

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): November 1, 2022

**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**

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 |
|--|-------------------|---|
| <b>Common Stock, \$0.001 par value per share</b> | <b>GAIN</b>       | <b>The Nasdaq Stock Market LLC</b>        |
| <b>5.00% Notes due 2026</b>                      | <b>GAINN</b>      | <b>The Nasdaq Stock Market LLC</b>        |
| <b>4.875% Notes due 2028</b>                     | <b>GAINZ</b>      | <b>The Nasdaq Stock Market LLC</b>        |

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 November 1, 2022, Gladstone Investment Corporation issued a press release announcing its financial results for its second fiscal quarter ended September 30, 2022. 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.

| <b>Exhibit No.</b> | <b>Description</b>  |
|--------------------|---|
| 99.1               | <a href="#">Press Release issued by Gladstone Investment Corporation, dated November 1, 2022.</a> |
| 104                | Cover Page Interactive Data File (embedded within the Inline XBRL document).                      |

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**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)**

November 1, 2022

By: /s/ Rachael Easton  
Rachael Easton  
Chief Financial Officer and Treasurer



# GLADSTONE INVESTMENT

## Gladstone Investment Corporation Reports Financial Results for its Second Quarter Ended September 30, 2022

MCLEAN, VA, November 1, 2022: [Gladstone Investment Corporation](https://www.gladstoneinvestment.com) (Nasdaq:GAIN) (the "Company") today announced earnings for its second quarter ended September 30, 2022. 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](http://www.sec.gov) or the investors section of the Company's website at [www.gladstoneinvestment.com](http://www.gladstoneinvestment.com).

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

|   | September 30,<br>2022 | June 30,<br>2022 | \$<br>Change | %<br>Change |
|---|-----------------------|------------------|--------------|-------------|
| <b>For the quarter ended:</b>   |                       |                  |              |             |
| Total investment income   | \$ 20,795             | \$ 19,297        | \$ 1,498     | 7.8 %       |
| Total expenses, net <sup>(A)</sup>  | 9,379                 | 11,926           | (2,547)      | (21.4)%     |
| Net investment income <sup>(A)</sup>  | 11,416                | 7,371            | 4,045        | 54.9 %      |
| Net realized gain   | 2,302                 | 4,452            | (2,150)      | (48.3)%     |
| Net unrealized (depreciation) appreciation  | (10,643)              | 212              | (10,855)     | NM          |
| Net increase in net assets resulting from operations <sup>(A)</sup>                                   | \$ 3,075              | \$ 12,035        | \$ (8,960)   | (74.4)%     |
| Net investment income per weighted-average common share <sup>(A)</sup>                                | \$ 0.34               | \$ 0.22          | \$ 0.12      | 54.5 %      |
| Adjusted net investment income per weighted-average common share <sup>(B)</sup>                       | \$ 0.29               | \$ 0.25          | \$ 0.04      | 16.0 %      |
| Net increase in net assets resulting from operations per weighted-average common share <sup>(A)</sup> | \$ 0.09               | \$ 0.36          | \$ (0.27)    | (75.0)%     |
| Cash distribution per common share from net investment income   | \$ 0.14               | \$ 0.10          | \$ 0.04      | 40.0 %      |
| Cash distribution per common share from net realized gains <sup>(C)</sup>                             | \$ 0.08               | \$ 0.25          | \$ (0.17)    | (68.0)%     |
| Weighted-average yield on interest-bearing investments  | 12.1 %                | 11.9 %           | 0.2 %        | 1.7 %       |
| Total dollars invested  | \$ 74,246             | \$ 27,800        | \$ 46,446    | 167.1 %     |
| Total dollars repaid and collected from sales   | \$ 12,338             | \$ 57,352        | \$ (45,014)  | (78.5)%     |
| Weighted-average shares of common stock outstanding - basic and diluted                               | 33,218,901            | 33,205,023       | 13,878       | NM          |
| <b>As of:</b>   |                       |                  |              |             |
| Total investments, at fair value  | \$ 737,935            | \$ 689,513       | \$ 48,422    | 7.0 %       |
| Fair value, as a percent of cost  | 104.9 %               | 107.0 %          | (2.1)%       | (2.0)%      |
| Net assets  | \$ 442,470            | \$ 446,409       | \$ (3,939)   | (0.9)%      |
| Net asset value per common share  | \$ 13.31              | \$ 13.44         | \$ (0.13)    | (1.0)%      |
| Number of portfolio companies   | 26                    | 26               | —            | — %         |

NM = Not Meaningful

<sup>(A)</sup> Inclusive of \$1.7 million, or \$0.05 per weighted-average common share, of capital gains-based incentive fees reversed during the three months ended September 30, 2022 and \$0.9 million, or \$0.03 per weighted-average common share, of capital gains-based incentive fees accrued during the three months ended June 30, 2022, respectively. These fees were (reversed)/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.

<sup>(B)</sup> 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 it is useful to investors as an additional tool to evaluate ongoing results and trends for the Company.

<sup>(C)</sup> 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.

**Highlights for the Quarter:** During the quarter ended September 30, 2022, the following significant events occurred:

- **Portfolio Activity:**

- Invested \$39.1 million in our portfolio company, Dema/Mai Holdings, Inc., in the form of secured first lien debt to acquire Dema Plumbing, a plumbing and mechanical services installation and service provider to single-family residential homebuilders;
- Recapitalized our investment in Horizon Facilities Services, Inc. and invested an additional \$30.0 million in the form of secured first lien debt. In connection with this investment, we received equity proceeds of \$12.3 million, which were recognized as a \$10.1 million return of equity cost basis and a realized gain of \$2.2 million, as well as dividend income of \$3.1 million and success fee income of \$1.7 million; and
- In conjunction with a refinancing at Ginsey Home Solutions, Inc., our outstanding \$13.3 million of secured second lien debt was reduced to \$12.2 million and converted to secured first lien debt, after a \$5.1 million payment made by Ginsey to extinguish our secured borrowing liability and an additional investment of \$4.0 million.

- **Distributions and Dividends:**

- Paid \$0.075 per common share to common stockholders in each of July, August, and September 2022.

- **At-the-market (“ATM”) program activity:**

- Sold 29,640 shares of our common stock under our common stock ATM Program at a weighted-average gross price of \$15.75 per share and raised approximately \$0.5 million in net proceeds. These sales were above our then-current estimated NAV per share.

**Second Quarter Results:** Net investment income for the quarter ended September 30, 2022 was \$11.4 million, or \$0.34 per weighted-average common share, compared to net investment income for the quarter ended June 30, 2022 of \$7.4 million, or \$0.22 per weighted-average common share. This increase was primarily a result of a decrease in total expenses, net of credits, quarter over quarter, coupled with an increase in total investment income.

Total investment income during the quarters ended September 30, 2022 and June 30, 2022 was \$20.8 million and \$19.3 million, respectively. The quarter over quarter increase was primarily due to a \$1.5 million increase in interest income, primarily due to the additional debt investments in the current quarter, as well as the return of one portfolio company, SFEG Holdings, Inc., to accrual status, and an increase in LIBOR. Dividend and success fee income remained consistent from the prior quarter.

Total expenses, net of credits, during the quarters ended September 30, 2022 and June 30, 2022 was \$9.4 million and \$11.9 million, respectively. The quarter over quarter decrease was primarily due to a \$2.6 million decrease in the capital gains-based incentive fees in the current quarter, as a result of the net impact of realized and unrealized gains and losses, and a \$0.4 million decrease in other expenses, partially offset by a \$0.6 million increase in professional fees.

Net asset value per common share as of September 30, 2022 was \$13.31, compared to \$13.44 as of June 30, 2022. The quarter over quarter decrease was primarily due to \$10.6 million, or \$0.32 per common share, of net unrealized depreciation of investments, and \$7.5 million, or \$0.22 per common share, of distributions paid to common shareholders. These amounts were partially offset by \$11.4 million, or \$0.34 per common share, of net investment income, \$2.3 million, or \$0.07 per common share, of realized gains on investments and \$0.5 million, or \$0.00 per common share, from the issuance of common stock under our ATM program.

**Subsequent Events:** After September 30, 2022, the following significant events occurred:

- **Significant Investment Activity:**

- In October 2022, we invested an additional \$8.4 million in the form of secured first lien debt in Nocturne Villa Rentals, Inc. to fund an add-on acquisition.

**Distributions and dividends:** In October 2022, our Board of Directors declared the following monthly and supplemental distributions to common stockholders. The \$0.08 per share monthly distribution represents a 6.7% increase compared to the previous monthly distribution of \$0.075 per share.

| Record Date                   | Payment Date      | Distribution per Common Share |
|-------------------------------|-------------------|-------------------------------|
| October 21, 2022              | October 31, 2022  | \$ 0.080                      |
| November 18, 2022             | November 30, 2022 | 0.080                         |
| December 6, 2022              | December 15, 2022 | 0.120 <sup>(A)</sup>          |
| December 20, 2022             | December 30, 2022 | 0.080                         |
| <b>Total for the Quarter:</b> |                   | <b>\$ 0.360</b>               |

<sup>(A)</sup> Represents a supplemental distribution to common stockholders.

**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 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 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 Quarterly Report on Form 10-Q 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 GAAP measure) to Adjusted net investment income for the periods presented (*dollars in thousands, except per share amounts; unaudited*)

|   | For the quarter ended |                  |               |                  |
|---|-----------------------|------------------|---------------|------------------|
|   | September 30, 2022    |                  | June 30, 2022 |                  |
|   | Amount                | Per Share Amount | Amount        | Per Share Amount |
| Net investment income   | \$ 11,416             | \$ 0.34          | \$ 7,371      | \$ 0.22          |
| Capital gains-based incentive fee                                       | (1,669)               | (0.05)           | 933           | 0.03             |
| Adjusted net investment income  | \$ 9,747              | \$ 0.29          | \$ 8,304      | \$ 0.25          |
| Weighted-average shares of common stock outstanding - basic and diluted | 33,218,901            |                  | 33,205,023    |                  |

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 GAAP.

**Conference Call:** The Company will hold its earnings release conference call on Wednesday, November 2, 2022, at 8:30 a.m. Eastern Time. 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 November 9, 2022. To hear the replay, please dial (877) 660-6853 and use the playback conference number 13732343. 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](http://www.gladstoneinvestment.com). The event will be archived and available for replay on the Company's website.

**About Gladstone Investment Corporation:** [Gladstone Investment Corporation](http://www.gladstoneinvestment.com) 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](http://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 September 30, 2022, including the notes to the consolidated financial statements contained therein.

**Investor Relations Inquiries:** Please visit [ir.gladstoneinvestment.com](http://ir.gladstoneinvestment.com), or +1-703-287-5893.

**SOURCE:** Gladstone Investment Corporation

**Forward-looking Statements:**

*The statements in this press release regarding potential future distributions, earnings and operations of the Company are "forward-looking statements." These forward-looking statements inherently involve certain risks and uncertainties in predicting future results and conditions. Although these statements are based on the Company's current plans that are believed to be reasonable as of the date of this press release, a number of factors could cause actual results and conditions to differ materially from these forward-looking statements, including those factors described from time to time in the Company's filings with the Securities and Exchange Commission. The Company undertakes no obligation to publicly release the result of any revisions to these forward-looking statements that may be made to reflect any future events or otherwise, except as required by law.*