
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 OR 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): February 2, 2021

Gladstone Investment Corporation

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

814-00704
(Commission
File Number)

83-0423116
(IRS Employer
Identification No.)

1521 Westbranch Drive, Suite 100
McLean, Virginia
(Address of Principal Executive Offices)

22102
(Zip Code)

Registrant's telephone number, including area code: (703)287-5800

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, \$0.001 par value per share	GAIN	The Nasdaq Stock Market LLC
6.250% Series D Cumulative Term Preferred Stock, \$0.001 par value per share	GAINM	The Nasdaq Stock Market LLC
6.375% Series E Cumulative Term Preferred Stock, \$0.001 par value per share	GAINL	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On February 2, 2021, Gladstone Investment Corporation issued a press release announcing its financial results for its third fiscal quarter ended December 31, 2020. The text of the press release is included as an exhibit to this Current Report on Form 8-K. The information in this Current Report on Form 8-K, including Exhibit 99.1 attached hereto, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing.

Item 9.01. Financial Statements and Exhibits.

- (d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release issued by Gladstone Investment Corporation, dated February 2, 2021.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Gladstone Investment Corporation (Registrant)

February 2, 2021

By: /s/ Julia Ryan
Julia Ryan, Chief Financial Officer and Treasurer



**Gladstone Investment Corporation Reports Financial Results for its
Third Quarter Ended December 31, 2020**

McLean, VA, February 2, 2021: Gladstone Investment Corporation (Nasdaq: GAIN) (the “Company”) today announced earnings for its third fiscal quarter ended December 31, 2020. Please read the Company’s Quarterly Report on Form 10-Q filed today with the U.S. Securities and Exchange Commission (the “SEC”), which is available on the SEC’s website at www.sec.gov or the investors section of the Company’s website at www.gladstoneinvestment.com.

Summary Information: (dollars in thousands, except per share data (unaudited))

	December 31, 2020	September 30, 2020	Change	% Change
For the quarter ended:				
Total investment income	\$ 17,372	\$ 11,840	\$ 5,532	46.7%
Total expenses, net ^(A)	11,117	7,472	3,645	48.8
Net investment income ^(A)	6,255	4,368	1,887	43.2
Net realized gain	9,105	621	8,484	NM
Net unrealized (depreciation) appreciation	(89)	1,641	(1,730)	NM
Net increase in net assets resulting from operations ^(A)	15,271	6,630	8,641	130.3
Net investment income per weighted-average common share ^(A)	0.19	0.13	0.06	46.2
Adjusted net investment income per weighted-average common share ^(B)	0.24	0.15	0.09	60.0
Net increase in net assets resulting from operations per weighted-average common share ^(A)	0.46	0.20	0.26	130.0
Cash distribution per common share from net investment income	0.20	0.20	—	—
Cash distribution per common share from net realized gains ^(C)	0.01	0.01	—	—
Weighted-average yield on interest-bearing investments	11.9	12.1	(0.2)	(1.7)
Total dollars invested	\$ 32,189	\$ 57,082	\$(24,893)	(43.6)
Total dollars repaid and collected from sales	49,145	1,484	47,661	NM
As of:				
Total investments, at fair value	\$ 610,888	\$ 608,962	\$ 1,926	0.3%
Fair value, as a percent of cost	92.9%	92.8%	0.1%	0.0
Net assets	\$ 368,823	\$ 360,526	\$ 8,297	2.3
Net asset value per common share	11.11	10.86	0.25	2.3
Number of portfolio companies	28	29	(1)	(3.4)

(A) Inclusive of \$1.8 million, or \$0.05 per weighted-average common share, and \$0.5 million, or \$0.02 per weighted-average common share, of capital gains-based incentive fees accrued during the three months ended December 31, 2020 and September 30, 2020, respectively. These fees were accrued in accordance with United States generally accepted accounting principles (“U.S. GAAP”), where such amounts were not contractually due under the terms of the investment advisory agreement for the respective periods. Also see discussion under *Non-GAAP Financial Measure – Adjusted Net Investment Income*, below.

- (B) See *Non-GAAP Financial Measure — Adjusted Net Investment Income*, below, for a description of this non-GAAP measure and a reconciliation from Net investment income to Adjusted net investment income, including on a weighted-average per share basis. 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.
- (C) Estimates of tax characterization made on a quarterly basis may not be representative of the actual tax characterization of distributions for the full year. Estimates made on a quarterly basis are updated as of each interim reporting date.

NM = Not Meaningful

Highlights for the Quarter: During the quarter ended December 31, 2020, the following significant events occurred:

- **Portfolio Activity:**
 - Recapitalized one existing portfolio company and invested \$27.0 million in the form of secured first lien debt, which resulted in dividend income of \$3.2 million and additional equity proceeds representing a \$7.5 million return of preferred equity cost basis and a realized gain of \$3.3 million;
 - Invested \$3.0 million in the form of secured second lien debt in one existing portfolio company, which purchased a subsidiary of one of our other portfolio companies, resulting in partial repayment of our secured first lien debt with a realized loss of \$8.5 million;
 - Exited one investment, which resulted in dividend income of \$0.9 million, success fee income of \$0.2 million, repayment of our debt investment of \$9.5 million at par, and a net realized gain of \$14.0 million; and
 - Invested \$2.2 million in various existing portfolio companies.
- **Distributions and Dividends:**
 - Paid the following monthly cash distributions to common stockholders and dividends to preferred stockholders for each of October, November, and December 2020:
 - \$0.07 per common share;
 - \$0.13020833 per share to holders of our 6.25% Series D Cumulative Term Preferred Stock (“Series D Term Preferred Stock”); and
 - \$0.13281250 per share to holders of our 6.375% Series E Cumulative Term Preferred Stock (“Series E Term Preferred Stock”).
- **At-the-market (“ATM”) Program Activity:**
 - Sold 526,243 shares of our Series E Term Preferred Stock under our Series E ATM Program with an aggregate liquidation preference of \$13.2 million and raised approximately \$12.8 million in net proceeds.

Third Quarter Results Net investment income for the quarters ended December 31, 2020 and September 30, 2020 was \$6.3 million, or \$0.19 per weighted-average common share, and \$4.4 million, or \$0.13 per weighted-average common share, respectively. This increase was a result of an increase in total investment income, partially offset by an increase total expenses, net of credits, quarter over quarter.

Total investment income during the quarters ended December 31, 2020 and September 30, 2020 was \$17.4 million and \$11.8 million, respectively. The quarter over quarter increase was primarily due to a \$5.2 million increase in dividend and success fee income, the timing of which can be variable.

Total expenses, net of credits, during the quarters ended December 31, 2020 and September 30, 2020, were \$11.1 million and \$7.5 million, respectively. The quarter over quarter increase was primarily a result of \$2.0 million income-based incentive fees and \$1.8 million capital gains-based incentive fees in the current quarter, compared to \$0.5 million capital gains-based incentive fees in the prior quarter, and a \$0.3 million decrease in credits to fees from adviser, partially offset by a \$0.3 million decrease in other expenses, primarily related to a decrease in stockholder related expenses.

Net asset value per common share as of December 31, 2020 was \$11.11, compared to \$10.86 as of September 30, 2020. The quarter over quarter increase was primarily due to \$9.1 million, or \$0.27 per common share, of net realized gains on investments, \$6.3 million, or \$0.19 per common share, of net investment income, partially offset by \$7.0 million, or \$0.21 per common share, of distributions paid to common shareholders. During the quarter ended December 31, 2020, net unrealized depreciation totaled \$0.1 million, as \$11.8 million of unrealized appreciation of our current portfolio was offset by the reversal of \$11.9 million of previously recorded unrealized appreciation upon the exit of one portfolio company.

Subsequent Events: After December 31, 2020, the following significant events occurred:

- **Distributions and dividends:** In January 2021, our Board of Directors declared the following monthly cash distributions to common stockholders and monthly dividends to holders of our series of term preferred stock:

Record Date	Payment Date	Distribution per Common Share	Dividend per Share of Series D Term Preferred Stock	Dividend per Share of Series E Term Preferred Stock
January 22, 2021	January 29, 2021	\$ 0.07	\$ 0.13020833	\$ 0.13281250
February 17, 2021	February 26, 2021	0.07	0.13020833	0.13281250
March 18, 2021	March 31, 2021	0.07	0.13020833	0.13281250
Total for the Quarter:		\$ 0.21	\$ 0.39062499	\$ 0.39843750

- **COVID-19 Impact:** We continue to closely monitor and work with our portfolio companies to navigate the significant challenges created by the continuing COVID-19 pandemic and are focused on ensuring the safety of the adviser’s and administrator’s personnel and of the employees of our portfolio companies, while also managing our ongoing business activities. While we are closely monitoring all of our portfolio companies, our portfolio continues to be diverse from a geographic and industry perspective. Through proactive measures and continued diligence, the management teams of our portfolio companies continue to demonstrate their ability to respond effectively and efficiently to the challenges posed by COVID-19 and related orders imposed by state and local governments, including paused or reversed reopening orders. We believe we have sufficient levels of liquidity to support our existing portfolio companies, as necessary, and selectively deploy capital in new investment opportunities.

Non-GAAP Financial Measure — Adjusted Net Investment Income: On a supplemental basis, the Company discloses Adjusted net investment income, including on a per share basis, which is a financial measure that is calculated and presented on a basis of methodology other than in accordance with U.S. GAAP (“non-GAAP”). Adjusted net investment income represents net investment income, excluding capital gains-based incentive fees. 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 appreciation) to the extent such realized capital gains exceed realized capital 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. Refer to Note 4 – *Related Party Transactions* in our Annual Report on Form 10-K for further discussion. The Company believes that Adjusted net investment income is a useful indicator of operations exclusive of any capital gains-based incentive fees, as net investment income does not include realized or unrealized investment activity associated with the capital gains-based incentive fee.

The following table provides a reconciliation of net investment income (the most comparable U.S. GAAP measure) to Adjusted net investment income for the periods presented (*dollars in thousands, except per share amounts; unaudited*).

	For the quarter ended			
	December 31, 2020		September 30, 2020	
	Amount	Per Share Amount	Amount	Per Share Amount
Net investment income	\$ 6,255	\$ 0.19	\$ 4,368	\$ 0.13
Capital gains-based incentive fee	1,754	0.05	452	0.02
Adjusted net investment income	<u>\$ 8,009</u>	<u>\$ 0.24</u>	<u>\$ 4,820</u>	<u>\$ 0.15</u>

Adjusted net investment income may not be comparable to similar measures presented by other companies, as it is a non-GAAP financial measure that is not based on a comprehensive set of accounting rules or principles and therefore may be defined differently by other companies. In addition, Adjusted net investment income should be considered in addition to, not as a substitute for, or superior to, financial measures determined in accordance with U.S. GAAP.

Conference Call: The Company will hold its earnings release conference call on Wednesday, February 3, 2021, at 8:30 a.m. EST. Please call (866) 373-3416 to enter the conference call. An operator will monitor the call and set a queue for any questions. A replay of the conference call will be available through February 10, 2021. To hear the replay, please dial (877) 660-6853 and use the playback conference number 13713653. The replay will be available beginning approximately one hour after the call concludes. The live audio broadcast of the Company's quarterly conference call will also be available online at www.gladstoneinvestment.com. The event will be archived and available for replay on the Company's website.

About Gladstone Investment Corporation: Gladstone Investment Corporation is a publicly traded business development company that seeks to make secured debt and equity investments in lower middle market businesses in the United States in connection with acquisitions, changes in control and recapitalizations. Information on the business activities of all the Gladstone funds can be found at www.gladstonecompanies.com.

To obtain a paper copy of our Quarterly Report on Form 10-Q, filed today with the SEC, please contact the Company at 1521 Westbranch Drive, Suite 100, McLean, VA 22102, ATTN: Investor Relations. The financial information above is not comprehensive and is without notes, so readers should obtain and carefully review the Company's Form 10-Q for the quarter ended December 31, 2020, including the notes to the consolidated financial statements contained therein.

Source: Gladstone Investment Corporation

Investor Relations Inquiries: Please visit ir.gladstoneinvestment.com, or +1-703-287-5893.