



GLADSTONE  
INVESTMENT

# QUARTERLY OVERVIEW

December 31, 2024

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## QUARTERLY UPDATE

Company Overview and Objectives

Investment Strategy & Value Creation

Current Portfolio, Successful Exits & Market Update

Financial Highlights, Shareholder Value & Capital Structure

Closing and Q&A

# WHO WE ARE – OVERVIEW & OBJECTIVES

# Gladstone Investment | Who We Are

## SIGNIFICANT CAPITAL RAISED AND DEPLOYED <sup>(1)</sup>

- Nasdaq symbol “GAIN” | market cap of \$488 million
  - **\$2.0+ billion** invested since 2005 IPO
  - **\$1.1 billion** in total assets at fair value
- 2026 Notes listed on Nasdaq under “GAINN” with 5.00% interest rate
- 2028 Notes listed on Nasdaq under “GAINZ” with 4.875% interest rate
- 2028 Notes listed on Nasdaq under “GAINL” with 8.00% interest rate
- 2030 Notes listed on Nasdaq under “GAINI” with 7.875% interest rate

## 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

## SUCCESSFUL LAUNCH OF AFFILIATED FUNDS

- Four affiliated, publicly traded funds and one interval fund make up The Gladstone Companies
  - Gladstone Capital (“GLAD”) – 2001
  - Gladstone Commercial (“GOOD”) – 2003
  - Gladstone Investment (“GAIN”) – 2005
  - Gladstone Land (“LAND”) – 2013
  - Gladstone Alternative Income Fund – 2024
- Combined \$4.0+ billion of AUM between the Gladstone Companies

<sup>1</sup> All information in this presentation is as of 12/31/2024, except as noted.

# Gladstone Investment | Overview

GAIN is differentiated from other BDCs through its buyout investment strategy.

## Differentiated buyout structure

- Primary equity investor – lead sponsor in majority of prospective transactions, often partnering with existing management teams
- Differentiated approach – turnkey provider of the equity & secured debt in 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 buyout 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

# Gladstone Investment | Overview

GAIN is differentiated from other BDCs through its buyout investment strategy.

## 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 portfolio company boards and management teams with flexibility 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, experience and leadership from past deals and current portfolio to identify revenue and cost opportunities
- Current portfolio is diversified across 26 companies, 20 states or countries, and 17 industries<sup>1</sup>

<sup>1</sup> All information in this presentation is as of 12/31/2024, except as noted.

# 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

**Outperformance and outsized upside potential compared to industry peers<sup>1</sup>**

- Excellent historical performance compared to industry peers in total return and return on equity (“ROE”) over the past five and ten years
  - GAIN’s 5- and 10-year total return is 73% and 409% vs. industry peers of 69% and 142%
  - GAIN’s 5- and 10-year average ROE is 13% and 15% vs. industry peers of 10% and 9%

**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 through Q3 FY25<sup>2</sup>, average buyout exit cash-on-cash equity return of 4.0x
- Dividend yield of 6.9% as of February 18, 2025<sup>3</sup>

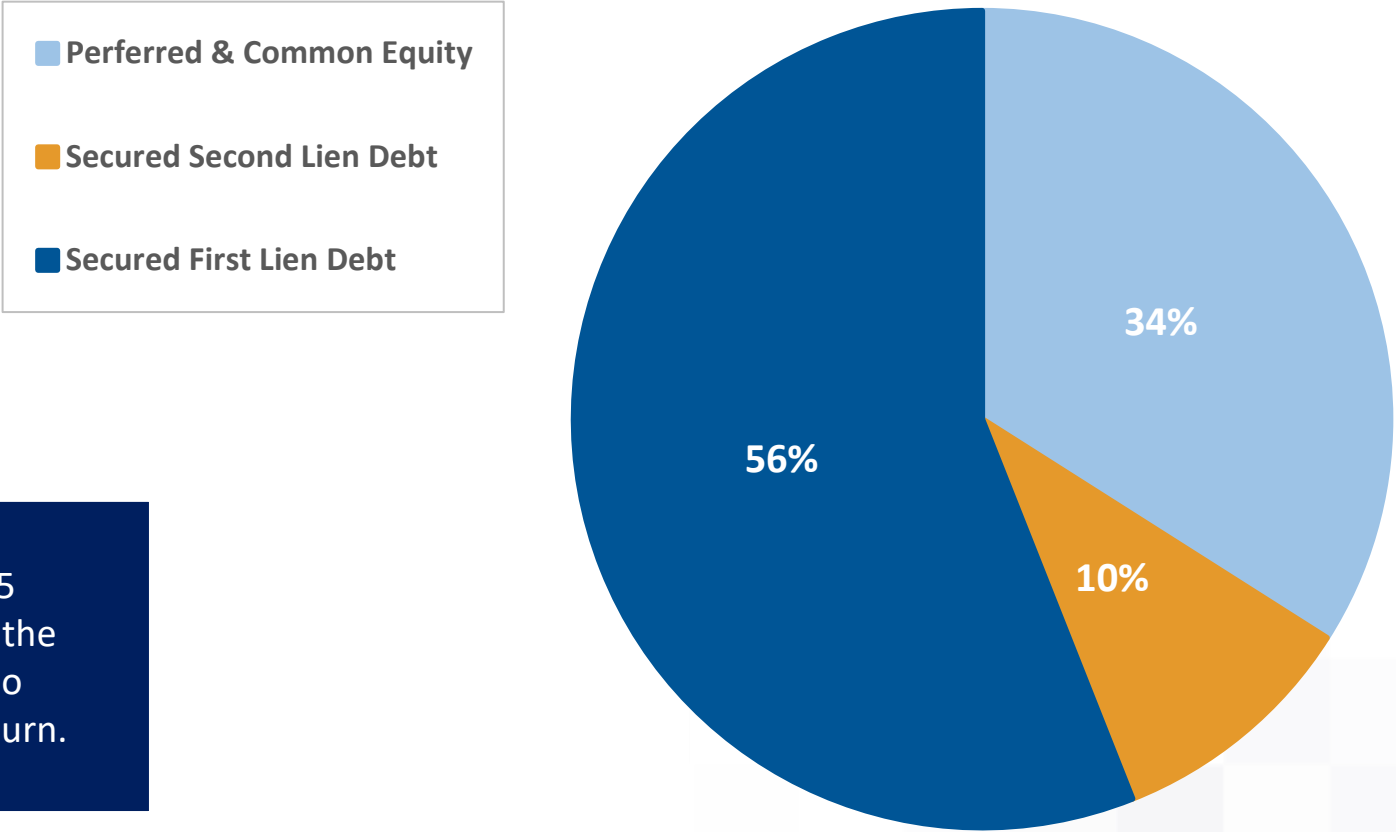
<sup>1</sup> All data as of 12/31/2024 slides 26-27 for detail.  
<sup>2</sup> GAIN’s fiscal year commences on April 1st and ends on March 31st.  
<sup>3</sup> Assumes a full year of the \$0.08 per share regular monthly distributions, including amounts not yet paid and/or declared in February 2025 through March 2025.

# 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.
- Approximately 34% of GAIN’s portfolio, at fair value, is comprised of equity securities (typically preferred equity with common equity participation).

Since inception, GAIN has generated \$403.5 million in net realized gains and dividends on the exit of the equity portion of buyout portfolio companies, representing 4.0x cash on cash return.

Meaningful Equity Component in GAIN Portfolio<sup>1</sup>

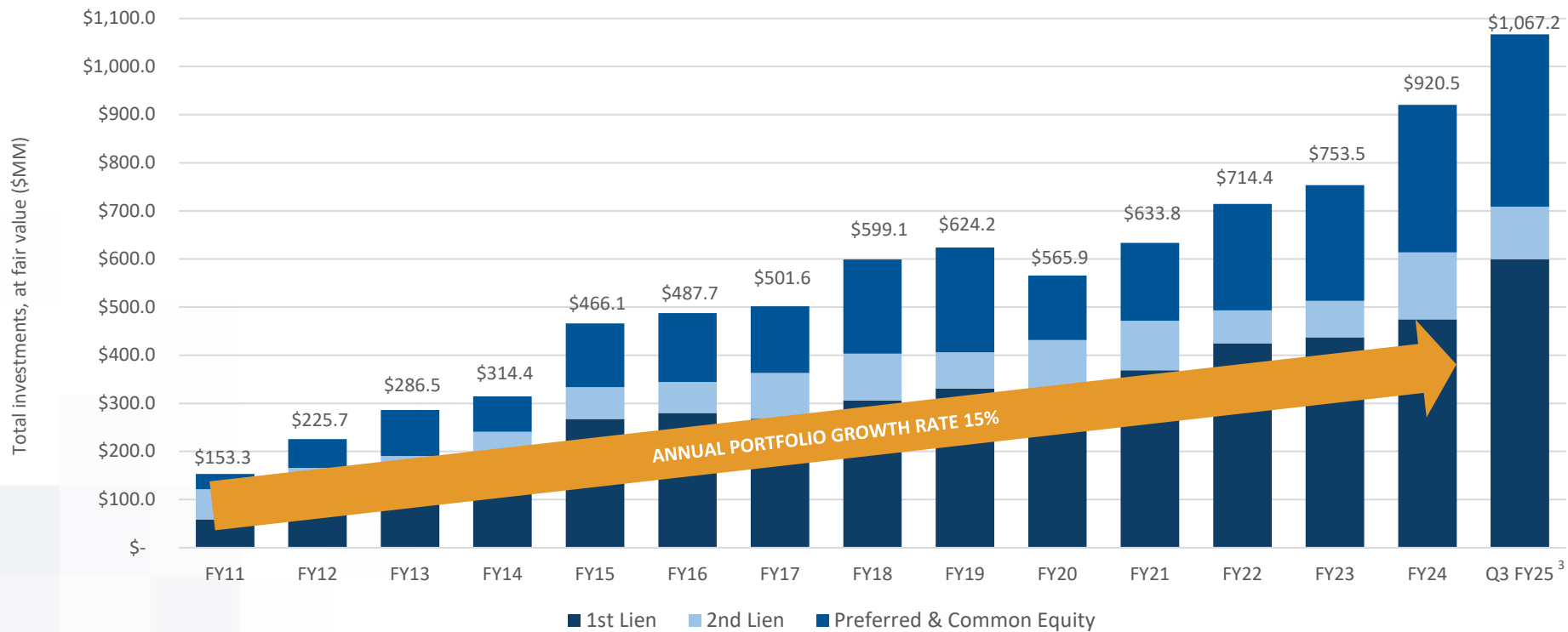


<sup>1</sup> At fair value as of 12/31/2024.

# Growing Portfolio

From 4/1/2010 to 12/31/2024, we have:

- Made investments in 49 new companies of approximately \$1.5 billion<sup>1</sup>
- Exited 32 companies for a return of proceeds of \$994.3 million<sup>1,2</sup>



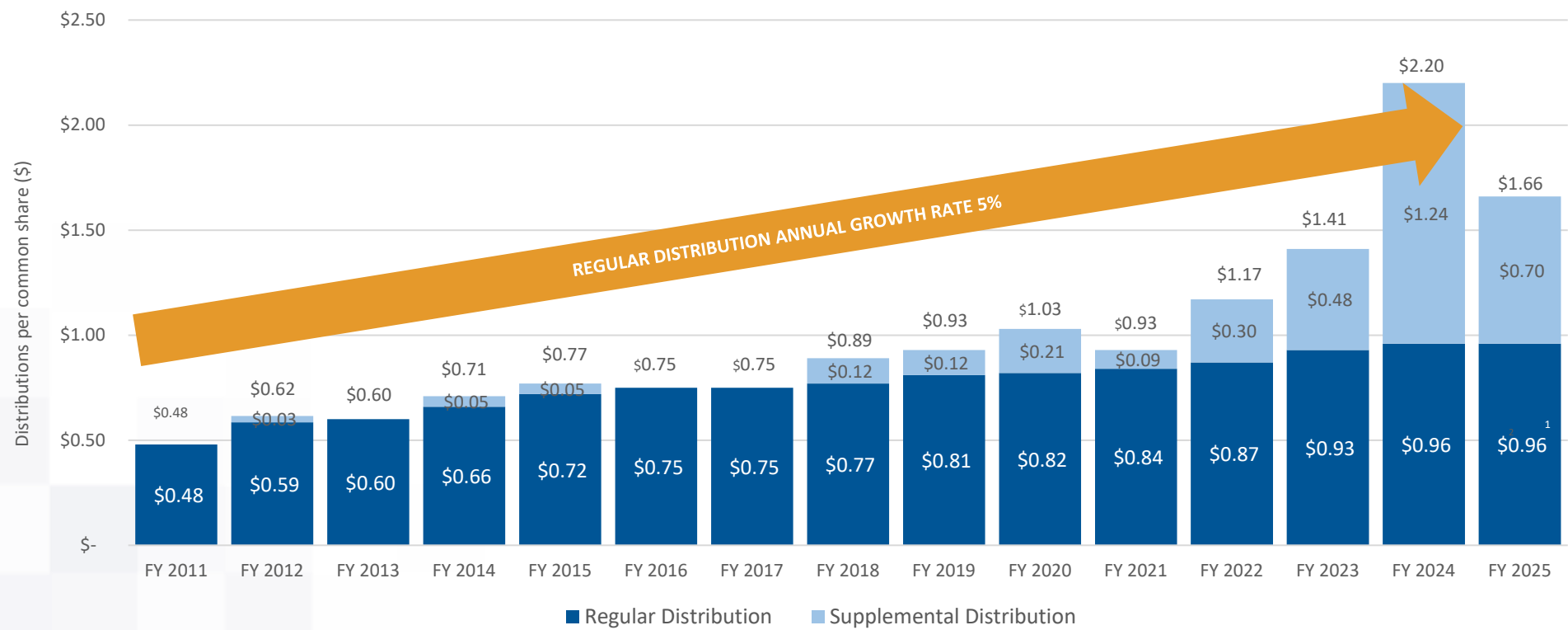
<sup>1</sup> Excludes line of credit commitments.

<sup>2</sup> 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.

<sup>3</sup> As of 12/31/2024.

# History of Strong Monthly and Supplemental Distributions

- From inception through 12/31/24, GAIN has paid 234 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 FY25, 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



<sup>1</sup> Assumes a full year of the \$0.08 per share regular monthly distributions, including amounts not yet paid and/or declared in March 2025.

# INVESTMENT STRATEGY & VALUE CREATION

# 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 focus and experience 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%

# Investment Focus and Process

Driving performance with a focused and diligent approach to investment selections.

## Deal Sourcing

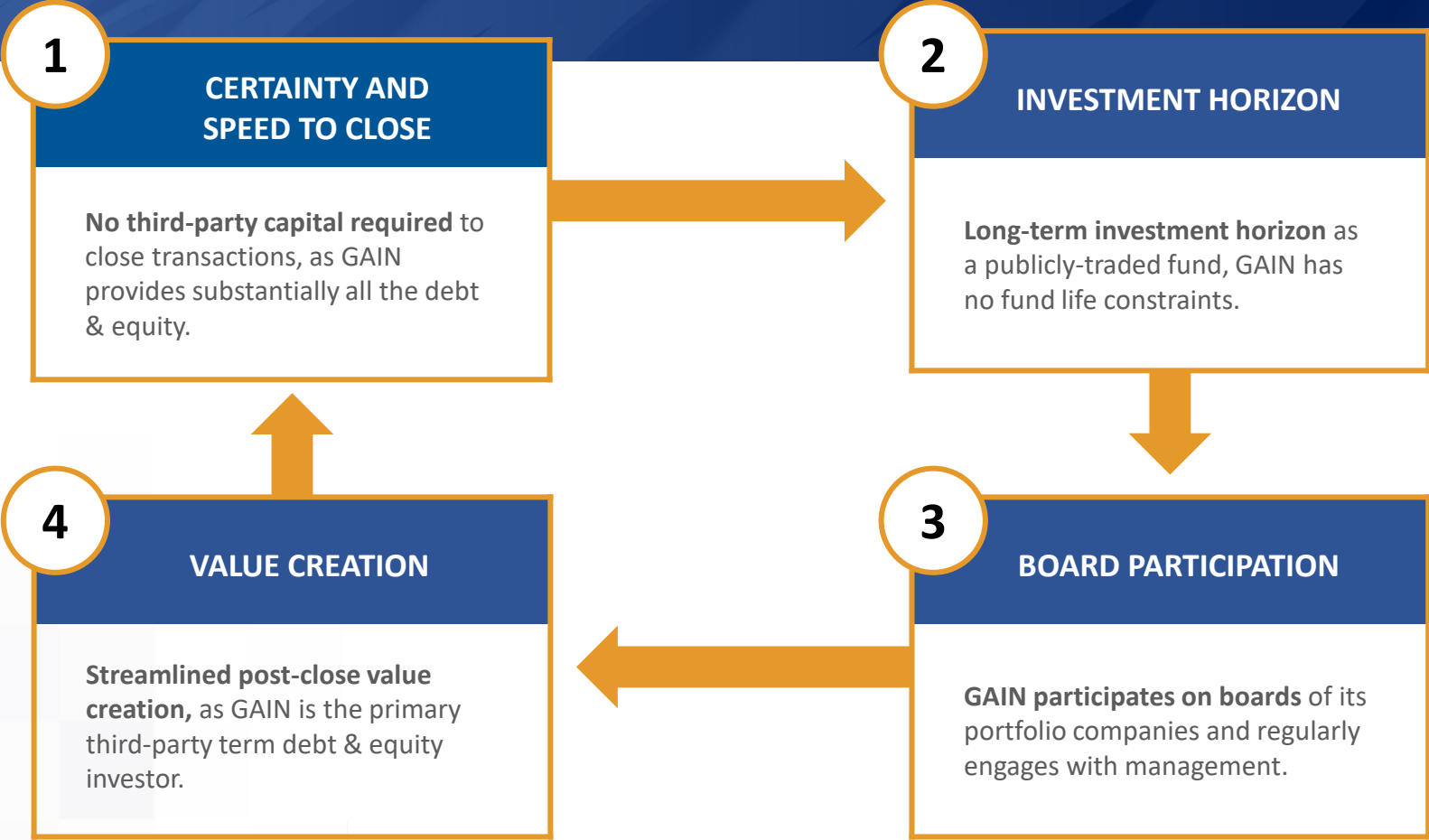
- Source opportunities from investment banks, M&A advisory firms, and industry executives
- Regionally focused sourcing strategy, spearheaded by senior member of the investment team
- Debt & equity from single investor provides competitive advantage by improving the certainty of close and decreasing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

EXPERIENCED GOVERNANCE STRUCTURE	STRATEGIC PLANNING	ADD-ON AND PLATFORM STRATEGIES	SALES AND OPERATIONAL INITIATIVES
<p>GAIN helps to establish an effective board governance structure at the onset of each investment.</p> <ul style="list-style-type: none"><li>• Enables GAIN to influence company strategy</li><li>• GAIN supports board members with relevant value-added industry expertise</li><li>• GAIN has ability to replace and enhance management</li></ul>	<p>At the outset of its investment, GAIN, along with company management, develop a strategic plan.</p> <ul style="list-style-type: none"><li>• Builds buy-in with management on what we plan to do and when</li><li>• Creates a framework for alignment and accountability at the Board level</li></ul>	<p>When appropriate, GAIN develops add-on and platform strategies to build value.</p> <ul style="list-style-type: none"><li>• GAIN has executed two roll-up strategies as well as 9 add-on acquisitions since FY19</li></ul>	<p>Proactive interaction with company management to drive long term value creation.</p> <ul style="list-style-type: none"><li>• Leverage knowledge and experience from past deals to identify revenue and cost opportunities</li><li>• Significant experience in professionalizing sales management, investing in personnel and equipment, and negotiating costs</li></ul>

# CURRENT PORTFOLIO, SUCCESSFUL EXITS & MARKET UPDATE

Portfolio is Broad and Diversified<sup>1</sup>

MANUFACTURING	BUSINESS/CONSUMER SERVICES	CONSUMER PRODUCTS
        	          	   

<sup>1</sup> Portfolio companies as of 12/31/2024, excluding Gladstone Alternative Income Fund.

# Geographic Diversification<sup>1</sup>



<sup>1</sup> Portfolio companies as of 12/31/2024, excluding Gladstone Alternative Income Fund.

# 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 quarters deal flow has gradually increased across most industries as sellers and buyers have adapted to the current macroeconomic environment.
- 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.

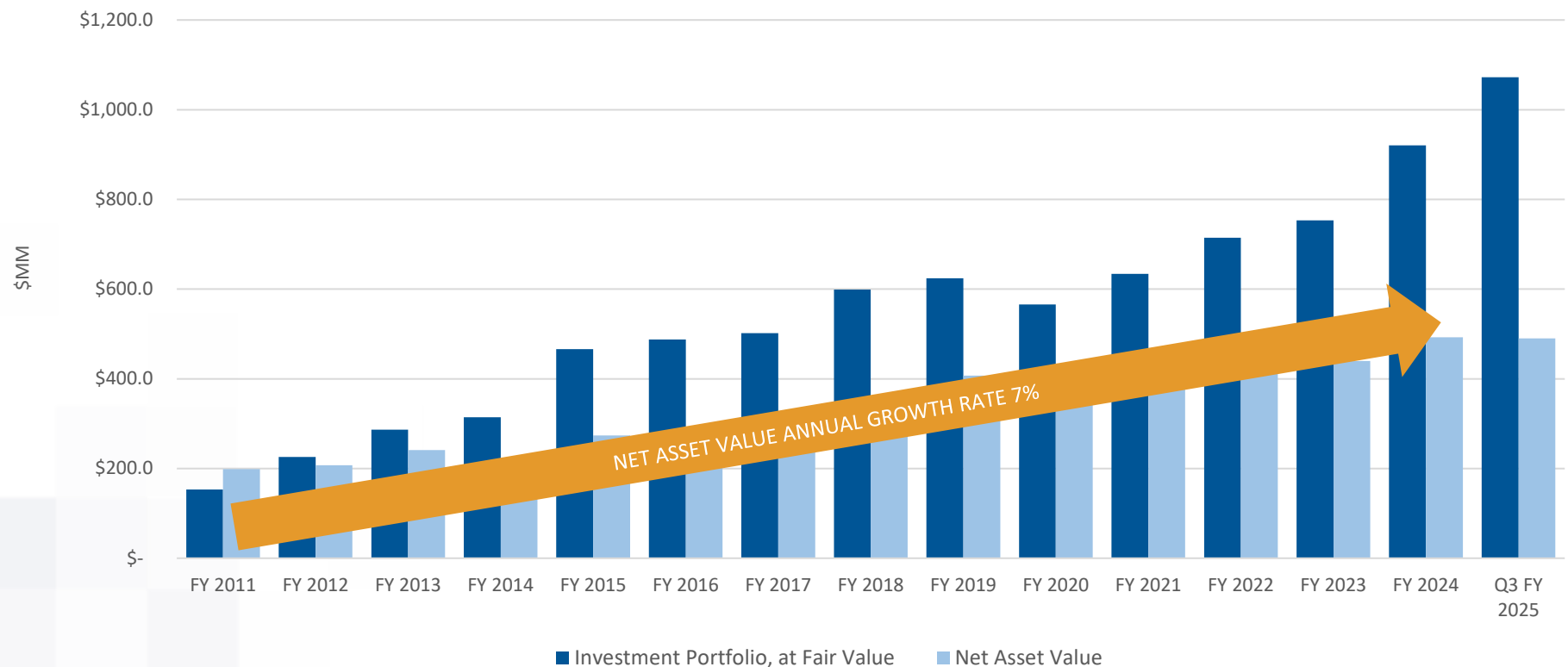
## Opportunities

- 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.
- Given the recent market dislocation investment bankers increasingly value speed and certainty to close, which aligns well with Gladstone’s one-stop-shop capital solution providing both the debt and equity necessary to close a transaction.
- Increasing importance, particularly from owner founders, to partner with investors that have the ability to be patient; traditional private-equity is increasingly targeting quicker hold periods and recent market dislocation limited investment timeline flexibility

# FINANCIAL HIGHLIGHTS, SHAREHOLDER VALUE & CAPITAL STRUCTURE

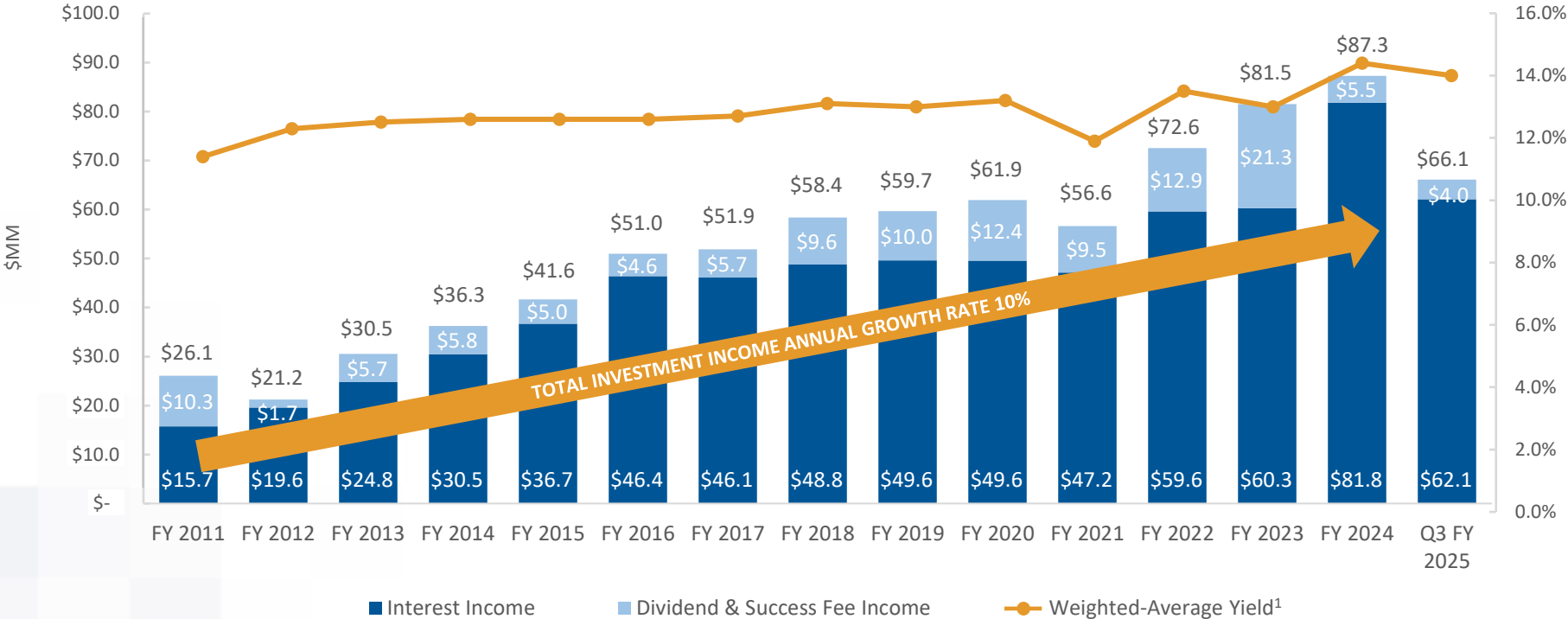
# Continuous NAV Growth Since FY 2011

- Continuous growth in overall NAV since FY 2011, driven by diligent growth and value creation in investment portfolio
- Significant NAV per share growth to \$13.30 at 12/31/2024 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.



<sup>1</sup> 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 \$537.5 million, inclusive of \$403.5 million of net realized gains and dividends.

<i>\$ in '000s</i>	INVESTED CAPITAL <sup>2</sup>			EQUITY RETURN AT EXIT	
EXISTS IN FISCAL YEAR <sup>1</sup>	TOTAL	DEBT <sup>3</sup>	EQUITY	EQUITY PROCEEDS <sup>4</sup>	COC
FY 2025	\$ 31,219	\$ 25,000	\$ 6,219	\$ 48,503	7.8x
FY 2024	76,295	62,400	13,895	50,454	3.6x
FY 2023	64,625	56,000	8,625 <sup>5</sup>	10,378	2.1x
FY 2022	84,686	57,299	27,387	50,717	1.9x
Exists in prior FYs/others <sup>6</sup>	408,627	323,015	85,612 <sup>5</sup>	425,959	4.8x
TOTAL	\$ 665,453	\$ 523,714	\$ 141,739	\$ 537,508	4.0x

<sup>1</sup> As of 12/31/2024.

<sup>2</sup> Some capital may have been returned/restructured/written-off prior to ultimate exit.

<sup>3</sup> Excludes line of credit commitments.

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

<sup>5</sup> FY 2023 includes \$3,735 and prior FY's include \$3,890 in equity returned prior to exit.

<sup>6</sup> Includes all buyout exits from inception in 2005 through 3/31/2021 and other non-material buyout exits.

# Financial Highlights<sup>1</sup>

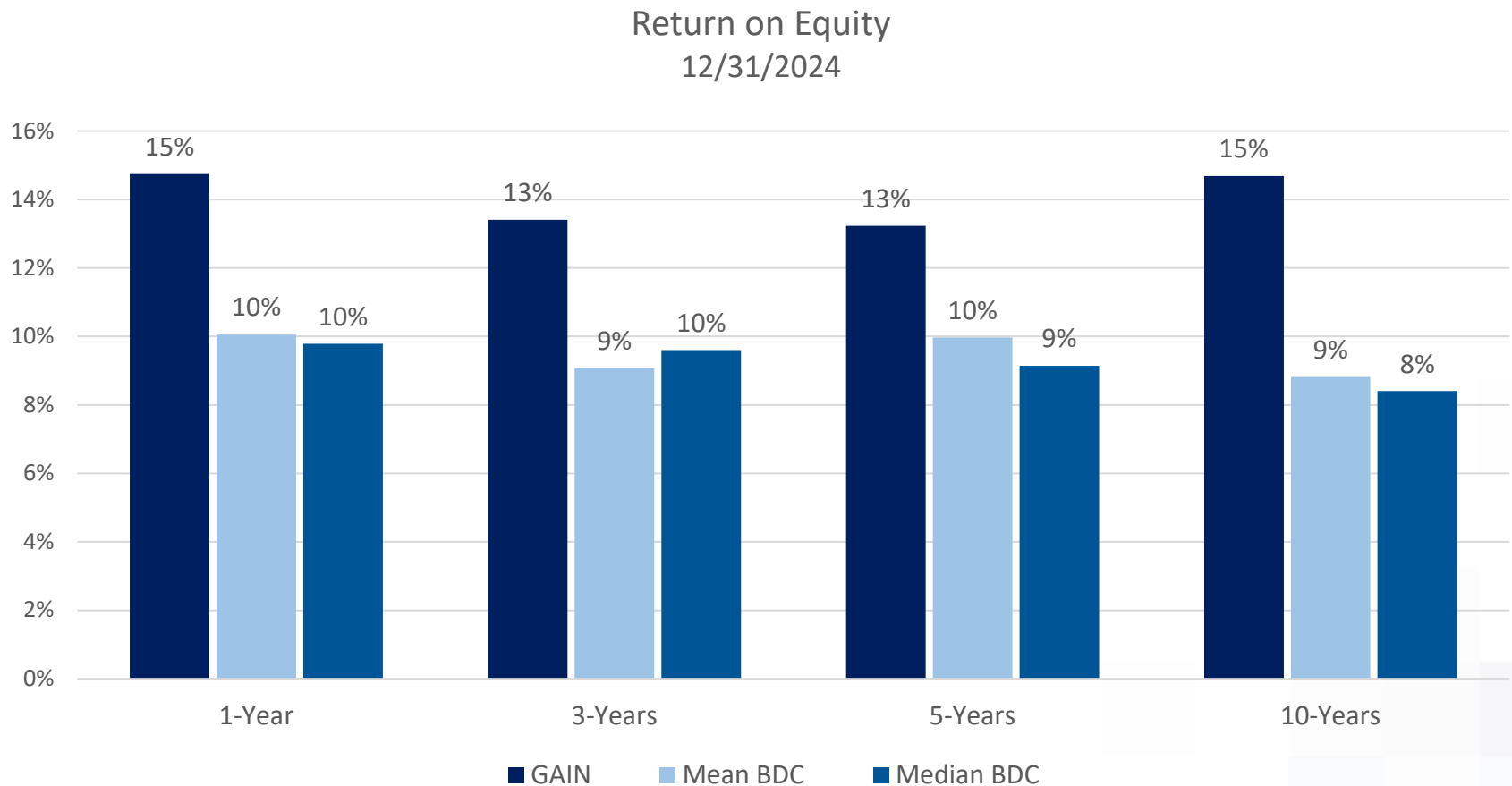
	NINE MONTHS ENDED		FISCAL YEAR ENDED							
	DECEMBER 31, 2024		MARCH 31, 2024		MARCH 31, 2023		MARCH 31, 2022		MARCH 31, 2021	
Net investment income (NII)	\$	20,866	\$	21,777	\$	37,000	\$	14,990	\$	17,938
(+) Capital gains-based incentive fee		5,316		12,711		(296)		18,286		5,032
Adjusted NII <sup>2</sup>	\$	26,182	\$	34,488	\$	36,704	\$	33,276	\$	22,970
Realized gain	\$	42,305	\$	30,256	\$	10,753	\$	12,444	\$	10,592
Unrealized (depreciation) appreciation	\$	(15,725)	\$	33,272	\$	(12,206)	\$	74,882	\$	13,924
Weighted-average shares		36,702		34,467		33,312		33,205		33,177
Regular Monthly Distributions per share	\$	0.72	\$	0.96	\$	0.93	\$	0.87	\$	0.84
Supplemental Distributions per share		0.70		1.24		0.48		0.30		0.09
Total Distributions per share	\$	1.42	\$	2.20	\$	1.41	\$	1.17	\$	0.93
NII/NIL per weighted-average share	\$	0.57	\$	0.63	\$	1.11	\$	0.45	\$	0.54
Adjusted NII per weighted-average share <sup>2</sup>	\$	0.71	\$	1.00	\$	1.10	\$	1.00	\$	0.69

<sup>1</sup> 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.

<sup>2</sup> 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.<sup>1</sup>

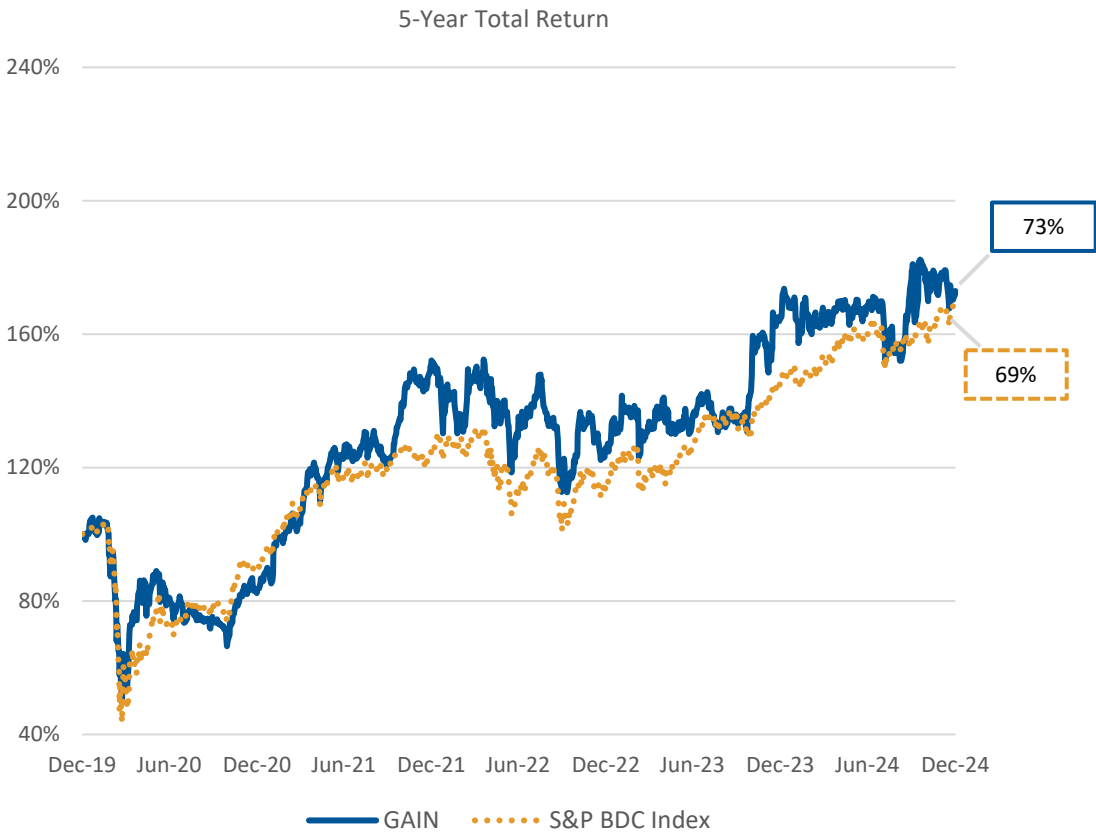


<sup>1</sup> Source: Capital IQ, latest available quarterly data as of 12/3/2024. BDC peer group defined as participants in MVIS US BDC Index as of 2/24/2025. ROE defined as LTM NII +/- real & unrealized gains/losses divided by average NAV.

# History of Driving High Shareholder Returns

Greater long-term total return compared to BDC peer group.<sup>1</sup>

5- AND 10-YEAR TOTAL RETURNS OF 73% AND 409% VS. BDC INDUSTRY PEERS OF 69% AND 142%



<sup>1</sup> Total return as of 12/31/2024 inclusive of reinvested dividends. BDC peer group defined as participants in the S&P BDC Index as of 2/24/2025.

## 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 186% 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 \$60.1MM of gross proceeds using various common stock At-the-Market (“ATM”) programs.
  - Under the \$50.0MM ATM program, established in August 2022, we have raised aggregate gross proceeds of \$50.0MM to date, with all sales above then-current NAV per share.
  - New \$75.0MM ATM program established in May 2024. We have raised aggregate gross proceeds of \$2.0MM to date, with all sales above then-current NAV per share.

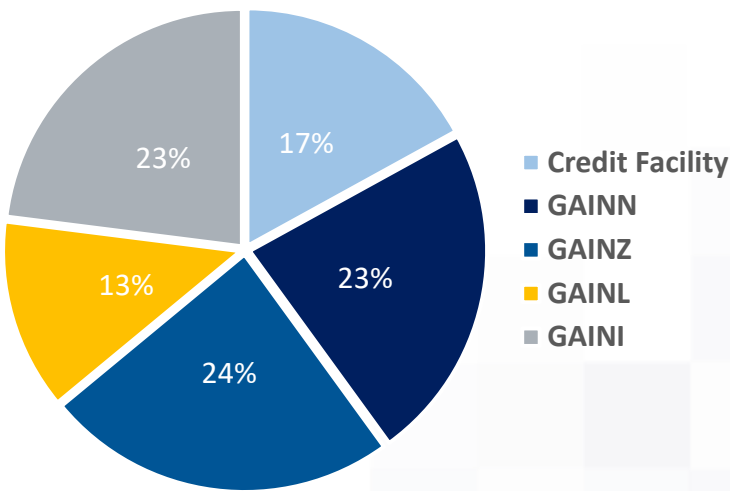
### COMPONENTS OF TOTAL DEBT AS OF 12/31/2024

#### 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
- GAINI: \$126.5MM of 7.875% 2030 Notes

#### \$200MM CREDIT FACILITY

- 1-month SOFR + 3.15% spread + 0.10% SOFR adjustment
- \$108.5MM of availability at 12/31/2024



# Continue to Execute on Strategy

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

## EXECUTE ON BUYOUT STRATEGY

- Expand portfolio through attractive investments
- Drive portfolio company value creation through active ownership

## PROVIDE STRONG AND GROWING DISTRIBUTIONS

- Maintain and grow regular distribution to shareholders
- Continue making supplemental distributions, driven by realized gains on portfolio exits

## MAXIMIZE SHAREHOLDER VALUE

- Focus on ROE and distributions to shareholders
- Grow awareness of GAIN's differentiated investment model

# Corporate Data

Key Executive Officers		Research Coverage	Websites	Independent Directors
David Gladstone Chairman & CEO		Janney John Rowan	Gladstone Investment: <a href="http://www.gladstoneinvestment.com">www.gladstoneinvestment.com</a>	Michela A. English
David Dullum President		Jefferies & Company Matthew Hurwit	Investment Adviser: <a href="http://www.gladstonemanagement.com">www.gladstonemanagement.com</a>	Katharine C. Gorka
Taylor Ritchie CFO & Treasurer		Ladenburg Thalmann Mickey M. Schleien	Information on all Gladstone Funds: <a href="http://www.gladstonecompanies.com">www.gladstonecompanies.com</a> <a href="http://www.gladstonedividend.com">www.gladstonedividend.com</a>	John Outland
		Oppenheimer & Co. Mitchel Penn		Anthony W. Parker
				Walter H. Wilkinson, Jr

Investor Relations	Other	Nasdaq Listings	Corporate Headquarters
Investor Relations 703-287-5893 <a href="mailto:info@gladstonecompanies.com">info@gladstonecompanies.com</a>	Corporate Counsel: Kirkland & Ellis LLP Stradley Ronon Stevens & Young, LLP	Common: GAIN	1521 Westbranch Drive, Ste. 100 McLean, VA 22102
	Transfer Agent: Computershare	2026 5.00% Notes: GAINN	703-287-5800
	Auditors: PricewaterhouseCoopers LLP	2028 4.875% Notes: GAINZ	
		2028 8.00% Notes: GAINL	
		2030 7.875% Notes: GAINI	