



GLADSTONE CAPITAL

Investing Since 2001

**Investor Presentation
for the Quarter Ended
December 31, 2024**

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 or the SEC’s web site, 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 12/31/2024)

Financial Results

- Net Investment Income Per Share: \$0.50
- Net Asset Value Per Share: \$21.51 (+\$0.33 over prior quarter-end)
- LTM ROE: 22% per GAAP and 10% on net investment income
- Monthly dividends per share: \$0.165 or annualized dividend yield on NAV of 9.21%

Portfolio

- Total investments at fair value of \$799.5 million invested in 51 companies
- Weighted average yield on debt investments of 13.1% down from 14.0% with lower SOFR Rates⁽¹⁾
- 73% of portfolio in first-lien loans and 89% in secured loans
- Weighted average and median EBITDA of borrowers of \$10.4 million and \$8.1 million⁽²⁾, respectively
- Average investment by obligor of \$16.0 million or 2% investment portfolio at fair value
- Four obligors on non-accrual representing \$28.5 million or 4.0% of debt investments (fair value)
- Equity appreciation for Sokol and Lonestar EMS, amongst others, more than offset the fair value mark-down associated with Eege's being placed on non-accrual.

Debt & Liquidity

- Outstanding debt balance was \$316 million; quarter-end debt-to-equity ratio was 0.68x
- Current investment capacity: \$207 million under undrawn committed bank lines

Recent Events

- Declared 1Q regular distribution of \$0.165/share per month for Jan., Feb., and Mar. (\$0.495 total)
- \$152 million of fundings in 4Q (including 6 new portfolio companies) offset anticipated exits and prepayments of \$165 million, largely driven by ARA common equity proceeds of \$64 million.
- Strong start to 1Q25 with two new portfolio company additions totaling ~\$38 million

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

² 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
- High-quality 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 co-invest 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 (~80% of the portfolio at 12/31/24), 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 sizes 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
- More direct access to management teams, 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, enables GLAD to maintain primary diligence and control over documentation, and simplifies future growth funding or facility modifications for the borrower
- Shifting capital market conditions and leverage constraints are reducing regional bank participation in LMM lending, with few large banks maintaining active LMM origination and management platforms
- 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 12/31/2024 Quarter Summary

Originations/Portfolio Activity:

- New investments totaled \$151.6 million during the quarter, comprised of \$107.2 million into six new portfolio companies, and \$44.5 million of add-on investments in support of existing portfolio companies.
- As anticipated, exits, amortization payments, and prepayments spiked to \$165.2 million, largely on the sale of our largest investment position (ARA), resulting in net originations of (\$13.7) million. Net of the ARA common equity proceeds of \$64 million, total debt investments increased by \$45 million on the quarter.

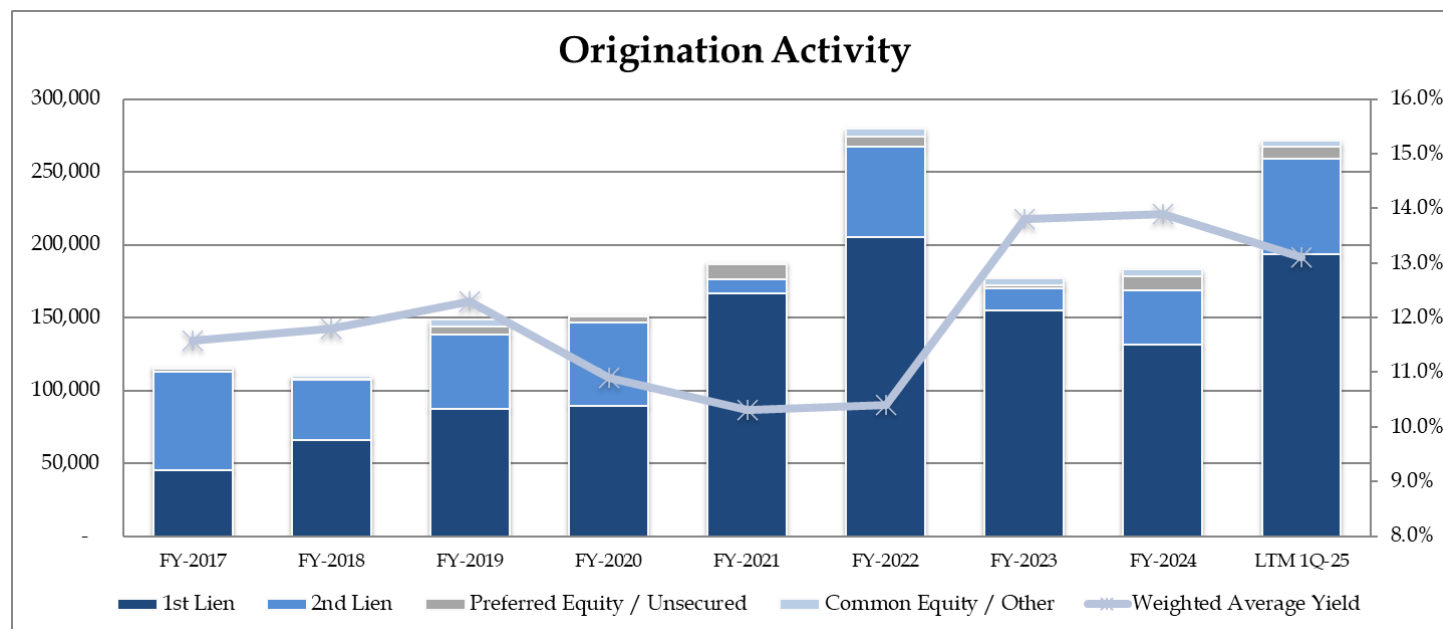
Portfolio Yield / Net Investment Income (NII):

- Following the Fed's reduction in short-term rates, the portfolio's weighted average yield declined to 13.1% from 14% last quarter, and interest income decreased 8.8% to \$21.3 million.
- Other investment income increased \$0.3 million with increased asset turnover, however, total investment income declined by \$1.8 million, to \$22.0 million.
- Total expenses declined by \$2.0 million as net management fees, interest, and financing costs declined following the portfolio turnover, allowing for a reduction on average line borrowings.
- Net investment income for the quarter increased by \$0.3 million, or 2.5% to \$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 representing 4.0% of debt investments at fair value, up from 1.9% last quarter.
- Conservative asset mix with 89% of investments in secured loans, 73% in lower risk 1st lien loans and weighted average leverage across core proprietary loan portfolio of 3.9x.
- Net realized gains came in at \$58 million for the quarter and contributed to the \$15.9 million net realized and unrealized gains which lifted our ROE to just over 22% for the quarter and TTM period.

Gladstone Capital Origination Activity

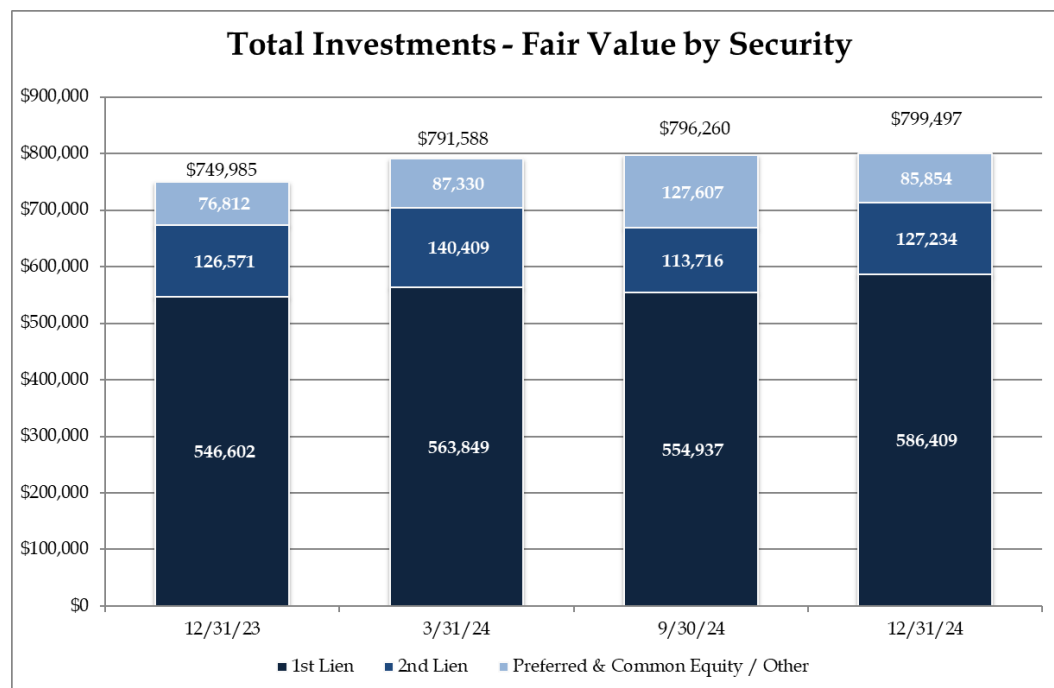


Gladstone Capital Quarterly Net Investment

| | 3/31/2023 | 6/30/2023 | 9/30/2023 | 12/31/2023 | 3/31/2024 | 6/30/2024 | 9/30/2024 | 12/31/2024 |
|---|-----------|-----------|-------------|------------|-----------|-------------|-----------|-------------|
| New Investments at Cost | \$ 48,000 | \$ 53,500 | \$ - | \$ 11,000 | \$ 15,000 | \$ 27,250 | \$ - | \$ 107,159 |
| Disbursements to Existing Portfolio Companies | 16,090 | 17,115 | 27,393 | 46,998 | 29,735 | 19,139 | 28,527 | 44,457 |
| Sales, Repayments, Other Exits at Cost | (9,761) | (35,230) | (41,017) | (22,066) | (15,146) | (86,420) | (12,638) | (165,343) |
| Net New Investments at Cost | \$ 54,329 | \$ 35,385 | \$ (13,624) | \$ 35,932 | \$ 29,589 | \$ (40,031) | \$ 15,889 | \$ (13,727) |
| Number of New Portfolio Company Investments | 2 | 3 | 0 | 1 | 1 | 2 | 0 | 6 |
| Number of Portfolio Company Exits | 1 | 2 | 1 | 1 | 1 | 2 | 2 | 4 |
| Total Portfolio Companies | 51 | 52 | 51 | 51 | 51 | 51 | 49 | 51 |

Gladstone Capital Portfolio Trends

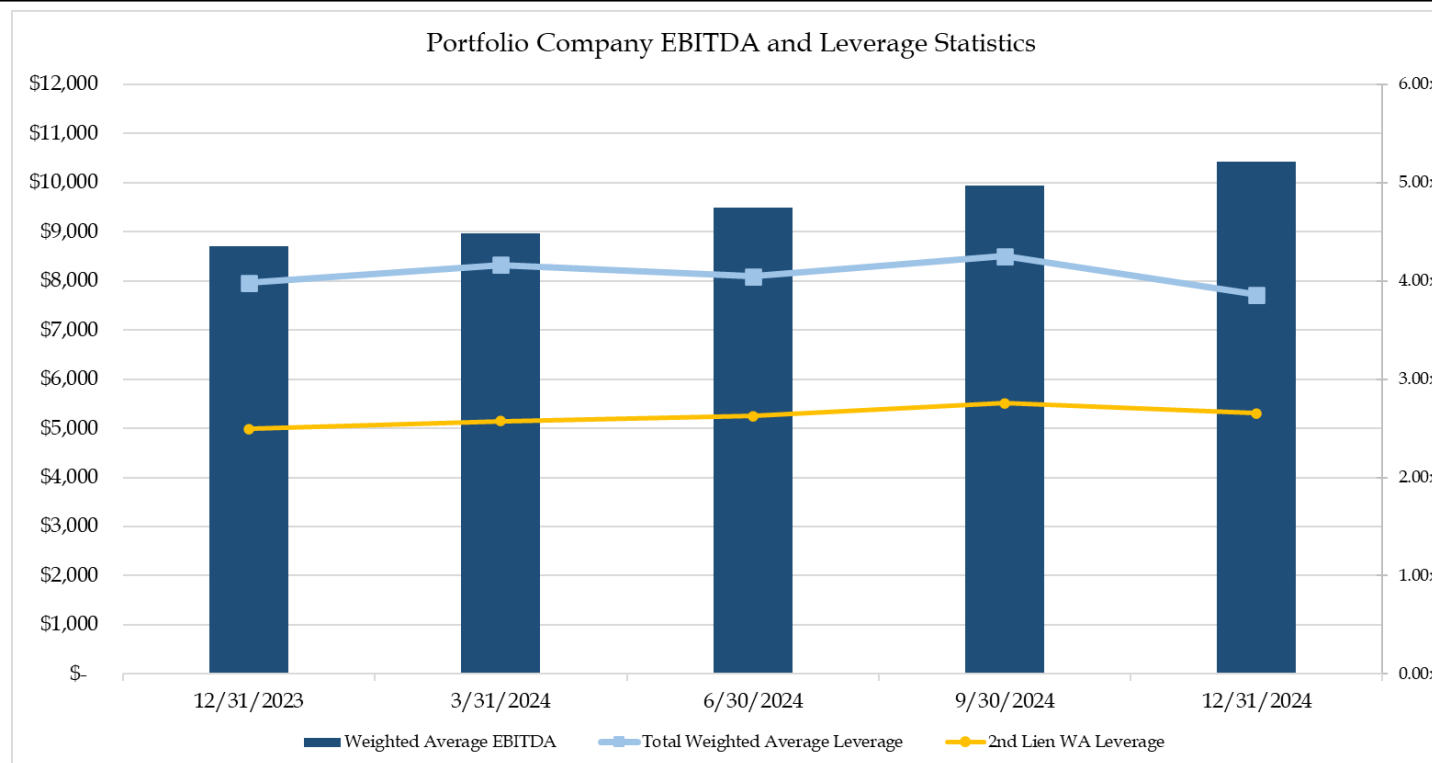
- While new deal buyout activity has been volatile in the past several quarters, we have absorbed significant refinancings of larger and mature credits while seeding a new vintage of growth oriented LMM platform investments to maintain our AUM and portfolio diversity.
- 1st lien investments increased to 73.4% of the portfolio largely driven by recent equity position exits.
- Approximately 91.1% 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 \$799.5 million represents ~98% of cost as of 12/31/2024.



| | 9/30/23 | 12/31/23 | 3/31/24 | 6/30/24 | 9/30/24 | 12/31/24 |
|------------------|---------|----------|---------|---------|---------|----------|
| First Lien Debt | 72.5% | 72.9% | 71.2% | 71.6% | 69.7% | 73.4% |
| Second Lien Debt | 18.1% | 16.9% | 17.8% | 15.5% | 14.3% | 15.9% |
| Equity / Other | 9.4% | 10.2% | 11.0% | 12.9% | 16.0% | 10.7% |

Portfolio Metrics

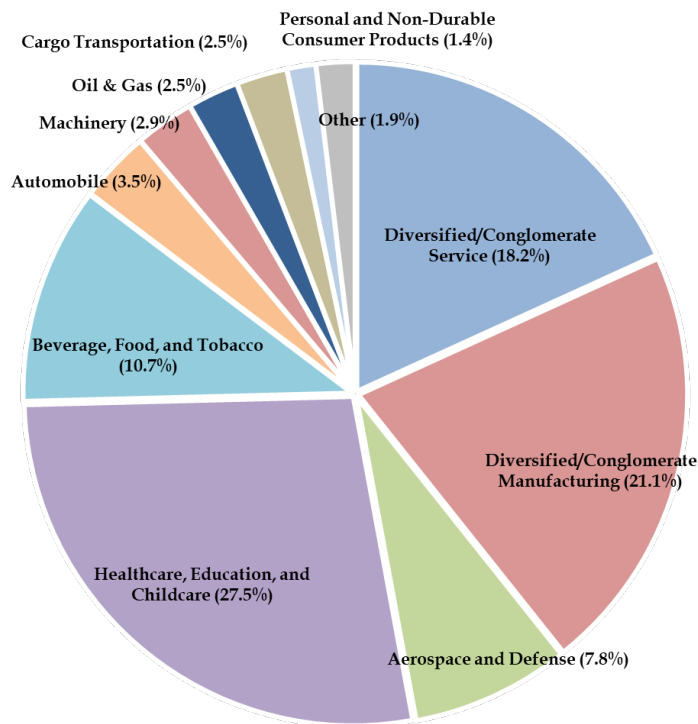
Consistent with GLAD's LMM focus, the core loan portfolio continues to represent companies with an average EBITDA of approx. \$10.4 million and an average leverage attachment point of 3.86x EBITDA



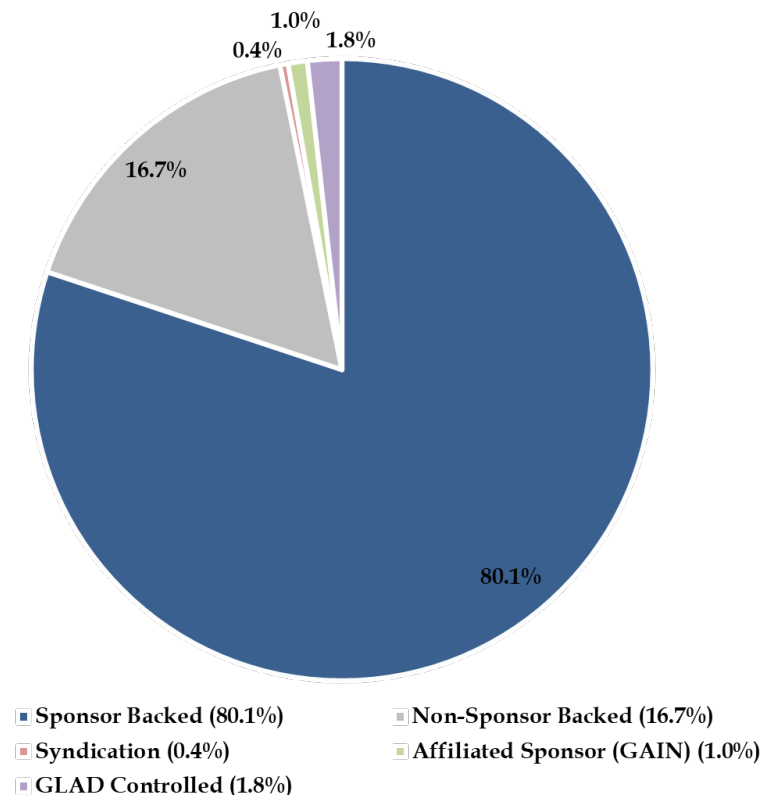
**For the purposes of this presentation, certain investments have been excluded from the data used to develop the above analysis. Those exclusions include investments: (i) originated as Syndications; (ii) co-investments with GAIN; (iii) residual investments under \$5 million; (iv) equity only investments; (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 12/31/2024 Fair Value



Deal Source Composition - At 12/31/2024 Fair Value



Portfolio Composition

| <i>Portfolio Characteristics As Of:</i> | March 31, 2024 | | June 30, 2024 | | September 30, 2024 | | December 31, 2024 | |
|---|----------------|---------|---------------|---------|--------------------|---------|-------------------|---------|
| Total Portfolio - FV | \$ | 791,588 | \$ | 757,745 | \$ | 796,260 | \$ | 799,497 |
| # of Portfolio Companies | | 51 | | 51 | | 49 | | 51 |
| Average Investment Size - FV | \$ | 15,521 | \$ | 14,858 | \$ | 16,250 | \$ | 15,676 |
| Top 5 Investments % FV | | 25.7% | | 27.3% | | 29.2% | | 23.8% |
| WAVG Investment Yield** | | 14.0% | | 13.9% | | 14.0% | | 13.1% |
| 1st Lien FV | \$ | 563,849 | \$ | 542,283 | \$ | 554,937 | \$ | 586,409 |
| 2nd Lien FV | | 140,409 | | 117,875 | | 113,716 | | 127,234 |
| Equity / Other FV | | 87,330 | | 97,587 | | 127,607 | | 85,854 |
| Proprietary % of FV | | 99.0% | | 98.9% | | 99.6% | | 99.6% |
| Syndicated % of FV | | 1.0% | | 1.1% | | 0.4% | | 0.4% |
| Fixed Rate Debt % Cost | | 11.8% | | 6.2% | | 6.1% | | 8.9% |
| Variable Rate Debt % of Cost | | 88.2% | | 93.8% | | 93.9% | | 91.1% |
| Performing % FV (Debt) | | 98.2% | | 97.9% | | 98.1% | | 96.0% |
| Non-Performing % FV (Debt) | | 1.8% | | 2.1% | | 1.9% | | 4.0% |

***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.



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



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



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.



MCG ENERGY SOLUTIONS, LLC

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



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



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



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

In Thousands, except per share data

| | Three Months Ended | | | | |
|--|--------------------|----------------|---------------|--------------------|-------------------|
| | December 31, 2023 | March 31, 2024 | June 30, 2024 | September 30, 2024 | December 31, 2024 |
| Income: | | | | | |
| Interest Income | \$ 22,996 | \$ 23,715 | \$ 23,199 | \$ 23,384 | \$ 21,320 |
| Other Investment Income | 225 | 282 | 2,490 | 330 | 640 |
| Total Investment Income | 23,221 | 23,997 | 25,689 | 23,714 | 21,960 |
| Expenses: | | | | | |
| Fees to Advisor & Admin | 5,101 | 6,131 | 6,412 | 6,174 | 4,385 |
| Interest Expense | 5,032 | 5,732 | 5,509 | 5,442 | 4,743 |
| Operating Expense | 1,154 | 1,357 | 1,375 | 1,143 | 1,608 |
| Total Expenses | 11,287 | 13,220 | 13,296 | 12,759 | 10,736 |
| Net Investment Income (NII) | \$ 11,934 | \$ 10,777 | \$ 12,393 | \$ 10,955 | \$ 11,224 |
| Weighted Average Shares* | 43,509 | 43,509 | 21,754 | 21,860 | 22,312 |
| NII Per WAVG Share | \$ 0.274 | \$ 0.248 | \$ 0.570 | \$ 0.493 | \$ 0.503 |
| Realized/Unrealized Gains (Loss) per Share | \$ 0.185 | \$ 0.296 | \$ 0.310 | \$ 0.944 | \$ 0.714 |
| Dividend Per WAVG Share | \$ 0.248 | \$ 0.248 | \$ 0.570 | \$ 0.500 | \$ 0.900 |
| NAV Per Share | \$ 9.61 | \$ 9.90 | \$ 20.18 | \$ 21.18 | \$ 21.51 |
| LTM Return on Equity (NII)** | 11.6% | 11.2% | 10.9% | 10.5% | 10.0% |
| Portfolio at Fair Value | 749,985 | 791,588 | 757,745 | 796,260 | 799,497 |
| Debt*** | 338,359 | 370,815 | 319,674 | 324,610 | 315,761 |
| Net Asset Value | 417,928 | 430,791 | 439,078 | 470,895 | 480,316 |
| Debt-to-Equity | 83.4% | 88.1% | 75.3% | 70.9% | 67.7% |

*Total Shares outstanding total at 12/31/24 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.

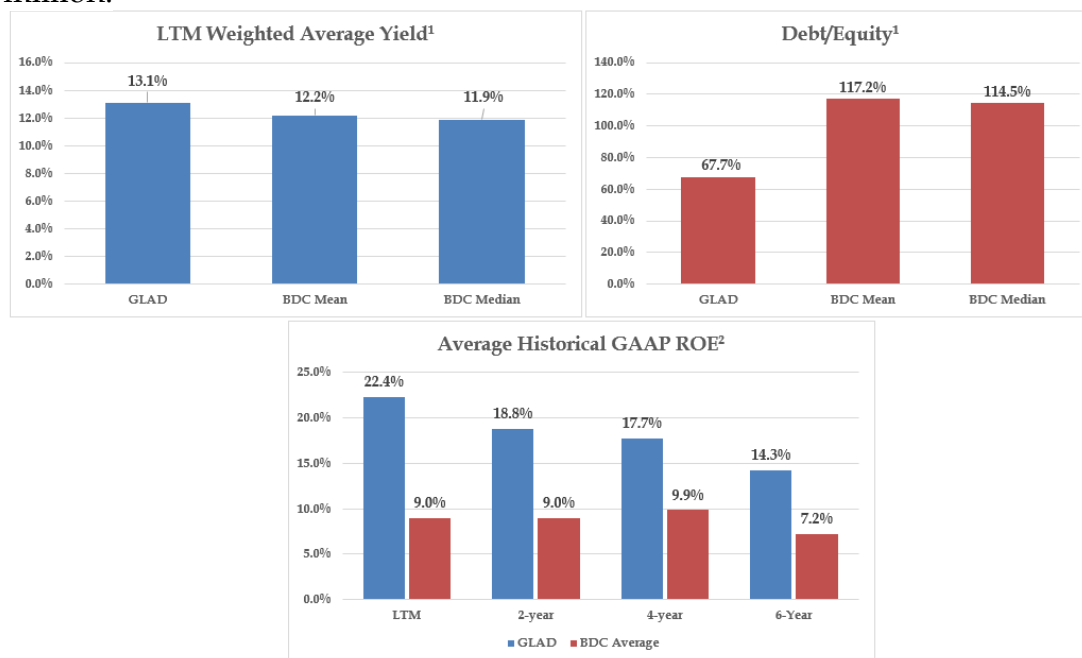
Gladstone Capital 12/31/2024 Quarter Summary

Capital Base and Liquidity

- Total Assets increased to \$816 million as of December 31, 2024, consisting of ~\$800 million in investments at fair value and ~\$16 million in cash and other assets.
- We ended the quarter with a conservative leverage position of 67.7% of NAV, which is well below the BDC industry average of 117%.
- Liabilities declined slightly to \$325 million as of December 31, 2024, 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 \$61.5 million.

ROE Performance

- Between higher rates and the performance of the portfolio, GLAD achieved an ROE of ~22% for the quarter and twelve months ended December 2024.
- 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 January, February and March which is an annual run rate of \$1.98 per share.



(1) BDC Mean/Median Source: Raymond James BDC Industry Weekly Newsletters (02/06/2025)

(2) BDC Averages Source: Oppenheimer & Co. Financial Institutions/Business Development Companies Equity Research Industry Update (9/30/2024)

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

Oppenheimer & Co.
Mitchel Penn

Raymond James
Robert Dodd

Websites

Gladstone Capital:
www.gladstonecapital.com

Investment Adviser:
www.gladstonemanagement.com

Information on all Funds:
www.gladstonecompanies.com

Other Officers

Michael LiCalsi
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Jack Dellafiora
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Auditors:
PricewaterhouseCoopers LLP

Nasdaq Listings

Common Stock Ticker: GLAD
7.75% Notes Ticker: GLADZ

Corporate Headquarters

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