



PennantPark

Floating Rate Capital Ltd.

12/31/2020

NEW YORK • CHICAGO • HOUSTON • LOS ANGELES

Forward-looking Statements and Risk Factors

This presentation may include forward-looking statements. These forward-looking statements include comments with respect to our objectives and strategies and results of our operations.

However, by their nature, these forward-looking statements involve numerous assumptions, uncertainties and opportunities, both general and specific. The risk exists that these statements may not be fulfilled. We caution readers of this presentation not to place undue reliance on these forward-looking statements as a number of factors could cause future company results to differ materially from these statements.

Forward-looking statements may be influenced in particular by factors such as fluctuations in interest rates and stock indices, the effects of competition in the areas in which we operate, and changes in economic, political and regulatory conditions. We caution that the foregoing list is not exhaustive.

When relying on forward-looking statements to make decisions, investors should carefully consider the aforementioned factors as well as other uncertainties and events. The performance data quoted represents past performance and does not guarantee future results. The performance stated may have been due to extraordinary market conditions, which may not be duplicated in the future. Current performance may be lower or higher than the performance data quoted.

We do not undertake to update our forward-looking statements unless required by law.

We refer you to the list of risk factors set forth in our most recent Annual Report on Form 10-K, a copy of which may be obtained on our website at www.pennantpark.com or the SEC's website at www.sec.gov. Specifically, an investment in our common stock involves significant risks, including the risk that the secondary market price of our common stock may decline from the offering price and may be less than our net asset value per share, as well as the risk that the price of our common stock in the secondary market may be highly volatile. Please see a discussion of these risks and other related risks in our most recent Annual Report on Form 10-K under Item 1A - "Risks Relating to an Investment in Our Common Stock".

This is not a prospectus and should under no circumstances be understood to be an offer to sell, or a solicitation of an offer to buy, any security of PennantPark Investment Corporation or PennantPark Floating Rate Capital Ltd. These materials and the presentations of which they are a part, and the summaries contained herein, do not purport to be complete and no obligation to update or otherwise revise such information is being assumed. This presentation contains only such information as is set forth in our reports on Form 10-K or 10-Q and we direct you to these reports for further information on our business including investment objectives, risks and expenses.

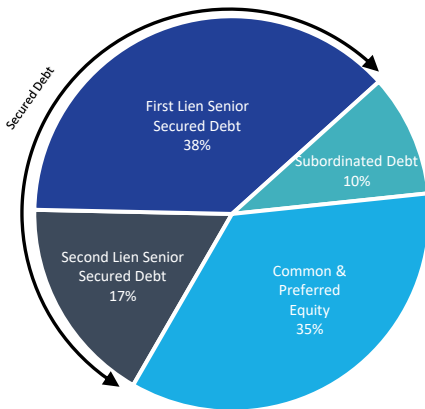
Established Credit Platform



\$3.5 billion total Assets Under Management

PennantPark Investment Corporation

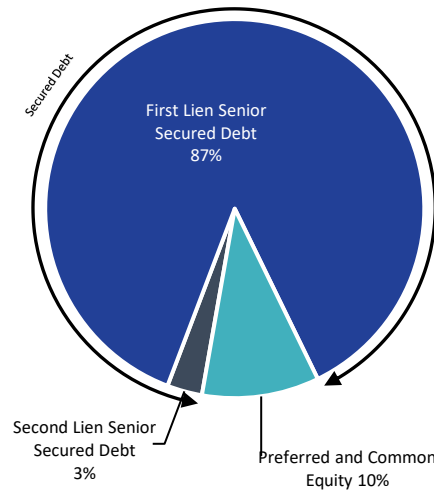
- NASDAQ: "PNNT"
- IPO Date: April 2007
- 55% Secured Debt



\$1,127 million

PennantPark Floating Rate Capital Ltd.

- NASDAQ: "PFLT"
- IPO Date: April 2011
- 90% Secured Debt



\$1,067 million

Established Investment Platform

- PennantPark Investment Advisers founded 14 years ago before the Global Financial Crisis
- Leading independent middle market credit platform
- Cohesive, experienced team
- Culture of building long term trust

PFLT

- Primary focus: First Lien Senior Secured Debt
- Steady and stable dividend stream since inception in 2011
- Goal of capital preservation with a lower risk portfolio

PennantPark Investment Advisers, LLC

Founded in 2007
Funded \$11.8B in 552 companies

Disciplined Investor

- Value oriented with goal of capital preservation
- Focused approach to ensure good risk / reward
- Patient and prudently leveraged to capture returns during dislocations
- Investing in less than 5% of deals reviewed

Relationship & Solution Driven

- Team approach
- Build long-term relationships – trusted partner
- Independent firm and unaffiliated platform
- Incumbency advantage

Middle Market Focus

- Companies with EBITDA of \$15 - \$50 million
- Solutions that traditional lenders find increasingly difficult

Consistent Performance & Track Record

- Low volatility of underlying portfolio EBITDA through the Great Recession and Covid
- Equity co-investment program has an IRR of 28% and a MOIC of 2.9x since inception

PFLT

- Only 13 non-accruals out of 387 companies since inception
- Annualized realized loss ratio only 10 basis points

Conservative Portfolio Construction

- 100 companies in 43 different industries
- Weighted average debt / EBITDA through PFLT security is 4.0x
- Weighted average cash interest coverage is 2.9x
- 87% of portfolio is first lien senior secured
- Largely avoided sectors such as retail, restaurants, apparel, airlines and energy

First Quarter 2021 Highlights

Net Asset Value

Adjusted NAV (excluding MTM of Liabilities) increased 4.3% to \$12.32 per share from \$11.81 from the prior quarter

PSSL

Long term, low-cost CLO financing to grow vehicle

Equity Co-investments

Several equity positions are benefiting from the K shaped recovery

Balance Sheet

Regulatory net debt to equity ratio, after subtracting cash, of 1.2x creates growth opportunity

Credit Performance

Out of 100 companies, only two investments on non-accrual status, representing 2.3% at cost and 1.9% at fair market value of the overall portfolio

Outlook

- Strong portfolio performance
- Several significant high growth equity positions
- Growing PFLT and PSSL balance sheet
- Strengthening NII

Why is PFLT Well Positioned?

Experienced Team

- Decades of experience in middle market credit
- Stable, consistent investment team
- Headquarters in New York with offices in Chicago, Houston, and Los Angeles

Expansive Relationship Network

- Independent
- Established institutionalized relationships
- Focus on building long-term trust
- Brand recognition with 190+ sponsors financed

Strong Capital Base

- Permanent equity capital of \$492 million
- Monthly dividend of 9.5 cents per share
- Leader in the BDC space as measured by expense and efficiency ratios
- Senior Secured Loan Fund Joint Venture, PSSL, with Kemper Corporation has up to \$583 million of investment capacity

Attractive and Diversified Financing

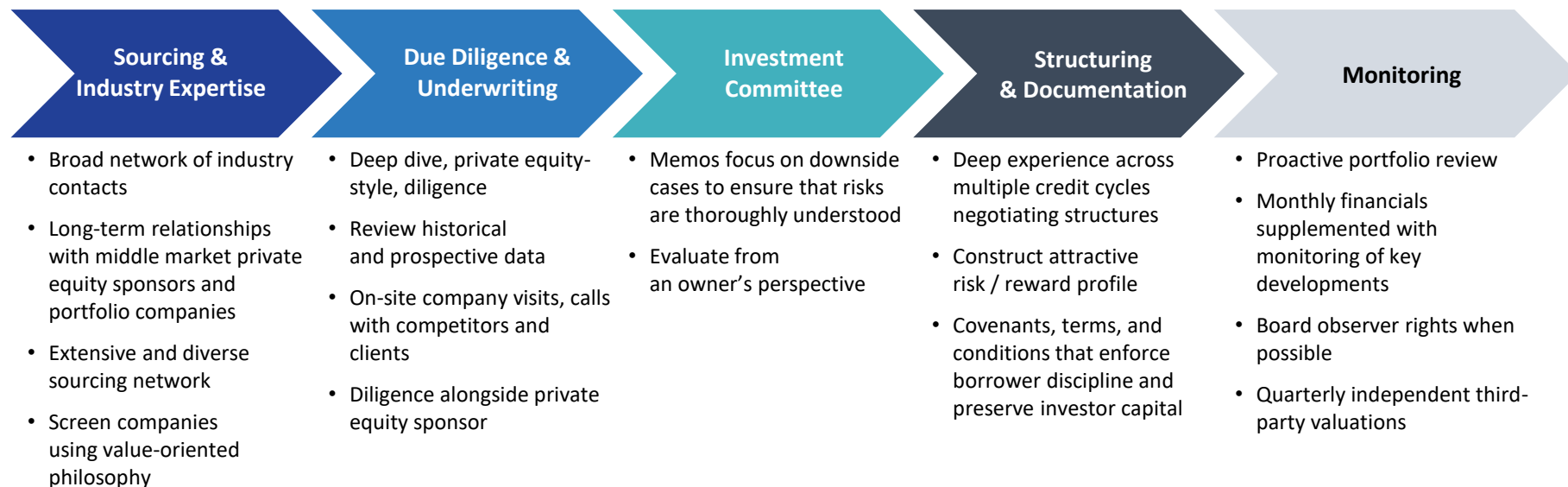
- \$400 million of credit facility at L + 200
- \$118 million, long-term, 4.33% bond offering in Israel
- \$228 million of third-party Asset Backed Debt financing 2.7%, with a final maturity of 12 years
- Credit facility and Asset Backed Financing use cost accounting on underlying portfolio

Underwriting Philosophy & Process

Investment Philosophy

- ▶ Capital preservation is paramount
- ▶ Companies with positive cash flow (in order to de-risk)
- ▶ Companies owned by reputable financial sponsors with track records supporting portfolio companies
- ▶ Run by experienced management teams with capability to pursue growth
- ▶ Companies in non-cyclical industries with strong competitive positions and viable reason to exist
- ▶ Focus on companies in non-cyclical industries that have a viable reason to exist

Underwriting Process

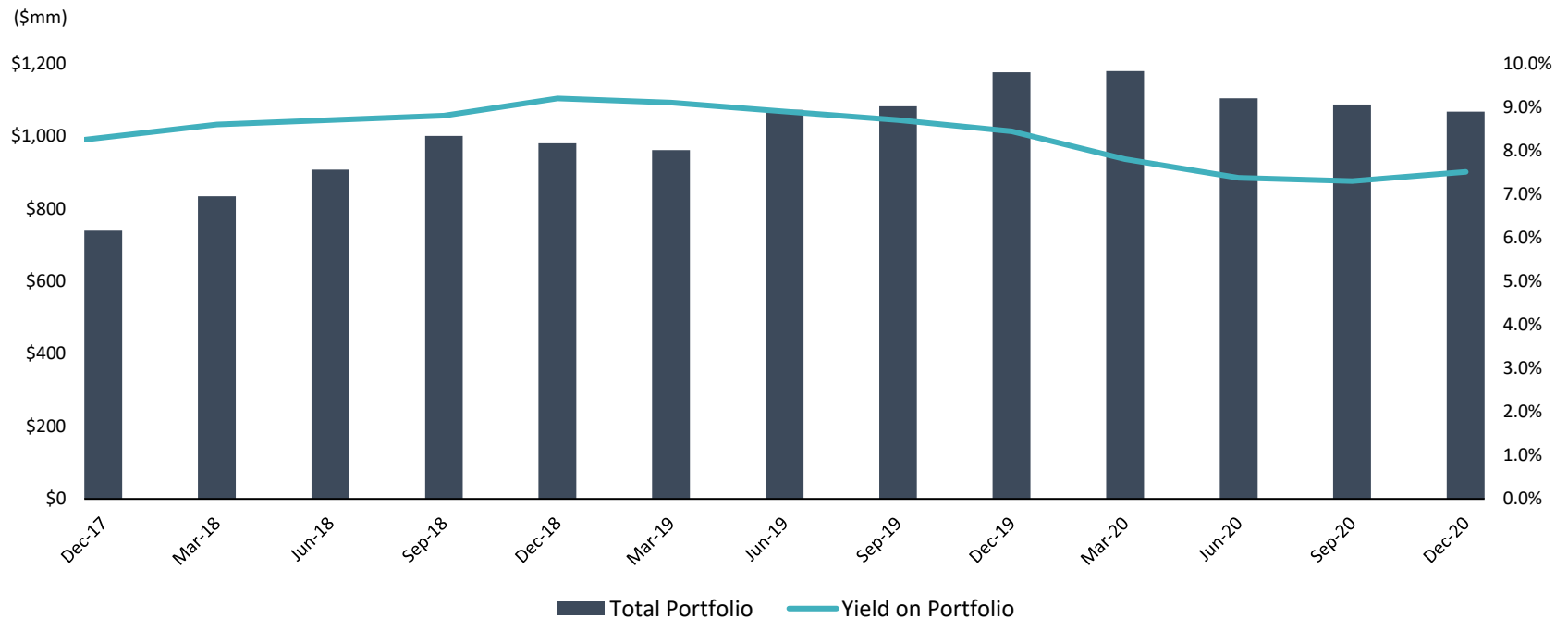


Note: The execution of the investment process described herein indicates the Manager's current approach to investing, and this investment approach may be modified in the future by the Manager in its sole discretion at any time and without further notice to investors in response to changing market conditions, or in any manner it believes is consistent with the overall investment objective of an individual fund / vehicle.

PFLT Has a Compelling Track Record

- ▶ Portfolio growth has been measured and consistent with market opportunity
- ▶ Low loss experience: only 10 basis points of realized losses since inception against a 8.0% average yield on purchases since inception
 - Only 13 non-accruals out of 387 companies since inception

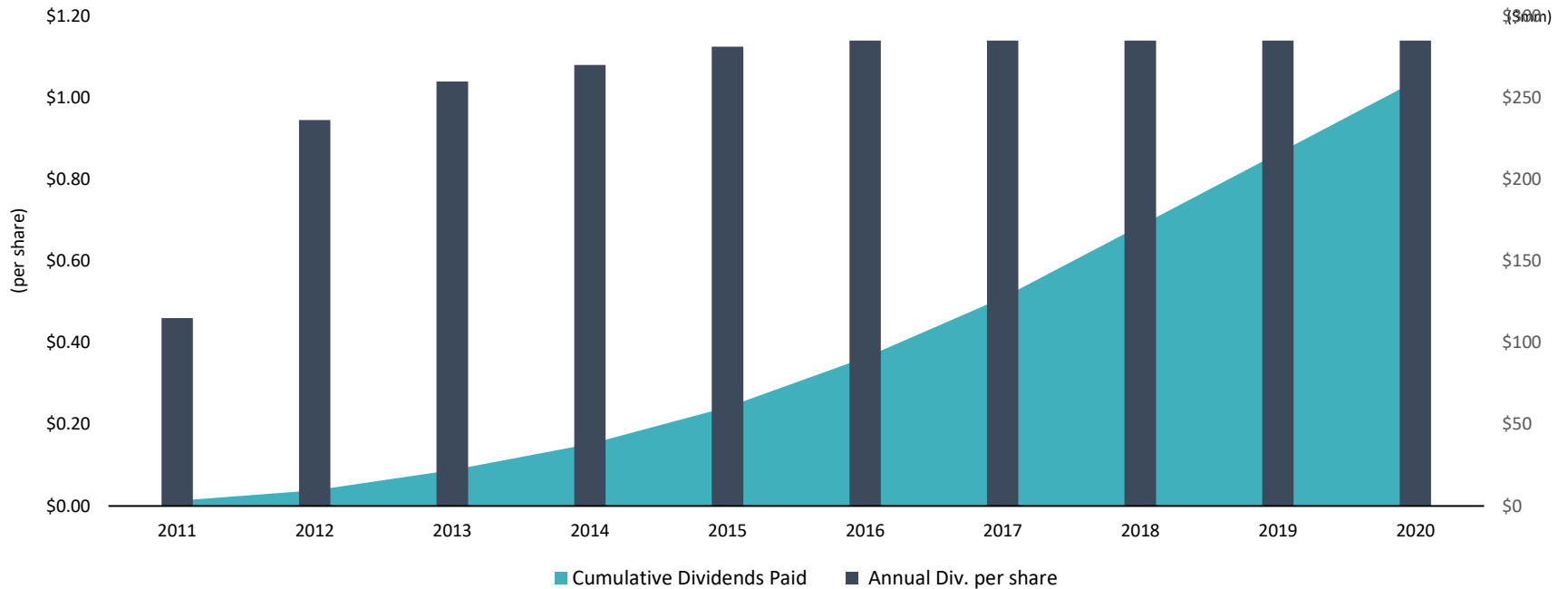
Portfolio Size and Debt Yield



PFLT Has a Compelling Track Record

- ▶ Consistent, steady dividend stream since inception
- ▶ To date, dividends paid to shareholders are approximately 50% of equity capital raised

Annual Dividends & Cumulative Dividends Paid



PennantPark Senior Secured Loan Fund (“PSSL”)

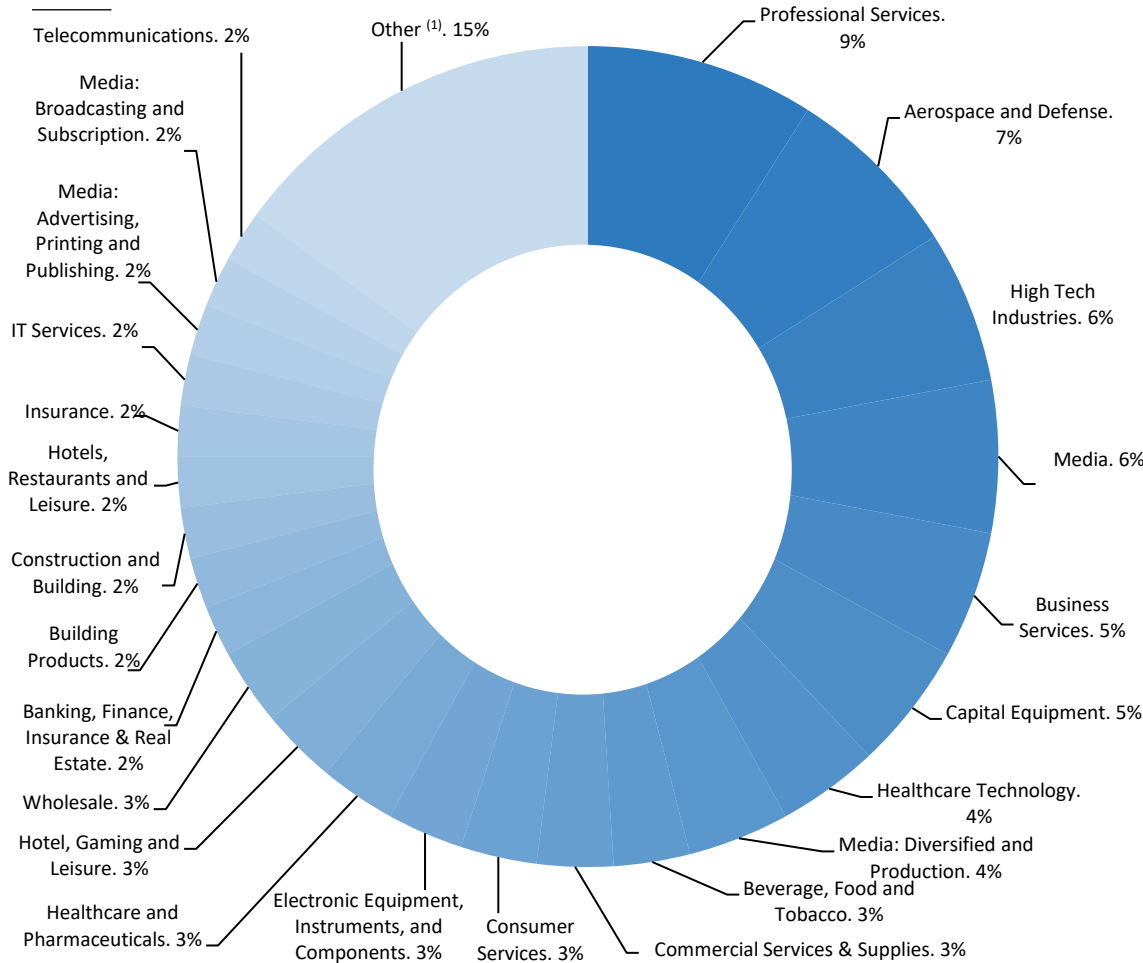
- ▶ Invests in primarily middle market, directly originated first lien loans
- ▶ \$583 million of total capacity
- ▶ Total commitments of \$230 million in notes and equity from PFLT and Kemper Corporation
- ▶ \$246 million of third-party debt financing PennantPark CLO II, Ltd., with a final maturity of 11 years
- ▶ Up to an additional \$125 million of third-party debt financing
- ▶ Recent CLO optimizes financing growth of PSSL for higher Return on Equity and Net Investment Income for PFLT
- ▶ Expands ability to serve sponsor and borrower clients with larger bite sizes

PennantPark CLO I, Ltd.

- ▶ **Consists of a diversified portfolio of middle market loans**
- ▶ **\$301.4 million in total size**
- ▶ **PFLT retained \$55.4 million of the Preferred Shares and \$18 million of the Class D Notes**
- ▶ **\$228 million of third-party debt financing at 2.7%, with a final maturity of 12 years**
- ▶ **Diversifies PFLT's capital base**
- ▶ **Structure has performed well through Covid**

Overall Portfolio as of 12/31/20

Highly Diversified Industry Mix

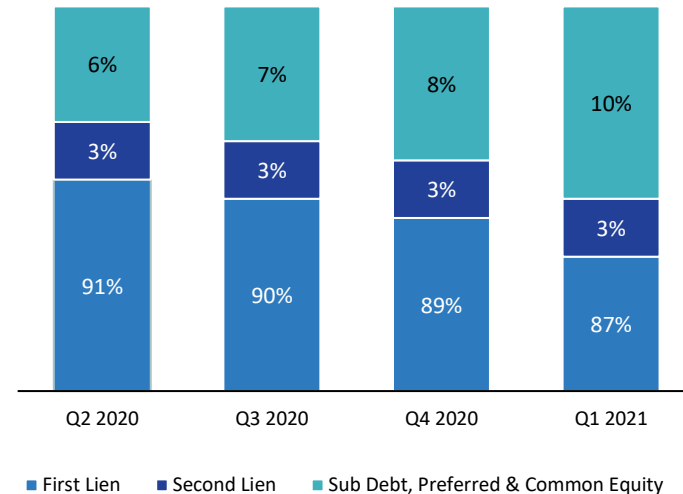


Total Portfolio: \$1,067 million

Portfolio Overview

- ▶ 100 different companies
- ▶ Average investment size: \$10.7 million
- ▶ Yield at Cost on Debt Portfolio: 7.5%
- ▶ 90% Secured Investments
- ▶ Several substantial high growth equity positions

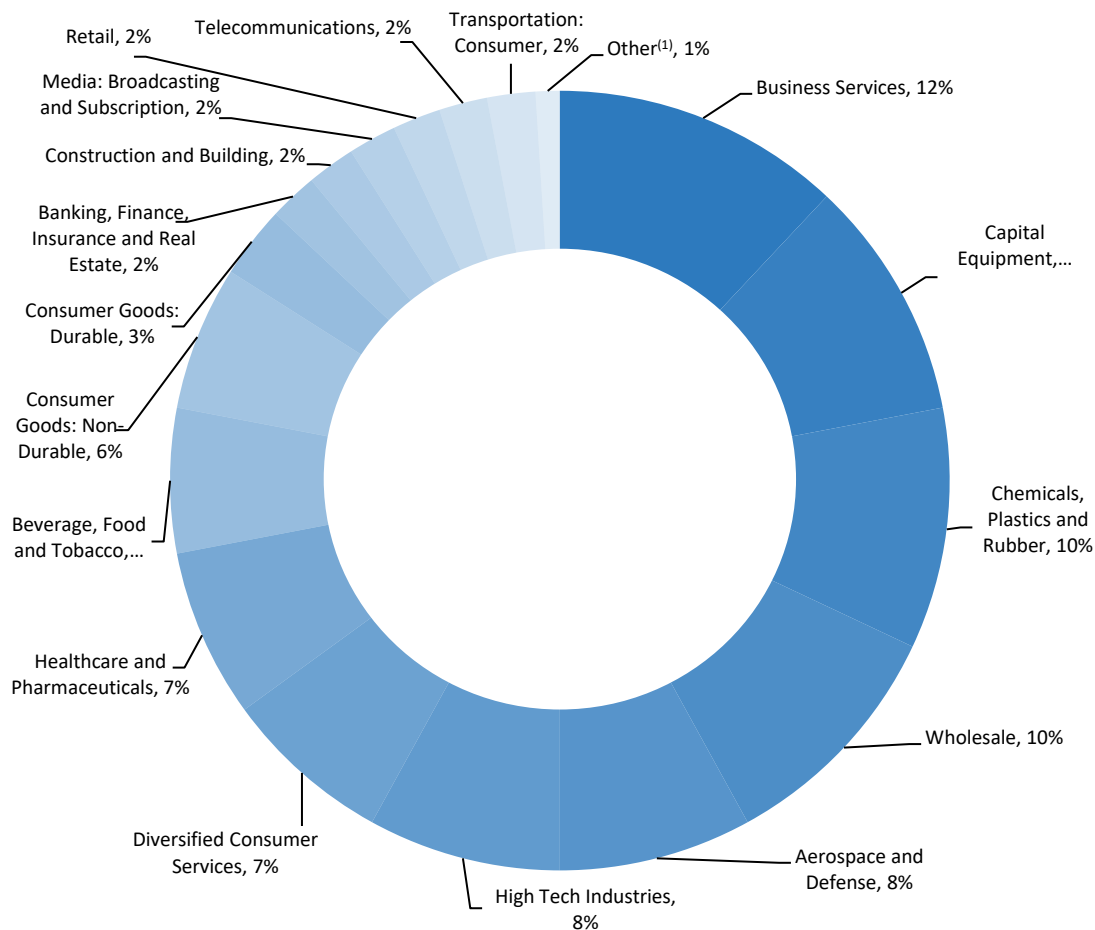
Portfolio Mix



1. Excluding investment in PSSL. Total of 42 industries. "Other" includes Beverages /Construction & Engineering/Diversified Consumer Services/Diversified Financial Services/Energy Equipment and Services/Environmental Industries/Food Products/ Food and Staples Retailing/Healthcare Equipment and Supplies/Healthcare Providers and Services/IT Services/Leisure Products/Personal Products/Retail /Software/Transportation: Consumer/Wireless Telecommunication Services.

PSSL Portfolio as of 12/31/20

Highly Diversified Industry Mix



Total Portfolio: \$382 million

Portfolio Overview

- ▶ 42 different companies
- ▶ Average investment size: \$9.1 million
- ▶ Yield at Cost on Debt Portfolio: 7.0%
- ▶ 97% First Lien Investments

1. Total of 19 industries. "Other" includes Media: Advertising, Printing & Publishing / Media: Diversified and Production.

Selected Financial Highlights

(\$mm, except per share data)	March Q2 2020	June Q3 2020	September Q4 2020	December Q1 2021
Investment Portfolio	\$1,179	\$1,104	\$1,087	\$1,067
PFLT Investment in PSSL (cost)	\$176	\$176	\$179	\$181
PSSL Investment Portfolio	\$483	\$458	\$393	\$382
Regulatory Debt	\$780	\$718	\$675	\$603
GAAP Net Assets	\$470	\$471	\$477	\$492
Adjusted Net Assets ¹	\$430	\$444	\$458	\$478
Regulatory Net Debt to Equity ²	1.74x	1.62x	1.35x	1.20x
GAAP Net Debt to Equity ^{2,3}	1.50x	1.46x	1.25x	1.13x
PFLT Originations	\$168	\$15	\$15	\$67
PSSL Originations	\$18	—	—	\$15
Per Share Data:				
GAAP Net Asset Value	\$12.12	\$12.16	\$12.31	\$12.70
Adjusted Net Asset Value ¹	\$11.10	\$11.44	\$11.81	\$12.32
Core Net Investment Income ⁴	\$0.30	\$0.26	\$0.27	\$0.26
Dividends Declared	\$0.285	\$0.285	\$0.285	\$0.285

1. Adjusted number is a non-GAAP financial measure which excludes mark-to-market of liabilities.

2. Adjusted number is a non-GAAP financial measure which excludes cash


















3. Adjusted number is a non-GAAP financial measure which includes mark-to-market of liabilities.

4. Core Net Investment Income per Share is a non-GAAP financial measure.

Strategy Targeted to Deliver Returns

- ▶ **Extensive and diverse sourcing network**
- ▶ **Focused on companies with strong free cash flow and de-leveraging capabilities**
- ▶ **Value oriented with a goal of capital preservation**
- ▶ **Privately negotiated middle market loans provide attractive risk / return**
- ▶ **Returns driven by interest payments from primarily secured debt**

PFLT Selected Investments

 <p>First Lien Term Loan</p> <p>Arlington Capital Partners</p>	 <p>Revolver First Lien Term Loan</p> <p>Odyssey Investment Partners</p>	 <p>Revolver First Lien Secured Debt Equity</p> <p>Sagewind Capital</p>	 <p>Revolver First Lien Secured Debt</p> <p>Altamont Capital Partners</p>	 <p>First Lien Secured Debt</p> <p>Snow Phipps Group</p>
 <p>First Lien Secured Debt</p> <p>Snow Phipps Group</p>	 <p>Revolver First Lien Term Loan Equity</p> <p>Century Equity Partners</p>	 <p>Revolver First Lien Term Loan Equity</p> <p>Norwest Equity Partners</p>	 <p>Revolver First Lien Secured Debt</p> <p>Sentinel Capital Partners</p>	 <p>Revolver First Lien Secured Debt Equity</p> <p>Mountaingate Capital</p>
 <p>Revolver First Lien Secured Debt</p> <p>Windjammer Capital</p>	 <p>First Lien Term Loan Revolver</p> <p>Clearlake Capital</p>	 <p>Revolver First Lien Term Loan Equity</p> <p>LightBay Capital</p>	 <p>Revolver First Lien Term Loan</p> <p>Arlington Capital Partners</p>	 <p>First Lien Term Loan Equity</p> <p>Gauge Capital</p>
 <p>Revolver First Lien Term Loan Equity</p> <p>Sagewind Capital</p>	 <p>First Lien Term Loan</p> <p>OceanSound Partners</p>	 <p>Revolver First Lien Term Loan</p> <p>Summit Partners LP</p>	 <p>First Lien Secured Debt Equity</p> <p>The Halifax Group</p>	 <p>Revolver First Lien Term Loan</p> <p>Arlington Capital Partners</p>