPTEMBER 30, 2024

	THREE MONTHS ENDED				
	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024
<i>In Thousands, except per share data</i>					
Income:					
Interest Income	\$23,269	\$22,996	\$23,715	\$23,199	\$23,384
Other Investment Income	487	225	282	2,490	330
Total Investment Income	23,756	23,221	23,997	25,689	\$23,714
Expenses					
Fees to Advisor & Admin	6,084	5,101	6,131	6,412	6,174
Interest Expense	5,756	5,032	5,732	5,509	5,442
Operating Expense	929	1,154	1,357	1,375	1,143
Total Expenses	12,769	11,287	13,220	13,296	12,759
Net Investment Income (NII)	\$10,987	\$11,934	\$10,777	\$12,393	\$10,955
Weighted Average Shares*	39,760	43,509	43,509	21,754	21,860
NII Per WAVG Share	\$0.276	\$0.274	\$0.248	\$0.570	\$0.493
Realized/Unrealized Gains (Loss) per Share	\$0.053	\$0.185	\$0.296	\$0.310	\$0.944
Dividend Per WAVG Share	\$0.268	\$0.248	\$0.248	\$0.570	\$0.500
NAV Per Share	\$9.39	\$9.61	\$9.90	\$20.18	\$21.18
Return on Equity (NII)**	11.5%	11.6%	11.2%	10.9%	10.5%
Portfolio at Fair Value	704,815	749,985	791,588	757,745	796,260
Debt***	300,914	338,359	370,815	319,674	324,610
Net Asset Value	408,695	417,928	430,791	439,078	470,895
Debt-to Equity	76.0%	83.4%	88.1%	75.3%	70.9%

\* Total Shares outstanding as of September 30, 2024 was 22,230,587 following the 1:2 reverse share split executed April 2024.

\*\* Return of 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.

# Portfolio Composition

AS OF SEPTEMBER 30, 2024

	December 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024
Total Portfolio – FV	\$ 749,985	\$ 791,588	\$ 757,745	\$ 796,260
# of Portfolio Companies	51	51	51	49
Average Investment Size – FV	\$ 14,706	\$ 15,521	\$ 14,858	\$ 16,250
Top 5 Investments % FV	24.8%	25.7%	27.3%	29.2%
WAVG Investment Yield**	13.9%	14.0%	13.9%	14.0%
1 <sup>st</sup> Lien FV	\$546,602	\$563,849	\$542,283	\$554,937
2 <sup>nd</sup> Lien FV	126,571	140,409	117,875	113,716
Equity / Other FV	76,812	87,330	97,587	127,607
Proprietary % of FV	98.7%	99.1%	98.9%	99.6%
Syndicated % of FV	1.3%	0.9%	1.1%	0.4%
Fixed Rate Debt % Cost	11.7%	11.8%	6.2%	6.1%
Variable Rate Debt % of Cost	88.3%	88.2%	93.8%	93.9%
Performing % FV (Debt)	99.6%	98.2%	97.9%	98.1%
Non-Performing % FV (Debt)	0.4%	1.8%	2.1%	1.9%

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

Note: US dollar figures are in 000s, unless otherwise noted.



# Diversity of Portfolio Investments



## DEFENSE CONTRACTOR

**ANTENNA RESEARCH ASSOCIATES, INC.** designs and manufactures radio frequency-based antenna sub-systems and integrated antenna systems for military and commercial customers.



## HEALTHCARE SERVICES

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



## INDUSTRIAL SERVICES

**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.



## DIVERSIFIED MFG.

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



## FOOD

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



## DEFENSE CONTRACTOR

**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.



## EDUCATION

**EL ACADEMIES, INC.** owns and operates early childhood education centers and charter schools in the United States.



## BUSINESS SERVICES

**MCG ENERGY SOLUTIONS, LLC** is a provider of SaaS-based energy trading, asset and risk management workflow automation software products to the energy sector.



## DIVERSIFIED MFG.

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



## BUSINESS SERVICES

**GRAYMATTER** is a leading provider of operational technologies and Industrial IoT consulting services to the manufacturing, water and energy industries in North America.



## INDUSTRIAL SERVICES

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



## DIVERSIFIED MFG.

**SALVO TECHNOLOGIES, INC.** provides an integrated suite of technologies to serve the security and defense, medical, industrial, semiconductor, commercial, and science and technology markets.



## INDUSTRIAL SERVICES

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



## BUSINESS SERVICES

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

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 GLADSTONE CAPITAL