

## 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 provides flexible debt to support buy & build strategies for lower middle market companies with strong management, defined growth and acquisition plans, and >\$2MM of EBITDA. Take advantage of the strong market for consolidations and contact us with your next project.**

### *Chain of Pre-K Education Centers*

**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 2<sup>nd</sup> lien to scale capital base and support 3 strategic acquisitions*



VacationRentalPros.com

**Second Lien Term Loan**

*Growth Capital  
December 2016*

**Leisure**

- Tech-enabled vacation property management and rental platform with vast pipeline of property mgmt. acquisition candidates
- *GLAD supported founder's growth strategy with junior capital to support initial acquisitions, totaling 6 to date*



**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 to expand operating capabilities and customer base*



**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*

**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 strategic acquisition to diversify offerings and customer base

**Line of Credit  
Senior Term Loan**  
Refinancing & Merger

December 2017

Oilfield Services

- Specialized chemical services to producing wells and midstream pipeline operators
- GLAD provided a unitranche debt facility to support buyout of FloCap, which was upsized to support the combination with Impact

**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 upsized 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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