



GLADSTONE INVESTMENT

Quarterly Overview
March 31, 2024

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This presentation may include forward-looking statements. These forward-looking statements may involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to: (1) changes in the economy and the capital markets, including stock price volatility, inflation, elevated interest rates and risks of recession; (2) risks associated with negotiation and consummation of pending and future transactions; (3) the loss of one or more of our executive officers, in particular David Gladstone, David Dullum, or Terry Lee Brubaker; (4) changes in our investment objectives and strategy; (5) availability, terms (including the possibility of interest rate volatility) and deployment of capital; (6) changes in our industry, interest rates, exchange rates, or the general economy, including inflation; (7) our business prospects and the prospects of our portfolio companies; (8) the degree and nature of our competition; (9) changes in governmental regulation, tax rates and similar matters; (10) our ability to exit investments in a timely manner; (11) our ability to maintain our qualification as a regulated investment company and as a business development company; and (12) those factors listed under the caption “Risk Factors” in our Form 10-K, Form 10-Q, registration statements and related prospectus supplements, and other documents we may file with the Securities and Exchange Commission (“SEC”) from time to time.

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Gladstone Investment | Overview⁽¹⁾

GAIN is differentiated from other BDCs through its buyout investment strategy

Differentiated buyout structure

- Primary equity investor – Lead majority of prospective transactions, often partnering with existing management teams
- Differentiated approach – turnkey provider of equity & secured debt to effect 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 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

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 flexibility to portfolio company boards and management 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 and experience from past deals to identify revenue and cost opportunities
- Current portfolio is diversified across 24 companies, 18 states, and 16 industries

⁽¹⁾ All information in this presentation is as of 3/31/2024, 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

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, average buyout exit cash-on-cash equity return of 3.8x
- Dividend yield as of May 14, 2024 of 6.7%⁽²⁾ or 15.3% including supplemental distributions⁽³⁾

Outperformance and outsized upside potential compared to industry peers⁽¹⁾

- Excellent long-term historical performance compared to industry peers in total return and return of equity ("ROE"):
 - GAIN's 1, 3 and 5-year total return is 26%, 63% and 105% vs. industry peers of 29%, 43% and 71%
 - GAIN's 1, 3 and 5-year average ROE is 18%, 17% and 12% vs. industry peers of 11%, 10% and 10%

(1) See slide 18 for detail.

(2) Assumes a full year of the \$0.08 per share regular monthly distributions and excludes supplemental distributions.

(3) Assumes a full year of the \$0.08 per share regular monthly distributions and includes the supplemental distributions of \$0.12 paid in June, September and November 2023, and \$0.88 paid in December 2023.

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 interest 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%

Deal Sourcing

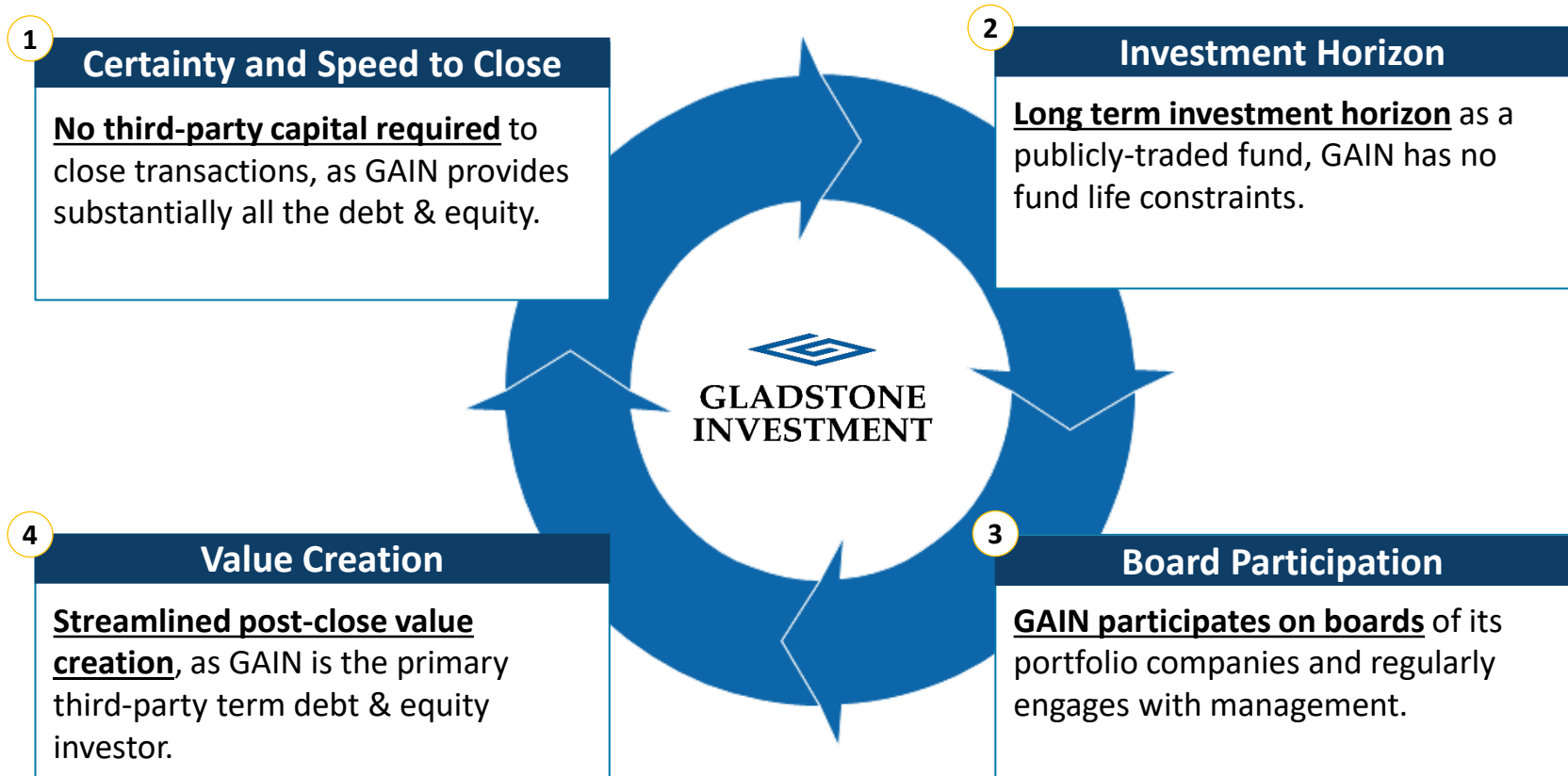
- Source opportunities from investment banks, M&A advisory firms, and industry executives
- Regionally focused sourcing strategy, spearheaded by every member of the investment team
- Debt & equity from single investor provides competitive advantage by improving the certainty of close and decreasing deal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

GAIN helps to establish an effective board governance structure at the onset of each investment

- Enables GAIN to influence company strategy
- GAIN supports board members with relevant value-added industry expertise
- GAIN has ability to replace and enhance management

When appropriate, GAIN develops add-on and roll-up strategies to build value

- GAIN has executed two roll-up strategies as well as 9 add-on acquisitions in the last 5 years

Experienced
Governance
Structure

Strategic
Planning

Add-on and
Roll-up
Strategies

Sales and
Operational
Initiatives

At the outset of its investment, GAIN, along with company management, develop a strategic plan

- Builds buy-in with management on what we plan to do and when
- Creates a framework for alignment and accountability at the Board level

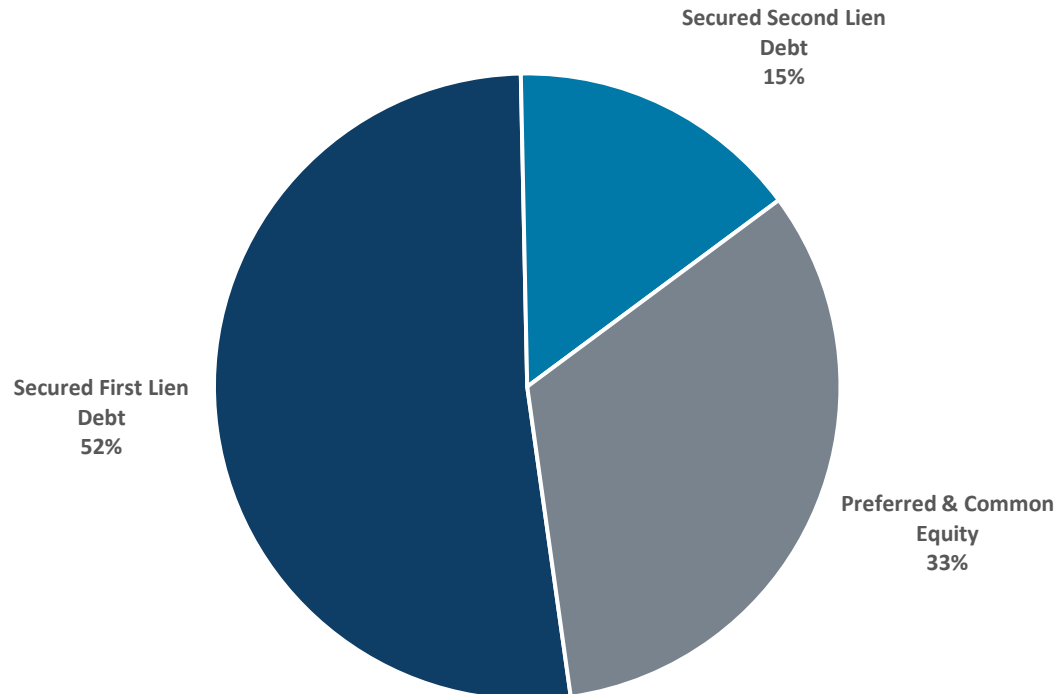
Proactive interaction with company management to drive long term value creation

- Leverage knowledge and experience from past deals to identify revenue and cost opportunities
- Significant experience in professionalizing sales management, investing in personnel and equipment, and negotiating costs

Upside Potential Driven by Focus on Equity Securities

- GAIN's equity ownership provides further upside to shareholders through prospective capital gains and other income from successful exits which supports supplemental distributions from time to time
- Since inception, GAIN has generated approximately \$361.2 million in net realized gains and dividends on the exit of the equity portion of buyout portfolio companies

Meaningful Equity Component in GAIN Portfolio⁽¹⁾



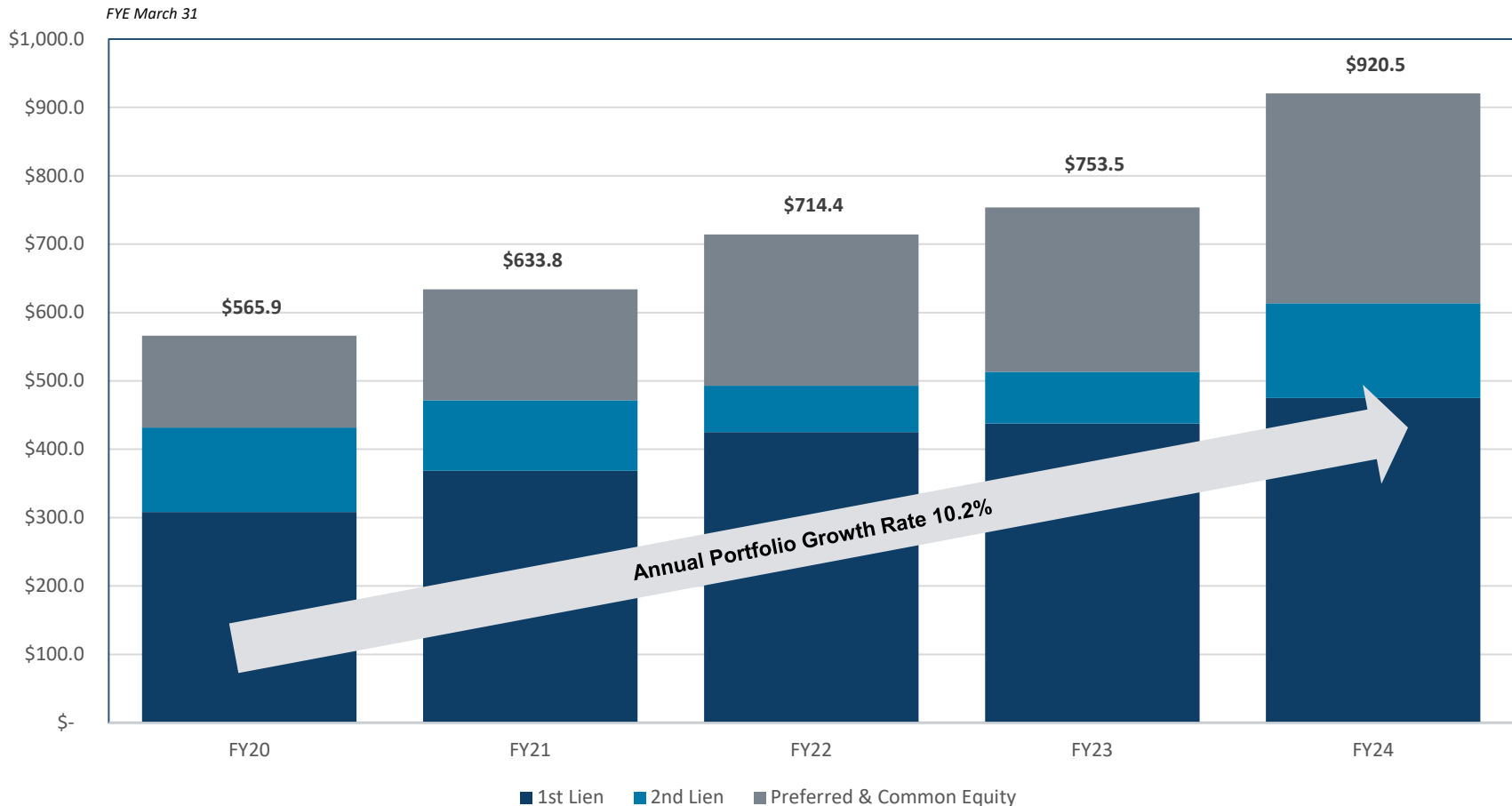
Approximately 33% of GAIN's portfolio, at fair value, is comprised of equity securities (typically preferred equity with common equity participation)

⁽¹⁾ At fair value as of 3/31/2024.

Growing Portfolio

From 4/1/2019 to 3/31/2024, we have:

- Made investments in 9 new companies, deploying approximately \$277.2 million of new capital⁽¹⁾
- Exited 15 companies for a return of proceeds of \$431.9 million⁽¹⁾⁽²⁾

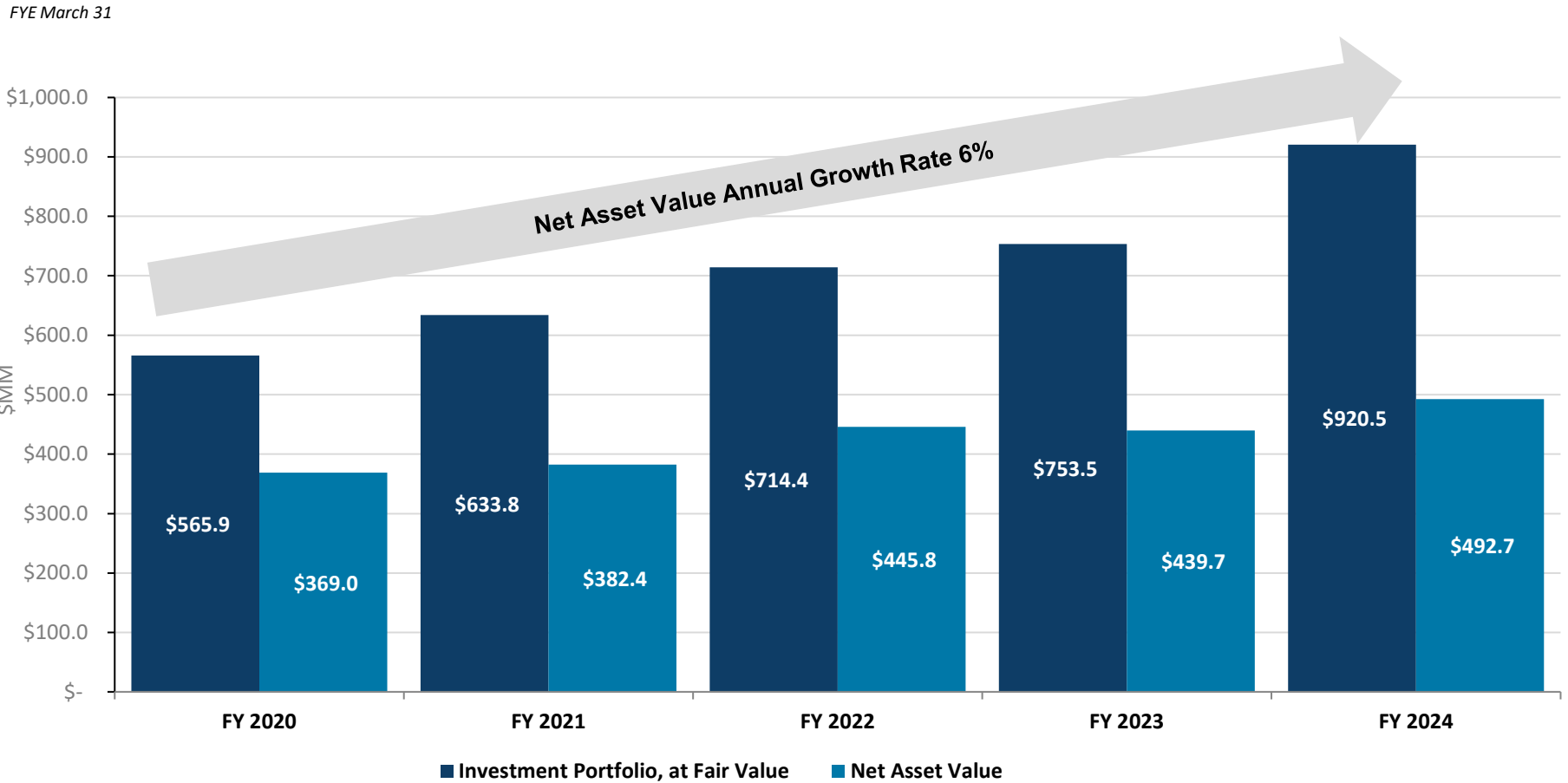


⁽¹⁾ Excludes line of credit commitments.

⁽²⁾ 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.

Continuous NAV Growth

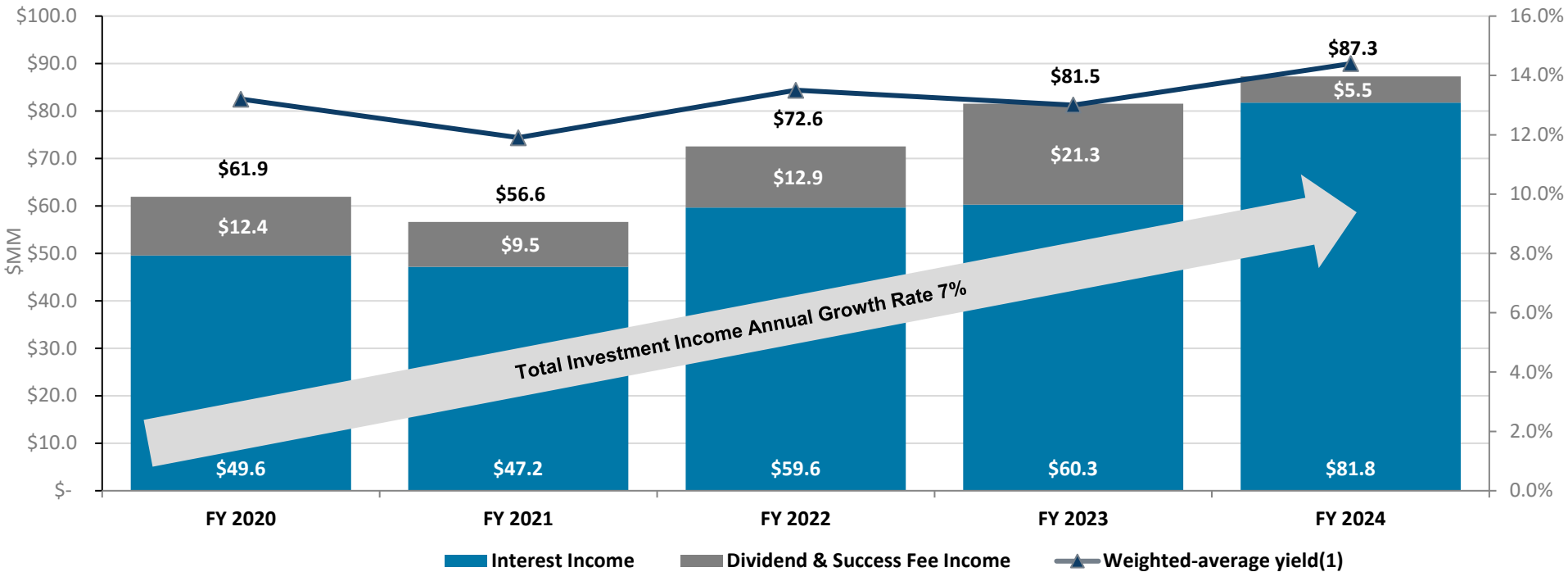
- Continuous growth in overall NAV, driven by diligent growth and value creation in investment portfolio
- Significant NAV per share growth to \$13.43 at 3/31/2024 from \$11.17 at 3/31/2020



Investment Income Growth

- Significant growth in Investment Income, 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

FYE March 31

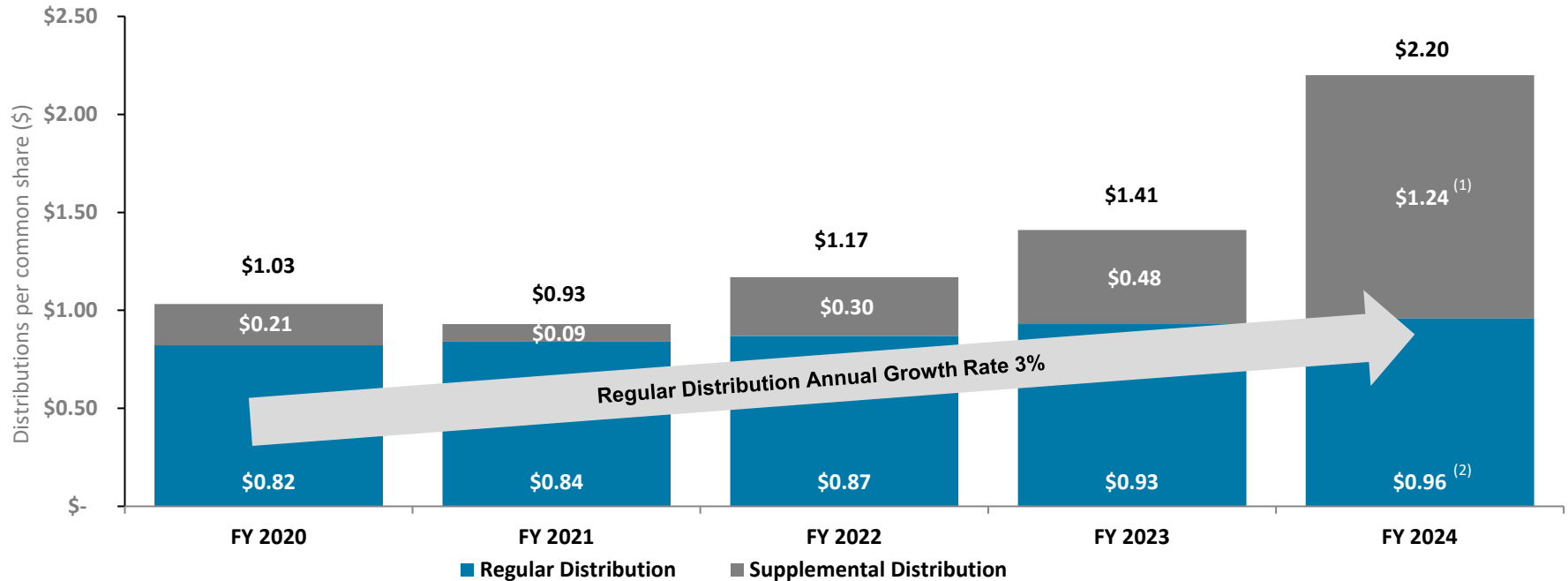


(1) Annualized weighted-average yield on our interest-bearing investment portfolio.

Strong and Growing Monthly and Supplemental Distributions

- From inception through 3/31/24, GAIN has paid 225 consecutive monthly distributions to common shareholders
- GAIN’s regular annual distribution run-rate was increased 6.7% to \$0.96 per common share in October 2022
- In addition to regular distributions, GAIN has also paid supplemental distributions to common shareholders, consisting of realized capital gains from portfolio company exits

FYE March 31



⁽¹⁾ Includes the supplemental distributions of \$0.12 paid in each of June, September and November 2023 and \$0.88 paid in December 2023.

⁽²⁾ Assumes a full year of the \$0.08 per share regular monthly distributions.

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 \$489.0 million, inclusive of \$361.2 million of net realized gains and dividends.

\$ in '000s

Exits in Fiscal Year ⁽¹⁾	Invested Capital ⁽²⁾			Equity Return at Exit	
	Total	Debt ⁽³⁾	Equity	Equity Proceeds ⁽⁴⁾	CoC
FY 2024	\$ 76,295	\$ 62,400	\$ 13,895	\$ 50,454	3.6x
FY 2023	64,625	56,000	8,625 ⁽⁵⁾	10,378	2.1x
FY 2022	84,686	57,299	27,387	50,717	1.9x
FY 2021	14,025	12,500	1,525	16,911	11.1x
FY 2020	100,328	76,364	23,963	94,397	3.9x
Exits in prior FYs / others ⁽⁶⁾	294,274	234,151	60,123 ⁽⁵⁾	266,128	4.6x
Total	\$ 634,233	\$ 498,714	\$ 135,519	\$ 488,984	3.8x

(1) As of 3/31/2024.

(2) Some capital may have been returned/restructured/written-off prior to ultimate exit.

(3) Excludes line of credit commitments.

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

(5) FY 2023 includes \$3,735 and prior FYs include \$3,890 in equity returned prior to exit.

(6) Includes all buyout exits from inception in 2005 through 3/31/2019 and other non-material buyout exits.

Portfolio is Broad and Diversified

Manufacturing



Business/Consumer Services



Consumer Products



Geographic Diversification



Financial Highlights⁽¹⁾

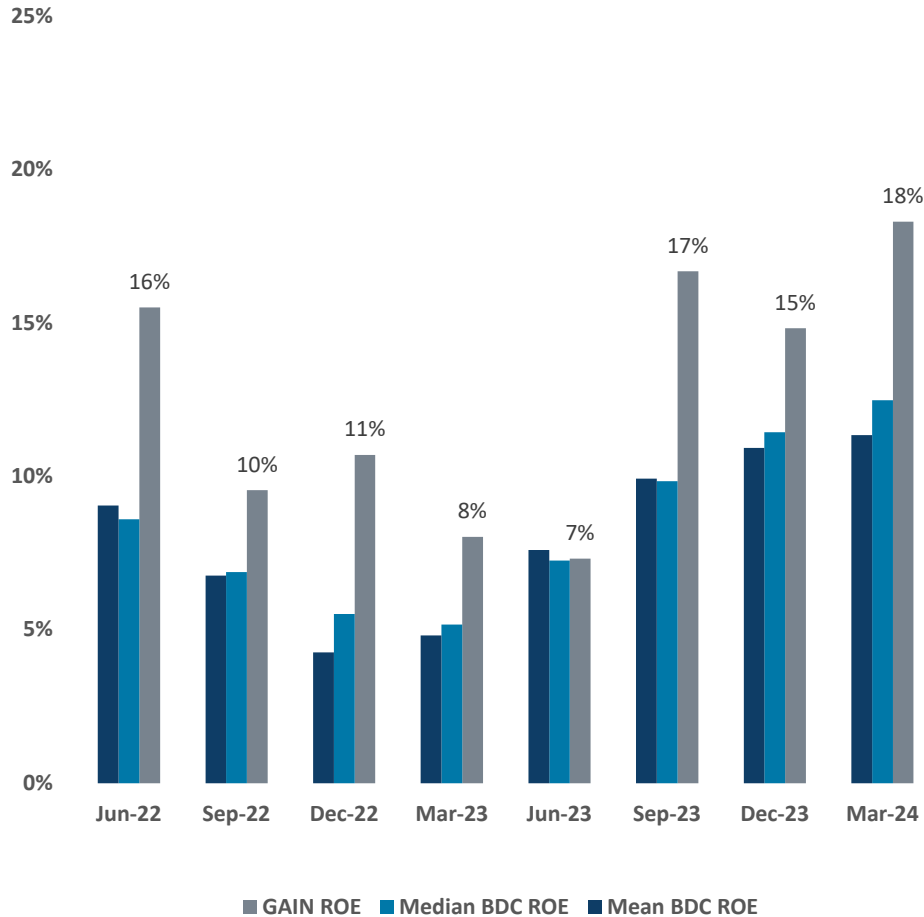
	Three Months Ended			
	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
Net investment income (loss) (NII/NIL)	\$ 5,323	\$ 9,744	\$ (1,730)	\$ 8,440
(+) Capital gains-based incentive fee	\$ 3,452	\$ (615)	\$ 9,807	\$ 67
Adjusted NII ⁽²⁾	\$ 8,775	\$ 9,129	\$ 8,077	\$ 8,507
Realized (loss) gain	\$ (14,650)	\$ 43,461	\$ 289	\$ 1,155
Unrealized appreciation (depreciation)	\$ 31,911	\$ (46,626)	\$ 48,797	\$ (809)
Weighted-average shares	36,115	34,352	33,817	33,592
Regular Monthly Distributions per share	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24
Supplemental Distributions per share	-	1.00	0.12	0.12
Total Distributions per share	\$ 0.24	\$ 1.24	\$ 0.36	\$ 0.36
NII/NIL per weighted-average share	\$ 0.15	\$ 0.28	\$ (0.05)	\$ 0.25
Adjusted NII per weighted avg. share ⁽²⁾	\$ 0.24	\$ 0.26	\$ 0.24	\$ 0.25
Portfolio, at fair value	\$ 920,504	\$ 902,808	\$ 915,636	\$ 800,078
Net asset value (NAV)	\$ 492,711	\$ 459,941	\$ 475,666	\$ 436,435
NAV per share	\$ 13.43	\$ 13.01	\$ 14.03	\$ 12.99

(1) 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.

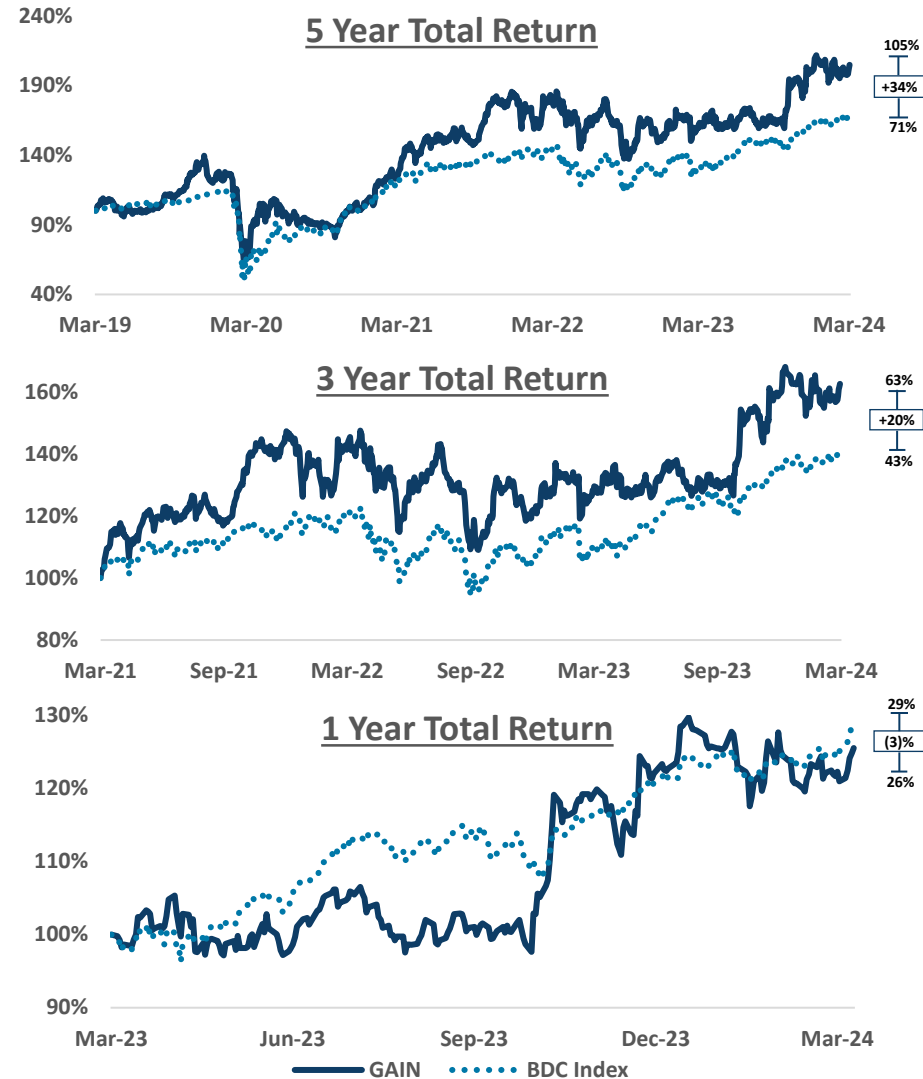
(2) Adjusted NII – Non-GAAP Financial Measure: Adjusted net investment income represents net investment income, excluding the capital gains-based incentive fee. The Company uses this non-GAAP financial measure internally in analyzing financial results and believes that this non-GAAP financial measure 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

Return on Equity Outperforming Industry Peers⁽¹⁾



Greater Total Return vs. BDC Peers⁽²⁾



Notes:

(1) Source: Capital IQ, latest available quarterly data as of 5/14/2024. BDC peer group defined as participants in MVIS US BDC Index as of 5/14/2024. Average ROE defined as (A) 1, 3, and 5 year cumulative NII +/- real & unrealized gains/losses divided by (B) average NAV (defined as average of (i) beginning NAV, (ii) ending NAV, and (iii) NAV every 12 months throughout the period) divided by (C) 1, 3, or 5 (depending on the relevant time period being averaged).

(2) Total return as of 3/31/2024 inclusive of reinvested dividends. BDC peer group defined as participants in the S&P BDC Index as of 5/14/2024.

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 219% 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 \$58.1MM of gross proceeds using various common stock At-the-Market (“ATM”) programs
 - Under the \$50.0MM ATM program established in August 2022, we raised aggregate gross proceeds of \$50.0MM, with all sales above then-current NAV per share
 - New \$75.0MM ATM program established in May 2024

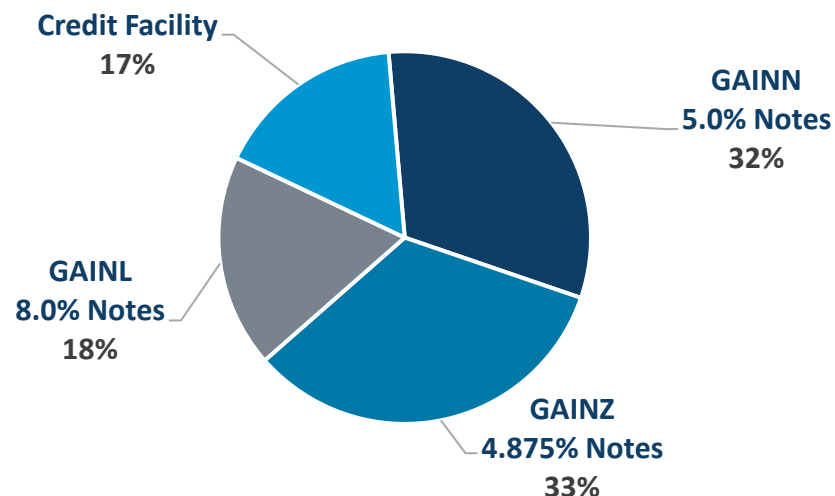
Components of Total Debt as of 3/31/2024

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

\$200MM Credit Facility

- 1-month SOFR + 3.15% spread + 0.10% SOFR adjustment
- \$133.0MM of availability at 3/31/2024



Why own Gladstone Investment's Common Stock?

Consistent Monthly Distributions

- Annual yield of approximately 6.7% as of May 14, 2024
- Increased regular monthly distributions annual run-rate by 28% since April 2016 to \$0.96 per share as of October 2022

Supplemental Distributions

- Supplemental distributions to be made from realized gains and net investment income
- Most recently: \$0.88 per share paid in December 2023, \$0.12 per share paid in each November 2023, September 2023 and June 2023

Capital Gains Upside

- 33% of investments at fair value are invested in equity as of March 31, 2024. Such investments do not generally contribute to our monthly distributions, but provide potential for capital gains that may be distributed as supplemental distributions

Strong Long-term Total Returns and ROE vs. Peers⁽¹⁾

- 1, 3, and 5-year total returns of 26%, 63% and 105% vs. industry peers of 29%, 43% and 71%
- 1, 3, and 5-year average ROE of 18%, 17% and 12% vs. industry peers of 11%, 10% and 10%

Conservative Balance Sheet with Low Leverage

- Low leverage: leverage was about 47% of total assets
- Strong liquidation coverage: fair value of assets represents about 211% of all liabilities

Diversification and Liquidity

- Portfolio is diversified across 24 companies, 18 states, and 16 industries
- Common stock is listed on Nasdaq under GAIN

Experienced Management

- Led by an SEC-registered investment adviser and administrator with 70 professionals with a successful track record of investing in lower middle market businesses

⁽¹⁾ Refer to slide 18 for details on the calculation of the total return and ROE metrics.

Why own Gladstone Investment's Registered Notes?

Daily Liquidity for Investors

- 2026 Notes listed on Nasdaq under the symbol "GAINN," with an interest rate of 5.00%
- 2028 Notes listed on Nasdaq under the symbol "GAINZ," with an interest rate of 4.875%
- 2028 Notes listed on Nasdaq under the symbol "GAINL," with an interest rate of 8.00%

Strong Interest Coverage

- Strong coverage of interest: Adjusted NII⁽¹⁾ before interest expense for the 12 months ended March 31, 2024 covers interest expense for the same period 2.4 times

Strong Quarterly Interest

- Annual interest rate ranging from 4.875% to 8.00% depending on the series with interest paid quarterly

Conservative Balance Sheet with Low Leverage

- Low leverage: leverage was about 47% of total assets
- Strong liquidation coverage: fair value of assets represents about 211% of all liabilities

Diversification

- Portfolio is diversified across 24 companies, 18 states, and 16 industries

Experienced Management

- Led by an SEC-registered investment adviser and administrator with 70 professionals with a successful track record of investing in lower middle market businesses

⁽¹⁾ See slide 12 for discussion of non-GAAP measure.

Corporate Data

Key Executive Officers

David Gladstone
Chairman & CEO

Terry Lee Brubaker
COO

David Dullum
President

Rachael Easton
CFO & Treasurer

Research Coverage

B. Riley Securities

Bryce Rowe

Janney

John Rowan

Jefferies & Company

Kyle Joseph

Ladenburg Thalmann

Mickey M. Schleien

Oppenheimer & Co.

Mitchel Penn

Websites

Gladstone Investment:
www.gladstoneinvestment.com

Investment Adviser:
www.gladstonemanagement.com

Information on all Gladstone Funds:
www.gladstonecompanies.com
www.gladstonedividend.com

Independent Directors

Paul Adelgren

Michela A. English

John Outland

Anthony W. Parker

Walter H. Wilkinson, Jr

Investor Relations

Investor Relations
703-287-5893
info@gladstonecompanies.com

Other

Corporate Counsel:
Kirkland & Ellis LLP

Transfer Agent:
Computershare

Auditors:
PricewaterhouseCoopers LLP

Nasdaq Listings

Common: GAIN

2026 5.00% Notes: GAINN

2028 4.875% Notes: GAINZ

2028 8.00% Notes: GAINL

Corporate Headquarters

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