

Flexible Debt for Growth Oriented Businesses

Financing needs of growth oriented middle market businesses are more challenging today. Purchase multiples are high and increased leverage often translates into higher debt service obligations, which consumes cash that could be used for growth opportunities. Often, the fastest path to achieve scale and appreciation means acquisitions, which require a debt financial partner with the focus, capital flexibility, experience, and demonstrated track record of delivering in support of your growth objectives.

Gladstone Capital provides flexible debt to support buy & build strategies for lower middle market companies with strong management, defined growth and acquisition plans, and >\$3MM of EBITDA. Take advantage of the strong market for consolidations and contact us with your next project.



Early Learning
Academies

**Line of Credit
Senior Term Loan
Equity Co-Investment**

Sponsor Buyout

August 2017*

Education

- Sponsor driven initiative to build early education operator beginning with regional chain
- *GLAD provided debt to fund platform purchase and committed capital to expedite smaller follow-on acquisitions to rapidly scale business with capital structure efficiency*

Lignetics

**Subordinated Debt
Equity Co-Investment**

Sponsor Buyout

March 2014*

Natural Resources

- Branded wood pellets mfr. for residential heating with plan to grow footprint in fragmented market
- *GLAD provided junior capital for buyout and 4 follow-on rounds to fund 4 acquisitions to diversify markets and scale into national manufacturer*

UNITED FLEXIBLE

**Second Lien Term Loan
Equity Co-Investment**

Sponsor Buyout

February 2015

Industrials /
Manufacturing

- Diversified industrial hose manufacturer with opportunity to grow direct OEM business and aerospace sector sales
- *GLAD provided unitranche to expedite buyout and shifted to 2nd lien to scale capital base and support 3 strategic acquisitions*

KARMAN
MISSILE & SPACE SYSTEMS

Unitranche Term Loan

Sponsor Buyout

August 2020*

Aerospace

- Precision engineering/design, fabrication and assembly services for complex aerospace platforms
- *GLAD provided unitranche to expedite buyout, shifted to 2nd lien to support follow-on acquisition and participated in upsized unitranche to fund 2nd acquisition*

IMPERATIVE

CHEMICAL PARTNERS

**Senior Term Loan
Equity Co-Investment**

Sponsor Buyout

March 2014*

Oilfield Services

- Specialty chemical distributor looking to scale with fracked well production activities in TX
- *GLAD provided a unitranche debt facility to support buyout and upsized to support 3 tuck-ins and later migrated to 2nd lien to support growth*



GRAYMATTER

Subordinated Debt

Sponsor Recapitalization

November 2017*

Diversified Services

- Expanding operational technologies and industrial IOT consulting firm
- *GLAD provided subordinated debt to support the recapitalization and delayed draw commitment to accommodate earn-out payment, and upsized facility for add-on acquisition*

* Current Portfolio

SEALINK

Second Lien Term Loan Equity Co-Investment

Sponsor Buyout
November 2016*

Automotive

- Manufacturer of LED lighting components for expanding auto applications and valves for the bulk container market
- GLAD provided junior capital post buy-out to support build-out of foreign mfg. capacity and supported multiple strategic acquisitions to diversify offerings and customer base



Senior Term Loan Equity Co-Investment

Sponsor Buyout
December 2020*

Industrial Services

- Specialized inland dredging services across the U.S. gulf coast
- GLAD provided a unitranche debt facility and equity co-investment to support the initial platform buyout and upsized facilities to support follow-on acquisition

Why Gladstone Capital is an Ideal Partner:

- **Flexible structure:** GLAD is not burdened by strict investment limitations and is able to flex its debt investments to meet the business' needs. We can shift from a unitranche loan to a junior position, as needed, to expand capital availability or improve financing costs as the company scales.
- **Ability to provide committed expansion capital:** Delay draw term loans can be used to fund organic growth, major capital expenditures, or follow-on acquisitions.
- **Speed and certainty to close:** Count on us to deliver as agreed and to quickly upsize the total facility to optimize structure as business grows, driven by early involvement of GLAD's senior management.
- **Permanent capital base:** We are not constrained by an obligation to return capital to investors. Instead, we support long-term growth horizons and are flexible on amortization.
- **Deep experience:** Investment team with decades of experience will support your buy & build strategy by structuring our debt and equity investments to meet your business plan. The same deal team provides continuity of coverage from closing to expansion and exit.

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